



# 2016 Annual Financial Report



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This Annual Financial Report was filed with the *Autorité des Marchés Financiers* (AMF) on 28 April 2017 in accordance with Article L. 451-1-2 of the French Monetary and Financial Code.

This document is available on the [www.devoteam.com](http://www.devoteam.com) website 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.

28 April 2017

Stanislas de Bentzmann

## 1.3 Person responsible for the audit of the financial statements

| Statutory Auditors                                                                                                                       | Date of 1 <sup>st</sup> mandate | Date of expiry of current mandate          |
|------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|--------------------------------------------|
| KPMG Audit IS SAS<br>Immeuble le Palatin<br>3, Cours du Triangle - 92939 Paris la Défense Cedex, France<br>represented by Grégoire Menou | 1999                            | GM ruling on the 2016 financial statements |
| Grant Thornton<br>29, Rue du Pont - 92200 Neuilly-sur-Seine, France<br>represented by Vincent Papazian                                   | 2014                            | GM ruling on the 2019 financial statements |
| Alternate Auditors                                                                                                                       | Date of 1 <sup>st</sup> mandate | Date of expiry of current mandate          |
| KPMG Audit ID SAS<br>Immeuble le Palatin<br>3, Cours du Triangle - 92939 Paris la Défense Cedex, France                                  | 2011                            | GM ruling on the 2016 financial statements |
| IGEC<br>29, Rue du Pont - 92200 Neuilly-sur-Seine, France<br>represented by Victor Amselem                                               | 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 2015 and 2016 financial years:

| In € thousands                                                                                        | 2016       |             |                |             |           |             |            | 2015       |             |                |             |           |             |            |
|-------------------------------------------------------------------------------------------------------|------------|-------------|----------------|-------------|-----------|-------------|------------|------------|-------------|----------------|-------------|-----------|-------------|------------|
|                                                                                                       | KPMG       | %           | Grant Thornton | %           | NSK       | %           | Total      | KPMG       | %           | Grant Thornton | %           | NSK       | %           | Total      |
| <i>Certification and half-yearly limited review of separate and consolidated financial statements</i> |            |             |                |             |           |             |            |            |             |                |             |           |             |            |
| Issuer                                                                                                | 76         | 29%         | 76             | 35%         | 0         | 0%          | 152        | 80         | 30%         | 76             | 38%         | 0         | 0%          | 156        |
| Fully consolidated subsidiaries                                                                       | 182        | 68%         | 129            | 59%         | 72        | 100%        | 383        | 169.5      | 64%         | 105            | 53%         | 76        | 100%        | 350.5      |
| <i>Services other than certification of financial statements</i>                                      |            |             |                |             |           |             |            |            |             |                |             |           |             |            |
| Issuer                                                                                                | 8          | 3%          | 12.5           | 6%          | 0         | 0%          | 20.5       | 0          | 0%          | 10             | 5%          | 0         | 0%          | 10         |
| Fully consolidated subsidiaries                                                                       | 0          | 0%          | 0              | 0%          | 0         | 0%          | 0          | 15         | 6%          | 6.5            | 3%          | 0         | 0%          | 21.5       |
| <b>Total</b>                                                                                          | <b>266</b> | <b>100%</b> | <b>217.5</b>   | <b>100%</b> | <b>72</b> | <b>100%</b> | <b>556</b> | <b>265</b> | <b>100%</b> | <b>197.5</b>   | <b>100%</b> | <b>76</b> | <b>100%</b> | <b>538</b> |

## 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 2016 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 2016. All of these financial statements respect the principle of true and fair view.

### 2.1 Activity of Devoteam S.A. and its subsidiaries during the financial year

#### 2.1.1 Highlights of the year

Coming on the heels of two years of fresh growth and improving profitability, 2016 provided further confirmation of the success of the Eagle plan launched in 2012. The Group delivered a marked improvement in activity, with double-digit organic growth, notably on the SMACS activities (social, mobility, analytics, cloud and security), a 150-basis-point improvement in its operating margin and free cash flow representing 7.8% of revenue, giving it one of the best performances in the market.

This momentum has laid firm foundations on which the Group can implement its 2020 strategic plan, "Scale!", unveiled on 19 January. Scale! is designed help the Group to leverage its sound fundamentals to secure growth and intensify innovation with a view to delivering revenue in the vicinity of €1 billion, an operating margin of at least 10% and normative free cash flow representing roughly 5% of revenue by 2020.

2016 was also marked by further streamlining of the Group's business portfolio, with the disposal of its Swiss activities and its systems integration activities in Norway, and the acquisition of businesses specialising in SAP Big Data solutions in Germany, and in strategy consulting and IT service excellence in Denmark.

The Company's consolidated financial statements for the year ended 31 December 2016 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 27 February 2017, and will be submitted to the General meeting for approval on 16 June 2017.

#### 2.1.2 Activity and performance of Devoteam S.A.

Revenue for 2016 reached €189.5 million, up 9.2% compared to 2015.

Operating income amounted to €6.6 million, against €9.1 million the year before, impacted by a goodwill impairment charge in the amount of €0.5 million (vs. a reversal of €3.7 million in 2015).

2016 net income rose to €11.3 million, from €8.9 million in 2015. This comprises:

- financial income of +€6.0 million (compared to +€2.6 million in 2015), mainly affected by higher interest on the bonds (-€0.5 million) and a reduction in provisions for equity securities (+€1.0 million) and the intra-group current accounts (+€2.8 million);
- extraordinary income of -€3.0 million (compared to -€4.3 million in 2015), primarily due to losses on sales of equity securities (-€2.4 million), restructuring costs (-€1.2 million) and a gain on treasury share (+€0.7 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 €149.1 million at 31 December 2016, against €140.0 million at 31 December 2015. This increase is primarily due to the recognition of the profit for the year (+€11.3 million), dividends distributed (-€3.9 million) and exercise of share subscription options (+€1.7 million);
- borrowings (excl. current accounts in debit with subsidiaries) stand at €30.7 million and essentially correspond to the bonds and related interest accrued in the amount of €30.4 million;
- available cash and cash equivalents (including marketable securities but excluding treasury shares) amounts to €28.2 million, (€20.9 million the previous year), an increase of €7.3 million, predominantly the result of improved performance and a reduction in working capital requirements (WCR).

In accordance with the provisions of Article 441-6-1 of the French Commercial Code, outstanding trade payables (excluding invoices not yet issued) stand at €15.9 million at 31 December 2016 and break down as follows:

| 2016 - in €                            | Debt past due    | Debt not due      |           | TOTAL             |
|----------------------------------------|------------------|-------------------|-----------|-------------------|
|                                        |                  | < 60 days         | > 60 days |                   |
| <b>Amount at 31/12/16</b>              | <b>1,451,599</b> | <b>14,464,660</b> | <b>0</b>  | <b>15,916,259</b> |
| % 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        |

| 2015 - in €                            | Debt past due  | Debt not due      |           | TOTAL             |
|----------------------------------------|----------------|-------------------|-----------|-------------------|
|                                        |                | < 60 days         | > 60 days |                   |
| <b>Amount at 31/12/15</b>              | <b>906,917</b> | <b>12,439,860</b> | <b>0</b>  | <b>13,346,777</b> |
| % of trade payables                    | 7%             | 93%               | 0%        | 100%              |
| of which not attributable to the Group | 526,058        | 2,592,754         | 0         | 3,118,812         |
| of which attributable to the Group     | 380,859        | 9,847,106         | 0         | 10,227,965        |

The target payment period is 60 days.

### 2.1.3 Activity and consolidated results

#### Income statement analysis

**Consolidated revenue for 2016** amounted to €555.7 million, representing growth of 13.4% on the previous year, at constant scope and exchange rates.

The **operating margin**, defined as the current operating result excluding the impact of the cost of share-based payment and the depreciation of intangible assets linked to acquisitions, increased by 150 basis points over the year, thanks to improved business margins and the effective management of structural expenses. It stood at €47 million for 2016, i.e. 8.5% of revenue, against €33.9 million and 7.0% of revenue for 2015.

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

| In € millions and as a % | 2015         |              |              | 2016         |              |              |
|--------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                          | H1           | H2           | FY           | H1           | H2           | FY           |
| <b>Revenue</b>           | <b>232.2</b> | <b>253.1</b> | <b>485.3</b> | <b>275.4</b> | <b>280.3</b> | <b>555.7</b> |
| Annual variation (%)     | 7.4%         | 11.7%        | 9.6%         | 18.6%        | 10.7%        | 14.5%        |
| <b>Operating margin</b>  | <b>14.6</b>  | <b>19.3</b>  | <b>33.9</b>  | <b>22.7</b>  | <b>24.3</b>  | <b>47.0</b>  |
| (as % of revenue)        | 6.3%         | 7.6%         | 7.0%         | 8.2%         | 8.7%         | 8.5%         |

**Operating result** totalled €38.0 million and notably includes non-recurring costs in the amount of €7.4 million and share-based compensation expenses in the amount of €1.4 million. The non-recurring expenses consisted of €4.3 million in restructuring costs, mainly in Germany and in France, €2.2 million from the impact of changes in scope (notably losses on sales in Switzerland and in Norway) and €1.1 million in impairment of Moroccan and Dutch subsidiaries.

The financial result showed a loss of €2.4 million (versus -€1.3 million in 2015), mainly due to interest expenses on the bond issue completed in July 2015 and the adverse effect of exchange rate fluctuations on the British, Polish and Turkish currencies.

The **tax expense** amounted to €12.3 million. It represented 34.4% of the result before tax against 31.6% in 2015. Excluding the losses of disposals and the impairments, without tax effect, the tax rate would have been 31.6% and stable compared to 2015. This tax expense included the effect of additional local taxes (mainly CVAE in France) in the amount of €2.6 million.

**Net income** was €23.4 million, compared to €18.6 million the year before, of which €19.8 million corresponds to net income Group share. Diluted earnings per share grew 19.5% and stood at €2.54 per share.

#### Balance sheet analysis

The main items of the consolidated balance sheet changed as follows during 2016:

| In € millions                           | 31 December 2016 | 31 December 2015 | Variation   | Main reasons for the variation                                                                                                                                                                                                                                                                                                                                                        |
|-----------------------------------------|------------------|------------------|-------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Non-current assets</b>               | <b>100.5</b>     | <b>97.5</b>      | <b>2.9</b>  | Primarily due to the recognition of new goodwill in the amount of €11.0 million, related to external growth operations (HNCO, Globicon and Q-Partners). This variation was offset by impairment of -€1.1 million recorded on the Moroccan CGUs and Devoteam Netherlands, and the sale of Devoteam Genesis (-€4.0 million) and the "Solutions" business in Norway (-€1.2 million).     |
| <b>Operating receivables</b>            | <b>209.6</b>     | <b>190.5</b>     | <b>19.1</b> | Operating receivables increased as a result of the Group's organic growth, partially offset by the improved management of days of sales outstanding (DSO) which fell from 66 to 59 days.                                                                                                                                                                                              |
| <b>Cash and cash equivalents*</b>       | <b>91.0</b>      | <b>71.0</b>      | <b>20.0</b> | See below.                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Equity attributable to the Group</b> | <b>136.3</b>     | <b>123.2</b>     | <b>13.2</b> | The variation is explained by the recognition of profit for the year in the amount of €19.8 million, net of dividends paid (-€3.9 million), changes in scope (-€6.1 million), transactions related to treasury shares and other equity instruments (€2.2 million), a capital increase through exercise of stock options (€1.7 million) and exchange rate fluctuations (€0.4 million). |
| <b>Non-controlling interests</b>        | <b>9.8</b>       | <b>8.0</b>       | <b>1.8</b>  | Non-controlling interests (see Note 5.12 to the consolidated financial statements).                                                                                                                                                                                                                                                                                                   |
| <b>Non-current liabilities</b>          | <b>43.3</b>      | <b>39.8</b>      | <b>3.5</b>  | The increase in non-current liabilities is essentially the result of provisions for restructuring linked to the adjustment of resources in Germany, as well as the increase in provisions for pensions and retirement benefits in France and Austria. The increase in earn-out debt related to the acquisition of HNCO in Denmark is additional to this amount.                       |
| <b>Current liabilities</b>              | <b>211.7</b>     | <b>188.1</b>     | <b>23.6</b> | The increase in current liabilities is primarily due to the increase in trade payables (€7.9 million) associated with the Group's organic growth and the brokerage business in particular. Tax and social security liabilities and deferred income rose by €5.9 million and €9.0 million respectively, in line with the Group's operational growth.                                   |

\* **Cash and cash equivalents** (excluding financial investments appearing under "Cash management assets" and net of €1.0 million of bank overdrafts) rose by €20.0 million over the year, to €91.0 million. This variation is due to:

- Positive **cash flow from operational activities** in the amount of €47.0 million, resulting from a major boost in the Group's operating cash flows to €45.0 million at 31 December 2016 (vs. €33.9 million in 2015) and a reduction in WCR of €9.2 million (vs. -€7.3 million in 2015), notably due to the reduction in the Group's DSO at the end of the year from 66 to 59 days.
- Negative **cash flow from investment activities** in the amount of €8.7 million over the year (vs. -€5.8 million in 2015), mainly due to the impact of expenses for the year associated with subsidiary acquisitions (net of cash and cash equivalents acquired) for €7.0 million; expenses linked to Group operational investments in the amount of €3.7 million, and gains (net of cash and cash equivalents transferred) from the disposal in Switzerland in the amount of €0.9 million.
- Negative **cash flow from financing activities** in the amount of €18.8 million, including in particular an expense of €7.4 million related to the acquisition of minority interests, a reduction in the balance of receivables transferred for €8.1 million and the payment of dividends of €4.5 million, of which €3.9 million was paid to Group shareholders and €0.6 million to minority shareholders.

The Group's financial position remains sound as the **cash position net of borrowings** stands at €59.5 million and is broken down as follows:

| In € millions                                                  | 31 December 2016 | 31 December 2015 |
|----------------------------------------------------------------|------------------|------------------|
| Short-term investments                                         | 10.3             | 15.0             |
| Cash at bank*                                                  | 81.7             | 57.5             |
| Bank overdrafts (liability)                                    | (1.0)            | (1.5)            |
| <b>Cash and cash equivalents</b>                               | <b>91.0</b>      | <b>71.0</b>      |
| <b>Cash management assets</b>                                  | <b>1.7</b>       | <b>2.5</b>       |
| Bonds                                                          | (29.8)           | (29.7)           |
| Obligations under finance leases                               | (0.8)            | (1.6)            |
| Draw-downs on bank and similar facilities and other borrowings | (1.2)            | (0.6)            |
| <b>Long-term borrowings</b>                                    | <b>(31.8)</b>    | <b>(32.0)</b>    |
| Bonds                                                          | (0.4)            | (0.4)            |
| Obligations under finance leases                               | (0.8)            | (1.0)            |
| Draw-downs on bank and similar facilities and other borrowings | (0.2)            | (0.1)            |
| <b>Short-term borrowings</b>                                   | <b>(1.5)</b>     | <b>(1.5)</b>     |
| <b>Total borrowings</b>                                        | <b>(33.2)</b>    | <b>(33.5)</b>    |
| Derivative instruments                                         | -                | -                |
| <b>Net cash</b>                                                | <b>59.5</b>      | <b>40.0</b>      |
| <b>Total equity</b>                                            | <b>146.1</b>     | <b>131.2</b>     |
| <b>Debt to equity ratio</b>                                    | <b>-40.7%</b>    | <b>-30.5%</b>    |

\* For 2016, net cash includes the positive impact (net of guarantee deposits) of agreements to transfer non-recourse trade receivables amounting to €10.3 million, compared to €18.5 million in 2015.

#### 2.1.4 Progress made and outlook

For the second year in a row, the Group's results are significantly above target and show a strong acceleration in margins and organic growth. This excellent performance means the Group can pursue its 2020 strategic plan, Scale!, supported by strong fundamentals and a robust financial position.

With regard to 2017, the Group has set itself the target of generating revenue in the region of €580 million, achieving organic growth excluding Between of approximately 7% and an operating margin of almost 9%.

#### 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 2016, in the amount of €11,275,770, as follows:

- distribution of a dividend of €0.60 per share, representing a total of €4,726,589;
- the balance of €6,549,181 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 €168,648. 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                                                             | 31/12/2012   | 31/12/2013  | 31/12/2014  | 31/12/2015  | 31/12/2016  |
|---------------------------------------------------------------------------------------|--------------|-------------|-------------|-------------|-------------|
| Share capital                                                                         | 1,527,764    | 1,463,925   | 1,238,973   | 1,242,576   | 1,262,340   |
| Number of shares                                                                      | 10,081,355   | 9,655,760   | 8,172,128   | 8,196,149   | 8,327,907   |
| TRANSACTIONS AND PROFIT FOR THE YEAR                                                  | 31/12/2012   | 31/12/2013  | 31/12/2014  | 31/12/2015  | 31/12/2016  |
| Revenue before tax                                                                    | 190,137,164  | 165,647,616 | 159,916,969 | 173,439,481 | 189,471,479 |
| Profit (loss) before taxes, profit-sharing, depreciation, amortisation and provisions | (19,163,630) | 7,646,091   | (6,290,193) | 8,546,296   | 9,456,174   |
| Depreciation, amortisation and provisions                                             | (3,342,205)  | 5,207,283   | (5,371,602) | 1,155,775   | (153,977)   |
| Employee profit-sharing due in respect of the year                                    | -            | -           | -           | -           | -           |
| Corporate income taxes                                                                | (4,558,221)  | (1,814,638) | (2,319,185) | (1,535,830) | (1,665,619) |
| Profit (loss) after taxes, depreciation, amortisation and provisions                  | (11,263,204) | 4,253,446   | 1,400,594   | 8,926,351   | 11,275,770  |
| Earnings distributed                                                                  | 936,536      | 1,866,235   | 2,250,415   | 3,812,161   | 4,726,589   |
| EARNINGS PER SHARE                                                                    | 31/12/2012   | 31/12/2013  | 31/12/2014  | 31/12/2015  | 31/12/2016  |
| Average number of shares for the year                                                 | 10,081,355   | 9,655,760   | 8,172,128   | 8,196,149   | 8,327,907   |
| Profit (loss) after taxes but before depreciation, amortisation and provisions        | (1.45)       | 0.98        | (0.49)      | 1.23        | 1.34        |
| Profit (loss) after taxes, depreciation, amortisation and provisions                  | (1.12)       | 0.44        | 0.17        | 1.09        | 1.35        |
| Dividend allocated to each share                                                      | 0.10         | 0.25        | 0.30        | 0.50        | 0.60        |
| PERSONNEL                                                                             | 31/12/2012   | 31/12/2013  | 31/12/2014  | 31/12/2015  | 31/12/2016  |
| Average headcount                                                                     | 1,812        | 1,421       | 1,458       | 1,304       | 1,358       |
| Total payroll                                                                         | 87,797,658   | 72,056,295  | 66,386,079  | 63,971,981  | 65,941,947  |
| Amount paid in employee benefits                                                      | 40,530,832   | 32,113,662  | 29,629,306  | 28,333,224  | 29,482,461  |

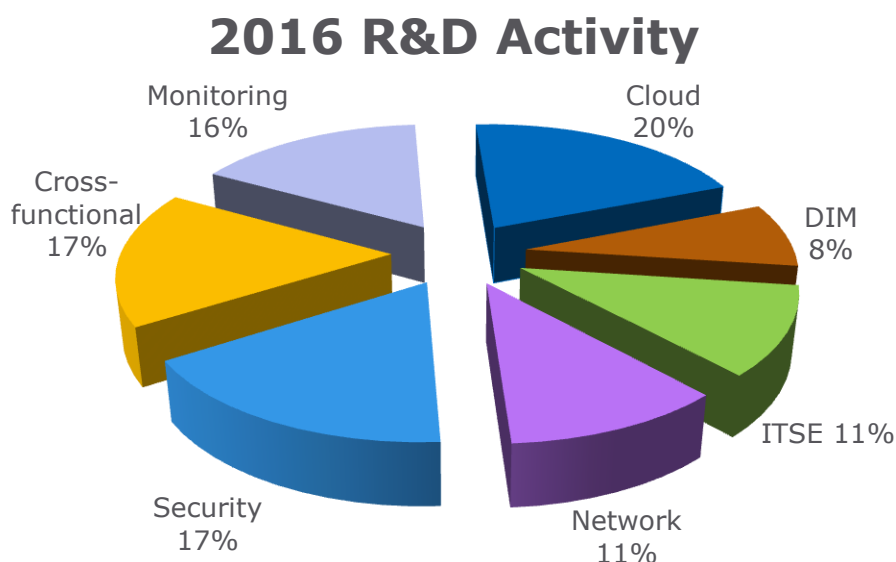
### 2.2.5 Research and development activity

To support its "Eagle" transformation plan, the Group established a new department in March 2012, "Devoteam Research and Innovation" (DRI). This department is dedicated to research and innovation and is

responsible for identifying and supporting innovative developments and high value added solutions, particularly in the fields of Cloud transformation, mobility, IT service excellence (ITSE), Data and Information Management (DIM), Network transformation, risk and security and IT transformation.

In 2016, the Group continued its R&D efforts to improve the value provided to customers. Particular attention was given to projects looking at tools and industrialisation in certain key domains such as DevOps, security and the Cloud.

A breakdown of this work is shown in the following graph:



The cross-functional activities concern IoT in terms of networks, security and Big Data, as well as in relation to Blockchain and Artificial Intelligence (AI) technologies. Lastly, the Group also works as an outsourced R&D provider for its clients on innovation projects in France, Belgium and Spain in particular. Some of these projects are eligible for research tax credits in their various jurisdictions.

#### 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 S.A 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 2016 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                        | H1 2016 | H1 2015 | H2 2016 | H2 2015 | 2016  | 2015  |
|--------------------------------------|---------|---------|---------|---------|-------|-------|
| <b>France</b>                        |         |         |         |         |       |       |
| Contribution to revenue              | 115.2   | 101.4   | 118.0   | 106.3   | 233.2 | 207.7 |
| Operating margin                     | 14.8    | 9.6     | 15.6    | 12.2    | 30.4  | 21.8  |
| As % of revenue                      | 12.8%   | 9.5%    | 13.2%   | 11.4%   | 13.0% | 10.5% |
| <b>Northern Europe &amp; Benelux</b> |         |         |         |         |       |       |
| Contribution to revenue              | 58.4    | 55.3    | 58.1    | 54.8    | 116.5 | 110.1 |
| Operating margin                     | 4.3     | 3.0     | 4.6     | 3.9     | 8.9   | 6.9   |
| As % of revenue                      | 7.4%    | 5.4%    | 7.9%    | 7.1%    | 7.6%  | 6.2%  |
| <b>Central Europe</b>                |         |         |         |         |       |       |
| Contribution to revenue              | 22.7    | 22.4    | 26.3    | 25.2    | 49.0  | 47.6  |
| Operating margin                     | 1.7     | 0.6     | 2.2     | 2.1     | 3.9   | 2.7   |
| As % of revenue                      | 7.5%    | 2.8%    | 8.5%    | 8.3%    | 8.1%  | 5.8%  |
| <b>Rest of the world</b>             |         |         |         |         |       |       |
| Contribution to revenue              | 37.7    | 26.4    | 37.9    | 33.7    | 75.6  | 60.0  |
| Operating margin                     | 2.3     | 1.5     | 3.4     | 3.0     | 5.7   | 4.5   |
| As % of revenue                      | 6.1%    | 5.6%    | 9.1%    | 9.0%    | 7.6%  | 7.5%  |
| <b>Corporate</b>                     |         |         |         |         |       |       |
| Contribution to revenue              | (0.2)   | (0.1)   | 1.0     | 0.2     | 0.8   | 0.1   |
| Operating margin                     | (1.1)   | (1.2)   | (2.5)   | (2.7)   | (3.6) | (3.9) |
| <b>Between</b>                       |         |         |         |         |       |       |
| Contribution to revenue              | 37.3    | 19.5    | 39.0    | 27.3    | 76.3  | 46.8  |
| Operating margin                     | 0.7     | 0.4     | 1.0     | 0.5     | 1.7   | 0.9   |
| As % of revenue                      | 1.8%    | 2.2%    | 2.6%    | 1.7%    | 2.3%  | 1.9%  |
| <b>Divestments (2015-2016)</b>       |         |         |         |         |       |       |
| Contribution to revenue              | 4.2     | 7.2     | 0.0     | 5.7     | 4.2   | 13.0  |
| Operating margin                     | (0.1)   | 0.6     | (0.0)   | 0.4     | (0.1) | 1.0   |
| As % of revenue                      | -1.9%   | 7.8%    | -11.7%  | 6.9%    | -2.0% | 7.4%  |
| <b>Total</b>                         |         |         |         |         |       |       |
| Contribution to revenue              | 275.4   | 232.2   | 280.3   | 253.1   | 555.7 | 485.3 |
| Operating margin                     | 22.7    | 14.6    | 24.4    | 19.3    | 47.0  | 33.9  |
| As % of revenue                      | 8.2%    | 6.3%    | 8.7%    | 7.6%    | 8.5%  | 7.0%  |

## Variation in revenue by quarter and by geographical area

| In € millions                        | Q1 2016      | Q1 2015      | Q2 2016      | Q2 2015      | Q3 2016      | Q3 2015      | Q4 2016      | Q4 2015      | 2016         | 2015         |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>France</b>                        | <b>56.4</b>  | <b>50.3</b>  | <b>58.8</b>  | <b>51.2</b>  | <b>54.6</b>  | <b>49.0</b>  | <b>63.4</b>  | <b>57.3</b>  | <b>233.2</b> | <b>207.7</b> |
| Variation                            | 12.3%        |              | 14.9%        |              | 11.5%        |              | 10.6%        |              | 12.3%        |              |
| L-f-I variation                      | 11.9%        |              | 14.6%        |              | 11.2%        |              | 10.6%        |              | 12.1%        |              |
| <b>Northern Europe &amp; Benelux</b> | <b>28.4</b>  | <b>27.1</b>  | <b>30.0</b>  | <b>28.2</b>  | <b>26.3</b>  | <b>25.2</b>  | <b>31.8</b>  | <b>29.6</b>  | <b>116.5</b> | <b>110.1</b> |
| Variation                            | 4.8%         |              | 6.4%         |              | 4.5%         |              | 7.4%         |              | 5.9%         |              |
| L-f-I variation                      | 7.2%         |              | 9.6%         |              | 2.2%         |              | 3.3%         |              | 5.6%         |              |
| <b>Central Europe</b>                | <b>11.5</b>  | <b>11.6</b>  | <b>11.2</b>  | <b>10.8</b>  | <b>12.0</b>  | <b>11.9</b>  | <b>14.2</b>  | <b>13.3</b>  | <b>49.0</b>  | <b>47.6</b>  |
| Variation                            | -0.6%        |              | 3.5%         |              | 0.9%         |              | 7.0%         |              | 2.8%         |              |
| L-f-I variation                      | -0.7%        |              | 3.5%         |              | -6.6%        |              | -0.9%        |              | -1.3%        |              |
| <b>Rest of the world</b>             | <b>16.2</b>  | <b>13.2</b>  | <b>21.4</b>  | <b>13.2</b>  | <b>18.8</b>  | <b>14.9</b>  | <b>19.1</b>  | <b>18.8</b>  | <b>75.6</b>  | <b>60.0</b>  |
| Variation                            | 23.2%        |              | 62.1%        |              | 26.5%        |              | 1.8%         |              | 25.9%        |              |
| L-f-I variation                      | -4.9%        |              | 34.3%        |              | 4.7%         |              | 2.2%         |              | 8.3%         |              |
| <b>Corporate</b>                     | <b>(0.1)</b> | <b>0.0</b>   | <b>(0.1)</b> | <b>(0.1)</b> | <b>(0.2)</b> | <b>0.0</b>   | <b>1.1</b>   | <b>0.2</b>   | <b>0.8</b>   | <b>0.1</b>   |
| <b>Between</b>                       | <b>18.2</b>  | <b>9.0</b>   | <b>19.1</b>  | <b>10.5</b>  | <b>19.2</b>  | <b>11.2</b>  | <b>19.8</b>  | <b>16.1</b>  | <b>76.3</b>  | <b>46.8</b>  |
| Variation                            | 102.7%       |              | 81.4%        |              | 71.8%        |              | 23.2%        |              | 63.2%        |              |
| L-f-I variation                      | 102.7%       |              | 81.4%        |              | 71.8%        |              | 23.2%        |              | 63.2%        |              |
| <b>Divestments (2015-2016)</b>       | <b>2.6</b>   | <b>4.3</b>   | <b>1.6</b>   | <b>2.9</b>   | <b>0.0</b>   | <b>2.8</b>   | <b>0.0</b>   | <b>3.0</b>   | <b>4.2</b>   | <b>13.0</b>  |
| <b>Total</b>                         | <b>133.4</b> | <b>115.5</b> | <b>142.0</b> | <b>116.7</b> | <b>130.8</b> | <b>114.9</b> | <b>149.5</b> | <b>138.2</b> | <b>555.7</b> | <b>485.3</b> |
| Variation                            | 15.5%        |              | 21.7%        |              | 13.8%        |              | 8.1%         |              | 14.5%        |              |
| L-f-I variation                      | 13.7%        |              | 20.2%        |              | 12.0%        |              | 8.7%         |              | 13.4%        |              |
| L-f-I variation excluding Between    | 6.2%         |              | 14.1%        |              | 5.6%         |              | 6.7%         |              | 8.1%         |              |

Of which contribution of the acquisitions:

| In € millions                                         | Q1 2016    | Q1 2015  | Q2 2016    | Q2 2015  | Q3 2016    | Q3 2015  | Q4 2016    | Q4 2015    | 2016        | 2015       |
|-------------------------------------------------------|------------|----------|------------|----------|------------|----------|------------|------------|-------------|------------|
| <b>France</b>                                         | <b>0.2</b> | <b>-</b> | <b>0.1</b> | <b>-</b> | <b>0.1</b> | <b>-</b> | <b>0.1</b> | <b>0.2</b> | <b>0.6</b>  | <b>0.2</b> |
| myG France, consolidated as of 1 October 2015         | 0.2        | -        | 0.1        | -        | 0.1        | -        | 0.1        | 0.2        | 0.6         | 0.2        |
| <b>Northern Europe &amp; Benelux</b>                  | <b>-</b>   | <b>-</b> | <b>-</b>   | <b>-</b> | <b>1.4</b> | <b>-</b> | <b>1.8</b> | <b>-</b>   | <b>3.2</b>  | <b>-</b>   |
| HNCO, consolidated as of 1 July 2016                  | -          | -        | -          | -        | 0.7        | -        | 1.1        | -          | 1.8         | -          |
| Globicon, consolidated as of 1 July 2016              | -          | -        | -          | -        | 0.5        | -        | 0.7        | -          | 1.3         | -          |
| <b>Central Europe</b>                                 | <b>-</b>   | <b>-</b> | <b>-</b>   | <b>-</b> | <b>0.9</b> | <b>-</b> | <b>1.1</b> | <b>-</b>   | <b>2.0</b>  | <b>-</b>   |
| Q-Partners Consulting, consolidated as of 1 July 2016 | -          | -        | -          | -        | 0.9        | -        | 1.1        | -          | 2.0         | -          |
| <b>Rest of the world</b>                              | <b>3.8</b> | <b>-</b> | <b>4.0</b> | <b>-</b> | <b>3.5</b> | <b>-</b> | <b>3.9</b> | <b>3.6</b> | <b>15.2</b> | <b>3.6</b> |
| Drago, consolidated as of 1 October 2015              | 3.7        | -        | 4.0        | -        | 3.5        | -        | 3.9        | 3.6        | 15.2        | 3.6        |
| myG Spain, consolidated as of 1 October 2015          | 0.1        | -        | (0.0)      | -        | 0.0        | -        | -          | -          | 0.1         | -          |

L-f-I 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 2016

| Number of shares                    | 2016             | 2015             |
|-------------------------------------|------------------|------------------|
| <b>Shares issued at 1 January</b>   | <b>8,196,149</b> | <b>8,172,128</b> |
| Exercise of options, BCE and BSA    | 131,758          | 24,021           |
| <b>Shares issued at 31 December</b> | <b>8,327,907</b> | <b>8,196,149</b> |
| <b>Par value</b>                    | <b>€0.15</b>     | <b>€0.15</b>     |

### 2.4.2 Changes in shareholding

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

|                                         | 31 December 2014 |                    |                    | 31 December 2015 |                    |                    | 31 December 2016 |                    |                    |
|-----------------------------------------|------------------|--------------------|--------------------|------------------|--------------------|--------------------|------------------|--------------------|--------------------|
|                                         | Shares           | % of share capital | % of voting rights | Shares           | % of share capital | % of voting rights | Shares           | % of share capital | % of voting rights |
| S. de Bentzmann <sup>(1)</sup>          | 1,317,494        | 16.12%             | 20.10%             | 1,252,492        | 15.28%             | 19.52%             | 1,280,137        | 15.37%             | 21.49%             |
| G. de Bentzmann <sup>(1)</sup>          | 912,782          | 11.17%             | 14.00%             | 912,782          | 11.14%             | 14.11%             | 942,581          | 11.32%             | 15.75%             |
| Tabag <sup>(2)</sup>                    | 636,944          | 7.79%              | 13.20%             | 606,944          | 7.41%              | 12.70%             | 517,004          | 6.21%              | 10.12%             |
| Lazard Frères Gestion                   | 479,497          | 5.87%              | 5.00%              | 382,900          | 4.67%              | 4.01%              | 579,312          | 6.96%              | 5.67%              |
| La Financière de l'Echiquier            | 640,803          | 7.84%              | 6.70%              | 542,177          | 6.62%              | 5.67%              | -                | -                  | -                  |
| Amiral Gestion                          | -                | -                  | -                  | 521,609          | 6.36%              | 5.46%              | 521,609          | 6.26%              | 5.10%              |
| Eximium                                 | 404,986          | 4.96%              | 4.20%              | -                | -                  | -                  | -                | -                  | -                  |
| Individuals (registered) <sup>(3)</sup> | 378,032          | 4.63%              | 7.80%              | 286,765          | 3.50%              | 5.91%              | 315,112          | 3.78%              | 5.46%              |
| Treasury shares                         | 670,744          | 8.21%              | 0.00%              | 571,827          | 6.98%              | 0.00%              | 450,259          | 5.41%              | 0.00%              |
| Free float                              | 2,730,846        | 33.42%             | 29.00%             | 3,118,653        | 38.05%             | 32.63%             | 3,721,893        | 44.69%             | 36.41%             |
| <b>Total</b>                            | <b>8,172,128</b> | <b>100%</b>        | <b>100%</b>        | <b>8,196,149</b> | <b>100%</b>        | <b>100%</b>        | <b>8,327,907</b> | <b>100%</b>        | <b>100%</b>        |

(1) Linked by a shareholders' agreement and an action in concert. 87,200 shares held for Godefroy de Bentzmann and 200,000 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 2016, Financière de l'Echiquier fell below the minimum threshold of 5% of the share capital and voting rights of Devoteam. 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 2016.

### 2.4.3 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.

### 2.4.4 Transactions performed in 2016

#### Transactions on treasury shares

The Company sold the following treasury shares in 2016:

| Transaction type | Number of shares | Average price | Reason                                                   |
|------------------|------------------|---------------|----------------------------------------------------------|
| Sale             | 12,500           | €43.05        | Paid as counterparty in the acquisition of a subsidiary* |

\* Acquisition of HNCO in Denmark. Shares held in escrow for 12 months from 29/07/2016.

The price of this transaction was mutually agreed.

At 31 December 2016, the Company held 450,259 shares, i.e. 5.41% of the share capital, representing a purchase value of €4.2 million and a market value of €26.1 million.

## 2.4.5 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 <sup>(1)</sup>                             | 17/06/2016 (18th res.)                              | €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 res.)                              | €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 res.)                              | 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 res.)                              | 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 res.)                              | €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 res.)                              | €60,000                                                                          | 38 months                     | €27,300                                  | 400,000                         | 4.8                | 4.0                     | 0.95                       | 0.81            |
| Issue of subscription options                                                                 | 17/06/2016 (25th res.)                              | €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.

## 2.4.6 Changes in market price

The Devoteam share price rose 71.64% in 2016, compared to a 0.97% increase for the CAC Technology Index and a 7.19% increase for the CAC Mid & Small Index.

| Date                       | 31/12/2015 | 21/01/2016* | 30/12/2016* | 31/12/2016 |
|----------------------------|------------|-------------|-------------|------------|
| Market price (€)           | 33.5       | 30          | 57.5        | 57.5       |
| Market capitalisation (€M) | 274.6      | 234.0       | 448.4       | 478.9      |

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

## 2.5 Other information

### 2.5.1 Corporate officers and compensation

#### 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);  
Member of the Supervisory Board of Devoteam Holding BV (Netherlands);  
Co-Manager of Devoteam Consulting Holding (Luxembourg);  
Director of Devoteam Fringes S.A.U (Spain), Devoteam Consulting AS (Denmark) and Devoteam S.A. (Poland).

In addition, the members of the Management board have mandates outside of the Group, listed below:

### Godefroy de Bentzmann

Co-Manager of SCI 73 Anatole France;  
Chairman of Syntec Numérique;  
Managing Partner of SCI du Grand Maragnac.

### Stanislas de Bentzmann

Co-Manager of SCI 73 Anatole France;  
Managing Partner of SC Bazeille.

### Supervisory Board

Members of the Supervisory Board are elected by General meeting for a four-year term. At 31 December 2016, the composition of the Board is as follows:

| Name and year of birth         | Date of appointment | Date of expiry of the mandate | Primary role                                | Other ongoing mandates and mandates expired during the past 5 years (date of expiry)*                                                                                                                                                                                                                                                                                            |
|--------------------------------|---------------------|-------------------------------|---------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Roland de Laage de Meux (1959) | 17 June 2016        | OGM 2020                      | General Secretary of Devoteam               | <b>France:</b> none<br><b>International:</b> DV Fringes (D), DV SA (D), Voxpilot Ltd (D), Member of the SB of DV Netherlands<br><b>External:</b> Fibelaage (SB), Hôtel Gril du Parc (M), Société ICF (D), SNC Imbelaage (M), Cinehotel d'Epinay (M), Canalt Gestion (D)<br><b>Expired:</b> DV Belgium (D), DV AB (D), DV IT & Consultancy (D), DV AusystemsSpa (D), DV NV/SA (D) |
| Michel Bon (1943)              | 17 June 2016        | OGM 2020                      | Independent Consultant                      | <b>Ongoing:</b> Sonepar (D), Phitrust (D)<br><b>Expired:</b> RLD (D, 2016), Les Éditions du Cerf (C, 2013), Lafarge (D, 2013), SONAE (D, Portugal, 2015)                                                                                                                                                                                                                         |
| Valérie Kniazeff (1968)        | 17 June 2016        | OGM 2020                      | Chairperson of ALCIMED                      | <b>Ongoing:</b> CentraleSupélec (D)                                                                                                                                                                                                                                                                                                                                              |
| Georges Vialle (1951)          | 17 June 2016        | OGM 2020                      | Chairman of GV Advisory                     | <b>None</b>                                                                                                                                                                                                                                                                                                                                                                      |
| Vincent Montagne (1959)        | 17 June 2016        | OGM 2020                      | Chairman of Média Participations            | <b>Ongoing:</b> 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)<br><b>Expired:</b> SITC (D, 2016)                                                                                                                                               |
| Elisabeth de Maulde (1952)     | 17 June 2016        | OGM 2020                      | Chairperson of Confluence Consulting        | <b>Ongoing:</b> Les Nouveaux Robinson (CSB)                                                                                                                                                                                                                                                                                                                                      |
| Yves de Talhouët (1958)        | 20 June 2013        | OGM 2017                      | Chairman of Faïencerie de Gien              | <b>Ongoing:</b> Tinubu (D), Axway SA (D), Twenga (D), Tabag (CEO), Pont aux Choux SAS (C)<br><b>Expired:</b> Tabag SARL (M, 2012), Union Prod (C&CEO, 2014)                                                                                                                                                                                                                      |
| Carole Desport (1961)          | 19 June 2015        | OGM 2017                      | Senior Vice President - Global Accounts OBS | <b>Ongoing:</b> NRS (Network Related Services) (D)                                                                                                                                                                                                                                                                                                                               |

\* Abbreviations: C (Chairperson), D (Director), SB (Supervisory Board), DV (Devoteam), BD (Board of Directors), CEO (Chief Executive Officer), M (Manager); C&CEO (Chairman & Chief Executive Officer).

### Corporate officers - compensation and other benefits

The corporate governance code to which the Devoteam group refers with regard to the compensation of corporate officers is the AFEP-MEDEF Code. Any instances of non-compliance are stated in the report on internal control.

Devoteam has three corporate officers to whom the Company pays compensation in respect of their mandates.

**Table 1: Summary of compensation, options, BCE and shares allocated to corporate officers**

| Name and position of executive corporate officer                                             | Stanislas de Bentzmann<br>Chairman of the Management board |                | Godefroy de Bentzmann<br>CEO |                | Roland de Laage de Meux<br>General Secretary |                |
|----------------------------------------------------------------------------------------------|------------------------------------------------------------|----------------|------------------------------|----------------|----------------------------------------------|----------------|
|                                                                                              | 2015                                                       | 2016           | 2015                         | 2016           | 2015                                         | 2016           |
| <b>Compensation due for the financial year</b> (detailed in Table 2)                         | <b>624,836</b>                                             | <b>623,993</b> | <b>620,000</b>               | <b>626,528</b> | <b>193,136</b>                               | <b>182,537</b> |
| <b>Value of options allocated during the financial year</b> (detailed in Table 4)            | -                                                          | -              | -                            | -              | -                                            | -              |
| <b>Value of performance shares allocated during the financial year</b> (detailed in Table 6) | -                                                          | -              | -                            | -              | -                                            | <b>99,200</b>  |
| <b>TOTAL</b>                                                                                 | <b>624,836</b>                                             | <b>623,993</b> | <b>620,000</b>               | <b>626,528</b> | <b>193,136</b>                               | <b>281,737</b> |

**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 |                |                |                |
|--------------------------------------------------|------------------------|----------------|----------------|----------------|-----------------------|----------------|----------------|----------------|-------------------------|----------------|----------------|----------------|
|                                                  | 2015                   |                | 2016           |                | 2015                  |                | 2016           |                | 2015                    |                | 2016           |                |
|                                                  | Due                    | Paid           | Due            | Paid           | Due                   | Paid           | Due            | Paid           | Due                     | Paid           | Due            | Paid           |
| <b>Fixed compensation</b>                        | 215,000                | 215,000        | 215,000        | 215,000        | 215,000               | 215,000        | 215,000        | 215,000        | 118,800                 | 118,800        | 118,800        | 118,800        |
| <b>Variable compensation</b>                     | 245,000                | 235,000        | 245,000        | 345,000        | 245,000               | 235,000        | 245,000        | 345,000        | 59,500                  | 34,981         | 45,500         | 59,500         |
| <b>Exceptional compensation</b>                  | 0                      | 0              | 0              | 0              | 0                     | 0              | 0              | 0              | 0                       | 0              | 0              | 0              |
| <b>Benefits in kind (car)</b>                    | 4,836                  | 4,836          | 3,993          | 3,993          | 0                     | 0              | 6,528          | 6,528          | 4,396                   | 4,396          | 4,356          | 4,356          |
| <b>Overseas allowance</b>                        | 60,000                 | 60,000         | 60,000         | 60,000         | 60,000                | 60,000         | 60,000         | 60,000         | 0                       | 0              | 0              | 0              |
| <b>Directors' fees</b>                           | 100,000                | 100,000        | 100,000        | 100,000        | 100,000               | 100,000        | 100,000        | 100,000        | 8,000                   | 8,000          | 11,000         | 10,000         |
| <b>Provision for retirement benefits</b>         | na                     | na             | na             | na             | na                    | na             | na             | na             | 2,440                   | 0              | 2,881          | 0              |
| <b>TOTAL</b>                                     | <b>624,836</b>         | <b>614,836</b> | <b>623,993</b> | <b>723,993</b> | <b>620,000</b>        | <b>610,000</b> | <b>626,528</b> | <b>726,528</b> | <b>193,136</b>          | <b>166,177</b> | <b>182,537</b> | <b>192,656</b> |

The fixed compensation of the members of the Management board has not been changed since the 2011 financial year.

The target variable compensation of members of the Management board for 2016 was €215,000, based on the following criteria:

- 70% subject to the achievement of a specific Group operating margin;
- 30% subject to the achievement of qualitative targets such as the implementation of the strategic plan, external growth and accelerated innovation within the Group.

With regard to the 2016 financial year, the achievement rate of the quantitative portion was 120% and of the qualitative portion was 100%, representing total variable compensation of €245,000.

The target variable compensation of Mr de Laage de Meux 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 2016 financial year, the achievement rate of the quantitative portion was 125% and of the qualitative portion was 132%, representing total variable compensation of €45,500.

Due to the confidential nature of this information, the Group does not share the achievement rates of quantitative targets.

#### Compensation of members of the Management board for 2017

The Supervisory Board met on 27 February 2017 and, on a proposal from the Compensation Committee, decided that each member of the Management board shall be entitled to:

- annual fixed compensation (including overseas allowance) of €275,000 gross, unchanged from the previous year;
- variable compensation equivalent to 100% of the fixed compensation, based on the achievement of targets and which may be increased to a maximum of 135% if the targets are exceeded.

The variable compensation is based on specific objectives whose definition and weighting is determined each year by the Supervisory Board on a proposal from the Compensation Committee.

With regard to the variable compensation for 2017, 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 objectives are divided into three criteria, each representing one equal share, and are linked to the implementation of the Scale! plan, the monitoring by HR of "high flyers" and the improvement of the external growth process.

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.

The members of the Devoteam Supervisory Board received the following compensation in respect of the past two financial years:

**Table 3: Directors' fees and other compensation received by non-executive corporate officers**

| Members of the Board                  | Amounts paid during the 2015 financial year (in €) |                    | Amounts paid during the 2016 financial year (in €) |                    |
|---------------------------------------|----------------------------------------------------|--------------------|----------------------------------------------------|--------------------|
|                                       | Directors' fees                                    | Other compensation | Directors' fees                                    | Other compensation |
| Michel Bon (Chairman)                 | 32,000                                             |                    | 40,000                                             |                    |
| Bertrand de Bentzmann (Vice-Chairman) | 12,000                                             |                    | 5,000                                              |                    |
| Patrice de Talhouët                   | 8,000                                              |                    | 10,000                                             |                    |
| Philippe Tassin                       | 8,000                                              |                    | 10,000                                             |                    |
| Vincent Montagne                      | 8,000                                              |                    | 10,000                                             |                    |
| Roland de Laage de Meux               | 8,000                                              | 158,177            | 10,000                                             | 182,656            |
| Yves de Talhouët                      | 8,000                                              |                    | 10,000                                             |                    |
| Elisabeth de Maulde                   | 8,000                                              |                    | 10,000                                             |                    |
| Carole Desport                        | -                                                  |                    | 5,000                                              |                    |
| <b>TOTAL</b>                          | <b>92,000</b>                                      | <b>158,177</b>     | <b>110,000</b>                                     | <b>182,656</b>     |

**Table 4: Share subscription or purchase options allocated during the year to each executive corporate officer**

|      |
|------|
| None |
|------|

**Table 5: Options exercised during the year by each executive corporate officer**

| Name of executive corporate officer                       | Transaction | Instrument | Total transaction amount (€ thousands) | Unit price (€) |
|-----------------------------------------------------------|-------------|------------|----------------------------------------|----------------|
| Stanislas de Bentzmann - Chairman of the Management board | Assignment  | BAAER      | 92                                     | 12             |
| Godefroy de Bentzmann - CEO                               | Assignment  | BAAER      | 120                                    | 12             |

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 6: Performance shares allocated during the year to each corporate officer**

| Name of executive corporate officer | Plan date  | Number of shares allocated during the year | Value of shares according to the method used for the consolidated financial statements | Date of acquisition | Date of availability | Performance conditions |
|-------------------------------------|------------|--------------------------------------------|----------------------------------------------------------------------------------------|---------------------|----------------------|------------------------|
| Roland de Laage, General Secretary  | 17/06/2016 | 5,000                                      | €99,200                                                                                | 01/03/2019          | 01/03/2019           | Yes*                   |

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

**Table 7: Performance shares becoming available during the year**

None

**Table 8: Historical allocation of share subscription or purchase options**

|                                                                                                                         | SO 2009                                                                    | BCE 2009   | BCE 2010   | SO 2012                                                     |
|-------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|------------|------------|-------------------------------------------------------------|
| Date of Meeting                                                                                                         | 28/04/2009                                                                 | 28/04/2009 | 28/04/2009 | 11/04/2012                                                  |
| Date of Supervisory Board or Management board Meeting where applicable                                                  | 13/05/2009                                                                 | 13/05/2009 | 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: | 345,000                                                                    | 255,000    | 50,000     | 100,000                                                     |
| The corporate officers                                                                                                  |                                                                            |            |            |                                                             |
| Stanislas de Bentzmann                                                                                                  | -                                                                          | 40,000     | -          | -                                                           |
| Godefroy de Bentzmann                                                                                                   | -                                                                          | 40,000     | -          | -                                                           |
| Roland de Laage de Meux                                                                                                 | -                                                                          | 9,000      | -          | -                                                           |
| Non-executive corporate officers                                                                                        | -                                                                          | -          | -          | -                                                           |
| Start of option exercise period                                                                                         | 13/05/2011                                                                 | 13/05/2011 | 01/10/2012 | 30/11/2016                                                  |
| Expiry date                                                                                                             | 12/05/2016                                                                 | 12/05/2016 | 30/09/2017 | 29/11/2019                                                  |
| Subscription or purchase price                                                                                          | €12.00                                                                     | €12.00     | €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<br>30% after 5 years<br>40% after 6 years |
| Number of shares subscribed at 31/12/16                                                                                 | 119,865                                                                    | 153,183    | 15,000     | 4,500                                                       |
| Total number of options and BCE cancelled or void                                                                       | 225,135                                                                    | 101,817    | 30,000     | 25,000                                                      |
| Number of options and BCE outstanding at year-end                                                                       | -                                                                          | -          | 5,000      | 70,500                                                      |

The Company confirms that, to the best of its knowledge, no hedging instruments are in place.

**Table 9: Historical allocations of performance shares**

|                                                                     | AGAP 2016  |
|---------------------------------------------------------------------|------------|
| Date of Meeting                                                     | 17/06/2016 |
| Date of Management board Meeting                                    | 17/06/2016 |
| Total number of shares allocated, of which the number allocated to: | 182,000    |
| 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 |
| End date of holding period                                          | 01/03/2019 |
| Performance conditions                                              | Yes*       |
| Number of shares acquired at 31/12/2016                             | -          |
| Total number of shares cancelled or void                            | -          |
| Performance shares outstanding at year-end                          | 182,000    |

\* Individual, collective or market performance conditions in addition to presence condition.

**Table 10: Summary table of the multi-year variable compensation of each executive corporate officer**

| Name and position of executive corporate officer | Financial year | Financial year | Financial year |
|--------------------------------------------------|----------------|----------------|----------------|
| None                                             |                |                |                |

**Table 11: Information concerning the employment contracts and mandates of the 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 |
| <b>Stanislas de Bentzmann - Chairman of the Management board</b>                                   |                     |    |                              |    |                                                                                                           |    |                                              |    |
| Appointed by the SB held on 5 September 2016                                                       |                     | x  |                              | x  |                                                                                                           | x  |                                              | x  |
| End of mandate: OGM 2020                                                                           |                     |    |                              |    |                                                                                                           |    |                                              |    |
| <b>Godefroy de Bentzmann - CEO</b>                                                                 |                     |    |                              |    |                                                                                                           |    |                                              |    |
| Appointed by the SB held on 5 September 2016                                                       |                     | x  |                              | x  |                                                                                                           | x  |                                              | x  |
| End of mandate: OGM 2020                                                                           |                     |    |                              |    |                                                                                                           |    |                                              |    |
| <b>Roland de Laage de Meux - General Secretary</b>                                                 |                     |    |                              |    |                                                                                                           |    |                                              |    |
| Appointed by the GM held on 17 June 2016                                                           | x                   |    |                              | x  |                                                                                                           | x  |                                              | x  |
| End of mandate: OGM 2020                                                                           |                     |    |                              |    |                                                                                                           |    |                                              |    |

### 2.5.2 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 paragraph 2.3.2.3 of the report by the Chairman of the Supervisory Board on internal control procedures.

##### 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 9.3.3 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 production staff rose from 20.5% in 2015 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 utilization 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 utilization 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:

| Utilization rate of internal resources, excluding divestments* |         |         |         |       |         |         |         |         |       |
|----------------------------------------------------------------|---------|---------|---------|-------|---------|---------|---------|---------|-------|
| Q1 2015                                                        | Q2 2015 | Q3 2015 | Q4 2015 | 2015  | Q1 2016 | Q2 2016 | Q3 2016 | Q4 2016 | 2016  |
| 83.2%                                                          | 84.7%   | 85.2%   | 84.9%   | 84.5% | 82.9%   | 85.1%   | 85.5%   | 84.1%   | 84.4% |

\* In 2016, divestments included the activities of Grimstad in Norway, deconsolidated on 1 May 2016, and Devoteam Genesis in Switzerland, deconsolidated on 1 July 2016. In 2015, they also include Exa ECS, deconsolidated as of 1 April 2015.

Note: 2015 rates presented in this report vary from those presented in the 2015 Annual Financial Report due to:

- the reclassification of Grimstad Norway and of Devoteam Genesis as divestments;
- the reclassification of two productive consultants as non-productive staff in Denmark.

#### 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 48.5% of the Group's consolidated revenue in 2016. 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 * | 2014 | 2015 | 2016 |
|-------------------|------|------|------|
| Top client        | 4%   | 5%   | 4%   |
| Top 5 clients     | 19%  | 21%  | 17%  |
| Top 10 clients    | 30%  | 33%  | 27%  |

\* Non-accounting information.

At Group level, the top client represents approximately 4% 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 2016 stands at approximately 12.5% of Group revenue (vs. 13.5% in 2015). Accordingly, in terms of volumes, 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 2016 (6.0% in 2015).

#### 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 57.6% 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 2016, represented €81.2 million, i.e. 20.2% of the total Group balance sheet (21.3% in 2015) and more than 59.5% (62.3% in 2015) 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 more than 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 Responsibility Report in Section 5 of the financial report.

#### **2.5.3 Risk management process**

The process for the monitoring and management of the risks presented above is described in the Chairman's report on internal control in section 2.3.2.

\*\*\*\*\*

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<br>€ thousands        | Note | 31 December 2016 | 31 December 2015 |
|---------------------------------|------|------------------|------------------|
| Goodwill                        | 5.1  | 81,154           | 76,721           |
| Other intangible assets         | 5.2  | 1,557            | 2,290            |
| Tangible assets                 | 5.3  | 5,471            | 4,245            |
| Non-current financial assets    | 5.4  | 2,935            | 3,095            |
| Investments in associates       | 5.5  | 900              | 1,729            |
| Investment property             | 5.6  | 1,827            | 2,284            |
| Deferred tax assets             | 5.10 | 6,353            | 6,912            |
| Other non-current assets        | 5.7  | 272              | 274              |
| <b>TOTAL NON-CURRENT ASSETS</b> |      | <b>100,469</b>   | <b>97,550</b>    |
| Trade receivables               | 5.8  | 163,599          | 148,643          |
| Other receivables               | 5.8  | 29,788           | 24,513           |
| Tax receivables                 | 5.8  | 11,794           | 11,351           |
| Other current financial assets  | 5.9  | 2,762            | 3,503            |
| Cash management assets          | 5.9  | 1,670            | 2,464            |
| Cash and cash equivalents       | 5.9  | 92,033           | 72,534           |
| <b>TOTAL CURRENT ASSETS</b>     |      | <b>301,647</b>   | <b>263,009</b>   |
| <b>TOTAL ASSETS</b>             |      | <b>402,117</b>   | <b>360,558</b>   |

| EQUITY & LIABILITIES in<br>€ thousands                    | Note | 31 December 2016 | 31 December 2015 |
|-----------------------------------------------------------|------|------------------|------------------|
| Share capital                                             | 5.11 | 1,262            | 1,243            |
| Share premium                                             |      | 1,845            | 164              |
| Consolidated reserves                                     |      | 125,223          | 117,988          |
| Treasury shares                                           |      | (11,839)         | (12,983)         |
| Translation reserves                                      |      | 42               | 557              |
| Profit for the year                                       |      | 19,807           | 16,211           |
| <b>EQUITY ATTRIB. TO EQUITY HOLDERS OF PARENT COMPANY</b> |      | <b>136,341</b>   | <b>123,178</b>   |
| Non-controlling interests                                 | 5.12 | 9,778            | 7,990            |
| <b>TOTAL EQUITY</b>                                       |      | <b>146,119</b>   | <b>131,168</b>   |
| Loans and borrowings                                      | 5.13 | 31,765           | 32,006           |
| Provisions                                                | 5.14 | 6,056            | 4,045            |
| Deferred tax liabilities                                  | 5.10 | 750              | 865              |
| Other liabilities                                         | 5.7  | 4,712            | 2,890            |
| <b>TOTAL NON-CURRENT LIABILITIES</b>                      |      | <b>43,283</b>    | <b>39,806</b>    |
| Loans and borrowings                                      | 5.13 | 2,473            | 3,035            |
| Provisions                                                | 5.14 | 3,059            | 3,991            |
| Trade payables                                            | 5.8  | 64,646           | 56,712           |
| Tax and social security liabilities                       | 5.8  | 80,044           | 74,139           |
| Income tax payable                                        | 5.8  | 3,573            | 1,752            |
| Other liabilities                                         | 5.8  | 58,920           | 49,953           |
| <b>TOTAL CURRENT LIABILITIES</b>                          |      | <b>212,715</b>   | <b>189,584</b>   |
| <b>TOTAL LIABILITIES</b>                                  |      | <b>255,998</b>   | <b>229,390</b>   |
| <b>TOTAL EQUITY &amp; LIABILITIES</b>                     |      | <b>402,117</b>   | <b>360,558</b>   |

### 3.2 Consolidated income statement

| In € thousands, except earnings per share                          | Note        | 31 December 2016 | 31 December 2015 |
|--------------------------------------------------------------------|-------------|------------------|------------------|
| <b>NET REVENUE</b>                                                 | 6.2         | <b>555,701</b>   | <b>485,324</b>   |
| Other income                                                       |             | -                | -                |
| <b>CURRENT OPERATING INCOME</b>                                    |             | <b>555,701</b>   | <b>485,324</b>   |
| Purchase of merchandise                                            |             | (15,009)         | (10,152)         |
| Other purchase and external charges                                | 6.4         | (216,284)        | (182,039)        |
| Taxes                                                              |             | (3,613)          | (3,514)          |
| Payroll expenses                                                   | 6.3         | (269,399)        | (250,621)        |
| Fixed assets depreciation                                          |             | (3,207)          | (3,432)          |
| Increase in provision from current assets                          |             | (1,144)          | (1,288)          |
| Other expenses                                                     |             | -                | (400)            |
| <b>CURRENT OPERATING EXPENSES</b>                                  |             | <b>(508,656)</b> | <b>(451,446)</b> |
| <b>OPERATING MARGIN</b>                                            |             | <b>47,044</b>    | <b>33,878</b>    |
| Cost of stock options                                              | 6.3         | (1,422)          | (8)              |
| Amortisation of customer relationships resulting from acquisitions |             | (274)            | (496)            |
| <b>CURRENT OPERATING PROFIT</b>                                    |             | <b>45,349</b>    | <b>33,373</b>    |
| Other operating income                                             | 6.5         | 999              | 569              |
| Other operating expenses                                           | 6.5         | (8,366)          | (5,581)          |
| <b>OPERATING PROFIT</b>                                            |             | <b>37,982</b>    | <b>28,362</b>    |
| Financial income                                                   | 6.6         | 775              | 596              |
| Financial expenses                                                 | 6.6         | (3,184)          | (1,847)          |
| <b>FINANCIAL RESULT</b>                                            |             | <b>(2,409)</b>   | <b>(1,251)</b>   |
| Share of profit of associates                                      |             | 132              | 100              |
| <b>PROFIT BEFORE INCOME TAX</b>                                    |             | <b>35,705</b>    | <b>27,211</b>    |
| Income tax expense                                                 | 6.7         | (12,289)         | (8,593)          |
| <b>PROFIT FOR THE YEAR</b>                                         |             | <b>23,416</b>    | <b>18,619</b>    |
| <i>Attributable to:</i>                                            |             |                  |                  |
| <b>Owners of the Company</b>                                       |             | <b>19,807</b>    | <b>16,210</b>    |
| Non-controlling interests                                          |             | 3,609            | 2,408            |
| <b>Basic earnings per share</b>                                    | <b>5.11</b> | <b>2.54</b>      | <b>2.14</b>      |
| <b>Diluted earnings per share</b>                                  | <b>5.11</b> | <b>2.54</b>      | <b>2.12</b>      |

### 3.3 Consolidated statement of total comprehensive income

| In € thousands                                                              | 31 December 2016 | 31 December 2015 |
|-----------------------------------------------------------------------------|------------------|------------------|
| <b>Profit for the year</b>                                                  | <b>23,416</b>    | <b>18,619</b>    |
| Defined benefit plan actuarial gains (losses)                               | (559)            | (84)             |
| Deferred taxes on defined benefit plan actuarial gains (losses)             | 150              | 7                |
| <b>Items that will never be reclassified to profit or loss</b>              | <b>(409)</b>     | <b>(77)</b>      |
| Foreign currency translation differences                                    | 496              | 806              |
| Change in the fair value of cash flow hedges                                | -                | -                |
| Income tax expense on changes in the fair value of cash flow hedges         | -                | -                |
| <b>Items that are or may be reclassified subsequently to profit or loss</b> | <b>496</b>       | <b>806</b>       |
| <b>Other comprehensive income (loss), net of tax</b>                        | <b>87</b>        | <b>729</b>       |
| <b>Total comprehensive income for the year</b>                              | <b>23,503</b>    | <b>19,348</b>    |
| <i>Attributable to:</i>                                                     |                  |                  |
| Owners of the Company                                                       | 19,824           | 16,809           |
| Non-controlling interests                                                   | 3,679            | 2,538            |

### 3.4 Consolidated statement of cash flows

| In € thousands                                                               | Note       | 31 December 2016 | 31 December 2015 |
|------------------------------------------------------------------------------|------------|------------------|------------------|
| <b>Profit for the year</b>                                                   |            | <b>23,416</b>    | <b>18,619</b>    |
| Adjustments for:                                                             |            |                  |                  |
| Share of profit of associates                                                |            | (132)            | (100)            |
| Income tax expense                                                           |            | 12,289           | 8,593            |
| Amortisation and provision                                                   |            | 6,193            | 4,988            |
| Other transactions without impact on cash and cash equivalents               |            | 1,031            | (49)             |
| Income from asset disposals                                                  |            | 819              | 634              |
| Net interests income                                                         |            | 1,373            | 1,188            |
| Change in net working capital                                                |            | 9,219            | (7,325)          |
| Income tax paid                                                              |            | (7,217)          | (6,018)          |
| <b>Cash flow from operating activities</b>                                   | <b>7.1</b> | <b>46,991</b>    | <b>20,529</b>    |
| Acquisition of fixed assets                                                  |            | (3,691)          | (2,436)          |
| Acquisition of financial assets                                              |            | (966)            | (1,457)          |
| Proceed from sale of fixed assets                                            |            | 41               | 634              |
| Dividends received                                                           |            | 85               | 0                |
| Proceed from sale of financial assets                                        |            | 1,930            | 592              |
| Disposal of subsidiaries, net of cash disposed                               |            | 892              | 86               |
| Acquisition of subsidiaries, net of cash acquired                            |            | (6,958)          | (3,182)          |
| <b>Cash flow from investing activities</b>                                   | <b>7.2</b> | <b>(8,668)</b>   | <b>(5,764)</b>   |
| Proceeds from issue of share capital                                         |            | 1,701            | 288              |
| Repayments of borrowings                                                     |            | (990)            | (4,106)          |
| Proceeds from borrowings                                                     |            | 617              | 29,784           |
| Change in factored receivables (net of security deposit)                     |            | (8,136)          | 529              |
| Interests paid                                                               |            | (1,634)          | (724)            |
| Acquisition of non-controlling interests                                     |            | (7,352)          | (500)            |
| Proceeds from reduction in ownership interests while retaining control       |            | 189              | 282              |
| Dividends paid                                                               |            | (4,531)          | (3,330)          |
| Transactions on own shares                                                   |            | 1,295            | (818)            |
| <b>Cash flow from financing activities</b>                                   | <b>7.3</b> | <b>(18,841)</b>  | <b>21,405</b>    |
| <b>Net change in cash and cash equivalents</b>                               |            | <b>19,483</b>    | <b>36,170</b>    |
| Net cash and cash equivalents at year start                                  |            | 71,039           | 34,698           |
| Effect of non current assets held for sale                                   |            | -                | -                |
| Effect of exchange rate fluctuation on cash held                             |            | 491              | 171              |
| <b>Net cash and cash equivalents at year end</b>                             | <b>5.9</b> | <b>91,013</b>    | <b>71,039</b>    |
| Reconciliation with cash and cash equivalents in the balance sheet           |            |                  |                  |
| <b>Cash and cash equivalents in the balance sheet</b>                        |            | <b>92,033</b>    | <b>72,534</b>    |
| Bank overdrafts                                                              |            | (1,020)          | (1,495)          |
| <b>Cash and cash equivalents in the consolidated statement of cash flows</b> | <b>5.9</b> | <b>91,013</b>    | <b>71,039</b>    |

### 3.5 Consolidated statement of changes in equity

| In € thousands, except per-share data                        | Number of shares | Share capital | Share premium | Treasury shares | Recyclable reserves (OCI) | Consolidated reserves | Translation reserves | Total equity - Owners of the company | Non-controlling interests | Total equity   |
|--------------------------------------------------------------|------------------|---------------|---------------|-----------------|---------------------------|-----------------------|----------------------|--------------------------------------|---------------------------|----------------|
| <b>Balance at 1 January 2016</b>                             | <b>8,196,149</b> | <b>1,243</b>  | <b>164</b>    | <b>(12,983)</b> | <b>(0)</b>                | <b>134,198</b>        | <b>557</b>           | <b>123,178</b>                       | <b>7,990</b>              | <b>131,169</b> |
| <b>Total comprehensive income</b>                            |                  |               |               |                 |                           |                       |                      |                                      |                           |                |
| Profit for the year                                          |                  |               |               |                 |                           | 19,807                |                      | 19,807                               | 3,609                     | 23,416         |
| Other comprehensive income <sup>(1)</sup>                    |                  |               |               |                 |                           | (400)                 | 416                  | 16                                   | 70                        | 87             |
| <b>Total comprehensive income</b>                            |                  |               |               |                 | <b>-</b>                  | <b>19,407</b>         | <b>416</b>           | <b>19,824</b>                        | <b>3,679</b>              | <b>23,503</b>  |
| <b>Transactions with owners of the Company</b>               |                  |               |               |                 |                           |                       |                      |                                      |                           |                |
| <u>Contributions and distributions</u>                       |                  |               |               |                 |                           |                       |                      |                                      |                           |                |
| 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 <sup>(2)</sup>              |                  |               | -             |                 |                           | -                     |                      | -                                    |                           | -              |
| Adjustments on own shares                                    |                  |               |               | 1,145           |                           | 452                   |                      | 1,596                                |                           | 1,596          |
| Capital increase after exercise of stock options             | 131,758          | 20            | 1,681         |                 |                           |                       |                      | 1,701                                |                           | 1,701          |
| <b>Total contributions and distributions</b>                 | <b>131,758</b>   | <b>20</b>     | <b>1,681</b>  | <b>1,145</b>    | <b>-</b>                  | <b>(2,427)</b>        | <b>-</b>             | <b>418</b>                           | <b>(618)</b>              | <b>(199)</b>   |
| <u>Changes in ownership interests</u>                        |                  |               |               |                 |                           |                       |                      |                                      |                           |                |
| Acquisition of NCI without a change in control               |                  |               |               |                 |                           | (6,061)               |                      | (6,061)                              | (1,238)                   | (7,300)        |
| NCI on the acquisition / creation / disposal of subsidiaries |                  |               |               |                 |                           | -                     |                      | -                                    | 369                       | 369            |
| <b>Total changes in ownership interests</b>                  | <b>-</b>         | <b>-</b>      | <b>-</b>      | <b>-</b>        | <b>-</b>                  | <b>(6,061)</b>        | <b>-</b>             | <b>(6,061)</b>                       | <b>(869)</b>              | <b>(6,931)</b> |
| Other movements <sup>(2)</sup>                               |                  |               |               |                 |                           | (87)                  | (931)                | (1,018)                              | (404)                     | (1,422)        |
| <b>Total transactions with owners of the Company</b>         | <b>131,758</b>   | <b>20</b>     | <b>1,681</b>  | <b>1,145</b>    | <b>-</b>                  | <b>(8,575)</b>        | <b>(931)</b>         | <b>(6,661)</b>                       | <b>(1,891)</b>            | <b>(8,552)</b> |
| <b>Balance at 31 December 2016</b>                           | <b>8,327,907</b> | <b>1,263</b>  | <b>1,845</b>  | <b>(11,839)</b> | <b>(0)</b>                | <b>145,030</b>        | <b>42</b>            | <b>136,341</b>                       | <b>9,778</b>              | <b>146,119</b> |

(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.

| In € thousands, except per-share data                        | Number of shares | Share capital | Share premium | Treasury shares | Recyclable reserves (OCI) | Consolidated reserves | Translation reserves | Total equity - Owners of the company | Non-controlling interests | Total equity   |
|--------------------------------------------------------------|------------------|---------------|---------------|-----------------|---------------------------|-----------------------|----------------------|--------------------------------------|---------------------------|----------------|
| <b>Balance at 1 January 2015</b>                             | <b>8,172,128</b> | <b>1,239</b>  | <b>85</b>     | <b>(14,077)</b> | <b>(0)</b>                | <b>125,652</b>        | <b>(115)</b>         | <b>112,784</b>                       | <b>2,796</b>              | <b>115,580</b> |
| <b>Total comprehensive income</b>                            |                  |               |               |                 |                           |                       |                      |                                      |                           |                |
| Profit for the year                                          |                  |               |               |                 |                           | 16,210                |                      | 16,210                               | 2,408                     | 18,619         |
| Other comprehensive income <sup>(1)</sup>                    |                  |               |               |                 |                           | (73)                  | 672                  | 599                                  | 130                       | 729            |
| <b>Total comprehensive income</b>                            |                  |               |               |                 | <b>-</b>                  | <b>16,137</b>         | <b>672</b>           | <b>16,809</b>                        | <b>2,538</b>              | <b>19,348</b>  |
| <b>Transactions with owners of the Company</b>               |                  |               |               |                 |                           |                       |                      |                                      |                           |                |
| <u>Contributions and distributions</u>                       |                  |               |               |                 |                           |                       |                      |                                      |                           |                |
| Dividends to equity holders for the profits of 2014          |                  |               |               |                 |                           | (2,276)               |                      | (2,276)                              | (458)                     | (2,734)        |
| Share-based payment transactions                             |                  |               |               |                 |                           | 8                     |                      | 8                                    |                           | 8              |
| Operations on equity instruments <sup>(2)</sup>              |                  |               | (206)         |                 |                           | (2,349)               |                      | (2,555)                              |                           | (2,555)        |
| Adjustments on own shares                                    |                  |               |               | 1,094           |                           | 422                   |                      | 1,516                                |                           | 1,516          |
| Capital increase after exercise of stock options             | 24,021           | 4             | 285           |                 |                           |                       |                      | 288                                  |                           | 288            |
| <b>Total contributions and distributions</b>                 | <b>24,021</b>    | <b>4</b>      | <b>79</b>     | <b>1,094</b>    | <b>-</b>                  | <b>(4,195)</b>        | <b>-</b>             | <b>(3,019)</b>                       | <b>(458)</b>              | <b>(3,477)</b> |
| <u>Changes in ownership interests</u>                        |                  |               |               |                 |                           |                       |                      |                                      |                           |                |
| Acquisition of NCI without a change in control               |                  |               |               |                 |                           | (398)                 |                      | (398)                                | 66                        | (332)          |
| NCI on the acquisition / creation / disposal of subsidiaries |                  |               |               |                 |                           | -                     |                      | -                                    | (208)                     | (208)          |
| <b>Total changes in ownership interests</b>                  | <b>-</b>         | <b>-</b>      | <b>-</b>      | <b>-</b>        | <b>-</b>                  | <b>(398)</b>          | <b>-</b>             | <b>(398)</b>                         | <b>(142)</b>              | <b>(540)</b>   |
| Other movements <sup>(3)</sup>                               |                  |               |               |                 |                           | (2,999)               |                      | (2,999)                              | 3,256                     | 258            |
| <b>Total transactions with owners of the Company</b>         | <b>24,021</b>    | <b>4</b>      | <b>79</b>     | <b>1,094</b>    | <b>-</b>                  | <b>(7,591)</b>        | <b>-</b>             | <b>(6,415)</b>                       | <b>2,656</b>              | <b>(3,759)</b> |
| <b>Balance at 31 December 2015</b>                           | <b>8,196,149</b> | <b>1,243</b>  | <b>164</b>    | <b>(12,983)</b> | <b>(0)</b>                | <b>134,198</b>        | <b>557</b>           | <b>123,178</b>                       | <b>7,990</b>              | <b>131,169</b> |

(1) Details provided in the statement of total comprehensive income.

(2) Trading in equity instruments corresponds to the repurchase of 236,900 BAAER.

(3) Other movements relate primarily to the reclassification of non-controlling interests in Devoteam Poland to consolidated reserves in the negative amount of €3,026 thousand.

### 3.6 Notes to the consolidated financial statements

#### Note 1 – Nature of the business and significant events

##### 1.1 Company references

Devoteam S.A. (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 S.A. 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 innovative technology consulting and business. With 20 years' experience in innovative and disruptive technologies, the Group assists its customers in the digital transformation of their organisation and business.

##### 1.3 Significant events in 2016

Coming on the heels of two years of fresh growth and improving profitability, 2016 provided further confirmation of the success of the Eagle plan launched in 2012. The Group delivered a marked improvement in activity, with double-digit organic growth (notably on the SMACS activities), a 150-basis-point improvement in its operating margin and free cash flow representing more than 7% of revenue, giving it one of the best performances in the market.

This momentum has laid firm foundations on which the Group can implement its strategic plan, Scale!, unveiled on 19 January. Scale! is designed help the Group to leverage its sound fundamentals to secure growth and intensify innovation with a view to delivering revenue in the vicinity of €1 billion, an operating margin of at least 10% and normative free cash flow representing roughly 5% of revenue by 2020.

2016 was also marked by further streamlining of the Group's business portfolio, with the disposal of its Swiss activities and its systems integration activities in Norway, and the acquisition of businesses specialising in SAP Big Data solutions in Germany, and in strategy consulting and IT service excellence in Denmark.

The company's consolidated financial statements for the year ended 31 December 2016 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 27 February 2017, and will be submitted to the General meeting for approval on 16 June 2017.

#### 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 2016. They are available on the website of the European Commission ([http://ec.europa.eu/internal\\_market/accounting/ias/index\\_en.htm](http://ec.europa.eu/internal_market/accounting/ias/index_en.htm)), 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 were prepared in accordance with IFRS issued by the IASB and adopted by the European Union.

The most important new standards with mandatory application for fiscal years beginning on or after 1 January 2016 are IAS 16 and IAS 38, adopted on 2 December 2015 and applicable from 1 January 2016, which lay down acceptable depreciation methods, and whose impact on the financial statements was immaterial.

Moreover, the Group did not elect to early apply the standards, interpretations and amendments adopted by the European Union with mandatory application for fiscal years beginning after 1 January 2016.

The most important standards, amendments and interpretations issued by the IASB but not yet approved by the European Union are IFRS 15 (Revenue from Contracts with Customers), IFRS 9 (Financial Instruments, classification and measurement of financial assets), applicable for fiscal years beginning on or after 1 January 2018, and IFRS 16 (Leases), applicable for fiscal years beginning on or after 1 January 2019. The Group is currently assessing their impact.

## **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 3.2);
- 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 5.1, 3.2);
- in measuring earn-outs (notes 3.2, 5.6, 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, 5.14);
- 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 2016 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 2015.

## **2.4 Consolidation principles**

### **2.4.1 Business combinations**

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

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

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

### **2.4.2 Acquisitions of and commitments to acquire non-controlling interests**

#### Acquisitions prior to 1 January 2010

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

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

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

#### Acquisitions after 1 January 2010

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

### **2.4.3 Subsidiaries**

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

#### **2.4.4 Associates and joint ventures**

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

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

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

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

#### **2.4.5 Elimination of intra-group transactions**

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

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

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

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

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

The Group does not operate in hyperinflationary economies.

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

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

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

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

### **Note 3 – Accounting policies and methods**

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

#### **3.1 Fair value**

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

- intangible assets: the fair value of business relationships and backlogs acquired in a business combination is calculated using the multi-period excess earnings method. This method involves measuring the asset in question after deducting a reasonable return for other cash-generating assets derived from business relationships and backlogs. The fair value of technology (software) acquired in a business combination is calculated using the royalty method, which involves measuring the asset in question on the basis of the royalties that could be obtained if the asset were licensed;
- investment property: the fair value of investment properties is based on valuations made by independent appraisers, and reflects the market price at which the investment property could be sold or exchanged between well-informed, willing parties in an arm's length transaction. The Group determines fair value without deducting any prospective transaction costs on a sale or any other form of exit;
- investment in equity and debt securities: financial instruments at fair value through profit or loss and available-for-sale financial assets are determined by reference to the most recent bid price available as of the balance sheet date;
- derivative instruments: call options on non-controlling interests are valued according to commonly used option valuation methods, taking into account the particular conditions of the options in question;
- loans and receivables are measured at amortised cost. Due to the short-term nature of such assets, the carrying amount of trade and other receivables and cash is an estimate of fair value;
- non-derivative financial liabilities are measured at amortised cost. Due to the short-term nature of such assets, the carrying amount of current bank borrowings, trade and other payables is an estimate of fair value;
- the fair value of loans and borrowings is based on the value of future cash flows generated by the repayment of principal and interest, discounted at market interest rates as of the balance sheet date;
- for finance leases, the market interest rate is determined by reference to similar leases;
- share-based payment transactions: the fair value of stock options granted 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, Devoteam Fornebu Consulting AS (including Devoteam AS, taken over by the company in 2016), HNCO International, HNCO Danmark AS, Forretningsystemer ApS and Globicon;
- 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 Consulting Africa CGU, which covers Devoteam Consulting Tunisia, Devoteam Consulting Morocco and Devoteam Consulting Algeria.

### **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 between three and ten years for 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:

| Type of asset                        | Duration      |
|--------------------------------------|---------------|
| Buildings                            | 15 years      |
| Installations, fittings and fixtures | 10 years      |
| Transport equipment                  | 2 to 4 years  |
| Office equipment                     | 5 years       |
| Computer 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 in respect of salary increases, mortality and staff turnover.

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. The stage of completion is measured against the work already performed. 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.

### **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;
- expenses related to the "Eagle" transformation plan;
- 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 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.

### **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 General meeting 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 plus 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 are as follows:

- **“France”**, which includes the French entities, as well as service centres in Morocco and Spain that are managerially dependent on France;
- **“Northern Europe & Benelux”**, which consolidates entities in the United Kingdom, the Scandinavian countries excluding discontinued operations, Luxembourg, Belgium and the Netherlands excluding Belgium;
- **“Central Europe”**, which consists of Germany, Austria, Poland and the Czech Republic;
- **“Rest of the world”**, which consists of the Middle East, Algeria, Spain, Italy, Morocco, Mexico, Tunisia, Turkey and Panama;
- **“Corporate”**, which includes headquarter activities that cannot be directly allocated to operating

segments. Corporate also includes residual activities of discontinued businesses in France (mainly outsourcing);

- “**Divestments (2015-2016)**” includes discontinued operations. In 2016, divestments included the activities of Grimstad in Norway, deconsolidated on 1 May 2016, and Devoteam Genesis, deconsolidated on 1 July 2016. In 2015, they also include Exa ECS, deconsolidated as of 1 April 2015;
- The “**Between**” segment was created specifically for the Dutch entity Between. This subsidiary specialises in the sourcing of IT professionals. It makes a relatively volatile contribution to revenue, since the revenue consolidated may, depending on the terms and conditions of the contracts signed and the type of engagements performed, be based on the contract’s gross margin or on the full amount invoiced to the customer. The Group has accordingly isolated this activity for the calculation of its growth aggregates.

The geographical split has been redefined with effect from 1 January 2016. The comparative definition of the various regions in 2015 and 2016 is presented below for the entire scope.

| Entity                          | Country              | 31 Dec.-16                | 31 Dec.-15              | Entity                                               | Country        | 31 Dec.-16                | 31 Dec.-15              |
|---------------------------------|----------------------|---------------------------|-------------------------|------------------------------------------------------|----------------|---------------------------|-------------------------|
| Devoteam Middle East FZ LLC     | United Arab Emirates | Rest of the world         | Independent entities    | Fi-makers                                            | France         | France                    | Not applicable          |
| Devoteam Consulting GmbH        | Austria              | Central Europe            | Central Europe          | Devoteam N/V                                         | Belgium        | Northern Europe & Benelux | Northern Europe & Belux |
| Devoteam r.o                    | Czech Republic       | Central Europe            | Central Europe          | DFSJ                                                 | Belgium        | Corporate                 | Not applicable          |
| Devoteam A/S                    | Denmark              | Northern Europe & Benelux | Northern Europe & Belux | Devoteam Genesis AG                                  | Switzerland    | Divestments (2015-2016)   | Central Europe          |
| HNCO International              | Denmark              | Northern Europe & Benelux | Not applicable          | Devoteam GmbH                                        | Germany        | Central Europe            | Central Europe          |
| HNCO Denmark                    | Denmark              | Northern Europe & Benelux | Not applicable          | Fontanet GmbH                                        | Germany        | Corporate                 | Others                  |
| Forretningsysteme r ApS         | Denmark              | Northern Europe & Benelux | Not applicable          | Q-Partners Consulting & Management                   | Germany        | Central Europe            | Not applicable          |
| Globicon                        | Denmark              | Northern Europe & Benelux | Not applicable          | Devoteam Fringes S.A.U.                              | Spain          | Rest of the world         | Independent entities    |
| Devoteam Consulting Algeria     | Algeria              | Rest of the world         | Others                  | Keivox                                               | Spain          | Corporate                 | Others                  |
| Devoteam Consulting AS          | Norway               | Northern Europe & Benelux | Northern Europe & Belux | DPI                                                  | Spain          | Rest of the world         | Others                  |
| Fornebu Consulting AS           | Norway               | Northern Europe & Benelux | Northern Europe & Belux | Drago Solution S.A.U.                                | Spain          | Rest of the world         | Others                  |
| Devoteam Consulting             | France               | France                    | France                  | Softoro Development Center S.A.U.                    | Spain          | Rest of the world         | Others                  |
| Cesmo Group                     | France               | Corporate                 | Others                  | Devoteam Cloud Services                              | Spain          | Rest of the world         | Others                  |
| Devoteam S.A.                   | France               | France                    | France                  | My-G work for Espana                                 | Spain          | Rest of the world         | Others                  |
| Devoteam Outsourcing            | France               | Corporate                 | Others                  | Devoteam UK Limited                                  | United Kingdom | Northern Europe & Benelux | Northern Europe & Belux |
| Exa ECS                         | France               | Divestments (2015-2016)   | Divested entities       | Crocodile RCS Limited MEE                            | United Kingdom | Corporate                 | Others                  |
| Exa ECS MEE                     | France               | Corporate                 | Others                  | Devoteam Italy SRL                                   | Italy          | Rest of the world         | Others                  |
| S'team Management               | France               | France                    | Independent entities    | Voxpilot Limited                                     | Ireland        | Corporate                 | Others                  |
| Shift by Steam                  | France               | France                    | Others                  | Devoteam S.A.                                        | Luxembourg     | Northern Europe & Benelux | Northern Europe & Belux |
| Inflexys                        | France               | Corporate                 | Others                  | Devoteam Consulting Holding                          | Luxembourg     | Corporate                 | Others                  |
| Axance                          | France               | France                    | Others                  | Devoteam Communication SARL                          | Luxembourg     | Corporate                 | Others                  |
| RVR Parad                       | France               | France                    | France                  | Devoteam SARL                                        | Morocco        | Rest of the world         | Others                  |
| Siticom                         | France               | France                    | France                  | Devoteam Services SARL                               | Morocco        | France                    | France                  |
| Devoteam G Cloud                | France               | France                    | Others                  | Devoteam Consulting Maroc                            | Morocco        | Rest of the world         | France                  |
| Be Team                         | France               | France                    | Others                  | Devoteam Mexico                                      | Mexico         | Rest of the world         | Not applicable          |
| Progis                          | France               | Corporate                 | Others                  | Devoteam Nederland BV                                | Netherlands    | Northern Europe & Benelux | Independent entities    |
| Bengs                           | France               | Corporate                 | Others                  | Between Holding BV                                   | Netherlands    | Between                   | Others                  |
| Axance People                   | France               | France                    | Others                  | Drago Solutions Corp.                                | Panama         | Rest of the world         | Others                  |
| Devoteam Cloud Services         | France               | France                    | Others                  | Devoteam S.A.                                        | Poland         | Central Europe            | Central Europe          |
| Devoteam Digital Factory        | France               | France                    | France                  | Media-Tel LLC                                        | Russia         | Corporate                 | Not applicable          |
| My-G SAS                        | France               | France                    | Others                  | HNCO AB                                              | Sweden         | Corporate                 | Not applicable          |
| Marflie                         | France               | Corporate                 | Not applicable          | Devoteam SARL                                        | Tunisia        | Rest of the world         | New Mediterranean       |
| Technologies & operations       | France               | France                    | Not applicable          | Devoteam Information Technology and Consultancy A.S. | Turkey         | Rest of the world         | Others                  |
| Devoteam Customer Effectiveness | France               | France                    | Not applicable          |                                                      |                |                           |                         |

Comparative segment information in respect of 2015 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 as of the 2015 reporting date:

- first, the group contribution is defined as the total revenue (internal and external) of an operating segment less the cost of internal subcontracting. 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;

- second, operating margin is defined as income from current operations before the impact of share-based compensation and the amortisation of business relationships acquired in business combinations.

### **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 2016 consolidated financial statements include the financial statements of Devoteam S.A. 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 2016 are set out below. Entities without activity are not included below.

| Company                            | % share of capital held<br>(1) |         | Consolidation<br>method |        |
|------------------------------------|--------------------------------|---------|-------------------------|--------|
|                                    | 2016                           | 2015    | 2016                    | 2015   |
| <b>France</b>                      |                                |         |                         |        |
| Devoteam S.A.                      | Parent                         | Parent  | Parent                  | Parent |
| Devoteam Consulting                | 100.00%                        | 100.00% | FC                      | FC     |
| Devoteam Outsourcing               | 100.00%                        | 100.00% | FC                      | FC     |
| Exa ECS                            | 35.00%                         | 35.00%  | EM                      | EM     |
| S'team Management                  | 78.00% (2)                     | 60.00%  | FC                      | FC     |
| Inflexsys                          | 20.00%                         | 20.00%  | EM                      | EM     |
| Axance                             | 54.07%                         | 54.20%  | FC                      | FC     |
| Shift by Steam                     | 60.00%                         | 60.00%  | FC                      | FC     |
| Siticom                            | 65.00%                         | 65.00%  | FC                      | FC     |
| Devoteam G Cloud                   | 100.00% (3)                    | 73.00%  | FC                      | FC     |
| Be Team                            | 70.00%                         | 70.00%  | FC                      | FC     |
| Progis                             | 24.89% (4)                     | 33.00%  | EM                      | EM     |
| Bengs                              | 25.00% (5)                     | 30.00%  | EM                      | EM     |
| RVR Parad                          | 95.00%                         | 95.00%  | FC                      | FC     |
| Axance People                      | 45.96%                         | 46.07%  | FC                      | FC     |
| Devoteam Cloud Services            | 90.00%                         | 81.90%  | FC                      | FC     |
| Devoteam Digital Factory           | 72.50% (6)                     | 85.00%  | FC                      | FC     |
| My-G                               | 72.00% (7)                     | 52.56%  | FC                      | FC     |
| Marlie                             | 45.00%                         | 0.00%   | FC                      | NC     |
| Technologies & Operations          | 72.47% (8)                     | 0.00%   | FC                      | NC     |
| Devoteam Customer Effectiveness    | 77.53% (9)                     | 0.00%   | FC                      | NC     |
| Fi-makers                          | 80.00% (10)                    | 0.00%   | FC                      | NC     |
| <b>Algeria</b>                     |                                |         |                         |        |
| Devoteam Consulting Algeria        | 80.00%                         | 80.00%  | FC                      | FC     |
| <b>Germany</b>                     |                                |         |                         |        |
| Devoteam GmbH                      | 100.00%                        | 100.00% | FC                      | FC     |
| Fontanet GmbH                      | 100.00%                        | 100.00% | FC                      | FC     |
| Q-Partners Consulting & Management | 70.00% (11)                    | 0.00%   | FC                      | NC     |
| <b>Austria</b>                     |                                |         |                         |        |
| Devoteam Consulting GmbH           | 100.00%                        | 100.00% | FC                      | FC     |
| <b>Benelux</b>                     |                                |         |                         |        |
| Devoteam N/V                       | 99.71%                         | 99.71%  | FC                      | FC     |
| DFSJ                               | 45.00% (12)                    | 0.00%   | EM                      | NC     |
| Devoteam S.A. (Luxembourg)         | 100.00%                        | 99.50%  | FC                      | FC     |
| Devoteam Consulting Holding        | 100.00%                        | 100.00% | FC                      | FC     |
| Devoteam Communication             | 100.00%                        | 100.00% | FC                      | FC     |
| Devoteam Nederland BV              | 100.00%                        | 100.00% | FC                      | FC     |
| Between Holding BV                 | 75.00%                         | 75.00%  | FC                      | FC     |
| Yellow Friday                      | 75.00%                         | 50.00%  | FC                      | EM     |
| <b>United Arab Emirates</b>        |                                |         |                         |        |
| Devoteam Middle East FZ LLC        | 76.00%                         | 76.00%  | FC                      | FC     |

| Company                                                                | % share of capital held<br>(1) |         | Consolidation<br>method |      |
|------------------------------------------------------------------------|--------------------------------|---------|-------------------------|------|
|                                                                        | 2016                           | 2015    | 2016                    | 2015 |
| <b>Spain</b>                                                           |                                |         |                         |      |
| Devoteam Fringes S.A.U.                                                | 100.00%                        | 100.00% | FC                      | FC   |
| Keivox                                                                 | 35.01%                         | 35.01%  | EM                      | EM   |
| DPI                                                                    | 60.00%                         | 60.00%  | FC                      | FC   |
| Drago Solution S.A.U.                                                  | 60.00%                         | 60.00%  | FC                      | FC   |
| Softoro Development Center S.A.U.                                      | 60.00%                         | 60.00%  | FC                      | FC   |
| Devoteam Cloud Services                                                | 80.30%                         | 77.64%  | FC                      | FC   |
| My-G work for Espana                                                   | 72.00%                         | 52.56%  | FC                      | FC   |
| <b>Ireland</b>                                                         |                                |         |                         |      |
| Voxpilot Limited                                                       | 100.00%                        | 100.00% | FC                      | FC   |
| <b>Italy</b>                                                           |                                |         |                         |      |
| Devoteam Italy SRL                                                     | 20.00%                         | 20.00%  | FC                      | FC   |
| <b>Morocco</b>                                                         |                                |         |                         |      |
| Devoteam SARL                                                          | 100.00%                        | 100.00% | FC                      | FC   |
| Devoteam Services SARL                                                 | 100.00%                        | 100.00% | FC                      | FC   |
| Devoteam Consulting Maroc                                              | 56.25%                         | 56.25%  | FC                      | FC   |
| <b>Mexico</b>                                                          |                                |         |                         |      |
| Devoteam Mexico                                                        | 99.00% (13)                    | 0.00%   | FC                      | NC   |
| <b>Panama</b>                                                          |                                |         |                         |      |
| Drago Solutions Corp. Panama                                           | 60.00%                         | 60.00%  | FC                      | FC   |
| <b>Poland</b>                                                          |                                |         |                         |      |
| Devoteam S.A. (formerly Wola Info SA)                                  | 61.59%                         | 61.59%  | FC                      | FC   |
| <b>Czech Republic</b>                                                  |                                |         |                         |      |
| Devoteam s.r.o                                                         | 80.00% (14)                    | 85.00%  | FC                      | FC   |
| <b>United Kingdom</b>                                                  |                                |         |                         |      |
| Devoteam UK Limited                                                    | 100.00%                        | 100.00% | FC                      | FC   |
| Crocodile RCS Limited                                                  | 0% (15)                        | 24.97%  | NC                      | EM   |
| <b>Russia</b>                                                          |                                |         |                         |      |
| Media-Tel LLC                                                          | 25.00% (16)                    | 0%      | EM                      | NC   |
| <b>Scandinavia</b>                                                     |                                |         |                         |      |
| Devoteam A/S                                                           | 100.00%                        | 100.00% | FC                      | FC   |
| HNCO International                                                     | 100.00% (17)                   | 0.00%   | FC                      | NC   |
| HNCO Denmark                                                           | 100.00% (18)                   | 0.00%   | FC                      | NC   |
| Forretningsystemer ApS                                                 | 100.00% (19)                   | 0.00%   | FC                      | NC   |
| Globicon                                                               | 100.00% (20)                   | 0.00%   | FC                      | NC   |
| Devoteam Consulting AS                                                 | 0% (21)                        | 100.00% | NC                      | FC   |
| Devoteam Fornebu Consulting AS                                         | 100.00%                        | 100.00% | FC                      | FC   |
| <b>Sweden</b>                                                          |                                |         |                         |      |
| HNCO AB                                                                | 30.00% (22)                    | 0.00%   | EM                      | NC   |
| <b>Switzerland</b>                                                     |                                |         |                         |      |
| Devoteam Genesis AG                                                    | 0.00% (23)                     | 100.00% | FC                      | FC   |
| <b>Tunisia</b>                                                         |                                |         |                         |      |
| Devoteam Tunisia                                                       | 75.00%                         | 75.00%  | FC                      | FC   |
| <b>Turkey</b>                                                          |                                |         |                         |      |
| 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 S.A.
- (2) Acquisition of an additional 18% of S'team Management via the Marflie holding company..
- (3) Acquisition of an additional 27%. The Group's interest is now 100%.
- (4) Sale of 5% of capital, the entity is 25% owned by Devoteam G Cloud.
- (5) Sale of 5% of capital, the Group's interest is 25%.
- (6) Sale of 12.50% of Devoteam Digital Factory. The Group's interest is now 72.50%.
- (7) Increase in the interest to 72% following the additional acquisition of Devoteam G Cloud.
- (8) Creation of Technologies & Operations, 72.47% owned.
- (9) Creation of Devoteam Customer Effectiveness, 77.53% owned by Devoteam Consulting.
- (10) Creation of Fi-Makers, 80% owned by the Group.
- (11) Creation of Q-Partners Acquisition Consulting & Management, 70% owned by the Group.
- (12) Creation of DFSJ, 45% owned by the Group.
- (13) Creation of Devoteam Mexico, 99% owned by the Group.
- (14) Sale of 5% of capital, the Group's interest is 80%.
- (15) Liquidation of Crocodile RCS Limited.
- (16) Acquisition of a 25% interest in Media-Tel LLC.
- (17) Acquisition of 100% of HNCO International in the second half.
- (18) The Group owns 100% of HNCO Danemark via HNCO International.
- (19) The Group owns 100% of Forretningssystemer ApS Danemark via HNCO International.
- (20) Acquisition of 100% of Globicon in the second half.
- (21) Devoteam Consulting AS absorbed by Devoteam Fornebu Consulting AS.
- (22) Acquisition of a 30% interest in HNCO AB.
- (23) Disposal of Devoteam Genesis AG.

## 4.2 Movements during the year

### 4.2.1 Acquisitions

The Group made the following acquisitions in 2016:

- on 8 July, the Group acquired a 70% stake in German company Q-Partners Consulting und Management GmbH, a leading partner of SAP HANA (SAP Gold Partner, SAP Recognised Expertise in In-memory Computing & SAP Database). Q-Partners has 25 employees, and generated revenue of €3.5 million in its last financial year. This acquisition should enable the Group to break into SAP's Big Data solutions, which are key to the digital transformation of companies;
- on 29 July, the Group acquired 100% of Danish company Herbert Nathan & Co, a Scandinavian specialist in independent strategy and organisation consulting. HNCO employs 15 consultants, who empower the digitisation of customer processes. HerbertNathan & Co generated revenue of €3.6 million in its last financial year;
- on 6 August, the Group acquired 100% of Danish company Globicon, a specialist in IT service excellence, thereby strengthening its ServiceNow and HP partnerships in Denmark, while opening a new partnership with Cherwell, a very promising young vendor. Globicon generated revenue of €2.5 million in its last financial year, and has 15 employees.

These three acquisitions have been fully consolidated since 1 July 2016.

### Net assets of the acquired companies

| in € thousands                     | Herbert Nathan & Co | Globicon   | Q-Partners GmbH |
|------------------------------------|---------------------|------------|-----------------|
| Fixed assets                       | 105                 | 33         | 75              |
| Trade and other receivables        | 539                 | 494        | 1,294           |
| Cash and cash equivalents          | 471                 | 880        | 1,816           |
| Current and non-current provisions | -                   | -          | -               |
| Trade and other payables           | (1,013)             | (1,304)    | (2,372)         |
| <b>Net assets and liabilities</b>  | <b>103</b>          | <b>103</b> | <b>813</b>      |

### Goodwill

Goodwill arising from acquisitions was calculated as follows:

| in € thousands                                                                       | HerbertNathan & Co | Globicon     | Q-Partners GmbH |
|--------------------------------------------------------------------------------------|--------------------|--------------|-----------------|
| Consideration transferred as part of the takeover                                    | 6,299              | 2,681        | 2,746           |
| Of which contingent consideration                                                    | 1,802              | -            | 746             |
| Non-controlling interest measured as a share of the net identifiable assets recorded | -                  | -            | 244             |
| Fair value of the interest previously acquired                                       | -                  | -            | -               |
| Less fair value of net identifiable assets                                           | (103)              | (103)        | (813)           |
| <b>Goodwill</b>                                                                      | <b>6,196</b>       | <b>2,578</b> | <b>2,177</b>    |

Expenses related to these acquisitions amounted to €103 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 of Draco Group and My-G, acquired in 2015. The finalisation did not have an impact on the amounts allocated as of 31 December 2015.

The allocation of the purchase price of companies acquired in 2016 is currently being analysed, and will be finalised during 2017.

### Comparable basis information

The impact on the 2016 financial statements of entries into the scope of consolidation (acquisitions and purchases of interests) conducted in 2016 and 2015 is presented below:

| in € thousands                | Transactions in 2016 | Transactions in 2015 |
|-------------------------------|----------------------|----------------------|
| Revenue                       | 4,646                | 16,966               |
| Current operating profit      | 1,074                | 1,173                |
| Net income                    | 825                  | 863                  |
| Total assets                  | 3,957                | 6,988                |
| Change in net working capital | (227)                | (325)                |

#### **4.2.2 Disposals**

In January 2016, the liquidation of Crocodile RCS in the United Kingdom, 25% owned by the Group, was finalised. The deconsolidation of this entity had no effect on the Group's financial statements.

In May 2016, the Group sold its systems integration business located in Grimstad in Norway to local management through a sale of assets. This activity represented approximately €5.5 million in revenue and 30 employees in 2015. The disposal generated a capital gain of €1.3 million (including €0.1 million in related expenses) recorded in "other operating expenses", and the business was deconsolidated on 1 May 2016.

In July 2016, the Group completed the sale of Swiss-based Devoteam Genesis (specialising in the resale of licences and associated maintenance in the field of IP Management). In 2015, Devoteam Genesis generated revenue of €6.3 million, and had roughly 20 employees. The disposal generated a consolidated gain net of related expenses of €353 thousand, recorded in "other operating expenses". This entity was deconsolidated on 1 July 2016.

The impact on the 2016 financial statements of exits from the scope of consolidation (disposals and losses of control) conducted in 2016 is presented below:

| in € thousands   | 31 December 2016 | 31 December 2015 |
|------------------|------------------|------------------|
| Revenue          | 4,241            | 12,954           |
| Operating margin | (83)             | 964              |

The scope of consolidation has changed in line with disposals set out above.

#### 4.3 Assets held for sale

The Group did not have any assets held for sale in the year ended 31 December 2016.

### Note 5 – Information on the consolidated statement of financial position

#### 5.1 Goodwill

| in € thousands      | 31 December 2015 | Acquisitions/impairment | Others         | 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)         |
| <b>Net goodwill</b> | <b>76,721</b>    | <b>9,829</b>            | <b>(1,204)</b> | <b>(3,992)</b> | <b>(201)</b>                             | <b>81,154</b>    |

Net goodwill increased by €4,433 thousand in 2016. The change is attributable primarily to:

- the increase of €10,951 thousand in goodwill relating to the takeover of Herbert Nathan & Co (HNCO) and Globicon in Denmark, and Q-Partners GmbH in Germany;
- the recognition of impairment losses on the Devoteam Morocco CGU in the amount of -€606 thousand and CGU Devoteam Netherlands in the amount of -€515 thousand. This impairment resulted from the lower-than-expected outlook for growth and profitability;
- the deconsolidation of the Devoteam Genesis goodwill in the amount of €3,992 thousand following the disposal of this entity;
- the sale of the "Solutions" activity in Grimstad, Norway, resulting in the deconsolidation of a portion of the Scandinavia CGU goodwill in the amount of €1,204 thousand;
- currency impacts bearing chiefly on Devoteam UK in the negative amount of €200 thousand, the Scandinavia CGU in the positive amount of €204 thousand and on Turkey in the negative amount of €208 thousand.

In the year ended 31 December 2015, movements were as follows:

| in € thousands      | 31 December 2014 | Acquisitions/impairment | Other       | IFRS 5 reclassification | Foreign currency translation differences | 31 December 2015 |
|---------------------|------------------|-------------------------|-------------|-------------------------|------------------------------------------|------------------|
| Goodwill            | 86,446           | 791                     | (233)       | -                       | (290)                                    | 86,714           |
| Impairment losses   | (9,381)          | (814)                   | 198         | -                       | 5                                        | (9,993)          |
| <b>Net goodwill</b> | <b>77,065</b>    | <b>(23)</b>             | <b>(35)</b> | <b>-</b>                | <b>(286)</b>                             | <b>76,721</b>    |

Impairment losses in 2015 bore on the Devoteam Morocco CGU in the negative amount of €814 thousand, resulting from the lower-than-expected outlook for growth and profitability.

Goodwill, allocated by country as of 31 December 2016 and 2015, breaks down as follows:

| in € thousands                           | 31 December 2016 |                              |               | 31 December 2015     |                              |                      |
|------------------------------------------|------------------|------------------------------|---------------|----------------------|------------------------------|----------------------|
| Goodwill                                 | Gross goodwill   | Cumulative impairment losses | Net goodwill  | Gross goodwill       | Cumulative impairment losses | Net goodwill         |
| Scandinavia CGU <sup>(1)</sup>           | 24,974           | -                            | 24,974        | 17,197               | -                            | 17,197               |
| Devoteam GmbH (Germany)                  | 13,634           | (2,049)                      | 11,585        | 13,634               | (2,049)                      | 11,585               |
| Devoteam Consulting France               | 8,405            | -                            | 8,405         | 8,405                | -                            | 8,405                |
| Devoteam UK                              | 8,499            | (946)                        | 7,553         | 8,698                | (946)                        | 7,752                |
| Devoteam Netherlands                     | 6,468            | (562)                        | 5,907         | 6,468                | (46)                         | 6,422                |
| Devoteam G Cloud (France) <sup>(1)</sup> | 5,911            | -                            | 5,911         | 5,911 <sup>(2)</sup> | -                            | 5,911 <sup>(2)</sup> |
| Belux CGU <sup>(1)</sup>                 | 5,527            | -                            | 5,527         | 5,527                | -                            | 5,527                |
| Devoteam Genesis (Switzerland)           | -                | -                            | -             | 3,992                | -                            | 3,992                |
| Between (Netherlands)                    | 2,765            | -                            | 2,765         | 2,765                | -                            | 2,765                |
| Other net goodwill < €2,200 thousand     | 15,937           | (7,409)                      | 8,528         | 14,116               | (6,951)                      | 7,165                |
| <b>Total</b>                             | <b>92,121</b>    | <b>(10,966)</b>              | <b>81,154</b> | <b>86,714</b>        | <b>(9,993)</b>               | <b>76,721</b>        |

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

(2) Including My-G goodwill.

#### Earn-out clause

As of 31 December 2016, the liability recognised in respect of earn outs was €4,210 thousand (compared with €2,254 thousand as of 31 December 2015). It concerns the HNCO group, as well as 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 2016 and 2015 to determine the recoverable amount are described below, broken down on the basis of the geographies in which the Group operates:

| 2016 key assumptions     | Discount rate             | Long-term growth rate | Normative rate of return <sup>(1)</sup> |
|--------------------------|---------------------------|-----------------------|-----------------------------------------|
| France                   | 8.10%                     | 2%                    | Between 8% and 10%                      |
| Other European countries | Between 7.90% and 10.10%  | 2%                    | Between 1.75% <sup>(2)</sup> and 9%     |
| Middle East              | Between 8.80% and 12.40%  | 2.50%                 | Between 6% and 9%                       |
| North Africa             | Between 11.20% and 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.

| 2015 key assumptions     | Discount rate             | Long-term growth rate | Normative rate of return <sup>(1)</sup> |
|--------------------------|---------------------------|-----------------------|-----------------------------------------|
| France                   | 8.60%                     | 2%                    | Between 8% and 10%                      |
| Other European countries | Between 8.50% and 10.50%  | 2%                    | Between 1.50% <sup>(2)</sup> and 9%     |
| Middle East              | Between 9.40% and 13.40%  | 2.50%                 | Between 7% and 9%                       |
| North Africa             | Between 11.60% and 12.10% | 2.50%                 | Between 7% and 9%                       |

(1) Long-term EBIT.

(2) 1.50% 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 negatively impact the results by €542 thousand;
- a 0.5-point decrease in the perpetual growth rate would negatively impact the results by €391 thousand;
- a 0.5-point decrease in the normative rate of return would negatively impact the results by €580 thousand;

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

Sensitivity testing was performed on the parameters underpinning these projections:

- a 1-point decrease in the revenue growth would negatively impact the results by €154 thousand;
- a 1-point decrease in operating margin would negatively impact the results by €372 thousand;
- a combination of the above two decreases would negatively impact the results by €522 thousand.

Regarding CGUs whose carrying amounts are closest to their recoverable value (excluding CGUs impaired over the period carried at the recoverable value), the key assumptions used and key assumptions triggering impairment are set out in the table below.

| in € thousands     | Carrying amount | Recoverable amount | Key assumptions used |                            | Key assumptions triggering impairment |                            |
|--------------------|-----------------|--------------------|----------------------|----------------------------|---------------------------------------|----------------------------|
| CGU                |                 |                    | Discount rate        | Normative return on equity | Discount rate                         | Normative return on equity |
| Devoteam RVR Parad | 1,955           | 2,176              | 8.1%                 | 9.0%                       | 8.9%                                  | 7.8%                       |

## 5.2 Intangible assets

The main movements recorded in 2016 are as follows:

| In € thousands                                           | Software and trademarks | Other intangible assets | Total           |
|----------------------------------------------------------|-------------------------|-------------------------|-----------------|
| <b>Gross value</b>                                       |                         |                         |                 |
| At 1 January 2016                                        | 6,316                   | 9,389                   | 15,705          |
| Change in scope <sup>(1)</sup>                           | 4                       | 55                      | 59              |
| Acquisitions over the year <sup>(2)</sup>                | 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)            |
| <b>At 31 December 2016</b>                               | <b>6,508</b>            | <b>7,988</b>            | <b>14,496</b>   |
| <b>Accumulated amortisation and impairment losses</b>    |                         |                         |                 |
| 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              |
| <b>At 31 December 2016</b>                               | <b>(6,068)</b>          | <b>(6,871)</b>          | <b>(12,939)</b> |
| <b>Net value at 31 December 2016</b>                     | <b>440</b>              | <b>1,117</b>            | <b>1,557</b>    |
| 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) Mainly investments made by the Group for software and licences, and expenses related to the ERP in the amount of €94 thousand.

The main movements recorded in 2015 are as follows:

| In € thousands                                           | Software and trademarks | Other intangible assets | Total           |
|----------------------------------------------------------|-------------------------|-------------------------|-----------------|
| <b>Gross value</b>                                       |                         |                         |                 |
| At 1 January 2015                                        | 7,553                   | 11,041                  | 18,594          |
| Change in scope <sup>(1)</sup>                           | (114)                   | 2,069                   | 1,955           |
| Acquisitions over the year <sup>(2)</sup>                | 158                     | 328                     | 486             |
| Disposals over the year <sup>(3)</sup>                   | (343)                   | (1,185)                 | (1,527)         |
| Reclassification and scrapping <sup>(4)</sup>            | (943)                   | (2,837)                 | (3,780)         |
| Foreign currency translation differences                 | 4                       | (27)                    | (23)            |
| <b>At 31 December 2015</b>                               | <b>6,316</b>            | <b>9,389</b>            | <b>15,705</b>   |
| <b>Accumulated amortisation and impairment losses</b>    |                         |                         |                 |
| At 1 January 2015                                        | (6,726)                 | (8,962)                 | (15,688)        |
| Change in scope                                          | 104                     | (731)                   | (626)           |
| Net additions                                            | (407)                   | (1,243)                 | (1,650)         |
| Reductions <sup>(3)</sup>                                | 51                      | 937                     | 987             |
| Reclassification and scrapping <sup>(4)</sup>            | 1,048                   | 2,489                   | 3,537           |
| Foreign currency translation differences                 | (4)                     | 28                      | 24              |
| <b>At 31 December 2015</b>                               | <b>(5,934)</b>          | <b>(7,481)</b>          | <b>(13,415)</b> |
| <b>Net value at 31 December 2015</b>                     | <b>381</b>              | <b>1,908</b>            | <b>2,290</b>    |
| Of which net value of finance leases at 31 December 2015 | -                       | 574                     | 574             |

(1) Mainly the consolidation of Drago group and the allocation of goodwill to the business relationships of Devoteam G Cloud (formerly gPartner) in the amount of €1,219 thousand.

(2) Mainly investments made by the Group for software and licences, and expenses related to the ERP in the amount of €196 thousand.

(3) Disposals over the period relate to the transfer of assets following the expiry of the outsourcing agreement with Pierre Fabre SA.

(4) Scrapping of the "Core Model" ERP used in foreign subsidiaries and the associated licences in a net amount of €283 thousand.

### 5.3 Tangible assets

The main movements recorded in 2016 are as follows:

| In € thousands                                           | Land and buildings | Installations, fittings and fixtures | Office and computer equipment and furniture | Other tangible assets | Total           |
|----------------------------------------------------------|--------------------|--------------------------------------|---------------------------------------------|-----------------------|-----------------|
| <b>Gross value</b>                                       |                    |                                      |                                             |                       |                 |
| At 1 January 2016                                        | 1,047              | 6,030                                | 16,275                                      | 1,500                 | 24,852          |
| Change in scope <sup>(1)</sup>                           | -                  | -                                    | (697)                                       | (338)                 | (1,035)         |
| Acquisitions over the year <sup>(2)</sup>                | 317                | 412                                  | 2,674                                       | 127                   | 3,531           |
| Disposals over the year <sup>(3)</sup>                   | (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)            |
| <b>At 31 December 2016</b>                               | <b>1,042</b>       | <b>6,244</b>                         | <b>14,549</b>                               | <b>1,179</b>          | <b>23,015</b>   |
| <b>Accumulated depreciation and impairment losses</b>    |                    |                                      |                                             |                       |                 |
| 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 <sup>(3)</sup>                                | 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              |
| <b>At 31 December 2016</b>                               | <b>(375)</b>       | <b>(4,995)</b>                       | <b>(11,295)</b>                             | <b>(879)</b>          | <b>(17,544)</b> |
| <b>Net value at 31 December 2016</b>                     | <b>667</b>         | <b>1,249</b>                         | <b>3,254</b>                                | <b>300</b>            | <b>5,471</b>    |
| 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.

The main movements recorded in 2015 are as follows:

| In € thousands                                           | Land and buildings | Installations, fittings and fixtures | Office and computer equipment and furniture | Other tangible assets | Total           |
|----------------------------------------------------------|--------------------|--------------------------------------|---------------------------------------------|-----------------------|-----------------|
| <b>Gross value</b>                                       |                    |                                      |                                             |                       |                 |
| At 1 January 2015                                        | 3,993              | 10,093                               | 15,318                                      | 1,372                 | 30,776          |
| Change in scope <sup>(1)</sup>                           | 139                | (83)                                 | 738                                         | 176                   | 969             |
| Acquisitions over the year <sup>(2)</sup>                | -                  | 567                                  | 1,229                                       | 58                    | 1,854           |
| Disposals over the year <sup>(3)</sup>                   | -                  | (912)                                | (793)                                       | (96)                  | (1,801)         |
| Reclassification and scrapping <sup>(4)</sup>            | (3,119)            | (3,706)                              | (293)                                       | (46)                  | (7,164)         |
| Foreign currency translation differences                 | 35                 | 71                                   | 76                                          | 36                    | 218             |
| <b>At 31 December 2015</b>                               | <b>1,047</b>       | <b>6,030</b>                         | <b>16,275</b>                               | <b>1,500</b>          | <b>24,852</b>   |
| <b>Accumulated depreciation and impairment losses</b>    |                    |                                      |                                             |                       |                 |
| At 1 January 2015                                        | (2,083)            | (7,429)                              | (12,985)                                    | (1,012)               | (23,510)        |
| Change in scope                                          | (40)               | 59                                   | (589)                                       | (108)                 | (678)           |
| Net additions                                            | (329)              | (815)                                | (1,061)                                     | (124)                 | (2,329)         |
| Reductions <sup>(3)</sup>                                | -                  | 770                                  | 355                                         | 69                    | 1,194           |
| Reclassification and scrapping <sup>(4)</sup>            | 1,861              | 2,824                                | 198                                         | -                     | 4,883           |
| Foreign currency translation differences                 | (15)               | (64)                                 | (62)                                        | (26)                  | (166)           |
| <b>At 31 December 2015</b>                               | <b>(606)</b>       | <b>(4,655)</b>                       | <b>(14,145)</b>                             | <b>(1,200)</b>        | <b>(20,607)</b> |
| <b>Net value at 31 December 2015</b>                     | <b>441</b>         | <b>1,374</b>                         | <b>2,130</b>                                | <b>300</b>            | <b>4,245</b>    |
| Of which net value of finance leases at 31 December 2015 | -                  | -                                    | 9                                           | -                     | 9               |

(1) Mainly the consolidation of the Drago group.

(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 to the transfer of assets following the expiry of the outsourcing agreement with Pierre Fabre SA.

(4) Reclassification in the net carrying amount of the building complex located in Castres to "investment property" in the amount of €2,284 thousand following the discontinuation of the outsourcing activity.

## 5.4 Non-current financial assets

| In € thousands                          | 31 December 2016 | 31 December 2015 |
|-----------------------------------------|------------------|------------------|
| Loans, guarantees and other receivables | 2,198            | 2,275            |
| Other financial assets                  | 737              | 820              |
| <b>Total</b>                            | <b>2,935</b>     | <b>3,095</b>     |

Non-current financial assets consist primarily of security deposits with a net value of €2,140 thousand (compared with €2,203 thousand at the end of 2015). Other non-current financial assets consist mainly of cash advances to associates.

## 5.5 Investments in associates

| In € thousands            | 31 December 2016 | 31 December 2015 |
|---------------------------|------------------|------------------|
| Investments in associates | 900              | 1,729            |

The variation is attributable chiefly to the liquidation of Crocodile RCS and the takeover of Between Management Consultant BV during the year.

The financial information below covers associates: Keivox (Spain), Inflexsys (France), DFSJ (Belgium), Media-Tel LLC (Russia), Progis, Bengs and Exa ECS (France).

| Recorded amounts<br>In € thousands                                      | 31 December 2016 | 31 December 2015 |
|-------------------------------------------------------------------------|------------------|------------------|
| Non-current assets                                                      | 1,537            | 236              |
| Current assets                                                          | 7,974            | 8,866            |
| Non-current liabilities                                                 | 1,959            | 1,056            |
| Current liabilities                                                     | 5,488            | 4,336            |
| 100% of net assets                                                      | 2,064            | 3,710            |
| Net assets attributable to equity holders of the parent                 | 678              | 1,107            |
| Goodwill                                                                | 53               | 622              |
| Other                                                                   | 169              | -                |
| Carrying amount of interests in associates                              | 900              | 1,729            |
| Income                                                                  | 15,071           | 14,151           |
| Profit after tax from continuing operations                             | 745              | 486              |
| 100% of other comprehensive income                                      | -                | -                |
| 100% of total comprehensive income                                      | 745              | 486              |
| Total comprehensive income attributable to equity holders of the parent | 132              | 100              |

## 5.6 Investment property

| Assets<br>In € thousands                       | 31 December 2016 | 31 December 2015 |
|------------------------------------------------|------------------|------------------|
| Investment property measured at amortised cost | 1,827            | 2,284            |
| Investment property measured at fair value     | -                | -                |
| <b>Total</b>                                   | <b>1,827</b>     | <b>2,284</b>     |

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 a 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             | 31 December 2016 | 31 December 2015 |
|----------------------------|------------------|------------------|
| Gross value                | 5,955            | 5,955            |
| Accumulated depreciation   | (4,128)          | (3,671)          |
| <b>Net carrying amount</b> | <b>1,827</b>     | <b>2,284</b>     |

The building complex generated subletting income in the amount of €519 thousand and operating expenses in the amount of €682 thousand.

## 5.7 Other non-current assets and liabilities

| Assets<br>In € thousands | 31 December 2016 | 31 December 2015 |
|--------------------------|------------------|------------------|
| Other                    | 272              | 274              |
| <b>Total</b>             | <b>272</b>       | <b>274</b>       |

Other non-current assets consist primarily of non-current prepaid expenses recognised by Devoteam Belgium in the amount of €175 thousand.

| Liabilities<br>In € thousands | 31 December 2016 | 31 December 2015 |
|-------------------------------|------------------|------------------|
| Other non-current liabilities | 4,712            | 2,890            |
| Deferred income               | -                | -                |
| <b>Total</b>                  | <b>4,712</b>     | <b>2,890</b>     |

Other non-current liabilities break down as follows:

- earn-out liabilities in the amount of €3,401 thousand, of which €1,808 thousand for HNCO group and €995 thousand for Devoteam G Cloud;
- non-current liabilities related to mandatory severance pay in the event of departures of employees in Italy in the amount of €698 thousand;
- non-current liabilities related to the deferred portion of the Globicon acquisition price in the amount of €430 thousand.

## 5.8 Other current assets and liabilities

| Assets<br>In € thousands            | 31 December 2016 | 31 December 2015 |
|-------------------------------------|------------------|------------------|
| Trade receivables                   | 163,599          | 148,643          |
| Tax and social security receivables | 7,890            | 5,875            |
| Tax receivables                     | 11,794           | 11,351           |
| Other receivables                   | 1,462            | 1,966            |
| Prepaid expenses                    | 20,436           | 16,672           |
| <b>Total</b>                        | <b>205,182</b>   | <b>184,507</b>   |

### Trade receivables

The increase in trade receivables is attributable chiefly to the effect of organic growth, particularly in France in the amount of €13,617 thousand and the Netherlands in the amount of €2,328 thousand, partially offset by the impact of the deconsolidation of Devoteam Genesis in the amount of €2,334 thousand.

At 31 December 2016, the Group's settlement period (DSO) was 59 days, compared with 66 days at 31 December 2015.

### Current tax receivables

Current tax receivables are stable. They 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 €3,217 thousand on the French scope, offset by the repayment of CIR receivables in respect of prior years in the amount of €2,248 thousand.

### Prepaid expenses

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

| <b>Liabilities (excluding current provisions, loans and short-term borrowings)<br/>In € thousands</b> | <b>31 December 2016</b> | <b>31 December 2015</b> |
|-------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| Trade payables                                                                                        | 64,636                  | 56,702                  |
| Tax and social security liabilities                                                                   | 80,044                  | 74,139                  |
| Income tax payable                                                                                    | 3,573                   | 1,752                   |
| Debt on acquisition of fixed assets                                                                   | 10                      | 11                      |
| Other current liabilities                                                                             | 10,046                  | 8,782                   |
| Deferred income                                                                                       | 48,874                  | 41,171                  |
| <b>Total</b>                                                                                          | <b>207,183</b>          | <b>182,557</b>          |

### Trade payables

The change in trade payables is attributable chiefly to growth in the broker activity in the Netherlands and France, in the amount of approximately €8.8 million.

### Other current liabilities

Other current liabilities increased by €1,264 thousand, breaking down as follows:

- advance payments from customers and credit notes to customers in the amount of €5,798 thousand (compared with €4,484 thousand in 2015), mainly on the French entities (€4,221 thousand) and Devoteam Denmark (€1,413 thousand),
- current liabilities in respect of earn-outs and put options on non-controlling interests in a total amount of €2,537 thousand (compared with €2,293 thousand relating to acquisitions in 2015);
- a residual liability of €274 thousand on a European project at Devoteam GmbH in Germany;
- the current portion of contingent considerations in the amount of €1,263 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 as part of the assignment of trade receivables in the amount of €2,642 thousand (compared with €3,225 thousand at the end of 2015) and short-term loans and guarantees in the amount of €121 thousand (€278 thousand at the end of 2015).

### 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                                                 | 31 December 2016 | 31 December 2015 |
|----------------------------------------------------------------|------------------|------------------|
| Short-term investments                                         | 10,287           | 15,037           |
| Cash at bank                                                   | 81,747           | 57,497           |
| Bank overdrafts (liability)                                    | (1,020)          | (1,495)          |
| <b>Cash and cash equivalents</b>                               | <b>91,013</b>    | <b>71,039</b>    |
| <b>Cash management assets<sup>(1)</sup></b>                    | <b>1,670</b>     | <b>2,464</b>     |
| Bonds                                                          | (29,762)         | (29,714)         |
| Obligations under finance leases                               | (848)            | (1,648)          |
| Draw-downs on bank and similar facilities and other borrowings | (1,155)          | (643)            |
| <b>Long-term borrowings</b>                                    | <b>(31,765)</b>  | <b>(32,006)</b>  |
| Bonds                                                          | (446)            | (446)            |
| Obligations under finance leases                               | (836)            | (955)            |
| Draw-downs on bank and similar facilities and other borrowings | (171)            | (139)            |
| <b>Short-term borrowings</b>                                   | <b>(1,453)</b>   | <b>(1,540)</b>   |
| <b>Total borrowings<sup>(2)</sup></b>                          | <b>(33,217)</b>  | <b>(33,546)</b>  |
| Derivative instruments                                         | -                | -                |
| <b>Net cash</b>                                                | <b>59,466</b>    | <b>39,957</b>    |

(1) Cash management assets include:

- term bank deposits with initial maturity of more than three months in the amount of €1,330 thousand (compared with €2,139 thousand at the end of 2015);
- 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 €340 thousand at 31 December 2016 (compared with €325 thousand at the end of 2015).

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

Cash held in countries subject to foreign exchange control mechanisms amounts to €1,490 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              | 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)          |
| <b>TOTAL</b>                | <b>6,047</b> | <b>(423)</b>                 | <b>73</b>                                | <b>(88)</b> | <b>-</b>        | <b>(7)</b> | <b>5,603</b> | <b>7,750</b> | <b>(2,147)</b> |

\* Other comprehensive income.

| In € thousands              | 31 Dec.-14   | Recognised in profit or loss | Foreign currency translation differences | OCI*         | Change in scope | Other        | 31 Dec.-15   | 31 Dec.-15   |                |
|-----------------------------|--------------|------------------------------|------------------------------------------|--------------|-----------------|--------------|--------------|--------------|----------------|
|                             |              |                              |                                          |              |                 |              |              | Assets       | Liabilities    |
| Retirement benefits         | 679          | 135                          | (1)                                      | -            | (2)             | 5            | 816          | 816          | -              |
| Miscellaneous provisions    | 694          | 530                          | 1                                        |              | (10)            | -            | 1,215        | 1,240        | (25)           |
| Other temporary differences | 820          | (330)                        | (20)                                     |              | 11              | 55           | 536          | 652          | (116)          |
| Tax loss carryforwards      | 5,352        | (1,846)                      | 17                                       |              | 339             | (128)        | 3,734        | 3,734        | -              |
| Customer relationships      | -            | 171                          | -                                        |              | -               | (420)        | (249)        | -            | (249)          |
| Treasury shares             | (862)        | 221                          | -                                        | (221)        | -               | -            | (862)        | -            | (862)          |
| Finance leases              | (31)         | (58)                         | -                                        |              | -               | -            | (89)         | 5            | (93)           |
| Cancellation of goodwill    | (557)        | (42)                         | (62)                                     |              | -               | -            | (661)        | 25           | (686)          |
| Other                       | 1,558        | 87                           | -                                        |              | -               | (38)         | 1,608        | 2,069        | (461)          |
| <b>TOTAL</b>                | <b>7,654</b> | <b>(1,132)</b>               | <b>(65)</b>                              | <b>(222)</b> | <b>337</b>      | <b>(525)</b> | <b>6,047</b> | <b>8,540</b> | <b>(2,493)</b> |

\* 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 2016 are Devoteam S.A. (parent company), Devoteam Consulting, Devoteam Outsourcing and RVR Parad.

The Group has recognised deferred tax assets in respect of its tax loss carryforwards in the amount of €1,886 thousand, mainly in France (€935 thousand), Germany (€805 thousand) and Luxembourg (€80 thousand). These amounts represent 87%, 38% and 56% 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                           | 31 December 2016 | 31 December 2015 |
|------------------------------------------|------------------|------------------|
| Profit                                   | (423)            | (1,132)          |
| Foreign currency translation differences | 73               | (65)             |
| Total other comprehensive income         | 150              | 7                |
| Other                                    | (253)            | (417)            |
| <b>Total</b>                             | <b>(454)</b>     | <b>(1,607)</b>   |

Maturity of deferred tax assets before offsetting:

| In € thousands           | 31 December 2016 |                  |                  | 31 December 2015 |                  |                  |
|--------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|                          | Total            | Less than 1 year | More than 1 year | Total            | Less than 1 year | More than 1 year |
| Deferred tax assets      | 7,750            | 2,693            | 5,057            | 8,540            | 4,411            | 4,129            |
| Deferred tax liabilities | 2,147            | 560              | 1,587            | 2,493            | 914              | 1,579            |
| <b>Net deferred tax</b>  | <b>5,603</b>     | <b>2,133</b>     | <b>3,470</b>     | <b>6,047</b>     | <b>3,498</b>     | <b>2,549</b>     |

The decrease in deferred tax assets maturing in more than one year is attributable chiefly to the recognition and derecognition of tax loss carryforwards as described above.

## 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                      | 2016   | 2015   |
|-------------------------------------|--------|--------|
| Unrecognised tax loss carryforwards | 12,645 | 16,272 |

Unrecognised tax losses at 31 December 2016 relate mainly to Devoteam S.A. Poland (€5,053 thousand), Devoteam GmbH Germany (€4,397 thousand), Devoteam Turkey (€1,244 thousand) and Devoteam Morocco (€899 thousand).

The tax losses of Devoteam S.A. Poland and Devoteam Turkey expire between 2017 and 2021. 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                                                                   | 31 December 2016 | 31 December 2015 |
|----------------------------------------------------------------------------------|------------------|------------------|
| Tax expense on the remeasurement of liabilities related to defined-benefit plans | 150              | 7                |
| <b>Total</b>                                                                     | <b>150</b>       | <b>7</b>         |

## 5.11 Equity

### 5.11.1 Share capital

At 31 December 2016, the share capital of Devoteam S.A. amounted to €1,262,340, divided into 8,327,907 ordinary shares. Change in the number of shares is as follows:

| Number of shares                                       | 2016             | 2015             |
|--------------------------------------------------------|------------------|------------------|
| <b>Shares outstanding as of 1 January</b>              | <b>8,196,149</b> | <b>8,172,128</b> |
| Exercise of stock options and founders' warrants (BCE) | 131,758          | 24,021           |
| <b>Shares outstanding as of 31 December</b>            | <b>8,327,907</b> | <b>8,196,149</b> |
| <b>Par value</b>                                       | <b>€0.15</b>     | <b>€0.15</b>     |

### 5.11.2 Treasury shares

Devoteam S.A. 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                              | 2016           | 2015           |
|-----------------------------------------------|----------------|----------------|
| <b>Shares held at 1 January</b>               | <b>571,827</b> | <b>670,744</b> |
| Purchase/sale of shares                       | (51,745)       | (50,000)       |
| Exercise of stock options                     | (69,823)       | (48,917)       |
| <b>Shares held at 31 December</b>             | <b>450,259</b> | <b>571,827</b> |
| of which to cover stock options               | 386,170        | 495,238        |
| Other purposes                                | 64,089         | 76,589         |
| Purchase price in € thousands                 | 4,139          | 5,284          |
| Valuation at the closing price in € thousands | 25,890         | 19,156         |

Treasury shares represented 5.41% of the share capital at 31 December 2016 and 6.98% of the share capital at 31 December 2015.

### 5.11.3 Earnings per share (EPS)

|                                                           | 31 December 2016 | 31 December 2015 |
|-----------------------------------------------------------|------------------|------------------|
| Profit attributable to owners of the parent (€ thousands) | 19,807           | 16,210           |
| Weighted average number of shares                         | 7,799,086        | 7,566,707        |
| EPS (€)                                                   | 2.54             | 2.14             |
| <b>Diluted earnings per share (€)</b>                     | <b>2.54</b>      | <b>2.12</b>      |

The principles underlying this calculation are described in note 3.20.

The weighted average number used in the denominator is 7,799,086 shares for basic earnings per share and 7,801,800 for diluted earnings per share. The difference of 2,714 shares reflects the potential impact from the exercise of founders' warrants (BCE) (see note 6.3).

As of 31 December 2016, 5,000 founders' warrants (BSPCE) were deemed dilutive as they were in the money.

### 5.12 Non-controlling interests

As 31 December 2016, the main non-controlling interests relate to minority interests held in Devoteam Middle East, S'team Management, Axance, Devoteam Italy and Between Holding BV.

Change in non-controlling interests over the year reflects:

- profits of entities with non-controlling interests;
- the payment of dividends to non-controlling interests in the amount of €618 thousand, of which Devoteam Italy (€264 thousand), Axance (€128 thousand) and Between Holding BV (€90 thousand);
- buyouts of non-controlling interests and other changes in scope in the negative amount of €869 thousand.

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

| In € thousands                                                    | 31 December 2016 | 31 December 2015 |
|-------------------------------------------------------------------|------------------|------------------|
| Non-current assets                                                | 17,917           | 16,528           |
| Current assets                                                    | 118,228          | 112,820          |
| Non-current liabilities                                           | (15,090)         | (16,041)         |
| Current liabilities                                               | (82,294)         | (84,608)         |
| Net assets                                                        | 38,761           | 28,700           |
| Reclassification of non-controlling interests                     | 2,365            | 2,817            |
| <b>Carrying amount of non-controlling interests</b>               | <b>9,778</b>     | <b>7,990</b>     |
| Income                                                            | 230,863          | 191,503          |
| Profit for the year                                               | 13,655           | 8,310            |
| Total other comprehensive income                                  | -                | -                |
| <b>Total comprehensive income</b>                                 | <b>13,655</b>    | <b>8,310</b>     |
| Net income allocated to non-controlling interests                 | 3,609            | 2,408            |
| Other comprehensive income allocated to non-controlling interests | -                | -                |
| Net cash from operating activities                                | 17,303           | 9,810            |
| Net cash from investing activities                                | (476)            | (1,938)          |
| Net cash from financing activities                                | (670)            | (2,507)          |
| Effect of exchange rate fluctuation on cash held                  | 360              | 379              |
| <b>Net increase (decrease) in cash and cash equivalents</b>       | <b>16,517</b>    | <b>5,744</b>     |

### 5.13 Loans and borrowings

| In € thousands                    | 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                           | -                           | -                                |
| <b>Total loans and borrowings</b> | <b>34,238</b>    | <b>2,473</b>                    | <b>2,003</b>                | <b>29,762</b>                    |

| In € thousands                    | 31 December 2015 | Portion due in less than 1 year | Portion due in 1 to 5 years | Portion due in more than 5 years |
|-----------------------------------|------------------|---------------------------------|-----------------------------|----------------------------------|
| Bonds                             | 30,160           | 446                             | -                           | 29,714                           |
| Loans from credit institutions    | 782              | 139                             | 643                         | -                                |
| Finance lease liabilities         | 2,604            | 955                             | 1,648                       | -                                |
| Bank overdrafts                   | 1,495            | 1,495                           | -                           | -                                |
| <b>Total loans and borrowings</b> | <b>35,041</b>    | <b>3,035</b>                    | <b>2,292</b>                | <b>29,714</b>                    |

#### 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 shows the ratios required by the bond contract:

|                                                | Covenant | Date             |
|------------------------------------------------|----------|------------------|
| R1 (net debt/consolidated EBITDA)              | < 2.5    | Until 17/07/2021 |
| R2 (consolidated net debt/consolidated equity) | < 1      | Until 17/07/2021 |

Consolidated net debt is the portion of "loans and borrowings" in current and non-current 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 the items in question 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 the items in question are recognised in the consolidated statement of financial position.

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

The main features of this bond are:

|                                                          | 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, in 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                   | 31 December 2016 |           |              | 31 December 2015 |           |              |
|----------------------------------|------------------|-----------|--------------|------------------|-----------|--------------|
|                                  | Minimum payments | Interest  | Capital      | Minimum payments | Interest  | Capital      |
| Portion due in less than 1 year  | 854              | 19        | 836          | 989              | 34        | 955          |
| Portion due in 1 to 5 years      | 856              | 8         | 848          | 1,675            | 26        | 1,648        |
| Portion due in more than 5 years | 0                | 0         | 0            | 0                | 0         | 0            |
| <b>Total</b>                     | <b>1,710</b>     | <b>26</b> | <b>1,684</b> | <b>2,664</b>     | <b>60</b> | <b>2,604</b> |

The characteristics of finance lease contracts are:

| In € thousands                           | 31 December 2016 | 31 December 2015 |
|------------------------------------------|------------------|------------------|
| Net value of assets under finance leases | 2,075            | 2,867            |
| Total value of future minimum payments   | 1,710            | 2,663            |
| Present value of future minimum payments | 1,684            | 2,604            |

#### 5.14 Provisions

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

| In € thousands                                                        | At 31/12/2015 | Change in scope | Allowances   | Reversals      |              | Other changes* | At 31/12/2016 |
|-----------------------------------------------------------------------|---------------|-----------------|--------------|----------------|--------------|----------------|---------------|
|                                                                       |               |                 |              | Used           | Not used     |                |               |
| Provisions – non-current portion                                      | 1,233         | -               | 2,109        | (756)          | -            | 1,399          | 2,283         |
| Provisions – current portion                                          | 3,839         | -               | 578          | (1,177)        | (460)        | (1,422)        | 3,059         |
| Provisions for pensions and retirement benefits – non-current portion | 2,965         | -               | 408          | (132)          | -            | 533            | 3,773         |
| <b>Total</b>                                                          | <b>8,036</b>  | <b>-</b>        | <b>3,094</b> | <b>(2,065)</b> | <b>(460)</b> | <b>510</b>     | <b>9,115</b>  |

\* Mainly includes actuarial gains and losses on pension obligations and reclassifications of provisions for restructuring and employee disputes from non-current to current.

#### Current provisions and non-current (excluding pension commitments)

Current and non-current provisions amounted to €5,342 thousand (compared with €5,072 thousand in 2015), and break down as follows:

- restructuring provisions in the amount of €2,231 thousand (compared with €1,325 thousand at 31 December 2015), split between Germany (€1,964 thousand), France (€111 thousand) and Poland (€102 thousand).  
The change over the year was attributable chiefly to:
  - allowances to provisions, mainly in Germany in the amount of €1,929 thousand related to the restructuring plan;
  - reversal of restructuring provisions in Poland (€430 thousand), France (€317 thousand) and Germany (€170 thousand);
  - reversal of provisions on vacant premises in Germany in the amount of €295 thousand.
- provisions for employee disputes in the amount of €1,426 thousand, mainly in France;
- provisions for liabilities and charges in the amount of €1,685 thousand, mainly covering France (€972 thousand) and Germany (€417 thousand). They cover various risks, such as provisions for customer warranties and commercial disputes.

Used reversals of current provisions relate primarily to provisions for restructuring and vacant premises used over the year in France and Germany.

## Pension obligations

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.

### Valuation assumptions

| Key assumptions                  | 2016                 | 2015                 |
|----------------------------------|----------------------|----------------------|
| Discount rate                    | 1.30%                | 2.00%                |
| Inflation rate                   | Between 1.75% and 3% | Between 1.75% and 3% |
| Average rate of salary increases | Between 0% and 3%    | Between 0% and 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 2016 are identical to those used in previous years.

### Change in the present value of the obligation

| In € thousands                                             | At 31 December 2016 |               |              | At 31 December 2015 |               |              |
|------------------------------------------------------------|---------------------|---------------|--------------|---------------------|---------------|--------------|
|                                                            | France              | International | Total        | France              | International | Total        |
| <b>Present value of benefits for services rendered</b>     |                     |               |              |                     |               |              |
| <b>At the beginning of the year</b>                        | <b>2,303</b>        | <b>3,405</b>  | <b>5,708</b> | <b>2,109</b>        | <b>3,286</b>  | <b>5,394</b> |
| Service costs                                              | 291                 | 52            | 343          | 239                 | 57            | 296          |
| Interest cost                                              | 51                  | 62            | 114          | 45                  | 65            | 110          |
| Benefits paid over the year                                | -                   | (593)         | (593)        | -                   | (91)          | (91)         |
| Contributions from participants                            | -                   | -             | -            | -                   | -             | -            |
| Actuarial gains (losses) recognised directly in equity     | 240                 | 322           | 562          | 3                   | 88            | 91           |
| Change in the scope of consolidation                       | -                   | -             | -            | (93)                | -             | (93)         |
| Other changes                                              | -                   | -             | -            | -                   | -             | -            |
| <b>At the end of the year</b>                              | <b>2,886</b>        | <b>3,248</b>  | <b>6,134</b> | <b>2,303</b>        | <b>3,405</b>  | <b>5,708</b> |
| Fair value of plan assets                                  | -                   | (2,361)       | (2,361)      | -                   | (2,743)       | (2,743)      |
| Ceiling on plan assets (IAS 19.58b)                        | -                   | -             | -            | -                   | -             | -            |
| <b>Liability recognised in respect of defined benefits</b> | <b>2,886</b>        | <b>888</b>    | <b>3,773</b> | <b>2,303</b>        | <b>662</b>    | <b>2,965</b> |

The Group's pension obligations (excluding plan assets) amounted to €6,134 thousand (compared with €5,708 thousand in 2015). They relate to French entities in the amount of €2,886 thousand, German entities in the amount of €1,083 thousand and Austrian entities in the amount of €2,165 thousand.

Cumulative actuarial gains recognised in equity at 31 December 2016 amounted to €1,470 thousand, compared with €2,060 thousand at 31 December 2015.

### Change in the fair value of plan assets

| In € thousands                       | At 31 December 2016 |               |              | At 31 December 2015 |               |              |
|--------------------------------------|---------------------|---------------|--------------|---------------------|---------------|--------------|
|                                      | France              | International | Total        | France              | International | Total        |
| At the beginning of the year         | -                   | 2,743         | <b>2,743</b> | -                   | 2,584         | <b>2,584</b> |
| Expected return on plan assets       | -                   | 49            | <b>49</b>    | -                   | 51            | <b>51</b>    |
| Contributions                        | -                   | 69            | <b>69</b>    | -                   | 182           | <b>182</b>   |
| Benefits paid over the year          | -                   | (530)         | <b>(530)</b> | -                   | (90)          | <b>(90)</b>  |
| Actuarial difference on plan assets  | -                   | 29            | <b>29</b>    | -                   | 17            | <b>17</b>    |
| Change in the scope of consolidation | -                   | -             | -            | -                   | -             | -            |
| Other changes                        | -                   | -             | -            | -                   | -             | -            |
| <b>At the end of the year</b>        | <b>-</b>            | <b>2,361</b>  | <b>2,361</b> | <b>-</b>            | <b>2,743</b>  | <b>2,743</b> |

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                                         | Increase of 1 percentage point in the annual discount rate | Decrease of 1 percentage point in the annual discount rate |
|--------------------------------------------------------|------------------------------------------------------------|------------------------------------------------------------|
| Aggregate effect on the service cost and interest cost | (55)                                                       | 69                                                         |
| Effect on the value of the obligation                  | (444)                                                      | 552                                                        |

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                                         | One-year increase in the retirement age | One-year decrease in the retirement age |
|--------------------------------------------------------|-----------------------------------------|-----------------------------------------|
| Aggregate effect on the service cost and interest cost | (4)                                     | 4                                       |
| Effect on the value of the obligation                  | (28)                                    | 27                                      |

### Expenses recognised

| In € thousands                            | At 31 December 2016 |               |              | At 31 December 2015 |               |              |
|-------------------------------------------|---------------------|---------------|--------------|---------------------|---------------|--------------|
|                                           | France              | International | Total        | France              | International | Total        |
| Cost of services rendered during the year | (291)               | (52)          | <b>(343)</b> | (239)               | (57)          | <b>(296)</b> |
| Interest cost                             | (51)                | (62)          | <b>(114)</b> | (45)                | (65)          | <b>(110)</b> |
| Expected return on plan assets            | -                   | 49            | <b>49</b>    | -                   | 51            | <b>51</b>    |
| Benefits paid over the year               | -                   | -             | -            | -                   | -             | -            |
| <b>Total</b>                              | <b>(343)</b>        | <b>(65)</b>   | <b>(408)</b> | <b>(284)</b>        | <b>(71)</b>   | <b>(355)</b> |

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 2017 are as follows:

| In € thousands                            | France       | International | Total        |
|-------------------------------------------|--------------|---------------|--------------|
| Cost of services rendered during the year | (392)        | (52)          | <b>(444)</b> |
| Interest cost                             | (43)         | (29)          | <b>(72)</b>  |
| Expected return on plan assets            | -            | 18            | <b>18</b>    |
| Benefits paid over the year               | -            | (98)          | <b>(98)</b>  |
| <b>Total</b>                              | <b>(435)</b> | <b>(161)</b>  | <b>(596)</b> |

## Note 6 – Information on the income statement

### 6.1 Comparative information

The impact of acquisitions made in 2016 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 2016.

### 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                                                  | France  |               | Northern Europe & Benelux |               | Central Europe |               | Rest of the world |               | Corporate |               | Between |               | Divestments (2015-2016) |               | Total Group    |                |
|-----------------------------------------------------------------|---------|---------------|---------------------------|---------------|----------------|---------------|-------------------|---------------|-----------|---------------|---------|---------------|-------------------------|---------------|----------------|----------------|
|                                                                 | 2016    | 2015 restated | 2016                      | 2015 restated | 2016           | 2015 restated | 2016              | 2015 restated | 2016      | 2015 restated | 2016    | 2015 restated | 2016                    | 2015 restated | 2016           | 2015 restated  |
| Group contribution*                                             | 233,249 | 207,716       | 116,535                   | 110,089       | 48,979         | 47,637        | 75,586            | 60,044        | 801       | 119           | 76,311  | 46,764        | 4,241                   | 12,954        | <b>555,701</b> | <b>485,324</b> |
| Depreciation and amortisation of tangible and intangible assets | (1,193) | (1,268)       | (520)                     | (502)         | (433)          | (459)         | (399)             | (280)         | (477)     | (802)         | (141)   | (37)          | (45)                    | (84)          | <b>(3,207)</b> | <b>(3,432)</b> |
| Operating margin*                                               | 30,422  | 21,805        | 8,887                     | 6,867         | 3,944          | 2,742         | 5,740             | 4,501         | (3,584)   | (3,885)       | 1,717   | 883           | (83)                    | 964           | <b>47,044</b>  | <b>33,878</b>  |
| Operating income                                                | 29,263  | 20,273        | 8,526                     | 5,306         | 1,147          | 2,398         | 5,613             | 4,361         | (8,198)   | (6,088)       | 1,716   | 883           | (85)                    | 1,229         | <b>37,982</b>  | <b>28,362</b>  |

\* See definition in note 3.19.

|                            |               |               |
|----------------------------|---------------|---------------|
| Net financial income       | (2,409)       | (1,251)       |
| Income from associates     | 132           | 100           |
| Income tax expense         | (12,289)      | (8,593)       |
| <b>Profit for the year</b> | <b>23,416</b> | <b>18,619</b> |

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  | France     |                     | Northern Europe & Benelux |                     | Central Europe |                     | Rest of the world |                     | Corporate  |                     | Between    |                     | Divestments (2015-2016) |                     | Total consolidated assets |                     |
|-----------------|------------|---------------------|---------------------------|---------------------|----------------|---------------------|-------------------|---------------------|------------|---------------------|------------|---------------------|-------------------------|---------------------|---------------------------|---------------------|
|                 | 31/12/2016 | 31/12/2015 restated | 31/12/2016                | 31/12/2015 restated | 31/12/2016     | 31/12/2015 restated | 31/12/2016        | 31/12/2015 restated | 31/12/2016 | 31/12/2015 restated | 31/12/2016 | 31/12/2015 restated | 31/12/2016              | 31/12/2015 restated | 31/12/2016                | 31/12/2015 restated |
| Segment assets* | 141,530    | 112,729             | 91,983                    | 83,892              | 37,692         | 33,498              | 62,231            | 54,801              | 32,099     | 34,490              | 36,081     | 30,037              | 500                     | 11,110              | <b>402,117</b>            | <b>360,558</b>      |

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

#### Information by geographical area:

| In € thousands                  | France     |            | International |            | Consolidated total |            |
|---------------------------------|------------|------------|---------------|------------|--------------------|------------|
|                                 | 31/12/2016 | 31/12/2015 | 31/12/2016    | 31/12/2015 | 31/12/2016         | 31/12/2015 |
| Revenue with external customers | 235,377    | 210,359    | 320,324       | 274,965    | 555,701            | 485,324    |
| Non-current assets              | 33,716     | 31,741     | 67,269        | 65,809     | 100,985            | 97,550     |

The results and assets of the various operating segments are presented below in comparison with the disclosures for 2015.

| In € thousands                                                  | New Mediterranean |                | France        |                | Northern Europe & Benelux <sup>(2)</sup> |                | Central Europe |                | Rest of the world |                | Corporate <sup>(3)</sup> |                | Between       |                | Single entities |                | Divestments (2015-2016) |                | Total Group    |                |
|-----------------------------------------------------------------|-------------------|----------------|---------------|----------------|------------------------------------------|----------------|----------------|----------------|-------------------|----------------|--------------------------|----------------|---------------|----------------|-----------------|----------------|-------------------------|----------------|----------------|----------------|
|                                                                 | 2015 restated     | 2015 presented | 2015 restated | 2015 presented | 2015 restated                            | 2015 presented | 2015 restated  | 2015 presented | 2015 restated     | 2015 presented | 2015 restated            | 2015 presented | 2015 restated | 2015 presented | 2015 restated   | 2015 presented | 2015 restated           | 2015 presented | 2015 restated  | 2015 presented |
| Group contribution <sup>(1)</sup>                               | -                 | 150,367        | 207,716       | -              | 110,089                                  | 105,101        | 47,637         | 53,920         | 60,044            | -              | 119                      | 103,166        | 46,764        | -              | -               | 71,716         | 12,954                  | 1,053          | <b>485,324</b> | <b>485,324</b> |
| Depreciation and amortisation of tangible and intangible assets | -                 | (1,168)        | (1,268)       | -              | (502)                                    | (381)          | (459)          | (535)          | (280)             | -              | (802)                    | (1,030)        | (37)          | -              | -               | (310)          | (84)                    | (8)            | <b>(3,432)</b> | <b>(3,432)</b> |
| Operating margin <sup>(1)</sup>                                 | -                 | 14,579         | 21,805        | -              | 6,867                                    | 6,796          | 2,742          | 3,150          | 4,501             | -              | (3,885)                  | 358            | 883           | -              | -               | 8,799          | 964                     | 196            | <b>33,878</b>  | <b>33,878</b>  |
| Operating income                                                | -                 | 12,961         | 20,273        | -              | 5,306                                    | 5,213          | 2,398          | 2,809          | 4,361             | -              | (6,088)                  | (1,813)        | 883           | -              | -               | 8,723          | 1,229                   | 469            | <b>28,362</b>  | <b>28,362</b>  |

|                            |               |               |
|----------------------------|---------------|---------------|
| Net financial income       | (1,251)       | (1,251)       |
| Income from associates     | 100           | 100           |
| Income tax expense         | (8,593)       | (8,593)       |
| <b>Profit for the year</b> | <b>18,619</b> | <b>18,619</b> |

| In € thousands                | New Mediterranean   |                      | France              |                      | Northern Europe & Benelux <sup>(2)</sup> |                      | Central Europe      |                      | Rest of the world   |                      | Corporate <sup>(3)</sup> |                      | Between             |                      | Single entities     |                      | Divestments (2015-2016) |                      | Total Group         |                      |
|-------------------------------|---------------------|----------------------|---------------------|----------------------|------------------------------------------|----------------------|---------------------|----------------------|---------------------|----------------------|--------------------------|----------------------|---------------------|----------------------|---------------------|----------------------|-------------------------|----------------------|---------------------|----------------------|
|                               | 31/12/2015 restated | 31/12/2015 presented | 31/12/2015 restated | 31/12/2015 presented | 31/12/2015 restated                      | 31/12/2015 presented | 31/12/2015 restated | 31/12/2015 presented | 31/12/2015 restated | 31/12/2015 presented | 31/12/2015 restated      | 31/12/2015 presented | 31/12/2015 restated | 31/12/2015 presented | 31/12/2015 restated | 31/12/2015 presented | 31/12/2015 restated     | 31/12/2015 presented | 31/12/2015 restated | 31/12/2015 presented |
| Segment assets <sup>(4)</sup> | -                   | 84,145               | 112,729             | -                    | 83,892                                   | 74,373               | 33,498              | 43,009               | 54,801              | -                    | 34,490                   | 116,433              | 30,037              | -                    | -                   | 42,598               | 11,110                  | -                    | <b>360,558</b>      | <b>360,558</b>       |

(1) See definition in note 3.19.

(2) Referred to as Northern Europe & Belux in the 2015 financial report.

(3) Referred to as Others in the 2015 financial report.

(4) 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

At 31 December 2016, 70,500 stock options, 5,000 founders' warrants (BCE), 52,000 warrants to purchase existing redeemable shares (BAAER) and 182,000 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 2017 and 2019 under allocations within the scope of IFRS 2 amounts to -€2,580 thousand.

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

|                                                                  | 2016              |                        | 2015              |                        |
|------------------------------------------------------------------|-------------------|------------------------|-------------------|------------------------|
|                                                                  | Number of options | Average exercise price | Number of options | Average exercise price |
| Number of shares available for subscription at beginning of year | 416,751           | €11.79                 | 746,564           | €11.85                 |
| Number of options cancelled during the year                      | 48,425            | €11.79                 | 256,875           | €11.85                 |
| Number of options exercised during the year                      | 240,826           | €12.44                 | 72,938            | €12.00                 |
| Number of options issued during the year                         | 182,000           | -                      | -                 | -                      |
| <b>Number of shares available for subscription at year-end</b>   | <b>309,500</b>    | <b>€4.39</b>           | <b>416,751</b>    | <b>€11.79</b>          |

The summary of stock option and free share plans in force in 2016 and 2015 is provided below:

| Date of plan | Allocated        | Number of shares outstanding at 31/12/2016 | Number of shares outstanding at 31/12/2015 | Exercise price | First exercise date | Expiry date | Zero-coupon rate |
|--------------|------------------|--------------------------------------------|--------------------------------------------|----------------|---------------------|-------------|------------------|
| 13/05/2009   | 600,000          | 0                                          | 195,506                                    | €12.00         | 13/05/2011          | 12/05/2016  | 1.29%            |
| 01/10/2010   | 50,000           | 5,000                                      | 20,000                                     | €20.00         | 01/10/2012          | 30/09/2017  | 2.29%            |
| 18/10/2012   | 400,000          | 52,000                                     | 118,745                                    | €12.00         | 18/10/2014          | 18/10/2017  | 1.35%            |
| 30/11/2012   | 100,000          | 70,500                                     | 82,500                                     | €9.00          | 30/11/2016          | 30/11/2019  | 1.25%            |
| 17/06/2016   | 182,000          | 182,000                                    | -                                          | -              | 01/03/2019          | 01/03/2019  | N/A              |
| <b>TOTAL</b> | <b>1,332,000</b> | <b>309,500</b>                             | <b>416,751</b>                             |                |                     |             |                  |

### 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 2016 was €1,422 thousand, compared with €8 thousand in 2015. This expense mainly includes the impact of the free share plan.

#### Characteristics of the 2010 stock option plan

On 1 October 2010, the Management board, making use of the authorisation given by the Extraordinary General meeting of 28 April 2009, introduced a new stock option plan (BSPCE), the main characteristics of which are set out in the table below.

| Summary                                    | 1 October 2010 plan   |
|--------------------------------------------|-----------------------|
| Total number of shares that may be granted | 50,000                |
| Start of plan                              | 1 October 2010 plan   |
| End of plan                                | 30 September 2017     |
| Exercise price of options                  | €20.00                |
| Vesting period                             | Between 2 and 5 years |
| Market performance condition               | Yes                   |
| Individual performance condition           | No                    |
| Effective presence at the vesting date     | Yes                   |
| Share price at grant date                  | €18.78                |
| Range of fair values                       | €1.12 to €2.24        |

The detailed characteristics of the plan and the calculation parameters are set out in the 2010 financial statements.

#### 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 relative to 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            |

### Valuation model

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

| Key valuation parameters           | 17 June 2016 plan |
|------------------------------------|-------------------|
| Model used to determine fair value | Monte Carlo       |
| Share price volatility             | 39.00%            |
| Risk-free interest rate            | -0.40%            |
| Anticipated dividend yield         | Not applicable    |

### 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 2016 to 31 December 2018).

The detail of personnel expenses is as follows:

| In € thousands                   | 2016             | 2015             |
|----------------------------------|------------------|------------------|
| Wages and salaries               | (208,955)        | (195,439)        |
| Social security contributions    | (58,712)         | (54,247)         |
| Expenses for retirement benefits | (305)            | (288)            |
| Employee profit sharing          | (1,427)          | (647)            |
| <b>TOTAL</b>                     | <b>(269,399)</b> | <b>(250,621)</b> |

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 (*crédit d'impôt pour la compétitivité et l'emploi* – CICE) in the amount of €2,271 thousand in the year ended 31 December 2016, compared with €2,005 thousand in 2015, and the research tax credit (*crédit d'impôt recherche* – CIR) in the amount of €3,074 thousand in the year ended 31 December 2016, compared with €2,139 thousand in 2015.

## **6.4 Other purchases and external expenses**

In the year ended 31 December 2016, other purchases and external expenses break down as follows:

| In € thousands                 | 2016             | 2015             |
|--------------------------------|------------------|------------------|
| Subcontracting                 | (173,317)        | (143,043)        |
| Lease and rent payments        | (12,819)         | (12,122)         |
| Business travel and receptions | (9,553)          | (9,919)          |
| Other purchases                | (20,596)         | (16,955)         |
| <b>TOTAL</b>                   | <b>(216,284)</b> | <b>(182,039)</b> |

## 6.5 Other operating income and expenses

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

| Other operating expenses in € thousands | 2016           | 2015           | Other operating income in € thousands                       | 2016       | 2015       |
|-----------------------------------------|----------------|----------------|-------------------------------------------------------------|------------|------------|
| Restructuring expenses                  | (4,813)        | (3,914)        | Income from the reversal of unused restructuring provisions | 537        | 488        |
| Net value of fixed assets sold          | (40)           | (450)          | Net value of fixed assets sold                              | 22         | 50         |
| Net loss on disposals of subsidiaries   | (2,256)        | (347)          | Net gain on disposal of subsidiaries                        | 181        | 31         |
| Impairment of goodwill                  | (1,121)        | (814)          |                                                             | -          | -          |
| Vesting period of securities            | (103)          | (41)           |                                                             | -          | -          |
| Other expenses                          | (32)           | (15)           | Other income                                                | 259        | -          |
| <b>Total</b>                            | <b>(8,366)</b> | <b>(5,581)</b> | <b>Total</b>                                                | <b>999</b> | <b>569</b> |

In the year ended 31 December 2016, restructuring expenses and income related mainly to the cost of downsizing:

- restructuring expenses relate notably to Devoteam Germany in the amount of €3,120 thousand and France in the amount of €1,318 thousand;
- income from the reversal of unused restructuring provisions relates mainly to Devoteam Germany in the amount of €394 thousand and Devoteam Outsourcing in the amount of €143 thousand.

The net loss on disposal of subsidiaries relates mainly to the disposal of the "Solutions" activity in Norway and the disposal of Devoteam Genesis in Switzerland.

Impairment of goodwill relates to impairments on the Morocco CGU in the amount of €606 thousand and the Devoteam Netherlands CGU in the amount of €516 thousand (see note 5.1).

## 6.6 Financial income and expense

In the year ended 31 December 2016, the main components of financial income and expenses are as follows:

| Financial expense in € thousands                                   | 2016           | 2015           | Financial income in € thousands                           | 2016       | 2015       |
|--------------------------------------------------------------------|----------------|----------------|-----------------------------------------------------------|------------|------------|
| Negative exchange rate differences                                 | (1,268)        | -              | Positive exchange rate differences                        | -          | 261        |
| Interest on bonds measured at the effective interest rate          | (1,023)        | (467)          | Interest on bonds measured at the effective interest rate | -          | -          |
| Interest on finance leases measured at the effective interest rate | (27)           | (60)           |                                                           | -          | -          |
| Discounting of long-term financial liabilities                     | (146)          | (152)          |                                                           | -          | 25         |
| Provisions on financial assets                                     | -              | (376)          | Provisions on financial assets                            | 206        | -          |
| Other financial expense                                            | (720)          | (791)          | Other financial income                                    | 569        | 310        |
| <b>Total</b>                                                       | <b>(3,184)</b> | <b>(1,847)</b> | <b>Total</b>                                              | <b>775</b> | <b>596</b> |

Financial income and expense for the year deteriorated by €1,159 thousand compared with 2015, due chiefly to the negative exchange differences on the British, Turkish and Polish currencies, as well as interest on the bond contracted in July 2015 over a full year.

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

| In € thousands                                                          | 2016           | 2015           |
|-------------------------------------------------------------------------|----------------|----------------|
| Interest expense on financing operations at the effective interest rate | (1,770)        | (1,319)        |
| Income and expense from interest rate hedges on financial debt          | -              | -              |
| <b>Gross borrowing costs</b>                                            | <b>(1,770)</b> | <b>(1,319)</b> |
| Interest income from cash and cash equivalents                          | 118            | 117            |
| Capital gains on assets at fair value through profit or loss            | -              | -              |
| <b>Net borrowing costs</b>                                              | <b>(1,652)</b> | <b>(1,202)</b> |

Foreign exchange items recognised in other comprehensive income:

| In € thousands                      | 2016       | 2015       |
|-------------------------------------|------------|------------|
| Gains on available-for-sale assets  | -          | -          |
| Translation differences             | 416        | 673        |
| <b>Total</b>                        | <b>416</b> | <b>673</b> |
| Recognised in consolidated reserves | -          | -          |
| Recognised in translation reserves  | 416        | 673        |

## 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           | 2016            | 2015           |
|--------------------------|-----------------|----------------|
| Current tax              | (11,866)        | (7,461)        |
| Change in deferred taxes | (423)           | (1,132)        |
| <b>Total</b>             | <b>(12,289)</b> | <b>(8,593)</b> |

Deferred tax expense and credits:

| In € thousands                   | 2016         | 2015           |
|----------------------------------|--------------|----------------|
| Retirement benefits              | 119          | 135            |
| Miscellaneous provisions         | 180          | 530            |
| Other temporary differences      | 274          | (330)          |
| Effect of tax loss carryforwards | (1,842)      | (1,846)        |
| Customer relationships           | 92           | 171            |
| Treasury shares                  | 237          | 221            |
| Finance leases                   | (61)         | (58)           |
| Cancellation of goodwill         | 4            | (42)           |
| Other                            | 573          | 87             |
| <b>Total</b>                     | <b>(423)</b> | <b>(1,132)</b> |

The change in deferred taxes resulted primarily from:

- temporary differences on provisions, notably in France in the amount of €167 thousand;
- other temporary differences, notably in France in the amount of €293 thousand;
- the effect of tax loss carryforwards in France in the negative amount of €1,636 thousand and Spain in the negative amount of €226 thousand;
- other movements relate primarily to:
  - the deferred tax asset resulting from an internal transfer of previous years in the amount of €526 thousand;
  - restructuring provisions in Germany in the amount of €323 thousand;

- the effect of the reduction in the tax rate in France in the 2017 Budget, bringing it to 28.92% from 2019. the consequent revaluation of long-term deferred tax assets at the rate applicable from 2019 has a negative effect of €311 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                                                                           | 2016          | 2015          |
|------------------------------------------------------------------------------------------|---------------|---------------|
| <b>Consolidated net income</b>                                                           | <b>23,416</b> | <b>18,619</b> |
| Income tax expense                                                                       | 12,289        | 8,593         |
| <b>Profit before tax</b>                                                                 | <b>35,705</b> | <b>27,211</b> |
| Tax rate applicable in France <sup>(1)</sup>                                             | 34.43%        | 34.43%        |
| <b>Theoretical tax</b>                                                                   | <b>12,293</b> | <b>9,369</b>  |
| Tax loss carryforwards previously unrecognised                                           | (5)           | (597)         |
| Use of unrecognised prior tax losses                                                     | (72)          | (225)         |
| Unrecognised tax losses created over the year exercise and derecognition during the year | 203           | 518           |
| Permanent differences and other items <sup>(2)</sup>                                     | (450)         | (861)         |
| Additional local taxes <sup>(3)</sup>                                                    | 1,807         | 1,492         |
| Tax rate difference between countries <sup>(4)</sup>                                     | (1,487)       | (1,104)       |
| <b>Total tax calculated</b>                                                              | <b>12,289</b> | <b>8,592</b>  |
| <b>Tax recorded</b>                                                                      | <b>12,289</b> | <b>8,592</b>  |

(1) Excluding the temporary exceptional contribution for companies with annual revenue exceeding €250 million in France.

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

- the CICE and CIR in France in the negative amount of €1,442 thousand;
- impairment of goodwill in the amount of €581 thousand;
- non-taxable earnings in the amount of €750 thousand;
- an internal transfer of previous years in the negative amount of €526 thousand;
- the effect of the reduction in the tax rate in France in the 2017 Budget, bringing it to 28.92%, in the amount of €311 thousand.
- the effect of the gain or loss on disposals was a negative €351 thousand;
- the share-based payment expense was €272 thousand.

(3) Additional local taxes consist primarily of the CVAE, included in taxes pursuant to the description provided in note 3.18 in the amount of €1,711 thousand.

(4) Relates primarily to Denmark, the United Arab Emirates, Luxembourg, the Netherlands, the Czech Republic and Spain in the negative amounts of €407 thousand, €250 thousand, €219 thousand, €170 thousand, €159 thousand and €157 thousand respectively.

## 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 €45.0 million in 2016, compared with €33.9 million in 2015, as a result of the improvement in the Group's operating profit.

#### Change in working capital

The change in WCR was €9.2 million, compared with a negative €7.3 million in 2015. This improvement is attributable chiefly to a further improvement in customer payment terms (DSO) from 66 to 59 days and by the catch-up of late customer payments observed late in 2015 in Germany and Scandinavia.

### Taxes paid

Taxes paid increased to €7.2 million, compared with €6.0 million in 2015, due to the improvement in the Group's results.

## **7.2 Net cash from investing activities**

### Acquisitions and disposals of fixed assets

This item, although up slightly year on year, represents the Group's operating investments, mainly on fittings for its premises and the purchase of computer 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.

### Disposal of subsidiaries, net of cash disposed

This item corresponds to the receipt of the proceeds from the disposal of Devoteam Genesis net of cash transferred (see note 4.2).

### Acquisition of subsidiaries, net of cash acquired

This item corresponds to disbursement for acquisitions over the period, net of cash received with the HNCO group, as well as Globicon and Q-Partners GmbH (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 €7.4 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 reduced the end-of-period amount outstanding with the factor by €8.1 million.

### Interests paid

Interests 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 €4.5 million, breaking down as €3.9 million to the Group's shareholders and €0.6 million to non-controlling interests.

### 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 €1.3 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 | 31 December 2016 | 31 December 2015 |
|----------------|------------------|------------------|
| Norway         | 309              | (307)            |
| Switzerland    | 55               | 127              |
| United Kingdom | (218)            | (39)             |
| Middle East    | 372              | 386              |
| Other          | (27)             | 4                |
| <b>Total</b>   | <b>491</b>       | <b>171</b>       |

## Note 8 – Information on financial risk management

### 8.1 Financial risk management policy

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

#### Credit risk

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

##### Trade receivables

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

The Group assesses its credit risk at each closing date. This assessment is based on an individual analysis of each receivable at risk of non-recovery, and a provision is recorded in the amount of the best estimate of the probable loss that will be incurred by the Group.

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

##### Investments of surplus cash

The Group limits its exposure to credit risk by limiting its investments to bank deposits with a capital guarantee and regular money market funds issued by leading banking counterparties, as well as capitalisation contracts with a capital guarantee issued by leading insurers. The liquidity of these investments was not in question at 31 December 2016.

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

##### Sureties and guarantees given

The Group only stands as guarantor for its subsidiaries. However, in the normal course of business, the Group may be required to provide guarantees in favour of its business partners (mainly customers and

suppliers), either directly or through banks. The main sureties and guarantees given are described in note 9.3.

#### Liquidity risk

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

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

The Group has conducted a specific review of its liquidity risk, and considers itself able to meet its future payments. At the closing date, the Group did not represent a liquidity risk, since its cash net of bank overdrafts, including cash management assets, amounted to €92.7 million, exceeding its €33.2 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.

|                           | Covenant | Achievement |
|---------------------------|----------|-------------|
| G ratio (net debt/equity) | <1       | (0.4)       |
| L ratio (net debt/EBITDA) | <2.5     | (1.2)       |

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 amount allowed is €33 million, of which €13 million had been used at 31 December 2016.

#### **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 (79.5% of revenue in 2016). 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 Norwegian krone (NOK), the UAE dirham (AED), Danish krone (DKK) and sterling (GBP), each representing between 2.8% and 4.9% 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 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 2016, most of the Group's financial debt was at fixed rates, and hedging instruments were in place.

### Risk on own shares

The Group holds 5.41% 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**

### Stock options

Devoteam has consistently sought to promote employee shareholdings, notably through stock option plans and employer contributions to the Devoteam company savings plan. At 31 December 2016, employees, former employees and directors of subsidiaries held 3.82% of the share capital (i.e. 315,112 shares). The total potential dilution from Devoteam founder' warrants (BCE) at 31 December 2016 was 5,000 shares, or 0.1% of capital at that date.

### 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                                         | 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 profit or loss | Total net carrying amount | Fair value     |
|--------------------------------------------------------|------|-------------------------------------------------------|-----------------------------------|-----------------------------------------------------------------|-----------------------|---------------------------|-------------------------------|--------------------------------------------------|---------------------------|----------------|
| Deposits and guarantees                                | 5.4  | -                                                     | -                                 | -                                                               | 2,544                 | -                         | -                             | -                                                | 2,544                     | 2,544          |
| Unconsolidated equity securities                       | 5.4  | -                                                     | -                                 | -                                                               | -                     | 41                        | -                             | -                                                | 41                        | 41             |
| Loans                                                  | 5.4  | -                                                     | -                                 | -                                                               | 350                   | -                         | -                             | -                                                | 350                       | 350            |
| Other financial assets                                 | 5.7  | -                                                     | 1,827                             | -                                                               | 272                   | -                         | -                             | -                                                | 2,099                     | 2,099          |
| <b>Non-current financial assets</b>                    |      | -                                                     | <b>1,827</b>                      | -                                                               | <b>3,166</b>          | <b>41</b>                 | -                             | -                                                | <b>5,034</b>              | <b>5,034</b>   |
| Trade receivables                                      | 5.8  | -                                                     | -                                 | -                                                               | 163,599               | -                         | -                             | -                                                | 163,599                   | 163,599        |
| Other receivables                                      | 5.8  | -                                                     | -                                 | -                                                               | 41,582                | -                         | -                             | -                                                | 41,582                    | 41,582         |
| Other financial assets                                 | 5.9  | -                                                     | -                                 | -                                                               | 2,762                 | -                         | -                             | -                                                | 2,762                     | 2,762          |
| Cash management assets                                 | 5.9  | -                                                     | -                                 | 1,670                                                           | -                     | -                         | -                             | -                                                | 1,670                     | 1,670          |
| Cash and cash equivalents                              | 5.9  | -                                                     | -                                 | -                                                               | 92,033                | -                         | -                             | -                                                | 92,033                    | 92,033         |
| <b>Current financial assets</b>                        |      | -                                                     | -                                 | <b>1,670</b>                                                    | <b>299,977</b>        | -                         | -                             | -                                                | <b>301,647</b>            | <b>301,647</b> |
| <b>Total financial assets</b>                          |      | -                                                     | <b>1,827</b>                      | <b>1,670</b>                                                    | <b>303,143</b>        | <b>41</b>                 | -                             | -                                                | <b>306,682</b>            | <b>306,682</b> |
| Bonds                                                  | 5.13 | -                                                     | -                                 | -                                                               | -                     | -                         | 29,762                        | -                                                | 29,762                    | 29,762         |
| Bank loans                                             | 5.13 | -                                                     | -                                 | -                                                               | -                     | -                         | 1,155                         | -                                                | 1,155                     | 1,155          |
| Finance leases                                         | 5.13 | -                                                     | -                                 | -                                                               | -                     | -                         | 848                           | -                                                | 848                       | 848            |
| Put options on non-controlling interests and earn-outs | 5.13 | -                                                     | -                                 | -                                                               | -                     | -                         | -                             | 3,831                                            | 3,831                     | 3,831          |
| Other non-current financial liabilities                | 5.7  | -                                                     | -                                 | -                                                               | -                     | -                         | 882                           | -                                                | 882                       | 882            |
| <b>Non-current financial liabilities</b>               |      | -                                                     | -                                 | -                                                               | -                     | -                         | <b>32,646</b>                 | <b>3,831</b>                                     | <b>36,477</b>             | <b>36,477</b>  |
| Bonds                                                  | 5.13 | -                                                     | -                                 | -                                                               | -                     | -                         | 446                           | -                                                | 446                       | 446            |
| Bank loans and bank overdrafts                         | 5.13 | -                                                     | -                                 | -                                                               | -                     | -                         | 1,191                         | -                                                | 1,191                     | 1,191          |
| Finance leases                                         | 5.13 | -                                                     | -                                 | -                                                               | -                     | -                         | 836                           | -                                                | 836                       | 836            |
| Trade and other payables                               | 5.8  | -                                                     | -                                 | -                                                               | -                     | -                         | 64,646                        | -                                                | 64,646                    | 64,646         |
| Tax and social security liabilities                    | 5.8  | -                                                     | -                                 | -                                                               | -                     | -                         | 80,044                        | -                                                | 80,044                    | 80,044         |
| Other liabilities                                      | 5.8  | -                                                     | -                                 | -                                                               | -                     | -                         | 55,621                        | 3,299                                            | 58,920                    | 58,920         |
| <b>Current financial liabilities</b>                   |      | -                                                     | -                                 | -                                                               | -                     | -                         | <b>202,784</b>                | <b>3,299</b>                                     | <b>206,083</b>            | <b>206,083</b> |
| <b>Total financial liabilities</b>                     |      | -                                                     | -                                 | -                                                               | -                     | -                         | <b>235,430</b>                | <b>7,130</b>                                     | <b>242,560</b>            | <b>242,560</b> |

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                                                 | 31 December 2016 | 31 December 2015 |
|----------------------------------------------------------------|------------------|------------------|
| Income from financial assets at fair value (trading)           | 242              | -                |
| Income from financial assets at fair value (fair value option) | -                | -                |
| Income from loans and receivables                              | 533              | 596              |
| Income from available-for-sale assets                          | -                | -                |
| Income from available-for-sale assets transferred from equity  | -                | -                |
| <b>Total financial income</b>                                  | <b>775</b>       | <b>596</b>       |
| Expenses on financial liabilities at fair value                | 51               | 113              |
| Expenses on financial liabilities at amortised cost            | 3,134            | 1,734            |
| Expenses on available-for-sale assets                          | -                | -                |
| <b>Total financial expense</b>                                 | <b>3,184</b>     | <b>1,847</b>     |
| <b>Net financial income/(loss)</b>                             | <b>(2,409)</b>   | <b>(1,251)</b>   |

## 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                   | 31 December 2016 | 31 December 2015 |
|----------------------------------|------------------|------------------|
| Deposits and guarantees          | 2,544            | 2,543            |
| Unconsolidated equity securities | 41               | 39               |
| Loans                            | 350              | 512              |
| Other long-term assets           | 2,099            | 2,558            |
| Trade receivables                | 163,599          | 148,643          |
| Other receivables                | 41,582           | 35,864           |
| Other financial assets           | 2,762            | 3,503            |
| Cash management assets           | 1,670            | 2,464            |
| Cash and cash equivalents        | 92,033           | 72,534           |
| <b>Total</b>                     | <b>306,682</b>   | <b>268,662</b>   |

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<br>In € thousands    | 31 December 2016 |              | 31 December 2015 |              |
|----------------------------------------|------------------|--------------|------------------|--------------|
|                                        | Gross            | Provision    | Gross            | Provision    |
| Not past due and invoices to be issued | 129,483          | -            | 103,436          | -            |
| Past due less than 1 month             | 16,731           | -            | 22,012           | 28           |
| Past due between 1 and 3 months        | 8,589            | -            | 10,591           | 3            |
| Past due between 3 and 6 months        | 6,547            | 10           | 10,882           | 22           |
| Past due more than 6 months            | 7,053            | 4,794        | 5,235            | 3,459        |
| <b>Total</b>                           | <b>168,403</b>   | <b>4,804</b> | <b>152,155</b>   | <b>3,511</b> |

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                   | 31 December 2015 | Change in scope | Allowances | Reversals | Other | Translation differences | 31 December 2016 |
|----------------------------------|------------------|-----------------|------------|-----------|-------|-------------------------|------------------|
| Provisions for trade receivables | 3,511            | 45              | 1,735      | (486)     | -     | (1)                     | 4,804            |

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 | 31 December 2016 | 31 December 2015 |
|----------------|------------------|------------------|
| France         | 975              | 490              |
| International  | 3,829            | 3,021            |
| <b>Total</b>   | <b>4,804</b>     | <b>3,511</b>     |

By geographical area, customer risk breaks down as follows:

| In € thousands | 31 December 2016 | 31 December 2015 |
|----------------|------------------|------------------|
| France         | 68,885           | 51,232           |
| International  | 99,519           | 100,922          |
| <b>Total</b>   | <b>168,403</b>   | <b>152,155</b>   |

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. Receivables assigned in 2016 amounted to €12,962 thousand (compared with €21,681 thousand in 2015).

Derecognised assets with continuing involvement:

| Continuing involvement<br>In € thousands | 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               | 2,642                                     | -                | -                  | -                                   | 2,642                                | 2,642            |

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:

| <b>2016<br/>In € thousands</b>      | <b>Net carrying<br/>amount</b> | <b>Residual<br/>contractual<br/>amount</b> | <b>Six months<br/>or less</b> | <b>Six to twelve<br/>months</b> | <b>One to five<br/>years</b> | <b>More than<br/>five years</b> |
|-------------------------------------|--------------------------------|--------------------------------------------|-------------------------------|---------------------------------|------------------------------|---------------------------------|
| 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 and other receivables         | 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                        | -                               |
| <b>Total</b>                        | <b>242,560</b>                 | <b>247,253</b>                             | <b>202,466</b>                | <b>4,164</b>                    | <b>40,623</b>                | <b>-</b>                        |

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

| <b>2015<br/>In € thousands</b>      | <b>Net carrying<br/>amount</b> | <b>Residual<br/>contractual<br/>amount</b> | <b>Six months<br/>or less</b> | <b>Six to twelve<br/>months</b> | <b>One to five<br/>years</b> | <b>More than<br/>five years</b> |
|-------------------------------------|--------------------------------|--------------------------------------------|-------------------------------|---------------------------------|------------------------------|---------------------------------|
| Bonds                               | 30,160                         | 35,850                                     | -                             | 975                             | 3,900                        | 30,975                          |
| Finance leases                      | 2,604                          | 2,664                                      | 495                           | 495                             | 1,675                        | -                               |
| Other loans and borrowings          | 782                            | 782                                        | 139                           | -                               | 643                          | -                               |
| Bank overdrafts                     | 1,495                          | 1,495                                      | 1,495                         | -                               | -                            | -                               |
| Trade and other receivables         | 56,712                         | 56,712                                     | 56,712                        | -                               | -                            | -                               |
| Tax and social security liabilities | 74,139                         | 74,139                                     | 74,139                        | -                               | -                            | -                               |
| Other liabilities                   | 52,844                         | 52,844                                     | 47,659                        | 2,294                           | 2,890                        | -                               |
| <b>Total</b>                        | <b>218,737</b>                 | <b>224,486</b>                             | <b>180,639</b>                | <b>3,764</b>                    | <b>9,108</b>                 | <b>30,975</b>                   |

### 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:

| <b>Currency</b> | <b>Average rate</b> |             | <b>Closing rate</b> |             |
|-----------------|---------------------|-------------|---------------------|-------------|
|                 | <b>2016</b>         | <b>2015</b> | <b>2016</b>         | <b>2015</b> |
| NOK             | 9.29470             | 8.93830     | 9.09096             | 9.55770     |
| AED             | 4.06533             | 4.07660     | 3.86402             | 4.01170     |
| DKK             | 7.44537             | 7.45820     | 7.43443             | 7.46220     |
| GBP             | 0.81918             | 0.72620     | 0.85260             | 0.73690     |

#### Sensitivity

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

| <b>In € thousands</b>    | <b>2016</b> |             | <b>2015</b> |             |
|--------------------------|-------------|-------------|-------------|-------------|
|                          | <b>+10%</b> | <b>-10%</b> | <b>+10%</b> | <b>-10%</b> |
| Impact on equity         | (3,246)     | 3,968       | (2,194)     | 2,682       |
| Impact on profit or loss | (421)       | 515         | (470)       | 575         |

### 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                       | 2016            | 2015            |
|--------------------------------------|-----------------|-----------------|
| <b>Floating rate</b>                 |                 |                 |
| Other current financial assets       | -               | -               |
| Cash and cash equivalents            | 92,033          | 72,534          |
| Short-term credit facilities         | -               | -               |
| Bank overdrafts                      | (1,020)         | (1,495)         |
| <b>Net exposure before hedging</b>   | <b>91,013</b>   | <b>71,039</b>   |
| <b>Fixed rate</b>                    |                 |                 |
| Other current financial assets       | 2,762           | 3,503           |
| Cash management assets               | 1,670           | 2,464           |
| Bonds                                | (30,208)        | (30,160)        |
| Finance leases                       | (1,684)         | (2,604)         |
| Other borrowings                     | (1,326)         | (782)           |
| <b>Net exposure before hedging</b>   | <b>(28,785)</b> | <b>(27,579)</b> |
| <b>Total exposure before hedging</b> | <b>62,228</b>   | <b>43,460</b>   |

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

| In € thousands    | Currency | Interest rate           | Maturity      | 31 December 2016 |                 | 31 December 2015 |                 |
|-------------------|----------|-------------------------|---------------|------------------|-----------------|------------------|-----------------|
|                   |          |                         |               | Original amount  | Carrying amount | Original amount  | Carrying amount |
| Credit facilities | EUR      | E3M + 1% to 1.20%       | 2018          | -                | -               | -                | -               |
| Bonds*            | EUR      | 3.25%                   | 2021          | 30,000           | 29,762          | 30,000           | 29,714          |
| Finance leases    | EUR      | Between 3.04% and 4.20% | 2018 and 2020 | 6,655            | 1,684           | 7,624            | 2,604           |
| Bank overdrafts   | EUR      | Floating                | Short term    | 1,020            | 1,020           | 1,495            | 1,495           |

\* 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 4,229 employees, compared with 3,957 at the end of 2015, 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                           | 31 December 2016 | 31 December 2015 |
|------------------------------------------|------------------|------------------|
| Short-term employee benefits             | 1,051            | 1,085            |
| Post-employment benefits                 | -                | -                |
| Employment contract termination benefits | -                | -                |
| Directors' fees                          | 200              | 200              |
| Share-based payments                     | -                | -                |
| <b>Total</b>                             | <b>1,251</b>     | <b>1,285</b>     |

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 2016 to members of the Supervisory Board amounted to €110 thousand, compared with €92 thousand in 2015.

## 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 2016 and 2015:

| Recorded amounts<br>In € thousands       | 31 December 2016          |                |                                      | 31 December 2015          |                |                                      |
|------------------------------------------|---------------------------|----------------|--------------------------------------|---------------------------|----------------|--------------------------------------|
|                                          | Associates <sup>(1)</sup> | Joint ventures | Other related parties <sup>(2)</sup> | Associates <sup>(1)</sup> | Joint ventures | Other related parties <sup>(2)</sup> |
| Sales to related parties                 | 308                       | -              | 43                                   | 105                       | -              | 499                                  |
| Purchases from related parties           | 790                       | -              | 2,956                                | 1,542                     | -              | 3,069                                |
| Purchases of assets from related parties | 271                       | -              | -                                    | -                         | -              | -                                    |
| Dividends and other investment income    | 32                        | -              | -                                    | -                         | -              | -                                    |
| Interest and financial expense           | 17                        | -              | -                                    | 23                        | -              | 6                                    |
| Other operating expenses                 | -                         | -              | 619                                  | -                         | -              | 380                                  |
| Other operating income                   | -                         | -              | -                                    | -                         | -              | -                                    |
| Receivables from related parties         | 978                       | -              | 714                                  | 959                       | -              | 1,598                                |
| Payables to related parties              | 261                       | -              | 890                                  | 16                        | -              | 736                                  |

(1) Relating to DFSJ, Keivox, Media-Tel LLC, HNCO AB, Inflexsys, Exa ECS, Progis and Bengs in 2016.

(2) Relating to SCI 73 rue Anatole France, Accytime Maroc and Myfowo as described below.

### SCI 73 rue Anatole France

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

In November 2008 and June 2012, the Group signed two new subletting agreements with SCI 73 rue Anatole France for premises located at 113 rue Anatole France in Levallois and at 1 rue Galvani in Massy respectively, previously occupied under a lease between the Group and another owner. The terms of the new agreements are identical to those of the leases signed with the previous owners. The above subletting agreements do not carry any off-balance sheet commitments.

### Accytime Morocco and Myfowo

In July 2010, the Group outsourced part of the management of its billing process to Accytime Morocco. Since April 2012, Devoteam Outsourcing has provided hosting and data processing services on behalf of Myfowo, the parent of Accytime Morocco. These two companies have a number of directors in common with the Group. These two agreements were terminated during the year or are in the process of being terminated.

In June 2016, the Group signed a settlement agreement with Myfowo providing for the termination of a back office contract with effect from 31 December 2016 and the re-integration of the teams dedicated to the contract employed by Accytime Morocco in exchange for a severance payment of €200 thousand.

In October 2016, Myfowo was the subject of a conciliation procedure opened by the Nanterre Commercial Court. As part of this procedure, after which a conciliation agreement was signed on 21 March 2017, under the control of a court-appointed conciliator, and after the court's approval:

- Devoteam (and Devoteam Outsourcing) forgave a total debt of €787 thousand excluding VAT, and Devoteam S.A. acquired 97% of Myfowo for €40 thousand;
- Stanislas and Godefroy de Bentzmann transferred the residual shares they held in Myfowo for the token sum of one euro, and abandoned their current accounts altogether;
- Myfowo, having become a 97%-owned subsidiary of the Group, sold to a third party (i) its electrical after-sales service activity for €150 thousand, (ii) its subsidiaries STAV and MF PRESTA for €100 thousand (both companies having abandoning their claims on Myfowo), and (iii) a software licence for €200 thousand; acquired for a nominal amount 35% of the capital of a company known as Energy Dynamics (a joint venture between Myfowo and Bugbuster for Linky contracts); and transferred Accytime Morocco to Bugbuster (a company specialised in network infrastructure installation and management) for €25 thousand.

As Myfowo performs services for Devoteam customers and is a member of the group awarded several Linky contracts (Enedis), it was important that it remain a going concern.

### 9.3 Off-balance sheet commitments

#### 9.3.1 Guarantees given

The main sureties, endorsements and guarantees given by the Group at 31 December 2016 are described below:

| In € thousands                                                             | 31 December 2016 | 31 December 2015 |
|----------------------------------------------------------------------------|------------------|------------------|
| Commitments given related to the implementation of customer contracts      | 1,956            | 907              |
| Commitments given related to the guarantee of trade payables               | -                | 2,746            |
| Commitments given related to the guarantee of payment of commercial leases | -                | 622              |
| Other commitments given                                                    | 160              | -                |
| <b>Total</b>                                                               | <b>2,116</b>     | <b>4,275</b>     |

#### 9.3.2 Operating leases

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

| In € thousands   | Less than one year | One to five years | More than five years |
|------------------|--------------------|-------------------|----------------------|
| 31 December 2016 | 7,748              | 10,239            | 31                   |
| 31 December 2015 | 7,801              | 11,050            | 37                   |

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         | Less than one year | One to five years | More than five years |
|------------------------|--------------------|-------------------|----------------------|
| Minimum lease payments | 539                | 1,103             | -                    |

In 2016, subletting income amounted to €789 thousand (compared with €1,038 thousand in 2015) and rental expense to €12,819 thousand (€12,122 thousand in 2015).

#### 9.3.3 Other

In January 2013, the Group was the subject of a complaint for unfair competition initiated by a player in the sector; the amount of the claim was €9.55 million. More than a year after the filing of the complaint, the defendant produced the result of a private expert consultation and significantly increased its initial claim. In addition to the fact that the Group has not committed any act of unfair competition, the intrinsic approach taken by the external expert is tainted by gross errors – as demonstrated by the report of another external expert commissioned by the Group. In December 2016, the Paris Commercial Court, while finding that it was possible to qualify certain of the Group's acts as representing unfair competition, was unable to determine the existence of a tort, and ordered a report by a court-appointed expert. The Group appealed against this decision. The court-appointed expert began its assignment at the same time. In this context, the Group has not changed its initial position, and still considers the claim to be without merit. As such, it has not recorded a provision.

## 9.4 Statutory Auditors' fees

The table below presents the detailed amounts of Statutory Auditors' fees paid for the 2016 and 2015 financial years:

| In €<br>thousands                                                                                     | 2016       |             |                |             |           |             |            | 2015       |             |                |             |           |             |            |
|-------------------------------------------------------------------------------------------------------|------------|-------------|----------------|-------------|-----------|-------------|------------|------------|-------------|----------------|-------------|-----------|-------------|------------|
|                                                                                                       | KPMG       | %           | Grant Thornton | %           | NSK       | %           | Total      | KPMG       | %           | Grant Thornton | %           | NSK       | %           | Total      |
| <i>Certification and half-yearly limited review of separate and consolidated financial statements</i> |            |             |                |             |           |             |            |            |             |                |             |           |             |            |
| Issuer                                                                                                | 76         | 29%         | 76             | 35%         | 0         | 0%          | 152        | 80         | 30%         | 76             | 38%         | 0         | 0%          | 156        |
| Fully consolidated subsidiaries                                                                       | 182        | 68%         | 129            | 59%         | 72        | 100%        | 383        | 169.5      | 64%         | 105            | 53%         | 76        | 100%        | 350.5      |
| <i>Services other than certification of financial statements</i>                                      |            |             |                |             |           |             |            |            |             |                |             |           |             |            |
| Issuer                                                                                                | 8          | 3%          | 12.5           | 6%          | 0         | 0%          | 20.5       | 0          | 0%          | 10             | 5%          | 0         | 0%          | 10         |
| Fully consolidated subsidiaries                                                                       | 0          | 0%          | 0              | 0%          | 0         | 0%          | 0          | 15         | 6%          | 6.5            | 3%          | 0         | 0%          | 21.5       |
| <b>Total</b>                                                                                          | <b>266</b> | <b>100%</b> | <b>217.5</b>   | <b>100%</b> | <b>72</b> | <b>100%</b> | <b>556</b> | <b>265</b> | <b>100%</b> | <b>197.5</b>   | <b>100%</b> | <b>76</b> | <b>100%</b> | <b>538</b> |

## 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 on the financial statements issued in the French language and it is provided solely for the convenience of English speaking users.*

*The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.*

*This report also includes information relating to the specific verifications of information given in the management report and in the document addressed to the Shareholders.*

*This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.*

#### **Year ended 31 December 2016**

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meeting, we hereby report to you, for the year ended 31 December 2016, on:

- the audit of the accompanying consolidated financial statements of Devoteam S.A.;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

#### **1 Opinion on the consolidated financial statements**

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2016 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

## 2 Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code (Code de commerce), we bring to your attention the following matter(s).

- The company systematically proceeds, at least once a year, to the impairment testing of goodwill in accordance with the procedures described in note 3.2 "business combinations and goodwill" to the consolidated financial statements. Based on available information, our work consisted in obtaining an understanding of the development and approval of such estimates by management, examining the implementation of impairment testing procedures, assessing the information and assumptions underlying the discounted cash flow forecast used as well as reviewing the company's calculations. As part of our assessment, we verified the reasonableness of these estimates and the appropriateness of information presented in the notes 2.3 "Use of estimates and judgements", 3.2 and 5.1 "Goodwills" to the consolidated financial statements.
- Note 3.12 "Revenue recognition" to the consolidated financial statements outlines the accounting methods with respect to revenue and costs related to services. As part of our assessment of the accounting policies applied by the company and of the related disclosures in the aforementioned note, we ensured of their correct application and of the reasonableness of the estimates used.
- The Company recognizes provisions to cover risks related to litigations, as described in note 3.11 "Provisions" to the consolidated financial statements. Our work consisted notably in assessing the information and assumptions on which management estimates are based and in verifying that notes 3.11, 5.14 "Provisions" and 9.3.3 "Other" to the consolidated financial statements provide appropriate disclosure.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

## 3 Specific verification

As required by law we have also verified, in accordance with professional standards applicable in France, the information presented in the group's management report.

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

The statutory auditors,

Paris La Défense, 27 April 2017

KPMG Audit IS

Grégoire Menou  
*Partner*

Neuilly-Sur-Seine, 27 April 2017

Grant Thornton  
French Member of Grant Thornton  
International

Vincent Papazian  
*Grant Thornton*

## 4 DEVOTEAM S.A. SEPARATE FINANCIAL STATEMENTS

### 4.1 Devoteam S.A. balance sheet

| <b>ASSETS</b><br><b>In € thousands</b>            | <i>Note</i> | <b>31 December 2016</b> | <b>31 December 2015</b> |
|---------------------------------------------------|-------------|-------------------------|-------------------------|
| Intangible assets                                 | 3.1         | 13,403                  | 13,699                  |
| Tangible assets                                   | 3.1         | 1,599                   | 1,388                   |
| Financial assets                                  |             |                         |                         |
| Equity securities and associated receivables      | 3.2         | 128,758                 | 119,321                 |
| Other financial assets                            | 3.2         | 1,418                   | 1,582                   |
| <b>FIXED ASSETS</b>                               |             | <b>145,179</b>          | <b>135,991</b>          |
| Trade and other receivables                       | 3.3         | 50,410                  | 39,812                  |
| Other receivables                                 | 3.3         | 44,629                  | 47,835                  |
| Marketable securities                             | 3.8         | 8,884                   | 9,864                   |
| Cash assets                                       |             | 22,849                  | 15,551                  |
| Prepaid expenses                                  | 3.3         | 2,673                   | 2,696                   |
| <b>CURRENT ASSETS</b>                             |             | <b>129,447</b>          | <b>115,759</b>          |
| Foreign currency translation differences - assets |             | 480                     | 957                     |
| <b>TOTAL ASSETS</b>                               |             | <b>275,106</b>          | <b>252,707</b>          |

| <b>LIABILITIES</b><br><b>In € thousands</b>            | <i>Note</i> | <b>31 December 2016</b> | <b>31 December 2015</b> |
|--------------------------------------------------------|-------------|-------------------------|-------------------------|
| Share capital                                          |             | 1,262                   | 1,243                   |
| Share premium                                          |             | 52,844                  | 51,163                  |
| Legal reserves                                         |             | 160                     | 160                     |
| Other reserves                                         |             | -                       | -                       |
| Retained earnings                                      |             | 83,027                  | 78,010                  |
| Profit for the year                                    |             | 11,276                  | 8,926                   |
| Regulated provisions                                   |             | 518                     | 530                     |
| <b>EQUITY</b>                                          | <b>3.9</b>  | <b>149,086</b>          | <b>140,031</b>          |
| Provisions for liabilities                             |             | 2,703                   | 3,472                   |
| Provisions for charges                                 |             | 2,463                   | 1,848                   |
| <b>PROVISIONS FOR LIABILITIES AND CHARGES</b>          | <b>3.4</b>  | <b>5,166</b>            | <b>5,319</b>            |
| <u>Total borrowings</u>                                |             |                         |                         |
| Bonds                                                  | 3.3         | 30,446                  | 30,446                  |
| Loans from credit institutions and misc. borrowings    | 3.3         | 23,499                  | 16,446                  |
| <u>Operating liabilities</u>                           |             |                         |                         |
| Trade payables and related accounts                    | 3.3         | 20,190                  | 17,175                  |
| Tax and social security liabilities                    | 3.3         | 29,557                  | 29,569                  |
| <u>Other liabilities</u>                               |             |                         |                         |
| Other liabilities                                      | 3.3         | 8,985                   | 6,613                   |
| Deferred income                                        | 3.3         | 7,825                   | 6,766                   |
| <b>LIABILITIES</b>                                     |             | <b>120,502</b>          | <b>107,014</b>          |
| Foreign currency translation differences - liabilities |             | 351                     | 342                     |
| <b>TOTAL LIABILITIES</b>                               |             | <b>275,106</b>          | <b>252,707</b>          |

## 4.2 Devoteam S.A. income statement

| In € thousands                                                                   | Note | 31 December 2016 | 31 December 2015 |
|----------------------------------------------------------------------------------|------|------------------|------------------|
| <b>NET REVENUE</b>                                                               | 4.1  | <b>189,471</b>   | <b>173,439</b>   |
| Operating subsidies                                                              |      | -                | -                |
| Reversals of depreciation, amortisation and provisions, expense reclassification |      | 2,154            | 5,882            |
| Other income                                                                     |      | 10               | 49               |
| <b>OPERATING INCOME</b>                                                          |      | <b>191,635</b>   | <b>179,370</b>   |
| Purchase of raw materials and goods                                              |      | (585)            | (609)            |
| Other purchase and external charges                                              |      | (81,897)         | (71,345)         |
| Taxes                                                                            |      | (4,094)          | (3,974)          |
| Wages and salaries                                                               |      | (65,942)         | (63,972)         |
| Social security contributions                                                    |      | (29,482)         | (28,333)         |
| Fixed assets depreciation and provisions                                         |      | (1,092)          | (586)            |
| Provisions for current assets                                                    |      | (50)             |                  |
| Provisions for liabilities and charges                                           |      | (781)            | (544)            |
| Other expenses                                                                   |      | (1,066)          | (907)            |
| <b>CURRENT OPERATING EXPENSES</b>                                                |      | <b>(184,989)</b> | <b>(170,269)</b> |
| <b>OPERATING PROFIT</b>                                                          |      | <b>6,646</b>     | <b>9,101</b>     |
| Financial income                                                                 |      | 11,357           | 16,701           |
| Financial expenses                                                               |      | (5,366)          | (14,091)         |
| <b>FINANCIAL RESULT</b>                                                          | 4.5  | <b>5,991</b>     | <b>2,609</b>     |
| <b>CURRENT PROFIT</b>                                                            |      | <b>12,637</b>    | <b>11,710</b>    |
| Extraordinary income                                                             |      | 5,143            | 1,609            |
| Extraordinary expenses                                                           |      | (8,170)          | (5,930)          |
| <b>EXTRAORDINARY LOSS</b>                                                        | 4.6  | <b>(3,027)</b>   | <b>(4,320)</b>   |
| Employee profit-sharing                                                          |      | -                | -                |
| Corporate income taxes                                                           | 4.8  | 1,666            | 1,536            |
| <b>NET INCOME</b>                                                                |      | <b>11,276</b>    | <b>8,926</b>     |

### 4.3 Notes to the Devoteam S.A. financial statements

#### Note 1 - PRESENTATION AND DESCRIPTION OF THE COMPANY

Devoteam S.A. (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.

Coming on the heels of two years of fresh growth and improving profitability, 2016 provided further confirmation of the success of the Eagle plan launched in 2012. The Group delivered a marked improvement in the Group's activity, with double-digit organic growth (notably on the SMACS activities), a 150-basis-point improvement in its operating margin and free cash flow representing more than 7% of revenue, giving it one of the best performances in the market.

This momentum has laid firm foundations on which the Group can implement its strategic plan, Scale!, unveiled on 19 January. Scale! is designed to help the Group to leverage its sound fundamentals to secure growth and intensify innovation with a view to delivering revenue in the vicinity of €1 billion, an operating margin of at least 10% and normative free cash flow representing roughly 5% of revenue by 2020.

2016 was also marked by further streamlining of the Group's business portfolio, with the disposal of its Swiss activities and its systems integration activities in Norway, and the acquisition of businesses specialising in SAP Big Data solutions in Germany, and in strategy consulting and IT service excellence in Denmark.

#### 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.

Change in method: the application of ANC regulation 2015-06 had no significant impact on the 2016 financial statements, other than the lack henceforth of any reversal of past impairment of goodwill.

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 S.A. 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 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 8.1%;
- 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 8.50% and 13.40% depending on the geographical area;
- a long-term growth rate of 2% (2.50% for emerging markets);
- a normative rate of return of between 1.50% 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 €3.6 million and related to the acquisition of the company Devoteam G Cloud for €1.7 million and the group Herbert Nathan & Co (HNCO) for €1.9 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 result" before deducting "net allowances to and reversals of depreciation, amortisation and provisions".

The features of this bond are as follows:

|                                                       | Bond 17/07/2015 |
|-------------------------------------------------------|-----------------|
| 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              | (1.0)    |

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 1.3%;
- an inflation rate of 1.8%;
- assumptions relating to salary increases, mortality and staff turnover rates.

At 31 December 2016, pension commitments totalled €2,222 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. 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                   | Gross value at the beginning of the year | Net acquisitions during the year | Transfers between items | Disposals during the year <sup>(1)</sup> | Gross value at year-end |
|----------------------------------|------------------------------------------|----------------------------------|-------------------------|------------------------------------------|-------------------------|
| Research and development costs   | -                                        |                                  |                         |                                          | -                       |
| Software and trademarks          | 4,320                                    | 301                              | 26                      |                                          | 4,647                   |
| Goodwill                         | 47,233                                   |                                  |                         |                                          | 47,233                  |
| Other intangible assets          | 348                                      |                                  |                         |                                          | 348                     |
| Assets in progress               | 45                                       |                                  | (26)                    | 19                                       | -                       |
| <b>Subtotal</b>                  | <b>51,946</b>                            | <b>301</b>                       | <b>-</b>                | <b>19</b>                                | <b>52,228</b>           |
| Machinery, tools and equipment   | -                                        |                                  |                         |                                          | -                       |
| Fixtures and fittings            | 2,602                                    | 139                              |                         |                                          | 2,741                   |
| Transportation equipment         | 4                                        |                                  |                         |                                          | 4                       |
| Office and IT equipment          | 2,103                                    | 430                              |                         |                                          | 2,533                   |
| Office furniture                 | 927                                      | 105                              |                         |                                          | 1,032                   |
| Advance payments on fixed assets | -                                        | 51                               |                         |                                          | 51                      |
| <b>Subtotal</b>                  | <b>5,636</b>                             | <b>725</b>                       | <b>-</b>                | <b>-</b>                                 | <b>6,361</b>            |
| <b>Total</b>                     | <b>57,582</b>                            | <b>1,026</b>                     | <b>-</b>                | <b>19</b>                                | <b>58,589</b>           |

(1) Disposals for the period mainly relate to the disposal of obsolete equipment.

#### Depreciation, amortisation and provisions

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 2016:

| In € thousands                   | Value at the beginning of the year | Charges      | Reversals | Value at year-end |
|----------------------------------|------------------------------------|--------------|-----------|-------------------|
| Research and development costs   | -                                  |              |           | -                 |
| Software and trademarks          | 4,227                              | 126          |           | 4,353             |
| Goodwill*                        | 33,672                             | 452          |           | 34,124            |
| Other intangible assets          | 348                                |              |           | 348               |
| Assets in progress               | -                                  |              |           | -                 |
| <b>Subtotal</b>                  | <b>38,247</b>                      | <b>578</b>   | <b>-</b>  | <b>38,825</b>     |
| Machinery, tools and equipment   | -                                  |              |           | -                 |
| Fixtures and fittings            | 1,767                              | 232          |           | 1,998             |
| Transportation equipment         | 2                                  | 1            |           | 3                 |
| Office and IT equipment          | 1,811                              | 197          |           | 2,008             |
| Office furniture                 | 669                                | 83           |           | 752               |
| Advance payments on fixed assets | -                                  |              |           | -                 |
| <b>Subtotal</b>                  | <b>4,249</b>                       | <b>513</b>   | <b>-</b>  | <b>4,762</b>      |
| <b>Total</b>                     | <b>42,496</b>                      | <b>1,092</b> | <b>-</b>  | <b>43,587</b>     |

\* Provisions for impairment of goodwill for Dataverse and Devoteam SI.

## 3.2 Financial assets

### 3.2.1 Changes in financial assets

#### a) Movements affecting fixed asset items

| In € thousands                                        | Gross value at the beginning of the year | Increases     | Decreases    | Transfers between items | Gross value at year-end |
|-------------------------------------------------------|------------------------------------------|---------------|--------------|-------------------------|-------------------------|
| <b>Security deposits</b>                              | <b>744</b>                               | <b>12</b>     | <b>13</b>    |                         | <b>744</b>              |
| <b>Other loans<sup>(1)</sup></b>                      | <b>587</b>                               |               | <b>179</b>   |                         | <b>408</b>              |
| <b>Equity securities</b>                              | <b>135,159</b>                           | <b>17,455</b> | <b>6,803</b> |                         | <b>145,811</b>          |
| Devoteam Belgium                                      | 7,146                                    |               |              |                         | 7,146                   |
| Devoteam Fringes                                      | 2,370                                    |               |              |                         | 2,370                   |
| Devoteam Netherlands                                  | 25,649                                   |               |              |                         | 25,649                  |
| Devoteam Consulting                                   | 34,436                                   |               |              |                         | 34,436                  |
| Devoteam Consulting AS                                | 6,176                                    |               |              |                         | 6,176                   |
| Devoteam UK                                           | 3,762                                    |               |              |                         | 3,762                   |
| Devoteam Middle East                                  | 367                                      |               |              |                         | 367                     |
| Devoteam Outsourcing                                  | 2,908                                    |               |              |                         | 2,908                   |
| Devoteam Czech Republic <sup>(2)</sup>                | 6                                        |               | 0            |                         | 5                       |
| Devoteam Morocco                                      | 3,499                                    |               |              |                         | 3,499                   |
| Devoteam Italy                                        | 20                                       |               |              |                         | 20                      |
| Devoteam Consulting Algeria                           | 43                                       |               |              |                         | 43                      |
| Devoteam Services                                     | 8                                        |               |              |                         | 8                       |
| Devoteam Tunisia                                      | 8                                        |               |              |                         | 8                       |
| Devoteam Information Technology & Consultancy A.S.    | 2,665                                    |               |              |                         | 2,665                   |
| Devoteam Genesis <sup>(3)</sup>                       | 5,251                                    |               | 5,251        |                         | -                       |
| Devoteam GmbH                                         | 11,975                                   |               |              |                         | 11,975                  |
| Exa ECS                                               | 1,050                                    |               |              |                         | 1,050                   |
| Devoteam S.A. Poland                                  | 3,399                                    |               |              |                         | 3,399                   |
| Fornebu <sup>(4)</sup>                                | 4,936                                    |               |              | 4,760                   | 9,696                   |
| Fontanet                                              | 100                                      |               |              |                         | 100                     |
| Crocodile RCS <sup>(5)</sup>                          | 119                                      |               | 119          |                         | -                       |
| Devoteam Consulting Holding                           | 3,001                                    |               |              |                         | 3,001                   |
| Steam Management                                      | 300                                      |               |              |                         | 300                     |
| Keivox Enterprise Mobility                            | 65                                       |               |              |                         | 65                      |
| RVR Parad                                             | 1                                        |               |              |                         | 1                       |
| Inflexys                                              | 70                                       |               |              |                         | 70                      |
| Axance                                                | 1,641                                    |               |              |                         | 1,641                   |
| Shift by S'team                                       | 180                                      |               |              |                         | 180                     |
| Siticom                                               | 98                                       |               |              |                         | 98                      |
| Devoteam G Cloud – (formerly gPartner) <sup>(6)</sup> | 6,743                                    | 3,694         | 234          |                         | 10,203                  |
| Be Team                                               | 140                                      |               |              |                         | 140                     |
| Progis <sup>(7)</sup>                                 | 1,000                                    |               | 1,000        |                         | -                       |
| Bengs <sup>(8)</sup>                                  | 105                                      |               | 18           |                         | 87                      |
| Devoteam AS <sup>(4)</sup>                            | 4,760                                    |               |              | (4,760)                 | -                       |
| DPI                                                   | 701                                      |               |              |                         | 701                     |
| Devoteam Digital Factory <sup>(9)</sup>               | 142                                      |               | 21           |                         | 121                     |
| Devoteam Cloud Services (formerly sPartners)          | 180                                      |               |              |                         | 180                     |
| Devoteam Cloud Services                               | 140                                      |               |              |                         | 140                     |
| Marflie <sup>(10)</sup>                               | -                                        | 3,654         |              |                         | 3,654                   |
| Technologies & Opérations <sup>(11)</sup>             | -                                        | 128           | 19           |                         | 109                     |
| DFSJ <sup>(12)</sup>                                  | -                                        | 450           |              |                         | 450                     |
| Devoteam Customer Effectiveness <sup>(13)</sup>       | -                                        | 128           | 128          |                         | -                       |
| FI-Makers <sup>(14)</sup>                             | -                                        | 213           | 13           |                         | 200                     |
| HNCO International <sup>(15)</sup>                    | -                                        | 6,459         |              |                         | 6,459                   |
| Globicon <sup>(16)</sup>                              | -                                        | 2,717         |              |                         | 2,717                   |
| HNCO AB <sup>(17)</sup>                               | -                                        | 12            |              |                         | 12                      |
| <b>Investment-related receivables<sup>(18)</sup></b>  | <b>2,024</b>                             | <b>586</b>    | <b>1,813</b> |                         | <b>798</b>              |
| <b>Treasury shares<sup>(19)</sup></b>                 | <b>766</b>                               |               | <b>150</b>   |                         | <b>616</b>              |
| <b>Total</b>                                          | <b>139,280</b>                           | <b>18,053</b> | <b>8,958</b> | <b>-</b>                | <b>148,377</b>          |

- (1) Decrease corresponding to the partial repayment of the loan to Devoteam CoE in the amount of €162 thousand, granted as part of the sale of the Polish subsidiary to local management.
- (2) Sale of 5% of shares in Devoteam Czech Republic to management.
- (3) Sale of all shares in Devoteam Genesis.
- (4) Reclassification of shares following the merger-absorption of Devoteam AS by Devoteam Fornebu Consulting in Norway.
- (5) Disposal of shares in Crocodile RCS following its liquidation.
- (6) Acquisition of an additional 27% of shares in Devoteam G Cloud (formerly gPartner).
- (7) Disposal of all shares in Progis.
- (8) Disposal of 5% of shares in Bengs.
- (9) Disposal of 12.50% of shares in Devoteam Digital Factory.
- (10) Additional acquisition of 18% of shares in S'team via the holding company Marflie.
- (11) Subscription of 85% of the share capital of Technologies & Opérations and disposal of 12.53% of shares to management.
- (12) Subscription of 45% of the share capital of DFSJ.
- (13) Subscription of 85% of the share capital of Devoteam Customer Effectiveness and disposal of all shares in the entity of which 77.53% sold to Devoteam Consulting.
- (14) Subscription of 85% of the share capital of Fi-Makers and disposal of 5% of shares in the entity to management.
- (15) Acquisition of 100% of shares in HNCO International.
- (16) Acquisition of 100% of shares in Globicon.
- (17) Acquisition of 30% of shares in HNCO AB.
- (18) Dividends receivable from Devoteam UK in the amount of €704 thousand and from Devoteam Tunisia in the amount of €94 thousand.
- (19) Number of shares: 63,913; average purchase price: €9.64. Due to the fact that the average price during December was €54.54, 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 01/01/16           | 76,413        | 766                 |
| Purchase of shares            | -             | -                   |
| Sale of shares <sup>(1)</sup> | (12,500)      | (150)               |
| <b>Balance at 31/12/16</b>    | <b>63,913</b> | <b>616</b>          |

- (1) Disposal of 12,500 shares linked to the acquisition of the HNCO group, of which a portion of the price was paid in Devoteam shares.

## b) Provisions

| In € thousands                   | Value at the beginning of the year | Charges      | Reversals    | Value at year-end |
|----------------------------------|------------------------------------|--------------|--------------|-------------------|
| Equity securities <sup>(1)</sup> | 17,862                             | 1,768        | 1,780        | 17,850            |
| Loans                            | 515                                |              | 165          | 350               |
| Treasury shares                  | -                                  |              |              | -                 |
| <b>Total</b>                     | <b>18,377</b>                      | <b>1,768</b> | <b>1,945</b> | <b>18,200</b>     |

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

Charges: Devoteam Consulting in the amount of €149 thousand, Exa ECS in the amount of €30 thousand, Keivox Enterprise Mobility in the amount of €65 thousand, Devoteam Morocco in the amount of €938 thousand and Devoteam Information Technology and Consultancy in the amount of €586 thousand.

Reversals: Devoteam Netherlands in the amount of €1,780 thousand.

The provision at year-end can be broken down as follows: Devoteam Algeria for €43 thousand, Devoteam Consulting for €6,030 thousand, Devoteam Outsourcing for €2,908 thousand, Exa ECS for €958 thousand, Keivox Enterprise Mobility for €65 thousand, Devoteam Morocco for €3,084 thousand, Devoteam Services Morocco for €8 thousand, Devoteam S.A. 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 2016:

| In € thousands                                       | 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                              | -                                       | -                                          | 618                                               |
| Devoteam Netherlands                                 | 20            | 100%                    | 25,649                               | 25,649                             | -                                       | -                                          | 593                                               |
| Devoteam Consulting                                  | 902           | 100%                    | 34,436                               | 28,406                             | -                                       | -                                          | 1,181                                             |
| Devoteam Consulting AS                               | 67            | 100%                    | 6,176                                | 6,176                              | -                                       | -                                          | 682                                               |
| Devoteam UK                                          | 12            | 100%                    | 3,762                                | 3,762                              | -                                       | -                                          | -                                                 |
| Devoteam Outsourcing                                 | 38            | 100%                    | 2,908                                | -                                  | 5,711                                   | -                                          | -                                                 |
| Devoteam Middle East                                 | 237           | 76%                     | 367                                  | 367                                | 641                                     | -                                          | -                                                 |
| Devoteam Czech Republic                              | 7             | 80%                     | 5                                    | 5                                  | -                                       | -                                          | 359                                               |
| Devoteam Morocco                                     | 19            | 100%                    | 3,499                                | 415                                | 1,062                                   | -                                          | -                                                 |
| Devoteam Italy                                       | 100           | 20%                     | 20                                   | 20                                 | -                                       | -                                          | 66                                                |
| Devoteam Consulting Algeria                          | 34            | 80%                     | 43                                   | -                                  | 1,231                                   | -                                          | -                                                 |
| Devoteam Services                                    | 9             | 100%                    | 8                                    | -                                  | 454                                     | -                                          | -                                                 |
| Devoteam Tunisia                                     | 21            | 75%                     | 8                                    | 8                                  | 214                                     | -                                          | -                                                 |
| Devoteam Information Technology and Consultancy A.S. | 200           | 75%                     | 2,665                                | 1,310                              | 49                                      | -                                          | -                                                 |
| Devoteam GmbH                                        | 3,000         | 100%                    | 11,975                               | 11,975                             | 9,804                                   | -                                          | -                                                 |
| Exa ECS                                              | 3,001         | 35%                     | 1,050                                | 92                                 | 59                                      | -                                          | 32                                                |
| VoxPilot                                             | 5,219         | 100%                    | -                                    | -                                  | 376                                     | -                                          | -                                                 |
| Devoteam S.A Poland                                  | 978           | 62%                     | 3,399                                | -                                  | 6,876                                   | -                                          | -                                                 |
| Devoteam Fornebu Consulting                          | 22            | 100%                    | 9,696                                | 9,696                              | -                                       | -                                          | 901                                               |
| Fontanet                                             | 100           | 100%                    | 100                                  | 100                                | -                                       | -                                          | -                                                 |
| Devoteam Consulting Holding                          | 3,000         | 100%                    | 3,001                                | 3,001                              | 4,530                                   | -                                          | -                                                 |
| Steam Management                                     | 500           | 60%                     | 300                                  | 300                                | -                                       | -                                          | -                                                 |
| Keivox Enterprise Mobility                           | 129           | 36%                     | 65                                   | -                                  | 246                                     | -                                          | -                                                 |
| RVR Parad                                            | 50            | 95%                     | 1                                    | 1                                  | 490                                     | -                                          | -                                                 |
| Inflexsys                                            | 188           | 20%                     | 70                                   | 70                                 | -                                       | -                                          | -                                                 |
| Axance                                               | 66            | 54.2%                   | 1,641                                | 1,641                              | -                                       | -                                          | 151                                               |
| Shift by S'team                                      | 300           | 60%                     | 180                                  | 180                                | -                                       | -                                          | -                                                 |
| Siticom                                              | 150           | 65%                     | 98                                   | 98                                 | -                                       | -                                          | -                                                 |
| Devoteam G Cloud                                     | 300           | 100%                    | 10,203                               | 10,203                             | -                                       | -                                          | 197                                               |
| Be Team                                              | 200           | 70%                     | 140                                  | 140                                | 569                                     | -                                          | -                                                 |
| Bengs                                                | 350           | 25%                     | 87                                   | 87                                 | 450                                     | -                                          | -                                                 |
| Marflie                                              | 250           | 45%                     | 3,654                                | 3,654                              | -                                       | -                                          | -                                                 |
| Technologies & Opérations                            | 150           | 72.47%                  | 109                                  | 109                                | -                                       | -                                          | -                                                 |
| FI-Makers                                            | 250           | 80%                     | 200                                  | 200                                | -                                       | -                                          | -                                                 |
| DPI                                                  | 1,100         | 60%                     | 701                                  | 701                                | 1,684                                   | -                                          | -                                                 |
| Devoteam Digital Factory                             | 167           | 72.50%                  | 121                                  | 121                                | 353                                     | -                                          | -                                                 |
| Devoteam Cloud Services (formerly sPartners)         | 300           | 60%                     | 180                                  | 180                                | -                                       | -                                          | -                                                 |
| Devoteam Cloud Services                              | 203           | 68.97%                  | 140                                  | 140                                | -                                       | -                                          | -                                                 |
| DFSJ                                                 | 450           | 45%                     | 450                                  | 450                                | 7                                       | -                                          | -                                                 |
| HNCO International                                   | 67            | 100%                    | 6,459                                | 6,459                              | -                                       | -                                          | -                                                 |
| Globicon                                             | 67            | 100%                    | 2,717                                | 2,717                              | -                                       | -                                          | -                                                 |
| HNCO AB                                              | 10            | 30%                     | 12                                   | 12                                 | -                                       | -                                          | -                                                 |

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<br>In € thousands                    | Gross amount   | Maturity in<br>less than 1<br>year | Maturity in<br>more than 1<br>year | Maturity in<br>more than 5<br>years |
|--------------------------------------------------|----------------|------------------------------------|------------------------------------|-------------------------------------|
| <b>Fixed asset receivables</b>                   |                |                                    |                                    |                                     |
| Investment-related receivables                   | 798            | 798                                | -                                  | -                                   |
| Loans                                            | 408            | 408                                | -                                  | -                                   |
| Other financial assets                           | 1,360          | 1,360                              | -                                  | -                                   |
| <b>Current asset receivables</b>                 |                |                                    |                                    |                                     |
| Advances and prepayments made                    | 324            | 324                                | -                                  | -                                   |
| Trade and other receivables                      | 50,546         | 50,546                             | -                                  | -                                   |
| Other receivables <sup>(1)</sup>                 | 17,878         | 17,878                             | -                                  | -                                   |
| Group and associated companies' current accounts | 35,823         | 35,823                             | -                                  | -                                   |
| Prepaid expenses                                 | 2,673          | 2,673                              | -                                  | -                                   |
| <b>Total</b>                                     | <b>109,810</b> | <b>109,810</b>                     | <b>-</b>                           | <b>-</b>                            |

| Payables<br>In € thousands          | Gross amount   | Maturity in<br>less than 1<br>year | Maturity in<br>more than 1<br>year | Maturity in<br>more than 5<br>years |
|-------------------------------------|----------------|------------------------------------|------------------------------------|-------------------------------------|
| Bonds                               | 30,446         | 446                                | 30,000                             | -                                   |
| Borrowings from credit institutions | 132            | 132                                | -                                  | -                                   |
| Misc. borrowings <sup>(2)</sup>     | 23,367         | 23,367                             | -                                  | -                                   |
| Trade payables                      | 20,185         | 20,185                             | -                                  | -                                   |
| Tax and social security liabilities | 29,557         | 29,557                             | -                                  | -                                   |
| Fixed asset liabilities             | 5              | 5                                  | -                                  | -                                   |
| Other liabilities <sup>(3)</sup>    | 8,985          | 5,573                              | 3,412                              | -                                   |
| Deferred income                     | 7,825          | 7,825                              | -                                  | -                                   |
| <b>Total</b>                        | <b>120,502</b> | <b>87,090</b>                      | <b>33,412</b>                      | <b>-</b>                            |

(1) Of which €2,495 thousand as a security deposit on the receivables sold to the factor.

(2) Of which €23,017 thousand in current account advances granted by related companies.

(3) Of which €3,623 thousand relates to earn-out liabilities and €1,212 thousand is associated with the deferred portion of the acquisition price of the HNCO group and Globicon.

### 3.4 Provisions

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

| In € thousands                                 | At 1<br>January<br>2016 | Charges      | Reversals<br>(provision<br>used) | Reversals<br>(provision<br>not used) | Transfers<br>between<br>items | At 31<br>December<br>2016 |
|------------------------------------------------|-------------------------|--------------|----------------------------------|--------------------------------------|-------------------------------|---------------------------|
| <b>Provisions</b>                              |                         |              |                                  |                                      |                               |                           |
| Provisions for foreign exchange losses         | 957                     | 480          | 957                              |                                      |                               | 480                       |
| Provisions for retirement benefits             | 1,843                   | 380          |                                  |                                      |                               | 2,222                     |
| Provisions for restructuring                   | -                       |              |                                  |                                      |                               | -                         |
| Misc. provisions <sup>(1)</sup>                | 2,520                   | 611          | 150                              | 517                                  |                               | 2,464                     |
| <b>TOTAL</b>                                   | <b>5,319</b>            | <b>1,471</b> | <b>1,107</b>                     | <b>517</b>                           | <b>-</b>                      | <b>5,166</b>              |
| <b>Provisions for impairment</b>               |                         |              |                                  |                                      |                               |                           |
| Provisions for marketable securities           | -                       |              |                                  |                                      |                               | -                         |
| Provisions for current accounts <sup>(2)</sup> | 8,466                   | 962          | 33                               |                                      |                               | 9,395                     |
| Provisions for doubtful receivables            | 86                      | 50           |                                  |                                      |                               | 136                       |
| <b>TOTAL</b>                                   | <b>8,551</b>            | <b>1,012</b> | <b>33</b>                        | <b>-</b>                             | <b>-</b>                      | <b>9,531</b>              |

(1) Of which €1,305 thousand in provisions for employee disputes, €256 thousand in provisions for risks related to suppliers, €661 thousand in provisions for miscellaneous risks and €241 thousand in provisions related to the free share allocation plan.

(2) Charges: Devoteam Outsourcing in the amount of €275 thousand, Keivox in the amount of €80 thousand, Devoteam Algeria in the amount of €306 thousand, VoxPilot in the amount of €152 thousand and Devoteam S.A. Poland in the amount of €149 thousand.

Reversals: VoxPilot for €33 thousand.

The provision at year-end can be broken down as follows: Devoteam Algeria in the amount of €592,000, Devoteam Outsourcing in the amount of €883 thousand, VoxPilot in the amount of €376 thousand, Devoteam Services in the amount of €420 thousand, Devoteam S.A. Poland in the amount of €6,876 thousand and Keivox in the amount of €246,000.

### 3.5 Accrued expenses

| In € thousands                            | 2016          |
|-------------------------------------------|---------------|
| Supplier invoices not yet issued          | 4,274         |
| Credit notes to be prepared               | 3,545         |
| Personnel - accrued expenses              | 7,879         |
| Social security bodies - accrued expenses | 5,261         |
| State - accrued expenses                  | 431           |
| Interest accrued on bonds                 | 449           |
| Interest accrued on misc. borrowings      | 5             |
| <b>Total</b>                              | <b>21,844</b> |

### 3.6 Accrued income

| In € thousands                  | 2016          |
|---------------------------------|---------------|
| Interest accrued to be received | 2             |
| Client invoices to be issued    | 12,295        |
| State - accrued income          | -             |
| <b>Total</b>                    | <b>12,297</b> |

### 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 01/01/16                                                         | 495,414        | 4,518               |
| Treasury shares granted to employees as part of share purchase option plans | (109,068)      | (995)               |
| <b>Balance at 31/12/16*</b>                                                 | <b>386,346</b> | <b>3,523</b>        |

\* Of which 386,170 shares with a total value of €3,522 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 2016, the average price of Devoteam shares was €54.54. No provision for amortisation had been made at year-end.

#### 3.7.2 Other marketable securities

These correspond to term deposits (€5,000 thousand), units in UCITS (€21 thousand) and a capitalisation contract (€340 thousand). The net asset value of these, at 31 December 2016, was €5,361 thousand.

### 3.8 Deferred charges

None.

### 3.9 Net position

#### 3.9.1 Share capital

At 31 December 2016, the share capital of Devoteam S.A. was made up of 8,327,907 ordinary shares representing a total of €1,262,340.

Below is a summary of the changes recorded in 2016

|                                                  | Number of shares |
|--------------------------------------------------|------------------|
| At 1 January 2016                                | 8,196,149        |
| Exercise of BSPCE and share subscription options | 131,758          |
| <b>At 31 December 2016</b>                       | <b>8,327,907</b> |

Taking account of the 5,000 founders' warrants (BCE) outstanding, the potential total number of Company shares at 31 December 2016 stood at 8,332,907. Based on the average price over the period, 5,000 BCE are in the money at an exercise price of €20.00.

### 3.9.2 Analysis of changes in equity

The change in net position over the 2016 financial year is as follows:

| € thousands                        | Beginning of the year | Approp. of 2015 earnings | Capital increase | Capital decrease | Other changes | Dividends distributed | 2016 earnings | Year-end       |
|------------------------------------|-----------------------|--------------------------|------------------|------------------|---------------|-----------------------|---------------|----------------|
| Share capital                      | 1,243                 |                          | 19               |                  |               |                       |               | 1,262          |
| Share premium                      | 164                   |                          | 1,681            |                  |               |                       |               | 1,845          |
| Legal reserve                      | 160                   |                          |                  |                  |               |                       |               | 160            |
| Other reserves                     | -                     |                          |                  |                  |               |                       |               | -              |
| Gain on merger                     | 50,999                |                          |                  |                  |               |                       |               | 50,999         |
| Retained earnings (credit balance) | 78,009                | 8,926                    |                  |                  |               | (3,909)               |               | 83,027         |
| Profit (loss) for FY 2015          | 8,926                 | (8,926)                  |                  |                  |               |                       |               | -              |
| Profit (loss) for FY 2016          | -                     |                          |                  |                  |               |                       | 11,276        | 11,276         |
| Other regulated provisions*        | 530                   |                          |                  |                  | (12)          |                       |               | 518            |
| <b>Equity</b>                      | <b>140,031</b>        | <b>-</b>                 | <b>1,700</b>     | <b>-</b>         | <b>(12)</b>   | <b>(3,909)</b>        | <b>11,276</b> | <b>149,087</b> |

\* 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:

| € thousands   | 2016           |
|---------------|----------------|
| France        | 183,218        |
| International | 6,253          |
| <b>Total</b>  | <b>189,471</b> |

The Company operates in only one industry segment.

### 4.2 Incentives

No incentive agreement was established during the 2016 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 2016 financial year, stands at €1,438 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. In the absence of any corporate income tax expense in respect of the financial year, the CICE appears as a receivable under assets on the balance sheet of the Company.

#### 4.5 Financial income and expenses

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

| Financial expenses in € thousands               | 2016         |
|-------------------------------------------------|--------------|
| Provisions for financial assets <sup>(1)</sup>  | 1,768        |
| Provisions for treasury shares                  | -            |
| Provisions for current assets <sup>(2)</sup>    | 1,442        |
| Provisions for financial risks                  | -            |
| Losses on investment-related receivables        | -            |
| Investment-related expenses                     | 21           |
| Interest on finance transactions <sup>(3)</sup> | 1,188        |
| Other financial expenses                        | 946          |
| <b>Total</b>                                    | <b>5,366</b> |

| Financial income in € thousands                           | 2016          |
|-----------------------------------------------------------|---------------|
| Net income from the sale of marketable securities         | -             |
| Financial income from capitalisation contracts            | 15            |
| Investment-related income <sup>(4)</sup>                  | 8,188         |
| Reversal of provisions on financial assets <sup>(1)</sup> | 1,780         |
| Reversal of provisions on treasury shares                 | -             |
| Reversal of provisions on current assets <sup>(5)</sup>   | 198           |
| Reversal of provisions on liabilities and charges         | 1,060         |
| Other financial income                                    | 117           |
| <b>Total</b>                                              | <b>11,357</b> |

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

(2) Of which €962 thousand in impairment of subsidiary current accounts.

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

(4) Of which €7,809 thousand in dividends received from subsidiaries and €378 thousand in interest received from subsidiaries on current account advances.

(5) Of which €33 thousand in reversals of the provision for impairment on subsidiary current accounts and €162 thousand relating to the impairment of the loan granted to Devoteam CeO (formerly CRM) following the disposal of the Polish subsidiary in 2014.

#### 4.6 Extraordinary income and expenses

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

| Extraordinary expenses in € thousands                | 2016         |
|------------------------------------------------------|--------------|
| On management transactions <sup>(1)</sup>            | 1,319        |
| On capital transactions <sup>(2)</sup>               | 6,588        |
| Exceptional provision for liabilities <sup>(3)</sup> | 264          |
| <b>Total</b>                                         | <b>8,170</b> |

(1) Of which €1,119 thousand in restructuring costs corresponding to redundancy and support expenses and €200 thousand related to severance payments.

(2) Of which €6,568 thousand from the sale of equity securities and €19 thousand from the disposal of intangible assets

(3) Of which €210 thousand in provisions related to redundancy costs, €661 thousand in provisions for miscellaneous risks and €54 thousand in accelerated depreciation allowances.

| Extraordinary income in € thousands                               | 2016         |
|-------------------------------------------------------------------|--------------|
| On management transactions                                        | -            |
| On capital transactions <sup>(1)</sup>                            | 4,783        |
| Exceptional reversal of provisions for liabilities <sup>(2)</sup> | 359          |
| <b>Total</b>                                                      | <b>5,143</b> |

(1) Of which €4,094 thousand from the disposal of equity securities and €689 thousand in gains on the disposal of treasury shares.

(2) Reversals of provisions for restructuring in respect of redundancy and support costs (€175 thousand), miscellaneous risks (€118 thousand) and reversals of accelerated depreciation allowances (€66 thousand). The charges were recorded under extraordinary expenses.

#### 4.7 Increases/decreases in deferred tax liabilities

| Nature of differences                                  | Tax Basis         |               | Tax*              |              |
|--------------------------------------------------------|-------------------|---------------|-------------------|--------------|
|                                                        | Start of the year | Year-end      | Start of the year | Year-end     |
| Organic                                                | 242               | 269           | 83                | 93           |
| Construction effort                                    | 282               | 290           | 97                | 100          |
| Unrealised gains on marketable securities              | -                 | -             | -                 | -            |
| Foreign currency translation differences - liabilities | 342               | 351           | 118               | 121          |
| Provisions for pensions and retirement benefits        | 1,843             | 2,222         | 635               | 643          |
| Provisions for Group current accounts                  | 8,466             | 9,395         | 2,915             | 2,717        |
| Provisions for misc. risks                             | 828               | 725           | 285               | 250          |
| Incentives and profit-sharing                          | -                 | -             | -                 | -            |
| <b>Total relief</b>                                    | <b>12,003</b>     | <b>13,252</b> | <b>4,133</b>      | <b>3,924</b> |
| <b>Total increase</b>                                  | <b>-</b>          | <b>-</b>      | <b>-</b>          | <b>-</b>     |

\* In accordance with the 2017 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 28.92%.

For all other items, the corporate income tax rate used is 34.43%.

#### 4.8 Breakdown of tax

| Earnings before tax      |              | Taxes payable  |            | Profit for the year |
|--------------------------|--------------|----------------|------------|---------------------|
| Recurring                | 12,637       | (34)           | Tax credit | 13,779              |
|                          |              | (1,108)        |            |                     |
| Short-term extraordinary | (3,027)      | (524)          |            | (2,503)             |
| <b>Total</b>             | <b>9,610</b> | <b>(1,666)</b> |            | <b>11,276</b>       |

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 2016 are as follows:

| Name                     | Siren No.   | Date of entry | Company type   |
|--------------------------|-------------|---------------|----------------|
| Devoteam S.A.            | 402 968 655 | 01/01/2004    | Parent company |
| Devoteam Consulting SAS  | 412 077 000 | 01/01/2004    | Subsidiary     |
| Devoteam Outsourcing SAS | 443 486 667 | 01/01/2011    | Subsidiary     |
| RVR Parad SAS            | 752 364 851 | 01/01/2016    | 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 2016 financial year as a result of this tax consolidation are recorded in the Company's income statement in the amount of €1,478 thousand. The tax expense for the year, calculated on the taxable profits of the tax consolidation group, amounts to €875 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 S.A. may acquire additional shares at market price or based on performance conditions. The table below summarises the options available:

| Company                   | % of share capital | Exercisability                                                     |
|---------------------------|--------------------|--------------------------------------------------------------------|
| Q-Partners                | 30.00%             | From 01/01/2019 for one half and from 01/01/2020 for the remainder |
| DPI (Holding Drago Group) | 40.00%             | From 01/01/2019                                                    |
| S'team Management         | 22.00%             | Immediate                                                          |
| Shift by S'team           | 40.00%             | From 01/01/2017 for one half and from 01/01/2018 for the remainder |
| Siticom                   | 35.00%             | From 01/01/2018 for one half and from 01/01/2019 for the remainder |
| Be'team                   | 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 | 27.53%             | Immediate                                                          |
| FI-Makers                 | 20.00%             | Immediate                                                          |
| Devoteam Italy            | 50.00%             | Immediate                                                          |
| 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 2016, 70,500 purchase options, 5,000 BCE, 52,000 BAAER and 182,000 free shares are outstanding, as detailed below:

| Plan date    | Granted          | Number of options outstanding at 31/12/2016 | Number of options outstanding at 31/12/2015 | Exercise price | Earliest exercise date | Date of expiry | Zero coupon rate |
|--------------|------------------|---------------------------------------------|---------------------------------------------|----------------|------------------------|----------------|------------------|
| 13/05/2009   | 600,000          | -                                           | 195,506                                     | 12             | 13/05/2011             | 12/05/2016     | 1.29%            |
| 01/10/2010   | 50,000           | 5,000                                       | 20,000                                      | 20             | 01/10/2012             | 30/09/2017     | 2.29%            |
| 18/10/2012   | 400,000          | 52,000                                      | 118,745                                     | 12             | 18/10/2014             | 18/10/2017     | 1.35%            |
| 30/11/2012   | 100,000          | 70,500                                      | 82,500                                      | 9              | 30/11/2016             | 30/11/2019     | 1.25%            |
| 17/06/2016   | 182,000          | 182,000                                     | -                                           | 0              | 01/03/2019             | 01/03/2019     | N/A              |
| <b>TOTAL</b> | <b>1,332,000</b> | <b>309,500</b>                              | <b>416,751</b>                              |                |                        |                |                  |

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

|                                                                      | 2016              |                        | 2015              |                        |
|----------------------------------------------------------------------|-------------------|------------------------|-------------------|------------------------|
|                                                                      | 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 | 416,751           | €11.79                 | 746,564           | €11.85                 |
| Number of options cancelled during the year                          | 48,425            | €11.79                 | 256,875           | €11.85                 |
| Number of options exercised during the year                          | 240,826           | €12.44                 | 72,938            | €12.00                 |
| Number of options issued during the year                             | 182,000           | -                      | -                 | -                      |
| <b>Number of shares that may be subscribed at year-end</b>           | <b>309,500</b>    | <b>€4.39</b>           | <b>416,751</b>    | <b>€11.79</b>          |

Devoteam S.A. 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 2016.

### 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 €11,979 thousand.

### 5.2.4 Other commitments given

Guarantees given by Devoteam S.A. primarily concern its subsidiaries. The main securities, guarantees and warranties given by Devoteam S.A. to its subsidiaries guarantee ongoing rental commitments, commitments to suppliers and bank lines of credit:

| Guarantees given                                     | € thousands   | Type of guarantee                       |
|------------------------------------------------------|---------------|-----------------------------------------|
| <b><u>Subsidiary</u></b>                             |               |                                         |
| Devoteam Czech Republic                              | 15            | Ongoing rental and supplier commitments |
| Devoteam Information Technology and Consultancy A.S. | 570           | 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                                 | 7,246         | Guarantees on bank lines of credit      |
| Devoteam Consulting AS                               | 880           | Guarantees on bank lines of credit      |
| Devoteam GmbH                                        | 1,030         | Guarantees on bank lines of credit      |
| Devoteam Luxembourg                                  | 250           | Guarantees on bank lines of credit      |
| Devoteam S.A. Poland                                 | 568           | Guarantees on bank lines of credit      |
| <b>Total subsidiary guarantees</b>                   | <b>11,159</b> |                                         |
| <b><u>Other</u></b>                                  |               |                                         |
| <b>Total other guarantees</b>                        | <b>-</b>      |                                         |
| <b>Total guarantees given</b>                        | <b>11,159</b> |                                         |

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 2016, all earn-outs have been recorded.

In January 2013, the Group was accused by an industry player of unfair competition, with the claim amount standing at €9.55 million. Just over one year later, the opposing party produced an independent expert report and significantly increased its initial demands. Besides the fact that the Group has not committed any act of unfair competition, the intrinsic process of the external expert is tainted by gross errors – as established by the report of another external expert commissioned by the Group. In December 2016, the Paris Commercial Court, while finding that it was possible to qualify certain of the Group's acts as representing unfair competition, was unable to determine the existence of a tort, and ordered a report by a court-appointed expert. The Group appealed against this decision. The court-appointed expert began its assignment at the same time.

In this context, the Group has not changed its initial position, and still considers the claim to be without merit. As such, it has not recorded a provision.

## **NOTE 6 - MISCELLANEOUS INFORMATION**

### **6.1 Breakdown of the workforce**

During the 2016 financial year, the average headcount was 1,348 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 2016 amounts to €1,051 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 2016 was €120 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 Auditor's report on the financial statements for the year ended 31 December 2016**

*This is a free translation into English of the Statutory Auditors' report on the financial statements issued in the French language and it is provided solely for the convenience of English speaking users.*

*The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.*

*This report also includes information relating to the specific verifications of information given in the management report and in the document addressed to the Shareholders.*

#### **Year ended 31 December 2016**

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended 31 December 2016, on:

- the audit of the accompanying financial statements of Devoteam S.A.;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Management Board. Our role is to express an opinion on these financial statements based on our audit.

#### **I. - Opinion on the financial statements**

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other selection methods, to obtain audit evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities, of the financial position of the Company as at 31 December 2016 and of the results of its operations for the year then ended in accordance with French accounting principles.

Without qualifying our opinion, we draw your attention to Note 2.1 "Basis for accounting" of the financial statements which sets out a change in accounting policy with respect to the ANC (France's national accounting standards body) Regulation n°2015-06.

#### **II. - Justification of our assessments**

In accordance with the requirements of Article L. 823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

- Notes 2.2.1 “Intangible assets” and 2.3.1 “Participating interests” of the financial statements set out the rules and accounting principles used to evaluate the value in use of intangible assets and financial assets. As part of our assessment of the rules and accounting principles used by the company, we verified the appropriateness of the aforesaid accounting methods and the disclosure provided in the notes. Based on the information available to date, we examined the methodology applied to determine the value in use at the closing and we verified that notes 2.2.1, 2.3.1, 3.1 “Intangible and tangible assets” and 3.2 “Financial assets” provide appropriate disclosure.
- Note 2.10 “Revenue” of the financial statements outlines the methods applied with respect to revenue recognition and costs related to services provided. As part of our assessment of the accounting principles used by the company and the disclosure provided in the aforesaid note, we verified their correct application and the reasonableness of estimates used.
- The company recognizes provisions in order to cover the risks relating to litigations, as described in note 2.7 “Provisions” of the financial statements. Our works consisted especially on assessing the data and assumptions used to determine the accounting estimates used by management and on verifying that notes 3.4 “Provisions” and 5.2.4 “Other given commitments” provide appropriate disclosure.

These assessments were made as part of our audit of the financial statements taken as a whole and therefore contributed to the expression of our opinion we formed in the first part of this report.

### III. - Specific verifications and information

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

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 documents addressed to the Shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of Article L.225-102-1 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.

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.

The Statutory Auditors

*French original signed by*

Paris La Défense, 27 April 2017

KPMG Audit IS

Grégoire Menou  
*Partner*

Neuilly-sur-Seine, 27 April 2017

Grant Thornton  
*French member of Grant Thornton  
International*

Vincent Papazian  
*Partner*

## 5 CORPORATE SOCIAL RESPONSIBILITY REPORT

### 5.1 Information related to social, societal and environmental performance in accordance with the Grenelle II Act (Art. 225)

This chapter addresses the requirements of Articles L. 225-102-1 and R. 225-104 to R. 225-105-2 of the French Commercial Code on corporate transparency obligations in terms of social, environmental and societal scopes.

The information presented is based on the 42 themes of the implementing decree of 24 April 2012, which is divided into four main chapters: corporate governance, social, societal and environmental.

#### Comment on the environmental section of this report

The activity of the Devoteam group predominantly comprises intellectual services. As such, this report focuses on the driving forces behind the Group, the men and women who work for it, who are considered to be the wealth of the Company which, through its activity as a service provider and its location, either at its clients, or in rented premises, has a very limited impact on the environment. Consequently, this report contains little quantitative information in terms of environmental data.

### 5.2 Introduction

#### 5.2.1 Definition of sustainable development

Sustainable development is "development that meets the needs of the present without compromising the ability of future generations to meet their own needs. There are two key concepts inherent in this notion: the concept of 'needs', in particular the essential needs of the world's poor, to which overriding priority should be given, and the idea of limitations imposed by the state of technology and social organisation on the environment's ability to meet present and future needs."

Put simply, sustainable development is "development that meets the needs of the present without compromising the ability of future generations to meet their own needs."

These two definitions are quotes from the Brundtland Report, the World Commission on Environment and Development, published in 1987 and considered one of the foundation stones of this concept.

#### 5.2.2 Group responsibility

To address these requirements, Devoteam has introduced a sustainable development policy based on five main areas:

1. Corporate governance
2. Social scope
3. Societal scope
4. The environment
5. CSR reporting (Corporate Social Responsibility)

#### 5.2.3 Scope of application of this report

As part of this CSR report, 45 companies completed and returned the questionnaire, representing 99.29% of the Group's employees.

#### 5.2.4 Themes not relevant to the Group's activity

The following Grenelle II themes are not relevant to the Group's activity:

- resources employed in the prevention of environmental risks and pollution;
- the amount of provisions and guarantees for environmental risks, assuming that such information would not be likely to cause serious prejudice to the Company in any ongoing dispute: no provision or guarantee recognised in 2016;
- methods of prevention, reduction or removal of waste in the air, water or soil with a serious impact on the environment;

- consideration of noise pollution or any other form of pollution specific to an area of business;
- water consumption and water supply in accordance with local constraints;
- soil use;
- adaptation to the consequences of climate change;
- measures taken to preserve or encourage biodiversity;
- fight against food waste.

#### **5.2.5 Limitations to scope**

Data related to safety applies only to France.

Information related to waste, energy consumption and CO<sub>2</sub> emissions concerns the two main buildings in France, i.e. the place of work of 70% of employees working in Devoteam premises in France.

Information related to business travel and the associated CO<sub>2</sub> emissions pertains only to France.

### **5.3 Corporate governance**

The purpose of the first aspect of sustainable development, the corporate governance policy, is to ensure the survival of the Company through good management and control.

#### **5.3.1 Devoteam group management**

Created in 1995, the Group is headed by a Management board comprised of 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 Strategic Committee in charge of short- and medium-term strategic decisions.

#### **5.3.2 A listed group**

The Devoteam group has been listed on Euronext Paris since 28 October 1999. It publishes legal documents required by law:

- quarterly and half-yearly press releases;
- annual reports and management reports as reviewed by two auditing firms (KPMG and Grant Thornton).

The Group is also required to publish a CSR report that includes a description of our initiatives in relation to social, environmental and business matters and our interactions with stakeholders (see our Annual Report); the document on our general sustainable development policy is intended to be read in conjunction with this report and to provide further information.

The Group also has an Internal Auditing Department. Its task is to perform audits on all Group subsidiaries.

#### **5.3.3 Awards**

Since its inception, the Group has received several awards in recognition of its governance. Most recently, in June 2016, the Group was awarded the "*grand prix*" for Business Transformation, reflecting its ability to transform its business model and adapt to the new challenges presented by the digital revolution.

## 5.4 Social scope

The second aspect of sustainable development, the social scope, essentially covers the Group's respect for its employees and their well-being at work.

### 5.4.1 Employment

#### Total headcount

At 31 December 2016, the Devoteam group employed 4,229 people, compared to 3,957 people at 31 December 2015.

The data presented below relates to 4,220 employees (i.e. 99.79% of total employees). Excluded from the scope are: Devoteam Consulting Holding, Devoteam Communication SARL and Be Team, representing a total of nine employees.

#### Breakdown of headcount by gender, age and geographical area

At 31 December 2016, 78% of employees are men and 22% are women. These statistics are unchanged from 2015.

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. 2016 | 31 Dec. 2015 | Variation  |
|----------------------------------------|--------------|--------------|------------|
| Employees working at client premises   | 3,214        | 3,022        | 192        |
| Employees working at Devoteam premises | 1,006        | 935          | 71         |
| <b>Total</b>                           | <b>4,220</b> | <b>3,957</b> | <b>239</b> |

The number of part-time employees is 127 (141 in 2015).

The breakdown by age bracket is below.

The average age of Devoteam group employees at 31 December 2016 was 37 years (unchanged from 31 December 2015), and the age bracket with the highest number of employees, in both 2016 and 2015, was 25-34 years:

| Age category   | 31 December 2016    |                           | 31 December 2015    |                           | Variation by number | Variation as a percentage |
|----------------|---------------------|---------------------------|---------------------|---------------------------|---------------------|---------------------------|
|                | Number of employees | Breakdown as a percentage | Number of employees | Breakdown as a percentage |                     |                           |
| <18 years      | -                   | -                         | -                   | -                         | -                   | -                         |
| 18 to 24 years | 271                 | 6%                        | 250                 | 6%                        | 21                  | 8%                        |
| 25 to 34 years | 1,922               | 46%                       | 1,681               | 42%                       | 241                 | 14%                       |
| 35 to 44 years | 1,121               | 27%                       | 1,124               | 28%                       | (3)                 | 0%                        |
| 45 to 54 years | 682                 | 16%                       | 698                 | 18%                       | (16)                | -2%                       |
| >55 years      | 224                 | 5%                        | 204                 | 5%                        | 20                  | 10%                       |
| <b>Total</b>   | <b>4,220</b>        | <b>100%</b>               | <b>3,957</b>        | <b>100%</b>               | <b>263</b>          | <b>7%</b>                 |

The breakdown by geographical area reflects the fact that the Group is present in 17 countries in Europe, the Middle East and North Africa.

| Geographical area  | 31 December 2016    |                           | 31 December 2015    |                           | Variation by number | Variation as a percentage |
|--------------------|---------------------|---------------------------|---------------------|---------------------------|---------------------|---------------------------|
|                    | Number of employees | Breakdown as a percentage | Number of employees | Breakdown as a percentage |                     |                           |
| France             | 2,181               | 52%                       | 1,922               | 49%                       | 259                 | 13%                       |
| Europe             | 1,533               | 36%                       | 1,522               | 38%                       | 11                  | 1%                        |
| Rest of the world* | 506                 | 12%                       | 513                 | 13%                       | (7)                 | -1%                       |
| <b>Total</b>       | <b>4,220</b>        | <b>100%</b>               | <b>3,957</b>        | <b>100%</b>               | <b>202</b>          | <b>7%</b>                 |

\* Mainly North Africa and the Middle East.

#### 5.4.2 Recruitments and departures

| Recruitments        | 31 December 2016    |                           | 31 December 2015    |                           | Variation by number | Variation as a percentage |
|---------------------|---------------------|---------------------------|---------------------|---------------------------|---------------------|---------------------------|
|                     | Number of employees | Breakdown as a percentage | Number of employees | Breakdown as a percentage |                     |                           |
| Open-ended contract | 1,301               | 90%                       | 1,327               | 91%                       | (26)                | -2%                       |
| Fixed-term contract | 98                  | 7%                        | 92                  | 6%                        | 6                   | 7%                        |
| Apprenticeship      | 48                  | 3%                        | 38                  | 3%                        | 10                  | 26%                       |
| <b>Total</b>        | <b>1,447</b>        | <b>100%</b>               | <b>1,457</b>        | <b>100%</b>               | <b>(10)</b>         | <b>-1%</b>                |

| Departures                 | 31 December 2016    |                           | 31 December 2015    |                           | Variation by number | Variation as a percentage |
|----------------------------|---------------------|---------------------------|---------------------|---------------------------|---------------------|---------------------------|
|                            | Number of employees | Breakdown as a percentage | Number of employees | Breakdown as a percentage |                     |                           |
| Resignation                | 657                 | 62%                       | 616                 | 62%                       | 32                  | 5%                        |
| Redundancy                 | 24                  | 2%                        | 45                  | 5%                        | (21)                | -47%                      |
| End of fixed-term contract | 86                  | 8%                        | 70                  | 7%                        | 16                  | 23%                       |
| Retirement                 | 19                  | 2%                        | 4                   | 0%                        | 15                  | 375%                      |
| Other dismissal            | 147                 | 14%                       | 123                 | 12%                       | 24                  | 20%                       |
| Death                      | 0                   | 0%                        | 1                   | 0%                        | (1)                 | 0%                        |
| Other                      | 120                 | 11%                       | 133                 | 13%                       | (13)                | -10%                      |
| <b>Total</b>               | <b>1,053</b>        | <b>100%</b>               | <b>992</b>          | <b>100%</b>               | <b>70</b>           | <b>6%</b>                 |

#### 5.4.3 Compensation

The Devoteam group adheres to a strict equal pay policy. An agreement on gender equality in the workplace was signed on 25 September 2012.

#### 5.4.4 Absenteeism

Absenteeism fluctuates between 0% and 10% according to subsidiary. At Group level, it was 3.11% in 2016 - a slight decrease on the rate of 3.4% in 2015.

The rate of absenteeism takes into account all absences on business days, excluding paid holiday and time off in lieu.

### 5.4.5 Health and safety

#### Psychosocial risk prevention policy

In order to help prevent psychosocial risks (PSR), we have introduced HR proximity policy to enable us to more easily identify any potential difficulties being 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" as part of which they must rate their level of satisfaction with regard to:

- 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. 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. This 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 CHSCT members and occupational doctors are also available on the intranet.

#### Stress-reducing measures

We have introduced a number of measures to try and reduce sources of stress for employees:

- regular reminders of guidelines for behaviour in open-plan offices, so as to ensure a calm working environment;
- transparency in terms of Devoteam's business lines.

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.

Lastly, we are currently updating our single risk assessment form (mandatory document listing the various risks facing employees, appended hereto).

#### Accidents at work

During 2016 in France, 4 workplace accidents resulted in 26 calendar days off work (compared to 11 accidents in 2015 and 153 days off sick).

Furthermore, in 2016 in France, the Group recorded 16 commuting accidents, resulting in 352 calendar days off work (compared to 14 commuting accidents in 2015 and 293 days off work).

#### Agreements signed with trade unions or staff representatives in relation to health and safety at work

No agreements were signed with trade unions or staff representatives during 2016.

#### 5.4.6 Training

Since its creation, Devoteam has invested in a comprehensive skills and knowledge management system, focused on three main areas:

- training plan dedicated to external training;
- Devoteam University, structure specifically for internal training and created by our experts;
- Knowledge Communities that encourage the creation of peer networks, within which employees can share knowledge, learn and develop their own skills.

As a business in the digital industry, Devoteam offers consulting services on innovative technologies. These technologies are constantly changing and developing, requiring those working in this field to stay up-to-date with changes. Employees in this industry also regularly need to adapt so as to continue to offer solutions and consulting services that meet our clients' requirements.

It is with this in mind that Devoteam has designed an ambitious training policy based on a) certified technical training that represents a genuine guarantee of quality in our industry, and b) vital behavioural skills to meet the needs of our clients.

Each year, the Company allocates more than 3% of its gross payroll to this training.

Thus, training is the key to personal success (for each employee) and shared success (for the Group). Every employee has access to a comprehensive skills management program and as such, can drive their own development.

##### Devoteam University

Created following the inception of Devoteam, Devoteam University is at the heart of our skills management project and of 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.

Managed by a team of permanent staff, Devoteam University also represents an opportunity for employees to share their knowledge.

In accordance with our objectives, we expanded our range of internal training options in 2016, and introduced some 20 new programs. As a result, 34% of all training was provided internally, representing 7,310 training hours, 1,048 training initiatives and 550 trained staff.

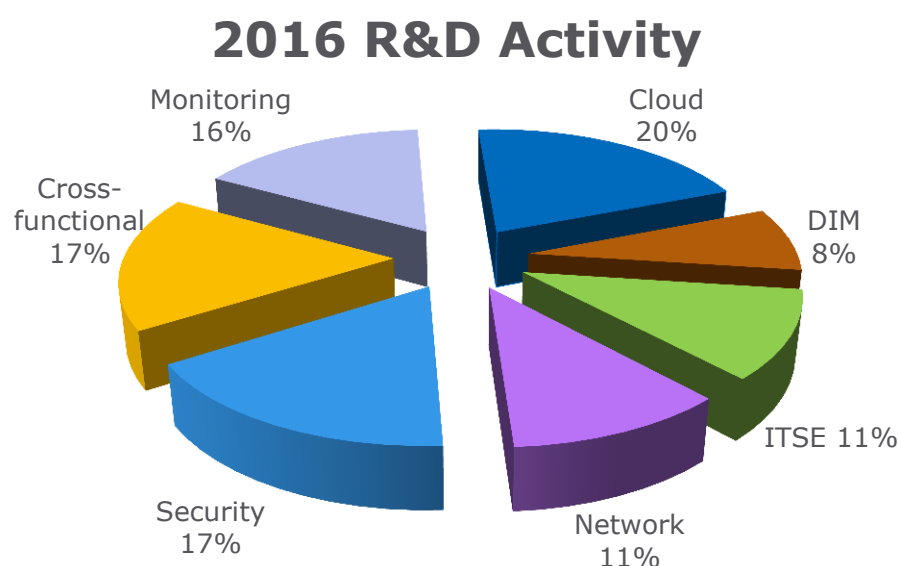
In 2017, Devoteam University will be implementing a Learning Management System tool to increase the range of training methods and offer greater learning flexibility (face-to-face, virtual, blended learning, MOOC, etc.), as well as more options in terms of modular and personal training paths.

##### 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. This work is ~~part of~~ our aim to support our clients through their own digital transformation.

Projects carried out in 2016 related to Datacenter technologies, notably with the introduction of SDN (Software Defined Networking) technologies, secure containerization and the added value thereof vs. virtualization, and IoT architectures. We have also carried out work on agility in DevOps, the data processing tools for the new European regulations, and launched the first discussions about the benefits of Li-Fi and AI devices for the IT Department.

These activities are broken down as follows:



Lastly, the Group also works as an outsourced R&D provider for its clients on innovation projects in France, Spain and Belgium in particular. 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 in place in 17 countries, these 15 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 Risk and Security.

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.

This unique initiative is supported by 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.

The key figures on training at Group level are set out below:

|                                      | 2016   | 2015   | Variation |
|--------------------------------------|--------|--------|-----------|
| Number of employees trained          | 1,669  | 2,252  | (583)     |
| Number of hours of external training | 40,873 | 47,240 | (6,367)   |
| Number of hours of internal training | 53,205 | 57,343 | (4,137)   |

On average, Group training represents approximately 10 hours of external training (unchanged from 2015) and 13 hours of internal training (vs. 15 hours in 2015) per employee.

#### **5.4.7 Group Charters**

Devoteam has put in place a series of charters to guide the work of its employees and encourage their performance.

## Devoteam Charter

This charter is the cornerstone of the relationship between Devoteam group employees and their colleagues on a day-to-day basis. It was drafted and approved by all managers in 2006. It promotes the Group's three key values: respect, honesty and passion.

All employees undergo an annual assessment of their commitment to and promotion of these values.

## Devoteam Code of Conduct regarding bribery and related issues

This charter sets out the employee rules of conduct with regard to corruption. This charter has been signed by all Group managers.

## Devoteam Rules of Conduct regarding IT security issues

This charter sets out the conditions of use of the Devoteam information systems by employees, via a set of rules on behaviour and security.

## 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.

### **5.4.8 Diversity**

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.

Devoteam is committed to signing the Diversity Charter before the end of 2017.

### **5.4.9 Promotion of and compliance with the provisions of the fundamental conventions of the International Labour Organization**

#### Means of communication and expression for employees

The Group has always encouraged communication between employees, so as to inspire the sharing of knowledge. For the past few years, a collaborative internal platform known as "Weez" has been available to all 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.

#### 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.

#### Summary of collective agreements

No agreements were signed during 2016.

## 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.

### **5.4.10 Disability policy**

As part of its corporate citizenship, on 27 January 2015, Devoteam signed an agreement with the majority of its social partners. This agreement covers the employment and retention in employment of people with disabilities. This follows agreements signed with Agefiph for the periods between May 2009 and May 2011 and between 2012 and 2014.

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 or internships);
- 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).

As such Devoteam recruits, over each agreement period, several dozens of workers with disabilities and promotes the retention of these employees (via adjustments to equipment, rotas, working hours, transfers with relocation assistance).

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, with Many Rivers for example, in the following areas:

- Job seeking techniques and strategies;
- Office skills;
- English;
- Interpersonal communication.

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

Since the signing of the agreement with Agefiph in 2009, Devoteam has been actively involved in the annual "Disability Week", during which it promotes a number of activities to employees at its premises, including for example:

- massage sessions: three blind masseurs offered sessions in our workplace to encourage well-being and awareness;
- workshops including one called "day-to-day independence": a presentation and discussion with a consultant on the objects and technical aids that can help disabled people to gain independence in their day-to-day lives (personal and professional), and a workshop entitled "Talking about unseen disabilities": employees were invited to experience a variety of situations to raise

awareness of the difficulties caused by unseen disabilities (e.g. lack of short-term memory, muscle weakness, blindness, dyslexia, physical pain, psychological problems, deafness, diabetes, musculoskeletal disorders, depression, anxiety, cancer, epilepsy, etc.) and were asked to discuss their experiences and thoughts on the consequences of such disabilities with the consultants;

- all Group employees were invited to take part in the "DevoHandiQuiz" and "DevoHandiMovies" competitions, designed to raise awareness among the teams (at both our premises and client premises in the Ile-de-France region);
- disability awareness raising through wheelchair fencing: two Paralympic wheelchair fencing medal winners performed a demonstration, followed by an initial training session and lastly a seminar on "Demystifying disability at work and in French society".

## 5.5 Societal issues

The Group considers itself an active participant in the community in which it works. As such, Devoteam has launched a number of initiatives.

### 5.5.1 The Devoteam Foundation

The Devoteam Foundation was created in 2007. Its purpose is to become involved in and offer support to all humanitarian, charitable and community projects in the fields of IT, solidarity and health.

To this end, it may:

- promote the non-profit and general interest projects of its employees that are steered by charities or NGOs;
- and/or itself take any action considered of general interest.

For 2016, the foundation had a budget of €55,000 which enabled it to support 21 charitable projects in which Devoteam employees were involved.

### 5.5.2 Sponsorship

Since 2008, Devoteam has been a sponsor of the Centre Georges Pompidou, Europe's leading modern art museum. With this commitment, Devoteam can showcase its active involvement in and passion for social responsibility. Operating in a market in which innovation and the sharing and distributing of knowledge are strategic challenges, the Company shares significant common ground with the Centre Georges Pompidou. Devoteam therefore decided to lend its support to the museum and to help in the sharing of creativity with the general public, by promoting a cause that is as much about the community as it is about culture.

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.

#### Skills-based sponsorship

In 2016, Devoteam Management Consulting set up a skills-based sponsorship programme, as part of which 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.

To this end, three missions were carried out during 2016 with the French Red Cross, ANDES and Enercoop, which focused on the CRM themes of strategic positioning and Business Model Generation. These missions represented a total value of €10,509 and 49 days in total.

In 2016, this skills-based sponsorship programme won an award for best internal initiative at Devoteam Management Consulting, and continued its roll-out across the company.

### An innovative project to promote eco-responsibility

On 13 September 2016, Devoteam launched "Devogame", a digital business game designed for innovative students.

Over a period of one month, 80 teams of between 2 and 6 students from engineering and business schools throughout France (Ecole des Mines in Saint-Etienne and Alès, école 42, Edhec, Ecole des Ponts et Chaussées, ITESCIA, Telecom Paris, ECE, EPF, ESIEA, EPITA and ISEP) took part in this project.

The students had one month to complete their mission, as revealed by Stéphane Latxague, CEO of Surfrider Foundation: "To design a technological and digital solution to raise awareness among the general public and help them combat global warming and eco-irresponsibility."

During the week of 14 to 20 November 2016, four teams were selected following the presentation of their ideas to a panel of Devoteam professionals, one member of Surfrider Foundation and one representative from RedHat. The prize was a trip to CES in Las Vegas and an array of technology goodies.

A voting phase was created within the game with the 4 teams chosen to go through to this final stage. The public were then invited to vote for their favourite project on the Devogame website. For every vote received, Devoteam donated €1 to the Surfrider Foundation, raising a total of €7,012.

The panel, comprised of Stanislas de Bentzmann (Chairman of the Devoteam Management board), Emmanuel Lehmann (CEO of Devoteam Solutions France), Marion Cabribens (Head of Development and Partnerships at Surfrider Foundation Europe) and Hervé Lemaitre (Senior Business Strategist at RedHat), deliberated and selected as winner: "Team Recrutez-Nous" from EPF and ESC Troyes for their Timéo project.

Timéo is an application that enables users to understand, in detail, packaging's share of any purchase and hence to make better consumer choices. By scanning a unique QR code found on their till receipt, users can easily import a list of their purchases with the corresponding packaging onto their phones. Information is provided by packaging type and packaging weight. Users can then monitor their consumption over time and try to make better choices. In order to help people reduce their carbon footprint, tips and equivalent products with lighter or more eco-friendly packaging are proposed. The distributors of these eco-friendly products can use advertising to promote their products on the app, thereby financing the project, and later generating a profit.

### **5.5.3 The Company's regional, economic and social impact**

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, to facilitate the hiring of local people and restrict the amount of travel required to carry out its assignments.

### **5.5.4 Subcontracting and suppliers**

The Group systematically prioritises eco-friendly and ethical suppliers, taking into account their community behaviour and social responsibility and their environmental protection policy.

Where possible, we also favour purchases from ESAT establishments (assistance centres helping disabled people into work). A Group disability agreement was signed for the 2015-2017 period. In particular, it states that the Group is committed to developing its internal policy in favour of protected sector businesses. The aim is to at least double the use of the protected sector (from a per unit rate of 2.35 at the end of January 2015).

### **5.5.5 Human rights action**

The Group, by the very nature of its activity and its limited involvement with "at risk" countries in terms of human rights violations, has not taken any particular action in this domain.

### **5.5.6 Data protection**

In 2016, the Group was awarded the CNIL label for its management of personal data, a real plus point for the Group. This constitutes a competitive advantage for the Group, and formally acknowledges its compliance with obligations to protect the privacy of its clients and employees.

We also set a new objective in 2016; to sign the Ministry of Labour's Diversity Charter. A diversity handbook was prepared by the Group's Data Protection Officer, in collaboration with the head of recruitment and the disability team, 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.

During the final quarter of 2016, Devoteam began researching the preparation of its GDPR action plan, to establish rules and best practices related to data protection throughout the entire Devoteam group.

#### Data Protection Officer

As part of its ethical commitment, and to demonstrate the Group's commitment to protecting personal data and privacy, on 9 July 2013 Devoteam decided to register its Group Data Protection Officer (DPO) with the CNIL (*Commission nationale informatique et libertés*).

The first Devoteam S.A. registration became effective on 24 August 2013. On 1 October 2015, RVR Parad's registration of its Data Protection Officer brought the number of Group entities that have registered their DPO to five.

In order to ensure that the DPO remains independent in his/her work, he/she reports directly to the General Secretary.

In accordance with his/her engagement letter, the DPO is responsible, in France, for:

- Identifying and circulating best practices in terms of the use of personal data (clients, employees, suppliers);
- Ensuring that these best practices are applied by Group entities and in their relationships with partners, clients and suppliers;
- Encouraging value creation in the use of this data, by promoting authorised synergies between files across the various Group entities;
- Holding the position of Group DPO, following collaborative work with Group companies, for the formalisation of its mission with the CNIL in 2013.

These duties are described in detail in the data protection policy approved on 28 September 2015.

#### Data protection policy

The Group is committed to the principle of protecting personal data. This data (whether it relates to Group employees, clients or partners), is present on all of the information systems. In light of its importance, the Group considers the personal data of its employees, clients and partners to be an intangible asset that it has a duty to protect. This in turn has a direct positive impact on the confidence that current and prospective clients have in the Group, and its brand reputation.

This policy forms part of the Group's risk management and intangible asset protection policy, and sets out the organisational and technical principles that allow the Group to remain compliant with current legislation in France (the "*Informatique et libertés*" act) and to prepare itself for the application of the new European regulation on the protection of personal data.

## **5.6 The Environment**

Due to the nature of the Group's business, it does not present any significant direct risks to the environment.

However, the Group has long-standing initiatives in place to raise awareness of environmental issues among its staff. As such, Devoteam will carry out a full review of its carbon footprint in France during 2017, so as to have a detailed overview of its emissions and prepare a comprehensive action plan to reduce its environmental impact.

### **5.6.1 Waste sorting and recycling**

#### Devoteam's commitments

- To implement sorting of waste in all offices;
- To have separate collections for different types of waste;
- To recycle IT equipment.

We are also committed to having an ambitious office waste recycling policy for 2017 (e.g. paper and WEEE). To this end, we will be introducing appropriate bins at all sites on which Devoteam operates in France.

#### Advice to employees

Correctly sort waste into the appropriate bins:

- Personal black bin: waste paper;
- Blue bin: packaging (cardboard, plastic, etc.);
- Red bin: other waste.

### **5.6.2 Paper**

In 2016, Devoteam used 8,175 kg of paper.

Conscious of the impact of this on the environment, the Group regularly organises awareness-raising campaigns to remind employees of best practices in relation to the use of paper.

#### Devoteam's commitments

- Use only FSC 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;
- Encourage employees to reuse paper and avoid waste;
- 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).

### **5.6.3 Saving resources**

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, as part of best practice, the Group is committed to:

- Limiting its water consumption;
- Limiting its electricity consumption.

The Group introduced a number of measures three years ago to reduce its energy consumption in France:

- All Group buildings in France (Paris region, Toulouse, Nantes and Lyon) are fitted with LED lighting;
- All lighting in all 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 2016, these measures reduced consumption to 938,158 kWh. This consumption represents 70% of employees working in Devoteam premises in France. We are currently in the process of ensuring the reliability of the data for the full scope.

### **5.6.4 Transport**

#### Devoteam's commitments

- Develop the infrastructure (parking for bicycles, etc.);

- Travel by train rather than plane;
- Encourage the use of public transport rather than personal vehicles;
- Intensify efforts in choosing company vehicles.

#### Advice to employees

- Use public transport wherever possible;
- If you drive, drive more smoothly (less polluting);
- Encourage and promote travel-free business meetings (conference calls, video calls);
- 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 the town of Levallois-Perret (where the Group's head office is located); the aim is to encourage car-sharing between employees of companies located in Levallois-Perret.

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 CO<sub>2</sub> emissions of vehicles in the Group's fleet of company cars at 31 December 2016, was 105g/km (compared to 109g/km in 2015). This is below the threshold for a penalty to be incurred (126g/km) but above the threshold at which a bonus is paid (60g/km). For a total of approximately 3.9 million km driven (3.5 million in 2015), CO<sub>2</sub> emissions amounted to approximately 390 tonnes of CO<sub>2</sub> in 2016 (377 tonnes in 2015).

In accordance with its best practice commitments, the Group recommends that employees reduce their most polluting travel. Business travel by air by employees of the French Group scope represented just over 1.6 million km (compared to 1.7 million in 2015), equal to approximately 217 tonnes of CO<sub>2</sub> emitted in 2016 (against 222 tonnes in 2015).

### **5.6.5 Equipment**

#### Devoteam's commitments

- Use "green" equipment wherever possible (paper cups, FSC paper, etc.);
- Use low-consumption options where possible (energy saving bulbs, LCD screens, energy efficient copiers);
- Opt for the lowest TDP chips, with comparable performance (Thermal Design Power represents the electrical power consumed).

#### Advice to employees

- Use a mug or paper cups for drinks;
- Avoid waste;
- Put forward any suggestions to the sustainable development team.

### **5.6.6 Responsible and civic-minded attitude**

#### Devoteam's commitments

- Share best practices on a Group-wide scale, via a communication and awareness raising plan;
- Subscribe to the United Nations Global Compact (<https://www.unglobalcompact.org>).

#### Advice to you

- Adopt eco-friendly behaviour, in compliance with the principles;
- Get involved in projects and causes that matter.

### **5.6.7 Carbon footprint**

Since 2012 and under Grenelle II, all companies with more than 250 employees are obliged to produce a report on their greenhouse gas emissions (BEGES). Devoteam produced a full report in 2010, which remains valid until 2015. The Group is committed to producing an up-to-date report for the French scope in 2017.

Electricity-related GHG emissions amounted to 80 teq C in 2016. The emission factor used is that from the ADEME v7.1 carbon report.

## **5.7 Report of one of the statutory auditors, appointed as independent third party, on the consolidated human resources, environmental and social information included in the management report**

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

### **For the year ended 31 December 2016**

To the Shareholders,

In our capacity as statutory auditor of DEVOTEAM, (the "Company"), appointed as independent third party and certified by COFRAC under number n° 3-1080<sup>1</sup>, we hereby report to you on the consolidated human resources, environmental and social information for the year ended 31 December 2016, included in the management report (hereinafter named "CSR Information"), pursuant to article L.225-102-1 of the French Commercial Code (Code de commerce).

### **Company's responsibility**

The Board of directors is responsible for preparing a company's management report including the CSR Information required by article R.225-105-1 of the French Commercial Code in accordance with the procedures used by the Company (hereinafter the "Guidelines"), available on request from the company's head office and summarized in the annual report.

### **Independence and quality control**

Our independence is defined by regulatory texts, the French Code of ethics (*Code de déontologie*) of our profession and the requirements of article L.822-11 of the French Commercial Code. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements and applicable legal and regulatory requirements.

### **Statutory Auditor's responsibility**

On the basis of our work, our responsibility is to:

- attest that the required CSR Information is included in the management report or, in the event of non-disclosure of a part or all of the CSR Information, that an explanation is provided in accordance with the third paragraph of article R.225-105 of the French Commercial Code (Attestation regarding the completeness of CSR Information);
- express a limited assurance conclusion that the CSR Information taken as a whole is, in all material respects, fairly presented in accordance with the Guidelines (Conclusion on the fairness of CSR Information).

Our work involved 3 persons and was conducted between March and April 2017 during approximately four week period. We were assisted in our work by our CSR experts.

We performed our work in accordance with the French professional standards and with the order dated 13 May 2013 defining the conditions under which the independent third party performs its engagement and with ISAE 3000<sup>2</sup> concerning our conclusion on the fairness of CSR Information.

<sup>1</sup> whose scope is available at [www.cofrac.fr](http://www.cofrac.fr)

<sup>2</sup> ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information

## 1. Attestation regarding the completeness of CSR Information

### ***Nature and scope of our work***

On the basis of interviews with the individuals in charge of the relevant departments, we obtained an understanding of the Company's sustainability strategy regarding human resources and environmental impacts of its activities and its social commitments and, where applicable, any actions or programs arising from them.

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

For any consolidated information that is not disclosed, we verified that explanations were provided in accordance with article R.225-105, paragraph 3 of the French Commercial Code.

We verified that the CSR Information covers the scope of consolidation, i.e., the Company, its subsidiaries as defined by article L.233-1 and the controlled entities as defined by article L.233-3 of the French Commercial Code within the limitations presented in the annual report.

### ***Conclusion***

Based on the work performed and given the limitations mentioned above, we attest that the required CSR Information has been disclosed in the management report.

## 2. Conclusion on the fairness of CSR Information

### ***Nature and scope of our work***

We conducted around four interviews with the persons responsible for preparing the CSR Information in the departments in charge of collecting the information and, where appropriate, responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and understandability, and taking into account industry best practices where appropriate ;
- verify the implementation of data-collection, compilation, processing and control process to reach completeness and consistency of the CSR Information and obtain an understanding of the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and scope of our tests and procedures based on the nature and importance of the CSR Information with respect to the characteristics of the Company, the human resources and environmental challenges of its activities, its sustainability strategy and industry best practices.

Regarding the CSR Information that we considered to be the most important<sup>3</sup>:

- at parent entity level, we referred to documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions), performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data. We also verified that the information was consistent and in agreement with the other information in the management report;
- at the level of a representative sample of countries selected<sup>4</sup> by us on the basis of their activity, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews

<sup>3</sup> **Quantitative social information:** total workforce and breakdown by gender, age, geographical area and contract type; hirings and departures; average absenteeism rate; employee turnover; number of work accidents; number of training hours.

**Quantitative environmental information:** paper consumption and proportion; energy consumption; kilometers travelled by plane and company vehicle; CO<sub>2</sub> emissions from energy consumption and business trips.

<sup>4</sup> France.

to verify that procedures are properly applied, and we performed tests of details, using sampling techniques, in order to verify the calculations and reconcile the data with the supporting documents. The selected sample represents 43% of headcount and 100% of quantitative environmental data disclosed.

For the remaining consolidated CSR Information, we assessed its consistency based on our understanding of the company.

We also assessed the relevance of explanations provided for any information that was not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes we have used, based on our professional judgement, are sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures. 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 totally eliminated.

### **Conclusion**

Based on the work performed, no material misstatement has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

Neuilly-sur-Seine, 27 April 2017

*French original signed by one of the statutory auditors:*

**Grant Thornton**

**Membre français de Grant Thornton International**

Vincent Papazian  
Partner

## 6 CORPORATE GOVERNANCE

### 6.1 Report by the Chairman of the Supervisory Board on internal control procedures

On 1 August 2013, the new "Financial security" law was passed to strengthen the protection of public savings and restore confidence in the financial markets. The definitive text produced as a result of parliamentary debates is the French equivalent of the US "Sarbanes-Oxley Act" and the British "Combined Code", under which the Chairman of the supervisory body must prepare a report on the company's internal control procedures.

The purpose of this report is two-fold:

- To present and define the general principles of the corporate governance code to which the Devoteam group refers and to explain, where applicable, any variations, in accordance with Article L. 225-37 of the French Commercial Code;
- To describe the general principles of internal control established by the Executive board, particularly with regard to the way it addresses the main risks to which the Group may be exposed.

The concept of "Group" as mentioned in this report comprises the company Devoteam S.A. as well as all subsidiaries within its scope of consolidation.

As Chairman of the Devoteam Supervisory Board, I have prepared this report based on the information provided by the Management board, the body responsible for drawing up and implementing the internal control procedures, in compliance with Article 225-68 of the French Commercial Code.

The Management board has prepared this information based on the work carried out by the Group's Internal Audit Department as well as the General Secretary.

This report endeavours to comply with the general principles of internal control and has been drafted 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.

Michel Bon, Chairman of the Supervisory Board.

## **I. 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 June 2013 and then further amended during the following years. The recommendations are taken into account in the organisation of the Devoteam group's governance, and any points of non-compliance are disclosed.

### **I.1 The Supervisory Board**

#### **I.1.1 Composition**

Members of the Supervisory Board are elected by the General meeting for four-year terms. The composition of the Supervisory Board is set out in section 2.5.1 of the Management Report - "Corporate officers and compensation".

In 2016, the Devoteam Supervisory Board was comprised of three women and five men, following the appointment of a third female director at the Combined General meeting held on 17 June 2016. This 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.

#### **I.1.2 Rules of Procedure and Ethics Charter of the Supervisory Board**

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.

##### **I.1.2.1 Ethics Charter**

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

##### **I.1.2.2 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

### I.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 2016, 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.

Over the course of the year, a number of changes were made within the Devoteam Supervisory Board:

- the non-renewal of the mandate of Mr Patrice de Talhouët;
- the non-renewal of the mandate of Mr Philippe Tassin;
- the appointment of Ms Valérie Kniazeff;
- the appointment of Mr Georges Vialle.

Mr Bertrand de Bentzmann is not included in the quorum but attends the meetings as an Honorary Chairman. His status is defined in Article 1.a of the rules of procedure of the Supervisory Board.

| Name, Surname           | Position on the Supervisory Board | Year of appointment | No. of years served | Independence           |
|-------------------------|-----------------------------------|---------------------|---------------------|------------------------|
| Michel Bon              | Chairman                          | 2006                | 10                  | Independent member     |
| Bertrand de Bentzmann   | Honorary Chairman                 | -                   | -                   | N/A                    |
| Elisabeth de Maulde     | Member                            | 2012                | 4                   | Independent member     |
| Carole Desport          | Member                            | 2015                | 1                   | Independent member     |
| Valérie Kniazeff        | Member                            | 2016                | 0                   | Independent member     |
| Vincent Montagne        | Member                            | 2008                | 8                   | Independent member     |
| Yves de Talhouët        | Member                            | 2001                | 15                  | Non-independent member |
| Georges Vialle          | Member                            | 2016                | 0                   | Independent member     |
| Roland de Laage de Meux | Member                            | 1999                | 17                  | Non-independent member |

### I.1.4 Supervisory Board meetings

In 2016, the Board met four times. The attendance rate of the directors was 84% 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 2015;
- Chairman's report on internal control procedures;
- Presentation of 1<sup>st</sup> quarter 2016 results;
- Renewal of authorisations related to securities, guarantees and warranties;
- Termination of an agreement governed by Article L. 225-86 of the French Commercial Code;
- Appointment of the Chairman of the Supervisory Board;
- Renewal of the mandates of the Chairman and members of the Management board;
- Reading and assessment of the Management board's report on the financial statements for the 1<sup>st</sup> half of 2016 and the Audit Committee's report on the half-yearly statements;
- Reading and assessment of the Management board's report on the financial statements for the 3<sup>rd</sup> quarter of 2016;
- Schedule of meetings for 2017.

### I.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.

### I.1.6 The duties of the Chairman of the Supervisory Board

The duties of the Supervisory Board are set out in Article 15 of the Articles of Association.

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.

#### **I.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.

In 2016, this committee was comprised of two members:

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

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

This committee met twice in 2016. The attendance rate was 83%.

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 2015 financial year and the 1<sup>st</sup> half of 2016;
- Review of the Statutory Auditors' reports and any recommendations carried out;
- Analysis of the management company MEL SAS in the new Devoteam subsidiaries;
- Review of the main receivables within the company Myfowo;
- 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;
- Internal control review and in particular a review of the IT audit and recommendations for the 2016 financial year;
- Assessment and evaluation of the free share plan;
- Review of the losses incurred as a result of the disposals in Switzerland and Norway.

Internal audit:

- Review of the Chairman's report on internal control procedures;
- Work carried out in 2015 and the 2016 audit plan.

Oversight of the Statutory Auditors:

- Review of the coverage by Group subsidiary of the statutory audit of the annual financial statements.

#### **I.1.8 Committees of the Board: Compensation Committee**

##### **I.1.8.1 Operating method of the committee**

The committee is comprised of two members, both independent: Vincent Montagne (Chair) and Michel Bon. This committee prepares the information for the Supervisory Board on 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 of 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 2016. 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 2015 financial year;
- Proposal for two new appointments to the Supervisory Board;
- Determination of the allocation criteria for the variable compensation payable to the members of the Management board in respect of the 2016 financial year;
- Proposal for the fixed compensation of the members of the Management board for 2017;
- Renewal of the mandates of the members of the Management board;
- Review of the long-term incentive.

#### **I.1.8.2 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.

The specific amounts are set out in section 2.5.1 of the Management Report.

#### **I.1.8.3 Compensation of corporate officers**

The corporate officers receive compensation as detailed in section 2.5.1 of the Management Report.

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 followed the AFEP-MEDEF recommendations since 2008. Furthermore, the Board refers to the provisions presented in the updated AFEP-MEDEF Code of November 2016, 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 2016, a shareholders' consultation was held at the Combined General meeting of 17 June 2016 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.

#### **I.1.9 Committees of the Board: Strategy Committee**

The Group's Strategy Committee reports to the Supervisory Board. In 2016, this committee was comprised of six members:

- Yves de Talhouët;
- Carole Desport;
- Elisabeth de Maulde;
- Michel Bon;
- Valérie Kniazeff;
- Georges Vialle.

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 met once during the 2016 financial year.

### **I.2 The Management board**

The role of the Management board is defined in Article 14 of the Articles of Association:

"Article 14.5 Powers. 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".

The Management board is comprised of 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 2019 financial statements. They may be dismissed by a General meeting on a proposal from the Supervisory Board.

The list of mandates of each member of the Management board is presented in section 2.5.1 of the Management Report.

In 2016, the Management board met twice and the most significant points debated were the following:

- Approval of the separate and consolidated annual and half-yearly financial statements;
- Approval of the terms of the Management Report and preparation of the special report on the stock options and the table of financial results for the past five years;
- Authorisation granted to the Management board to proceed with a share buyback programme;
- Reclassification of treasury shares earmarked for employees ;
- Approval of the issue of a bond not giving access to the share capital;
- Amendment of the regulations of the BSPCE plan of 12 May 2009.

### I.2.1 Table of non-compliance with the AFEP-MEDEF Corporate Governance Code for listed companies; updated November 2016

#### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE FOR LISTED COMPANIES: AFEP-MEDEF CODE (NOVEMBER 2016)

| §  | Subject                                                | Principle                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Compliance 2016 | Comments for 2016                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|----|--------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2  | The diversity of methods of organisation of governance | The Board of Directors (BD) or Supervisory Board (SB) is responsible for the company's communication with the market. It must establish reliable procedures for the identification and assessment of commitments and risks. It is also in charge of publishing the company's ratings from the financial rating agencies, as well as any changes that may occur during the financial year.                                                                                                                                                                                                                                                                                         | Compliant       | Devoteam is a limited liability company ( <i>société anonyme</i> ) with a Supervisory Board (LLC with dualist organisation). The offices of Chairman and CEO are separate and defined by the Articles of Association. Devoteam selected this form of organisation in order to address the strategic and economic challenges faced by the Group and meet the requirement to separate the powers of a limited liability company controlled by a shareholder group.                                                                        |
| 3  | The Board of Directors and strategy                    | The Board of Directors or Supervisory Board selects the form of organisation and clearly communicates to the shareholders on the separation of the offices of Chairman of the Board of Directors and CEO. In the event of the separation of these two functions, the Company must define the duties of each one.                                                                                                                                                                                                                                                                                                                                                                  | Compliant       | Decisions concerning future external acquisitions and short-, medium- and long-term strategic decisions are subject to prior approval by the Supervisory Board. The conditions for the funding of acquisitions are also submitted to the Supervisory Board for approval. The funding by the Group of operational entities in France and abroad is systematically subject to the prior approval of and a review by the Supervisory Board.                                                                                                |
| 8  | 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. Minority shareholders of controlled companies (a majority shareholder or group of shareholders acting in concert):<br>- The Board of Directors/Supervisory Board must ensure that at least one-third of directors are independent.<br>Minority shareholders in non-controlled companies:<br>- The Board of Directors/Supervisory Board must ensure that at least 50% of directors are independent. | Compliant       | In 2016, six of the eight members met the independence criteria recommended by the AFEP-MEDEF Code, bringing the number of independent directors on the Supervisory Board to 75%. No business relationship was established with the independent members of the Devoteam group's Supervisory Board during the 2016 financial year.                                                                                                                                                                                                       |
| 13 | Duration of directors' terms of office                 | Members must be elected for a maximum duration of four years. Terms should be staggered so as to avoid replacement of the entire body and to enable the smooth replacement of directors. The minimum criteria to be met to hold the office of director must be specified in the rules of procedure.                                                                                                                                                                                                                                                                                                                                                                               | Non-compliant   | The Supervisory Board is working to improve its practices. The staggering of the terms of office is an area in which the company is striving to improve. The proposal to renew six directors' terms at the same GM is a legacy of the creation of the Supervisory Board. However, this has not hindered the smooth renewal of terms, with the appointment of three new directors during past two years, two of whom are female. The appointment of new directors is discussed by the Supervisory Board prior to its proposal to the GM. |

### I.2.2 Table of AMF non-compliance

In accordance with the recommendations of the AMF on the "apply or explain" principle, there were no areas of non-compliance identified in 2016:

| Subject                                                                    | Comments for 2016                                                                                                                                               | Action plan 2017 |
|----------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| Consequences of the United Kingdom referendum on European Union membership | The Group's activity in the United Kingdom represented less than 3% of consolidated revenue in 2016, and as such, Brexit should not have any significant impact | N/A              |

## **II. INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES IMPLEMENTED BY THE COMPANY**

### **II.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 Chairman of the Supervisory Board points out that internal control procedures 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.

### **II.2 General organisation, the main internal control parties and their role**

#### **II.2.1 The Steering Committee**

The Steering Committee is comprised of five members: the Chairman and CEO of the Management board, the Group CFO, the COO and the Executive Vice President (EVP) France. 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.

#### **II.2.2 The Executive Committee**

The Executive Committee is currently comprised of 12 members: the Chairman and CEO of the Management board, the Group CFO, the COO and the three EVPs for Central Europe, Middle East and France, the Country Managers of the main Devoteam regions not represented by EVPs (Benelux, Spain and United Kingdom), and lastly, one representative of each of the two largest French entities (Devoteam Consulting and the operational activities of Devoteam S.A.). 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.

#### **II.2.3 The Group's Finance Department**

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

The Group CFO supervises a team that performs 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 the 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.

#### **II.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.

#### **II.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.

Following organisational changes in 2016, new operational sectors were introduced. These are presented in point 3.19 of the Annual Financial Report.

All of the regional EVPs, the Country Managers and the CEOs of "Rest of the world" subsidiaries report directly and hierarchically to a member of the Management board. Their objectives are set annually and their progress is monitored monthly.

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

#### **II.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 management). The General Secretary plays an important role in the evaluation of risks and the solutions to be implemented.

#### **II.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.

## **II.3 Brief description of internal control procedures**

### **II.3.1 The internal control environment**

This is based on three elements that make up the culture and practices of the Company.

#### **II.3.1.1 Shared ethics**

The Group has drawn up a charter of values to guide employees in the way they behave towards each other and third parties.

#### **II.3.1.2 Clear organisation**

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.

#### **II.3.1.3 A transparent strategy, shared by all managers**

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

- every fortnight, 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.

#### **II.3.1.4 Major risks and control activities**

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.

The risks to which the Group is exposed are presented in detail in section 2.5.2 of the Management Report. The major risks identified are listed below with their corresponding control activities and processes.

#### **II.3.1.5 Financial risks and internal control procedures related to the preparation of financial and accounting information**

##### 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 controls all transactions.

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

- **Financial processes within the Devoteam group**

- *Business plan process*

The Group's three-year business plan (BP) was created in collaboration with the Management Control Department, the Operations Department and the management teams of the subsidiaries in accordance with existing operational drivers. The growth targets in the BP are approved by one of the members of the Group's Management board. Each subsidiary formalises its own business plan within the Group's reporting tool. These business plans are reviewed annually.

- *The budgetary process*

A budget is prepared every year by each operational entity and by the support entities. The main indicators are subject to comparison analyses by the Group's Finance Department either with those of the preceding financial years or of similar entities.

- *Monthly reporting process*

Every month, all operational entities prepare a report to be consolidated by the Group's Finance Department.

The business review process was improved in 2014 and formalised by a new document known as the management cockpit. This document enables the analysis of each subsidiary's performance using predefined key performance indicators (KPIs) with the option of several analysis levels: by BU, by country or by region.

The results are analysed and the main indicators assessed against the budget and the previous financial year:

- income statement;
- balance sheet;
- changes in staff;
- resource utilisation rate;
- changes in sales prices and profit margins;
- status of outstanding receivables and invoices to be prepared;
- cash and cash equivalents and working capital requirements;
- commercial activity and in particular the order backlog and business opportunities.

The operational entities are systematically required to prepare a rolling forecast for their income statement, balance sheet and cash and cash equivalents so as to anticipate any potential drift.

Any abnormal variations observed on these indicators are investigated by the Group's Finance Department.

- *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. They are reconciled with the accounts used to prepare the consolidated financial statements, and any variations must be explained.

• **Accounting and financial information systems**

- *Local accounting and financial information systems*

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

In France, the accounting and financial monitoring of projects are performed using the Oracle e-business suite application. Financial data are stored on Oracle servers in Scotland. In its foreign subsidiaries, the Group has chosen to standardise its information systems with the use of a Maconomy ERP in a number of them.

- *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.

### **II.3.1.6 Risks related to growth and internal control procedures relating to the steering of operational entities**

#### Major risks

Risks related to acquisitions, size, international expansion and technological obsolescence.

#### Control activities

Given the increase in the number of operational entities, the Group has implemented a multi-level entity monitoring process:

- **Monthly business reviews**

During the business reviews, not only is financial performance discussed (see above) but a review of the entity's business activity (service production, sales, HR) is carried out.

- **Monitoring commercial activity**

Commercial performance is managed and monitored in the same way for all Group entities, via the client relationship management (CRM) tool. Commercial reports are prepared by country, by commercial team, by individual or by offering.

In addition, a weekly performance review is carried out at Group level and presented as a weekly business report that measures the commercial dynamism of the Group. These reports are based on three KPIs: utilisation rate, signing and recruitment.

- **Implementation of the "Skill Engine"**

During 2016, the "Skill Engine" scheme was launched. The aim is to accelerate and steer the development and positioning of the Group on the SMACS activities. The first phase concerns the Group's major entities: France, Germany, Belgium, United Kingdom, Denmark and Spain.

This scheme enables the coordination of the commercial, recruitment and training teams on certain concrete objectives in specific growth areas for the SMACS portfolio.

- **Country visits**

Depending on its performance and the level of maturity of the local management, each subsidiary may receive a monthly or quarterly visit from a member of the Executive Committee.

Similarly, if deemed necessary by the Finance Director, internal audit may carry out procedures in the subsidiaries to ensure the correct application of Group procedures (reporting policies, compliance with Group accounting standards). This mainly involves reconciling the financial statements against the items sent to head office or a review of the balance sheet items.

- **The Internal Auditing Department**

Although the Internal Audit Department is not directly involved in the management and monitoring of the operational entities, the formal nature of its visits to the subsidiaries as defined in the audit plan, enables the Executive Committee to improve the oversight thereof.

### **II.3.1.7 Legal and operational risks and internal control procedures related to monitoring business (projects)**

#### Major risks

- Legal risk: risks related to liability action
- Legal risk: risks related to the type of contracts entered into with clients
- Legal risk: risks related to fixed-rate contracts
- Legal risk: risks related to subcontracting contracts
- Legal risk: risks related to illegal employment
- Operational risk: risks related to the duration of client projects
- Operational risk: risks related to the activity of consultants
- Operational risk: risks related to pricing pressure
- Operational risk: risks related to client dependency
- Operational risk: risks related to suppliers and subcontractors

#### Control activities

Devoteam's core business is the sale and provision of IT projects. The most significant risks arise from these activities.

Nevertheless, the degree of risk varies in accordance with the type of contract sold, ranging from low risk for technical assistance projects, moderate risk for fixed-rate projects and high risk for outsourcing projects.

The operational entities are responsible, in their respective areas, for the management of inherent risks and the first and second levels of control of their operations. In this context, the control over operations related to the management of IT projects commissioned by clients is their responsibility.

#### **• Process for the monitoring of business opportunities and proposals**

Each operational entity must list the business opportunities generated by the sales team in the Group's CRM tool published by Oracle. The number and value of these opportunities is an indicator analysed monthly by the Executive board of each operational unit and by the Group's Executive Committee.

Each operational unit must also have a control process in place that enables the assessment of the risk(s) associated with the contracts signed: scope of the project, completion conditions, expected return, invoicing conditions and payment.

Whether the contract implies an "obligation of resources" or an "obligation of result", an appropriate approval process must be in place. For subcontracting projects, the Group uses a pricing tool to determine, using a predefined classification system, at which hierarchical level a business proposal must be approved. For fixed-rate projects, the hierarchical level required to approve a business opportunity is determined using predefined criteria (financial, technical, resource, volume and contextual criteria).

In this way, there is an approval process for responses and business proposals sent to clients.

#### **• 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.

### **II.3.1.8 Risks related to the loss of expertise and internal control procedures related to the monitoring of human resources and the compensation policy**

#### Major risks

- Operational risks: risks related to the attrition of consultants
- Operational risks: risks related to the activity of consultants
- Risks related to the departure of key personnel

#### Control activities

- **Procedure for the identification and management of high flyers**

To address the risk of losing key personnel, the Group has implemented a procedure that enables it to identify key personnel within the company and develop appropriate succession plans. The main positions to which this procedure relates are those of the Country Managers and BU Directors. The Group has a database of employees considered to be "high flyers".

Devoteam has set up a scheme through which these key individuals can be monitored. Follow-up measures can then be taken, such as the personalised mentoring of these key people by a member of management, or invitations to specific structural Company events.

- **Monthly review of human resources**

Since 2014, a monthly report on changes in human resources has been produced for the countries within the Eagle scope. The Group's HR Departments list their employees according to data such as seniority, compensation, contract dates, etc. This assists in the management of the seniority pyramid and precise monitoring of turnover.

- **Annual interviews and monitoring of employee professional development**

The Group has introduced an annual interview procedure for each employee through which their development can be monitored. The EVP or Country Manager of each entity is responsible for ensuring all necessary interviews take place at his/her organisation. The Human Resources Department ensures that this procedure is complied with. In France, monitoring professional interviews helps to identify the short- and medium-term career prospects of employees and, where appropriate, to support their career path.

- **Procedures related to employee compensation**

- *Payroll control*

The annual budgetary process enables the Executive Committee to approve, on a proposal from the EVPs, increases in the annual payroll budget for the following year. Once the budget is approved, each entity is responsible for rolling this out within its own organisation. The reporting process helps monitor the proper implementation of the budgetary commitments made by the operational units.

- *Allocation of compensation components*

The annual one-to-one is an opportunity to formally confirm the components of each employee's compensation. When required due to the size of the entity, salary committees are established whereby the managers and HR determine the compensation to be granted to each employee. Otherwise, the responsibility falls directly to the EVP or Country Manager.

It is the responsibility of the EVP or Country Manager to ensure that the total sum of all compensation components granted to each employee is in line with the total budget.

- *Payroll instructions*

Payroll instructions for the compensation of the Country Managers are issued by the Executive Committee that sets the targets and evaluates the results.

For the other employees who fall under the responsibility of the EVPs or Country Managers, the payroll instructions are generally issued by the respective EVP or Country Manager.

In large operational units, a process of delegation is in place; a restricted list of people who can issue payroll instructions is prepared by the Human Resources Department, thereby limiting the number of people involved in the process.

This way, any payroll instruction issued by a person not on the list will be rejected by the payroll manager.

- *Payroll processing*

Employees are paid monthly and these payments are recorded immediately in the accounts.

A number of control procedures are in place to ensure the detection of errors and the prevention of fraud.

**II.3.1.9 Risks related to commitments and fraud and internal control procedures related to purchases**

Major risks

Risks linked to expenditure and accounting fraud.

Control activities

• **Expenditure commitment procedures**

A process of delegation and approval has been implemented within the Group. This sets out:

- the approval thresholds for spending, based on the purchase type and amount;
- the parties involved in the approval process.

One of these parties, usually the Finance Director or (by delegation) the Management Controller of the entity, systematically approves all purchase orders.

• **Invoice processing procedures and the payment thereof**

All purchase invoices are authorised, either through the use of approved internal orders, or by a delegation of powers from an authorised manager.

Payment is made once the delivery note or completion certificate (for services) has been checked.

**II.3.1.10 Risks related to non-compliance with regulations and internal control procedures relating to information and communication**

Major risks

Risks related to non-compliance with Group regulations by employees.

Control activities

The Devoteam group's internal control procedures generally rely on direct communication and the sharing of information between and by those people involved in internal control.

The main goal is to communicate comprehensive information, to the right person.

The vast majority of employees do not work on Devoteam premises but directly with clients. Devoteam therefore prioritises and promotes time with its employees in order to share information with them. However, Devoteam also uses a number of communication tools as part of its internal control procedures (intranet, newsletter, memoranda, etc.).

### **III. MANAGEMENT AND MONITORING OF THE GROUP'S INTERNAL CONTROL PROCEDURES AND RISKS**

#### **III.1 Internal auditing report for 2016**

##### **III.1.1 The Group's Internal Auditing Service**

The Devoteam group's Internal Audit Department is a control body tasked with the identification and management of risks. It also contributes to the evaluation of the Group's internal control procedures. Its work encompasses internal auditing activities, risk management, the steering of internal control activities and the introduction of rules and procedures to help combat major risks.

It is independent from the other operations, entities and the various regions. It reports hierarchically to the Devoteam group CFO, but also to the Supervisory Board and the Audit Committee.

##### **III.1.2 Activity in 2016**

During 2016, the Internal Audit Department attended two Audit Committee meetings to report on the work it had carried out, the strengths and weaknesses of the internal control processes it had analysed, and to recommend ways in which existing procedures could be improved. The Internal Audit Department performed 21 audits in more than 14 Group legal entities in France and abroad.

In 2016, the Internal Audit Department continued to strengthen the control procedures associated with acquisitions and disposals through the performance of systematic audits and its involvement in major external growth and divestment projects.

#### **III.2 Audit plan 2017**

The audit plan is reviewed annually and approved by the Audit Committee. It sets out the main objectives and goals in terms of auditing and internal control for the Group.

In 2016, the Group's management decided to reinforce its audit and internal control teams, and to enhance its ongoing monitoring of transactions. As part of this, the Internal Audit Department carried out several different types of task:

- numerous reviews of key processes within major subsidiaries;
- multi-process and financial audits of small and medium-sized subsidiaries;
- financial audits in accordance with the Statutory Auditor.

The main areas in which internal control will be focused in 2017 are:

- the ongoing production of the draft internal control manual covering the principal Group standards;
- analysis of the process and monitoring of control activities.

The development of its internal auditing activities is a priority in the Company's risk management policy.

##### **III.2.1 Risk-based approach of the auditing and internal control procedures**

The annual audit plan is prepared by the auditing and internal control service based on the major risks identified by the Group.

The Group uses the COSO (Committee of Sponsoring Organizations of the Treadway Commission) framework methodology. This approach is applied in the work carried out during the various audits.

All main operational and financial risks are clearly linked to a control activity as part of the monitoring process to be launched in 2017.

##### **III.2.2 Rotation of the internal auditing scope**

All Group entities, subsidiaries and activities are subject to auditing or internal control procedures, with a multi-year rotation principle.

This ensures that the Group has accurate feedback and analysis on the various activities for the entire Group. There are no exceptions - all operational subsidiaries are audited. The rotation matrix for internal audits is presented to the Audit Committee.

### III.2.3 Risk management

Risk management is carried out at various levels of the organisation: strategic and significant risks are directly managed by the Management board and the Supervisory Board, through the work carried out and reports provided by the Audit Committee.

#### Other parties involved in the management of significant risks

- **The Audit Committee**

Risks are discussed at Audit Committee meetings.

- **The Group's Finance Department, Operations Department and Executive boards**

The departments work closely with the Board and Management board to manage risk. They monitor actions implemented by the management teams within the operational entities.

- **The Internal Auditing Department**

The Internal Audit Department reports to the Audit Committee on any changes to the internal control procedures in terms of risks, presents the results of its audits and proposes specific action plans.

- **External audits**

The Group's Statutory Auditors, KPMG and Grant Thornton, as part of their mission to certify the financial statements, provide assistance with checking the quality of the financial statements and the management of risks.

## **6.2 Statutory Auditors' report prepared in accordance with Article L.225-235 of the French Commercial Code on the report of the Chairman of the Supervisory Board of Devoteam S.A.**

*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 Decembre 2016**

To the Shareholders,

In our capacity as Statutory Auditors of Devoteam S.A., and in accordance with article L.225 235 of the French Commercial Code (Code de commerce), we hereby report to you on the report prepared by the Chairman of your company in accordance with article L.225-68 of the French Commercial Code (Code de commerce) for the year ended 31 December 2016.

It is the Chairman's responsibility to prepare, and submit to the Supervisory Board for approval, a report describing the internal control and risk management procedures implemented by the company and providing the other information required by article L.225-68 of the French Commercial Code (Code de commerce) in particular relating to corporate governance measures.

It is our responsibility:

- to report to you our observations on the information set out in the Chairman's report on the internal control and risk management procedures relating to the preparation and processing of financial and accounting information, and
- to attest that this report sets out the other information required by article L.225-68 of the French Commercial Code (Code de commerce), it being specified that it is not our responsibility to assess the fairness of this information.

We conducted our work in accordance with professional standards applicable in France.

### ***Information concerning the internal control and risk management procedures relating to the preparation and processing of financial and accounting information***

The professional standards require that we perform procedures to assess the fairness of the information on internal control and risk management procedures relating to the preparation and processing of financial and accounting information set out in the Chairman's report. These procedures mainly consisted of:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information on which the information presented in the Chairman's report is based, and of the existing documentation;
- obtaining an understanding of the work performed to support the information given in the report and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of financial and accounting information that we may have identified in the course of our work are properly described in the Chairman's report.

On the basis of our work, we have no matters to report on the information given on the internal control and risk management procedures relating to the preparation and processing of financial and accounting information, set out in the Chairman of the Supervisory Board's report, prepared in accordance with article L.225-68 of the French Commercial Code (Code de commerce).

### ***Other information***

We attest that the Chairman's report sets out the other information required by article L.225-68 of the French Commercial Code (Code de commerce).

Paris La Défense, 27 April 2017

Neuilly-sur-Seine, 27 April 2017

KPMG Audit IS

Grant Thornton  
French Member of Grant Thornton  
International

Grégoire Menou  
Partner

Vincent Papazian  
Partner

### 6.3 Statutory Auditors' Special Report on regulated agreements and commitments

General meeting held to approve the financial statements for the year ended 31 December 2016

To the Shareholders,

As Statutory Auditors of your Company, we hereby present our report on related party agreements and commitments.

It is our responsibility to inform you, on the basis of the information provided to us, of the terms and conditions of the agreements and commitments of which we were informed or encountered during our assignment. It is not our role to determine whether they are beneficial or appropriate or to ascertain whether any other related party agreements or commitments exist. It is your responsibility, under the terms of Article R.225-58 of the French Commercial Code, to assess the merit of these agreements and commitments with a view to approving them.

It is also our responsibility to provide you, to the extent necessary, with the information stipulated in Article R. 225-58 of the French Commercial Code regarding the execution during financial year 2016 of the agreements and commitments already approved by shareholders at their General Meetings.

#### **AGREEMENTS AND COMMITMENTS SUBMITTED FOR APPROVAL BY SHAREHOLDERS AT THE GENERAL MEETING HELD TO APPROVE THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

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##### **Agreements and commitments approved during the financial year**

In accordance with Article L.225-88 of the French Commercial Code, we have been informed of the following related party agreements and commitments approved by your Supervisory Board.

##### ***Termination of a service agreement with Moroccan company Accytime approved on 17 May 2016***

- **Persons concerned:**  
Mr Godefroy de Bentzmann and Mr Stanislas de Bentzmann, members of Devoteam S.A.'s Management Board and minority shareholders of Myfowo, Accytime's parent company.
- **Nature and purpose:**  
Business Process Outsourcing (BPO) activities (including billing and controlling expense claims).
- **Terms and conditions:**  
Termination of the service agreement, with effect from 31 December 2016, and payment of an early termination fee of €200,000, as set forth in an agreement signed on 14 June 2016 following ad hoc proceedings (*mandat ad hoc*).
- **Justification:**  
Backsource back office functions to secure future transactions and cut costs.

##### ***Debt waiver agreement with Myfowo approved on 15 December 2016***

- **Persons concerned:**  
Mr Godefroy de Bentzmann and Mr Stanislas de Bentzmann, members of Devoteam S.A.'s Management Board and minority shareholders of Myfowo.
- **Nature and purpose:**  
Workout agreement (*protocole de conciliation*) including a debt waiver.

- **Terms and conditions:**  
In connection with conciliation proceedings involving Myfowo initiated with the Nanterre Commercial Court, Devoteam (and its subsidiary Devoteam Outsourcing) will waive trade receivables of €787,346 excluding VAT.

The workout agreement signed on 21 March 2017 was prepared under the supervision of a conciliator appointed by the Nanterre Commercial Court. The Court subsequently approved the workout agreement.

- **Justification:**  
As Myfowo provides services to certain Devoteam clients and is part of a consortium with Devoteam to perform several Linky (Enedis) contracts, it must remain solvent.

### **Agreements and commitments approved since the end of the financial year**

We have been informed of the following agreements and commitments, approved since the end of the financial year, and which received prior approval by your Supervisory Board.

#### ***Advisory engagement between Devoteam S.A. and GV Advisory S.A.S. in connection with the strategic plan Scale!, approved on 27 February 2017***

- **Persons concerned:**  
Mr Georges Vialle, member of the Supervisory Board and President of GV Advisory S.A.S.
- **Nature and purpose:**  
Advisory engagement in connection with the strategic plan Scale!
- **Terms and conditions:**  
Fees not exceeding €112,000, excluding VAT.
- **Justification:**  
Devoteam S.A. wishes to draw on Mr Georges Vialle's experience, in particular with regard to implementing and steering strategic plans, which he acquired during his time at a leading strategy consulting firm.

### **Agreements and commitments that did not receive prior approval**

In accordance with Articles L.225-90 and L.823-12 of the French Commercial Code, we inform you that the following related party agreement did not receive prior approval by your Supervisory Board. Our role is to inform you of the reasons the prior approval procedure was not followed.

#### ***Share purchase agreement***

- **Persons concerned:**  
Mr Godefroy de Bentzmann and Mr Stanislas de Bentzmann, members of Devoteam S.A.'s Management Board and minority shareholders of Myfowo.
- **Nature and purpose:**  
Workout agreement including Devoteam's acquisition of part of Myfowo's share capital.
- **Terms and conditions:**  
In connection with the conciliation proceedings involving Myfowo, Devoteam acquired 97% of Myfowo's share capital for €40 thousand. Simultaneously, Mr Godefroy de Bentzmann and Mr

Stanislas de Bentzmann sold their shares in Myfowo for the symbolic price of €1 and waived all of their current accounts.

The workout agreement signed on 21 March 2017 was prepared under the supervision of a conciliator appointed by the Nanterre Commercial Court. The Court subsequently approved the workout agreement.

- **Justification:**  
As Myfowo provides services to certain Devoteam clients and is part of a consortium with Devoteam to perform several Linky (Enedis) contracts, it must remain solvent. Consequently, the acquisition of Myfowo and the simultaneous sale of part of its business and subsidiaries to third parties is more beneficial to Devoteam than liquidation proceedings.
- The prior approval procedure was not followed for the following reason:  
Prior approval by the Supervisory Board was not possible given the tight schedule for the last restructuring phase.

At its meeting on 27 April 2017, your Supervisory Board decided to retrospectively approve this agreement.

#### **RELATED PARTY AGREEMENTS AND COMMITMENTS PREVIOUSLY APPROVED AT GENERAL MEETINGS**

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##### **Related party agreements and commitments approved in prior financial years**

###### ***a) which continued to apply during the financial year***

In accordance with Article R.225-57 of the French Commercial Code, we have been informed of the following related party agreement, which was approved at General Meetings in prior financial years and continued to apply in financial year 2016.

##### **Service agreement with Moroccan company Accytime approved on 7 May 2010**

- **Persons concerned:**  
Mr Godefroy de Bentzmann and Mr Stanislas de Bentzmann, members of Devoteam S.A.'s Management Board and shareholders of Accytime.
- **Nature and purpose:**  
BPO activities (including billing and controlling expense notes).
- **Terms and conditions:**  
Invoicing BPO services, not exceeding €130/day. For financial year 2016, Accytime invoiced an aggregate €807,904 to your Company.  
The agreement was terminated, with effect from 31 December 2016 (see above).

***b) which were not implemented during the financial year***

We have also been informed of the following ongoing agreement, already approved at General Meetings in prior financial years, but which was not implemented in financial year 2016.

***Authorization to transfer Devoteam S.A.'s debit and credit subsidiary current accounts to Devoteam Holding Sarl, incorporated under Luxembourg law, on 5 November 2013***

- Persons concerned:  
Mr Godefroy de Bentzmann and Mr Stanislas de Bentzmann, members of Devoteam S.A.'s Management Board and joint managers of Devoteam Holding Sarl, incorporated under Luxembourg law.
- Nature and purpose:  
In connection with the creation of a corporate cash pool, transfer of the debit and credit subsidiary current accounts from Devoteam SA to Devoteam Holding Sarl.
- Terms and conditions:  
The transfer, based on a market value determined by an expert, is conditional on approval by the subsidiaries concerned.

Paris La Défense, 27 April 2017

KPMG Audit IS

Grégoire Menou  
Partner

Neuilly-sur-Seine, 27 April 2017

French Member of Grant Thornton  
International

Vincent Papazian  
Partner