2016

REGISTRATION DOCUMENT

INCLUDING THE ANNUAL FINANCIAL REPORT

ingenico GROUP

CONTENTS

All financial information
is available on our website
www.ingenico.com/fr

2016 Registration document

Including the annual financial report

This document is a free translation of the French language reference document that was filed with the Autorité des marchés financiers (the "AMF") on 29 March 2017.

It has not been approved by the AMF. This translation has been prepared solely for the information and convenience of English-speaking readers.

No assurances are given as to the accuracy or completeness of this translation, and INGENICO GROUP assumes no responsibility with respect to this translation or any misstatement or omission that may be contained therein. In the event of any ambiguity or discrepancy between this translation and the French reference document, the French reference document shall prevail.

In accordance with the General Regulations of the Autorité des marchés financiers, notably Article 212-13, the French language version of this document was filed with the Autorité des marchés financiers on 29 March 2017.

This document may only be used in connection with a financial transaction if it is part of a prospectus which has received the visa of the Autorité des marchés financiers. This document has been prepared by the issuer under the responsibility of its signatories.

This document is available on the Ingenico Group internet website: www.ingenico.com.

General notes

In this Registration Document:

- the terms “Ingenico Group SA” and “Company” refer to Ingenico Group SA, whose shares are admitted to trading on the Euronext Paris stock market; and
- the terms “Group” and “Ingenico Group” refer to the group consisting of Ingenico Group SA and all subsidiaries and associates held directly or indirectly by Ingenico Group SA.

This Registration Document includes statements about the Group’s objectives and outlook. These statements are sometimes identified by the use of the future or conditional tense and forward-looking terms such as “think”, “aim”, “expect”, “intend”, “should”, “aspire”, “estimate”, “believe”, “hope”, “could”, etc. Such information is based on data, assumptions and estimates considered reasonable by the Group. They may change or be modified due to uncertainties related to changes in the economic, financial, competitive and regulatory landscape. In addition, the materialization of some risks described in Chapter 1 of this Registration Document is likely to have an impact on the Group’s business and its ability to meet its objectives. Furthermore, the achievement of the stated objectives is dependent on the success of the strategy presented in Chapter 1 of this Registration Document.

The Group makes no undertaking nor does it offer any guarantee that the objectives presented in this Registration Document will be achieved.

The forward-looking statements and objectives presented in this Registration Document may be affected by known and unknown risks, uncertainties and other factors that could result in a material difference between the Group’s future results, performances and achievements and the stated or implied objectives. These factors may include changes in economic conditions, the business climate, regulations, as well as those described in Chapter 1 of this Registration Document.

Investors are advised to carefully consider the risk factors described in Chapter 1 of this Registration Document. The realization of any or all of these risks may have a negative effect on the Group’s business, position, financial results, and objectives. In addition, other risks not yet identified or which are considered immaterial by the Group could have the same negative effect.

This Registration Document also contains information on the markets in which the Group operates. The information comes mainly from public records and studies undertaken by external sources and may prove to be incorrect or out of date. Consequently, the Group’s business could develop in a different manner to that described in this Registration Document.

CHAIRMAN'S MESSAGE

A STRONG GROUP WITH A UNIQUE PROFILE: THE KEY PLAYER IN OMNICHANNEL PAYMENT.

Created in 1980, Ingenico Group is now the global leader in payment acceptance thanks to its capacity to innovate and to adapt all throughout its history. The year 2016 offers further proof of this: we presented our 2020 strategic plan, clearly affirming our ambition to become the global leader in omnichannel payment acceptance; we expanded and renewed our offer, from terminals to payment services, to support this strategic aim; and we achieved robust results, in line with our expectations, despite the challenges faced on the Brazilian and U.S. markets. Lastly, we prepared for the future by pioneering new innovations and by rethinking our organization to make it resolutely customer-centric.

In 2016, our revenue totaled €2,312 million, an 8% increase on a like-for-like basis. Our EBITDA margin was 20.6%, in a year marked by significant investments to launch our new terminal ranges and associated services and to continue the transformation of our transaction platforms.

All regions posted excellent results, with the exception of the Brazilian and U.S. markets. In Europe-Africa, the pace of growth reached 14%, thanks to our excellent market coverage in this region and our ability to seize opportunities created by new technological and regulatory developments. Asia Pacific & Middle East recorded the strongest regional growth, rising 25% on the back of robust growth in China. The other countries now represent half of this region's revenue. The ePayments division grew at a significantly faster pace at end-2016, up 11% year-on-year, mainly owing to the success of our offer with international merchants such as AliExpress and Booking.com, as well as the record performances of our platforms in terms of both transaction volumes and availability rates.

In recent years we have capitalized on a strong growth cycle to expand our portfolio of business activities and grow our commercial network. Ingenico's profile in its sector is now unique: we are the key player in omnichannel payment. To reaffirm our leadership year in and year out, we continue to invest in innovation, particularly through Ingenico Labs. Thanks to our new organization, both of our global business units will respond even better to the distinct and specific needs of our two main types of customers: banks and acquirers on the one hand, and physical and online retailers on the other.

I have full confidence in the commitment of our management and all our employees to pursue the Group's growth path in 2017 and beyond.

Philippe Lazare,
Chairman and CEO

PROFILE

Ingenico Group has a unique portfolio of payment acceptance solutions across all sales channels. This sets it apart from the competition and has helped to make it the leading player in omnichannel payments.

The Group now employs more than 7,500[1] people worldwide and generated over €2.3 billion in sales in 2016.

N°1 WORLDWIDE
in seamless payment solutions

32 MILLIONS TERMINALS
deployed worldwide

Commercial presence in
170 COUNTRIES

7,500 EMPLOYEES

The “Payment services” business accounts for one-third of revenue

(1) As at the date of this Registration Document.

OUR CUSTOMERS

Banks and acquirers

more than 1,000 banks and acquirers

11 million terminals produced in 2016

Complete range (from mPOS to IoT)

Retailers

250,000 merchants

more than 5 billion transactions processed in 2016

Complete range (payment services platforms, full-service, omnichannel solutions)

Innovation

8%
of revenue
dedicated to R&D

ingenico LABS

The world's only innovation lab
dedicated to payment acceptance

3
MAIN AREAS OF INNOVATION IN 2016

- Payment and connected objects
- m-commerce
- Conversational commerce

KEY FIGURES

In 2016, the Group achieved strong results consistent with expectations, demonstrating its robust cash generation capacity and reinforcing its excellent cash position.

NET PROFIT

€244M

EBITDA

€476M

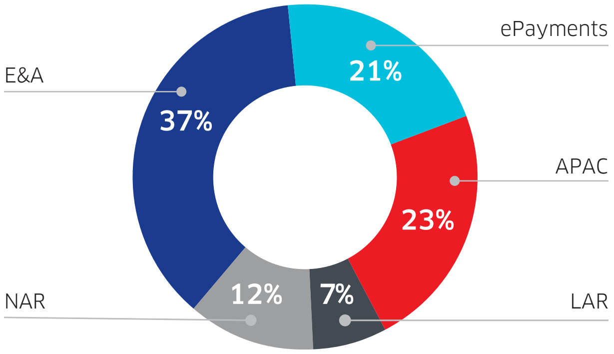
2016 REVENUE

€2,312M

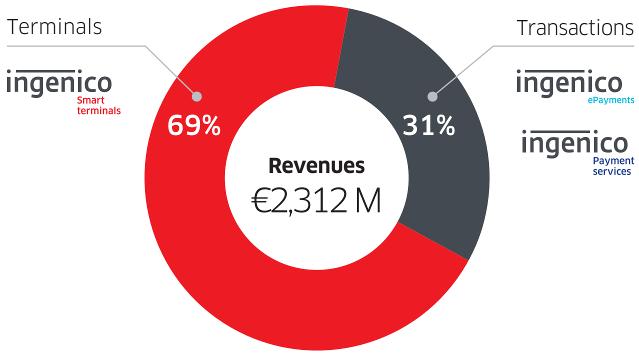
FREE CASH FLOW

€248M

REVENUE
By region

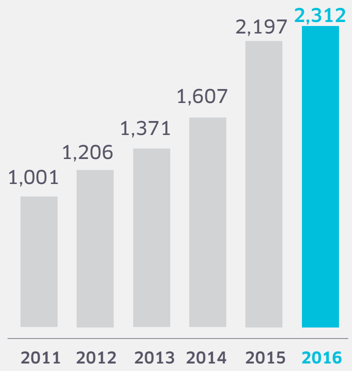


REVENUE
By activity



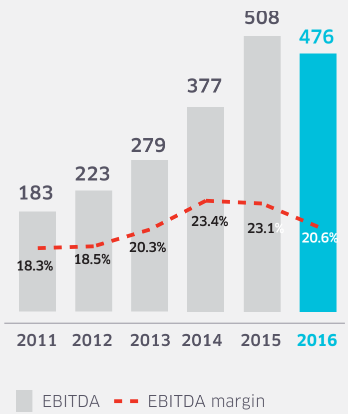
REVENUE EVOLUTION

In millions of euros



EBITDA*

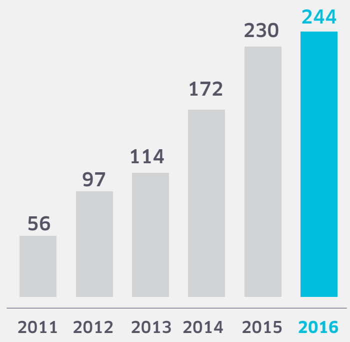
In millions of euros



* As defined on page 124 of this Registration Document.

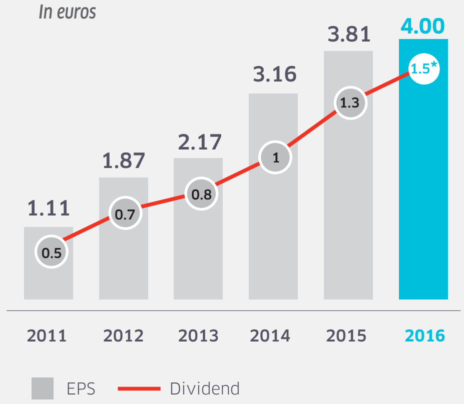
NET PROFIT, ATTRIBUABLE TO SHAREHOLDERS

In millions of euros



NET PROFIT AND DIVIDEND PER SHARE

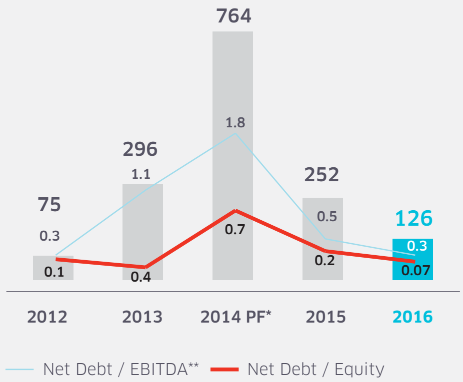
In euros



* Dividend proposed at the AGM of May 10, 2017.

NET DEBT

In millions of euros



* Including GlobalCollect's contribution over the entire year.
** As defined on page 124 of this Registration Document.

CORPORATE SOCIAL RESPONSIBILITY

TELIUM
TETRA

27%

ENERGY SAVINGS
IN IDLE MODE

3 INCLUDED IN
SRI* INDICES
IN 2016

EURONEXT vigeoeiris

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

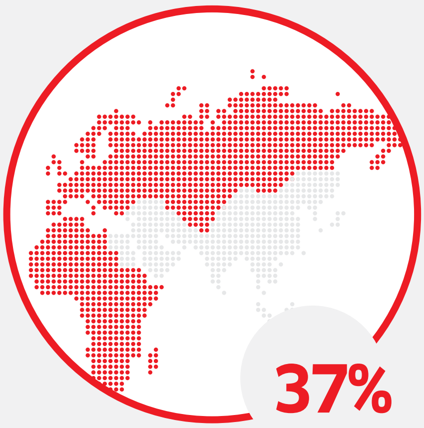
ETHIBEL SUSTAINABILITY INDEX EXCELLENCE Global

* Socially Responsible Investment

View all of our key figures at **www.ingenico.com/finance/keyfigures**

INGENICO GROUP IN THE WORLD IN 2016

With a commercial presence in over 170 countries, Ingenico Group owes its success to its international reach and its ability to propose to its customers a wide range of solutions and services tailored to their regions.



EUROPE & AFRICA

+14%*

- Expansion in emerging countries.
- Development of payment services.

ASIA PACIFIC AND MIDDLE EAST

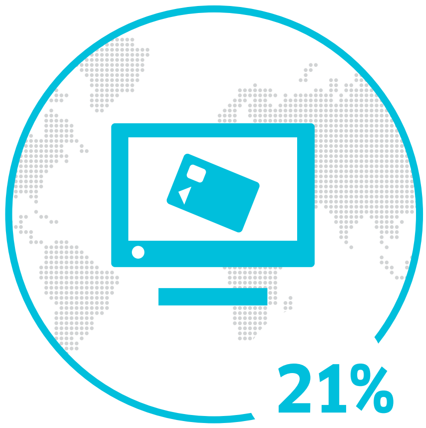
+25%*

- Strong growth in China.
- Other countries now account for about 50% of revenue in the region.

5
CONTINENTS

170
COUNTRIES

88
SITES



NORTH AMERICA
-13%*

- Performance impacted by a loosening of EMV regulations in the United States.

LATIN AMERICA
-20%*

- Slowdown in sales due to the poor macroeconomic conditions in Brazil.
- Strong growth in Mexico (first deliveries of Telium Tetra terminals).

ePayments
+11%*

- Strong sales momentum based on the quality of platforms and success with major players such as Alipay.

* *Growth rate in 2016 at a constant exchange rate and like-for-like basis.*

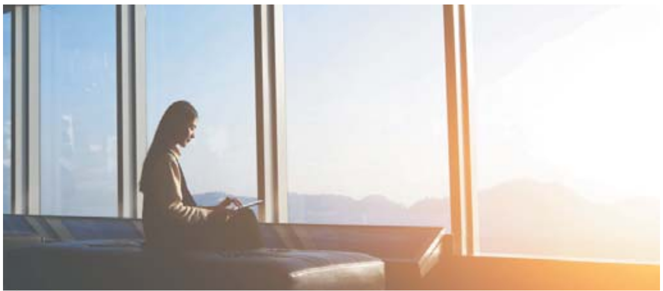
2016
IN 8 HIGHLIGHTS

A year of acquisitions in Europe and Asia

Ingenico Group has strengthened its presence in Asia with the acquisition of two companies: Lyudia, its distribution partner in Japan, and Nera Payment Solutions, which will help to accelerate its growth in the Southeast Asian market. In line with its strategy of integrating payment within connected objects, the Group acquired a majority stake in the start-up Think&Go, a specialist in connected screens and world leader in screen commerce.

First omnichannel morning conference

Ingenico Group organized its first omnichannel morning conference in Paris, bringing together some 100 customers and partners. It was an opportunity for customers who have adopted its omnichannel payment solution, including Club Med and the Casino group, to share their experiences.



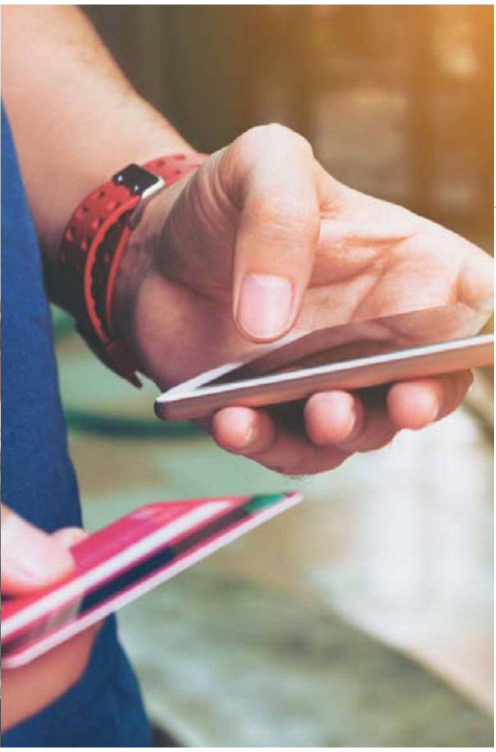
Alipay expands in Europe through Ingenico

Ingenico has partnered with Alipay, the payment solution with 450 million active users in China, to facilitate the purchases of 10 million* Chinese tourists in Europe by allowing them to use their preferred payment method. With this partnership, Alipay can also guarantee Chinese e-retailers secure transaction processing for foreign customers.

* *Source: Financial Times and UNWTO (2014).*

First PCI v5 certification

In November 2016, the Lane/7000, the latest retail terminal from the Telium Tetra range, received the first PCI v5 certification from the PCI Security Standards Council. This standard ensures the strongest protection for card holders' payment data.



Ingenico ePayments launches Ingenico Connect

Ingenico ePayments was created in January 2016 as a division dedicated to mobile and online commerce, combining the offerings and know-how of Ingenico e-Commerce Solutions and GlobalCollect and marking the culmination of the integration process of the two companies.

In June, ePayments began rolling out Connect, its integration solution for mobile-optimized payment interfaces.

Conversational commerce

Ingenico ePayments and Ingenico Labs have jointly developed a payment solution integrated with messaging bots for e-retailers.

It helps brands interacting with their customers *via* major e-messaging services (*e.g.* Facebook Messenger, Line, Telegram, Kik, Skype, WeChat) to increase the conversion rate of this conversational commerce.

Our smart terminals take center stage at Trustech

During the three-day trade show for the payment and security sector, Ingenico presented new terminals and services, including its first Android terminal (APOS), the Merchant Service Hub, and Connectivity Manager.

Visitors were invited to discover our omnichannel core offering through a variety of immersive purchasing experiences.

Connected screens: from fundraising to screen commerce

After a pilot operation for contactless payment on connected screens in 2015, Ingenico ramped up the deployment of Think&Go screens in 2016, mainly in France and Canada, creating new uses for them. Fundraising and charitable shopping for the Institut Curie, for the second year. Spar virtual stores (Casino group) in 50 campgrounds across France. First wall of connected screens, supporting contactless loyalty programs, in a Parisian shopping center. And a crowdfunding tool at the Toronto International Film Festival (TIFF).

HISTORY

In 35 years, through a strategy combining geographical expansion, acquisitions, and product development, Ingenico Group has established itself as the world leader in payment solutions.

1980

FOUNDING OF INGENICO

Founding by Jean-Jacques Poutrel and Michel Malhouitre of a company specialized in the development and manufacture of card-based payment terminals.

1985

STOCK MARKET LISTING

Listing on the Second Market of the Paris Stock Exchange.

1987-2001

INTERNATIONAL GROWTH AND EXPANSION

1987: Incorporation of Ingenico International Pacific Pty Ltd (Australia).

1994: Major card issuers such as Visa, MasterCard and Europay adopt a chip payment card standard, accelerating Ingenico's growth.

1996: Acquisition of Epos in Germany.

1999: Acquisition of the terminals business of the De La Rue and Bull groups.

2001: Acquisition of IVI Checkmate Corp. in the United States.

2006

THE BUSINESS UNDERGOES TRANSFORMATION

Outsourcing of terminal manufacturing.

Acquisition of Moneyline, a company providing centralized transaction solutions in France.

2008

CONSOLIDATION OF WORLD LEADERSHIP IN PAYMENT TERMINALS

Acquisition of the payment terminal business of Sagem Sécurité (Sagem Monétel).

Stake acquired in Fujian Landi, China's second-largest terminals supplier.

2009

A CHANGING GROUP PROFILE

Acquisition of easycash (now Ingenico Payment Services), the payment services leader in Germany.

Launch of the new range of Telium 2 terminals.

2010

IMPLEMENTATION OF THE 2010-2013 STRATEGIC PLAN

Integration of easycash (now Ingenico Payment Services).

Development of the value-added services through various acquisitions.

2011

CONFIRMATION OF THE SHIFT IN GROUP PROFILE

31% of revenue derived from maintenance, services and transaction servicing.

Achievement of milestone of €1 billion in consolidated revenue.

> 1

2012

FULL SPEED AHEAD

Confirmation of the company's position as world leader in the payment terminals market, with double-digit growth in this segment.

Accelerated investment in the United States and the mobile payment sector.

Expansion of the commercial network (acquisition of Arcom in Russia and PT Integra in Indonesia).

2013

FIRST-YEAR IMPLEMENTATION OF THE 2013-2016 STRATEGIC PLAN

Acquisition of Ogone (now Ingenico e-Commerce Solutions), the European leader in online payment services.

Double-digit growth and increased profitability.

Acceleration of roll-out of multichannel services.

2014

TRANSFORMATION IN PROGRESS

Ingenico becomes Ingenico Group, establishing three commercial brands to embody its transformation.

Acquisition of GlobalCollect, world leader in full service online payment solutions.

Launch of Telium Tetra, a comprehensive, seamless new payment solution for in-store sales.

TELIUM TETRA

2015

ACCELERATING THE TRANSFORMATION

Creation of the Ingenico ePayments brand combining the GlobalCollect and Ogone offerings.

Initial roll-out of cross-channel and cross-border services.

Achievement of milestone of €2 billion in annual revenue.

2016

ACCELERATION OF OMNICHANNEL DEVELOPMENT

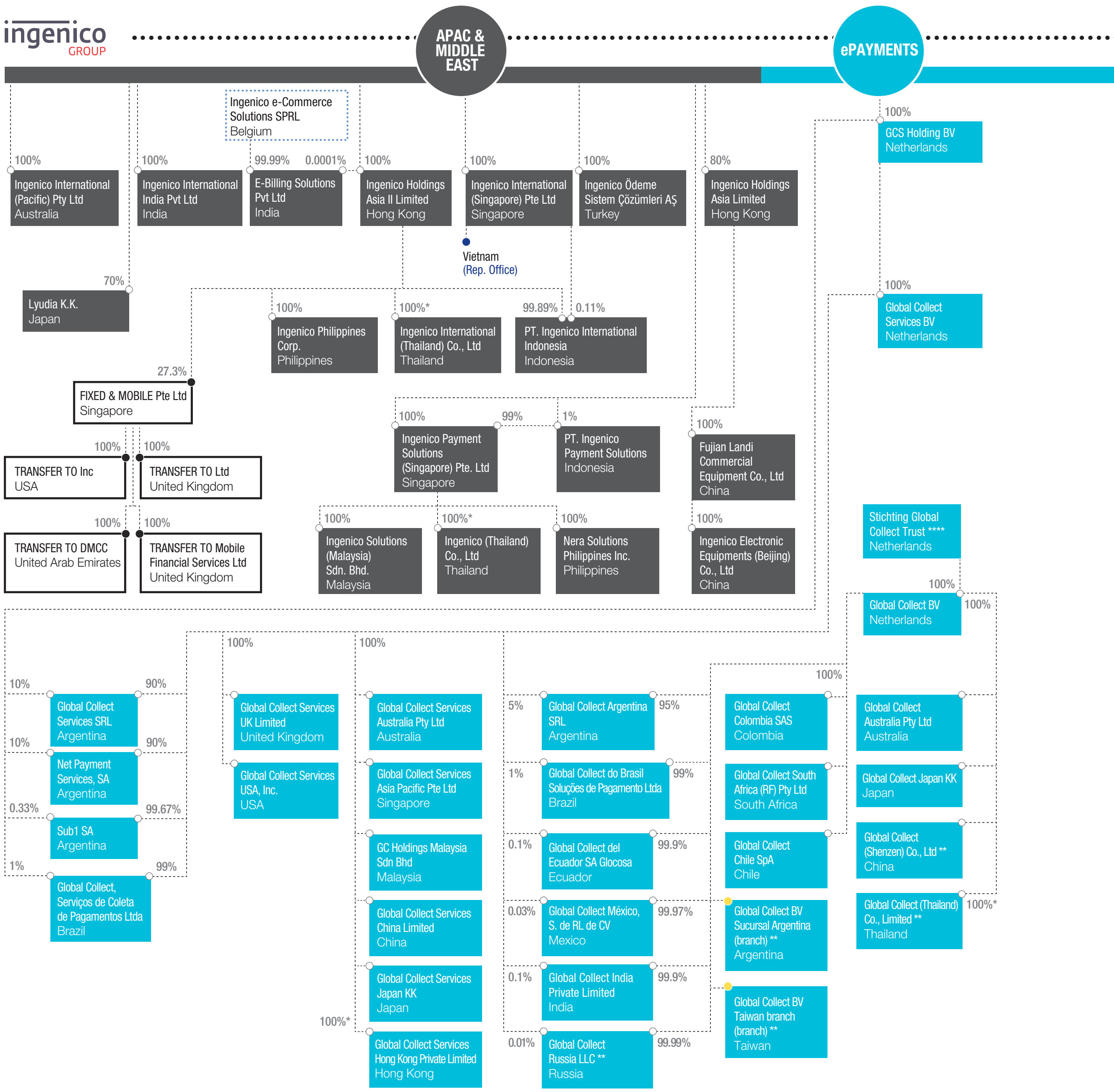
Rise of omnichannel solutions (Carrefour, Club Med, Spie).

Majority stake in Lyudia (Japan) and acquisition of Nera Payment Solutions (Southeast Asia).

New Strategic Plan 2016-2020.

ORGANIZATIONAL CHART

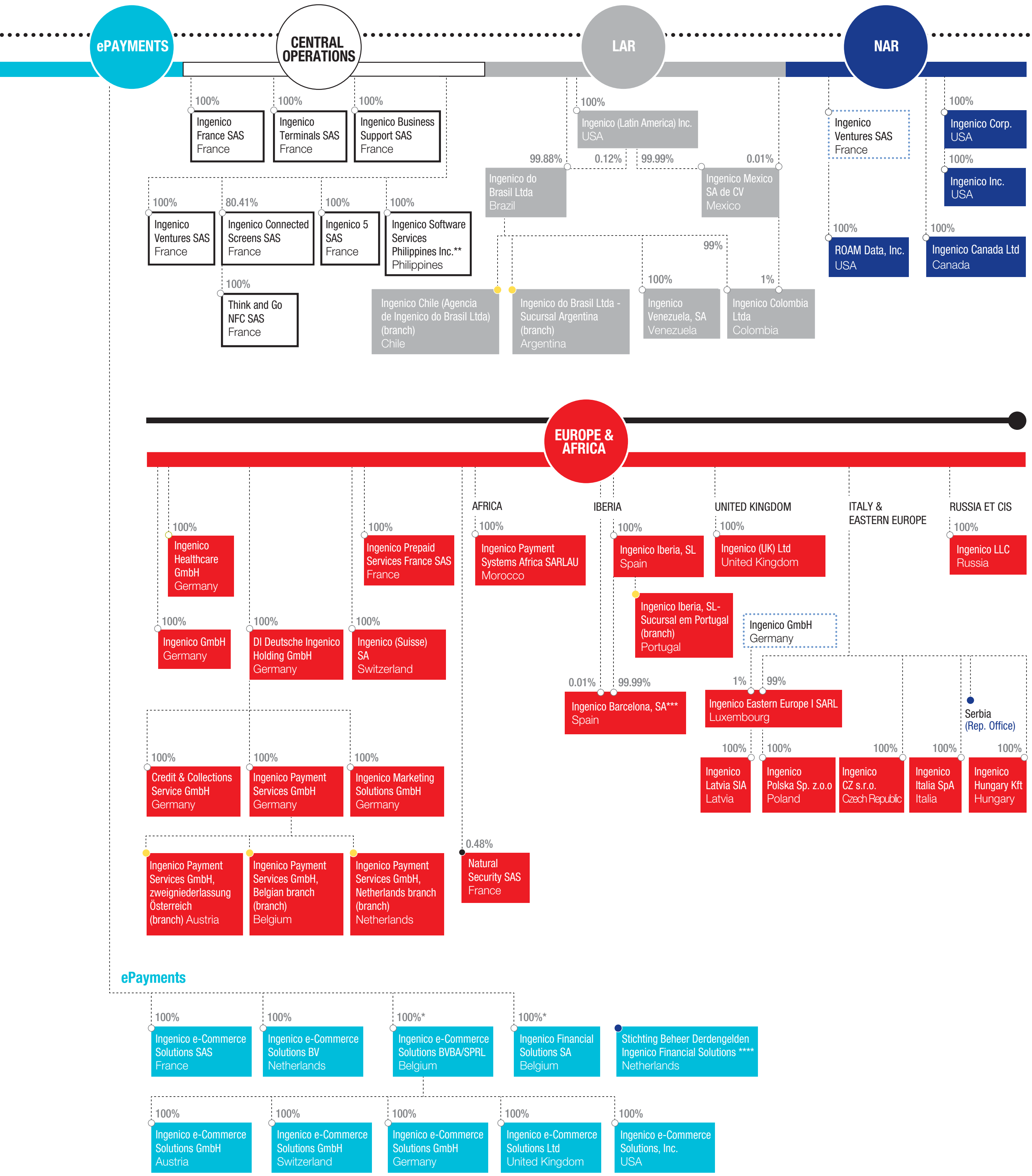
(as at December 31, 2016)



- Equity interest
- Branch
- Representation Office
- Shareholder outside region

- NAR - North America Region
- LAR - Latin America Region
- APAC & Middle East - Asia-Pacific, Australia, China, Japan, Turkey & Middle East
- Europe & Africa - Europe, Russia-CIS, Africa
- ePayments - e-Commerce Solutions and GlobalCollect
- Central Operations

* *Including indirect equity interest or partners.*
** *In the process of liquidation or winding-up.*
*** *Dormant.*
***** *A stichting is a Dutch foundation used for separate management of merchants funds. It has no shareholders and is controlled by Ingenico through its board of directors.*



ePAYMENTS
CENTRAL OPERATIONS
LAR
NAR
100% Ingenico France SAS France
100% Ingenico Terminals SAS France
100% Ingenico Business Support SAS France
100% Ingenico Ventures SAS France
80.41% Ingenico Connected Screens SAS France
100% Ingenico 5 SAS France
100% Ingenico Software Services Philippines Inc.** Philippines
100% Think and Go NFC SAS France
100% Ingenico (Latin America) Inc. USA
99.88% 0.12% 99.99% 0.01%
Ingenico do Brasil Ltda Brazil
Ingenico Mexico SA de CV Mexico
99% 100% 1%
Ingenico Chile (Agencia de Ingenico do Brasil Ltda) (branch) Chile
Ingenico do Brasil Ltda - Sucursal Argentina (branch) Argentina
Ingenico Venezuela, SA Venezuela
Ingenico Colombia Ltda Colombia
Ingenico Ventures SAS France
100% ROAM Data, Inc. USA
100% Ingenico Corp. USA
100% Ingenico Inc. USA
100% Ingenico Canada Ltd Canada
EUROPE & AFRICA
100% Ingenico Healthcare GmbH Germany
100% Ingenico Prepaid Services France SAS France
100% Ingenico GmbH Germany
100% DI Deutsche Ingenico Holding GmbH Germany
100% Ingenico (Suisse) SA Switzerland
100% Credit & Collections Service GmbH Germany
100% Ingenico Payment Services GmbH Germany
100% Ingenico Marketing Solutions GmbH Germany
Ingenico Payment Services GmbH, zweigniederlassung Österreich (branch) Austria
Ingenico Payment Services GmbH, Belgian branch (branch) Belgium
Ingenico Payment Services GmbH, Netherlands branch (branch) Netherlands
AFRICA
100% Ingenico Payment Systems Africa SARLAU Morocco
0.48% Natural Security SAS France
IBERIA
100% Ingenico Iberia, SL Spain
Ingenico Iberia, SL-Sucursal em Portugal (branch) Portugal
0.01% 99.99% Ingenico Barcelona, SA*** Spain
UNITED KINGDOM
100% Ingenico (UK) Ltd United Kingdom
Ingenico GmbH Germany
1% 99% Ingenico Eastern Europe I SARL Luxembourg
ITALY & EASTERN EUROPE
100% Ingenico Latvia SIA Latvia
100% Ingenico Polska Sp. z.o.o Poland
100% Ingenico CZ s.r.o. Czech Republic
100% Ingenico Italia SpA Italia
100% Ingenico Hungary Kft Hungary
RUSSIA ET CIS
100% Ingenico LLC Russia
Serbia (Rep. Office)
ePayments
100% Ingenico e-Commerce Solutions SAS France
100% Ingenico e-Commerce Solutions BV Netherlands
100%* Ingenico e-Commerce Solutions BVBA/SPRL Belgium
100%* Ingenico Financial Solutions SA Belgium
Stichting Beheer Derdengelden Ingenico Financial Solutions **** Netherlands
100% Ingenico e-Commerce Solutions GmbH Austria
100% Ingenico e-Commerce Solutions GmbH Switzerland
100% Ingenico e-Commerce Solutions GmbH Germany
100% Ingenico e-Commerce Solutions Ltd United Kingdom
100% Ingenico e-Commerce Solutions, Inc. USA

PRESENTATION OF THE GROUP

1

1.1 Activity & strategy

1.1.1 Ingenico Group, global leader in seamless payment services

Founded in 1980 by Jean-Jacques Poutrel and Michel Malhouitre, Ingenico Group offers secure payment services across all sales channels. The global leader in seamless payment services, the Group keeps in step with the future of commerce by relying on the largest acceptance network in the world, with solutions that adapt to both the local needs and international ambitions of its customers.

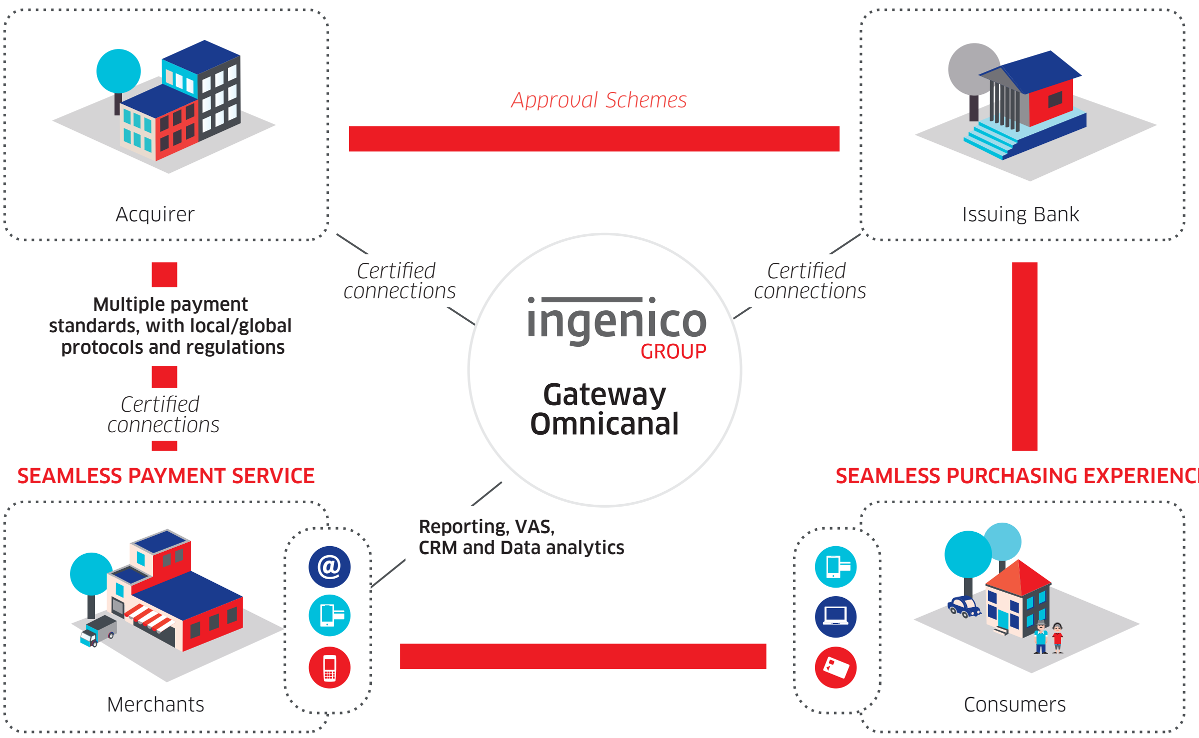
Following the merger with Sagem Monetel in March 2008 and entering the Chinese market with the acquisition of Landi in June 2008, Ingenico Group became the leader in the payment terminals market, which is estimated to be worth €3 billion worldwide. Since then, the Group has continued to expand the geographical presence of its traditional business by expanding its commercial network, in particular through acquisitions of distributors in emerging markets such as Indonesia, Russia and, more recently, Japan and Thailand.

In 2008, the Group decided to build on its market-leading position and address merchants' changing needs by expanding its offering, in order to cover the whole of the payment value chain, irrespective of the sales channel. Ingenico Group began laying the groundwork for this expansion by acquiring easycash, a leading German in-store payment services provider. Then, in 2012, the Group strengthened its position in mPOS solutions through the takeover of Roam Data Inc. Finally, in 2013 with the acquisition of Ogone, the European leader in online payment services, followed in 2014 by that of GlobalCollect, the world leader in fully integrated online payment services, the Group accelerated the transformation of its business model towards services on a global scale, simplifying payment for merchants across all channels: in-store, online, and mobile.

Today, the Group, global leader in seamless payment services, boasts a network of over 1,000 banks and acquirers, a presence in 170 countries, acceptance of more than 300 payment methods, with more than 250,000 merchants connected to its platforms.

Ingenico Group focuses its offering around three main commercial brands: Ingenico Smart Terminals, Ingenico Payment Services and Ingenico ePayments, launched in January 2016.

Ingenico Group / at the center of the payment process



1.1.2 A global presence

1.1.2.1 Multi-local solutions

Payment processes are based on national protocols as well as variable local parameters such as the "banked" percentage of the population, the quality of telecommunications infrastructure, the number and type of credit and debit cards in circulation, growth of chain-store retail, etc. It is therefore essential for the Group to develop a standard, generic offering that can be tailored to national specificities.

Accordingly, Ingenico Group has a strong presence throughout the world, across five continents and in 170 countries. This multi-local approach is a major differentiating factor: it allows the Group to work very closely with an extensive network of local partners, providing the most appropriate expertise, solutions, and services for their markets.

Finally, this international expertise enables the Group to support its customers in implementing cross-border solutions, by leveraging its global management systems.

1.1.2.2 A global organization and a strong regional presence

At the end of 2016, Ingenico Group employed some 6,850 people worldwide, a 14% increase compared to 2015.

The Group has established an organizational structure that reflects the changes in its scope of business:

- Smart Terminals, the global division specializing in payment services and solutions focused on terminals;
- ePayments, the global division dedicated to online payment services and solutions;
- Technology & Platforms, the global division that develops and operates the Group's payment platforms;
- Ingenico Labs to drive innovation forward at Group level;
- Four geographical regions responsible for tailoring the offer to the needs of local customers and enabling the global divisions to understand and anticipate these needs;
  - North America,
  - Latin America,
  - Asia-Pacific & Middle East,
  - Europe & Africa.

Group management is organized around an Executive Committee.

Executive Committee

The Executive Committee brings together the heads of the regional and functional entities of Ingenico Group. It is responsible for executing the strategy defined by the Board of Directors and ensuring effective communication and interaction between all Group entities.

On February 23, 2017, Ingenico Group announced the creation of two customer-facing Business Units to meet the distinct needs of distributors and e-retailers, as well as those of banks and acquirers. This new operational organization also aims to accelerate the international expansion of the Ingenico Group's omnichannel offering.

As at the date of this Registration Document, the Executive Committee consists of the following members:

- Philippe Lazare, Chairman & CEO;
- José-Luis Arias, EVP Latin America (Bank & Acquirers Business Unit);
- Jacques Behr, EVP, Deputy for the Retail Business Unit;
- Martine Birot, EVP Human Resources & Communications;
- Luciano Cavazzana, SVP EMEA (Bank & Acquirers Business Unit);
- Jacques Guérin, EVP Acquisitions Integration Management*;
- Michel Léger, EVP Innovation;
- Patrice Le Marre, EVP, Bank & Acquirers Business Unit;
- Nathalie Lomon, EVP Finance & Legal;
- Chloé Mayenobe, SVP In store EMEA for the Retail Business Unit;
- John Tait, SVP APAC (Bank & Acquirers Business Unit);
- Pierre-Antoine Vacheron, EVP, Retail Business Unit.

* *This role will be effective in July, as Jacques Guérin will initially focus on leading North America.*

1.1.2.3 Outsourced production

Since 2006, Ingenico Group's business has been based on a "fabless" model, with the manufacturing of terminals fully outsourced (except for the Chinese market) to top-tier industry partners: the Group works with two of the world's five largest electronic sub-assembly subcontractors, Flex and Jabil. The Group regularly and rigorously audits the plants and includes social data in its audit process.

Ingenico Group is constantly striving to streamline its manufacturing process: today most plants are located in Asia (global market) and Brazil (Brazilian market). This manufacturing flexibility enables the Group to increase or decrease production to meet demand and to ensure an effective procurement policy.

1.1.3 A trusted partner for established businesses and newcomers

1.1.3.1 Customers: from small merchants to major brands

Today, the business landscape is changing radically, with the rapid growth of mobile devices and e-commerce. Ingenico Group supports merchants, directly for large-scale retailers, or indirectly through acquirers, financial institutions or intermediaries for small or medium-sized merchants, by enabling their customers to pay using today or tomorrow's technologies. With over 250,000 merchants connected to its platforms (in-store, online, and mobile), Ingenico Group optimizes payment services for all merchants, whatever their challenges.

The financial institution / acquirer market

Acquirers are companies that manage payment service contracts with merchants: banks, electronic transaction management companies working on behalf of banks, telephone operators, processors, and solutions distributors.

Ingenico Group's offering allows them to offer merchants secure payment solutions and services. The Group also provides white-label solutions to help customers, such as Barclaycard and BNP Paribas, to deploy mobile and online payment services for small merchants.

The Group works with major financial institutions with an acceptance network of more than 1,000 acquirers.

Some of the world's biggest banks, including Barclays, Crédit Agricole, Crédit Mutuel, Bank of China, Garanti Bank and Bank of America, place their trust in Ingenico Group. Ingenico Group also works with major acquirers such as Cielo, Redecard, Elavon, First Data, etc.

The retail market

The retail market is undergoing a major transformation. The customer relationship is evolving rapidly: consumers are now well-informed and seek the best product, at the best price, with the most comprehensive service package available. At the same time, the diversification of sales channels (in-store, eCommerce, mobile platform, connected commerce) creates new opportunities for retailers, who are reinventing the shopping experience and enhancing their brand promise.

Ingenico Group is leveraging its strong historical position in the payment terminals market, which it has expanded to incorporate in-store, online and mobile payment services, to provide merchants with innovative, secure and seamless solutions to meet the needs of a new generation of consumers.

The Group partners with many of the world's largest retailers and major multi-site brands, and counts Ikea, Walmart, Starbucks, Home Depot, Best Buy, Tesco, Fnac, Coles, McDonalds, Burger King, Crate & Barrel, Staples, and Picard among its customers.

Vertical markets

The Group also directly or indirectly serves many other vertical market segments, with dedicated solutions to meet their specific needs:

- transportation: travel agencies, ticketing kiosks, car parks, etc.;
- petroleum: self-service pumps and stores at service stations;
- digital: digital products and services (music, cinema, social networks, etc.);
- hotels and restaurants;
- automated distribution.

1.1.3.2 Neutral and agnostic, an asset with new entrants into the payment ecosystem

Ingenico Group positions itself in the center of the merchant-consumer relationship as a facilitator for the development of payment solutions, building new sources of revenue for merchants, while also ensuring a personalized, seamless and differentiated customer experience.

By establishing partnerships with newcomers to the payment services market, Ingenico Group demonstrates its ability to develop cutting-edge innovations and new payment methods. The most innovative companies, including Apple, Google, PayPal, Samsung and Intel, work in partnership with Ingenico Group to design and develop new and ever more ground-breaking customer experiences by leveraging the Group's vast acceptance network.

1.1.4 A comprehensive payment services offering across all channels

At a time when consumers are constantly switching between channels in order to find the right product at the right price, merchants need flexible payment services to offer the best purchase experience. Payment channels are becoming increasingly interconnected and complex and, as a result, require new expertise. The payment environment is therefore also becoming more complex, with more methods of payment and points of interaction between merchants and consumers (in-store, online, mobile).

In this complex ecosystem, the Group's combined expertise in payment terminals (Ingenico Smart Terminals), management of in-store transactions (Ingenico Payment Services), and online payment services (Ingenico ePayments), allows it to provide a global and comprehensive offering – a key differentiating factor.

VALUE CHAIN	Terminal	Services	Gateway	Processing	Acquisition Collecting	Value-added services
ACTIVITY	Terminals		Services			
BUSINESS MODEL	Terminal Sale	Subscription	Subscription	Subscription and/or fixed commission /transaction	% of transaction in value	Subscription + commission per transaction
IN-STORE 	ingenico Smart terminals	ingenico Smart terminals	ingenico Payment services	ingenico Payment services	ingenico Payment services	ingenico Payment services ingenico Smart terminals
ONLINE 			ingenico ePayments	ingenico ePayments	ingenico ePayments	ingenico ePayments

1.1.4.1 In-store

Ingenico Group offers banks, merchants and payment service providers comprehensive, centralized and secure management of their electronic payment terminals and transactions so they can optimize payment system operating costs, efficiently manage payment flows, address ever-tightening security requirements, and generate new revenue streams. The Group is responsible for the end-to-end security, control, and surveillance of the entire payment process.

Ingenico Group therefore promotes centralized transaction flow management to ensure optimal service quality and integrity from payment terminal to acquirer.

A pioneer in the payment terminals industry for 35 years, Ingenico Group offers applications and secure solutions based on a unique proprietary operating system (Telium) for merchants of all sizes. The Group provides its customers with a broad portfolio of 2,500 applications and accepts more than 300 payment methods.

In parallel, with its mobile in-store and remote payment services, Ingenico Group also allows merchants to accept payments anywhere: in stores, pop-up shops, at customers' homes, in-flight, etc. In this way, the merchant can adapt to mobile consumers and ensure their loyalty. This wide range of mobile payment services meets the specific needs of all types of merchant, including the world's largest brands, such as the iSMP deployed in Apple Stores. At the same time, white-label solutions let acquirers, processors and telecoms operators offer mobile services (mPOS and transaction systems) to smaller merchants.

Ingenico Group's in-store solution is organized around the following:

- payment terminals and applications;
- the management of installed terminals, including security application updates;
- connectivity, ensuring the terminal-to-bank host connection;

- comprehensive, 24/7 after-sales service supporting every phase in the life cycle of terminals and software, from installation to upgrades and maintenance;
- centralization of transactions (Axis);
- end-to-end security – from terminal to bank or processor; and
- value-added services.

What differentiates the Group is its ability to meet both its banking and retail customers' need for optimized, cross-border and international solutions through its presence in many countries, and its payment service offering supported by easycash's expertise in payment services and its PCI-DSS certified international platform.

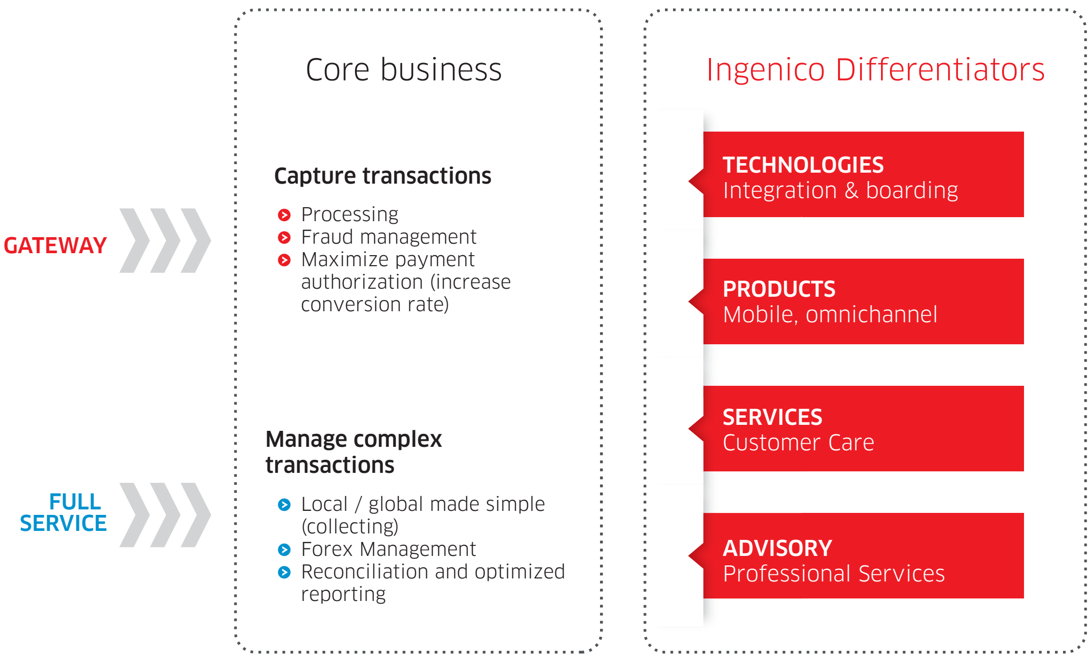
The Group's aim is to make the most of regulatory changes, especially in Europe, with the implementation of the Payment Services Directive (PSD) and the introduction of the new Single Euro Payments Area (SEPA).

In addition, the Group also has a full range of customer loyalty solutions that aim to increase merchants' revenues, including: loyalty card and loyalty program management, prepaid card and gift card management, customer data analysis and marketing campaign management. These marketing solutions are available in seven European countries and are being used to manage over 140 card programs.

1.1.4.2 Online

While the Internet is by definition borderless, global eCommerce is by no means uniform: many factors determine the success or failure of cross-border trade. The different regulatory environments, Internet access, consumer preferences and local payment methods contribute to the complexity of international commerce. With Ingenico ePayments, comprised of Ogone, the leader in online payment solutions, and GlobalCollect, the world leader in integrated online payment services, Ingenico Group offers online payment services for merchants of all sizes.

ePayments Offer



Online payment services for small and medium-sized merchants

With more than 150 international and local payment methods, the Group's online payment services allow merchants to manage and secure their online payment processes and digital transactions. Accessible online or *via* a mobile device, this solution enables acceptance of any form of payment quickly and securely: as such, merchants can increase their sales, reach more consumers, and protect their businesses from online fraud.

Ingenico ePayments works directly with large merchants, as well as with banks, acquirers, and payment institutions. It also offers white-label solutions such as the service launched with Barclaycard in 2012.

Ingenico's ePayments product focuses on two services:

- transaction capture (gateway):
  - process online transactions,
  - offer an advanced fraud management system,
  - maximize payment authorizations;
- complex transaction management (full service):
  - process cross-border transactions,
  - collection and FX conversion services,
  - integrated reporting.

Comprehensive payment services for large multinational companies

Ingenico Group now offers comprehensive payment services for large multinational companies and companies with a strong online presence looking to expand into new regions. The offering of outsourced payment services removes complexity with a single commercial and technical interface that takes care of risk management, FX management, settlement of funds against approved orders, reporting and remittance of collected funds.

With a presence in 170 countries and boasting acceptance of 150 local payment methods, Ingenico ePayments has developed recognized expertise in payment services, especially in cross-border e-commerce, enabling major brands to sell their products online and worldwide. In 2016, the ePayments division captured transaction flows with €69 billion.

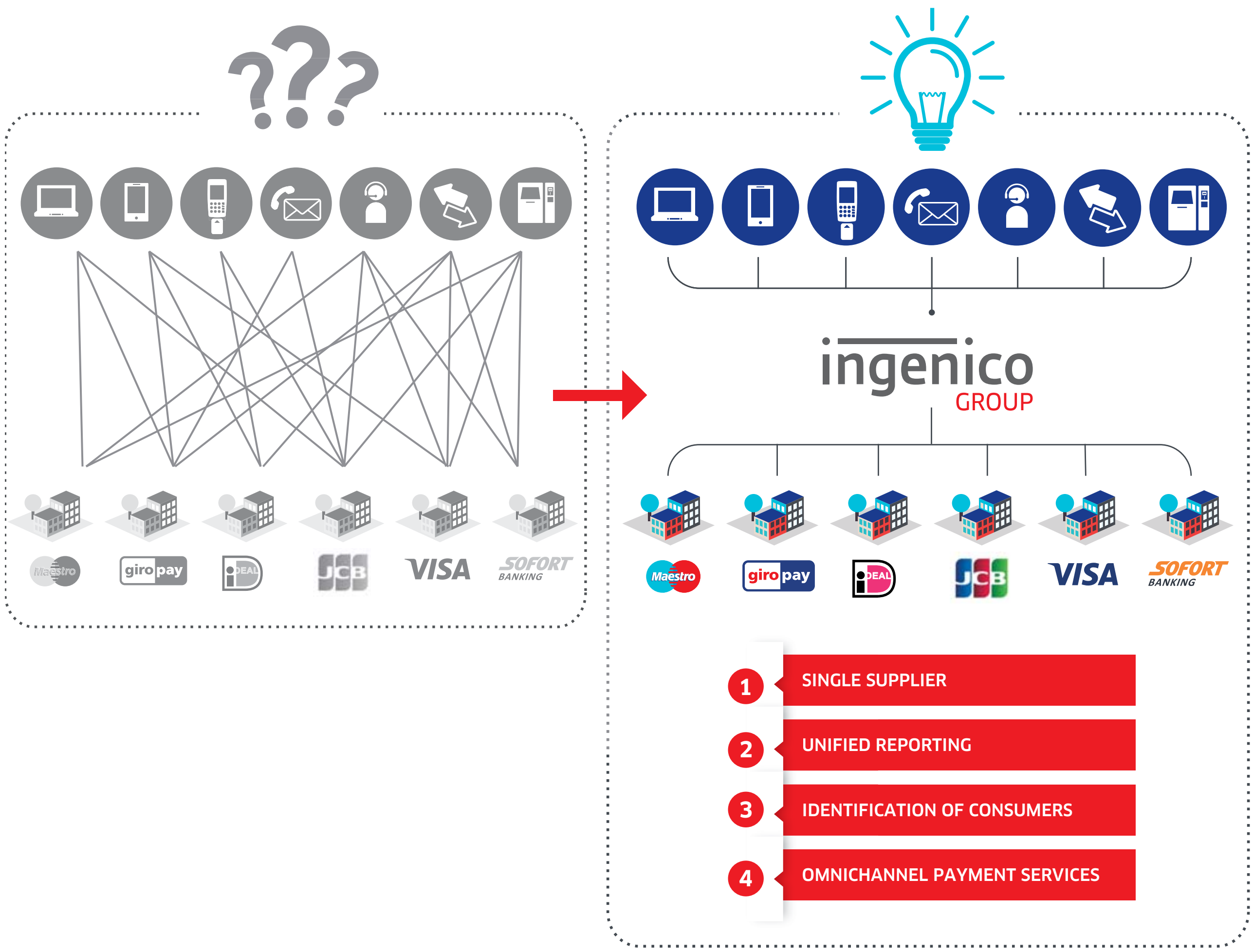
1.1.4.3 Omnichannel

The Group's "multichannel" offering is enabled by its combination of expertise across a variety of services and solutions: terminals, in-store transaction management (Axis), transaction processing (Ingenico Payment Services), online payment services (Ingenico ePayments – formerly Ogone and GlobalCollect), and mobile payment solutions.

Moreover, the consumer purchasing journey is becoming increasingly diverse; the different stages of a single purchase can take place on several sales channels. Thus the number of interactions between consumers and merchants is growing, with these interactions crossing from one sales channel to another. Equipped with its expertise and solutions for each sales channel, the Group is also able to offer merchants cross-channel payment services, further improving the fluidity, speed, and ease of the shopping experience for consumers.

The deployment of omnichannel solutions accelerated during 2016, in particular with major retail players like Picard, Club Med, SPAR (Groupe Casino), and Carrefour.

The omnichannel value proposition



1.1.5 Technology and security expertise

Ingenico Group's ambition is to reduce the ecosystem's growing complexity while allowing merchants to increase their sales, whatever the channel, through smart and secure payment services.

1.1.5.1 Security, enshrined in the Group's DNA

Security is a key factor in terminal design and a priority in every service offered. Payments are being made in new ways, becoming digitized, and making the role of security ever more important. Ingenico Group's R&D Department and its Research Division, Ingenico Labs, include teams that are dedicated exclusively to security and tasked with anticipating changes in standards. The Group continuously monitors compliance with the latest international and local standards, but it is also involved in creating them – whether for card services (*e.g.*, PCI-SSC, EMVco, etc.) or digital solutions (W3C).

Always at the cutting edge of secure payments, and regularly obtaining new certifications reinforcing requirements related to security, Ingenico Group offers its customers an unparalleled level of security. In November 2016, the Group became the first payment services provider to obtain PCI-PIN Transaction Security version 5.0 approval – the highest security standard in the industry. In addition, in 2014, the Group was one of the first players to obtain PCI DSS end-to-end encryption certification.

Meanwhile, since May 2013, the Group has been a member of the Board of Advisors of the PCI Security Standards Council, a forum for the development of payment card security standards, and has recently joined the new Web Payments Interest Group (W3C) in order to profit from the unique ability of the Web to bridge ecosystem diversity and reach users anywhere, in any channel.

For Ingenico ePayments, ensuring the security of data transfers and online merchants' electronic payment transactions is a key part of its offering. Dedicated teams work daily to manage all the risks related to transactions, in accordance with current laws and regulations.

All solutions have PCI DSS Level 1 certification. In addition, Ingenico ePayments is a member of the PCI Security Standards Council, and thus contributes to new developments in the PCI Data Security Standard (DSS) and other payment card data protection standards. The division is in compliance with ISAE 3402 Type II for the processing of all payment products.

1.1.5.2 EMV, historical expertise

Ingenico Group was founded 35 years ago in France, the country that invented the chip card. All aspects of the payment and secured transactions management culture associated with the EMV standard are in the Group's DNA. This standard has been widely adopted throughout the world. According to EMVCo estimates in late 2013, 83% of terminals around the world (outside the United States) use the EMV standard. Beyond its leading position in EMV Chip & Pin payment services, Ingenico Group is also involved in EMV migration as a technical associate member on EMVCo's Board of Advisors.

1.1.5.3 Telium, a unique platform

Building on the architecture brought in by Sagem Monetel, Ingenico Group has developed a new platform deployed across the entire new range of terminals. By focusing on a single operating system – Telium – across the globe, the Group has the flexibility to develop universal payment services and loyalty solutions for customers looking to cover several countries.

Today, consumers want a fast, simple and secure purchasing experience, regardless of the technology or device they use. This increases the complexity for merchants eager to build a unique consumer experience to secure sales as soon as customers have made their purchasing decision, increase conversion rates and offer value-added services that support their brand promise.

To meet these new challenges, Ingenico Group is in the process of rolling out Telium Tetra, the first fully integrated commerce ecosystem where secure payment functions and an open world of business applications are combined. This combination enhances the consumer experience and creates further value for the Group's customers. Telium Tetra encompasses the following features:

- the new Telium Tetra operating system;
- a new range of terminals: desk, lane, move;
- access to more than 2,500 payment applications;
- the Estate Manager platform to manage installed terminals;
- a "Marketplace" that hosts third-party business applications developed for merchants and their customers (couponing, loyalty programs, digital marketing, cash register, etc.).

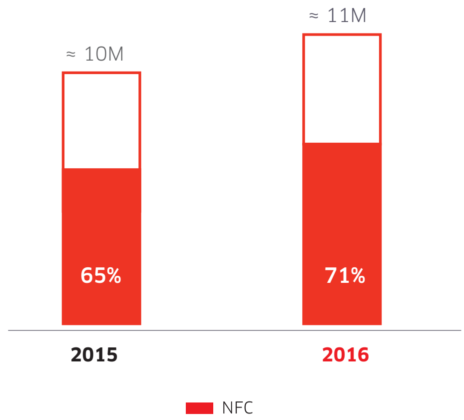
1.1.5.4 Increasingly sophisticated terminals

In a more complex payment environment where merchants need to bring new and innovative purchasing experiences to their customers, the degree of sophistication of new payment devices increases regularly. This evolution is akin to that of the mobile phone world: screens are larger, terminals are more mobile and can support new applications.

This is why Ingenico Group continues to regularly expand its range of terminals with, for instance, the successful launch in 2012 of its range of mobile terminals (iSMP and iWL series) and, more recently, the range of Telium Tetra terminals. Generally speaking, these terminals are even more compact and incorporate the latest functionalities (touch screens), and meet the multi-country and multichannel needs of all customers. In late 2016, the Group introduced APOS, an Android-based payment terminal with a touch screen display that offers merchants a wide variety of business applications.

In addition, in 2009, the Group was the first to integrate NFC (Near Field Communication) contactless payment technology, which is ideal for reducing transaction time when paying small amounts by card or mobile phone. Ingenico Group's NFC solutions also provide access to coupon offers and loyalty programs. In 2016, Ingenico Group continued to roll out NFC-enabled devices, with over 70% of terminals sold to merchants and banks using this technology. The entire new range of terminals includes this contactless technology, which customers can choose to activate if desired.

Continued growth in the number of contactless terminal units sold each year by the Group



1.1.6 Innovation at the heart of the strategy

Innovation is required to stay ahead and to continue to help merchants in the constantly changing world of commerce. It allows the Group to better respond to changing consumer lifestyles and changing interactions between merchants and their customers, whatever the sales channel of the product or service.

Ingenico Group's innovation strategy is based on:

- internal R&D;
- selective partnerships;
- targeted acquisitions.

The dynamic internal R&D team is the backbone of the Group's technological advances, and is bolstered by innovative resources stemming from the Group's partnerships. Together, they generate the fast turnaround required to respond to the evolving market. In 2015, Ingenico Labs was created to support innovation across the Group.

1.1.6.1 Ingenico Labs

An organization dedicated to innovation, Ingenico Labs was created to research future solutions for the Group. Composed of marketing experts, engineers, researchers, as well as decision-makers of strategic partners, this unit works closely with all Group entities to define the merchant practices of tomorrow.

To accomplish this, the Group has developed partnerships with major players in the digital world for the deployment of new contactless payment methods. These include Apple, Samsung, Google, and Intel.

Ingenico Labs also continued to make technological advances in connected screens, with the acquisition of startup Think&Go. The connected screen integrating contactless multipayment features works as a complete multi-merchant point of sale. Deployed in several places in France and Canada in 2016, the solution will be available in more countries in 2017.

A major trend in coming years concerns messaging platforms, widely used by new generations of consumers, that enhance the customer experience. To meet new challenges, Ingenico Labs worked with messaging platforms, mobile network operators, and start-up companies to create several proof-of-concepts such as the BuyButton for a website.

Lastly, due to customer demand, Ingenico Labs created a prototype for an "electronic piggybank" to be used for donations, which, in-store or on the street, can accept contactless payments instead of coins. This new solution will have a test roll-out in the first quarter of 2017.

1.1.6.2 Internal R&D

Research and development (R&D) lies at the heart of the Group's work on innovation and improvement of its products and services.

The Group dedicates considerable resources to innovation and R&D in order to maintain its leading position in the payment services market, where technological and regulatory changes occur constantly, but also to develop seamless payment services for merchants looking to simplify payment methods while facilitating the payment experience for consumers. In 2016, the Group continued to invest significantly in R&D, spending close to 8% of its revenue and dedicating 29% of its workforce to this area.

The Group holds patents for all of the technologies essential to its business lines, in particular related to terminals, software, and security. The patent development policy combines in-house R&D with intellectual property rights acquired from third parties.

With multiple interaction points between the corporate and local R&D teams, the Group ensures that each region develops applications tailored to the specific requirements of its market. This has enabled the Group, for instance, to:

- deploy over 24 million contactless terminals since 2010;
- deploy the iSMP for Apple, a multiple payment solution (EMV chip & PIN cards, magnetic stripe cards, and contactless cards) that works with the iPhone® or iPod Touch®. This

solution combines the sale and payment in one transaction, increasing cash-out capabilities, and significantly reducing payment transaction time;

- work towards financial inclusion in South East Asia and Africa, and more specifically in India with Fino, to enable the unbanked population to access financial services and start small businesses;
- launch a new terminal in Turkey, in early 2014, that combines payment, cash register and fiscal memory functions, in response to the market reorganization required by the Turkish state;
- install nearly 50,000 Tetra terminals in Australia, enabling acquirers to provide innovative offers combining payment and value-added services to their merchant customers;
- deploy over 20,000 integrated POS solutions in Italy which allow merchants to seamlessly combine tablet mPOS solutions with payment services. Based on an innovative API offer, Integrated POS reduces complexity for merchants and helps them to better run their businesses;
- launch APOS worldwide in 2016, after its successful introduction in China. APOS is the first Android terminal compatible with Ingenico payment services.

1.1.6.3 Selective partnerships

The Group's internal R&D, combined with selective technological partnerships, accelerate the penetration of certain markets or technologies. That is why the Group has partnered with:

- Atmel for the silicon in secure processor cores;
- Morpho to integrate biometric identification in our terminals;
- other partners for non-payment technologies such as color touch screens, secure keypads, communication modules, etc.

The Group has worked alongside specialist investor Partech to launch Partech Growth, a venture capital fund for future giants of the technology and digital worlds. The aim of this investment is to foster the sharing of ideas, experience, and expertise. It is also likely to lead to new partnerships.

1.1.7 Payment: a competitive market

1.1.7.1 In-store

A concentrated payment terminal market

Market consolidation

The payment terminal market has been consolidated in recent years, mainly through five major business deals:

- Verifone's buyout of Lipman in April 2006;
- Ingenico and Sagem Monétel's merger in March 2008;
- Hypercom's purchase of the Thales e-Transactions unit in April 2008;
- Verifone's buyout of Gemalto's payment terminal business in December 2010;
- Verifone's purchase of Hypercom's business (excluding the US, Spain, and UK) in August 2011.

Following these transactions, the market is consolidated around two key players. The Group also competes with more local players as Pax.

In 2016, Ingenico Group consolidated its leading position, with an estimated market share of around 40% (1) of the payment terminals market and over 30 million terminals installed worldwide.

High barriers to entry

Ingenico Group operates in a local and global ecosystem: its payment terminals and secure transaction systems must not only be certified to meet global standards – mainly those defined by the Payment Council Industry – but must also obtain the mandatory local certifications for the various applications used in each country.

In addition to these regulatory constraints, other obstacles include regional differences regarding payment customs and specific demands among banks/acquirers in terms of applications.

Ingenico Group's large portfolio of applications is a significant asset: it manages over 2,500 applications for its customers.

Mobile payment services market expanding the traditional market

The development of intelligent mobile platforms (smartphones and tablets) has given rise to the emergence of new suppliers of solutions (such as Square in North America). These suppliers' solutions enable payment transactions *via* smartphones and tablets, targeting what, until now, was an essentially underdeveloped market consisting of self-employed entrepreneurs, pop-up retailers, mobile business owners, and artisans.

(1) Market share calculated based on the number of terminals delivered in 2016.

The solutions currently available are not always in line with global and local regulatory requirements, especially in relation to security. Nevertheless, these new methods of payment have revitalized the electronic payment market and provided a boost to the micro-business sector for which the Group provides solutions through Ingenico Mobile Solutions.

A local and fragmented payment processing market

The in-store electronic payment processing market is a key market, but it is local, fragmented, and has strict barriers to entry. Indeed, each country has its own payment protocols and applications, every type of merchant has different needs and consumers also have different payment habits (for instance: local credit cards or debit cards). In addition, payment processing is generally integrated into a global IT infrastructure and requires specific developments.

Many local players coexist, such as Ingenico Payment Services (formerly easycash) in Germany, Nets and Point (Verifone) for small merchants in the Nordic countries, Ingenico Payment Services (formerly Axis) and Worldline in France, and the Logic Group in the UK for the largest brands.

With regulatory changes and the implementation of the new European payment market (SEPA), large retailers need to standardize and manage their card payments based on European standards. Consequently, it is increasingly important for a payment platform to be able to manage cross-border transactions.

The size of this market is increasing around the world as the electronic payment industry matures, and it is driven by two main pillars: the development of electronic transactions in emerging countries and the expansion of payment infrastructure outsourcing in more mature countries. This phenomenon is fostered by the growing complexity of the payment ecosystem and increasing security requirements, which are pushing merchants to work more and more with suppliers like Ingenico Group.

1.1.7.2 Online payment, a growing market

The strong organic growth registered by the online payment processing market is related to the expansion in e-commerce.

The online payment market is also local and fragmented, for the same reasons as the in-store payment market, as described above. Ingenico Group is positioned on the gateways and full service segment, which represented about €2.0 trillion in 2016, and is expected to reach €3.3 trillion in 2020.

The online payment market is driven by purchases made on mobile phones and digital tablets, which already account for about 25% of online transactions, and are now growing faster than traditional e-commerce. To meet this growing consumer need, the Group has developed a unique solution called "Ingenico Connect". In addition to offering a wide range of local payment methods, Ingenico Connect offers new APIs for an optimal payment experience on any device.

Finally, although the online payment market is still very fragmented, some global players have emerged in recent years, such as WorldPay, Wirecard, Adyen, and Ingenico Group.

1.1.7.3 Unique omnichannel payment services

The interaction of all three payment channels (in-store, online, and mobile) is now a key challenge for all merchants, regardless of their size.

Currently, there are very few omnichannel solutions. Indeed, few players from the physical world are present in the online payments market, while few online payment players have a presence in the physical market. When this offering exists, it tends to be limited to a very small number of countries.

Thanks to its historical expertise in in-store electronic payments and its acquisitions in online payments, Ingenico Group is very well positioned to meet these new challenges.

1.2 Risk factors

Ingenico Group conducts its business in a changing environment and is exposed to risks which, if they were to materialize, could have a significant adverse effect on its activities, its financial position, its assets and liabilities, its results, its outlook, or on the Company's share price.

This section presents the significant risks to which the Group believes that it is exposed as at the date of this Registration Document. However, other risks that the Group is not aware of or whose realization is not considered, at this date, as likely to have a material adverse effect on its activities, its financial position, its assets and liabilities, its results, its outlook, or on the Company's share price, may exist or occur.

The Audit and Finance Committee periodically reviews and conducts assessments of potential risks that could adversely affect the work carried out within the Group, as well as the suitability of the procedures in place. The Committee conveys its main findings to the Board of Directors.

The internal control and risk management procedures are described in the report of the Chairman of the Board of Directors, established pursuant to Article L.225-37 of the French Commercial Code, presented in section 3.1 of this Registration Document.

1.2.1 Business and strategic risks

Risk of not meeting targets

The Group's financial performance depends on a variety of factors, and specifically on its ability to do the following:

- increase revenue from the Group's traditional payment terminals business;
- increase revenue from the Group's services business, in particular *via* the development of Ingenico ePayments, the internationalization of online payment and mobile payment transaction management services and the sales of these value-added services;
- maintain profit margins on the payment terminals business;
- streamline and effectively leverage the technical infrastructure and platforms used for Transaction Services;
- control operating costs and costs associated with the development of services and software solutions.

The Group's financial management carries out monthly performance analysis and regular earnings forecasts and regularly informs the Board of Directors of results and any changes.

However, the Group's business, results and financial position could be affected:

1) if the Group fails to achieve all or some of its targets;
2) if prices in the payment terminals market were to fall significantly and continuously;
3) if the growth in demand for payment terminals slowed significantly or if the volume of business in Transaction Services decreased significantly due, for example, to unfavorable economic conditions which could result in a major decline in consumption.

The Group's 2017 objectives are described in section 4.2 of this Registration Document.

Risk that additional financing will be needed

The Group could require additional financing, for example:

- if the Group maintains its policy of expanding through acquisitions in order to develop synergies with its businesses, to acquire installed terminal populations to accelerate the implementation of its service strategy, or to purchase payment technologies that complement payment terminals (*e.g.*, online and mobile technologies);
- if technological changes compel the Group to invest substantially in new technology and new terminal and service offerings;
- if revenue and margins contract as a result of events over which the Group has no control;
- or, more generally, if the electronic payment market undergoes major change.

The Group cannot always be sure that it has adequate financing in place at the right time, and without it, its ability to grow could be adversely affected. However, the Group does have unused sources of financing as described in Note 9.e. "Financial risk management" to the consolidated financial statements as at December 31, 2016, and has also introduced a decision-making process designed to anticipate future needs.

Risks related to the Group's dependence on specific suppliers

The Group has entirely outsourced the production of its payment terminals to specialized leading electronic assembly companies known as EMS (External Manufacturing Services). The Group currently works with two of the world's five largest electronic sub-assembly subcontractors, Flex and Jabil, which handle the bulk of its production work at sites in Brazil, Malaysia, Russia, and Vietnam. Most of the payment terminals are produced at several sites, so that production could be shifted from one EMS to another in the event one of them fails. As part of business continuity plans, Flex and Jabil have identified alternative production sites, and would be able to turn to new suppliers within a reasonable period. Although the geographical spread of the various EMS production facilities, specifically in Brazil, Malaysia, Russia, and Vietnam, takes geopolitical and natural risks into account, the Group cannot guarantee that in the event of major political problems, a shift in production site would not generate temporary hardware manufacturing difficulties.

As part of its payment services activities across all sales channels (in-store, online, and mobile), the Group engages in partnerships with a variety of Tier 1 acquirers. In the event of failure of one of its partners, the Group would turn to new suppliers identified within reasonable timeframes. However, the failure of several partners could affect the Group's ability to exercise its payment services activities.

Risks related to the Group's dependence on specific customers

Although the Group sells to a large number of customers, some generate a significant portion of its revenue. The Group's top customers, top five customers and top ten customers accounted for 2.2%, 9.4% and 16.7% of its revenue, respectively, in the year ended December 31, 2016. A loss of, or decrease in, business with one or more of these customers could result in a proportional reduction in total revenue.

	2016		2015	
	In millions of euros	% of revenue	In millions of euros	% of revenue
Revenue derived from the top customer	50.3	2.2%	72.1	3.2%
Revenue derived from the top five customers	218.2	9.4%	245.1	11.1%
Revenue derived from the top ten customers	386.2	16.7%	401.0	18.2%
GROUP REVENUE	**2,311.9**		**2,197.3**	

Component sourcing risk

The Group is dependent on adequate component sourcing from its EMS payment terminal manufacturers. Because component shortages are a clearly identified risk in the electronics industry, the Group takes all due care to monitor industry forecasts, and the Operations Department checks those forecasts against the Group's sales forecasts in order to anticipate the risk of component shortages. To better anticipate sourcing disruption risks caused by shortages, supplier failures or natural risks, a multi-sourcing policy is consistently applied where possible and, in certain cases, security stocks are created for critical components. Moreover, some key suppliers are required to have two production sites for sensitive components. These preventive measures introduced by the Group cannot, however, entirely eliminate the risk of component shortages.

At December 31, 2016, the Group had placed approximately €121.1 million in firm price orders with its manufacturers (see Note 13 "Off-balance sheet commitments" to the consolidated financial statements as at December 31, 2016).

In addition, as part of the outsourcing of the production and assembly of its payment terminals to EMS (external manufacturing services), the Group has made several inventory buyout commitments to its suppliers. The Group recognizes a provision for supplier inventory buyout commitments to cover the risks associated with these agreements, particularly the risk that components held by suppliers may become obsolete and the risk that supplies may exceed planned output. A provision for the full value of components declared obsolete is recognized. The Group estimates excess supplies by comparing the procurement and production plans. The provision recorded in the consolidated financial statements as at December 31, 2016 for supplier inventory buyback commitments came to €3.4 million (see Note 8 "Other provisions" to the consolidated financial statements as at December 31, 2016).

Risks related to hardware manufacturing

A single operating or manufacturing defect or the use of faulty components in any of the Group's products and systems could result in product liability lawsuits of varying size which could damage its reputation and adversely affect its business, results of operations, financial position, and ability to meet its objectives.

The Group has implemented a quality control procedure designed to reduce risks in situ at EMS sites.

In this respect, a provision for warranties is recognized by the Group when the corresponding goods or services are sold. At December 31, 2016, the provision recorded in the consolidated financial statements for warranties amounted to €19.8 million (see Note 8 "Other provisions" to the consolidated financial statements as at December 31, 2016).

Moreover, a provision for product quality risk is recognized when this risk is not covered by the provision for warranties. At December 31, 2016, the provision for product quality risks recognized in the consolidated financial statements amounted to €8.7 million.

Risks related to transaction service provision and service availability

In the context of developing its Transaction Services activities, Ingenico Group makes increasing use of several service providers for its platforms, including Ingenico Payment Services, Ingenico ePayments, Axis, and Ingenico Mobile Solutions.

Providers are selected through competitive bidding on the basis of Ingenico's operational and financial specifications. The Group's relations with its service providers are contractually stipulated. However, any failure on their part to provide the services regularly required by the Group's operations, particularly with respect to online and point-of-sale payment capabilities, could affect Ingenico Group's service business and its customer relationships.

Counterparty risk

The growth of Transaction Services, particularly in the acquisition and collection businesses, exposes the Group to counterparty risk. If a merchant defaults and is unable to meet its service obligations to end customers, the Group might be required to reimburse those customers for certain payments to the merchant, with no guarantee of recovery from the latter.

The Group has developed a methodology for conducting a detailed analysis of the risks associated with each type of service it offers in order to improve risk monitoring and be able, if necessary, to calibrate the guarantees demanded of counterparties more effectively. The primary purpose of this approach is to limit the impact of counterparty risk on the Group (see Note 9.e. "Financial risk management" to the consolidated financial statements as at December 31, 2016).

Risks related to a global business

The Group markets its products and services in more than 170 countries around the world, and intends to grow its business in China, India, Africa, Turkey, Russia, the Middle East, and Southeast Asia.

The primary risks associated with its international business operations are the following:

- local economic and political conditions;
- exchange rate fluctuations;
- restrictions on capital repatriation;
- unexpected changes in the regulatory environment;
- a variety of tax regimes that may adversely affect the outcome of the Group's business or its cash flow, particularly regulations on transfer pricing, and withholding taxes on remittances and on other payments made by the Group's associates and subsidiaries;
- import restrictions;
- customs duties, controls on exports of products and services and other trade barriers.

The Group carries out an in-depth review of each country, studying the local market and assessing the possibilities for starting up operations. Consistently strict terms of payment are applied, especially in countries in Africa, the Middle East, Southeast Asia, and Eastern Europe.

Despite the procedures introduced by the Group, it cannot fully guard against or provide coverage for these risks, and may experience difficulties in any one of the countries where it does business. This could adversely affect its overseas employees and/or its results.

Risks related to the Group's expansion

The Group's development strategy involves both external growth transactions, such as acquisitions of businesses or companies, and the expansion of its existing businesses. All investments are carefully analyzed and reviewed according to a very strict internal policy, but the Group can make no assurances that the profitability assumptions underlying investment projects will all be fulfilled or that the process of integrating the acquired or merged companies will be successful. As a consequence, the expected benefits from any future or completed external or internal growth efforts might not be realized within the expected periods or at the predicted levels, thus impacting the financial position of the Group.

The Group must also maintain an ability to adapt its structures swiftly in order to adjust to changing technology, payment methods, and customer demand. The Group might fail to invest in products and services that respond to demand at competitive prices or to adjust its products and services, costs and organizational structure in a timely fashion and might have trouble completing specific critical projects. Such a development could adversely affect its business, results of operations and ability to meet its objectives.

Human resources risks related to the Group's development

Ingenico is a growing group that is diversifying to offer an increasing variety of secure electronic payment services. The corporate strategic plan to 2020 calls for the Group to become a leading player in omnichannel payment services. As such, and in the context of a highly competitive and fast-changing technology sector, attracting, developing and retaining the necessary skills is a key issue.

Accordingly, the Group must position itself to meet a list of qualitative and quantitative objectives related to talent management:

- develop its talent pool – especially technical (and mainly in software engineering) – that are needed to support growth and deliver a range of new value-added services on a global scale;
- develop managerial skills at all levels to support its growth and its continued transformation;
- effectively integrate new employees, especially in the case of acquisitions;
- become a benchmark employer in the Fintech sector.

The challenge for the Group is to anticipate and plan the acquisition and development of the skills that will ensure its future success. The risk is in not having this talent on hand in time to support the strategy. Several programs and initiatives have, therefore, been implemented to prevent this risk. These mainly cover the following aspects:

- using a "strategic workforce planning" approach to clearly define the needs for new skills as it relates to the current talent pool,
- developing an employer brand and bolstering its appeal in terms of recruitment (through increased use of social networks, for example);
- training all employees, with targeted investments in a new e-learning platform;
- engaging employees through appropriate internal communications, and developing internal tools for communication as well as sharing information and knowledge.
- retaining talent and rewarding performance through Group long-term remuneration plans, as well as specific plans in the event of acquisitions.

Ingenico Group thus has a proactive and multi-faceted approach so as to ensure that it has the talent and skills necessary for its future success – but with uncertainty about the level of impact these actions will have on recruiting the resources needed for its development, at the right time or under satisfactory conditions.

1.2.2 Environmental risks

Environmental risks associated with Ingenico Group's business derive mostly from increasingly stringent environmental laws and regulations. Should Ingenico Group fail to comply with current regulations, it could be required to pay fines and the authorities could even prohibit the marketing of its products.

To address these potential environmental risks, which could harm Ingenico Group's reputation or its results, the Group has developed an environmental management system which is certified to ISO 14001:2015. Within this framework, Ingenico Group has established an environmental risk prevention policy. This policy includes an environmental regulation monitoring mechanism to help it anticipate changes in regulations that affect the way it does business.

Risk related to restrictions on the use of hazardous substances

With regard to supplier and subcontractor relationships, Ingenico Group has instituted measures to ensure that Ingenico products are in compliance with the RoHS 2 directive, which seeks to restrict the use of six substances deemed hazardous to human health and the environment.

Under REACH rules, Ingenico Group closely monitors all updates to the list of "Substances of Very High Concern" established by the European Chemicals Agency (ECHA). The Group requires that none of the components delivered by its suppliers contain such substances. Independent laboratory tests are performed annually on Ingenico products and accessories in order to verify the compliance of its electronic component suppliers with the Group's requirements.

Risk related to the handling of waste electrical and electronic equipment (WEEE)

To reduce the risk of uncontrolled pollution, the Group makes sure that collection and recycling programs for end-of-life Ingenico Group products are in place and available to its customers in Europe, in accordance with the WEEE directive, and in other countries outside the European Union.

The quantity of Ingenico Group products distributed, collected and recycled are periodically declared to the national manufacturer registers in those countries where regulations so require. Ingenico Group also informs users of these requirements through a special symbol on its products. The Group provides disassembly instructions to recyclers.

Risk related to the environmental practices of suppliers and subcontractors

All Ingenico Group's Tier 1 subcontractors are certified to ISO 14001 and have also signed the Electronic Industry Citizenship Coalition (EICC) charter. This agreement ensures that the environment is properly taken into account in the assembly processes of Ingenico products. The Group also has dedicated teams at key production sites who monitor the assembly lines on a daily basis, and ensure that subcontractors conduct their business activities in accordance with the practices prescribed by the Group.

Ingenico Group also incorporates environmental criteria into the agreements the Company signs with its industrial partners, whether with assembly facilities for Ingenico products or strategic suppliers of components (for more details, see section 2.4.6 "Supply chain management" of this Registration Document).

Despite the policies instituted by the Group and because the environmental risks are not limited to the Group's business activity, it is not always possible to guard against such environmental risk. If one of these risks should arise, the Group's business, results of operations, financial position and ability to meet its objectives could be adversely affected.

1.2.3 Risks related to technology and data security

Risks related to PCI standards

The security standards established by the PCI-SSC (Payment Card Industry – Security Standards Council) are designed to enhance card payment data security by promoting the broadest possible implementation of the specific standards relating to the various components of card payment transactions. The main standards are the PCI-PTS (Payment Card Industry – PIN Transaction Security) and PCI-DSS (Payment Card Industry – Data Security Standard). PCI-PTS for PIN code entry aims to guarantee that the cardholder's PIN is always processed securely by the PIN entry device and ensures the highest level of payment transaction security. The aim of PCI-DSS, which relates to the digital and electronic banking environments of merchants and payment service providers, is to ensure that private cardholder data and sensitive transaction data are always processed securely in systems and databases. This standard is mandatory for all systems that process, store or transmit such data, regardless of whether payment is made with a payment card.

Updates to these standards involving changes to existing requirements are managed by PCI-SSC and its founding members (Visa, MasterCard, American Express, JCB, and Discover), in consultation with stakeholders from across the electronic payment industry (*e.g.*, local banking entities, payment terminals and services providers, regulators, merchants, banking associations, and banks). This organization offers manufacturers the opportunity to take part in shaping the standards and their implementing rules. Ingenico Group is a "participating organization" in the PCI Security Standards Council, with a seat on the Board of Advisors. As such, it has a say in defining specifications and ensuring their consistency with the requirements of the various stakeholders. These standards remain valid for a minimum of three years. Ingenico Group's product and solution development teams take these new standards into account right from the initial design stage.

Whenever these standards are modified, changes have to be made, not only in the kernel software that manages security components, but also in the terminal hardware. From one version to another, the implications for Ingenico Group in terms of investment may therefore be quite significant.

Ingenico Group takes all the necessary financial and engineering steps to bring its new payment terminals into line with the version of the PCI-PTS in force, which has resulted in increased security for payment card interfaces (magnetic stripe, chip, and contactless) and stronger PIN protection. Although the certification process is extremely robust, there is a risk that once in use, specific products might reveal defects that could subsequently lead the PCI Council to challenge their certification. In the event of a withdrawal of certification, such a challenge could lead to prohibition of sales of the product, resulting in decreased revenue and a financial loss.

As a provider of payment services, particularly centralized payment solutions for large-scale retail businesses, and online payment solutions (e-Commerce) Ingenico Group must also comply with the PCI-DSS (Payment Card Industry – Data Security Standard). Ingenico Group's payment services are all subject to an annual third-party audit by a Qualified Security Assessor (QSA) certified by PCI-SSC. Again, this audit process provides a reasonable level of confidence in system security, but is not an absolute guarantee of the impossibility of a breach of networks and servers, which may lead to theft of sensitive data.

As with PCI-PTS, changes in this standard would entail changes in the architecture of data processing systems, networks and servers that would require substantial investment by Ingenico Group.

The Group maintains an ongoing relationship with those responsible for PCI-SSC and payment schemes (international and national) to ensure that the Group can address all aspects of current and forthcoming standards in the best possible conditions, and to ensure that it is in a position to anticipate trends and prepare for future investments and corrective expenditures. Despite this close relationship, Ingenico Group might not have all the information required to be able to avoid fraud or security breaches with regard to its certified payment terminals and solutions. Such occurrences could damage its reputation in a way that could affect the Group's corporate image and results.

Risks related to IT security

In connection with its business activities, the Group electronically receives, processes, stores and transmits a significant volume of personal information and payment data.

Payment terminals play a central role in ensuring the security of sensitive data transfers and electronic payment transactions. Ingenico Group manufactures terminals that incorporate cryptographic technology and comply with PCI-PTS (Payment Card Industry – PIN Transaction Security) security standards.

The Group has established a procedure for tracking terminal quality and security throughout the production process at EMS sites. Notwithstanding all these security measures, it can make no assurances that Ingenico Group payment terminals are completely secure, despite the certification applicable at the time of manufacture of its terminals or IT systems. Any security breach or any claims with respect to the security of its IT systems or terminals could therefore damage its reputation and adversely affect its business, results of operations, financial position and ability to meet its objectives.

Risks related to information technology systems

The Group's information technology systems are at risk from attacks (viruses, denials of service, etc.), technical faults causing interruptions to IT tools, and theft of data. The Information Technology Systems Department is in charge of security for the networks and systems as well as the applications essential to the Group's activity, and performs periodic penetration tests or back-ups. Despite such vigilance, any one of these incidents could have a negative impact on the Group's business and performance.

The introduction of new technologies (cloud computing, Bring Your Own Device), the evolution of industrial control systems, and the development of new tools such as social networks, expose the Group to new threats. Computer hacking and attempted breaches are increasingly targeted and carried out by real experts who can attack the Company as well as its private or public partners. More generally, a systems failure could lead to the loss or leaking of information, delays, and additional costs that could be detrimental to the Group's strategy or its image.

The Group applies IT security measures that are tailored to the identified risks. Together with its internal control and security policy, these organizational, functional, technical and legal security measures are subject to annual audits.

However, in spite of the risk assessment procedures implemented by the Group, it may not be possible to guard against all technological and IT risks. Were such a risk to materialize, it could adversely affect Ingenico Group's business, results of operations, financial position and ability to meet its objectives.

Risks related to personal data protection

For some of its activities, the Group must collect and process personal data. Regulations governing data privacy are becoming more stringent at both the national and European levels, as illustrated by the adoption of the General Data Protection Regulation which will come into force in May 2018. Any breach of these obligations could result in criminal or financial sanctions against the Group and damage its reputation.

The Group has taken steps to ensure the reliability of its data protection and security systems, and to reduce any risk caused by a breach of security or of the personal data it processes.

Despite the measures taken by the Group to protect data privacy and security, there remains the risk that data processing systems may be hacked or breached, which could lead to sanctions and damage its reputation.

1.2.4 Industry risk

Risks related to development of new systems and business models

The payment industry is subject to rapid and significant changes in services and technology, with the emergence of new payment terminal technologies (*e.g.*, contactless, biometric, etc.) and alternatives to payment terminals (*e.g.*, online and mobile payment).

The Group considers microprocessor cards to be the best platform for providing network services, personal identification, security, e-commerce and mobile commerce. Its growth strategy reflects the firm belief that chip card technology will remain the leading standard in secure access solutions.

If, however, alternative solutions were adopted, this change could adversely affect its business, results of operations, financial position and ability to meet its objectives.

Continuing the EMV deployment program and working closely with the leading suppliers of technology used in payment terminals (*e.g.*, contactless cards, mobile payment with Near Field Communication technology) mitigates its risk exposure should other systems and standards incompatible with secure payment systems be developed. Moreover, Ingenico Group has undertaken to develop specific expertise in controlling such risks.

The Group continually monitors trends in payment technology and usage among banks and merchants around the world. The Group has already invested in companies offering innovative technological solutions that address the growing diversity of payment methods, including GlobalCollect for online and mobile payment, Ingenico e-Commerce Solutions, Ingenico Financial Solutions, and Roam Data Inc.

The Group also monitors the development of methods of payment offered by new significant players in the ecosystem such as Google, Apple, and PayPal. To date, the Group has signed agreements with Google, PayPal, and Microsoft in the United States to facilitate the development of these solutions. However, the Group cannot rule out the emergence of alternative payment methods that might challenge the economic assumptions used in the Group business plan.

Therefore, and despite these initiatives, the Group might not succeed in, or might be late in, anticipating demand for new payment methods, since technological change and the emergence of new methods of payment can have unforeseeable consequences. Such a development could adversely affect its business, results of operations and ability to meet its objectives.

Risks related to competition

In the payment terminals business

The payment terminals market is largely in the hands of two main global players. The Group also competes with more local players.

Despite this high level of concentration, the Group cannot rule out the possibility that new manufacturers will make successful inroads into the payment terminal market. In particular:

- players in emerging countries may expand internationally;
- large companies that previously focused on secure electronic transaction processing may wish to move down the electronic payment value chain and include hardware in their offering;

- providers using supposedly less secure solutions based on open platforms (Windows CE or Linux) may seek to break into the payment terminal industry.

Such additional competition could adversely affect Ingenico Group's business, results of operations, financial position, and ability to meet its objectives.

In the payment service business

The development of this business activity is contributing to the expansion of competition risks beyond the market for conventional payment terminals. The services provided by the Group (such as management of connectivity, transactions, management of installed terminals, transaction processing for in-store, online and mobile sales, and value-added services) are not generally offered by its traditional competitors, but by companies that may be partners or customers of the Group, or by companies with an established position as providers of one of these service packages. Payment service provision tends to be a competitive business involving fairly large companies (*e.g.*, First Data International, Worldpay, Adyen).

However, the Group believes that size is a factor of limited impact, since the payment market is local and segmented. Against this background, the Group is defining the building blocks for customer-based and country-specific services and solutions that reflect local market structure and customer positioning.

Despite its credibility and the expertise it has gained in payment and value-added services through recent acquisitions, the Group may still be unable to achieve sufficient credibility as a payment service provider. Such a development could adversely affect its business, results of operations and ability to meet its objectives.

1.2.5 Legal and compliance risks

Regulatory risk

The Group's business activities are subject to many regulations, including commercial, customs, and tax regulations in France and internationally. Regulated payment services in particular are subject to stringent rules, especially at the European level.

Changes in any of these regulations or the terms of their application, especially the tightening of regulations governing payment and e-money institutions, may lead to some difficulties of application, or even different types of sanctions, which may have a material adverse effect on the Group's business, financial position, reputation and ability to meet its objectives.

Even if amendments to laws, regulations or standards did not apply directly to the Group, the impact on its financial institution customers may have indirect and significant repercussions on how the Group does business and the demand for the payment services it provides. In particular, the Group would need to upgrade its systems and procedures to comply with new regulations.

Due to the increasing popularity of the Internet, mobile and IP-based telecommunication networks, a variety of laws and regulations are being drafted or amended (particularly to fight against money laundering and fraud) to address the issues of privacy, security, pricing, content, and quality relating to products and services. Growing concern about these issues, as reflected in the adoption of additional laws and regulations, could conceivably slow down growth in these areas, possibly resulting in lower demand for Ingenico Group's products and therefore adversely affecting its business, financial results, financial position and ability to meet its objectives.

As such, the Group can neither guarantee that it has been, or will be, in all circumstances, in compliance with such standards or regulations, nor that it will avoid any costs or significant liability to ensure future compliance with such regulations, nor that it will be able to finance any such future liabilities.

In 2015, Ingenico Group created the Group Compliance Officer function to manage and monitor all matters relating to internal ethics and compliance. This function ensures the implementation of the various aspects of the Group's Code of Ethics and Business Conduct, as well as the uniformity of ethics and compliance policies across the Group. Within the Group's Legal Department, the Group Compliance Officer is tasked with monitoring the development of European regulations on payment services and establishing the procedures and resources necessary to comply with said regulations.

In addition, the Group conducts regular audits of its subsidiaries around the world and may call on experts to check the compliance of some of its practices with applicable regulations.

Risk of unethical conduct

Ingenico Group ensures that all of its employees act at all times in accordance with the values of integrity and respect for the internal and external standards that are the foundation of its corporate culture.

The Group's Code of Ethics and Business Conduct, which covers employees and business relations (including suppliers and subcontractors), defines the standards and behaviors that apply to the Group's businesses (such as the rights of employees, anti-corruption legislation, etc.).

Any behavior which, despite the Group's best efforts, violates these values, could lead to the Group being held liable for that conduct and may have serious repercussions on its reputation.

Accordingly, during the last quarter of 2015, the Group Compliance Officer developed an employee awareness and training program addressing these issues. This program was replaced in 2016 by dedicated online training modules. The Group initiated the review of its procedures and updated the Group's Code of Ethics and Business Conduct. It also reviewed the policies and procedures of its supplier contracts in order to reaffirm its commitment to the fight against slavery and human trafficking.

Fraud risk mapping also helps to prevent this risk. Launched in 2012 and updated in 2016, the fraud risk map enables the identification of actors and tools designed to protect the Group against the risks of internal and external fraud. The analysis and prevention of risks related to fraud fall within the responsibility of the Audit Department.

Moreover, as part of its payment services for online and mobile payment channels in particular, the Group has implemented fraud-detection measures to reduce the risk of substantial losses due to claims by holders of credit cards issued by its merchants.

Risks related to intellectual property

Were a third party to deem that the Group's technology or products infringed upon its rights, and that Ingenico Group had not obtained the licenses required to use this technology, Ingenico Group might be prohibited from using the technology or selling the relevant products. In the case of such a legal claim, the Group could be confronted with significant costs, production delays, or could even be forced to redesign its products. Any one of these developments could adversely affect its business, results of operations, financial position, and ability to meet its objectives.

To ensure that the rights of third parties are guaranteed, whenever necessary, the Group conducts research on existing intellectual property and keeps a close watch over its portfolio. Ingenico Group also works with patent lawyers to keep abreast of any possible infringement complaints and legal disputes that might arise from them. Recently, companies known as "patent trolls" have sprung up in the United States and France. Ingenico Group has implemented specific measures to monitor this trend, and with the assistance of law firms specializing in intellectual property rights, defends itself against such improper practices in both the United States and France.

Based on the risk assessment performed by Ingenico Group to date and in accordance with the applicable accounting standards, no provision was recognized for such claims in the consolidated financial statements as at December 31, 2016.

1.2.6 Financial risks

A detailed analysis of market risk (interest and exchange rate risk) and counterparty and liquidity risk is available in Note 9.e. "Financial risk management" to the consolidated financial statements as at December 31, 2016. Ingenico Group has performed a separate review of its liquidity risk and deems that it has the means to meet its future obligations.

1.2.7 Non-recurring events and legal disputes

In the normal course of business, the Group may be involved in a number of administrative or judicial proceedings under which its responsibility may be engaged on a variety of bases.

1.2.7.1 Tax disputes

During fiscal year 2016 and previous years, Group companies were subject to tax audits and occasionally proposals for adjustments. The financial consequences of such additional tax assessments and taxes are recognized through provisions for the amounts that have been notified and accepted or are considered as presenting a probable outflow of resources which can be reliably estimated.

The Group periodically reviews the assessment of this risk as audits or litigations progress, and is of the opinion that there are no ongoing audits that will have a material impact on its financial position or liquidity.

These tax disputes are detailed in Note 8 to the consolidated financial statements as at December 31, 2016.

1.2.7.2 Commercial disputes

Disputes are regularly reviewed by the Group's Legal Department and are covered by provisions when the Group considers it probable that an outflow of resources will be necessary to cover the risk incurred, and that a reliable estimate of this amount can be made. Reversals of unused amounts chiefly reflect the resolution of such disputes that were settled in the Group's favor, or in which the amount of the damages awarded proved to be lower than originally estimated.

1.2.7.3 Conclusion

As at December 31, 2016, Ingenico Group recognized provisions for litigation and claims totaling €8.3 million, in respect of various commercial disputes and various industrial tribunal disputes. These disputes are described in Note 8 "Other provisions" to the consolidated financial statements as at December 31, 2016.

To the best of the Company's knowledge, for the period covering the last 12 months preceding December 31, 2016, there are no judicial or arbitration proceedings of which the Company is aware that could have or have recently had significant effects on the financial position or profitability of the Company and/or the Group, other than the disputes listed above.

1.2.8 Insurance

The Group's policy is to purchase insurance from external sources so as to cover insurable risks to the Group and its personnel at reasonable rates. The Group believes that the kinds of risks covered and the guarantees provided by its insurance policies are consistent with standard industry practice.

Ingenico Group's insurance program in 2016 includes the following coverage:

- civil liability (including cyber crime);
- damages and business interruption;
- MAT insurance for shipped goods;
- directors and executive officers liability;
- fraud;
- personal injury;
- automobile.

The Company does not have separate insurance coverage for the risks of illness, resignation, or death of its key executives.

Any newly-created subsidiary or company joining the Group during the year is immediately covered by this Group-wide insurance plan under the same terms and conditions, up to specific revenue limitations.

The program operates on two levels:

- at the corporate level, there are worldwide insurance programs to cover the Group's main exposures;
- at the local level, subsidiaries have taken out insurance to comply with their local regulatory obligations, as well as coverage supplementing Group-wide insurance programs to cover their specific exposures.

The credit rating of the insurer is a key factor in the Group's choice of carrier.

In spite of the growth in revenues and its expanded coverage for cyber crime risk, the Group's cost of insurance coverage in 2016 remained stable on an invoiced and paid basis (including for local insurance programs) at €1,939,400, which included €1,844,945 in premiums.

CORPORATE SOCIAL RESPONSIBILITY

2

2.1 CSR for Ingenico Group

2.1.1 Commitments

2.1.1.1 Group CSR policy

Aware of the importance of sustainable development issues and the growing expectations of its stakeholders in terms of corporate social responsibility, Ingenico Group has developed a CSR policy to generate inclusive and transparent growth, built around increasingly innovative and reliable payment solutions.

This CSR policy, shared with all Ingenico Group employees, is based on five commitments, which they are invited to apply in their activities:

1. **Maintain responsible and ethical business practices**
   Ingenico Group is committed to following the highest environmental, health, safety, labor conditions and social justice standards in its relationships with all its stakeholders and specifically through its supply chain management.
2. **Ensure the best level of security and safety when using Ingenico Group solutions**
   Protecting sensitive payment data is part of Ingenico Group's DNA. Ingenico Group also believes that the protection of personal information and respect for an individual's right to privacy are of utmost importance. It is dedicated to providing the most secure and safest payment solutions for its customers, their clients, its partners and other stakeholders.
3. **Grow along with society**
   Ingenico Group wants to grow its business in harmony with its ecosystem. Therefore, the Group strives to develop regular and open dialogue with its stakeholders in order to foster collaborative innovation and meet the needs of the local markets, with a specific focus on solutions that can advance financial transparency and inclusion.
4. **Control its environmental footprint**
   Ingenico Group is committed to the development of payment solutions that have a low impact on the environment. The Group also strives to minimize the environmental footprint resulting from the operation of its facilities and from its sales and distribution channels.
5. **Develop a blooming Ingenico Group community**
   Ingenico Group strives to provide a respectful workplace that is safe, open and inclusive. CSR contributes to the positive corporate culture that the Group wants to promote in order to enhance employee engagement, which is key to driving improvements in the company's performance and fostering innovation.

2.1.1.2 United Nations Global Compact and Sustainable Development Goals

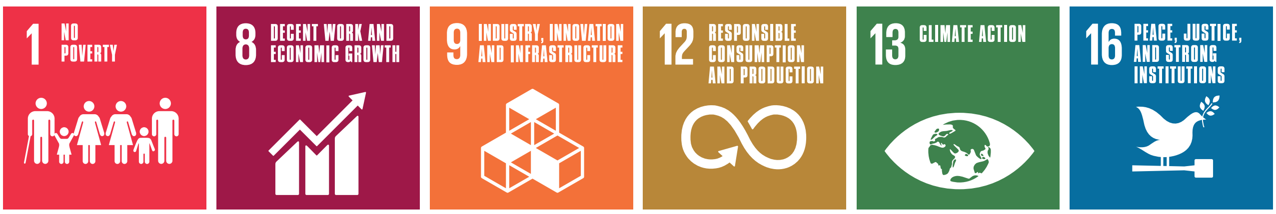
Ingenico Group's support for the United Nations Global Compact reflects its commitment to sustainable development.

Launched in July 2000 by UN Secretary-General Kofi Annan, the Global Compact is the world's largest corporate social responsibility initiative. As a supporter of the Global Compact, Ingenico Group is committed to respecting and promoting its 10 core principles relating to human rights, labor standards, the environment and anti-corruption.

As part of this commitment, Ingenico Group decided to integrate the UN Sustainable Development Goals ("SDGs") into its CSR strategy.

On September 25, 2015, 193 UN member countries adopted the "2030 Agenda for Sustainable Development". This agenda includes 17 SDGs translated into 169 targets covering a wide range of issues related to sustainable development. These goals call for action among governments and civil society, but also among businesses, which are crucial partners in this initiative. (For more information on the SDGs and their targets, visit the United Nations website: http://www.un.org/sustainabledevelopment/).

Ingenico Group supports the SDGs and has already incorporated several of them into its business operations. At this stage, the Group is primarily focusing its efforts on SDGs that relate to financial inclusion, the responsible management of its supply chain, the management of its environmental impact, the protection of personal data, financial transparency, and ethical business practices, all of which are central to the Group's CSR approach.



Ingenico Group contributes to other SDGs such as Quality Education (Goal 4), Gender Equality (Goal 5), and Reduced Inequalities (Goal 10) and will continue to develop its CSR strategy in line with the SDGs.

2.1.2 Strategy

2.1.2.1 Challenges

Supported by BSR (Business for Social Responsibility), a global network of companies specializing in sustainable development, Ingenico Group carried out a materiality assessment in 2015 to identify the issues that are most important in terms of stakeholders' expectations and their impact on the company's results.

This initial analysis showed that the key issues for the Group are as follows:

- ensuring data privacy and transparency with regard to the handling of this data;
- ensuring information security through the protection of sensitive data and systems to prevent security breaches and attacks;
- ensuring the safety of its products for its users' health;
- reducing or removing harmful or hazardous substances, and ensuring the traceability of materials used to manufacture terminals;
- promoting diversity in its workforce at every level throughout the business;
- developing collaborative partnerships with its external stakeholders in order to promote topics such as the security of payment services and financial transparency or inclusion;
- maintaining ethical and responsible practices, including the protection of intellectual property;
- engaging the Group's various stakeholders in order to understand their expectations and create value for them;
- managing its supply chain responsibly;
- ensuring the appropriate treatment of electronic waste from industrial operations and end-of-life products;
- improving the energy efficiency of its terminals.

This analysis will be refined after a direct consultation with the Group's key stakeholders on their CSR expectations in 2017. This will allow the Group to specify and update its materiality matrix.

2.1.2.2 Four spheres of action

Ingenico Group's CSR strategy, which is built around these key issues, is based on the following action fields:

PEOPLE

The cornerstones of the Group's success

A fair, respectful and inclusive work environment

- Promotion of diversity and inclusiveness
- Employee safety during business trips
- Fair compensation practices

Employee engagement and development

- A positive corporate culture
- Internal communication on corporate strategy
- Employee involvement through surveys and actions

ENVIRONMENT

Preserving natural resources

Safe and eco-conscious products

- Measures to reduce or eliminate the use of hazardous or harmful materials
- Development of eco-design practices

Management of greenhouse gas emissions

- Operational footprint
- Products and solutions footprint

Electronic waste management

- End-of-life product collection and recycling programmes

CORPORATE CITIZENSHIP

Setting the example

Safe and secure payment solutions

- Product compliance with the highest safety and security standards
- A global data privacy policy

Responsible supply chain management

- High environmental and social requirements on suppliers
- Better material content traceability for terminal manufacturing

Innovation and partnerships for financial transparency and inclusion

- Electronic payment as a means to combat informal economy
- Innovative technologies to facilitate access of the unbanked to financial services

GOVERNANCE & MANAGEMENT

Leading through engagement and responsibility

A dedicated CSR governance structure

- A CSR Core Team and a network of Ambassadors for a consistent approach company-wide
- Campaigns to raise employee awareness and promote corporate social responsibility

Responsible business practices

- Strengthened approaches to ethics and compliance
- Stakeholder engagement to foster collaboration and innovation

2.1.3 Organization

In order to structure its global CSR approach, in 2015 Ingenico Group created a central Corporate Social Responsibility function which coordinates the Group's main activities in this area. It is supported by a multidisciplinary "CSR Core Team" with representatives from the main departments involved in environmental, social and societal matters. Together, they are responsible for driving the implementation of Ingenico Group's CSR strategy. To deploy this strategy across all entities, a network of ambassadors is currently being set up. Its mission will be to promote CSR and roll out action plans locally.

2.2 Reporting scope and method

2.2.1 General organization of CSR reporting

This report, which concerns the financial year ended December 31, 2016, presents information on the environmental, social and societal impacts of the Ingenico Group's business for the fifth consecutive year. In line with the Group's desire to improve the transparency of its operations and its commitment to corporate responsibility, the CSR reporting scope is identical to the financial reporting scope and its methodological limitations are presented below. The report includes all entities that are more than 50%-owned by Ingenico Group and have more than 15 internal employees, for its social and societal reporting, and sites with more than 15 internal employees, for its environmental reporting (employees on permanent, fixed-term, apprenticeship, work/study, or internship contracts). Data related to the workforce and employee turnover are, however, provided for all Group entities, including those with 15 or fewer employees.

The 2016 CSR reporting framework, therefore, covers 23 countries: Argentina, Australia, Belgium, Brazil, Canada, China, Colombia, France, Germany, India, Indonesia, Italy, Japan, Latvia, Mexico, the Netherlands, the Philippines, Russia, Singapore, Spain, Turkey, the United Kingdom, and the United States.

The reporting coverage for the various types of indicators is specified below:

- Social indicators related to the workforce and employee turnover: 100% of the workforce and 100% of Ingenico Group's revenue;
- Other social and societal indicators: more than 94% of the workforce and more than 94% of Ingenico Group revenue;
- Environmental indicators: more than 90% of Ingenico Group's workforce.

Nera Payment Solutions entities, acquired in the second half of 2016 and representing 3.7% of the Group's workforce, are not included in the CSR reporting scope for 2016 but will be included in 2017, in accordance with the Group's guidelines. Their employees, however, are included in all indicators relating to workforce and employee turnover.

The terms "Group" and "Ingenico Group" refer to all reporting entities covered in the scope of this report; certain temporary exclusions from the scope are specified below (see section 2.2.2.2 for social reporting and section 2.2.3.2 for environmental reporting).

The social, societal and environmental reporting process is described in the Group's 2016 CSR Reporting Protocol. This protocol presents the CSR reporting context and objectives, as well as the corresponding structure put in place by Ingenico Group. The description of the CSR reporting process includes a definition of the time frame, the scope, the levels of responsibility and control, as well as definitions, examples and various guidelines making it easier to understand the information that is expected for each indicator.

Ingenico Group's CSR reporting is managed by a project team that draws on a network of contributors throughout the Group's various entities. The majority of the CSR data is collected using questionnaires *via* a dedicated online interface. This information is supplemented with data from the HR reporting system for the social section, data from the greenhouse gas emissions analysis for the environmental section, and information obtained through interviews or individual discussions. Data provided by the different contributors is then consolidated at Group level. This report covers all the information required by the implementing decree for Article 225 of the "Grenelle II" law and any exclusions are systematically justified.

2.2.2 Social reporting

2.2.2.1 Definitions

Workforce

There are six types of employment contract:

- permanent employee: an employee holding an Ingenico Group employment contract with an indefinite term, whose salary is established *via* an Ingenico Group pay slip;
- fixed-term contract: an employee holding an Ingenico Group employment contract with a specified beginning and end date, whose salary is established *via* an Ingenico Group pay slip;
- apprenticeship or vocational training contract: this type of contract is reserved for students following a guided training program. This new category was defined in 2016 to differentiate these employees from those on fixed-term or internship contracts. Apprentices are hired under a tripartite agreement (student, university and Ingenico Group) for a fixed term specified in the contract (from nine to 24 months). Their salary is defined in the tripartite agreement and integrated in the Ingenico Group payroll system;
- intern: this category corresponds to students who need to complete a period of training in order to obtain or validate a diploma. During this time, they acquire experience under the supervision of an internship mentor. Students/interns are hired under a tripartite agreement (student, university and Ingenico Group) for a short term specified in the contract (from three to six months). If paid, their remuneration is defined by Ingenico Group and included in the Company payroll system;

- temporary worker: a person who is physically present at Ingenico Group offices but has been supplied by an outside company for a short and predetermined time period to replace an Ingenico Group employee;
- outsourced worker: a person who is physically present at Ingenico Group offices but has been provided by an outside company for a predefined service and time period established by a contract with Ingenico Group.

Layoffs

Individual and collective layoffs are reported by the different Group entities according to local regulations.

Training

Training refers to all types of training, certified or otherwise, organized by the Company or external providers, but excludes e-learning (including on the Ingenico University platform) and internal coaching.

Absenteeism

Absenteeism refers to cases when employees are absent from the workplace due to being incapacitated. This definition does not include authorized absences, such as paid leave, public holidays, maternity or paternity leave, study-related leave, or leave for family reasons.

However, the following absences fall within the scope of absenteeism:

- absences due to ordinary illness;
- absences following an occupational accident;
- absences due to occupational illness;
- unjustified absences.

The absenteeism rate is a ratio that can be expressed as:

$$\frac{\text{Number of days of absence during a given time frame x 100}}{\text{Number of scheduled workdays during that same time frame x Number of employees}}$$

Telecommuting

Telecommuting, or remote working, is an arrangement in which employees do not commute to a central place of work. This report only takes into account remote working hours that have been agreed in an amendment to an employment contract.

Part-time work

Part-time refers to cases when employees work for less than the statutory or standard working hours. The FTE (full-time equivalent) is calculated by dividing the actual hours worked by the total number of statutory working hours, in accordance with the laws defined by a country's government. This information is included in the contracts of the relevant employees.

2.2.2.2 Reporting scope

The social reporting scope includes all entities that are more than 50%-owned by Ingenico Group and that have at least 15 internal employees. The countries covered are listed in section 2.2.1. For social reporting purposes, they are consolidated based on the Group's seven organizations: APAC & ME (Asia-Pacific and Middle-East), Europe & Africa, LAR (Latin America), NAR (North America), ePayments, Technology & Platforms and Central Operations (Ingenico Group holdings).

In France, in 2016, the legal entity Ingenico Group SA was reorganized to create four legal entities, with the workforce split between them:

- Ingenico Group SA;
- Ingenico Business Support SAS;
- Ingenico France SAS;
- Ingenico Terminals SAS.

For the purposes of this report, however, the workforce data of these four French entities is consolidated.

Overall, the data related to workforce and employee turnover are provided for all Group entities, including those with 15 or fewer employees.

For other social indicators (excluding workforce and employee turnover), the following countries are excluded due to the lack of an entity with more than 15 employees: Austria, Chile, Czech Republic, Hungary, Morocco, Poland, Portugal, Switzerland and Thailand.

Lastly, the data for certain indicators could not be provided by all the entities: these exclusions are listed below.

Indicators	Exclusions
Number of hours of training	Russia (2.6% of the workforce at December 31, 2016)
Absenteeism	Canada, Russia (4.1% of the workforce at December 31, 2016)
Number of occupational accidents and illnesses	Canada, Russia (4.1% of the workforce at December 31, 2016)
Telecommuting	Russia (2.6% of the workforce at December 31, 2016)

2.2.3 Environmental reporting

2.2.3.1 Definitions

The greenhouse gas (GHG) emissions generated directly or indirectly by an entity can be classified into different categories of emissions, known as “scopes”:

Scope 1: direct GHG emissions from the combustion of fossil fuels for facilities and vehicles that are owned or controlled by the entity;

Scope 2: indirect GHG emissions caused by the purchase of electricity, heating, refrigeration, or steam needed for the Company’s activities;

Scope 3: indirect GHG emissions related to business activities such as the purchase of raw materials, employee travel, transport of goods by external providers, or the use of products by customers.

The amount of end-of-life products (WEEE) collected and treated refers to the weight of waste produced by end-of-life terminals or parts collected from customers or the Group’s repair centers for sorting, recycling, recovery, or destruction of the various components.

2.2.3.2 Reporting scope

The environmental reporting scope covers sites with more than 15 employees located in the 23 countries listed in section 2.2.1.

The countries that are excluded because they do not have any sites with more than 15 employees are as follows: Austria, Chile, Czech Republic, Hungary, Ireland, Malaysia, Morocco, Poland, Portugal, Serbia, Switzerland, Thailand and Vietnam.

In China, only the three largest sites, representing 66.8% of the workforce of Fujian Landi, are included in the environmental reporting scope. Twelve sites with more than 15 employees are excluded from reporting.

The indicators to which these exclusions apply are listed below. Data related to water consumption are not available on sites that have not been fitted with water meters, and for which water consumption is billed as part of an invoice for all expenses.

Indicator	Exclusions
Water consumption	Argentina (Global Collect), China (Fujian Landi excl. Fuzhou), the United States (Global Collect), the Netherlands (Global Collect), Japan, Russia, Singapore (including Global Collect) (19.6% of workforce at December 31, 2016)
Electricity consumption	China (Fujian Landi excl. Fuzhou) (6.9% of workforce at December 31, 2016)
Paper consumption	Argentina (Global Collect), China (Fujian Landi excl. Fuzhou), United States (Global Collect), Japan, Singapore (Global Collect) (9.2% of workforce at December 31, 2016)

All indicators are published according to the scope defined for the reporting year on a like-for-like basis to enable data to be compared from one year to the next.

2.2.3.3 Extrapolation and restatement of 2015 data

In accordance with the Group’s CSR reporting protocol, missing data for certain entities (water and paper consumption) have been extrapolated on the basis of the workforce and data reported in 2015.

Some of the 2015 data were retroactively corrected when the discrepancy between the correct value and the value previously reported was equal to more than 5% of the entire reporting scope. In this case, the 2015 data that were restated and published in this report are annotated.

2.2.3.4 Accounting for greenhouse gas (GHG) emissions

2.2.3.4.1 Methodology

The methodology used to calculate greenhouse gas or “GHG” emissions across Ingenico Group’s entire value chain is based on the GHG Protocol’s international accounting standard. The emission sources included in the calculation of GHG emissions are listed in section 2.5.4 entitled “Analysis of greenhouse gas emissions”.

The three main sources of GHG emissions have been estimated as follows:

- component production: the GHG emissions have been estimated on the basis of the average weight of the main components representing more than 90% of the total weight of terminals (plastics, printed circuit board, printer, display, cables, battery, keyboard, packaging, thermal paper and user guide). Measurements have been taken for the three most representative terminals produced in 2016;
- energy consumption of the terminals: the GHG emissions have been estimated on the basis of the total electricity consumption over the year 2016 for all terminals installed on the market. Measurements have been taken, according to given use cases, for the three most representative terminals used on the market in 2016;
- receipt printing (transportation and consumption of thermal paper): the GHG emissions have been estimated on the basis of the total consumption of thermal paper over the year 2016 for all terminals (with printers) installed on the market.

The GHG emissions assessment was carried out based on the data collected for 2016; however, for some data, extrapolations were made on the basis of the 2015 data. These extrapolations represent 0.2% of the GHG emissions assessed in 2016.

2.2.3.4.2 Emission factors used

The emission factors used to quantify the GHG emissions come primarily from two sources: the GHG Protocol, particularly for business and international travel; and the *Base Carbone®* database produced by ADEME (the French Environment and Energy Management Agency) for the energy consumption of terminals, the impact of thermal paper and a portion of the component production. The emission factors from the Ecoinvent database (EI 3.1) were also used for the portion related to component production.

2.3 The Ingenico Group community

2.3.1 Introduction

In an increasingly competitive global economic environment, Ingenico Group has positioned itself as a world leader in payment solutions, thanks, in particular, to its focus on innovation and its four core values: Strategy & Execution, Speed, Solidarity and Size.

These four values are a key point of reference and a unifying factor for all of the Group's employees.

Strategy & execution — **Speed** — **Size** — **Solidarity**

Moreover, to build engagement among its employees, Ingenico Group is developing a motivating workplace environment based around four dimensions: Meaning, Respect, Skills and Recognition.

I work in a **RESPECTFUL** and **FAIR** environment

I have a **MEANINGFUL** job

I can **DEVELOP** my **SKILLS** here

I am **RECOGNIZED** and associated with Ingenico **RESULTS**

Ingenico Group's ambition is to attract and retain the very best talent, while building a diverse workforce.

Ingenico Group is preparing to meet the challenges of an ever-changing industry.

2.3.2 A dynamic workforce for a dynamic Group

As Ingenico Group continues to grow internationally, so too does its workforce – from 2,830 employees in 2010 to nearly 7,000 employees, in 36 countries, at the end of 2016.

Total headcount per country (permanent & fixed-term contracts)

With 81 nationalities, Ingenico Group boasts a highly diverse talent pool, thanks to its increasing international expansion, which is a source of both pride and strength.

Ingenico Group's total workforce increased by 15.3% between 2015 and 2016, reaching 6,853 people on December 31, 2016. This increase is due to the Group's organic growth and to the acquisition of three new companies in 2016: Think&Go in France, Lyudia in Japan and Nera in Asia-Pacific.

Acquisitions, particularly in Singapore, Thailand and Malaysia, have impacted the workforce breakdown by country.

	2015		2016	
Country	**Total**	**%**	**Total**	**%**
China	1,508	25.4%	1,798	26.2%
France	989	16.6%	1,043	15.2%
Germany	549	9.2%	554	8.1%
Netherlands	410	6.9%	485	7.1%
United Kingdom	334	5.6%	388	5.7%
United States	359	6.0%	381	5.6%
Belgium	299	5.0%	347	5.1%
Russian Fed.	167	2.8%	180	2.6%
India	159	2.7%	173	2.5%
Turkey	133	2.2%	157	2.3%
Brazil	170	2.9%	151	2.2%
Italy	145	2.4%	144	2.1%
Spain	120	2.0%	129	1.9%
Indonesia	119	2.0%	125	1.8%
Singapore	63	1.1%	131	1.9%
Canada	95	1.6%	100	1.5%
Thailand	15	0.3%	96	1.4%
Australia	75	1.3%	75	1.1%
Malaysia	3	0.1%	71	1.0%
Other	231	3.9%	325	4.7%
TOTAL	**5,943**	**100%**	**6,853**	**100%**

Workforce per region at December 31, 2016 (breakdown between permanent and fixed-term contracts)

	2015			2016		
Region	**Permanent**	**Fixed-term**	**Total**	**Permanent**	**Fixed term**	**Total**
APAC & ME	1,654	393	2,047	2,219	445	2,664
Europe & Africa	1,401	52	1,453	1,512	55	1,567
LAR	251		251	232		232
NAR	423	3	426	441	10	451
ePayments	548	13	561	628	48	676
Technology & Platforms	501	3	504	523	22	545
Central Operations	670	31	701	681	37	718
TOTAL	**5,448**	**495**	**5,943**	**6,236**	**617**	**6,853**

Workforce by gender

The proportion of women within Ingenico Group increased by 2.6 points in 2016 to represent 29.8% of the total workforce, *i.e.*, 2,044 women out of a total of 6,853 employees.

	2015			2016		
Region	**Women**	**Men**	**Total**	**Women**	**Men**	**Total**
APAC & ME	370	1,677	2,047	718	1,946	2,664
Europe & Africa	510	943	1,453	549	1,018	1,567
LAR	90	161	251	81	151	232
NAR	136	290	426	138	313	451
ePayments	230	331	561	279	397	676
Technology & Platforms	71	433	504	72	473	545
Central Operations	212	489	701	207	511	718
TOTAL	**1,619**	**4,324**	**5,943**	**2,044**	**4,809**	**6,853**
	27.2%	**72.8%**	**100%**	**29.8%**	**70.2%**	**100%**

Workforce by age range

The average age of Group employees is 37.3, a figure that is relatively stable year-on-year.

	2015				2016			
Region	**<30**	**30 to 50**	**>50**	**Total**	**<30**	**30 to 50**	**≥50**	**Total**
APAC & ME	888	1,113	46	2,047	1,147	1,450	67	2,664
Europe & Africa	231	950	272	1,453	230	1,004	333	1,567
LAR	53	177	21	251	42	170	20	232
NAR	67	242	117	426	72	259	120	451
ePayments	113	398	50	561	142	473	61	676
Technology & Platforms	37	387	80	504	54	412	79	545
Central Operations	74	485	142	701	83	491	144	718
TOTAL	**1,463**	**3,752**	**728**	**5,943**	**1,770**	**4,259**	**824**	**6,853**
	24.6%	**63.1%**	**12.2%**	**100%**	**25.8%**	**62.1%**	**12.0%**	**100%**

Temporary workers and outsourcing

In 2016, the number of outsourced and temporary workers totaled 1,324 FTE (full-time equivalent employees). The bulk of the work that is outsourced consists of application development and call center, maintenance and repair work.

	2015			2016		
Region	**Outsourced workers**	**Temporary workers**	**Total**	**Outsourced workers**	**Temporary workers**	**Total**
APAC & ME	160	30	190	64	25	89
Europe & Africa	153	236	389	181	278	459
LAR	171		171	214		214
NAR	145	92	237	160	67	227
ePayments	17	16	33	32	13	45
Technology & Platforms	71	39	110	112	48	160
Central Operations	130	7	137	124	6	130
TOTAL	**847**	**420**	**1,267**	**887**	**437**	**1,324**

2.3.3 Optimal working conditions

Ingenico Group is committed to ensuring optimal working conditions for its people by supporting their development and creating a respectful and motivating environment.

For example, in the United States, Ingenico Inc. was voted one of the best companies to work for according to the "Top Workplace 2016" ranking published by local Atlanta newspaper AJC based on a survey of employees.

2.3.3.1 Organization of working hours

Breakdown of full-time and part-time contracts

The percentage of part-time staff remained relatively stable between 2015 and 2016, representing 3.2% of the Group's total workforce in 2016.

	2015			2016		
Region	**Full-time**	**Part-time**	**Total**	**Full-time**	**Part-time**	**Total**
APAC & ME	2,036	11	2,047	2,663	1	2,664
Europe & Africa	1,361	92	1,453	1,459	108	1,567
LAR	251		251	232		232
NAR	424	2	426	449	2	451
ePayments	513	48	561	632	44	676
Technology & Platforms	478	26	504	526	19	545
Central Operations	667	34	701	676	42	718
TOTAL	**5,730**	**213**	**5,943**	**6,637**	**216**	**6,853**
	96.4%	**3.6%**	**100%**	**96.8%**	**3.2%**	**100%**

2.3.3.2 Health and safety

Ingenico Group pays special attention to the health and safety of its employees.

In 2016, eight Group entities had dedicated health and safety committees, representing 100% of their respective workforces (and 36% of all the Group's employees). Through specific measures, these committees help to protect the health and safety of employees in order to improve working conditions.

Health

In 2016, 65 occupational accidents were recorded, with 66% classed as minor accidents and 34% as road traffic accidents.

No occupational illnesses were recorded in 2016. The Group recorded an absenteeism rate of 1.96% in 2016, compared with 1.78% for 2015.

In 2016, a number of initiatives were deployed in various Group entities to boost employee well-being: health boot camps, health weeks, annual health and safety assessments, etc.

In France, the collective bargaining agreements on healthcare costs and benefits continued to apply in 2016.

Safety

In 2015, Ingenico Group instituted a business travel safety policy (prevention of risks linked to travel and expatriation, particularly in countries considered to be high-risk). This initiative, launched in the Europe & Africa region, was introduced in 2016 to other regions of the Group.

In France, the Group significantly strengthened its 2016 crisis management procedure, specifically by adopting dedicated communication tools: mass SMS alerts and an employee information hotline. A new impact analysis campaign, an update of the business continuity plan, and regular drills has helped to validate the new safety measures. An employee awareness day was also devoted to this topic. This procedure, which has been integrated into Ingenico Group's management system, received ISO 22301 certification[(1)] following an external audit.

2.3.3.3 Anti-Discrimination practices

Ingenico Group has produced a Code of Ethics and Business Conduct which formalizes the core guidelines common to all Group entities. This Code is based, in particular, on two principles: equal opportunity on the basis of merit and skill, and the prohibition of discrimination. By adhering to these principles, Ingenico Group is able to provide its employees with a fair and safe working environment.

(1) Application scope: business continuity management for the production of payment terminals and associated support, the provision of services and associated support, and the cross-functional activities of the head office.

In all countries, the Group's subsidiaries use these guidelines to implement local initiatives, such as raising awareness among managers to combat discrimination in job interviews.

Overall, Ingenico Group establishes the conditions for an inclusive environment, and strives to prevent discriminatory practices.

2.3.3.4 Efforts to promote gender equality at work

In a highly technical industry where men are traditionally over-represented, Ingenico Group is promoting professional gender equality (SDG 5[(1)]) through a variety of initiatives. At December 31, 2016, women represented 29.8% of the Ingenico Group workforce, an increase of 2.6 points from 2015.

Ingenico strives to create the conditions for an even better representation of women in its workforce, and initiatives are being developed to this end at Group companies around the world. These initiatives do not focus solely on recruitment, but also on career advancement, compensation, and work-life balance.

2.3.3.5 Telecommuting

The Group continues to develop and support telecommuting, primarily on a part-time basis, supported by appropriate policies and systems. Currently, 34% of the Group's entities give their employees the opportunity to work remotely. In 2016, an average of 253 employees were telecommuting each month, mainly in Belgium, France, Germany and the United States, representing a 43% increase year-over-year.

2.3.4 Recruitment and talent development

2.3.4.1 Recruitment policy

Ingenico Group has rolled out an ambitious recruitment policy to support its goal of becoming one of the world leaders in its industry.

The Group is employing a variety of methods to ensure that this recruitment policy is effective, including IT tools, communications *via* social networks, cooptation, and partnerships with universities and schools. These measures enable Ingenico Group to recruit the best talent in the FinTech sector worldwide.

2.3.4.2 Hiring and Departures

Hiring

Hiring levels increased primarily in the APAC & ME region, especially in China, where new hires rose by 54% due to the growth of Fujian Landi, but also following acquisitions in Japan (Lyudia) and Asia-Pacific (Nera). Increases were also seen in ePayments (+35%) and Technology & Platforms (+26%).

	2015			2016		
Region	**Permanent**	**Fixed-term**	**Total**	**Permanent**	**Fixed-term**	**Total**
APAC & ME	343	120	463	808	182	990
Europe & Africa	232	58	290	214	45	259
LAR	51		51	36		36
NAR	142	3	145	74	6	80
ePayments	144	18	162	168	50	218
Technology & Platforms	98	8	106	106	28	134
Central Operations	87	49	136	90	51	141
TOTAL	**1,097**	**256**	**1,353**	**1,496**	**362**	**1,858**

(1) For more information on the United Nations Sustainable Development Goals: http://www.un.org/sustainabledevelopment/sustainable-development-goals/

Departures

	2015			2016		
Region	Permanent	Fixed-term	Total	Permanent	Fixed-term	Total
APAC & ME	208	166	374	274	95	369
Europe & Africa	122	23	145	138	32	170
LAR	46		46	54		54
NAR	74		74	56		56
ePayments	102	29	131	94	19	113
Technology & Platforms	41	9	50	66	10	76
Central Operations	57	34	91	56	44	100
TOTAL	**650**	**261**	**911**	**738**	**200**	**938**

Reasons for leaving

The number of departures remained stable year-over-year.

The APAC Region (China, Indonesia, India, Singapore and Malaysia) accounted for 49% of resignations, Europe & Africa, 14%, and ePayments, 11%.

	2015	2016
Resignation	458	519
Dismissal	110	106
End of fixed-term contract	247	191
Sale	-	
Mutual agreement	32	62
Redundancies	17	34
End of probationary period (by employer)	18	9
All others	29	17
TOTAL	**911**	**938**

2.3.4.3 Diversifying skills and career path management

While the FinTech sector continues to evolve rapidly, with many innovative solutions being offered to merchants and consumers, Ingenico Group is investing in its future success through the management and development of its employees' skills. The Group's continued growth and expansion offers its employees opportunities for dynamic career development, including in overseas roles.

In 2016, a mapping of current and future skills profiles was carried out in the Smart Terminals business with a view to more effectively steering and managing the development of employee skills that will be needed to meet future challenges. The Group plans to expand this mapping project to other business areas in 2017.

To support the development of the skills that Ingenico Group needs to secure its growth, the Group created an e-learning platform, called "Ingenico University". This platform offers a catalogue of digital education materials comprised of some 200 modules. These include training courses on management, business, Ingenico Group's solutions and strategy, and payment systems (in the fast-changing world of ePayment, for example).

In 2017, Ingenico University will continue to enrich its offering with new courses aligned with the evolution of the Group's strategy (notably in the field of omnichannel payment solutions), to respond to changes in its businesses, and to develop the skills of all its employees.

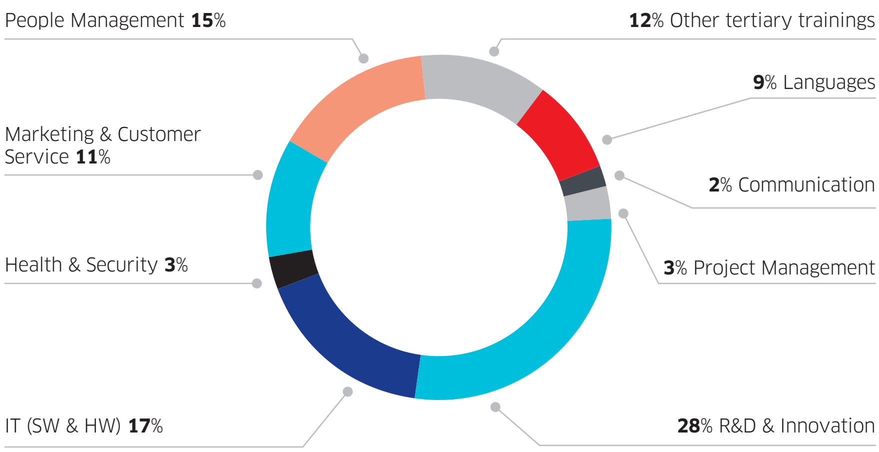
Several skills development initiatives were carried out in 2016, for example, events such as a "Learning Week" in France.

Beyond mere skills management, the Group aims to offer its employees an attractive mobility and career management approach.

Training topics in 2016

Training at Ingenico Group is growing rapidly.

In 2016, the Group expanded its training initiatives in all its business areas. A total of 86,286 hours of training were provided to employees in the Group's entities, an increase of 48.7% compared with 2015. In 2016, the average number of hours of training per employee was 15, up from 12 in 2015.



The most popular training topics were the following: technical programs (R&D and innovation, computer hardware and software), human resource management with team management, marketing and customer service, and language learning (mainly English).

2.3.4.4 Employee compensation and recognition

Because its people are crucial to Ingenico Group's success, its compensation policy aims to support their commitment, recognize their individual and collective contributions, win their loyalty, and attract new talents.

To sustainably support this dynamic approach, the Group's overall compensation policy is based on several core principles:

- a competitive and fair compensation policy based on a tailored job evaluation and classification system. In each of the Group's entities and countries of operation, compensation packages are benchmarked with Ingenico Group's market and calibrated in-house in order to assess and ensure fairness of pay within the Group;
- a compensation policy that aims to support and recognize employees' contributions to the Group's performance. This is achieved through annual pay review campaigns and a bonus policy governing the process for the setting and achievement of annual individual and collective objectives;
- a responsible compensation policy that aims to offer welfare benefits for all Group employees in line with local practices and regulations.

In most countries, these core principles are tailored to local parameters and markets, such as social legislation and legal developments, as well as the economic conditions, the labor market and competition.

This policy is reinforced by an expanding communications approach aimed at helping employees to clearly identify and understand each component of their compensation.

Since 2015, all employees in France receive an individualized report in which their total compensation is broken down and explained. Through its communications, the Group also aims to make employees aware of various employment-related issues such as health, benefits and retirement, and to encourage their use of all the tools available to them.

Payroll costs are presented in Note 6 "Employee benefits" to the consolidated financial statements at December 31, 2016 (see section 5 of this Registration Document).

2.3.5 Open dialogue with employees and employee organizations

To ensure its continued success in a highly competitive industry, Ingenico Group has to maintain open, fluid communications with its employees and employee organizations.

2.3.5.1 Corporate culture and employee engagement

Generally speaking, the Group relays its 2020 strategy and the values that underpin its corporate culture (the 4 S' – Strategy and execution, Speed, Size, and Solidarity) through events and in-house communications.

Moreover, and in line with the "People In" engagement survey carried out in 2015 through which its employees expressed their pride at being part of the Group, in 2016, Ingenico Group implemented a series of initiatives – including events and communications presenting the 2020 strategic plan – aimed at strengthening employees' engagement and their pride in contributing to an ambitious corporate project.

Ingenico Group's desire to convey its corporate culture is also reflected by its investment in IT and digital tools that facilitate internal communication and collaboration. A prime example of this is the new SharePoint knowledge-sharing platform, eShare. In addition, Ingenico Group plans to launch a new global intranet in 2017.

Elsewhere, Ingenico Group promotes solidarity initiatives which, beyond their positive social impact, serve to strengthen the engagement of the Group's employees. For example, in France, Ingenico Group launched *Arrondi sur salaire* (Salary rounding), a micro-donation tool that lets employees support non-profits of their choice. Ingenico Group is also committed to equal opportunity. In February 2016, it partnered with the non-profit association NQT (*Nos Quartiers ont des Talents* – "Our Neighborhoods Got Talent"), to allow employees to sponsor young graduates from priority neighborhoods or disadvantaged backgrounds by providing them with support to find their first job.

2.3.5.2 Social dialogue

Labor relations are an important aspect of Ingenico Group's Human Resources Policy. The Group respects the freedom of association and the right to collective bargaining. Any employee may establish or join a trade union of his/her choice. The Group also recognizes and respects the right of employees to be represented by their trade union(s) and believes in maintaining a constructive dialogue with employee representatives and trade unions on the basis of mutual respect, responsibility and the honoring of commitments.

A number of Group subsidiaries have active employee representative bodies, such as "works councils", which cover 45% of Ingenico Group's total workforce, or union representatives, which cover a total of 48% of the Group's workforce. Entities in France, Belgium, Germany, Spain and the Netherlands have works councils.

Collective bargaining agreements have been implemented in entities in France, Germany, Spain, Italy, Brazil, and the Netherlands, representing 32% of the Group's workforce. In Italy, two collective bargaining agreements were signed in 2016. These agreements cover most conditions of employment: working hours and job descriptions, paid leave and public holidays, and the minimum wage.

Together, these collective bargaining agreements are investments that help to improve employees' working conditions and the Company's performance.

2.4 Ingenico Group's contribution to society

2.4.1 Introduction

As a global company growing in influence and impact, Ingenico Group is increasingly committed to managing the societal impacts that stem from its operations, products and business relationships.

The Group's actions are focused primarily on the following areas:

- maintaining and further strengthening professional ethics, preventing all forms of corruption and ensuring respect for human rights;
- ensuring compliance with the right to privacy for users of its solutions;
- ensuring the safety of its products for user health;
- contributing to the development of financial inclusion and transparency;
- developing responsible practices within its supply chain;
- engaging stakeholders.

2.4.2 Promoting ethical business practices and respect for human rights

Ingenico Group is committed to ensuring that all its operations are conducted with honesty, integrity and the utmost respect for human rights across the globe (SDG 16[1]).

Ingenico Group is aware of its responsibilities across all its activities and its production chain, and plans to formalize its due diligence measures in 2017.

2.4.2.1 The Code of Ethics and Business Conduct

The Group's scrupulous ethical commitments are laid out in its Code of Ethics and Business Conduct, which is designed to create common principles that comply with all applicable laws and regulations. This is made available to all Ingenico Group employees in all the countries in which it operates.

The Code of Ethics and Business Conduct covers a broad range of topics that Ingenico Group believes are vitally important to the ethical operation of the Group: protecting the environment, its employees' fundamental rights (equal opportunities, prohibition of sexual harassment or workplace bullying, prohibition of child and forced labor, occupational health and safety, freedom of association, and collective bargaining), and good corporate governance rules. Group suppliers are required to accept the Code of Ethics and Business Conduct before they can be listed.

For Ingenico Group, it is vital that its rigorous ethical culture is fully understood and put into practice throughout the Group. That is why the Code of Ethics and Business Conduct is available in most of the languages used by the Group's employees (French, English, Chinese, Spanish, Turkish, German, Dutch, Russian, Portuguese, Italian, Indonesian and Japanese).

In 2016, Ingenico Group continued the employee training campaign introduced in 2015 with e-learning courses (module completed by 338 employees), and on-site training courses in countries where the e-learning test pass rate was deemed insufficient.

New collaborative tools have also been rolled out to promote the Code, establish a Group-wide culture and facilitate the process for escalating information on topics covered by the Code. The Code of Ethics and Business Conduct is available on the Group intranet and website at https://www.ingenico.com/press-and-publications/library/code-of-ethics.html.

If any Ingenico Group staff members or stakeholders wish to report any grievances or suspicions, the procedure to follow is clearly laid out in the Code of Ethics and Business Conduct, as are the details of the relevant members of staff to be contacted (whistle-blowing procedure). To take specific local or cultural features into consideration and ensure that the procedure is effective and efficient, new tools have been rolled out since 2015, including a list of local contacts for compliance-related issues and an anonymized web form. Complaints recorded *via* local in-house hotlines are handled with care and are subject to independent inquiries.

Ingenico Group plans to revise its Code of Ethics and Business Conduct in 2017, particularly in connection with the latest regulations published in the United Kingdom (Modern Slavery Act of 2015) and France (Sapin law 2).

(1) For more information on the United Nations Sustainable Development Goals: http://www.un.org/sustainabledevelopment/sustainable-development-goals/

2.4.2.2 Membership of the United Nations Global Compact

Ingenico Group chose to formally set out its commitment to developing in line with internationally recognized ethical guidelines by joining the world's largest sustainable development initiative in 2015. Each year, Ingenico Group reports on the progress made in respecting and promoting each of the Global Compact's 10 principles relating to human rights, international labor standards, the environment and anti-corruption. This annual *Communication On Progress* report is available on the Global Compact's website (www.unglobalcompact.org).

In addition to its support for the UN Global Compact, Ingenico Group is also a member of its French network: Global Compact France.

2.4.2.3 Other initiatives promoting ethical practices

The Code of Ethics and Business Conduct is supplemented by a gifts and entertainment policy.

Ingenico Group has also set up an internal policy to check the integrity of its service providers, further strengthening the resources deployed to combat corruption, fraud and any other illegal or unethical practices.

Lastly, an online document repository provides access to various resources and guidance on compliance issues for employees, including information on relevant regulations.

Some of the Group's entities have also put in place measures tailored to the specific requirements of their local environment to supplement the Group's Code of Ethics and Business Conduct, such as external whistle-blowing hotlines in countries where this is permitted, or training programs to tackle sexual harassment in high-risk countries.

Within the e-Payments Division, since 2015, all employees have been required to enroll in and complete a certain number of e-learning courses each year on various topics including the fight against money laundering, corruption, and harassment.

In China, Fujian Landi has set up an Anti-fraud Committee, as well as a policy and hotline for reporting unethical or illegal practices, particularly for corruption-related issues. An anti-fraud training plan, initially launched in 2015 within the Anti-fraud Committee and part of the management team, was extended in 2016 to cover all middle managers. As part of this anti-fraud policy, the due diligence procedure ensuring the integrity of the Group's service providers was formally documented in 2016.

The Canadian entity follows Canada's Human Rights Code and has set out its own code of ethics and rules of conduct in its employee handbook.

In the Philippines, an employee handbook, including a code of conduct, has been introduced alongside the Group's Code of Ethics and Business Conduct and its gifts and hospitality policy.

In the United Kingdom, specific whistle-blowing and anti-corruption policies have been rolled out. A training campaign based on the Group's code of ethics e-learning module is being rolled out to all employees.

In India, a dedicated committee was set up to fight against the sexual harassment of women in the workplace in accordance with local regulations. Similarly, in Italy, a monitoring body has been set up to receive reports of unethical or illegal behavior.

In the USA, mandatory training for managers on combating discrimination and harassment in the workplace was implemented in 2016.

In France, an awareness campaign on diversity in recruitment aimed at managers was carried out in 2016.

In Japan, the Group plans to set up annual training sessions on the fight against corruption for all employees beginning in 2017.

Lastly, in Australia, the anti-corruption training campaign which began in 2015 was completed in 2016 (100% of employees were trained).

2.4.3 Data privacy

As digital technology develops, it is essential that personal data is protected and individuals' privacy is respected (SDG 16[1]).

For Ingenico Group, the protection of personal data is of the utmost importance. That is why a data privacy policy covering all Group entities was rolled out in 2015 and continued in 2016. This policy was accompanied by an e-learning module on the Ingenico University platform (260 employees completed this module in 2016). This Group policy is intended to supplement existing local policies. Each of these local policies is drafted to reflect a sensitivity to local laws and culture, and to reinforce Ingenico Group's commitment to privacy.

In Colombia, for example, a specific procedure is now in place to meet local requirements.

In Turkey, a law firm is conducting an audit of our subsidiary's practices to ensure that they are consistent with the new Turkish regulation on data protection. This audit will result in recommendations and the implementation of new standard customer contracts to ensure compliance with this new regulation.

External audits are carried out every two years in Spain to ensure that personal data is suitably protected.

(1) For more information on the United Nations Sustainable Development Goals: http://www.un.org/sustainabledevelopment/sustainable-development-goals/

Meanwhile, Ingenico Group's Australian entity established a dedicated data privacy policy in 2016.

The German entity has implemented an e-learning module on personal data protection and a clean desk policy. Since 2011, data protection measures have been certified according to German law (*Bundesdatenschutzgesetz* [BDSG]) by an independent organization. In addition, each employee must receive training on data protection and sign a data confidentiality agreement.

In 2015, China created a committee dedicated to data security and published a document concerning trade secrets. Since 2016, data security management training has been put in place for some employees.

In 2016, Ingenico Group established an internal agreement governing the transfer of personal data between Group entities. In 2017 it will finalize its "Binding Corporate Rules" (BCR).

At the same time, working groups were formed to identify and set up the procedures and tools necessary for the implementation of the European General Data Protection Regulation.

2.4.4 Protecting the health and safety of customers and users

To protect the health and safety of its customers and the end users of its solutions, Ingenico Group provides detailed user guides that include, for example, information on terminal emissions and voltage levels, in line with the regulations in force in the various countries.

Ingenico Group's environmental requirements for its suppliers and subcontractors concerning the composition of its terminals also help protect user health and safety.

In addition, Ingenico Group is committed to rigorously testing its products and applications, not only during the research and development phases, but also when terminals are sent for repair.

Training is also provided on product health and safety, particularly for staff in customer contact centers.

In Canada, Ingenico Group's local health and safety policy also covers its customers and suppliers, in accordance with the Ontario Health & Safety Act.

Lastly, the safety measures in place at the Group's various sites enable the protection of both employees and visitors. In Belgium and Mexico, for instance, safety guidelines are provided to all visitors.

2.4.5 Solutions for financial transparency and inclusion

Ingenico Group develops products and solutions for financial transparency and inclusion that are customized to meet local market needs. By providing highly accessible electronic payment services, the Group is helping to develop financial services in emerging economies and to strengthen fraud risk management in both developed and developing economies.

2.4.5.1 Solutions for transparency and traceability

By its very nature, electronic payment contributes to the reduction of fraud and illicit financial flows (SDG 16[1]). Ingenico Group has also launched solutions to improve the traceability of monetary transactions and the transparency of the financial system in line with governments' anti-fraud requirements, both in emerging economies and in G20 countries.

Thus, Ingenico Group offers its customers compact devices combining a payment terminal, POS software, and a fiscal memory, or a secure procedure for transferring tax records that meet the requirements of local tax authorities. Each solution implemented is tailored to national regulations, as illustrated by the offerings designed for Turkey and Croatia.

The solution designed for Turkey enables merchants' transactions to be reported to the tax authorities in real time. At the point of sale, the product supplied to merchants combines cash register, payment terminal and printer features. All the merchants' card or cash sales are stored indelibly in a fiscal memory and electronic sales register, enabling the authorities to have better control over financial transactions and combat VAT fraud. This development was introduced after the adoption of a law in 2012 requiring all merchants to have a payment terminal with a fiscal module connected *via* the internet to the Ministry of Finance. At the time, Radisson Blu Şişli Hotel, one of the nine Radisson Blu Hotels in Turkey, wanted to set up a payment solution that met the new legal requirements. Ingenico Group, therefore, worked with Radisson Blu to implement its iWE280 solution. Since this first initiative, Ingenico Group has extended its range of financial traceability solutions with a new product, the IDE280, to cover larger numbers of merchants. Nearly 100,000 terminals were distributed in 2016, bringing the number of installed terminals to over 150,000. The potential replacement market of two million devices highlights the stakes involved with such a solution for Turkey.

(1) For more information on the United Nations Sustainable Development Goals: http://www.un.org/sustainabledevelopment/sustainable-development-goals/

As a further example of its commitment in this area, the Group launched an innovative fiscal solution in 2013 for a Croatian customer, Hrvatski Telekom, to equip its customers in line with this country's new legislation. Ingenico Group developed an all-in-one cash register solution that combines the Group's latest generation of payment terminals with a fiscal application developed by Etranet Group, a Croatian electronic payment transaction system specialist. The solution was embraced by Hrvatski Telekom's customers, making the new solution one of its most popular ICT[1] services.

The phenomenon is spreading. Other solutions are expected to be deployed in other countries over the coming years, in line with the regulations adopted.

2.4.5.2 Solutions for financial inclusion

Because of the limited number of bricks-and-mortar bank branches in developing countries and the high cost and complexity of banking services, two billion people were still excluded from financial services in 2014[2]. Financial inclusion, defined as a series of arrangements to combat banking exclusion, is a key factor in societal integration. Indeed, it contributes to poverty reduction (SDG 1)[3], the development of decent work and economic growth (SDG 8), and facilitates the access of small enterprises to financial services (SDG 9), particularly in developing countries.

Ingenico Group's mobile payment solutions help make financial services more widely available and affordable to the unbanked, supporting the shift from a cash-based environment to a cashless ecosystem. These solutions also promote the development of microbusinesses.

In West Africa, Ingenico Group has been rolling out a simple payment solution since 2013 in partnership with eMoney, making it easier to access and use banking and financial services. This solution, which enables users to transfer money, pay bills and access banking services, as well as the sale of mobile phone top-up credit, has been launched in several countries including Benin, Ivory Coast, Burkina Faso, Niger, the Republic of the Congo (Brazzaville), Cameroon, Togo and Guinea. The solution is easy to install on Ingenico Group's iWL mobile terminals and offers simple, secure transactions, while giving families access to financial services at a lower cost. In 2016, nearly 6,000 money transfer and bill payment transactions were carried out each day using this solution in Benin, Cameroon and Niger, for amounts ranging from 100 CFA francs (€0.15) to 8.6 million CFA francs (around €13,110). In addition, the mobile savings and account opening initiative, launched nearly three years ago with a Cameroon-based microfinance institution (MFI), is delivering conclusive results. In 2016, an average of 93 accounts were opened every day, and an average of 605 deposits were made daily, for an average amount of 8,929 CFA francs (about €13.73).

In 2016, Ingenico Group also continued its strategic partnership with Tagattitude, an innovative mobile money solutions firm, to advance financial inclusion and democratize access to financial services in Africa. Tagattitude's mobile money platform, "TagPay", provides access *via* mobile phones to a number of payment services that are secure and more easily accessible to the unbanked population.

In East Africa, Ingenico Group provides branchless banking technology for local banks looking to expand their customer base to include unbanked populations in rural areas, through a network of "agents" that are recruited among local merchants and trained by the bank. Using a mobile device, "agents" can register new customers, activate their cards and enable customers to make deposits or withdraw money. This branchless banking solution is giving financially excluded people access to banking services in remote areas, at a lower cost, thereby overcoming the barriers of geographic access, basic financial knowledge and language.

In South Africa, Ingenico Group has set up a welfare benefits payment system with its partner Net1. This solution, which uses biometric terminals, aims to tackle issues of fraud and identity theft. Every month, the beneficiaries visit a government agent, identify themselves with their fingerprints and receive their benefits directly onto their bank cards. This system currently delivers benefits to 10 million people.

In 2016, Ingenico Group deployed a fee collection solution in the County of Nyeri in Kenya together with its local partner Tracom. This initiative was sponsored by Equity Bank and reinforces the emerging culture of electronic payments in the country. Agents equipped with Ingenico terminals and an app developed for the collection of fees and taxes (parking fees, property taxes, market stall fees, etc.) can now collect payments directly from taxpayers. This system enables better traceability of the funds collected and effective cost reduction thanks to its fully electronic process. In this way, residents can pay local government fees from their workplace, without wasting time commuting or waiting in line.

In recent years, Ingenico Group has expanded its partnership with FINCA, an international microfinance institution that provides microfinance services to low-income populations. To mitigate the risk of fraud, FINCA has equipped its agents with Ingenico biometric terminals to capture applicants' fingerprints when they apply for a loan and confirm their identities through a finger scan prior to the loan disbursement and at each repayment. This program is expanding rapidly in several African countries such as Malawi, Nigeria, Democratic Republic of the Congo, Tanzania, Uganda and Zambia. As part of a similar initiative, Ingenico Group is working with FINACOM, a microfinance institution in Burkina Faso. The solution deployed there relies on iWL mobile terminals connected to a secure platform. This platform allows FINACOM agents to register new customers and enables them to save, withdraw and deposit cash, and to receive confirmation receipts and account statements.

FINANCIAL INCLUSION

(1) *ICT: Information and communications technology.*

(2) *Source: Global Findex study published in April 2015 by the World Bank.*

(3) *For more information on the United Nations Sustainable Development Goals: http://www.un.org/sustainabledevelopment/sustainable-development-goals/*

2.4.6 Supply chain management

With the exception of one of its Chinese sites, the production of all Ingenico Group terminals is outsourced. That is why Ingenico Group is particularly committed to ensuring the responsible management of its terminal supply chain. By imposing social and environmental standards on its Tier 1 and Tier 2 suppliers, the Group is helping to create decent work and economic growth (SDG 8) and reduce environmental impacts (SDGs 12 and 13)[1].

2.4.6.1 Social and environmental impacts

2.4.6.1.1 Terminal assembly

Ingenico Group's two non-Chinese Tier 1 suppliers, called EMS (Electronic Manufacturing Services), in charge of assembling its payment terminals, are the US firm Jabil and the Singapore-based Flex. These two companies have signed up to the Electronic Industry Citizenship Coalition (EICC) code of conduct, ensuring that the supply chain meets the highest environmental, labor rights and social justice standards. These suppliers are also ISO 14001-certified.

Ingenico Group ensures rigorous control over these two suppliers' assembly plants and has dedicated teams of employees at the main sites in Brazil, Malaysia and Vietnam. Their role is to oversee the assembly lines on a daily basis and ensure that operations comply with the rules set forth by Ingenico Group. Their constant presence at the EMS production facilities allows more than 20 audits to be completed per year. In addition, Ingenico Group's Industrial Operations Division and its Quality Department visit the various plants at least once every quarter. When practices that breach the Group's principles are identified, the supplier is immediately informed. This is followed by a process of discussions and the implementation of corrective actions.

In China, the site owned by Ingenico Group and the two EMS facilities that handle the assembly of some Landi terminals are also ISO 14001-certified. Consequently, in 2016, all Ingenico Group terminals were once again assembled at industrial sites with ISO 14001 environmental certification.

2.4.6.1.2 Component manufacturing

Upstream from this assembly chain, Ingenico Group works with a community of Tier 2 suppliers based primarily in Hong Kong, China, Taiwan, Vietnam, Thailand, Malaysia and Brazil to produce its various components. Ingenico Group expects these component suppliers to comply with the same standards that the Group sets for itself.

Ingenico Group is committed to further strengthening its supply chain processes. It has provided its suppliers with a number of tools, including a Supplier Quality Handbook and a Supplier Quality Agreement, which set out the Group's social and environmental requirements, its Code of Ethics and Business Conduct, and a CSR agreement that commits suppliers to socially responsible practices. This agreement has been designed to establish Ingenico Group's expectations vis-à-vis suppliers regarding labor and human rights, health and safety, environmental protection, ethics, and their internal organization with regard to these issues. It lays out the minimum requirements that all suppliers must meet when working with Ingenico Group. This agreement also requires suppliers to cascade the Group's conditions down their own supply chain. In 2016, Ingenico Group required 97 active suppliers of strategic components to adhere to this agreement, or to provide proof of membership of the EICC. At December 31, 2016, 76% of these suppliers had either signed or agreed to sign the agreement and 5% had shown proof of their membership in the EICC.

The Quality Department continuously audits the various component suppliers around the world. In 2016, a total of 68 audits were carried out (*versus* 70 in 2015). These audits, conducted when assessing potential new suppliers or launching new projects, provide opportunities to ensure supplier compliance with the principles of the CSR agreement.

To assess the CSR performance of these Tier 2 suppliers, Ingenico Group has developed an assessment questionnaire, which includes social, environmental, ethical, health and safety criteria. At December 31, 2016, 48 out of 97 active suppliers had been assessed using the questionnaire.

2.4.6.1.3 Managing local subcontractors and suppliers

Some Group entities have implemented specific CSR agreements or CSR clauses in their purchasing conditions, which their suppliers undertake to comply with. This is the case in China and Germany, in particular.

None of Ingenico Group's suppliers or subcontractors were considered to represent a risk of breaching the International Labor Organization conventions in 2016.

2.4.6.2 Conflict minerals

Ingenico Group is committed to further strengthening the transparency of its supply chain and ensuring that the minerals that go into its terminal components do not benefit armed groups that violate human rights in the Democratic Republic of the Congo and neighboring countries.

As initially requested by certain customers in the context of the US Dodd-Frank Act, the Group periodically assesses the supply chain with regard to the presence and origins of "3TG" minerals (tin, tantalum, tungsten and gold) in its products. In 2016, this assessment was carried out in close collaboration with both of Ingenico Group's EMS using the reporting tool provided by the Conflict Free Sourcing Initiative (CFSI). Information was thus obtained from 96% of suppliers of the components used in Ingenico terminals (Tier 2 suppliers).

The Group is developing a specific policy on minerals from conflict zones and intends to continue expanding the scope of this assessment of its terminal supply chain.

(1) For more information on the United Nations Sustainable Development Goals: http://www.un.org/sustainabledevelopment/sustainable-development-goals/

2.4.7 Contributing to local development

Ingenico Group is committed to supporting local employment and prioritizes the hiring of local residents. The Group is also committed to supporting the development of communities around its facilities through a range of initiatives, as presented below.

2.4.7.1 Supporting innovation

The payment ecosystem is constantly evolving. To meet the need for constant innovation, Ingenico Group created a dedicated Innovation Department, called Ingenico Labs, two years ago. Composed of marketing experts, engineers, researchers, and decision-makers from strategic partners, this unit works closely with all Group entities to define the merchant practices of tomorrow. This agile structure works on joint ventures with start-up firms through the Partech Ventures venture capital fund, and experiments with the best start-ups on new developments in payments. These collaborations sometimes lead to acquisitions, as was the case in 2016 with Think&Go, a specialist in connected screens.

Ingenico Group organized several hackathons, or "App Challenges" throughout 2016 in London, Barcelona, Sao Paolo, Atlanta and Las Vegas. Open to everyone, these events enabled more than 250 developers and innovators to pitch and develop applications offering value-added services on payment terminals, with support from Ingenico Group mentors and experts. Around 20% of the applications currently offered on Ingenico's Tetra Marketplace originated from hackathon-type events.

2.4.7.2 Technology for fundraising

Ingenico Group supports several initiatives that help charities to collect donations, by sharing its technical expertise and solutions.

In France, in 2016 Ingenico Labs once again supported the Institut Curie's campaign against cancer, *Une Jonquille pour Curie* through an innovative solution that enabled passersby to make donations using their contactless payment cards by simply passing their cards in front of an advertising screen.

A similar campaign was carried out in Canada at the Toronto International Film Festival (TIFF) to benefit the festival's charitable fund.

Customers of the BNP Paribas digital branch may also make donations to the bank's different charity partners by holding their contactless payment card or NFC (near field communication) smart phone up to a screen. Thanks to this solution, which combines an interactive, dynamic and multi-content interface with multi-sum and multi-merchant payment capabilities, it has never been so quick and easy to donate to charity.

In 2016, Ingenico Labs also developed a solution for collecting charity donations called the "Charity Box". This allows donations to be collected in stores or out on the street *via* NFC cards or smart phones.

Meanwhile, a new type of donation is being developed in France with MicroDON's "Arrondi" solution, a micro-donation tool which is deployed on payment terminals deployed for Ingenico Group's retail customers. In total, over one million donations were made in 2016, amounting to a total of nearly €400,000 benefiting the associations supported by these retailers. The Group also supported the new MicroDON PR campaign and became the official partner of Arrondi. The solution deployed on the terminals of adidas group stores was recognized in 2016 during the Profit for Non-Profit Awards gala, which rewards the most innovative and exemplary solutions in the charity sector.

Ingenico Group also lends terminals to support various fundraising initiatives. For example, in 2016, the French entity renewed its support for AMREF, the largest public health NGO in Africa, by providing payment terminals for its annual gala. In the United Kingdom, Ingenico Group supported the in-house fundraising campaign of its customer Paypoint, benefiting Children in Need, an association that aims to improve the lives of children and youth with disabilities. In the Czech Republic, the Group supported the fundraising campaign of Světluška, a major charity in the country that helps blind and visually-impaired individuals to remain active in society. For this initiative, it developed a donation app on its Tetra Telium payment platform and provided terminals to the organization free of charge.

2.4.7.3 Philanthropic activities and support for charities

In the United States, Roam Data supports the toy collection drive organized each year by Action for Boston Community Development (ABCD). Ingenico Inc. supports various charities, including Habitat for Humanity, Toys for Tots, Atlanta Mission for Homeless Men, and Adopt-A-Family.

In 2016, in Singapore, Ingenico Group participated in the Bloomberg Square Mile Relay charity run for the fourth time. The winning team is awarded a prize of $10,000 to be donated to a charity of their choice. Ingenico Group also sponsored a charitable golf tournament organized by Focus on the Family, a non-profit that works to support families.

In Australia, Ingenico Group provided financial support to Starship Children's Hospital (a pediatric care service and teaching center) and the Australian Cancer Council (support for people with cancer). The Group also mobilized its employees in Melbourne and Sydney to support a fundraising breakfast for the Cancer Research Council.

In France, Ingenico Group employees also showed their support for the fight against cancer by taking part in two races in 2016: the *Course de la Jonquille* event for the Institut Curie, a leading cancer research organization, and *La Parisienne*, a women-only race supporting the fight against breast cancer. Ingenico Group also participated in *Courir Ensemble*, an event organized by Handicap International, which provides assistance to vulnerable populations. And it provided financial support to Stop Hunger, a non-profit that fights against hunger and malnutrition around the world, during its donor gala.

In 2016, in Canada, Ingenico Group supported the Daily Bread Food Bank, providing financial assistance and the pro bono work of six of its employees.

In the United Kingdom, the Group has supported charities for many years. In 2016, it raised funds during in-house events for the following charities: Pancreatic Cancer Scotland (funds information campaigns and research in the fight against pancreatic cancer); Alzheimer's Scotland (supports people with Alzheimer's and their families); Claire House Children's Hospice (helps seriously ill and terminally ill children to live full lives); and Team JAK (supports young cancer patients and their families). Since 2010, Ingenico Group has sponsored the Cards & Payment Awards event. In 2016, over £50,000 was raised to benefit the Teenage Cancer Trust. The Group is also a member of local associations, and of the steering group for HADIE (Hillend and Donibristle Industrial Estate) which promotes a major industrial estate that is a hub for employment and the local economy.

In India, Ingenico Group donated funds to the Ambattur Rotary Charitable Trust to build a school for underprivileged children.

Lastly, in Italy, Ingenico Group supports NGOs (UNICEF in 2016) by buying their Christmas cards.

2.4.7.4 Education-related initiatives

Education is of the utmost importance in our work environments. That is why Ingenico Group builds close relationships with the education and student sectors, illustrated by its funding for doctoral students, its scholarships, its participation in careers events, partnerships and programs, as well as its opportunities for apprentices and interns.

In France, the Group strengthened its relations with schools and targeted training programs significantly in 2016. Beyond simply having a presence at job fairs, Ingenico Group wanted to provide real added value in the educational arena. That is why, in early 2016, it supported a team of students from EDHEC Business School in their "Open Inno" project, by enlisting the help of one of its marketing employees. The Group subsequently decided to support students from the ECE electronic engineering school to complete an innovation project related to home automation. In an effort to develop its CSR approach, the Group also forged relationships with the MBA program in CSR Management and Organizational Performance at the Institut Léonard de Vinci. In 2016, the Group hired one of its students on a work-study contract. It also entrusted students with two projects to be completed as group assignments: one on stakeholder dialogue, and the other on the UN Sustainable Development Goals (SDGs)[1]. This reciprocal relationship between business and academia helps Ingenico Group to establish its employer brand, and allows students to put theory into practice. Taking this approach a step further, the Group allowed an employee from its Valence site to be seconded to the ESISAR engineering school at Institut national polytechnique de Grenoble in Valence for a teaching assignment. Ingenico Labs is also providing funding to three doctoral students from the IT Security and Cryptology Department at the École normale supérieure. Between 2015 and 2016, the number of scientific articles published by Ingenico Labs researchers rose from 10 to 17. For its part, the Europe & Africa region welcomed four apprentices in 2016.

In Italy, Ingenico Group works closely with the Management School at Politecnico di Milano, which provides consultancy services and market research. Ingenico Group supports the research programs undertaken at Politecnico di Milano's Digital Innovation Observatories (*Osservatori)* on mPayment, mCommerce, distribution innovation and the promotion of electronic payments in Italy. Ingenico Group has also liaised with Politecnico di Milano to recruit junior engineers and supported its Career Day event in 2016.

In Germany, Ingenico Marketing Solutions has established a partnership with the Hamburg-based Nordakademie Graduate School. The first project, "Loyalty 4.0", launched in 2015, focused on the future of loyalty programs. The study, conducted by six Master's students, produced excellent results that are especially relevant to the activities of Ingenico Marketing Solutions. It was followed by a new project, called "Future of Fashion Retail". This project was also entrusted to six Master's students and aims to identify the technological developments that will impact the customer experience in the fashion industry. It will be completed in January 2017.

In Turkey, Ingenico Group provided scholarships once again this year for five university students from Istanbul Technical University.

In the United Kingdom, the local entity is partnering with Developing Youth Workforce to prepare a school project for 2017. In 2016, it welcomed two student apprentices, enabling them to learn new skills in engineering.

In Canada, Ingenico Group takes part in co-op programs with local organizations (at least two per year). These programs are primarily aimed at people who arrive in Canada and need to update their skills to find a job. Students spend around three months in a work environment in order to earn their diploma.

In Spain, Ingenico Group welcomed three interns in 2016 to its IT Department from three Madrid universities: Santa Clara, Complutense and Carlos III.

In China, Landi recruited 20 IT interns in 2016 for periods of one to two months.

In the United States, Ingenico Inc. welcomed three interns in 2016 to its Marketing and Finance Departments and to its warehouse, where the applications are loaded onto the terminals. It also participated in a jobs fair in the FinTech sector (Georgia Tech), meeting with 60 applicants. Ingenico Inc. plans to formalize its internship program in early 2017 and will initially hire four student interns. Ingenico Inc. also participated in a program at a university in Georgia to promote careers in the payment industry.

(1) For more information on the United Nations Sustainable Development Goals: http://www.un.org/sustainabledevelopment/sustainable-development-goals/

2.4.7.5 Local sourcing

Several Ingenico Group entities are committed to using local suppliers.

For instance, Canadian suppliers represented 30% of Group purchases in Canada in 2016 (34% in 2015).

In the Philippines, Ingenico Group promotes purchasing from suppliers in the metropolitan district (national capital region). Purchases from these suppliers accounted for 93% of all purchases in 2015 and 85% in 2016.

Ingenico Prepaid France SAS works primarily with local suppliers (based in Colombelles) to buy its merchandising items: local suppliers represented around 80% of suppliers for this type of product in 2016.

The Australian entity endeavors to work with providers located within a restricted radius of its facilities to organize its team events, which helps to raise awareness among its employees of the importance of working with small local firms to support the economy.

2.4.7.6 Support for communities with specific needs

The latest generation of Ingenico terminals (Lane 5000, Move 5000 and Desk 5000) come with an optional microphone and audio jack, thus facilitating access for people with visual impairments or with low levels of literacy, and a multilingual audio-guide, thanks to its text-to-speech functionality.

In Germany, Ingenico Marketing Solutions GmbH has been supporting a refugee camp in Hamburg since October 2015, by providing equipment and services to promote activity and integration (sports clothing and equipment, access to sports facilities, gift cards for buying school books, etc). This supplements the support provided by the local authorities, which focused on essentials such as food, clothing and housing. In parallel, DI Deutsche Ingenico Holding GmbH is one of the founding members of Enterprises Integrate Refugees, a network launched by the Düsseldorf Chamber of Commerce and Industry. This network of more than 300 companies provides advice and enables the sharing of best practices regarding the integration and vocational training of refugees.

In 2016, campaigns for donations at the Chinese entity enabled the partial funding of medical care for two seriously ill colleagues.

In the United States, Ingenico Inc. ensures that all its job offers are published not only with the Labor Department, but also on employment sites for veterans and people with disabilities. Ingenico Inc. also works with businesses that are owned by people from minority backgrounds and companies managed by women.

In Brazil, the Group participates in the education of young students through its support for NURAP (an association that helps Brazilian youth from disadvantaged backgrounds or with disabilities to find their first job). In early winter, Ingenico Group also organized a clothing drive, with items subsequently distributed through two organizations run by the State of Sao Paulo: CECA, a home for children and adolescents, and a shelter for homeless people. Following a fire that hit CECA in 2016, Ingenico Group organized another charity drive among employees to collect hygiene products. Lastly, various blood donation campaigns were conducted by our subsidiary in Brazil with the Santa Paula Hospital in Sao Paulo, especially around *Carnaval*, a period when accidents are more frequent, and to help the sick or injured relatives of some employees.

In France, Ingenico Group launched a partnership in 2016 with the association *Nos Quartiers ont des Talents* ("Our Neighborhoods Got Talent"), which promotes the professional integration of young job seekers from priority neighborhoods and disadvantaged backgrounds. Through this initiative, Group employees can sponsor young graduates and support them in their job search. Three young people have found jobs thanks to this program. In another area, through its work with specialist organizations such as Cèdre, the social enterprise in charge of the office waste sorting system in France, Ingenico Group contributes to the professional integration of people with disabilities. Lastly, two Ingenico Group teams took part in the Paris Triathlon in May 2016, alongside two brothers, with one having disabilities, who were sponsored by Ingenico Group during this charitable sporting event.

2.4.7.7 Fighting against food waste

Although Ingenico Group is not directly concerned with food waste, given the nature of its business, measures have been put in place to limit food waste in employee restaurants and cafeterias in 30% of the Group's entities.

For example, in the Netherlands, dishes prepared daily are stored in accordance with hygiene standards until the use-by date. If these dishes are not eaten by that date, they are offered free of charge to employees.

In China, the employee restaurant prepares food for 90% of the total workforce, in order to avoid any surplus. During meal times, the restaurant staff may cook more to meet actual demand.

In the United Kingdom, the amount of food waste is now measured, which will lead to effective measures to fight against it.

2.4.8 Stakeholder engagement

Partners, distributors, shareholders, the financial community, customers, suppliers, participants in the payment industry, NGOs and public authorities are among the many external stakeholders with which Ingenico Group maintains regular, open dialogue. The mapping of these stakeholders will be updated in 2017 with the launch of a consultation on their expectations of Ingenico Group with regard to CSR.

The Group's website is intended to become a platform on which stakeholders can exchange their points of view about Ingenico Group and about the payment industry in general.

2.4.8.1 Events

Ingenico Group organizes a number of events to head out and meet its stakeholders.

Every year, the Europe & Africa region recognizes its customers and partners with an awards ceremony. This initiative reflects Ingenico Group's commitment to customer-centric communications.

Global Collect, from the ePayments Division, brings together 12 to 15 of its key customers on its Global Collect Advisory Board (GCAB). Members of the GCAB have the opportunity to discuss current events and the future of payment services at an annual event which, in 2016, was held in Iceland. They also participate in quarterly conference calls wherein Ingenico ePayments updates them on the progress of GCAB initiatives. In 2016, 74 prospective customers were invited to discuss the payment industry and opportunities for growth during an *Insights* meeting held in Budapest.

In Germany, all of Ingenico Marketing Solutions' customers and key prospective customers are invited to take part in a "Loyalty Day" conference each year, devoted to business topics and networking activities.

In Italy, "PayLab" events are organized twice a year. For these events, around 30 customers are invited to share their opinions on key topics, such as mobile payments, point-to-point (P2P) security or person-to-person financial flows.

In Australia and Japan, Ingenico Group brings its customers together for an annual event.

Ingenico Group also takes part in a variety of trade shows and events in the different countries in which it operates in order to present its products and to meet prospective and existing customers and key players. In France, Ingenico Group was represented at the Paris FinTech Forum, at Viva Technology, at Equipmag, and at Trustech (formerly Cartes). In the United States, the Group participated in NRF Retail's Big Show and in Money20/20. It also attended the first Money20/20 in Europe, which was held in Copenhagen. Finally, the Group presented its mobility-related innovations at the 2016 Mobile World Congress in Barcelona.

In total, the Group took part in nearly 300 events in 2016.

2.4.8.2 Customers

2.4.8.2.1 Customer relationship management

In line with its ambition to adapt to its environment and continuously improve its customer service, Ingenico Group launched a transformation program in 2015 entitled "CAP 2017" (customer acceleration program). CAP 2017 aims to align and improve sales, marketing and customer service practices, while ensuring that all its customer-facing teams come together on one dedicated, shared CRM (customer relationship management) platform: Salesforce.com. This initiative will cover all teams worldwide by the end of 2017 (excluding China). This alignment of its organizations will enable Ingenico Group to better understand its customers, whether they are local, global or multichannel, while further strengthening its value proposition, improving its operational excellence, and driving cross-channel growth, with the ultimate goal of improving the customer experience in order to generate sustainable, profitable growth for the Group.

In 2016, 350 people in over 15 countries covering the four geographical regions of Europe & Africa, NAR, LAR, and APAC migrated to this new CRM platform. The sales and management teams now manage customer portfolios, the business opportunity pipeline and sales forecasts in exactly the same way. This enables Ingenico Group to significantly improve sales forecasts and better identify growth opportunities in order to tailor our investments.

The first customer service teams will start to use Salesforce.com from the first quarter of 2017. This will help to build a 360-degree view of Ingenico Group customers, shared across business and regions, enabling the Group to better serve customers and respond to their needs.

2.4.8.2.2 Satisfaction surveys

In March 2016, Ingenico Group conducted its fourth annual Customer Experience Feedback satisfaction survey. This year the survey was extended to all Group countries and regions, except for China. The information collected from the 4,531 questionnaires received made it possible to analyze customers' loyalty, their perception of the brand and their satisfaction with the relationship, looking at aspects such as innovation, performance, terminals and applications, sales and support.

The "Net Promoter Score" (NPS) shows that Ingenico Group is seen as a strong brand globally, with quality products that are easy to use. The survey also enabled the Group to carry out concrete initiatives to continue its work on customer relationship management, by identifying opportunities for development.

The NPS analyzed by market rose significantly year-over-year. This score measures not only the impact of the Group's initiatives but, first and foremost, the quality of the relationships established over the years with its customers, and their confidence in the Group.

A customer survey is also carried out each year in Australia.

2.4.8.2.3 CSR assessment

2016 CSR Rating SILVER ecovadis

To ensure a more effective response to the growing requests for information from its prospective and existing customers on CSR-related issues, in 2015, the Group took the initiative and joined the EcoVadis platform, which specializes in assessing the CSR performance of suppliers. With a score of 54 out of 100 in 2016, up from 47 in 2015, Ingenico Group is among the 30% of companies whose CSR commitments were confirmed following EcoVadis assessment.

2.4.8.3 Partners

Ingenico Group has a large number of partners, particularly in the Europe & Africa region, including product distributors and technology partners. The Group believes that it is essential to share its expertise and know-how with them so that they can develop alongside Ingenico.

For the fourth year running, the Europe & Africa region brought its partners together for three days to share information on the Group's latest innovations and key market trends. The 2016 event took place in Athens and centered around a hackathon held to develop applications for Tetra terminals. This "app challenge" allowed partners to get even more involved in the creative process and showcased the work of the 16 developers who competed in it. At the end of the event, the 207 guests (84 companies, 49 countries) voted for their favorite application. Also in 2016, Ingenico Group held its first dedicated event for its African partners, in Cape Town, South Africa.

In order to share the inspiring initiatives and success stories of the E&A region with its partners and customers, Ingenico Group distributes a newsletter called *Ingenius*.

In Italy, Ingenico Group supports various events organized by its partners. In 2016, for example, the Group supported its partner Lasersoft by giving a presentation on POS systems during a marketing event organized by Lasersoft.

In the last few years, Ingenico Group has also developed strategic partnerships with key players in their respective fields to collaborate on mutually beneficial initiatives.

Ingenico Group has developed a partnership with Samsung with a view to creating and distributing integrated mobile payment services. This alliance is global in scale and, by bringing together Samsung's mobile devices and tablets and Ingenico Group's mobile platform and card readers, it enables customers and retailers to benefit from a seamless mobile payment system.

Similarly, Ingenico Group is working with Intel to enable new connected devices to accept secure payments, thereby consolidating its expertise in the Internet of Things.

Lastly, Ingenico Group joined forces with Google in 2015 to facilitate online sales internationally. The "Export Accelerator" program, based on the combined expertise of Google and Ingenico's ePayment Services, enables merchants to explore and identify new opportunities for growth, establish their business internationally and sell their products more easily outside of their home country.

2.4.8.4 Shareholders and investors

The support and loyalty of its private and institutional shareholders are crucial to Ingenico Group's long-term development. The Group's relationship with its shareholders is built around mutual confidence and trust, open dialogue, and regular contact.

2.4.8.4.1 Extensive meetings with the financial community

Ingenico Group holds regular conference calls and investor meetings when publishing its interim and full-year financial statements (after close of trading). In addition, the Group frequently takes part in technology and payment conferences and roadshows, particularly in Europe and North America. In 2016, in the United States and Europe (Paris, London, Frankfurt, Milan, Nordic countries, etc.), Ingenico Group took part in 15 investor conferences, 19 roadshows, and two trade shows (Trustech and Mobile World Congress). In total, more than 470 face-to-face meetings or conference calls were held, enabling the Group to meet more than 530 financial institutions and 830 investors.

In March 2016, Ingenico Group organized an "Investor Day" to present the Group's medium-term vision and strategic priorities for 2020 to analysts and investors.

2.4.8.4.2 Stronger financial communications tools

The Finance section of www.ingenico.com is regularly updated and is home to all financial and non-financial documentation (publications, management reports, investor presentations) and regulated information (Registration Documents, etc.). Here, investors can also find the Group's key figures in Excel format, as well as the consensus estimate, which is regularly updated. In addition, shareholders can also access a tool for calculating their average annual performance.

In 2016, Ingenico Group was awarded first prize in the "Utilities/ Technology Services" sector as part of the *Grands Prix de la Transparence* which rewards the quality of regulated information of French companies listed on the SBF 120.

2.4.8.4.3 SRI Indices(1)

In 2016, Ingenico Group was included in the following SRI indices:

- Euronext Vigeo Eurozone 120
- Dow Jones Sustainability Europe
- Ethibel Sustainability Excellence Europe

EURONEXT vigeo eiris

MEMBER OF Dow Jones Sustainability Indices In Collaboration with RobecoSAM

ETHIBEL SUSTAINABILITY INDEX EXCELLENCE Global

These indices identify the companies with the best performance in terms of ESG (Environment, Social and Governance). Ingenico Group's inclusion rewards its commitment to sustainable development and its work in the area of sustainable development communications.

Ingenico Group is no longer included in the Gaïa Index because it exceeded one of the index thresholds.

(1) SRI: Socially Responsible Investment.

2.4.8.5 Ingenico Group's industry collaborations

Since its creation, Ingenico Group has been an active member of the Card Stakeholders Group (CSG), an organization linked to the European Payment Council (EPC) and responsible for the definition and maintenance of the main operating and security principles for card payments in the Single Euro Payments Area (SEPA). These principles are the foundation upon which standards can be established and implemented. In 2016, CSG became independent of the EPC and was renamed European Card Stakeholders Group (ECSG); however, Ingenico Group maintains a very active role in its work and is a member of its Management Committee.

In addition, Ingenico Group continues to collaborate on the development of new standards for SEPA card payments through Nexo AISBL, *via* its active participation in working groups. 2016 was marked by the mass deployment in several European countries of solutions that meet Nexo standards.

For several years, Ingenico Group has served on the PCI (Payment Card Industry) Security Standards Council, an open international forum on the development, improvement, storage, dissemination and continuous implementation of safety standards to protect account data. The mission of the PCI Security Standards Council is to enhance the security of payment account data by promoting education and awareness of PCI security standards. The organization was founded by American Express, Discover Financial Services, JCB International, MasterCard and Visa Inc.

The Group is also a member of the World Wide Web Consortium (W3C), which sets web standards, especially for HTML5. In 2016, the W3C ramped up its work on online payments to streamline the ordering process and to facilitate online payments and make them more secure. It is expected to issue a first report on its work in 2017.

Since 2014, Ingenico Group has been part of Global Platform, a group that aims to improve the security and interoperability of multiple applications embedded in microprocessor technology. The Group aims to support the needs of smart device suppliers, such as smartphone and tablet application developers, and device manufacturers. The development of this technology is crucial for mobile wallets, NFC (near field communication) payments, premium content protection and "bring your own device" (BYOD) initiatives.

In connection with its business, the Group maintains regular dialogue with international payment schemes on regulatory and technical matters (Visa, MasterCard, American Express, CUP, etc.), both through its local entities and centrally.

In each country, the Group's local entities are also in contact with various key players in the payment and new technology sectors.

In France, Ingenico Group is part of the Electronic Business Group (EBG), the country's leading think-tank on the digital economy, which has over 660 member firms, including all of the SBF 120, and over 160,000 professionals. In 2016, Ingenico Group also partnered with the EBG eCommerce commission, which brings together 100 to 300 professionals each month to share experiences and discuss topics relevant to the industry, such as optimizing the conversion rate and Internet marketplaces.

Ingenico ePayments has also been a member of ACSEL for more than nine years. ACSEL is the association for online commerce and services and the French digital transformation hub. With an active, cross-sector network of 1,200 professionals and nearly 150 large corporations, mid-market companies and service providers, ACSEL has become the key interface of the digital ecosystem, bringing together and galvanizing all companies, institutions and public authorities involved in digital transformation. ACSEL's mission is to create the conditions required for the success of the digital transformation of the French economy. Within ACSEL, Ingenico ePayments is active on the FinTech & Payment Methods Commission, which addresses strategic payment issues for merchants, and has been a member of the ACSEL Board of Directors since 2011, where it contributes to the smooth running of the association.

Ingenico Labs also partnered with the APEX (Airline Passenger Experience Association) network of airlines, to create innovative solutions for air passengers.

In Australia, the Group is in contact with various industry organizations, including the Australian Payment Clearing Association (APCA).

In Canada, the CEO of Ingenico Group co-chairs ACT Canada, an association of key players in the secure payment and identity sector.

In Germany, Ingenico Group is in contact with the following organizations: BZVI (federal association of payment institutions), EPSM (European Association of Payment Service Providers for Merchants), EPIF (European Payment Institutions Federation), ELV-Forum (a technical body for ELV-type direct debit payments), GICC AK (research group for German buyers), and EHI Retail Institute GmbH (retail industry research institute). Ingenico Group is also a founding member of the Network Service Providers (NSP) association for electronic payment operators in Germany: *Bundesverband der electronic cash-Netzbetreiber.*

In India, E-Billing Solutions is a member of the IAMAI, the Internet and Mobile Association of India. Through this organization, it meets with other industry operators to discuss shared business and commercial issues.

2.5 Ingenico Group's environmental approach

2.5.1 Environmental Management System

Environmental protection is a growing concern and controlling the environmental impact of a company's activities requires a structured approach if it is to be sustainable.

Ingenico Group uses an Environmental Management System that is ISO 14001:2015-certified. As the international standard for environmental management, ISO 14001 provides the framework for determining the program of measures and procedures that can help companies gain better control over the environmental impact of their business, products, and services. ISO 14001 requires the establishment and implementation of environmental practices, such as: compliance with applicable environmental regulations, identification and evaluation of any significant environmental impacts, establishment of objectives and a program for achieving those objectives, and implementation of continuous improvements using specific monitoring and measurement methods.

2.5.2 Environmental policy

As a global leader in payment services, Ingenico Group has a key role to play in controlling the environmental impact of the payment chain. Given its core business, Ingenico Group helps to further the development of payment solutions that have less impact on the environment (especially in terms of atmospheric emissions and the use of natural resources) than other means of payment, such as cash or checks.

The environmental policy defined by Ingenico Group SA is documented and signed by the Group's management. It is based upon four guiding principles:

- **exemplary compliance with environmental regulation**
  Ingenico Group monitors the legal requirements relating to the environment and takes action to ensure the compliance of its business, products, and services with the applicable regulations;
- **considering environmental impact from the product design stage**
  Ingenico Group promotes eco-design because the primary elements affecting the environmental performance of products are found at the development and design phase;
- **implementing a responsible purchasing policy that incorporates environmental criteria**
  Ingenico Group incorporates environmental criteria into the procurement requirements it applies to its various suppliers and subcontractors;
- **increasing environmental awareness among employees**
  Ingenico Group encourages its employees to adopt environmentally friendly practices in their daily activities.

The Group contributes to environmental conservation through a policy designed to minimize the environmental impact of its business, products and services. Ingenico Group's environmental initiatives are coordinated at Ingenico Group SA level and reported to senior management annually as part of an environmental management review.

2.5.3 Environmental concerns

Ingenico Group has two primary concerns with regard to minimizing its environmental footprint:

- first, the facilities the Group uses to carry out its business have a direct impact in terms of their energy and natural resource consumption, and the direct and indirect emission of GHGs;
- second, the marketing, distribution and use of Ingenico products and related services impact the environment in terms of natural resource consumption, indirect GHG emissions, and waste production.

Ingenico Group is working to lessen its environmental impact through the initiatives and measures described below.

2.5.3.1 Impacts related to infrastructure

Energy consumption

A study of data relating to energy consumption was performed at Group level. In 2016, the quantity of electricity used amounted to 14,041.6 MWh, while the amount of natural gas consumed amounted to 3,389.6 MWh HHV over the same period.

(in MWh)	2016	2016 (like-for-like)	2015 (like-for-like)	Change
Electricity consumption(1)	14,041.6	13,903.6	13,242.4(2)	+5%
Natural gas consumption	3,389.6	3,373.9	3,302.8(3)	+2%

(1) Excluding some sites in China (Fujian Landi excl. Fuzhou) (6.9% of workforce at December 31, 2016).
(2) The 2015 figure was revised downwards following the exclusion of an entity to establish a like-for-like comparison basis.
(3) The 2015 figure was revised upwards following a correction to the data reported by some entities.

Energy consumption (electricity and natural gas) increased slightly in line with the growth of the Group's business (+5% revenue) and the increase in the number of employees (+15%) between 2015 and 2016.

Where possible, Ingenico Group uses high energy efficiency buildings only. This is the case for the Paris building (France), which is HQE (High Quality Environmental standard) certified, and the Valence building (also in France), which is BBC certified (low-energy building) by an external certifying body, ensuring that energy performance levels are well above those of standard buildings. In the US (Alpharetta, GA), Ingenico Group also works out of a LEED-certified (Leadership in Energy and Environmental Design) and Energy Star-certified building, guaranteeing high energy efficiency.

In 2016, thanks to a "green energy" agreement signed with its energy supplier, Ingenico Group was able to guarantee that all of the energy supplied for its main site in Ratingen, Germany, came exclusively from renewable sources, thereby reducing the corresponding GHG emissions.

Other initiatives to reduce energy consumption were deployed at Group sites in Germany, China, the United States, France, India, Italy, Mexico, the Netherlands, Belgium and in the United Kingdom, such as the use of high-efficiency electrical equipment, low-consumption light bulbs, LED lighting and movement detectors.

Lastly, in April 2016, the UK entity organized an employee awareness day focused on energy issues (renewable energy, transport, etc.), in partnership with Home Energy Scotland.

Water consumption

Ingenico Group is not aware of any local constraints relating to water resources. Moreover, given the Group's business activities, the consumption figures recorded for this resource are related to food and sanitary use only. However, the quantities of water consumed are monitored locally at the different sites. The Group's total water consumption in 2016 was 51,2 m^3.

(in thousands of m^3)	2016	2016 (like-for-like)	2015 (like-for-like)	Change
Water consumption(1)	51.2	47.4	45.9	+3%

(1) Excluding some sites in Argentina (Global Collect), China (Fujian Landi excl. Fuzhou), the United States (Global Collect), the Netherlands (Global Collect), Japan, Russia and Singapore (19.6% of workforce at December 31, 2016).

Group entities have undertaken several initiatives to reduce water consumption. Buildings in Germany, China, France, the United States, Italy, and Singapore, for example, are equipped with automatic faucets and dual flush toilets.

Paper consumption

Since the bulk of Ingenico Group's activities are office-based, it monitors its paper consumption; in 2016, this amounted to 56.1 tons.

(in tons)	2016	2016 (like-for-like)	2015 (like-for-like)	Change
Paper consumption [1]	56.1	56.1	58.1[2]	-3%

(1) Excluding some sites in Argentina (Global Collect), China (Fujian Landi excl. Fuzhou), the United States (Global Collect), Japan and Singapore (Global Collect) (9.2% of workforce at December 31, 2016).

(2) The 2015 figure was revised downwards following the exclusion of an entity to establish a like-for-like comparison basis.

Examples of the Group's commitment to reducing paper consumption include changing printer settings, increasing the use of electronic documentation, and encouraging paperless work environments. Some of these initiatives have been implemented in Australia, China, Germany, Italy, Latvia, Mexico, the Netherlands, Russia, Singapore, the United States, and the United Kingdom. Electronic invoicing solutions have been deployed in Belgium. In France, an innovative system was rolled out in 2015 for photocopiers, requiring users to identify themselves with their badge to confirm their printouts. This solution has helped reduce paper consumption in France by 8% since 2014.

Employee transportation and business travel

To reduce the environmental impact of business travel, Ingenico Group uses videoconferencing systems for meetings. Such systems are now installed at all of the Group's facilities.

Carbon offsetting initiatives were again carried out in 2016. For example, for a conference organized for Ingenico Group partners in Athens, Greece, the Group entirely offset 200 tons of CO_2 equivalent, corresponding to about one million kilometers traveled by the 125 participants. Employee travel was also offset for the Trustech trade show held in Cannes, France as well as for the Challenge 2016 company event held in Stresa, Italy. In all, 560 tons of CO_2 equivalent were offset in partnership with the GoodPlanet Foundation. Initiatives funded by the Group supported a waste-to-energy project in Lomé, Togo.

To encourage employees to consider alternative ways of commuting, such as cycling, riding electric scooters, or carpooling, the Chinese entity organized a "car-free day" and offered employees bicycles as part of a lottery organized for the new year's celebrations.

In Germany, Ingenico Group decided to include CO_2 emissions in the criteria for selecting rental vehicles.

In France and Belgium, telework arrangements have also been rolled out, enabling any employees who wish to do so to work from home for one or two days a week.

In Belgium, the Group plans to develop a carpool system with neighboring businesses by the end of 2017 that will allow employees to organize their trips using a dedicated IT solution.

Lastly, in France, a mileage allowance is paid to Group employees who ride their bicycles to work. Carpooling is also strongly encouraged, especially at the Valence site, in order to limit vehicle use and reduce the associated environmental footprint.

All of these initiatives help to limit the impacts generated by employee transportation to work.

Preventive measures, recycling and waste disposal

Most of Ingenico Group's entities have set up sorting systems to collect and recycle internal waste such as electrical and electronic equipment, toners and cartridges, batteries and accumulators, plastic, paper and cardboard.

In France, at the Paris site where the Group's management team is based, a comprehensive office waste sorting and recycling solution was put in place in partnership with a social enterprise in which workers with disabilities comprise 90% of the workforce. This end-to-end bespoke service enables traceability of the following forms of waste: paper, plastic cups, plastic bottles, and drinks cans. In 2016, this service collected 19 tons of waste, including 16 tons of paper, and enabled the saving of 280 trees, 495 cubic meters of water, nine tons of CO_2 and 66 MWh of energy.

Substance and noise pollution

In order to evaluate the greenhouse gas emissions generated by the Group's business, a Group-wide analysis of GHG emissions is carried out annually. This analysis of GHG emissions is presented in detail in section 2.5.4, "Analysis of greenhouse gas emissions".

As the noise and odors caused by Ingenico Group's activities are insignificant, they are not subject to specific reporting.

Land use

As Ingenico Group's business activity has a limited impact on soil, there is no specific reporting on ground soil pollution.

Biodiversity conservation

Ingenico Group's business activity has not revealed any direct negative impact on biodiversity as its sites include very few green spaces or open ground.

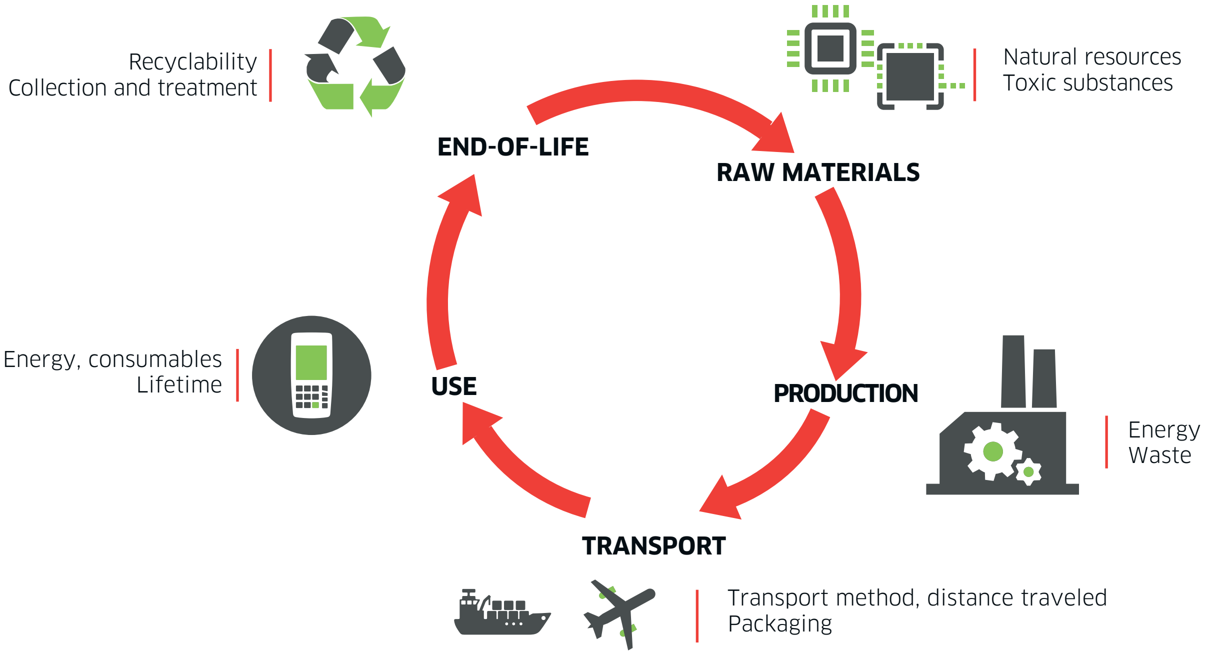
2.5.3.2 Impacts linked to the products and solutions offered

Eco-design

Ingenico Group takes steps to reduce the environmental footprint of its terminals at each stage of their life cycle, from design to end-of-life. To this end, the Group has developed an eco-design process that aims to reduce the consumption of resources and the production of waste (SDG 12[1]).

Eco-design is a preventive approach that factors in environmental concerns right from the product design and development phase. This approach requires that consideration be paid to the environmental requirements that relate to the product (regulations, customer expectations, Group policy) and to the product's environmental impacts (energy and raw materials consumption and waste production).

The process implemented by Ingenico Group is based on the "life cycle" approach to products, as shown in the following diagram:



To further embed this approach, the Group has developed an eco-design checklist derived from the most stringent international standards for electronic products (EPEAT, TCO, ECMA-341, etc.). With this tool, the environmental performance of the products is evaluated:

- by measuring a number of design indicators (weight, energy consumption, number of components, surface area of printed circuits, etc.);
- by verifying compliance with current regulatory requirements (WEEE, RoHS2, REACH, etc.);
- by identifying best design practices (compatibility of plastics, number of different materials, the marking of parts, disassembly, etc.).

This evaluation of environmental performance provides the basis for an "eco-declaration", an environmental product profile that highlights the ecological aspect of the product while meeting customers' expectations.

(1) For more information on the United Nations Sustainable Development Goals: http://www.un.org/sustainabledevelopment/sustainable-development-goals/

Example of an eco-declaration on a product (Move/5000)

ingenico GROUP

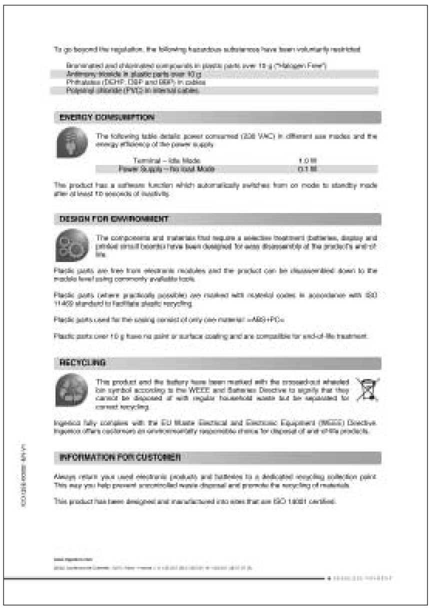
ECO DECLARATION

Model : Move/5000

PRODUCT

MATERIALS

RESTRICTED SUBSTANCES



ENERGY CONSUMPTION

DESIGN FOR ENVIRONMENT

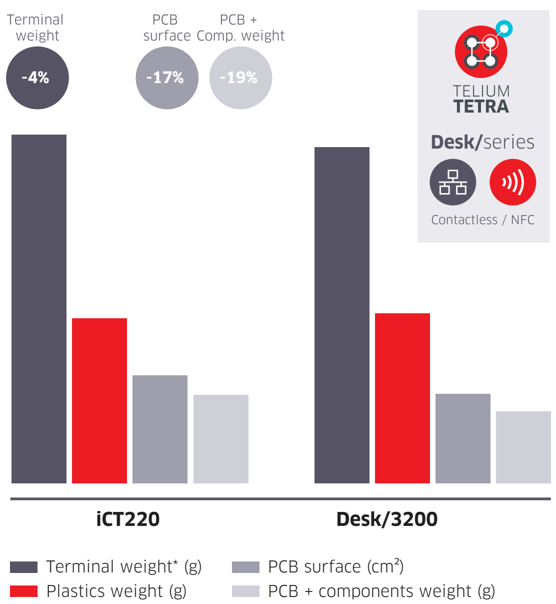
RECYCLING

INFORMATION FOR CUSTOMER

Raw materials

By streamlining the design of new generations of terminals, Ingenico Group has successfully reduced its environmental footprint by limiting the use of natural resources, but also indirectly by reducing impacts linked, in particular, to transport.

In this way, significant improvements have been made with the latest generation of terminals in the Telium Tetra range. An example is the Desk/3200 terminal, where the functional integration of contactless technology has reduced the surface and weight of the raw materials used in electronic circuits by 17% and 19%, respectively, when compared with the previous iCT220 range.



* *Excluding cords, power supply and thermal paper roll.*

Manufacturing

With regard to the manufacturing of critical components supplied to it, the Group concludes agreements with its suppliers that clearly set out its requirements in terms of environmental protection. Regarding the assembly of its terminals, both Ingenico Group partners have signed the Electronic Industry Citizenship Coalition's code of conduct, affirming their commitment to incorporate environmental concerns into the operation of their businesses (for more details refer to section 2.4.6 entitled "Management of the supply chain").

These two partners are also ISO 14001-certified, as is Fujian Landi and the two subcontracted factories that assemble a portion of Landi terminals. This means that, in 2016, all Group terminals were assembled at industrial sites with ISO 14001 environmental certification.

Transport

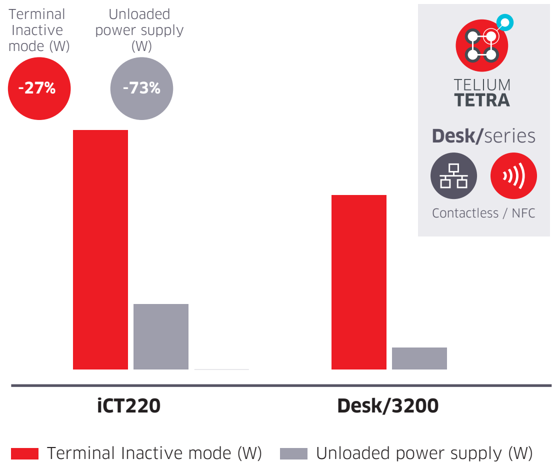
The Group works with two transport firms that are market leaders in logistics. Both firms are ISO 14001-certified, enabling Ingenico Group to help ensure an environmentally friendly supply chain. They provide the Group with expertise regarding the development of logistics networks, the consolidation and optimization of loads, and the selection of means of transport, thereby ultimately helping to reduce the Group's carbon footprint

A significant improvement has been recorded in the transportation of products, thanks, in particular, to an increase in the number of products included in each shipment (consolidation) and the proportion transported by sea. As a result, in 2016, 33% of all products were transported by sea (compared to 29% in 2015).

Use

An important part of the environmental impact of electronic products comes from their energy use. The Group takes several measures to reduce the energy consumption of its products, which has a dual benefit: selling energy-saving products not only helps to reduce the Group's environmental footprint, it also helps limit that of end-users, who reap both the economic and the environmental rewards.

By way of illustration, energy use in the latest generation of terminals from the Telium Tetra range, specifically the Desk/3200, has been reduced by 27% when the terminal is in "idle" mode (*i.e.*, waiting to be used), compared with the previous iCT220 range. The energy efficiency of the terminal power supply has also been improved by 73% between these two generations.



Another area where Ingenico Group seeks to be a pioneer is in paperless electronic payment receipts. Here again, the benefit is twofold as, through this solution, the Group is helping to minimize the environmental footprint of each transaction by replacing the paper receipt with a digital one, and is also helping to reduce operating costs for the merchant.

This solution is already being used by many Italian banks, thanks to the iCMP mobile terminals supplied by Ingenico Group. This easy-to-use terminal communicates with iOS and Android smart phones and tablets. With its new Link/2500 range, Ingenico Group seeks to reinforce this ambition by developing a portable terminal that is both flexible and able to accept all modes of payment (including NFC/contactless, Apple Pay and Samsung Pay), and also provides digital receipts.

End-of-life

In accordance with the WEEE (Waste Electrical and Electronic Equipment) directive, recycling solutions for end-of-life Ingenico terminals are offered to customers based in EU member states. In keeping with its commitment to the circular economy, the Group supports this initiative by implementing it beyond the European Union, in countries such as Australia, Brazil, the United States and Mexico.

In France, a partnership is in place with a recycler (also ISO 14001-certified) to streamline the entire process of collecting and recycling electronic waste from Group customers. Another benefit is that this company provides work to three establishments in the social enterprise sector and one prison, *i.e.*, a total of 80 people.

In Brazil, for its sites in Sao Paulo, the Group has set up a contract with ERS International, a company specializing in the processing of electronic waste, which guarantees that no battery or motherboard waste will be landfilled or incinerated.

The quantity of terminals collected and recycled is monitored at Group level, and reached a total of 246.6 tons in 2016.

(in tons)	2016	2016 (like-for-like)	2015 like-for-like)	Change
End-of-life products (WEEE) collected and treated	246.6	246.6	290.8[(1)]	-15%

(1) The 2015 figure was revised upwards following a correction to the data reported by some entities.

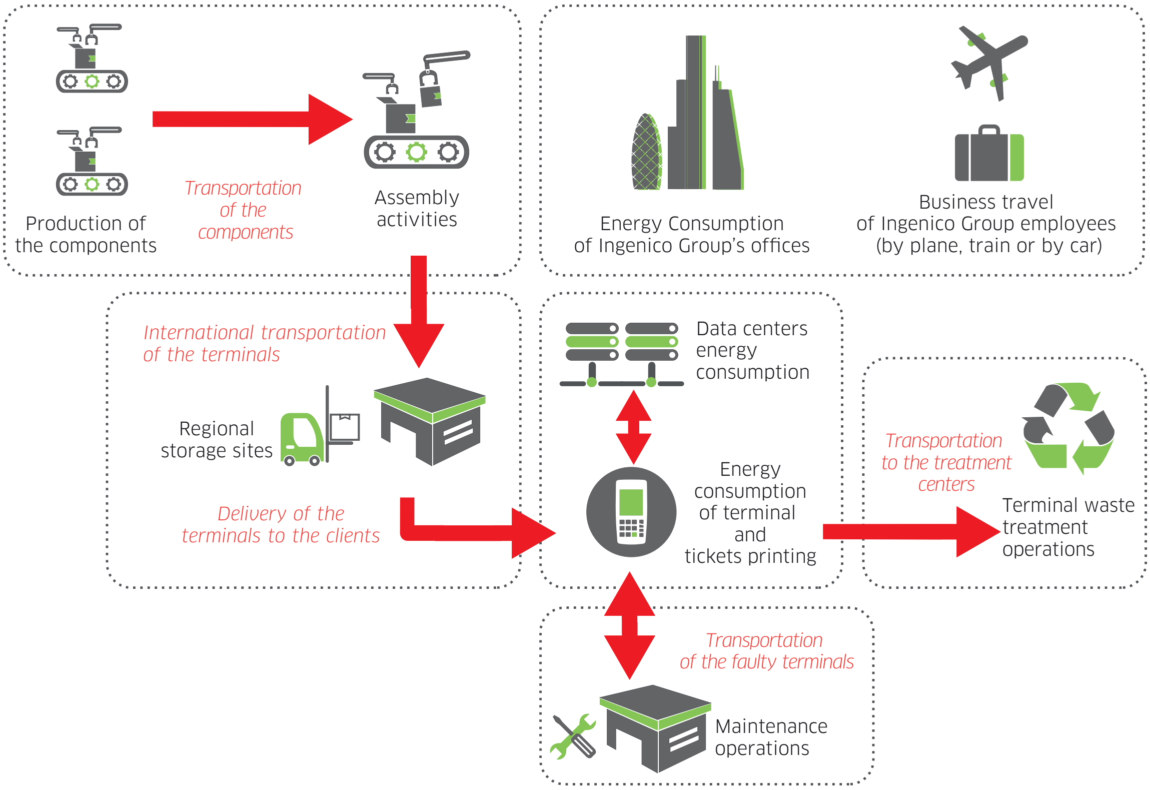
2.5.4 Analysis of greenhouse gas emissions

In 2016, Ingenico Group updated its analysis of greenhouse gas (GHG) emissions. This initiative goes beyond mere compliance with the legal obligations under the Grenelle II law, broadening the scope of GHG emissions reporting to encompass the whole of Ingenico Group's value chain, including Scopes 1, 2 and 3.

The analysis of the Group's GHG emissions included the following elements:

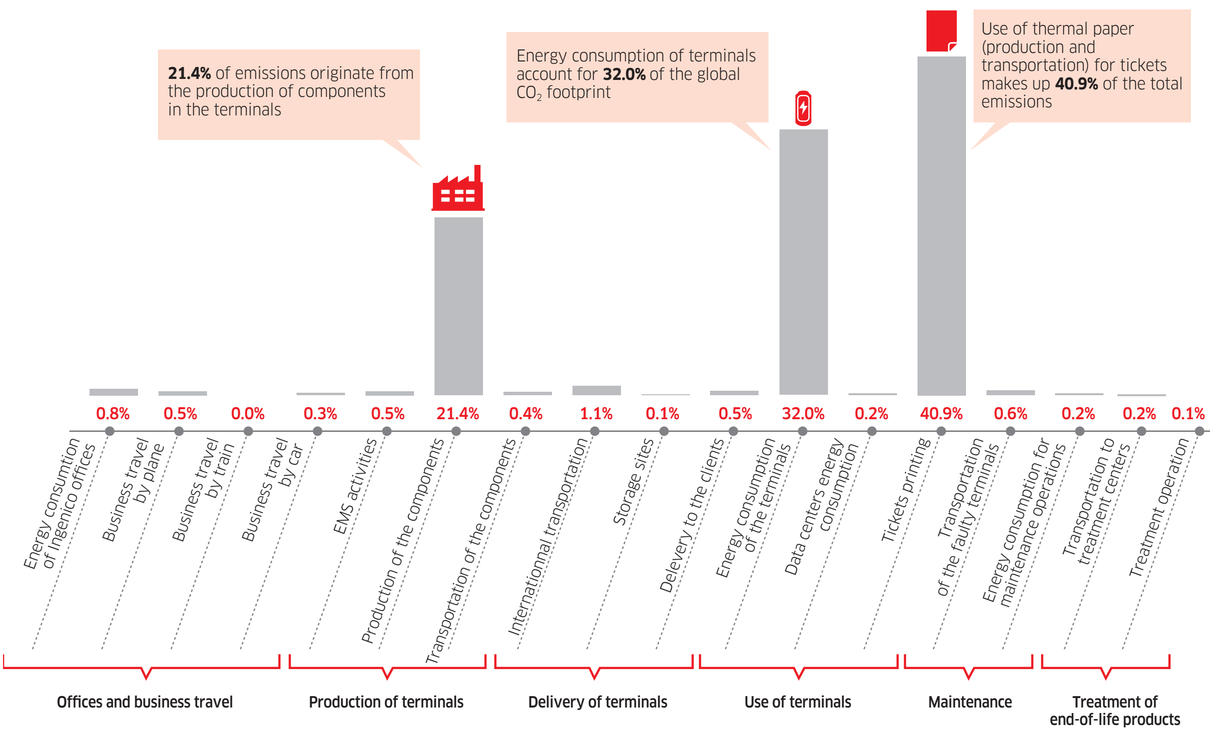
- energy consumption of buildings occupied by the Group;
- business travel by Group employees;
- production and transport of terminal components;
- energy consumption of assembly plants;
- international transport and delivery of terminals from assembly plants to customers;
- energy consumption of terminals sold on the market;
- production and transport of the paper needed to print receipts when transactions take place;
- energy consumption of data centers (for services operated by Ingenico Group);
- collection and delivery of terminals for repair;
- energy consumption of repair centers;
- transport of terminals to their place of disposal;
- processing of end-of-life terminals.

Diagram of the elements included in the GHG emissions analysis



This analysis identified the elements with the highest GHG emissions so that preventive action could be taken in the areas where it would make the greatest impact. The results presented in the analysis below help Ingenico Group to refine and augment its action plans for reducing GHG emissions within its approach toward progress and the continuous improvement of environmental performance.

Principal sources of CO_2 emissions in Ingenico Group's value chain in 2016



Details of emissions in CO_2 equivalent per scope and per year

(in tons of CO_2 equivalent)	2016	2016 (like-for-like)	2015[1] (like-for-like)	Change
Scope 1 (direct emissions from the combustion of fossil fuels)	7,455	7,441	7,781	-4%
Scope 2 (indirect emissions from electricity)	9,360	9,293	8,326	12%
Scope 3 (other indirect emissions)	1,411,158	1,411,152	1,282,761	+10%*
TOTAL	**1,427,973**	**1,427,886**	**1,298,868**	**10%**

(1) The figures for 2015 have been recalculated with the most recent emission factors (used for 2016), resulting in an increase compared with the data reported previously.

Details of emissions in CO_2 equivalent per item and per year

(in tons of CO_2 equivalent)	2016	2016 (like-for-like)	2015[1] (like-for-like)	Change
Offices and business travel	23,959	23,872	22,157	8%
Terminal production	318,858	318,858	298,051	7%
Terminal delivery	25,037	25,037	24,968	0%
Use of terminals and related services	1,044,267	1,044,267	939,571	11%
Maintenance	11,125	11,125	11,226	-1%
Processing of end-of-life terminals	4,727	4,727	2,895	63%
TOTAL	**1,427,973**	**1,427,886**	**1,298,868**	**10%**

(1) The figures for 2015 have been recalculated with the most recent emission factors (used for 2016), resulting in an increase compared with the data reported previously.

GHG emissions related to offices and business travel increased between 2015 and 2016 (+8%), primarily due to the growth of the Group's business (revenue +5%) and the increase in the number of employees (+15%). These two factors resulted in an increase in the size of the premises occupied by some Group entities.

GHG emissions related to terminal production rose in proportion to the number of terminals manufactured by the Group (+7% between 2015 and 2016).

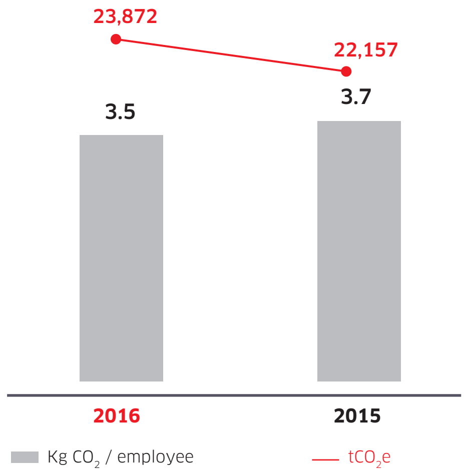
GHG emissions related to the transport of terminals remained stable despite an increase in deliveries (+8%). This result shows the effectiveness of the initiatives detailed in section 2.5.3.2, "Impacts related to the range of products and solutions offered".

GHG emissions related to the use of terminals and related services reflect the overall increase in the number of installed terminals (+15% between 2015 and 2016).

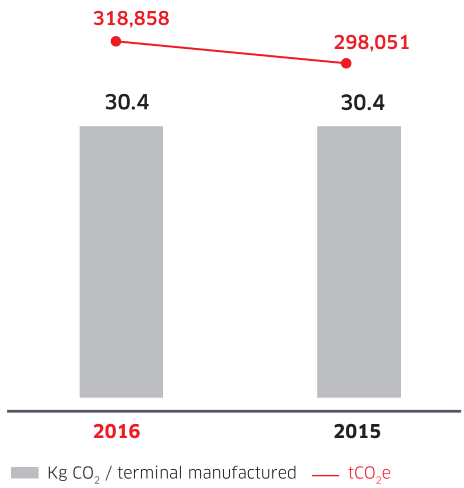
Finally, the significant increase in GHG emissions related to the processing of end-of-life terminals is due to the reduction in the number of end-of-life products collected and processed in 2016, which led to a decrease in GHG emissions avoided.

The graphs below, which display the data in relative values, highlight the Group's ability to minimize its GHG emissions in spite of the growth of its business.

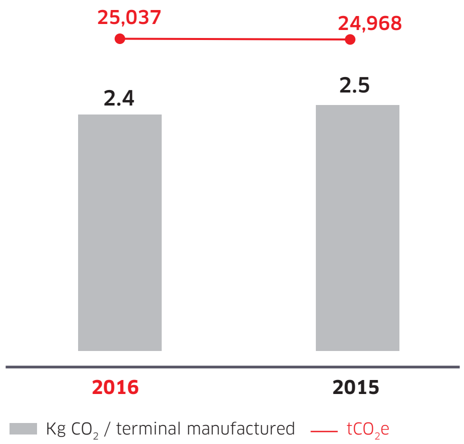
Offices and business travel



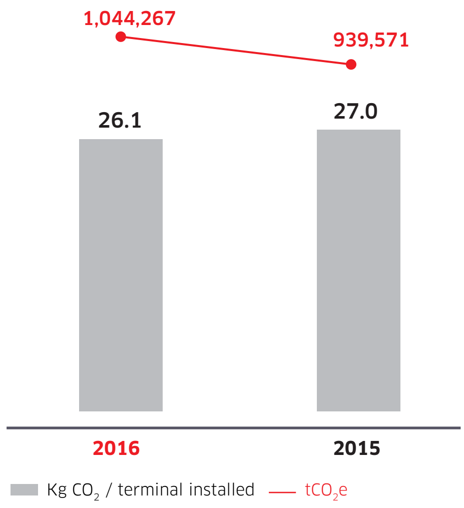
Terminal production



Terminal delivery

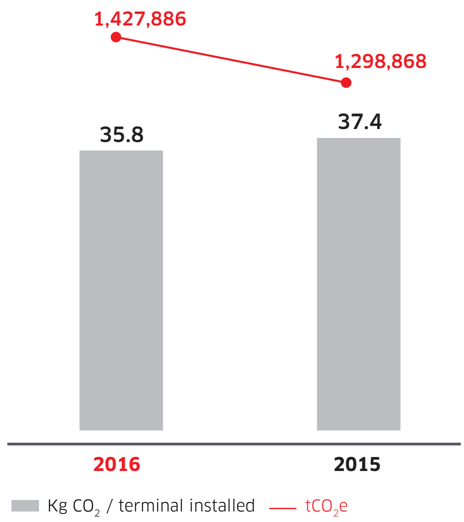


Use of terminals and related services



The growth of the Group's business led to an upward trend in total GHG emissions in 2016 compared with 2015 (on a like-for-like basis). This increase (+10%) is, however, less than the increase in the number of installed terminals (+15%) coupled with an increase in the Group's revenue (+5%) in 2016.

Total GHG emissions



Greenhouse gas reduction targets for 2020

Ingenico Group is keenly aware of the progression and impact of climate change across the globe and wanted to participate in the collective drive to keep global warming below two degrees Celsius between now and 2050. As a result, it decided to set new targets for reducing its GHG emissions by 2020. In doing so, Ingenico Group is also contributing to SDG 13[(1)] ("Take urgent action to combat climate change and its impacts").

Through the measures described below, the Group has committed to fight against climate change while demonstrating its leadership in managing its GHG emissions.

Scope	2020 targets (compared with 2015)*	Initiatives
Energy consumption of offices (*Scope* 2)	Reduce CO_2 emissions related to offices occupied by Ingenico Group in France by 50%	Increase the share of renewable energy supplying the main sites located in France
Energy consumption of data centers (Scope 3)	Reduce CO_2 emissions related to data centers used by Ingenico Group by 40%	Consolidate the number of servers used by Ingenico Group in its outsourced data centers
Use of terminals (Scope 3)	Reduce the CO_2 emissions per Ingenico terminal installed worldwide by 10%	Increase the energy efficiency of terminals and promote the use of paperless electronic payment receipts
Terminal transport (Scope 3)	Reduce the CO_2 emissions per Ingenico terminal transported by 5%	Use alternatives to air transportation, such as express maritime shipping

* *All targets are set on a like-for-like basis.*

Through the various initiatives listed above, Ingenico Group aims to reduce its CO_2 emission intensity per euro of revenue by 10% across its entire value chain (Scopes 1, 2 and 3).

2.5.5 Other environmental commitments

United Nations Global Compact

In 2015, Ingenico Group decided to support the United Nations Global Compact with a view to further strengthening the Group's commitments to sustainable development. By signing up to the world's leading corporate social responsibility initiative, Ingenico Group committed to disclose the ways in which the Group is aligning its strategy and operations with the UN's universal principles relating to the environment. The Group lived up to this commitment in 2016 by publishing its first report (Communication on Progress), which is available on the United Nations Global Compact website.

We Mean Business

In 2015, Ingenico Group also committed to one of the initiatives proposed by the "We Mean Business" coalition to combat climate change. This voluntary commitment by Ingenico Group consisted of providing public access to information on the impacts of the Group's business on climate change. The Group upheld this commitment in 2016 by communicating in this report, among other things, the climate change initiatives it is implementing.

CDP

In 2016, Ingenico Group once again took part in the CDP (formerly the Carbon Disclosure Project), an internationally recognized evaluation set up by an independent NGO that works with global investors to advance investment opportunities and mitigate the risks posed by climate change. This evaluation, a benchmark in this field, allows institutional investors to assess the climate change policies, GHG emissions and energy consumption of over 5,600 listed companies worldwide. The Group confirmed its commitment to the fight against climate change, with a score of "B" (for "Management"). The average score for French and foreign companies and companies in the IT sector is "C" (for "Awareness"). In 2016, Ingenico Group increased its support for this initiative by becoming an official "CDP Supporter".

Partnership with SPIE

In 2016, Ingenico Group signed a partnership agreement with Groupe SPIE to help the company deploy 1,180 electric-vehicle charging stations across France. Thanks to the performance of the self-service terminals range, Ingenico Group participated in the success of Groupe SPIE, helping to make the recharging of vehicle batteries both easy and accessible.

(1) Through the measures described below, the Group is committed to the fight against climate change while demonstrating its leadership in managing its GHG emissions.

2.5.6 Compliance with applicable environmental regulations

Environmental regulations are becoming increasingly stringent. That is why Ingenico Group uses dedicated regulatory intelligence tools to monitor the environmental regulations applicable to the Group's business and to ensure strict compliance with the statutory requirements in force.

Ingenico Group's primary aim is to ensure that its products comply with the relevant regulations, particularly:

- the RoHS2 (Restriction of Hazardous Substances in Electrical and Electronic Equipment) directive, which aims to reduce the use of certain substances that are hazardous to health and the environment and that can be found in electrical and electronic equipment (lead, mercury, cadmium, hexavalent chromium and brominated flame retardants). In 2016, all Ingenico brand terminals complied with this directive;
- the REACH (Registration, Evaluation, Authorization and restriction of CHemicals) regulation, which requires that information be provided throughout the supply chain if any so-called Substances of Very High Concern (SVHC) are used, and that, above a certain tonnage, the ECHA (European Chemicals Agency) be notified accordingly. In 2016, Ingenico Group conducted independent laboratory tests to ensure that none of these substances were found in Ingenico products in a concentration that exceeds the disclosure and/or notification thresholds provided for in the regulation;
- the WEEE (Waste Electrical and Electronic Equipment) directive, applicable in the European Union, which requires manufacturers of electrical and electronic equipment to organize and finance the collection, treatment and disposal of their end-of-life products. Ingenico Group provides its customers with a specific process for the collection and recycling of their end-of-life terminals and complies with the requirements to inform users, recyclers and local authorities in accordance with this directive.

In respect of its operations in France, Ingenico Group does not operate any facilities classified for environmental protection (*Installation Classée pour la Protection de l'Environnement* or ICPE).

2.5.7 Employee awareness

The Group intends to improve environmental awareness among its employees. To this end, Ingenico Group encourages its employees to adopt environmentally friendly practices in their daily activities to reduce paper consumption, travel, and energy consumption, and to promote waste sorting.

In 2016, an orienteering race was organized in China involving all employees to raise awareness among the participants about environmental protection. Meanwhile, in Mexico, internal campaigns were conducted to motivate employees to reduce their paper and electricity consumption.

2.6 Report by the independent third party, on the consolidated human resources, environmental and social information included in the management report

For the year ended December 31, 2016

This is a free English translation of the designated independent third party's 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.

To the Shareholders,

In our capacity as the independent third party designated by the company Ingenico Group S.A. (hereinafter named the "Company") and certified by COFRAC under number 3-1049[1], we hereby report to you on the consolidated human resources, environmental and social information for the year ended December 31, 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 guidelines used by the Company (hereinafter the "Guidelines"), summarised in the management report and available on request from the company's head office.

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.822-11-3 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.

Responsibility of the independent third party

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 five persons and was conducted between October 2016 and February 2017 during a three weeks period. We were assisted in our work by our CSR experts.

We performed our work in accordance with the order dated 13 May 2013 defining the conditions under which the independent third party performs its engagement and with the professional guidance issued by the French Institute of statutory auditors (*Compagnie nationale des commissaires aux comptes*) relating to this engagement and with ISAE 3000[2] concerning our conclusion on the fairness of CSR 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 programmes 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 set out in the methodological note, presented in section 2.2 of the management 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.

(1) "Whose scope is available at www.cofrac.fr"

(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information

2. Conclusion on the fairness of CSR Information

Nature and scope of our work

We conducted ten 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, presented in the table below:

- 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 entities selected[(1)] on the basis of their activity, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to verify that procedures are properly applied and to identify potential undisclosed data, 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 26% of headcount considered as material data of social issues and between 22% and 100% of environmental data considered as material data of environmental issues (see list of environmental indicators presented below).

Human resources indicators
Total headcount and breakdown of the workforce by gender, geographical area and type of contract
Percentage of part-time workers
New hires
Dismissals and redundancies
Total number of training hours

Environmental indicators
Percentage of payment terminals assembled in ISO 14001 certified plants
Greenhouse gas emissions
Energy consumption : electricity and natural gas consumption
End-of-life products (WEEE) collected and treated

(1) Human resources indicators: Fujian Landi (China),
Environmental indicators: Fujian Landi (China), Ingenico Group S.A. (France), Ingenico UK Ltd (United Kingdom), Ingenico Inc. (Alpharetta, United States).

Qualitative information	
Human resources	Policies implemented regarding training Promotion and compliance with International Labour Organization's Fundamental Conventions relative to the freedom of association and recognition of the right to collective bargaining, the elimination of discrimination in respect of employment and occupation, the elimination of all forms of forced labour and the abolition of child labour
Environment	The organization of the company to integrate environmental issues and, if appropriate, the assessments and certification process regarding environmental issues Energy consumption and measures implemented to improve energy efficiency and renewable energy use Consumption of raw materials and measures implemented to improve efficiency in their use
Social	The territorial, economic and social impact of the company activity on the local populations The integration of social and environmental issues into the company's procurement policy The importance of subcontracting and consideration, in the relationship with subcontractors and suppliers of their social and environmental responsibility Measures implemented to promote consumers health and safety

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..

Paris-La Défense, February 23, 2017

KPMG SA

Anne Garans	Frédéric Quelin
Partner	*Partner*
Sustainability Services	

CORPORATE GOVERNANCE

3

3.1 Report of the Chairman of the Board of Directors on corporate governance and on internal control and risk management procedures

To the Shareholders,

In line with the provisions of Article L.225-37 of the French Commercial Code, the Chairman of the Board of Directors presents his report for 2016 on the composition of the Board of Directors, the application of the principle of equal representation of men and women thereon, how it prepares and organizes its work, and the internal control and risk management procedures implemented within the Company.

The Chairman of the Board has written his report in close cooperation with the Group's main functional and operational departments, namely the Audit and Internal Control, Finance, and Human Resources Departments. The back-and-forth process between the Chairman of the Board and these departments enhances comprehension and provides an accurate picture of the operations involved and the relevant procedures implemented in the Group.

In accordance with Article L.225-235 of the French Commercial Code, the Company's statutory auditors have reported on the information contained in this report on the internal control procedures implemented by the Company in preparing and processing accounting and financial information and confirmed that this report contains the other disclosures required by Articles L.225-37 and L.225-68 of the French Commercial Code.

This report was approved by the Board of Directors on February 23, 2017.

3.1.1 Governance structure

3.1.1.1 Corporate Governance Code

As part of its corporate governance initiatives, the Company has established a set of measures in accordance with the AFEP-MEDEF Code which inspired the drafting and updating of the Company's Articles of Association and Rules of Procedure of the Board of Directors. In the same manner, the Company has opted to refer to the AFEP-MEDEF Corporate Governance Code for listed companies (the "AFEP-MEDEF Code"), which was last updated in November 2016. The Code is available on the websites of both AFEP (www.afep.com) and MEDEF (www.medef.com).

3.1.1.2 Implementation of the "apply or explain" rule

In accordance with the "apply or explain" rule in Article L.225-37 of the French Commercial Code and Article 27.1 of the AFEP-MEDEF Code, the Company believes that it is in compliance with the recommendations of the AFEP-MEDEF Code.

3.1.1.3 Organization of powers

The Company is a public limited company with a Board of Directors and a Management Board.

Combining the functions of Chairman and Chief Executive Officer

On January 20, 2010, the Board of Directors combined the positions of Chairman and Chief Executive Officer, which had been separate since 2004. Since that decision was made, Philippe Lazare has been the Chairman and Chief Executive Officer.

This option, which is also that most often chosen by French listed companies with a Board of Directors, was made in a constantly changing and particularly competitive environment to ensure greater consistency between strategic and operational functions and to simplify the decision-making process in the interests of greater efficiency, thereby ensuring compliance with best governance practices.

The governance structure implemented within the Group is in strict compliance with the authority delegated to each of the Company's various bodies, as provided by French law. It includes:

- a Board of Directors on which the majority of the members are independent (87.5% as at the date of this report);
- a Group strategy that involves every member of the Board;
- attendance on special focus committees of the Board of Directors that are largely made up of independent members (100% as at the date of this report);
- limits on the powers of the Chairman and Chief Executive Officer (detailed below), including the requirement to notify or request the prior approval of the Board of Directors for the most significant transactions;
- a formal annual performance evaluation of the Board of Directors by all of the directors, except for the Chairman and Chief Executive Officer (see section 3.1.4.4 of this Registration Document).

The Chairman and Chief Executive Officer is not a member of any of the Board of Directors' special focus committees.

Powers of the Chairman and Chief Executive Officer

The Chairman and Chief Executive Officer is vested with the broadest powers to act in the Company's name in all circumstances. He exercises these powers within the scope of the Company's corporate purpose and subject to the powers expressly granted by law to Shareholders' Meetings and to the Board of Directors.

He represents the Company in its relations with third parties. The Company is responsible for the actions of the Chairman and Chief Executive Officer that do not fall within the corporate purpose, unless it proves that the third party knew that the act exceeded that purpose or could not have been unaware of it under the circumstances, on the proviso that the mere publication of the Articles of Association shall not constitute such proof.

Limits on the powers of the Chairman and Chief Executive Officer

The limits placed by the Board of Directors on the powers of the Chairman and Chief Executive Officer are described in Article 2 of the Board's Rules of Procedure and are reviewed below.

The consent of the Board of Directors is required before the Chairman and Chief Executive Officer may appoint any person to act as a permanent representative of the Company or of companies that it controls directly or indirectly, as defined in Article L.233-3 of the French Commercial Code, to the Board of Directors or the Supervisory Board of any company that is not directly or indirectly controlled by the Company. The Board of Directors will consider any proposals and opinions provided by the Compensation, Appointments and Governance Committee.

Prior authorization from the Board of Directors is also required for any related party agreement in accordance with Articles L.225-38 *et seq*. of the French Commercial Code. This includes any "Golden Parachute" or "Additional Retirement" agreements with the Chairman, Chief Executive Officer or Executive Vice-Presidents involving compensation or benefits due upon the termination of their duties or thereafter.

The prior consent of the Board is also required for the following:

- **(i)** setting the consolidated budget for the year;
- **(ii)** setting the consolidated business plan;
- **(iii)** any investment, divestiture, acquisition of equity interests or assets, contribution or disposal of assets, merger, demerger or partial contribution of assets in an amount exceeding €25 million;
- **(iv)** any application for a loan exceeding €35 million or any issuance of bond debt or other long-term liabilities exceeding €35 million;
- **(v)** any financial transaction liable to have a material effect on Ingenico Group's strategy and scope of business and involving an amount in excess of €50 million;
- **(vi)** any financial transaction involving an amount in excess of €100 million;
- **(vii)** any capital increase or series of capital increases liable to modify the total share capital and/or voting rights in Ingenico Group by more than 10% during a period of less than twelve consecutive months, and not entailing preferential subscription rights for existing shareholders;
- **(viii)** any capital increase or series of capital increases liable to modify the total share capital or voting rights in Ingenico Group by more than 20% during a period of less than twelve consecutive months, even with preferential subscription rights for existing shareholders maintained; and
- **(ix)** any material transaction outside of the Group's strategy, in accordance with the AFEP-MEDEF Code.

Neither the provisions of these Articles nor any Board resolutions limiting the Chairman and Chief Executive Officer's powers are enforceable against third parties.

Powers of the Deputy Chief Executive Officers

In agreement with the Chairman and Chief Executive Officer, the Board shall determine the extent and term of the powers vested in Deputy Chief Executive Officers. The Deputy Chief Executive Officers have the same powers as the Chairman and Chief Executive Officer with respect to third parties.

They are vested with the broadest powers to act in the Company's name in all circumstances. They exercise these powers within the scope of the Company's corporate purpose and subject to the powers expressly granted by law to Shareholders' Meetings and to the Board of Directors.

They represent the Company in its relations with third parties. The Company is responsible for the actions of the Deputy Chief Executive Officers that do not fall within the corporate purpose, unless it proves that the third party knew that the act exceeded that purpose or could not have been unaware of it under the circumstances, on the proviso that the mere publication of the Articles of Association shall not constitute such proof.

On the date that this report was prepared, the Board had not appointed a Deputy Chief Executive Officer.

3.1.2 Composition of the Board of Directors – directors and executive officers

3.1.2.1 Rules for the composition of the Board of Directors

The composition of the Company's Board of Directors and executive management bodies is determined by the applicable laws and regulations, by the Articles of Association of the Company as well as by the Rules of Procedure of the Board of Directors, the main clauses of which are summarized or reproduced below.

Appointment of directors: in accordance with the Articles of Association, the Company is administered by a Board consisting of at least three (3) and at most thirteen (13) members appointed from among the shareholders.

The directors are appointed by the Annual General Shareholders' Meeting and can be removed by it. The term of office for directors is three (3) years. The Combined Ordinary and Extraordinary Shareholders' Meeting of April 29, 2016 decided (i) to reduce the term of office of directors from four to three years (on the understanding that the current directors will serve out their terms) and (ii) to allow the reappointment of directors for a term of one or two years, exclusively to establish and maintain a system whereby directors' terms of office are renewed on a rotating basis. Plurality of offices as a director of the Company and of several other *sociétés anonymes* (public limited companies) is allowed only within the limits permitted by law.

A Company employee may only be appointed to the Board of Directors if their employment contract predates this appointment and corresponds to an actual job position. The employee-director does not lose the benefit of his or her employment contract. The number of directors bound to the Company by employment contracts may not exceed one third of all directors in office. Any appointment made in violation of the above provision shall be declared null and void. However, this does not render null and void the proceedings in which the improperly appointed director has taken part. At December 31, 2016, the Company's Board of Directors did not include employee shareholders appointed as directors pursuant to Article L.225-23 of the French Commercial Code, or a director elected by the employees in accordance with the provisions of Article L.225-27-1 of the French Commercial Code.

In the event of the death or resignation of a director, the Board of Directors may make a provisional appointment between two Shareholders' Meetings. Any such provisional appointment must be ratified by the next Annual General Shareholders' Meeting. Even if the meeting does not ratify the appointment, the prior proceedings and acts of the Board of Directors shall be considered valid.

When the number of directors in office drops below three, the remaining directors must immediately convene a Shareholders' Meeting in order to restore Board membership to the required minimum.

Age limit: in accordance with the Articles of Association, the number of directors (individuals or representatives of legal entities) over 75 years of age may not exceed one third, rounded up to the next whole number, of directors in office on the date of the Annual General Shareholders' Meeting convened to approve the annual financial statements. When this recommended number has been exceeded, the oldest director, except for the Chairman, shall be deemed to have resigned.

Directorships held by legal entities: in accordance with the Articles of Association, as soon as a company is appointed to the Board of Directors, it must designate a physical person as its permanent representative who shall be subject to the same conditions and obligations and have the same duties as any individually appointed director, without prejudice to the joint and several liability of the legal entity represented. When a legal entity dismisses its permanent representative, it must immediately appoint a replacement. The same applies in the event of death or resignation of the permanent representative.

Share ownership by directors: each director must own at least ten (10) shares. These shares must be held in registered form and fully paid up. This requirement does not apply to employee shareholders who have been appointed to the Board of Directors under Article L.225-23 of the French Commercial Code.

Directors appointed during the life of the Company who were not shareholders at the time of their appointment must acquire the minimum number of shares required within six months of their appointment. Should this requirement not be fulfilled, said directors shall be deemed to have resigned.

In addition to the ten (10) shares specified in Article 12 of the Articles of Association, each director agrees to hold one thousand (1,000) shares for the first six months of office in accordance with the Rules of Procedure of the Board of Directors.

The Rules of Procedure also require independent advisors to promise to hold five hundred (500) shares for six months following their appointment.

These shares must be registered shares that are fully paid up.

This requirement does not apply to employee shareholders who may be appointed to the Board of Directors under Article L.225-23 of the French Commercial Code.

Chairman of the Board of Directors: the Board of Directors shall elect one of its members Chairman for the term of office which it sets but which may not exceed their term of office as director. This position must be occupied by an individual, or the appointment shall be declared null and void. The Chairman may be re-elected for an indefinite number of terms.

The Board may also appoint a secretary, who need not be a Board member.

The Chairman's term of office expires by right at the first Annual General Shareholders' Meeting held during the year of his seventy-fifth birthday.

Deputy Chairman: in the event of the temporary unavailability or death of the Chairman, the Board of Directors may appoint a director to fulfill the functions of the Chairman of the Board. If unavailable, this appointment is renewable. In the event of death, it shall be valid until a new Chairman is elected.

Independent advisors: the Board may appoint one or more independent advisors for a term of four years upon proposal by its Chairman. Their role is to advise the Board of Directors on company policy and direction, based on their experience or particular skills. The independent advisor(s) may only take part in the proceedings of the Board of Directors in an advisory capacity. The Board of Directors therefore closely scrutinizes all appointment recommendations to ensure that the candidate possesses the skills and the expertise required to assist it.

3.1.2.2 Representation of men and women on the Board of Directors

The Board of Directors ensures compliance with the principle of equal representation of women and men thereon. As of the date of this report, the composition of the Board is compliant with Law No. 2011-103 of January 27, 2011 and with the AFEP-MEDEF Code with respect to the equal representation of women and men on Boards of Directors and supervisors and with professional equality.

3.1.2.3 Employee representation on the Board of Directors

Directors elected to represent employees

As of December 31, 2016, the Company does not fall within the scope of application of Law no. 2015-994 of August 17, 2015 amending Article L.225-27-1 of the French Commercial Code which provides for mandatory employee representation on the Board of Directors of public limited companies that reach a certain size. The Company's Board of Directors therefore has no director representing the employees.

Directors elected to represent employee shareholders

The Company does not fall within the scope of application of Articles L.225-23 and L.225-71 of the French Commercial Code which provides that, in companies listed on a regulated market where the employee shareholding (as defined in Article L.225-102 of the French Commercial Code) exceeds three percent of the Company's share capital, the shareholders must appoint one or more directors representing the employee shareholders to the Board of Directors.

The Board of Directors therefore has no directors representing employee shareholders of the Company.

3.1.2.4 Composition of the Board of Directors

As of the date of this report, the Board of Directors is composed of eight (8) directors appointed by the Annual General Shareholders' Meeting, and one independent advisor:

Name	Age	Position	First appointment/ Last renewal	Term expires at close of meeting called to approve the financial statements for FY	Number of shares held as of the date of this Registration Document
Philippe LAZARE	60 years old	Chairman and Chief Executive Officer and director(1)	March 15, 2006 – April 29, 2016	2018	421,592
Bernard BOURIGEAUD	72 years old	Independent director	April 29, 2016	2016	14,499
Jean-Louis CONSTANZA	55 years old	Independent director	May 7, 2014	2017	1,050
Diaa ELYAACOUBI	46 years old	Independent director	April 28, 2011 – April 29, 2016	2018	2,142
Colette LEWINER	71 years old	Independent director	October 22, 2015(2)	2017	1,019
Xavier MORENO	68 years old	Independent director	March 14, 2008 – May 07, 2014	2017	7,233
Florence PARLY	53 years old	Independent director	May 03, 2012 – April 29, 2016	2018	1,037
Élie VANNIER	67 years old	Independent director	March 14, 2008 – May 07, 2014	2017	4,255

(1) Philippe Lazare's functions as Chairman and Chief Executive Officer will cease with his term of office as director.
(2) This provisional appointment was ratified by the Combined Ordinary and Extraordinary Shareholders' Meeting of April 29, 2016.

William Nahum was appointed as an independent advisor by the Board of Directors on March 15, 2006. He was reappointed for a term of four years by the Board of Directors on February 18, 2016. As at December 31, 2016, Mr. Nahum held 525 Company shares.

3.1.2.5 Changes in the composition of the Board of Directors in 2016

The changes in the composition of the Board of Directors following the Annual General Shareholders' Meeting in 2016 were as follows:

	Comments
Departure	
Thibault POUTREL	Thibault POUTREL resigned from his directorship on December 31, 2016.
Appointment	
Bernard BOURIGEAUD	New independent director appointed by the Annual General Shareholders' Meeting of April 29, 2016.

3.1.2.6 Specific information on directors

Address of directors

For the purposes of their corporate functions, the members of the Board of Directors and senior management are domiciled at the Company's head office.

Nationality of directors

All the directors hold French citizenship.

Directorships and offices

The Company's executive director (CEO) holds no directorships in listed companies, including foreign companies, not affiliated with the Group.

The list of directorships and offices of each director can be found in section 3.2 of this Registration Document.

Convictions, bankruptcies, official public indictments and/or sanctions

To the best of the Company's knowledge and on the date this report was prepared, none of the directors, over the past 5 years:

- have been convicted of fraud;
- have been associated with a bankruptcy, receivership or liquidation;
- have been the subject of an official public indictment or sanction by any statutory or regulatory authority;
- have been disqualified by a court from acting as a member of an administrative, management or supervisory body or from acting in the management or conduct of the affairs of any issuer.

Conflict of interest

As of December 31, 2016, Thibault Poutrel indirectly held 1.4% of Cryptolog International. This agreement is duly referred to in the statutory auditors' special report on related party agreements and commitments. Thibault Poutrel resigned his directorship on December 31, 2016 and therefore this conflict of interest situation ceased on that date.

To the best of the Company's knowledge and on the date this document was prepared, no conflict of interest was identified between the corporate duties of any member of the Board of Directors or senior management and their private interests or other duties.

Service contracts

During the last fiscal year, no Board member entered into a service contract with the Company or with Group companies providing benefits upon termination of the contract.

Family relationships

As of the date of this Registration Document, there are no family relationships between any of the members of the Board of Directors.

3.1.2.7 Independence of directors

Ingenico Group is a widely held corporation without a controlling shareholder as defined in Article L.233-3 of the French Commercial Code. According to the AFEP-MEDEF Code, in companies with controlling shareholders, independent directors should account for at least half of the Board members.

The AFEP-MEDEF criteria to be fulfilled for a director to qualify as independent are the following:

- not to be or have been, within the past five years, an employee or executive director of the Company or of an entity consolidated by it; or an employee, executive director, or Board member of its parent company or of an entity consolidated by that parent company;
- not to be an executive director of a company in which the Company holds, directly or indirectly, a directorship or in which an employee appointed as such or an executive director of the Company (either currently or within the past five years) holds or has held a directorship;
- not to be a customer, supplier, investment banker or commercial banker that is material to the Company or the Group, or for a significant part of whose business the Company or the Group accounts;
- not to be related by close family ties to an executive director;
- not to have been an auditor of the Company within the previous five years;
- not to have been a director of the Company for more than twelve years. The status of independent director lapses after twelve years.

Directors representing major shareholders of the Company may be considered independent provided that they do not exercise control over the Company. However, when the shareholding exceeds 10% of the share capital or voting rights, the Board of Directors should systematically review whether the director still qualifies as independent, taking into consideration the Company's ownership structure and any potential conflict of interest.

The Compensation, Appointments and Governance Committee discusses the qualifications for being considered an independent director and writes a report on this question for the Board of Directors. Every year, on the basis of this report, the Board of Directors reviews the extent to which each director fulfills the criteria for independence mentioned above.

On February 23, 2017, the Board of Directors reviewed the degree of independence of the directors on the basis of the above criteria and the report by the Compensation, Appointments and Governance Committee.

The quantitative and qualitative criteria used to evaluate how significant the relationship of each independent director is with the Company or its Group were also discussed.

To date, no director has had a business relationship with the Company and therefore the Board of Directors has not set criteria to assess the material nature of business relationships.

According to the independence criteria defined by the AFEP-MEDEF Code, the Board of Directors considers seven of its members as being independent:

AFEP-MEDEF independence criteria	Philippe Lazare	Bernard Bourigeaud	Jean-Louis Constanza	Diaa Elyaacoubi	Colette Lewiner	Xavier Moreno	Florence Parly	Élie Vannier
1. Not to be or have been, either currently or within the past five years:								
• an employee or executive director of the Company, the parent company or of one of its consolidated affiliates;	Yes	No	No	No	No	No	No	Yes[1]
• employee, executive director or Board member of an entity that the Company consolidates;	No	No	No	No	No	No	No	No
• employee, executive director or Board member of the Company's parent or of an entity consolidated by the parent.	No	No	No	No	No	No	No	No
2. Not to be an executive director of a company in which the Company holds a directorship or in which an employee or a director of the Company (either currently or within the past five years) holds or has held a directorship.	No	No	No	No	No	No	No	No
3. Not to be a customer, supplier, investment banker or commercial banker:								
• that is material to the Company or Group;	No	No	No	No	No	No	No	No
• or for a significant part of whose business the Company or the Group accounts.	No	No	No	No	No	No	No	No
4. Not to be related by close family ties to an executive director:	No	No	No	No	No	No	No	No
5. Not to have been an auditor of the Company within the previous five years:	No	No	No	No	No	No	No	No
6. Not to have been a director of the Company for more than twelve years:	No	No	No	No	No	No	No	No
7. Not to be a shareholder taking part in the control of the Company or its parent company (beyond 10% of the capital and voting rights):	No	No	No	No	No	No	No	No
Conclusions [2]	**NI**	**I**	**I**	**I**	**I**	**I**	**I**	**I**

(1) Élie Vannier is a member of the Supervisory Board and the Chair of the Audit Committee of two Group subsidiaries, GCS Holding BV and Global Collect Services BV. However, the Board of Directors considers that this position does not call into question his independence as he is expected to abstain from participating in the decisions of the Board of Directors of Ingenico Group SA when they concern a company in which he holds a directorship.

(2) NI = Not independent – I = Independent.

The Board of Directors therefore has a majority of independent directors.

3.1.3 Ethical obligations imposed on directors

The Rules of Procedure of the Board of Directors lay out the main obligations imposed on directors, the rules of which are presented below.

The members of the Board of Directors are appointed for their expertise, their shareholder representation and the contribution they can make to the work of the Board.

Each member of the Board must be able to perform the duties of his/her directorship in accordance with the rules of independence, ethics and integrity.

In accordance with corporate governance principles, all directors perform their duties in good faith, in the manner they deem appropriate to promote the best interests of the Company and with the care expected of a normally prudent person in carrying out such a mandate.

Board members undertake, in all circumstances, to maintain their freedom of analysis, judgment, decision and action, and to reject any pressure, whether direct or indirect, that may be exerted on them.

Each member of the Board of Directors ensures compliance by the Company with its obligations and commitments, compliance with laws and regulations, especially with regard to transparency and communication to shareholders and in the implementation of good governance principles.

Information on members of the Board of Directors

Before accepting their assignment, each director must be aware of the laws and regulations related to their function, as well as any special requirements of the Company under its Articles of Association and of the Rules of Procedure with which they undertake to comply.

When appointed to the Board of Directors and, if deemed necessary, each director may also receive training on the specifics of the Company and the Group, their business, industry, organization and in particular their financial circumstances.

Defending the Company's interests

Each director represents all shareholders and must act at all times in the best interests of the Company. Each director undertakes to ensure that Company decisions do not favor one category of shareholders over another.

Conflict of interest (Article 13 of the Rules of Procedure of the Board of Directors)

Each member of the Board of Directors is required to disclose to the Board any real or potential conflict of interest in which they could be directly or indirectly involved. In all such cases, the Compensation, Appointments and Governance Committee shall examine the related risks. Depending on the nature and significance of the conflict identified, the committee may recommend that the Board of Directors bar a particular director from taking part in decision-making by the Board on the specific issues in question or from attending Board meetings, or suspend that director from office for as long as the real or potential conflict of interest exists. The director concerned shall be required to comply with the requests of the Board of Directors in this matter.

The director shall also accept all the consequences of the exercise of his directorship. Accordingly, he may:

- abstain from voting on the corresponding matter;
- or not attend Board of Directors' meetings during the period in which his conflict of interest exists;
- or resign his directorship.

Failure to respect these rules of abstention or resignation may leave the director liable to legal action.

Lastly, the Chairman of the Board of Directors shall refrain from communicating to director(s) who he has serious grounds for believing are in a conflict of interest, any information or documents relating to the conflicting matter, and shall notify the Board of Directors thereof.

Accountability of the Board of Directors

Directors must be attentive to how the powers and responsibilities of the Company's various bodies are defined and exercised.

In particular, they must ensure that no single person may have unlimited discretionary power over the Company; they must ensure the proper functioning of technical committees set up by the Board; they must ensure that the internal control bodies operate effectively and that the statutory auditors perform their duties satisfactorily.

The Board of Directors conducts an annual review of the internal control procedures implemented by the Company.

The Board of Directors also reviews its operations and those of its committees on an annual basis.

The Board of Directors periodically, and at least once every three years, conducts a formal evaluation of its own performance. This process is led by the Chairman of the Board and another Board member who is also a member of the Compensation, Appointments and Governance Committee. These evaluations are primarily concerned with ensuring compliance with the rules of transparency, ethics and the prevention of risks encountered by the Company.

In accordance with the law, information on the work of the Board and its Rules of Procedure, as well as the ensuing actions, are presented in this report.

Attendance of members of the Board of Directors

Each of the directors must devote the necessary time and attention to their duties and attend Annual General Shareholders' Meetings.

Transactions involving the Company's shares

In accordance with European regulation No. 596/2014 on market abuse, anyone exercising executive functions (Board member or senior official[(1)]), and anyone with close personal ties to them, must notify the AMF (the French financial markets authority) and simultaneously the Company, in the conditions specified in the applicable regulation, of any transaction they have carried out involving the Company's shares (purchases, sales, subscriptions, exchanges of shares, transactions in financial instruments linked to the shares).

In its management report, the Board of Directors must inform the Annual General Shareholders' Meeting of such transactions carried out during the previous calendar year by the directors, people closely connected to them, as well as by senior officials.

As provided in the Rules of Procedure, all Company shares owned by a Board member must be held in registered accounts.

Confidentiality – Inside information

The directors and any person attending meetings of the Board of Directors are bound by a duty of confidentiality regarding the proceedings of the Board and its committees.

Information provided to a member of the Board of Directors in his or her official capacity is said to be given on a personal basis (*intuitu personae*). They must protect its confidentiality and not disclose it under any circumstances. This obligation also applies to the representatives of any legal entity with a seat on the Board of Directors, as well as to independent advisors.

The information disclosed to members of the Board of Directors in their official capacity is subject to the provisions of regulation (EU) No. 596-2014 and related delegated regulations, as well as Articles L.465-1 and L.621-15 of the French Monetary and Financial Code relating to inside information, abstention requirements, and insider trading.

In particular, if the Board of Directors has received information of a precise nature that has not been made public, directly or indirectly regarding one or more issuers or one or more financial instruments which, if it were made public might markedly influence the price of the financial instruments concerned or associated derivatives, the members of the Board must abstain from:

- executing or attempting to execute insider trades, including:
  - either directly or indirectly buying or selling, for its own account or for a third party, the financial instruments to which that information relates,
  - canceling or altering orders previously placed on the Company's financial instruments;
- recommending or attempting to recommend to anyone to make insider trades or encouraging or attempting to encourage anyone to make insider trades based on Privileged Information;
- unlawfully disclosing or attempting to disclose privileged information; *i.e.*, disclose such information to anyone unless the disclosure occurs in the normal course of the exercise of a task, profession, or duties;
- making use of or communicating a recommendation or encouragement by an insider if the person knows or should know that it is based on privileged information.

Failure to comply with these obligations is punishable by administrative or criminal penalties.

(1) A senior official is anyone who, without being a member of an administrative body, has regular access to privileged information directly or indirectly regarding the Company and can make management decisions regarding the Company's future development and corporate strategy (Article 3 §25 regulation (EU) 596/2014). In accordance with this definition, the Company considers that the senior officials who meet this definition are the members of the Group's Executive Committee.

3.1.4 Organization and functioning of administrative and management bodies

The functioning of the Company's Board of Directors and executive management bodies is determined by the applicable laws and regulations, by the Articles of Association of the Company as well as by the Rules of Procedure of the Board of Directors, the main clauses of which are summarized or reproduced below.

3.1.4.1 Executive management

In accordance with the Articles of Association, day-to-day management of the Company shall be the responsibility of either the Chairman of the Board of Directors, or any other individual appointed by the Board of Directors and bearing the title of Chief Executive Officer.

The Board of Directors decides between the alternative arrangements for managing the Company mentioned above, in accordance with the quorum and majority requirements set forth in Article 12 of the Articles of Association. The shareholders and third parties shall be given notice of this decision, as provided for by a decree of the French Conseil d'État (Council of State).

On the date this document is prepared, the Chairman of the Board of Directors is responsible for the general management of the Company.

Chairman and Chief Executive Officer

The Board of Directors can remove the Chairman and Chief Executive Officer from office at any time.

An individual may not simultaneously hold more than one office as Chairman and Chief Executive Officer of *sociétés anonymes* (public limited companies) with their registered offices in France, except when the second office is held in a company controlled, within the meaning set forth in Article L.233-16 of the French Commercial Code, by the Company in which the first office is held.

The Chairman and Chief Executive Officer may not be more than 75 years of age.

At least once a quarter, the Chairman and Chief Executive Officer submits a report to the Board of Directors that includes the key figures for the main companies in the Group, most notably with respect to sales, profit, and performance in relation to forecasts.

The Chairman and Chief Executive Officer regularly informs the Board of Directors of significant events and transactions related to the Company's strategy.

The Chairman and Chief Executive Officer also keeps the Board of Directors informed of any decision involving internal reorganization and any asset acquisition or disposal plans.

Furthermore, any accounting principles used that have a material impact on how the Group's financial statements are presented are formally validated by the Chairman and Chief Executive Officer, reviewed by the Audit and Finance Committee in the presence of the statutory auditors and, if necessary, brought to the Board's attention at the discretion of the Audit and Finance Committee.

For closing dates that correspond to publications of financial statements, the Chairman and Chief Executive Officer and Finance Department explain the main accounting options and justify the choices ultimately made to the Audit and Finance Committee in the presence of the statutory auditors. The matter may be brought to the Board's attention at the discretion of the Audit Committee.

Once each half-year period, the Board of Directors examines the statement of the Group's off-balance sheet commitments presented by the Chief Financial Officer.

Deputy Chief Executive Officers

At the suggestion of the Chairman and Chief Executive Officer, the Board may confer on one or more individuals the task of assisting the Chief Executive Officer, as Deputy Chief Executive Officer(s). The number of Deputy Chief Executive Officers may not exceed five.

The Board can remove Deputy Chief Executive Officers from office as proposed by the Chairman and Chief Executive Officer. When removed without due cause, Deputy Chief Executive Officers may claim damages.

Deputy Chief Executive Officers may not be more than 75 years of age.

The Board of Directors has not appointed a Deputy Chief Executive Officer.

3.1.4.2 Board of Directors

Convening meetings of the Board of Directors: a Board meeting can be convened by the Chairman or by half of the Board members as often as required in the interests of the Company and at least once each quarter, at a place specified in the notice of meeting. The Board decides how notice of meetings is to be given.

In accordance with the Rules of Procedure, meetings may be convened using any means, by the Chairman or on the Chairman's behalf by any person designated by him or, alternatively, at the request of half the members of the Board.

Every notice of meeting is accompanied by the Board's agenda.

At the end of each calendar year, the Board draws up a schedule of meetings for the following year, based on the Chairman's proposals, and indicates the topics to be discussed.

The following persons are called to Board meetings:

- the members of the Board of Directors;
- the independent advisor;
- as at December 31, 2016, of the three Works Council members representing the Council, two are in the managerial staff category, and one is in the technician and supervisor category. These representatives participate in Board meetings in a consultative capacity;
- the statutory auditors, but only if the meeting is called to examine or approve annual or interim financial statements (such as half-yearly statements) or for any other purpose that might require their presence.

Members of the Executive Committee, particularly the Chief Financial Officer, are regularly requested to take part in meetings when the agenda warrants it.

When the Board of Directors has not met for over two months, its members may request that the Chairman call a meeting with a specified agenda, provided that at least one third of all members sign the request.

The Chief Executive Officer may also request that the Chairman convene a Board meeting with a specific agenda.

The directors present at a Board meeting shall sign the attendance sheet.

Proceedings of the Board of Directors: the proceedings of Board meetings shall not be considered valid unless at least half of all Board members in office, and no fewer than two Board members, are present. Resolutions will be passed by a majority of the votes of members present or represented. If the votes are equal, the Chairman has a casting vote. When only two Board members are present, resolutions shall be passed by mutual agreement.

Pursuant to Article 12 of the Company's Articles of Association and Article 3 of the Rules of Procedure of the Board of Directors, directors shall be deemed to be present for calculating the quorum and majority if they take part in Board meetings *via* videoconferencing or other telecommunications systems allowing them to be identified and guaranteeing their effective participation, the conditions of which are set forth by the relevant statutory provisions, except when the Board meets for the matters referred to in Articles L.232-1 and L.233-16 of the French Commercial Code.

Decisions of the Board of Directors are made by a majority vote of the members present or represented, with the exception of decisions that require a qualified majority pursuant to the delegation of powers ratified by an Annual General Shareholders' Meeting.

In the event that a proposal to re-appoint or appoint the Chairman of the Board and/or the Chief Executive Officer is voted down, a new candidate must be proposed to the Board within five business days following said vote. In the event of a tie, the Chairman shall have a casting vote.

Minutes of the Board meeting proceedings shall be put in a special minute book and signed by the Chairman and at least one director.

Extracts or copies of said minutes shall be validly certified by the Chairman of the Board, the Chief Executive Officer, the Deputy Chief Executive Officers, or the Director temporarily appointed as Deputy Chairman. In the event of liquidation, such extracts or copies shall be validly certified by the liquidator.

Powers of the Board of Directors: the Board of Directors determines the Company's strategy and oversees its implementation. Subject to the powers expressly granted to the Shareholders' Meetings and within the limit of the Company's corporate purpose, the Board deals with all matters concerning the smooth running of the Company and, through its decisions, manages the Company's business.

In its relationships with third parties, the Company shall be bound even by Board actions that are outside the scope of the Company's purpose, unless it can prove that the third party was aware that the action was outside the Company's purpose or could not be unaware of this given the circumstances, provided the mere publication of these Articles will be inadequate proof.

The Board of Directors performs any checks and verifications it considers appropriate. The Chairman or the Chief Executive Officer of the Company must provide each director with any documents and information required for the performance of their duties.

The Chief Executive Officer shall inform the Board on a regular basis of the resolutions planned or implemented by him as part of the management of the Company.

Any security, surety and guarantee provided by the Company must be approved by a resolution of the Board, which may set an overall annual amount, or an amount per commitment, below which its authorization would not be necessary.

Chairman: the Chairman of the Board of Directors organizes and directs the work of the Board and reports on this to the Annual General Shareholders' Meeting. He ensures that the Company's various bodies are functioning properly and, in particular, that the directors are able to perform their duties.

The Chairman presents the directors with the draft related-party agreements referred to in Articles L.225-38 *et seq*. of the French Commercial Code. He notifies the statutory auditors of all agreements that have been authorized and concluded before they are ratified by an Ordinary Annual General Shareholders' Meeting.

Information provided to each director: the on-going provision of timely information to the members of the Board of Directors is a vital prerequisite for the fulfillment of their mandate.

At any time during the year, the Board of Directors may conduct the verifications and controls it deems appropriate. To this end, any Board member may ask to be supplied with the documents needed to fulfill his or her mandate by submitting a request to the Chairman of the Board.

Insofar as it is possible, the Board members are informed no later than eight days prior to the date of the next Board meeting of all points to be discussed at that meeting, and they are supplied, within the same time limit, with any materials they may need to examine and understand the points on the agenda, so that they may properly fulfill their mandate. This obligation to provide adequate, relevant, exhaustive information is the responsibility of the Chairman and Chief Executive Officer since the Board combined these positions.

Prior to the meeting, each Board member is given a file containing the documents pertaining to the main points on the agenda.

Similarly, the Board members must make sure that they have all the information they need to fulfill their mandate. It is their duty to request any further information they may require.

Representation of members of the Board of Directors: any director has the option of authorizing, in writing (for example, by mail, fax or telegram), another director to represent them at a Board meeting. Each director is limited to having no more than one proxy at a given Board meeting.

3.1.4.3 Mandate of the Board of Directors

Within the framework of its legal prerogatives, the Board of Directors has the following responsibilities:

- to determine the Company's strategic policies and ensure that they are implemented;
- subject to the powers expressly assigned by law to the General Shareholders' Meetings, to concern itself with all issues related to the proper functioning of the Company and settle them through its proceedings;
- to examine all acts by which the various Group entities benefit from funding and guarantee instruments;
- to study all internal or external transactions likely to have a material impact on profits or to alter the balance sheet structure substantially;
- to carry out any controls and verifications it may deem appropriate.

Commitments by the Company to provide guarantee instruments may only be authorized by the Chief Executive Officer with the prior approval of the Board of Directors. In practice, each year, the Board of Directors sets a global amount and an amount per commitment, below which its prior approval is not required.

The Board of Directors also approves, in accordance with the procedure described in Article L.225-38 of the French Commercial Code, the agreements concluded between the Company and any of its executive officers, directors or shareholders holding more than 10% of the Company's voting rights, as well as any commitment made in favor of the Chairman or the Chief Executive Officer in the form of compensation or benefits payable, awarded upon termination of their mandate or subsequently thereto.

It also makes the decisions in the aforementioned matters.

3.1.4.4 Activity of the Board of Directors during the year ended December 31, 2016

During the year ended December 31, 2016, the Board of Directors met nine (9) times.

The attendance rate of Board members, including members participating *via* telecommunications, during the year ended December 31, 2016 was 84.7% and breaks down as follows:

	02/03/2016	02/18/2016	02/29/2016	03/29/2016	04/29/2016	07/26/2016	09/05/2016	10/26/2016	12/15/2016	% Attendance
Philippe LAZARE	•	•	•	•	•	•	•	•	•	100%
Bernard BOURIGEAUD								•	•	50%(1)
Jean-Louis CONSTANZA	•	•	•		•	•	•	•	•	89%
Diaa ELYAACOUBI	•	•	•	•	•	•	•	•	•	100%
Colette LEWINER	•	•		•	•	•	•	•	•	89%
Xavier MORENO	•	•	•	•	•	•		•	•	89%
Florence PARLY	•	•	•	•	•	•			•	78%
Thibault POUTREL until Dec. 31, 2016	•	•	•		•	•			•	67%
Élie VANNIER	•	•	•	•	•	•	•	•	•	100%

(1) Due to commitments made before his appointment on April 29, 2016, Bernard Bourigeaud had said he would not be able to attend the meeting of July 26, 2016 and was unable to attend the Board of Directors' special session on September 5, 2016. Mr. Bourigeaud has attended all meetings of the Board of Directors held since the beginning of 2017.

In addition to reviewing the specific work prepared by the special focus committees, during its meetings in the year ended December 31, 2016, the Board of Directors also dealt with the following matters:

- the approval of the parent company and consolidated annual financial statements for the year ended December 31, 2015, and the appropriation of net profit or loss;
- the selection of an independent director;
- the preparation of the Annual Combined Ordinary and Extraordinary Shareholders' Meeting: the Board of Directors drafted the resolutions to be submitted to the Annual Combined Ordinary and Extraordinary Shareholders' Meeting held on April 29, 2016, in addition to the management report and the Chairman's report on the composition of the Board of Directors, how it prepares and organizes its work and the Company's internal control and risk management procedures;
- the Chairman of the Board's compensation and the preparation of the advisory opinion on the "Say on pay" rule;
- the capital increase as part of the payment of stock dividends;
- the performance evaluation of the Board of Directors and its Committees;
- the review of the consolidated financial statements for the half-year ended June 30, 2016, and quarterly revenues;
- the approval of management planning documents;
- the review of various strategic investment or divestiture projects;
- tax-related issues, including tax disputes in Brazil;

- the authorization and renewal of the authorization to implement a share repurchase program, thus using the authorization granted by the Annual General Shareholders' Meeting of April 29, 2016;
- Company policy on gender equality and equal pay;
- authorization to buy share purchase options to partially cover the OCEANEs issued by the Company maturing on June 26, 2022;
- increase the syndicated credit facility to €750 million and extend the term by an additional optional two years.

Performance evaluation of the Board of Directors

In accordance with the AFEP-MEDEF Code and its Rules of Procedure, the Board of Directors annually evaluates how well it has met shareholder expectations, having been appointed by them to run the Company. This evaluation reviews its composition, organization and performance as well as that of its committees.

Once a year, the non-executive directors meet together without the Chairman and Chief Executive Officer to evaluate his performance.

At the beginning of 2017, the Board of Directors conducted, with the assistance of Didier Vuchot Consultants, an assessment of its performance during the 2016 financial year by means of a questionnaire completed by each director. The questions concerned the general functioning of the Board, its duties, the way its meetings were conducted, the resources available to the Board, the major themes addressed, relations with management and Committees. The directors and the independent advisor assessed their performance on a scale of 1 (almost never/not satisfied) to 4 (always/very satisfied).

This exercise allowed the Board to review its performance and to check that important issues were properly prepared for and discussed. It also measured the actual contribution of each director to the Board's performance in its proceedings.

This assessment process resulted in a report that was presented to the Appointments, Compensation and Governance Committee on February 21, 2017, then to the Board of Directors on February 23, 2017.

The outcome of the assessment is that the Board of Directors is running very smoothly and that the directors are generally very satisfied with the work of the Board of Directors and its committees in 2016.

In terms of governance, for the whole Board, the current form of governance with the combined functions of Chairman and Chief Executive Officer is well-suited to Ingenico Group. In addition, the Board is unanimous in noting that the Board's dynamic (interaction between directors in the decision-making process) and performance are highly satisfactory.

Topics covered by the Board are considered relevant and appropriate to the context of Ingenico Group with the Board of Directors considered as actively involved. The discussions led by the Chairman and CEO enable real expression of opinions and the directors' engagement is enthusiastic.

With regard to the composition of the Board of Directors, it appears that the size of the Board is deemed insufficient and should be increased by appointing a female director who would also join the Audit and Finance Committee.

The main areas for improvement relate to the composition of the Board of Directors and to the creation of comparative analyses of players in the payment ecosystem. Such analyses will yield useful information for more informed discussions during the Board's first day-long strategy session to be held in May 2017.

3.1.4.5 Special focus committees

The Board of Directors has set up three special focus committees – the Strategic Committee, the Audit and Finance Committee, and the Compensation, Appointments and Governance Committee – to help it function more effectively and facilitate its decision-making.

The Committees are composed mainly of directors, whether individuals or permanent representatives of legal entities, appointed by the Board of Directors.

They may also include one or more independent advisors, as well as one or more outside members selected for their particular skills, with the exception of the Audit and Finance Committee which includes only Directors. All committee members are required to serve in a personal capacity; no alternatives or proxies are permitted.

Each committee reports on its work at the next meeting of the Board of Directors.

Minutes of each committee meeting are taken by the secretary of the Board of Directors, presented to the committee members for approval and sent to the Chairman of the Board of Directors. A register recording the proceedings of each committee is kept at the Company's registered office.

Each committee issues proposals, recommendations and opinions, as appropriate, in its area of specialization as described below. A committee has the authority to perform, or to have performed, any study that may facilitate the decision-making of the Board of Directors. It may also question Group employees as needed, strictly for the purpose of carrying out the checks and verifications it is required to perform.

The composition, responsibilities and work of the special focus committees in 2016 are described below.

Strategic Committee

Composition of the Strategic Committee

As of the date of this report, this committee is composed of seven (7) members as follows:

- Élie VANNIER, Chairman of the committee and independent director;
- Bernard BOURIGEAUD, independent director;
- Jean-Louis CONSTANZA, independent director;
- Diaa ELYAACOUBI, independent director;
- Colette LEWINER, independent director;
- Xavier MORENO, independent director;
- Florence PARLY, independent director.

Functioning of the Strategic Committee

The committee periodically informs the Board of Directors of its work, research and recommendations. It is up to the Board to determine what use should be made of such information.

Each year, the committee holds at least two meetings called by its Chairman, who also has the option of calling further meetings as required.

To fulfill this mandate, the Strategic Committee may act in conjunction with the Chairman or Chief Executive Officer to enlist the cooperation of Group functional and operational directors.

The committee may also make use of outside consultants and experts, subject to the approval of the Board of Directors.

Main responsibilities of the Strategic Committee

The Strategic Committee has been given the following mandate:

- to examine new investment projects and plans for expanding existing operations in France or abroad, as well as any possible asset acquisition or disposal plan, so that the Board of Directors may give the necessary approval;
- to monitor previous investments periodically and to carry out all appropriate research and assignments;
- to examine all proposals by financial investors or industrial groups for acquisition of a stake in the Company, particularly through merger and acquisition operations.

Work performed by the Strategic Committee

The Strategic Committee met five (5) times during the year ended December 31, 2016 and examined, in particular:

- the Group's ambitions and the preparation of the 2016–2020 strategic plan;
- various M&A projects, notably the acquisition of Nera Payments Solutions Pte Ltd (Singapore), and Think & Go NFC (France), as well as taking a majority stake in Lyudia (Japan).

The attendance rate of committee members during the year ended December 31, 2016 was 96.2%.

Audit and Finance Committee

Composition of the Audit and Finance Committee

The Rules of Procedure of the Board of Directors specify that the Audit and Finance Committee must have no fewer than three (3) and no more than seven (7) members, with the exception of those exercising executive responsibilities. At least two thirds of its members must be independent as defined by the Company. It must be chaired by an independent director and both the Chairman and the members must have financial and accounting (or statutory audit) expertise and are appointed by the Board of Directors.

As at the date of this report, the committee had three (3) members, as follows:

- Florence PARLY, Chair of the committee and independent director;
- Colette LEWINER, independent director;
- Élie VANNIER, independent director.

In accordance with section 16.1 of the AFEP-MEDEF Code, at least two-thirds of the Audit and Finance Committee members are independent.

Florence Parly's experience and expertise, especially in finance, are described in section 3.2 of this Registration Document. She served as Secretary of State for the Budget from 2000 to 2002. She is also Executive Vice-President of Voyageurs – SNCF Mobilités, and was previously the executive general manager of the French National Railways Company (SNCF) in charge of strategy and finance.

The other committee members also have financial and accounting skills, gained through their professional experience as described in section 3.2 of this Registration Document.

Functioning of the Audit and Finance Committee

Each year, the Audit and Finance Committee holds at least three meetings called by its Chairman, who also has the option of calling further meetings as required.

The Rules of Procedure of the Board of Directors state that the Audit and Finance Committee should evaluate its performance once a year.

In accordance with Article 6 of the Rules of Procedure, the Audit and Finance Committee may benefit from the assistance or participation of all departments in the Company and its subsidiaries (heads of finance, accounting, cash management, internal audit and risk control, etc.). To carry out its duties, the Audit and Finance Committee may, with the approval of the Board of Directors, seek any outside advice or expertise that it deems necessary.

Main responsibilities of the Audit and Finance Committee

The mandate of the Audit and Finance Committee is to assist the Board in continually monitoring the way in which the Company is run, in compliance with the legislation and with the Company's Articles of Association. The committee is also responsible for alerting the Board to any irregularities or anomalies it may detect in the Company's financial statements or internal control and risk management procedures.

It is responsible for monitoring and giving its opinion to the Board of Directors on the following topics:

- the audit of financial statements by the statutory auditors;
- the close procedures and content of annual and half-year financial statements;
- the process of preparing financial information;
- significant financial transactions (debt, shareholders' equity, quasi-equity, etc.) proposed by the Company;
- the effectiveness of internal control and risk management systems;
- the independence of the statutory auditors.

The committee is involved in proposing candidates to be appointed or to replace statutory auditors for the Company and its subsidiaries, and issues recommendations on these candidates. It also approves the provision of services other than certification of the financial statements.

For certain issues, such as accounting treatment or the financial aspects of major transactions, the input of other committees is required. In this case, the Audit and Finance Committee may ask the chairmen of the relevant committees to collaborate under the terms that they define with the approval of the Chairman of the Board of Directors.

The statutory auditors:

- inform the committee, at the beginning of the year, of the audit procedure that they intend to use;
- report to the committee, at the close of the period, on the due diligence performed;
- alert the committee to:
  - any changes that they believe should be made to the financial statements or other accounting documents, providing any useful observations about the valuation methods used to prepare them,
  - any irregularities or inaccuracies they may have discovered;
- submit to the committee their conclusions drawn from the above observations and changes on the earnings for the period compared with those for the previous period;
- inform the committee of any risks that could compromise their independence and the protective measures taken to reduce these risks;
- notify the committee of any significant weaknesses in internal control procedures relating to the preparation and processing of accounting and financial information.

Every year, they provide the Audit and Finance Committee with a statement of independence and an update regarding the total amount of fees received by their network in respect of the services rendered in performing the due diligence directly related to the work of the statutory auditors and services that are not directly related to that work.

The Company has not expressly stated that it implements the Poupart-Lafarge report on audit committees of July 22, 2010. In practice, however, the Company applies the recommendations made in the report.

Work performed by the Audit and Finance Committee

The Audit Committee met nine (9) times during the year ended December 31, 2016.

The attendance rate of committee members during the year ended December 31, 2016 was 92.6%.

During its meetings of the year ended December 31, 2016, the Board of Directors examined:

- the financial statements:
  - parent company and consolidated financial statements for 2015,
  - financial statements for the first half of 2016,
  - financial statements for the first and third quarters of 2016;
- all press releases on Group earnings;
- the assignments and fees of the statutory auditors and the renewal of their mandate;
- the management planning documents;
- the 2017 budget;
- financing issues including:
  - the purchase of share purchase options (“American” style options),
  - the extension of the syndicated credit facility to the amount of €750 million and for an optional additional term of two years;
- the internal audit assessment for 2016 and the schedule for 2017;
- internal control;
- the risk management system;
- other cash management topics:
  - the Company’s off-balance sheet risks and commitments,
  - the currency hedging policy,
  - currency hedging;
- tax-related issues, including tax disputes in Brazil and France;
- annual renewal of the authorization to issue warranties.
- issues regarding the statutory auditors providing services other than the certification of financial statements.

Compensation, Appointments and Governance Committee

This committee is composed of three (3) to six (6) directors. The majority of its members must be independent. It is chaired by an independent director.

Composition of the Compensation, Appointments and Governance Committee

As of the date of this report, this committee is composed of four (4) members as follows:

- Xavier MORENO, Chairman of the committee and independent director;
- Diaa ELYAACOUBI, independent director;
- William NAHUM, independent advisor;
- Florence PARLY, independent director.

In line with paragraph 16 and 17.1 of the AFEP-MEDEF Code, the committee Chairman and the majority of its members are independent directors. The committee does not include any executive directors.

Functioning of the Compensation, Appointments and Governance Committee

Under the Rules of Procedure, each year, the committee holds at least three meetings called by its Chairman, who also has the option of calling further meetings as required.

Main responsibilities of the Compensation, Appointments and Governance Committee

The Compensation, Appointments and Governance Committee makes recommendations to the Board of Directors on compensation of directors and executive officers, the total amount of their attendance fees and how they are distributed, as well as on performance share awards and stock options granted to Group employees and executive officers, and on employee shareholding policy in general. It also makes recommendations on the composition of the Board of Directors and its Committees, prepares the annual evaluation of the Board and its Committees and deliberates on all questions related to corporate governance and ethics within the Group.

The Compensation, Appointments and Governance Committee is also responsible for making recommendations on the succession plan for executives, or appointments to the Group's executive or members of the Board of Directors.

The committee periodically informs the Board of Directors of its work, research and recommendations. It is up to the Board to determine what use should be made of such information.

Work performed by the Compensation, Appointments and Governance Committee

The Compensation, Appointments and Governance Committee met four (4) times during the year ended December 31, 2016.

The attendance rate of committee members during the year ended December 31, 2016 was 81.2%.

In particular, it examined the following issues:

- review of changes to regulations and governance practices;
- the process for evaluating the Board's performance in 2016 led by an outside consultant and based on a questionnaire. Its findings were presented to the Board of Directors on February 23, 2017; it concluded that, overall, Board members were satisfied with its performance and the quality of the information provided (for more details see Chapter 3.1.4.4 of this Registration Document);
- the analysis of the independence of directors with regard to AFEP-MEDEF rules;
- Company policy on gender equality and equal pay;
- the free performance share award plan;
- the compensation paid to the Chairman and Chief Executive Officer;
- the selection of a new director;
- the compensation policy for executive officers and the preparation of the advisory opinion on Say on pay;
- the allocation of attendance fees for 2015;
- the capital increase program reserved for employees of Ingenico Group who are eligible for a Company savings plan implemented in 2017;
- the allocation of attendance fees for 2017.

3.1.5 Internal control and risk management

The Company uses the international internal control framework developed by "COSO" (Committee of Sponsoring Organizations of the Treadway Commission, the conclusions of which were published in the United States in 1992) and applies the framework's general principles in outlining the description of its risk management and internal control system for this report. The Group decided to apply the new COSO 2013 framework published on May 14, 2013.

3.1.5.1 Definition and objectives

Ingenico Group's management approach strives for continuous dynamic adaptation of its internal control mechanism to the nature of its business activities, changes to its business model and its strategic objectives.

The Group's **risk management model** therefore strives to be comprehensive and to cover all its activities, processes, and assets. It must allow directors to maintain risk at acceptable levels. Risk is defined as a possible event that could have a negative impact on the Company's people, assets, environment, objectives or reputation.

In 2016, the risk management mechanism was enhanced by the modification of its organization as well as changes in control processes, particularly in terms of managing operational risk connected with the Group's transactional activities.

Internal control is a process implemented by the Board of Directors, executives and employees of the organization, to provide reasonable assurance as to the achievement of the following goals:

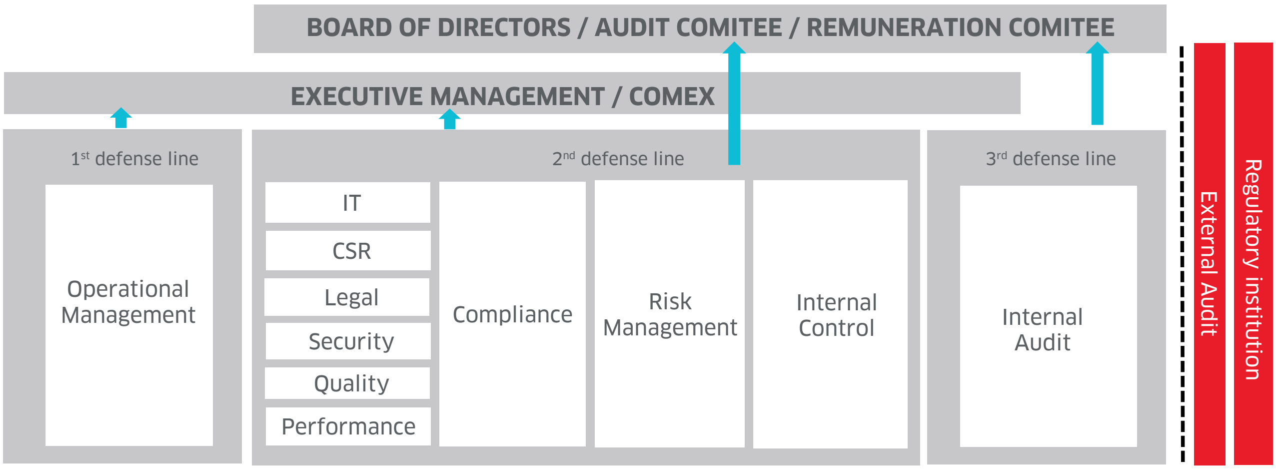
- compliance with applicable laws and regulations;
- effectiveness and efficiency of operations;
- reliability of financial information.

The internal control system implemented in the Company, as well-designed and well-applied as it may be, can only give shareholders, executive officers and the Board of Directors reasonable assurance that the above objectives will be achieved.

Since May 2016, internal control and risk management are organized under three different departments: the Audit & Internal Control Department, the Corporate Risk Department, and the Operational Risk Department dedicated to ePayments. The Internal Audit and Control Department manages the internal audit functions.

To execute its risk management and control activities, the Company has adopted an organizational structure based on the three-lines-of-defense model in accordance with the principles set out in the COSO framework, covering operational management, transversal functions, and internal audit, with each one having a distinct role in organizational governance.

This model improves governance by clarifying the roles and responsibilities of each agent in charge of risk management and internal control, with the goal of strengthening the directing ability of the Audit & Finance Committee and of management in general.



Scope of internal control: the internal-control and risk-management system set up by the Company encompasses all companies included in the Group's scope of consolidation. The Group ensures the existence and proper functioning of internal control and risk management systems in its subsidiaries.

3.1.5.2 Description of internal control and risk management procedures

The Company takes the same approach to internal control and risk management as the COSO framework, in which five components are defined:

- control environment;
- risk assessment;
- control activities;
- information and communication;
- monitoring.

Control environment

The control environment is the foundation for all other components of internal control. It encompasses the integrity, ethical values and competence of personnel; the management style of the executive team; policies on the assignment of authority and the organization and training of personnel; and the governance rules applied at the initiative of the Board of Directors.

The Company's **Board of Directors** includes an Audit and Finance Committee, the composition, meeting frequency and main responsibilities of which are described in this report. It plays a key role in monitoring internal control and risk management, since its responsibilities include:

- examining and assessing all points related to the preparation, auditing and publication of financial documents produced by the Company in connection with its financial reporting;
- reviewing the annual internal audit plan and monitoring the recommendations issued by the statutory auditors and the internal audit team;
- Monitoring the performance of internal control and risk management systems.

The **Code of Ethics and Business Conduct** sets out all the essential rules of conduct that the Group expects all employees, suppliers and subcontractors to abide by, and which apply to all business relationships. It is an important tool in maintaining the quality of the Group's control environment. In 2015, the Group Compliance Officer held training sessions to remind all Group employees of the Code's key principles, following which a series of dedicated e-learning modules were set up. These training sessions also covered anti-corruption measures.

A **"Gifts and Hospitality" policy** clarifies the rules applicable to all Group employees.

Whistle-blowing: The system provides a dedicated email address that can be used by any employee to report events that could be considered misconduct or in conflict with internal control procedures. Reports are handled confidentially to protect employees and the rights of any other people involved.

Delegations of power were updated during the year for all directors of subsidiaries.

The **conflict of interest** questionnaire was distributed by the Group Compliance Officer to all managers of the Group and its subsidiaries to ensure their independence in performing their duties, and to provide for continuous monitoring.

Self-assessments to evaluate the quality of the control environment within the Group's subsidiaries are conducted every two years, most recently in 2016. The aim is to ensure that all Group companies carry out self-assessments in relation to the priority control measures set out in the RedBook internal control manual.

Risk assessment

Every entity faces a variety of risks from external and internal sources that may impact the achievement of its objectives and that must be managed, *i.e.*, identified and analyzed. The main risks facing the Company are described in section 1.2 of this Registration Document.

The Group's risk management policy defines the objectives of the process and the methodology for identifying, analyzing and managing risks. The Entreprise Risk Department is responsible for implementing this policy by consolidating the analysis and building action plans together with the operational and functional departments and monitoring their implementation.

The process is presented and reviewed annually by a corporate Risk Committee led by the Chairman and Chief Executive Officer and specifically includes the Chief Financial Officer, regional directors and the main functional department executives.

The Group updated its risk map in 2016. The risk map revealed fifteen or so major risks. For each risk, the likelihood of occurrence, the potential impact and the effectiveness of existing control measures were assessed. Action plans are defined and steered by the managers responsible for each risk, having been specifically tasked with control plans and actions designed to reduce risks.

Similarly, since 2012 the Group operates a risk map focused specifically on potential fraud to permit it to reduce the risk of fraud and develop prevention measures. It was developed with the involvement of everyone in the Company who participates in their day-to-day work or through specific actions in setting up procedures, controls and tests to identify and mitigate possible scenarios for internal and external fraud, the analysis and prevention of which is the responsibility of the Audit and Internal Control Department.

The Audit and Finance Committee receives regular updates on risk management issues. A meeting is held once a year with the Audit and Finance Committee and the statutory auditors to discuss risk assessment and management and to review the Group's major risks, the risk map and the related action plans.

To monitor the performance of the risk management process, the Board of Directors is informed by the Audit and Finance Committee of the main steps taken in risk monitoring, such as creating internal control positions in subsidiaries, introducing the Code of Ethics and Business Conduct and updating the internal control manual.

Control activities

Control activities can be defined as the application of policies and procedures that help ensure management directives are carried out.

At the initiative of Company management, a set of rules and procedures was gradually introduced for each executive, business or functional unit. The Group also rigorously and actively monitors the performance of each business unit and the application of the Group's policies.

The role of the Operational Risk Department is, working closely with the Group's Executive Committee, to define and control the risks inherent in payment services activities.

Within the Group's Legal Department, the Group Compliance Officer is tasked with monitoring the development of European regulations on payment services and establishing the procedures and resources necessary to comply with said regulations.

Employees are critical to the internal control environment, as each person plays a role at their particular level in the internal control and risk management mechanism.

The departments tasked with the Group's risk management mechanism have developed a "risk culture" that focuses on understanding risks, continuously improving internal procedures, and encouraging exemplary behavior.

To enhance the consistency of rules and procedures, an internal control manual (RedBook) is in place for all Group subsidiaries. Each chapter of the manual provides a detailed list of the control objectives to be achieved. A list of key controls to be implemented includes controls in place among all Group entities as well as controls specifically developed for activities in connection with terminals and payment services. This manual has also been brought in line with the Group's risk and fraud maps. The rules and procedures found in this manual are updated and expanded on a regular basis and are available to all Group employees.

Additionally, a manual specifically for operational risks called Ormbooklet was rolled out across the Group in 2016, and is intended to aid understanding of the payment value chain and of the risks inherent in payment services activities (in-store, online, and mobile). It also lists controls and objectives by type of payment service.

Information and communication

Pertinent internal control information must be identified, gathered and reported in a form that allows each relevant manager to be notified of the weaknesses identified while allowing them the time needed to take the necessary corrective actions.

Our information channels and organizational structure have been designed to make it easy for regional or business units to report any internal control weaknesses and share their best practices with all relevant managers.

The regions are organized in a similar manner to the Group's management, enabling faster decision-making, greater efficiency and smoother flow of information between the Group's management and the regions.

Information and communication regarding internal control closely follow the Group's organizational structure:

- budget control is ensured through monthly reporting on performance. Each region produces a report, which is consolidated centrally. The purpose of reporting is to track where sales and profits are being generated, analyze the resulting operating income and identify deviations from the budget;

- during periodic reviews, regional/country directors meet with the Executive Committee to analyze performance and operational issues requiring attention as well as the forecasts.

In addition, corporate functions are responsible for ensuring that the Group's business strategy is applied in their area of responsibility. Accordingly, the Operations Division ensures that production work is carried out in compliance with the standards set by the Group and handled by subcontractors that it has approved. The Marketing Division defines and validates the product and marketing policies adopted in the regions.

Monitoring internal control and risk management

Internal control and risk management systems need to be monitored to assess performance over the long term. This is accomplished through permanent oversight and regular assessments.

The Audit and Internal Control Department, which reports directly to the Chairman and Chief Executive Officer, oversees internal control and ensures that the methodology is applied properly in the reviews carried out. The department also coordinates the risk assessment process at Group level each year and performs internal audits in all Group subsidiaries.

An internal audit plan is established each year, based on:

- the rotation of audit assignments to ensure an audit at least once every three years;
- the results of internal and external audits carried out in previous years;
- the risk mapping mentioned above;
- the results of the self-assessment process;
- newly consolidated entities;
- large-scale projects and the main cross-functional processes;
- operational activities of the Group's entities;
- requests by the Executive Committee and the Chairman and Chief Executive Officer.

In 2016, the Internal Audit Department carried out the audit plan approved by the Audit and Finance Committee. Audits are documented in reports that summarize the main findings and provide recommendations. After being approved by the audited entities and their management, these recommendations are turned into action plans and are submitted to the Entreprise Risk Department. Over the following months, the Audit and Internal Control Department ensures the implementation of these corrective actions through follow-up reports on the status of each point brought up by the audit.

The 2016 audit plan was as follows:

- 18 audits in subsidiaries;
- 6 cross-functional audits at corporate level;
- 15 audit follow-ups.

These audits covered 34% of the Group's revenue (based on the revenue given in the rolling forecast). The work carried out in 2016 did not reveal any significant internal control weaknesses or deficiencies.

The Group's statutory auditors are kept informed of all the work performed in the areas of internal control, internal audit and risk management at regular meetings to strengthen the internal control and risk management system.

In 2016, the Group had approximately 10 specialized staff dedicated to risk management, internal control and internal audits. This number does not include the employees dedicated to managing operational risk in transaction entities.

3.1.5.3 Internal control procedures relating to the preparation and processing of accounting and financial information

Group financial policy

The Group applies a rigorous financial policy and is careful to ensure the soundness of its financial structure *via* three principles:

- maintain a healthy balance sheet and financial ratios;
- have a long-term financing strategy and sufficient liquidity to fund development, repay loans over the medium term, and pay dividends to shareholders;
- optimize the use of its own funds and have a level of solvency compatible with its strategic objectives.

Accounting and financial organization

In order to achieve complete transparency between operating departments and financial management and ensure that operations are reported to the fullest possible extent, the Group has adopted the following organization for its teams, resources and processes:

- financial controllers and/or chief financial officers at subsidiaries report to the regional chief financial officers, who in turn report to the Group Chief Financial Officer and not to the director of the subsidiary or region. Regular meetings of finance executives are held by the Group Finance Department;
- all the Group's main entities use the same accounting management system;
- the Group's chart of accounts is restated in line with IFRS, the basis for consolidation and reporting used by all Group entities.

This organization provides the accounting and financial function with all the data required to prepare the financial statements for the entire scope of operations.

Since 2015, the Accounting Standards and Processes Department is tasked with defining and circulating IFRS procedures. This department regularly updates the Group's accounting standards manual and relies on a network of local accountancy correspondents to ensure that accounting standards information is circulated properly. It also coordinates the implementation of new IFRS standards across the Group.

Accounting and financial information systems

As mentioned earlier, one of Ingenico Group's goals in recent years has been to standardize its information systems (SAP, BFC).

The management reporting format, the primary tool for analyzing the operational performance of entities, includes information on the financial position and on cash flows.

This enables a more detailed analysis of Group performance for each product or service line and prepares Ingenico Group for the future developments of its markets.

Financial information is generated from monthly closing data.

Disclosure of financial and accounting information

Financial and accounting information is not disclosed until it has been reviewed and approved by the Chief Financial Officer.

The Company abides by a timetable of its accounting and financial disclosure and reporting obligations.

Internal control over finance

The following steps are taken to monitor the accuracy of financial data on an ongoing basis:

- controllers are regularly provided with instructions on budgetary implementation, reporting and consolidation worksheets and memoranda on changes in IFRS;
- each month, all legal entities and operating units are required to perform and report on a closing process, followed by consolidation. These reports enable the monthly changes to the Group's main operating indicators to be measured. Every month the Group uses the reports to carry out a detailed analysis of its performance (EBIT, EBITDA, free cash flow) at different levels (entity, region, Group). This process allows the Group to verify the correct financial rendering of its business activity and to identify any possible operating risks (*e.g.*, delays in accounts receivable, credit notes to be issued, litigation, surplus stock, etc.). The Group's cash position is also analyzed monthly;
- a tax reconciliation is carried out four times a year and a comprehensive review of the Group's major assets is done every six months;
- all Group funding, hedging transactions, bank account openings and closures, bank account signing authorizations and the Group's cash pooling system are centralized under the responsibility of the Chief Financial Officer.

Internal control is a top priority for Ingenico Group, which regularly invests in improving its system.

3.1.5.3 Financial risks connected with climate change

Ingenico Group has not identified any financial risks connected with climate change effects that may directly impact its activities. However, the Group has voluntarily committed to a low-carbon strategy (for more details see part 2.5.4 "Report on Group greenhouse gas emissions").

3.1.6 Shareholder participation in General Shareholders' Meetings

The rules governing attendance at, and participation in, Shareholders' Meetings are set forth in Article 19 of the Articles of Association and described in Chapter 8 of this Registration Document.

3.1.7 Principles and rules adopted by the Board to determine the compensation and benefits of directors and executive officers

The principles and rules governing the determination of the compensation and benefits awarded to directors and executive officers are determined by the Board based on recommendations by the Compensation, Appointments and Governance Committee in compliance with the Rules of Procedure of the Board of Directors. These principles and rules are specified in the management report of the Board of Directors in compliance with Article L.225-102-1 of the French Commercial Code, included in this Registration Document.

3.1.8 Information liable to have an impact on the price of a public offer

Any information liable to have an impact on public offers is described, if appropriate, in the management report, in accordance with Article L.225-100-3 of the French Commercial Code, included in this Registration Document.

3.2 Positions and duties as at December 31, 2016, of the Board members at the date of this Registration Document

Philippe LAZARE

Chairman and Chief Executive Officer since January 20, 2010

Experience and expertise

Born on October 30, 1956, Philippe Lazare was educated at the École Supérieure d'Architecture de Paris-La Défense. He held several positions in the Purchasing Department of the PSA group prior to joining the Thalès group as director of a Sextant Avionique site. In 1994, he was appointed Chief Operating Officer of the Air France group, in charge of the Industrial Logistics Division, which encompassed Air France Maintenance, Air France Industries, and Servair group. He then managed the Lucien Barrière hotel and casino group (1998-2000) and worked for the Eurotunnel group as Chief Executive Officer and then Chairman and Chief Executive Officer until 2002. Within the La Poste group, Mr. Lazare was Director of Purchasing, Property and Cost Control (2003-2004), member of the Executive Committee of La Poste, and Chairman and Chief Executive Officer of Poste Immo. In 2006, he was appointed Deputy Chief Executive Officer of the La Poste group and Chief Executive Officer of La Poste's General Public (Grand Public) Division, positions he held until July 13, 2007. On July 17, 2007, he became the Chief Executive Officer of Ingenico, where he had been a director since March 15, 2006. On January 20, 2010, he was also appointed Chairman of the Board of Ingenico Group, thus becoming the new Chairman and Chief Executive Officer. Mr. Lazare is a Knight of the Legion of Honor.

Other positions and duties

WITH THE INGENICO GROUP IN 2016

Representative of Ingenico Group SA, Chairman:
- Ingenico Ventures SAS since May 6, 2009
- Ingenico Eastern Europe I Sarl (Luxembourg), managing director since July 17, 2007

Board member and Chairman:
- Fujian Landi Commercial Equipment Co. Ltd (China) since June 25, 2008

Director:
- Ingenico Inc. (USA) since July 17, 2007
- Ingenico Holdings Asia Limited (Hong Kong) since May 29, 2015
- Lyudia KK (Japan) since April 26, 2016

Supervisory Board member:
- Ingenico do Brasil Ltda since December 10, 2013
- GCS Holding BV (Netherlands) since September 30, 2014
- Global Collect Services BV (Netherlands) since September 12, 2016

OUTSIDE THE INGENICO GROUP IN 2016

Main position:
None

Other current positions and duties:
None

Positions held in the past five years

Chairman:
- Ingenico Prepaid Services France SAS, until June 28, 2013

Director:
- Ingenico International (Pacific) Pty Ltd until June 7, 2012
- Ingenico International (Singapore) Pte Ltd until June 19, 2012
- Ingenico International India Pte Ltd until December 18, 2012
- Ingenico (UK) Ltd until June 21, 2013
- Roam Data, Inc. (USA) until June 8, 2015
- Nanjing ZTE Ingenico Network Technology Co., Ltd (China) until May 11, 2016

Supervisory Board member:
- ZTE Ingenico NV (Netherlands) until May 11, 2016

Board member and CEO:
- Ingenico Italia SpA until April 27, 2012
- Ingenico (Latin America) Inc. until July 10, 2012
- Ingenico Corp. until October 4, 2012
- Ingenico Canada Ltd until October 4, 2012

Board member and Chairman:
- Ingenico Mexico de CV until June 11, 2012
- Ingenico Services Iberia SA until October 1, 2012
- Ingenico Elektronik Sanayi Dis Ticaret SA until November 30, 2012
- Ingenico Iberia SL until April 26, 2013
- Ingenico Ödeme Siste Cözumleri AS until May 31, 2013

Representative of Ingenico SA, Chairman:
- Mobile Payments Solutions NV until November 23, 2012

Bernard BOURIGEAUD

Independent director

Strategic Committee member

Experience and expertise

Bernard Bourigeaud was born on March 20, 1944 in Bordeaux, France. He is a French citizen.

Bernard Bourigeaud is behind the creation and development of one of the world's largest IT services and payments groups, Axime, which was formed in 1991 following the mergers with SITB, Sodinforg, and Segin. He transformed the company through a strong growth policy: creating Atos following the acquisition of Sligos in 1996; merging Atos with Origin in November 2000; acquiring KPMG Consulting in the Netherlands and the United Kingdom in 2002; buying out Schlumberger Sema in 2003; and finally, acquiring Banksys and Bank Card Company (BCC) in 2006.

In addition to his duties for Atos Origin and its subsidiaries, Bernard Bourigeaud has also served as a member of the Boards of Business Objects, SNT (a subsidiary of KPN), Hagemeyer in the Netherlands, Neopost, Tibco Software in California, Amedeus in Spain, and CCMX. He has also been President of CEPS (Centre d'études et de prospectives Stratégiques), a French Foreign Trade Advisor, and a member, for two years, of the of the French National Economic Commission. In 2008 and 2009, he held the role of senior advisor for Apax in France.

When Bernard Bourigeaud stepped down as Chairman and CEO of Atos Origin, the company had annual revenues of €5.6 billion and employed over 55,000 people in more than 50 countries. Prior to launching Axime, he spent 11 years at Deloitte, Haskins & Sells where he headed the company's management consultancy business, and subsequently all French operations. Before that, he held a number of general management positions over a period of eight years at the Continental Grain group, including five years in the United Kingdom. Bernard began his career at CIC and Price Waterhouse. He is a qualified chartered accountant and holds a degree in economics and management.

Bernard Bourigeaud is currently Chairman of BJB Consulting, a consultancy firm founded in January 2008. He is also a private investor in several European technology companies, which he guides in their development.

Since January 2010, he has been an Operating Partner of Advent International. He advises Advent on investment opportunities in the technology, financial services, and corporate services sectors. In December 2011, he was appointed Non-Executive Chairman of Oberthur Technologies SA, a company he invested in jointly with Advent.

He is Affiliate Professor at HEC. In 2004, he was made a Knight of the Legion of Honor.

Other positions and duties

WITH THE INGENICO GROUP IN 2016
None

OUTSIDE THE INGENICO GROUP IN 2016

Main position:
- Non-executive Chairman of Oberthur Technology SA
- Non-Executive Vice-President of Oberthur Technology Holding

Other current positions and duties:
- Chairman of BJB Consulting (Belgium)
- Director of CGI (Canada)
- Director of Automic (Austria)
- Operating Partner at Advent International (France)
- Member of the Advisory Board and of the Executive Committee of Jefferies New York (United States)
- Member of the International Paralympic Committee

Positions held in the past five years

None

Jean-Louis CONSTANZA

Independent director

Strategic Committee member

Experience and expertise

Jean-Louis Constanza was born on April 16, 1961. He is a French citizen.

With more than 25 years of experience in the telecoms, internet and mobile sector in France and internationally, Jean-Louis Constanza's past roles include that of Chief Innovation Officer at Criteo, a specialist in personalized advertising on the web. He founded Orange Vallée, which develops and markets innovative products and services within the Orange Group. Jean-Louis Constanza also founded Ten, the first mobile virtual network operator (MVNO) focused on the mobile internet, and telecoms operator Tele2. He is currently the Development Director of Wandercraft, a start-up that is developing a robotic exoskeleton for people with reduced mobility.

He holds an MBA from INSEAD and a master's in engineering from the French National School of Aeronautics and Space ("SupAéro").

Other positions and duties

WITH THE INGENICO GROUP IN 2016

None

OUTSIDE THE INGENICO GROUP IN 2016

Main position:

- Chief Business Officer of Wandercraft

Other current positions and duties:

Director:

- Wandercraft
- Visa Europe

Positions held in the past five years

Director:

- Orange Vallée until 2013

Chief Innovation Officer:

- Criteo until 2014

Diaa ELYAACOUBI

Independent director

Strategic Committee member

Compensation, Appointments and Governance Committee member

Experience and expertise

Born in Morocco on November 8, 1970, Diaa Elyaacoubi is a French citizen.

Diaa Elyaacoubi has spent most of her career as an entrepreneur, mainly in new technologies. In 1999, she founded e-Brands, Europe's leading provider of white label connectivity solutions, such as Internet access and SMS, now a Vivendi subsidiary. In 2003, she founded and now chairs Streamcore, a manufacturer of telecoms networking equipment. She also co-founded Esprits d'entreprise, a French think tank that brings together more than 400 entrepreneurs and business leaders, and is President of 100 Jours Pour Entreprendre, a movement that sponsors and mentors young entrepreneurs. She is also a member of the Supervisory Board of Oddo & Cie. Diaa Elyaacoubi is a graduate of the École supérieure des télécommunications in Paris.

Other positions and duties

WITH THE INGENICO GROUP IN 2016

None

OUTSIDE THE INGENICO GROUP IN 2016

Main position:

- President of the holding company ODYSSEE 2045
- Director of AGORA Limited HK
- Member of the Supervisory Board of Oddo & Cie since May 2013
- Founder and Chairwoman of Esprits d'entreprise since May 2013. This business association brings together over 400 entrepreneurs and SMEs in a think tank to promote the ideas of its members and their companies
- Founder of the "100 jours pour entreprendre" movement

Other current positions and duties:

- Manager of SCI Delya 2
- Manager of SCI Delya 3
- Manager of SCI Immobilière 1

Positions held in the past five years

- Manager of SCI Kat Mandou
- Management Board Chair of Streamcore System (acquired by ORSYP Group in 2012), from 2004 to 2012

Colette LEWINER

Independent director

Strategic Committee member

Audit and Finance Committee member

Experience and expertise

Colette Lewiner, born September 19, 1945 in Cairo (Egypt), is a French citizen.

Colette Lewiner has held the role of Energy and Utilities Advisor to the Chairman of Capgemini since 2012. She is a commander of the French National Order of Merit and of the Legion of Honor.

A graduate of the École normale supérieure, with a postgraduate degree in physics and a PhD in Science, Colette Lewiner began her career at the University of Paris as a lecturer.

She joined Électricité de France in 1979, first in the Engineering and Research Department, followed by the Fuels Procurement Department. In 1989, she created and headed up the group's Business Strategy and Development Division, and in so doing became the group's first female director.

In 1992, she was named Chairwoman and Chief Executive Officer of SGN-Réseau Eurisy, an engineering subsidiary of Cogema, before joining Capgemini in 1998 as director of the Global Energy, Utilities and Chemicals sector.

From September 2010 to April 2015, she was the non-executive Chair of TDF.

Other positions and duties

WITH THE INGENICO GROUP IN 2016

None

OUTSIDE THE INGENICO GROUP IN 2016

Main position:

- Energy Advisor to the Chairman of Capgemini

Other current positions and duties:

Director:

- Bouygues SA*
  - Chair of the Selections and Compensation Committee
- Colas SA* (Bouygues Group)
  - Chair of the Selections and Compensation Committee
  - Member of the Audit Committee
  - Member of the Ethics and Sponsorship Committee
- EDF SA*
  - Member of the Audit Committee and the Compensation Committee
  - Chair of the Ethics Committee
- Eurotunnel SA*
  - Chair of the Audit Committee
- Nexans SA*
  - Strategic Committee member

Positions held in the past five years

- Director of Crompton Greaves LLC* until 2016
- Director of TGS-Nopec* and TDF until 2015
- Director of Lafarge* until 2014
- Vice-President, director of the Global Energy, Utilities and Chemicals sector at Capgemini until 2012
- Director of La Poste until 2011

* *Listed company.*

Xavier MORENO

Independent director

Chairman of the Compensation, Appointments and Governance Committee

Strategic Committee member

Experience and expertise

Xavier Moreno was born on December 14, 1948 in Nice, France. He is a French citizen.

Xavier Moreno is Chairman of Astorg, a leading European private equity firm that invests in business transfers (LBOs) valued at between €100 million and €1,500 million. Founded in 1998 and controlled by its partners, Astorg manages approximately €4 billion in capital and has invested in over 30 businesses in the last 15 years. Xavier Moreno began his career at the Treasury Department of the French Ministry of Finance. In 1985, he joined Sanofi then led the Agro Veterinary Division and became a member of the Executive Committee. In 1991, he joined the Suez group to lead investments in industry and private equity until the spin-off of Astorg in 1998.

Xavier Moreno is a graduate of the École polytechnique, the Paris Institute of Political Studies (IEP) and the École nationale d'administration (ENA).

Other positions and duties

WITH THE INGENICO GROUP IN 2016

None

OUTSIDE THE INGENICO GROUP IN 2016

Main position:
- Chairman of Astorg Partners SAS

Other current positions and duties:

Managing director:
- Astorg Asset Management Sàrl
- Astorg Advisory Services Sàrl
- MRN Invest Sàrl

Executive Committee member:
- Financial Ofic SAS (Onduline Group)

Director:
- Onduline SA

Representative of Astorg Partners SAS, Chairman:
- Astorg Team III SAS SCR

Chairman:
- Financière Amaryllis IV SAS
- Financière Muscaris IV SAS
- Kiliteam V SAS
- Megateam V SAS

Positions held in the past five years

Chairman:
- Church Team IV SAS until October 2013

Supervisory Board Chairman:
- Honorine SAS until July 2014

Director:
- Ethypharm SA until July 2016
- Financière Verdi SAS until July 2016
- Super Cristal de Luxe until March 2016
- Cristal de Luxe until March 2016

Supervisory Board member:
- GS & Cie Groupe SA (Gras Savoye Group) until December 2015

Florence PARLY

Independent director

Audit and Finance Committee Chairman

Strategic Committee member

Compensation, Appointments and Governance Committee member

Experience and expertise

Florence Parly was born on May 8, 1963 in Boulogne-Billancourt and is a French citizen.

Since May 2016, Florence Parly is Executive Vice-President of the Voyageurs Division of SNCF Mobilités in charge of coordinating and running Voyages (passenger) activities (TGV, Ouigo, Ouibus, Voyagessncf.com), including TER, Transilien and Intercités, representing €15 billion revenue. Prior to that, she was Executive General Manager at SNCF in charge of strategic management and economic coherence at a time of transformation.

Previously, she worked for eight years in various capacities at the Air France Group, including as Director of Investment Strategy, then later as Executive Vice-President of Air France Cargo, where she led the restructuring and, finally, as Executive Vice-President, Passenger Activity Paris-Orly and French Stations, where she led the Transform 2015 recovery plan.

She was Secretary of State for the Budget (2000-2002) as a member of the French government led by Lionel Jospin, after holding various functions including: advisor to the Prime Minister, Cabinet member (equipment and housing, interior) and within the Budget Department of the French Ministry of the Economy, Finance and Budget. She also chaired the Regional Agency for Economic Development of the Île de France (Paris region) (2004-2006).

Florence Parly is a graduate of the Paris Institute of Political Studies (IEP) and the École nationale d'administration (ENA).

Other positions and duties

WITH THE INGENICO GROUP IN 2016
None

OUTSIDE THE INGENICO GROUP IN 2016

Main position:
- Executive Vice-President, Voyageurs – SNCF Mobilités

Other current positions and duties:

Director:
- Altran*
- Chair of the Appointments and Compensation Committee

Representative of Fonds Stratégique de Participations on the Supervisory Board of:
- Zodiac Aérospace* since January 2016

Representative of SNCF Mobilités on the Board of Directors of:
- Eurostar International Limited (United Kingdom) since May 2016

Positions held in the past five years

Chair of the Board:
- Sodexi until March 2013
- MCH (Mexico Cargo Handling) until March 2013

Director:
- Air France until September 2014
- Servair (Roissy CDG) until 2013
- Bpifrance Participations until August 2015
- Bpifrance Investment until August 2015

Permanent representative of Air France on the Board of Directors:
- Fram, until February 2013

Strategic/Strategy Committee member:
- Ernst & Young until November 2014

Other positions:
- Executive Vice-President, Passenger Activity Paris-Orly and French Stations (until September 2014) and member of the Executive Committee of Air France
- Executive Vice-President, Air France Cargo (until December 2012) and member of the Executive Committee of Air France

* *Listed company.*

Caroline PAROT*

Independent director

Member of the Audit and Finance Committee

Member of the Strategic Committee

Experience and expertise

Caroline Parot, 44, a French national, is Chief Executive Officer and Chair of the Management Board of Europcar Group. She joined Europcar in 2011 and was appointed Chief Financial Officer in March 2012, and later was named Deputy Chief Executive Officer.

Previously, she held senior finance and group control positions (2009-2011) and served on the Executive Committee (2010-2011) within the Technicolor Group. She was notably in charge of restructuring the debt of Thomson Technicolor. With the same group, she also served as chief financial officer of the Technology segment (2008-2009) and controller of the Intellectual Property and License Management department (2005-2008). She began her career in 1995 as auditor at Ernst&Young, where she worked until 2005.

Caroline Parot holds a Master's Degree in Finance from ESCP Business School and a Post-Graduate degree in Economics & Mathematics from Paris I Pantheon Sorbonne. She also holds a Higher Diploma of Accounting and Management.

Other positions and duties [(1)]

WITH THE INGENICO GROUP

None

OUTSIDE THE INGENICO GROUP

Main role:

- Chief Executive Officer of Europcar Group

Other current positions and duties:

- Chair of Europcar International S.A.S., Europcar Holding S.A.S. and Europcar Services, Unipessoal, Lda
- Permanent representative of Europcar International S.A.S. in her capacity as Chair of Europcar France S.A.S.
- Member of the Supervisory Board of Europcar Autovermietung GmbH (Germany)
- Director of Europcar Australia Pty Ltd (Australia), CLA Trading Pty Ltd (Australia), BVJV Ltd (New Zealand) and PremierFirst Vehicle Rental EMEA Holdings Ltd (UK)
- Member of the Monitoring and Development Committee of Ubeeqo International S.A.S.

Positions held in the past five years

Member of the Executive Committee:

- Technicolor

At the date of this Registration Document, Ms. Caroline PAROT holds 10 shares of the Company according to the articles of association.

* On March 21, 2017, the Board of Directors, on the recommendation of the Remuneration, Appointments and Governance Committee, decided to appoint Ms. Caroline PAROT as the independent director, replacing Mr. Thibault POUTREL for the remainder of his mandate, *i.e.* until the Annual General Meeting held in 2017. It is thus recommended that the Annual General Meeting of May 10, 2017 ratifies this appointment and renews the mandate of Ms. Caroline PAROT for a term of three years. Further detail regarding these proposed resolutions can be found in Chapter 7 of this Registration Document.

(1) *At the date of this Registration Document.*

Élie VANNIER

Independent director

Strategic Committee Chairman

Audit and Finance Committee member

Experience and expertise

Élie Vannier was born on June 15, 1949. He is a French citizen.

Élie Vannier's career is marked by a variety of experiences in industry, investment banking and the media. After many years in broadcasting, Élie Vannier was appointed Diversification Manager at the metalworking group Strafor Facom until 1991, when he was named Chief Executive Officer of the French subsidiary of Deutsche Morgan Grenfell. In 1997, he joined GrandVision, eventually being appointed Group CEO. Former Chairman of the Board of Directors of Flamel Technologies, over the years he has held many directorships in France and abroad. He was also a professor at the Paris Institute of Political Studies (IEP), lecturing on strategy and international business development. He also served as President of the French center for the study of corporate governance. He is now a professor at Peking University (School of Transnational Law), China. He holds a master's degree in law and a postgraduate degree in political science from the Sorbonne (University of Paris I).

Other positions and duties

WITH THE INGENICO GROUP IN 2016

Member of the Supervisory Board and Chairman of the Audit Committee:
- GCS Holding BV (Netherlands)
- Global Collect Services BV (Netherlands)

OUTSIDE THE INGENICO GROUP IN 2016

Main position:
- Chairman of the Board of Directors of Hovione Holding (Hong Kong)
- Visiting Professor, Peking University School of Transnational Law (China)

Other current positions and duties:

Director:
- Fondation Fondamental
- New Cities Foundation (Switzerland)
- E-Front

Positions held in the past five years

Director:
- Groupe PP Holding SA (Switzerland) until March 2016
- Pharmacie Principale SA (Switzerland) until March 2016
- Flamel Technologies until June 2014
- Conbipel SA (Italy) until 2013
- Famar (Luxembourg) until 2013

Chairman of the Board of Directors:
- Flamel Technologies SA until 2012

William NAHUM

Independent advisor

Compensation, Appointments and Governance Committee member

Experience and expertise

A certified accountant, statutory auditor, legal expert to the Court of Appeal of Paris, certified by the French Supreme Court, William Nahum has led a parallel professional and institutional career during which he has held almost all the elective offices in his profession. After an internship in an international audit firm and then several years with French and American companies, he established a law office more than thirty years ago, building up a team of partners, along with selected collaborators.

For twelve years, he was President of the Order of Certified Accountants of Paris ("Ordre des experts-comptables de Paris") and of the Company of Statutory Auditors of Paris ("Compagnie des commissaires aux comptes de Paris"). He was also President of the National Order of Certified Accountants ("Président national de l'Ordre des experts-comptables").

He served for nine years on the Board of IFAC, where he acquired expertise in auditing and governance standards particularly relevant to litigation or professional liability cases. He has created and chaired two international institutions for the accountancy profession: CILEA for South America and Latin Europe, and FCM, covering 16 countries located around the Mediterranean.

He has also held positions as a volunteer with the Accounting Standards Authority ("Autorité des normes comptables"), the Public Accounts Standards Committee ("Comité des normes de la comptabilité publique") and as a legal expert with the Government Shareholding Agency ("Agence des participations de l'État") and the Ministry of Defense.

In 2004, William Nahum founded the Academy of Accounting and Financial Sciences and Techniques, an organization chaired by him with more than 60,000 members in over 20 countries.

In 2013, William Nahum was elected National President of CIP (Information Center on the Prevention of Company Difficulties).

A government order of December 24, 2013 made him a member of the Accounting Standards Authority ("Autorité des normes comptables").

3.3 Compensation and benefits

3.3.1 Compensation of directors and executive officers

The purpose of the Company's policy on the compensation of directors and executive officers and the management teams more broadly-speaking is to:

- attract, retain, and motivate the best talent;
- encourage commitment to deliver high performance;
- align compensation levels with the Company's results.

It is guided by three principles:

- competitiveness of compensation in respect of market practices (compensation policies of comparable listed companies, especially technology companies in France, Europe, and the United States);
- internal and external fairness of compensation
- alignment of compensation with the achievement of the Group's short-, medium- and long-term financial and strategic goals.

3.3.1.1 Compensation, stock options and performance shares granted by the Company to the sole executive director

3.3.1.1.1 Policy for compensating the Chairman and Chief Executive Officer

In recent years, the Board of Directors has decided to change the compensation of the Chief Executive Officer, for two reasons: to align it with market levels, and to reflect the transformation of the Group's profile since 2010 (both in size and scope of business) while adhering to best market practices, in line with the spirit of the AFEP-MEDEF Code. Since 2010, the Group's revenues have more than doubled, its profit for the period has increased more than six-fold and its market capitalization has more than tripled as of the end of December 2016.

In addition to compensating operational and financial performance, the Board of Directors also uses the compensation of its Chairman and Chief Executive Officer as a talent retention tool. This is necessary because the Group operates in the payment ecosystem – a global market that is changing very rapidly and has a narrow talent pool.

In line with the work already done, the Board of Directors commissioned an outside specialist consulting firm to update the analysis of the compensation paid to its Chairman and Chief Executive Officer. Its structure and level were compared with a panel of French companies operating in technology markets, and international companies operating in the payment ecosystem market: Dassault Systèmes, Gemalto, Technicolor, Verifone, Worldline, WorldPay, Vantiv, Global Payments, Total System Services, and Heartland Payment. To be fully representative, the study took into account the revenue growth, net profitability trends, and market capitalization of Ingenico Group and of the companies on the panel. A framework was then established for assessing the CEO›s performance, the relationship between his compensation including compensation over time and the goals assigned to him, particularly regarding the implementation of the 2020 strategic plan.

In light of the proposal by the Compensation, Appointments and Governance Committee, and as the mandate of the Chairman and Chief Executive Officer was coming up for renewal on April 29, 2016, the Board of Directors reviewed the CEO's compensation structure and decided to:

- increase the fixed compensation for the Chief Executive Officer and keep it at this level for his remaining term of office (2016-2018);
- maintain a target variable compensation of 150% (up to a maximum of 200%)in the event of outperformance;
- increase the portion of compensation linked to the Company's long-term performance by granting performance shares that are vested conditionally on an increase in EBITDA, on share price performance relative to the SBF 120, and on a personal shareholding commitment as part of a joint investment plan.

It was also decided not to set up a defined benefit pension plan and to continue not paying attendance fees.

Compensation structure

Pursuant to those principles and on the recommendation of the Compensation, Appointments and Governance Committee, the Board of Directors decided to set the compensation structure for the Chairman and Chief Executive Officer as follows for his remaining term of office:

- **fixed annual compensation of €800,000;**
- **target annual variable compensation of 150% of his fixed annual compensation, *i.e.*, €1,200,000**, which may rise to 200% of his fixed annual compensation, tied to performance.

  Variable compensation is based on the achievement of the following quantitative and qualitative targets:

  - quantitative targets, at 70%, (€840,000) of the target annual variable compensation:
    - 40% tied to consolidated EBITDA,
    - 15% tied to consolidated revenue growth,
    - 15% tied to free cash flow (excluding acquisitions, divestitures, and special dividends).

    The target variable compensation for these quantitative targets is capped at 150% (€1,260,000);
  - qualitative targets for 30% (*i.e.*, €360,000), the criteria for which are preset precisely and in accordance with the 2020 strategic plan. For confidentiality reasons, they cannot be disclosed for this year. However, at the end of the performance appraisal period, the Group discloses these targets and their level of achievement. The target variable compensation for these qualitative targets is capped at 100% (€360,000);

  It should be noted that, in accordance with paragraph 2 of Article L.225-37-2 of the French Commercial Code, as of December 31, 2017, the payment of components of the variable compensation described above requires ratification by an Ordinary Annual General Shareholders' Meeting, in accordance with Article L.225-100 of the French Commercial Code.
- **long-term compensation through the annual award of performance shares** subject to two performance criteria to be assessed over a three-year period; the value of the award will represent about 50% of the total annual target compensation. This percentage may be increased by a maximum of 10% in the event of the creation of a joint investment plan involving the Group's directors and subject to an additional criteria of personal investment;

  The number of performance shares awarded is based on the average market price of the Company's share over the fifteen trading days preceding the award date (for example, in 2016, 18,610 performance shares were awarded based on a market price of €107.47);
- **a severance package payable for forced redundancy, approved by the Annual General Shareholders Meeting of April 29, 2016;**
- **no exceptional bonuses:** Since 2013, the Board of Directors has abandoned special bonuses, in line with best market practices;
- **no pension plan.** The Board of Directors feels that this provision is not a suitable retention tool for Ingenico Group, which operates in a fast-changing market. For information purposes, the cost of the pension plan was valued at €15 million by an outside firm;
- **no attendance fees** as a Company director and Chairman of the Board;
- **no compensation** under a non-compete clause.

In addition, the Chairman and Chief Executive Officer shall continue to have use of a company car and receive executive director unemployment insurance.

Summary of the status and terms of departure of the Chief Executive Officer

Directors and executive officers	Employment contract	Supplementary pension plan	Indemnities or benefits due or likely to be due on termination or change of function	Benefits in connection with a non-compete clause
Philippe LAZARE				
Chairman and Chief Executive Officer since January 20, 2010	No	No	Yes(1)	No

(1) This benefit is described above in Section 3.3.1.1.2 of the 2016 Registration Document.

The preceding information constitutes the supplementary report specified in Article L.225-37-2 of the French Commercial Code which is subject to ratification by the Annual General Shareholders' Meeting of May 10, 2017.

3.3.1.1.2 Compensation due or paid to the Chief Executive Officer in 2016

Based on the foregoing, on February 18, 2016 the Board of Directors on the recommendation of the Compensation, Appointments and Governance Committee, set out the elements of compensation for fiscal year 2016, such as:

- **fixed annual compensation of €800,000;**
- **a target annual variable compensation of €1,200,000**, with a maximum variable compensation of 200% of the fixed annual salary.

  For 2016, the variable compensation is based on the achievement of quantitative and qualitative criteria as set by the Board of Directors on February 18, 2016. The relative weighting remains unchanged compared to 2015:

  - **quantitative targets, at 70%** (*i.e.* €840,000) of the target annual variable compensation, tied to the Company's financial performance:
    - 40% tied to consolidated EBITDA,
    - 15% tied to consolidated revenue growth,
    - 15% tied to free cash flow (excluding acquisitions, divestitures, and special dividends).

    Payment of variable compensation is only triggered once 90% of each of these targets is achieved, at which point 50% of the variable compensation is paid. Below this threshold, the variable compensation in respect of financial criteria is nil. It reaches 100% at 100% of the target, then rises in a straight line from 100% to 110% of the target with a maximum of 150% at 110% of the target.
  - **qualitative targets amounting to 30%** (€360,000), each representing one quarter of the package for:
    - the acceleration of the growth of the ePayments Division,
    - the continued transformation of Smart Terminals activity,
    - the setting up of external growth projects,
    - the commercial roll-out of multichannel offers.

  Variable compensation is calculated and paid at the close of the fiscal year to which it relates, after the Board of Directors has approved the financial statements;
- **no special bonus ;**
- **no pension plan ;**
- **no compensation under** a non-compete clause;
- **long-term compensation** (valued as at December 31, 2016 at €1,650,969 for the shares granted under the 2016-1 plan). This relates to performance shares conditional on two performance targets evaluated at the end of the three-year vesting period:
  - internal criterion related to the Group's financial and operational performance: EBITDA in line with publicly stated targets. Vesting thresholds for shares are as follows: 25% of shares vested when 90% of the target is achieved; 50% when 95% of the target is achieved, 75% when 100% of the target is achieved, and 100% of shares vested when 105% or more of the target is achieved,
  - external criterion: Change in the Company's share price compared to the SBF 120. Vesting thresholds for shares are as follows: 50% of shares vested when 95% of the target is achieved; 75% when 105% of the target is achieved, and 100% of shares vested when 110% or more of the target is achieved.
- **in addition, for exercising his duties as Chairman and Chief Executive Officer, Philippe Lazare shall benefit from:**
  - a company car,
  - unemployment insurance for loss of mandate, and
  - a contractual indemnity in the event of early termination.

Note that the terms of this commitment were amended by the Board of Directors on February 29, 2016 and were ratified by the Annual General Shareholders' Meeting of April 29, 2016, as detailed below:

Amount of Termination Benefit

The amount of the benefit (the "Termination Benefit") payable will be equal to (i) 18 months of the Reference Compensation in the event of forced departure related to a change of control of the Company, or (ii) 12 months of the Reference Compensation in other cases of forced departure related to a change in strategy, in which case the amount will depend on the fulfillment of the performance conditions set for calculation of the variable compensation.

The "Reference Compensation" shall be equal to the average monthly fixed and variable compensation received by Philippe Lazare in respect of his position as Chairman and Chief Executive Officer over the last two financial years preceding the date of termination.

Conditions of payment of the Termination Benefit

The Termination Benefit will be payable to Philippe Lazare only in case of forced departure from his position as Chairman and Chief Executive Officer related to a change of control or strategy initiated by the Board of Directors, regardless of the form of this termination of appointment (other than for gross negligence or misconduct), and on condition that the performance conditions below have been achieved.

The "change of control" shall be taken to refer to the date of approval by the Company's Annual General Shareholders Meeting of any merger or demerger transaction affecting the Company, or the date of acquisition of control of the Company, as defined in Article L.233-3 of the French Commercial Code (particularly subsequent to a public tender or exchange offer, as the case may be).

Performance conditions

Payment of the Termination Benefit will be based on the average level of achievement of the targets set for Philippe Lazare's variable compensation over the last two financial years preceding the date of termination of appointment.

Philippe Lazare will retain the entitlement to his performance shares which are vesting at the date of his departure (i) on a *prorata* basis related to his continuous service and (ii) depending on the level of achievement of the performance conditions set out above.

Finally, there is no employment agreement between Philippe Lazare and any of the Group companies. As an officer of the Company, he is not a member of the savings plan set up for employees of the Group.

Summary table of compensation and stock options and shares awarded to Philippe Lazare – Chairman and Chief Executive Officer

	2016 *(Gross amount in euros)*	2015 *(Gross amount in euros)*
Compensation due for the year (detailed information in the table below)	1,910,246	1,992,538
Valuation of multi-year variable compensation awarded during the year	n.a.	n.a.
Valuation of options granted during the year	n.a.	n.a.
Valuation of free shares granted (explained in Section 3.3.1.1.3 below).	1,650,969	988,200
TOTAL	**3,561,215**	**2,980,738**

Summary table of compensation paid to Philippe Lazare – Chairman and Chief Executive Officer

	2016 *(Gross amount in euros)*		**2015** *(Gross amount in euros)*	
	Accrued during the year	**Paid during the year**	**Accrued during the year**	**Paid during the year**
Fixed compensation	800,000	800,000	700,000	700,000
Annual variable compensation (1)	1,097,377	1,279,803	1,279,803	1,326,021
Multi-year variable compensation	None	None	None	None
Exceptional compensation	None	None	None	None
Directors' attendance fees	None	None	None	None
Benefits in kind: company car + insurance for loss of office	12,869	12,869	12,735	12,735
TOTAL	**1,910,246**	**2,092,672**	**1,992,538**	**2,038,756**

(1) The variable compensation accrued during the year is paid in the following year.

Variable Compensation paid in 2016 in respect of 2015

On February 18, 2015, the Board of Directors set Philippe Lazare's target variable compensation for 2015 at €1,000,000 based on the performance criteria, of which 70% was tied to the Group's results and 30% to qualitative criteria. On February 18, 2016, after assessing the achievement of the quantitative and qualitative criteria in light of the Group's performance in 2015, the Board of Directors set Philippe Lazare's variable compensation for 2015 at €1,279,803.

Variable compensation paid in 2017 in respect of 2016

As noted above, the Board of Directors decided to set the target variable compensation for 2016 at €1,200,000.

On February 23, 2017, on the recommendation of the Appointments, Compensation and Governance Committee, the Board of Directors reviewed the above quantitative and qualitative criteria one by one to determine the level of achievement of each.

Based on the quantitative and qualitative criteria set by the Board on February 18, 2016 and considering the Company's performance at December 31, 2016, the amount of variable compensation was evaluated as follows:

- in quantitative terms: consolidated revenue growth (99% of the target achieved), consolidated EBITDA (94% of the target achieved), and free cash flow (116% of the target achieved). Given the relative weight of each criterion, the overall weighted target achievement rate comes to 93%;
- in terms of the qualitative criteria, the maximum percentage (100%) in two of the four criteria, namely: (i) accelerating the growth of the ePayments division and (ii) the commercial roll-out of multichannel offers. For the third criterion, which measures the delivery of acquisition projects, was given an achievement rate of 70% against the targets set for 2016. Finally, for the fourth criterion, relating to the continued transformation of the Smart Terminals business, was given an achievement rate of 80% of the target, due to the fact that some actions were delayed until 2017.

As a result, Philippe Lazare's variable compensation for 2016 was set at €1,097,377. This represents 137% (out of a target of 150%) of his annual fixed compensation for 2016 and 91% of his target variable compensation.

3.3.1.1.3 Long-term incentive

Information on performance shares awarded to the Chairman and Chief Executive Officer in fiscal year 2016

	Plan ref. no. and date	Number of shares granted during the year	Theoretical value of shares according to the method used for the consolidated financial statements *(in euros)*	Date granted	Date of availability	Performance conditions
Philippe Lazare	2016-1 dated July 26, 2016	18,610	1,650,969	July 26, 2019	July 26, 2019	See below
TOTAL		**18,610**	**1,650,969**			

To incentivize the continued achievement of long-term business objectives, the Board of Directors used the authorization granted by the Extraordinary General Shareholders' Meeting and, on the recommendations of the Appointments, Compensation and Governance Committee, set up the following performance share plans:

- July 26, 2016: a simple, free performance share award plan (2016-1 Plan) for the Chairman and Chief Executive Officer with a three-year vesting period and a final award subject to the following performance conditions:
  - internal: the Group's financial and operational performance: EBITDA in line with publicly strategic plan. Vesting thresholds for shares are as follows: 25% of shares vested at 90% achievement of the target; 50% of shares vested at 95% achievement of the target; 75% of shares vested at 100% achievement of the target and 100% of shares vested at or above 105% achievement of the target;
  - external: performance of the Company's share price compared to the SBF 120. Vesting thresholds for shares are as follows: 50% of shares vested at 95% achievement of the target; 75% of shares vested at 105% achievement of the target and 100% of shares vested at or above 110% achievement of the target;

The number of performance shares fully vested to Philippe Lazare at the end of the vesting period (three years) will therefore be calculated based on the level of achievement of these targets.

- March 21, 2017: a joint investment plan for Group executive officers and a simple performance share award plan extended to Group managers and employees.

  The vesting period is three years and the final award is subject to the achievement of performance targets (EBITDA in line with the strategic plan and performance of the Company's share price compared with the SBF 120) as well as personal investment amounted 50,000 euros for the Chairman and CEO. in the joint investment plan. These plans, which are detailed below, will come into effect on May 10, 2017.

Performance shares fully vested or available in 2016 for the sole executive officer

	Plan ref. no. and date	Number of shares available	Plan ref. no. and date	Number of shares fully vested	Final grant conditions
Philippe LAZARE	2012-2 from June 22, 2012	17,448	2014-2 from October 29, 2014	6,500	See below

Number of shares available

17,448 shares issued under the plan authorized by the Board of Directors on June 22, 2012 as ratified by the Annual General Shareholders' Meeting of May 11, 2010, became available in 2016.

Fully vested shares

The end of the performance assessment period of the 2014 joint-investment plan (plan 2014-2) was October 29, 2016. The performance shares granted by the authorization of the Annual General Shareholders' Meeting of April 29, 2013 were conditional on the achievement of performance criteria:

- internal: the Groups' financial and operational performance (representing 60% of the shares granted); EBITDA target of €412 million at December 31, 2015. One free share is awarded per share invested when 90% of the stated target is reached. When 95% of the target is reached, two free shares are triggered, and four free shares are triggered when 100% of the target is reached. The maximum number of free shares awarded for outperforming the target is six shares, *i.e.*, six free shares per share invested when performance is 104% of the target; and
- externally, linked to the Company's share price performance versus the SBF 120 between 2014 and 2016. Free shares are triggered when Ingenico Group share price performance is greater than or equal to 95% of SBF 120 performance. Then one additional free share is granted per 5% tranche up to a maximum of four free shares per share invested, when Ingenico Group share price performance is greater than or equal to 110% of SBF 120 performance.

The Board of Directors reported the following performance:

- EBITDA 2015: €508 million, *i.e.*, 123% of the target;
- the Ingenico share price outperformed the benchmark, the SBF 120, by more than 10% between 2014 and 2016.

Following a €50,000 personal investment by the Chairman and Chief Executive Officer and taking into consideration the aforementioned performance criteria achieved, he was vested 6,500 free shares on October 29, 2016.

The vested shares will become fully available after a two-year lock-in period ("holding period"), *i.e.*, on October 29, 2018.

Mandatory holding period

Pursuant to Article L.225-197-1, II, paragraph 4, of the French Commercial Code, in relation to performance shares awarded free of charge to the Chairman and Chief Executive Officer, the Board of Directors must either prohibit the Chief Executive Officer from disposing of said shares until the end of his term of office, or specify the number of these shares that must be retained in registered form in his name until the end of his term of office.

For each performance share awarded to Philippe Lazare on or after April 18, 2016, the Board of Directors has resolved, pursuant to the aforementioned provision, that he shall be required to hold and maintain at all times in registered form no less than 40% of the total number of fully vested shares at the end of their holding period. Moreover, any share disposals must be carried out in compliance with the applicable stock market regulations and the procedures implemented within the Company. This mandatory holding was increased from 15% to 40% for shares resulting from performance share allocations which would be decided by the Board of Directors on or after February 18, 2016.

Furthermore, as recommended by the AFEP-MEDEF Code, Philippe Lazare has committed to not use hedging instruments on the performance shares that have been or will be allocated to him by the Company in connection with his duties, for as long as he remains an executive officer of the Company.

3.3.1.2 Attendance fees and other compensation received by non-executive directors

The Combined Ordinary and Extraordinary Shareholders' Meeting of April 29, 2016 increased the maximum annual budget for attendance fees from €500,000 to €550,000. The annual total attendance fees approved by the Annual General Shareholders' Meeting are individually allocated using a points-based formula designed to promote the independence of directors, the chairmanship of the special focus committees and the members' attendance at meetings of the Board and the special focus committees. In meetings of the Board of Directors, points are awarded on a fixed basis (20 points for each independent director and 5 points for each non-independent director or advisor) and on a variable basis (2 additional points per attendance). With respect to special committees, a number of points is awarded to the chair of each committee (an annual maximum of 25 points for the Chair of the Audit Committee and 20 points for the Chair of the two other special committees) having attended the meeting and chaired it. The chairs of committees do not receive additional points for attendance at their special committees, because if they are absent the corresponding points are awarded to the member who chaired the committee meeting. The members of special committees, excluding the chair, are awarded one point per attendance at their committee meeting.

As recommended by the AFEP-MEDEF Code, the variable portion of attendance fees is preponderant for directors.

The total amount of attendance fees awarded by the Company to directors and the compensation of the independent advisor amounted to €550,000 for 2016, paid out as follows (in €):

Non-executive directors in 2016	Gross amounts accrued in 2016 and paid in 2017	Gross amounts accrued in 2015 and paid in 2016
Bernard BOURIGEAUD Independent director since April 29, 2016	€20,479	-
Jean-Louis CONSTANZA Independent director	€59,973	€59,659
Diaa ELYAACOUBI Independent director	€67,287	€65,341
Colette LEWINER Independent director	€71,676	€12,784
Xavier MORENO Independent director	€89,229	€88,068
William NAHUM Independent advisor	€21,941	€25,568
Florence PARLY Independent director	€90,691	€95,171
Thibault POUTREL Director until December 31, 2016	€27,793	€44,034
Élie VANNIER Independent director	€100,931*	€89,489
Jean-Pierre COJAN Director until May 19, 2015	-	€12,784
Celeste THOMASSON Director until May 19, 2015	-	€7,102
TOTAL	**€550,000**	**€500,000**

* *In 2016, Élie Vannier also received gross compensation amounting to €55,000 for his duties as a member of the Supervisory Board and Chairman of the Audit Committee of Group subsidiaries Global Collect Services BV and GCS Holding BV.*

Except for Philippe Lazare, the only executive officer for whom information is provided above, no other member of the Board of Directors received any additional compensation or other benefits in kind from the Company during 2016 other than as described above.

No compensation, other than the compensation mentioned above, was paid to directors and executive officers of the Company by other Group companies during 2016.

3.3.1.3 Pensions, post-employment and other benefits paid to directors and executive officers

None.

3.3.1.4 Loans granted to or warranties provided in favor of directors and executive officers

None.

3.3.2 Compensation of Executive Committee members

Compensation awarded to the members of the Executive Committee is composed of fixed compensation and annual variable compensation tied to the attainment of budget targets for the current year, as well as to the attainment of long-term strategic business objectives that are modulated to reflect each member's position. Depending on the position, variable compensation for the year may be equal to anything between 50% to 100% of fixed compensation when targets are met. For executives with operational responsibility for a region or business line, 80% of this variable component is related to financial targets in their region or business line, and 20% to strategic targets. For executives with responsibility for corporate functions, the portion tied to the Group's financial targets varies from 50% to 70% and the portion tied to their strategic targets varies from 30% to 50%.

As with the Chairman and Chief Executive Officer, Company executives are involved in the Group's growth through the allocation of free shares. The number of shares granted depends on attendance conditions and the Company's medium-term performance and may also be allocated in conjunction with a joint investment plan.

These plans aim to encourage achievement of the Group's long-term objectives and the value creation associated with it.

Performance criteria apply to all shares awarded and take into account an assessment that is intrinsic or relative based on the Company's business and stock-market performance. Performance criteria and their rate of attainment are the same for all Executive Committee members, including the Chairman and Chief Executive Officer.

A deferred compensation policy is applicable to all members of the Executive Committee.

A company car is provided to each Executive Committee member.

3.3.3 Shareholdings of executive officers and employees in Ingenico Group

Ingenico Group periodically grants performance shares to executives and to top and middle management. Shares are allotted either for attainment of specific operational results or on the basis of commitments made by the beneficiary. The conditions are decided by the Board of Directors on the recommendation of the Compensation, Appointments and Governance Committee.

3.3.3.1 Performance shares

Following the authorization granted at the Annual General Shareholders' Meeting, the Board of Directors decided, based on the recommendation of the Compensation, Appointments and Governance Committee, to establish a free share award policy based on performance and, where relevant, investment. Consequently, since 2010, Ingenico has been implementing this policy by developing the corresponding schemes to encourage involvement by employees in the Group's overall performance, in particular through retention programs aimed at management teams of companies recently acquired due to external growth.

The plans implemented by Ingenico Group SA share similar features. Free shares are not definitely allocated until the end of a minimum period (the vesting period). This was increased to three years by an authorization granted by the Annual General Shareholders' Meeting of April 29, 2016 and was two or four years under previous plans. At the end of this vesting period, subject to conditions determined by the relevant plan such as performance, continuous service within the Group or, where relevant, investment, these shares are vested and fully-owned by the beneficiaries.

For plans with a two-year vesting period, an additional two-year holding period is mandatory once the shares are fully vested. There is no mandatory holding period for plans with a four-year vesting period.

The goal of the free share allocation policy is to encourage the achievement of the Group's long-term objectives and the creation of shareholder value.

To this end, Ingenico Group has structured its long-term compensation policy around two complementary mechanisms introduced alternately every two years:

- a joint investment plan aimed at executive officers throughout the entire Group and its subsidiaries. Under this plan, beneficiaries personally invest a set amount in the shares of the Company. Depending on the degree to which the performance conditions and attendance conditions have been met, a number of free shares proportional to the number of shares invested become fully vested at the end of the vesting period;
- a simple performance share allocation plan for key managers and employees of the Group. In the same way as with the joint investment plan, beneficiaries are awarded free shares which become fully vested subject to performance and attendance conditions at the end of the vesting period.

Since 2016, the minimum vesting period under long-term compensation plans is three years. The performance conditions of free performance share allocation plans, whether associated with an investment condition or not, remain unchanged and are based both on the Group's internal performance (medium-term EBITDA target) and external performance (Ingenico Group share price performance relative to the SBF 120 during the vesting period).

To continue this approach linking compensation to the Group's development, in accordance with this allocation policy alternating a joint investment plan and free performance share allocation plan and taking into consideration that the joint investment plan was not in place in 2016, the Board of Directors on July 26, 2016, and March 21, 2017, using the authorization granted by the Extraordinary Shareholders' Meeting of April 29, 2016, and on the recommendation of the Compensation, Appointments and Governance Committee, decided to set out the terms for free performance share allocation plans for about 70 executive officers and middle managers as follows:

- simple free performance share allocation plans (2016-1 and 2017-2).

  These plans are for the Chairman and Chief Executive Officer, executive officers and middle managers, and are subject to service conditions and correlated to the performance criteria below:
  - internal: the Groups' financial and operational performance (representing 70% of the shares awarded): EBITDA in line with the 2020 strategic plan,
  - external (representing 30% at the shares awarded): Change in the Company's share price compared to the SBF 120.
- joint investment plan (2017-1)

  This plan is for the Chairman and Chief Executive Officer and for Group executives. It requires significant investment in Company shares by each beneficiary. That investment gives the right to be allocated a number of free shares depending on the degree to which the same performance criteria as above are achieved.

These plans have a minimum 3-year vesting period.

At the end of the vesting period, the beneficiaries must be either:

- an employee of the Company, a subsidiary, or an associated company;
- an executive officer (Chairman of the Board of Directors, Chief Executive Officer or Deputy Chief Executive Officer) of the Company, a subsidiary, or an associated company.

If this condition is not met (especially in the event that the beneficiary's employment contract or term of office is terminated for any reason before the end of the vesting period), the free share award lapses and the beneficiary forfeits any right to the allocation of shares[(1)].

The 2017-1 and 2017-2 plans described above representing an allocation of performance shares around 0.3% of the share capital of the Company will be implemented starting in on May 10, 2017.

Performance shares granted to the top ten non-director employees in respect of 2016

Plan 2016-1 of July 26, 2016	None

(1) *This excludes cases provided for in respect of the termination benefit of the Chairman & CEO, which shall be prorated (see section 3.3.1.1 of this Registration Document).*

Summary of past free performance share awards

INFORMATION ON FREE SHARES AWARDED SINCE THE AUTHORIZATION OF THE ANNUAL GENERAL SHAREHOLDERS' MEETING OF MAY 11, 2010

Annual General Shareholders' Meeting of May 11, 2010	2012-1	2012-2
Date of Board meeting	06/22/2012	06/22/2012
Total number of shares granted for free of which shares granted to directors and executive officers:	73,000	392,384
Director/Executive officer	None	17,448
Vesting date	06/22/2014	06/22/2014
End of holding period	06/22/2016	06/22/2016
Number of shares vested at June 22, 2014	63,000	334,832
Free shares outstanding at December 31, 2016	None	None

Annual General Shareholders' Meeting of April 29, 2013	2013-1	2014-1	2014-2
Date of Board meeting	10/30/2013	10/29/2014	10/29/2014
Total number of shares granted for free of which shares granted to directors and executive officers:	5,500	31,200	199,470
Director/Executive officer	None	None	6,500
Vesting date	10/30/2015	10/29/2016	10/29/2016
End of holding period	10/30/2017	10/29/2018	10/29/2018
Aggregate number of shares canceled or expired at December 31, 2016	1,000	5,350	22,590
Number of shares vested at December 31, 2016	4,500	14,700	141,560
Free shares outstanding at December 31, 2016	None	11,150	35,520

On October 30, 2013, the Board of Directors decided to award 5,500 free shares, subject to conditions of attendance and the level of attainment of performance criteria linked to the Group's consolidated EBITDA.

On October 29, 2014, the Board of Directors decided to award:

- 31,200 free shares, subject to conditions of attendance and intrinsic performance linked to consolidated EBITDA and the relative stock market performance;
- 199,470 free shares, subject to conditions of attendance, subscription of Company shares, and performance – both external (performance of the Company's share price compared to the SBF 120) and internal (Group consolidated EBITDA).

Annual General Shareholders' Meeting of May 6, 2015	2015-1	2015-2
Date of Board meeting	07/29/2015	10/22/2015
Total number of shares granted for free	186,900	1,400 600
of which shares granted to directors and executive officers:		
Director/Executive officer	10,000	None
Vesting date	07/29/2017	10/22/2017 11/02/2017
End of holding period	07/29/2019	10/22/2019 11/02/2019
Aggregate number of shares canceled or expired at December 31, 2016	5,500	None
Number of shares vested at December 31, 2016	3,500	None
Free shares outstanding at December 31, 2016	177,900	1,400 600

At its meetings of July 29, 2015 and October 22, 2015, the Board of Directors decided to award 186,900 and 2,000 free shares respectively (subject to conditions of attendance and the level of attainment of a performance criterion linked to the Group's consolidated EBITDA).

Annual General Shareholders' Meeting of April 29, 2016	2016-1
Date of Board meeting	07/26/2016
Total number of shares granted for free of which shares granted to directors and executive officers:	18,610
Director/Executive officer 1	18,610
Vesting date	07/26/2019
End of holding period	07/26/2019
Aggregate number of shares canceled or expired at December 31, 2016	None
Number of shares vested at December 31, 2016	None
Free shares outstanding at December 31, 2016	18,610

At its meeting of July 26, 2016, the Board of Directors decided to award 18,610 free shares subject to conditions as explained in Chapter 3.3.3.1 of this Registration Document.

3.3.3.2 Stock options

As at December 31, 2016, there were no outstanding stock options.

Share subscription or purchase options granted by the Company or any Group company or subscribed by each director or executive officer in 2016

None.

3.3.3.3 Incentive programs and employee profit-sharing

In addition to the employee profit-sharing scheme required under French law, Ingenico Group has set up an optional incentive program so that all employees can participate in the Group's success and in achieving its objectives of advancement and growth.

Incentive program rewards are calculated on the basis of the extent to which the Group's revenue and profit targets have been met or exceeded.

Ingenico Group SA's incentive program was renegotiated as a collective agreement signed on June 4, 2015 with the employee representative bodies. It covers fiscal years 2015, 2016, and 2017 and was extended to Ingenico France SAS, Ingenico Terminals SAS and Ingenico Business Support SAS on June 23, 2016 following the spin-off of some of its activities.

3.3.3.4 Employee Savings Plan – Employee share offers

A company savings plan enables employees of the subscribing entities to make voluntary deposits or invest the amounts received under the incentive program or employee profit-sharing scheme.

They are eligible to receive an employer's contribution of a maximum of €2,000 per year on the amount of incentive program rewards and voluntary payments deposited in the employee savings plan.

The investment structures available are the Ingenico Actionnariat France collective employee mutual fund (FCPE) entirely invested in the Company's shares, established at the time of the 2010 capital increase reserved for employees, and a range of multi-company FCPE funds offering the choice of investment in different asset classes (equities, bonds, money market funds), thus allowing employees to diversify their savings.

Under the authorization granted by the Annual General Shareholders' Meeting, the Board of Directors decided to implement a capital increase reserved for employees, which will be carried out by the end of July 2017.

As at December 31, 2016, the employees of the Group, within the meaning of Article L.225-102 of the French Commercial Code, held 0.26% of the share capital of Ingenico Group SA.

3.3.3.5 Collective pensions saving scheme

The Group agreement on the collective pensions saving scheme (PERCO) signed on July 20, 2012 and amended on March 26, 2015 was extended to Ingenico France SAS, Ingenico Terminals SAS and Ingenico Business Support SAS by an agreement dated June 23, 2016 following the spin-off of some of its activities. It allows Company employees to save for their retirement with assistance from their employer.

Employees can also choose to make voluntary payments or apply all or part of their incentive rewards to the scheme, with matching employer payments of 100% of each payment made up to €2,000 gross per year and per employee for 2016. Beginning in 2017, employees will receive a matching contribution of 100% of payments made up to €1,500 per year per employee and 50% beyond the first €2,000.

3.3.3.6 Trading restrictions on shares

The Board of Directors established Rules of Procedure and a Code of Stock Market Compliance relating to trading in Company shares and to the prevention of insider trading misconduct. These rules incorporate, inter alia, rules of corporate governance upheld by the Board, and in particular, rules related to the duties and functioning of the Board and its committees and rules governing the conduct of Board members, for example, when trading in the Company's shares.

The information disclosed to members of the Board of Directors in their official capacity is subject to the provisions of regulation (EU) 596/2014 and Articles 742-1 *et seq*. of the AMF's General Regulations.

To prevent insider trading, at the end of each fiscal year the directors are provided with a timetable for the following year that includes trading blackout periods and the publication dates of the Company's financial information. This timetable is also uploaded to the Company's intranet site.

3.3.3.7 Share transactions by directors and executive officers of Ingenico Group

Pursuant to Article 223-26 of the AMF's General Regulations, the following chart lists the transactions disclosed in 2016 by the directors and officers referred to in Article 3 §25 of regulation (EU) 596/2014:

Declaring director or executive officer	No. of the AMF decision/notice	Financial instru-ment	Type of transaction	Transaction date	Date of receipt of declaration	Place of transaction	Unit price *(in euros)*	Transaction amount *(in euros)*
Thierry DENIS	2016DD428488	Shares	Disposal	April 27, 2016	May 02, 2016	Euronext Paris	106.9234	3,207,702
Élie VANNIER	2016DD431807	Shares	Subscription	May 09, 2016	May 20, 2016	Euronext Paris	88.44	2,918.52
Pierre-Antoine VACHERON	2016DD436439	Shares	Disposal	May 23, 2016	June 18, 2016	Euronext Paris	104.6116	1,040,364.36
Philippe LAZARE	2016DD434847	Shares	Subscription	June 03, 2016	June 08, 2016	Euronext Paris	88.44	378,434.76
Jacques GUERIN	2016DD435049	Shares	Subscription	June 03, 2016	June 09, 2016	Euronext Paris	88.44	884.4
Nathalie LOMON	2016DD435088	Shares	Subscription	June 03, 2016	June 09, 2016	Euronext Paris	88.44	7,428.96
Jacques BEHR	2016DD435039	Shares	Subscription	June 03, 2016	June 09, 2016	Euronext Paris	88.44	972.84
José Luis ARIAS MUERZA	2016DD434856	Shares	Subscription	June 03, 2016	June 08, 2016	Euronext Paris	88.44	6,190.8
Michel LEGER	2016DD434844	Shares	Subscription	June 03, 2016	June 08, 2016	Euronext Paris	88.44	14,415.72
Élie VANNIER	2016DD436168	Shares	Purchase	June 15, 2016	June 16, 2016	Euronext Paris	96.47	96,470
Bernard BOURIGEAUD	2016DD444173	Shares	Purchase	July 28, 2016	Aug. 02, 2016	Euronext Paris	98.5434	98,740.4868
Bernard BOURIGEAUD	2016DD444875	Shares	Purchase	Aug. 03, 2016	Aug. 05, 2016	Euronext Paris	94.9	99,645
Bernard BOURIGEAUD	2016DD447926	Shares	Purchase	Sept. 02, 2016	Sept. 06, 2016	Euronext Paris	93	99,975
Philippe LAZARE	2016DD448734	Shares	Purchase	Sept. 09, 2016	Sept. 09, 2016	Euronext Paris	80.3281	401,640.5
Bernard BOURIGEAUD	2016DD448794	Shares	Purchase	Sept. 09, 2016	Sept. 12, 2016	Euronext Paris	1: 79.65 2: 79.7503	1: 99,562.5 2: 99,687.9
Élie VANNIER	2016DD449091	Shares	Purchase	Sept. 12, 2016	Sept. 13, 2016	Euronext Paris	78.39	78,390
Diaa ELYAACOUBI	2016DD449362	Shares	Purchase	Sept. 12, 2016	Sept. 15, 2016	Euronext Paris	77.83	38,913.38
Xavier MORENO	2016DD451425	Shares	Purchase	Sept. 12, 2016	Oct. 04, 2016	Euronext Paris	78.12	5,000
Bernard BOURIGEAUD	2016DD452925	Shares	Purchase	Oct. 12, 2016	Oct. 14, 2016	Euronext Paris	1: 71.1500 2: 71.2611	1: 1,535 2: 1,400
Bernard BOURIGEAUD	2016DD458611	Shares	Purchase	Dec. 02, 2016	Dec. 07, 2016	Euronext Paris	1: 68.878407 2: 68.691503	1: 1,450 2: 1,450
Michel LEGER	2016DD460648	Shares	Disposal	Dec. 27, 2016	Dec. 29, 2016	Euronext Paris	76.8150	17,448

3.4 Statutory auditors' special report on regulated agreements and commitments

Annual General Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2016

To the Shareholders,

In our capacity as statutory auditors of your Company, we hereby present to you our report on regulated agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of the agreements and commitments that have been disclosed to us or identified in the course of our work, as well as the reasons given justifying their benefits for the Company. It is not our role to determine whether they are beneficial or appropriate, nor to ascertain whether any other agreements or commitments exist. It is your responsibility, pursuant to Article R.225-31 of the French Commercial Code, to assess the benefits associated with the conclusion of these agreements with a view to their approval.

In addition, we are required, where applicable, to inform you, in accordance with Article R.225-31 of the French Commercial Code, about the performance during the year of agreements and commitments previously approved by the Annual General Shareholders' Meeting.

We performed the procedures we deemed necessary for the completion of this engagement, in accordance with the professional guidance provided by the Compagnie nationale des commissaires aux comptes, France's national organization of statutory auditors. Our work consisted in verifying the consistency of the information provided to us with the source documents on which it was based.

Agreements and commitments subject to the approval of the Annual General Shareholders' Meeting

Agreements and commitments entered into by the Company in 2016

We hereby inform you that we have not been notified of any agreement or commitment entered into by the Company in 2016, to be submitted to the Annual General Shareholders' Meeting for approval, under Article L.22538 of the French Commercial Code.

Agreements and commitments already approved by the Annual General Shareholders' Meeting

Agreements and commitments approved in prior years

a) That were applied during the last fiscal year

In accordance with Article R.225-30 of the French Commercial Code, we have been informed of the continuation of the following agreements and commitments approved by the Annual General Shareholders Meeting in previous fiscal years, which were applied during 2016.

CRYPTOLOG AGREEMENT

Nature and purpose

As approved by the Board of Directors on September 20, 2006:

Agreement with CRYPTOLOG to provide its Cryptolog Identity PKI solution in SaaS mode.

Terms and conditions

For this service, an expense of €156,881, taxes not included, was recorded in 2016.

b) Not applied during the last fiscal year

Furthermore, we have been informed of the continuation of the following commitments and agreements approved by the Annual General Shareholders' Meeting in previous years, which were not applied during the past year.

COMMITMENTS TO PHILIPPE LAZARE, CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Nature and purpose

As approved by the Board of Directors on July 17, 2007, December 12, 2007, January 23, 2008, March 14, 2008 and May 3, 2012:

Termination benefits in the event of dismissal and applicable performance conditions.

Terms and conditions

In the event of dismissal for any reason other than gross misconduct:

- the Company shall pay Mr. Lazare one year's salary, based on his gross annual compensation as Chief Executive Officer;
- he will maintain his entitlement to free shares for which the vesting period has not expired.

Performance conditions:

- EBIT growth in line with revenue growth during his term in office;
- no decrease in the Company's market share during his term in office.

Agreements and commitments approved during the year

The shareholders are reminded that the following agreements and commitments that have been authorized since the financial year-end were presented in our special report of March 15, 2016. This report was submitted to and approved by the Annual General Shareholders' Meeting of April 29, 2016.

RENEWAL OF COMMITMENTS TO PHILIPPE LAZARE, CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Nature and purpose

At its meeting of February 29, 2016, the Board of Directors, acting on the recommendation of the Compensation, Appointments and Governance Committee, in accordance with Article L.225-42-1 of the French Commercial Code, authorized the renewal and amendment of the agreement governing your Company's commitments to Mr. Lazare as Chairman and Chief Executive Officer for termination benefits in the event of forced departure, under the terms and conditions set out below.

Terms and conditions

Mr. Lazare will receive termination benefits equivalent to 18 months of his reference compensation if he is forced to leave in connection with a change of control, or 12 months of his reference compensation in other cases of forced departure relating to a change of strategy.

This reference compensation corresponds to the average gross monthly fixed and variable compensation received by Mr. Lazare in his position as Chairman and Chief Executive Officer for the last two full financial years ended prior to the date when his employment is terminated.

The termination benefits will only be paid if he is forced to leave in connection with a change of control or strategy initiated by the Board of Directors, subject to the performance conditions set out below. It will not be due in the event of gross misconduct or gross negligence.

Payment of these benefits will be based on the average level of achievement of the objectives set for the variable component of Mr. Lazare's compensation for the last two full financial years ended prior to the date when his employment is terminated.

In the event of his forced departure under the conditions presented above, Mr. Lazare will continue to be entitled to the performance shares vesting on the date of his departure, prorated based on his time in role and depending on the level of achievement of the aforementioned performance conditions.

Reasons justifying the commitment's benefits for the Company

The decision to renew the agreement governing your Company's commitments to Mr. Lazare for termination benefits in the event of forced departure under the terms and conditions set out above was justified as follows: "This agreement is an incentive tool and part of the structure for the Chairman and Chief Executive Officer's compensation."

The statutory auditors

Paris-La Défense, March 21, 2017

KPMG Audit	Mazars
Department of KPMG SA	
Frédéric Quelin	Thierry Blanchetier
Partner	*Partner*

3.5 Statutory auditors' report, prepared in accordance with Article L.225-235 of the French Commercial Code, on the report of the Chairman of the Board of Directors of Ingenico Group SA

To the Shareholders,

In our capacity as statutory auditors of Ingenico Group SA and in accordance with Article L.225-235 of the French Commercial Code we hereby report to you on the report prepared by the Chairman of your Company in accordance with Article L.225 37 of the French Commercial Code for the year ended December 31, 2016.

It is the Chairman's responsibility to prepare and submit for the Board of Directors' approval a report detailing the internal control and risk management procedures implemented by the Company and containing the other disclosures required by Article L.225-37 of the French Commercial Code, particularly in terms of corporate governance.

Our role is to:

- provide you with our observations as to the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information; and
- confirm that the report also includes the other disclosures required by Article L.225-37 of the French Commercial Code. It should be noted that our role is not to verify the fair presentation of these other disclosures.

We conducted our audit in accordance with professional standards applicable in France.

Information on internal control and risk management procedures relating to the preparation and processing of accounting and financial information

These professional standards require that we perform the necessary procedures to assess the fair presentation of the information provided in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of accounting and financial information.

These procedures consist mainly in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based, and of the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we may come across in the course of our work are properly disclosed in the Chairman's report.

On the basis of our work, we have nothing to report on the information in respect of the Company's internal control and risk management procedures relating to the preparation and processing of accounting and financial information, contained in the report prepared by the Chairman of the Board in accordance with Article L.225-37 of the French Commercial Code.

Other disclosures

We hereby attest that the Chairman's report includes the other disclosures required by Article L.225-37 of the French Commercial Code.

The statutory auditors

Paris-La Défense, March 21, 2017

KPMG Audit	Mazars
Department of KPMG SA	
Frédéric Quelin	Thierry Blanchetier
Partner	*Partner*

COMMENTS ON THE FINANCIAL YEAR

4

4.1 Activity report

The consolidated financial statements have been drawn up in accordance with International Financial Reporting Standards. In order to provide meaningful comparable information from one year to the next, the financial data have been restated to reflect the depreciation and amortization expenses arising on the acquisition of new entities. Pursuant to IFRS 3R, the purchase price for new entities is allocated to the identifiable assets acquired and subsequently amortized over specified periods.

The main financial data for 2016 are discussed on an adjusted basis, i.e., before the impact of Purchase Price Allocation (PPA).

EBITDA (gross operating surplus) is not an accounting term; it is a financial metric defined here as profit from ordinary activities before depreciation, amortization and provisions, and before expenses for share-based payments.

EBIT (Earnings Before Interest and Taxes) is the equivalent of profit from ordinary activities, adjusted for amortization of the purchase prices allocated to the assets acquired in business combinations.

Free cash flow is equal to EBITDA less: cash and other operating income and expenses, changes in working capital requirements, investing activities net of disposals, financial expenses net of financial income, and tax paid.

Key figures

(in millions of euros)	2016	2015	Change in 2016 compared with 2015
Revenue	2,312	2,197	+5%
Adjusted gross profit	987	972	+2%
As a % of revenue	*42.7%*	*44.3%*	*-160bpts*
Adjusted operating expenses	(584)	(536)	9%
As a % of revenue	*-25.3%*	*-24.4%*	*90bpts*
Profit from ordinary activities, adjusted (EBIT)	403	437	-8%
As a % of revenue	*17.5%*	*19.9%*	*-240bpts*
Operating profit	357	381	-6%
Net profit	251	235	7%
Net profit attributable to Group shareholders	244	230	6%
Gross operating surplus (EBITDA)	476	508	-6%
As a % of revenue	*20.6%*	*23.1%*	*-250bpts*
Free cash flow	248	285	-13%
Net debt	126	252	-50%
Net debt-to-EBITDA ratio	*0.3x*	*0.5x*	
Equity attributable to Group shareholders	1,703	1,506	13%

4.1.1 Financial data

8% organic growth in revenue

	FY 2016			4th quarter 2016		
	In millions of euros	% change		In millions of euros	% change	
		Comparable[1]	Published		Comparable[1]	Published
ePayments	488	11%	9%	133	19%	19%
Europe-Africa	846	14%	11%	215	7%	3%
APAC & Middle East	530	25%	21%	153	23%	26%
Latin America	172	-20%	-25%	42	-30%	-22%
North America	276	-13%	-13%	66	-32%	-32%
TOTAL	**2,312**	**8%**	**5%**	**609**	**3%**	**3%**

Performance for the year

In 2016, revenue totaled €2.312 million, representing a 5% increase on a reported basis, including a positive foreign exchange impact of €72 million and a positive scope effect of €10 million. Total revenue included €1.584 million generated by the Payment Terminals business and €728 million generated by Payment Services activities.

On a comparable basis[1], revenue growth was 8%, with 11% growth in Payment Services activities and 7% growth in Terminals.

As announced, the **ePayments** returned to double-digit growth in the 2nd half of 2016, achieving better than expected full-year growth (11%). This performance reflects strong sales, based on the quality of its platforms and its success with major players such as Alipay. In **Latin America** (-20%), sales were down sharply due to adverse macroeconomic conditions in Brazil, while Mexico reported strong growth and that delivery of the first Telium Tetra terminals had started. In **North America** (-13%), after an encouraging start to the year, Group performance was significantly impacted in the second half by an easing of EMV rules in the United States. Other geographical regions posted very strong performance, more than offsetting the decline observed in Brazil and the United States. Excellent performance in **Europe-Africa** (+14%) reflects the Group's very strong base in this region and its ability to take full advantage of opportunities arising from technological developments and regulatory changes while continuing its expansion in emerging countries and developing its service activities. Finally, in **Asia-Pacific & Middle East** (+25%), China displayed strong growth. Other countries now account for about half of the revenue achieved in the region and are also reporting very sustained performance, demonstrating the robustness of the region's new growth drivers.

Increasing gross profit

In 2016, adjusted gross profit for the year was €987 million, or 42.7% of revenue.

Gross profit in Terminals activity was up 1% at €733 million, or 46.3% of revenue despite a less favorable geographical mix.

At the same time, gross profit in Payment Services activities was up 4% at €255 million, or 35% of revenue, despite higher expenditures aimed at improving the performance of platforms in the ePayments division.

Operating expenses of 25.3% of revenue

Reported operating expenses were €614 million in 2016, compared with €572 million in 2015, and represented 26.6% of revenue.

(1) On a like-for-like basis at constant exchange rates.

(in millions of euros)	2015 reported	2016 reported	Restatement of PPA-related asset amortization charges	2016 adjusted
Sales and marketing costs	202	204	(29)	175
Research and development expenses	157	178	(1)	177
Administrative expenses	212	232	-	232
TOTAL OPERATING EXPENSES	**572**	**614**	**(30)**	**584**
As a % of revenue	**26.0%**	**26.6%**		25.3%

After accounting for the amortization cost of purchase price allocations of €30 million, adjusted operating expenses in 2016 totaled €584 million, *i.e.* 25.3% of revenue compared with 24.4% in 2015. This increase incorporates the higher spending on launching the Telium Tetra range, developing the functionalities of online payment platforms, and the strengthening of sales and product teams.

EBITDA margin of 20.6% of revenue

EBITDA was €476 million compared with €508 million in 2015, *i.e.* an EBITDA margin of 20.6%.

EBIT margin of 17.5% of revenue

In 2016, profit from ordinary activities was €361 million, compared with €389 million in 2015. Thus, the current operating margin was 15.6% of revenue. Profit from ordinary activities included the amortization costs relating to purchase price allocation of €42 million, compared with €48 million in 2015.

Impact of purchase price allocation (PPA)

(in millions of euros)	2016 adjusted Excl. PPA	Impact of PPA	2016
Gross margin	987	(12)	975
Operating expenses	(584)	(30)	(614)
Profit from ordinary activities	**403**	**(42)**	**361**

In 2016, adjusted EBIT was €403 million, compared with €437 million in 2015, *i.e.* 17.5% of revenue.

Robust profit from operating activities

Other operating income and expenses were -€5 million, compared with - €8 million in 2015.

(in millions of euros)	2016	2015
Profit from ordinary activities	361	389
Other operating income and expenses	(5)	(8)
Operating profit	**357**	**381**
As a % of revenue	15.4%	17.3%

After accounting for other operating income and expenses, operating profit totaled €357 million, compared with €381 million in 2015. The operating margin was 15.4% of revenue, compared with 17.3% in 2015.

Reconciliation of profit from ordinary activities with EBITDA

(in millions of euros)	2016	2015
Profit from ordinary activities	**361**	**389**
Amortization of assets linked to PPA	42	48
EBIT	403	437
Other D&A and provisions	49	55
Share-based compensation expenses	24	16
EBITDA	**476**	**508**

Financial income and expenses

(in millions of euros)	2016	2015
Cost of financial debt	(21)	(21)
Income from cash and cash equivalents	8	10
Net cost of financial debt	(13)	(11)
Foreign exchange gains/losses	(4)	(5)
Other income and expenses	9	(3)
Financial income and expenses	(8)	(19)

Rising net profit attributable to Group shareholders

(in millions of euros)	2016	2015
Profit from operating activities	357	381
Financial income and expenses	(8)	(19)
Share of income from equity-accounted affiliates	(1)	(3)
Profit before tax	348	359
Income tax receivables	(97)	(125)
Net profit	251	235
Net profit attributable to shareholders	244	230

The -€8 million net financial loss, compared with the -€19 million loss in 2015, takes into account the profit from the sale of Visa Europe securities amounting to €12 million.

Income tax expense declined by 22% to €97 million, from €125 million in 2015. This improvement reflects a favorable geographical mix, reducing the Group's effective rate to 27.9% from 34.5% in 2015.

In 2016, the net profit attributable to Group shareholders rose by 6% to €244 million, compared with €230 million in 2015.

A sound financial position taking into account strong cash generation

In 2016, operating activities generated free cash-flow of €248 million with a low and relatively stable change in working capital requirements (WCR). The FCF to EBITDA conversion ratio thus reached 52%, exceeding the previous target of 45%, despite markedly higher investments at €77 million compared with €62 million in 2015.

The Group's net debt fell to €126 million, from €252 million at December 31, 2015. The net debt-to-equity ratio was 7%, while the net debt-to-EBITDA ratio was 0.3x, down from 0.5x at the end of 2015.

Proposed dividend of €1.50 per share, up 15%

In keeping with the Group's dividend policy, the Board of Directors will propose at the Annual Meeting on May 10, 2017 a dividend of €1.50 per share, representing a payout ratio of 38%. Dividends will be payable in cash or in shares, according to the holder's preference.

4.1.2 Significant events since December 31, 2016

All significant events which have occurred since December 31, 2016 are described in Note 15 "Subsequent events" in the notes to the consolidated financial statements as at December 31, 2016.

On February 23, 2017, Ingenico Group announced the creation of two customer-facing Business Units to meet the distinct needs of distributors and e-retailers, as well as those of banks and acquirers. This new operational organization also aims to accelerate the international expansion of the Ingenico Group's omnichannel offering.

4.1.3 Main risks and uncertainties in 2017

Ingenico Group faces the same risks and uncertainties in 2017 as those described in this 2016 Registration Document.

4.1.4 Main related-party transactions

In 2016, there were no material transactions liable to be considered new regulated agreements. See Note 6d. "Related-party transactions" in the notes to the consolidated financial statements as at December 31, 2016.

4.2 Outlook and trends

In 2017, the Group expects to achieve revenue growth of 7% (on a like-for-like basis) and to slightly increase its EBITDA margin compared with 2016.

Given the 2016 growth achieved and the 2017 targets, the 2020 objective provided in March 2016 now look ambitious.

Beyond 2017, the Group anticipates a gradual improvement in the organic growth of its revenues and its EBITDA margin. The Group also confirms the 45% floor of its EBITDA to Free Cash Flow conversion rate, and maintains its minimum rate of distribution of net income of 35%.

4.3 Comments on the parent company financial statements

Fiscal 2016 was marked in the main by the spin-off of certain Ingenico Group SA activities on May 1, 2016. The purpose of this spin-off is to align the legal organization of the Ingenico Group with its operational and strategic organization, and to streamline the financial and accounting management of its activities.

The following partial transfers of assets were completed:

- transfer to Ingenico France SAS of Ingenico Group SA's entire and independent distribution activities in France and its export activities from France, including the ownership and management of the Axis platform;
- transfer to Ingenico Terminals SAS of its entire and independent research & development, product development, planning and procurement activities, along with terminal sales to distribution subsidiaries;
- transfer to Ingenico Business Support SAS of its entire and independent division delivering support for Group operational issues.

To reflect the partial transfers of assets, the relationships between Ingenico Group SA and its beneficiary subsidiaries of the transfers have been set out in the following master agreements:

- contract for management fees;
- contract for the provision of support services;
- contract for the distribution of terminals;
- contract for trademark and domain names;
- cash management agreement;
- contract for the subleasing of real estate;
- contract for the assignment of patents;
- contract for the assignment of intellectual property and software;
- master contract for research & development.

Additionally, the following agreements govern the relationships between Ingenico Group SA and its foreign subsidiaries:

- contracts for management fees;
- contracts for trademark and domain names;
- contracts for royalties;

Ingenico Group SA is the Group's parent company specifically tasked with:

- defining overall strategy;
- Group financing.

It also acts as the holding company for Ingenico Group.

The Ingenico Group SA financial statements as at December 31, 2016 should be read taking into account the impact of these partial asset transfers, particularly when comparing income statement items with those of previous years.

Fiscal year 2016 was also significantly impacted by the following acquisitions:

- on April 7, 2016, Ingenico Group SA took control of Think&Go NFC, a start-up based in France specializing in connected screens;
- on April 26, 2016, Ingenico Group SA acquired 70% of the share capital of Lyudia, its distribution partner in Japan;
- on August 31, 2016, Ingenico Group SA finalized the acquisition of Nera Payment Solutions Pte Ltd. Through this acquisition, the Group has expanded its portfolio of payment applications and grown its distribution network in South-East Asia.

The following financing actions were also taken during the year:

- as part of its share repurchase program ratified by the Shareholders' Meeting of April 29, 2016, Ingenico Group SA bought 1,500,000 options to purchase Ingenico shares, thereby reducing the potential dilution risk connected with the OCEANEs maturing on June 26, 2022, by approximately a half;
- on June 22, 2016, the maturity date of the €500 million syndicated credit facility signed in 2014 was extended for two years to July 29, 2021;
- on December 21, 2016, the syndicated credit facility was increased from €500 million to €750 million, and two 1-year extension options granted.

Revenue for the year ended December 31, 2016 was €324.8 million, broken down as follows:

Revenue by geographical area *(in millions of euros)*	**2016**	**2015**
France	31.1	135.8
Australia, China and Southeast Asia	45.2	103.7
Western and Central Europe	133.9	282.8
The Americas	83.4	242.3
Middle East	21.1	35.9
Africa	10.1	31.6
TOTAL	**324.8**	**832.1**

Net financial income totaled €126.4 million in 2016, compared with €164.1 million in 2015. Composed of:

Financial income and expenses *(in millions of euros)*	**2016**	**2015**
Interest expense	(12.1)	(15.7)
Interest income	4.5	3.7
Income from financial investments	0.8	1.3
Net provisions/reversals on equity interests and loans and advances	0.1	(6.2)
Dividends and interest received from subsidiaries	132.1	185.4
Foreign exchange	1.1	(4.4)
Gains/losses on disposals of short-term investments	0.2	0.1
Gains/losses on equity interests and loans and advances to subsidiaries and associates	-	-
Other	(0.3)	(0.1)
TOTAL	**126.4**	**164.1**

Non-recurring income and expenses for the year came to €2.3 million, broken down as follows:

Non-recurring income and expenses *(in millions of euros)*	**2016**	**2015**
Gains/losses on disposal of assets	(0.5)	72.5
Litigation and quality expenses	(1.2)	(2.2)
Miscellaneous	-	0.6
Tax-accelerated depreciation and amortization	4	2.5
TOTAL	**2.3**	**73.4**

Employee profit-sharing in company costs totaled €1.6 million.

Income tax totaled -€46.1 million, after a €1.8 million Business Research Tax Credit, a €0.2 million Competitiveness and Employment Tax Credit, and the Company's -€1.1 million contribution on dividends.

As a result, the parent company recorded a net profit of €202,929,232.61 for the year.

Non-tax-deductible expenses totaled €73,964 and reflect excess depreciation of passenger vehicles on long-term leases.

Shareholders' equity rose from €1,479.1 million in 2015 to €1,639.5 million in 2016. This €160.4 million increase in shareholders' equity was driven by the Company's €202.9 million net profit for the year.

In addition, a dividend of €78.9 million (not including treasury shares) was distributed during the first half of 2016, comprising €34.5 million in cash and €44.4 million in Ingenico Group shares.

Information on supplier and customer payment periods (Article L.441-6-1 of the French Commercial Code)

As at December 31, 2016, amounts outstanding to suppliers totaled €110,091,639, including €34,914,482.12 in invoices not yet received. The balance, excluding invoices not yet received, consisted of:

- 75.52% due on invoices payable within 30 days of the invoice date;
- 19.54% on invoices payable in 30 to 60 days;
- 0% on invoices payable in more than 60 days;
- 4.94% on overdue invoices.

As at December 31, 2016, outstanding customer receivables totaled €183,012,947.68, including €25,435,826.12 not yet invoiced and €50,218.52 in bad debts. The balance, excluding invoices not yet issued and bad debts consisted of:

- 98.97% receivables not yet due;
- 0.28% receivables due within 30 days;
- 0.75% receivables due between 30 and 60 days.

CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2016

5

5.1 Consolidated income statement

(in thousands of euros)	Notes	2016	2015
Revenue	4	**2,311,941**	**2,197,283**
Cost of sales	5.a.	(1,336,535)	(1,237,014)
Gross profit		**975,406**	**960,269**
Distribution and marketing costs		(204,535)	(202,576)
Research and development expenses		(178,270)	(156,698)
Administrative expenses		(231,531)	(212,453)
Profit from ordinary activities		**361,070**	**388,542**
Other operating income	5.b.	3,865	1,371
Other operating expenses	5.b.	(8,425)	(9,131)
Profit from operating activities		**356,510**	**380,782**
Finance income	9.a.	76,521	84,091
Finance costs	9.a.	(84,321)	(102,700)
Net finance costs		**(7,800)**	**(18,609)**
Share of profits in equity-accounted investees	11.a.	(729)	(2,626)
Profit before income tax		**347,981**	**359,547**
Income tax expense	10	(97,150)	(124,846)
Net profit		**250,831**	**234,701**
Attributable to:			
• Ingenico Group SA shareholders		244,276	230,315
• non-controlling interests		6,555	4,386
Earnings per share *(in euros)*	12.b.		
Net earnings:			
• **basic earnings per share**		**4.00**	**3.81**
• **diluted earnings per share**		**3.91**	**3.76**

5.2 Consolidated statement of comprehensive income

(in thousands of euros)	Notes	2016	2015
Profit for the period attributable to Ingenico Group SA shareholders		**244,276**	**230,315**
Translation differences[(1)]		(3,483)	23,572
Gains or losses of derivative hedging instruments[(2)]	9.c.	(407)	(393)
Gains or losses of available-for-sale financial assets[(3)]		(7,657)	7,697
Actuarial gains/(losses) on defined benefit plans	6.c.	(7,801)	1,002
Income tax on gains/(losses) accounted in other comprehensive income		3,934	(3,617)
TOTAL GAINS/LOSSES ACCOUNTED IN OTHER COMPREHENSIVE INCOME AND ATTRIBUTABLE TO INGENICO GROUP SA SHAREHOLDERS[(4)]		**(15,414)**	**28,261**
Profit for the period and other comprehensive income attributable to Ingenico Group SA shareholders		228,862	258,576
Profit for the period and other comprehensive income attributable to non-controlling interests		6,555	4,386
Translation differences attributable to non-controlling interests		(353)	(988)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**235,064**	**261,974**

(in thousands of euros)	Notes	2016	2015
Income tax on translation adjustments		3	(1,157)
Income tax on change in value of financial assets available for sale		2,225	(2,223)
Income tax on gains or losses on hedging instruments		157	136
Income tax on actuarial gains and losses on defined benefit plans		1,549	(373)
TAXES ON GAINS/(LOSSES) ACCOUNTED IN OTHER COMPREHENSIVE INCOME		**3,934**	**(3,617)**

(1) In 2015, translation differences mainly arose from subsidiaries reported in US dollars. In 2016, translation differences were partly due to the decline in the pound sterling.

(2) The effective portion of changes in the fair value of interest rate swaps on bank loans and on cash flow currency hedges is recognized in "Other comprehensive income".

(3) In 2015, a gain was recorded in "Other comprehensive income" in relation with the revaluation of Visa Europe shares. In 2016, this gain is recycled to the consolidated income statement, as shares have been sold (see Note 3 "Significant events").

(4) All items recognized in "Other comprehensive income", except for actuarial gains or losses on defined benefit plans, will subsequently be recycled to the consolidated income statement.

5.3 Consolidated statement of financial position

Assets

(in thousands of euros)	Notes	2016	2015
Goodwill	7.a.	1,409,291	1,350,519
Other intangible assets	7.b.	488,151	508,524
Property, plant and equipment	7.c.	74,893	55,857
Investments in equity-accounted investees	11.a.	8,636	12,293
Financial assets		16,633	11,250
Deferred tax assets	10.c.	58,109	48,880
Other non-current assets	5.f.	27,491	31,316
TOTAL NON-CURRENT ASSETS		**2,083,204**	**2,018,639**
Inventories	5.d.	172,483	143,625
Trade and related receivables	5.e.	501,061	461,435
Receivables related to intermediation activities	5.k.	28,525	10,308
Other current assets	5.f.	23,972	32,475
Current tax assets		26,962	7,441
Derivative financial instruments	9.c.	12,444	10,487
Funds related to intermediation activities	5.k.	273,086	256,159
Cash and cash equivalents	9.b.	1,013,854	919,882
TOTAL CURRENT ASSETS		**2,052,387**	**1,841,812**
TOTAL ASSETS		**4,135,591**	**3,860,451**

Equity and liabilities

(in thousands of euros)	Notes	2016	2015
Share capital		61,493	60,991
Share premium account		762,360	722,397
Other reserves		840,986	681,931
Translation differences		37,827	40,677
Equity for the period attributable to Ingenico Group SA shareholders	12.a.	**1,702,666**	**1,505,996**
Non-controlling interests		**4,238**	**4,858**
TOTAL EQUITY		**1,706,904**	**1,510,854**
Non-current borrowings and long-term debt	9.b.	896,440	885,016
Provisions for retirement and benefit obligations	6.c.	24,804	17,024
Other long-term provisions	8	24,164	20,573
Deferred tax liabilities	10.c.	133,780	142,484
Other non-current liabilities	5.h.	126,866	97,691
TOTAL NON-CURRENT LIABILITIES		**1,206,054**	**1,162,788**
Short-term loans and borrowings	9.b.	243,742	286,922
Other short-term provisions	8	29,797	31,190
Trade and related payables	5.g.	504,601	438,579
Payables related to intermediation activities	5.k.	301,611	266,467
Other current liabilities	5.i.	119,045	134,560
Current tax liabilities	10.d.	20,036	27,605
Derivative financial instruments	9.c.	3,801	1,486
TOTAL CURRENT LIABILITIES		**1,222,633**	**1,186,809**
TOTAL LIABILITIES		**2,428,687**	**2,349,597**
TOTAL EQUITY AND LIABILITIES		**4,135,591**	**3,860,451**

5.4 Consolidated cash flow statement

(in thousands of euros)	Notes	2016	2015
Profit for the period		250,831	234,701
Adjustments for:			
• Share of profits in equity-accounted investees		729	2,626
• Income tax expense		97,150	124,846
• Depreciation, amortization and provisions		93,027	105,874
• Change in fair value		(3,805)	3,063
• (Gains)/losses on disposal of assets		100	1,729
• Net interest costs/(income)		3,296	12,910
• Share-based payment expense[1]		23,994	17,557
Interest paid		(11,867)	(14,972)
Income tax paid		(131,066)	(137,475)
Cash flows from operating activities before change in net working capital		**322,389**	**350,859**
Inventories		(25,595)	(24,212)
Trade and other receivables		(12,075)	(32,833)
Trade payables and other payables		25,397	43,075
Change in net working capital	5.j.	**(12,273)**	**(13,970)**
CASH FLOWS FROM OPERATING ACTIVITIES		**310,116**	**336,889**
Acquisition of fixed assets		(76,570)	(62,397)
Proceeds from sale of tangible and intangible fixed assets		8,650	683
Acquisition of subsidiaries, net of cash acquired	3	(53,460)	(3,711)
Disposal of subsidiaries, net of cash disposed of	3	3,283	-
Loans and advances granted and other financial assets		(15,646)	(4,593)
Loan repayments received		987	1,308
Interest received		8,017	9,457
CASH FLOWS FROM INVESTING ACTIVITIES		**(124,739)**	**(59,253)**

(1) The share-based payment expense of €24 million includes €15.1 million paid in equity instruments and €8.9 million paid in cash.

(in thousands of euros)	Notes	2016	2015
Proceeds from share capital issues		-	2,039
Purchase/sale of treasury shares		180	151
Proceeds from loans and borrowings	9.b.	-	755,509
Repayment of loans and borrowings	9.b.	(37,731)	(600,689)
Change in the Group's ownership interests in controlled entities		575	94,393
Changes in other financial liabilities		(281)	(498)
Effect of financial derivative instruments		(13,703)	(390)
Dividends paid to shareholders		(36,284)	(29,858)
Taxes on financing activities		(1,063)	(8,260)
CASH FLOWS FROM FINANCING ACTIVITIES		**(88,307)**	**212,397**
Currency translation effect on cash and bank overdrafts		6,271	(1,917)
CHANGE IN CASH AND CASH EQUIVALENTS		**103,341**	**488,116**
Net cash and cash equivalents at beginning of the year		899,902	411,786
Net cash and cash equivalents at year end		1,003,243	899,902

(in thousands of euros)	2016	2015
Short-term investments and short-term deposits (only for the portion considered as cash equivalents)	*285,130*	*295,081*
Cash	*728,724*	*624,801*
Bank overdrafts	*(10,611)*	*(19,980)*
Total net cash and cash equivalents	**1,003,243**	**899,902**

Funds collected in connection with intermediation activities are not included in the cash flow statement (see Note 5.k.).

5.5 Consolidated statement of change in equity

(in thousands of euros)	Share capital	Share premium account	Translation reserve	Effective portion of hedging instruments	Treasury shares	Retained earnings and other reserves	Total equity attributable to Ingenico SA Group shareholders	Non-controlling interests	Total equity
Balance at January 1, 2015	**57,437**	**575,227**	**24,204**	**(101)**	**(7,167)**	**424,239**	**1,073,839**	**2,100**	**1,075,939**
Profit for the period 2015						230,315	230,315	4,386	234,701
Other comprehensive income			23,572	(257)		4,946	28,261	(988)	27,273
Total comprehensive income for the period			**23,572**	**(257)**		**235,261**	**258,576**	**3,398**	**261,974**
Dividends paid to shareholders(1)						(29,283)	(29,283)	(589)	(29,872)
Stock dividends paid to shareholders: payment of dividend in shares(2)	314	29,727				(30,041)			
Treasury shares(3)					133	12	145		145
Share-based payments and exercise of stock options(4)	24	2,011				8,219	10,254		10,254
Revaluation of put options(5)						(3,627)	(3,627)		(3,627)
Dilutions(6)			(7,099)			41,157	34,058	(51)	34,007
OCEANE bond conversions(7)	3,216	115,432				(4,432)	114,216		114,216
OCEANE bond issue(8)						48,143	48,143		48,143
Others						(325)	(325)		(325)
Balance at December 31, 2015	**60,991**	**722,397**	**40,677**	**(358)**	**(7,034)**	**689,323**	**1,505,996**	**4,858**	**1,510,854**
Profit for the period 2016						244,276	244,276	6,555	250,831
Other comprehensive income			(3,483)	(250)		(11,681)	(15,414)	(353)	(15,767)
Total comprehensive income for the period			**(3,483)**	**(250)**		**232,595**	**228,862**	**6,202**	**235,064**
Dividends paid to shareholders(1)						(34,475)	(34,475)	(4,540)	(39,015)
Stock dividends paid to shareholders(2)	502	43,951				(44,454)	(1)		(1)
Treasury shares(3)		(3,988)			4,289	(9,065)	(8,764)		(8,764)
Share-based payments and exercise of stock options(4)						15,147	15,147		15,147
Revaluation of put options(5)						(7,252)	(7,252)		(7,252)
Accretions(6)			633			2,484	3,117	(2,282)	835
Others				1		35	36		36
BALANCE AT DECEMBER 31, 2016	**61,493**	**762,360**	**37,827**	**(607)**	**(2,745)**	**844,338**	**1,702,666**	**4,238**	**1,706,904**

2016:

(1) Cash dividend of €1.30 per share paid out on June 3, 2016.

(2) Stock dividend financed through incorporation of reserves and issuance of 502,641 new shares.

(3) Recognition of the option premium on Ingenico Group shares in the amount of €13.7 million, with €4.7 million in deferred tax liability (see Note 3 "Significant events"). The treasury share portfolio and movements are disclosed in Note 12 "Equity and Earnings per Share".

(4) Share-based payments: the increase in consolidated reserves reflects fair value adjustments to free share awards recognized each year in "Profit from operating activities".

(5) Revaluation of the put option granted to Fosun in 2015.

(6) Including the purchase of 1.16% of the shares of Ingenico Holdings Asia Ltd from High Champion (see Note 3 "Significant events").

2015:

(1) Cash dividend of €1 per share paid on June 10, 2015.

(2) Stock dividend financed through incorporation of reserves and issuance of 313,580 new shares.

(3) As of December 31, 2015, the Company held 276,294 treasury shares bought back by virtue of authorizations granted at Shareholders' Meetings.

(4) Share-based payments: the increase in consolidated reserves reflects fair value adjustments to free share awards recognized each year in "Profit from operating activities". The increase in share capital and reduction in the share premium account reflects the issuance of new shares to meet obligations to beneficiaries of free share award plans that expired in 2015.

(5) Revaluation of the put option held by Fosun.

(6) Including the transfer of 20% of the Group's Chinese companies to Fosun.

(7) Conversion of 3,169,040 Ingenico 2011/2017 OCEANE bonds to 3,216,566 shares.

(8) OCEANE Ingenico 2015/2022 issue disclosed in Note 9.b "Net Financial Debt" (Equity component of €73.3 million, with €25.2 million in deferred tax liability).

5.6 Notes to the consolidated financial statements

Index for the Notes to the Consolidated Financial Statements

NOTE 1 The Group

These consolidated financial statements present the operations and financial position of Ingenico Group SA (hereinafter referred to as "the Company") and its subsidiaries, as well as the Group's share of the profit or loss of jointly controlled entities and entities over which the Group has significant influence (together referred to as "the Group").

Ingenico Group is a global leader in seamless payment services, and offers payment solutions across all channels (in-store, mobile, online and cross-channel). Its offering is built around three brands: Ingenico Smart Terminals, Ingenico Payment Services, and Ingenico ePayments.

Ingenico Group SA is a company incorporated under French law, with its head office in Paris, whose securities were admitted for trading on the Paris Stock Exchange in 1985.

The consolidated financial statements were approved by the Board of Directors on February 23, 2017. They will be submitted for approval to the shareholders at their Annual General Shareholders' Meeting of May 10, 2017.

NOTE 2 Accounting principles and methods

The consolidated financial statements for fiscal year 2016 were prepared in accordance with the IFRS (International Financial Reporting Standards) as published by the IASB (International Accounting Standards Board) and as adopted by the European Union on December 31, 2016. These standards are available on the European Union's website:

http://ec.europa.eu/internal_market/accounting/ias/index_en.htm.

The new standards in effect as of January 1, 2016, that concern the Group are as follows:

- annual Improvements 2010-2012;
- annual Improvements 2012-2014;
- amendment to IAS 19 "Employee Contributions to Defined Benefit Plans";
- amendments to IAS 16 and IAS 38 "Clarification Regarding Acceptable Methods of Depreciation and Amortization";
- amendment to IAS 1 "Disclosure Initiative";
- amendments to IFRS 11 "Acquisition of an Interest in a Joint Operation".

The adoption of these standards did not result in material changes to the accounting methods of subsidiaries and associates.

In 2015 and 2016, the Group has conducted analysis to assess the impact of new IFRS rule IFRS 15 regarding revenue recognition. It is not expected to have any material impact on the consolidated financial statements.

The Group will apply IFRS 15 retrospectively. Throughout 2017, the Group will assess the necessary changes to its quarterly financial statements that will be used as reference in 2018.

The Group has not decided the early adoption of IFRS 16 yet.

The Group has not applied in advance those standards, amendments or interpretations which, as of December 31, 2016, had been adopted by the IASB or IFRIC but not yet adopted by the European Union. These are as follows:

- IFRS 9 "Financial Instruments";
- IFRS 14 "Regulatory Deferral Accounts";
- IFRS 16 "Leases";
- Amendments to IAS 12 "Income Taxes: recognition of deferred tax assets for unrealized losses";
- Amendments to IAS 7 "Disclosure Initiative";
- Amendments to IFRS 2 "Classification and Measurement of Share-Based Payment Transactions".

The subsequent application of these standards, amendments and interpretations is not expected to have a significant impact on the Group's consolidated financial statements.

Basis of preparation

The consolidated financial statements are presented in euros, the Group's functional currency. Unless otherwise indicated, all amounts are rounded to the nearest thousand euros.

The financial statements were prepared on a historical cost basis, except for the following assets and liabilities, stated at fair value: derivative financial instruments, available for sale financial assets, cash and cash equivalents, and bank overdrafts. Assets and liabilities related to a business combination are measured at fair value at the acquisition date, with the fair value constituting the historical cost in the Group financial statements.

The preparation of these financial statements requires Group management to make assumptions and estimates affecting the application of the accounting methods, and the reported amounts of assets, liabilities, income and expenses. These estimates involve, mainly:

- asset impairment tests (Note 7);
- put option debt (Note 5);
- available-for-sale financial assets (Note 5);
- the methods and assumptions used to identify intangible assets acquired as part of business combinations;
- the expenses related to share-based payments (Note 6);
- the determination of the useful lives of intangible assets (Note 7);
- the estimation of provisions, especially for litigation (Note 8);
- assets and liabilities arising from finance lease contracts (Note 5);
- the assumptions used in recognizing deferred tax assets (Note 10);
- in respect of revenue recognition, the allocation of revenue in proportion to the value of specific components of a multiple-element agreement (Note 5); and
- revenue presentation as gross or net in respect of service activities (Note 5).

Actual results may differ from these estimates under different assumptions or conditions.

The accounting methods set forth below were consistently applied to all the reporting periods presented in the consolidated financial statements.

These accounting methods were uniformly applied by all Group entities.

Translation of transactions denominated in foreign currencies

Revenues and expenses denominated in foreign currency are translated at the euro equivalent on the date of transaction.

Monetary assets and liabilities denominated in foreign currency are translated using the exchange rate in effect on the reporting date. Non-monetary assets and liabilities denominated in foreign currency that are measured in terms of historical cost are translated using the exchange rate in effect at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated using the exchange rate in effect at the date when the fair value was determined. Any resulting unrealized exchange gains or losses are reported in profit or loss for the period.

Translation differences arising on ordinary operating activities that are denominated in foreign currency are now recognized in "Profit from ordinary activities". These ordinary operating activities are related to working capital items, as are the related hedging instruments.

Apart from such translation differences on ordinary operating activities, all other translation differences are recognized in "Net finance costs".

Translation of financial statements denominated in foreign currencies

The consolidated financial statements are presented in euros.

Assets and liabilities of foreign subsidiaries whose functional currency differs from the Group's presentation currency are translated into euros at the exchange rate in effect on the reporting date, except for shareholders' equity, which is stated at historical value. Income and expenses of foreign operations are translated into euros at the average rates for the period, except in cases of major fluctuations. Exchange differences resulting from conversions are recognized in other comprehensive income and accumulated in the reserves.

NOTE 3 Significant events

Acquisition of Think&Go

On April 7, 2016, the Group acquired Think&Go NFC, a start-up specializing in connected screens. Founded in 2010 and employing about 15 people, Think&Go NFC has developed a technology that allows any type of digital screen to exchange information with any connected object such as a smartphone, travel card, etc. Think&Go NFC enables connected screens to be used for marketing purposes (drive-to-store, couponing, loyalty, download, etc.). Since 2015, Ingenico Group and Think&Go NFC have integrated contactless payments, enabling advertising screens to become real point-of-sale devices and ushering the age of "screen-commerce". These solutions can be installed in store, or wherever there are lots of digital screens (shopping malls, railway stations and airports).

Think&Go has been included in the Group's consolidated financial statements since its acquisition. The company is part of the Central Operations segment.

Acquisition of Lyudia

On April 26, 2016, the Group acquired a 70% interest in Lyudia, its distribution partner in Japan since 2013. Lyudia distributes and maintains the Group's payment terminals in Japan and develops payment applications to meet local certification requirements. Based in Tokyo, Lyudia has approximately 30 employees. The acquisition of Lyudia will allow Ingenico Group to accelerate the certification of its payment applications and represents an important step towards the Group becoming a major player in Japan.

The previous shareholder of Lyudia keeps a 30% stake in the company, and a put option for these shares. A liability has therefore been accounted for this put option (see Note 5.h. "Other non current liabilities").

Lyudia has been included in the Group's consolidated financial statements since its acquisition. The company is part of the APAC & Middle East operating segment.

Divestment of High Champion Holdings Ltd from Ingenico Holdings Asia Ltd

In 2013, the Group increased the capital of its subsidiary Ingenico Holdings Asia Ltd. High Champion Holdings Ltd, a minority shareholder, held an option to sell its securities, which constituted a liability on the Group's books. In May 2016, High Champion Holdings Ltd sold its securities back to the Group. This created an accretion in the Group's accounts, and the liability relating to the put option was extinguished.

Sale of Visa Europe securities

In November 2015, the American company Visa Inc announced its intention to buy Visa Europe. On June 30, 2016, the Group sold its shares in Visa Europe to Visa Inc. The capital gain amounted to €12.2 million and was recognized in net financial income.

Brexit

In June 2016, the announcement that the United Kingdom was leaving the European Union led to sharp fluctuations in some economic indicators, such as interest rates, the share prices of many British companies, and the sterling exchange rate. The decrease of the sterling exchange rate had an impact on revenues and net profits of the British subsidiaries of the Group, and the drop in interest rates led to an increase of the retirement provision.

Acquisition of Nera

On August 31, 2016, the Group finalized the acquisition of Nera Payment Solutions Pte. Ltd, a subsidiary of Nera Telecommunications Ltd.

The payment solutions business of Nera Telecommunications Ltd, which produces an annual revenue of 47 million Singapore dollars and employs more than 250 people. Nera Telecommunications Ltd is one of the main developers of payment, distribution and maintenance software for terminals in South-East Asia. It has a leading position in Thailand and significant market shares in South-East Asia.

With the acquisition of Nera Payment Solutions, the Group will be able to expand its portfolio of payment applications and use Nera's distribution and services network (call centers, customer services), which will allow it to roll out its full range of products more effectively in South-East Asia and to achieve major distribution synergies.

Nera Payment Solutions has been included in the Group's consolidated financial statements since its acquisition. The company is part of the APAC & Middle East operating segment.

Acquisition of call options

As part of its share repurchase program (approved by vote at the Annual General Shareholders' Meeting of April 29, 2016), on November 8, 2016, Ingenico Group bought 1,500,000 call options exercisable at any time before expiry (US options) covering 1,503,000 shares.

These call options would cover 51.6% of the 2,904,443 outstanding OCEANE bonds.

They will allow Ingenico Group to partially cover its obligations to deliver treasury shares in the event of the conversion of its OCEANE bonds, which are convertible into or exchangeable for new or existing shares and mature on June 26, 2022.

Under IAS 32, this call option is considered to be an equity instrument. Therefore, the premium paid upon purchase of the option is recorded directly in Group equity.

Renegotiation of the syndicated loan: increase in credit line and extension of maturity

On July 29, 2014, Ingenico Group SA contracted a €600 million syndicated credit facility maturing on July 29, 2019, structured as an amortizing term loan of €100 million (fully repayable in July 2015) and a revolving credit facility of €500 million.

In June 2016, the maturity of the syndicated loan (revolving credit facility of €500 million) was extended by 2 years, *i.e.*, until July 29, 2021.

Furthermore, on December 21, 2016, the syndicated credit facility was amended. The amount of the facility was increased from €500 million to €750 million, two additional extension options (of one year each) were granted, and the bank syndicate was expanded.

The syndicated credit facility was undrawn as at December 31, 2016, and is no longer subject to any financial covenants since July 2016.

NOTE 4 Segment reporting

Segments are profit centers whose performance can be fully measured. The information presented below is based on the management reporting used by the Executive Committee, which is the main operating decision-maker as defined by IFRS 8.

The operating segments as at December 31, 2016 were as follows:

- Central Operations, the division that provides cross-functional and support services, in particular the distribution of products and services to the Regions identified below;
- ePayments includes the companies resulting from the acquisitions of the Ogone (now Ingenico eCommerce Solutions) and GlobalCollect groups;
- Europe & Africa;
- Asia-Pacific & Middle East;
- North America;
- Latin America.

Business activities are grouped geographically based on where those activities are carried out.

Revenue and profit from ordinary activities by activity and segment

	2016						
(in thousands of euros)	Europe & Africa	APAC & Middle East	North America	Latin America	ePayments	Central Operations	Consolidated
External revenue	**846,668**	**530,259**	**276,220**	**172,080**	**488,258**	**(1,544)**	**2,311,941**
Terminals							1,584,031
Transactions							727,910
Profit from ordinary activities	**98,628**	**73,426**	**16,850**	**9,138**	**20,401**	**142,627**	**361,070**

	2015						
(in thousands of euros)	Europe & Africa	APAC & Middle East	North America	Latin America	ePayments	Central Operations	Consolidated
External revenue	**764,656**	**437,007**	**319,194**	**228,581**	**448,400**	**(555)**	**2,197,283**
Terminals							1,532,270
Transactions							665,013
Profit from ordinary activities	**58,682**	**65,751**	**29,086**	**9,323**	**38,126**	**187,574**	**388,542**

Depreciation and amortization expense and expenses with no impact on cash flow

	2016						
(in thousands of euros)	Europe & Africa	APAC & Middle East	North America	Latin America	ePayments	Central Operations	Consolidated
Depreciation and amortization expenses	21,065	5,613	3,150	1,731	40,718	18,153	90,430
Additions to provisions, net of reversals and share-based payments	2,539	11,728	(1,649)	(4,582)	971	17,584	26,591

	2015						
(in thousands of euros)	Europe & Africa	APAC & Middle East	North America	Latin America	ePayments	Central Operations	Consolidated
Depreciation and amortization expenses	30,158	3,911	2,926	1,536	39,451	12,948	90,930
Additions to provisions, net of reversals and share-based payments	759	6,028	5,120	2,697	2,837	15,060	32,501

Acquisition costs for property, plant and equipment and intangible assets

(in thousands of euros)	2016						
	Europe & Africa	**APAC & Middle East**	**North America**	**Latin America**	**ePayments**	**Central Operations**	**Consolidated**
Cost of acquisitions of intangible assets and property, plant and equipment	(9,599)	(10,374)	(3,871)	(2,064)	(31,413)	(19,249)	(76,570)

(in thousands of euros)	2015						
	Europe & Africa	APAC & Middle East	North America	Latin America	ePayments	Central Operations	Consolidated
Cost of acquisitions of intangible assets and property, plant and equipment	(15,185)	(2,087)	(4,861)	(1,858)	(18,066)	(20,340)	(62,397)

NOTE 5 Operational information

Sale of goods and services

The Group earns most of its revenue from the sale of payment terminals and the rendering of services related to payment terminals or to the processing of payment transactions carried out through a variety of methods.

No revenue is recognized if there is significant uncertainty regarding (i) the recoverability of the consideration due, (ii) the costs associated with the service that have been incurred or are to be incurred, or (iii) the possible return of goods when the customer has the right to cancel the purchase, or when the Group has continuing management involvement with the goods.

Revenue is recognized according to the type of transaction involved.

Sale of goods

How sales are recorded depends on the nature of the contract:

Firm sales

Independent of the Group's customer (retailer or end customer), revenue from the sale of terminals is recognized in profit or loss when the significant risks and rewards of ownership of the goods have been transferred to the buyer. The Group operates in international markets and makes its sales predominantly ex-works (EXW - Incoterms). Revenue is therefore recognized at the factory gate. When other Incoterms are used, the Group recognizes revenue when the risks inherent in the sale have been transferred to the buyer.

Leasing

Terminals are available for lease in some markets. These contracts are considered simple leases or finance leases in the sense of IAS 17. In the case of simple leases, revenue is recognized as and when the payments are received. In the case of finance leases, the entire revenue is recognized at the beginning of the lease agreement. Sales are recognized when the risks and rewards of ownership of the goods have been transferred; that revenue is equal to the fair value of the leased asset or, if lower, to the present value of the lease payments accruing to the lessor. The lease term is generally the lifetime of the terminal. Finance income is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability owed by the customer.

Revenue from operating leases is recognized as income on a straight-line basis over the lease term.

Rendering of services

Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion of the service at the reporting date, which is based on the work performed. When services are performed by an indeterminate number of acts, revenue is recognized on a straight-line basis over the specified period.

Hardware maintenance and servicing

Revenue generated from terminal service contracts is allocated over the life of the contract on a *pro rata* basis in the case of equipment maintenance contracts that the customer entered into when purchasing the terminals. Otherwise, revenue is recognized as soon as the services are rendered (when the terminals are installed, for example).

Transactions

Revenue arising on service contracts related to payment transactions is recognized as the services are performed. It usually varies with transaction volume and/or amounts.

For certain services, the Group determines whether it is acting as principal or as agent using the IAS 18 criteria, such as the responsibility for the rendering of the service, inventory risk, price-setting, credit risk, etc. The analysis is mainly made on the basis of a review of the sale or purchase contracts. When it is determined that the Group acts as agent in respect of the provision of services, the revenue recognized is restricted to the net margin on the provision of the services. When it is determined that the Group acts as principal, revenue is recognized on a gross basis.

Multiple-element arrangements

Revenue arising on multiple-element arrangements, *i.e.* including the simultaneous sale of goods, services and a license agreement, is broken down between each item in the contract using the residual value method, based on the fair value of undelivered items.

a. Costs by nature

Because the Group presents its profit or loss by function, this note shows the main operating costs and expenses by nature.

Depreciation and amortization expense and impairment break down as follows:

(in thousands of euros)	2016	2015
Provisions/(reversals)		
Depreciation and amortization of intangible assets	66,226	66,968
Depreciation and amortization of property, plant and equipment	24,204	23,960
Provision for inventories	(3,656)	(2,266)
Impairment for trade receivables	8,703	4,994
TOTAL	**95,477**	**93,656**

Provisions for inventory only relate to inventory that is actually held and recognized. The Group has commitments to its suppliers (EMS) on firm price orders of parts or terminals, which do not give rise inventory. However, when there is a risk of unsold parts or terminals ordered from suppliers, the Group recognizes a provision for risk as described in Note 8 “Other provisions.” Upon recognition of the purchase of inventory from EMS, this provision for risk (liability) becomes a provision for inventory (asset) in the balance sheet.

Cost of sales breaks down as follows:

(in thousands of euros)	2016	2015
Cost of terminals	(860,693)	(804,987)
Cost of services and software	(475,842)	(432,027)
TOTAL COST OF SALES	**(1,336,535)**	**(1,237,014)**

The capitalized portion of development costs is as follows:

(in thousands of euros)	2016	2015
Amount of development capitalized	27,873	12,792
Total R&D expenditure (costs and investment)[1]	206,143	169,490
SHARE OF CAPITALIZED R&D EXPENDITURE *(in %)*	**14%**	**8%**

(1) Net of a €3.7 million French research tax credit and €13.2 million in tax credits of a similar nature that were received outside France and have an equivalent impact on research and development expenses (respectively €3.3 million and €12.5 million in 2015).

The Group's R&D expenses mainly concern the following projects:

- at the head office (Central Operations region), development projects for new terminals and operating systems, as well as projects to upgrade terminals that have already been sold;
- also in the Central Operations region, service projects related to payments, such as Axis. These are mainly software development expenses;
- at terminal distributor subsidiaries, R&D projects are in place to develop applications installed on the terminals, in accordance with local standards and regulations;
- at subsidiaries selling payment services (typically the ePayments region), R&D projects are generally aimed at improving the computer systems that run the transaction services.

In accordance with IAS 38, terminal-related R&D expenses may only be capitalized if they apply to the development of new terminals. This is considered new product development, and not for upgrades, maintenance or adjustments of existing products or software.

b. Other operating income and expenses

Other operating income and expenses include non-recurring income or expenses, such as gains or losses on disposal of consolidated subsidiaries or businesses, gains or losses on the disposal of property, plant and equipment and intangible assets, restructuring charges approved by management and publicly announced, litigation expenses, costs associated with business combinations, asset and goodwill impairment, the cost of integrating newly acquired subsidiaries, adjustments to earn-out liabilities related to those acquisitions, and the remeasurement to fair value of equity interests held by the Group in an entity acquired as part of a business combination implemented through a step acquisition and considered non-recurring.

Other operating income and expenses are as follows:

(in thousands of euros)	2016	2015
Restructuring and business combination costs	(6,377)	(6,910)
Disputes	945	-
Insurance reimbursement	1,571	-
Revaluation of earn-out payables	-	(46)
Others	(699)	(804)
TOTAL	**(4,560)**	**(7,760)**

In 2016, other operating income and expenses mainly comprise the following:

- costs of €6.4 million incurred in connection with the restructuring of the Group, of which:
  - costs of €4 million were incurred in connection with the reorganization of the Group,
  - costs of €2.4 million were incurred in connection with acquisitions and divestitures;
- an insurance reimbursement of €1.6 million was recorded following a fire at a repair center in Italy in 2015;
- additions to and reversals of provisions for disputes amounted to €0.9 million.

In 2015, other operating income and expenses mainly comprised the following:

- costs of €6.9 million were incurred in connection with the restructuring of the Group, of which:
  - costs of €3.9 million were incurred in connection with the reorganization of the Group,
  - costs of €3.0 million were incurred in connection with acquisitions and divestitures;
- a total of -€0.6 million was recorded in relation to the scrapping of assets following a fire at a repair center in Italy.

c. Reconciliation of financial performance indicators with the consolidated financial statements

(in thousands of euros)	2016 Cash-flow statement	2016 Free cash-flow	2016 Items from CF statement not in FCF
Profit for the period	250,831	250,831	-
Adjustments for:			
• Share of profits in equity-accounted investees	729	729	-
• Income tax expense	97,150	97,150	-
• Depreciation, amortization and provisions	93,027	93,027	-
• Change in fair value	(3,805)	2,963	(6,768)
• (Gains)/losses on disposal of assets	100	100	-
• Net interest costs/(income)	3,296	3,296	-
• Share-based payment expense	23,994	23,994	-
Interest paid	(11,867)	(11,867)	-
Income tax paid	(131,066)	(131,066)	-
Cash flows from operating activities before change in net working capital	**322,389**	**-**	**-**
– Inventories	(25,595)	(25,595)	-
– Trade and other receivables	(12,075)	(12,075)	-
– Trade payables and other payables	25,397	25,397	-
Change in net working capital	**(12,273)**	**-**	**-**
CASH FLOWS FROM OPERATING ACTIVITIES	**310,116**		
Acquisition of fixed assets	(76,570)	(76,570)	-
Proceeds from sale of tangible and intangible fixed assets	8,650	95	8,555
Acquisition of subsidiaries, net of cash acquired	(53,460)	-	(53,460)
Disposal of subsidiaries, net of cash disposed of	3,283	-	3,283
Loans and advances granted and other financial assets	(15,646)	-	(15,646)
Loan repayments received	987	-	987
Interest received	8,017	8,017	-
CASH FLOWS FROM FINANCING ACTIVITIES	**(124,739)**		
Proceeds from share capital issues	-	-	-
Purchase/sale of treasury shares	180	-	180
Repayment of loans and borrowings	(37,731)	-	(37,731)
Change in the Group's ownership interests in controlled entities	575	-	575
Changes in other financial liabilities	(281)	-	(281)
Effect of financial derivative instruments	(13,703)	-	(13,703)
Dividends paid to shareholders	(36,284)	-	(36,284)
Taxes on financing activities	(1,063)	-	(1,063)
CASH FLOWS FROM FINANCING ACTIVITIES	**(88,307)**		
Currency translation effect on cash and bank overdrafts	6,271	-	6,271
CHANGE IN CASH AND CASH EQUIVALENTS	**103,341**		
Free Cash Flow		**248,426**	

(in thousands of euros)	2016					
	Income statement	Amortization of Purchase Price Allocation	Reconciliation to EBIT	Cost of share-based payment	Other amortization and provision expenses	Reconciliation to EBITDA
REVENUE	**2,311,941**	-	**2,311,941**	-	-	**2,311,941**
Cost of sales	(1,336,535)	12,140	(1,324,395)	1,030	16,566	(1,306,799)
GROSS PROFIT	**975,406**					
Distribution and marketing costs	(204,535)	29,232	(175,303)	3,124	1,955	(170,224)
Research and development expenses	(178,270)	1,013	(177,257)	690	18,564	(158,003)
Administrative expenses	(231,531)	-	(231,531)	19,150	11,924	(200,457)
PROFIT FROM ORDINARY ACTIVITIES	**361,070**					
EBIT			**403,455**			
EBITDA						**476,458**

d. Inventories

Inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories is determined using the weighted average cost method and includes the costs incurred to acquire the inventories and bring them to their existing location and condition. A provision is recorded if the carrying amount exceeds the net realizable value.

(in thousands of euros)	2016	2015
Raw materials and consumables	37,861	34,442
Finished products	150,822	128,866
Write-downs on raw materials and consumables	(6,923)	(10,515)
Impairments on finished products	(9,277)	(9,168)
CARRYING AMOUNT	**172,483**	**143,625**

The increase in the Group's inventories is consistent with the growth in its business.

e. Trade and related receivables

Trade and related receivables are recognized initially at fair value and subsequently measured at amortized cost less any impairment losses. In general, the fair value corresponds to the face value, given the quick payment terms, except in the case of finance leases. A provision for impairment is recognized when there is objective evidence that the Group will not be able to collect all amounts due according to the contractual terms of the receivable.

Trade and related receivables break down as follows:

(in thousands of euros)	2016	2015
Trade receivables on the sales of goods and services	470,914	438,688
Finance lease receivables	24,601	25,196
Tax receivables other than current income tax	40,335	26,792
Other receivables	16,149	13,514
Impairment for trade receivables	(41,899)	(34,341)
Impairment for finance lease receivables	(1,779)	(1,238)
Impairment for other receivables	(7,260)	(7,176)
TOTAL	**501,061**	**461,435**

The aging schedule of trade receivables is as follows:

			2016		
			Overdue		
(in thousands of euros)	Closing value	Not due	<120 days	120-180 days	>180 days
Trade receivables	470,914	362,806	81,783	7,064	19,261
Impairment for trade receivables and related accounts	(41,899)	(2,057)	(20,223)	(3,448)	(16,171)
NET	**429,015**	**360,749**	**61,560**	**3,616**	**3,090**

Receivables more than 180 days overdue but not depreciated (amounting to €3.1 million) are primarily attributable to clients of Fujian Landi (€1.6 million). None of these receivables are contentious, and the Group does not expect any difficulty in recovering the amounts due.

			2015		
			Overdue		
(in thousands of euros)	Closing value	Not due	<120 days	120-180 days	>180 days
Trade receivables	438,688	328,314	88,950	6,142	15,282
Impairment for trade receivables and related accounts	(34,341)	(702)	(20,045)	(1,387)	(12,207)
NET	**404,347**	**327,612**	**68,905**	**4,755**	**3,075**

f. Other current and non current assets

As of December 31, 2016 and 2015, other current assets were as follows:

(in thousands of euros)	2016	2015
Accrued income	14,736	16,704
Available for sale financial assets	-	7,983
Loans, guarantee instruments and other financial assets	9,236	7,788
TOTAL	**23,972**	**32,475**

As disclosed in Note 3 “Significant events”, the Group held shares in Visa Europe. In November 2015, the American company Visa Inc. announced its intention to buy Visa Europe. In the Group’s accounts, these Visa Europe shares were valued at €8 million on December 31, 2015. Sold in June 2016, they no longer appear in the current assets as of December 31, 2016.

As of December 31, 2016 and 2015, other non-current assets were as follows:

(in thousands of euros)	2016	2015
Receivables	1,821	1,021
Finance lease receivables	24,175	26,328
Income tax receivables	600	2,902
Accrued income	895	1,065
TOTAL	**27,491**	**31,316**

g. Trade payables and related accounts

Trade and related payables are recognized initially at fair value and subsequently measured at amortized cost.

(in thousands of euros)	2016	2015
Trade payables	361,951	299,186
Other operating liabilities	142,650	139,393
Of which customer advances	*9,268*	*10,371*
Of which dividend debt toward minority shareholder	*2,867*	-
Of which other tax liabilities	*23,076*	*21,312*
Of which employee-related liabilities	*107,439*	*107,710*
TOTAL	**504,601**	**438,579**

The increase in trade payables is consistent with the increase in business.

h. Other non-current liabilities

(in thousands of euros)	2016	2015
Tax, personnel and social security liabilities	17,750	10,515
Deferred income	33,373	28,193
Other liabilities	75,743	58,983
TOTAL	**126,866**	**97,691**

The increase in other non-current liabilities is principally due to:

- the increase in social security liabilities, in connection with the long-term compensation plans in various Group subsidiaries;
- the increase in deferred income, in connection with the increase in sales with extended warranties;
- the recognition of the put options held by external minority shareholders of Think&Go and Lyudia on December 31, 2016 (see Note 3 "Significant events").

Other non-current liabilities also include the put liability recorded at Fosun, which holds 20% of the Group's Chinese business.

The valuation method used for the liabilities related to put options is described in Note 9.d. "Financial assets and liabilities classified by accounting category".

i. Other current liabilities

Other current liabilities are broken down as follows:

(in thousands of euros)	2016	2015
Deferred income	115,620	125,548
Other liabilities	3,425	9,012
TOTAL	**119,045**	**134,560**

This deferred income primarily originates from the subsidiary Fujian Landi, for goods invoiced but not yet delivered, and from Ingenico Inc in the United States, for deferred income on sales of warranties.

In 2013, the Group increased the capital of its subsidiary Ingenico Holdings Asia Ltd to the benefit of an external shareholder by the name of High Champion Holdings Ltd. This minority shareholder held a put option which allowed it to sell back the shares it had subscribed in 2013. Accordingly, the Group recognized a liability in connection with this put option under other current liabilities. This liability was settled in 2016 by the Group's purchase of the shares.

j. Reconciliation between the balance sheet and changes in working capital requirement

Balance sheet *(in thousands of euros)*		2016					
		January 1	Net Change in working capital	Change in cash flows of non-working capital items	Changes in consolidation scope	Translation differences and other movements	Dec. 31
Inventories	**(1)**	**143,625**	**25,595**	**-**	**2,833**	**430**	**172,483**
Trade and related receivables		461,435	28,025	-	13,110	(1,509)	501,061
Other non-current assets		31,316	(2,146)	(752)	60	(987)	27,491
Other current assets		32,475	(13,804)	12,825	236	(7,760)	23,972
Trade and other receivables	**(2)**	**525,226**	**12,075**	**12,073**	**13,406**	**(10,256)**	**552,524**
Trade and related payables		438,579	42,876	2,331	21,424	(609)	504,601
Other non-current liabilities		97,691	678	9,490	7,825	11,182	126,866
Other current liabilities		134,560	(18,157)	-	9,450	(6,808)	119,045
Trade and other creditors	**(3)**	**670,830**	**25,397**	**11,821**	**38,699**	**3,765**	**750,512**
Change in working capital	**-(1)-(2)+(3)**		**(12,273)**				

Balance sheet *(in thousands of euros)*		2015					
		January 1	Net Change in working capital	Change in cash flows of non-working capital items	Changes in consolidation scope	Translation differences and other movements	Dec. 31
Inventories	**(1)**	**118,131**	**24,212**	**-**	**-**	**1,282**	**143,625**
Trade and related receivables		426,473	27,887	-	-	7,075	461,435
Other non-current assets		27,616	2,003	1,902	-	(205)	31,316
Other current assets		35,155	2,943	(604)	-	(5,019)	32,475
Trade and other receivables	**(2)**	**489,244**	**32,833**	**1,298**	**-**	**1,851**	**525,226**
Trade and related payables		413,499	36,538	3,927	-	(15,385)	438,579
Other non-current liabilities		36,084	4,910	5,859	53,993	(3,155)	97,691
Other current liabilities		126,214	1,627	(3,708)	-	10,427	134,560
Trade and other creditors	**(3)**	**575,797**	**43,075**	**6,078**	**53,993**	**(8,113)**	**670,830**
Change in working capital	**-(1)-(2)+(3)**		**(13,970)**				

k. Funds, receivables and payables related to intermediation activities

As part of its online payment services, the Group provides intermediation between consumers, credit card issuers, and merchants. Funds held on behalf of merchants correspond to the cash surpluses that the Group holds when the amounts received from credit card issuers or consumers in respect of purchases made precede the obligation to pay the merchants.

The balance sheet distinguishes two types of asset:

- receivables against credit card issuers, in connection with transactions conducted on behalf of merchants but not yet settled by the companies that issued the cards;
- the funds received for unsettled transactions reimbursable to consumers.

Liabilities on the balance sheet related to intermediation activities comprise mainly:

- liabilities in connection with transactions for which the funds paid by credit card issuers or consumers have not yet been transferred to the merchants;
- liabilities in connection with deposits made by merchants at the start of, or during, the client relationship with the Group.

The presentation of the Group's cash flow statement excludes funds held by the Group on behalf of merchants as part of its online payment services.

These funds cannot be used by the Group to finance its own cash requirements. Funds held on behalf of merchants are also subject to large periodic fluctuations depending on the day of the week on which the period ends. The cash flows relating to these funds are therefore not included in the Group's cash flow statement, resulting in a better representation of the nature and substance of these transactions and an improved understanding of the Group's independent cash flows.

(in thousands of euros)	2016	2015
Receivables related to intermediation activities	28,525	10,308
Funds related to intermediation activities	273,086	256,159
TOTAL ASSETS	**301,611**	**266,467**
Payables related to intermediation activities	301,611	266,467
TOTAL LIABILITIES	**301,611**	**266,467**

NOTE 6 Employee benefits and executive compensation (related parties)

a. Payroll costs

Payroll costs are broken down as follows:

(in thousands of euros)	2016	2015
Wages and salaries	360,368	338,181
Social security contributions	92,378	87,613
Service cost (operating component of retirement expenses)	1,587	1,626
Cost of share-based payments	23,994	17,557
TOTAL	**478,327**	**444,977**

b. Cost of share-based payments

Fair value of free shares awarded

The Group has measured the fair value of the goods or services received during the year based on the fair value of the equity instruments granted (share price on the date of award).

Impact on financial statements

The fair value of free share awards is recognized in payroll costs, with a corresponding increase in equity. Fair value is measured at the grant date and is expensed over the vesting period. The fair value of the free share award plans granted is measured using standard measurement techniques, which are adapted to the specific characteristics of each plan, with reference to the terms and conditions defined at the grant date (using the Black-Scholes and/or the Monte-Carlo models). The amount recognized as an expense is adjusted to reflect the actual number of shares vested for the portion corresponding to internal performance conditions.

Other share-based payments

The Group may award some of its employees compensation indexed to the share price of Ingenico Group SA or to the shares of other Group entities, and settled in cash.

These share appreciation rights are measured at fair value. The fair value of the sums payable is recognized as an operating expense over the course of the vesting period and offset by other liabilities. This liability is remeasured at fair value through profit or loss until it is settled.

2016

(in thousands of euros)	Date of Board	Options/ Free shares outstanding at January 1	Options/Shares granted during the year	Options exercised/ Shares vested during the year	Other movements	Options/ Free shares outstanding at December 31
Free share awards	October 29, 2014	28,800	-	(14,700)	(2,950)	11,150
Joint investment	October 29, 2014	182,190	-	(141,560)	(5,310)	35,320
Free share awards	July 29, 2015	186,900	-	(3,500)	(5,500)	177,900
Free share awards	October 22, 2015	2,000	-	-	-	2,000
Free share awards	July 26, 2016	-	18,610	-	-	18,610
TOTAL		**399,890**	**18,610**	**(159,760)**	**(13,760)**	**244,980**

2015

(in thousands of euros)	Date of Board	Options/ Free Shares outstanding at January 1	Options/Shares granted during the year	Options exercised/ shares vested during the year	Other movements	Options/ Free shares outstanding at December 31
Free share awards	June 22, 2012	5,500	-	(4,500)	(1,000)	-
Free share awards	October 29, 2014	31,200	-	-	(2,400)	28,800
Joint investment	October 29, 2014	199,470	-	-	(17,280)	182,190
Free share awards	July 29, 2015	-	186,900	-	-	186,900
Free share awards	October 22, 2015	-	2,000	-	-	2,000
TOTAL		**236,170**	**188,900**	**(4,500)**	**(20,680)**	**399,890**

On July 26, 2016, the Board of Directors decided to establish a free share award plan. Share awards are dependent on continuous service and internal and external performance criteria. The maximum number of free shares to be awarded is 18,610.

The main features of the compensation plans are described in Chapter 3 of the Registration Document.

On the basis of the parameters used to calculate the fair value of free shares awarded under free share and joint investment plans, and after assessing the internal and external valuation criteria (fulfillment of service conditions and, where applicable, performance conditions), the Group recognized an expense of €15.1 million under profit from operating activities in 2016 for share-based payments (against €8.2 million in 2015).

An expense was also booked in 2016 for other cash-settled share-based payments in the amount of €8.9 million, against €9.4 million in 2015.

c. Provisions for retirement and benefit obligations

The Group's net obligation in respect of defined-benefit pension plans and other long-term benefits is measured separately for each plan; it is determined by the difference between the discounted present value of the obligation and the fair value of any plan assets.

The discount rate applied is the yield at the reporting date on high-quality corporate bonds with terms consistent with those of the Group's obligations. Calculations are performed by independent actuaries using the projected unit credit method. The amount of the Group's obligation is determined by calculating the amount of future benefits due to employees at retirement and performing an actuarial valuation of the projected future salary levels and the number of years of service of beneficiaries estimated to be part of the plan at the time of retirement.

The Group's entire obligation in respect of defined benefit plans is recognized immediately. Any actuarial gains and losses arising during the period are recognized in other comprehensive income. To determine the return on plan assets, the Group uses the rate applied to determine the discounted present value of the obligation.

There are two categories of retirement benefit plans described as follows:

1) Defined contribution plans

These plans exist in most European countries in which the Group operates (France, Benelux, Germany, Italy and Spain), and in the United States and Asia-Pacific countries. Under these plans, Group entities make payments, expensed as incurred, on a regular basis to organizations authorized to manage the retirement plans.

2) Defined benefit plans

There are two types of defined benefit plans recognized in provisions for retirement benefit obligations:

- unfunded defined benefit plans: under these plans, provisions for retirement benefits are recognized as a liability in the balance sheet under "Provisions for retirement benefit obligations";
- funded defined benefit plans. Provisions for retirement benefits are also recognized as a liability in the balance sheet, minus the value of the assets.

The Group recognized the following provisions:

- supplementary pension services (United Kingdom, Germany);
- retirement or severance benefits (France, Italy, Turkey, the Netherlands);
- length of service bonuses (the Netherlands).

The obligations under these defined benefit plans have been measured by qualified actuaries.

The Group is not under any long-term obligation to provide medical benefits.

Changes in the provisions for retirement benefits and similar commitments break down as follows:

	2016						
	Unfunded plans						
(in thousands of euros)	France Liability	Germany Liability	Italy Liability	Turkey Liability	Netherlands Liability	Others Liability	Total
At January 1	**7,268**	**5,095**	**2,964**	**216**	**77**	**419**	**16,039**
Change in consolidation scope	-	-	-	-	-	82	82
Translation differences and other movements	-	-	-	(32)	-	162	130
Current service cost	992	45	332	27	10	181	1,587
Interest on obligation	150	104	59	21	-	27	361
Benefits paid	(222)	(132)	(474)	(7)	-	-	(835)
Revaluation of the net defined benefit liability	387	332	436	(41)	(35)	109	1,188
At December 31	**8,575**	**5,444**	**3,317**	**184**	**52**	**980**	**18,552**

	2016			
	Funded plans			Total
	United Kingdom			
(in thousands of euros)	Liability	Assets	Total	Balance sheet provision
At January 1	**28,916**	**(27,931)**	**985**	**17,024**
Change in consolidation scope	-	-	-	82
Translation differences and other movements	(4,490)	4,105	(385)	(255)
Return on plan assets	-	(984)	(984)	(984)
Current service cost	-	-	-	1,587
Interest on obligation	1,000	-	1,000	1,361
Benefits paid	(540)	540	-	(835)
Contributions to pension funds	-	(977)	(977)	(977)
Revaluation of the net defined benefit liability	7,907	(1,294)	6,613	7,801
At December 31	**32,793**	**(26,541)**	**6,252**	**24,804**

	2015						
	Unfunded plans						
(in thousands of euros)	France Liability	Germany Liability	Italy Liability	Turkey Liability	Netherlands Liability	Others Liability	Total
At January 1	**7,798**	**5,223**	**2,730**	**297**	**518**	**224**	**16,790**
Assignment of obligation	-	-	-	-	(445)	-	(445)
Translation differences and other movements	-	-	-	(27)	-	6	(21)
Current service cost	1,052	167	147	38	4	218	1,626
Interest on obligation	119	81	39	23	-	9	271
Benefits paid	(441)	-	(58)	(24)	-	-	(523)
Revaluation of the net defined benefit liability	(1,260)	(376)	106	(91)	-	(38)	(1,659)
At December 31	**7,268**	**5,095**	**2,964**	**216**	**77**	**419**	**16,039**

	2015			
	Funded plans			Total
	United Kingdom			
(in thousands of euros)	Liability	Assets	Total	Balance sheet provision
At January 1	**28,863**	**(27,549)**	**1,314**	**18,104**
Assignment of obligation	-	-	-	(445)
Translation differences and other movements	1,785	(1,700)	85	64
Return on plan assets	-	(1,076)	(1,076)	(1,076)
Current service cost	-	-	-	1,626
Interest on obligation	1,107	-	1,107	1,378
Benefits paid	(2,468)	2,468	-	(523)
Contributions to pension funds	-	(1,102)	(1,102)	(1,102)
Revaluation of the net defined benefit liability	(371)	1,028	657	(1,002)
At December 31	**28,916**	**(27,931)**	**985**	**17,024**

Breakdown of fair value of plan assets

Plan investments	In thousands of euros	In %	Yield
Shares	17,830	67%	2.70%
Bonds	8,477	32%	2.70%
Other	234	1%	2.70%
TOTAL	**26,541**	**100%**	**2.70%**

Plan assets do not include any land or buildings occupied by Group entities or any other assets used by the Group. There are no separately identifiable assets.

Main actuarial assumptions

	Eurozone	Turkey	United Kingdom
Discount rate	1.65%	11.80%	2.70%
Expected future salary increases	1.5% - 2.5%	7.00%	N/A

BEST ESTIMATE OF PLAN CONTRIBUTIONS PAYABLE IN 2017

Expected contributions for the fiscal year ended December 31, 2017, break down as follows:

(in thousands of euros)	2017
Employer contributions	934
Plan participants' contributions	-

SENSITIVITY OF ASSETS AND LIABILITIES TO THE MAIN ASSUMPTIONS AS OF DECEMBER 31, 2016

A 0.5% increase or decrease in the discount rate or the inflation rate for all the plans would not significantly change the value of net surplus/deficit.

In the United Kingdom, if a fund is liquidated, any surplus of assets over obligations is returned to the Group.

d. Related party transactions

Total compensation and benefits paid to the Executive Committee in 2016 and 2015 break down as follows:

(in thousands of euros)	2016	2015
Total compensation and benefits(1)	8,741	12,248
Free share awards(2)	3,467	2,548
TOTAL	**12,208**	**14,796**

(1) Includes all compensation paid during the period (gross salary, including fixed and variable compensation, bonuses and benefits in kind, incentive programs and profit-sharing).

(2) Expense recorded in the profit and loss account under free share award and joint investment plans.

This table only shows the compensation and benefits paid to members of the Executive Committee, whose role is to set Group strategy, create the conditions to implement that strategy and ensure that objectives are met. The Executive Committee is chaired by the Chairman & Chief Executive Officer.

As of December 31, 2016, the Executive Committee had 10 members, which was fewer than in 2015.

NOTE 7 Property, plant and equipment and intangible assets

Goodwill impairment tests

Ingenico tested the net carrying amounts of goodwill for impairment. This procedure, chiefly based on the discounted net future cash flow method, consists of measuring the recoverable amount of each cash-generating unit (CGU) that generates independent cash flows. These CGUs reflect the Group's current organizational structure as described in Note 4 "Segment reporting". Impairment tests are performed every year on November 30 and whenever there is any indication that an asset may be impaired.

In accordance with IAS 36, the recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Only in those rare cases in which a recent transaction involving the assets under consideration provides relevant and reliable information does the Group opt for calculating fair value less costs to sell. In most other cases, the Group calculates value in use by estimating cash flow projections based on existing business forecasts for a five-year period, including growth and profitability rates based on reasonable assumptions.

Impairment of other non-financial assets

The carrying amounts of the Group's other non-financial assets are reviewed at each reporting date to determine whether there is any indication that an asset may be impaired. If such indication exists, the asset's recoverable amount is estimated.

For intangible assets that are not yet available for use, the recoverable amount is estimated annually or as soon as there is any indication of impairment.

At each reporting date, the Group assesses whether any events and circumstances indicate that an asset may be impaired. Such events and circumstances include significant changes adversely affecting the economic environment and the Group's assumptions and objectives (budget monitoring, three-year plan, cost-benefit studies, market share, orders on the books, etc.). If such events and circumstances are identified, the asset's recoverable amount is re-estimated.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use, which is the present value of the expected future cash flows estimated by discounting the expected future cash flows, based on a discount rate of the CGU to which the asset is assigned.

If the carrying amount exceeds its recoverable amount, an impairment is recognized in operating income.

a. Goodwill

Determination of goodwill

On the acquisition date, goodwill is measured as the difference between:

- the sum of the fair value of the consideration transferred (price complements included), plus the amount of any non-controlling interests in the acquiree and, in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously-held equity interest in the acquiree, revalued accordingly in the profit and loss account under "Other operating income and expenses";
- the total net assets at the acquisition date, measured at fair value.

All other costs directly attributable to the acquisition are expensed as incurred in "Other operating income and expenses".

Adjustments to provisional amounts (earn-out, deferred payment) are measured at their fair value on the date of acquisition. Subsequently, those adjustments are measured at fair value at each future reporting date. Any revaluation is recognized in profit or loss in "Other operating income and expenses".

Group management monitors goodwill at the operating segment level, particularly with respect to long-range strategic planning, resource allocation and performance tracking.

The CGUs identified by the Group are as follows:

- Central Operations, a division that brings together the distribution of products and services to the Regions identified below;
- ePayments includes the companies resulting from the acquisitions of the Ogone (now Ingenico eCommerce Solutions) and GlobalCollect groups;
- Europe & Africa;
- Asia-Pacific & Middle East;
- North America;
- Latin America.

Impairment tests are performed for each CGU or for groups of CGUs as defined above.

Breakdown of goodwill

The following tables show the breakdown of goodwill among CGUs:

(in thousands of euros)	2016	2015
Net value at January 1	**1,350,519**	**1,342,759**
Investments	61,016	-
Translation differences	(2,244)	7,586
Adjustments	-	174
NET VALUE AT DECEMBER 31	**1,409,291**	**1,350,519**

	2016			2015		
Cash generating units *(in thousands of euros)*	Gross amount	Total impairment losses	Net carrying amount	Gross amount	Total impairment losses	Net carrying amount
APAC & Middle East	139,769	-	139,769	83,027	-	83,027
North America	71,785	(21,392)	50,393	70,768	(21,392)	49,376
Latin America	4,496	-	4,496	3,577	-	3,577
Europe & Africa	244,924	(1,484)	243,440	246,704	(2,402)	244,302
ePayments	798,782	-	798,782	798,782	-	798,782
Central Operations	172,411	-	172,411	171,455	-	171,455
TOTAL	**1,432,167**	**(22,876)**	**1,409,291**	**1,374,313**	**(23,794)**	**1,350,519**

In 2016, the increase in goodwill came from the acquisitions of Think&Go, Lyudia and Nera Payment Solutions. These acquisitions, disclosed in Note 3 “Significant events”, totaled €53.5 million, net of cash acquired. The acquisition prices were provisionally allocated at the end of 2016 and will be finalized within 12 months following the takeover of each of the three companies. This provisional allocation indicates total goodwill of €61 million, mainly reflecting the value of expected synergies among the three acquired companies and the Group.

Acquisition-related costs amounted to €2.4 million and were recognized in other operating income and expenses. Impairment tests conducted in the fourth quarter of 2016 did not lead the Group to recognize any goodwill impairment as of December 31, 2016. Had the three companies been acquired on January 1, 2016, the Group estimates that revenue and operating profit would have amounted to €2,323.5 million and €355.6 million, respectively.

Goodwill impairment tests

The main assumptions used to calculate the recoverable value of goodwill are as follows:

	2016						
Cash-generating units	APAC & Middle East	North America	Latin America	Europe & Africa	ePayments	Central Operations	Total
Net carrying amount of goodwill *(in thousands of euros)*	139,769	50,393	4,496	243,440	798,782	172,411	1,409,291
Valuation method for the cash generating unit	Value in use	Value in use	Value in use	Value in use	Value in use	Value in use	
Number of years over which cash flows are estimated	5	5	5	5	5	5	
Long-term growth rate	1.0%	1.0%	1.0%	1.4%	2.5%	1.0%	
Weighted average cost of capital used at December 31	9.7%	7.3%	15.2%	7.8%	7.6%	8.1%	

	2015						
Cash-generating units	**APAC & Middle East**	**North America**	**Latin America**	**Europe & Africa**	**ePayments**	**Central Operations**	**Total**
Net carrying amount of goodwill *(in thousands of euros)*	83,027	49,376	3,577	244,302	798,782	171,455	1,350,519
Valuation method for the cash generating unit	Value in use	Value in use	Value in use	Value in use	Value in use	Value in use	
Number of years over which cash flows are estimated	5	5	5	5	5	5	
Long-term growth rate	1.0%	1.0%	1.0%	1.5%	2.5%	1.0%	
Weighted average cost of capital used at December 31	9.0%	7.2%	15.1%	7.8%	7.6%	8.0%	

The assumptions concerning growth rates and weighted average cost of capital (WACC) used in the determination of the recoverable amounts of all CGUs have been reassessed in the light of changes in global market information.

It should be emphasized that the long-term growth rate used by the Group does not exceed those of its business sector.

The weighted average cost of share capital is a long-term rate. The movements in the discount rates stem from changes in the three underlying components: the risk-free rate, the risk premium, and the volatility of Ingenico's share price in relation to the sectoral index (beta). Furthermore, applying a discount rate before tax to pre-tax cash flows would have led to a similar valuation of the cash-generating units.

Sensitivity tests show that a 100 basis-point increase in the discount rate would not lead to impairment.

Finally, a sensitivity analysis regrouping key parameters, namely the discount rate and the long-term growth rate, has shown that, under all reasonable changes in assumptions, there is no probable scenario in which the recoverable amount of a CGU would be less than its carrying amount.

Sensitivity of recoverable amounts

	2016				
	Discount rate		**Perpetuity growth rate**		**Cash flow**
	Rate applied *(in %)*	**Discount rate which makes recoverable amount equal carrying amount** *(in %)*	**Rate applied** *(in %)*	**Perpetuity growth rate which makes recoverable amount equal carrying amount** *(in %)*	**Cash flow decrease required for recoverable amount to equal carrying amount** *(in %)*
Latin America	15.2%	16.8%	1.0%	-1.0%	-13.8%
ePayments	7.6%	8.8%	2.5%	0.6%	-25.8%

	2015				
	Discount rate		**Perpetuity growth rate**		**Cash flow**
	Rate applied *(in %)*	**Discount rate which makes recoverable amount equal carrying amount** *(in %)*	**Rate applied** *(in %)*	**Perpetuity growth rate which makes recoverable amount equal carrying amount** *(in %)*	**Cash flow decrease required for recoverable amount to equal carrying amount** *(in %)*
Europe & Africa	7.8%	18.1%	1.5%	-19.8%	-65.0%
ePayments	7.6%	8.7%	2.5%	1.2%	-19.0%

As of December 31, 2016, the recoverable amounts for APAC & Middle East, North America, Europe & Africa and Central Operations were significantly greater than their carrying amounts. This precluded the need to increase the discount rate, decrease the perpetuity growth rate, or reduce the cash flow required to ensure that their respective recoverable amounts were equal to their respective carrying amounts.

Business forecasts are based on the business plans developed by the management of the various cash generating units. Group financial management has reviewed these plans, performing stress tests on the assumptions as to long-term growth and discount rates.

As of December 31, 2015, the recoverable amounts for APAC & Middle East, North America, Latin America and Central Operations were significantly greater than the carrying amounts. This precluded the need to increase the discount rate, decrease the perpetuity growth rate, or reduce the cash flow required to ensure that their respective recoverable amounts were equal to their respective carrying amounts.

b. Intangible assets

Intangible assets

Research and development

Research costs are expensed as incurred.

Development costs for the production of new or substantially improved products and processes are recognized as an asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset, the Group's intention to complete it, and the Group's ability use it or sell it;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- the Group's ability to reliably measure the expenditure attributable to the intangible asset during its development;
- how the intangible asset will generate probable future economic benefits (through the existence of a market for the output of the intangible asset or the usefulness of the intangible asset for internal use).

Other development costs, net of subsidies, are expensed as incurred.

Other intangible assets

Licenses, brand names, customer contracts, software and user rights over which the Group has full ownership, as well as software developed for internal use that has a positive, lasting and measurable impact on future results are capitalized and amortized over their estimated useful lives.

Other intangible assets include assets in progress. Those include R&D projects in progress, such as improvements of IT payment platforms in operating segment ePayments.

Subsequent expenditure

Subsequent expenditure on intangible assets is only capitalized when it increases the future economic benefits of the specific asset to which it relates. Otherwise, it is expensed as incurred.

Depreciation and amortization

The straight-line method is used to amortize intangible assets over their estimated useful lives.

Intangible assets under development are not amortized, but are tested annually for impairment. Other intangible assets are amortized from the date they are available for use.

The estimated useful lives are as follows:

- capitalized development costs 3 to 10 years;
- licenses 3 years*;
- customer relationships 5 to 20 years;
- other intangible assets 5 years*.

* *Or contractual term.*

Impairment losses

An impairment loss recognized in respect of a non-current asset can be reversed if its recoverable amount again becomes greater than its net carrying amount.

	2016				
(in thousands of euros)	Licenses, trademarks, technology	Development expenses (incurred internally)	Customer relationships	Other intangible assets	Total
GROSS AMOUNT					
At January 1	**176,257**	**87,700**	**478,486**	**22,453**	**764,896**
Investments	6,127	7,264	-	29,932	43,323
Divestitures	(982)	(5,265)	-	(2,871)	(9,118)
Changes in consolidation scope	1,433	-	-	890	2,323
Translation differences	665	93	888	(9)	1,637
Reclassifications and others	26,489	(5,333)	(30,853)	(9,514)	(19,211)
At December 31	**209,989**	**84,459**	**448,521**	**40,881**	**783,850**
ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES					
At January 1	**(75,946)**	**(52,010)**	**(130,362)**	**1,946**	**(256,372)**
Depreciation and amortization	(22,790)	(12,429)	(29,323)	(910)	(65,452)
Divestitures and impairment losses	934	4,521	-	2,794	8,249
Changes in consolidation scope	(515)	-	-	-	(515)
Translation differences	(445)	(41)	(341)	58	(769)
Reclassifications and others	(12,854)	12,161	31,153	(11,300)	19,160
At December 31	**(111,616)**	**(47,798)**	**(128,873)**	**(7,412)**	**(295,699)**
NET CARRYING AMOUNT					
At January 1	**100,311**	**35,690**	**348,124**	**24,399**	**508,524**
At December 31	**98,373**	**36,661**	**319,648**	**33,469**	**488,151**

	2015				
(in thousands of euros)	Licenses, trademarks, technology	Development expenses (incurred internally)	Customer contracts	Other intangible assets	Total
GROSS AMOUNT					
At January 1	**172,354**	**109,695**	**480,566**	**18,438**	**781,053**
Investments	8,228	6,772	-	17,852	32,852
Divestitures	(10,463)	(26,988)	-	(1,760)	(39,211)
Translation differences	430	543	665	(141)	1,497
Reclassifications and others	5,708	(2,322)	(2,745)	(11,936)	(11,295)
At December 31	**176,257**	**87,700**	**478,486**	**22,453**	**764,896**
ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES					
At January 1	**(59,011)**	**(77,272)**	**(97,856)**	**(2,361)**	**(236,500)**
Depreciation and amortization	(25,130)	(5,870)	(34,821)	(424)	(66,245)
Divestitures and impairment losses	10,453	26,265	-	1,337	38,055
Translation differences	(599)	(517)	(430)	60	(1,486)
Reclassifications and others	(1,659)	5,384	2,745	3,334	9,804
At December 31	**(75,946)**	**(52,010)**	**(130,362)**	**1,946**	**(256,372)**
NET CARRYING AMOUNT					
At January 1	**113,343**	**32,423**	**382,710**	**16,077**	**544,553**
At December 31	**100,311**	**35,690**	**348,124**	**24,399**	**508,524**

At December 31, 2016, as at December 31, 2015, there was no indication of impairment of intangible assets. The Group takes into account the following main indications of impairment:

- sales prospects for products whose development costs have been capitalized;
- changes in customer portfolio;
- obsolescence or abandonment of internally developed software.

Allocation of goodwill on assets of acquired companies

	Carrying amount at December 31, 2016				
(in thousands of euros)	GlobalCollect (2014)	Ogone (2013)	easycash (2009)	Others	Total
Hardware and software technology	74,555	2,520	-	-	77,075
Long-term customer contracts	261,813	22,800	19,087	15,947	319,647
TOTAL IDENTIFIED AND ALLOCATED ASSETS	**336,368**	**25,320**	**19,087**	**15,947**	**396,722**
Amortization for the period	(24,370)	(6,570)	(4,227)	(7,218)	(42,385)

	Carrying amount at December 31, 2015				
(in thousands of euros)	GlobalCollect (2014)	Ogone (2013)	easycash (2009)	Others	Total
Hardware and software technology	84,175	5,040	59	863	90,137
Long-term customer contracts	276,563	26,850	23,255	21,456	348,124
TOTAL IDENTIFIED AND ALLOCATED ASSETS	**360,738**	**31,890**	**23,314**	**22,319**	**438,261**
Amortization for the period	(24,371)	(6,570)	(7,588)	(9,682)	(48,211)

c. Property, plant and equipment

Assets owned by the Group

Property, plant, and equipment are stated at cost, less any accumulated depreciation and impairment losses.

When components of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

The replacement cost of a component is immediately capitalized under Property, plant and equipment if it is probable that the future economic benefits arising from the asset will flow to the Group and its cost can be reliably measured. All routine maintenance and repair costs are expensed as incurred.

The terminals recognized as property, plant and equipment are terminals leased to merchants under simple leasing agreements as defined in IAS 17.

Gains or losses on disposals are recognized in "Profit from operating activities – Other operating income and expenses" if they are unusual and significant.

Depreciation and amortization

Depreciation is computed using the straight-line method over the estimated useful life of each type of item. The useful lives and residual values of property, plant and equipment are reviewed and adjusted where necessary at each reporting date.

Land is not depreciated. The estimated useful lives are as follows:

- building improvements 5-10 years*;
- equipment 3-5 years;
- vehicles 4-5 years;
- terminals 4-5 years;
- furniture, fittings, office & computer equipment 3-10 years*.

* *Or the contractual term of the lease.*

(in thousands of euros)	2016 Land and buildings	Plant and equipment	Leased terminals	IT equipment	Others	Total
GROSS AMOUNT						
At January 1	**17,368**	**32,517**	**9,844**	**36,202**	**20,430**	**116,361**
Investments	1,610	7,275	5,671	15,436	3,765	33,757
Divestitures	(12)	(547)	(604)	(3,492)	(764)	(5,419)
Changes in consolidation scope	71		17,768	751	525	19,115
Translation differences	(519)	763	399	(430)	110	323
Other movements	2,878	8,273	(3,239)	37,484	79	45,475
At December 31	**21,396**	**48,281**	**29,839**	**85,951**	**24,145**	**209,612**
ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES						
At January 1	**(8,321)**	**(22,350)**	**(7,923)**	**(11,110)**	**(10,800)**	**(60,504)**
Depreciation and amortization	(2,126)	(5,094)	(2,108)	(12,306)	(2,507)	(24,141)
Divestitures and impairment losses	12	542	602	3,394	713	5,263
Changes in consolidation scope	(17)		(9,327)	(423)	(391)	(10,158)
Translation differences	499	(515)	(106)	266	(46)	98
Other movements	(2,517)	(6,986)	2,044	(35,967)	(1,851)	(45,277)
At December 31	**(12,470)**	**(34,403)**	**(16,818)**	**(56,146)**	**(14,882)**	**(134,719)**
NET CARRYING AMOUNT						
At January 1	**9,047**	**10,167**	**1,921**	**25,092**	**9,630**	**55,857**
At December 31	**8,926**	**13,878**	**13,021**	**29,805**	**9,263**	**74,893**

(in thousands of euros)	2015 Land and buildings	Plant and equipment	Leased terminals	IT equipment	Others	Total
GROSS AMOUNT						
At January 1	**14,123**	**29,975**	**11,998**	**31,586**	**21,487**	**109,169**
Investments	4,169	5,808	1,352	12,413	6,221	29,963
Divestitures	(1,320)	(2,424)	(3,570)	(9,619)	(3,639)	(20,572)
Translation differences	218	(1,057)		200	6	(633)
Other	178	215	64	1,622	(3,645)	(1,566)
At December 31	**17,368**	**32,517**	**9,844**	**36,202**	**20,430**	**116,361**
ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES						
At January 1	**(7,180)**	**(20,857)**	**(10,382)**	**(5,811)**	**(13,228)**	**(57,458)**
Depreciation and amortization	(2,269)	(4,583)	(1,040)	(13,708)	(2,353)	(23,953)
Divestitures and impairment losses	1,291	2,331	3,570	8,692	3,313	19,197
Translation differences	(163)	770	(1)	(252)	3	357
Other		(11)	(70)	(31)	1,465	1,353
At December 31	**(8,321)**	**(22,350)**	**(7,923)**	**(11,110)**	**(10,800)**	**(60,504)**
NET CARRYING AMOUNT						
At January 1	**6,943**	**9,118**	**1,616**	**25,775**	**8,259**	**51,711**
At December 31	**9,047**	**10,167**	**1,921**	**25,092**	**9,630**	**55,857**

NOTE 8 Other provisions

Provisions

Provisions are recognized in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Litigation and claims

Provisions for litigation and claims are recognized when the Group has a current obligation in respect of litigation in progress, administrative inquiries, disputed proceedings and other claims arising from past events not yet settled, and when it is probable that an outflow of economic benefits, which can be reliably estimated, will be required to settle the obligation. The Group obtains legal advice to assess the probability of the outcomes and to measure the provisions for litigation and claims.

Restructuring

A provision for restructuring is recognized when the Group has approved a formal and detailed restructuring plan and has:

- either commenced the restructuring;
- or has publicly announced the plan.

Provisions are not recognized for future operating costs.

Warranties

A provision for warranties is recognized when the underlying goods or services are sold.

The provision is based on historical warranty data.

Supplier inventory buyback commitments

A provision for commitments to buy back inventory from suppliers is recognized to cover the risk that components held by suppliers may become obsolete and the risk that supplies may exceed planned output.

A provision for the full value of components declared obsolete is recognized. The Group estimates excess supplies by comparing the procurement plan with the production plan.

Product quality risk

A provision for product quality risk is recognized when this risk is not covered by the provision for warranties.

Onerous contracts

A provision for onerous contracts is recognized when the expected economic benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Warranties

The sale of terminals is usually accompanied by a 12-month warranty. The provision for warranties on the balance sheet reflects the costs expected by the Group to meet its terminal repair obligations. This statistical calculation is based on historical data. Increases in provisions for warranties may therefore reflect one of two causes:

- growth of sales accompanied by warranties; or
- an adjustment of the provision's calculation.

Litigation and claims

Ingenico is engaged in a number of claims and judicial and arbitral proceedings that have arisen in the normal course of its business. These claims and proceedings are regularly reviewed by the Legal Department and are covered by provisions if the Group considers that it is probable that an outflow of resources will be necessary to cover the risk incurred and that such an outflow can be reliably estimated, it being understood that events that occur during the proceedings may necessitate a reassessment of the risk. Reversals of unused amounts chiefly reflect the resolution of such disputes that were settled in the Group's favor, or in which the amount of the damages awarded proved to be lower than originally estimated.

Tax disputes

During fiscal year 2016 and previous years, Group companies were subject to tax audits and, on occasion, correction proposals. The financial consequences of such additional tax assessments and taxes are recognized through provisions for the amounts that have been notified and accepted or are considered as presenting a probable outflow of resources which can be reliably estimated.

The Group periodically reviews the assessment of this risk as audits or litigations progress, and is of the opinion that there are no ongoing audits that will have a material impact on its financial position or liquidity.

Tax disputes in Brazil

The tax assessment procedures in respect of a Brazilian subsidiary are still in progress. They relate to the ICMS tax, and the sum in question amounted to approximately €72 million as of December 31, 2016 (covering principal, interest and penalties from 2004 to 2009). The "tax war" currently pitting Brazilian states against one another may affect Ingenico as well as a large number of foreign and domestic companies. Against this background, the tax authorities of the State of Sao Paulo have contested the deduction by Ingenico do Brasil of a portion of the ICMS tax on the sales invoices of one of its suppliers, on the grounds that the State of Minas Gerais, in which the supplier operates, had granted the supplier a tax concession that violates federal law. All notified ICMS-related assessments are still being contested in the administrative courts in Brazil. As of December 31, 2016 Ingenico had not been notified of any final decision by the Brazilian administrative courts and consequently had not received any demand for payment. In addition, the subsidiary, on the advice of tax experts, believes it has serious grounds for contesting the claims of the authorities. Based on an analysis of the risks involved and on the criteria set out in IAS 37, no provision has been recognized in the consolidated financial statements as at December 31, 2016.

(in thousands of euros)	Balance at January 1, 2016	Translation differences	Changes in consolida-tion scope	Additions	Reversals of amounts used	Reversal of unused amounts	Other move-ments	Balance at Dec. 31, 2016
Provisions for warranties	20,031	172	64	14,975	(15,416)	-	-	19,826
Provisions for litigation and claims	9,810	73	239	2,641	(1,976)	(2,529)	(3)	8,255
Provisions for restructuring	-	-	-	2,136	-	-	-	2,136
Others	21,922	360	-	10,658	(5,972)	(3,227)	3	23,744
TOTAL OTHER PROVISIONS	**51,763**	**605**	**303**	**30,410**	**(23,364)**	**(5,756)**	**-**	**53,961**

(in thousands of euros)	Balance at January 1, 2015	Translation differences	Changes in consolida-tion scope	Additions	Reversals of amounts used	Reversal of unused amounts	Other move-ments	Balance at Dec. 31, 2015
Provisions for warranties	15,073	133	-	20,224	(14,861)	(511)	(27)	20,031
Provisions for litigation and claims	10,296	(122)	-	994	(248)	(210)	(900)	9,810
Provisions for restructuring	584	-	-	-	(539)	-	(45)	-
Others	17,284	(1,067)	-	16,178	(4,517)	(3,570)	(2,386)	21,922
TOTAL OTHER PROVISIONS	**43,237**	**(1,056)**	**-**	**37,396**	**(20,165)**	**(4,291)**	**(3,358)**	**51,763**

(in thousands of euros)	2016	2015
Supplier inventory buyback commitments	3,363	2,769
Product quality risk	8,726	10,250
Employee indemnities and benefits	6,883	5,105
Customer sales indemnities	2,037	823
Other expenses	2,735	2,975
TOTAL OTHER PROVISIONS	**23,744**	**21,922**

The €5.8 million reversal of unused provisions relates primarily to business disputes that were settled in the Group's favor, and to commitments to buy back supplier inventories.

NOTE 9 Financing and financial instruments

a. Net finance cost

(in thousands of euros)	2016	2015
Interest expense on financial liabilities at amortized cost and bond loan	(20,763)	(20,541)
Interest expense on finance lease contracts	(165)	(179)
Total interest expense	**(20,928)**	**(20,720)**
Income from cash and cash equivalents	3,186	5,026
Interest income on finance lease contracts	4,829	4,458
Net interest expense	**(12,913)**	**(11,236)**
Foreign exchange gains	55,962	74,546
Foreign exchange losses	(59,937)	(79,227)
Foreign exchange gains and losses, net	**(3,975)**	**(4,681)**
Financial component of retirement expenses and the cost of other post-employment benefits	(377)	(302)
Gains/(losses) on equity interests	-	(571)
Other financial income	12,544	61
Other financial expenses	(3,079)	(1,880)
Other financial income and expenses, net	**9,088**	**(2,692)**
Net finance costs	**(7,800)**	**(18,609)**
TOTAL FINANCIAL INCOME	**76,521**	**84,091**
TOTAL FINANCIAL EXPENSES	**(84,321)**	**(102,700)**

Net finance costs in 2016 are broken down as follows:

- interest expense on borrowings is related to the borrowings described in paragraph b. Interest expense on the new convertible bond (OCEANE) amounted to €10.4 million;
- interest expense on the bond and embedded swap was €8.7 million;
- the interest expense incurred relating to the amortization of the costs for the set-up and non-use of the syndicated loan amounted to €1.5 million.

Interest income on finance lease contracts (where the Group is the lessor) mainly concerned Ingenico Payment Services GmbH, Ingenico France SA, Ingenico Group SA and Ingenico Italia SpA.

The foreign exchange loss of €4 million is the result of foreign exchange gains and losses following the revaluation of loans and borrowings as well as on revaluations of the related hedging instruments.

Other income and expenses from financing activities include a capital gain on the disposal of Visa shares in the amount of €12.2 million (see Note 3 “Significant events”), factoring expenses in the amount of €1.7 million, and expenses related to retirement benefit obligations (see Note 6.c “Employee Benefits”).

Net finance costs in 2015 are broken down as follows:

- interest expense on the new convertible bond (OCEANE) amounted to €5.1 million. Interest expense of €0.6 million was recorded in January 2015 for the full conversion of the previous convertible bond issued in 2011;
- interest expense on the bond and embedded swap was €9.4 million;
- interest expense on bank loans totaled €4.6 million;
- interest expense on commercial paper totaled €0.6 million.

Interest income on finance lease contracts (where the Group is the lessor) mainly concerned Ingenico Payment Services GmbH, Ingenico Group SA and Ingenico Italia SpA.

The foreign exchange loss of €4.7 million was the result of foreign exchange gains and losses following the revaluation of loans and borrowings as well as on revaluations of the related hedging instruments.

Other financial income and expenses concern the impairment of non-consolidated securities and expenses related to retirement obligations.

b. Net financial debt

Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits, together with short-term, highly liquid investments that are easily convertible to a known amount of cash, which are subject to an insignificant risk of changes in value and that have a short maturity.

Bank overdrafts are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

Financial liabilities

The Group's financial liabilities consist primarily of current and non-current bank borrowings and a convertible bond issue. In accordance with IAS 39, the former are measured at amortized cost, and the latter is accounted for as a compound financial instrument.

Borrowings at amortized cost

Borrowings are initially recognized at fair value less any directly attributable transaction costs. They are subsequently measured at amortized cost using the effective interest method.

(in thousands of euros)	2016	2015
"OCEANE" convertible bond issue	437,288	427,757
Bond issue	458,509	456,773
Bank borrowings	(2,161)	(3,008)
Finance lease obligations	249	520
Other financial liabilities	2,555	2,974
Non-current borrowings and long-term debt	**896,440**	**885,016**
Bank and similar borrowings	405	-
Commercial papers	225,000	259,500
Finance lease obligations	663	679
Bank overdrafts	10,611	19,980
Other financial liabilities	1,659	1,279
Interest accrued but not due	5,404	5,484
Short-term loans and borrowings	**243,742**	**286,922**
TOTAL FINANCIAL BORROWINGS AND DEBT	**1,140,182**	**1,171,938**

(in thousands of euros)	2016	2015
Cash	728,724	624,801
Marketable securities and short-term deposits	285,130	295,081
Cash and cash equivalents	**1,013,854**	**919,882**
Net debt	**126,328**	**252,056**

As of December 31, 2016, long-term and short-term bank borrowings and bond debt amounted to €1,140.2 million, including:

- €437.3 million in respect of an OCEANE convertible bond issued on June 26, 2015;
- €458.5 million in respect of a bond issued in May 2014;
- €225 million in respect of commercial paper;
- A credit of €2.2 million corresponding to the unamortized capitalized interest on the €750 million syndicated credit facility which was undrawn at the reporting date;
- €5.4 million in interest accrued but not due, primarily related to the convertible bond issued in 2014.

As of December 31, 2015, long-term and short-term bank borrowings and bond debt amounted to €1,171.9 million, including €427.8 million relating to the OCEANE convertible bond, €456.8 million relating to the bond, €259.5 million relating to commercial paper, a €3 million credit in unpaid interest not yet amortized on the €500 million syndicated loan unused as of year-end, and €5.5 million in interest accrued but not due.

Convertible bond issue

On June 26, 2015 the Group completed a new issue of (OCEANE) bonds, which are convertible into and/or exchangeable for new or existing Ingenico shares, maturing on June 26, 2022 (ISIN: FR0012817542). The par value of the bond was €500 million, or 2,904,443 bonds each with a nominal value of €172.15. On December 31, 2016, the conversion rate was 1.002 shares for one bond.

This OCEANE bond is classified as a compound financial instrument and, as such, falls within the scope of IAS 32, which requires separate accounting in the balance sheet of the equity component (the holder's call option to convert the bonds into shares) and of the liability component (the contractual arrangement to deliver cash).

The fair value of the debt and the portion allocated to equity is calculated as of the OCEANE's issue date, June 26, 2015.

The fair value of the recognized liability classified as long-term debt is calculated using the average market rate for a straight bond. The difference between the nominal value and the fair value of the bond was recognized in equity under "Retained earnings and other reserves", net of deferred tax.

The OCEANE is a zero-coupon bond. The average market rate for a bond of equivalent maturity at issuance would have been 2.31%. The fair value of the liability component was €422.7 million upon issuance, and the fair value of the equity component amounted to €73.3 million, after deduction of the issuer's call option and issuance costs (€4.1 million prorated between liability and equity components).

After deduction of issuance costs and reclassification of the equity component of the bonds, the effective interest rate is 2.41%.

As disclosed in Note 3 "Significant events", the Group partially hedged its obligation to deliver treasury shares and, therefore, the potential dilution of the OCEANE bonds in the event of a conversion, by buying 1,500,000 call options in November 2016 for an equivalent of 1,503,000 Ingenico Group SA shares.

Bond issue

On May 20, 2014, the Group issued a bond maturing on May 20, 2021. The par value of the bond was €450 million, or 4,500 bonds with a nominal value of €100,000 each. The bonds pay an annual coupon of 2.5%. The debt was recognized at amortized cost. Issuance costs and the issue premium are amortized in profit or loss over the life of the bond.

Bank borrowings

In July 2014, the Group signed a syndicated credit facility for a total of €600 million. This was used primarily in the acquisition of GlobalCollect and was broken down as follows:

- a €500 million revolving credit facility with an initial term of 5 years;
- a term loan of €100 million, amortized over 5 years and repaid ahead of schedule in July 2015.

In June 2016, the maturity of the syndicated credit facility was extended by two years to July 29, 2021.

On December 21, 2016, a rider was attached to the syndicated credit facility. The amount was increased from €500 million to €750 million, two additional extension options (one year each) were granted, and the bank syndicate was slightly expanded.

The loan has a variable interest rate based on Euribor (1-6 months) plus margin.

At end-December 2016, as at end-December 2015, the syndicated credit facility was unused.

In connection with the documentation signed in 2014, the Group committed to satisfying the Net Debt/EBITDA financial ratio, which is tested annually, based on *pro forma* consolidated financial statements. As of December 31, 2016, the Group is no longer bound by this financial ratio.

Early redemption is possible at the initiative of Ingenico, or of the lenders in certain usual circumstances.

Bank overdrafts

Bank overdrafts totaled €10.6 million, of which €10.3 million were attributed to Ingenico Payment Services GmbH.

Finance lease obligations

At December 31, 2016, finance lease obligations amounted to €0.9 million and mainly concerned Ingenico Italia SpA.

Maturity of financial debt

	2016			
(in thousands of euros)	Carrying amount	Less than 1 year	1 to 5 years	More than 5 years
"OCEANE" convertible bond issue	437,288	-	-	437,288
Bond issue	458,509	-	458,509	-
Bank borrowings	(1,756)	405	(2,161)	-
Finance lease obligations	912	663	249	-
Bank overdrafts	10,611	10,611	-	-
Commercial papers and other financial liabilities	229,214	226,659	2,543	12
Accrued interest on borrowings	5,404	5,404	-	-
TOTAL FINANCIAL BORROWINGS AND DEBT	**1,140,182**	**243,742**	**459,140**	**437,300**

(in thousands of euros)	2015			
	Carrying amount	Less than 1 year	1 to 5 years	More than 5 years
"OCEANE" convertible bond issue	427,757	-	-	427,757
Bond issue	456,773	-	-	456,773
Bank borrowings	(3,008)	-	(3,008)	-
Finance lease obligations	1,199	679	520	-
Bank overdrafts	19,980	19,980	-	-
Commercial papers and other financial liabilities	263,753	260,779	2,974	-
Accrued interest on borrowings	5,484	5,484	-	-
TOTAL FINANCIAL BORROWINGS AND DEBT	**1,171,938**	**286,922**	**486**	**884,530**

Breakdown by currency

(in thousands of euros)	2016	2015
Euro	1,138,573	1,171,662
US Dollar	153	276
Other currencies	1,456	-
TOTAL FINANCIAL BORROWINGS AND DEBT	**1,140,182**	**1,171,938**

Changes in financial borrowings and debt

BALANCE AT JANUARY 1, 2015	**1,190,584**
New borrowings	682,230
Repayments	(600,689)
Bond conversions	(111,628)
Capitalized interest	7,864
Net change on bank overdrafts	5,335
Change in fair value	(445)
Translation differences and other variations	(1,313)
BALANCE AT DECEMBER 31, 2015	**1,171,938**
Repayments	(37,731)
Capitalized interest	11,734
Net change on bank overdrafts	(9,369)
Change in fair value	1,972
Changes in consolidation scope	2,250
Translation differences and other variations	(612)
BALANCE AT DECEMBER 31, 2016	**1,140,182**

In 2016, the Group issued and redeemed commercial paper for a net amount of €34.5 million.

Changes in fair value relate to the recognition of the bond issued in 2014.

Changes in consolidation scope reflect the inclusion of Lyudia and Think&Go.

In 2015, the Group:

- issued a convertible bond (OCEANE) for €495.9 million, net of issuance costs. As explained above, the portion of the bond reclassified under equity amounted to €73.3 million;
- issued and redeemed commercial paper for a net amount of €259.5 million;
- repaid the syndicated loan (€100 million amortizing portion and €500 million revolving portion) set up in 2014.

Conversions of OCEANE bonds issued in 2011 reduced debt by €111.6 million.

Capitalized interest related to the bond issue, the convertible bond issue, and bank loans.

Changes in fair value related to the recognition of the bond issued in 2014.

Undrawn credit facilities as of December 31, 2016

The Group has two undrawn credit facilities:

- syndicated credit facility of €750 million;
- short-term credit facility of €60 million.

c. Derivative financial instruments

Derivative financial instruments

The Group uses derivative financial instruments to hedge its foreign exchange and interest rate exposure arising from its operating, financing and investing activities. Those instruments are initially measured at fair value, *i.e.* the price that would be received when selling an asset or paid when transferring a liability in an orderly transaction between market participants at the measurement date.

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the reporting date, taking into account current interest rates and the risk of default by the counterparty to the swap.

The fair value of forward exchange contracts is their quoted market price at the reporting date, *i.e.* the present value of the quoted forward price.

Initial recognition of foreign exchange and interest rate hedging instruments and subsequent accounting for changes in their value are carried out in accordance with IAS 39.

In accordance with IFRS 13, which came into effect on January 1, 2013, the Group takes default risk into account in measuring its hedging derivatives. That involves the following:

- the risk of default by the Group on a derivative that is a liability (own credit risk);
- the risk of counterparty default on a derivative that is an asset (counterparty credit risk).

The Group's method for assessing own and counterparty credit risk is based on a calculation of the implied credit risk on senior fixed-rate bonds traded in the secondary market.

Cash flow hedges

When a derivative financial instrument is designated as a hedging instrument whose cash flows are expected to offset changes in the cash flows of a highly probable forecast transaction, the Group uses hedge accounting. The effective portion of any gain or loss on the hedging instrument is recognized directly in "Other comprehensive income" until the hedged item itself is recognized in profit or loss. The effective portion is then recognized in profit or loss. The ineffective portion of any gain or loss is recognized in "Net finance costs" for the period.

If a hedging instrument is used to hedge risk arising from the Group's operating activities, its impact on profit or loss is reported in "Profit from operating activities". If such an instrument is used to hedge risk arising from the Group's financing activities, its impact on profit or loss is reported in "Net finance costs".

Fair value hedges

If a derivative financial instrument is used to hedge the foreign currency risk on a recognized monetary asset or liability, hedge accounting is not applied and the gains or losses on the financial instrument are recognized in profit or loss.

If a hedging instrument is used to hedge risk arising from the Group's operating activities, its impact on profit or loss is reported in "Profit from operating activities". If such an instrument is used to hedge risk arising from the Group's financing activities, its impact on profit or loss is reported in "Net finance costs".

Fair value of derivative instruments at the reporting date

(in thousands of euros)	2016	2015
Interest rate derivative instruments		
Current assets	11,380	9,225
Current liabilities	-	(496)
Foreign exchange derivative instruments		
Current assets	1,064	1,262
Current liabilities	(3,801)	(990)
TOTAL	**8,643**	**9,001**

Breakdown of instruments by hedging policy

(in thousands of euros)	Balance at January 1, 2016 Fair value of the derivative financial instruments	Balance at December 31, 2016 Variation through net income	Variation through equity	Fair value of the derivative financial instruments
Instruments designated as cash flow hedges				
Foreign exchange forward contracts	23	(158)	(914)	(1,049)
Foreign exchange options	(441)	491	(12)	38
Foreign exchange swaps	-	(6)	2	(4)
Instruments not designated as cash flow hedges				
Foreign exchange forward contracts	35	(602)	-	(567)
Foreign exchange options	-	(118)	-	(118)
Foreign exchange swaps	655	(1,692)	-	(1,037)
Interest rate swaps	8,729	2,651	-	11,380
TOTAL	**9,001**	**566**	**(924)**	**8,643**

(in thousands of euros)	Balance at January 1, 2015 Fair value of the derivative financial instruments	Balance at December 31, 2015 Variation through net income	Variation through equity	Fair value of the derivative financial instruments
Instruments designated as cash flow hedges				
Foreign exchange forward contracts	(155)	161	17	23
Foreign exchange options	-	48	(489)	(441)
Instruments not designated as cash flow hedges				
Foreign exchange forward contracts	174	(139)	-	35
Foreign exchange swaps	(395)	1,050	-	655
Interest rate swaps	7,708	1,021	-	8,729
TOTAL	**7,332**	**2,141**	**(472)**	**9,001**

Changes in the fair value of ineffective hedging instruments or the ineffective portions of effective hedging instruments are directly recognized in net financial income and expenses. For foreign exchange hedges, these changes mainly reflect the effect of interest rate differentials between the currency of the hedged items and the euro.

In 2014, the Group put in place an interest rate swap for 50% of the nominal value of the bond issued in 2014, or €225 million, with a seven year life. This swap turns the Group's fixed-rate exposure into variable-rate exposure. This hedge is recognized as a fair value hedge, and changes in the fair value of the derivative are recognized in profit and loss, as are changes in the fair value of its underlying asset.

The Group's derivatives contracts contain compensation clauses for each bank. In accordance with IFRS 7, a presentation of derivative assets and liabilities that includes such compensation would be as follows:

(in thousands of euros)	2016 Gross amounts in the balance sheet	2016 Impact of compensation	2016 Net amounts
FV of derivative financial instruments (assets)	12,444	(2,804)	9,640
FV of derivative financial instruments (liabilities)	(3,801)	2,804	(997)
NET POSITION	**8,643**	**-**	**8,643**

(in thousands of euros)	2015 Gross amounts in the balance sheet	2015 Impact of compensation	2015 Net amounts
FV of derivative financial instruments (assets)	10,487	(844)	9,643
FV of derivative financial instruments (liabilities)	(1,486)	844	(642)
NET POSITION	**9,001**	**-**	**9,001**

d. Financial assets and liabilities classified by accounting category

	2016						
Asset and liability categories *(in thousands of euros)*	Assets/ Liabilities measured at fair value through profit or loss	Loans and receivables	Liabilities at amortized cost	Assets & liabilities measured at fair value through equity	Derivative financial instruments designated for future cash flow hedges	Total net carrying amount	Fair value of the asset or liability category
Financial assets	-	7,400	-	9,233	-	16,633	16,633
Other non-current assets	-	25,816	-	-	-	25,816	25,816
Trade and other current receivables	-	469,198	-	-	-	469,198	469,198
Cash and cash equivalents	1,013,854	-	-	-	-	1,013,854	1,013,854
Receivables related to intermediation activities	-	28,525	-	-	-	28,525	28,525
Funds related to intermediation activities	273,086	-	-	-	-	273,086	273,086
Derivative financial instruments	11,839	-	-	-	605	12,444	12,444
TOTAL FINANCIAL ASSETS	**1,298,779**	**530,939**	**-**	**9,233**	**605**	**1,839,556**	**1,839,556**
"OCEANE" Convertible bond issue[(1)]	-	-	437,288	-	-	437,288	477,723
Bond issue	-	-	458,509	-	-	458,509	468,360
Long-term loans	-	-	643	-	-	643	643
Other non-current liabilities	-	-	33,389	75,727	-	109,116	109,116
Short-term borrowings	-	-	243,742	-	-	243,742	243,742
Trade payables and other current liabilities	-	-	489,134	-	-	489,134	489,134
Payables related to intermediation activities	-	-	301,611	-	-	301,611	301,611
Derivative financial instruments	2,181	-	-	-	1,620	3,801	3,801
TOTAL FINANCIAL LIABILITIES	**2,181**	**-**	**1,964,316**	**75,727**	**1,620**	**2,043,844**	**2,094,130**

(1) The fair value of the OCEANE bond encompasses both its liability component and its equity component.

Asset and liability categories *(in thousands of euros)*	2015 Assets/ Liabilities measured at fair value through profit or loss	Loans and receivables	Liabilities at amortized cost	Assets & liabilities measured at fair value through equity	Derivative financial instruments designated for future cash flow hedges	Total net carrying amount	Fair value of the asset or liability category
Financial assets	-	7,154	-	4,096	-	11,250	11,250
Other non-current assets	-	27,143	-	-	-	27,143	27,143
Trade and other current receivables	-	442,253	-	7,983	-	450,236	450,236
Cash and cash equivalents	919,882	-	-	-	-	919,882	919,882
Receivables related to intermediation activities	-	10,308	-	-	-	10,308	10,308
Funds related to intermediation activities	256,159	-	-	-	-	256,159	256,159
Derivative financial instruments	10,198	-	-	-	289	10,487	10,487
TOTAL FINANCIAL ASSETS	**1,186,239**	**486,858**	**-**	**12,079**	**289**	**1,685,465**	**1,685,465**
"OCEANE" Convertible bond issue	-	-	427,757	-	-	427,757	541,853
Bond issue	-	-	456,773	-	-	456,773	453,825
Long-term loans	-	-	486	-	-	486	486
Other non-current liabilities	-	-	28,449	58,726	-	87,175	87,175
Short-term borrowings	-	-	286,922	-	-	286,922	286,922
Trade payables and other current liabilities	-	-	436,080	6,764	-	442,844	442,844
Payables related to intermediation activities	-	-	266,467	-	-	266,467	266,467
Derivative financial instruments	779	-	-	-	707	1,486	1,486
TOTAL FINANCIAL LIABILITIES	**779**	**-**	**1,902,934**	**65,490**	**707**	**1,969,910**	**2,081,058**

The fair value of bonds and convertible bonds corresponds to their market value (as quoted on December 31, 2016).

Fair value hierarchy

The objective criteria used for analyzing financial instruments by valuation method are based on the definition of fair value levels under IFRS 13.

The asset and liability categories carried at fair value subsequent to their initial recognition are:

- assets and liabilities measured at fair value through profit or loss and equity;
- available-for-sale assets;
- derivative financial instruments designated as cash flow hedges.

The fair value hierarchy is as follows:

- inputs used are (non-adjusted) quoted market prices in active markets for identical assets or liabilities (Level 1);
- inputs used are inputs other than quoted market prices, as in Level 1, that are observable either directly, by reference to market prices for similar assets and liabilities, or indirectly, by reference to inputs derived from quoted market prices (Level 2);
- valuation techniques based on unobservable inputs are used (Level 3).

These assets and liabilities can correspond to any of the three levels of fair value set out in the tables below for 2016 and 2015.

The Group did not make any transfers between levels from 2015 to 2016.

	2016			
(in thousands of euros)	**Total**	**Level 1**	**Level 2**	**Level 3**
Financial assets	9,233	-	-	9,233
Derivative financial instruments[(1)]	12,444	-	12,444	-
Funds related to intermediation activities	273,086	273,086	-	-
Cash and cash equivalents	1,013,854	1,013,854	-	-
TOTAL FINANCIAL ASSETS	**1,308,617**	**1,286,940**	**12,444**	**9,233**
Other non-current liabilities	75,727	-	-	75,727
Derivative financial instruments[(1)]	3,801	-	3,801	-
TOTAL FINANCIAL LIABILITIES	**79,528**	**-**	**3,801**	**75,727**

(1) Derivative financial instruments are assets and liabilities, measured at fair value through profit or loss, or designated cash flow hedges.

Other Level 3 non-current liabilities include two put option liabilities on the non-controlling shareholder in Ingenico Holdings Asia Ltd. The latter holds 20% of the Company's share capital and a put option on all of its shares in the Group. This liability was recognized at fair value.

	2015			
(in thousands of euros)	Total	Level 1	Level 2	Level 3
Financial assets	4,096	-	-	4,096
Other current assets	7,983	-	-	7,983
Derivative financial instruments	10,487	-	10,487	-
Funds related to intermediation activities	256,159	256,159	-	-
Cash and cash equivalents	919,882	919,882	-	-
TOTAL FINANCIAL ASSETS	**1,198,607**	**1,176,041**	**10,487**	**12,079**
Other non-current liabilities	58,726	-	-	58,726
Other current liabilities	6,764	-	-	6,764
Derivative financial instruments	1,486	-	1,486	-
TOTAL FINANCIAL LIABILITIES	**66,976**	**-**	**1,486**	**65,490**

In 2015, other Level 3 current assets included the valuation of Visa Europe shares held by the Group.

Other Level 3 non-current liabilities included two put option liabilities on the non-controlling shareholders in Ingenico Holdings Asia Ltd. The latter hold 20% and 1.16%, respectively, of the Company's share capital and a put option on all of their shares in the Group.

e. Financial risk management

Liquidity and counterparty risk

Liquidity risk is managed at Group level by the Treasury Department. This centralized approach makes it possible to use cash surpluses generated in one part of the Group to cover cash needs elsewhere.

The Group's financing policy is to ensure sufficient liquidity available at any time to meet the Group's investment and cash requirements, while maintaining a satisfactory relationship between its assets and liabilities in terms of maturities, currencies and interest rates.

Financial assets as of December 31, 2016

Counterparty risk is the risk of financial loss for the Group arising from failure by one of its customers or counterparties to a financial instrument to meet its contractual obligations. This risk could arise principally from trade receivables, investments and bank counterparties.

The carrying amount of the Group's financial assets at the end of the period represents the Group's maximum exposure to credit risk.

The Group's maximum exposure as of December 31, 2016 is as follows:

(in thousands of euros)	2016	2015
Cash and cash equivalents	1,013,854	919,882
Funds related to intermediation activities	273,086	256,159
Financial assets	16,633	11,250
Trade receivables on the sales of goods and services	429,015	401,092
Finance lease receivables	46,997	50,286
Other current receivables	8,128	15,141
Receivables related to intermediation activities	28,525	10,308
Other current assets	9,233	10,046
Other non-current assets	1,641	814
Derivative financial instruments (assets)	12,444	10,487
TOTAL	**1,839,556**	**1,685,465**

To manage counterparty risk with respect to trade receivables, an impairment loss may be recognized for the entire amount or for a part of the amount of said receivables, reflecting the probability of collection.

Credit risk is monitored at Group level by Group Credit Management. The Group tracks terms of payment at its subsidiaries on a monthly basis and recognizes a provision for any receivables it considers fully or partially uncollectible. To protect against credit risk and reduce its exposure to non-payment, the Group determines the credit risk for each customer, and fixes specific credit limits and payment terms. The Group ensures that warranties are provided in sensitive countries. Such warranties may be in the form of notified or confirmed letters of credit.

Further information on trade receivables and their impairment can be found in Note 5.e, "Trade and related receivables".

The growth of transaction services, particularly the acquisition business, exposes the Group to counterparty risk. If a merchant defaults and is unable to meet its service obligations to end customers, the Group might be required to reimburse those customers for certain payments to the merchant, with no guarantee of recovery from the latter.

The Group has developed a methodology for detailed analysis of the risks associated with each type of service it offers in order to improve risk monitoring and be able, if necessary, to calibrate the warranties demanded of counterparties more effectively. The primary purpose of this approach is to limit the impact of counterparty risk on the Group.

Lastly, as part of its online payment services, the Group, primarily through GlobalCollect Services and Ingenico Payment Services GmbH, provides intermediation services between buyers, credit card issuers, and merchants. Funds held on behalf of merchants correspond to the cash surpluses that the Group holds when the amounts received from credit card issuers in respect of purchases made precede the obligation to pay the merchants. Deposits are also made by merchants at the start, or during the course, of the client relationship with the Group.

At GlobalCollect Services, all funds received on behalf of merchants or entrusted to the Group are isolated in a Dutch foundation that ring-fences them and protects buyers from any insolvency of GlobalCollect Services. Through this mechanism, registered and supervised by the Dutch central bank, the funds may not, under any circumstances, be distributed to founders and are only available for payment to merchants.

It should also be noted that, on the one hand, the payment cycle for these activities is short, as credit card issuers or consumers remit funds to the Group and the Group pays merchants within a period of no more than two weeks, and that on the other hand, almost all amounts are collected from credit card issuers and consumers prior to the obligation to pay merchants, which thus entails the recognition of funds collected as assets (receivables associated with intermediation activities and funds associated with intermediation activities), offset by an equivalent debt included in liabilities (payables associated with intermediation activities) (see Note 5.k., "Funds, receivables and payables associated with intermediation activities").

Financial liabilities as of December 31, 2016

The Group's ability to service its debt depends on its business performance and on its capacity to generate adequate cash from operations.

If future cash flow proves to be insufficient, the Group might be obliged to:

- issue debt securities or new shares;
- restructure or refinance all or part of its debt;
- reduce or delay new investments;
- dispose of assets.

The Group has performed a specific review of its liquidity risk, and has concluded that it can repay its debt as it falls due. In particular, the Group believes that its future cash flows will be adequate to meet its debt repayment commitments and financing requirements.

It should be noted that the Group has:

- the ability to generate significant recurring cash flows for its investing requirements (see Consolidated cash flow statements);
- access to unused loan facilities totaling €810 million;
- a low debt ratio.

The maturities of the Group's financial liabilities as of December 31, 2016 were as follows:

	2016				
(in thousands of euros)	Carrying amount	Contractual cash flow	Less than 1 year	1 to 5 years	More than 5 years
Non-derivative financial liabilities					
"OCEANE" Convertible bond issue	437,288	500,000	-	-	500,000
Bond issue	458,509	506,250	11,250	495,000	-
Bank borrowings	(1,756)	1,141	405	736	-
Finance lease obligations	912	912	663	249	-
Bank overdrafts	10,611	10,611	10,611	-	-
Other financial liabilities	229,214	229,214	226,659	2,542	13
Interest accrued but not due	5,404	5,404	5,404	-	-
Trade payables and other current liabilities	489,134	489,134	489,134	-	-
Payables related to intermediation activities	301,611	301,611	301,611	-	-
Other non-current liabilities	109,116	109,116	-	109,116	-
TOTAL	**2,040,043**	**2,153,393**	**1,045,737**	**607,643**	**500,013**
Derivative financial liabilities					
Exchange rate instruments	3,801	3,801	3,801	-	-
Interest rate instruments	-	-	-	-	-
TOTAL	**3,801**	**3,801**	**3,801**	**-**	**-**

The Group believes it has only limited exposure to bank counterparty risk, because its banks are of premium standing.

The Group's financial liabilities and their maturities are described in Note 9.b, "Net Financial Debt".

The maturities of the Group's financial liabilities as of December 31, 2015 were as follows:

	2015				
(in thousands of euros)	Carrying amount	Contractual cash flow	Less than 1 year	1 to 5 years	More than 5 years
Non-derivative financial liabilities					
"OCEANE" Convertible bond issue	427,757	500,000	-	-	500,000
Bond issue	456,773	517,500	11,250	45,000	461,250
Bank borrowings	(3,008)	-	-	-	-
Finance lease obligations	1,199	1,199	679	520	-
Bank overdrafts	19,980	19,980	19,980	-	-
Other financial liabilities	263,753	263,753	260,779	2,974	-
Interest accrued but not due	5,484	5,484	5,484	-	-
Trade payables and other current liabilities	442,844	442,844	442,844	-	-
Payables related to intermediation activities	266,467	266,467	266,467	-	-
Other non-current liabilities	87,175	87,175	-	87,175	-
TOTAL	**1,968,424**	**2,104,402**	**1,007,483**	**135,669**	**961,250**
Derivative financial liabilities					
Exchange rate instruments	990	990	990	-	-
Interest rate instruments	496	496	496	-	-
TOTAL	**1,486**	**1,486**	**1,486**	**-**	**-**

Foreign exchange risk

A large share of Ingenico's revenue and expenses is denominated in foreign currencies. The Group is therefore exposed to foreign exchange risk arising from purchases from payment terminal suppliers and on transactions between subsidiaries and the parent company. The main currencies in which that exposure is significant are the US dollar (USD), the British pound (GBP), the Canadian dollar (CAD) and the Australian dollar (AUD).

Foreign-currency denominated purchases and sales for which there is no "natural" hedge may be covered by a hedge instrument. The Group's objective is to hedge future risks (purchase or sale commitments) and risks already on the balance sheet (currency payables and receivables). The hedging strategy therefore covers both forward and balance sheet exposure.

The main foreign exchange risks hedged by the Group are generated by:

- the purchase and sale in foreign currencies of goods and services associated with the Company's operations (purchases from suppliers, sales to customers);
- financial assets or liabilities in foreign currencies (in particular, in relation to the financing of subsidiaries);
- investments in foreign subsidiaries.

The Group uses financial instruments such as forward purchase and sale contracts, currency swaps, options, and foreign lending/borrowing. Monitoring foreign exchange risk is the responsibility of the Treasury Department, which reports to the Chief Financial Officer. In addition, the Group uses specialized software that allows it to track its mark-to-market positions on a daily basis.

The closing rates and average foreign exchange rates used by the Group in 2016 and 2015 are as follows:

Closing rate	**2016**	**2015**
US dollar	1.0541	1.0887
Canadian dollar	1.4188	1.5116
Australian dollar	1.4596	1.4897
Pound sterling	0.8562	0.7340
Brazilian real	3.4305	4.3117
Chinese yuan	7.3202	7.0608

Average rate	2016	2015
US dollar	1.1066	1.1096
Canadian dollar	1.4664	1.4176
Australian dollar	1.4886	1.4765
Pound sterling	0.8189	0.7260
Brazilian real	3.8616	3.6916
Chinese yuan	7.3496	6.9730

Sensitivity to foreign exchange risk

The following tables show sensitivity to transactional exchange risk. The first table shows balance sheet exposure as of December 31, net of existing hedges. These hedges are classed as fair value hedges. The second table shows hedges on future flows, or cash flow hedges, as of December 31.

Hedges of firm commitments (fair value hedges)

	2016			
(in thousands of foreign currencies)	US dollar	Pound sterling	Canadian dollar	Australian dollar
Trade receivables	196,199	28,151	13,801	9,506
Trade payables	(174,347)	(17,487)	(11,875)	(4,026)
Gross balance sheet exposure	**21,852**	**10,664**	**1,926**	**5,480**
Foreign exchange derivative instruments	-	-	-	-
Forward sales	(13,300)	(6,505)	(3,722)	(2,363)
Collars	-	(2,000)	(1,600)	-
NET BALANCE SHEET EXPOSURE	**8,552**	**2,159**	**(3,396)**	**3,117**

Hedges of futurs cash-flows Budget 2017 (cash flow hedge)

	2016			
(in thousands of foreign currencies)	US dollar	Pound sterling	Canadian dollar	Australian dollar
Forward sales	(21,500)	(8,000)	(10,000)	(6,937)
Collars	(3,500)	(2,500)	(4,000)	(4,000)
Call options	(4,500)	(5,000)	(2,000)	-
HEDGING OF FUTURE TRANSACTIONS	**(29,500)**	**(15,500)**	**(16,000)**	**(10,937)**

Hedges of firm commitments (fair value hedge)

	2015			
(in thousands of foreign currencies)	US dollar	Pound sterling	Canadian dollar	Australian dollar
Trade receivables	204,956	23,954	8,086	25,210
Trade payables	(184,278)	(14,513)	(11,607)	(9,105)
Gross balance sheet exposure	**20,678**	**9,441**	**(3,521)**	**16,105**
Foreign exchange derivative instruments				
Forward sales	(1,900)	(8,482)	(5,613)	(7,600)
NET BALANCE SHEET EXPOSURE	**18,778**	**959**	**(9,134)**	**8,505**

The transactional exchange risk sensitivity table shows the impact of a 10% appreciation or depreciation of the euro against the other currencies on the Group's trade receivables, trade payables and derivative financial hedging instruments. It also shows how those changes would impact the income statement.

	2016	
	Impact on profit or loss	
(in thousands of euros)	10% appreciation of the euro in relation to foreign currencies	10% appreciation of foreign currency in relation to the euro
USD	(16,921)	20,681
GBP	(2,989)	3,653
CAD	(884)	1,081
AUD	(592)	724
Trade receivables	**(21,386)**	**26,139**
USD	15,036	(18,378)
GBP	1,857	(2,269)
CAD	761	(930)
AUD	251	(306)
Trade payables	**17,905**	**(21,883)**
USD	(1,489)	1,032
GBP	(1,315)	665
CAD	(435)	314
AUD	(169)	170
Derivative financial instruments	**(3,408)**	**2,181**
TOTAL	**(6,889)**	**6,437**

	2015	
	Impact on profit or loss	
(in thousands of euros)	10% appreciation of the euro in relation to foreign currencies	10% appreciation of foreign currency in relation to the euro
USD	(17,114)	20,918
GBP	(2,967)	3,626
CAD	(486)	594
AUD	(1,538)	1,880
Trade receivables	**(22,105)**	**27,018**
USD	15,388	(18,807)
GBP	1,798	(2,197)
CAD	698	(853)
AUD	556	(679)
Trade payables	**18,440**	**(22,536)**
USD	4,236	(3,393)
GBP	2,894	(2,392)
CAD	(894)	891
AUD	(167)	205
Derivative financial instruments	**6,069**	**(4,689)**
TOTAL	**2,404**	**(207)**

The exchange rate risk on intra-Group financing is always hedged.

The Group may also find it appropriate to hedge certain investment operations abroad.

Interest rate risk

Interest rate risk is managed at Group level by the Treasury Department. The Group's hedging policy reflects a concern for both security and optimal financing cost management. Based on the trends expected in consolidated debt and in interest rates, the Group sets targets for the mix between fixed-rate and variable-rate debt.

Senior management regularly reviews these targets and resets them for upcoming periods after conferring with the Audit and Finance Committee. The targets are subsequently implemented by the Treasury Department. Interest rate swaps are the main instruments used.

In 2014, the Group put in place an interest rate swap for 50% of the nominal value of the bond issued in 2014, or €225 million, with a 7-year life. This swap turns the Group's fixed-rate exposure into variable-rate exposure.

The table below presents the exposure to interest rate risk of the gross debt (defined as the sum of non-current financial debts, current financial debts and short-term bank borrowings or bank overdrafts) before and after economic hedging:

	2016		2015	
(in thousands of euros)	**Outstanding Debt**	**% Total Debt**	**Outstanding Debt**	**% Total Debt**
Fixed rate	904,571	79.3%	892,458	76.2%
Variable rate	235,611	20.7%	279,480	23.8%
Gross debt before hedging	**1,140,182**	**100.0%**	**1,171,938**	**100.0%**
Fixed rate	679,571	59.6%	667,458	57.0%
Variable rate	460,611	40.4%	504,480	43.0%
Gross debt after hedging	**1,140,182**	**100.0%**	**1,171,938**	**100.0%**

The gross debt exposed to interest rate fluctuations amounted to approximately €460 million at December 31, 2016, compared with €504 million at December 31, 2015.

The decline in the share of the gross debt exposed to interest rate fluctuations is mainly due to the decreased financing by commercial paper at December 31, 2016.

At the same time, the Group has placed its short-term investments in products paying variable rates. The impact on net financial expenditure of a 100 bp rise or fall in the 1-month or 3-month Euribor rate is negligible, as the interest produced by the investments largely offsets this rate risk exposure.

Sensitivity to interest rate risk

The Group is subject to fluctuations in interest rates on commercial paper and on the portion of the bond issue hedged by a swap.

A 100 bp (+/-1%) rise or fall in all the yield curves would lead to an increase or decrease of €4.6 million in gross financial expenditure.

NOTE 10 Income tax

Income tax

Income tax is recognized in the income statement except to the extent that it relates to a business combination or to items recognized directly in "Equity" or in "Other comprehensive income", in which case it is also recognized respectively in "Equity" or "Other comprehensive income".

Current tax is (i) the expected tax payable on taxable income for the period, using tax rates enacted or substantively enacted at the reporting date; (ii) any adjustment to the amount of current tax payable in respect of previous periods and (iii) all other taxes calculated on a net amount of revenue and expenses.

Deferred tax is recognized for all temporary differences between the carrying amounts of assets and liabilities and their tax bases. No deferred tax is recognized for the following: (i) taxable temporary differences arising on initial recognition of goodwill, (ii) temporary differences relating to investments in subsidiaries to the extent that they will not reverse in the foreseeable future and (iii) the initial recognition of an asset or liability in a transaction which is not a business combination, which affects neither the accounting nor the taxable result. The measurement of deferred tax assets and liabilities depends on the manner in which the Group expects to recover or settle the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available to the Group against which it can be utilized. This assessment is made principally on the basis of the following criteria:

- realization of taxable profits before the expiry of tax losses;
- existence of sufficient temporary differences in the same tax jurisdiction and taxable entity which will result in taxable income against which the tax losses carried forward may be utilized;
- non-recurring nature of the reasons for the existence of the tax losses.

Deferred tax assets are depreciated to the extent that it is no longer probable that sufficient taxable profits will be available.

Business research and development tax credits

The method used to account for research and development tax credits depends on the tax treatment that applies to them in the various countries:

- if the tax credit is calculated solely on the amount of research and development expenditure, if it does not affect the calculation of taxable income for a subsidiary, if it is not limited by that subsidiary's tax liability and if it can be received in cash, it meets the definition of a government grant given in IAS 20, Accounting for Government Grants and Disclosure of Government Assistance, and is recognized in "Profit from operating activities";
- otherwise, it is recognized as a reduction of corporate income tax.

Recent tax regulations in France

The Group classifies the CVAE (French value added tax) as income tax.

a. Income tax expense

(in thousands of euros)	**2016**	2015
Current income tax France	(64,826)	(78,544)
Current income tax foreign	(41,038)	(58,236)
Current income tax	**(105,864)**	**(136,780)**
Deferred income tax France	7,987	(3,721)
Deferred income tax foreign	727	15,655
Deferred income tax	**8,714**	**11,934**
TOTAL	**(97,150)**	**(124,846)**

In 2016, income tax expense for the period consisted primarily of:

- current tax payable in France, China, Germany and Italy;
- the deferred tax gain from the recognition of deferred tax assets – mainly in France, Germany, Spain and Belgium – to account for temporary differences between the carrying amounts of assets and liabilities and their tax bases.

In 2015, income tax expense for the period consisted primarily of:

- current tax payable in France, the United States, the Netherlands, the United Kingdom, and China;
- the deferred tax gain from the recognition of deferred tax assets – mainly in France, Brazil, the United States and the Netherlands – to account for temporary differences between the carrying amounts of assets and liabilities and their tax bases.

The current tax payable by the Group decreased significantly in 2016, mainly reflecting the reduction in the rate of income tax in France from 38% to 34.43%.

In accordance with Article 235 *ter* ZCA of the French Tax Code, the Group paid additional tax of €1.1 million (€0.9 million in 2015) on dividend distributions to Ingenico Group SA shareholders other than stock dividends, equal to 3% of the amount distributed.

b. Group tax reconciliation

The current tax rate for French companies in the Group was 34.43% in fiscal year 2016.

The 2017 Finance Act applies a digressive tax rate for French companies. This will affect the Group's French companies starting 2020. The applicable rate will be 28.92%. The deferred French tax due in 2020 and thereafter is immaterial.

The following table shows a reconciliation of the theoretical tax expense calculated at the applicable rate and the recognized income tax expense.

(in thousands of euros)	2016	2015
Profit before income tax (excl. share of profits in equity-accounted investees)	**348,710**	**362,173**
Tax rate in France	34.43%	38.00%
Theoretical tax expense	**(120,061)**	**(137,625)**
Difference between the French tax rate and that of foreign subsidiaries	31,430	26,619
Tax losses and temporary differences for the period not recognized as deferred tax assets	(5,456)	(4,580)
Prior period temporary differences and tax losses recognized as deferred tax assets in the period	3,198	861
Use of prior period tax losses not recognized as deferred tax assets	2,697	396
Tax credits	5,422	3,249
Effect of permanent differences and others	(14,380)	(13,766)
TOTAL	**(97,150)**	**(124,846)**
Effective tax rate	27.9%	34.5%

The reconciling items reflect the effect of tax rate differentials and changes as well as the tax effects of non-taxable income or non-deductible expenses arising from permanent differences between local tax bases and the financial statements presented under IFRS.

In 2016 and 2015, permanent differences and other differences included:

- the impact of the French "Quote-Part de Frais et Charges" and withholding taxes related to dividends received from subsidiaries by Ingenico Group SA;
- the impact of the additional tax on dividend payments made in France;
- the effect of classifying the French CVAE tax as an income tax;
- the non-deductibility of the payroll expense arising from the award of stock options and free shares.

C. Deferred taxes

Change in deferred tax assets and liabilities

(in thousands of euros)	Deferred tax assets from tax losses	Deferred tax assets from temporary differences	Total deferred tax assets	Total deferred tax liabilities	Total deferred tax, net
Balance at January 1, 2015	**10,376**	**30,436**	**40,812**	**(118,938)**	**(78,126)**
Deferred tax recognized in profit or loss	(4,175)	12,189	8,014	3,920	11,934
Deferred tax recognized in equity and business combinations	-	325	325	(25,896)	(25,571)
Translation differences	(44)	(227)	(271)	136	(135)
Other movements	-	-	-	(1,706)	(1,706)
Balance at December 31, 2015	**6,157**	**42,723**	**48,880**	**(142,484)**	**(93,604)**
Deferred tax recognized in profit or loss	2,880	4,303	7,183	1,531	8,714
Deferred tax recognized in equity and business combinations	1,475	(449)	1,026	7,312	8,338
Translation differences	(44)	1,064	1,020	(139)	881
Other movements	(1,233)	1,233	-	-	-
Balance at December 31, 2016	**9,235**	**48,874**	**58,109**	**(133,780)**	**(75,671)**

As of December 31, 2016, the change in deferred taxes recognized in equity included the impact of deferred taxes of incoming companies, the recognition of post-employment benefits, and the option premium described in Note 3, “Significant events”.

As of December 31, 2015, the change in deferred taxes recognized in equity included the tax liability related to the OCEANE 2015 issue premium amounting to €25.2 million.

Breakdown by nature

(in thousands of euros)	**2016**	2015
Deferred tax assets by nature of temporary differences		
Property, plant and equipment and intangible assets	8,735	8,627
Employee benefits	11,508	9,042
Inventories, receivables, payables and provisions	79,066	57,780
Unutilized tax losses and credits	9,235	6,157
Others (including financial instruments)	436	1,229
DEFERRED TAX ASSETS	**108,980**	**82,835**
Netting effect	(50,871)	(33,955)
TOTAL DEFERRED TAX ASSETS	**58,109**	**48,880**
Deferred tax liabilities by nature of temporary differences		
Property, plant and equipment and intangible assets	(105,882)	(113,151)
Employee benefits	(309)	(284)
Inventories, receivables, payables and provisions	(78,367)	(62,824)
Others (including financial instruments)	(93)	(180)
DEFERRED TAX LIABILITIES	**(184,651)**	**(176,439)**
Netting effect	50,871	33,955
TOTAL DEFERRED TAX LIABILITIES	**(133,780)**	**(142,484)**
NET TOTAL	**(75,671)**	**(93,604)**

Breakdown of unrecognized deferred tax assets

(in thousands of euros)	2016	2015
Deferred tax from tax losses and tax credits of less than 1 year	99	-
Deferred tax from tax losses and tax credits of between 1 and 5 years	1,423	1,379
Deferred tax from tax losses and tax credits of over 5 years	29,274	29,176
Deferred tax from temporary differences	2,000	2,416
TOTAL	**32,796**	**32,971**

d. Current tax payable

(in thousands of euros)	2016	2015
France	1,926	12,879
Foreign countries	18,110	14,726
TOTAL	**20,036**	**27,605**

NOTE 11 Equity-accounted investees and non-controlling interests

a. Interests in associate companies

(in thousands of euros)	Nanjing ZTE-Ingenico Network Technology Co., Ltd	Fixed & Mobile Pte Ltd	Total
% interest at January 1, 2015	39.5%	30.0%	
% interest at December 31, 2015	39.5%	27.3%	
% interest at December 31, 2016	N/A	27.3%	
Balance at January 1, 2015	**7,159**	**6,768**	**13,927**
Share of profit or loss	(1,073)	732	(341)
Impairment loss	(2,285)	-	(2,285)
Translation differences	-	740	740
Accretion	-	252	252
Balance at December 31, 2015	**3,801**	**8,492**	**12,293**
Share of profit or loss	-	(129)	(129)
Impairment loss	(600)	-	(600)
Translation differences	-	273	273
Disposal	(3,201)	-	(3,201)
Balance at December 31, 2016	**-**	**8,636**	**8,636**

On December 31, 2015, an impairment loss was recognized on the investment in ZTE. This company was sold in 2016.

b. Non-controlling interests

The share of profit or loss attributable to non-controlling shareholders is recognized in equity attributable to "Non-controlling interests", as is the share of dividends payable to non-controlling shareholders.

Put options (share purchase commitments) on non-controlling interests

Put options on non-controlling interests in Group subsidiaries are initially recognized as a financial liability for the present value of the exercise price, with a corresponding entry in "Equity attributable to Ingenico SA shareholders". The unwinding of the discount to that liability and the effect of any changes in estimates are recognized in "Equity attributable to Ingenico SA shareholders".

In 2016, as described in Note 3, "Significant events", High Champion Holdings Ltd, a 1.16% non-controlling shareholder in Ingenico Holdings Asia Ltd, sold its interest to the Group.

Since 2015, Fosun Group has held a 20% interest in Ingenico Holdings Asia Limited, the Group's holding company for its entities in China.

		Balance at December 31, 2016		Balance at December 31, 2015	
Name of subsidiary	Location	Percentage of capital and voting rights held by non-controlling interests	Profit for the period - Share of non-controlling interests *(in thousands of euros)*	Percentage of share capital and voting rights held by non-controlling interests	Profit for the period - Share of non-controlling interests *(in thousands of euros)*
Ingenico Holdings Asia Limited	Hong Kong	20.0%	(1,110)	21.2%	(67)
Fujian Landi Commercial Equipment Co., Ltd	China	20.0%	8,139	21.2%	4,784
Ingenico Electronic Equipment Co., Ltd	China	20.0%	303	21.2%	379
Nanjing ZTE-Ingenico Network Technology Co., Ltd	Netherlands	0.0%	(127)	8.5%	(710)
Lyudia	Japan	30.0%	(371)	N/A	-
Think&Go NFC	France	20.0%	(279)	N/A	-
NON-CONTROLLING INTERESTS			**6,555**		**4,386**

NOTE 12 Equity and earnings per share

Treasury shares

Own shares acquired by Ingenico are classified as treasury shares, and their acquisition cost is deducted from equity.

a. Total equity

Number of outstanding shares

	2016	2015
Issued on January 1	**60,990,600**	**57,436,781**
Shares issued in connection with dividend distributions(1)	502,641	313,580
Shares issued in connection with the conversion of OCEANE bonds into shares(2)	-	3,216,566
Shares issued in connection with options exercised and shares acquired	-	-
Shares issued in connection with a capital increase reserved for employees	-	23,673
Shares issued at the end of the period	**61,493,241**	**60,990,600**
Treasury shares at the end of the period	116,534	276,294
Shares outstanding at the end of the period	**61,376,707**	**60,714,306**

(1) See section 5.5, "Statement of changes in equity".
(2) Conversion of 3,169,040 2011-2015 OCEANE bonds.

The par value of an Ingenico Group share is €1.

Treasury shares

(in euros)	2015	Acquisitions	Divestitures and cancellations	2016
Number of securities	276,294	928,167	(1,087,927)	116,534
Average purchase price	25.46	90.03	90.20	23.56
TOTAL	**7,034,657**	**83,558,838**	**(87,847,450)**	**2,746,044**

(in euros)	2014	Acquisitions	Divestitures and cancellations	2015
Number of securities	280,794	571,303	(575,803)	276,294
Average purchase price	25.53	106.56	106.82	25.46
TOTAL	**7,167,308**	**60,877,401**	**(61,010,052)**	**7,034,657**

Shares repurchased to be awarded or retired

The portfolio of treasury shares totaled 276,294 shares as of December 31, 2015. As of December 31, 2016, there were 116,534 treasury shares at an average price of €23.56.

Over the course of the year, 10,200 treasury shares were used for share-based compensation plans. 149,560 treasury shares were cancelled.

Treasury shares repurchased under the liquidity contract

In 2016, 928,167 shares were repurchased at an average price of €90.03 and 928,167 shares were sold at an average price of €90.20.

The Group held no treasury shares under its liquidity contract as of December 31, 2016 and 2015.

b. Earnings per share

	2016	2015
Net profit or loss attributable to Ingenico SA shareholders ***(in thousands of euros)***	244,276	230,315
Weighted average number of ordinary shares	61,030,782	60,494,391
Basic earnings per share ***(in euros)***	4.00	3.81

Basic earnings per share

Basic earnings per share are calculated by dividing the profit for the period attributable to Ingenico Group SA shareholders by the average number of ordinary shares outstanding during the year, excluding ordinary shares repurchased by the Group and held as treasury shares. The average number of ordinary shares is a weighted annual average calculated by adjusting the shares in issue at the beginning of the period for the number of shares bought back or issued during the period.

Diluted earnings per share

Diluted earnings per share are calculated using the treasury stock method, which:

- in the numerator, adjusts the net interest income on bonds convertible to or exchangeable for new or existing shares (OCEANE);
- in the denominator, adds the new shares that are potentially created by dilutive instruments (OCEANE, free shares, and joint investment) to ordinary shares, and subtracts the number of shares that could be repurchased on the market with the proceeds from the exercise of the relevant instruments. The market price used is the average share price of the year.

The diluted number of ordinary shares does not include the purchase of the 1,500,000 options described in Note 3, "Significant events". The acquisition of these call options will allow Ingenico Group to partially cover its obligations to deliver treasury shares, as well as the potential dilution, in the event of the conversion of its OCEANE bonds, which are convertible into or exchangeable for new or existing shares and mature on June 26, 2022.

(in thousands of euros)	2016	2015
Net profit or loss attributable to Ingenico SA shareholders	**244,276**	**230,315**
Interest expense related to OCEANE convertible bond debt (net of income tax)	6,746	3,720
Diluted net profit or loss attributable to Ingenico SA shareholders	**251,022**	**234,035**
Weighted average number of existing shares	**61,030,782**	**60,494,391**
Impact of dilutive instruments:		
• free shares granted	264,971	130,266
• conversion of convertible bonds	2,910,252	1,593,413
Diluted weighted average number of ordinary shares	**64,206,005**	**62,218,070**
Diluted earnings per share ***(in €)***	**3.91**	**3.76**

NOTE 13 Off balance-sheet items

(in thousands of euros)	2016	2015
Commitments received		
Various guarantees	2,791	3,106
Liability warranty as part of the acquisition of an 83.86% interest in Roam Data Inc.: unlimited duration (commitment: US$ 800,000).	664	643
Liability warranty as part of TNET acquisition: unlimited duration and amount.	unlimited	unlimited
Liability warranty as part of Paycom acquisition. Expiry dates are as follows: July 1, 2021 for corporate warranties, December 31, 2015 for tax warranties and July 1, 2013 for other warranties.	12,381	12,381
Liability warranty as part of PT Payment Indonesia acquisition. Total Liability warranties amount to US$4.5 million. Expiry dates are as follows:	4,269	4,133
• tax: until January 2018;		
• corporate: unlimited duration;		
• other warranties: until July 2014.		
Liability warranty as part of Ogone acquisition. The liability warranty (not including the special warranty) totaled €89.3 million. Expiry dates are as follows:	89,325	89,325
• tax until December 31, 2016;		
• corporate: unlimited duration;		
• other warranties until September 2014;		
• an additional special warranty for tax losses on the acquisition of the holding company in Luxembourg, expiring December 31, 2016.		750
Liability warranty in connection with the acquisition of Think & Go.	500	-
• The overall cap is €500,000 and a duration of 12 months, with the exception of social security and payroll expenses for which the maximum duration is 3 years. The tax and social security cap is €150,000.		
• The basic warranties are unlimited in duration and amount.	unlimited	-
Liability warranty in connection with the acquisition of Lyudia. It covers general warranties for a duration of 24 months from April 26, 2016, and tax warranties for a duration of 5 years.	3,647	-
Basic warranties unlimited in duration and amount, received in connection with the repurchase of Ingenico Holdings Asia shares.	unlimited	-
Liability warranty in connection with the acquisition of Nera Payment Services. It covers tax warranties for a duration of 6 years, and other warranties for a duration of 1 year. The basic warranties are unlimited in duration and amount.	13,846	-
Other commitments received		
As part of the disposal of Fixed & Mobile Pte Ltd, 16,650 shares in the company were provided to the Group as collateral for its receivable and the loan granted to the acquirers. The collateral interest will end when both amounts have been paid in full.	-	-

(in thousands of euros)	2016	2015
Commitments given		
Various guarantees	21,973	21,485
Liability warranty as part of Sagem Denmark disposal in 2009:	-	20,254
• tax warranty valid until expiration of time limit for tax claims (May 2013, except for transfer pricing until January 2016).		
Liability warranty as part of disposal of 20% of Ingenico Holdings Asia. Total Liability warranties amount to USD 26.1 million. Expiry dates are as follows:	24,795	24,007
• standard warranties until October 2016;		
• tax warranties until June 2022;		
• basic warranties valid until expiration of time limit.		
Liability warranty as part of the disposal of 12% of Beamm Inc. in November 2015. Unlimited amount and covering the basic warranties until expiration of time limit for tax claims, on November 17, 2018.	unlimited	unlimited
Liability warranty as part of the disposal of ZTE shares. It is unlimited in duration and amount and covers the basic warranties.	unlimited	-
Other commitments given		
The Group has committed to contributing €15 million to an investment fund. Cash calls subscribed are recorded in the balance sheet for a total of €6.3 million.	8,751	10,618

In 2016, the Group had the following commitments in connection with its business activities:

- approximately €121.1 million in firm price orders placed by the Group with its manufacturers as of December 31, 2016;
- future payments under non-cancelable operating leases.

The table below shows future minimum lease payments due at year-end under non-cancelable operating leases.

(in thousands of euros)	2016	2015
Commitments given on non-cancelable leases	83,686	97,442
TOTAL	**83,686**	**97,442**

The following table presents the breakdown by maturity and operational segment of commitments given by the Group under non-cancelable operating leases as of December 31, 2016:

	2016						
(in thousands of euros)	Central Operations	Europe & Africa	APAC & Middle East	North America	Latin America	ePayments	Total
Y+1	7,342	5,531	3,373	468	139	4,446	21,299
Y+2	8,567	3,530	2,352	433	-	4,028	18,910
Y+3	8,556	2,264	2,142	425	-	1,841	15,228
Y+4	8,555	1,465	1,670	393	-	1,482	13,565
Y+5 and following	2,185	7,270	890	2,852	-	1,487	14,684
TOTAL	**35,205**	**20,060**	**10,427**	**4,571**	**139**	**13,284**	**83,686**

The following table presents the breakdown by maturity and operational segment of commitments given by the Group under non-cancelable operating leases as of December 31, 2015:

	2015						
(in thousands of euros)	Central Operations	Europe & Africa	APAC & Middle East	North America	Latin America	ePayments	Total
Y+1	10,384	4,668	2,357	473	96	5,101	23,079
Y+2	8,554	3,730	1,860	484	-	2,358	16,986
Y+3	8,303	2,701	493	448	-	2,358	14,303
Y+4	8,276	1,312	322	439	-	2,358	12,707
Y+5 and following	13,525	8,828	949	3,293	-	3,770	30,365
TOTAL	**49,042**	**21,239**	**5,981**	**5,137**	**96**	**15,945**	**97,440**

The Group is entitled, in connection with its business activities, to receive future minimum rental income in respect of non-cancelable operating leases amounting to €9.4 million in 2016 and €10.2 million in 2015.

NOTE 14 Main consolidated subsidiaries of the group

Principles of consolidation

Fully-consolidated subsidiaries

A subsidiary is an entity controlled by the Group. The Group controls an entity when it has power over that entity, is exposed to variable benefits from that entity and, due to its power over that entity, has the ability to influence the benefits that it draws from it.

The Group takes account of substantial voting rights in assessing control, *i.e.*, rights that are currently exercisable or exercisable at the time that decisions on relevant business are taken.

The financial statements of all subsidiaries are included in the consolidated financial statements from the date on which the Company gains control until the date on which this control ceases.

Associates

An associate is an entity over whose financial and operating policies the Group has significant influence, without having control or joint control over those policies. The consolidated financial statements include the Group's share of the profit or loss and of the other comprehensive income of all associates accounted for using the equity method, from the date on which the Group gains significant influence until the date on which this influence ceases.

Jointly controlled operations

A jointly controlled operation is a joint venture operated by a company and one or more other parties under the terms of a contractual agreement which grants it rights to its net assets. There are no joint ventures within the Group's consolidation scope.

Transactions eliminated in the consolidated financial statements

Intragroup balances, income and expenses arising from intragroup transactions are eliminated in full in the consolidated financial statements.

Corporate name	Country	% interest	Consolidation method
Ingenico Group SA	France	Parent company	
MAIN CONSOLIDATED SUBSIDIARIES			
DI Deutsche Ingenico Holding GmbH	Germany	100%	Full
Ingenico e-Commerce Solutions GmbH	Germany	100%	Full
Ingenico GmbH	Germany	100%	Full
Ingenico Healthcare GmbH	Germany	100%	Full
Ingenico Marketing Solutions GmbH	Germany	100%	Full
Ingenico Payment Services GmbH	Germany	100%	Full
Ingenico International (Pacific) Pty Ltd	Australia	100%	Full

Corporate name	Country	% interest	Consolidation method
MAIN CONSOLIDATED SUBSIDIARIES			
Ingenico e-Commerce Solutions SPRL	Belgium	100%	Full
Ingenico Financial Solutions SA	Belgium	100%	Full
Ingenico do Brasil Ltda	Brazil	100%	Full
Ingenico Canada Ltd	Canada	100%	Full
Fujian Landi Commercial Equipment Co., Ltd	China	80%	Full
Ingenico Electronic Equipments (Beijing) Co., Ltd	China	80%	Full
Ingenico Colombia Ltda	Colombia	100%	Full
Ingenico Iberia, SL	Spain	100%	Full
Ingenico (Latin America) Inc.	United States	100%	Full
Ingenico Corp.	United States	100%	Full
Roam Data Inc.	United States	100%	Full
Ingenico Business Support SAS	France	100%	Full
Ingenico Connected Screens SAS	France	80%	Full
Ingenico e-Commerce Solutions SAS	France	100%	Full
Ingenico France SAS	France	100%	Full
Ingenico Prepaid Services France SAS	France	100%	Full
Ingenico Terminals SAS	France	100%	Full
Think&Go NFC SAS	France	80%	Full
Ingenico (UK) Ltd	United Kingdom	100%	Full
Ingenico e-Commerce Solutions Ltd	United Kingdom	100%	Full
Ingenico Holdings Asia Limited	Hong Kong	80%	Full
Ingenico Hungary Kft	Hungary	100%	Full
Ingenico International India Pvt Ltd	India	100%	Full
E-Billing Solutions Pvt Ltd	India	100%	Full
PT. Ingenico International Indonesia	Indonesia	100%	Full
Ingenico Italia SpA	Italy	100%	Full
Lyudia K.K.	Japan	70%	Full
Ingenico Payment Systems Africa SARLAU	Morocco	100%	Full
Ingenico Mexico S.A. de CV	Mexico	100%	Full
GCS Holding BV	Netherlands	100%	Full
Global Collect BV	Netherlands	100%	Full
Ingenico e-Commerce Solutions BV	Netherlands	100%	Full
Ingenico Philippines Corp.	Philippines	100%	Full
Ingenico Polska Sp. z o.o	Poland	100%	Full
Ingenico CZ S.r.o.	Czech Republic	100%	Full
Ingenico LLC	Russia	100%	Full
Ingenico International (Singapore) Pte Ltd	Singapore	100%	Full
Ingenico Payment Solutions Pte Ltd	Singapore	100%	Full
Ingenico (Suisse) SA	Switzerland	100%	Full
Ingenico e-Commerce Solutions GmbH	Switzerland	100%	Full
Ingenico International (Thailand) Co., Ltd	Thailand	100%	Full
Ingenico Ödeme Sistem Çözümleri AS	Turkey	100%	Full
Fixed & Mobile Pte Ltd	Singapore	27.3%	Equity associates

NOTE 15 Subsequent events

On January 30, 2017, the Group announced that it had signed an agreement in principle to acquire 100% of TechProcess.

Founded in 2000, TechProcess is a leading player in online and mobile payments, based in Mumbai and employing approximately 600 people across 40 cities in India. The company has developed solutions and acquired significant positions in multiple market segments, notably in online payment platforms, invoice payments, mobile payments, and "recurring" payments *via* the NACH system (automated clearing house). The acquisition of TechProcess will strengthen Ingenico Group's strategy in India.

The transaction is expected to be finalized in the first quarter of 2017.

NOTE 16 Audit fees

Ingenico Group's auditors' fees for 2016 and 2015 break down as below:

	KPMG				MAZARS			
	2016			2015	2016			2015
(in thousands of euros)	KPMG SA	KPMG affiliates	Total	Total	Mazars	Mazars affiliates	Total	Total
Certification of accounts	204	684	888	1,191	213	490	703	667
Other services	79	418	497	422	50	1	51	7
TOTAL	**283**	**1,102**	**1,385**	**1,613**	**263**	**491**	**754**	**674**

5.7 Statutory auditors' report on the consolidated financial statements

Fiscal year ended December 31, 2016

To the Shareholders,

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

- our audit of the attached consolidated financial statements of Ingenico Group SA;
- the justification of our assessments;
- the specific verifications required by law.

These consolidated financial statements have been adopted by the Board of Directors. Our role is to express an opinion on these 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 includes examining, on a test basis or through other selection methods, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and results of the consolidated group of entities in accordance with the International Financial Reporting Standards (IFRS) as endorsed by the European Union.

Without qualifying our opinion, we draw your attention to Note 8 "Other provisions" to the consolidated financial statements regarding the status, as of December 31, 2016, of ongoing tax disputes involving Ingenico Group SA's Brazilian subsidiary.

2. Justification of our assessments

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

- at each reporting date, the Company tests the value of goodwill and intangible assets that have indefinite useful lives for impairment and identifies potential indications of impairment in other intangible assets, as described in Note 7 "Property, plant and equipment and intangible assets" to the consolidated financial statements. We have reviewed the impairment testing methodology and the assumptions used, and we have verified that Note 7 to the consolidated financial statements provides adequate disclosure. The underlying estimates retained for these tests used assumptions that are uncertain by nature, the realizations may differ significantly from the forward-looking statements used;
- the provisions for litigation and claims are recognized in accordance with the accounting principles and methods described in Note 8 "Other provisions" to the consolidated financial statements. On the basis of information currently available, we have reviewed how the provisions have been estimated and we have verified that Note 8 to the consolidated financial statements provides adequate 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 verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law on information given in the management report of the Board of Directors.

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

The statutory auditors

Paris-La Défense, February 23, 2017

KPMG Audit	Mazars
Department of KPMG SA	
Frédéric Quélin	Thierry Blanchetier
Partner	*Partner*

6 PARENT COMPANY FINANCIAL STATEMENTS AT DECEMBER 31, 2016

6.1 Assets

	2016				2015
(in thousands of euros)	Notes	Gross	D&A and Impairment	Net	Net
Non-current assets					
Intangible assets	**4**				
Research and development costs		68,212	35,694	32,518	35,752
Licenses, patents and similar rights		4,667	3,746	921	7,807
Goodwill		1,596	1,571	25	221,291
Other intangible assets		686	686	-	2,622
Property, plant and equipment	**4**				
Buildings on leasehold land		-	-	-	1,190
Facilities and equipment		221	221	-	10,764
Other property, plant and equipment		39	26	13	5,613
Financial assets	**4**				
Equity interests	5, 9, 19	2,269,546	14,851	2,254,696	1,898,645
Loans and advances to subsidiaries and associates	5, 6, 9, 19	17,083	-	17,083	11,210
Other financial assets	6	9,450	232	9,219	11,568
TOTAL I		**2,371,501**	**57,026**	**2,314,475**	**2,206,462**
Current assets					
Inventory	**9**				
Raw materials and consumables		-	-	-	2,130
Finished and semi-finished goods		-	-	-	8,492
Purchased goods held for sale		-	-	-	1
Total inventory		**-**	**-**	**-**	**10,623**
Trade receivables	**5, 6, 9, 12, 19**				
Advances and down-payments		66	-	66	327
Trade receivables and related accounts		183,013	50	182,963	198,051
Other receivables		92,787	177	92,610	53,522
Short-term investments	**7, 9**	**278,321**	**-**	**278,320**	**283,619**
Cash and cash equivalents	**12**	**476,068**	**-**	**476,068**	**390,559**
Prepaid expenses	**6**	**2,822**	**-**	**2,822**	**7,923**
TOTAL II		**1,033,077**	**228**	**1,032,848**	**944,625**
Bond issue premiums	4	733	-	733	900
Deferred charges	4	9,258	-	9,258	8,647
Translation differences (assets)		1,584	-	1,584	1,880
TOTAL ASSETS		**3,416,152**	**57,254**	**3,358,898**	**3,162,515**

6.2 Liabilities

(in thousands of euros)	Notes	2016	2015
Equity	**8**		
Share capital		61,493	60,991
Issue premiums		863,345	823,382
Reserves	**8**		
Legal reserve		6,100	5,750
Other reserves			
Retained earnings	**8**	**500,014**	**209,354**
Profit for the year	**8**	**202,929**	**369,939**
Regulated provisions	**8,9**	**5,665**	**9,637**
TOTAL I (EQUITY)		**1,639,547**	**1,479,053**
Provisions for liabilities and charges			
Provisions for liabilities and charges	9	13,025	28,712
TOTAL II (PROVISIONS)		**13,025**	**28,712**
Debts	**11**		
Other bond issues	10,11,12	955,403	955,484
Bank borrowings and debt	10,11,12	123	25
Sundry borrowings and financial debt	5,19	583,324	435,623
Adv. and down-payments received on outstanding orders		-	418
Trade payables and related accounts	12,19	110,092	130,116
Tax and social security liabilities	12	49,185	90,660
Other debts	12,19	1,967	5,518
Deferred income		3,991	32,629
TOTAL III (DEBTS)		**1,704,084**	**1,650,473**
Translation differences (liabilities)		2,242	4,278
TOTAL LIABILITIES		**3,358,898**	**3,162,515**

6.3 Profit and loss account

(in thousands of euros)	Notes	2016	2015
Resale of purchased goods		22,938	75,793
Sales of goods produced		212,939	668,963
Sales of services		88,965	87,356
Revenue	**13,19**	**324,842**	**832,112**
Inventoried production	19	1,936	3,302
Capitalized production	19	7,540	15,416
Grants	19	-	-
Other operating income	19	147,168	4,267
Reversal of provisions and transfer of expenses	9, 19, 4	17,461	23,353
TOTAL OPERATING INCOME		**498,948**	**878,450**
Purchases (incl. customs duties)	19	24	35
Cost of inventories consumed	19	134,269	335,862
Changes in inventories (raw materials and other supplies)	19	(734)	2,201
Other purchases and external expenses	15, 19	148,474	126,181
taxes and other related expenses	19	7,765	17,423
Wages and salaries	14, 20	37,226	75,489
Social security contributions		21,230	48,865
D&A on non-current assets	4	15,066	23,609
Provisions and impairment	9, 19	12,720	22,242
Other expenses		960	1,671
TOTAL OPERATING EXPENSES		**376,999**	**653,580**
EBIT		**121,948**	**224,870**
Financial income		189,258	279,154
Financial expenses		(61,827)	(109,648)
Reversals of provisions		3,105	10,741
Provisions		(4,116)	(16,136)
Net financial income	**16**	**126,420**	**164,112**
Current profit/loss before taxes		**248,368**	**388,982**
Non-recurring income		9	96,421
Non-recurring expenses		(1,709)	(25,469)
Non-recurring reversals of provisions		5,999	5,189
Non recurring provisions		(2,026)	(2,701)
Non-recurring profit/loss	**17**	**2,272**	**73,440**
Employee profit-sharing		1,631	4,387
Income tax expense/(income)	18	46,080	88,096
PROFIT FOR THE YEAR		**202,929**	**369,939**

6.4 Notes to the parent company financial statements

Index for the notes to the parent company financial statements

NOTE 1 Major events of the period

Organization and subsidiarization

Partial transfer of assets

Ingenico Group SA underwent subsidiarization *via* three partial transfers of assets, in accordance with French demerger laws, to Ingenico France SAS, Ingenico Terminals SAS and Business Support SAS.

The effective legal, accounting and fiscal date of this transaction was May 1, 2016.

The purpose of this transaction was to align the legal organization of Ingenico with its operational and strategic organization, and to streamline the financial and accounting management of its activities.

The reading of Ingenico Group SA's financial statements for the year ended December 31, 2016, should take into consideration the impacts of these partial asset transfers, particularly when comparing the accounting items with those of the previous year.

Ingenico Group SA, which became the parent company responsible for, among other things, defining the overall strategy, made transfers to:

- ***Ingenico France SAS***, the complete and autonomous subsidiary responsible for Ingenico Group's distribution activities in France and export activities from France, including the ownership and management of the Axis platform.

In line with the provisions of ANC regulation 2014-03 of June 5, 2014, the transfer of these assets was completed based on the net carrying amount of the transferred assets and liabilities as shown in the Ingenico Group parent company financial statements for the year ended December 31, 2015, as estimated at the effective date.

To determine the consideration for the assets transferred to Ingenico France SAS, the parties jointly agreed on the number of new shares to be issued by Ingenico France SAS for the benefit of Ingenico Group SA based on the net carrying amount in accordance with tax instruction BOFIP BOI-IS-FUS-30-20 of September 12, 2012.

In consideration for the transfer of assets, Ingenico France SAS carried out a capital increase of €83,460,375 through the issuance of 166,920,750 new fully paid-up shares, with a par value of €0.50 each. Following the capital increase, Ingenico Group SA holds 100% of Ingenico France SAS.

The transaction is subject to the preferential regime specified in Articles 210 A *et seq.* of the French General Tax Code. Prior approval was obtained for this transfer from the Bureau des agréments et rescrits (office of advance tax approvals and rulings) within the Direction générale des finances publiques (French general directorate of public finances);

- ***Ingenico Terminals SAS***, the complete and autonomous subsidiary responsible for research and development, product development, planning and procurement, and terminal sales to distribution subsidiaries.

In line with the provisions of ANC regulation 2014-03 of June 5, 2014, the transfer of these assets was completed based on the net carrying amount of the transferred assets and liabilities as shown in the Ingenico Group's parent company financial statements for the year ended December 31, 2015, as estimated at the effective date.

To determine the consideration for the assets transferred to Ingenico Terminals SAS, the parties jointly agreed on the number of new shares to be issued by Ingenico Terminals SAS for the benefit of Ingenico Group SA based on the net carrying amount in accordance with tax instruction BOFIP BOI-IS-FUS-30-20 of September 12, 2012.

In consideration for the transfer of assets, Ingenico Terminals SAS carried out a capital increase of €193,208,612 through the issuance of 386,417,224 new fully paid-up shares, with a par value of €0.50 each. Following the capital increase, Ingenico Group SA holds 100% of Ingenico Terminals SAS.

The transaction is subject to the preferential regime specified in Articles 210 A *et seq*. of the French General Tax Code. Prior approval was obtained for this transfer from the Office of advance rulings and rescripts within the Legal Department of the French tax authority (DGFiP);

- ***Ingenico Business Support SAS***, the complete and autonomous subsidiary responsible for providing support to resolve the Group's operating issues.

  Ingenico Business Support SAS provides operational support services to all Group entities.

  In line with the provisions of ANC regulation 2014-03 of June 5, 2014, the transfer of these assets was completed based on the real value of the transferred assets and liabilities as shown in the Ingenico Group parent company financial statements for the year ended December 31, 2015, as estimated at the effective date.

  To determine the consideration for the assets transferred to Ingenico Business Support SAS, the parties jointly agreed on the number of new shares to be issued by Ingenico Business Support SAS for the benefit of Ingenico Group SA based on the real value of Ingenico Business Support SAS.

  In consideration for the transfer of assets, Ingenico Business Support SAS carried out a capital increase of €16,881,686 through the issuance of 1,688,169 new fully paid-up shares, with a par value of €10 each. Following the capital increase, Ingenico Group SA holds 100% of Ingenico Business Support SAS.

  This transaction was carried out under the French law on divestitures and partial divestitures; therefore, the parties assumed all the costs of the divestiture of the transferred businesses in respect of direct taxes and registration fees.

Framework agreements and agreements between Ingenico Group SA and its French subsidiaries

Following the partial transfers of assets which took effect on May 1, 2016, the relationships between Ingenico Group SA and those of its subsidiaries receiving the transferred assets are structured, *inter alia*, by the following agreements and contracts:

- management fees contract;
- support services provision contract;
- terminals distribution contract;
- trademarks and domain names contract;
- cash management agreement;
- real estate sub-leasing contract;
- patent licensing contract;
- intellectual property and software licensing contract;
- research and development framework contract.

Framework agreements and contracts between Ingenico Group SA and its foreign subsidiaries

- management fees contract;
- trademarks and domain names contract;
- royalties contract.

Equity securities: purchases/sales/valuation tests

Acquisition of Think&Go NFC

On April 7, 2016, Ingenico Group SA acquired French company Think&Go NFC, a connected screens start-up, through its subsidiary Ingenico Connected Screens SAS (80.41% stake).

Acquisition of Lyudia

On April 26, 2016, Ingenico Group acquired a 70% stake in Lyudia, its distribution partner in Japan. The remaining 30% of the share capital continues to be held by the historical shareholder, BroadBand Inc.

Acquisition of Nera Payment Solutions Pte Ltd

On August 31, 2016, Ingenico Group SA completed the acquisition of Nera Payment Solutions Pte. Ltd from Nera Telecommunications Ltd, a group listed in Singapore. With this acquisition, Ingenico Group has expanded its portfolio of payment applications and developed its distribution network in Southeast Asia.

Increased stake of Ingenico Group SA in Ingenico Holdings Asia

On, May 26, 2016, High Champion Holdings Limited sold its 1.16% stake in Ingenico Holdings Asia to Ingenico Group SA. Following this sale, Ingenico Group SA owns 80% of Ingenico Holdings Asia.

Capital reduction and capital increase by Ingenico Financial Solutions

On January 29, 2016, Ingenico Financial Solutions carried out a capital reduction to clear its losses, followed by a €700,000 capital increase through the creation of 24,296 new shares, fully subscribed by Ingenico Group SA. Following this transaction, Ingenico Group SA holds 99.99% of Ingenico Financial Solutions.

Impairment tests

At December 31, 2016, following impairment tests on its financial assets, Ingenico Group SA recognized no new provisions for impairment of equity securities.

Development financing for Ingenico Group SA

The following financing transactions were conducted in 2016:

2022 OCEANE: Hedging dilution risk

As part of its share repurchase program (approved by vote at the Annual General Shareholders Meeting of April 29, 2016), on November 8, 2016, Ingenico Group set up a partial hedge of its OCEANE bond (*i.e.*, bonds that are convertible into or exchangeable for new or existing shares) through the purchase of 1.5 million call options, exercisable at any time until maturity (US options), on an equivalent of 1,503,000 shares for a total of €13,704,000, including costs related to the transaction.

The purchase of these 1.5 million options (51.6% of the 2,904,443 outstanding OCEANE bonds) enables Ingenico Group to halve the potential dilution related to the OCEANE bonds maturing on June 26, 2022.

Renegotiation of the syndicated loan: increase in credit line and extension of maturity

On June 22, 2016, the maturity of the €500 million syndicated credit facility taken out in 2014 was extended for two years, until July 29, 2021, with the consent of the bank syndicate.

On December 21, 2016, the amount of this facility was increased from €500 million to €750 million and may potentially be extended through two extension options of one year each. The bank syndicate has also been expanded.

The syndicated credit facility was undrawn at December 31, 2016 and is not subject to any financial covenants as of July 2016.

The initial issue expenses and renegotiation costs are amortized over the new term of the facility.

NOTE 2 Subsequent events

None.

NOTE 3 Accounting principles and methods

The accounting principles and methods used were applied in accordance with the conservatism principle and these basic assumptions:

- going concern;
- consistency principle;
- time period concept;

and according to the generally-accepted rules governing the preparation and presentation of annual financial statements.

Items in the accounts are generally valued at historical cost.

The main accounting principles applied by the Group are as follows:

Research and development

Research costs are expensed as incurred.

The costs of development activities (*i.e.* costs related to the application of research findings to a plan or design for the production of new or substantially improved products or processes) are capitalized if the Company can demonstrate, in particular, that the product or process is technically and commercially feasible and that sufficient resources are available to complete its development.

Such capitalized costs include the cost of materials and direct labor, plus an appropriate share of production overhead costs. To arrive at reliable estimates for the costs attributable to specific assets, Ingenico Group SA has put in place tools to calculate the time required per project and an appropriate cost accounting system.

Other development costs are expensed as incurred. Capitalized development costs are stated at cost less accumulated depreciation and amortization and impairment losses.

The estimated useful lives range from 1 to 5 years.

Other intangible assets

Other intangible assets acquired by the Company are stated at cost less accumulated depreciation and amortization and impairment losses. Depreciation and amortization is computed using the straight-line method.

The estimated useful lives are as follows:

- software and licenses: 1 to 5 years;
- other intangible assets: 5 years.

Goodwill

The "Goodwill" line item in the balance sheet at January 1, 2016, amounting to €221,291,000 pertains primarily to the following:

- a merger deficit of €149,238,000 recognized on the dissolution and merger in 2010 of Ingenico France (formerly Sagem Monetel) through the transfer of all of the entity's assets and liabilities;
- a merger deficit of €24,616,000 recognized on the merger in 2006 of MoneyLine into Ingenico;
- a merger deficit of €46,576,000 recognized on the 2012 merger with Xiring;
- the net assets of Xiring included goodwill totaling €452,000.

Pursuant to ANC regulation 2015-06 of November 23, 2015, a review of the merger deficits was carried out on January 1, 2016. These deficits were entirely allocated to goodwill.

Transfers to goodwill resulted from the demerger transactions of May 1, 2016.

Goodwill is not amortized because its life is not limited.

An impairment test (comparing the carrying amounts to the current value) is performed once a year for goodwill with an unlimited useful life, whether or not there is an indication of impairment. Goodwill impairment test procedures are identical to the procedures for equity securities impairment tests as described below.

Property, plant and equipment

Property, plant, and equipment is carried at cost (purchase price and related expenses).

The cost of a self-constructed asset includes the cost of raw materials and direct labor, along with an appropriate share of production overhead costs. When components of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

The replacement cost of a component is immediately capitalized under property, plant and equipment if it is likely that the future economic benefits arising from the asset will flow to the Company and its cost can be reliably measured.

All routine maintenance and repair costs are expensed as incurred.

Depreciation and amortization is calculated based on the following depreciation methods and useful lives:

- technical equipment (R&D Department information systems): 4 years, declining balance depreciation;
- other machinery and equipment: 4 years, straight-line depreciation;
- other property, plant and equipment: 3 to 10 years, straight-line or declining balance depreciation.

Financial assets

Equity interests and loans and advances to subsidiaries and associates recorded on the balance sheet are stated at cost, with acquisition expenses included until December 31, 2009. As of 2010, acquisition expenses are expensed.

When the net asset value of equity interests and loans and advances to subsidiaries is less than the carrying amount, an impairment loss is recognized for the difference. The net asset value is equal to the value in use.

Ingenico Group SA assesses the value in use of equity interests and loans and advances to subsidiaries and associates by applying the discounted cash flow method to each entity, less net debt or plus net cash, with a 5-year forecast period and discounted terminal value. If the value is higher, the Company may also use the EBITDA multiple method, or the fair value method when an expert appraisal is available.

The discount rates used are based on the average cost of capital and the risk associated with the business.

The main assumptions used to determine the recoverable value of equity securities are as follows:

- valuation method: value in use;
- forecast period: 5 years;
- after-tax discount rate and perpetuity growth rate:

	12/31/2016	12/31/2015
Average after-tax discount rate	8.09%	7.97%
Perpetuity growth rate	1.38%	1.32%

The assumptions as to growth rate and weighted average cost of capital used in valuing equity securities have been reviewed against all available global market data.

The weighted average cost of capital is a medium-term rate.

The discount rates have been determined using market data on risk-free rates and risk premiums specific to the geographical regions in which various entities operate.

After-tax discount rate by region	Europe & Africa	North America	Latin America	Asia-Pacific	ePayments	Central Operations
2016	**7.80%**	**7.30%**	**15.20%**	**9.70%**	**7.60%**	**8.10%**

After-tax discount rate by region	Europe & Africa	North America	Latin America	Asia-Pacific	ePayments	Central Operations
2015	7.80%	7.20%	15.10%	9.00%	7.60%	8.00%

To reflect the growth prospects specific to the various businesses, Ingenico assumes the following long-term growth rates:

- 1.41% for Europe & Africa businesses;
- 2.50% for ePayments businesses;
- 1.00% for businesses in other regions.

Furthermore, at previously troubled subsidiaries that are now on the path to recovery, the impairment losses recognized historically on equity securities may be temporarily maintained until such time as the subsidiary has demonstrated an independent ability to generate profits.

Impairment tests take into account the extent to which an equity investment is strategic and how resilient the entity's business and finances are.

Tax-accelerated depreciation and amortization

For tax purposes, purchased software is amortized over 12 months.

Tax-accelerated depreciation and amortization of acquisition expenses is calculated in accordance with current French tax regulations. It is equal to the difference between:

- the depreciation/amortization over the useful lives recorded until December 31, 2009 using the declining balance method;
- the depreciation/amortization recognized on the asset side of the balance sheet.

Tax-accelerated depreciation and amortization provisions and reversals are recognized in non-recurring income for the year.

Inventory

Cost of inventories is determined using the weighted average cost method. Finished goods are valued at production cost, which corresponds to the subcontractor's manufacturing cost, plus the costs of transportation, handling, and other costs directly attributable to the purchase of these inventories.

If the net realizable value of the inventories on the balance sheet date is less than cost, an impairment loss is recognized for the difference.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Receivables

Receivables are stated at their par value. An impairment loss is recognized when the recoverable amount is less than the carrying amount.

Expenses incurred in relation to multiple-year contracts for the supply of applications are accounted for as accrued receivables, with margin recognized on a percentage-of-completion basis. The percentage completion is determined through a budgetary review of project completion (actual expenses versus projected expenses) and on the basis of attainment of contractually stipulated milestones. A provision for losses on completion of the contract may be recognized, based on the estimated outcome of the transactions.

Transactions in foreign currency

Revenues and expenses denominated in foreign currency are recorded at their euro equivalent on the date of transaction. The differences resulting from the translation of payables and receivables at the closing exchange rate are recorded on the balance sheet under "Translation differences". Hedged foreign-currency receivables and payables are recognized at their hedged rate. A provision is recorded for unrealized foreign exchange losses.

Foreign exchange hedges

Until May 2016, Ingenico Group SA managed the different types of foreign exchange risk (*i.e.*, risk related to operations, financing, and investments in foreign subsidiaries) for the majority of the Group's subsidiaries.

Since May 2016, following the subsidiarization of its operational activities, the main risks managed by Ingenico Group SA concern financial assets and liabilities in foreign currencies and investments in foreign subsidiaries.

Management of foreign exchange risk related to the depreciation of foreign currencies against the euro for all foreign currency invoices (foreign exchange transaction risk to hedge receivables and payables, as well as future cash flows from budgets) is now primarily handled by Ingenico Terminals SAS.

Retirement benefit obligations

Upon retirement, Company employees receive benefits as per the provisions of the collective bargaining agreement by which they are covered. The Company recognizes provisions for retirement benefit obligations. As of December 31, 2016, those obligations were estimated at €1,337,000.

The Company measures and recognizes its retirement benefit obligations in accordance with ANC recommendation 2013-02, using the retrospective method and the following assumptions:

- social security contribution rates estimated on the basis of actual contribution rates for the various categories of employees;

- voluntary retirement at age 62 for former Xiring employees, and at 63 for all other Ingenico Group SA employees;
- a 1.90% inflation rate;
- a 1.65% discount rate at December 31, 2016, versus a 2.05% discount rate at December 31, 2015;
- an annual wage adjustment rate of 2.40%, excluding inflation.

Any differences in valuation due to a change in the discount rate are recognized in profit or loss.

Provisions for litigation and claims

Commercial disputes

Provisions for litigation and claims are recognized when the Company has a current obligation in respect of litigation, administrative inquiries, disputes and other claims arising from past events not yet settled, where it is probable that an outflow of economic benefits will be required to settle the obligation and these benefits can be reliably estimated. Ingenico Group SA obtains expert legal advice to assess the probability of the outcomes and to estimate the provisions for litigation and claims.

Tax disputes

During fiscal year 2016 and previous years, Ingenico Group SA was subject to tax audits and, on occasion, correction proposals. The financial consequences of such additional tax adjustments are recognized through provisions for the amounts that have been identified and accepted or are considered likely to result in an outflow of resources which can be reliably estimated.

Ingenico Group SA periodically reviews the estimate of this risk in light of the progress of audits and disputes and believes that current audits will not have a significant impact on its financial situation or its liquidity.

Short-term investments

Financial instruments classified as short-term investments are carried at cost. When their net asset value, which is their market value, is less than cost, an impairment loss is recognized for the difference. Losses are not offset against unrealized gains.

Deferred charges

This item pertains to bond issue expenses, which are amortized on a straight-line basis over the life of the bond.

Business Research Tax Credit, Competitiveness and Employment Tax Credit

The Business Research Tax Credit and the Competitiveness and Employment Tax Credit (CICE) are accounted for as a reduction in corporate income tax.

The CICE for fiscal year 2015 in the amount of €303,000 was allocated to fund improvements to the Company's competitiveness.

Free share awards

When the Company buys back its own free shares in the market to award them under free share award plans, the cost of any buybacks carried out or to be carried out in order to meet obligations to beneficiaries of such plans is covered by a provision allocated on a *pro rata* basis over the free share vesting period, as specified in each plan (2 to 4 years, depending on the beneficiaries). At the end of the vesting period, the award of the treasury shares to the plan beneficiaries becomes final. The loss on disposal recognized at that point must be offset by a reversal of the previously recognized provision for impairment of treasury shares.

The net expense related to award plans for free shares purchased on the market, not including expenses rebilled to Group subsidiaries, is reclassified under "Personnel expenses" by way of a credit to the non-recurring expense transfer account. Treasury shares meant to be allocated to employees are recognized in "Short-term investments".

When the Company issues new shares to be used in free share award plans, no provision is recognized.

Treasury shares

Treasury shares that are not allocated to a free share award plan are recognized as financial assets.

Treasury shares allocated to a free share award plan or held under a liquidity contract are recognized as short-term investments.

Tax consolidation

The tax consolidation agreements between Ingenico Group SA, the head of the tax consolidation group, and the other companies in the tax consolidation group specify that each subsidiary pays the parent company an amount equal to the income tax the subsidiary would have been required to pay if it had been taxed as a separate entity, net of any loss carry-forwards and carry-backs to which the subsidiary would have been entitled in the absence of tax consolidation.

At the end of a loss-making year for a subsidiary, that subsidiary will have no claim against the parent company, even if the parent company has established a claim against the French Treasury electing to carry back the entire loss of the tax consolidation group.

If a subsidiary withdraws from the tax consolidation group, the parent company and the subsidiary will determine by mutual agreement whether the subsidiary has incurred additional costs as a result of tax consolidation, and if so, whether this entitles the subsidiary to compensation from the parent company.

Revenue recognition

Revenue from the sale of goods is recognized in profit or loss when the significant risks and rewards inherent to ownership of the goods have been transferred to the buyer. In practice, revenue is recognized when those risks have effectively been transferred as defined in the Incoterms that apply to the sale transaction.

Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion of the service at the reporting date.

When an invoice for services covers a future period, deferred income is recognized on a *pro rata* basis.

OCEANE Bonds

The decrease in financial liability and increase in capital resulting from the OCEANE conversions are recognized on the share delivery date.

OCEANE conversion requests received but not yet converted at the reporting date are not recognized.

Premiums on Ingenico Group SA stock options

The call option qualifies as a hedge of the OCEANE bond and, as such, the premium is recorded in a cash-flow instruments account and amortized on a straight-line basis over the life of the bond, pursuant to ANC regulation 2015-05 applicable since January 1, 2017.

NOTE 4 Changes in non-current assets and depreciation and amortization

Non-current assets

Items *(in thousands of euros)*	Gross value at 01/01/2016	Partial transfer of assets 05/01/2016	Increase	Transfers between items	Decrease	Carrying amount at 12/31/2016
Intangible assets						
• R&D, services & applications expenses	79,489	(13,701)	6,479 (1)	-	(4,054)	68,212
• Patents, licenses and trademarks	32,003	(27,716)	526	151 (2)	(298)	4,667
• Goodwill	222,863	(221,267)	-	-	-	1,596
• Other intangible assets:						
– Other	686	-	-	-	-	686
– Assets, R&D in progress, Other	-					-
– Other assets in progress	2,622	(3,019)	614	(151)	(66)	-
Property, plant and equipment						
• Building fixtures	1,740	(2,044)	304	-	-	-
• Facilities and equipment	37,490	(38,109)	1,264	-	(423)	221
• Other property, plant and equipment	21,981	(21,702)	1,014	-	(1,254)	39
Financial assets						
• Equity interests	1,913,496	-	356,050 (3)	-	-	2,269,546
• Loans and adv to subsidiaries & associates	11,210	-	13,710 (4)	-	(7,837) (5)	17,083
• Other financial assets	11,854	-	1,867 (6)	-	(4,271) (7)	9,450
TOTAL	**2,335,434**	**(327,558)**	**381,828**	**-**	**(18,203)**	**2,371,501**

(1) Includes €6,479,000 in capitalized research and development costs in the Hardware business.
(2) Includes €151,000 in internal software development costs.
(3) Includes €193,209,000 in Ingenico Terminals SAS (France) shares following the partial transfer of assets on May 1, 2016; includes €83,887,000 in Ingenico France SAS (France) shares following the partial transfer of assets on May 1, 2016; includes €46,555,000 in Nera Payment Solutions Pte. Ltd (Singapore) shares following the acquisition of the Nera Group; includes €16,883,000 in Ingenico Business Support (France) shares following the partial transfer of assets on May 1, 2016; includes €6,975,000 in Lyudia (Japan) share; includes €5,440,000 in Ingenico Holdings Asia (Singapore) shares following the capital increase; includes €2,350,000 in Ingenico Connected Screens (France) shares following the capital increase; includes €700,000 in Ingenico Financial Solutions (Belgium) shares following the capital increase.
(4) Includes €800,000 loan to Ingenico Connected Screens; includes €11,600,000 in dividends payable from Ingenico Holdings Asia.
(5) Includes €1 million repayment received from Ingenico Odeme (Turkey); includes €2,396,000 repayment received from Ingenico Iberia (Spain); includes €1,998,000 repayment from Ingenico PT Payment Solutions (Indonesia).
(6) Includes €1,867,000 in holdings in Partech Growth FCPI and Partech Entrepreneur II FCPI investment funds.
(7) Includes €3,988,000 for cancellation of 149,560 treasury shares.

Depreciation and amortization

Items *(in thousands of euros)*	Depreciation and amortization accumulated at 01/01/2016	Partial transfer of assets 05/01/2016	Increase	Transfers between items	Decrease	Depreciation and amortization accumulated at 12/31/2016
Intangible assets						
• Research and development expenses	43,736	(13,104)	9,129	-	(4,054)	35,707
• Patents, licenses and trademarks	24,196	(21,913)	1,760	-	(298)	3,746
• Goodwill	1,571	-	-	-	-	1,571
• Other intangible assets	686	-	-	-	-	686
Property, plant and equipment						
• Building fixtures	550	(626)	76			-
• Equipment and machinery	26,726	(27,564)	1,385		(326)	221
• Other property, plant and equipment	16,368	(15,938)	849		(1,254)	26
TOTAL	**113,833**	**(79,145)**	**13,199**	**-**	**(5,932)**	**41,956**

Breakdown of provisions for depreciation and amortization

Straight-line	Diminishing-balance	Non-recurring items
11,038	2,161	-

Changes in deferred charges

(in thousands of euros)	Amount at 01/01/2016	Increases for the fiscal year	Additions for the fiscal year	Amount at 12/31/2016
Deferred charges	8,647	2,477	(1,866)	9,258
Shares premium	900	-	(167)	733

NOTE 5 Equity interests

Subsidiaries[1] *(in thousands of euros)*	Currency of share capital and equity	Share capital	Reserves, retained earnings, and profit for the last fiscal year (before allocation)	Share of capital held	Carrying amount of shares held Gross	Carrying amount of shares held Net	Loans and advances granted by the Company and not yet repaid at 12/31/2016	Loans and advances received by the Company at 12/31/2016	Revenue before tax last fiscal year ended	Profit/(loss) of last fiscal year ended profit net or (loss)	Dividends by the Company during the of fiscal year 2016
		In thousands of currency units		*In %*	*In thousands of euros*						
DI DEUTSCHE INGENICO HOLDING GmbH Ratingen - Germany	EUR	212,874	(98,672)	100%	220,063	220,063	-	605	-	27,297	6,600
GCS Holding BV The Netherlands	EUR	19	190,124	100%	665,010	665,010	-	-	-	189	-
INGENICO BARCELONA, SA Madrid - Spain	EUR	7,302	1,447	-%	3	-	-	-	-	1,548	-
INGENICO BUSINESS SUPPORT SAS Paris - France	EUR	16,892	1,189	100%	16,893	16,893	15,998	-	-	758	-
INGENICO CANADA Ltd Ontario - Canada	CAD	-	22,061	100%	33,960	33,960	-	-	58,163	5,407	16,768
INGENICO CONNECTED SCREENS SAS Paris - France	EUR	2,935	(14)	80%	2,360	2,360	372	-	-	(14)	-
INGENICO CORP.[2] Alpharetta - United States	USD	-	54,797	100%	86,229	86,229	-	55	-	47	55,889
INGENICO CZ s.r.o. Prague - Czech Republic	CZK	3,750	56,222	100%	142	142	141	-	13,372	1,567	1,224
INGENICO DO BRASIL LTDA[2] Barueri - Brazil	BRL	39,292	7,047	100%	18,484	18,484	-	-	111,348	2,251	-
INGENICO E-COMMERCE SOLUTIONS BV The Netherlands	EUR	18	2,718	100%	19,998	19,998	-	-	12,613	1,629	1,350
INGENICO E-COMMERCE SOLUTIONS SAS France Paris - France	EUR	40	1,957	100%	23,000	23,000	-	-	18,153	1,991	1,150
INGENICO E-COMMERCE SOLUTIONS SPRL Brussels - Belgium	EUR	75,000	213,647	100%	556,832	556,832	-	54,652	50,925	7,627	7,000
INGENICO EASTERN EUROPE I SARL[2] Luxembourg	EUR	13	1,214	99%	905	905	1,001	2,410	-	1,067	819
INGENICO FINANCIAL SOLUTIONS SA Brussels - Belgium	EUR	1,781	2,155	100%	8,738	8,038	-	-	9,245	2,536	-
INGENICO France SAS Paris - France	EUR	83,479	(208)	100%	83,924	83,924	-	20,373	165,421	1,940	-
INGENICO GmbH Ratingen - Germany	EUR	3,607	2,218	100%	3,611	3,611	-	2,488	37,900	2,178	2,700
INGENICO HEALTHCARE GmbH Flintbeck - Germany	EUR	500	(370)	100%	1,850	1,850	146	-	3,768	(1,225)	-
INGENICO HOLDINGS ASIA Limited[2] Wanchai - Hong Kong	USD	114,847	3,530	80%	71,599	71,599	7	29,052	-	25,998	19,334
INGENICO HOLDINGS Asia II Limited Wanchai - Hong Kong	USD	33,594	(10,135)	100%	25,180	25,180	894	5,913	-	(233)	-
INGENICO HUNGARY Ltd Budapest - Hungary	HUF	3,000	364,242	100%	12	12	1,444	-	7,050	927	-
INGENICO IBERIA, SL[2] Madrid - Spain	EUR	8,115	22,989	100%	87,191	87,191	-	-	34,114	1,718	-
INGENICO ITALIA SpA[2] Milan (MI) - Italy	EUR	2,000	33,464	100%	2,588	2,588	4,428	-	121,286	9,778	-
INGENICO INTERNATIONAL INDIA PVT Ltd New Delhi - India	INR	325,702	232,723	100%	3,902	3,902	-	-	41,758	2,409	-

Subsidiaries[1] *(in thousands of euros)*	Currency of share capital and equity	Share capital	Reserves, retained earnings, and profit for the last fiscal year (before allocation)	Share of capital held	Carrying amount of shares held Gross	Carrying amount of shares held Net	Loans and advances granted by the Company and not yet repaid at 12/31/2016	Loans and advances received by the Company at 12/31/2016	Revenue before tax last fiscal year ended	Profit/(loss) of last fiscal year ended profit net or (loss)	Dividends by the Company during the of fiscal year 2016
	In thousands of currency units			*In %*	*In thousands of euros*						
INGENICO INTERNATIONAL (PACIFIC) PTY Ltd[2] Belrose - Australia	AUD	400	9,385	100%	252	252	-	10,141	54,710	4,676	3,345
INGENICO INTERNATIONAL (SINGAPORE) Pte Ltd Singapore	SGD	157	16,281	100%	101	101	-	28	99,391	4,654	-
INGENICO LATIN AMERICA Inc. [2] Miami, Florida - USA	USD	1	3,991	100%	418	418	6,615	12,343	36,900	2,405	-
INGENICO (UK) LIMITED[2] Northwich, Cheshire United Kingdom	GBP	1,000	48,018	100%	1,544	1,544	2,059	63,446	168,028	28,164	-
INGENICO LLC Saint-Petersburg - Russia	RUB	3,448	533,366	100%	15,178	15,178	-	-	65,737	7,039	5,795
INGENICO MEXICO SA de CV Mexico City - Mexico	MNX	50	45,183	-%	-	-	-	-	25,882	(1,197)	-
INGENICO ÖDEME SISTEM ÇÖZÜMLERI AŞ[2] İstanbul - Turkey	TRY	19,613	20,158	100%	18,170	18,170	-	-	64,023	2,684	-
INGENICO PAYMENT SYSTEMS Africa SARLAU Casablanca-Anfa Morocco	MAD	500	3,946	100%	45	45	-	-	1,048	213	-
INGENICO PREPAID SERVICES France SAS 75015 PARIS - France	EUR	500	1,073	100%	8,731	8,731	-	-	11,185	776	789
INGENICO SOFTWARE SERVICES PHILIPPINES Inc. Makati City - Philippines	PHP	9,200	(15,070)	100%	118	-	-	-	-	-	-
INGENICO (SUISSE) Granges-Paccot, Switzerland	CHF	140	1,785	100%	1,810	1,810	-	-	8,269	1,554	819
INGENICO TERMINALS SAS Paris - France	EUR	193,227	15,077	100%	193,246	193,246	-	156,352	445,469	21,408	8,500
INGENICO VENTURES SAS Paris - France	EUR	42,942	(2,894)	100%	42,942	29,139	16,358	-	-	(25)	-
NATURAL SECURITY SAS 59044 Lille -France	EUR	882	(115)	0%	774	-	-	-	-	(428)	-
M2M APPLICATIONS CARTES A MEMOIRES SA 20, Rue Moussa Bnou Noussair Casablanca - Morocco	MAD	2,250	-	31%	152	-	-	-	-	-	-
INGENICO 5 SAS Paris - France	EUR	10	(6)	100%	10	10	-	-	-	(5)	-
LYUDIA Inc. Tokyo - Japan	JPY	100,000	96,785	70%	6,975	6,975	-	-	2,704	(1,315)	-
INGENICO PAYMENT SOLUTIONS (Singapore) PTE Ltd Singapore - Singapore	SGD	-	210	100%	46,555	46,555	17,392	-	5,694	103	-
NERA INDONESIA Singapore - Singapore	USD	3,446,750	(5,391,749)	100%	53	53	-	-	1,502	20	-
TOTAL					**2,269,546**	**2,253,996**	**66,854**	**357,858**	**1,675,659**	**168,114**	**132,082**

(1) *Profit or loss data for foreign subsidiaries is translated into euros at the average exchange rate for the year and balance sheet items are translated at the closing rate.*

(2) *Sub-group.*

NOTE 6 Receivables

Items *(in thousands of euros)*	Gross amount	Up to 1 year	More than 1 year
Receivables on non-current assets			
Loans and advances to subsidiaries and associates	17,083	16,243	840
Other financial assets	9,450	-	9,450
Receivables on current assets			
Doubtful or disputed accounts	50	50	-
Other trade receivables	182,963	182,963	-
Income tax receivables	-	-	-
VAT receivables	8,874	8,874	-
Group current accounts - *cash pooling*	66,101	66,101	-
Other receivables	17,812	17,812	-
Prepaid expenses	2,822	2,674	148
TOTAL AT 12/31/2016	**305,155**	**294,717**	**10,438**
Total at 12/31/2015	**288,621**	**265,232**	**23,390**

NOTE 7 Short-term investments

Type of security *(in thousands of euros)*	Gross carrying amount	Net asset value	Impairment
Treasury shares	-	-	-
UCITS and other instruments classified as short-term investments	278,320	278,320	-
TOTAL SHORT-TERM INVESTMENTS	**278,320**	**278,320**	**-**

NOTE 8 Changes in shareholders’ equity and treasury shares

Ingenico’s share capital consists of 61,493,241 shares of €1 each, including 3,910,575 shares with double voting rights and 116,534 treasury shares.

During the year, 502,641 new shares were issued as by distribution or as stock dividends.

Changes in shareholders' equity

(in thousands of euros)	At January 1, 2016	Allocation of profit in 2015	Movements in 2016	At December 31, 2016
Share capital	60,991	503	- (1)	61,493
Issue premiums	823,382	43,951	3,988 (1)	863,345
Legal reserve	5,750	350	-	6,100
Retained earnings	209,354	290,660	-	500,014
Profit for the year	369,939	(369,939)	202,929	202,929
Regulated provisions	9,637	-	(3,972) (2)	5,665
2015 dividends paid in 2016	-	34,475	-	-
TOTAL	**1,479,053**	**-**	**194,969**	**1,639,547**

(1) – Cancellation of 149,560 treasury shares via a capital reduction of €149,000 and allocation of the difference between the acquisition price and the par value, in the amount of €3,838,000, against the issue premium.
– Capital increase of €149,000 set off against the issue premium.
(2) Including €4,694,000 for reversal of tax-accelerated depreciation and amortization as part of the partial transfers of assets.

Treasury shares

(in thousands of euros)	2016		2015	
	Quantity	Net amount *(in thousands of euros)*	Quantity	Net amount *(in thousands of euros)*
Unallocated treasury shares	116,534	2,746	276,294	7,035
Treasury shares held under the liquidity contract	-	-	-	-
TOTAL	**116,534**	**2,746**	**276,294**	**7,035**

Free share award plan and stock option plans

	2016				
	Shares outstanding at January 1	Shares granted during the year	Share awards exercised during the year	Shares canceled or expired; other movements	Free shares outstanding at December 31
Free share awards	217,700	18,610	18,200	8,450	209,660
Joint investment plan	182,190	-	141,560	5,310	35,320
TOTAL	**399,890**	**18,610**	**159,760**	**13,760**	**244,980**

As part of the free share award and joint investment plans that were launched in 2014 and whose vesting periods expired in 2016, 149,560 shares were allocated to beneficiaries through the issuance of new shares. The remaining shares exercised during the period were taken from treasury shares.

The Board of Directors, using the authorization granted by the shareholders on April 29, 2016, decided on July 26, 2016, to set up a new free share award plan for the Chairman and CEO of Ingenico Group SA.

The maximum number of 18,610 shares that may be awarded at the end of a three-year vesting period is based on conditions of continuous service, a performance condition associated with the Group's attainment of a specified level of EBITDA, and a performance condition associated with the Ingenico share price performance compared to the SBF 120 benchmark index.

NOTE 9 Provisions and impairments

(in thousands of euros)	Amount at 01/01/2016	Partial transfer of assets at 05/01/2016	Additions	Transfers between items	Rever-sals used	Rever-sals not used	Amount at 12/31/2016
I - Regulated provisions							
Tax-accelerated depreciation and amortization	9,637	-	2,026	-	(5,999)	-	5,665
TOTAL I	**9,637**	**-**	**2,026**	**-**	**(5,999)**	**-**	**5,665**
II - Provisions for liabilities and charges							
Provisions for litigation in comm. courts & industrial tribunals	6,941	-	1,054	-	(2,467)	(2,400)	3,128
Provisions for warranties	778	(669)	435	-	(543)	-	(0)
Provisions for foreign exchange losses	1,880	(1,193)	3,926	-	(3,029)	-	1,584
Provisions for retirement benefit obligations	7,055	(6,016)	298	-	-	-	1,337
Provisions for taxes	94	-	-	-	-	-	94
Other provisions for liabilities and charges[1]	11,963	(7,452)	3,245	-	(875)		6,881
TOTAL II	**28,712**	**(15,330)**	**8,957**	**-**	**(6,914)**	**(2,400)**	**13,025**
III - Impairment							
Property, plant and equipment	-	-	-	-	-	-	-
Financial assets	15,136	-	22	-	(77)	-	15,082
Inventories	7,192	(6,667)	6,255	-	(6,780)	-	(0)
Trade receivables	5,883	(5,901)	1,434		(1,366)	-	50
Other receivables	177	-	-	-	-	-	177
Short-term investments	-	-	-		-	-	-
TOTAL III	**28,388**	**(12,567)**	**7,711**	**-**	**(8,223)**	**-**	**15,309**
TOTAL I+II+III	**66,739**	**(27,896)**	**18,694**	**-**	**(21,135)**	**(2,400)**	**34,000**
Provisions and impairment:							
• for operating items			12,720		12,031	2,400	
• for financial items			3,949		3,105	-	
• for non-recurring items			2,026		5,999	-	

(1) Includes a €6,881,000 provision for risk of additional social security contributions.

NOTE 10 Bank borrowings and debt and other bond issues

(in thousands of euros)	Balance at 12/31/2016	Initial term	Maturity date
Medium-term borrowings			
2015 OCEANE bond issue	500,000	7 years	6/26/2022
2014 bond issue	450,000	7 years	5/20/2021
Accrued interest on loan(1)	5,404		
Short-term borrowings			
Bank overdrafts	123		
Cash instruments	-		
TOTAL	**955,526**		

(1) Includes a €5,404,000 accrued interest on 2017 bond issue.

Syndicated credit facility

On July 29, 2014, Ingenico Group SA contracted a €600 million syndicated credit facility maturing in 2019, structured as a €100 million term loan (fully repayable in July 2015) and a €500 million revolving credit facility. When drawn down, this facility bears interest at a variable rate (Euribor 1 to 6 months) plus margin.

In June 2016, the maturity of the syndicated credit facility was extended by two years to July 29, 2021.

On December 21, 2016, a rider was attached to the syndicated credit facility. The amount was increased to €750 million, two additional extension options (one year each) were granted and the bank syndicate was slightly expanded.

Note that the syndicated credit facility was undrawn at December 31, 2016 and is not subject to any financial covenants as of July 2016.

The initial issue expenses and renegotiation costs are amortized over the new term of the facility, *i.e.*, until July 29, 2021.

Bond issue

On May 20, 2014, the Company launched a €450 million bond issue (4,500 bonds with a par value of €100,000 each). The projected redemption date is May 20, 2021 and the annual coupon is set at 2.50%. The bond issue expenses are amortized over the initial term of the bond.

In 2016, as part of the approval of the demerger of Ingenico Group SA by the bondholders, additional costs were recorded in "Deferred charges" on the asset side of the balance sheet and were amortized at the same rate and under the same conditions as the initial costs.

2015 OCEANE bond

In 2015, Ingenico issued an OCEANE bond with a call date of June 26, 2015 and a maturity date of June 26, 2022. The total principal amount of the issue was €500 million, or 2,904,443 bonds with a par value of €172.15 each and a one-to-one conversion ratio. The bonds have no coupon.

The conversion ratio was adjusted after allocation of the 2015 dividend. One bond may now be converted into 1.002 new or existing Ingenico Group shares.

The issue costs of the OCEANE bond were recorded in "Deferred charges" for 2015 on the asset side of the balance sheet and amortized over the life of the bond (see Note 4).

In 2016, as part of the approval of the Ingenico Group SA demerger by the bondholders, additional costs were recorded in "Deferred charges" on the asset side of the balance sheet and amortized at the same rate and under the same conditions as the initial costs.

The risk of dilution that could result from this OCEANE bond has been partially hedged (see Note 1. "Major events of the period").

NOTE 11 Liabilities

(in thousands of euros)	Gross amount	Up to 1 year	More than 1 year and less than 5 years	More than 5 years
OCEANE bonds	500,000			500,000
Bond issue	455,404	5,404	450,000	
Bank borrowings and debt	123	123		
Other borrowings and liabilities	583,324	583,324		
Trade payables and related accounts	110,092	110,092		
Payroll and related expenses	7,949	7,949		
Social security and related liabilities	4,792	4,792		
Payables to government	36,435	36,435		
Other taxes and similar duties	10	10		
Other liabilities	1,967	1,967		
Deferred income	3,991	3,991		
TOTAL AT 12/31/2016	**1,704,084**	**754,084**	**450,000**	**500,000**
Total at 12/31/2015	**1,650,472**	**693,799**	**6,672**	**950,000**

NOTE 12 Accrued income and charges

Statement of accrued income *(in thousands of euros)*	**12/31/2016**	**12/31/2015**
Trade receivables and related accounts	25,439	38,018
Accrued income from social security bodies	9	10
Government operating grants	-	-
VAT receivables from government	-	-
Other receivables: Supplier credits earned but not yet received	-	-
Cash and cash equivalents	72	-
TOTAL ACCRUED INCOME	**25,521**	**38,030**

Statement of accrued charges *(in thousands of euros)*	**12/31/2016**	**12/31/2015**
Bank borrowings and debt	5,404	5,484
Trade payables and related accounts	34,914	33,038
Tax and social security liabilities	12,218	49,132
Other liabilities	550	1,939
TOTAL ACCRUED CHARGES	**53,086**	**89,593**

NOTE 13 Breakdown of revenue

Breakdown by geographical area *(in thousands of euros)*	**2016**	**2015**
France (mainland and overseas depts.)	31,144	135,785
Australia, China and Southeast Asia	45,176	103,661
Western and Central Europe	133,863	282,780
Americas	83,436	242,346
Middle East	21,110	35,936
Africa	10,113	31,604
TOTAL	**324,842**	**832,112**

NOTE 14 Average workforce

Employees	**2016**	**2015**
Executives and engineers	302	817
Clerical staff, technicians and supervisors	26	92
TOTAL	**328**	**909**

NOTE 15 Capitalized research and development costs

(in thousands of euros)	**2016**	**2015**
Capitalized research and development costs	6,479	10,333
Total R&D expenditure (costs and investment)	83,958	86,686
% of R&D costs capitalized	**8%**	**12%**

NOTE 16 Net financial income

Nature *(in thousands of euros)*	Notes	2016	2015
Financial income			
Income from equity interests	(1)	132,081	185,397
Foreign exchange gains		51,621	88,465
Income from other receivables	(2)	2,164	2,411
Gains on disposal of short-term investments		259	288
Reversal of provisions and account transfers	(3)	3,105	10,741
Other income	(4)	3,133	2,592
TOTAL FINANCIAL INCOME		**192,364**	**289,895**
Financial expenses			
Foreign exchange losses		49,576	93,845
Amortization and provisions	(5)	4,116	16,136
Interest expense		11,712	13,995
Net losses on disposal of short-term investments		81	136
Debt write-offs		-	-
Other financial expenses	(6)	459	1,672
TOTAL FINANCIAL EXPENSES		**65,944**	**125,784**
Net financial income		**126,420**	**164,112**

(1) Includes €132,081,000 in dividends received from subsidiaries (see Note 5).
(2) Interest on loans to subsidiaries and current accounts.
(3) Includes a €3,029,000 reversal of provision for foreign exchange losses.
(4) Includes €2,851,000 in interest on interest rate swaps.
(5) Includes a €3,926,000 provision for foreign exchange losses.
(6) Includes €459,000 in interest on interest rate swaps.

NOTE 17 Net non-recurring income

Nature *(in thousands of euros)*	2016	2015
Non-recurring income		
Gains on disposal of assets	-	28
Gains on capital transactions	-	95,790
Tax-accelerated depreciation and amortization reversals	5,999	5,189
Reversal of provision for free share awards	-	-
Reversal of provisions for liabilities	-	-
Reversal of provisions for litigation	-	-
Reversal of provisions for taxes	-	-
Account transfers	-	118
Reversal of shareholding provisions	-	-
Other	9	485
TOTAL NON-RECURRING INCOME	**6,007**	**101,610**
Non-recurring expenses		
Losses on disposal of assets	166	920
Tax-accelerated depreciation and amortization provisions	2,026	2,701
Provisions for free share awards	-	-
Provisions for litigation	-	-
Provisions for taxes	-	-
Restructuring charges, including severance pay	-	-
Losses on capital transactions	-	22,241
Losses on buybacks of shares	301	133
Penalties	1,203	2,177
Other	38	-
TOTAL NON-RECURRING EXPENSES	**3,735**	**28,170**
Non-recurring profit/loss	**2,272**	**73,440**

NOTE 18 Corporate income taxes

Income tax breakdown before and after non-recurring items

(in thousands of euros)	2016	2015
Profit for the year	202,929	369,939
Income tax on profit before current items	44,158	83,421
Income tax on non-recurring income and expenses	860	3,847
Contribution on dividends (3%)	1,063	899
TOTAL INCOME TAX	**46,080**	**88,096**
Profit before income tax	**249,009**	**458,035**

Changes in deferred tax liabilities

Type of temporary difference *(in thousands of euros)*	2016	2015
Tax effect at	**34.43%**	**38.00%**
Increases		
Regulated provisions		
Tax-accelerated depreciation and amortization	1,951	3,662
TOTAL INCREASE	**1,951**	**3,662**
Tax relief		
Provisions and accrued charges not deductible in accounting period		
Impairment of trade receivables	-	831
Solidarity contribution	138	122
Construction costs	58	119
Provision for retirement	460	2,681
Provision for recycling	-	415
Acquisition expenses	2,361	2,382
Equity interests	322	1,640
Other		
Translation differences (liabilities)	772	1,625
Other	-	43
TOTAL TAX RELIEF	**4,111**	**9,859**

NOTE 19 Executive compensation

Compensation paid to members of the administrative bodies in fiscal year 2016 amounted to €500,000. Compensation paid to management bodies amounted to €2,093,000.

NOTE 20 Audit fees

	2016	
(in thousands of euros)	KPMG SA	Mazars
Certification of annuals accounts	206	130
Other Services than certification of annuals accounts	66	43
TOTAL	**272**	**173**

NOTE 21 Off-balance sheet commitments

Commitments given *(in thousands of euros)*			2016	2015
Various guarantees			**6,917**	**7,989**
Liability warranty as part of **Sagem Denmark** disposal:			-	20,254
• Tax warranty valid until expiration of time limit for tax claims (May 2013, except for transfer pricing, which is valid until January 2016)				
Liability warranty as part of the disposal of 20% stake in **Ingenico Holdings Asia**:			24,795	24,007
• Standard warranties until October 2016				
• Tax warranties until June 2022				
• Basic warranties valid until expiration of time limit for tax claims				
As part of policy to hedge foreign exchange exposure:				
On existing assets and receivables and on future flows (valued at closing exchange rates)				
• Forward contracts to sell GBP	GBP 0	(GBP 8,482 in 2015)	-	11,557
• Forward contracts to purchase AUD	AUD (2,500)	(AUD 7,600 in 2015)	(1,713)	5,102
• Forward contracts to sell CAD	CAD 1,268	(CAD 5,974 in 2015)	894	3,952
• Forward contracts to purchase CAD	CAD 0	(CAD 361 in 2015)	-	239
• Forward contracts to sell USD	USD 0	(USD 13,200 in 2015)	-	12,125
• Forward contracts to purchase USD	USD 0	(USD 11,300 in 2015)	-	10,379
• Forward contracts to sell JPY	JPY 258,149	(JPY 541,743 in 2015)	2,092	4,500
• AUD currency swaps	AUD (12,277)	(AUD 4,819 in 2015)	(8,411)	(3,235)
• GBP currency swaps	GBP 54,583	(GBP 27,876 in 2015)	(63,752)	37,983
• CAD currency swaps	CAD 0	(CAD 7,879 in 2015)	-	5,212
• USD currency swaps	USD (13,150)	(USD 43,368 in 2015)	(12,475)	39,835
As part of policy to hedge interest rate exposure:				
Interest rate swaps (Nominal at closing)			225,000	330,000
Firm price orders placed by Ingenico Group SA with its manufacturers			-	111,216
Partech Growth			8,190	9,828
Partech Entrepreneur II			561	790

Commitments received *(in thousands of euros)*	2016	2015
Liability warranty received as part of Ogone acquisition.	89,325	89,325
With the following durations:		
• tax warranties expiring December 31, 2016;		
• corporate warranties of unlimited duration.		
Additional special warranty on tax losses related to the acquisition of the Luxembourg holding company, until 12/31/2016	-	750
Lyudia		
• General warranties: 24 months from April 26, 2016	3,647	-
• Tax warranties: 5 years	-	-
Acquisition shares of Ingenico Holdings Asia		
• Fondamental warranties of unlimited duration and amount	-	-
Neratel	13,846	-
• Basic warranties: unlimited		
• Tax warranties: 6 years		
• Other warranties: 1 year		

6.5 Statutory auditors' report on the parent company annual financial statements

Fiscal year ended December 31, 2016

To the Shareholders,

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

- our audit of the attached parent company annual financial statements of Ingenico Group SA;
- the justification of our assessments;
- the specific verifications and information required by law.

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

1. Opinion on the parent company annual 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 parent company annual financial statements are free of material misstatement. An audit includes examining, on a test basis or through other selection methods, evidence supporting the amounts and disclosures in the parent company annual financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the parent company annual financial statements give a true and fair view of the assets, liabilities, financial position and results of the Company for the preceding fiscal year in accordance with generally accepted accounting principles in France.

Without qualifying our opinion, we draw your attention to Note 1 "Major events of the period" to the parent company annual financial statements which presents the partial transfer of assets and liabilities and spin-off transactions of Ingenico Group SA businesses.

2. Justification of our assessments

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

- In Note 3 to the parent company annual financial statements, the section entitled "Financial assets" sets forth the accounting principles and methods used to calculate the value in use and impairment of equity interests and loans and advances to subsidiaries and associates.

  As part of our assessment of the accounting principles and methods used by your Company, we verified the suitability of the accounting principles and methods and the information provided, and we examined the implementation methods of the impairment tests, as well as the assumptions used.

  The underlying estimates retained for these tests used assumptions that are uncertain by nature, the realizations may differ significantly from the forward-looking statements used.

- Provisions for litigation and claims are recognized in accordance with the accounting principles and methods described in the section entitled "Provisions for litigation and claims" in Note 3 to the parent company annual financial statements.

  On the basis of information currently available, we have reviewed how the provisions have been estimated and we have verified that the notes to the parent company annual financial statements provide adequate disclosure.

These assessments were made as part of our audit of the parent company annual 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 checks 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 as to the fair presentation and the consistency with the parent company annual financial statements of the information given in the management report of the Board of Directors and in the documents addressed to the shareholders with respect to the Company's financial position and annual financial statements.

With regard to the information given as provided for in Article L.225-102-1 of the French Commercial Code on the compensation and benefits paid to the Company's directors and executive officers and on commitments made to them, we verified its consistency with the parent company annual financial statements or with the data used as a basis for preparing these financial statements and, where relevant, with the elements collected by your company from companies controlling your company or controlled by it. Based on our work, we attest to the accuracy and fair presentation of this information.

In accordance with French law, we have ensured that the required information concerning the purchase of equity interests and controlling interests in the Company and the names of the holders of shares or voting rights have been properly disclosed in the management report.

The statutory auditors

Paris-La Défense, February 23, 2017

KPMG Audit	Mazars
Department of KPMG SA	
Frédéric Quélin	Thierry Blanchetier
Partner	*Partner*

6.6 Five-year financial summary

Reporting date (12-month accounting period) *(in thousands of euros)*	**12/31/2012**	**12/31/2013**	**12/31/2014**	**12/31/2015**	**12/31/2016**
Capital at year end					
Share capital in thousands of euros	52,488	53,086	57,437	60,991	61,493
Number of ordinary shares issued	52,487,658	53,086,309	57,436,781	60,990,600	61,493,241
Key income statement data					
Revenue (excluding tax)	474,646	536,385	676,637	832,112	324,842
Profit before income taxes, profit-sharing, depreciation, amortization and provisions	125,782	136,317	239,575	491,999	261,034
Income tax (incl. contr. on dividends)	6,883	25,344	56,587	88,096	46,080
Employee profit-sharing for the year		1,530	4,341	4,387	1,631
EPS after income taxes, profit-sharing, depreciation, amortization and provisions	92,741	81,309	174,214	369,939	202,929
Dividends distributed	36,741	42,469	57,437	79,288	
Per-share data *(in euros)*					
EPS after income taxes, profit-sharing but before depreciation, amortization and provisions	2.27	2.06	3.11	6.55	3.47
EPS after income taxes, profit-sharing, depreciation, amortization and provisions	1.77	1.53	3.03	6.07	3.30
Dividend per share(1)	0.70	0.80	1.00	1.30	
Personnel					
Average number of employees	744	795	835	909	328
Total payroll	62,305	69,686	77,582	75,489	37,226
incl. free share awards	1,966	13	-	118	-
Total benefits incl. social security expenses	31,941	33,455	45,099	48,865	21,230

(1) The proposed dividend that will be submitted to the Combined Ordinary and Extraordinary Shareholders' Meeting of May 10, 2017 will be decided by the Board of Directors on February 23, 2017.

COMBINED ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING OF MAY 10, 2017

7

7.1 Draft agenda and proposed resolutions

Ordinary resolutions

Ordinary resolutions

First resolution – Approval of the annual financial statements for the year ended December 31, 2016 and approval of non-tax-deductible expenses.

Second resolution – Approval of the consolidated financial statements for the year ended December 31, 2016.

Third resolution – Allocation of net profit for the year and dividend.

Fourth resolution – Option to receive dividends in cash or in shares, determination of share price, rounding of fractional shares, option declaration period.

Fifth resolution – Statutory auditors' special report on the agreements covered under Article L.225-38 *et seq*. of the French Commercial Code (*Code de Commerce*).

Sixth resolution – Ratification of the provisional appointment of Ms. Caroline PAROT as a director.

Seventh resolution – Reappointment of Ms. Caroline PAROT as a director.

Eighth resolution – Reappointment of Mr. Bernard BOURIGEAUD as a director.

Ninth resolution – Advisory vote on the components of the compensation due or allocated to Mr. Philippe LAZARE, the Chairman and Chief Executive Officer, in respect of the year ended December 31, 2016.

Tenth resolution – Approval of the principles and criteria governing the determination, split and basis of the fixed, variable and non-recurring components of total compensation and benefits of any kind awarded to the Chairman and Chief Executive Officer.

Eleventh resolution – Authorization of the Board of Directors to repurchase Company shares, pursuant to Article L.225-209 of the French Commercial Code; duration, purpose, procedure, limit, and suspension of this authorization during a public offer period.

Extraordinary resolutions

Twelfth resolution – Delegation of authority to be granted to the Board of Directors to increase share capital by incorporating reserves, profits and/or premiums; duration of delegation, maximum nominal amount of the capital increase, settlement of fractions, and suspension of this authorization during a public offer period.

Thirteenth resolution – Delegation of authority to be granted to the Board of Directors to increase share capital by issuing ordinary shares and/or securities conferring entitlement to shares, with preferential subscription rights waived, to employees who are members of a company savings plan, pursuant to Articles L.3332-18 *et seq*. of the French Labor Code; duration of delegation, maximum nominal amount of the capital increase, issue price, possibility to grant free shares pursuant to Article L.3332-21 of the French Labor Code, suspension of this authorization during a public offer period.

Fourteenth resolution – Delegation of authority to be granted to the Board of Directors to issue ordinary shares, with preferential subscription rights waived, to employees, directors and executive officers of Group companies with registered offices outside France who are not members of a company savings plan; duration, maximum amount of the capital increase, issue price, suspension of this authorization during a public offer period.

Fifteenth resolution –Amendment to Article 12 of the Articles of Association.

Sixteenth resolution – Harmonization of Articles 4, 15, and 18 of the Articles of Association.

Seventeenth resolution – Powers for formalities.

Proposed resolutions for the Annual General Shareholders' Meeting

Ordinary resolutions

First resolution – Approval of the annual financial statements for the year ended December 31, 2016 and approval of non-tax-deductible expenses

The Annual General Shareholders' Meeting, deliberating with the quorum and majority required for ordinary meetings, after reviewing the reports of the Board of Directors, the Chairman of the Board and the statutory auditors for the year ended December 31, 2016, hereby approves the annual financial statements, as presented, which show a net profit of €202,929,232.61.

The shareholders approve the amount of expenses and charges as defined in Article 39-4 of the French General Tax Code, *i.e.*, €73,964, as well as the related tax liability.

Second resolution – Approval of the consolidated financial statements for the year ended December 31, 2016

The Annual General Shareholders' Meeting, deliberating with the quorum and majority required for Ordinary meetings, after reviewing the reports of the Board of Directors, the Chairman of the Board and the statutory auditors on the consolidated financial statements at December 31, 2016, hereby approves those financial statements, as presented, which show a net profit of €244,276,263.

Third resolution – Allocation of net profit for the year and dividend

The Annual General Shareholders' Meeting, upon the recommendation of the Board of Directors, deliberating with the quorum and majority required for Ordinary meetings, hereby resolves to allocate the net profit/(loss) for the year ended December 31, 2016 in the following manner:

2016 net results

- Net profit for the year €202,929,232.61
- Retained earnings €500,014,046.69

Allocation

- Legal reserve €50,000.00
- Dividends (1) €92,239.861.50

  Composed of:
  - Initial dividend €3,074,662.05
  - Additional dividend €89,165,199.45
- Retained earnings €610,653,417.80

The Annual General Shareholders' Meeting acknowledges that the total gross dividend per share is set at €1.50, and that the entire amount distributed as dividends is eligible for the 40% tax reduction referred to in Article 158-3-2 of the French General Tax Code.

The ex-dividend date is May 17, 2017.

Dividends will be paid on June 12, 2017.

The total amount of the dividend paid and therefore the amount allocated to retained earnings shall be adjusted for any difference between the number of shares entitled to dividends and the 61,493,241 shares that made up the share capital at December 31, 2016.

Pursuant to Article 243 bis of the French General Tax Code, the shareholders Note that the dividends and income paid in respect of the last three fiscal years were as follows:

	Dividends eligible for tax reduction		
Fiscal year	Dividends	Other amounts distributed	Dividends not eligible for tax allowance
2013	€42,469,047.20 (1) or €0,80 per share	-	-
2014	€57,436,781.00 (1) or €1 per share	-	-
2015	€79,287,780.00 (1) or €1,30 per share	-	-

(1) Including the amount of dividend not paid for treasury stock and allocated to retained earnings and the amount of dividend paid in shares.

Fourth resolution – Option to receive dividends in cash or in shares

The Annual General Shareholders' Meeting, deliberating with the quorum and majority required for Ordinary meetings, after reviewing the report of the Board of Directors and in accordance with Article 23 of the Company's Articles of Association, having noted that the entire issued share capital has been fully paid up, hereby resolves to grant to each shareholder, out of the total net dividend amount and in proportion to the shares held, the option to receive the dividend in cash or in new shares.

The price for shares issued as stock dividends shall be equal to 90% of the average price quoted for the Company's shares during the twenty trading days preceding the date of this Annual General Shareholders' Meeting, less the net amount of the dividend, in accordance with Article L.232-19 of the French Commercial Code.

If the net dividend amount to be distributed in shares does not correspond to a whole number of shares, the shareholder may opt to receive:

- either the whole number of shares just below that amount, along with a cash payment for the difference paid on the date on which the option is exercised;
- or the whole number of shares just above that amount, with the difference paid in cash by the shareholder.

Shareholders opting for a dividend paid in shares must exercise this option between May 17, 2017 and June 2, 2017 inclusive, through the relevant financial intermediaries authorized to pay the dividend. Beyond this time limit, only cash dividends shall be paid.

(1) The total dividend amount of €92,239.861.50 is based on the number of shares with dividend rights (equal to 61,493,241), including shares owned by the Company. The dividend payable on the shares owned by the Company on the ex-dividend date shall be allocated to "Retained earnings" at the time of payment. The total dividend amount and consequently the amount of retained earnings shall be adjusted according to the number of shares held by the Company on the ex-dividend date and, if applicable, the new shares entitled to dividends vested until that date, resulting from new free share awards or OCEANE bond conversion.

Dividends for those shareholders who opt for a cash payment are payable on June 12, 2017. Those shareholders who opt for a dividend in shares will receive the new shares on the distribution date for cash dividends, *i.e.*, June 12, 2017.

The shares issued in respect of the dividend payment shall be entitled to dividends from January 1, 2017.

The Annual General Shareholders' Meeting hereby resolves to grant the necessary powers to the Board of Directors, with the option to sub-delegate, to perform all actions required to implement this resolution, to record the number of shares issued and the capital increase arising from the new shares issued as stock dividends, to amend the Articles of Association accordingly, and to proceed with all publication and filing formalities.

Fifth resolution – Statutory auditors' special report on the agreements referred to in Article L.225-38 *et seq*. of the French Commercial Code

The Annual General Shareholders' Meeting, deliberating with the quorum and majority required for Ordinary meetings, and after reviewing the statutory auditors' special report referred to in Article L.225-40 of the French Commercial Code, acknowledges (i) the information about the agreements concluded and the commitments made in prior years, and (ii) the agreement referred to in that Article, signed in the fiscal year ended December 31, 2016 and approved by the General Shareholders' Meeting of April 29, 2016.

Sixth resolution – Ratification of the provisional appointment of Ms. Caroline PAROT as a director

The shareholders, deliberating with the quorum and majority required for ordinary meetings, hereby ratify the provisional appointment of Ms. Caroline PAROT as a director, made by the Board of Directors at its meeting of March 21, 2017, to replace Mr. Thibault POUTREL, who resigned.

As a result, Ms. Caroline PAROT will serve out the remaining term of office of her predecessor, *i.e.*, until the end of this Meeting.

Seventh resolution – Reappointment of Ms. Caroline PAROT as a director

The shareholders, deliberating with the quorum and majority required for ordinary meetings, hereby resolves to reappoint Ms. Caroline PAROT as a director for a term of three years, expiring at the end of the Shareholders' Meeting held in 2020 to approve the financial statements for the previous year.

Eighth resolution – Reappointment of Mr. Bernard BOURIGEAUD as a director

The Annual General Shareholders' Meeting, deliberating with the quorum and majority required for ordinary meetings, resolves to reappoint Mr. Bernard BOURIGEAUD as a director for a term of three years, expiring at the end of the meeting to be held in 2020 to approve the financial statements for the previous year.

Ninth resolution – Advisory vote on the components of the compensation due or allocated to Mr. Philippe LAZARE, the Chairman and Chief Executive Officer, in respect of the year ended December 31, 2016

The Annual General Shareholders' Meeting, deliberating with the quorum and majority required for ordinary meetings, having been consulted as recommended in Article 26.2 of the AFEP-MEDEF Corporate Governance Code of November 2016, which the Company uses as a reference in accordance with Article L.225-37 of the French Commercial Code, and having read the Board of Directors' report, hereby votes in favor of the components of the compensation due or allocated to Mr. Philippe LAZARE, the Chairman and Chief Executive Officer, in respect of the year ended December 31, 2016, as presented in that report.

Tenth resolution – Approval of the principles and criteria governing the determination, split and basis of the fixed, variable and non-recurring components of total compensation and benefits of any kind awarded to the Chairman and Chief Executive Officer

The Annual General Shareholders' Meeting, deliberating with the quorum and majority required for ordinary meetings, in accordance with Article L.225-37-2 of the French Commercial Code, hereby votes in favor of the principles and criteria for calculating, splitting and allocating fixed, variable and non-recurring components of compensation and benefits of any kind, attributable by reason of his corporate functions to the Chairman and Chief Executive Officer, as disclosed in the report attached to the report mentioned in Articles L.225-100 and L.225-102 of the French Commercial Code, presented in Section 3.3.1.1.1 of the 2016 Registration Document.

Eleventh resolution – Authorization to be granted to the Board of Directors to repurchase Company shares, pursuant to Article L.225-209 of the French Commercial Code

The Annual General Shareholders' Meeting, deliberating with the quorum and majority required for ordinary meetings, and after reviewing the Board of Directors' report, hereby authorizes the Board for a period of 18 months in accordance with Articles L.225-209 *et seq*. of the French Commercial Code to trade in Company shares on the stock exchange or in any other way on one or more occasions.

This authorization is intended to allow the Company to do the following:

- hold and use Company shares as a means of exchange or consideration in external growth transactions, in compliance with current laws and regulations;
- use Company shares in connection with the exercise of rights attached to Company securities conferring immediate or future entitlement to Company shares through conversion, exercise, redemption or exchange, presentation of a warrant or by any other means, and carry out any transactions required to hedge the Company's obligations in connection with these securities, in accordance with stock market regulations and at the time that the Board of Directors or any person to whom the Board has delegated its powers may act;

- implement any Company stock option plan granted in accordance with Articles L.225-177 *et seq*. of the French Commercial Code, any award, in accordance with Articles L.225-197-1 *et seq*. of the French Commercial Code, of Company shares for free to employees, directors and executive officers, whether as part of their compensation, as a means to allow them to benefit from the Company's growth, in the context of Company or Group employee shareholding or savings plans and/or any other form of share allocation programs for employees and/or directors and executive officers of the Group, and to carry out any transactions required to hedge the Company's obligations in connection with these programs, in accordance with stock market regulations and at the time that the Board of Directors or any person to whom the Board has delegated its powers may act;
- maintain a liquid market for the Company's shares *via* a liquidity contract with an independent investment service provider that complies with the code of ethics approved by the regulation;
- cancel some or all of the Company's shares bought back with the intention of reducing the share capital, in accordance with an authorization granted or to be granted by the Extraordinary Shareholders' Meeting;

and in general act for any legally authorized purpose.

The Shareholders' Meeting hereby resolves that the number of Company shares acquired under this authorization shall not exceed 10% of the total number of shares making up the share capital on the date of purchase, after deducting the number of shares resold during the program to maintain a liquid market for the Company's shares, while noting that the share acquisitions made by the Company may under no circumstances permit the Company to hold more than 10% of its total share capital, either directly or indirectly. For indicative purposes, on the basis of the share capital at December 31, 2016 (divided into 61,493,241 shares), and taking into account the 116,534 treasury shares held at that date, the Company would be authorized to purchase up to 6,032,790 shares.

Shares may be acquired by any means including, where applicable, trading in derivatives and options on regulated or over-the-counter markets, provided that use of such means does not significantly increase the volatility of the Company's share price.

The Board of Directors may not, unless previously authorized by a General Shareholders' Meeting, make use of this delegation of authority at any time during a public offer launched on the Company's shares by a third party until the end of the offer period.

Shares may be purchased by any means, including the acquisition of blocks of shares, and at such times as the Board of Directors decides.

The purchase price per share is not to exceed €180. On the basis of the share capital at December 31, 2016, including the treasury shares held by the Company at that date, the maximum consideration the Company could pay, if purchasing shares at the maximum price of €180, would be €1,085,902,200.

In the event of capital increases carried out through incorporation of retained earnings or free share awards, or in the event of stock splits or reverse splits, depreciation or reduction of the share capital, or any other transaction affecting the share capital, the aforementioned price shall be adjusted by a multiplier equal to the ratio between the number of shares that made up the share capital prior to the transaction and the number of shares after the transaction.

In order to ensure the implementation of the present authorization, the Board of Directors is hereby granted the necessary powers to proceed, with the option to sub-delegate, in particular to decide whether a repurchase program is appropriate and to determine the procedures for carrying out such a program, to draft and issue a fact sheet about the program, to place all orders on the stock market, to sign all deeds of transfer or assignment, to enter into any agreements required, particularly for the keeping of records of share purchases and sales, to carry out any filings with the AMF and any other body, as well as any other formalities, including allocating or reallocating purchased shares for their various intended purposes, and generally to do whatever is required.

The present authorization is hereby granted for a period of 18 months from the date of this Annual General Shareholders' Meeting and replaces the authorization granted to the same effect by the Annual General Shareholders' Meeting of April 29, 2016.

Extraordinary resolutions

Twelfth resolution - Authorization to the Board of Directors to increase share capital by incorporating retained earnings, profits and/or premiums

The Annual General Shareholders' Meeting, deliberating with the quorum and majority required for ordinary meetings, after reviewing the report of the Board of Directors and in accordance with Articles L.225-129-2 and L.225-130 of the French Commercial Code:

1) delegates to the Board of Directors the authority to increase share capital on one or more occasions at times and on terms of its choosing, by incorporating retained earnings, profits, premiums and other capitalizable funds, by issuing and granting free shares or by increasing the nominal value of existing ordinary shares, or by a combination thereof;
2) resolves that should the Board of Directors use this authorization, in accordance with Article L.225-130 of the French Commercial Code, to increase share capital by allocating free shares, any fractional rights shall not be tradable or transferable but that the corresponding equity securities shall be sold, with the proceeds from such sales allocated to the owners of the corresponding rights, within the timeframe stipulated in the regulations;
3) grants this authorization for a period of 26 months from the date of this Meeting;
4) resolves that the nominal value of the capital increase under this resolution must not exceed €10,000,000 not including any amount needed to safeguard the legal rights of holders of securities conferring entitlement to shares;
5) resolves that, unless previously authorized by the Annual General Shareholders' Meeting, the Board of Directors may not make use of this delegation of authority at any time during a public offer period initiated on the Company's shares by a third party, and until the end of the offer period;
6) grants to the Board of Directors all powers to implement this resolution and in general to do everything necessary to achieve the capital increase including all formalities, to confirm its completion, and to make any corresponding amendments to the Articles of Association;
7) acknowledges that this authorization, as of this date, negates and supersedes all unused previous authorizations intended for the same purpose.

Thirteenth resolution – Delegation of authority to be granted to the Board of Directors to increase the share capital by issuing ordinary shares and/ or securities conferring entitlement to shares, with preferential subscription rights waived, to employees who are members of a company savings plan, pursuant to Articles L.3332-18 *et seq.* of the French Labor Code

The shareholders, deliberating with the quorum and majority required for extraordinary meetings, after reviewing the report of the Board of Directors and the statutory auditors' special report, and in accordance with Articles L.225-129-6, L.225-138-1 and L.228-92 of the French Commercial Code and Articles L.3332-18 *et seq*. of the French Labor Code, hereby resolve to:

1) delegate their authority to the Board of Directors, at its discretion, to increase the share capital in one or more transactions by issuing ordinary shares or securities conferring entitlement to Company shares to employees who are members of one or more Company or Group savings plans established by the Company and/or the French or foreign entities under its control, as defined in Article L.225-180 of the French Commercial Code and in Article L.3344-1 of the French Labor Code;
2) waive, for the benefit of such people, any preferential subscription rights on shares that may be issued under this delegation of authority;
3) grant this delegation of authority for a period of 26 months from the date of this meeting;
4) limit the aggregate nominal amount of the capital increase or increases carried out under this delegation of authority to 2% of the share capital as of the date of the decision by the Board of Directors; this limit is independent of any other maximum limits set in authorizations to increase the share capital. This limit shall not include the aggregate par value of any additional ordinary shares to be issued, in compliance with applicable laws and with any contractual obligations regarding other adjustments to issues, in order to safeguard the rights of holders of securities conferring entitlement to Company shares;
5) resolve that the subscription price of the shares to be issued pursuant to paragraph 1) of this resolution shall not be more than 20% lower than the average of the opening prices quoted for the Company's shares on the stock market over the 20 trading days preceding the date of the Board of Directors' decision to carry out a capital increase and the corresponding share issue, or more than 30% lower if the vesting period provided for in the savings plan in accordance with Articles L.3332-25 and L.3332-26 of the French Labor Code is ten years or more, nor may the subscription price exceed said average;
6) resolve that the Board of Directors shall be authorized, pursuant to Article L.3332-21 of the French Labor Code, to award new or existing shares, or other securities conferring entitlement to the Company's shares, free of consideration, to the beneficiaries mentioned in the first paragraph above, either (i) to provide the matching contributions required by the Company or Group savings plan regulations and/or (ii) to offset any discount to the share price;
7) resolve that, unless previously authorized by the Annual General Shareholders' Meeting, the Board of Directors may not make use of this delegation of authority at any time during a public offer period initiated on the Company's shares by a third party, and until the end of such an offer period;
8) acknowledge that this delegation of authority cancels and replaces any previous delegation of authority with the same purpose.

The Board of Directors shall be empowered to decide whether or not to make use of this delegation of authority, and to perform all necessary acts and proceed with the requisite formalities.

Fourteenth resolution – Delegation of authority granted to the Board of Directors to issue ordinary shares, with preferential subscription rights waived, to employees, directors and executive officers of Group companies with registered offices outside France who are not members of a company savings plan

The shareholders, deliberating with the quorum and majority required for extraordinary meetings, after reviewing the report of the Board of Directors and the statutory auditors' special report, and in accordance with Articles L.225-129-2 and L.225-138 of the French Commercial Code, hereby:

1) delegate their authority to the Board of Directors, with the option to sub-delegate as provided for by law, to issue ordinary Company shares, in one or more transactions, reserved for employees, directors and executive officers of subsidiaries under the Company's control as defined in Article L.233-16 of the French Commercial Code, which have their head office outside France (hereinafter the "Subsidiaries"), which may be paid for either in cash or by offsetting receivables;
2) resolve that (i) the aggregate nominal amount of the capital increases carried out under this delegation of authority shall not exceed 2% of the share capital on the date of the decision by the Board of Directors setting the start of the subscription period, while noting that this limit does not include the aggregate nominal amount of any additional ordinary shares of the Company to be issued in compliance with current laws and with any contractual obligations regarding other adjustments to issues, in order to safeguard the rights of holders of securities or other rights entitling them to Company shares; and (ii) the aggregate nominal amount of any increases in the Company's share capital, carried out immediately or in the future, resulting from the issuance of shares under this delegation of authority, shall not be subject to any other limit with respect to authorizations to increase the share capital;
3) acknowledge that the Board of Directors, with the option to sub-delegate as provided for by law, may decide to issue shares reserved for employees, directors and executive officers of Subsidiaries concurrently with, or independently of, one or more share subscriptions open to existing shareholders, to employees who are members of a Group savings plan or to third parties;
4) resolve that the subscription price for the new shares shall be determined by the Board of Directors on the date that it shall set the start of the subscription period, using one of the following two methods, at the discretion of the Board of Directors:
   - the subscription price shall be equal to the average of the opening prices quoted for Ingenico Group's shares on the Euronext Paris stock market over the twenty trading days preceding the date of the Board of Directors' decision, less a maximum discount of 20%, or
   - the subscription price shall be equal to the opening price quoted for Ingenico's shares on the Euronext Paris stock market on the date of the Board's decision, less a maximum discount of 20%; the method to be applied

or the amount of discount to be deducted may vary according to the capital increases or the beneficiaries involved;

5) resolve to waive shareholders' preferential subscription rights to shares to be issued to employees, directors and executive officers of the Subsidiaries;

6) resolve that the Board of Directors shall have the necessary powers, with the option to sub-delegate as provided for by law, to implement this delegation of authority and to accomplish the following in particular:
   - determine the date, terms and methods to be used in the issue of shares with or without premiums, and determine the aggregate number of shares to be issued,
   - determine the list of beneficiaries among employees, directors and executive officers of the Subsidiaries,
   - determine the number of shares that may be subscribed by each of them,
   - set the subscription price of the shares, in compliance with the methods set forth in 4) above,
   - set the terms of payment for the shares within the statutory framework,
   - set the date from which the shares to be issued shall be entitled to dividends,
   - limit the amount of the issue to the amount of subscriptions, where relevant within any regulatory limits in force,
   - if applicable, charge any costs against the issue premium or premiums, particularly issuance costs,
   - if applicable, request the admission of the new shares to trading on the Euronext Paris stock market or on any other regulated stock market,
   - enter into any agreements required to ensure the successful completion of the planned issues and amend the Articles of Association accordingly,
   - do whatever is necessary to safeguard the rights of holders of securities conferring future entitlement to Company shares in compliance with applicable laws and regulations, and
   - generally determine the terms and conditions for the transactions carried out pursuant to this resolution, record the resulting capital increase and perform all legal formalities required in compliance with Articles L.225-129-2 and L.225-138 of the French Commercial Code;

7) resolve that, unless previously authorized by the Annual General Shareholders' Meeting, the Board of Directors may not make use of this delegation of authority at any time during a public offer period initiated on the Company's shares by a third party, and until the end of such an offer period;

8) resolve that this delegation of authority is hereby granted for a period of 18 months from the date of this meeting and cancels and replaces any remaining unused balance under any previous delegation of authority with the same purpose.

Fifteenth resolution – Amendment to Article 12 of the Articles of Association

The Annual General Shareholders' Meeting, deliberating with the quorum and majority required for extraordinary meetings, after reviewing the report of the Board of Directors, hereby resolves to amend paragraph 1 of Article 12 of the Articles of Association, to delete the requirement for directors to be appointed from among the shareholders.

Accordingly, the shareholders hereby resolve to amend paragraph 1 of Article 12 of the Articles of Association as follows, the rest remaining unchanged:

"Appointment of directors: The Company is administered by a Board composed of 3 to 13 members."

Sixteenth resolution – Harmonization of Articles 4, 15 and 18 of the Articles of Association

The Annual General Shareholders' Meeting, deliberating with the quorum and majority required for extraordinary meetings, after reviewing the report of the Board of Directors, hereby resolves to harmonize the Articles of Association with applicable laws as follows:

- Regarding moving head office:
   - make the Articles of Association consistent with Article L.225-36 of the French Commercial Code as amended by law 2016-1691 of December 9, 2016,
   - consequently amend as follows the last paragraph of Article 4 of the Articles of Association, the rest remaining unchanged,

   "The Board of Directors may decide to move the head office to any other place in France subject to ratification by the next Ordinary General Shareholders' Meeting".
- Regarding related party agreements:
   - make the Articles of Association consistent with Article L.225-39 of the French Commercial Code as amended by Order 2014-863 of July 31, 2014 and Article L.225-40 of the French Commercial Code as amended by law 2016-1691 of December 9, 2016,
   - consequently amend as follows paragraph 4 of Article 15 of the Articles of Association, the rest remaining unchanged:

   "The party concerned shall notify the Board of any agreement that requires authorization. It cannot vote on the requested authorization. The Chairman of the Board of Directors notifies the statutory auditors of all agreements that have been authorized and concluded, as noted above, and submits them for ratification by the next Ordinary General Meeting. The statutory auditors present their assessment of those agreements in a special report to the meeting, which then votes upon it. The party concerned cannot vote or be counted in the quorum for the meeting or for voting purposes."
- Regarding statutory auditors:
   - make the Articles of Association consistent with Article L.823-3-1 of the French Commercial Code as amended by Order 2016-315 of March 17, 2016,
   - consequently amend as follows the first sentence of paragraph 2 of Article 18 of the Articles of Association, the rest remaining unchanged:

   "Statutory auditors are eligible for reappointment in accordance with applicable regulations."

Seventeenth resolution – Powers for formalities

The shareholders hereby grant all powers necessary to accomplish the filing and publication formalities required by law to anyone in possession of an original, copy or extract of this report.

7.2 Presentation of the resolutions

Ordinary resolutions

First and Second resolutions – Approval of the parent company and consolidated financial statements for the year ended December 31, 2016 and approval of non-tax-deductible expenses

The Board of Directors requests that you approve the parent company financial statements for the year ended December 31, 2016, which show a profit of €202,929,232.61, as well as the consolidated financial statements for the year ended December 31, 2016, which show a profit of €244,276,263.

We also request that you approve the total expenses and charges as defined in point 4 of Article 39 of the French General Tax Code, *i.e.*, €73,964, as well as the related tax liability, *i.e.*, €25,466.

Allocation of net profit for the year and dividend (third resolution)

The proposed allocation of our Company's net profit for the year is in compliance with the law and our Articles of Association.

We propose that the net profit for the year ended December 31, 2016 be allocated as follows:

2016 net results

- Net profit for the year €202,929,232.61
- Retained earnings €500,014,046.69

Allocation

- Legal reserve €50,000.00
- Dividends [(1)] €92,239.861.50

  Composed of:
  - Initial dividend: €3,074,662.05
  - Additional dividend: €89,165,199.45
- Retained earnings €610,653,417.80

Accordingly, the gross dividend per share would be €1.50. Dividends paid to natural persons residing in France are eligible for the 40% tax reduction mentioned in Paragraph 2 Section 3 of Article 158 of the French General Tax Code.

The ex-dividend date is May 17, 2017.The dividend would be paid out on June 12, 2017.

Please Note that the total amount of the dividend paid and therefore the amount allocated to retained earnings shall be adjusted for any difference between the number of shares entitled to dividends and the 61,493,241 shares that made up the share capital at December 31, 2016.

Pursuant to Article 243 bis of the French Tax Code, the shareholders Note that the net dividends paid for the last three fiscal years were as follows:

	Dividends eligible for tax reduction		
Fiscal year	Dividends	Other amounts distributed	Dividends not eligible for tax allowance
2013	€42,469,047.20[(1)] or €0.80 per share	-	-
2014	€57,436,781.00[(1)] or €1 per share	-	-
2015	€79,287,780.00[(1)] or €1.30 per share	-	-

(1) Including the amount of dividend not paid for treasury stock and allocated to retained earnings and the amount of dividend paid in shares.

(1) The total dividend amount of €92,239.861.50 is based on the number of shares with dividend rights (equal to 61,493,241), including shares owned by the Company. The dividend payable on the shares owned by the Company on the ex-dividend date shall be allocated to "Retained earnings" at the time of payment. The total dividend amount and consequently the amount of retained earnings shall be adjusted according to the number of shares held by the Company on the ex-dividend date and, if applicable, the new shares entitled to dividends vested until that date, resulting from new free share awards or OCEANE bond conversion.

Option to receive dividends in cash or in shares (fourth resolution)

We propose, in accordance with Article 23 of the Company's Articles of Association, that you be given the option to receive dividends in cash or in shares for the total net dividend amount to which you are entitled.

The price for shares issued as stock dividends shall be equal to 90% of the average price quoted for the Company's shares during the twenty trading days preceding the date of this meeting, less the net amount of the dividend, in accordance with Article L.232-19 of the French Commercial Code.

If the net dividend amount to be distributed in shares does not divide up into a whole number of shares, the shareholder may opt to receive:

- either the whole number of shares just below that amount, along with a cash payment for the difference paid on the date on which the option is exercised;
- or the whole number of shares just above that amount, with the difference paid in cash by the shareholder.

Shareholders opting for a dividend paid in shares must exercise this option between May 17, 2017 and June 2, 2017 inclusive, through the relevant financial intermediaries authorized to pay the dividend. Beyond this time limit, only cash dividends shall be paid.

Dividends for those shareholders who opt for a cash payment are payable on June 12, 2017. Shareholders who opt for a stock dividend will receive the newly-issued shares on the distribution date for cash dividends, *i.e.*, June 12, 2017.

The shares issued as stock dividends will be entitled to dividends from January 1, 2017.

The Board of Directors shall have the necessary powers to implement this resolution.

Report of the statutory auditors on related-party agreements (fifth resolution)

We request that you (i) acknowledge that no new related-party agreements were entered into during the year ended December 31, 2016 besides the agreement regarding commitments made by your Company to the Chairman and Chief Executive Officer and approved by the Annual General Shareholders' Meeting of April 29, 2016 and (ii) acknowledge the agreements approved in prior years by the Annual General Shareholders' Meeting and which remained in effect during the year.

The related party agreements approved in prior years by the Annual General Shareholders' Meeting and which remained in effect during the year ended December 31, 2016 were as follows: (i) the agreement with Cryptolog International Inc. to provide its Cryptolog Identity PKI solution in SaaS mode as part of its normal operations, and (ii) the agreement concerning the contractual indemnity due in the event of early termination of the Chairman and Chief Executive Officer. This is a talent retention tool that is part of his compensation package as Chief Executive Officer.

Appointment of directors (sixth to eighth resolutions)

On the recommendation of the Appointments and Governance Committee, the Board of Directors asks the shareholders (i) to ratify the provisional appointment of Ms. Caroline PAROT on March 21, 2017 to replace Mr. Thibault POUTREL, and (ii) to renew the terms of office of Ms. Caroline PAROT and Mr. Bernard BOURIGEAUD for three years each.

Following the General Shareholders' Meeting of May 10, 2017, subject to the shareholders' affirmative vote on the propositions below, the Board of Directors will be composed of nine directors, including four women (*i.e.*, over 44%), with a nearly 89% rate of independence of its members in line with the legal requirements and guidelines of the AFEP-MEDEF Code of November 2016.

Ratification of the provisional appointment of Ms. Caroline PAROT (sixth resolution)

We request that you ratify the provisional appointment of Ms. Caroline PAROT, made by the Board of Directors on March 21, 2017 to replace Mr. Thibault POUTREL, who resigned.

Caroline PAROT will serve out the remaining term of office of her predecessor, *i.e.*, until the end of this Meeting.

Information about Caroline PAROT is presented in section 3.2 of this Registration Document.

Reappointment of Ms. Caroline PAROT (seventh resolution)

In the seventh resolution, the Board of Directors requests that you reappoint Ms. Caroline PAROT for a term of three years, expiring at the end of the Annual General Shareholders Meeting to be held in 2020, called to approve the financial statements for the year ended December 31, 2019.

Information about Caroline PAROT is presented in section 3.2 of this Registration Document.

Reappointment of Mr. Bernard BOURIGEAUD (eighth resolution)

The Board of Directors requests in eighth resolution that you reappoint Mr. Bernard BOURIGEAUD for a term of three years, expiring at the end of the Annual General Shareholders' Meeting to be held in 2020, called to approve the financial statements for the year ended December 31, 2019.

Information about Mr. Bernard BOURIGEAUD is presented in section 3.2 of this Registration Document.

Advisory vote on the components of compensation due or allocated to Mr. Philippe LAZARE in respect of the year ended December 31, 2016 (ninth resolution)

As recommended in Article 26-2 of the AFEP-MEDEF Corporate Governance Code for listed companies, as revised in November 2016, which the Company uses as a reference, we ask that you take an advisory vote on the components of the compensation due or allocated to Mr. Philippe LAZARE, the Chairman and Chief Executive Officer, in respect of the year ended December 31, 2016, as presented here:

For further information, please refer to section 3.3.1 of this Registration Document.

Components of compensation due or allocated for the fiscal year	Amounts or accounting estimates submitted to a vote	Description
Fixed compensation	€800,000	Philippe LAZARE's fixed compensation was set at €800,000 as of January 1, 2016; it will remain unchanged for the length of his term of office, which was renewed for three years on April 29, 2016. It was determined based on a comparative study of the compensation structures and levels for directors and executive officers of a representative sample of French and international companies operating in technology markets or in the payment industry.
Annual variable compensation	€1,097,377	As recommended by the Compensation, Appointments and Governance Committee, and following validation of the financial components by the Audit and Financing Committee, the Board of Directors set the amount of variable compensation payable to Mr. Philippe LAZARE in respect of 2016 at its meeting of February 23, 2017. Based on the quantitative and qualitative criteria chosen by the Board on February 18, 2016 and considering the Company's performance at December 31, 2016 as follows: ● in quantitative terms: consolidated revenue growth (99% of the target achieved), consolidated EBITDA (94% of the target achieved), and free cash flow (116% of the target achieved). Given the relative weight of each criterion, the overall weighted target achievement rate comes to 93%; ● in terms of the qualitative criteria: the maximum percentage (100%) in two of the four criteria, namely: (i) accelerating the growth of the ePayments division and (ii) the commercial roll-out of multichannel offers. The third criterion, which measures the delivery of acquisition projects, was given an achievement rate of 70% against the targets set for 2016. Finally, the fourth criterion, relating to the continued transformation of the Smart Terminals business, was given an achievement rate of 80% of the target, due to the fact that some actions were delayed until 2017. As a result, Philippe LAZARE's variable compensation for 2016 was set at 91% of his target variable compensation *i.e.* €1,097,377. This represents 137% of his annual fixed compensation for 2016 (for a target rate of 150%).
Deferred variable compensation	n.a.	No deferred variable compensation has been awarded to Mr. Philippe LAZARE.
Multi-year variable compensation	n.a.	No multi-year variable compensation has been awarded to Mr. Philippe LAZARE.
Exceptional compensation	n.a.	No exceptional compensation has been awarded to Mr. Philippe LAZARE.
Stock options, performance shares and any other long-term forms of compensation	Stock options = n.a.	No stock options were granted in 2016.
	18,610 shares = €1,650,969 (book value as at December, 31 2016) Or 0.03% of the share capital Other components = n.a.	As part of its long-term incentive policy, on July 26, 2016, the Board of Directors awarded 18,610 performance shares to the Chairman and Chief Executive Officer under the 30th resolution of the Extraordinary Shareholders' Meeting held on April 29, 2016. The award of performance shares is contingent on the achievement of two performance criteria detailed below and evaluated at the end of the three-year vesting period: ● internal criterion: related to the Group's financial and operational performance: EBITDA in line with its market guidance. Vesting thresholds for shares are as follows: 25% of shares vested at 90% achievement of the target; 50% of shares vested at 95% achievement of the target; 75% of shares vested at 100% achievement of the target, and 100% of shares vested at or above 105% achievement of the target; ● external criterion: performance of the Company's share price in line with that of the SBF 120. Vesting thresholds for shares are as follows: 50% of shares vested at 95% achievement of the target; 75% of shares vested at 105% achievement of the target and 100% of shares vested at or above 110% achievement of the target.
Directors' attendance fees	n.a.	No attendance fees are paid to Mr. Philippe LAZARE.
Value of all benefits in kind	€12,869	Philippe LAZARE has been provided with a company car and insurance for loss of corporate office.

Components of compensation due or allocated for the fiscal year and voted on by the Annual General Shareholders' Meeting under the procedure for related party agreements and commitments	Amounts voted on	Description
Termination benefits	No termination benefits are due in respect of 2016	In compliance with the Board's decision of February 18, 2016, approved by the Annual General Shareholders' Meeting on April 29, 2016 in its sixth ordinary resolution, in the event that Mr. LAZARE's mandate is terminated the following arrangement shall apply, based on performance criteria: (i) 18 months' Reference Compensation in the event of forced termination due to a change of control or (ii) 12 months' Reference Compensation in other cases of forced termination connected with a change of strategy, and subject to the performance conditions set for the calculation of his variable compensation. The "Reference Compensation" shall be equal to the average monthly fixed and variable compensation received by Mr. Philippe LAZARE in respect of his position as Chairman and Chief Executive Officer over the last two financial years preceding the date of termination. Payment of the Termination Benefit will be based on the average level of achievement of the targets set for Mr. Philippe LAZARE's variable compensation over the last two financial years preceding the date of termination of appointment. He shall maintain his entitlement to the free shares for which the *vesting period* has not expired, prorated to his length of service and subject to performance conditions.
Benefits in connection with a non-competition clause	n.a.	No non-competition clause applies.
Supplementary retirement plan	n.a.	Mr. Philippe LAZARE does not have a supplementary pension plan.

Approval of the principles and criteria governing the determination, split and basis of the fixed, variable and non-recurring components of total compensation and benefits of any kind awarded to the Chairman and Chief Executive Officer (tenth resolution)

In accordance with Article L.225-37-2 of the French Commercial Code, the Board of Directors asks you to approve the principles and criteria for the calculation, splitting and allocation of fixed, variable and non-recurring components of total compensation and benefits of any kind attributable to the Chairman and Chief Executive Officer, the Company's sole executive director, for his duties and constituting his compensation plan.

These principles and criteria adopted by the Board of Directors on the recommendation of the Compensation, Appointments and Governance Committee are presented in the report referred to in the aforementioned Article and appearing in Chapter 3.3.1.1.1 of this Registration Document.

We ask you to approve the principles and criteria presented in this report.

Authorization to set up a share repurchase program (Article L.225-209 of the French Commercial Code) – Suspension of this authorization during a public offer period (eleventh resolution)

The authorization granted by the Annual General Shareholders' Meeting of April 29, 2016, will soon expire; we therefore request that you authorize the Board of Directors to trade in the Company's shares up to a maximum purchase price of €180 per share and for a maximum aggregate amount of €1,085,902,200.

This authorization is intended to allow the Company to do the following:

- hold and use Company shares as a means of exchange or consideration in external growth transactions, in compliance with current laws and regulations;
- use Company shares in connection with the exercise of rights attached to Company securities conferring immediate or future entitlement to Company shares through conversion, exercise, redemption or exchange, presentation of a warrant or by any other means, and carry out any transactions required to hedge the Company's obligations in connection with these securities, in accordance with stock market regulations and at the time that the Board of Directors or any person to whom the Board has delegated its powers may act;

- implement any Company stock option plan granted in accordance with Articles L.225-177 *et seq.* of the French Commercial Code, any award, in accordance with Articles L.225-197-1 *et seq.* of the French Commercial Code, of Company shares for free to employees, directors and executive officers, whether as part of their compensation, as a means to allow them to benefit from the Company's growth, in the context of Company or Group employee shareholding or savings plans and/or any other form of share allocation programs for employees and/or directors and executive officers of the Group, and to carry out any transactions required to hedge the Company's obligations in connection with these programs, in accordance with stock market regulations and at the time that the Board of Directors or any person to whom the Board has delegated its powers may act;
- maintain a liquid market for the Company's shares *via* a liquidity contract with an independent investment service provider that complies with the code of ethics approved by the *Autorité des marchés financiers*;
- cancel some or all of the Company's shares bought back with the intention of reducing the share capital, in accordance with an authorization granted or to be granted by the Extraordinary Shareholders' Meeting;
- and in general act for any legally authorized purpose.

The number of Company shares acquired under this authorization shall not exceed 10% of the total number of shares in the share capital on the date of purchase, after deducting the number of shares resold during the program to maintain the liquidity of the Company's shares, while noting that the share acquisitions made by the Company may under no circumstances permit the Company to hold more than 10% of its total share capital, either directly or indirectly. Consequently, on the basis of the share capital at December 31, 2016 (divided into 61,493,241 shares), and taking into account the 116,534 treasury shares held at that date, the Company would be authorized to purchase up to 6,032,790 shares.

Shares may be acquired by any means that are in accordance with current stock market regulations, in particular by trading in derivatives and options on regulated or over-the-counter markets, provided that use of such means does not significantly increase the volatility of the Company's share price.

Such transactions may not be carried out, however, during a public offer launched on the Company's shares by a third party.

The present authorization is hereby granted for a period of 18 months from the date of this meeting and cancels and replaces the authorization granted to the same effect by the Annual General Shareholders' Meeting of April 29, 2016.

Extraordinary resolutions

Delegation of authority to the Board of Directors to increase share capital by incorporating retained earnings, profits and/or premiums (twelfth resolution)

This resolution authorizes the Board of Directors to increase share capital by incorporating premiums, reserves, profits and other capitalizable assets.

Capital increases under this resolution must not exceed €10,000,000 not including any amount needed to safeguard the legal rights of holders of securities conferring entitlement to shares.

The capital increases shall be in the form of free share allocations to Company shareholders and/or by increasing the nominal value of shares.

The Board of Directors shall have full powers to set the amount and type of sums to capitalize, and specify the number of new shares to be issued and/or the amount by which the existing nominal value of shares is to be increased.

The Board of Directors may not, unless previously authorized by the Annual General Shareholders' Meeting, make use of this delegation of authority at any time during a public offer launched on the Company's shares by a third party.

This delegation of authority would be granted for a period of 26 months and would cancel and replace any previous delegation of authority with the same purpose.

Delegation of authority to increase the share capital by issuing shares to members of a Company savings plan (thirteenth resolution)

Your approval is requested for an extraordinary resolution submitted to the Annual General Meeting of shareholders, who are required to vote, in accordance with Article L.225-129-6 of the French Commercial Code, on a resolution providing for a capital increase in compliance with the conditions stipulated in Articles L.3332-18 *et seq.* of the French Labor Code if any of its decisions result in a capital increase paid in cash.

We therefore propose that you authorize the Board of Directors to increase the share capital in one or more transactions by issuing ordinary Company shares or securities conferring entitlement to Company shares to be issued to employees who are members of one or more Company or Group savings plans established by the Company and/or the French or foreign entities under its control, as defined in Article L.225-180 of the French Commercial Code and in Article L.3344-1 of the French Labor Code.

Pursuant to Article L.3332-21 of the French Labor Code, the Board of Directors shall be authorized to grant new or existing shares, or other securities conferring entitlement to new or existing Company shares, for free to the above-mentioned beneficiaries, either (i) to provide the matching contributions required by the Company or Group savings plan regulations and/or (ii) to offset any discount to the share price.

As required by law, the shareholders shall waive their preferential right to subscribe for those shares.

The aggregate nominal amount of the capital increase or increases carried out under this delegation of authority shall be limited to 2% of the share capital as of the date of the decision by the Board of Directors; this limit is independent of any other maximum limits set in authorizations to increase the share capital. This limit shall not include the aggregate par value of any additional ordinary shares to be issued, in compliance with applicable laws and with any contractual obligations regarding other adjustments to issues, in order to safeguard the rights of holders of securities conferring entitlement to shares.

This delegation of authority shall be granted for a period of twenty-six months.

Please Note that pursuant to Article L.3332-19 of the French Labor Code, the subscription price of the shares to be issued may not be more than 20% lower than the average of the opening prices quoted for the Company's shares on the Euronext Paris stock market over the twenty trading days preceding the date of the Board's decision to increase the share capital and carry out the corresponding share issue, or more than 30% lower if the vesting period provided for in the savings plan in accordance with Articles L.3332-25 and L.3332-26 of the French Labor Code is ten years or more, nor may the subscription price exceed that average.

The Board of Directors shall be granted the necessary powers, subject to the limits set forth above, to determine the terms and conditions for any and all issues carried out, to record the resulting capital increase(s), to amend the Articles of Association accordingly, to resolve, at its sole discretion, to charge the issue-related expenses against the related share premium accounts and to deduct from these share premium accounts the amount necessary to increase the legal reserve to one tenth of the share capital amount after each capital increase, and, generally, to do whatever is required in each case.

The Board of Directors may not, unless previously authorized by the Annual General Shareholders' Meeting, make use of the delegations of authority at any time during a public offer launched on the Company's shares by a third party.

Delegation of authority to increase the share capital, with preferential subscription rights waived, for employees, directors and executive officers of subsidiaries with registered offices outside France (fourteenth resolution)

We request that you renew the delegation of authority granted last year and thereby delegate to the Board of Directors the authority to issue ordinary Company shares, in one or more transactions, reserved for employees, directors and executive officers of Company subsidiaries with registered offices outside France, who are not members of a Group employee savings plan.

The subscription price for the newly-issued shares shall be determined by the Board of Directors using one of the following methods, at the Board's discretion:

- the subscription price shall be equal to the average of the opening prices quoted for Ingenico's shares on the Euronext Paris stock market over the twenty trading days preceding the date of the Board's decision, less a maximum discount of 20%; or
- the subscription price shall be equal to the opening price quoted for Ingenico's shares on the Euronext Paris stock market on the date of the Board's decision, less a maximum discount of 20%; the method to be applied or the amount of discount to be deducted may vary according to the capital increases or the beneficiaries involved.

This delegation of authority would afford some flexibility to deal with tax or regulatory constraints in certain countries if the Board of Directors decides to make use of this authorization. That is why you are being asked to decide to waive preferential subscription rights for the benefit of employees, directors and executive officers of Group subsidiaries with registered offices outside France.

The value of the share capital increase carried out under this authorization shall not exceed 2% of the share capital as calculated on the date the authorization is exercised, and this maximum limit is independent of any other maximum limits set for capital increases. This limit shall not include the aggregate par value of any additional ordinary shares to be issued, in compliance with applicable laws and with any contractual obligations regarding other adjustments to issues, in order to safeguard the rights of holders of securities conferring entitlement to shares.

This authorization shall be granted for a period of 18 months.

The Board of Directors may not, unless previously authorized by the Annual General Shareholders' Meeting, make use of the delegations of authority at any time during a public offer launched on the Company's shares by a third party.

Amendment to Article 12 of the Articles of Association (fifteenth resolution)

We ask you to amend Article 12 of the Articles of Association to make it consistent with the French Commercial Code and to delete the requirement for directors to be appointed from among the shareholders.

The Shareholders are reminded that pursuant to the Company's articles of association and the Board of Directors' rules of procedure, Directors must hold 1,010 shares in the Company within six months of their appointment.

Harmonization of Articles 4, 15 and 18 of the Articles of Association (sixteenth resolution)

We also ask you to amend Articles 4, 15 and 18 of the Articles of Association to make them consistent with law 2016/1691 of December 9, 2016 (the "Sapin II law"), Order 2016-315 of March 17, 2016 and Order 2014-863 of July 31, 2014 respecting the competence of the Board to move the head office to any part of France subject to ratification by an Ordinary General Shareholders' Meeting, as well as the new rules for the reappointment of statutory auditors, and agreements authorized and signed between the Company and its executives or shareholders.

Powers for Formalities (seventeenth resolution)

Lastly, this resolution concerns the powers that have to be granted in order to complete the formalities ensuing from the Annual General Shareholders' Meeting, and in particular powers for filing and publication formalities.

7.3 Statutory auditors' report on the capital transactions provided for under resolutions 13 and 14 of the Combined Ordinary and Extraordinary Shareholders' Meeting on May 10, 2017

Combined Ordinary and Extraordinary Shareholders' Meeting on May 10, 2017

To the Shareholders,

In our capacity as your Company's statutory auditors, and pursuant to the duties set forth in the French Commercial Code, we hereby present to you our report on the capital transactions that will be submitted for your approval.

1. Report on issues of ordinary shares and/or securities conferring entitlement to the share capital reserved for employees belonging to a Company or Group savings plan, with preferential subscription rights waived (resolution 13)

Pursuant to Articles L.228-92 and L.225-135 *et seq*. of the French Commercial Code, we present our report on the proposal to authorize your Board of Directors to decide to issue, with preferential subscription rights waived, ordinary shares and/or securities conferring entitlement to capital securities to be issued, reserved for employees belonging to a Company or Group savings plan set up by the Company and/or associated French or international companies in accordance with Article L.225-180 of the French Commercial Code and Article L.3344-1 of the French Labor Code, on which you are called upon to give your opinion.

The maximum nominal amount of the capital increases that may result from this authorization is 2% of the Company's share capital on the day of the Board of Directors' decision.

This issue is subject to your approval pursuant to Article L.225-129-6 of the French Commercial Code and Article L.3332-18 *et seq*. of the French Labor Code.

On the basis of its report, your Board of Directors proposes that you authorize it for a period of 26 months from the date of this meeting to carry out issues, and that you waive your preferential subscription rights to the securities to be issued. If this authorization is granted, the Board of Directors will determine the definitive terms of issue for this transaction.

It is the responsibility of your Board of Directors to prepare a report in accordance with Articles R.225-113 *et seq*. of the French Commercial Code. It is our responsibility to give our opinion on the fair presentation of the accounting figures taken from the financial statements, on the proposal to waive preferential subscription rights, and on a variety of other information concerning the issue provided in this report.

We performed the procedures we deemed necessary for the completion of this engagement, in accordance with the professional guidance provided by the Compagnie nationale des commissaires aux comptes, France's national organization of statutory auditors.

Our work involved verifying the information in the Board of Directors' report concerning this transaction and the methods used to determine the issue price for the capital securities to be issued.

Without prejudice to an examination of the terms of the issues that may be decided on, we have no observations concerning the methods used to determine the issue price for the capital securities to be issued, as indicated in the report of the Board of Directors.

Since the final terms of the issue have not been set, we cannot give an opinion on them, nor, therefore, can we give an opinion on the proposal that the shareholders waive their preferential subscription rights.

Pursuant to Article R.225-116 of the French Commercial Code, we will prepare an additional report, if necessary, when your Board of Directors makes use of this authorization.

2. Report on the capital increase with preferential subscription rights waived reserved for a specific category of beneficiaries (resolution 14)

Pursuant to Articles L.225-135 *et seq*. of the French Commercial Code, we present our report on the proposal to authorize your Board of Directors to increase the Company's share capital by issuing ordinary Company shares to the employees, directors and executive officers of Company subsidiaries, as defined by Article L.233-16 of the French Commercial Code, that have their registered offices outside France, with preferential subscription rights waived, up to a maximum of 2% of the Company's share capital on the day of the Board of Directors' decision, on which you are called upon to give your opinion.

On the basis of its report, your Board of Directors proposes that you authorize it for a period of eighteen months from the date of this meeting to increase the share capital, and that you waive your preferential subscription rights to the ordinary shares to be issued. If this authorization is granted, the Board of Directors will determine the definitive terms of issue for this transaction.

It is the responsibility of your Board of Directors to prepare a report in accordance with Articles R.225-113 and R.225-114 of the French Commercial Code. It is our responsibility to give our opinion on the fair presentation of accounting figures taken from the financial statements, on the proposal to waive preferential subscription rights and on a variety of other information concerning the issue provided in this report.

We performed the procedures we deemed necessary for the completion of this engagement, in accordance with the professional guidance provided by the Compagnie nationale des commissaires aux comptes, France's national organization of statutory auditors.

Our work involved verifying the information in the report of the Board of Directors concerning this transaction and the method used to determine the issue price for the ordinary shares.

Without prejudice to an examination of the terms of the capital increase that may be decided on, we have no observations concerning the methods used to determine the issue price for ordinary shares to be issued, as indicated in the report of the Board of Directors.

Since the final terms of the capital increase have not been set, we cannot give an opinion on them, nor, therefore, on the proposal that the shareholders waive their preferential subscription rights.

Pursuant to Article R.225-116 of the French Commercial Code, we will prepare an additional report, if necessary, when your Board of Directors makes use of this authorization.

The statutory auditors

Paris-La Défense, March 21, 2017

KPMG Audit	Mazars
Department of KPMG SA	
Frédéric Quelin	Thierry Blanchetier
Partner	*Partner*

8

INFORMATION ON THE COMPANY AND ITS SHARE CAPITAL

8.1 Information on the Company

8.1.1 Company name

Company name: Ingenico Group

8.1.2 Head office

Head office: 28–32 Boulevard de Grenelle, 75015 Paris, France

Telephone: +33 (0)1 58 01 80 00

8.1.3 Legal form

Type of entity and governing legislation: the Company is a French corporation (*société anonyme*) managed by a Board of Directors and governed by the laws and regulations applicable to commercial companies as set forth in Book II of the French Commercial Code.

Date of incorporation: June 10, 1980 for a period of 99 years starting from the date of registration with the Trade and Companies Register, except in the event of early dissolution or extension, as provided for in the Articles of Association.

Financial year: January 1 to December 31.

Company registration number with the Paris Trade and Companies Register: 317 218 758.

Principal business activity code (APE): 6202A.

Principal place of business code (SIRET): 317 218 758 00124.

8.1.4 Articles of Association

The Articles of Association contain no conditions that are more restrictive than those set by law with respect to altering the rights of shareholders.

Purpose (Article 2)

The Company's purpose is to carry out any business in France and in any other countries as follows:

- researching, designing, developing and producing any equipment, systems or devices based on new technologies;
- designing and/or selling any equipment and software relating to the electronic payment and transfer of funds, urban parking management systems, and public and private telephone systems;
- developing and/or selling, including on a rental basis, any systems for transmitting and receiving radio signals of any frequency and kind;
- operating, through any means and in any form, land, sea or space telecommunication networks from stationary or mobile stations, on its own behalf or on any third party's behalf;
- designing software for its own needs or for third parties' needs;
- providing consultancy and organizational services;
- providing technical support and maintenance for any and all devices and facilities produced or sold in connection with any of the Company's purposes;
- representing any companies, both French and non-French, whose products are related, directly or indirectly, to the above-mentioned purposes, including import or export operations.

To fulfil these purposes, the Company may set up, acquire, exchange, sell, or lease, with or without an agreement to sell, and manage and operate, directly or indirectly, any industrial or commercial businesses, plants, work sites, personal or real property; obtain or acquire and use, sell or contribute any patents, licenses, processes or trademarks; grant any licenses to manufacture or use; and generally carry out any commercial, industrial or financial transactions relating to personal and real property, that might be directly or indirectly related to, or serve, the Company's purposes. The Company may act directly or indirectly, on its own behalf or on behalf of any third party, either alone or in partnership, joint venture or association with any other corporate bodies or individuals and carry out in France or abroad, in any form whatsoever, any transactions falling within the scope of its purposes. It may acquire interests or stakes in any French or non-French organizations that have similar purposes or are likely to develop its own businesses.

Determination, allocation and distribution of net profits (Article 22)

For the purpose of forming the statutory legal reserve fund, an amount of 5% shall be allocated from the net annual profit, less any retained losses, until the amount in the legal reserve reaches an amount equal to one-tenth of the share capital. Such allocation from the net profit shall be repeated whenever the legal reserve amount falls below that fraction for any reason whatsoever, and particularly in the event of an increase in the Company's share capital.

The remaining balance of the net profit, plus any amount of retained earnings, shall constitute the distributable profits.

The following shall be deducted from those net profits:

- any amounts that the Shareholders' Meeting decides to use for depreciation of the Company's assets or to allocate to reserve funds or as retained earnings;
- the amount required to pay an initial dividend based on issued and paid-up shares of 5% of the share capital amount; should net profits be insufficient to pay out this dividend, the shareholders shall not be entitled to claim such dividend in subsequent years;
- the remaining balance, if any, to be distributed among all shareholders as a complementary dividend.

The Shareholders' Meeting may also decide to distribute amounts allocated from non-statutory reserve funds, either to provide or supplement a dividend or as an extraordinary distribution, in which case the meeting shall specify from which reserve funds the amounts are allocated.

Dividend payment (Article 23)

Dividends on shares shall be paid within a maximum of nine months from the financial year end, unless such period has been extended by court order.

The time and place of dividend payments will be determined by the Board of Directors.

The Annual General Shareholders' Meeting deliberating on the annual financial statements may grant each shareholder an option to receive all or part of a dividend or interim dividend in cash or in shares, as provided for by law and by these Articles of Association.

Rules for convening and attendance at Annual General Shareholders' Meetings (Article 19)

Pursuant to Article 19 of the Articles of Association, ordinary, extraordinary and special General Shareholders' Meetings shall be convened by the Board of Directors. They may also be convened by the statutory auditor, by a representative appointed by a court of law at the request of any interested party, in the event of an emergency or at the request of one or more shareholders holding at least 5% of the Company's share capital or by a group of shareholders fulfilling the requirements set out in Article L.225-120 of the French Commercial Code. Meetings may also be convened by the liquidator in the event of the dissolution of the Company.

The Annual General Shareholders' Meetings shall be held at the location specified in the notice. This may be the Company's head office or, if necessary, any other location within 50 km of the registered office.

Notice of Annual General Shareholders' Meetings shall be given in accordance with the applicable rules and regulations.

Should an Annual General Shareholders' Meeting be unable to deliberate due to lack of the required quorum, a second meeting shall be convened with at least ten clear days' prior notice, in the same manner as for the first call, reiterating the date and agenda of the initial meeting.

The initiator of the meeting notice shall prepare the agenda and the resolutions to be submitted to the Annual General Shareholders' Meeting. The Board shall add to the agenda any new items or draft resolutions requested by either one or more shareholders jointly representing at least the percentage of the Company's shares required by law, or by a group of shareholders fulfilling the requirements set out in Article L.225-120 of the French Commercial Code, or, exclusively for draft resolutions, by the Works Council. The initiators of requests shall supply any documents required by applicable laws and regulations in support of their request.

The right to attend Shareholders' Meetings shall be based upon registration, at least two working days before the meeting, of the shareholder's name or the name of the depository registered on the shareholder's behalf, either in the registered accounts held by the Company or in the bearer shares trading accounts held by the approved depository.

Shareholders may be represented by any legal or natural person they choose, subject to the regulatory conditions applicable. Proxies shall be appointed using a signed proxy form indicating the proxy's surname, first name and address. A proxy may not sub-delegate their proxy to another person. Proxy forms are valid exclusively for a single Shareholders' Meeting, or for adjourned meetings convened with the same agenda.

If the Board so decides when convening a meeting or sending a meeting notice, shareholders may also attend and vote at meetings *via* video conference or using any telecommunication systems enabling them to be identified as provided for by law.

At each Annual General Shareholders' Meeting, the attendance sheet will indicate the following:

- the surnames, first names and place of residence of each shareholder; the number of shares they hold and corresponding voting rights;
- the surnames, first names and place of residence of each proxy; the number of shares they hold and corresponding voting rights;
- the surnames, first names and place of residence of each shareholder represented; the number of shares they hold and corresponding voting rights.

The attendance sheet shall be signed by all shareholders present and by proxies. It will be certified as accurate by the Meeting's Reporting Committee. The attendance sheet with the proxy forms attached thereto shall be kept at the head office and made available upon request.

Once properly constituted, an Annual General Shareholders' Meeting represents all shareholders. Its resolutions shall be binding on all shareholders, even those who are absent, dissenting or incapacitated. At ordinary or extraordinary meetings, the quorum is calculated based on the total number of shares in the share capital. For special meetings, it is based on all the shares from the category concerned, less those deprived of voting rights under statutory or regulatory provisions.

Minutes shall be made of the proceedings of Annual General Shareholders' Meetings and signed by the Reporting Committee members. The minutes shall be either transferred to, or inserted into, a special minute book issued according to regulatory provisions, with each page initialed and signed.

Quorum and majority requirements at Ordinary General Shareholders' Meetings

All shareholders may take part in the proceedings and vote on resolutions, provided that the shares they hold have been fully paid up.

For deliberations of the Annual General Shareholders' Meeting to be valid on first convening, a number of shareholders representing at least one-fifth of the share capital must be present. If this condition is not met, the Annual General Shareholders' Meeting held on second call can pass resolutions, regardless of the number of shares represented, but only on the items from the agenda for the initial meeting.

Resolutions of the Ordinary General Shareholders' Meeting are adopted by a majority of the votes of the shareholders present or represented, plus one vote. The members of the meeting have the same number of votes as the shares that they hold and represent, without limitation, except at Annual General Shareholders' Meetings convened for incorporation purposes, when each shareholder casts the votes of their principals on the same terms and within the same limits.

However, all fully paid-up shares that have been registered in a single shareholder's name for at least two years shall be granted twice the number of voting rights conferred on other shares relating to the portion of share capital they represent.

Furthermore, in case of a capital increase by incorporating retained earnings, net profits or share premiums, double voting rights shall be conferred upon the issue of registered shares allotted for free on the basis of existing shares holding such double voting rights.

Quorum and majority requirements at Extraordinary General Shareholders' Meetings

Resolutions are adopted by a majority of two thirds of the votes of the shareholders present or represented. The members of the meeting have the same number of votes as the shares that they hold and represent, without limitation, except at Annual General Shareholders' Meetings called for incorporation purposes, when each shareholder casts the votes of their principals on the same terms and within the same limits. However, all fully paid-up shares that have been registered in a single shareholder's name for at least two years shall be granted twice the number of voting rights conferred on other shares relating to the portion of share capital they represent.

Furthermore, in case of a capital increase by incorporating retained earnings, net profits or share premiums, double voting rights shall be conferred upon the issue of registered shares allotted for free on the basis of existing shares holding such double voting rights.

An Extraordinary General Shareholders' Meeting is properly constituted and can validly deliberate when the number of shareholders present or represented represents at least one quarter of the share capital. Failing this, a new meeting shall be convened as required by law, specifying the agenda, date and outcome of the previous meeting. The reconvened meeting can validly deliberate if shareholders representing at least one fifth of the share capital are present or represented. If the required quorum is not achieved, the reconvened meeting may be adjourned until a later date within two months of the day that the initial meeting was convened, under the same conditions for convening and holding the meeting.

Notwithstanding the foregoing and by statutory dispensation, an Extraordinary General Shareholders' Meeting called to decide on a capital increase *via* incorporation of retained earnings, net profits or share premiums may proceed under the quorum and majority conditions for an Ordinary General Shareholders' Meeting.

Quorum and majority requirements at Special General Meetings

Special General Meetings shall be convened and shall deliberate as provided for by law.

Double voting rights

According to Article 19 of the Articles of Association:

"All fully paid-up shares that have been registered in a single shareholder's name for at least two years shall be granted twice the number of voting rights conferred on other shares relating to the portion of share capital they represent.

Furthermore, in case of a capital increase by incorporating retained earnings, net profits or share premiums, double voting rights shall be conferred upon the issue of registered shares allotted for free on the basis of existing shares holding such double voting rights."

This provision was included in the Articles of Association for the first time by the shareholders at their Extraordinary General Shareholders' Meeting on June 10, 1986, which resolved that double voting rights should be attached to all fully paid-up shares registered in a single shareholder's name for at least five years. Subsequently, at their meeting on June 8, 1988, the shareholders amended the Articles of Association, reducing the required term for registration in a single shareholder's name from five years to four years, which the shareholders finally reduced further to the current two-year term at their meeting on September 18, 1998.

Moreover, pursuant to Article L.225-124, paragraph 1, of the French Commercial Code, double voting rights are rendered null and void *ipso jure* when shares are converted into bearer form or if their ownership is transferred. However, transfers through inheritance, the liquidation of marital assets, *inter vivos* transfers to a spouse or direct relative and transfers resulting from the merger or demerger of a shareholding company do not result in the loss of double voting rights.

Subject to the double voting rights attached to all fully paid-up shares registered in a single shareholder's name for at least two years, no clause in the Articles of Association or in the issuer's internal rules of procedure shall have the effect of delaying, deferring or preventing a change of control over the Company.

Major shareholding thresholds (Article 8)

In addition to instances when the regulatory thresholds are exceeded, which must be reported to both the Company and the *Autorité des marchés financiers* as set out in Article L.233-7 of the French Commercial Code, any individual or legal entity owning a number of shares amounting to over 2% of the share capital or the voting rights, or any multiple thereof, shall, within four trading days (before close of trading) of the date on which each shareholding threshold is crossed, notify the Company of the total number of shares and voting rights held in a letter sent by recorded delivery with return receipt requested. Failing notification, the shares exceeding the fraction that should have been reported shall be deprived of voting rights at Shareholders' Meetings, as provided for by law, if failure to notify has been noted at the time of a Shareholders' Meeting, and if one or more shareholders, together holding at least 5% of the share capital, request this at the said meeting. Similarly, any person whose direct or indirect interest falls below each of the above-mentioned thresholds shall give notice thereof to the Company in the form and within the period specified above.

8.1.5 Factors liable to affect the price of a public offer

The Company's capital structure, the clauses of any agreements covered by Article L.233-11 of the French Commercial Code and any direct or indirect holdings in the Company's capital known to the Company under the provisions applicable for shareholding thresholds are described in section 8.3 of this Registration Document.

The Articles of Association do not provide for any restrictions concerning the exercise of voting rights (except for the penalty for failure to disclose when the legal shareholding thresholds are crossed) or the transfer of shares.

There are no shareholders entitled to any special rights of control.

The Company has no employee shareholding arrangements that provide for control mechanisms.

The powers of the Board of Directors and the rules that apply for the appointment and replacement of Board members are described in section 3.1 of this Registration Document.

The shareholders are authorized at Extraordinary General Shareholders' Meetings to make any decisions and any changes to the provisions in the Articles of Association.

The agreements providing for compensation for directors and executive officers, particularly in the case of forced departure due to a change of control, are described in Chapter 3 of this Registration Document.

The Company has not entered into any agreements that would be amended or terminated in the event of a change of control over the Company. Nevertheless, in connection with the Company's bond debt issue on May 13, 2014, and in accordance with the prospectus dated May 16, 2014, the bondholders (as defined in the "Terms and Conditions for the Bonds") will, in the event of a change of control over the issuer, be entitled to ask the issuer to redeem or facilitate the purchase of their bonds at face value, plus accrued interest, under the "Terms and Conditions for the Bonds – Redemption option for Bondholders further to a change of control". In the same way, holders of bonds convertible into and/or exchangeable for new or existing shares (OCEANE) of Ingenico Group SA issued on June 26, 2015 have the right to redeem them in the event of a change of control of the issuer, as provided for in the terms and conditions of the said convertible bonds.

There are no agreements providing for compensation for employees of the Company who resign, are dismissed or terminated as a result of a public offer.

8.2 Share capital

8.2.1 Share capital

At December 31, 2016, the Company's total share capital amounted to €61,493,241, for an equivalent number of shares, representing 65,403,816 theoretical voting rights (including shares for which voting rights have been suspended) and 65,287,282 exercisable voting rights, the difference being the treasury shares at that date.

At February 28, 2017, the Company's total share capital amounted to €61,493,241, for an equivalent number of shares, representing 65,400,301 theoretical voting rights (including shares for which voting rights have been suspended) and 65,283,767 exercisable voting rights, the difference being the treasury shares at that date.

8.2.2 Changes in share capital over the past five years

Date	Transaction	Shares issued/ cancelled	Par value	Number of shares	Share capital
May 31, 2012	Capital increase resulting from 423,144 new shares issued in connection with the distribution of the stock dividend for 2011, placed on record by the Chairman and Chief Executive Officer, as delegated by the Board	+423,144	€1	52,403,447	€52,403,447
June 29, 2012	Capital increase resulting from 75,295 new shares issued in consideration for securities exchanged in connection with Xiring SA's merger into the Company	+75,295	€1	52,478,742	€52,478,742
September 30, 2012	Capital increase resulting from stock options exercised between January 1, 2012 and September 30, 2012, placed on record by the Chairman and Chief Executive Officer, as delegated by the Board	+3,737	€1	52,482,479	€52,482,479
December 31, 2012	Capital increase resulting from stock options exercised between October 1, 2012 and December 31, 2012, placed on record by the Chairman and Chief Executive Officer, as delegated by the Board	+5,179	€1	52,487,658	€52,487,658
June 3, 2013	New shares issued in connection with the distribution of the stock dividend for 2012, placed on record by the Chairman and Chief Executive Officer	+581,967	€1	53,069,625	€53,069,625
December 11, 2013	New shares issued in connection with stock options exercised between June 3, 2013 and October 31, 2013, placed on record by the Board of Directors	+16,684	€1	53,086,309	€53,086,309
June 11, 2014	New shares issued in connection with the distribution of the stock dividend for 2013, placed on record by the Chairman and Chief Executive Officer	+398,304	€1	53,484,613	€53,484,613
June 23, 2014	New free shares issued, placed on record by the Chairman and Chief Executive Officer	+397,832	€1	53,882,445	€53,882,445

Date	Transaction	Shares issued/ cancelled	Par value	Number of shares	Share capital
July 7, 2014	661,146 new shares issued, with a par value of €1, in connection with the conversion of 651,377 Ingenico 2011/2017 OCEANE bonds, placed on record by the Chairman and Chief Executive Officer	+661,146	€1	54,543,591	€54,543,591
September 1, 2014	New shares issued in connection with the conversion of Ingenico 2011/2017 OCEANE bonds, placed on record by the Chairman and Chief Executive Officer	+1,131,016	€1	55,674,607	€55,674,607
September 9, 2014	New shares issued in connection with the conversion of Ingenico 2011/2017 OCEANE bonds, placed on record by the Chairman and Chief Executive Officer	+356,856	€1	56,031,463	€56,031,463
October 9, 2014	New shares issued in connection with the conversion of Ingenico 2011/2017 OCEANE bonds, placed on record by the Chairman and Chief Executive Officer	+79,170	€1	56,110,633	€56,110,633
November 12, 2014	New shares issued in connection with the conversion of Ingenico 2011/2017 OCEANE bonds, placed on record by the Chairman and Chief Executive Officer	+173,249	€1	56,283,882	€56,283,882
December 9, 2014	New shares issued in connection with the conversion of Ingenico 2011/2017 OCEANE bonds, placed on record by the Chairman and Chief Executive Officer	1,152,899	€1	57,436,781	€57,436,781
January 14, 2015	New shares issued in connection with the conversion of Ingenico 2011/2017 OCEANE bonds, placed on record by the Chairman and Chief Executive Officer	3,216,566	€1	60,653,347	€60,653,347
June 10, 2015	New shares issued in connection with the distribution of the stock dividend for 2014, placed on record by the Chairman and Chief Executive Officer	+313,580	€1	60,966,927	€60,966,927
July 31, 2015	Shares created in connection with the issuance of 23,673 shares as part of a capital increase limited to Ingenico employees eligible for a company savings plan, placed on record by the Chairman and Chief Executive Officer, as delegated by the Board	+23,673	€1	60,990,600	€60,990,600
June 3, 2016	New shares issued in connection with the distribution of the stock dividend for 2015, placed on record by the Chairman and Chief Executive Officer	+502,641	€1	61,493,241	61,493,241
October 28, 2016	Cancellation of 149,560 treasury shares	-149,560	€1	61,343,681	61,343,681
October 29, 2016	Creation of 149,560 fully paid-up new shares at €1 each as part of the vesting of free shares allocated on October 29, 2014, placed on record by the Chairman and Chief Executive Officer	+149,560	€1	61,493,241	61,493,241

8.2.3 Shareholders' financial authorizations to the Board of Directors

Authorized unissued capital

A summary of the effective delegations and authorizations granted by shareholders to the Board of Directors regarding share capital increases, and the use made of these authorizations during 2016, is provided hereunder. As some of these authorizations have expired or will expire soon, new authorizations will be submitted to the vote at the Annual General Shareholders' Meeting scheduled for May 10, 2017.

Type of authorization/delegation	Maximum capital increase that may result from the authorization (par value)	Duration	Use made of authorizations during 2016
Annual General Shareholders' Meeting of April 29, 2016 Share capital reduction through cancellation of shares	10% of the share capital	24 months	Cancellation of 149,560 treasury shares on October 28, 2016
Annual General Shareholders' Meeting of May 6, 2015 Share capital increase via incorporation of retained earnings, profits and/or share premiums(1)	€10,000,000 Independent ceiling	26 months	None
Annual General Shareholders' Meeting of April 29, 2016 Issue of ordinary shares conferring, as applicable, entitlement to ordinary shares or to the allocation of debt securities and/or securities conferring access to ordinary shares, with the retention of preferential subscription rights	Aggregate par value of shares that may be issued: €30,000,000(3) Nominal amount of debt securities that may be issued: €1,500,000,000	26 months	None
Annual General Shareholders' Meeting of April 29, 2016 Issue of ordinary shares conferring, as applicable, entitlement to ordinary shares or debt securities and/or securities conferring access to ordinary shares, with preferential subscription rights waived, by public offer and/or in consideration for shares as part of a public exchange offer	Aggregate par value of shares that may be issued: €6,099,060 Nominal amount of debt securities that may be issued: €1,500,000,000(2)	26 months	None
Annual General Shareholders' Meeting of April 29, 2016 Issue of ordinary shares conferring, as applicable, entitlement to ordinary shares or to the allocation of debt securities and/or securities conferring access to ordinary shares, with preferential subscription rights waived, by means of an offer as described in Article L.411-2 II of the French Monetary and Financial Code	Aggregate par value of shares that may be issued: €6,090,060 Nominal amount of debt securities that may be issued: €1,500,000,000(2)	26 months	None
Annual General Shareholders' Meeting of April 29, 2016 Share capital increase in consideration for contributions in kind of shares or securities conferring access to the share capital	10% of the share capital(2)	26 months	None
Annual General Shareholders' Meeting of April 29, 2016 Share capital increase, with preferential subscription rights waived, reserved for employees belonging to a company or Group savings plan	2% of the share capital	26 months	None

(1) New delegations and authorizations, the terms of which are set out in Chapter 7 of this Registration Document, will be submitted for a vote to the Combined Ordinary and Extraordinary Shareholders' Meeting to be held on May 10, 2017.

(2) The following aggregate ceilings apply to these authorizations: Maximum nominal value of share capital increases: 10% of share capital on the day of the General Shareholders' Meeting of April 29, 2016 (€6,099,060). Maximum aggregate amount of debt securities that may be issued: €1,500,000,000. The capital increases that may be carried out under these resolutions count towards the aggregate nominal amount of shares that may be issued under the above authorization, with preferential subscription rights retained.

(3) This amount includes the nominal value of immediate or future share capital increases that may be carried out under the authorizations granted by the General Shareholders' Meeting of April 29, 2016, for the purpose of issuing securities, with preferential rights waived, by means of a public offer or in consideration of a public exchange offer, by private placement, or under an extension clause or payable in kind.

Type of authorization/delegation	Maximum capital increase that may result from the authorization (par value)	Duration	Use made of authorizations during 2016
Annual General Shareholders' Meeting of April 29, 2016 Issuance of ordinary shares, with preferential subscription rights waived, to employees, directors and executive officers of Group subsidiaries located outside France who are not members of a Company savings plan(1)	2% of the share capital	18 months	None
Annual General Shareholders' Meeting of April 29, 2016 Free awards of new or existing shares	5% of the share capital, with a limit of 2% of share capital for the Company's directors and executive officers	38 months	Award of 18,610 shares on the basis of performance criteria (for details, see section 3.3.3 of this Registration Document)
Annual General Shareholders' Meeting of April 29, 2013 Awards of stock subscription or purchase options	2% of the share capital	38 months Authorization expired June 29, 2016	None

(1) New delegations and authorizations, the terms of which are set out in Chapter 7 of this Registration Document, will be submitted for a vote to the Combined Ordinary and Extraordinary Shareholders' Meeting to be held on May 10, 2017.

Authorization to repurchase its own shares

Company transactions to buy back its own shares (Article L.225-211 of the French Commercial Code) during 2016

The Annual General Shareholders' Meeting of April 29, 2016 authorized the Company to launch a share repurchase program, a description of which was included in the Registration Document filed with the AMF on March 23, 2016. The launch of this program was decided by the Board of Directors on April 29, 2016.

This program replaces the program authorized by the Annual General Shareholders' Meeting on May 6, 2015.

Number of treasury shares purchased and sold during 2016

In 2016:

- 928,167 shares were purchased under the liquidity contract at an average price of €90.03;
- 928,167 shares were sold under the liquidity contract at an average price of €90.22;
- no shares were purchased under mandates other than the liquidity contract.

Number and value of treasury shares at December 31, 2016

As a result of trading activity during the year, the liquidity contract portfolio did not contain any shares at December 31, 2016.

The portfolio of Ingenico shares bought back by the Company for other purposes, based on the authorization from the Annual General Shareholders' Meeting of April 29, 2016 and previous authorizations, totaled 116,534 shares at December 31, 2016.

At December 31, 2016, the Company therefore held a total of 116,534 treasury shares, of which:

- none were purchased under the liquidity contract;
- 116,534 were purchased for other purposes, representing 0.19% of the total share capital of 61,493,241 shares with a face value of €1 each.

The values of this portfolio at that date were as follows:

- book value: €2,746,044.24;
- market value €8,841,434.58 based on the closing price of €75.87 on December 31, 2016;
- total nominal value: €116,534.

Use of treasury shares, including transfers, for other purposes

During 2016, 10,200 treasury shares were used for grants to beneficiaries of free share award plans.

149,560 shares were reallocated for cancellation in fiscal year 2016.

During the past 24 months, 149,560 of the shares held by the Company were canceled under the authorization granted by the General Shareholders' Meeting of April 29, 2016.

Description of the share repurchase program pursuant to Article 241-2 of the AMF General Regulations

Breakdown by objective for shares held at February 28, 2017

Number of shares held directly and indirectly: 116,534 representing 0.19% of the Company's share capital.

At February 28, 2017, the 116,534 shares held by the Company were assigned to the objective of hedging plans awarding free Company shares to its employees, directors and executive officers or those of its Group.

At the Combined Ordinary and Extraordinary Shareholders' Meeting on May 10, 2017, the shareholders will be asked to approve a new authorization for the Company to trade in its own shares on the following terms:

"The shareholders, deliberating with the quorum and majority required for ordinary meetings, and after reviewing the Board of Directors' report, hereby authorize the Board for a period of 18 months in accordance with Articles L.225-209 *et seq*. of the French Commercial Code to trade in Company shares on the stock exchange or in any other way on one or more occasions.

This authorization is intended to allow the Company to do the following:

- hold and use Company shares as a means of exchange or consideration in external growth transactions;
- use Company shares in connection with the exercise of rights attached to Company securities conferring immediate or future entitlement to Company shares through conversion, exercise, redemption or exchange, presentation of a warrant or by any other means, and carry out any transactions required to hedge the Company's obligations in connection with these securities, in accordance with stock market regulations at the time that the Board of Directors or any person to whom the Board has delegated its powers may act;
- implement any Company stock option plan granted in accordance with Articles L.225-177 *et seq*. of the French Commercial Code, any award, in accordance with Articles L.225-197-1 *et seq*. of the French Commercial Code, of Company shares for free to employees, directors and executive officers, whether as part of their compensation, as a means to allow them to benefit from the Company's growth, in the context of Company or Group employee shareholding or savings plans and/or any other form of share allocation programs for employees and/or directors and executive officers of the Group, and carry out any transactions required to hedge the Company's obligations in connection with these programs, in accordance with stock market regulations at the time that the Board of Directors or any person to whom the Board has delegated its powers may act;
- maintain a liquid market for the Company's shares *via* a liquidity contract with an independent investment service provider that complies with the code of ethics approved by the *Autorité des marchés financiers*;
- cancel some or all of the Company's shares bought back with the intention of reducing the share capital, in accordance with an authorization granted or to be granted by the Extraordinary Shareholders' Meeting;
- and in general act for any legally authorized purpose.

The shareholders hereby resolve that the number of Company shares acquired under this authorization shall not exceed 10% of the total number of shares making up the share capital on the date of purchase, after deducting the number of shares resold during the program to maintain a liquid market for the Company's shares, while noting that the share acquisitions made by the Company may under no circumstances permit the Company to hold more than 10% of its total share capital, either directly or indirectly. By way of example, on the basis of the share capital at December 31, 2016 (divided into 61,493,241 shares), and taking into account the 116,534 treasury shares held at that date, the Company would be authorized to purchase up to 6,032,790 shares.

Shares may be acquired by any means including, where applicable, trading in derivatives and options on regulated or over-the-counter markets, provided that use of such means does not significantly increase the volatility of the Company's share price.

The Board of Directors may not, unless previously authorized by a General Shareholders' Meeting, make use of this delegation of authority at any time during a public offer launched on the Company's shares by a third party.

Shares may be purchased by any means, including the acquisition of blocks of shares, and at such times as the Board of Directors decides.

The purchase price per share is not to exceed €180. On the basis of the share capital at December 31, 2016, including the treasury shares held by the Company at that date, the maximum consideration the Company could pay, if purchasing shares at the maximum price of €180, would be €1,085,902,200.

In the event of capital increases carried out through incorporation of retained earnings or free share awards, or in the event of stock splits or reverse splits, depreciation or reduction of the share capital, or any other transaction affecting the share capital, the aforementioned prices shall be adjusted by a multiplier equal to the ratio between the number of shares that made up the share capital prior to the transaction and the number of shares after the transaction.

In order to ensure the implementation of the present authorization, the Board of Directors is hereby granted the necessary powers, with the option to sub-delegate, to perform any and all actions, in particular to decide whether a share repurchase program is appropriate and to determine the procedures for carrying out such a program, to draft and issue a fact sheet about the program, to place all orders on the stock market, to sign all deeds of transfer or assignment, to enter into all agreements required, particularly for the keeping of records of share purchases and sales, to carry out any and all filings with the *Autorité des marchés financiers* and any other body, as well as any and all other formalities, including allocating or reallocating purchased shares for their various intended purposes, and generally to do whatever is required.

The present authorization is hereby granted for a period of 18 months from the date of this Annual General Shareholders' Meeting and replaces the authorization granted to the same effect by the Annual General Shareholders' Meeting of April 29, 2016."

Authorization to reduce the share capital

At their Annual General Shareholders' Meeting on April 29, 2016, the shareholders authorized the Company to reduce the share capital by canceling treasury shares for a period of 24 months, *i.e.*, until April 28, 2018.

149,560 shares owned by the Company were canceled on October 28, 2016.

Open position on derivative products

	Open call positions		Open put positions	
	Call options bought	**Forward purchases**	**Call options sold**	**Forward sales**
Number of securities	1,500,000	-	-	-
Average maximum maturity	6/26/2022	-	-	-
Exercise price *(€)*	172.15	-	-	-

Ingenico Group completed the purchase of 1,500,000 call options (U.S. options) that may be exercised at any time until their expiration, covering 1,503,000 shares (1), which will allow it to partially cover its obligations to deliver treasury shares, as part of any conversion of bonds that are convertible or exchangeable for new or existing shares (*Obligations Convertibles* ou *Echangeables en Actions Nouvelles* ou *Existantes* or OCEANE), maturing on June 26, 2022. These options cover 51.6% of the 2,904,443 outstanding OCEANE bonds.

8.2.4 Potential share capital

The potential share capital comprises free shares that may be newly issued or outstanding, as well as OCEANE convertible/ exchangeable bonds issued on June 26, 2015.

At December 31, 2016, this represents a maximum capital dilution of 5.13% (excluding OCEANE-related derivatives) and 2.69% (after deducting OCEANE-related derivatives).

Stock options

At December 31, 2016, there were no exercisable stock options.

Performance shares

During 2016, the Company awarded 18,610 free shares to Group employees, which will be vested once the performance criteria have been achieved. These criteria are detailed in section 3.3.3 of this Registration Document.

At December 31, 2016, there were 244,980 free shares outstanding for which the vesting period had not yet expired, representing a dilution rate of 0.40% of the Company's share capital.

The Board of Directors may decide to record these shares as either existing or new shares until the vesting date.

OCEANE bond maturing June 26, 2022

On June 26, 2015, pursuant to the 12th resolution of the Extraordinary General Shareholders' Meeting of May 6, 2015, the Company launched a €500 million bond issue for private placement without preferential subscription rights. The issue comprised 2,904,443 bonds, convertible into and/ or exchangeable for new or existing shares, with a face value of €172.15 each, at an original conversion rate of 1 share for 1 bond. These OCEANE bonds are listed on the open market and mature on June 26, 2022.

They do not bear a coupon. The Company may, at its discretion, deliver new shares or existing shares or a combination of both.

No new shares were issued in 2016 for the OCEANE bond issued on June 26, 2015.

At December 31, 2016 the number of shares that could be issued was 2,910,252 following an adjustment of the conversion ratio, 1.002 shares for 1 bond, made after the dividend payout in 2016 for fiscal year 2015.

Taking into consideration the hedge transaction to cover the potential dilution connected with OCEANE convertible bonds, completed in November in the form of the purchase of 1,500,000 call options on 1,503,000 shares, the maximum capital dilution linked to the OCEANE bonds on that date is 2.29%.

(1) Subject to future parity adjustments.

8.3 Share ownership

8.3.1 Changes in share ownership over the last three financial years

Share ownership is broken down based on a total of 61,493,241 shares at December 31, 2016, which carry a total of 65,287,282 voting rights (including double voting rights and excluding treasury shares).

Shares that have been registered for over two years have double voting rights. These double voting rights are based on the information in the Shareholders' Register managed by Caceis Corporate Trust.

Pursuant to Article L.225-124, paragraph 1 of the French Commercial Code, double voting rights are rendered null and void *ipso jure* when shares are converted into bearer form or if their ownership is transferred.

Nevertheless, transfers through inheritance, the liquidation of marital assets, *inter vivos* transfers to a spouse or direct relative or transfers resulting from the merger or demerger of a shareholding company do not result in the loss of double voting rights.

Major shareholders

To the best of the Company's knowledge, share ownership at December 31, 2016 was broken down as follows:

At December 31, 2016	Number of shares	% shares	Number of voting rights	% actual voting rights	% theoretical voting rights(1)
Shareholders					
Allianz Global Investors(2)	4,910,776	7.99%	4,910,776	7.52%	7.51%
BPI France Participations(3)	3,335,935	5.42%	3,335,935	5.11%	5.10%
Jupiter(4)	3,189,054	5.18%	4,404,847	6.75%	6.73%
Amundi(5)	2,365,271	3.85%	2,365,271	3.62%	3.62%
MAJOR SHAREHOLDERS	**13,801,036**	**22.44%**	**15,016,829**	**23.00%**	**22.96%**
Employee share offers (Article L.225-102 of the French Commercial Code)	157,956	0.26%	303,828	0.46%	0.46%
Treasury shares	116,534	0.19%	-	-	0.18%
of which, shares held under liquidity contract	-	-	-	-	-
Other shareholders (bearer and registered)	47,417,715	77.11%	49,966,625	76.54%	76.40%
TOTAL	**61,493,241**	**100%**	**65,287,282**	**100%**	**100%**

(1) Pursuant to Article 223-11 of the AMF General Regulations, the number of theoretical voting rights is calculated on the basis of all shares with voting rights, including shares with suspended voting rights.
(2) Based on the most recent information in the shareholding threshold crossing statement received on November 17, 2016 (position as of November 15, 2016).
(3) BPI France Participations is indirectly controlled by the Caisse des Dépôts et Consignations which indirectly holds 3,630,945 shares and voting rights according to the latest shareholding threshold crossing statement sent to the Company on July 27, 2015 (position as of July 22, 2015).
(4) Based on the most recent information in the shareholding threshold crossing statement (pursuant to Article L.233-7 of the French Commercial Code) received on March 29, 2016 (position as of March 23, 2016).
(5) Based on the information in the shareholding threshold crossing statement received on July 22, 2016.

To the best of the Company's knowledge, there is no other shareholder who holds, directly or indirectly, either acting alone or in concert, over 2% of the share capital or voting rights.

To the best of the Company's knowledge, there has been no significant change since December 31, 2016, with the exception of the threshold crossing on January 9, 2017 by Amundi as disclosed below.

The Company is not controlled by another company within the meaning of Article L.233-3 of the French Commercial Code. To the best of the Company's knowledge, there are no agreements in place that could bring about a change in control at some future date.

To the best of the Company's knowledge, share ownership at December 31, 2015 was broken down as follows:

At December 31, 2015	Number of shares	% shares	Number of voting rights	% actual voting rights	% theoretical voting rights[1]
Shareholders					
Allianz Global Investors[2]	3,694,001	6.06%	3,694,001	5.84%	5.82%
BPI France Participations[3]	3,335,935	5.47%	3,335,935	5.28%	5.26%
Jupiter[4]	2,763,032	4.53%	3,991,515	6.31%	6.29%
Ameriprise (Threadneedle)[5]	1,693,070	2.78%	1,693,070	2.68%	2.66%
Amundi[6]	1,666,078	2.73%	1,666,078	2.64%	2.62%
MAJOR SHAREHOLDERS	**13,152,116**	**21.56%**	**14,380,599**	**22.75%**	**22.66%**
Employee share offers (Article L.225-102 of the French Commercial Code)	158,425	0.26%	283,124	0.45%	0.45%
Treasury shares	276,294	0.45%	-	-	0.44%
of which, shares held under liquidity contract	-	-	-	-	-
Other shareholders (bearer and registered)	47,403,765	77.72%	48,533,401	76.80%	76.46%
TOTAL	**60,990,600**	**100%**	**63,197,124**	**100%**	**100%**

(1) Pursuant to Article 223-11 of the AMF General Regulations, the number of theoretical voting rights is calculated on the basis of all shares with voting rights, including shares with suspended voting rights.

(2) Based on the most recent information in the shareholding threshold crossing statement received on August 7, 2015 (position as of August 3, 2015).

(3) BPI France Participations is indirectly controlled by the Caisse des Dépôts et Consignations which indirectly holds 3,630,945 shares and voting rights according to the latest shareholding threshold crossing statement sent to the Company on July 27, 2015 (position as of July 22, 2015).

(4) Based on the most recent information in the shareholding threshold crossing statement received on June 23, 2015 (position as of June 23, 2015).

(5) Based on the most recent information in the shareholding threshold crossing statement received on May 27, 2015 (position as of May 21, 2015).

(6) Based on the most recent information in the shareholding threshold crossing statement received on March 19, 2013 (position as of March 18, 2013).

To the best of the Company's knowledge, share ownership at December 31, 2014 was broken down as follows:

At December 31, 2014	Number of shares	% shares	Number of voting rights	% actual voting rights
Shareholders				
Morpho[1]	5,516,644	9.60%	10,865,207	16.70%
Jupiter	2,796,075	4.87%	3,818,945	5.87%
Allianz Global Investors	2,140,933	3.73%	2,140,933	3.29%
Ameriprise (Threadneedle)	2,099,136	3.65%	2,099,136	3.23%
Cantillon	1,916,197	3.34%	1,388,599	2.14%
BNP Paribas	1,829,803	3.19%	1,829,803	2.81%
Amundi	1,666,078	2.90%	1,666,078	2.56%
MAJOR SHAREHOLDERS	**17,964,866**	**31.28%**	**23,808,701**	**36.60%**
Employee share offers (Article L.225-102 of the French Commercial Code)	155,955	0.27%	280,654	0.43%
Treasury shares	280,794	0.49%	-	-
of which shares held under liquidity contract	-	-	-	-
Other shareholders (bearer and registered)	39,035,166	67.96%	40,954,745	62.97%
TOTAL	**57,436,781**	**100%**	**65,044,100**	**100%**

(1) Excluding 2,020 shares corresponding to 4,040 voting rights held through a consumer loan to two directors.

8.3.2 Dividend policy

The Board of Directors decides on the amount of dividend payments, which are based on the Company's operational results, financial position and investment policy in particular. The Company's dividend policy is based on paying out a dividend representing 35% of its net profit.

Ingenico's Board of Directors has decided to submit a resolution to the Annual General Shareholders' Meeting of May 10, 2017 to pay a dividend for 2016 of €1.50 per share, payable in cash or in shares.

Financial year for which dividends were paid	Net dividend per share *(in €)*	Dividend payment date
2016	1.50	Subject to approval at the Annual General Shareholders' Meeting on May 10, 2017
2015	1.30	April 29, 2016
2014	1.00	June 10, 2015
2013	0.80	June 11, 2014
2012	0.70	June 3, 2013

Five years after the distribution date, all unclaimed dividends will be forfeited and paid to the French Treasury.

8.3.3 Shareholding disclosure thresholds at February 28, 2017

Regulatory thresholds

The complete version of the following statements regarding the crossing of major shareholding thresholds can be viewed online on the AMF website.

Shareholder	AMF ruling no.	AMF ruling date	Date threshold was crossed	Threshold	Threshold crossed by increase or decrease
Jupiter	216C0750	March 29, 2016	March 23, 2016	5% of share capital and of voting rights	Increase

Company statutory thresholds

Shareholder	Date threshold was crossed	Threshold crossed by increase or decrease	Threshold	Number of shares after threshold crossed	% of share capital after threshold crossed	% of voting rights after threshold crossed
BNP Paribas Investment Partners[1]	March 10, 2016	-	-	628,756	1.0309%	0.9877%
Amundi	March 22, 2016	Increase	4% of share capital and of voting rights	2,559,581	4.19%	4.03%
Amundi	April 14, 2016	Decrease	4% of voting rights	2,516,396	4.12%	3.96%
Amundi	May 4, 2016	Increase	4% of voting rights	2,595,718	4.25%	4.08%
Threadneedle Investments	May 10, 2016	Increase	2% of share capital and of voting rights	1,277,282	2.095%	2.011%
Amundi	May 26, 2016	Decrease	4% of voting rights	2,499,161	4.09%	3.93%
Allianz Global Investors Fund	June 6, 2016	-	-	2,457,359	4.03%	3.87%
Amundi	July 22, 2016	Decrease	4% of capital	2,365,271	3.84%	3.61%
Allianz Global Investors GmbH	Sept. 6, 2016	Increase	8% of capital	4,966,773	8.08%	7.59%
Threadneedle Investments	Sept 28, 2016	Decrease	2% of share capital and of voting rights	1,203,926	1.958%	1.840%
Allianz Global Investors GmbH	Nov. 15, 2016	Decrease	8% of capital	4,910,776	7.99%	7.50%
Amundi	January 9, 2017	Decrease	2% of share capital and of voting rights	887,256	1.44%	1.35%

(1) Disclosure made by BNP Investment Partners for the companies it controls within the meaning of Article L.233-3 of the French Commercial Code.

8.3.4 Shareholder agreements

To the best of the Company's knowledge, there is no agreement or shareholders' agreement as mentioned in Article L.233-11 of the French Commercial Code other than that published by the AMF under the number 206C2177, concluded on November 23, 2006 by Candel & Partners SAS [1], FBT SCA [2] (formerly Financière de Tayninh SCA), Consellior SAS[3] and Mr. Allan Green with Raiffeisen Centrobank AG[4] (hereinafter referred to as "RCB") in relation to Ingenico. This agreement restated and replaced the shareholders' agreement entered into on October 4, 2004 which constituted an action in concert between its signatories (refer to AMF Ruling and Notice No. 204C1192 of October 7, 2004 and AMF Ruling and Notice No. 204C1198 of October 11, 2004).

On November 8, 2011, Mr. Allan Green informed the Company and the *Autorité des marchés financiers* that, on November 4, 2011, the Consellior group and RCB had ended their action in concert and adherence to the shareholders' agreement of November 23, 2006. Since that date, the Consellior group has consisted only of Consellior SAS, Candel & Partners and Mr. Allan Green.

(1) Company controlled by Mr. Allan Green, 4 Avenue Hoche, 75008 Paris, France.
(2) Limited partnership wholly owned by Candel & Partners, 4 avenue Hoche, 75008 Paris, France.
(3) Limited liability joint-stock company controlled by Mr. Allan Green, 4 avenue Hoche, 75008 Paris, France.
(4) Company of the banking Group Raiffeisen, Tegetthoffstrasse 1, A-1010 Vienna, Austria.

8.4 Market for Ingenico Group shares

8.4.1 Listing

Ingenico Group shares are listed in France on Euronext Paris (Compartment A) and have been included since August 2015 in the CAC Next 20 Index.

Ingenico Group announced the reclassification of its ICB (Industry Classification Benchmark) category from “Industrial Goods and Services” to “Technology” as of March 19, 2012. Ingenico Group is also included in the Stoxx Europe 600 and SBF 120 stock market indexes.

At the end of December 2016, Ingenico’s share price closed at €75.87 and its market capitalization was €4.7 billion.

8.4.2 Ingenico Group share price and volume of transactions (ISIN: FR0000125346)

Change in the share price and volume of transactions over 18 months

Month	High *(in €)*	Low *(in €)*	Volume traded *(in millions of shares)*	Closing price *(in €)*	Capital traded *(in € millions)*	Average price *(in €)*
July 2015	119.35	103.00	5.49	119.35	606.20	109.40
August 2015	127.60	110.40	11.96	110.40	1,392.40	119.89
September 2015	108.50	98.38	10.29	107.80	1,078.74	104.40
October 2015	115.00	103.20	7.43	107.40	799.18	107.14
November 2015	119.15	107.60	4.27	119.15	472.76	110.90
December 2015	121.30	112.60	3.25	116.50	393.09	116.40
January 2016	113.50	100.75	4.27	108.8	461.68	107.14
February 2016	108.70	90.87	7.68	93.24	754.93	97.60
March 2016	102.70	87.94	7.34	100.95	692.19	94.30
April 2016	106.30	95.76	5.13	103	514.84	99.73
May 2016	109.50	101.10	3.57	109.5	372.14	104.29
June 2016	108.90	94.76	8.07	105.1	813.64	101.80
July 2016	110.15	98.03	5.85	98.03	607.96	106.38
August 2016	98.41	94.10	4.18	96.54	404.47	96.62
September 2016	97.00	77.20	10.50	77.77	855.09	81.13
October 2016	76.80	70.14	8.82	72.10	645.88	73.12
November 2016	74.13	70.56	5.23	73.52	379.46	72.73
December 2016	78.30	69.73	7.25	75.87	528.41	73.41
January 2017	80.10	75.00	7.71	78.06	600.70	78.01
February 2017	84.95	75.57	6.41	84.68	513.17	79.21

Data: Bloomberg.

8.4.3 OCEANE bonds and standard bonds

Bond debt

On May 20, 2014, Ingenico SA issued bonds maturing on May 20, 2021 with a view to improving its financial flexibility. The par value of the issue is €450,000,000, or 4,500 bonds with a face value of €100,000. The bonds pay a coupon of 2.50%. The bond issue costs and issue premium are amortized on a straight-line basis over the term of the bonds. The bonds are listed on the Euronext Paris market.

Convertible bond debt

Details of the OCEANE bonds issued on June 26, 2015 are included in section 8.2.4 of this Registration Document.

At December 31, 2016, there were 2,904,443 OCEANE bonds outstanding, representing a par value of €172.15. On December 31, 2016 the conversion rate was 1.002 shares for one bond.

8.5 Additional information

8.5.1 Documents available to the public

The Articles of Association and the parent company and consolidated financial statements for the last three financial years may be consulted by appointment at the head office and viewed online at www.ingenico.com/finance.

8.5.2 Financial communication calendar for 2017

The financial communication calendar can be found on the website www.ingenico.com/finance.

8.5.3 Person responsible for the Registration Document

Certification of the person responsible for the Registration Document

"I hereby certify, having taken all reasonable care to ensure that such is the case, that the information contained in this Registration Document is, to the best of my knowledge, accurate and does not contain any omission that might affect its significance.

I hereby certify that, to the best of my knowledge, the financial statements have been prepared in accordance with the relevant accounting standards and give a true representation of the assets, financial position and operational results of the Company and all consolidated companies, and that the Board of Directors' management report, for which a cross-reference table can be found on page 262 of this Registration Document, is a true reflection of changes in the business, operational results and financial position of the Company and all its consolidated entities, as well as a description of the main risks and uncertainties facing them.

I have obtained a letter from the statutory auditors confirming that they have completed their work and indicating that they have verified the financial position and the financial statements included in this Registration Document and reviewed the document as a whole."

Philippe LAZARE
Chairman and Chief Executive Officer

Person responsible for the financial information as of the date of this Registration Document

Nathalie Lomon, Executive Vice-President Finance & Legal (+ 33 (0)1 58 01 84 33)

8.5.4 Person responsible for the audit of the financial statements and fees

Information on the statutory auditors

Statutory auditors and Alternate Auditors

Statutory auditor

KPMG SA

(775 726 417 RCS Nanterre)

Tour EQHO – 2, avenue Gambetta
92066 Paris-La Défense Cedex, France

Represented by Mr. Frédéric QUELIN

KPMG SA is a member of the *Compagnie régionale des Commissaires aux comptes de Versailles* (the Versailles Regional Association of Statutory Auditors).

First appointed: April 29, 2016

Alternate auditor

SALUSTRO REYDEL

(652 044 371 RCS Nanterre)

Tour EQHO – 2, avenue Gambetta
92066 Paris-La Défense Cedex, France

SALUSTRO REYDEL is a member of the *Compagnie régionale des Commissaires aux comptes de Versailles* (the Versailles Regional Association of Statutory Auditors)

First appointed: April 29, 2016

KPMG SA was appointed principal statutory auditor replacing KPMG Audit IS SAS and Salustro Reydel was appointed to replace KPMG Audit ID at the General Shareholders' Meeting of April 29, 2016, for a term of six fiscal years, *i.e.*, until the General Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2021.

Statutory auditor

Mazars

(784 824 153 RCS Nanterre)

Tour Exaltis – 61, rue Henri-Regnault
92075 Paris-La Défense, France

Represented by Mr. Thierry Blanchetier

Mazars is a member of the *Compagnie régionale* des *Commissaires aux comptes* de Versailles (the Versailles Regional Association of Statutory Auditors).

First appointed: April 29, 2013

Alternate auditor

Mr. Jean-Louis Simon

(784 824 153 RCS Nanterre)

Tour Exaltis – 61, rue Henri-Regnault
92075 Paris-La Défense, France

Mr. Jean-Louis Simon is a member of the *Compagnie régionale* des *Commissaires aux comptes* de Versailles (the Versailles Regional Association of Statutory Auditors).

First appointed: April 29, 2013

Mazars and Mr. Jean-Louis Simon were reappointed at the General Shareholders' Meeting of April 29, 2016 for a period of six fiscal years, *i.e.*, until the General Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2021.

Statutory auditors' fees

The statutory auditors' fees are presented in Note 16 of the consolidated financial statements at December 31, 2016 and Note 20 of the parent company financial statements of Ingenico Group SA at the same date presented in sections 5 and 6 of this Registration Document.

CROSS-REFERENCE TABLE TO THE REGISTRATION DOCUMENT

Commission regulation (EC) No 809/2004 dated April 29, 2004 – Annex I		Registration Document
No.	**Heading**	**Page of the 2016 Registration Document**
1.	**Persons responsible**	
1.1.	Persons responsible for the information given in the Registration Document	254
1.2.	Declaration by the persons responsible for the Registration Document	254
2.	**Statutory auditors**	
2.1.	Names and addresses of the issuer's statutory auditors for the period covered by the financial statements	255
2.2.	Statutory auditors that have resigned, been removed or not been reappointed during the period covered by the financial statements	255
3.	**Selected financial information**	
3.1.	Selected historical financial information	123 *et seq.*
3.2.	Selected financial information for interim periods	n.a.
4.	**Risk factors**	**28 to 35**
5.	**Information about the issuer**	
5.1.	History and development of the Company	12-13
5.1.1.	Legal and commercial name of the issuer	238
5.1.2.	Place of registration and registration number	238
5.1.3.	Date of incorporation and duration	238
5.1.4.	Head office, legal form, legislation under which the issuer operates, country of incorporation, address and telephone number of the registered office	238
5.1.5.	Important events in the development of the business	141 *et seq.*
5.2.	Investments	141 *et seq.*
5.2.1.	Investments made	141 *et seq.*
5.2.2.	Investments in progress	141-142
5.2.3.	Future investments	128
6.	**Business overview**	
6.1.	Principal activities	18 *et seq.*
6.1.1.	Nature of the issuer's operations and principal activities	18 *et seq.*
6.1.2.	New products and/or services	18 *et seq.*
6.2.	Principal markets	19 *et seq.*
6.3.	Exceptional events affecting the information in items 6.1 and 6.2	n.a.
6.4.	Dependence of the issuer on patents or licenses, industrial, commercial or financial contracts or new manufacturing processes	28-31
6.5.	Basis for statements made by the issuer regarding its competitive position	25-26 and 33-34
7.	**Organizational structure**	**14-15**
7.1.	Description of the Group and the issuer's position within the Group	14-15 and 199-200
7.2.	List of the issuer's significant subsidiaries	190-191

Commission regulation (EC) No 809/2004 dated April 29, 2004 – Annex I		Registration Document
No.	**Heading**	**Page of the 2016 Registration Document**
8.	**Property, plant and equipment**	
8.1.	Main tangible fixed assets (existing or planned)	157 to 160
8.2.	Environmental issues that may affect the issuer's utilization of their tangible fixed assets	64 to 74
9.	**Operating and financial review**	
9.1.	Financial position of the issuer, changes in financial position and the results of operations for each financial year and interim period covered by the historical financial information	123 to 128
9.2.	Profit from operations	123 to 128
9.2.1.	Significant factors materially affecting the issuer's operating income	123 to 128
9.2.2.	Material changes in net sales or revenues	124
9.2.3.	Governmental, economic, fiscal, monetary or political policies or factors	123 to 128
10.	**Capital resources**	
10.1.	Information concerning the issuer's capital resources	186
10.2.	Sources and amounts of the issuer's cash flows and description of cash flows	136, 137, 167-170, and 175-180
10.3.	Information on the issuer's borrowing requirements and funding structure	136,137, 167-170 and 175-180
10.4.	Information regarding any restrictions on the use of capital resources that have materially affected, or could materially affect, directly or indirectly, the issuer's operations	136,137, 167-170 and 175-180
10.5.	Information regarding the anticipated sources of funds needed to fulfill commitments referred to in items 5.2.3 and 8.1	175-180
11.	**Research and development, patents and licenses**	**18 to 26, 126, 145**
12.	**Trend information**	**128**
12.1.	Significant trends in production, sales and inventory, costs and selling prices since the end of the last financial year to the date of the Registration Document	n.a.
12.2.	Information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's prospects for at least the current financial year	n.a.
13.	**Profit forecasts or estimates**	**None**
14.	**Administrative, management and supervisory bodies and senior management**	
14.1.	Information concerning the members of the administrative, management and supervisory bodies	99 *et seq.*
14.2.	Conflicts of interest at the level of the administrative, management and supervisory bodies and senior management	84
15.	**Compensation and benefits**	
15.1.	Amount of compensation paid and benefits in kind granted by the issuer and its subsidiaries	108 *et seq.*
15.2.	Total amounts set aside or accrued by the issuer or its subsidiaries to provide pension, retirement or similar benefits	154
16.	**Administration and Board practices**	
16.1.	Expiration date of the current term of office and period over which the person has held office	83-84
16.2.	Information about the service contracts of any member of the administrative, management or supervisory bodies with the issuer or any of its subsidiaries providing for benefits in kind, or a statement that this does not apply	84
16.3.	Information about the issuer's Audit and Finance Committee and its Compensation, Appointments and Governance Committee	91 to 94
16.4.	Statement as to whether or not the issuer complies with the corporate governance regime applicable to its country of incorporation	80

Commission regulation (EC) No 809/2004 dated April 29, 2004 – Annex I		Registration Document
No.	**Heading**	**Page of the 2016 Registration Document**
17.	**Employees**	
17.1.	Number of employees at the end of the relevant historical financial period or average number of employees for each financial year during this period and breakdown by main function and location	46-47-214
17.2.	Profit-sharing and stock option awards	118, 153, 209-210
17.3.	Any arrangements for involving the employees in the capital of the issuer	118
18.	**Major shareholders**	
18.1.	The name of any person other than a member of the administrative, management or supervisory bodies who, directly or indirectly, has an interest in the issuer's capital or voting rights which is notifiable under the issuer's national law, together with the amount of such interest or, if not applicable, a statement to this effect	248 *et seq.*
18.2.	Different voting rights or a statement that this does not apply	248 *et seq.*
18.3.	Indirect or direct ownership or control of the issuer	248 *et seq.*
18.4.	Arrangements known to the issuer, the implementation of which could at a later date result in a change of control of the issuer	248 *et seq.*
19.	**Related-party transactions**	**156**
20.	**Financial information concerning the issuer's assets and liabilities, financial position and profits and losses**	
20.1.	Historical financial information	124 *et seq.*
20.2.	Pro forma *financial information*	n.a.
20.3.	Financial statements	132 to 193 and 196 to 220
20.4.	Audit of the historical financial information	193, 219
20.4.1.	Statement that the historical financial information has been audited	193, 219
20.4.2.	Other information audited by the statutory auditors	n.a.
20.4.3.	Financial data not extracted from the issuer's audited financial statements	n.a.
20.5.	Date of the latest financial information	254
20.6.	Interim and other financial information	n.a.
20.6.1.	Quarterly and half-yearly financial information	n.a.
20.6.2.	Interim financial information covering the six first months of the financial year in progress	n.a.
20.7.	Dividend policy	250
20.7.1.	Amount of the dividend per share	250
20.8.	Legal and arbitration proceedings	36
20.9.	Significant changes in the financial or trading position	None
21.	**Additional information**	
21.1.	Share capital	242
21.1.1.	Amount of issued share capital	242
21.1.2.	Shares not representing capital	n.a.
21.1.3.	Shares in the issuer held by the issuer itself or on its behalf or by its subsidiaries	245
21.1.4.	Convertible or exchangeable securities or securities with warrants	247
21.1.5.	Acquisition rights and/or obligations on the issued capital	n.a.
21.1.6.	Amount of capital of any member of the Group which is under option or agreed conditionally or unconditionally to be placed under option	133
21.1.7.	Share capital history	242-243

Commission regulation (EC) No 809/2004 dated April 29, 2004 – Annex I		Registration Document
No.	**Heading**	**Page of the 2016 Registration Document**
21.2.	Instrument of Incorporation and Articles of Association	248 *et seq.*
21.2.1.	Company purpose	248-249
21.2.2.	Members of the administrative, management and supervisory bodies	82 and 100-108
21.2.3.	Rights, preferences and restrictions attached to each class of existing shares	240
21.2.4.	Changes in shareholders' rights	240
21.2.5.	Annual General Shareholders' Meetings	221 *et seq.* and 239 *et seq.*
21.2.6.	Provisions of the issuer's instrument of incorporation, Articles of Association, charter or rules of procedure that could delay, defer or prevent a change in control of the issuer	241
21.2.7.	Provisions of the issuer's instrument of incorporation, Articles of Association, charter or rules of procedure governing the ownership threshold above which shareholder ownership must be disclosed	241
21.2.8.	Conditions imposed by the instrument of incorporation and the Articles of Association, charter or rules of procedure governing changes in the capital	n.a.
22.	**Material contracts**	**n.a.**
23.	**Information from third parties, statements by experts and declarations of interests**	**n.a.**
23.1.	Statement or report attributed to a person acting as an expert	
23.2.	Information sourced from a third party	
24.	**Documents available to the public**	**254**
25.	**Information on subsidiaries and associates**	**190-191**

CROSS-REFERENCE TABLE TO THE ANNUAL FINANCIAL REPORT

This Registration Document includes all the items in the annual financial report mentioned in Article L.451-1-2 of the French Monetary and Financial Code, as well as in Article 222-3 of the AMF General Regulations.

CROSS-REFERENCE TABLE TO THE MANAGEMENT REPORT

This Registration Document includes all the items in the Company's management report required under Articles L.225-100 *et seq.*, L.232-1 *et seq.*, L.233-16, L.233-26 and R.225-102 of the French Commercial Code.

CROSS-REFERENCE TABLE FOR CORPORATE SOCIAL RESPONSIBILITY (CSR)

Environmental Information (pages 64 to 74)

General policy with regard to environmental matters	Page(s)
Organization of the Company toward addressing environmental issues and any environment-related assessment or certification initiatives	64-74
Training and information provided to employees on environmental protection	73-74
Resources devoted to preventing environmental risks and pollution	73-74
Amount of the provisions and guarantees for environment-related risks, provided that this information is not liable to do serious harm to the Company in pending litigation	n.a.
Pollution and waste management	
Prevention, reduction or compensation measures for air, water or ground emissions that seriously affect the environment	64-73
Waste prevention, recycling and disposal measures	66-69
Consideration of noise pollution and of any other activity-related pollution	64-66
Actions to combat food waste	
Sustainability	**60**
Water consumption and supply on the basis of local constraints	65
Consumption of raw materials and measures taken to make more efficient use of them	66
Energy consumption and measures taken to improve energy efficiency and use of renewable energies	67-69
Land use	66
Climate change	
Greenhouse gas emissions	71-73
Adaptation to climate change	
Safeguarding biodiversity	
Measures undertaken to preserve or develop biodiversity	66

Human resources information (pages 45 to 52)

Employment	Pages
Total workforce and breakdown by sex, age and geographical region	46-47
Hirings and dismissals	49-50
Compensation and changes in compensation	51
Work organization	
Work time organization	48-49
Absenteeism	43
Labor relations	
Organization of social dialogue, particularly procedures for informing, consulting and negotiating with employees	52
Outcome of collective agreements	52

Employment	Pages
Health and safety	
Health and safety conditions at work	48
Outcome of occupational health and safety agreements signed with trade unions or employee representatives	48
Workplace accidents, including frequency and severity, as well as occupational illnesses	48
Promotion of and compliance with the ILO Fundamental Conventions regarding:	
• the respect of freedom of association and the right to collective bargaining	52
• the elimination of discrimination in employment and occupation	48-49
• the abolition of forced or compulsory labor	48-49
• the effective abolition of child labor	48-49
Training	
Training policy and implementation	50-51
Total hours of training	51
Equality in the workplace	
Measures adopted to promote equality between men and women	49
Measures adopted to promote the employment and integration of people with disabilities	48
Anti-discrimination policy	48

Society involvement (pages 53 to 65)

Territorial, economic and social impact of the Company's activity	Pages
• in terms of employment and regional development	58-60
• on local and neighboring communities	58-60
Relations with stakeholders, particularly associations promoting social inclusion, educational institutions, environmental protection associations, consumer associations, and community associations	
Conditions for dialogue with these stakeholders	61-62
Philanthropic or sponsorship actions	58
Subcontracting and suppliers	
Incorporation of social and environmental concerns in the procurement policy	57
Importance of subcontracting and of including social and environmental responsibility in relationships with suppliers and subcontractors	57
Fair trade practices	
Action taken to prevent corruption	53-54
Measures implemented to promote consumer health and safety	55
Other actions promoting human rights	

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