

2019

# Annual Financial Report

AUTORITÉ  
DES MARCHÉS FINANCIERS  
**AMF**

This Annual Financial Report was filed with the French Financial Markets Authority (Autorité des Marchés Financiers – AMF) on 30 April 2020 in accordance with Article L. 451-1-2 of the French Monetary and Financial Code.

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



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

### 1.1 Person responsible for the annual financial report

Stanislas de Bentzmann - Chairman of the Management Board.

### 1.2 Statement by the person responsible for the annual financial report

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

30 April 2020

Stanislas de Bentzmann

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

Statutory Auditors	Date of 1 <sup>st</sup> mandate	Date of expiry of current mandate
KPMG SA, Tour EQ110 2 avenue Gambetta, CS 60055, 92066 Paris La Défense represented by Jean-Pierre Valensi	1999	GM ruling on the 2022 financial statements
Grant Thornton 29 rue du Pont, 92200 Neuilly-sur-Seine represented by Vincent Papazian	2014	GM ruling on the 2019 financial statements
Alternate Auditors	Date of 1 <sup>st</sup> mandate	Date of expiry of current mandate
Salustro Roydel SA, Tour EQ110 2 avenue Gambetta, CS 60055, 92066 Paris La Défense	2017	GM ruling on the 2022 financial statements
ICEC 29 rue du Pont, 92200 Neuilly-sur-Seine represented by Pascal Leclerc	2014	GM ruling on the 2019 financial statements

### 1.4 Statutory Auditors' fees

The table below presents the detailed amounts of Statutory Auditors' fees paid for the 2018 and 2019 financial years:

In thousands of euros	2019							2018						
	KPMG	%	Grant Thornton	%	NSK	%	Total	KPMG	%	Grant Thornton	%	NSK	%	Total
<i>Certification and half-yearly limited review of separate and consolidated financial statements</i>														
Issuer	157	29%	148	37%	0	0%	303	135	45%	120	35%	0	0%	255
Fully consolidated subsidiaries	193	35%	218	55%	62	100%	473	164	55%	194	53%	70	100%	410
<i>Services other than certification of financial statements</i>														
Issuer	200	36%	11	3%	0	0%	211	0	0%	9	3%	0	0%	9
Fully consolidated subsidiaries	0	0%	24	6%	0	0%	24	0	0%	35	10%	0	0%	35
<b>Total</b>	<b>550</b>	<b>100%</b>	<b>399</b>	<b>100%</b>	<b>62</b>	<b>100%</b>	<b>1,011</b>	<b>299</b>	<b>100%</b>	<b>348</b>	<b>100%</b>	<b>70</b>	<b>100%</b>	<b>717</b>

## 1.5 Recent events

Faced with the unprecedented health crisis caused by the rapid propagation of Covid-19 throughout the world, the Group quickly put a crisis team in place and a business continuity plan to adapt to the confinement measures and preserve the health of its employees. To continue its activities and missions, the Group uses teleworking for nearly 85% of its consultants. The proportion of teams currently performing missions on client sites is limited.

The Group's activities are affected by the confinement in Europe, mainly in France, Germany and Benelux. The other countries of the Group are less affected, due to client activities that are less sensitive, such as telecoms, health and the public sector.

In addition to furloughing the affected teams, the Group also makes use of partial activity arrangements in several countries, subject to ongoing validation by the local authorities.

New project start-ups have slowed by about 50% since the start of the confinement in mid-March compared to the budget. The Group is in permanent contact with its clients to adapt its activity.

During this period, the Group is accelerating its investments with its partners in innovation and training, and is launching an ambitious training plan for its employees with unlimited access to the training catalogues of its strategic partners Google, AWS, Microsoft, ServiceNow and Salesforce as well as an associated certification programme. At the same time, the Group is continuing to invest in its Kubernetes DevOps Academy in order to certify several hundred employees in open-source technology. This is to intensify the skills uptake of the teams in the technologies which most contribute to accelerating the digitisation of the economy.

To cope with this situation, the Group has a sound financial situation. As a reminder, on 31 December 2019, the Group had net cash of €48 million corresponding to €81.6 million in gross cash reduced by €33.6 million in borrowings, mostly due in July 2021. At the end of March 2020, gross cash stood at €79.1 million with gross debt practically stable. The Group also has confirmed credit lines with first-rate bank counterparties, of a residual duration of about four years and for a total amount of €105 million, non-drawn to date.

Faced with the uncertainty, the Management Board, supported by the Supervisory Board, decided on 9 April 2020, to prefer a prudent approach concerning the proposed appropriation of income that will be submitted to the vote of the General Meeting of Shareholders on 5 June 2020 and not to distribute dividends for the 2019 financial year.

Given the macroeconomic context, the Group does not currently have reliable information enabling it to communicate its prospects for the 2020 financial year. The forecast update will be given on 19 May 2020, during the financial communication pertaining to the first quarter of 2020.

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

Ladies and Gentlemen,

We have called this General Meeting to report to you on the results of our work carried out during the financial year ended 31 December 2019 and to submit for your approval the Group's separate and consolidated financial statements for the said financial year.

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

The separate financial statements hereby presented have been prepared in compliance with the general regulations applicable in France on the preparation and presentation of annual financial statements. The consolidated financial statements have been prepared in accordance with the IFRS guidelines, as adopted by the European Union prior to 31 December 2019. All of these financial statements respect the principle of true and fair view.

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

#### 2.1.1 Highlights of the year

In 2019, the Group continued its growth, driven by its strategy initiated around its strategic partners, such as Google, ServiceNow, AWS and Microsoft, thus strengthening its position in the market around the activities that are most innovative and have high added value. As a result of the strategy, the Group received several new awards, such as "FMFA Elite Partner of the year" by ServiceNow and "2019 Country Partner of the Year" in Luxembourg with Microsoft and now has seven Google Cloud specialisations, of which the last two "Work Transformation - Enterprise and Location Based Services" were obtained in the fourth quarter of 2019.

In line with the strategy, the Group has also reinforced its position as a Google Cloud leader in Europe with the acquisition in April of Avalon Solutions, Google Premier Partner and Scandinavian leader, with its head office in Stockholm.

The Group also accelerated its investments in artificial intelligence (AI) and in the latest multi-cloud technologies with, for example, the launch of the Kubernetes DevOps Academy with an ambitious programme to certify its consultants.

At the same time as these investments, the Group emphasises the importance of its **"Tech for People"** vision: the responsibility to shape technology for people. In this context, Devoteam has strengthened the programme for its "Tech for People" foundation, with the mission of supporting associations and social entrepreneurs in their digital strategies, a significant marker of the Group's commitment to promoting responsible and positive technology.

The Company's consolidated financial statements for the financial year ended 31 December 2019 include the Company and its subsidiaries ("the Group"), as well as the Group's share of the results of associates and jointly controlled companies.

The financial statements were approved by the Management Board on 9 March 2020, and will be submitted to the General Meeting for approval on 5 June 2020.

#### 2.1.2 Activity and performance of Devoteam SA

Revenue totalled €297.2 million in 2019, up 11.9% compared to 2018, in line with the growth rates recorded at Group level.

Operating profit stood at €10.8 million, against €8.8 million the year before, due to growth in the business.

Net income for 2019 amounted to €25.7 million, compared to €27.8 million in 2018. This comprises:

- a stable net financial income of €13.1 million (vs €13.2 million in 2018) mainly affected by an increase in provisions on equity securities (-€1.3 million), a reduction in dividends received (-€1.6 million) and a reduction in provisions on current accounts and subsidiary risks (+€3.7 million);
- an exceptional income of €4.9 million (against €6.4 million in 2018), mainly explained by a reduction in capital gain on disposals of equity securities (-€4.4 million) and by a decrease in expenses related to litigation (+€2.9 million).

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

With regard to the financial position:

- The Company's equity stood at €200.2 million at 31 December 2019, against €187.5 million at 31 December 2018. The change comes mainly from the recognition of the profit for the year (-€25.7 million) and dividends distributed (-€8.2 million);
- Total borrowings (excluding total current account liabilities with subsidiaries) amounted to €30.6 million and mainly correspond to the bond issue and related accrued interest in the amount of €30.4 million;
- Available cash (including marketable securities and excluding treasury shares) stood at €24.4 million against €19.5 million a year earlier, up by €4.9 million, mainly under the effect of growth.

In accordance with the provisions of Articles 441-6<sup>1</sup> and D. 441-4 of the French Commercial Code, the breakdown by maturity of trade receivables and payables at 31 December 2019 was as follows:

	Article D. 441 I. - 1 of the French Commercial Code: Invoices received and not settled at the closing date of the year in which they fell due						Article D. 441 I. - 2 of the French Commercial Code: Invoices issued and not settled at the closing date of the year in which they fell due					
	0 days (due date)	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	Total (1 day or more)	0 days (due date)	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	Total (1 day or more)
<b>(A) Number of days overdue</b>												
Number of invoices outstanding	2,861					241	3,713					1,697
Total amount of invoices outstanding in thousands of euros (incl. taxes)	25,977	223	36	74	271	605	50,940	2,222	2,883	533	4,460	10,106
Percentage of the total amount of purchases for the year (incl. taxes)	14.6%	0.1%	0.0%	0.0%	0.2%	0.3%						
Percentage of revenue for the year (incl. taxes)							14.37%	0.63%	0.61%	0.15%	1.26%	2.65%

The breakdown by due date of trade receivables and trade payables at 31 December 2018 was presented as follows:

	Article D. 441 I. - 1 of the French Commercial Code: Invoices received and not settled at the closing date of the year in which they fell due						Article D. 441 I. - 2 of the French Commercial Code: Invoices issued and not settled at the closing date of the year in which they fell due					
	0 days (due date)	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	Total (1 day or more)	0 days (due date)	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	Total (1 day or more)
<b>(A) Number of days overdue</b>												
Number of invoices outstanding	2,796					221	2,713					795
Total amount of invoices outstanding in thousands of euros (incl. taxes)	23,946	290	109	15	279	693	40,481	2,497	1,006	92	2,266	6,590
Percentage of the total amount of purchases for the year (incl. taxes)	15.0%	0.2%	0.1%	0.0%	0.1%	0.5%						
Percentage of revenue for the year (incl. taxes)							12.0%	0.0%	0.3%	0.3%	0.7%	2.1%

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

### 2.1.3 Activity and consolidated results

#### Income statement analysis

The Group generated **revenue** of €761.9 million in 2019, an increase of 16.8% compared to 2018 and of 10.4% at constant scope and exchange rates. The changes in perimeter also had a positive impact of 6.3 points on the growth, with a net contribution to Group revenue of €40.8 million.

The **operating margin**, defined as the current operating profit excluding the impact of share-based payments and amortisation of intangible assets related to acquisitions, stood at €79.0 million in 2019, representing 10.4% of revenue. Over the year, changes in scope reduced the operating margin by 0.9 points.

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

In € million and %	2019			2018		
	H1	H2	FY	H1	H2	FY
<b>Revenue</b>	<b>373.3</b>	<b>388.6</b>	<b>761.9</b>	<b>306.5</b>	<b>345.9</b>	<b>652.4</b>
Annual variation (%)	21.8%	12.3%	16.8%	7.7%	17.7%	12.7%
<b>Operating margin</b>	<b>33.4</b>	<b>45.6</b>	<b>79.0</b>	<b>34.0</b>	<b>39.5</b>	<b>73.5</b>
(as % of revenue)	8.9%	11.7%	10.4%	11.1%	11.4%	11.3%

The **operating result** amounted to €73.4 million, increasing 13.8% compared to the previous year. It includes restructuring costs for €3.8 million, mainly in Germany and in France.

The **net financial expense** stood at €3.4 million. It mainly includes €1 million in interest expenses on our bonds, an expense of €0.6 million related to the first application of IFRS 16 and €0.7 million in costs related to the short-term financing of the Group (confirmed and factor credit lines).

The **tax expense** amounted to €23 million, representing 32.6% of the profit before tax. The effective tax rate increased slightly compared to the previous year, mainly because of the fiscal reform of the tax credit for employment and competitiveness in France ("C.C.F").

The **net income attributable to the shareholders** of Devoteam SA increased by 9.0% to €41.6 million.

### Balance sheet analysis

The main items of the consolidated balance sheet changed as follows during 2019:

<i>In millions of euros</i>	31 December 2019	31 December 2018	Change	Main reasons for the change
<b>Non-current assets</b>	<b>215.3</b>	<b>160.0</b>	<b>55.3</b>	The change is mainly due to the recognition of goodwill linked to the acquisition of the Avion group in Scandinavia for €7.1 million, and the right-of-use assets following the application of IFRS 16 for €44.7 million (see Note 21 to the consolidated financial statements).
<b>Operating receivables</b>	<b>287.6</b>	<b>264.5</b>	<b>23.1</b>	Operating receivables have increased in line with the Group's growth. The days of sales outstanding (DSO) at the end of the period stood at 59 days and remained stable compared to the previous year.
<b>Cash and cash equivalents*</b>	<b>81.6</b>	<b>74.6</b>	<b>7.0</b>	See below
<b>Equity attributable to the Group</b>	<b>196.3</b>	<b>175.6</b>	<b>20.7</b>	The change is due to the recognition of net income for the period in the amount of €41.6 million, net of dividends paid of -€8.2 million, scope effects representing -€3.9 million, transactions related to treasury shares and other equity instruments for €1.0 million and a foreign exchange effect of €3.1 million.
<b>Non-controlling interests</b>	<b>15.1</b>	<b>12.0</b>	<b>3.1</b>	Non-controlling interests (see Note 5.13 to the consolidated financial statements).
<b>Non-current liabilities</b>	<b>89.9</b>	<b>56.7</b>	<b>33.2</b>	The increase in non-current liabilities comes essentially from the recognition of lease liabilities related to the entry into force of the IFRS 16 standard for €33.5 million.
<b>Current liabilities</b>	<b>283.2</b>	<b>254.8</b>	<b>28.4</b>	The increase in non-current liabilities is mainly explained by the recognition of lease liabilities related to the entry into force of the IFRS 16 standard for €11.7 million and by the increase in trade payables for €5.0 million and tax and social security liabilities for €9.4 million in line with the Group's operational growth.

\* **Cash and cash equivalents** (excluding financial investments recognised as "Cash management assets", net of €0.1 million in bank overdrafts) increased by €7 million over the year, to stand at €81.6 million. This change is due to:

- **Positive cash flow from operational activities** of €72.3 million resulting from a strong increase in operating cash flow to €93.5 million on 31 December 2019 (vs €69.9 million in 2018) and a slight reduction in the working capital requirement of -€2.5 million (vs -€9.6 million in 2018). The days of sales outstanding (DSO) at the end of the period remained stable and stood at 58 days. Note that the operating cash flow of €93.5 million includes a positive effect due to the first application of IFRS 16 for an amount of €12.9 million in 2019 and that the previous period was not restated.
- **Negative cash flow from investing activities** of €23.7 million over the year (vs -€45.6 million in 2018), mainly due to:
  - disbursements related to acquisitions of subsidiaries (net of cash acquired) amounting to €70.0 million;
  - disbursements related to the Group's operational investments amounting to €6.8 million;
  - net inflow related to the disposal of subsidiaries for €0.4 million;
  - net inflows from loans for €1.9 million.
- **Negative cash flow from financing activities** of €42.0 million, which included in particular:
  - a net cash outflow of €8.0 million related to transactions on non-controlling interests;



- the reimbursement of lease liabilities for €7.7 million following the first application of the IFRS 16 standard (previous period not re-stated);
- a reduction in outstanding receivables sold for €5.7 million;
- the payment of dividends of €11.7 million, of which €8.7 million was paid to Group shareholders and €3.5 million to minority shareholders.

The Group's financial situation remains sound since **the cash position net of borrowings** (excluding lease liabilities related to the application of IFRS 16) stands at €48.0 million and breaks down as follows:

In millions of euros	31 December 2019	31 December 2018
Short-term investments	0.1	0.2
Cash at bank	81.5	75.3
Bank overdrafts (liability)	(0.1)	(0.8)
<b>Cash and cash equivalents</b>	<b>81.6</b>	<b>74.6</b>
<b>Cash management assets</b>	<b>-</b>	<b>0.4</b>
Bonds	(29.9)	(29.9)
Obligations under finance leases	-	(0.1)
Draw-downs on bank and similar facilities and other borrowings	(1.9)	(3.4)
<b>Long-term borrowings</b>	<b>(31.8)</b>	<b>(33.4)</b>
Bonds	(0.4)	(0.4)
Obligations under finance leases	(0.0)	(0.0)
Draw-downs on bank and similar facilities and other borrowings	(1.3)	(0.9)
<b>Short-term borrowings</b>	<b>(1.8)</b>	<b>(1.3)</b>
<b>Total borrowings</b>	<b>(33.6)</b>	<b>(34.7)</b>
Derivative instruments	-	-
<b>Net cash*</b>	<b>48.0</b>	<b>40.3</b>
<b>Total Equity</b>	<b>211.4</b>	<b>187.6</b>
<b>Debt to equity ratio</b>	<b>-22.7%</b>	<b>-21.5%</b>

\* For 2019, net cash includes the positive impact (net of guarantee deposits) of agreements to transfer non-recourse trade receivables amounting to €11.5 million against €6.9 million in 2018.

## Business model

### Business model 2019.



## 2.1.4 Progress made and outlook

### Financial outlook for 2020

At this stage, Devoteam does not see any change of trend in the activity compared to the fourth quarter of 2019. Nevertheless, the uncertain macroeconomic context associated with the COVID-19 epidemic means that the Group will not communicate quantified forecasts for the moment. They will be communicated as soon as the economic environment is clearer.

### Summary of the financial objectives of the Scale! plan

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

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

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

## 2.1.5 Events subsequent to year-end

Faced with the rapid propagation of the COVID-19 epidemic throughout the world since the first case discovered in China in December 2019, the Group is attentively monitoring the evolution of the health situation in France and in the main geographical zones in which it operates. The various confinement measures which are appearing in certain countries could have an impact on the Group's activity if they become more widespread, particularly in Europe. At this stage, the Group has not seen any change of trend in its activities since the start of the year compared to the fourth quarter of 2019. The potential future impact on 2020 is still uncertain and difficult to quantify.

## 2.1.6 Proposed appropriation of income

It is proposed to the General Meeting to allocate the profits for the financial year ended 31 December 2019, in the amount of €75,681,889, as follows:

- distribution of a dividend of €1.00 per share, representing €8,193,775 (\*);
- the balance of €17,488,114 to be allocated to retained earnings.

It should be noted that this appropriation will be subject to minor modification according to the percentage of treasury shares held at the time of the payment on 3 July 2020 through an adjustment to retained earnings.

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

Year	Dividend per share
2016	€0.60
2017	€0.90
2018	€1.00

(\*): See Section 1.5 of the Management Report.

### 2.1.7 Related-party agreements

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

### 2.1.8 Non-deductible expenses

In accordance with the provisions of Article 223 quinquies and Article 39-5 quater of the French General Tax Code, we would like to point out that the financial statements for the financial year just ended include a total amount of non-deductible expenses, within the meaning of Article 39-4 of said Code, of €359,478 (vs €315,585 for the 2018 financial year). This amount corresponds to the share of non-deductible rental payments on passenger vehicles hired by the Group in the course of its operational activity. As a reminder, French tax law provides for an annual depreciation limit, in relation to the price of the vehicle according to the CO<sub>2</sub> emissions, ranging from €9,000 to €30,000.

### 2.1.9 Table of Company results over the past five years

SHARE CAPITAL AT YEAR-END	31/12/2015	31/12/2016	31/12/2017	31/12/2018	31/12/2019
Share capital	1,242,576	1,262,340	1,263,015	1,263,015	1,263,015
Number of shares	0,196,149	0,327,907	0,332,407	0,332,407	0,332,407
TRANSACTIONS AND PROFIT FOR THE YEAR	31/12/2015	31/12/2016	31/12/2017	31/12/2018	31/12/2019
Revenue before tax	173,439,407	199,477,479	217,909,500	265,602,014	297,196,163
Profit (loss) before taxes, profit-sharing, depreciation, amortisation and provisions	0,546,296	9,456,174	14,095,057	33,432,850	30,802,266
Amortisation and provisions	1,155,775	(153,977)	(4,712,276)	4,992,936	2,095,549
Employee profit-sharing due in respect of the year	-	-	-	-	-
Corporate income taxes	(1,535,830)	(1,665,619)	930,413	651,627	3,104,828
Profit (loss) after taxes, depreciation, amortisation and provisions	0,926,357	1,275,770	17,376,854	27,788,187	25,681,889
Earnings distributed	3,812,161	4,726,589	7,189,333	0,058,148	0,193,775
EARNINGS PER SHARE	31/12/2015	31/12/2016	31/12/2017	31/12/2018	31/12/2019
Profit (loss) after taxes but before depreciation, amortisation and provisions	123	134	159	393	333
Profit (loss) after taxes, depreciation, amortisation and provisions	109	135	209	333	308
Dividend allocated to each share	0.50	0.60	0.90	1.00	1.00
PERSONNEL	31/12/2015	31/12/2016	31/12/2017	31/12/2018	31/12/2019
Average workforce	1,304	1,350	1,453	1,663	1,801
Total payroll	63,977,961	65,941,947	70,937,736	84,186,838	91,703,967
Amount paid in employee benefits	20,333,224	29,482,467	31,677,313	30,154,578	40,379,686

### 2.1.10 Research and development activity

The Group considers technological innovation to be of great importance, as it is a means of enhancing the offers to clients and of improving the skills of the Group's employees.

The internal research and development activities, notably via Devoteam Research and Innovation (DR) in France, are described in Section 5.2.2 of the corporate social responsibility report.

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

### 2.1.11 Other information

The presentation rules and valuation methods used in the preparation of the consolidated financial statements are compliant with current regulations, and in particular IFRS, as described in Notes 2 and 3 to the consolidated

financial statements. New standards and interpretations have come into force, such as those described in Note 2.1. to the financial statements.

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

## 2.2 Subsidiaries and investments

### 2.2.1 Consolidated companies

The companies included in the scope of consolidation at 31 December 2019 are listed in Note 4.1 to the consolidated financial statements.

### 2.2.2 Contribution of operating segments to the Group's results

The operating segments are presented in detail in Note 3.19.

#### Results by geographical area

<i>In millions of euros</i>	2019	2018
<b>France</b>		
Contribution to revenue	352.0	319.4
Operating margin	46.2	50.1
As % of Group contribution	13.1%	15.7%
<b>Northern Europe &amp; Benelux</b>		
Contribution to revenue	204.7	163.2
Operating margin	16.9	13.9
As % of Group contribution	8.3%	8.5%
<b>Central Europe</b>		
Contribution to revenue	81.6	61.9
Operating margin	4.5	6.8
As % of Group contribution	5.5%	11.0%
<b>Iberia &amp; Latam</b>		
Contribution to revenue	69.0	42.8
Operating margin	6.5	4.1
As % of Group contribution	9.5%	9.7%
<b>Rest of the world</b>		
Contribution to revenue	56.8	43.2
Operating margin	7.1	4.2
As % of Group contribution	12.5%	9.8%
<b>Corporate &amp; Other</b>		
Contribution to revenue	(4.0)	(3.1)
Operating margin	(2.5)	(7.2)
<b>Divestments</b>		
Contribution to revenue	1.7	25.1
Operating margin	0.2	1.7
As % of Group contribution	11.8%	6.7%
<b>Total</b>		
Contribution to revenue	761.9	652.4
Operating margin	79.0	73.5
As % of Group contribution	10.4%	11.3%

After application of IFRS 16 from 1 January 2019 without restatement of the previous periods.

## Change in revenue by geographical area

<i>In millions of euros</i>	2019	2018
<b>France</b>	<b>352.0</b>	<b>319.4</b>
Variation	10.2%	
L-f-I variation	10.2%	
<b>Northern Europe &amp; Benelux</b>	<b>204.7</b>	<b>163.2</b>
Variation	25.4%	
L-f-I variation	12.3%	
<b>Central Europe</b>	<b>81.6</b>	<b>61.9</b>
Variation	31.9%	
L-f-I variation	0.4%	
<b>Iberia &amp; Latam</b>	<b>69.0</b>	<b>42.8</b>
Variation	61.4%	
L-f-I variation	8.8%	
<b>Rest of the world</b>	<b>56.8</b>	<b>43.2</b>
Variation	31.6%	
L-f-I variation	27.5%	
<b>Corporate &amp; Other</b>	<b>(4.0)</b>	<b>(3.1)</b>
<b>Divestments</b>	<b>1.7</b>	<b>25.1</b>
<b>Total</b>	<b>761.9</b>	<b>652.4</b>
Variation	16.8%	
L-f-I variation	10.4%	
Currency impact	0.1%	
Perimeter impact	6.3%	

Of which impact of significant acquisitions:

<i>In millions of euros</i>	2019
<b>Northern Europe &amp; Benelux</b>	<b>22.7</b>
Paradigm, consolidated as of 1 July 2018	0.6
Jayway, consolidated as of 1 October 2018	17.2
Avalon Solutions, consolidated as of 1 April 2019	4.9
<b>Central Europe</b>	<b>19.4</b>
A-cpt, consolidated as of 1 September 2018	19.4
<b>Iberia &amp; Latam</b>	<b>21.6</b>
New B.C., consolidated as of 1 July 2018	1.9
B-c, consolidated as of 1 September 2018	19.7

## 2.3 Information on the share capital

### 2.3.1 Changes in share capital and number of shares during 2019

<b>Number of shares</b>	2019	2018
<b>Shares outstanding as of 1 January</b>	<b>8,332,407</b>	<b>8,332,407</b>
Exercise of options, BCE and BSA	-	-
<b>Shares outstanding as of 31 December</b>	<b>8,332,407</b>	<b>8,332,407</b>
<b>Par value</b>	<b>€0.15</b>	<b>€0.15</b>

### 2.3.2 Changes in shareholding

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

	31 December 2017			31 December 2018			31 December 2019		
	Shares	% of share capital	% of voting rights	Shares	% of share capital	% of voting rights	Shares	% of share capital	% of voting rights
S. de Bentzmann <sup>(1)</sup>	1,107,232	13.22%	19.22%	1,066,230	12.80%	19.33%	1,025,640	12.31%	14.25%
G. de Bentzmann <sup>(1)</sup>	937,616	10.05%	14.04%	726,377	8.72%	13.96%	726,407	8.72%	10.90%
Lazard Frères Gestion	579,312	6.95%	5.75%	579,312	6.95%	5.67%	0	0.00%	0.00%
Amira Gestion	551,043	6.61%	5.47%	551,043	6.61%	5.40%	203,703	2.44%	2.14%
Alonz	532,673	6.39%	5.29%	532,673	6.39%	5.22%	552,169	6.63%	5.62%
Tabag <sup>(2)</sup>	470,402	5.65%	9.34%	418,402	5.02%	9.20%	416,749	5.00%	9.76%
Other holders	316,006	3.79%	5.38%	229,099	2.75%	4.64%	164,375	1.97%	4.19%
Treasury shares	344,259	4.13%	-	274,259	3.29%	-	139,632	1.66%	-
Free float	3,599,064	43.20%	35.72%	3,955,012	47.47%	39.50%	5,104,712	61.26%	53.94%
<b>Total</b>	<b>8,332,407</b>	<b>100%</b>	<b>100%</b>	<b>8,332,407</b>	<b>100%</b>	<b>100%</b>	<b>8,332,407</b>	<b>100%</b>	<b>100%</b>

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

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

#### Dutreil Pact signed during the 2019 financial year

Clause	2019 Dutreil Pact
Date of signature	29 August
Duration of the collective commitment	2 years
Contractual duration of the pact	2 years
Terms and conditions for renewal	Tacit renewal for an indeterminate duration
Percentage of share capital covered by the pact (date of signature of pact)	20.00%
Percentage of voting rights covered by the pact (date of signature of pact)	24.02%
Names of executive corporate officer signatories	Messrs Stanislas and Godefroy de Bentzmann
Signatories having close connections with the executive corporate officers	Children of Messrs Stanislas and Godefroy de Bentzmann
Names of signatories holding at least 5% of the share capital and/or voting rights of the Company	Mr Stanislas de Bentzmann, Mr Godefroy de Bentzmann and Tabag

None of the main shareholders has declared having crossed a threshold in 2019, as defined in Article L. 233-7 of the French Commercial Code.

### 2.3.3 Transactions performed in 2019

#### Transactions on own shares

Over the course of the financial year, the Company did not carry out any transactions on the treasury shares. At 31 December 2019, the Company held 138,632 shares, i.e. 1.66% of the share capital, representing a purchase value of €1.3 million and a market value of €13.1 million.

### 2.3.4 Changes in market price

The Devoteam share price rose 14.55% in 2019, compared to a 31.91% increase for the CAC Technology Index and a 19.03% increase for the CAC Mid & Small Index.

Date	31/12/2018	03/10/2019 (*)	26/07/2019 (*)	31/12/2019
Market price (€)	82.5	73.4	112.6	94.5
Market capitalisation (€M)	687.4	599.7	919.9	787.4

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

## 2.4 Internal control and risk management procedures

### 2.4.1 Internal control objectives

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

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

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

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

### 2.4.2 General organisation, the main internal control parties and their role

#### 2.4.2.1 The Steering Committee

The Steering Committee has three members:

- the Chief Operations Officer;
- both members of the Management Board;

This committee is responsible for the operational application of the strategy defined by the Supervisory Board. The Steering Committee reports to the Audit Committee and the Supervisory Board on the key features of the internal control procedures, as well as the effectiveness thereof.

#### 2.4.2.2 The Executive Committee

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

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

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

### 2.4.2.3 The Group's Finance Department

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

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

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

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

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

### 2.4.2.4 The Group's Operations Department

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

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

### 2.4.2.5 The operational entities

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

In 2019, no organisational changes took place and entities are still divided into operational sectors: France, Northern Europe and Benelux, Central Europe, Iberia & Latam, Rest of the world, Corporate & Other, and Divested entities. These scopes are presented in Note 3.19 to the consolidated financial statements. The entities presented in the "Corporate & Other" region in Section 3.19 operate independently or as "Venture capital" and are managed separately. The management of this operational sector is based on financial indicators and is specially monitored by the Group Chief Financial Officer, who is a member of the Executive Committee.

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



#### 2.4.2.6 The Group's functional departments

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

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

The Management Board, with the support of the Group's Finance Department and the Operations Department, has the additional responsibilities of studying all opportunities for external growth and of overseeing financial communication.

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

#### 2.4.2.7 The functional departments of the entities

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

- the Finance Department and notably management control;
- the Human Resources Department (including recruitment, training and payroll functions);
- marketing;
- general services;
- internal IT.

### 2.4.3 Brief description of internal control procedures

#### 2.4.3.1 The internal control environment

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

#### A transparent strategy, shared by all managers

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

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

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

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

## **Major risks**

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

## **Control activities**

- **Accounting and financial organisation**

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

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

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

Performance management is organised around three pillars:

- definition of goals;
- measurement of the key performance indicators (KPI): revenue, gross margin, operating margin, operating result, changes in workforce, resource utilisation rate, selling price, average cost of productive workforce, seniority pyramid, client outstandings and invoices to be prepared, contribution of strategic offers and partnerships, etc.;
- review meetings and presentation to the Executive Board.

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

- *A multi-year business plan process*

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

- *The annual budgetary process*

A monthly budget is prepared each year by each operational entity (based on the first year of their business plan) and by the shared service centres (which provide support services for several operational entities).

The main indicators are subject to comparative analyses by the Group's management in relation to the objectives initially set and are compared to previous financial years or similar units.

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

- *Monthly reporting process*

Each month, all of the operating entities prepare a monthly results report and a forecast update for the year. This is integrated into the Group's reporting tool and consolidated by the Group's Management Control Department. The monthly reporting is analysed and discussed with the entities at a monthly meeting (the business review). It is formalised in a document called the monthly management cockpit, which provides an analysis of the performance of each subsidiary in relation to targets so that past deviations from them can be understood, future ones anticipated and corrective action plans put in place.

- **Control process for ongoing projects**

- *Monitoring the stage of advancement of projects*

Each project has an appointed person in charge of monitoring the development and execution of the project. For fixed-rate projects, a project manager is systematically appointed and reports to his or her hierarchical manager on the stage of advancement of the project and the delivery thereof to the client. For cost

reimbursement projects, a commercial engineer is usually in charge of monitoring the service provided by the consultant.

- *Project quality control*

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

- *Financial control of projects*

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

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

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

- *Controlling the contractual aspects of the project*

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

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

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

- *Accounts consolidation process*

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

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

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

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

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

- *Process for the auditing of subsidiary financial statements*

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

- **Accounting and financial information systems**

- *Local accounting and financial information systems*

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

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

- *The reporting system:*

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

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

- **The Group's accounting guidelines**

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

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

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

- **Financial communication**

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

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

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

#### **2.4.4 Risk factors**

The management has conducted a review of the risks that could have a significant adverse effect on its activity, financial position or performance (or its ability to achieve its targets). These risks have been grouped by main category and decreasing order of importance, namely:

- risks related to employees;
- risks related to the security of information and data;
- risks related to client contracts and the market;
- risks related to international expansion and acquisitions.

Only the non-financial risks considered significant are presented. Furthermore, the financial risks (credit risk, liquidity risk, market risk, foreign exchange risk, etc.), are presented in Note 8 to the consolidated financial statements and none of these financial risks has been judged critical for the Group.

Changes to the economic or legal environment could generate risks that are not currently identified as significant and which could have a significant unfavourable effect on the Group's activity, its financial situation or its earnings.

##### **2.4.4.1 Risks related to employees**

As a group that essentially delivers services with high added-value, the human capital is the Group's main asset. The management of skills and the performance and quality of the profiles of the Group's employees are essential to deliver the services required by clients. Shortcomings in this area could have significant unfavourable effects for the Group's ability to sell and deliver its services and could cause risks of loss of clients and reputation. In this regard several critical risks are identified, namely:

➤ **Recruitment and retention:**

Description of the risk:

The Group's production capacity is based essentially on its employees. However, structurally speaking, the Group operates within an employment market where the supply of IT engineers is inferior to the demand. In this pressurised context, the Group is exposed to the risk of losing some of its production capacity and expertise. The Group's ability to recruit and retain qualified employees is a key element in its activity.

Arrangements for mitigating the risk:

The Group's objective is to recruit the best talent in order to provide services of high added-value to its clients. To this end, the Group invests significantly in its processes for selection, employee experience management, and career management. More particularly, the Group is currently investing in a new Human Capital Management tool, which will become the core of the Human Resources Information System, with the aims of supporting employees in their integration and development and monitoring their skills.

The Group is highly attentive to the monitoring of indicators related to this risk and notably rates of attrition of resources, which are monitored at the highest level of the organisation.

➤ **Obsolescence of skills**

Description of the risk:

In an environment marked by rapid changes to technologies, the Group is exposed to the difficulty of delivering services using the latest technologies and thus of not being able to fulfil the requirements of its clients. It must therefore ensure that its employees are constantly trained in the latest market innovations in order to fight skills obsolescence.

Arrangements for mitigating the risk:

Since it was created, the Group has always invested very heavily in the training of its employees, both through external training programmes leading to certification and through its internal "My Devoteam Academy" training, so that the skills of employees match the requirements of the market and the right technological choices can be made. Furthermore, the Research and Innovation Department enables employees to take part in defining innovative and high-added-value offers, while developing their skills.

The Group is currently setting up very accurate monitoring of the number of certifications, particularly in developing its strategic partnerships (Google, Aws, Microsoft, etc.), a genuine element of differentiation and future development.

➤ **Resources utilisation rate**

Description of the risk:

The optimisation of the utilisation rates of resources is a key element in performance management. The risk is of having a certain number of consultants without projects, between two missions and therefore of having expenditure without income, which strongly affects the Group's financial performance.

Arrangements for mitigating the risk:

This rate depends on the Group's ability to constantly adjust the size and profile of its teams in line with market demand. It depends just as much on the level and performance of the commercial activity. Thus, the Group constantly plans and matches resources to the current and expected levels of activity. The resources utilisation rate is one of the major indicators monitored by the Group.

➤ **Salary inflation and price pressure**

#### Description of the risk:

In an employment market where the current supply of IT engineer positions exceeds the number of engineers, consultant salaries tend naturally to rise faster than price inflation. At the same time, the majority of Devoteam clients have implemented price schedules, depending on the services sold. These schedules are regularly reviewed and are subject to negotiation with clients when master contracts are renewed, with a risk of price pressure. The result is a scissor effect that could erode the Group's margins.

#### Arrangements for mitigating the risk:

Since 2017 and the implementation of the "Fag e" operational model, the Group has made use of scissor-effect monitoring tools, notably by implementing price lists and standard costs that make it possible to monitor the margins on transactions as closely as possible. Simultaneously, as described above, the Group is investing heavily in the skills of its employees and in its offers in order to maintain a high level of added-value for clients and thus maintain a "premium price" in order to protect the Group's margins and investment capacity.

### ➤ **Risks related to illegal employment**

#### Description of the risk:

This type of risk mainly applies to technical assistance services. The risk is of having these services considered equivalent to the lending of labour, an unlawful practice except within the provisions relative to temporary work.

#### Arrangements for mitigating the risk:

The Group is particularly attentive to this risk and constantly makes sure that the content of contracts signed with clients is compliant with the rules and laws in force and makes sure that the process of monitoring the activity of employees providing this type of service is always strictly complied with (clear mission instructions, regular activity reports, monitoring and managerial link, etc.).

More details on the policy on employees can be found in Section 5.2 of the corporate social responsibility report.

### **2.4.4.2 Risks related to the security of information and data**

Faced with the growing complexity of information systems and the increasing number of malicious actions targeting companies, the security of information systems and the protection of data are major issues for the Group. Any incident could have a significant impact on the Group's ability to continue its activities and have a strong reputational impact which could cause a decline in activity.

### ➤ **Security of information systems**

#### Description of the risk:

The Group's activity exposes it to various risks related to its information system, either through direct attacks or by rebound effects aiming to reach data pertaining to its clients. These risks could harm the availability, integrity and/or confidentiality of data that directly affect the operational activities of the Group, its clients or partners. Moreover, through the strong increase in the technologies used and their spread to all activities of the organisation, the level of risk in this area is constantly growing. Security has become an element of strategic differentiation in the market, with a significant reputation risk.

#### Arrangements for mitigating the risk:

The Group has set up a team dedicated to security within the DSI, in charge of the Group's security policy, both internally for its own information system and when providing its services at clients' premises. This team is responsible for preventing, analysing and processing all incidents relating to information systems security. Furthermore, in order to educate all employees on this subject, the Group offers its employees training courses dedicated to security as well as regular campaigns to raise awareness of best practices. Lastly, the Group has a

range of services and recognised specialists in the subjects of cybersecurity (one of the Group's 7 offers) and therefore also relies on its internal ecosystem to constantly ensure an appropriate level of protection in relation to market standards.

➤ **Data protection**

Description of the risk:

Since the entry into force of EU Regulation No. 2016/679, the General Data Protection Regulation (GDPR), the protection of personal data within the European Union, the Group's main area of activity, has been strengthened and unified. As an actor in the digital economy, the Group is exposed to a risk of a breach of personal data for itself or its clients and partners, resulting in possible litigation, financial harm or fines and legal action that would have a negative impact on the Group's reputation.

Arrangements for mitigating the risk:

A major issue for the Group, the governance, directed at the highest level of the organisation, is organised around a DPO and a network of correspondents in each Group entity in charge of directing and securing the obligations arising from the regulation. The Devoteam Group has thus obtained GDPR Governance certification delivered by the French data protection authority (CNIL) under number 2018-747. Also, in the context of projects with clients, the legal and security teams and the DPO work together to provide support in analysing risks of legal non-compliance.

More details on the data security policy can be found in Section 5.4 of the corporate social responsibility report.

**2.4.4.3 Risks related to client contracts and the market**

The Group's IT market is cyclical and depends strongly on demand from clients and their satisfaction. The Group is therefore highly exposed to a risk of a downturn in the economy and the satisfaction of its clients.

➤ **Risks related to client contracts**

Description of the risk:

The services provided by the Group are often at the heart of the digital transformation of clients. Any inappropriate implementation of a project is likely to significantly affect the client's activity, which could harm Devoteam's reputation, increase the risk of disputes, penalties and payment delays, or force a project redesign, thus causing loss of revenue. Moreover, in fixed-price contracts, the margin and therefore the earnings of the Group could be negatively affected in the case of poor evaluation of the time necessary to implement the projects concerned, resulting in an increase in expenses with no corresponding increase in revenue, as well as possible penalties depending on the negative consequences for the clients.

Arrangements for mitigating the risk:

The Group regularly and attentively monitors the quality of its services, through local management on client sites and regular meetings of steering committees with employees in the presence of clients. It also ensures that the risk of dependency on one client remains low (less than 5% of revenue). Concerning fixed-price contracts, an internal control procedure specific to fixed-price contracts assesses the risks throughout the life-cycle of the service. This procedure is described in Section 2.5.3.2 of the Management Board's report on the Group's business and management.

➤ **Risks related to subcontracting on client contracts**

Description of the risk:

For contracts with its clients, the Group may have to call upon subcontractors when the client projects require a particular skill that the Group does not possess. In this context, the Group is subject to an obligation for vigilance,

governed by law, concerning the tax and social-charges situation of its subcontractors. The Group must also ensure that the personnel of its subcontractors remain under the authority of their employer in order to avoid the risk of the illegal loan of labour.

Arrangements for mitigating the risk:

In its main geographical areas, the Group has established a strict process for monitoring its subcontractors and notably concerning the verification of their tax and social-charges situation before projects begin. This process is based on dedicated tools enabling the industrialisation of this risk monitoring.

The Group also makes sure that contracts signed with subcontractors comply with the laws and regulations in force, notably with regard to the risk of illegal lending of labour.

➤ **Risks related to the economic climate**

Description of the risk:

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

Arrangements for mitigating the risk:

The Group attentively observes worldwide macroeconomic changes and changes to the situation of its main clients and potential impact on its level of activity. As far as possible, it anticipates expected changes to activity levels in its sector, notably through sectoral studies.

➤ **Risks related to technological innovation**

Description of the risk:

In an environment where technologies change very quickly and the digital transformation is disrupting numerous business models, there is a risk that the Group might not be capable of adapting its offers to new changes and thus suffer loss of competitiveness in the markets.

Arrangements for mitigating the risk:

The Group has put innovation at the core of its development strategy, notably through its strategic partnerships. The Group's strategy and innovation team constantly makes sure that the Group's offers match the requirements of the market and actively monitors the market for early detection of future business trends.

➤ **Risks related to competition**

Description of the risk:

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

Arrangements for mitigating the risk:

Through its innovation strategy and agility, the Group has regularly outperformed the market for several years, notably in terms of the rates of growth of its activities. In order to remain one of the market leaders, the Group constantly ensures that its offers match market requirements in terms of technological innovation (see above), strategic partnerships or the quality of the training of its employees.



#### 2.4.4.4 Risks related to international expansion and acquisitions

Until 1999, Devoteam's development was focused on internal growth in France. Since then, it has expanded internationally, mainly through acquisitions. Today, the Group generates more than 50% of its revenue internationally and is present in 18 countries in Europe and the Middle East. This strategy entails risks, which are related to cultural, operational and managerial differences between the Group and the companies acquired, as well as risks related to the quality of the integration of the acquired companies.

##### ➤ Risks related to international expansion

###### Description of the risk:

Originally focused on the French market, the Group now generates most of its revenue internationally, mainly in Western Europe. The Group operates in these markets through subsidiaries generally resulting from external growth operations and often managed by the selling shareholders. The risks could occur through a drop in the performance of the entities acquired and result in depreciation of the intangible assets and goodwill attached to these entities.

###### Arrangements for mitigating the risk:

The Group has set up a system of internal control procedures for monitoring the activity of the foreign subsidiaries through monthly performance and activity reviews and forecasts, as well as visits to the countries under the supervision of the Group's Operations Department. The Group has also deployed its "Eagle" operational model in most of its subsidiaries, which can analyse the operational indicators of these entities and quickly identify risks of drops in activity and/or profitability.

##### ➤ Risks related to acquisitions

###### Description of the risk:

As part of its strategy, the Group is continuing to strengthen its activities by making targeted acquisitions. The acquisition of companies and their integration involves certain risks, notably related to the failure of the integration of operations, which may result in loss of important clients, the departure of key employees from the acquired companies and the worsening of their financial performance.

###### Arrangements for mitigating the risk:

The acquisitions are under the responsibility of the Management Board, which delegates the process of selection and negotiation to the Group's M&A team. This team ensures that the targets match the Group's acquisition strategy, supervises the necessary financial and operational due diligence and carries out all negotiations until signature of the contract. The Group has set up a Post-Merger Integration" (PMI) team, under the supervision of the Operations Department, in charge of directing the integration of the acquired company into the Group's operational and financial ecosystem. Lastly, and in order to ensure the support and loyalty of key persons, the managers of these companies often retain a share in the share capital, enabling a complete alignment of interests.

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

The Management Board

### 3 DEVOTEAM GROUP CONSOLIDATED FINANCIAL STATEMENTS

#### 3.1 Consolidated statement of financial position

<b>ASSETS</b> <i>In thousands of euros</i>	<b>Note</b>	<b>31 December 2019</b>	<b>31 December 2018</b>
Goodwill	5.1	136,564	129,886
Other intangible assets	5.2	4,098	1,855
Tangible assets	5.3	11,565	9,684
Right-of-use assets*	5.4	44,733	-
Non-current financial assets	5.5	5,863	6,050
Investments in associates	5.6	4,975	5,206
Investment property	5.7	457	914
Deferred tax assets	5.11	6,863	6,072
Other non-current assets	5.8	183	299
<b>TOTAL NON-CURRENT ASSETS</b>		<b>215,301</b>	<b>159,965</b>
Trade receivables	5.9	238,425	211,673
Other receivables	5.9	40,994	38,201
Tax receivables	5.9	5,784	12,037
Other current financial assets	5.10	2,389	2,247
Cash management assets	5.10	-	351
Cash and cash equivalents	5.10	81,659	75,484
<b>TOTAL CURRENT ASSETS</b>		<b>369,251</b>	<b>339,992</b>
<b>TOTAL ASSETS</b>		<b>584,552</b>	<b>499,958</b>

<b>EQUITY &amp; LIABILITIES</b> <i>In thousands of euros</i>	<b>Note</b>	<b>31 December 2019</b>	<b>31 December 2018</b>
Share capital	5.12	1,263	1,263
Share premium		1,934	1,934
Consolidated reserves		154,983	139,137
Treasury shares		(1,263)	(2,500)
Translation reserves		(2,154)	(2,367)
Profit for the year		41,571	38,131
<b>EQUITY ATTRIB. TO EQUITY HOLDERS OF PARENT COMPANY</b>		<b>196,334</b>	<b>175,597</b>
Non-controlling interests	5.13	15,050	12,009
<b>TOTAL EQUITY</b>		<b>211,385</b>	<b>187,606</b>
Loans and borrowings	5.14	31,835	33,352
Lease liabilities*	5.4	33,546	-
Provisions	5.15	1,058	1,439
Pension liabilities	5.16	4,442	4,085
Deferred tax liabilities	5.11	1,275	702
Other liabilities	5.8	17,741	17,158
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>89,897</b>	<b>56,735</b>
Loans and borrowings	5.14	1,873	2,191
Lease liabilities*	5.4	11,680	-
Provisions	5.15	7,241	7,290
Trade payables	5.9	57,318	51,475
Tax and social security liabilities	5.9	128,201	118,845
Income tax payable	5.9	5,256	5,782
Other liabilities	5.9	7,701	70,033
<b>TOTAL CURRENT LIABILITIES</b>		<b>283,270</b>	<b>255,616</b>
<b>TOTAL LIABILITIES</b>		<b>373,168</b>	<b>312,351</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>584,552</b>	<b>499,958</b>

\* New heading linked to the application of IFRS 16 with effect from 1 January 2019 without restatement of previous periods.

### 3.2 Consolidated income statement

<i>In thousands of euros, except earnings per share</i>	Note	31 December 2019	31 December 2018
<b>NET REVENUE</b>	6.2	<b>761,870</b>	<b>652,379</b>
Other income		-	-
<b>CURRENT OPERATING INCOME</b>		<b>761,870</b>	<b>652,379</b>
Purchase of merchandise		(4,963)	(1,572)
Other purchases and external charges	6.4	(17,648)	(166,916)
Taxes		(4,419)	(4,840)
Payroll expenses	6.3	(483,590)	(407,642)
Fixed assets depreciation		(17,907)	(4,006)
Increase in provision from current assets		(377)	(749)
Other expenses		(3)	(7)
<b>CURRENT OPERATING EXPENSES</b>		<b>(682,907)</b>	<b>(578,842)</b>
<b>OPERATING MARGIN</b>		<b>78,963</b>	<b>73,537</b>
Cost of share-based payment	6.3	(950)	(2,325)
Amortisation of customer relationships acquired under business combinations		(1,678)	(710)
<b>CURRENT OPERATING PROFIT</b>		<b>76,335</b>	<b>70,502</b>
Other operating income	6.5	1,799	7,626
Other operating expenses	6.5	(4,744)	(13,625)
<b>OPERATING PROFIT</b>		<b>73,391</b>	<b>64,504</b>
Financial income	6.6	447	452
Financial expenses	6.6	(3,820)	(2,971)
<b>FINANCIAL RESULT</b>		<b>(3,373)</b>	<b>(2,520)</b>
Share of profit of associates		534	1,100
<b>PROFIT BEFORE INCOME TAX</b>		<b>70,551</b>	<b>63,084</b>
Income tax expense	6.7	(23,006)	(18,868)
<b>NET INCOME</b>		<b>47,546</b>	<b>44,216</b>
<i>Attributable to:</i>			
<b>Equity holders of the parent company</b>		<b>41,571</b>	<b>38,130</b>
Non-controlling interests		5,974	6,086
<b>Basic earnings per share (euro)</b>	<b>5.12.3</b>	<b>5.09</b>	<b>4.75</b>
<b>Diluted earnings per share (euro)</b>	<b>5.12.3</b>	<b>5.07</b>	<b>4.64</b>

### 3.3 Consolidated statement of total comprehensive income

<i>In thousands of euros</i>	<b>31 December 2019</b>	<b>31 December 2018</b>
<b>Net income</b>	<b>47,546</b>	<b>44,216</b>
Defined benefit plan actuarial gains/(losses)	(40)	257
Deferred taxes on defined benefit plan actuarial gains/(losses)	7	(66)
<b>Items that will never be reclassified to profit or loss</b>	<b>(33)</b>	<b>192</b>
Foreign currency translation differences	247	453
<b>Items that are or may be reclassified subsequently to profit or loss</b>	<b>247</b>	<b>453</b>
<b>Other comprehensive income (loss) for the year, net of income tax</b>	<b>214</b>	<b>644</b>
<b>Total comprehensive income for the period</b>	<b>47,761</b>	<b>44,860</b>
<i>Of which:</i>		
Equity holders of the parent company	41,691	38,695
Non-controlling interests	6,070	6,165

### 3.4 Consolidated statement of cash flows

<i>In thousands of euros</i>	Note	31 December 2019	31 December 2018
<b>Profit for the year</b>		<b>47,546</b>	<b>44,216</b>
Adjustments for:			
Share of profit of associates		(534)	(369)
Income tax expense		23,006	18,868
Amortisation and provision		20,668	11,809
Other transactions without impact on cash and cash equivalents		(266)	811
Income from asset disposals		(374)	(7,443)
Net interests income		3,415	1,923
Change in net working capital		(2,537)	(9,624)
Income tax paid		(18,607)	(12,977)
<b>Cash flow from operating activities</b>	<b>7.1</b>	<b>72,318</b>	<b>47,274</b>
Purchase of fixed assets		(6,760)	(5,955)
Purchase of financial assets		(1,740)	(1,339)
Proceed from sale of fixed assets		150	41
Dividends received		506	40
Proceed from sale of financial assets		3,665	967
Proceed of subsidiaries, net of cash divested		397	7,874
Acquisition of subsidiaries, net of cash acquired		(19,950)	(47,205)
<b>Cash flow from investing activities</b>	<b>7.2</b>	<b>(23,731)</b>	<b>(45,576)</b>
Proceeds from issue of share capital		(0)	-
Repayments of borrowings		(1,870)	(2,469)
Proceeds from borrowings		806	2,901
Repayment of lease liabilities*		(12,708)	-
Change in factored receivables (net of security deposit)		(5,675)	3,356
Interests paid		(2,817)	(1,740)
Acquisition of non-controlling interests		(8,776)	(1,275)
Reduction in ownership interests while retaining control		733	2,319
Dividends paid		(11,704)	(10,700)
Transactions on own shares		54	669
<b>Cash flow from financing activities</b>	<b>7.3</b>	<b>(41,957)</b>	<b>(6,940)</b>
<b>Net change in cash and cash equivalents</b>		<b>6,629</b>	<b>(5,242)</b>
Net cash and cash equivalents at year start		74,643	79,587
Effect of non-current assets held for sale		-	95
Effect of exchange rate fluctuation on cash held		320	203
<b>Net cash and cash equivalents at year end</b>	<b>5.10</b>	<b>81,592</b>	<b>74,643</b>
<i>Reconciliation with cash and cash equivalents in the balance sheet</i>			
<b>Cash and cash equivalents in the balance sheet</b>		81,659	75,485
Bank overdrafts		(67)	(842)
<b>Cash and cash equivalents in the consolidated statement of cash flows</b>	<b>5.10</b>	<b>81,592</b>	<b>74,643</b>

\* New heading linked to the application of IFRS 16 with effect from 1 January 2019 without restatement of previous periods.

### 3.5 Consolidated statement of changes in equity

<i>in thousands of euros, except per share data</i>	Number of shares	Share capital	Share premium	Treasury shares	Consolidated reserves	Translation reserves	Total equity - Owners of the Company	Non-controlling interests	Total equity
<b>Balance at 1 January 2019</b>	<b>8,332,407</b>	<b>1,263</b>	<b>1,934</b>	<b>(2,501)</b>	<b>177,267</b>	<b>(2,367)</b>	<b>175,597</b>	<b>12,009</b>	<b>187,606</b>
<b>Total comprehensive income for the period</b>									
Net income					41,571		41,571	5,974	47,546
Other comprehensive income <sup>(1)</sup>					(34)	153	119	96	215
<b>Total comprehensive income for the period</b>					<b>41,538</b>	<b>153</b>	<b>41,690</b>	<b>6,070</b>	<b>47,761</b>
<b>Transactions with owners of the Company</b>									
Contributions and distributions									
Dividends to equity holders for the profits of 2019					(8,109)		(8,109)	(3,169)	(11,356)
Share-based payment transactions					540		540		540
Operations on equity instruments					-		-		-
Adjustment related to the number and value of own shares				1,237	(778)		461		461
Capital increase through exercise of options							-		-
<b>Total contributions and distributions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,237</b>	<b>(8,424)</b>	<b>-</b>	<b>(7,187)</b>	<b>(3,169)</b>	<b>(10,355)</b>
Changes in ownership interests									
Acquisition and disposal of NC without change in control					(9,830)		(9,830)	(909)	(10,739)
NC on the acquisition/creation/disposal of subsidiaries					(0)		(0)	435	435
<b>Total changes in ownership interests</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9,830)</b>	<b>-</b>	<b>(9,830)</b>	<b>(473)</b>	<b>(10,303)</b>
Other movements <sup>(2)</sup>					(3,995)	80	(3,935)	612	(3,323)
<b>Total transactions with owners of the Company</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,237</b>	<b>(22,249)</b>	<b>80</b>	<b>(20,952)</b>	<b>(3,029)</b>	<b>(23,981)</b>
<b>Balance at 31 December 2019</b>	<b>8,332,407</b>	<b>1,263</b>	<b>1,934</b>	<b>(1,264)</b>	<b>196,556</b>	<b>(2,154)</b>	<b>196,334</b>	<b>15,050</b>	<b>211,386</b>

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

(2) Mainly corresponds to the purchase of DSP from Devoteam Middle East as well as to the adjustment of Jayway, Bold and TMNS puts.

<i>In thousands of euros, except per share data</i>	Number of shares	Share capital	Share premium	Treasury shares	Consolidated reserves	Translation reserves	Total equity - Owners of the Company	Non-controlling interests	Total equity
<b>Balance at 1 January 2018</b>	<b>8,332,407</b>	<b>1,263</b>	<b>1,934</b>	<b>(3,139)</b>	<b>153,463</b>	<b>(2,721)</b>	<b>150,800</b>	<b>11,209</b>	<b>162,009</b>
<b>Total comprehensive income for the period</b>									
Net income					19,130		19,130	6,596	44,216
Other comprehensive income <sup>(1)</sup>					196	169	565	00	644
<b>Total comprehensive income for the period</b>					<b>38,326</b>	<b>369</b>	<b>38,695</b>	<b>6,165</b>	<b>44,860</b>
<b>Transactions with owners of the Company</b>									
Contributions and distributions									
Dividends to equity holders for the profits of 2017					(7,205)		(7,205)	(3,338)	(10,544)
Share-based payment transactions					1542		1542		1542
Operations on equity instruments					-		-		-
Adjustment related to the number and value of own shares				638	20		658		658
Capital increase through exercise of options							-		-
<b>Total contributions and distributions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>638</b>	<b>(5,643)</b>	<b>-</b>	<b>(5,005)</b>	<b>(3,338)</b>	<b>(8,343)</b>
Changes in ownership interests									
Acquisition and disposal of NCI without change in control					(9,623)		(9,623)	717	(8,906)
NCI on the acquisition/creation/the disposal of subsidiaries					-		-	(2,062)	(2,062)
<b>Total changes in ownership interests</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9,623)</b>	<b>-</b>	<b>(9,623)</b>	<b>(1,346)</b>	<b>(10,969)</b>
Other movements <sup>(2)</sup>					745	(15)	730	(607)	49
<b>Total transactions with owners of the Company</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>638</b>	<b>(14,522)</b>	<b>(15)</b>	<b>(13,898)</b>	<b>(5,385)</b>	<b>(19,263)</b>
<b>Balance at 31 December 2018</b>	<b>8,332,407</b>	<b>1,263</b>	<b>1,934</b>	<b>(2,501)</b>	<b>177,267</b>	<b>(2,367)</b>	<b>175,597</b>	<b>12,009</b>	<b>187,606</b>

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

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

## 3.6 Notes to the consolidated financial statements

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

#### 1.1 Company references

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

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

#### 1.2 Overview of the business

Devoteam, a European consulting and engineering group, is a major player in business consulting in the fields of innovative technologies and management. With 25 years of experience in innovative and disruptive technologies, the Group supports its clients through the digital transformation of their organisational structure and their businesses.

#### 1.3 Significant events in 2019

In 2019, the Group continued its growth, driven by its strategy initiated around its strategic partners, such as Google, ServiceNow, AWS and Microsoft, thus strengthening its position in the market around the activities that are most innovative and have high added value. As a result of the strategy, the Group received several new awards, such as “FMFA Flite Partner of the year” by ServiceNow and “2019 Country Partner of the Year” in Luxembourg with Microsoft and now has seven Google Cloud specialisations, of which the last two “Work Transformation - Enterprise” and “Location Based Services” were obtained in the fourth quarter of 2019.

In line with the strategy, the Group has also reinforced its position as a Google Cloud leader in Europe with the acquisition in April of Avalon Solutions, Google Premier Partner and Scandinavian leader, with its head office in Stockholm.

The Group also accelerated its investments in artificial intelligence and in the latest multi-cloud technologies with, for example, the launch of the Kubernetes DevOps Academy with an ambitious programme to certify its consultants.

At the same time as these investments, the Group emphasises the importance of its **“Tech for People”** vision: the responsibility to shape technology for people. In this context, Devoteam has strengthened the programme for its “Tech for People” foundation, with the mission of supporting associations and social entrepreneurs in their digital strategies, a significant marker of the Group’s commitment to promoting responsible and positive technology.

The Company’s consolidated financial statements for the financial year ended 31 December 2019 include the Company and its subsidiaries (“the Group”), as well as the Group’s share of the results of associates and jointly controlled companies.

The financial statements were approved by the Management Board on 9 March 2020, and will be submitted to the General Meeting for approval on 5 June 2020.



## Note 2 – Consolidation principles and methods

### 2.1 Statement of compliance

The financial statements were prepared in accordance with IFRS as adopted by the European Union and published in the Official Journal of the European Union before 31 December 2019. They are available on the website of the European Commission ([https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting\\_fr](https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting_fr)) and comply with IFRS as issued by the IASB.

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

The annual consolidated financial statements to 31 December 2019 prepared in compliance with the IFRS published by the IASB and adopted by the European Union are consistent with those of the previous year, with the exception of the mandatory standards, amendments and interpretations applicable with effect from 1 January 2019 having an impact for the Group.

Other than the impact of the first application of the standard IFRS 16 "Leases", for which the impacts of application are described below, the other new standards, interpretations or amendments which were published and which must be applied for the Group from 1 January 2019 have not had any significant impact on the consolidated financial statements.

Furthermore, the Group chose not to apply any standards, amendments or interpretations early.

#### **Significant change in accounting policy: application of IFRS 16 "Leases"**

For the first time on 1 January 2019, the Group adopted IFRS 16 "Leases", replacing IAS 17 "Leases" and its related interpretations (IFRIC 4, SIC 15 and SIC 27).

As a lessee, the Group now recognises, on the assets side of the consolidated statement of financial position, a right-of-use representing its right to use the underlying asset and, on the liabilities side, a lease liability representative of its obligation to pay future rents. On the income statement, the Group recognises depreciation of the right-of-use asset and financial interest on the lease liability in lieu of operating rent expenses. On the statement of cash flows, repayments of lease liabilities are now presented under "Cash flow from financing activities" instead of under "Cash flow from operating activities" as was the case previously.

The Group has chosen to apply the modified retrospective method. As such, on 1 January 2019, the Group recognised an identical right-of-use asset and lease liability representing the discounted value of future rents payable over the remaining contractual period and without any restatement of previous periods. The discount rates applied on the date of transition are based on the Group's incremental borrowing rate adjusted for the term, geographical area and size of the leasing entity. The term of the lease corresponds to the non-cancelable period plus, where applicable, options for renewal that the Group is reasonably likely to exercise. This period is nine years concerning French contracts covering real estate and corresponds to the firm legal period of commitment.

The Group has also chosen to apply the exemption measures provided by the Lease standard pertaining to assets with a unit value of less than USD 5,000 and/or leases with a remaining term of 12 months or less. Furthermore, the Group has not taken the option to apply the standard to leases pertaining to intangible assets.

With regard to its activities, the leases in question relate mainly to property leases and the fleet of company vehicles used as part of the Group's operating activities.

In the interests of clarity, the Group has decided to present the impact of this new standard on the consolidated statement of financial position and the statement of cash flows by adding three additional headings:

- "Right-of-use assets" under non-current assets;
- "Lease liabilities" under non-current liabilities and current liabilities;
- "Repayments of lease liabilities" under cash flow from financing activities.

#### Impacts on the date of transition as of 1 January 2019:

Within the context of the transition, the Group has recorded on the balance sheet "Right-of-use assets" and current and non-current "Lease liabilities" on the liabilities side. The effects of the transition are summarised below:

In thousands of euros	1 January 2019
Right-of-use assets	41,681
Prepaid right-of-use expenses	(237)
Non-current lease liabilities	30,926
Current lease liabilities	10,555
Right-of-use expenses payable	(36)

The weighted average incremental borrowing rate at 1 January 2019 was 1.43%.

The gap between the off-balance-sheet commitments on 31 December 2018 and the rental debt on 1 January 2019 presented above comes mainly from the effect of updates and application of the exemption measures specified by the standard, for which the commitments are presented in Note 9.3.2.

#### Impacts on the financial statements for the period:

The impacts on the financial statements for the period are described in Note 5.4 below.

## **2.2 Basis of measurement and presentation currency**

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

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

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

## **2.3 Use of estimates and judgments**

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

- in determining the amount of intangible assets recognised as part of business combinations (Notes 3.1 and 5.2);

- in recognising revenue on fixed-price contracts under the percentage-of-completion method (Note 3.12);
- in performing impairment tests of fixed assets, bearing in mind that testing of this nature involves the calculation of a recoverable amount derived from projected future cash flows, as well as growth and discount rate assumptions (Notes 3.2 and 5.1);
- in measuring earn-outs (Notes 3.2 and 5.1);
- in estimating provisions for litigation (Notes 3.11 and 5.15);
- in calculating pension liabilities and other long-term benefits, which requires actuarial assumptions to be taken into account (Notes 3.10 and 5.15);
- in calculating deferred taxes, and notably when assessing the recoverability of deferred tax assets (Notes 3.18, 5.11 and 6.7);
- in measuring derivative financial instruments (Note 3.7).

The significant judgments made by executive management to apply the Group's accounting policies in preparing the 2019 consolidated financial statements and the principal sources of uncertainty in the estimates did not differ significantly from those affecting the consolidated financial statements for the financial year ended 31 December 2018.

## 2.4 Consolidation principles

### 2.4.1 Business combinations

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

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

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

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

#### Acquisitions prior to 1 January 2010

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

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

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

#### Acquisitions after 1 January 2010

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

### **2.4.3 Subsidiaries**

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

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

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

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

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

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

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

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

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

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

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

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

The Group does not operate in hyperinflationary economies.

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

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

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

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

### Note 3 – Accounting policies and methods

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

#### 3.1 Fair value

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

- intangible assets: the fair value of business relationships and backlogs acquired in a business combination is calculated using the multi-period excess earnings method. This method involves measuring the asset in question after deducting a reasonable return for other cash-generating assets derived from business relationships and backlogs. The fair value of technology (software) acquired in a business combination is calculated using the royalty method, which involves measuring the asset in question on the basis of the royalties that could be obtained if the asset were licensed;
- investment property: the fair value of investment properties is based on valuations made by independent appraisers, and reflects the market price at which the investment property could be sold or exchanged between well-informed, willing parties in an arm's length transaction. The Group determines fair value without deducting any prospective transaction costs on a sale or any other form of exit;
- investment in equity and debt securities: financial instruments at fair value through profit or loss and available-for-sale financial assets are determined by reference to the most recent bid price available as of the balance sheet date;
- derivative instruments: call options on non-controlling interests are valued according to commonly used option valuation methods, taking into account the particular conditions of the options in question;

- loans and receivables are measured at amortised cost. Due to the short-term nature of such assets, the carrying amount of trade and other receivables and cash is an estimate of fair value;
- non-derivative financial liabilities are measured at amortised cost. Due to the short-term nature of such assets, the carrying amount of current bank borrowings, trade and other payables is an estimate of fair value;
- the fair value of loans and borrowings is based on the value of future cash flows generated by the repayment of principal and interest, discounted at market interest rates as of the balance sheet date;
- for the determination of the right-of-use assets (lease contracts) based on the discounting of future rents to be disbursed, the discount rate is determined by reference to the Group's incremental borrowing rate adjusted by duration, geographic zone and size of the leaseholding entity;
- share-based payment transactions: the fair value of stock options granted free of charge to employees is generally measured using standard option valuation models, such as Black-Scholes, Hull & White and Monte Carlo.

### 3.2 Business combinations and goodwill

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

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

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

#### Recognition and measurement

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

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

For the purpose of impairment testing, assets are grouped together in cash-generating units (CGU), and goodwill is allocated to the various CGUs. CGUs are homogeneous groups of assets whose continued use generates cash inflows that are largely independent of cash inflows generated by other groups of assets. The recoverable amount of a CGU is the greater of its fair value less costs to sell and its value in use. The value in use of a CGU is the present value of discounted future net cash flows, which are estimated on the basis of parameters resulting from the budgetary and forecasting process, extended over a five-year timeframe, using growth and profitability rates deemed reasonable. Discount and long-term growth rates, determined with reference to the industry in which the Group operates, are used to estimate the value of CGUs. When the recoverable amount of a CGU is less than its carrying amount, the resulting impairment loss is allocated first to goodwill and recognised in operating result under "Other operating expenses". Impairment losses on goodwill cannot subsequently be reversed.

In preparing its financial statements at 31 December 2019, the Group did not take into account the effects of the entry into force of IFRS 16 in the application of its impairment test methodology, notably in its effects on the assets to be tested, the discount rates and the cash flow projections. Taking IFRS 16 into account would not have had any impact on the results of the tests carried out.

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

- The Scandinavia CGU groups the following companies: Devoteam Consulting AS, Devoteam Globicon AS, Devoteam Fornebu Consulting AS and Smart Flow AS;
- The Belux CGU covers the companies Devoteam Belgium, Devoteam Luxembourg and Devoteam Management Consulting BeLux;
- The Devoteam Netherlands CCU covers all Dutch companies as well as the entities of the TMNS group in Serbia and Switzerland;
- The Germany CGU groups all German entities;
- The Spain CGU groups all Spanish entities;
- The Bold CGU groups the companies of the Portuguese group Bold;
- The Jayway CGU groups the companies of the Jayway group present in Sweden, Denmark and the United States;
- The France CGU groups all the French entities;
- The Avalon CGU groups the companies of the Avalon group present in Sweden, Denmark, the United Kingdom, the United States, Singapore and Norway;
- The Tunisia CGU covers the two Tunisian companies.

### 3.3 Tangible and intangible assets

#### 3.3.1 Intangible assets

Intangible assets other than goodwill consist mainly of software acquired by the Group, recognised at purchase cost (external and internal) less accumulated amortisation and any loss of value, as well as business relationships, backlogs and technology capitalised pursuant to the acquisition method (IFRS 3 and IFRS 3R), measured at fair value at the acquisition date.

Intangible assets are amortised on a straight-line basis over their expected useful life, usually between three and five years for software and business relationships. The backlog is generally amortised over the first year of consolidation within the Group, as regards orders covering less than 12 months.

#### 3.3.2 Tangible assets

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

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

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

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

### **3.4 Investment property**

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

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

Exceptionally, after initial recognition, if it is not possible to determine the fair value of an investment property in a reliable and constant manner, the property in question is measured using the cost model described in IAS 16 "Property, Plant and Equipment" until its exit. This scenario may occur when there are no or only a small number of comparable transactions in the investment property market, making the asset in question illiquid.

### **3.5 Non-current financial assets**

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

### **3.6 Non-derivative financial instruments**

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

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

#### **3.6.1 Trade and other receivables, trade and other payables**

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

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

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

#### **3.6.2 Other current financial assets**

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

#### **3.6.3 Cash management assets**

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



### 3.6.4 Cash and cash equivalents

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

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

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

### 3.6.5 Loans and borrowings

Borrowings mainly include:

- debts resulting from the issue of unlisted bonds, whose characteristics are described in Note 5.14;
- draw-downs from confirmed short-term credit lines of the Revolving Credit Facility type. Draws on such facilities are subject to covenants and compliance with classic financial ratios for loans of this type.

### 3.6.6 Other non-current liabilities

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

## 3.7 Derivative financial instruments

The Group may use financial instruments to hedge its exposure to fluctuations in interest or exchange rates. Its hedging instruments are traded with front-ranking banking counterparties. Derivative financial instruments are initially measured at fair value. With the exception of derivative instruments designated for accounting purposes as hedging instruments in a fair-value or cash-flow hedging transaction, changes in the fair value of derivative instruments, estimated based on market prices or values given by bank counterparties, are recognised through the income statement.

## 3.8 Capital

### Ordinary shares

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

### Treasury shares

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

## 3.9 Share-based payments

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

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

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

### 3.10 Employee benefits

#### 3.10.1 Pension plans with defined contributions and benefits

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

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

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

This final obligation is then discounted and subjected to a probability analysis and mainly includes:

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

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

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

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

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

#### 3.10.2 Employment contract termination benefits

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

### 3.11 Provisions

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

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

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

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

### 3.12 Revenue recognition

Revenue is calculated based on the compensation specified in a contract signed with a client and recognised upon the transfer of control of the good or service, i.e. either on a given date or continuously, in accordance with the IFRS 15 standard.

#### Subcontracting services

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

#### Fixed-price services

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

#### Resale activity

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

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

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

#### Rental income from investment property or subletting income

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

#### Breakdown of revenue

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

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

### **3.13 Usage rights relative to lease contracts**

The Group evaluates on the date of entry into force of a contract if this contract is a lease contract or contains a lease contract. This evaluation is based on the right to control the use of an identified asset for a certain duration in exchange for compensation. On the date of provision of the asset, the Group recognises a usage right as an asset and a lease liability.

The usage right is initially evaluated at cost including the initial amount of the lease obligation and any direct initial costs. It is amortised over the duration adopted for the calculation of lease liabilities.

The lease liability is initially evaluated at the discounted value of future rents over the estimated duration of the lease contract at the lessee's incremental borrowing rate. These rates are determined by currency, maturity and geographical zone of the various entities of the Group from the Group's incremental borrowing rate corrected for a theoretical margin corresponding to the financing profile of each entity. The term of the lease corresponds to the non-cancellable period plus, where applicable, options for renewal that the Group is reasonably likely to exercise. This period is nine years for French contracts pertaining to property assets.

The lease liability is then calculated at amortised cost according to the effective interest rate method. It is re-evaluated in case of changes to future rents following a change of index or rate, or a re-estimate of the amount to be paid or an extension.

Exceptionally, the Group applies the exemption measures specified by the standard on lease contracts covering assets for which the unitary value is less than USD 5,000 and/or lease contracts having a duration less than or equal to 12 months. Furthermore, the Group has not taken the option to apply the standard to leases pertaining to intangible assets.

With regard to its activities, the leases in question relate mainly to property leases and the fleet of company vehicles used as part of the Group's operating activities.

### **3.14 Subsidies and grants**

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

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

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

### **3.15 Definition of current operating profit and operating margin**

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

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

Current operating profit is net income before taking into account:

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

### **3.16 Other operating income and expenses**

Other operating income and expenses reflect unusual, abnormal and infrequent events or transactions of a material nature in relation to the consolidated performance, as advocated by ANC Recommendation No. 2013-03 of 7 November 2013.

Other income and expense mainly includes:

- restructuring and/or downsizing expenses or provisions related to business combinations occurring between the acquisition date and the end of the year following the acquisition;

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

### 3.17 Financial income and expenses

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

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

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

### 3.18 Income taxes

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

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

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

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

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

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

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

### 3.19 Operating segments

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

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

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

The regions thus created are as follows:

- The "**France**" region, which includes the French entities, as well as service centres in Morocco and Spain;
- The "**Northern Europe & Benelux**" region consolidates the British entities, the Scandinavian countries, Luxembourg, Belgium, the Netherlands and the entities of the Avalon group and the activities of the Jayway group in the United States;
- The "**Central Europe**" region is composed of Germany, Austria, the Czech Republic, Slovakia and Switzerland;
- The "**Iberia and Latam**" region groups the entities located in Latin America (mainly in Mexico), in Spain, Portugal and Panama;
- The "**Rest of the world**" region is composed of the Middle East, Italy, Morocco (excluding the services centres), Tunisia and Turkey;
- The "**Corporate & Other**" sector covers head office activities that cannot be directly allocated to operational regions, and residual elements of discontinued operations (mainly outsourcing);
- The "**Divested entities**" sector in 2019 includes the activities disposed of in Portugal (Precise .da, FHC Ltda and NauOn SA), the disposal of the minority holding in Inflexys and the deconsolidation of the entity Devoteam Poland.

The definition of the "geographical splits" in 2018 and 2019 is presented below for the entire scope.

Entity	Country	31-Dec-19	31-Dec-18	Entity	Country	31-Dec-19	31-Dec-18
Devoteam SA	France	France	France	Devoteam Inc	United States	Northern Europe & Benelux	Northern Europe & Benelux
Devoteam Management Consulting FR	France	France	France	Aviation Solutions Inc	United States	Northern Europe & Benelux	non-reportable
Devoteam Outsourcing	France	Corporate & Other	Corporate & Other	Voxtel	Ireland	Corporate & Other	Corporate & Other
Exploit M&EE	France	Corporate & Other	Corporate & Other	Devoteam Italy	Italy	Rest of the world	Rest of the world
Stream Management	France	France	France	Devoteam Luxembourg	Luxembourg	Northern Europe & Benelux	Northern Europe & Benelux
IT-Mexico	France	Discontinued entities	Corporate & Other	Devoteam Consulting Holding	Luxembourg	Corporate & Other	Corporate & Other
RVR Europe	France	France	France	Devoteam Communication SRL	Luxembourg	Corporate & Other	Corporate & Other
EMT by Stream	France	Discontinued entities	Discontinued entities	Devoteam Morocco	Morocco	Rest of the world	Rest of the world
Devoteam Network Expertise	France	France	France	Devoteam Services Morocco	Morocco	Rest of the world	Rest of the world
Devoteam Cloud	France	France	France	Devoteam Consulting Morocco	Morocco	Corporate & Other	Corporate & Other
Be Team	France	France	France	Devoteam Mexico	Mexico	Iberia & Latam	Iberia & Latam
Devoteam CMSS	France	France	France	Devoteam Cloud Services	Mexico	Iberia & Latam	Iberia & Latam
Avanced	France	France	France	Devoteam Norway Computing AS	Norway	Northern Europe & Benelux	Northern Europe & Benelux
Devoteam Business Services entities	France	France	France	Devoteam Smart Flow AS	Norway	Northern Europe & Benelux	Northern Europe & Benelux
Avanced Technology	France	France	France	Avanced Solutions AS (IND)	Norway	Northern Europe & Benelux	non-reportable
my6	France	France	France	Scale & West	Norway	Northern Europe & Benelux	non-reportable
Morfil	France	Corporate & Other	Corporate & Other	Devoteam Cloudify	Norway	Northern Europe & Benelux	non-reportable
Technical Ops & Operations	France	France	France	United Services Corp.	Paraguay	Iberia & Latam	Iberia & Latam
Devoteam Customer Experience	France	France	France	Devoteam Netherlands	Netherlands	Northern Europe & Benelux	Northern Europe & Benelux
ERM/keo	France	France	France	TMNS Netherlands	Netherlands	Northern Europe & Benelux	Northern Europe & Benelux
Myweather	France	Corporate & Other	Corporate & Other	Betweenholding Group BV	Netherlands	Corporate & Other	Corporate & Other
Energy Dynamics	France	Corporate & Other	Corporate & Other	Devoteam Finland	Finland	Discontinued entities	Central Europe
DBS	France	France	France	Aviation Solutions SA Zed	Finland	Northern Europe & Benelux	non-reportable
DBS Group	France	France	France	Beid International SA	Portugal	Iberia & Latam	Iberia & Latam
Devoteam Next Retail	France	France	France	Beid Wealth Ltd	Portugal	Iberia & Latam	Iberia & Latam
Altitude Ltd	France	France	France	Discrete by Beid Ltd	Portugal	Iberia & Latam	Iberia & Latam
Devoteam Modern Applications	France	France	France	Next Ltd	Portugal	Iberia & Latam	Iberia & Latam
ML SAS	France	Corporate & Other	non-reportable	Preco Ltd	Portugal	Discontinued entities	Iberia & Latam
Citrix	France	France	non-reportable	Naught SA	Portugal	Discontinued entities	Iberia & Latam



Devoteam Germany	Germany	Central Europe	Central Europe	Outlet	Portugal	Iberia & Latam	non-opal table
Devoteam GmbH	Germany	Divested entity	Divested entity	TechnSocys Ltd	Portugal	Iberia & Latam	Iberia & Latam
Devoteam GmbH MEE	Germany	Corporate & Other	Corporate & Other	EMG Ltd	Portugal	Divested entity	Iberia & Latam
Q-Partners Consulting & Management	Germany	Central Europe	Central Europe	Devoteam Czech Rep.	Czech Republic	Central Europe	Central Europe
TMNS Germany	Germany	Northern Europe & Benelux	Northern Europe & Benelux	Devoteam UK	United Kingdom	Northern Europe & Benelux	Northern Europe & Benelux
Aleas International Service GmbH	Germany	Central Europe	Central Europe	TMNS UK	United Kingdom	Northern Europe & Benelux	Northern Europe & Benelux
Aleas Personal Service GmbH	Germany	Central Europe	Central Europe	Aleas Solutions Ltd	United Kingdom	Northern Europe & Benelux	non-opal table
Devoteam Consulting Austria	Austria	Central Europe	Central Europe	Devoteam Management Consulting UK	United Kingdom	Northern Europe & Benelux	non-opal table
Aleas International Austria GmbH	Austria	Central Europe	Central Europe	Madate LLC	Russia	Corporate & Other	Corporate & Other
Devoteam Belgium	Belgium	Northern Europe & Benelux	Northern Europe & Benelux	TMNS Benelux	Spain	Northern Europe & Benelux	Northern Europe & Benelux
DFSI	Belgium	Corporate & Other	Corporate & Other	Aleas Solutions BVB	Singapore	Northern Europe & Benelux	non-opal table
Devoteam Management Consulting EE	Belgium	Northern Europe & Benelux	Northern Europe & Benelux	Devoteam Slovakia	Slovakia	Central Europe	non-opal table
Force 5ma SA/NV	Belgium	Northern Europe & Benelux	Northern Europe & Benelux	HNGO AB	Sweden	Corporate & Other	Corporate & Other
Devoteam Denmark	Denmark	Northern Europe & Benelux	Northern Europe & Benelux	Lovwy Marine AB	Sweden	Northern Europe & Benelux	Northern Europe & Benelux
Devoteam Medica AB	Denmark	Northern Europe & Benelux	Northern Europe & Benelux	Lovwy Hamstad AB	Sweden	Northern Europe & Benelux	Northern Europe & Benelux
Lovwy AB	Denmark	Northern Europe & Benelux	Northern Europe & Benelux	Lovwy Stockholm	Sweden	Northern Europe & Benelux	Northern Europe & Benelux
Aleas Solutions AB (LKA)	Denmark	Northern Europe & Benelux	non-opal table	Lovwy Sol. Ltd AB	Sweden	Northern Europe & Benelux	Northern Europe & Benelux
Devoteam Middle East	United Arab Emirates	Rest of the world	Rest of the world	Lovwy Holdings AB	Sweden	Northern Europe & Benelux	Northern Europe & Benelux
Devoteam Spain	Spain	Iberia & Latam	Iberia & Latam	Orsted AB	Sweden	Northern Europe & Benelux	Northern Europe & Benelux
Kowak	Spain	Corporate & Other	Corporate & Other	Stadsmagnatnet Telemagnat AB	Sweden	Northern Europe & Benelux	Northern Europe & Benelux
Devoteam Global Services (Europe) S.L.	Spain	Iberia & Latam	Iberia & Latam	Aleas Solutions AB	Sweden	Northern Europe & Benelux	non-opal table
Devoteam Solutions AU	Spain	Iberia & Latam	Iberia & Latam	TMNS Switzerland	Switzerland	Central Europe	Northern Europe & Benelux
Software Development Center SAU	Spain	Iberia & Latam	Iberia & Latam	Aleas AG	Switzerland	Central Europe	Central Europe
Devoteam Cloud Services SA	Spain	Iberia & Latam	Iberia & Latam	Devoteam Tunisia	Tunisia	Rest of the world	Rest of the world
myTel-workshop	Spain	Corporate & Other	Corporate & Other	Devoteam Technology Consulting FN	Tunisia	Rest of the world	Rest of the world
Devoteam Brazil S.L.	Spain	Iberia & Latam	Iberia & Latam	Devoteam Turkey	Turkey	Rest of the world	Rest of the world
New Business Intellectual Company S.L.	Spain	Iberia & Latam	Iberia & Latam				

Comparative segment information in respect of 2018 has been restated to match the new structure of operating segments.

The key performance indicators set out below are used by the Group in its internal reporting and are identical to those applied at the 2018 reporting date, namely:

- first, operating margin is defined as current operating profit before the impact of share-based compensation and the amortisation of business relationships acquired in business combinations;

- second, the group contribution is defined as the total revenue (internal and external) of an operating segment less the cost of internal subcontracting acquired from other Group entities. This indicator reflects the segment's contribution to consolidated revenue from its own resources. The sum of group contributions of the operating segments is the Group's consolidated revenue.

### 3.20 Earnings per share

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

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

### 3.21 Non-current assets held for sale

Non-current assets whose sale is approved during the period are shown on a separate line of the balance sheet, since the sale is considered highly probable and must be made within 12 months.

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

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

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

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

## Note 4 – Scope of consolidation

### 4.1 Scope of consolidation

The 2019 consolidated financial statements include the financial statements of Devoteam SA and the financial statements of companies controlled directly or indirectly by the Group, as well as companies over which the Group has significant influence.

The main companies included in the scope of consolidation of the Devoteam Group as of 31 December 2019 are set out below.

Companies (SIREN)	Share of capital held as a % (*)		Consolidation method	
	2019	2018	2019	2018
<b>FRANCE</b>				
Devoteam SA	Parent company	Parent company	Parent company	Parent company
Devoteam Consulting	90.20 <sup>(1)</sup>	90.20	FC	FC
Devoteam Outsourcing	100	100	FC	FC
Evad&S	25.00	25.00	EM	EM
System Management	100	100	FC	FC
Imexsys	0 <sup>(1)</sup>	20 <sup>(1)</sup>	NL	EM
Avanced	0 <sup>(2)</sup>	12.62	FC	FC
RUN France	95.00	95.00	FC	FC
Sistem	85.00 <sup>(3)</sup>	85.00	FC	FC
Devoteam Cloud	100	100	FC	FC
BeTeam	80.42 <sup>(4)</sup>	81.20 <sup>(1)</sup>	FC	FC
Devoteam & Made for many financial	97.01 <sup>(5)</sup>	97.48	FC	FC
Avanced formerly Avanced Media et DBSA	75.85 <sup>(16)</sup>	72.62	FC	FC
DBSA	92.84 <sup>(4)</sup>	72.55 <sup>(1)</sup>	FC	FC
Avanced formerly formerly D&S I My-G	75.85 <sup>(17)</sup>	80.20	FC	FC
My-G	100	100	FC	FC
Technologies & Operations	91.99 <sup>(4)</sup>	70.00	FC	FC
Devoteam Customer Experience	88.00 <sup>(4)</sup>	87.00 <sup>(1)</sup>	FC	FC
FluMedia	80.00 <sup>(8)</sup>	88.00 <sup>(1)</sup>	FC	FC
MyDevcom	99.00 <sup>(1)</sup>	99.00 <sup>(1)</sup>	FC	FC
Energy Dynamics	24.00	24.00	EM	EM
DBS	91.00	91.00	FC	FC
Devoteam Network	90.41 <sup>(9)</sup>	75.00	FC	FC
Devoteam Media Applications	84.00 <sup>(10)</sup>	75.00	FC	FC
MEL	78.81 <sup>(11)</sup>	0 <sup>(1)</sup>	FC	NL
Cartex	28.50 <sup>(12)</sup>	0 <sup>(1)</sup>	FC	NL
<b>GERMANY</b>				
Devoteam GmbH	100	100	FC	FC
System GmbH	25.00	25.00	EM	EM
Q-Process Consulting & Management	100 <sup>(13)</sup>	98.00	FC	FC
TMNS GmbH	0 <sup>(14)</sup>	50.00 <sup>(1)</sup>	FC	FC
Aleph International Service GmbH	100	100	FC	FC
Aleph International Service GmbH	100	100	FC	FC
<b>AUSTRIA</b>				
Devoteam Consulting GmbH	100	100	FC	FC
Aleph International Austria GmbH	100	100	FC	FC
<b>BENELUX</b>				
Devoteam NV	99.01	99.01	FC	FC
DBS	48.81 <sup>(14)</sup>	45.00	EM	EM
Devoteam Management Consulting	70.42 <sup>(14)</sup>	80.00 <sup>(1)</sup>	FC	FC
France gmo SA NV	99.01	99.01	FC	FC
Devoteam SA Luxembourg	100	100	FC	FC
Devoteam Consulting Ireland	100	100	FC	FC
Devoteam Communication	100	100	FC	FC
Devoteam Netherlands BV	50.00 <sup>(1)</sup>	50.00 <sup>(1)</sup>	FC	FC
TMNS BV	50.00 <sup>(1)</sup>	50.00 <sup>(1)</sup>	FC	FC
BeTeam Belgium Group	22.28	22.28	EM	EM
<b>UNITED ARAB EMIRATES</b>				
Devoteam Middle East & Z LLC	75.00	75.00	FC	FC
<b>SPAIN</b>				
Devoteam Ingate SAU	100	100	FC	FC
Kretek	25.00 <sup>(1)</sup>	25.00 <sup>(1)</sup>	EM	EM
DPI	88.04 <sup>(15)</sup>	84.00	FC	FC
Drigo Solutions SAU	88.04 <sup>(15)</sup>	84.00	FC	FC
Sistema Devops and Center SAU	88.04 <sup>(15)</sup>	84.00	FC	FC
Devoteam Cloud Services	87.50 <sup>(14)</sup>	80.00	FC	FC
My-G Avanced Spain	0 <sup>(16)</sup>	100	FC	FC
Devoteam Drigo SAU	88.04 <sup>(15)</sup>	84.00	FC	FC
New Business International Company S.L.	88.04 <sup>(15)</sup>	84.00	FC	FC
<b>UNITED STATES</b>				
Lawdy Inc	75.0 <sup>(1)</sup>	75.0 <sup>(1)</sup>	FC	FC
Avance Solutions Inc	87.50 <sup>(17)</sup>	0.00	FC	NL
<b>IRELAND</b>				
My-G Ireland	100	100	FC	FC
<b>ITALY</b>				
Devoteam Italy SRL	80.00	80.00	FC	FC

Companies (SIREN)	Share of capital held as a % (*)		Consolidation method	
	2019	2018	2019	2018
<b>MOROCCO</b>				
Devoteam SARL	10.00	10.00	FC	FC
Devoteam Services SARL	100	100	FC	FC
Devoteam Consulting Morocco	75.00	75.00	FC	FC
<b>MEXICO</b>				
Devoteam Mexico	99.00 <sup>(1)</sup>	99.00 <sup>(1)</sup>	FC	FC
Devoteam Udele Services	99.00	99.00	FC	FC
<b>PANAMA</b>				
Drigo Solutions Corp Panama	88.04 <sup>(15)</sup>	84.00	FC	FC
<b>POLAND</b>				
Devoteam SA formerly West Intel	0 <sup>(18)</sup>	81.20 <sup>(1)</sup>	FC	FC
Avance Solutions and Zao	87.50 <sup>(17)</sup>	0.00	FC	NL
<b>PORTUGAL</b>				
BeTeam International SA	88.00	88.00	FC	FC
BeTeam Wealth Ltd	88.00	88.00	FC	FC
Avance Italy BeTeam Ltd	20.00	20.00	FC	FC
Nova Ltd	0 <sup>(19)</sup>	20.00	NL	FC
Proce Ltd	0 <sup>(20)</sup>	64.50 <sup>(1)</sup>	NL	FC
Nautilus SA	0 <sup>(21)</sup>	43.50	NL	FC
Outlet	10.00 <sup>(22)</sup>	23.00 <sup>(1)</sup>	EM	EM
Technosyst Ltd	59 <sup>(23)</sup>	20.00	FC	EM
BeTeam Ltd	0 <sup>(20)</sup>	64.50 <sup>(1)</sup>	NL	FC
<b>CZECH REPUBLIC</b>				
Devoteam s.r.o.	75.10 <sup>(24)</sup>	50.00 <sup>(1)</sup>	FC	FC
<b>UNITED KINGDOM</b>				
Devoteam UK Limited	99.00 <sup>(25)</sup>	100	FC	FC
TMNS Digital System Solutions Ltd	99.00 <sup>(26)</sup>	50.00 <sup>(1)</sup>	FC	FC
Avance Solutions Ltd	87.50 <sup>(17)</sup>	0.00	FC	NL
Devoteam Management Consulting Ltd	84.00 <sup>(27)</sup>	0.00	FC	NL
<b>RUSSIA</b>				
My-G LLC	40.02 <sup>(4)</sup>	22.50 <sup>(1)</sup>	EM	EM
<b>SCANDINAVIA</b>				
Devoteam AB	90.00 <sup>(1)</sup>	90.00 <sup>(1)</sup>	FC	FC
Devoteam Luxembourg	90.00 <sup>(1)</sup>	90.00 <sup>(1)</sup>	FC	FC
Lawdy AB	75.0 <sup>(1)</sup>	75.0 <sup>(1)</sup>	FC	FC
Avance Solutions AB Denmark	87.50 <sup>(17)</sup>	0.00	FC	NL
HNOO AB	20.00	20.00	EM	EM
Lawdy Malta AB	75.0 <sup>(1)</sup>	75.0 <sup>(1)</sup>	FC	FC
Lawdy Hamstead AB	75.0 <sup>(1)</sup>	75.0 <sup>(1)</sup>	FC	FC
Lawdy Stockholm	75.0 <sup>(1)</sup>	75.0 <sup>(1)</sup>	FC	FC
Lawdy Berlin AB	75.0 <sup>(1)</sup>	75.0 <sup>(1)</sup>	FC	FC
Lawdy Helsinki AB	75.0 <sup>(1)</sup>	75.0 <sup>(1)</sup>	FC	FC
Drigo AB	75.0 <sup>(1)</sup>	75.0 <sup>(1)</sup>	FC	FC
BeTeam Spain Ltd, a United AB	75.0 <sup>(1)</sup>	75.0 <sup>(1)</sup>	FC	FC
Avance Solutions AB	87.50 <sup>(17)</sup>	0.00	FC	FC
Temple Consulting AB	100	100	FC	NL
Lawdy Malta - low AB	88.42 <sup>(28)</sup>	0 <sup>(1)</sup>	FC	NL
Avance Solutions AB (New York)	87.50 <sup>(17)</sup>	0.00	FC	NL
BeTeam Malta AB	75.00 <sup>(29)</sup>	0.00	FC	NL
Lawdy Cloud AB	80.00 <sup>(30)</sup>	0.00	FC	NL
<b>SERBIA</b>				
TMNS EMEA LLC	50.00 <sup>(1)</sup>	50.00 <sup>(1)</sup>	FC	FC
<b>SINGAPORE</b>				
Avance Solutions PTE	87.50 <sup>(17)</sup>	0 <sup>(1)</sup>	FC	NL
<b>SLOVAKIA</b>				
Devoteam Slovakia	75.10 <sup>(31)</sup>	0 <sup>(1)</sup>	FC	NL
<b>SWITZERLAND</b>				
TMNS GmbH	100 <sup>(32)</sup>	50.00 <sup>(1)</sup>	FC	FC
Avance AG	100	100	FC	FC
<b>TUNISIA</b>				
Devoteam Tunisia	75.00	75.00	FC	FC
Devoteam Technology Consulting	75.00	75.00	FC	FC
<b>TURKEY</b>				
Devoteam Information Technology and Consultancy Agency Securit	100	100	FC	FC

\* Indicates the percentage of the share held directly or indirectly by Devoteam SA.

(1) Full consolidation; EM: Accounting to be the equity method; NL: Not consolidated

- (1) Disposal of the non-controlling interest in Inflexys.
- (2) Merger of Axance with Axance People.
- (3) Acquisition of an additional 20.3% in the share capital of Siticom, including 10.3% through the acquisition of MEL. The equity interest now stands at 88.77%.
- (4) Changes linked to the acquisition of MEL.
- (5) Recapitalisation of the company and additional stake following the acquisition of MEL.
- (6) Restructuring of the Axance, Axance People and Axance Technology scope. The Group's equity interest in Axance is now 75.83%.
- (7) Restructuring of the Axance, Axance People and Axance Technology scope. The Group's equity interest in Axance Technology is now 75.83%.
- (8) Increase in the holding related to the acquisition of MEL for 12.09% and additional acquisition of 5.52% of the share capital of Fi-Makers via MEL. The Group's equity interest is now 62.59%.
- (9) Increase in the equity investment following the acquisition of MEL, followed by a capital increase subscribed by the latter. The Group's equity interest is now 80.47%.
- (10) Disposal of 100% of the share capital of Devoteam Modern Application to MEL following the buyout of the latter and the disposal of 15% of the share capital via MEL. The equity interest now stands at 64.74%.
- (11) The Group has acquired 76.16% of the share capital of MEL, a company that holds numerous non-controlling interests in Group subsidiaries.
- (12) Acquisition of 38.67% of the share capital of Catalix via MEL.
- (13) Acquisition of an additional 11.70% of the share capital of Q-Partners GmbH. The equity interest now stands at 100%.
- (14) Liquidation of TMNS Germany.
- (15) Acquisition of an additional 3.29% of the share capital of DPI, the parent company of the Drago group.
- (16) Liquidation of My-G work for España.
- (17) The Group has acquired 67.50% of the share capital of Avalon Solutions AB, parent company of the Avalon group.
- (18) Liquidation of Devoteam Poland.
- (19) Acquisition of 100% of Neos via the subsidiary Bold International, then the merger of Neos with Bold International.
- (20) Disposal of Precise Lda and its subsidiary EIC Lda.
- (21) Disposal of NauOn SA.
- (22) Acquisition of an additional 40% of the share capital of Outfit via MEL. The equity interest now stands at 53.66%.
- (23) Acquisition of an additional 37.76% in the share capital of TechSensys Lda via the subsidiary Bold Wealth. The equity interest now stands at 58%.
- (24) Disposal of 5.00% of the share capital of Devoteam SRO. The Group's equity interest is now 75.00%.
- (25) Disposal of 4.40% of the share capital of Devoteam UK. The Group's equity interest is now 95.60%.
- (26) Internal transfer of TMNS Digitisation Solutions Limited by Devoteam Netherlands to Devoteam UK. The Group's equity interest is now 95.60%.
- (27) Creation of Devoteam Management Consulting Ltd, held indirectly via MEL.
- (28) Creation of Devoteam Smart Flow AS, subsidiary of Fornebu Consulting AS.
- (29) Creation of Studio Vues AS, subsidiary of Fornebu Consulting AS.
- (30) Creation of Devoteam Cloudify AS, subsidiary of Fornebu Consulting AS.
- (31) Creation of Devoteam Slovakia, subsidiary of Devoteam SRO.
- (32) Internal transfer, by Devoteam Netherlands, of Devoteam GmbH to Devoteam SA. The equity interest now stands at 100%.

## 4.2 Movements during the year

### 4.2.1 Acquisitions

The Group made the following acquisitions in the course of the 2019 financial year:

- On 4 April 2019, the Group acquired 87.50% of the shares in Avalon Solutions AB, parent company of the Avalon group. The Avalon group generated revenue of €14.7 million (under local accounting standards) in respect of its latest financial year ended 31 December 2018. It has 45 employees. This acquisition has been fully consolidated since 1 April 2019.
- On 7 May 2019, the Group acquired 76.16% of the shares in MEL, a company holding non-controlling interests in several of the Group's companies. This acquisition has been fully consolidated since 1 May 2019.
- On 25 July 2019, the Group acquired 51.03% of the shares of Catalix. This company, which was founded in 2019, is developing a learning ecosystem around artificial intelligence in order to support its clients in their digital transformation. This acquisition has been fully consolidated since 1 July 2019.
- On 2 July 2019, the Group acquired Powerdata, in Spain, by transfer of assets. This company has 34 employees and strengthens the European positioning of the Devoteam Group in Smart Data.
- During the year, the Group also took control of Outfit and Techsensys, subsidiaries of the Bold group acquired in 2018, via the acquisition of additional non-controlling interests.

#### Net assets of the acquired companies

<i>In thousands of euros</i>	<b>Avalon</b>	<b>MEL</b>	<b>Other</b>
Fixed assets	1,246	1,152	47
Trade and other receivables	10,505	1,089	678
Cash and cash equivalents	1,242	1,752	239
Current and non-current provisions	-	-	-
Trade and other payables	(14,098)	(73)	(1,094)
Adjustment in the fair value of assets and liabilities acquired	-	7,661	-
<b>Net assets and liabilities</b>	<b>(1,105)</b>	<b>10,923</b>	<b>(130)</b>

#### Goodwill

Goodwill arising from acquisitions was calculated as follows:

<i>In thousands of euros</i>	<b>Avalon</b>	<b>MEL</b>	<b>Other</b>
Consideration transferred as part of the takeover	6,108	7,767	1,423
- Of which contingent consideration	-	-	-
Non-controlling interest measured as a share of the net identifiable assets recorded	(138)	2,604	22
Fair value of the interest previously acquired	-	-	77
Less fair value of net identifiable assets	1,105	(10,923)	130
<b>Goodwill/Badwill (-)</b>	<b>7,074</b>	<b>-552</b>	<b>1,651</b>

Expenses related to these acquisitions amounted to €205 thousand and are recorded in "Other current operating expenses".

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

#### Acquisition accounting and evaluation period

During the period, the Group finalised the assignment of the acquisition price of the groups Bold, Jayway and Alegri carried out in 2018, as well as that of the Avalon group, carried out in 2019.

The allocation of the acquisition prices of the companies acquired in 2018 gave rise to the recognition of intangible assets related to commercial relationships and order books on the entities Alegri, Bold and Jayway for €3,344 thousand (€2,566 thousand net of deferred tax). The commercial relationships are amortised over a period of five years. The amortisation recognised for the year stands at -€1,097 thousand.

The allocation of the acquisition price of the Avalon group, acquired in 2019, gave rise to the recognition of intangible assets related to the Group's order book for €16 thousand (€90 thousand net of deferred tax).

#### Comparable basis information

The impact on the 2019 financial statements of entries into the scope of consolidation (acquisitions and purchases of interests) conducted in 2019 is presented below:

<i>In thousands of euros</i>	<b>Transactions in 2019*</b>	<b>Transactions in 2018*</b>
Revenue	6,610	90,928
Current operating profit	(112)	3,676
Net income	(264)	784
Total assets	10,968	28,182
Changes in WCR	761	(3,828)

\* Following internal restructuring operations in France and Belgium, the impact of the entries into scope made in 2018 and 2019 on the 2019 financial statements is only identifiable on the income statement aggregates for the entities Paradigmo, Powerdata and Altius.

#### **4.2.2 Disposals and losses of control**

On 1 July 2019, the Group sold its entire stake in Portuguese subsidiary NauOn. This company's contribution to the Group's revenue in 2019 is not material. The entity was deconsolidated as of 30 June 2019. This disposal generated a capital gain of €0.3 million, recorded under "Other operating income".

On 17 November 2019, the Group sold its equity investment in two of its other Portuguese companies, Precise and its subsidiary FHC. The contribution of these companies to the Group's revenue in 2019 was about €1 million. They were deconsolidated on 31 October 2019. This disposal generated a capital loss of €0.7 million, recorded under "Other operating income".

The Group also liquidated several companies during 2019 (Devoteam Poland, MyC for work España and the subsidiary of the TMNS group in Germany) without any significant effect on the financial statements.

## Summary impact of disposals and losses of control

In thousands of euros	Impact of disposals and losses of control 2019
Fixed Assets	(58)
Trade and other receivables	(1,546)
Cash and cash equivalents	(60)
Current and non-current provisions	-
Trade and other payables	10,748
<b>Net assets and liabilities</b>	<b>9,084</b>
Consideration received in cash	42
Reimbursement of borrowings	415
Cash and cash equivalents	(60)
<b>Inflow net of cash and cash equivalents</b>	<b>397</b>

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

### 5.1 Goodwill

In thousands of euros	31 December 2018	Acquisitions/ Impairment	Other	Disposals	Foreign currency translation differences	31 December 2019
Goodwill	147,830	8,725	(1,853)	(2,542)	(186)	151,974
Impairment losses	(17,944)	-	-	2,542	(9)	(15,411)
<b>Net goodwill</b>	<b>129,886</b>	<b>8,725</b>	<b>(1,853)</b>	<b>-</b>	<b>(194)</b>	<b>136,564</b>

Net goodwill increased by €6,678 thousand in 2019. The change is attributable primarily to:

- the increase in goodwill for €8,725 thousand, related mainly to taking control of the Avalon group based in Sweden for €7,074 thousand (Avalon CGU), the Portuguese entities (Bold CGU) consolidated previously by the equity method for €789 thousand, as well as the acquisition of PowerData in Spain for €1,299 thousand (Spain CGU);
- the reduction in goodwill related to the activation of commercial relationships and the correction of the net opening situation for €1,657 thousand, including the groups Jayway (Jayway CGU) for €631 thousand, Bold (Bold CGU) for €537 thousand and Alegri (Germany CGU) for €488 thousand;
- the reduction in goodwill from Turkey related to the adjustment to fair value of the put option on non-controlling interests for €196 thousand;
- currency effects for €194 thousand, mainly on Jayway.

#### Acquisition price allocation:

In finalising the prices of the acquisitions of subsidiaries made in 2018 and 2019, the Group recognised intangible assets related to commercial relationships and existing backlog for €3,460 thousand:

In thousands of euros	Jayway	Bold	Alegri	Avalon	Total
Commercial relationships and backlog	1,476	1,173	695	116	3,460
Deferred tax	(325)	(246)	(207)	(25)	(804)
<b>Commercial relationships and net backlog</b>	<b>1,151</b>	<b>927</b>	<b>488</b>	<b>90</b>	<b>2,656</b>
Rate of holding	75%	58%	100%	87.50%	
<b>Goodwill impact</b>	<b>(864)</b>	<b>(537)</b>	<b>(488)</b>	<b>(79)</b>	<b>(1,968)</b>
Duration of amortisation of commercial relationships and backlog	5 years	5 years	5 years	3 years	
<b>Amortisation over the period</b>	<b>(490)</b>	<b>(375)</b>	<b>(232)</b>	<b>(77)</b>	<b>(1,174)</b>

In the year ended 31 December 2018, movements were as follows:

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

The impairment loss for the 2018 financial year concerned the Alegri CGU in Germany for €1,983 thousand and Devoteam UK in the United Kingdom for €3,977 thousand.

Goodwill, allocated by country as of 31 December 2019 and 2018, breaks down as follows:

In thousands of euros	31 December 2019			31 December 2018		
	Goodwill gross	Cumulative impairment losses	Net goodwill	Goodwill gross	Cumulative impairment losses	Net goodwill
Germany CGU <sup>(1)</sup>	36,848	(4,032)	32,816	37,336	(4,032)	33,304
Scandinavia CGU <sup>(4)</sup>	24,041	-	24,041	24,019	-	24,019
France CGU <sup>(2)</sup>	28,021	(1,328)	26,693	27,958	(1,328)	26,630
Devoteam Netherlands & TMNS CGU	13,916	(1,533)	12,382	13,916	(1,533)	12,382
Spain CGU <sup>(3)</sup>	8,225	-	8,225	6,512	-	6,512
Jayway CGU	8,421	-	8,421	9,230	-	9,230
Avelon CGU	7,041	-	7,041	-	-	-
Belux CGU <sup>(4)</sup>	6,860	-	6,860	6,860	-	6,860
Bold CGU	4,846	-	4,846	5,094	-	5,094
Devoteam UK	8,502	(4,923)	3,579	8,439	(4,923)	3,516
Other net goodwill under €2,200 thousand	5,255	(3,594)	1,661	8,466	(6,127)	2,339
<b>Total</b>	<b>151,974</b>	<b>(15,411)</b>	<b>136,564</b>	<b>147,830</b>	<b>(17,944)</b>	<b>129,886</b>

(1) Creation of the Germany CGU combining the German entities and those of the Alegri group

(2) Creation of the France CGU grouping all French entities.

(3) Creation of the Spain CGU grouping all Spanish entities.

(4) Details of the entities are provided in Note 3.2 to the 2018 financial statements

#### Earn-out clause

On 31 December 2019, the commitment recognised for the earn-out clauses was €7,853 thousand (versus €7,079 thousand at 31 December 2018) and related to New BIC, Paradigmo and Globicon. These earn-outs are based on the future performance of the acquired entities.

#### Evaluation of the recoverable amount of the CGUs

The method used for assessing the recoverable amount of the CGU is described in Note 3.2. The key assumptions used in 2019 and 2018 to determine the recoverable amount are described below, broken down on the basis of the geographical areas in which the Group operates:

2019 key assumptions	Discount rate	Long-term growth rate	Normative rate of return <sup>(1)</sup>
France	7.4%	2%	between 3% and 10%
Other European countries	7.1% to 10.5%	2%	between 5% and 9% <sup>(2)</sup>
Middle East	9.9% to 13.4%	2.50%	between 5% and 9%
North Africa	10.7% to 11.5%	2.50%	between 5% and 9%

(1) Long-term operating margin.

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



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

(1) Long-term operating margin.

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

The key assumptions were determined as follows:

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

On 31 December 2019, the Group did not take into account the effects of the entry into force of IFRS 16 in the application of its impairment test methodology, notably in its effects on the assets to be tested, the discount rates and the cash flow projections. Taking IFRS 16 into account would not have any impact on the results of the tests carried out.

Sensitivity testing was performed on these key assumptions:

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

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

Sensitivity testing was performed on the parameters underpinning these projections:

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

No CGU has any recoverable value close to the carrying amount at the end of the 2019 financial year.

## 5.2 Intangible assets

The main movements recorded in 2019 are as follows:

<i>In thousands of euros</i>	Software and brands	Commercial relationships and backlog	Other intangible assets	Total
<b>Gross value</b>				
At 1 January 2019	6,884	5,415	3,780	16,079
Change in scope <sup>(1)</sup>	(286)	3,460	(393)	2,781
Acquisitions over the year	301		541	841
Disposals over the year	-		(92)	(92)
Reclassification and scrapping	(95)	(3,403)	340	(3,159)
Foreign currency translation differences	3	20	6	30
<b>At 31 December 2019</b>	<b>6,807</b>	<b>5,492</b>	<b>4,182</b>	<b>16,481</b>
<b>Accumulated depreciation and impairment losses</b>				
At 1 January 2019	(6,633)	(4,200)	(3,391)	(14,224)
Change in scope	310		394	705
Net additions	(231)	(1,678)	(136)	(2,045)
Reductions	-		37	37
Reclassification and scrapping	96	3,403	(340)	3,159
Foreign currency translation differences	(4)	(8)	(5)	(17)
<b>At 31 December 2019</b>	<b>(6,461)</b>	<b>(2,483)</b>	<b>(3,440)</b>	<b>(12,383)</b>
<b>Net value at 31 December 2019</b>	<b>347</b>	<b>3,009</b>	<b>742</b>	<b>4,098</b>

(1) Corresponds mainly to the entry of the Avia group in Sweden into the scope and the exit of Devoteam Poland from the scope, as well as the allocation of the acquisition price of the previous year-acquired subsidiaries to commercial relationships (see Note 5.1).

The main movements recorded in 2018 are as follows:

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

(1) Corresponds to the entry of Gold, New BIC, Paracigma, Alogri and Progis into the scope of consolidation.

### 5.3 Tangible assets

The main movements recorded in 2019 are as follows:

<i>In thousands of euros</i>	Land and buildings	Fixtures and fittings	IT, office equipment and furniture	Other tangible assets	Total
<b>Gross value</b>					
At 1 January 2019	1,934	7,709	20,713	1,422	31,778
Change in scope <sup>(1)</sup>	-	(176)	33	(32)	(176)
Acquisitions over the year <sup>(2)</sup>	221	1,235	4,247	214	5,917
Disposals over the year	(25)	(1)	(969)	(157)	(1,152)
Reclassification and scrapping	(4)	(72)	(90)	(112)	(278)
Foreign currency translation differences	6	13	63	3	85
<b>At 31 December 2019</b>	<b>2,131</b>	<b>8,708</b>	<b>23,997</b>	<b>1,339</b>	<b>36,175</b>
<b>Accumulated depreciation and impairment losses</b>					
At 1 January 2019	(722)	(5,870)	(14,486)	(1,077)	(22,094)
Change in scope	-	176	(22)	38	192
Net additions	(462)	(845)	(3,066)	(150)	(4,523)
Reductions	24	1	946	136	1,107
Reclassification and scrapping	247	307	97	134	784
Foreign currency translation differences	(5)	(16)	(52)	(2)	(75)
<b>At 31 December 2019</b>	<b>(918)</b>	<b>(6,246)</b>	<b>(16,583)</b>	<b>(862)</b>	<b>(24,610)</b>
<b>Net value at 31 December 2019</b>	<b>1,213</b>	<b>2,462</b>	<b>7,413</b>	<b>477</b>	<b>11,565</b>

(1) Corresponds mainly to the entry of the Avation group in Sweden into the scope and the exit of Devoteam Poland from the scope.

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

The main movements recorded in 2018 are as follows:

<i>In thousands of euros</i>	Land and buildings	Fixtures and fittings	IT, office equipment and furniture	Other tangible assets	Total
<b>Gross value</b>					
At 1 January 2018	1,072	6,599	15,353	1,114	24,078
Change in scope <sup>(1)</sup>	776	426	1,269	128	2,598
IFRS 5 reclassification	-	2	294	-	296
Acquisitions over the year <sup>(2)</sup>	120	865	4,465	206	5,655
Disposals over the year	(0)	(8)	(38)	(18)	(64)
Reclassification and scrapping	10	(21)	(607)	(9)	(817)
Foreign currency translation differences	15	37	(23)	2	31
<b>At 31 December 2018</b>	<b>1,934</b>	<b>7,709</b>	<b>20,713</b>	<b>1,422</b>	<b>31,778</b>
<b>Accumulated depreciation and impairment losses</b>					
At 1 January 2018	(436)	(5,251)	(11,569)	(866)	(18,123)
Change in scope	(162)	(135)	(978)	(79)	(1,354)
IFRS 5 reclassification	-	(2)	(257)	-	(259)
Net additions	(368)	(750)	(2,337)	(128)	(3,582)
Reductions	0	8	32	18	58
Reclassification and scrapping	256	291	598	37	1,181
Foreign currency translation differences	(12)	(29)	25	1	(15)
<b>At 31 December 2018</b>	<b>(722)</b>	<b>(5,870)</b>	<b>(14,486)</b>	<b>(1,077)</b>	<b>(22,094)</b>
<b>Net value at 31 December 2018</b>	<b>1,212</b>	<b>1,840</b>	<b>6,227</b>	<b>405</b>	<b>9,684</b>
Of which net value of finance leases at 31 December 2018	-	-	-	25	25

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

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

## 5.4 Right-of-use assets

### Right-of-use assets

In thousands of euros	Land, buildings, fittings	Vehicles	IT equipment and other	Total
<b>Gross value</b>				
At 1 January 2019	34,043	7,629	10	41,681
Foreign currency translation differences	42	3	0	45
Acquisitions/Increases	10,014	6,539	53	16,605
Disposals/Decreases	(210)	(958)	-	(1,167)
<b>At 31 December 2019</b>	<b>43,889</b>	<b>13,213</b>	<b>62</b>	<b>57,164</b>
<b>Depreciation, amortisation and impairment</b>				
At 1 January 2019	-	-	-	-
Foreign currency translation differences	(15)	(1)	(0)	(16)
Charges and impairment	(8,165)	(4,838)	(11)	(13,014)
Reversals	60	540	-	600
<b>At 31 December 2019</b>	<b>(8,119)</b>	<b>(4,299)</b>	<b>(11)</b>	<b>(12,430)</b>
<b>Net values</b>				
At 1 January 2019	34,043	7,629	10	41,681
<b>At 31 December 2019</b>	<b>35,770</b>	<b>8,913</b>	<b>51</b>	<b>44,733</b>

### Lease liabilities

In thousands of euros	Portion due in less than 1 year	Portion due in 1 to 5 years	Portion due in more than 5 years	Total
Operating lease liabilities	11,680	26,943	6,603	45,226
<b>At 31 December 2019</b>	<b>11,680</b>	<b>26,943</b>	<b>6,603</b>	<b>45,226</b>

## 5.5 Non-current financial assets

In thousands of euros	31 December 2019	31 December 2018
Loans, guarantees and other receivables	2,943	2,360
Other financial assets	2,920	3,690
<b>Total</b>	<b>5,863</b>	<b>6,050</b>

Non-current financial assets mainly comprise security deposits. Other non-current financial assets consist mainly of cash advances to associates.

## 5.6 Investments in associates

In thousands of euros	31 December 2019	31 December 2018
Investments in associates	4,975	5,206

The variation is mainly explained by the reclassification of the entity Inflexys in France to non-consolidated securities following a partial disposal of the equity investment and taking control of Techsensys and Outfit in Portugal in 2019.

The financial information below concerns the investments in associates: Keivox (Spain), Siticom GmbH (Germany), DFSJ (Belgium), Between Staffing Group BV (Netherlands), Media-Tel LLC (Russia), Energy Dynamics and Exa FCS (France).

<b>Recorded amounts</b> <i>In thousands of euros</i>	<b>31 December 2019</b>	<b>31 December 2018</b>
Non-current assets	8,830	2,321
Current assets	43,916	21,321
Non-current liabilities	2,782	1,344
Current liabilities	44,083	15,449
100% of net assets	5,882	6,849
Net assets attributable to equity holders of the parent	2,104	2,301
Goodwill	548	581
Other	2,323	2,323
Carrying amount of interests in associates	4,975	5,205
Net revenue	193,467	135,136
Profit after tax from continuing operations	1,772	1,125
100% of other comprehensive income	-	-
100% of total comprehensive income	1,772	1,125
Total comprehensive income attributable to equity holders of the parent	534	1,100

## 5.7 Investment property

<b>Assets</b> <i>In thousands of euros</i>	<b>31 December 2019</b>	<b>31 December 2018</b>
Investment property measured at amortised cost	457	914
Investment property measured at fair value	-	-
<b>Total</b>	<b>457</b>	<b>914</b>

Following the discontinuation of the outsourcing activity on the Castres site, the Group reclassified a building complex to "investment property" in 2015. The reclassification was performed in the net carrying amount, as the Group was not able to reliably determine the fair value of the complex, in large part due to the lack of comparable transactions for similar properties in the area. Thus, the building complex will be carried at amortised cost until its exit. The complex consists of an office building with total floor space of 4,127 square metres and an 894-square-metre data centre. It is depreciated on a straight-line basis over a period of 15 years.

The table below summarises the carrying amounts of the complex:

<i>In thousands of euros</i>	<b>31 December 2019</b>	<b>31 December 2018</b>
Gross value	5,955	5,955
Accumulated depreciation	(5,499)	(5,043)
<b>Net carrying amount</b>	<b>457</b>	<b>914</b>

The building complex generated subletting income in the amount of €55 thousand and operating expenses in the amount of €170 thousand.

## 5.8 Other non-current assets and liabilities

Assets <i>In thousands of euros</i>	31 December 2019	31 December 2018
Other	183	299
<b>Total</b>	<b>183</b>	<b>299</b>

Liabilities <i>In thousands of euros</i>	31 December 2019	31 December 2018
Other non-current liabilities	17,718	17,154
Deferred income	23	4
<b>Total</b>	<b>17,741</b>	<b>17,158</b>

Other non-current liabilities break down as follows:

- earn-out debts for €1,768 thousand, of which €119 thousand for Globicon, €73 thousand for Paradigmo and €936 thousand for New Bic;
- out-option liabilities for €15,099 thousand, of which €4,215 thousand for TMNS, €5,016 thousand for Bold and €5,868 thousand for Jayway;
- non-current liabilities related to mandatory severance pay in the event of departures of employees in Italy in the amount of €811 thousand.

## 5.9 Other current assets and liabilities

Assets <i>In thousands of euros</i>	31 December 2019	31 December 2018
Trade receivables	180,459	167,497
Contract assets	57,966	44,177
Tax and social security receivables	11,349	11,019
Tax receivables	5,784	12,037
Other receivables	716	2,343
Prepaid expenses	28,928	24,839
<b>Total</b>	<b>285,203</b>	<b>261,911</b>

### Trade receivables and contract assets

The variation in trade receivables and assets related to contracts for €26,751 thousand is mainly explained by the effect of the growth in the activity (organic and external). At 31 December 2019, the days of sales outstanding (DSO) stood at 58 days and was stable compared to 31 December 2018.

### Calculation of days of sales outstanding (DSO)

<i>(amounts in thousands of euros, except for number of days)</i>	31 December 2019	31 December 2018
Trade receivables and contract assets excl. taxes	214,637	194,479
Accounts receivable and contract liabilities	(68,167)	(61,471)
<b>Net client position excl. taxes</b>	<b>146,470</b>	<b>133,008</b>
Q4 2019 revenue excl. taxes	226,271	207,540
<b>DSO (in days) (*)</b>	<b>58</b>	<b>58</b>

\* Impacts of the programme of disposal of receivables, of FRS 5 and of FRS 15 neutralised

### Tax receivables

Current tax receivables decreased by €6,253 thousand mainly under the effect of the offset of the remaining tax credits against the tax charge for the financial year.

### Other receivables

The decrease in other current receivables is mainly explained by the reclassification of the provision related to the adjustment to fair value of the assets of the Morocco CGU for € 290 thousand.

### Prepaid expenses

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

<b>Liabilities (excluding current provisions, loans and short-term borrowings)</b> <i>In thousands of euros</i>	<b>31 December 2019</b>	<b>31 December 2018</b>
Trade payables	57,318	51,473
Tax and social security liabilities	128,201	118,845
Income tax payable	5,256	5,782
Debt on acquisition of fixed assets	-	2
Other current liabilities	12,873	15,558
Contract liabilities	58,828	54,475
<b>Total</b>	<b>262,476</b>	<b>246,135</b>

### Trade payables

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

### Tax and social security liabilities

Tax and social security liabilities increased by €9,356 thousand. This was partly attributable to the Group's organic growth (€8,077 thousand) and partly due to changes in the scope (€1,284 thousand).

### Other current liabilities

Other current liabilities amounted to €7,873 thousand and break down as follows:

- advance payments from customers and customer credit notes to be prepared for €11,179 thousand (vs €8,390 thousand at the end of 2018), mainly for the French entities for €8,876 thousand and for Devoteam Denmark for €1,920 thousand;
- current liabilities in respect of earn-outs and put options on non-controlling interests in a total amount of €1,710 thousand (compared with €6,750 thousand in 2018) relating to acquisitions;
- dividends payable to non-controlling shareholders for €26 thousand.

### Contract liabilities

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

## **5.10 Other current financial assets and net cash**

### Other current financial assets

This item mainly includes a security deposit in the context of the disposal of receivables contract for €1,863 thousand (compared to €1,800 thousand at the end of 2018) and short-term loans and guarantees for €526 thousand (compared to €447 thousand at the end of 2018).

### Net cash

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

**Net cash** includes cash, as defined above, as well as cash management assets (assets presented separately in the statement of financial position due to their characteristics), less short- and long-term financial liabilities. It also takes into account, where appropriate, the impact of hedging instruments as they relate to borrowings and treasury shares. It does not include the lease liabilities recognised pursuant to IFRS 16.

<i>In thousands of euros</i>	<b>31 December 2019</b>	<b>31 December 2018</b>
Short-term investments	141	162
Cash at bank	81,518	75,322
Bank overdrafts (liability)	(71)	(842)
<b>Cash and cash equivalents</b>	<b>81,588</b>	<b>74,643</b>
<b>Cash management assets<sup>(1)</sup></b>	<b>-</b>	<b>351</b>
Bonds	(29,915)	(29,862)
Obligations under finance leases	-	(55)
Draw-downs on bank and similar facilities and other borrowings	(1,920)	(3,435)
<b>Long-term borrowings</b>	<b>(31,835)</b>	<b>(33,352)</b>
Bonds	(446)	(446)
Obligations under finance leases	(39)	(47)
Draw-downs on bank and similar facilities and other borrowings	(1,317)	(857)
<b>Short-term borrowings</b>	<b>(1,801)</b>	<b>(1,349)</b>
<b>Total borrowings<sup>(2)</sup></b>	<b>(33,636)</b>	<b>(34,701)</b>
Derivative instruments	-	-
<b>Net cash</b>	<b>47,952</b>	<b>40,292</b>
<b>of which cash from discontinued operations</b>	<b>-</b>	<b>-</b>

(1) Cash management assets on 31 December 2018 correspond to the euro-denominated capitalisation contract signed in 2006 with a leading insurer, which fulfils the characteristics enabling the Group to use the fair value option through profit or loss (IAS 39.9). At 31 December 2019, this asset was monetised in its entirety.

(2) Details of borrowings are disclosed in Note 5.14.

Cash held in countries subject to foreign exchange control mechanisms amounts to €2,967 thousand.

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



## 5.11 Deferred tax assets and liabilities

### Recognised deferred tax

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

In thousands of euros	31-Dec-18	Recognised in profit or loss	Foreign currency translation differences	OCI*	Change in scope	Other	31-Dec-19	31-Dec-19	
								Assets	Liabilities
Retirement benefits	1,134	70		7			1,211	1,211	-
Miscellaneous provisions	1,737	(37)	1				1,167	1,167	-
Other temporary differences	920	149	6		290	(15)	1,350	1,699	(349)
Tax loss carryforwards	1,269	450	1		1		1,721	1,721	-
Customer relationships	(331)	412	2		(800)		(725)	-	(725)
Treasury shares	-	(407)		407			0	-	-
Operating leases (IFRS 16)	-	164					164	164	-
Finance leases	(293)	146					(147)	-	(147)
Cancellation of goodwill	(374)		(24)				(339)	168	(507)
Other	1,249	268	(2)		(313)	(7)	1,196	1,762	(576)
<b>TOTAL</b>	<b>5,370</b>	<b>681</b>	<b>(16)</b>	<b>414</b>	<b>(830)</b>	<b>(32)</b>	<b>5,588</b>	<b>7,892</b>	<b>(2,304)</b>

\* Other comprehensive income.

In thousands of euros	31-Dec-17	Recognised in profit or loss	Foreign currency translation differences	OCI*	Change in scope	Other	31-Dec-18	31-Dec-18	
								Assets	Liabilities
Retirement benefits	1,097	105	-	(66)	-	(2)	1,134	1,134	-
Miscellaneous provisions	1,695	43	(1)	-	-	-	1,737	1,737	-
Other temporary differences	627	76	9	-	5	3	920	1,281	(361)
Tax loss carryforwards	1,373	(80)	(1)	-	37	-	1,269	1,269	-
Customer relationships	(532)	201	-	-	(0)	-	(331)	-	(331)
Treasury shares	(0)	11	-	(11)	-	-	(0)	-	(0)
Finance leases	(278)	(75)	(0)	-	-	-	(293)	-	(293)
Cancellation of goodwill	(316)	0	4	-	-	(2)	(374)	168	(483)
Other	1,500	(382)	(9)	-	49	10	1,249	1,774	(525)
<b>TOTAL</b>	<b>5,446</b>	<b>(102)</b>	<b>2</b>	<b>(76)</b>	<b>91</b>	<b>9</b>	<b>5,370</b>	<b>7,363</b>	<b>(1,993)</b>

\* Other comprehensive income.

The Company established a tax consolidation group in France on 1 January 2004. The companies operating within the tax group as of 31 December 2019 are Devoteam SA (parent company), Devoteam G Cloud, Devoteam Outsourcing, RVR Parad, S Team Management and Myfowo.

The Group recognised a deferred tax asset on its tax loss carryforwards of €1,721 thousand, mainly in Germany for €1,116 thousand, France for €777 thousand and Norway for €241 thousand. They represent respectively 100% of the tax deficits available in Germany and Norway and 10% in France.

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

The change in deferred taxes during the financial year breaks down as follows:

<i>In thousands of euros</i>	31 December 2019	31 December 2018
Profit/(loss)	681	(102)
Foreign currency translation differences	(7)	2
Other comprehensive income	7	(66)
Changes in scope	(830)	91
Other	376	(2)
<b>Total</b>	<b>218</b>	<b>(76)</b>

Maturity of deferred tax assets before offsetting:

<i>In thousands of euros</i>	31 December 2019			31 December 2018		
	Total	Less than 1 year	More than 1 year	Total	Less than 1 year	More than 1 year
Deferred tax assets	7,892	4,259	3,633	7,363	4,480	2,883
Deferred tax liabilities	2,304	628	1,676	1,993	768	1,225
<b>Net deferred tax</b>	<b>5,588</b>	<b>3,631</b>	<b>1,957</b>	<b>5,370</b>	<b>3,712</b>	<b>1,658</b>

#### unrecognised deferred tax

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

<i>In thousands of euros</i>	2019	2018
Unrecognised tax loss carryforwards	8,990	9,152

These tax deficits, not recognised at 31 December 2019, mainly concern the Group's French entities for €6,635 thousand and can be carried forward indefinitely.

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

<i>In thousands of euros</i>	31 December 2019	31 December 2018
Tax expense on the remeasurement of liabilities related to defined-benefit plans	7	(66)

## 5.12 Equity

### 5.12.1 Share capital

At 31 December 2019, the share capital of Devoteam SA amounted to €1,263,015, divided into 8,332,407 ordinary shares. The change in the number of shares is as follows:

<i>Number of shares</i>	2019	2018
<b>Shares outstanding as of 1 January</b>	<b>8,332,407</b>	<b>8,332,407</b>
Exercise of stock options and founders' warrants (BCE)	-	-
<b>Shares outstanding as of 31 December</b>	<b>8,332,407</b>	<b>8,332,407</b>
<b>Par value</b>	<b>€0.15</b>	<b>€0.15</b>

### 5.12.2 Treasury shares

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

<i>Number of shares</i>	<b>2019</b>	<b>2018</b>
<b>Shares held at 1 January</b>	<b>274,259</b>	<b>344,259</b>
Purchase/sale of shares	-	-
Free share allocation plan of 4 June 2016	(129,627)	-
Exercise of subscription options	(6,000)	(70,000)
<b>Shares held at 31 December</b>	<b>138,632</b>	<b>274,259</b>
Of which to cover stock options	94,543	230,170
Other purposes	44,089	44,089
Acquisition price in thousands of euros	1,264	2,501
Valuation at closing price in thousands of euros	13,101	22,620

Treasury shares represented 1.66% of the share capital at 31 December 2019 and 3.29% of the share capital at 31 December 2018.

### 5.12.3 Earnings per share (EPS)

	<b>31 December 2019</b>	<b>31 December 2018</b>
Consolidated profit/(loss) Group share (in thousands of euros)	41,571	38,130
Weighted average number of shares	8,169,846	8,019,130
EPS (€)	5.09	4.75
<b>Diluted earnings per share (€)</b>	<b>5.07</b>	<b>4.64</b>

\* Calculation method in Note 3.20.

The weighted average number used in the denominator is 8,169,846 shares for basic earnings per share and 8,205,197 for diluted earnings per share. At 31 December 2019, 46,000 free shares having a dilutive effect were in circulation.

### 5.13 Non-controlling interests

At 31 December 2019, the main non-controlling interests related to the share of non-controlling interests held in Devoteam Middle East, Bold, Axance, Devoteam Netherlands, Devoteam Italy, Siticom and D25I.

The change in non-controlling interests over the year reflects:

- profits of entities with non-controlling interests;
- distribution of dividends to non-controlling shareholders for -€3,168 thousand;
- buyouts of non-controlling interests and other changes in scope for -€473 thousand.

The following table summarises the information relative to equity investments not giving significant control before intra-group eliminations.

<i>In thousands of euros</i>	31 December 2019	31 December 2018
Non-current assets	83,470	34,922
Current assets	236,779	200,413
Non-current liabilities	(52,191)	(48,093)
Current liabilities	(160,483)	(134,140)
Net assets	107,575	53,103
Recognition of non-controlling interests	(6,756)	2,313
<b>Carrying amount of non-controlling interests</b>	<b>15,050</b>	<b>12,009</b>
Net revenue	485,356	366,789
Profit for the year	31,386	28,660
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>31,386</b>	<b>28,660</b>
Net income allocated to non-controlling interests	5,974	5,527
Other comprehensive income allocated to non-controlling interests	-	-
Cash flow from operating activities	25,600	34,019
Cash flow from investing activities	(4,295)	(6,148)
Cash flow from financing activities	(23,355)	(19,638)
Effect of non-current assets held for sale	-	95
Effect of exchange rate fluctuation on cash held	297	314
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(1,753)</b>	<b>8,642</b>

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

#### 5.14 Loans and borrowings

<i>In thousands of euros</i>	31 December 2019	Portion due in less than 1 year	Portion due in 1 to 5 years	Portion due in more than 5 years
Bonds	30,361	446	29,915	-
Loans from credit institutions	3,236	1,317	1,920	-
Finance lease liabilities	39	39	-	-
Bank overdrafts	71	71	-	-
<b>Total loans and borrowings</b>	<b>33,708</b>	<b>1,873</b>	<b>31,835</b>	<b>-</b>

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

## Change in loans and borrowings

In thousands of euros	31 December 2018	Change in cash	Change not affecting cash			31 December 2019
			Change in scope	Currency effect	Other movements	
Bonds	29,862				53	29,915
Loans from credit institutions	3,435	(304)	(250)	0	(960)	1,921
Finance lease liabilities	55	(16)			(39)	-
<b>Non-current loans and borrowings</b>	<b>33,352</b>	<b>(320)</b>	<b>(250)</b>	<b>0</b>	<b>(947)</b>	<b>31,836</b>
Bonds	446					446
Loans from credit institutions	857	(697)	192	(10)	939	1,319
Finance lease liabilities	47	(47)			39	39
Bank overdrafts	842	(327)	(449)	5	-	71
<b>Current loans and borrowings</b>	<b>2,191</b>	<b>(1,071)</b>	<b>(256)</b>	<b>(5)</b>	<b>978</b>	<b>1,876</b>
	-					-
<b>Total loans and borrowings</b>	<b>35,543</b>	<b>(1,391)</b>	<b>(506)</b>	<b>(5)</b>	<b>31</b>	<b>33,712</b>

of which change in borrowings on the cash flow statement (1,064)

of which change in bank overdrafts on the cash flow statement (326)

## Bonds

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

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

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

The features of this bond are as follows:

	17 July 2015 bond
Number of bonds issued	300
Par value/issue price (€)	100,000
Issue price (€)	100,000
Total amount of the issue in par value, July 2015 (€)	30,000,000
Initial interest rate	3.25%*
Number of bonds redeemed during the financial year	-
Number of bonds still outstanding at 31 December 2019	300
Expected date of redemption	17/07/2021

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

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

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

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

## Finance lease liabilities

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

In thousands of euros	31 December 2019			31 December 2018		
	Minimum payments	Interest	Principal	Minimum payments	Interest	Principal
Portion due in less than 1 year	39	-	39	49	2	47
Portion due in 1 to 5 years	-	-	-	55	1	55
Portion due in more than 5 years	-	-	-	-	-	-
<b>Total</b>	<b>39</b>	<b>-</b>	<b>39</b>	<b>104</b>	<b>3</b>	<b>102</b>

The characteristics of the finance lease contracts are:

In thousands of euros	31 December 2019	31 December 2018
Net value of assets under finance leases	457	939
Total value of future minimum payments	39	104
Present value of future minimum payments	39	102

### 5.15 Provisions

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

In thousands of euros	31 December 2018	Changes in scope	Charges	Reversals		Other changes*	31 December 2019
				Used	Not used		
Provisions – non-current	1,439	-	70	762	-	(1,213)	1,058
Provisions – current	7,290	-	3,021	(2,814)	(217)	(39)	7,241
<b>Total</b>	<b>8,729</b>	<b>-</b>	<b>3,091</b>	<b>(2,052)</b>	<b>(217)</b>	<b>(1,252)</b>	<b>8,299</b>

\* Mainly the reclassification of the adjustment of the fair value of Devoteam Morocco in provision on current assets.

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

Current and non-current provisions amounted to €8,299 thousand (versus €8,729 thousand in 2018) and break down as follows:

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

Current and non-current provisions amounted to €8,299 thousand (versus €8,729 thousand in 2018) and break down as follows:

- restructuring provisions for €7,285 thousand (against €1,511\* thousand on 31 December 2018), recognised in France for €7,259 thousand, in Germany for €792 thousand, in Morocco for €154 thousand and in Spain for €80 thousand. The change over the year was attributable chiefly to:
  - provisions related to restructuring, mainly in France for €825 thousand;
  - reversals of provisions for restructuring in Switzerland for €60 thousand;
- provisions for employee disputes for €1,033 thousand (compared to €593\* thousand at 31 December 2018), mostly recognised in France;
- provisions for liabilities and charges for €4,987 thousand (compared to €6,625\* thousand at 31 December 2018). The change seen over the year is mainly explained by the reclassification of the adjustment to fair value of Devoteam Morocco, recognised in 2017 for €1,290 thousand in provision as a liability, to current assets.

\* The breakdown by type of the provisions on opening was restated in 2019.

## Contingent liabilities

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

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

In May 2019, the Devoteam Group paid the exercise price of the option recognised since 2010 as debt for an amount of €1.5 million.

At 31 December 2019, the Group retained a provision of €1.6 million for statutory interest and litigation costs that might be due in case of an unfavourable decision on appeal.

## **5.16 Pension liabilities**

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

<i>In thousands of euros</i>	31 December 2018	Change in scope	Charges	Reversals		Other changes <sup>(1)</sup>	31 December 2019
				Used	Not used		
Provisions for pensions and retirement benefits – non-current portion	4,085		546	(246)		57	4,442

(1) Other changes correspond to actuarial differences for €40 thousand

## Valuation assumptions used

Key assumptions	2019	2018
Discount rate	0.60%	1.50%
Inflation rate	1.50% to 1.75%	1.50% to 1.75%
Average rate of salary increases	0% to 3%	0% to 3%

The retirement age is generally assumed to be 67. Mortality and staff turnover assumptions take into account the economic conditions specific to each Group country or company. The Group takes employers' contributions into account in these calculations. The benchmarks used to determine the discount rates in 2019 are identical to those used in previous years.

#### Change in the present value of the obligation

In thousands of euros	At 31 December 2019			At 31 December 2018		
	France	International	Total	France	International	Total
<b>Present value of benefits for services rendered</b>						
<b>At the beginning of the year</b>	<b>3,192</b>	<b>3,387</b>	<b>6,579</b>	<b>3,187</b>	<b>3,226</b>	<b>6,413</b>
Service costs	410	70	480	382	52	433
Interest cost	55	52	107	52	46	98
Benefits paid over the year	(152)	(320)	(472)	(63)	(93)	(156)
Contributions from participants	-	-	-	-	-	-
Actuarial gains (losses) recognised directly in equity	(424)	510	86	(360)	156	(203)
Changes in scope	-	-	-	(6)	-	(6)
Other changes	-	328	328	-	-	-
<b>At the end of the year</b>	<b>3,081</b>	<b>4,027</b>	<b>7,108</b>	<b>3,192</b>	<b>3,387</b>	<b>6,580</b>
Fair value of plan assets	-	(2,666)	(2,666)	-	(2,495)	(2,495)
Ceiling on plan assets (IAS 19 58b)	-	-	-	-	-	-
<b>Liability recognised in respect of defined benefits</b>	<b>3,081</b>	<b>1,361</b>	<b>4,442</b>	<b>3,192</b>	<b>893</b>	<b>4,085</b>

The Group's pension obligations (excluding plan assets) amounted to €7,108 thousand (compared with €6,580 thousand in 2018). This involves the entities in France (€3,081 thousand), Germany (€865 thousand) and Austria (€3,161 thousand).

Cumulative actuarial gains and losses recognised in equity at 31 December 2019 amount to €1,958 thousand.

#### Change in the fair value of plan assets

In thousands of euros	At 31 December 2019			At 31 December 2018		
	France	International	Total	France	International	Total
At the beginning of the year	-	2,495	<b>2,495</b>	-	2,429	<b>2,429</b>
Expected return on plan assets	-	40	<b>40</b>	-	35	<b>35</b>
Contributions	-	78	<b>78</b>	-	65	<b>65</b>
Benefits paid over the year	-	(304)	<b>(304)</b>	-	(89)	<b>(89)</b>
Actuarial difference on plan assets	-	46	<b>46</b>	-	54	<b>54</b>
Changes in scope	-	-	-	-	-	-
Other changes	-	311	<b>311</b>	-	-	-
<b>At the end of the year</b>	<b>-</b>	<b>2,666</b>	<b>2,666</b>	<b>-</b>	<b>2,495</b>	<b>2,495</b>

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

#### Sensitivity to assumptions (France only)

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

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

In thousands of euros	Increase of one percentage point in the annual discount rate	Decrease of one percentage point in the annual discount rate
Aggregate effect on the service cost and interest cost	(37)	44
Effect on the value of the obligation	(429)	522



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

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

<i>In thousands of euros</i>	<b>One-year increase in the retirement age</b>	<b>One-year decrease in the retirement age</b>
Aggregate effect on the service cost and interest cost	(7)	16
Effect on the value of the obligation	(132)	137

#### Expenses recognised

<i>In thousands of euros</i>	<b>At 31 December 2019</b>			<b>At 31 December 2018</b>		
	<b>France</b>	<b>International</b>	<b>Total</b>	<b>France</b>	<b>International</b>	<b>Total</b>
Cost of services rendered during the year	(410)	(70)	(480)	(382)	(52)	(433)
Interest cost	(55)	(52)	(107)	(52)	(46)	(98)
Expected return on plan assets	-	40	40	-	35	35
Benefits paid over the year	153	-	153	63	-	63
<b>Total</b>	<b>(312)</b>	<b>(82)</b>	<b>(394)</b>	<b>(370)</b>	<b>(63)</b>	<b>(433)</b>

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

The estimated contributions in 2020 are as follows:

<i>In thousands of euros</i>	<b>France</b>	<b>International</b>	<b>Total</b>
Cost of services rendered during the year	(380)	(66)	(446)
Interest cost	(21)	(7)	(37)
Expected return on plan assets	-	9	9
Benefits paid over the year	-	206	206
<b>Total</b>	<b>(401)</b>	<b>133</b>	<b>(268)</b>

## **Note 6 – Information on the income statement**

### **6.1 Comparative information**

The impact of the acquisitions made in 2019 on the financial statements is presented in Note 4.2.

Pursuant to AMF Instruction No. 2007-05 dated 2 October 2007, pro-forma financial statements must be prepared if the scope of consolidation varies by more than 25% during the year. As the impact is less than 25%, the Group has no obligation to prepare pro-forma financial statements for the year ended 31 December 2019.

### **6.2 Operating segments**

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

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

In thousands of euros	France		Northern Europe & Benelux		Iberia & Latam		Central Europe		Rest of the world		Corporate & Other		Divested entities		Total Group	
	31 December 2019	31 December 2018 restated	31 December 2019	31 December 2018 restated	31 December 2019	31 December 2018 restated	31 December 2019	31 December 2018 restated	31 December 2019	31 December 2018 restated	31 December 2019	31 December 2018 restated	31 December 2019	31 December 2018 restated	31 December 2019	31 December 2018 restated
Group contribution*	352,019	319,363	204,656	163,170	69,046	42,785	81,611	61,875	56,033	43,778	14,009	13,121	1,720	25,119	<b>761,870</b>	<b>652,379</b>
Depreciation and amortisation of tangible and intangible assets	11,500	11,533	11,201	10,977	14,601	12,421	14,761	14,431	12,701	12,221	13,496	14,611	113	11,071	<b>(17,907)</b>	<b>(4,006)</b>
Operating margin*	46,166	50,055	16,923	13,654	6,530	4,142	4,466	6,790	7,116	4,227	12,463	17,229	203	1,693	<b>78,963</b>	<b>73,537</b>
Operating income	45,058	48,006	15,205	13,364	6,191	3,566	1,531	6,721	7,045	4,091	16,236	12,559	206	1,694	<b>73,391</b>	<b>64,504</b>

\* See definition in Note 3.15

Net financial income/(expense)	13,373	12,520
Income from associates	534	1,100
Income tax expense	(23,005)	(18,660)
<b>Net income</b>	<b>47,546</b>	<b>44,216</b>

In thousands of euros	France		Northern Europe & Benelux		Central Europe		Iberia & Latam		Rest of the world		Corporate & Other		Divested entities		Total consolidated assets	
	31 December 2019	31 December 2018 restated	31 December 2019	31 December 2018 restated	31 December 2019	31 December 2018 restated	31 December 2019	31 December 2018 restated	31 December 2019	31 December 2018 restated	31 December 2019	31 December 2018 restated	31 December 2019	31 December 2018 restated	31 December 2019	31 December 2018 restated
Segment assets*	165,214	175,036	169,279	131,806	67,812	64,425	47,343	36,760	58,453	51,890	55,613	37,439	0	462	564,716	499,850

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

Information by geographical area:

In thousands of euros	France		International		Consolidated total	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Revenue with external customers	353,661	326,302	407,969	326,077	761,670	652,379
Non-current assets	35,501	42,204	179,400	177,761	215,301	159,965

The results and assets of the various operating segments are presented below in comparison with the disclosures for 2018.

In thousands of euros	France		Northern Europe & Benelux		Iberia & Latam		Central Europe		Rest of the world		Corporate & Other		Divested entities		Total Group	
	31 December 2018 restated	31 December 2019 presented	31 December 2018 restated	31 December 2019 presented	31 December 2018 restated	31 December 2019 presented	31 December 2018 restated	31 December 2019 presented	31 December 2018 restated	31 December 2019 presented	31 December 2018 restated	31 December 2019 presented	31 December 2018 restated	31 December 2019 presented	31 December 2018 restated	31 December 2019 presented
Group contribution*	318,363	318,363	163,700	165,377	42,785	42,974	61,975	76,897	43,78	43,78	13,121	13,121	25,19	5,61	<b>652,379</b>	<b>652,379</b>
Depreciation and amortisation of tangible and intangible assets	(1,533)	(1,533)	(957)	(955)	(242)	(273)	(443)	(435)	(222)	(15)	(46)	(46)	(107)	(107)	<b>(4,006)</b>	<b>(4,006)</b>
Operating margin†	50,055	50,055	13,654	13,625	4,142	4,060	6,790	7,675	4,227	4,227	(7,229)	(7,229)	1,693	888	<b>73,537</b>	<b>73,537</b>
Operating income	48,006	48,006	13,364	13,334	3,566	3,532	6,721	7,612	4,091	4,091	(12,958)	(12,958)	1,694	888	<b>64,504</b>	<b>64,504</b>

\* See definition in Note 3.19

Net financial income/(loss)	12,520	12,520
Income from associates	100	100
Income tax expense	(18,660)	(18,660)
<b>Profit for the year</b>	<b>44,216</b>	<b>44,216</b>

In thousands of euros	France		Northern Europe & Benelux		Central Europe		Iberia & Latam		Rest of the world		Corporate & other		Divested entities		Total consolidated assets	
	31 December 2018 restated	31 December 2019 presented	31 December 2018 restated	31 December 2019 presented	31 December 2018 restated	31 December 2019 presented	31 December 2018 restated	31 December 2019 presented	31 December 2018 restated	31 December 2019 presented	31 December 2018 restated	31 December 2019 presented	31 December 2018 restated	31 December 2019 presented	31 December 2018 restated	31 December 2019 presented
Segment assets†	175,038	175,038	131,906	132,585	64,425	65,647	36,760	39,065	51,890	51,890	37,439	37,635	462	0	<b>499,958</b>	<b>499,958</b>

† Assets shared by two segments and broken down in proportion to the "Group contribution" generated during the period

### Order backlog

The amount of the transaction price assigned to performance obligations not yet fulfilled at 31 December 2019 is determined by application of the exemptions provided for by the standard. These are performance obligations that form part of a contract of which the original expected duration is less than one year and those completed on the basis of the actual consumption of services giving rise to invoicing (subcontracting contracts).

Revenue not yet recognised assigned to performance obligations not yet fulfilled, as presented below, therefore concerns only fixed-price contracts and sales of subscriptions in SaaS mode not yet transferred to the client. Its value at 31 December 2019 was at least €49,547 thousand.

### Major customers

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

## **6.3 Personnel expenses and share-based payments**

At 31 December 2019, 43,161 free shares were in circulation and "in the money".

Based on the parameters used in measuring the fair value, the total amount remaining to be amortised between 2020 and 2021 under allocations within the scope of IFRS 2 amounts to -€798 thousand.

The plan to allocate free performance shares dated 17 June 2016 matured on 1 March 2019. The number of shares allocated at maturity stood at 129,627 at a price of €100.40.

The changes covering all stock option and free share plans are summarised in the table below:

	2019		2018	
	Number of options	Average exercise price	Number of options	Average exercise price
<b>Number of shares available for subscription at beginning of year</b>	<b>220,300</b>	<b>€1.36</b>	<b>308,500</b>	<b>€3.14</b>
Number of options cancelled during the year	41,512	€1.36	18,200	€3.14
Number of options exercised during the year	135,627	€0.40	70,000	€10.50
Number of options issued during the year	0	-	-	-
<b>Number of shares available for subscription at year-end</b>	<b>43,161</b>	<b>€0</b>	<b>220,300</b>	<b>€1.36</b>

The summary of stock option and free share plans in force in 2019 and 2018 is provided below:

Date of plan	Granted	Number of options outstanding at 31/12/2019	Number of options outstanding at 31/12/2018	Exercise price	Earliest exercise date	Expiry date	Zero coupon rate
18/0/2012	400,000	-	20,500	€12.00	18/03/2014	18/03/2019	1.35%
30/11/2012	100,000	-	6,000	€9.00	30/11/2016	30/11/2019	1.25%
17/06/2016	182,000	-	147,800	-	01/03/2019	01/03/2019	N/A
04/09/2017	50,000	43,161	46,000	-	01/03/2021	01/03/2021	1%
<b>TOTAL</b>	<b>732,000</b>	<b>43,161</b>	<b>220,300</b>				

### **Plan characteristics and calculation assumptions**

#### Fair value of shares granted and impact on the financial statements

Depending on the method and calculation parameters used (described above), and on the basis of a staff turnover rotation assumption, the expense recognised under "Share-based payments" in the income statement in the year ended 31 December 2019 was €950 thousand, compared with €2,325 thousand in 2018. This expense mainly includes the impact of the free share plan.

#### Features of the 2017 free performance share plan

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

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

The main parameters of the valuation model are described in the table below:

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

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

The **detailed personnel expenses** are as follows:

In thousands of euros	2019	2018
Wages and salaries	(378,672)	(313,103)
Social security contributions	(102,939)	(86,447)
Expenses for retirement benefits	(219)	(38)
Employee profit-sharing	(1,760)	(1,711)
<b>TOTAL</b>	<b>(483,590)</b>	<b>(401,642)</b>

The increase in personnel expenses is attributable chiefly to the effect of changes in scope and the Group's organic growth.

#### 6.4 Other purchases and external expenses

In the year ended 31 December 2019, other purchases and external expenses break down as follows:

In thousands of euros	2019	2018
Subcontracting	(112,398)	(105,723)
Lease and rent payments	(8,806)	(16,976)
Business travel and receptions	(19,748)	(14,968)
Other purchases	(30,697)	(28,348)
<b>TOTAL</b>	<b>(171,648)</b>	<b>(166,016)</b>

## 6.5 Other operating income and expenses

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

Other operating expenses (in thousands of euros)	2019	2018	Other operating income in thousands of euros	2019	2018
Restructuring expenses	(3,822)	(1,564)	Income from the reversal of unused provisions for restructuring	-	-
Net value of fixed assets sold	(35)	(114)	Net value of fixed assets sold	47	27
Net loss on disposals of subsidiaries	(372)	-	Net gain on disposal of subsidiaries	842	7,581
Impairment of goodwill	-	(6,427)			
Impairment of other assets	-	-	Gains on acquisitions	552	-
			Revaluation to fair value of the share capital previously acquired	110	-
Acquisition costs of securities	(204)	(817)			
Other expenses	(31)	(4,704)	Other income	248	19
<b>Total</b>	<b>(4,744)</b>	<b>(13,625)</b>	<b>Total</b>	<b>1,799</b>	<b>7,626</b>

At 31 December 2019, the restructuring expenses were mainly related to the costs of workforce reduction, notably in Germany for €1,663 thousand, in France for €1,273 thousand and the United Kingdom for €304 thousand.

The net loss related to the disposals of subsidiaries corresponds to the liquidation of Devoteam Poland for €744 thousand and the sale of Precise in Portugal for €117 thousand.

The net profit related to the disposals of subsidiaries corresponds to the disposal of NauOn in Portugal for €348 thousand and HNCO in Sweden for €334 thousand as well as to the reclassification of the equity investment in Inflexys in France to non-consolidated securities for €160 thousand.

The gains on the acquisitions correspond to the negative goodwill associated with the takeover of V.F. in France.

The revaluation to fair value of previously-acquired share capital is related to the takeover of the entities Curfit and Techsensys in Portugal.

## 6.6 Financial income and expenses

At 31 December 2019, the main components of financial income and expenses were as follows:

Financial expenses (in thousands of euros)	2019	2018	Financial income (in thousands of euros)	2019	2018
Negative exchange rate differences	-	(285)	Positive exchange rate differences	19	-
Interest on bonds measured at the effective interest rate	(1,028)	(1,026)	Interest on bonds measured at the effective interest rate	-	-
Capital loss on assets valued at fair value through profit or loss	-	-	Capital gains on assets valued at fair value through profit or loss	-	5
Interest charge on lease contract	(599)	(3)			
Discounting of long-term financial liabilities	(587)	(325)		-	-
Provisions on financial assets	(102)	(342)	Provisions on financial assets	116	76
Other financial expenses	(1,535)	(989)	Other financial income	312	371
<b>Total</b>	<b>(3,820)</b>	<b>(2,971)</b>	<b>Total</b>	<b>447</b>	<b>452</b>

The net financial income for the year fell by €853 thousand compared to 2018, primarily due to:

- interest on lease contracts following the application of the IFRS 16 standard for -€599 thousand;
- the negative impact of financial expenses on credit lines for -€308 thousand (against -€87 thousand on 31 December 2018);
- the positive impact of foreign exchange rate differences for €19 thousand at 31 December 2019 (versus -€285 thousand at 31 December 2018), related mainly to intra-Group receivables and loans in currencies not hedged by the Group;
- the negative impact of the changes in assumptions related to the earn-out clauses for -€279 thousand at 31 December 2019 (compared to €7 thousand at 31 December 2018).

The interest on the bond issued in July 2015 remained stable at €1,028 thousand.

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

In thousands of euros	2019	2018
Interest expense on financing operations at the effective interest rate	(2,173)	(2,019)
Income and expense from interest rate hedges on financial debt	-	-
<b>Gross borrowing costs</b>	<b>(2,173)</b>	<b>(2,019)</b>
Interest income from cash and cash equivalents	172	106
Capital gains on assets at fair value through profit or loss	-	5
<b>Net borrowing costs</b>	<b>(2,000)</b>	<b>(1,907)</b>

Foreign exchange items recognised in other comprehensive income:

In thousands of euros	2019	2018
Gains on available-for-sale assets	-	-
Translation differences	145	369
<b>Total</b>	<b>145</b>	<b>369</b>
Recognised in consolidated reserves	-	-
Recognised in translation reserves	145	369

## 6.7 Income tax expense

### 6.7.1 Breakdown by type of tax

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

The breakdown by type of taxes is as follows:

<i>In thousands of euros</i>	2019	2018
Current tax	(23,687)	(18,766)
Change in deferred taxes	681	(102)
<b>Total</b>	<b>(23,006)</b>	<b>(18,868)</b>

Deferred tax expense and credits:

<i>In thousands of euros</i>	2019	2018
Retirement benefits	71	105
Miscellaneous provisions	(57)	43
Other temporary differences	149	76
Tax loss carryforwards	450	(80)
Customer relationships	412	201
Lease contracts (IFRS 16)	164	-
Treasury shares	(407)	11
Finance leases	146	(75)
Other	267	(382)
<b>Total</b>	<b>681</b>	<b>(102)</b>

The change in deferred taxes resulted primarily from:

- temporary differences in provisions, especially in France (€513 thousand);
- the positive effect of tax loss carryforwards (+€450 thousand), of which +€343 thousand in Germany, -€241 thousand in Norway of additional activation is slightly compensated by a negative effect of -€91 thousand in France and -€45 thousand in the United Kingdom;
- the positive impact of client relationships (€47 thousand) spread over France (€69 thousand), Germany (€78 thousand), Sweden (€125 thousand) and Portugal (€79 thousand);
- Other movements mainly correspond to:
  - deferred tax on lease contracts following the application of IFRS 16 (€164 thousand) and finance leases (€146 thousand),
  - the deferred tax on treasury shares for -€407 thousand.



## 6.7.2 Reconciliation of total tax expense with theoretical tax expense

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

In thousands of euros	2019	2018
<b>Consolidated net income</b>	<b>47,546</b>	<b>44,216</b>
income tax expense	23,006	18,868
<b>Earnings before tax</b>	<b>70,551</b>	<b>63,084</b>
Tax rate applicable in France	34.43%	34.43%
<b>Theoretical tax</b>	<b>24,291</b>	<b>21,720</b>
Tax loss carryforwards previously unrecognised	(358)	(692)
Use of unrecognised prior tax losses	(138)	(240)
Unrecognised tax losses created over the year and derecognition during the year	418	401
Permanent differences and other items <sup>(1)</sup>	579	(2,135)
Additional local taxes <sup>(2)</sup>	3,147	2,608
Tax rate difference between countries and reduced rates <sup>(3)</sup>	(4,933)	(2,794)
<b>Total tax calculated</b>	<b>23,006</b>	<b>18,868</b>
<b>Tax recorded</b>	<b>23,006</b>	<b>18,868</b>

(1) Mainly concerns the absence of tax on the following elements:

- the CIR in France for -C343 thousand;
- the effect of taxing certain dividends for C429 thousand;
- the share-based tax expense of + C457 thousand;
- the non-deductible expenses for C274 thousand.

(2) The additional local taxes consist primarily of the CVAE, included in taxes as explained in Note 3.18, in the amount of C2,834 thousand.

(3) Mainly concerns Denmark for -C684 thousand, Luxembourg for -C619 thousand, the United Arab Emirates for -C433 thousand, Spain for -C298 thousand, the Czech Republic for -C233 thousand, Switzerland for -C405 thousand and Portugal for -€299 thousand.

## 6.8 Profit/(loss) from discontinued operations

None.

## Note 7 – Statement of cash flows

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

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

### 7.1 Cash flow from operating activities

#### Operating cash flows

The operating cash flow, before the variation in working capital requirement and tax paid, increased by 33.8% as it went from C69.9 million on 31 December 2018 to C93.5 million on 31 December 2019. This increase of C17.9 million is due to the application of IFRS 16 (see Note 2.1), which involves presenting the repayment flows of lease liabilities under cash flow from financing activities as opposed to cash flow from operating activities.

#### Change in net working capital (WCR)

The change in WCR represented -C2.5 million, compared to -C9.6 million in 2018. The days of sales outstanding (DSO) at the end of the period remained stable and stood at 58 days.

### Taxes paid

The tax paid increased to €18.6 million against €13.0 million in 2018 in line with the improvement in the Group's earnings.

## **7.2 Cash flow from investing activities**

### Acquisitions and disposals of fixed assets

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

### Acquisitions and sale of financial assets

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

### Proceed of subsidiaries, net of cash divested

This item corresponds mainly to the collection of the disposal price less the cash disposed of from the entities Precise and NauOn in Portugal and the liquidation of Devoteam Poland (see Note 4.2).

### Acquisition of subsidiaries, net of cash acquired

This item corresponds mainly to the disbursements related to the acquisitions less the available cash from the Avalon group in Sweden, the VFI entity in France and PowerData in Spain (see Note 4.2) for €13.7 million. It also includes the payment of price supplements or deferred prices for prior acquisitions for €6.2 million.

## **7.3 Cash flow from financing activities**

### Acquisition of non-controlling interests

The disbursement of €8.8 million corresponds to the buyout of non-controlling interests in the Group.

### Change in factored receivables (net of security deposit)

During the financial year, the Group reduced its end-of-period exposure for an amount of €5.7 million.

### Repayment of lease liabilities

The repayment of lease liabilities related to the usage rights for the rented assets (IFRS 16) stood at €17.7 million.

### Interests paid

The interest paid stood at €2.8 million and mainly consisted of interest related to the bond disbursed annually at maturity, commissions related to the factoring contract and interest on lease liabilities following the application of the IFRS 16 standard.

### Dividends paid

The amount of dividends paid was €17.7 million, of which €8.2 million was paid to Group shareholders and €3.5 million to minority shareholders.

## **7.4 Effect of exchange rate fluctuations on cash**

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

<i>In thousands of euros</i>	<b>31 December 2019</b>	<b>31 December 2018</b>
Middle East	123	321
United Kingdom	70	(11)
Tunisia	68	-
Norway	58	-
Switzerland	13	20
Turkey	(47)	(101)
Other	35	(26)
<b>Total</b>	<b>320</b>	<b>203</b>

## **Note 8 – Information on financial risk management**

### **8.1 Financial risk management policy**

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

#### **Credit risk**

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

##### Trade receivables

The Group's exposure to credit risk reflects above all the individual characteristics of the various customers with which the Group trades. The Group's customer portfolio consists mainly of international key accounts with significant financial resources. No major customer represents more than 5% of the Group's annual revenue, and the top five clients together account for approximately 17% of consolidated revenue, meaning that concentration risk is extremely limited. The Finance Departments of the various Group entities manage customer credit risk directly. The Group's Finance Department nevertheless performs regular reviews of trade receivables due when examining the monthly results. Every significant delay in payment is monitored, and an action plan is initiated if necessary. Credit studies are performed when new business relationships are formed, taking into account the size of the new customer.

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

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

##### Investments of surplus cash

The Group limits its exposure to credit risk by limiting its investments to bank deposits with a capital guarantee and regular money market funds issued by leading banking counterparties, as well as capitalisation contracts with a capital guarantee issued by leading insurers. The liquidity of these investments was not in question at 31 December 2019.

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

### Sureties and guarantees given

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

### Liquidity risk

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

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

The Group has conducted a specific review of its liquidity risk, and considers itself able to meet its future payments. At the closing date, the Group did not represent a liquidity risk, since its cash net of bank overdrafts, including cash management assets, amounted to €81.6 million, exceeding its €33.6 million in financial liabilities.

In addition, the Group has senior confirmed revolving credit facilities (RCFs) with leading banking counterparties in the amount of €105 million for a period of five years expiring between March and June 2024.

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

	Required covenant	Achieved
G Ratio (net debt/equity)	< 1	(0.23)
L Ratio (net debt/EBITDA)	< 3 to < 2.5	(0.58)

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

Lastly, the factoring agreement established in 2013 was still in effect at the closing date. The maximum authorised drawdown line is €45 million, of which €13.4 million was used at 31 December 2019.

### **Market risk**

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

### **Currency risk**

The Group's business is mainly conducted in the euro area (76.8% of revenue in 2019). Bearing that in mind, the individual markets of each of the Group's entities are predominantly local, which means that revenue and expenses are for the most part denominated in the same currency. The Group is therefore not exposed to significant currency risk, and does not use currency hedging instruments.

The main currencies other than the euro (EUR) are the Danish krone (DKK), Norwegian krone (NOK), UAE dirham (AED) and pound sterling (GBP), each representing between 2.3% and 5.5% of consolidated sales.

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

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

## Interest rate risk

Interest rate risk is managed by the Group's Finance Department in connection with its main bank counterparties. The Group's policy is to hedge against an increase in its future repayments. To this end, it is able to use financial derivative instruments contracted with leading banks. At 31 December 2019, most of the Group's financial debt was at fixed rates, and no hedging instruments were in place.

### Risk on own shares

The Group holds 1.66% of its own shares. The main purpose of these shares is to finance external growth and to cover incentives offered to employees in the form of stock options, BCF, BAAFR and free performance share allocations. The Group's results are not sensitive to changes in the share price, since such variations are charged against equity. Decisions to buy or sell treasury shares are made by the Management Board on a case-by-case basis.

## Capital management

### Employee shareholdings

Devoteam has consistently sought to promote employee shareholdings, notably through stock option plans and employer contributions to the Devoteam company savings plan. At 31 December 2019, employees, former employees and directors of subsidiaries held 1.97% of the share capital (i.e. 164,375 shares).

### Share buybacks

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

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

## 8.2 Significance of financial instruments on the Group's performance

### 8.2.1 Presentation of financial instruments by category

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

<i>In thousands of euros</i>	Note	Assets at fair value through profit or loss (trading)	Assets measured at amortised cost	Assets at fair value through profit or loss (fair value option)	Loans and receivables	Available-for-sale assets	Liabilities at amortised cost	Liabilities at fair value through OCI	Liabilities at fair value through profit or loss	Total net carrying amount	Fair value
Deposits and guarantees	5.5	-	-	-	5,028	-	-	-	-	5,028	5,028
Unconsolidated equity securities	5.5	-	-	-	370	-	-	-	-	370	370
Loans	5.5	-	-	-	465	-	-	-	-	465	465
Other financial assets	5.0	-	457	-	183	-	-	-	-	640	640
<b>Non-current financial assets</b>		-	<b>457</b>	-	<b>6,046</b>	-	-	-	-	<b>6,503</b>	<b>6,503</b>
Trade receivables	5.9	-	-	-	230,425	-	-	-	-	230,425	230,425
Other receivables	5.9	-	-	-	46,778	-	-	-	-	46,778	46,778
Other financial assets	5.10	-	-	-	2,389	-	-	-	-	2,389	2,389
Cash management assets	5.10	-	-	-	-	-	-	-	-	-	-
Cash and cash equivalents	5.10	-	-	-	0,859	-	-	-	-	0,859	0,859
<b>Current financial assets</b>		-	-	-	<b>369,251</b>	-	-	-	-	<b>369,251</b>	<b>369,251</b>
<b>Total financial assets</b>		-	<b>457</b>	-	<b>375,297</b>	-	-	-	-	<b>375,754</b>	<b>375,754</b>
Bonds	5.14	-	-	-	-	-	29,915	-	-	29,915	29,915
Bank loans	5.14	-	-	-	-	-	1,920	-	-	1,920	1,920
Finance leases	5.14	-	-	-	-	-	-	-	-	-	-
Lease liabilities*	5.4	-	-	-	-	-	33,546	-	-	33,546	33,546
Put options on non-controlling interests and carry-outs	5.0	-	-	-	-	-	-	15,099	1,760	16,867	16,867
Other non-current financial liabilities	5.0	-	-	-	-	-	073	-	-	073	073
<b>Non-current financial liabilities</b>		-	-	-	-	-	<b>66,255</b>	<b>15,099</b>	<b>1,760</b>	<b>83,122</b>	<b>83,122</b>
Bonds	5.14	-	-	-	-	-	446	-	-	446	446
Bank loans and bank overdrafts	5.14	-	-	-	-	-	1,300	-	-	1,300	1,300
Finance leases	5.14	-	-	-	-	-	39	-	-	39	39
Lease liabilities*	5.4	-	-	-	-	-	11,680	-	-	11,680	11,680
Trade and other payables	5.9	-	-	-	-	-	57,318	-	-	57,318	57,318
Tax and social security liabilities	5.9	-	-	-	-	-	129,201	-	-	129,201	129,201
Other liabilities	5.9	-	-	-	-	-	70,490	1,211	-	71,701	71,701
<b>Current financial liabilities</b>		-	-	-	-	-	<b>269,562</b>	-	<b>1,211</b>	<b>270,773</b>	<b>270,773</b>
<b>Total financial liabilities</b>		-	-	-	-	-	<b>335,817</b>	<b>15,099</b>	<b>2,979</b>	<b>353,895</b>	<b>353,895</b>

\* Debts related to the application of IFRS 16 from 1 January 2019.

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

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

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

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

<i>In thousands of euros</i>	<b>31 December 2019</b>	<b>31 December 2018</b>
Income from financial assets at fair value (trading)	131	112
Income from financial assets at fair value (fair value option)	-	5
Income from loans and receivables	316	334
Income from available-for-sale assets	-	-
Income from available-for-sale assets transferred from equity	-	-
<b>Total financial income</b>	<b>447</b>	<b>452</b>
Expenses on financial liabilities at fair value	360	-
Expenses on financial liabilities at amortised cost	3,460	2,971
Expenses on available-for-sale assets	-	-
<b>Total financial expense</b>	<b>3,820</b>	<b>2,971</b>
<b>Net financial income/(expense)</b>	<b>(3,373)</b>	<b>(2,520)</b>

## 8.3 The Group's exposure to financial risks

### 8.3.1 Credit risk

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

<i>In thousands of euros</i>	<b>31 December 2019</b>	<b>31 December 2018</b>
Deposits and guarantees	5,028	5,503
Unconsolidated equity securities	370	197
Loans	465	350
Other long-term assets	640	1,213
Trade receivables and contract assets	238,425	211,673
Other receivables	46,778	50,238
Other financial assets	2,389	2,247
Cash management assets	-	351
Cash and cash equivalents	81,659	75,484
<b>Total</b>	<b>375,754</b>	<b>347,255</b>

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

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

Trade receivables	31 December 2019				31 December 2018*			
	<i>In thousands of euros</i>	Gross	Provision	Net	%	Gross	Provision	Net
Not past due and invoices to be issued	183,062	326	182,736	77%	152,084	0%	151,999	72%
Past due less than 1 month	22,679	15	22,664	10%	27,231	209	26,942	13%
Past due between 1 and 3 months	16,097	36	16,062	7%	18,549	-	18,549	9%
Past due between 3 and 6 months	6,297	43	6,244	3%	10,220	26	10,194	5%
Past due more than 6 months	14,200	3,407	10,720	4%	0,347	4,357	3,990	2%
<b>Total</b>	<b>242,326</b>	<b>3,901</b>	<b>238,425</b>	<b>100%</b>	<b>216,431</b>	<b>4,758</b>	<b>211,673</b>	<b>100%</b>

\* Reclassification of the breakdown by maturity on 31/12/2018 following an assignment error.

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

The impairments of trade receivables were as follows during the financial year:

<i>In thousands of euros</i>	31 December 2018	Change in scope	Charges	Reversals	Other*	Translation differences	31 December 2019
Provisions for trade receivables	(4,758)	13	(730)	2,279	(697)	(8)	(3,901)

\* Corresponds to the reclassification of the trade receivables provision for Devoteam Middle East.

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

By geographical area, the impairments of receivables break down as follows:

<i>In thousands of euros</i>	31 December 2019	31 December 2018
France	942	604
International	2,959	4,154
<b>Total</b>	<b>3,901</b>	<b>4,758</b>

By geographical area, the customer risk breaks down as follows:

<i>In thousands of euros</i>	31 December 2019	31 December 2018
France	113,722	100,587
International	128,604	115,844
<b>Total</b>	<b>242,326</b>	<b>216,431</b>

In 2019, the Group concluded a securitisation agreement with a leading banking counterparty covering the implementation of a factoring assignment capped at €45 million. This programme was concluded for an indefinite period, on the Group's French scope, with possible extension to other European entities. Receivables are sold without recourse, allowing the Group to transfer substantially all the risks and benefits related to receivables to the transferee, and to derecognise the receivables in question immediately. The outstanding receivables sold at 31 December 2019 totalled €13,361 thousand (vs €18,717 thousand at 31 December 2018).



Derecognised assets with continuing involvement:

Continuing involvement <i>In thousands of euros</i>	Carrying amount of continuing involvement				Fair value of continuing involvement	Maximum exposure
	Amortised cost	Held until maturity	Available for sale	Financial liabilities at fair value		
Factoring security deposit	1,863	-	-	-	1,863	1,863

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

### 8.3.2 Liquidity risk

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

2019 <i>In thousands of euros</i>	Net carrying amount	Residual contractual amount	Six months or less	Six to twelve months	One to five years	More than five years
Bonds	30,361	31,950	-	975	30,975	-
Finance leases	39	39	39	-	-	-
Lease liabilities	45,226	48,100	6,364	5,913	29,094	6,730
Other loans and borrowings	3,236	3,236	1,317	-	1,920	-
Bank overdrafts	71	71	71	-	-	-
Trade payables and related accounts	57,318	57,318	57,318	-	-	-
Tax and social security liabilities	128,201	128,201	128,201	-	-	-
Other liabilities	89,441	89,441	7,575	126	17,741	-
<b>Total</b>	<b>353,895</b>	<b>358,358</b>	<b>264,885</b>	<b>7,014</b>	<b>79,729</b>	<b>6,730</b>

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

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

### 8.3.3 Currency risk

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

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

Currency	Average rate		Closing rate	
	2019	2018	2019	2018
DKK	7.4661	7.45320	7.4775	7.46730
AED	4.1113	4.33710	4.12568	4.20501
NOK	9.8517	9.59750	9.8638	9.94830
GBP	0.8778	0.88470	0.8508	0.89453

### Sensitivity

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

In thousands of euros	2019		2018	
	+10%	-10%	+10%	-10%
Impact on equity	(3,789)	4,630	(3,414)	4,172
Impact on profit or loss	(896)	1,096	(695)	849

### 8.3.4 Interest rate risk

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

In thousands of euros	2019	2018
<b>Floating rate</b>		
Other current financial assets	-	-
Cash and cash equivalents	81,659	75,484
Short-term credit facilities	-	-
Bank overdrafts	(71)	(842)
<b>Net exposure before hedging</b>	<b>81,588</b>	<b>74,643</b>
<b>Fixed rate</b>		
Other current financial assets	2,389	2,247
Cash management assets	0	351
Bonds	(30,367)	(30,308)
Finance leases	(39)	(102)
Lease liabilities	(45,226)	-
Other borrowings	(3,236)	(4,292)
<b>Net exposure before hedging</b>	<b>(76,473)</b>	<b>(32,104)</b>
<b>Total exposure before hedging</b>	<b>5,115</b>	<b>42,538</b>

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

In thousands of euros	Currency	Interest rate	Maturity	31 December 2019		31 December 2018	
				Original amount	Carrying amount	Original amount	Carrying amount
Credit facilities	EUR	E3M + 0.65% to 1.05%	2024	-	-	-	-
Bond <sup>(1)</sup>	EUR	3.44%	2021	30,000	29,975	30,000	29,862
Finance leases	EUR	3.04% to 4.20%	2020	5,955	39	6,007	102
Lease liabilities <sup>(2)</sup>	EUR	0.48% to 16.78%	2020 to 2030	57,150	45,226	-	-
Bank overdrafts	EUR	Floating	Short term	71	71	042	042

(1) The characteristics of the bonds are described in Note 5.14.

(2) According to country and maturity.

## Note 9 – Miscellaneous information

### 9.1 Breakdown of the workforce

The end-of-period workforce amounted to 7,567 employees, compared with 6,975 at the end of 2018, consisting almost entirely of executive personnel.

### 9.2 Related parties

#### 9.2.1 Information on the compensation and benefits allocated to the management bodies

The compensation of the members of the Management Board is as follows:

<i>In thousands of euros</i>	31 December 2019	31 December 2018
Short-term employee benefits	1,108	1,403
Post-employment benefits	-	-
Employment contract termination benefits	-	-
Directors' fees	200	200
Share-based payments	-	-
<b>Total</b>	<b>1,308</b>	<b>1,603</b>

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

The total directors' fees paid in 2019 to members of the Supervisory Board amounted to €140 thousand, compared with €139 thousand in 2018.

#### 9.2.2 Information on associates and other related parties

Sales and purchases with related parties are made at market prices. The following table sets out the total amount of transactions with related parties in 2019 and 2018:

<b>Recorded amounts</b> <i>In thousands of euros</i>	31 December 2019			31 December 2018		
	Associates <sup>(1)</sup>	Joint ventures	Other related parties <sup>(2)</sup>	Associates <sup>(1)</sup>	Joint ventures	Other related parties <sup>(2)</sup>
Sales to related parties	3,216	-	-	30	-	-
Purchases from related parties	1,277	-	3,014	5,597	-	2,750
Purchases of assets from related parties	-	-	-	-	-	-
Dividends and other investment income	-	-	-	39	-	-
Interest and financial expense	72	-	-	93	-	-
Other operating expenses	-	-	-	-	-	-
Other operating income	40	-	-	-	-	-
Receivables from related parties	1,691	-	646	3,375	-	672
Payables to related parties	95	-	-	982	-	882

(1) Concerning DFSJ, Siticom GmbH, Keivox, Media-Teo LLC, Exa ECS, Between Staffing Group BV for 2019 and Outfit and Techsensys for the income statement aggregates before their full consolidation; and DFSJ, Siticom GmbH, Keivox, Media-Teo LLC, HINCO AB, Inflexsys, Exa ECS, Between Staffing Group BV, Outfit and Techsensys for 2018.

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

#### SCI 73 rue Anatole France

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

In November 2008 and June 2017, the Group signed two new subletting agreements with SCI 73 rue Anatole France for premises located at 113 rue Anatole France in Levallois and at 1 rue Galvani in Massy respectively, previously occupied under a lease between the Group and another owner. The terms of the new agreements are identical to those of the leases signed with the previous owners.

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

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

### 9.3 Off-balance sheet commitments

#### 9.3.1 Guarantees given

The main sureties, endorsements and guarantees given by the Group at 31 December 2019 are described below:

<i>In thousands of euros</i>	31 December 2019	31 December 2018
Commitments given related to the implementation of customer contracts	5,266	4,227
Commitments given related to the guarantee of trade payables	-	-
Commitments given related to the guarantee of payment of commercial leases	0	160
Other commitments given	-	-
<b>Total</b>	<b>5,266</b>	<b>4,387</b>

#### 9.3.2 Operating leases

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

<i>In thousands of euros</i>	Less than one year	One to five years	More than five years
31 December 2019	804	215	-
31 December 2018	10,447	25,789	8,751

The off-balance-sheet commitments on 31 December 2019 concern IT equipment and intangible assets not restated in accordance with the exemptions authorised by the IFRS 16 standard (see Note 2.1).

### 9.4 Statutory Auditors' fees

The table below presents the detailed amounts of Statutory Auditors' fees paid for the 2019 and 2018 financial years:

<i>In thousands of euros</i>	2019							2018						
	KPMG	%	Grant Thornton	%	NSK	%	Total	KPMG	%	Grant Thornton	%	NSK	%	Total
<i>Certification and half-yearly limited review of separate and consolidated financial statements</i>														
Issue	157	29%	146	37%	0	0%	303	135	45%	120	35%	0	0%	255
Fully consolidated subsidiaries	193	35%	218	55%	62	100%	473	164	55%	194	53%	70	100%	410
<i>Services other than certification of financial statements</i>														
Issue	200	36%	11	3%	0	0%	211	0	0%	9	3%	0	0%	9
Fully consolidated subsidiaries	0	0%	24	6%	0	0%	24	0	0%	35	10%	0	0%	35
<b>Total</b>	<b>550</b>	<b>100%</b>	<b>399</b>	<b>100%</b>	<b>62</b>	<b>100%</b>	<b>1,011</b>	<b>299</b>	<b>100%</b>	<b>348</b>	<b>100%</b>	<b>70</b>	<b>100%</b>	<b>717</b>

#### **Note 10 – Significant events subsequent to 31 December 2019**

Faced with the rapid propagation of the COVID-19 epidemic throughout the world since the first case discovered in China in December 2019, the Group is attentively monitoring the evolution of the health situation in France and in the main geographical zones in which it operates. The various confinement measures which are appearing in certain countries could have an impact on the Group's activity if they become more widespread, particularly in Europe. At this stage, the Group has not seen any change of trend in its activities since the start of the year compared to the fourth quarter of 2019. The potential future impact on 2020 is still uncertain and difficult to quantify.

### 3.7 Statutory Auditors' report on the consolidated financial statements

Financial year ended 31 December 2019

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users. This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the General Meeting of Shareholders of Devoteam SA,

#### Opinion

In compliance with the assignment entrusted to us by your General Meeting, we have audited the accompanying consolidated financial statements of Devoteam SA for the financial year ended 31 December 2019. These financial statements were approved by the Management Board on 9 March 2020 based on the elements available on that date in the changing context of the health crisis related to Covid-19.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2019 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

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

#### Basis of opinion

##### *Audit framework*

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are set out in the "Responsibilities of the Statutory Auditors in the auditing of the consolidated financial statements" section of this report.

##### *Independence*

We carried out our audit mission in accordance with the independence rules applicable to us, for the period from 1 January 2019 to the date of our report, and in particular we did not provide services prohibited by Article 5 (1) of Regulation (EU) No. 537/2014 or the Code of Ethics for the profession of Statutory Auditor.

##### *Observation*

Without qualifying the opinion expressed above, we draw your attention to the point explained in Note 2 "Consolidation principles and methods" in the appendix to the consolidated financial statements concerning the effects of the mandatory application, on 1 January 2019, of the IFRS 16 "Leases" standard.

#### Justification of assessments - Key Audit Matters

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

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

## Valuation of goodwill

(Notes 3.2 and 5.1 of the appendix to the consolidated financial statements)

### *Risk identified*

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

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

As indicated in Note 3.2 "Business combinations and goodwill" to the consolidated financial statements, goodwill is tested for impairment in order to ensure that its net carrying amount, which is recognised as assets in the amount of €136,564 thousand at 31 December 2019, is not greater than its recoverable amount. However, any unfavourable change in the activities to which goodwill has been allocated due to internal or external factors that may be related to the economic and financial environment of the markets in which the Group operates may significantly affect the recoverable amount of the goodwill and require recognition of impairment. Such a development would result in a reappraisal of the relevance of all of the assumptions used for the determination of recoverable amounts as well as the reasonableness and consistency of the calculation parameters used.

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

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

### *Response given*

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

Our work consisted mainly of:

- assessing, in accordance with applicable accounting standards, the manner in which the Group allocated goodwill to CGUs during the acquisitions made during the year and the grouping level of the CGUs selected for goodwill impairment tests;
- assessing the reasonableness of the valuation of the recoverable amount of the CGUs identified for the goodwill impairment tests;

This analysis consisted of:

- interviews with executive management;
  - a comparison of the cash flow projections resulting from the budget and forecasting process for the years 2020 to 2023 with the projections used in the impairment test for the previous year;
  - a comparison of the 2019 results projections used in the previous year's impairment test with actual results to assess their reliability;
  - an assessment of the reasonableness of the assumptions used in the projections in the light of our knowledge of the economic environment in which the Group operates; and
  - an assessment, with the support of our valuation experts, of the reasonableness of the financial parameters used in the impairment tests, the model used to determine value in use and the method used to determine the discounting and long-term growth rates;
- analysing the sensitivity of the impairment tests to changes in the key assumptions used in the business plans and the financial parameters applied.

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

(Note 3.12 to the appendix to the consolidated financial statements)

### *Risk identified*

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

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

- For fixed-price services, revenue is recognized as the service is rendered according to the stage of completion, which is determined by comparing the costs incurred at closing with the total expected costs over the duration of the contract.

The total costs of a contract, in particular those still to be incurred, are regularly monitored and estimated to determine whether the stage of completion of the contract and the level of margin to be recognised need to be revised.

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

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

We also considered the recognition of sales of third party licenses and subscription rights for access to software platforms in "Cloud or SaaS mode" as a key audit point, notably with regard to the "agent/principal" analysis presented above required by the application of the IFRS 15 standard on recognition of income.

### *Response given*

We looked at the internal control system relative to the recognition of fixed-price contracts and contracts for the resale of licences from third-party publishers and subscription rights for access to software platforms in "Cloud or SaaS" mode.

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

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



due diligence:

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

### **Specific verifications**

We also, in accordance with the professional standards applicable in France, carried out the specific checks specified by the laws and regulations relative to the Group, given in the Management Report approved by the Management Board on 9 March 2020.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements. Concerning events occurring and elements known after the date of approval of the financial statements relative to the effects of the Covid-19 crisis, the executive management informs us that they will be the subject of communication to the General Meeting called to approve the financial statements.

We attest that the consolidated non-financial statement, required by Article L. 225-102-1 of the French Commercial Code (Code de commerce), is included in the Group's Management Report (or in the Group's Information given in the Management Report), it being specified that, in accordance with the provisions of Article L. 823-0 of this Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein and this information must be reported by an independent third party.

### **Information resulting from other legal and regulatory requirements**

#### ***Appointment of the Statutory Auditors***

We were appointed Statutory Auditors of Devoteam SA by the General Meeting of 26 July 1999 for KPMG and 20 June 2014 for Grant Thornton.

As of 31 December 2019, KPMG SA was in the third year of its mission without interruption and Grant Thornton in the sixth year.

Moreover, KPMG SA and KPMG Audit IS are members of the KPMG network, and were previously Statutory Auditors of the entity from 1999 to 2000 and from 2007 to 2016, respectively.

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

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

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

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

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

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

### *Audit objective and process*

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

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

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

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

## *Report to the Audit Committee*

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

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

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

## The Statutory Auditors

Paris La Défense, 30 April 2020

Neuilly-sur-Seine, 30 April 2020

KPMG Audit  
*Department of KPMG SA*

Grant Thornton  
*French member of Grant Thornton  
International*

Jean-Pierre Valensi  
*Partner*

Vincent Papazian  
*Partner*

## 4 DEVOTEAM SA SEPARATE FINANCIAL STATEMENTS

### 4.1 Devoteam SA balance sheet

<b>ASSETS</b> <i>In thousands of euros</i>	<i>Note</i>	<b>31 December 2019</b>	<b>31 December 2018</b>
Intangible assets	3.1	13,745	13,424
Tangible assets	3.1	4,749	3,278
Financial assets			
Equity securities and associated receivables	3.2	184,713	169,455
Other financial assets	3.2	18,980	9,731
<b>FIXED ASSETS</b>		<b>222,187</b>	<b>195,889</b>
Trade and other receivables	3.3	69,621	63,119
Other receivables	3.3	49,566	59,777
Marketable securities	3.7	863	2,472
Cash assets		24,420	19,171
Prepaid expenses	3.3	3,947	3,943
<b>CURRENT ASSETS</b>		<b>148,418</b>	<b>148,482</b>
Foreign currency translation differences - assets		343	376
<b>TOTAL ASSETS</b>		<b>370,948</b>	<b>344,747</b>

<b>LIABILITIES</b> <i>In thousands of euros</i>	<i>Note</i>	<b>31 December 2019</b>	<b>31 December 2018</b>
Share capital		1,263	1,263
Share premium		52,933	52,933
Legal reserves		160	160
Other reserves		-	-
Retained earnings		119,288	99,688
Profit for the year		25,682	27,788
Regulated provisions		904	685
<b>EQUITY</b>	<b>3.9</b>	<b>200,230</b>	<b>182,517</b>
Provisions for liabilities		3,971	2,571
Provisions for charges		2,430	5,320
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	<b>3.4</b>	<b>6,400</b>	<b>7,891</b>
<b>Borrowings</b>			
Bonds	3.3	30,446	30,446
Loans from credit institutions and miscellaneous borrowings	3.3	43,753	31,519
<b>Operating liabilities</b>			
Trade payables and related accounts	3.3	31,886	31,114
Tax and social security liabilities	3.3	40,130	40,253
<b>Other liabilities</b>			
Other liabilities	3.3	7,766	9,681
Deferred income	3.3	10,226	11,199
<b>LIABILITIES</b>		<b>164,207</b>	<b>154,213</b>
Foreign currency translation differences - liabilities		111	126
<b>TOTAL LIABILITIES</b>		<b>370,948</b>	<b>344,747</b>

## 4.2 Devoteam SA income statement

In thousands of euros	Note	31 December 2019	31 December 2018
<b>NET REVENUE</b>	4.1	<b>297,196</b>	<b>265,602</b>
Capitalised production		102	
Operating subsidies			
Reversals of depreciation, amortisation and provisions, expense rec classification		1,984	2,507
Other income		78	163
<b>OPERATING INCOME</b>		<b>299,360</b>	<b>268,272</b>
Purchase of raw materials and goods			(32)
Other purchases and external charges		(147,860)	(128,903)
Taxes		(4,855)	(5,032)
Wages and salaries		(91,704)	(84,187)
Social security contributions		(40,380)	(38,155)
Fixed assets depreciation and provisions		(1,551)	(1,017)
Provisions for current assets		(316)	-
Provisions for liabilities and charges		(543)	(686)
Other expenses		(1,363)	(1,411)
<b>CURRENT OPERATING EXPENSES</b>		<b>(288,572)</b>	<b>(259,423)</b>
<b>OPERATING PROFIT</b>		<b>10,789</b>	<b>8,849</b>
Financial income		20,431	19,102
Financial expenses		(7,359)	(5,926)
<b>FINANCIAL INCOME</b>	4.5	<b>13,072</b>	<b>13,176</b>
<b>CURRENT PROFIT BEFORE TAXES</b>		<b>23,861</b>	<b>22,024</b>
Extraordinary income		7,352	11,614
Extraordinary expenses		(2,426)	(5,199)
<b>EXTRAORDINARY INCOME</b>	4.6	<b>4,926</b>	<b>6,415</b>
Employee profit-sharing		-	-
Corporate income taxes	4.8	(3,105)	(652)
<b>NET INCOME</b>		<b>25,682</b>	<b>27,788</b>

## 4.3 Notes to the Devoteam SA financial statements

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

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

Devoteam, a European consulting and engineering group, is a major player in business consulting in the fields of innovative technologies and management. With 25 years of experience in innovative and disruptive technologies, the Group supports its clients through the digital transformation of their organisational structure and their businesses.

In 2019, the Group continued to grow, buoyed by the strategy initiated with strategic partners such as Google, ServiceNow, AWS and Microsoft, thus strengthening its market positioning on the most innovative areas with high added value. The Group has received more accolades as a result of this strategy, such as "EMEA Elite Partner of the year" from ServiceNow and "2019 Country Partner of the year" in Luxembourg with Microsoft. It now has seven Google Cloud specialisations including the last two obtained in the fourth quarter of 2019, "Work Transformation - Enterprise" and "Location Based Services".

Extending this strategy, the Group has also reinforced its position as a leader in Google Cloud technologies in Europe with the acquisition in April of Avalon Solutions, a Google Premier Partner and Scandinavian leader with its the head office in Stockholm.

The Group also accelerated its investments in artificial intelligence and the latest multi-cloud technologies with, for example, the launch of the Kubernetes DevOps Academy, which has an ambitious certification programme for its consultants.

In parallel with these investments, the Group insists on the importance of its **"Tech for People"** vision: the responsibility to shape technology for people. In this context, Devoteam has strengthened the programme of its Tech for People foundation with a view to supporting charities and social entrepreneurs in their digital strategy, a strong sign of the Group's commitment to promoting responsible and positive technology.

### Note 2 - ACCOUNTING PRINCIPLES, RULES AND METHODS

#### 2.1 General principles applied

The accounting policies have been applied in accordance with the prudence principle and in compliance with the underlying assumptions of going concern, consistency of accounting methods, and independence of financial years, and with the general rules on the preparation and presentation of annual financial statements in France and in accordance with Regulation No. 2014-03 of the French Accounting Standards Authority (Autorité des normes comptables - ANC).

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

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

## 2.2 Fixed assets

### 2.2.1 Intangible assets

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

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

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

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

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

The values of the main parameters used are:

- a discounted future cash flow rate of 7.4%;
- a long-term growth rate of 2%;
- a standard rate of return of 8%.

### 2.2.2 Tangible assets

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

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

## 2.3 Financial assets

### 2.3.1 Equity securities

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

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

- a discount rate of between 7.10% and 13.40% depending on the geographical area;

- a long-term growth rate of 7% (2.50% for emerging markets);
- a normative rate of return of between 3% and 10% according to the activity of each entity.

Any negative difference recorded against the subscription value is the subject of a provision for impairment. In the case of certain acquisitions, incremental earn-outs are scheduled for the following financial years in accordance with the performance of the companies in question. At the close of the financial year, the contingent payments amounted to €260 thousand and related to the acquisition of Globicon in Denmark.

### 2.3.2 Treasury shares

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

## 2.4 Receivables and payables

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

## 2.5 Doubtful receivables

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

## 2.6 Marketable securities

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

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

In accordance with CRC Regulation No. 2008-75 of 4 December 2008 and CNC Notice No. 2008-7 of 6 November 2008, the shares allocated to a stock purchase option plan are valued at their entry cost and are no longer subject to impairment based on their market value, due to the commitment to allocate them to employees. As counterparty, a liability is recognised when the obligation to distribute shares to employees is likely or certain to result in an outflow of resources without consideration of at least equal value.

## 2.7 Provisions

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

## 2.8 Loans and borrowings

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



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

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

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

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

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

The features of this bond are as follows:

	17 July 2015 bond
Number of bonds issued	300
Par value/ issue price (€)	100,000
Issue price (€)	100,000
Total amount of the issue in par value, July 2015 (€)	30,000,000
Initial interest rate	3.25%*
Number of bonds redeemed during the financial year	-
Number of bonds still outstanding at 31 December 2019	300
Expected date of redemption	17/07/2021

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

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

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

In addition, the Group has senior confirmed revolving credit facilities (RCFs) with leading banking counterparties in the amount of €105 million for a period of five years, expiring between March and June 2024.

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

	Required covenant	Achieved
C Ratio (net debt/equity)	< 1	{0.23}
L Ratio (net debt/EBITDA)	< 3 to < 2.5	{0.58}

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

## 2.9 Pension commitments

The amount of commitments in terms of pensions, supplementary pensions, compensation, allowances for retirement and other similar benefits for members of staff and corporate officers are valued at each year-end in accordance with Article 27 of the Syntec Collective Agreement and IAS 19 "Employee Benefits", as reiterated in CNC Notice No. 2003-R-01.

Within the framework of defined-benefit schemes, pension and retirement commitments are calculated using the projected unit credit method. Under this method, each period of service gives rise to the recognition of an additional unit of benefit entitlement, and each unit is measured separately to obtain the final obligation. The final obligation is then discounted and subjected to probability analysis.

These calculations comprise the following main points:

- an assumed voluntary retirement age of 67 years for executive staff and 62 years for non-executive staff;
- a financial discount rate of 0.60%;
- an inflation rate of 1.50%;
- assumptions relating to salary increases, mortality and staff turnover rates.

At 31 December 2019, the pension commitments were valued at €2,430 thousand.

## **2.10 Revenue**

Income from work undertaken on a cost reimbursement basis is recorded as and when the work is completed. Services not yet invoiced are recorded as unbilled work. Services invoiced but not yet performed are recorded as deferred revenue.

Fixed-price contracts that span more than one financial year are accounted for using the percentage of completion method. Stage of completion is determined by comparing the costs incurred at closing with the total expected costs over the term of the contract; the total costs of a contract, in particular those still to be incurred, are regularly monitored and estimated to determine whether the stage of completion of the contract and the level of margin to be recognised need to be revised. When the amount of foreseeable costs incurred for the completion of a contract is likely to result in a loss on completion, a provision for liability is made in the estimated amount of the loss at year-end. No loss on completion has been recorded to date.

## **2.11 Employee profit-sharing**

An agreement to delegate the administrative and financial management of the employee savings plan has been entered into with AXA.

## **2.12 Extraordinary income**

Extraordinary income is generated as a result of unusual events or transactions either separate from the business or not considered likely to occur frequently or regularly.

In accordance with French National Accounting Council (CNC) Notice No. 2000-D of 21 December 2000, in the event of a failed acquisition transaction, the costs incurred shall be fully and directly recorded as extraordinary expenses.

## NOTE 3 – INFORMATION ON THE BALANCE SHEET

### 3.1 Tangible and intangible assets

#### Movements affecting fixed asset items

<i>In thousands of euros</i>	Gross value at the beginning of the year	Net acquisitions during the year	Transfers between items	Disposals over the year	Gross value at year-end
Research and development costs	-				-
Software and trademarks	4,676	9			4,685
Goodwill	47,419				47,419
Other intangible assets	348				348
Assets in progress	-	376			376
<b>Subtotal</b>	<b>52,443</b>	<b>385</b>	<b>-</b>	<b>-</b>	<b>52,828</b>
Machinery, tools and equipment	-				-
Fixtures and fittings	3,254	842			4,096
Transportation equipment	4				4
Office and IT equipment	4,673	1,812			6,485
Office furniture	1,726	304			2,030
Advance payments on fixed assets	-				-
<b>Subtotal</b>	<b>9,657</b>	<b>2,958</b>	<b>-</b>	<b>-</b>	<b>12,615</b>
<b>Total</b>	<b>62,100</b>	<b>3,343</b>	<b>-</b>	<b>-</b>	<b>65,443</b>

#### Amortisation and provision

Depreciation and amortisation are calculated based on the estimated useful life of the assets, in accordance with the conditions set out in Sections 2.2.1 and 2.2.2 above. The following table presents, for each category of intangible and tangible asset, the amount of depreciation and amortisation recorded in 2019:

<i>In thousands of euros</i>	Value at the beginning of the year	Charges	Reversals	Value at year-end
Research and development costs	-			-
Software and trademarks	4,547	64		4,611
Goodwill	34,124			34,124
Other intangible assets	348			348
Assets in progress	-			-
<b>Subtotal</b>	<b>39,019</b>	<b>64</b>	<b>-</b>	<b>39,083</b>
Machinery, tools and equipment	-			-
Fixtures and fittings	2,390	202		2,593
Transportation equipment	4			4
Office and IT equipment	3,054	1,164		4,217
Office furniture	930	121		1,051
Advance payments on fixed assets	-			-
<b>Subtotal</b>	<b>6,378</b>	<b>1,487</b>	<b>-</b>	<b>7,865</b>
<b>Total</b>	<b>45,397</b>	<b>1,551</b>	<b>-</b>	<b>46,948</b>

### 3.2 Financial assets

#### 3.2.1 Changes in financial assets

##### a) Movements affecting fixed asset items

<i>In thousands of euros</i>	Gross value at the beginning of the year	Increases	Decreases	Transfers between items	Gross value at year-end
<b>Merger losses on financial assets</b>	0,416				0,416
<b>Security deposits</b>	059	226	59		1,026
<b>Other loans<sup>(1)</sup></b>	521	10,520	1,439		9,603
<b>Equity securities</b>	102,425	22,848	553	342	205,063
Devoteam Belgium	7,146				7,146
Devoteam Finland	1,352				1,352
Devoteam Netherlands	20,519				20,519
Devoteam Consulting	27,679				27,679
Devoteam Consulting AS <sup>(2)</sup>	11,377			(147)	11,230
Devoteam UK <sup>(3)</sup>	3,752	2	196		3,558
Devoteam Middle East <sup>(4)</sup>	367	3,099			3,466
Devoteam Outsourcing	2,906				2,906
Devoteam Czech Republic <sup>(5)</sup>	5		-		5
Devoteam Morocco	3,499				3,499
Devoteam Italy	20				20
Devoteam Services	8				8
Devoteam Tunisia	8				8
Devoteam GmbH	11,975				11,975
Exa ECS	1,050				1,050
Devoteam SA Poland <sup>(6)</sup>	3,399	1,537			4,936
Formebu Consulting AS	9,696				9,696
Sticcom GmbH	100				100
Devoteam Consulting Holding	3,007				3,007
Steam Management	500				500
Keivox Enterprise Mobility	65				65
RVR Paris	1				1
Inflexys <sup>(7)</sup>	70		42		28
Axance.com <sup>(8)</sup>	2,860			(2,860)	-
Axance <sup>(8)</sup>	-			2,860	2,860
Siticom <sup>(9)</sup>	550	2,025			2,575
Devoteam G Cloud	10,207				10,207
Be Team	104				104
DPI <sup>(10)</sup>	2,949	675			3,625
Axance Technology (formerly DDF) <sup>(11)</sup>	115		115		-
Devoteam Business Service Excellence	220				220
Devoteam Cloud Services Spain	140				140
Technologies & Operations	108				108
DF&J	450				450
FI-Makers	167				167
Devoteam Globicon <sup>(12)</sup>	2,633			356	2,989
FNCO AB <sup>(13)</sup>	12		12		-
Devoteam Consulting Belgium <sup>(14)</sup>	190	90			280
My-G	295				295
MyFow.com	48				48
Energy Dynamics	9				9
D2SI	1,266				1,266
Devoteam NextGita	198				198
Devomex Cloud Services	2				2
Devoteam Modern Applications <sup>(15)</sup>	198		198		-
Alegri International Service GmbH	24,773				24,773
Belo International	7,045				7,045
Belo Wealth	10				10
Sacsomagas.net Ferriatings AZ	6,708				6,708
Avan Solutions AB <sup>(16)</sup>	-	6,775			6,775
ME_ <sup>(17)</sup>	-	7,767			7,767
Devoteam C Maps <sup>(18)</sup>	-	259			259
TVNS GmbH <sup>(19)</sup>	-	1,218			1,218
<b>Investment-related receivables<sup>(20)</sup></b>	2,802	22	2,695		128
<b>Treasury shares<sup>(21)</sup></b>	400				400
<b>Total</b>	<b>195,424</b>	<b>33,616</b>	<b>4,745</b>	<b>342</b>	<b>224,638</b>

- (1) These movements essentially relate to loans granted to the Group's subsidiaries. At the end of the year, the value of these loans breaks down as follows:  
Group Loans: DP: C4,367 thousand, Drago Solution SAU: C1,056 thousand and Axance: C3,659 thousand;  
Loans to non-Group companies: C521 thousand.
- (2) Movement related to the adjustment of the Devoteam Consulting AS earn-out.  
(3) Disposal of 4.40% of Devoteam UK shares.  
(4) Purchase of non-controlling interests of Devoteam Middle East.  
(5) Disposal of 5% of Devoteam Czech Republic shares.  
(6) Additional acquisition of 38.40% of Devoteam SA Poland shares.  
(7) Disposal of 12% of Infocys shares.  
(8) Reclassification of shares following the merger by absorption of Axance.com by Axance.  
(9) Additional acquisition of 10% of shares in Sit.com.  
(10) Additional acquisition of 3.29% of DPI shares.  
(11) Internal transfer of Axance Technology shares to Axance.  
(12) Movement linked to the adjustment of the Globicon earn-out.  
(13) Total disposal of INCO AB shares.  
(14) Devoteam Consulting Belgium capital increase subscription.  
(15) Total disposal of Devoteam Modern Application shares to MEL.  
(16) Acquisition of 87.50% of Avation Solutions AB shares.  
(17) Acquisition of 76.6% of the shares of MEL.  
(18) Subscription of 70% of the Devoteam G Maps shares as part of a capital increase following a reduction in the company's nominal capital.  
(19) Acquisition of 100% of the TMNS GmbH shares.  
(20) Dividends received from Steam Management (C2,400 thousand), Devoteam Tunisia (C85 thousand) and Devoteam Czech Republic (C5 thousand).  
(21) Number of shares: 43,913; average purchase price: C9.12. Due to the fact that the average price during December was C92.84, no provision was made for the impairment of treasury shares at year-end.

The following transactions affecting the treasury shares were carried out over the course of the financial year:

	Quantity	Value (€ thousands)
Balance at 01/01/19	43,913	400
Purchase of shares	-	-
Sale of shares	-	-
<b>Balance at 31/12/2019</b>	<b>43,913</b>	<b>400</b>

## b) Provisions

In thousands of euros	Value at the beginning of the year	Charges	Reversals	Value at year-end
Equity securities <sup>(1)</sup>	15,773	4,804	96	20,480
Loans	465			465
Treasury shares	-			-
<b>Total</b>	<b>16,238</b>	<b>4,804</b>	<b>96</b>	<b>20,945</b>

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

Provisions: Devoteam Alegri for C2,924 thousand, Devoteam Business Service Excellence for C220 thousand, Devoteam SA Poland for C1,537 thousand and Devoteam ITC for C123 thousand.

Reversals: Exa ECS for C96 thousand.

The provision at year-end can be broken down as follows: Devoteam Outsourcing for C2,908 thousand, Devoteam Alegri for C5,896 thousand, Exa ECS for C954 thousand, MyFow.com for C46 thousand, Devoteam Business Service Excellence for C220 thousand, Keivox Enterprise Mobility for C65 thousand, Devoteam Morocco for C3,499 thousand, Devoteam Services Morocco for C6 thousand, Devoteam SA Poland for C4,936 thousand and Devoteam ITC for C1,948 thousand.

### 3.2.2 List of subsidiaries and investments

The following information is presented to satisfy the requirements for the list of subsidiaries and investments (Article of the Decree of 23 March 1967) and is valid at 31 December 2019:

<i>In thousands of euros</i>	Share capital	Share of capital held	Gross carrying amount of shares held	Net carrying amount of shares held	Loans and advances granted - not repaid	Guarantees and pledges made by the Company	Dividends received by the Company during the year
Devoteam Belgium	6,065	99.71%	7,146	7,146	-	-	1,657
Devoteam Fringes	60	100%	1,352	1,352	-	-	-
Devoteam Netherlands	20	80%	20,519	20,519	7,512	-	4,240
Devoteam Consulting	902	80.20%	27,618	27,618	3,388	-	1,203
Devoteam Consulting AS	67	90%	11,357	11,357	-	-	2,134
Devoteam UK	14	95.60%	3,568	3,568	4,356	-	-
Devoteam Outsourcing	38	100%	2,908	-	375	-	-
Devoteam Middle East	234	76%	3,466	3,466	-	-	-
Devoteam Czech Republic	8	75%	5	5	-	-	1,121
Devoteam Morocco	37	51%	3,499	-	1,024	-	-
Devoteam Italy	100	20%	20	20	-	-	60
Devoteam Services	9	100%	8	-	457	-	-
Devoteam Tunisia	16	75%	9	9	233	-	-
Devoteam ICT AS	111	75%	2,664	716	134	-	-
Devoteam GmbH	3,000	100%	11,974	11,974	1,734	-	-
Exa ECS	150	35%	1,050	96	66	-	-
VexPilot	5,219	100%	-	-	394	-	-
Devoteam SA Poland	1,001	100%	4,936	-	7,399	-	-
Formebu Consulting AS	20	100%	9,696	9,696	-	-	1,032
Siticom GmbH	286	35%	100	100	912	-	-
Devoteam Consulting Holding	3,000	100%	3,000	3,000	143	-	-
Steam Management	500	100%	500	500	-	-	2,400
Koivox Enterprise Mobility	129	36%	65	-	246	-	-
RVR Paradi	50	95%	1	1	-	-	-
Inflexsys	188	6%	28	28	-	-	-
Axance	111	25.52%	2,860	2,860	3,659	-	434
Siticom	150	78.47%	2,575	2,575	-	-	1,569
Devoteam G Cloud	300	100%	10,207	10,207	-	-	-
Be Team	278	61.20%	184	184	199	-	-
Technologies & Opérations	150	70.47%	106	106	-	-	-
FI-Makers	250	66.96%	167	167	-	-	-
DPI	1,467	88.04%	3,624	3,624	4,366	-	-
Devoteam Business Service Excellence	300	73.33%	220	-	196	-	-
Devoteam Cloud Services Spain	203	68.97%	140	140	-	-	-
DFSJ	1,000	45%	450	450	466	-	-
Devoteam Globicon	75	90%	2,989	2,989	-	-	1,701
Devoteam Consulting Belgium	100	60%	270	270	183	-	-
My-G	50	100%	295	295	-	-	-
MyFowa.com	1,080	99.73%	46	-	680	-	-
Energy Dynamics	28	31.45%	9	9	175	-	-
D2S	35	82.06%	11,266	11,266	-	-	1,395
Devoteam Next Digital	290	75%	188	188	201	-	-
Devomex Cloud Services	2	98%	2	2	-	-	-
Agri International Service GmbH	60	100%	24,713	18,817	4,965	-	-
Beld International	63	58%	7,045	7,045	-	-	232
Beld Wealth	-	58%	10	10	-	-	-
Sadesmagasinet Forvaltnings AB	5	75.01%	6,788	6,788	6,960	-	-
Avalon Solutions AB	10	87.50%	6,175	6,175	1,728	-	-
MEL	783	76.16%	7,767	7,767	-	-	-
Devoteam G Maps	50	70%	259	259	-	-	-
TMNS GmbH	18	100%	1,218	1,218	317	-	-

Certain information about the subsidiaries and investments is not provided given the potentially harmful effects of its disclosure.

### 3.3 Additional information on receivables and payables

The following is a breakdown of receivables and payables according to their remaining period to maturity:

<b>Receivables</b> <i>In thousands of euros</i>	<b>Gross amount</b>	<b>Maturity in less than 1 year</b>	<b>Maturity in more than 1 year</b>	<b>Maturity in more than 5 years</b>
<b>Fixed asset receivables</b>				
Investment-related receivables	90	90	-	-
Loans <sup>(2)</sup>	9,603	2,115	6,750	738
Other financial assets <sup>(1)</sup>	9,843	1,427	-	8,416
<b>Current asset receivables</b>				
Advances and prepayments made	74	74	-	-
Trade and other receivables	70,023	70,023	-	-
Other receivables <sup>(3)</sup>	10,976	10,601	375	-
Group and associated company's current accounts	47,218	47,218	-	-
Prepaid expenses	3,947	3,947	-	-
<b>Total</b>	<b>151,774</b>	<b>135,494</b>	<b>7,125</b>	<b>9,154</b>

<b>Payables</b> <i>In thousands of euros</i>	<b>Gross amount</b>	<b>Maturity in less than 1 year</b>	<b>Maturity in more than 1 year</b>	<b>Maturity in more than 5 years</b>
Bonds	30,446	446	30,000	-
Borrowings from credit institutions	5	5	-	-
Miscellaneous borrowings <sup>(4)</sup>	43,747	43,747	-	-
Trade payables	31,886	31,886	-	-
Tax and social security liabilities	40,130	40,130	-	-
Fixed asset liabilities	-	-	-	-
Other liabilities <sup>(5)</sup>	7,766	7,643	123	-
Deferred income	10,226	10,226	-	-
<b>Total</b>	<b>164,206</b>	<b>134,084</b>	<b>30,123</b>	<b>-</b>

(1) Including €8,416 of merger losses on financial assets from the complete transfer of the assets of the holding company Marfio Management to Devoteam SA in 2018.

(2) Of which €9,082 for loans to related companies.

(3) Of which €1,674 thousand in guarantee deposits on receivables sold to the factor and €1,125 thousand in receivables on disposal of financial assets.

(4) Of which €43,421 thousand in current account advances granted by related companies.

(5) Of which €260 thousand of earn-out liabilities.

### 3.4 Provisions

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

In thousands of euros	At 1 January 2019	Charges	Reversals (provision used)	Reversals (provision not used)	Transfers between items	At 31 December 2019
<b>Provisions</b>						
Provisions for foreign exchange losses	376	343	376			343
Provisions for retirement benefits	2,587			157		2,430
Provisions for restructuring	-					-
Miscellaneous provisions <sup>(1)</sup>	4,929	750	1,215	837		3,627
<b>TOTAL</b>	<b>7,891</b>	<b>1,093</b>	<b>1,591</b>	<b>994</b>	<b>-</b>	<b>6,400</b>
<b>Provisions for impairment</b>						
Provisions for marketable securities	-					-
Provisions for current accounts <sup>(2)</sup>	10,596	95		1,988		8,703
Provisions for doubtful receivables	86	315				401
<b>TOTAL</b>	<b>10,682</b>	<b>410</b>	<b>-</b>	<b>1,988</b>	<b>-</b>	<b>9,104</b>

(1) Of which provision of €110 thousand for employee disputes, provision of €1,594 thousand for the dispute with minority shareholders in Poland, provision of €751 thousand for other risks, provision of €134 thousand related to the free share allocation plan and €48 thousand for Group risks.

(2) Allocations to provisions: Devoteam Business Service Excellence €41 thousand, Devoteam Services €1 thousand and Devoteam SA Poland €53 thousand.

Reversals: Devoteam Outsourcing €889 thousand, MyFow.com €14 thousand, Devoteam Morocco €1,021 thousand and Media-Tel LLC €65 thousand.

The provisions at year-end breaks down as follows: Devoteam Business Service Excellence for €4 thousand, MyFow.com for €15 thousand, Voxipilot for €394 thousand, Devoteam Services for €457 thousand, Devoteam SA Poland for €7,399 thousand, Keivox for €246 thousand and Media-Tel LLC for €150 thousand.

#### Contingent liabilities

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

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

In May 2019, Devoteam SA paid the exercise price of the option entered since 2010 under liabilities for €1.5 million.

At 31 December 2019, Devoteam SA retained a provision of €1.6 million for statutory interest and procedural expenses which might be due in the event of an unfavourable decision on appeal.



### 3.5 Accrued expenses

<i>In thousands of euros</i>	2019
Supplier invoices not yet issued	5,310
Credit notes to be prepared	5,421
Personnel - accrued expenses	10,179
Social security bodies - accrued expenses	5,453
State - accrued expenses	726
Interest accrued on bonds	446
Interest accrued on other loans	40
Interest accrued on miscellaneous borrowings	5
<b>Total</b>	<b>27,580</b>

### 3.6 Accrued income

<i>In thousands of euros</i>	2019
Client invoices to be issued	20,883
<b>Total</b>	<b>20,883</b>

### 3.7 Marketable securities

#### 3.7.1 Treasury shares

Treasury shares were bought and earmarked for allocation to employees as part of the free share and share purchase option plan. For this reason, these shares are not available.

The following transactions affecting the treasury shares were carried out over the course of the financial year:

	Quantity	Value (€ thousands)
<b>Balance at 01/01/19</b>	<b>230,346</b>	<b>2,100</b>
Treasury shares granted to employees as part of share purchase option plans and free share allocation plans	(135,627)	(1,237)
<b>Balance at 31/12/2019<sup>(1)</sup></b>	<b>94,719</b>	<b>863</b>

(1) Of which 94,543 shares with a total value of €862 thousand classified as "Shares to be granted to employees".

The Company was first listed on 28 October 1999 with a share price of €16.10. On 31 December 2019, the average price of Devoteam shares was €92.84. No provision for amortisation had been made at year-end.

#### 3.7.2 Other marketable securities

None.

### 3.8 Deferred charges

None.

### 3.9 Net position

#### 3.9.1 Share capital

At 31 December 2019, the share capital of Devoteam SA was made up of 8,332,407 ordinary shares representing a total of €1,763,015.

Below is a summary of the changes recorded in 2019:

	Number of shares
<b>At 1 January 2019</b>	<b>8,332,407</b>
Exercise of BSPCE and share subscription options	-
<b>At 31 December 2019</b>	<b>8,332,407</b>

At 31 December 2019, all founders' warrants (BCFs) had been exercised.

#### 3.9.2 Analysis of changes in equity

The change in net position over the 2019 financial year is as follows:

<i>In thousands of euros</i>	Beginning of the year	Approp. of 2018 earnings	Capital increase	Capital decrease	Other changes	Dividends distributed	2019 earnings	Year-end
Share capital	1,263							1,263
Share premium	1,934							1,934
Legal reserve	160							160
Other reserves	-							-
Gain on merger	50,999							50,999
Retained earnings (credit balance)	99,687	27,788				(8,186)		119,287
Profit (loss) for FY 2018	27,788	(27,768)						-
Profit (loss) for FY 2019	-						25,682	25,682
Other regulated provisions*	685				219			904
<b>Equity</b>	<b>182,517</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>219</b>	<b>(8,188)</b>	<b>25,682</b>	<b>200,230</b>

\* Accelerated depreciation on the acquisition cost of securities.

## NOTE 4 - INFORMATION ON THE INCOME STATEMENT

### 4.1 Breakdown of net revenue

The breakdown of revenue by geographical area is presented below:

<i>In thousands of euros</i>	2019
France	286,395
International	10,801
<b>Total</b>	<b>297,196</b>

The Company operates in only one industry segment.

### 4.2 Incentives

No incentive agreement was established during the 2019 financial year.

### 4.3 Employee profit-sharing

There is no employee profit-sharing due to insufficient taxable income compared to the amount of equity at year-end.

#### 4.4 Tax Credit for Competitiveness and Employment

From 1 January 2019 onwards, compensation paid which is below 2.5 times the minimum wage is not eligible for the Tax Credit for Competitiveness and Employment (Crédit d'impôt compétitivité emploi - CICE). The old mechanism has been replaced by a permanent reduction in social security contributions on this compensation. CICE receivables not yet allocated or reimbursed may be allocated to the tax for the three following years.

#### 4.5 Financial income and expenses

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

Financial expenses (in thousands of euros)	2019
Provisions for financial assets <sup>(1)</sup>	4,804
Provisions for treasury shares	-
Provisions for current assets <sup>(2)</sup>	439
Provisions for financial risks	-
Losses on investment-related receivables <sup>(3)</sup>	100
Investment-related expenses	110
Interest on finance transactions <sup>(4)</sup>	1,888
Other financial expenses	19
<b>Total</b>	<b>7,360</b>

Financial income (in thousands of euros)	2019
Net income from the sale of marketable securities	-
Financial income from capitalisation contracts	5
Investment-related income <sup>(5)</sup>	17,277
Reversal of provisions on financial assets <sup>(1)</sup>	96
Reversal of provisions on treasury shares	-
Reversal of provisions on current assets <sup>(6)</sup>	1,988
Reversal of provisions on liabilities and charges <sup>(7)</sup>	997
Other financial income	68
<b>Total</b>	<b>20,431</b>

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

(2) Of which €95 thousand in provisions for impairment on subsidiary current accounts.

(3) Of which €100 thousand of waivers of current account receivables.

(4) Of which interest expenses on bond loan of €975 thousand and losses on bank guarantees given to subsidiaries of €462 thousand.

(5) Of which €16,521 thousand in dividends received from subsidiaries and €756 thousand in interest received from subsidiaries on current account loans and advances.

(6) Of which €1,988 thousand in provisions for impairment on current accounts.

(7) Of which €622 thousand in reversals of provisions for subsidiary liabilities.

#### 4.6 Extraordinary income and expenses

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

Operating expenses (in thousands of euros)	2019
On management transactions <sup>(1)</sup>	127
On capital transactions <sup>(2)</sup>	1,872
Exceptional provision for liabilities <sup>(3)</sup>	427
<b>Total</b>	<b>2,426</b>

(1) Of which €48 thousand in restructuring costs corresponding to costs of redundancy and accompanying measures, €14 thousand for contract penalties and €65 thousand for various penalties.

(2) Of which €689 thousand from the disposal of equity securities and €1,183 thousand from losses on treasury shares.

(3) Of which €130 thousand in provisions for redundancy costs, €77 thousand relating to the dispute with minority shareholders in Poland and €219 thousand in accelerated depreciation allowances.

Operating income (in thousands of euros)	2019
On management transactions	-
On capital transactions <sup>(1)</sup>	6,434
Exceptional reversal of provisions for liabilities <sup>(2)</sup>	918
<b>Total</b>	<b>7,352</b>

(1) Of which €6,434 thousand from the sale of equity securities.

(2) Of which €793 thousand from transfer of exceptional expenses linked to the awarding of free performance shares to staff and €125 thousand in reversals for restructuring for the costs of redundancies and accompanying measures. The charges were recorded under extraordinary expenses.

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

Nature of differences	Tax Basis		Tax*	
	Start of the year	Year-end	Start of the year	Year-end
Organic	375	426	129	136
Construction effort	366	407	126	130
Unrealised gains on marketable securities	-	-	-	-
Foreign currency translation differences - liabilities	376	111	129	36
Provisions for pensions and retirement benefits	2,587	2,430	668	628
Provisions for Group current accounts	10,596	8,703	2,736	2,248
Provisions for miscellaneous risks	1,816	845	625	271
Incentives and profit-sharing	-	-	-	-
<b>Total relief</b>	<b>16,116</b>	<b>12,922</b>	<b>4,413</b>	<b>3,449</b>
<b>Total increase</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

\* In accordance with the 2018 Finance Act which provides for a gradual reduction in corporate income tax rates, the tax rate used for "Provisions for pensions and retirement benefits" and "Provisions for Group current accounts" items is 25.825%.

For all other items, the corporate income tax rate used is 32.023%.

#### 4.8 Breakdown of tax

Earnings before tax		Taxes payable		Profit for the year
Recurring	23,861	4,077		20,868
		(1,084)	Tax credit	
Short-term extraordinary	4,926	112		4,814
<b>Total</b>	<b>28,787</b>	<b>3,105</b>		<b>25,682</b>

Recurring profit after tax is that which would have been obtained without any extraordinary income. The tax restatements have been split between recurring and extraordinary income. The tax credits essentially come from personnel expenses that are eligible for research tax credits and those linked to the expertise-philanthropy programme.

## 4.9 Tax consolidation

### 4.9.1 Tax consolidation scope

The Company has, with effect from 1 January 2004, opted for the French tax consolidation regime. As such, the companies that form part of this consolidation group as at 31 December 2019 are as follows:

Name	Siren No.	Date of entry	Type
Devoteam SA	402 968 635	01/01/2004	Parent company
Devoteam Outsourcing SAS	443 486 607	01/01/2011	Subsidiary
RVR Parad SAS	752 364 851	01/01/2016	Subsidiary
Devoteam G Cloud SAS	512 085 036	01/01/2017	Subsidiary
Steam Management SAS	539 263 657	01/01/2018	Subsidiary
MyFowo.com SAS	493 895 296	01/01/2018	Subsidiary

### 4.9.2 Income tax for the year

In accordance with the tax consolidation agreement between the parties, the additional tax expense generated in respect of the 2019 financial year as a result of this tax consolidation is recorded on the Company's income statement in the amount of €291 thousand. The tax expense for the year, calculated on the taxable profits of the tax consolidation group, amounts to €6,679 thousand.

### 4.9.3 Consequences of the deconsolidation by the Group of one of the consolidated companies

The consolidating company shall be solely liable for the additional tax that it may need to pay in the event of the deconsolidation of one of the consolidated companies. Advance tax payments that the company may need to pay on behalf of the deconsolidated subsidiary during the 12 months following the beginning of the year of deconsolidation, shall be repaid to it by the deconsolidated subsidiary within the same time periods as those applicable to the consolidating company. This repayment shall not exceed the amount of advance payments determined on the basis of the taxable income. In the event of a tax audit on the financial years during which the deconsolidated subsidiary was a member of the Group, the former shall repay to the consolidating company any tax surcharges and/or penalties for late payment that it would have owed had it been taxed separately.

## NOTE 5 - COMMITMENTS RECEIVED OR GIVEN

### 5.1 Commitments received

The shareholders' agreements with the following subsidiaries and investments provide for call options under which Devoteam SA may acquire additional shares at market price or based on performance conditions. The table below summarises the options available:

Company	% of share capital	Exercisability
Devoteam Consulting Belux (BE)	25.00%	immediate
Devoteam Consulting AS	10.00%	From 01/01/2021
Devoteam Globicon AS	10.00%	From 01/01/2021
DPI (Holding Drago Group)	11.96%	From 01/01/2020
Siticom	21.53%	From 01/01/2020 for 15% and 01/01/2021 for the rest
Devoteam G Maps	12.00%	immediate
Technologies & Opérations	29.53%	immediate
Devoteam Customer Effectiveness	28.47%	immediate
FI-Makers	33.04%	immediate
D2SI	17.94%	From 31/12/2021
Devoteam NexDigital	35.34%	immediate
Devoteam Italy	50.00%	immediate
Devoteam Netherlands*	20.00%	From 01/01/2021 for one half and from 01/01/2022 for the remainder
Bo d International*	16.00%	From 01/01/2022 for one half and from 01/01/2023 for the remainder. Possibility of carryforward
Jayway*	24.99%	From 01/01/2020 for one third, from 01/01/2021 for one third and 01/01/2022 for the rest, with possibility of one year carryforward
Avalon Solutions	12.50%	From 01/01/2023 with possibility of one year carryforward
Devoteam Turkey*	25.00%	immediate

\* The minority shareholders also have a put option on their shares

### 5.2 Commitments given

#### 5.2.1 Options granted to employees

Share purchase options, founders' warrants (BCF) and warrants to acquire existing redeemable shares (BAAFR) have been granted to Group employees. At 31 December 2019, only 43,161 free shares were in circulation, according to the breakdown below:

Date of plan	Granted	Number of options outstanding at 31/12/2019	Number of options outstanding at 31/12/2018	Exercise price	Earliest exercise date	Expiry date	Zero coupon rate
18/01/2012	400,000	-	23,500	€12.00	18/03/2014	18/03/2019	1.35%
30/11/2012	100,000	-	6,000	€9.00	30/11/2016	30/11/2019	1.25%
17/06/2016	182,000	-	147,800	-	01/03/2019	01/03/2019	N/A
04/09/2017	50,000	43,161	46,000	-	01/03/2021	01/03/2021	1%
<b>Total</b>	<b>732,000</b>	<b>43,161</b>	<b>220,300</b>				

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

	2019		2018	
	Number of options	Average exercise price	Number of options	Average exercise price
Number of shares that may be subscribed at the beginning of the year	220,300	€1.36	308,500	€3.14
Number of options cancelled during the year	41,512	€1.36	18,200	€3.14
Number of options exercised during the year	135,627	€0.40	70,000	€10.50
Number of options issued during the year	-	-	-	-
<b>Number of shares that may be subscribed at year-end</b>	<b>43,161</b>	<b>€0</b>	<b>220,300</b>	<b>€1.36</b>

Devoteam SA has no liability in respect of its commitment to award shares under the purchase options and BAAFR plans. All of these options plans are covered by shares previously reclassified at a price lower than the options' exercise price (see Note 3.7.1).

### 5.2.2 Interest rate hedging instruments

No interest rate hedging instruments were in place at 31 December 2019.

### 5.2.3 Commitments linked to factoring

In December 2013, the Company entered into a factoring agreement, of unlimited duration, with the credit institution BNP Paribas Factor, for a total authorised amount of €40,000 thousand. The agreement is based on the periodic transfer of the balance of factored receivables accepted by the factor. To be eligible, commercial receivables must be certain, liquid and due, and have an initial credit period of no more than 60 days, in accordance with current legislation. In the case of a contract with a management and collection mandate, Devoteam remains responsible for all transactions necessary to ensure the payment of the receivables transferred into an account opened in the name of the factor. The sum of receivables transferred and not collected at the end of the period stood at €11,914 thousand.

### 5.2.4 Other commitments given

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

Guarantees given	Amount	Type
<b>Subsidiary</b>		
Devoteam ITC AS Turkey	55	Guarantees on bank lines of credit
Devoteam Morocco	400	Guarantees on bank lines of credit
Devoteam Services Morocco	200	Guarantees on bank lines of credit
Devoteam Middle East	6,787	Guarantees on bank lines of credit
Devoteam Consulting AS Denmark	811	Guarantees on bank lines of credit
Devoteam GmbH Germany	1,030	Guarantees on bank lines of credit
Devoteam Luxembourg	150	Guarantees on bank lines of credit
<b>Total subsidiary guarantees</b>	<b>9,433</b>	
<b>Other</b>		
Devoteam GmbH Germany	80	Supplier guarantees
Devoteam Foundation	60	Subsidy payment commitment
<b>Total other guarantees</b>	<b>140</b>	
<b>Total guarantees given</b>	<b>9,573</b>	

These guarantees are given in the normal course of business of our subsidiaries. They are mainly meant to guarantee the local banking credit lines with an indefinite duration, as well as supplier guarantees. At the end of the financial year, all of our guaranteed subsidiaries are in a position to fulfil their commitments and, as such, the risk of being called upon remains low.

In addition, pursuant to Article 479A of the UK Companies Act 2006, Devoteam SA guarantees the liabilities of its British subsidiaries Devoteam UK Limited and TMNS Digitalisation Services Limited at 31 December 2019.

Certain acquisition contracts provide for earn-outs subject to financial performance (revenue, operating margin) and/or criteria linked to the Devoteam consolidation group. These commitments are recognised as soon as their payment becomes likely. At 31 December 2019, all earn-outs have been recorded.

## **NOTE 6 - MISCELLANEOUS INFORMATION**

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

During the 2019 financial year, the average workforce was 1,801 employees. This is mainly made up of executive personnel.

### **6.2 Compensation of management and supervisory bodies**

The compensation of management bodies for the financial year ended 31 December 2019 amounted to €1,108 thousand. Due to the fact that the members of the Management Board are not linked to the Company via an employment contract, there is no commitment made in respect of their pensions.

With regard to the Supervisory Board, the amount of directors' fees recognised in 2019 was €40 thousand for nine members.

### **6.3 Individual Training Account**

French Act No. 2014-288 of 5 March 2014 on vocational training, employment and social democracy introduced, with effect from 1 January 2015, the Individual Training Account (Compte personnel de formation - CPF) which replaces the previous Individual Right to Training (Droit individuel à la formation - DIF). The new scheme means that every employee has the right, throughout their career, to 20 hours training per year, up to 120 hours, then 12 hours per year up to a maximum of 150 hours. Rights acquired under DIF to 31 December 2014, but not yet used, may be used under the new CPF until 31 December 2020.

## **NOTE 7 - EVENTS SUBSEQUENT TO YEAR-END**

Given the rapid worldwide spread of the COVID-19 epidemic since the first cases discovered in China in December 2019, the Company is closely following the evolution of the health situation in France. The various confinement measures which are appearing in certain countries could have an impact on the Company's activity if they become more widespread, particularly in Europe. At this stage, the Company has not seen any change of trend in its activities since the start of the year compared with the fourth quarter of 2019. The potential future impact on 2020 is still uncertain and difficult to quantify.



## 4.4 Statutory Auditors' report on the annual financial statements

Financial year ended 31 December 2019

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users. This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the General Meeting of Shareholders of Devoteam SA,

### Opinion

In compliance with the assignment entrusted to us by your General Meeting, we have audited the accompanying Devoteam SA annual financial statements for the year ended 31 December 2019. These financial statements were approved by the Management Board on 9 March 2020 based on the elements available on that date in the changing context of the health crisis related to Covid-19.

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

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

### Basis of opinion

#### *Auditing framework*

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are set out in the "Responsibilities of the Statutory Auditors in the auditing of the annual financial statements" section of this report.

#### *Independence*

We carried out our audit mission in accordance with the independence rules applicable to us, for the period from 1 January 2019 to the date of our report, and in particular we did not provide services prohibited by Article 5 (1) of Regulation (EU) No. 537/2014 or the Code of Ethics for the profession of Statutory Auditor.

In addition, the non-audit services that we have provided over the course of the financial year to your company and the entities it controls and which are not mentioned in the Management Report or the appendix to the annual financial statements concern, notably for Grant Thornton, the report on the consolidated extra-financial performance declaration, as independent third party, and statements on financial ratios prepared upon request of the company.

#### **Justification of assessments - Key Audit Matters**

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

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

### Valuation of equity securities

(Sections 2.3.1 and 3.2 of the notes to the annual financial statements)

#### *Risk identified*

At 31 December 2019, the equity securities were recognised in the Devoteam SA statutory balance sheet for a net amount of €184,583 thousand. Equity securities are recognised at their acquisition date at acquisition cost and may be impaired on the basis of their value in use.

As stated in Note 2.3.1 "Equity securities", a provision for impairment is established when the carrying amount of the equity securities is greater than their value in use. This value in use is estimated by executive management, either using the discounted future cash flow method adjusted for net debt, or based on the share of net position.

The estimate of the value in use requires the exercise of judgment by executive management in its choice of the items to be considered, which may correspond, where appropriate, to historical items or to projected items.

At the closing date, executive management ensures that the carrying amount of equity securities does not exceed their value in use. However, any unfavourable change in the activities related to these investments due to internal or external factors that may be related to the economic and financial environment of the markets in which Devoteam SA operates may significantly affect the value in use of the equity securities and require the recognition of a provision for impairment. Such a development involves a reappraisal of the relevance of all of the assumptions used for the determination of values in use as well as the reasonableness and consistency of the calculation parameters used.

We consider the valuation of equity securities to be a key audit matter given the significant amount of equity securities in the financial statements and their sensitivity to the assumptions made by executive management.

#### *Response given*

Our approach consisted of:

- reviewing and evaluating the process implemented by executive management to estimate value in use;
- for the equity securities for which the value in use is calculated using the discounted cash flow method, adjusted to reflect the cash and/or net debt of the companies in question, assessing the reasonableness of the valuation of the value in use, notably through:
  - o interviews with executive management;
  - o a comparison of the cash flow projections resulting from the budgetary and forecasting process for the years 2020 to 2023 with the projections used in the impairment test for the previous financial year;
  - o a comparison of the 2019 results projections used in the previous financial year's impairment test with actual results to assess their reliability;
  - o an assessment of the reasonableness of the assumptions used in the projections in the light of our knowledge of the economic environment in which the Group operates;
  - o an assessment, with the support of our valuation experts, of the reasonableness of the financial parameters used, the model used to determine value in use and the method used to determine the discounting and long-term growth rates;

- for the equity securities for which the value in use is calculated using the share of net position:
  - o assessing the appropriateness of the valuation method used,
  - o assessing the documentation underlying the valuation of the value in use.

#### Recognising revenue for fixed-price contracts

(Section 7.10 of the appendix to the annual financial statements)

##### *Risk identified*

The Devoteam Group operates in the professional IT services and innovative technology consultancy market. It provides services through subcontracting or fixed-price contracts.

For fixed-price services, revenue is recognized as the service is rendered according to the stage of completion, which is determined by comparing the costs incurred at closing with the total expected costs over the duration of the contract.

The total costs of a contract, in particular those still to be incurred, are regularly monitored and estimated to determine whether the stage of completion of the contract and the level of margin to be recognised need to be revised.

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

##### *Response given*

We reviewed the internal control systems related to the recognition of fixed-price contracts.

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

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

- we reconciled the financial data (revenue, invoicing, costs and work in progress) included in the monitoring sheet for the contract prepared monthly by management control, with the accounting;
- on the basis of interviews with the management controllers and/or operational managers, we assessed the remaining costs to be incurred and the stage of completion of the contract that they have determined and on which the accounting of the revenue figure and the recognition of the margin is based.

##### **Specific verifications**

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

##### ***Information provided in the Management Report and in the other documents addressed to the Shareholders with respect to the financial position and the annual financial statements***

We have no matters to report as to the fair presentation and the consistency with the annual financial statements of the information given in the Management Report of the Management Board approved on 9 March 2020 and in the other documents addressed to the Shareholders with respect to the financial position and the annual financial statements. Concerning events occurring and elements known after the date of approval of the Management Report relative to the effects of the Covid-19 crisis, the executive management informs us that they will be the subject of communication to the General Meeting called to approve the financial statements.

We attest to the fair presentation and the consistency with the annual financial statements of the information relating to payment periods mentioned in Article D. 441-4 of the French Commercial Code.

### **Report on corporate governance**

We attest that the report of the Supervisory Board on corporate governance contains the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code relating to compensations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlling your company or controlled by it. Based on these procedures, we attest the accuracy and fair presentation of this information.

### **Other information**

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the Shareholders and holders of the voting rights has been properly disclosed in the Management Report.

## **Information resulting from other legal and regulatory requirements**

### **Appointment of the Statutory Auditors**

We were appointed Statutory Auditors of Devoteam SA by the General Meeting of 26 July 1999 for KPMG and 20 June 2014 for Grant Thornton.

As of 31 December 2019, KPMG SA was in the third year of its mission without interruption and Grant Thornton in the sixth year.

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

## **Responsibilities of the executive management and corporate governance officers with respect to the annual financial statements**

It is the responsibility of executive management to prepare annual financial statements that present a true and fair view in accordance with French accounting principles and to implement the internal controls that it deems necessary for the preparation of annual financial statements that are free of material misstatements, whether due to fraud or error.

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

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

These annual financial statements have been approved by the Management Board.

## **Responsibilities of the Statutory Auditors with respect to the auditing of the annual financial statements**

### *Audit objective and process*

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

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

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

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

### **Report to the Audit Committee**

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

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

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

#### The Statutory Auditors

Neuilly-sur-Seine, 30 April 2020

Paris La Défense, 30 April 2020

Grant Thornton  
*French member of Grant Thornton  
International*

KPMG Audit  
*Department of KPMG SA*

Vincent Papazian  
*Partner*

Jean-Pierre Valensi  
*Partner*

## 5 CORPORATE SOCIAL RESPONSIBILITY REPORT

Devoteam would like to stress its commitment to the main lines of the Global Reporting Initiative (GRI) which, like the United Nations Global Compact and the Sustainable Development Goals (SDGs), guides the Group's CSR policy through key performance indicators. This report lists the 2019 results of this CSR policy. The references to these commitments are indicated in brackets in each chapter and are explained in the appendix to this report.

### 5.1 Corporate governance

A main component of ISO 26000, the frame of reference applied by the Devoteam Group, good corporate governance is necessary for the success of all CSR actions.

Created in 1995, the Devoteam Group is led by a Management Board made up of two members: Stanislas de Bentzmann, Chairman, and Codefroy de Bentzmann, Chief Executive Officer, founders of Devoteam.

The Devoteam Group also has a number of supervisory bodies:

- a Supervisory Board chaired by Michel Bon, former Chairman of Orange (France Telecom) and Carrefour;
- an Audit Committee in charge of overseeing all matters relating to the preparation and audit of financial information;
- a Compensation Committee in charge of the compensation policy applicable to the executive staff. This committee also serves as a Nominations Committee when required to do so;
- a Strategy Committee in charge of short- and medium-term strategic decisions.

#### 5.1.1 Word from the Management Board

"The Devoteam Group, which heavily promotes the message of digitisation and is thus a driver of change, asserts the importance of being a responsible and supportive corporate citizen. This is why the Devoteam Group commits to creating shared value, offering its customers responsible services whilst encouraging its own employees to behave ethically."

#### 5.1.2 The Group values (GRI: G4-56)

The CSR objectives are based on the Devoteam Group's values, particularly with regard to the commitments to the employees and the qualities expected, namely: Respect for others, the Frankness needed to meet market challenges with concrete action and the Passion to develop expertise and talent.

## Respect

1. Treat people you are working with as you want to be treated yourself.
2. Be professional in your daily work and fulfil commitments.
3. Consider that your colleagues' time and work are as valuable as yours.
4. Integrate new people in teams and make our guests feel welcome.
5. Feel responsible for Devoteam's resources.

## Frankness

1. Give all relevant information to your teams, colleagues, and managers to offer the best view of the situation you are involved in.
2. Improve, don't just criticize. In front of an issue, give always at least one suggestion.
3. Tell what is best, highlight risks, and say if you are not qualified for a task.
4. Learn and share from positive and negative experiences.
5. Manage internal issues, not to let them impact negatively on our efficiency.

## Passion

1. Bring value and new ideas, and share knowledge.
2. Be proud of your teams, your work, and the customer value you deliver.
3. Always act to protect, encourage, and strengthen long term relationships.
4. See an opportunity in any change.
5. Help to develop Devoteam.



### 5.1.3 CSR governance

The QSF/CSR Department reports directly to the General Secretary of the Devoteam Group, thus ensuring a cross-functional position at the highest level.



**Roland de Laage**, *Secrétaire Général*



**Céline Ferreira**, *Directrice QSE & RSE*



**Cihan Kaya**, *Responsable RSE*

2019 was marked by the arrival of a QSF/CSR Director, Céline Ferreira, in order to strengthen the overall position of the Group, notably in terms of Quality. A dedicated department has been created, covering procedures in a cross-functional manner across all entities.

Strengthened by this restructuring, the Continuous Improvement Meeting (CIM) is held every month and brings together actors across different functions in order to promote ongoing improvement within the organisation. Thus, the heads of legal affairs, employee-relations, procurement, collaboration, communication, IS and data security, CSR, quality, internal audit, and professional ethics work with a common purpose, including a set of expected prerequisites at every level.

### 5.1.4 Awards, accreditation and certification (GRI: G4-15)

Since its creation, the Devoteam Group has received several awards for its commitment to sustainable development.



- **Most Attractive Employer (Universum)**

The Devoteam Group is very proud to be ranked among the 120 most attractive employers and to have received the "Leadership Opportunities" prize from Universum. 36,578 students from business and engineering schools identified, amongst 40 criteria, the Group's ambition to make them future leaders.



- **Happy trainees**

According to the interns and work-study trainees welcomed by the Devoteam Group, this certification highlights the quality of the assignments and support. For the 2019-2020 school year, the Devoteam Group scored a recommendation rate of 79.6% (compared with 77.0% in 2018).



- **Diversity Charter**

As a signatory of the Diversity Charter, the Devoteam Group shows its commitment to promoting diversity and has drawn up a plan to combat discrimination. Respect for difference, one of the Group's key values, strengthens the Devoteam Group's commitment to accepting everyone.



- **United Nations Global Compact**

A signatory of the Global Compact, the Devoteam Group commits to respecting the ten principles set out by the UN in 1999. These guiding principles, which are entirely appropriate for the Company's situation, provide the blueprint for the Devoteam Group's CSR policy.



- **Glassdoor**

In 2019, the Devoteam Group was ranked amongst the 20 "most attractive employers" in France according to Glassdoor, all sectors combined. Glassdoor is an online platform where current and former employees can anonymously rate their working environment.



- **Ecovadis Sustainability Rating**

Proof of the Devoteam Group's commitment to CSR is that it has held, for two years, the Silver certification of Ecovadis, a platform which assesses the CSR performances of companies worldwide. Devoteam registered significant progression in 2019 in the Business Ethics section. This ranking positions the Devoteam Group amongst the best in its category (top 9% of the computer programming, consulting and related activities sector assessed by Ecovadis).



- **Gaia Rating**

The Devoteam Group's rise to 59<sup>th</sup> place in the ranking of Gaia Rating, a non-financial assessment platform aimed at investors in France, shows that the Group is implementing an ambitious CSR policy.



- **Carbon Disclosure Project**

The Devoteam Group scored B- for its environmental impact, a score which is higher than the average for its sector of activity and geographic region. This rating reflects the impact of the Devoteam Group on climate change (approaches and initiatives).

### 5.1.5 Business model and NFPS

The Devoteam business model is set out in Section 2.1.3 of the activity report for the financial year. It was produced from an analysis of the financial and non-financial risks which may impact the performance of the Devoteam Group. These risks are reviewed once every year in order to revise the approach and prepare the Non-Financial Performance Statement (NFPS) with a hierarchy of risks, the main ones of which are listed and explained in Section 2.5.4 of the Management Board's activity report.

This report presents the mechanisms put in place to mitigate the impact of these risks, and their associated performance indicators.

### 5.2 Employee Issues and Human Rights (respect of principles 1 to 6 of the Global Compact + GRI: G4-HR5, LA4, HR4, HR6 + SDGs 4, 5 and 8)

The Devoteam Group, a signatory of the Global Compact and a company with both a French and an international presence, respects and promotes national laws and international labour conventions by clearly and openly displaying its commitment to:

- collective bargaining between employers and staff representative bodies, as well as freedom of association (SYNTFC convention);
- respect for the freedom of association and recognition of the right to collective bargaining;
- the elimination of any form of forced or compulsory labour;
- the refusal to use child labour;
- the employer's involvement in the career development of their co-workers, particularly through training.

Employees enter into contracts following a transparent recruitment process during which the two parties decide, of their own accord, to work together. This agreement is formalised by the signing of an employment contract that sets out the rights and obligations of both parties.

In 2019, the total workforce of the Devoteam Group rose by almost 8.4% compared with 2018. The scope for data on employee issues also progressed from 94% to 99%.

INDICATORS	31/12/2019		31/12/2018	
	Total	On scope	Total	On scope
<b>Workforce</b>	<b>7,562</b>	<b>7,518</b>	<b>6,975</b>	<b>6,573</b>
Excluded	44		402	

In this employee affairs section, the Group presents its 2019 results in terms of recruitment, distribution of workforce, internal and external training strategy, career management and commitments to employees at the national and international level, all of which are essential matters for a digital services company that places human values (TechForPeople) at the centre of its concerns.

### 5.2.1 Integration through work (GRI: G4-LA1)

The Devoteam Group's recruitment strategy is in line with the Company's HR policy, the aim of which is to recruit the most talented people who can then develop their expertise and accelerate the digital transformation of clients. The strategic choice, defined in the Eagle For Value project, is to significantly improve the quality of recruits and invest in them over the long term. Thanks to this approach, the improved quality of recruits led to a fall in the attrition rate in the last quarter of 2019 to 26.8% and a net increase in the workforce by 554 employees over the year, distributed as follows:

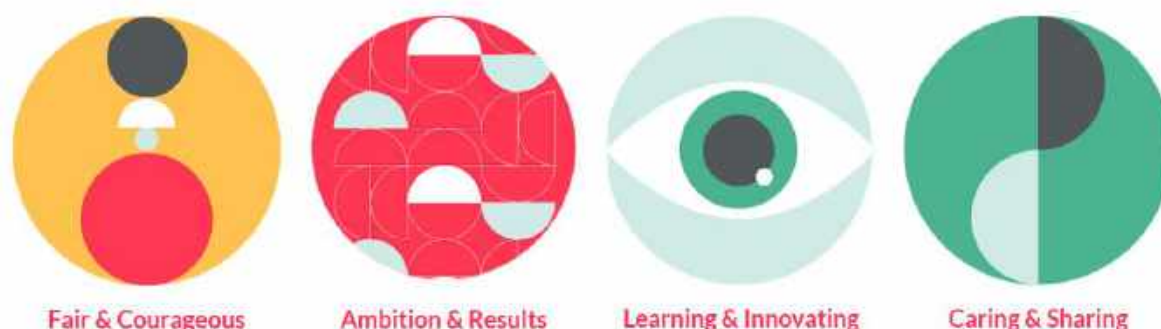
INDICATORS	31/12/2019	31/12/2018
Staff movements	Distribution	Distribution
<b>Total number of hires</b>	<b>100%</b>	<b>100%</b>
on open-ended contracts	85%	85%
on fixed-term contracts	11%	12%
other <sup>(1)</sup>	4%	3%

INDICATORS	31/12/2019	31/12/2018
<b>Attrition rate</b>	<b>30.40%</b>	<b>25.90%</b>
Staff movements	Distribution	Distribution
<b>Total number of departures</b>	<b>100%</b>	<b>100%</b>
Resignations	62%	69%
redundancies	12%	14%
end of fixed-term contracts	8%	5%
retirements	< 1%	< 1%
deaths	< 1%	< 1%
other <sup>(2)</sup>	17%	11%

1. open-ended and work-study contracts
2. contractual terminations and internal mobility

The Devoteam Group has equipped itself with a **recruitment management tool**, SmartRecruiters, making it possible to trace the entire process in a harmonised manner at the Group level. Candidates' data is kept according to GDPR (General Data Protection Regulation) and recruitment teams from different entities can exchange relevant CVs. Internal mobility and cooptation can also be carried out via this tool.

Particular attention is also paid to **making sure that the candidates are appropriate for the Devoteam Group's culture, and to the behaviours expected in the consultancy professions.**



The Devoteam Group has thus put in place initial psychometric evaluation, using the CUBIKS tool. The results of this tool are discussed during an initial interview with a recruitment assistant and a manager. Once this appropriate fit with the Group culture has been approved, Devoteam assesses the technical knowledge of candidates. A second assessment involves a technical test and an in-depth interview with the candidate's future manager.

This interview may finally be accompanied by an evaluation by a "Solution Leader" who will confirm the consultant's capacity to join a "core team Solution".

An answer is sent to the candidate within 72 hours, before a job offer and the signing of an employment contract. This marks the start of the onboarding process, which begins with the planting of a tree, the "Blossom Commitment". This planting symbolises the Devoteam Group's commitment to the environment and the new arrival's commitment to the Group.

Over the course of the year the Devoteam Group has launched a project on a limited scope which aims to integrate the new arrival digitally as soon as the contract has been signed, sending the employee information on the Devoteam Group. This includes regular e-mails to keep in touch with the candidate and a call from the manager to talk about the nature of the assignments and the culture of the Company. This project aims to create a link with the employee prior to his or her arrival. When he or she does arrive, the candidate is invited to an integration day (-ey Team!).

The overall recruitment process enables the Devoteam Group to maintain its high level of attractiveness as an employer, which remains markedly consistent from one year to the next in terms of age and gender distribution (see Note 5.2.4).

Finally, the distribution by geographic zone is similar to the previous year. It highlights the fact that the Devoteam Group concentrates its development strategy in Europe, and has a strong representation in France.

INDICATORS	31/12/2019		31/12/2018	
	Number	Distribution	Number	Distribution
<b>Total</b>	<b>7,518</b>	<b>100%</b>	<b>6,573</b>	<b>100%</b>
France	3,431	46%	3,073	47%
Europe	3,408	45%	2,943	45%
Rest of the world <sup>(1)</sup>	679	9%	557	8%

(1) mainly North Africa, Mexico and the Middle East

### Employment road map

The Company's employee-related policy depends on new regulations and changes in employment law. Several tools in this area have been put in place, such as GSuite and Workolace and more recently SmartRecruiters for human resources.

The Group wants to focus this year on the monitoring and development of new indicators which have been identified as ways of improving over the next few years and continuing to support growth. The Group aims to roll out a new "Human Capital Management" (HCM) application: Workday. This tool, which monitors employees' integration and the development of their skills, and provides internal operational efficiency, will replace Karma (the current HR database) and will aim to become the heart of the Human Resources Information System Management (HRISM) ecosystem.

A dedicated project team is working on the features, which will be gradually rolled out. The first version will essentially concern standard HR processes and will make it easier for employees to access and modify their personal data.

### **5.2.2 Monitoring of training and career management (GRI: G4-LA9, LA11)**

Since its creation, the Devoteam Group has invested heavily in ongoing professional training. The Group supports its clients in their digital transformation and that requires ongoing updating and development of employee expertise, so that it can meet market needs and challenges. The Group therefore implements an ambitious training policy and sets aside more than 2.6% of its gross payroll each year for training.

This policy covers two areas in particular:

- training leading to certification in the technologies of the Group's partners, a guarantee of quality for clients;
- training in the market's main methodologies and additional training in personal skills.

The Devoteam Group organises both external training provided by partners, and internal training provided by experts in the Devoteam Academy.

Developing talent is part of the Group's DNA, hence the slogan: #WeareTalentmakers.

INDICATORS	31/12/2019	31/12/2018
Training expenditure as a % of payroll <sup>(1)</sup>	<b>2.60%</b>	<b>2.30%</b>
Total number of training hours	240,262 <sup>(3)</sup>	140,048 <sup>(2)</sup>
Number certified (technologies of partners) <sup>(4)</sup>	2,000	NA
Number of people trained as Career Managers	23	18

1-Scope: DEVOTEAM SA

2-Scope: Devoteam SA, C-Cloud, Axance, Belgium, Netherlands (excluding TM NS), Austria, Germany, Sitcom GmbH, Middle East

3-Scope of employee data section of 2019 CSR report

4-Partners: ServiceNow, Google, Red Hat, Microsoft, Amazon

In 2019, 79% of training hours were provided internally, compared with 85% in 2018.

- **Devoteam Academy**

The Devoteam Academy is a "training school", Veriselect certified by Bureau Veritas, made up of training professionals and internal experts, which optimises overall performance by:

- ongoing development of the training offering;
- enhancing the value of internal experts;
- enhancing collective and individual skills in line with the changes in business lines;
- creating training paths which are homogeneous, consistent and appropriate for the profession of consultant;
- encouraging sharing and learning.

The Veriselect certification consolidates the high standards of the internal trainers, boosting access to training and also passing on the key technical skills sought by the market.

In 2019, the Group redefined the training path of Career Managers, who occupy a very important function in the Company. Consultants on assignments with clients take on management responsibilities when they supervise teams and provide close career management. In order to provide the best possible support for them in their functions, the Group has created a three-year programme. Every year, the Career Manager undergoes specific training, in areas such as Group offerings, management fundamentals, personality training, time management or organisation. Since the creation of this programme, the Group has trained 73 employees in the Career Manager function, and 23 were incorporated in 2019 (compared with 18 in 2018).

- **Devoteam Research and Innovation (DRI)**

Created in 2017, Devoteam Research and Innovation (DRI) is responsible for supporting the definition of innovative and high added value solutions in line with the Group's strategy.

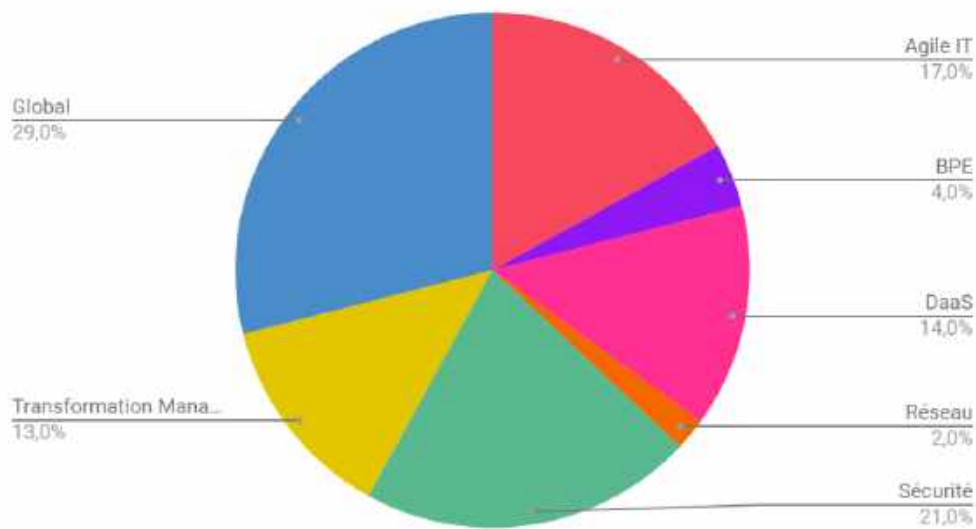
In 2019, coordinating with experts and client feedback, the DRI extended its activities to:

- the publication of internal news;
- the implementation of a laboratory facilitating increased expertise of consultants;
- the implementation of internal and external demonstrations.

These activities, combined with the overall technological watch effort, are presented under the term "Global".

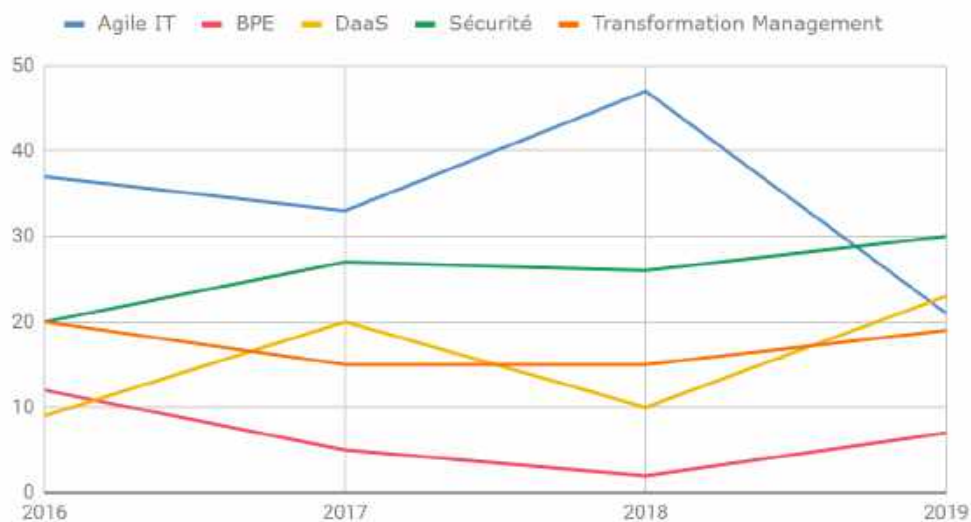
On the DRI scope in 2019, several subjects were covered and are presented in the graph below:

## Répartition des travaux R&D en 2019



Changes in the distribution of offerings since 2019 shows that whilst work involving the Cloud was in the majority up until 2018, the trend since 2019 has been for a reduction in volume of these subjects (Agile IT) to the benefit of Data, including the AI area demanded by clients, and professional and functional areas associated with BPF and TV offerings.

## Evolution de la part des offres dans les travaux



Finally, the changes in the volume of subjects and R&D efforts are presented in the following graph and table and can be explained by several factors:

Effort en R&D



- In 2017, a significant workload was undertaken in order to work in the Data area, ahead of an expected change in customer needs;
- Multi-year projects are then implemented with a prospective vision of the offerings;
- Finally, since 2018 the Group has been implementing more applied projects in innovative tools, particularly to meet client requirements, with security subjects being implemented over shorter periods.

INDICATORS	2019	2018
Workload in FTE	67	60
Number of research projects	77	59
Average workload per project	188 days	220 days

• **Employee satisfaction survey (ESS) (GRI: G4-58)**

This was introduced in 2013 to measure the level of employee satisfaction. These surveys are completed each month following the submission of activity reports (ARs).

Co-workers whose 2019 results were considered to be satisfactory were asked three questions, namely:

- How would you describe your project environment? stable result at about 90% of co-workers satisfied;
- How would you describe your relationship with Group management? progression of 0.4% in 2019 with an end-of-year result of 93.5%;
- How would you generally describe your links with the Group? stable result at about 92% of co-workers satisfied.

A score of 1 to 4 is given (4 being the highest). A free comment can also be added.

All scores below 3 are automatically sent by e-mail to the Human Resources Business Partners (HRBP) and line managers. Any dissatisfaction triggers a corrective action plan by HRBP and the manager through a call, e-mail or meeting.

Each month, HRBP processes the responses to compile statistics based on curve models for the scores for each question, noting the overall trends by entity, sector and seniority.

Finally, a report is sent every month to all managers, sector directors, HRBPs and general management for constructive monitoring.

Road map for monitoring careers and training

In 2019, noting a slowdown in answers to the ESS with overall satisfaction rates stable, a new procedure for monitoring co-workers' opinions was developed for deployment from January 2020. This survey, MyDevoMood, will be sent quarterly and will have more questions in order to cover co-workers' opinions in a more realistic way and provide a sustainable framework for actions. For the sake of transparency, the results will be communicated via Workplace.

**5.2.3 Working conditions (GRI: G4-LA5)**

**5.2.3.1 Work/life balance**



- **Teleworking agreement**

Teleworking offers co-workers **more flexibility** and a better work/life balance. It is also a **solution which enables business continuity** and in France enabled the Group to maintain an excellent quality of service despite the widespread transport strikes in December 2019.

In 2017, Devoteam SA and the trade unions signed a two-year extension of the agreement previously concluded to introduce teleworking in the Group. In 2019, it was decided to extend this agreement to other group entities in France. Consequently **13 Group companies** are now covered by an agreement or charter on regular or occasional teleworking.

In principle employees can work from home two days per week, on days agreed by the employee and manager. An amendment, renewable every six months, is signed to this effect. This represents less than 10% of the requests due to client service activities which are more suited to occasional teleworking. 70% of requests are from consultants on client assignments and 30% are from employees working in house.

- **Right to disconnect**

In 2018, executive management put in place a charter on the right to disconnect for all Group entities: **everyone is responsible for their own ability to disconnect**. As with the use of the AR to check that breaks are being taken, the Group is endeavouring to raise awareness amongst its employees of these issues which are essential to well-being in the workplace.

Taking it one step further, executive management has put in place an **e-learning module** on the right to disconnect, taking up the principles stated in the charter, accessible to all via My Devoteam Academy, so that everyone can be informed and aware of this notion of the right to disconnect and of the correct use of digital tools.

- **Donating paid leave**

Following on from the company-wide agreement of 14 May 2018 relating to the scheme allowing staff to donate paid leave to colleagues with seriously ill children and spouses, a new agreement was signed on 21 October 2019 between Devoteam and the unions. This three-year agreement extends the mechanism to a co-worker who:

- is responsible for a child aged under twenty suffering from an illness, disability or the consequences of an accident and requiring long-term care;
- looks after their partner who has significantly limited autonomy or is disabled;
- has a disabled or dependent parent.

In accordance with the procedure set out by this agreement, these employees can benefit from days of paid leave donated by their colleagues. With regard to requests for donations of paid leave to care for a seriously ill child, Devoteam will also participate in the donation, granting to the employee half of the required number of paid authorised days of leave stated in his or her request.

In 2019, there were six calls for donations generating **the donation of 96 days of paid leave**, proof of strong solidarity amongst employees.

INDICATORS	2019	2018
<b>Number of calls for donation of paid leave</b>	<b>6</b>	<b>NA</b>
Number of days donated by employees	63	NA
Number of days donated by the Devoteam Group	33	NA

- **The right to information**

The Group has always encouraged communication between co-workers in order to promote the sharing of knowledge. In 2018 it introduced an internal social network called "Workplace by Facebook", which enables

employees to share news and experiences, to participate in quizzes and plan events just as they can on the Facebook social network. It is reserved for Group co-workers and allows them to read about news in their Group and entity.

Every year the Devoteam Group also organises almost 150 social or festive events during which co-workers can meet and spend some quality time together. Some are more focused on consultants on assignments (half-yearly kick-offs, afterworks), others on standard employees (penalty sessions, garden parties), thus addressing all kinds of co-workers. The main goal is for employees to embrace the Devoteam Group's values and to develop a sense of belonging to the Company.

### 5.2.3.2 Occupational health and safety (GRI: G4-LA6)

During the course of 2019, the absenteeism rate in France remained stable at 3.59% compared with 3.68% in 2018.

By comparison, French companies had an average rate in 2018 of 5.1%\*, so the Group can be proud of its occupational health and safety policy which is based on several actions aimed at preventing psychosocial risks.

(\* Source: 11th absenteeism barometer of the Ayming consultancy)

The Group has deployed an HR proximity policy to enable it to identify more easily and swiftly any potential difficulties faced by its employees. There has also been an overall risk analysis, the Single Risk Assessment Document (SRAD), which includes health risks, those linked to the working environment (open-spaces, fire risk), those faced by co-workers on assignments on the client's premises, and external risks.

In order to ensure a calm working environment, heads of HR and managers regularly visit client premises to meet consultants and educate them on good practice in relation to:

- the risk of illegal subcontracting;
- the risks linked with the working environment (posture, the noise implication of open plan offices, sources of stress).

In 2019, 20 managers were trained in the management of psychosocial risks (PSRs).

The Devoteam Group has made a whistleblowing procedure available to co-workers suffering from a PSR or those who detect one in a colleague. This improves the way issues are dealt with when they are flagged.

In addition, if employees have not been able to take their daily and weekly rest, they must say so once a week. Every warning is reported to the manager, HR and the Social Affairs Department, and then a meeting is organised within eight days of the warning in order to understand why the co-worker has not been able to benefit from his or her rest. Then action is taken so that such a situation is not repeated. At present all the warnings issued in 2019 have been processed.

Since 2019 the Group has allowed co-workers to access the Simundia platform which can put them in touch with professional psychologists. This service is completely confidential, anonymous and free, and enables the co-worker to benefit from remote support for six one-hour sessions, entirely paid for by the Company. This responsive service can connect you, in under 48 hours, with a psychologist who is an expert in matters such as managing stress and emotions, work/life balance, returning to the office after an absence, excessive workloads or self-confidence. The consultations take place by video conference or telephone and adapt to working times.

INDICATORS	31/12/2019	31/12/2018
Number of people supported via the Simundia platform	16	NA
Satisfaction rate for support provided	93%	NA

Finally, the satisfaction surveys presented above are also a good indicator of the state of mind of co-workers and help identify ways of achieving a more harmonious workplace.

### Working conditions road map

The mechanism for donating paid leave will be rolled out in the other Group entities in France during the course of 2020.

There will also be union elections in 2020. Thus, replacing the works council, the health and safety committee, and the staff representatives, the new Economic and Social Committee (FSC) will be appointed.

Finally, the Group is currently developing an e-learning module which is open to all co-workers via My Devoteam Academy, in order to help them understand what a P5R is, identify whether they are at risk and, if they are, who they can turn to in order to remedy the situation.

#### 5.2.4 Combating discrimination and diversity policy (GRI: G4-LA12 and HR3)

Since its creation in 1995, Devoteam has prohibited the application of discriminatory criteria in the recruitment of employees, particularly criteria related to origin, gender, lifestyle, sexual orientation, actual or presumed ethnicity, nationality or race, political opinions, trade union or mutualist activities, religious beliefs, physical appearance, name, health, disability, pregnancy, age, marital status or genetic characteristics.

The Group's values reflect the desire to act in this way, namely to represent diversity in the workforce. It encourages the implementation of a human resources management policy that focuses on the support and recognition of individual skills. The Group would thus like to promote social equity and cohesion and currently has **69 different nationalities** within the French scope.

- **Disability mission, a chance for everyone (GRI: G4-LA8)**

On the back of the third agreement to promote the employment of disabled people, the Group is making a daily commitment through actions whose results in the indicators relate to the entities covered by the Disability agreement.

INDICATORS <sup>(1)</sup>	31/12/2019		31/12/2018	
Disability category <sup>(1)</sup>	Number	Rate	Number	Rate
Employees recruited	11	-	13	-
Direct employment (declared employees)	56	1.90%	54	1.61%
Adapted work stations	11	16%	8	-
<b>Socially responsible purchases</b>				
ESAT/EA supplier expenditure <sup>(2)</sup>	€127.931		€106.368	
Indirect jobs	0.25%		0.23%	

1. Workforce covered, until as covered by agreement.

2. Assistance centres helping disabled people into work/Adapted Companies.

The Group aims to recruit 21 disabled people over each agreement period (three years) and keep them in their jobs (via adjustments to equipment, rotas, working hours, transfers with relocation assistance, etc.). In just two years, 24 co-workers have been recruited thanks to internal investments by the Disability mission in several areas:

- monitoring of the company-wide agreement (for example 10 co-workers benefited from medical absences granted by Devoteam, representing 15.5 days of absence in 2019);
- raising awareness amongst recruiters and HRBP (100% are trained by a consultancy with experts in the recruitment and monitoring of disabled people);
- systematic awareness-raising during the integration seminar;
- link and action with occupational medicine;
- internal communication actions.

The Disability mission has also been involved in external actions such as developing services with "FSAT" assistance centres helping disabled people into work and "FA" adapted companies, with a positive impact being made through Group procurement.

At the same time, given the difficulties hiring skilled disabled employees, due to the levels of training required, the Group also supports job-seekers by helping them to improve their skills, notably by financing training **for 14 people per year** at the "Many Rivers" Disability Training Centre in Paris, in the following areas:

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

Every year, 60% of those trained in this centre are in work within six months of the end of the training.

#### **Focus on internal communication initiatives:**

The aim of this effort is to raise employees' awareness of the difficulties caused by visible or invisible disabilities (problems with short-term memory, muscle weakness, problems with vision, dyslexia, pain, psychological suffering, deafness, diabetes, musculoskeletal disorders, depression, anxiety, cancer, epilepsy) to encourage them to talk to the Disability mission manager, or to each other, about their experiences and the consequences of such handicaps on daily life. Over **250 Group employees** participated in the events organised in 2019:

- a disability awareness-raising initiative, based on an educational game, attended by 45 co-workers in Levallois-Perret and 60 in Toulouse;
- the "HandiPassport" attended by 36 co-workers and based on 10 themes;
- the "DevoHandiQuiz" on cognitive disorders. 17 people took part in the quiz and were able to deepen their knowledge of disorders such as dyslexia and dyspraxia, which are still widely misunderstood. This helps to clear up misconceptions about disability and promote the integration of the people concerned.

- **EGALITEAM**, a movement for equality of opportunity (GRI: G4-IA13)

FGA. EFAM is an initiative led by the Devoteam Management Consulting entity and was founded in 2019. It aims to combat inequality in the workplace in order to ensure that everyone has the same professional opportunities.

Its mission is to develop the feeling of well-being of all co-workers, in their diversity, by the internal and external promotion of values which unite the Devoteam Group.

The collective, made up of 15 or so volunteers and supported by executive management, has carried out several awareness-raising initiatives since its creation, notably:

- a conference with the title "Gender balance, equality - How far have the men come?" presented by Marie-Christine Vanéas, expert on gender issues;
- an event on the women's football world cup (Afterwork, sports bets);
- the sponsorship of female student sport teams in order to promote women's sport and also to attract new female talent.

These initiatives aim to attract new female talent to the Devoteam Group, at a time when women are hugely under-represented in the digital sector due to the over-representation of men in engineering schools.

INDICATORS	31/12/2019		31/12/2018	
	Number	Distribution	Number	Distribution
Personnel movements				
<b>Both genders</b>	<b>7,518</b>	<b>100%</b>	<b>6,573</b>	<b>100%</b>
Women	2,007	27%	1,686	26%
Men	5,511	73%	4,887	74%
<b>All ages</b>	<b>7,518</b>	<b>100%</b>	<b>6,573</b>	<b>100%</b>
18 - 24	504	7%	486	7%
25 - 34	3,741	50%	3,257	50%
35 - 44	1,899	25%	1,673	25%
45 - 54	1,005	13%	867	14%
> 55	369	5%	290	4%

The distribution by age group remains stable due to the fact that the Company's activity involves recent technologies and training programmes for junior engineers, such as the Knowledge Up Programme (a three-year training programme).

In addition, with the Group's main activity being digital transformation consulting, the large majority (about 80%) of co-workers are working directly with clients (mainly the large accounts) and such constantly changing experience is for the most part sought by younger people. The remaining 20% work from Group premises.

### Road map in the fight for diversity

The disability mission envisages the creation of interactive training for sales staff and managers.

In parallel, the Ega! team initiative is continuing this year with the following three main themes:

- show the importance of diverse profiles at every hierarchical level, both for the well-being of co-workers and the Company's performance;
- internally produce and analyse gender balance indicators, published every six months following career committees;
- put in place an action plan which aims to raise employees' awareness of social inequalities in the workplace and transform internal processes to make them more inclusive and effective.

Following the enriching initial experience of the fight against gender inequalities, Ega! team wants to expand its scope and include initiatives in other matters related to diversity.

### **5.3 Environment (respect for principles 7 to 9 of the Global Compact + SDGs 7, 11 and 13)**

Due to the nature of the Group's business, it does not present any significant direct risks to the environment and biodiversity. The policies, measures and key performance indicators stated below concern the France scope which represents 46% of the workforce and revenue, giving a good idea of the impact of a Group co-worker on the environment. In addition, initiatives are implemented internationally in order to raise the teams' awareness of environmental issues. Food waste is not covered since it is not applicable.

#### **5.3.1 Carbon footprint assessment (GRI: G4-EN3, EN4, EN15, EN16, EN17)**

The Devoteam Group drew up a complete carbon footprint assessment in 2018, covering emissions in 2017. It thus has a precise inventory of the emissions factors. It was thus possible to prepare an ambitious action plan in order to reduce its impact on the environment.

In 2017, the Group managed to improve the management of its carbon footprint by reducing its emissions linked to energy consumption and waste production. Travel and purchases increased due to growth. The ratio per co-worker therefore increased from 1.39 to 1.47 tCO<sub>2</sub>e.

### Bilan Carbone Devoteam France 2016 / 2017



- **Note on methodology**

The results of the carbon footprint assessment shown above are for France in 2017. The methodology consists of collecting data available from purchasing, accounting and general services departments.

A questionnaire on commuting was also sent out to all employees to learn more about the carbon impact of staff travel. More than 900 staff responded, out of a total of 2,333 contacted. Data from the vehicle fleet was added.

#### Carbon footprint road map

A new carbon footprint assessment will be produced in 2020 on 2019 emissions. In 2021 the Group would also like to extend the geographical scope of this assessment to other countries in order to raise the employees' awareness of their impact on the environment and meet a global challenge at a local level.

In 2020, the assessment of environmental risks (rising sea levels, global warming) will be included in all SRADs.

#### 5.3.2 Waste management (GRI: G4-EN23)

- **Office waste**

As part of its waste management policy, Devoteam is working with Flise, an FA (a company where at least 80% of the workforce consists of people with disabilities), to recycle its waste. So the choice of this supplier has a double impact:

- to help (indirectly) with the employment of disabled people;
- to recycle and monitor the waste-related impacts.

Employees also benefited from an awareness-raising campaign by the Flise manager on waste sorting. The Group has committed to putting in place waste sorting in all its offices in France and to carry out an audit. At present 90% of the France scope is covered.

As such, in 2019, the amount of waste recycled was:

INDICATORS	2019		2018	
	Quantity recycled	CO2e of avoided emissions	Quantity recycled	CO2e of avoided emissions
Cans	259 kg	6,863 kg	153 kg	4,055 kg
Plastic bottles and cups	667 kg	7,271 kg	496 kg	5,439 kg
Paper/cardboard	3,382 kg	1,015 kg	3,048 kg	915 kg
Class	321 kg	10 kg	NA	NA
Batteries	10 kg	NA	NA	NA
Cigarette butts	46 kg	NA	NA	NA

Source: Elise, Ademe Carbon footprint assessment and Cy-Clope in France

INDICATORS for paper	2019	2018
Total amount ordered	3,445 kg	4,658 kg
Certified rate	100%	100%

The monitoring of waste sorting has shown that the quantity of paper recycled is very close to that bought by the Group's French entities. In addition, in 2019 paper consumption decreased by 26% compared with 2018, a result of the introduction of a system to control access to printers.

- Waste Electrical and Electronic Equipment (WEEE)

The Devoteam Group has concluded an agreement with the disability-adapted company ATF Gaïa to recycle WEEE. The significant increase in waste collected is due to the recycling of a significant stock of computer equipment which was decommissioned in 2019.

Waste	2019	2018
Total quantity of WEEE removed by an external provider	3,800 kg	1,299 kg

### Waste management road map

The Group would like:

- to recycle 90% of paper bought in 2020;
- to drastically reduce the consumption of plastic cups by the end of 2020;
- to optimise the management of waste following the recommendations of the audit carried out in 2019.

### 5.3.3 Energy (GRI: G4-EN3, EN4, EN6)

The Group's activity does not involve the use of water or electricity beyond normal use in buildings occupied for its activity. In 2019, the Devoteam Group equipped itself with a tool called Citron which traces the energy consumption of buildings in France. This tool enables the Group to very precisely monitor its infrastructure's electricity consumption.

Over the last three years the Group has also introduced several initiatives to reduce its energy consumption in France, such as the installation of LEDs, a central switch on each floor, and timers which are programmed to switch the lights off. In March 2018, the Group changed its energy supplier to one offering 100% certified green energy.

These initiatives helped limit the increase in energy consumption to 1,024,717 kWh in 2019 despite the growth in the surface area occupied in premises in France.

INDICATORS for energy	2019	2018
Energy consumption	1,024,212 kWh	1,009,423 kWh

In addition, the Devoteam Group commissioned an energy audit at the end of 2019 on the three main buildings housing staff. The audit report revealed no material anomalies. The recommendations made by the auditor will be submitted to the General Secretary in order to decide what action needs to be taken.

### Energy road map

In 2020, the CSR Department and General Services will:

- present the energy audit and the obligations related to the tertiary decree to the members of executive management;
- optimise the management of the lighting in all buildings in order to make energy savings;
- instal temperature regulators in the Group's premises in France in order to better distribute heat in buildings.

#### 5.3.4 Travel management (GRI: G4-EN30 and EN31)

As part of their work, certain Group employees use a company car and the management of this fleet of cars is monitored.

For the France scope, the CO<sub>2</sub> emissions from the vehicles of the fleet are capped at 130 g/km per hire vehicle. At 31 December 2019 the data remains stable (average of 105 g/km compared with 104 g/km in 2018) at a level which is lower than the malus threshold (131 g/km) but higher than the bonus threshold (90 g/km). The CO<sub>2</sub> emissions rose to about 475 tonnes CO<sub>2</sub> in 2019 (compared with 438 tonnes in 2018) out of a total of about 4.6 million km travelled (4.2 million in 2018). The number of people with a company car rose compared with 2018 and the transition of the fleet from diesel to petrol had an impact on this data.

Business travel by plane by French co-workers rose to just over 3.8 million km (compared with 3.2 million km in 2018) representing about 722 tonnes of CO<sub>2</sub> emitted in 2019 (compared with 582 tonnes in 2018).

Lastly, for the French scope, the CO<sub>2</sub> emissions linked to rail travel in 2019 totalled 7.8 tonnes for 1.8 million km travelled (compared with 9 tonnes of CO<sub>2</sub> for 1.6 million km in 2018).

Business travel indicators	2019	2018
<b>Company cars</b>		
Average of emissions	5.5 g CO <sub>2</sub> /km	5.3 g CO <sub>2</sub> /km
Total emissions from this source	475,000 kg eq. CO <sub>2</sub>	438,000 kg eq. CO <sub>2</sub>
<b>Aeroplane</b>		
Total emissions from this source	722,000 kg eq. CO <sub>2</sub>	582,000 kg eq. CO <sub>2</sub>
Annual distance travelled	3,800,000 km	3,200,000 km
<b>Train</b>		
Total emissions from this source	7,800 kg eq. CO <sub>2</sub>	9,000 kg eq. CO <sub>2</sub>
Annual distance travelled	1,800,000 km	1,600,000 km

In accordance with its best practice commitments, the Group recommends that employees reduce their travel. Having noted a rise in the number of trips by plane in the second half of 2019, the travel policy was revised with a view to limiting trips by plane, train and car, and to encourage the use of telephone and video conferencing when possible. These measures allow the Group to make both financial and energy savings and co-workers to save time. The environmental impact of train journeys is falling year on year; its use is therefore encouraged ahead of plane travel, when possible.



## Travel management road map

Employee travel (commuting and business travel) generates most of the Group's CO<sub>2</sub> emissions, as evidenced by the carbon footprint assessment, which is why an action plan has been drafted to reduce the impact of such travel:

- reduce CO<sub>2</sub> emissions from vehicles of the fleet on a restricted test scope thanks to the partnership with WeNow;
- replace cars in the fleet with clean vehicles, ensuring that at least 10% of the fleet is hybrid or electric by the end of 2022;
- revise the CO<sub>2</sub> emission threshold per vehicle in accordance with the new standards;
- encourage co-workers to switch to video conferencing in order to reduce the environmental impact of business travel.

### **5.3.5 Purchases of equipment (GRI: G4-EN31)**

The Group would like to reduce its environmental impact in its supply chain and in the use of its equipment. A responsible purchasing charter is in force and several initiatives have been undertaken:

- maintaining a partnership with DreamAct, a company active in the sale of responsible goodies, with each order giving rise to a charitable donation. The school relations activity alone generated the purchase of 9,000 units (3,000 sweet boxes, 240 flasks, 3,000 packs of cards, 2,500 eco-cups, 500 water pistols, 7 wind-cheaters, 35 T-shirts);
- equipping printers with a system requiring the use of a badge, a change which prevented the printing of 194,000 pages in 2019;
- installing equipment to facilitate telephone conferencing;
- repairing computers and mobile phones in order to extend their lifespans;
- buying EnergyStar certified electronic products (computers, screens, chromeboxes) and PEFC or Fco-label paper;
- configuring printers to print on both sides and in black and white;
- working with suppliers who are socially committed and respectful of the environment.

INDICATORS	2019	2018
<b>Environmentally responsible purchases</b>		
Rate of certified electronic products (EnergyStar, etc.) bought	75%	80%
PEFC <sup>1</sup> /Eco-label certified paper	100	100

1. Programme for the Encouragement of Forest Certification

## Equipment procurement road map

- Sustainable procurement (ISO 20400) training by the end of 2020 for all those involved in purchasing

### **5.3.6 Carbon offsetting**

The Devoteam Group wants to take concrete measures for the environment, so the CSR Department and the recruitment teams launched the "Bosson Commitment" initiative. This initiative, which is part of the recruitment process, aims to educate all new arrivals about sustainable development, in particular carbon offsetting. Whenever an employee is hired, he or she commits to planting a tree seed in a physical pot and a tree virtually on the Reforest'Action partner site. The majority of the Group's subsidiaries have agreed to take part in this initiative. In 2019, new arrivals to the Group planted 540 trees worldwide thanks to the partner site.

This offsetting represents over 70% of the environmental impact of each employee (source: Reforest'Action).

In addition, two initiatives have been launched by the Portuguese subsidiary of the Devoteam Group (BOLD):

- to participate in the national campaign entitled "A tree for the forest" which aims to reforest the green spaces devastated by recent summer fires. As a result, the Devoteam Group has acquired, in the name of each of the co-workers, 555 trees which have been planted in the most affected areas;
- to join the Lisbon 2020 European Green Capital commitment, defined in the European Union's Mayors' Pact for the climate and energy.

#### Carbon offsetting road map

- To develop the list of environmental actions to be implemented by 2030 in Portugal;
- To extend the Blossom Commitment initiative to all Group subsidiaries by the end of 2021.

#### **5.3.7 Beehives, a commitment to biodiversity**

Mindful of environmental issues and biodiversity in particular, the Devoteam Group is seeking to play its part in addressing these fundamental issues by installing beehives on the roofs of its head office buildings. Each year, the honey produced is given to employees.

Bees have been on the endangered species list since 2016. Yet they play a vital role in pollination, which allows plants to reproduce. Without bees, the survival of all these plants is under threat, and ultimately so is biodiversity.

#### **5.4 Ethics and compliance (respect for principle 10 of the Global Compact, SDG 16)**

Actions linked to the "Business Ethics" strategy are carried out on an international scale and concern all entities.

##### **5.4.1 Fighting corruption (GRI: G4-SO4)**

The fight against corruption in the Group is everyone's business and in 2019 over half of Group managers were trained in the fight against corporate corruption, following a training programme prepared internally via My Devoteam Academy.

The Group is listed on the Paris stock market and is present in over 18 countries. The Group applies all laws and regulations in force locally in all French and foreign entities and in 2019 it put in place a whistleblowing system the objective of which is to actively fight:

- corruption;
- anti-competitive practices;
- non-compliance;
- conflicts of interest;
- fraud;
- money laundering;
- data security;
- responsible communication.

This mechanism is available to all internal and external stakeholders of the Company and the details of it are available on the website. In accordance with legal provisions, it may be used by any natural person to flag, in a disinterested manner and in good faith, something of which they have had personal knowledge, directly or indirectly, that they believe to constitute a crime, offence or any clear and serious breach of a law or applicable regulation, or any conduct or situation contrary to the policies and charters in force in the Company.

In 2019, no alerts were registered through this mechanism and no legal action was taken against the Devoteam Group relating to anything reported.

## Anti-corruption road map

Continue to educate and train key managers and directors of the Group in the fight against corruption and offer an interactive training path through My Devoteam Academy.

### **5.4.2 Third-party relationship audit (GRI: G4-HR4)**

The Group considers two purchasing categories:

- 75% productive purchases: purchases of services which enable the Devoteam Group to implement projects for clients;
- 75% non-productive purchases: purchases enabling the Company to function internally (e.g. electricity, promotional merchandise, events).

The Group has equipped itself with an auditing tool which ensures the comprehensiveness of common commitments and obligatory documentation. The CSR commitments are incorporated into the contract. The Group endeavours to respect laws, standards and voluntary codes on marketing communication, including advertising, promotion and sponsorship in connection with responsible marketing, whilst remaining vigilant regarding the data collected from suppliers and subcontractors and ensuring GDPR compliance.

## Road map for relationships with third parties

- Write a professional ethics charter to strengthen the commitments made by co-workers and suppliers when they sign contracts with the Group. It will define the laws and duties of the stakeholders in order to ensure correct contractual operation and compliance with regulatory provisions. It will be attached to the internal regulations.
- Carrying out audits with the main suppliers and quality controls on subcontractors.

### **5.4.3 Charters in force**

To comply with these new regulations, the Group has developed charters for its employees as a way of formally endorsing the rules of conduct. The main charters include key commitments and have been attached to the internal regulations since 2019.

- **The IT Charter** defines the conditions of use and access to the Group information system.
- **The Anti-Corruption Charter** defines and illustrates the various types of banned behaviours likely to be representative of corruption or influence peddling. In line with the Sapin 2 Act, the charter was approved by the Group's executive management and staff representative bodies in April 2019. This charter, in addition to the local charters already in place, has been adopted by all of the Group's subsidiaries abroad.
- **The Code of Conduct** defines the ethical rules, values and principles anchored in the operating practices. It has been signed by all Group managers and presents eight main principles including three non-negotiable rules, namely:
  - o respect for the common ethical principles in business;
  - o the communicated and approved Code of Conduct;
  - o the sanctions to be applied for breaches.
- **The Responsible Purchasing Charter** explains the Group commitments and also what is expected from businesses with which the Group works. The Group wants to work and interact with responsible companies, and this mutual commitment to satisfy such ambitions and collaborate in a spirit of ongoing improvement is systematically highlighted when a contract is signed.
- **The Group compliance programme**, coordinated by the Internal Audit Department, reporting to the Group Supervisory Board, is responsible for the compliance activity, the compliance process and its ongoing improvement, notably with regard to the implementation of the Sapin II Act which

creates the obligation to make operations more secure and to strengthen the internal control mechanisms.

- **The Internal Representation Letter** is a formal commitment by managers of Group entities to ensure that the financial statements and various activities comply with laws and regulations as well as with the business and ethical directives of the Group.
- **The declaration of related-party transactions** (a transaction between the Group and a third party related to a Group employee) is signed every year by the CEOs, COOs, CFOs and all senior managers, and provides a strong commitment to the prevention of conflicts of interest.

#### 5.4.4 Information security

By virtue of its activity (IT assignments for all kinds of organisations and businesses with access to their information), the Group is particularly exposed by the rebound effect to risks linked to its own information system. Conversely, the Group may also, again by the rebound effect, be a vector for an attack on customer information. These risks concern to an equal degree the three fundamental criteria of security, namely availability, integrity and confidentiality of data, all of which have the capacity to directly impact the operational activities of the Group and its clients and partners.

With information security risks constantly growing, due to the strong increase in the technologies used and their spread to all activities of every organisation, expectations in this area are very high. Information security has become a strategic factor which can differentiate one group from the competition, and have a significant impact (positive or negative) on reputation.

In 2019, the Internal Information Security Department of the Devoteam Group rolled out several initiatives regarding its operation, namely:

- A full-time dedicated security team dealing with subjects such as:
  - o how to classify assets and make them secure;
  - o the prevention and management of security incidents;
  - o how to make its assignments secure and the application, when needed, of security measures which are specific to the different assignment contexts of partners and clients.
- A weekly report sent to the executive management on the state of Group security.
- Obligatory training on security for everyone (over 85% of staff in France have been trained via the Data protection capsule) and the regular use of campaigns to raise awareness of good practice (security rules at Devoteam, and the monthly publication of "Ve De Sécurité" on Workplace presenting the information in a fun way).

#### Information Security road map

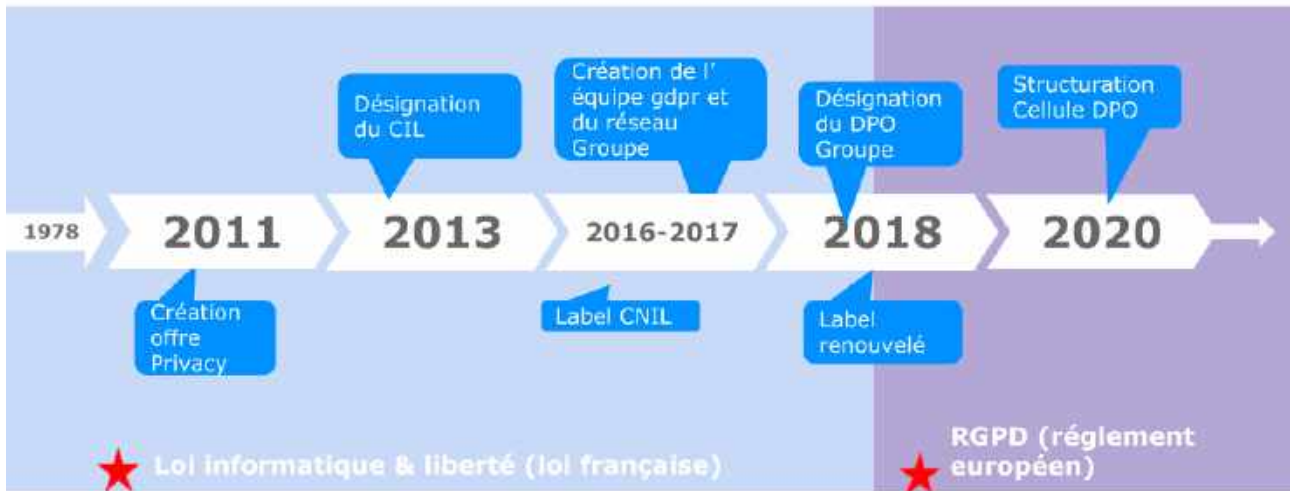
Several projects are currently under way to strengthen the Group "security" policy, including:

- the incorporation of security by design into the SDLC of internal projects;
- the investment in new solutions, leader in the latest Gartner rankings, aiming to increase the security of assets (computers, phones) and the Cloud environment (mail, sharing folder) with a view to limiting the rebound effect;
- the drafting and approval of new group information security policies, covering all areas of ISO 27001 and written exclusively on the basis of recent NIST and ISO standards;
- the improvement of the secured integration and mission monitoring process for co-workers providing services to clients.

#### 5.4.5 Personal data protection

Personal data protection is a major challenge which is constantly evolving in the Group.

## Panorama de la protection DCP chez DEVOTEAM



The Devoteam Group has obtained the GDPR Governance certification delivered by the French Data Protection Authority (Commission nationale de l'informatique et des libertés - CNIL) under number 2018-747, valid until 24 May 2027.

Since 2018, personal data protection governance has been organised by the Data Protection Officer (DPO) who is systematically involved, upstream, in Group projects coordinating and securing GDPR issues. The DPO is also the main point of contact for third parties in the context of client audits and with the CNIL to answer any queries and cooperate in the event of an audit.

Every entity has appointed their own GDPR contact, to guarantee that the entity's obligations under the regulation are implemented (particularly keeping a register of processes and responses to requests to exercise personal rights).

The personal data protection rules and procedures were strengthened in 2019. A committee to take account of security in projects has been created, respecting the principle of Privacy By Design. Legal and security teams and DPOs advise the business lines and investigate the legal compliance and potential risks of a project.

INDICATORS	2019
Compliance of projects	24 (including 10 important cases)
Preparation of impact analysis	4
Personal rights requests	10
Subsidiary assistance	4
Major projects	14

## 5.5 Societal

The scope of the "Societal" section is France.

### 5.5.1 Group CSR Department

The CSR Department provides its support in sustainable development matters to the operational teams in order to facilitate the roll-out of offerings. It answers calls for projects and supports applications. It also organises awareness-raising events.

On 14 February 2019, the Devoteam Group ran a blood-giving campaign, inviting co-workers to show solidarity with the FFS, the French blood donation establishment. Over 50 volunteers gave blood, and half of them were first-time donors.

The CSR Department also gets different socially-supportive activities to interact in a cross-functional manner. The "Yes We Care Week" event materialised at the end of 2019 in collaboration with the Devoteam Foundation and the Disability Mission. The Group organised a special day in order to educate co-workers about these issues, and launched a donation campaign in partnership with Label Emmaüs, collecting over 140 kilos of donations throughout France.

#### Devoteam CSR Department road map

In order to maintain a cross-functional dynamic, the CSR Department will set up, in 2020, a French community whose objectives will be to support the deployment of offerings, provide help with pre-sales, and organise events and Group publications with contributions from experts. Four Group entities have already expressed an interest in contributing to this community of experts.

An interaction with the Steering Committee is being set up and an international deployment of the service is envisaged, to improve the visibility of good practice in the area of sustainable development in the Group. The CSR Department will also suggest the launch of Communication on Progress (COP) to present the results of this report in a brief and fun way.

### 5.5.2 Devoteam Group Foundation

The Foundation was created in 2007 with the aim of providing financial support (sponsorship) to all humanitarian, charitable and community projects in the fields of IT, solidarity and health. As such, it supports non-profit projects in the public interest carried out by Company employees through annual calls for projects.

In 2019, in addition to this call for projects, the TechforPeople programme was developed in order to give co-workers the chance to offer their technological skills to the public through a solidarity programme.

### 5.5.3 Call for Foundation projects

In 2019, having looked at 35 applications for support, the jury selected 27 winners. A total endowment of €49,000, shared between the winning applications, contributed to solidarity projects.

#### 5.5.3.1 Launch of Microdon

In September 2019, the Group gave its co-workers the opportunity to make a contribution to society by setting up, in partnership with Microdon, a platform enabling donations to charities. The donation is between €0.01 and €15 and it is deducted directly from the net salary. The Devoteam Group Foundation will match the amount donated.

### 5.5.3.2 #TechforPeople solidarity programme

In 2019, the Foundation's #TechforPeople programme was launched. It develops, for all Group consultants, various solidarity formats whereby a consultant can offer his or her technology skills to not-for-profit organisations in the domain of digital transition, with two objectives in particular:

- to attain operational excellence, i.e. lower their structural costs and optimise their operational resources;
- to maximise their social impact, i.e. increase the number of beneficiaries, and the benefits received by the beneficiaries.

In 2019, over 100 co-workers participated in the #TechforPeople programme, i.e. over 7,439 man-days of supportive commitment for the benefit of over 30 charities, in the form of various initiatives:

#### a) Expertise-philanthropy missions

The aim of expertise-philanthropy is to guide people in the charitable sector in their digital transformation. Consultants help them with their technology or organisational problems, to stimulate growth and thus maximise their impact.

In 2019, the equivalent of 7,287 man-days was spent helping about 70 charities.

#### b) The Labs

The Labs aim to resolve a technological or organisational challenge linked to the development of social entrepreneurs in workshops where there is an atmosphere of collective and collaborative intelligence. These Labs are organised in collaboration with Makesense, which helps select the beneficiary entrepreneurs, and prepare and lead the workshops.

In 2019, 3 Labs were organised in Paris: 9 projects were supported, 103 co-workers participated and 77 co-workers jointly led the workshops. 70% of these projects then benefited from expertise-philanthropy.

#### c) Helping hands

This mechanism aims to help, on an ad hoc basis, associations which require expertise. This may for example involve programmes which help employees improve their IT skills.

- keeping a space open for charities in external or internal training. The Catalix by Devoteam entity thus welcomed two employees from not-for-profit organisations to the "IA start" one-day training programme. The Axance entity opened up the training programmes of its core syllabus to three organisations, each of which were able to train two employees;
- donations of equipment: the head of Group IS has suggested collecting and distributing functional but little-used computers, and giving them to charities. In 2019, 100 computers were donated to five such organisations;
- getting Group experts to address workshops or conferences organised by associations.

In total, 96 man-days were spent with eight charitable organisations.

INDICATORS	2019	2018
<b>Devoteam Group Foundation</b>		
Call for projects - Number of charitable projects helped	27	35
Call for projects - Total amount given to associations	€49,000	€76,000
Expertise-philanthropy	1,601 man-days	NA
Expertise-philanthropy - Number of charitable associations supported	40	NA
Expertise-philanthropy - Number of consultants committed	111	NA
#TechforPeople Lab - Number of entrepreneurs helped	9	NA
#TechforPeople Lab - Number of co-workers participating	103	NA
Helping Hand - Number of computers donated	100	NA

## Foundation road map

The main ambition in 2020 is to increase the impact of the Foundation and of the #TechforPeople programme in France by:

- dividing its action by regional teams;
- increasing the number of co-workers involved and the number of man-days dedicated to these activities.

The second main line of development involves making the Foundation's initiatives more international, extending to other countries of the Group, taking account of the legal and cultural specificities of the various regions.

### **5.5.4 School relations**

In 2019, the Devoteam Group, in partnership with the Planète Urgence NGO, supported two charitable projects during the first edition of the HumanTech Challenge. Two trips, a fortnight each, for five students were financed:

- in Cameroon, where locals were trained in how to build and manage a web site, and in social networks;
- in Togo, where locals were introduced to computers and the Excel software.

Two donations of €1,500 and €500 were awarded to the students who came third and fourth, to support a project of their choice.

The Group was a partner in the Innov'Handicap Challenge at the EPF engineering school. All fourth-year students of the engineering school take part in this Innovation challenge event, over 24 hours, on the subject of disability. In teams, they worked non-stop for 24 hours to come up with innovative and creative solutions to the challenges that were put to them by people with disabilities.

These various events contribute to the Group's brand image and attract new talent.

School relations	2019	2018
% of recruitment from target schools	30	40
Number of target schools	50	40
Number of school events	235	250

### **5.5.5 From CSR to shared value creation**

Mindful of CSR issues and sustainable development, in general, the Group wants to be proactive in tackling social issues. Through its business model, the Group seeks to address global issues and create shared value.

#### **5.5.5.1 Governance for more committed sustainable development**

In 2019, the Group set up a steering committee meeting every month with French and Danish staff, initially with a view to supporting value creation through an offerings-based approach, thus meeting the future expectations of stakeholders. A survey was initiated on an international scale in order to position Devoteam as an environmental and IT expert with the aim being to take concrete steps towards reducing CO<sub>2</sub> emissions.

#### **5.5.5.2 Committed professional software**

As part of the fight against corruption and the control of environmental and social risks in the supply chain, the Group offers innovative business models via RVR Parad, a subsidiary of the Group and publisher of a software package used in risk management, control & compliance, and business continuity. In 2017, RVR Parad launched a study to adapt its software to the different regulations in force, including the Sapin II Act and duty of care, by asking experts to help establish the necessary guidelines.

The aim is to be able to respond directly to the Sustainable Development Goals (SDG 16, Target 16.5: "Substantially reduce corruption and bribery in all their forms") and one of the principles of the United



Nations Global Compact: "Businesses should work against corruption in all its forms, including extortion and bribery."

### 5.5.5.3 An offering for personal data protection

The Data Privacy solution is part of the Group's wider portfolio of cybersecurity products, both in France and the rest of Europe. Specifically, it forms part of the Data Protection value proposition, providing comprehensive support on legal and regulatory matters, economic intelligence and the protection of the strategic information of the Group's clients. By making their cybersecurity strategy an integral part of their digital transformation plan, the Group's clients can meet compliance requirements and achieve their cost reduction targets.

The Devoteam Group's Data Privacy team, led by the Group's Data Protection Officer (DPO), offers clients the benefit of its expertise gained from various projects. This offering registered revenue growth of 75% in 2019. It is made up of 17 people and is set to grow in 2020.

According to the World Economic Forum, two of the ten biggest risks in 2019 in terms of likelihood are the risks of cyber fraud and cyberattacks. Two of the ten biggest risks in terms of impact are cyberattacks and the failure of infrastructure containing critical data. The Devoteam Group offers companies a way of reducing this risk.

## 5.6 Appendix

This report references:

### **The 10 Principles of the United Nations Global Compact:**

1. Support and respect the protection of internationally proclaimed human rights
2. Make sure that it is not complicit in human rights abuses
3. Respect the freedom of association and the right to collective bargaining
4. Eliminate all forms of forced or compulsory labour
5. Effective abolition of child labour
6. Eliminate discrimination in respect of employment and occupation
7. Support a precautionary approach to environmental challenges
8. Undertake initiatives to promote greater environmental responsibility
9. Encourage the development and diffusion of environmentally friendly technologies
10. Work against corruption in all its forms, including extortion and bribery

### **The following Sustainable Development Goals:**

SDG4: Quality education

SDG5: Gender equality

SDG7: Affordable and clean energy

SDG8: Decent work and economic growth

SDG11: Sustainable cities and communities

SDG13: Measures to fight climate change

SDG16: Peace, justice, and strong institutions

### **The following GRI guidelines:**

C4-EN3: Energy consumption within the organisation

C4-EN4: Energy consumption outside the organisation

C4-EN6: Reduction of energy consumption

C4-EN15: Direct greenhouse gas emissions (Scope 1)

C4-EN16: Indirect greenhouse gas emissions (Scope 2) related to energy

C4-EN17: Other indirect greenhouse gas emissions (Scope 3)

C4-EN19: Reduction in greenhouse gas emissions

C4-EN23: Total weight of waste by type and disposal method

C4-EN30: Significant environmental impacts of transporting products and other goods and materials for the organisation's operations, and transporting members of the workforce

C4-EN31: Total environmental protection expenditures and investments by type

C4- LA1: Total number and rates of new employee hires and employee turnover by age group, gender and region

C4- LA4: Minimum notice periods regarding operational changes, including whether these are specified in collective agreements

C4- LA5: Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs

C4-LA6: Type of injury and rates of injury, occupational diseases, absenteeism, lost days and total number of work-related fatalities, by region and by gender

C4-LA8: Health and safety topics covered in formal agreements with trade unions

C4-LA9: Average number of hours of training per year per employee by gender, and by employee category

C4-LA11: Percentage of employees receiving regular performance and career development reviews, by gender and professional category

C4-LA12: Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity

C4-LA13: Ratio of basic salary and compensation of women to men by employee category, by significant locations of operation

C4-HR3: Total number of incidents of discrimination and corrective actions taken

C4-HR4: Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights

C4-HR5: Operations and suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour

C4-HR6: Sites and suppliers identified as presenting a significant risk for incidents of forced or compulsory labour and measures taken to abolish it in all its forms

C4-SO4: Communication and training on anti-corruption policies and procedures

## 5.7 Audit report

Year ended 31 December 2019

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English-speaking 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 Statutory Auditors of the company DEVOTEAM, appointed independent third party, accredited by COFRAC under No. 3-080<sup>1</sup>, we hereby present to you our report on the consolidated non-financial performance statement for the year ended 31 December 2019 (hereafter the "Statement"), presented in the Management Report pursuant to the legal and regulatory provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code.

### **Corporate Responsibility**

It is the responsibility of the Management Board to prepare a Statement that complies with legal and regulatory provisions and that includes a presentation of the business model, a description of the main non-financial risks, a presentation of the policies applied in relation to these risks and the results of these policies, including key performance indicators.

The Statement was prepared in accordance with company procedures (hereinafter the "Guidelines"), the key elements of which are presented in the Statement.

<sup>1</sup> Scope of accreditation available at [www.cofrac.fr](http://www.cofrac.fr).

### ***Independence and quality control***

Our independence is defined by the provisions set out in Article L. 822-11-3 of the French Commercial Code and the Code of Ethics of our profession. In addition, we have in place a quality control system which covers the documented policies and procedures to ensure compliance with ethical rules, professional standards and applicable legal and regulatory documents.

### ***Responsibility of the appointed independent Statutory Auditor***

It is our role, on the basis of our work, to present a reasoned opinion expressing moderate assurance of:

- the Statement's compliance with the provisions of Article R. 725-105 of the French Commercial Code;
- the fairness of the information presented pursuant to paragraph 3 of I and II of Article R. 725-105 of the French Commercial Code, namely the results of policies including key performance indicators, and the actions relating to the principal risks, hereinafter the "Information".

However, it is not our duty to comment on:

- the company's compliance with other applicable laws and regulations, particularly with regard to the duty of care plan, anti-corruption and fighting tax evasion;
- the compliance of products and services with applicable regulations.

### ***Nature and scope of the audit***

Our work described hereunder has been carried out in accordance with the provisions of Articles A. 725-1 et seq. of the French Commercial Code, laying down the procedures to be implemented by the independent third party as part of its audit and in accordance with international standard ISAF 3000 - *Assurance engagements other than audits or reviews of historical financial information*.

We have carried out work to allow us to assess the compliance of the Statement with the regulatory provisions and the fairness of the information presented:

- we have reviewed the activity of all companies included in the scope of consolidation, and their exposure to major social and environmental risks associated with these types of activity;
- we have assessed the appropriateness of the Guidelines in terms of relevance, completeness, reliability, neutrality and clarity, taking into the account, where applicable, best industry practices;
- we have verified, where relevant to the principal risks and policies presented, that the Statement presents the information required under paragraph 1 of Article R. 225-105 or that it, where applicable, provides an explanation of the reasons justifying the absence of the information required by the second paragraph of item III, Article L. 225-107-1;
- we have checked that the Statement presents the business model and the main risks associated with the activities of all entities included in the scope of consolidation, including where relevant and proportionate, the risks incurred as part of its business relationships, products and/or services, as well as policies, actions and results, including key performance indicators;
- we consulted the documentary sources and carried out interviews in order to:
  - assess the process for selecting and validating the main risks as well as the consistency of results, including the key performance indicators chosen, in relation to the main risks and policies presented, and
  - corroborate the qualitative information (initiatives and results) which we have considered to be the most important<sup>2</sup>;
- we have verified that the Statement covers the consolidated scope, namely all companies included in the scope of consolidation, in accordance with Article L. 233-6;
- we have made ourselves familiar with the internal control and risk management procedures put in place by the entity and we have assessed the data collection process to ensure the completeness and fairness of the Information;
- we have implemented, for the key performance indicators and the other quantitative results that we have deemed the most significant<sup>3</sup>:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes thereto,
  - detailed tests, using sampling techniques, to verify the proper application of definitions and procedures and to reconcile the data with the supporting documentation. This work was carried out on a selection of contributory entities<sup>4</sup> and covers between 15% and 100% of the consolidated data selected for these tests;
- we have assessed the overall consistency between the Statement and our knowledge of a ll of the entities included in the scope of consolidation.

We believe that the work we have carried out, exercising our professional judgment, allows us to express moderate assurance; a more extensive audit would be required to guarantee a higher level of assurance.

### **Methods and resources**

<sup>2</sup> **Qualitative information** regarding the following parties: "Awards, accreditation and certification", "Monitoring of training and career management", "Working conditions", "Combating discrimination and diversity policy", "Carbon footprint assessment", "Business ethics", "Data protection"

<sup>3</sup> **Quantitative employee information**: total workforce and breakdown by gender, age and geographic region; total number and breakdown of recruitments; total number and breakdown of departures; rate of absenteeism; employment rate of people with disabilities; total number of training hours. **Quantitative environmental information**: quantity of waste by category; total energy consumption; travel-related CO<sub>2</sub> emissions. **Quantitative societal information**: spending on ESATs and number of beneficiaries.

<sup>4</sup> Devoteam France, BOLD by Devoteam.

Our work was carried out by four people between January and April 2020. To assist us in the performance of our work, we called upon the help of our experts in the fields of sustainable development and corporate responsibility. We carried out interviews with the people responsible for preparing the Statement.

### **Conclusion**

On the basis of our work, we have not discovered any significant misstatements likely to have an effect on the compliance of the non-financial performance statement with applicable regulatory provisions, not on the fact that the information, taken as a whole, is presented accurately and in accordance with the Guidelines.

Neuilly-sur-Seine, 30 April 2020

One of the Statutory Auditors

**Grant Thornton**  
**French member of Grant Thornton International**

Vincent Papazian  
Partner

Tristan Mourre  
Director

## 6 CORPORATE GOVERNANCE

To the Shareholders,

This report has been prepared for the 2019 financial year in accordance with the new Order No. 2017-1162 of 17 July 2017 and Decree No. 2017-1174 of 18 July 2017. The Supervisory Board therefore presents to the General Meeting the "Corporate Governance Report" accompanying the Management Report (Articles L. 225-37 and L. 225-68 of the French Commercial Code).

This report was drawn up in consideration of the legislation enacted in France in 2019. The presentation of the various internal control procedures, in accordance with the "Financial Security" Act 2003, is included in the Management Report. It also takes account of the modifications to Article L. 225-37-3 of the French Commercial Code by Order No. 2019-1234 of 27 November 2019 on the compensation of the corporate officers.

This report endeavours to comply with the general principles of internal control, in accordance with the simplified guide for the implementation of the AMF's internal control framework published on 9 January 2008 for small- and medium-sized companies. An updated version was published on 22 July 2010.

The Company also refers to the AFFEP-MFDEFF Corporate Governance Code for Listed Companies (revised version of June 2018). It decided to adopt, from its publication, this code as a benchmark for corporate governance. The AFFEP-MFDEFF Code is available on the AFFEP website at [www.afeo.com](http://www.afeo.com) under the heading Governance.

The aims of this report are to:

- present and define the organisation and responsibilities of the supervisory bodies in accordance with the general principles of the Corporate Governance Code adopted by the Devoteam Group and to explain any differences, in accordance with Article L. 225-37 of the French Commercial Code (as amended by Order No. 2017-1162 of 17 July 2017);
- present the compensation criteria for the corporate officers and the members of the Supervisory Board;
- present the Devoteam shareholders.

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

For the Supervisory Board,  
Michel Bon, Chairman of the Supervisory Board

## 6.1 Organisation and duties of the management and supervisory bodies

In 2003, AFFP and MFDFE published recommendations on the principles of corporate governance, which were later updated in 2007 and 2008. These recommendations were combined by AFFP and MFDFE in December 2008 to create the AFFP-MFDFE Corporate Governance Code, to which the Devoteam Group refers.

The AFFP-MFDFE Code was revised in full in November 2016, and more recently in June 2018. The recommendations are taken into account in the organisation of the Devoteam Group's governance. Any points of non-compliance are presented and any deviations from the code are explained in accordance with the "comply or explain" principle.

### 6.1.1 The Supervisory Board

#### 6.1.1.1 Composition

Members of the Supervisory Board are elected by the General Meeting for four-year terms.

In 2019, Devoteam's Supervisory Board was comprised of three women and four men, taking the percentage of female members to 43%. In this respect, Devoteam complies with Act No. 2011-03 of 27 January 2011, known as the Zimmermann-Copé Act, and with Article L. 225-69<sup>1</sup> of the French Commercial Code on the balanced representation of men and women on Boards of Directors and Supervisory Boards and on equal opportunities. During 2019, no one left or joined the Supervisory Board. However, one of the Supervisory Board's members did resign, but the resignation will not take effect until the approval at the General Meeting in 2020.

The members of the Supervisory Board are elected by the General Meeting for a four-year term. At 31 December 2019, the composition of the Board was as follows:

Name and year of birth	Date of appointment	Expiry date of the term of office	Primary role	Other ongoing terms of office and terms expired during the past five years (date of expiry)*
<b>Roland de Laage de Meux (1959)</b>	17 June 2016	OGM 2020	General Secretary of Devoteam Technology	<b>France:</b> none <b>International:</b> DV Fringes (D), DV SA (D), Voxylo: Ltd (D), member of the SB of DV Netherlands, DV Technology Consulting Tunisia (M), DV Consulting Maroc (C), QFCM (CFO), DVS Maroc (M), DVT Tunisia (M) <b>External:</b> Fibelaage (SB), Hôtel Gril du Parc (manager), Société ICF (D), SNC Imbelaage (manager), Cinchotel d'Epinay (manager), Canal Gestion (D), SCILLOSSERAND 76 (SB) <b>Expired:</b> DV Belgium (D, 2014), DV AB (D, 2014), DV T & consultancy (D, 2014), DV A.systemsSpa (D, 2014), DV NW/SA (D, 2015)
<b>Michel Bon (1943)</b>	17 June 2016	OGM 2020	Independent consultant	<b>Ongoing:</b> Philtrust (D), Sonpack (C) <b>Expired:</b> RLD (D, 2016), Les Éditions du Cerf (C, 2013), Lafarge (D, 2013), SONAE (D, Portugal, 2015), Sonepar (D, 2018)
<b>Valérie Kniazeff (1968)</b>	17 June 2016	OGM 2020	Chairwoman of AI CIMED	<b>Ongoing:</b> CentraleSupélec (D), Demeter (C)
<b>Vincent Montagne (1959)</b>	17 June 2016	OGM 2020	Chairman of Média Participations	<b>Ongoing:</b> FSI Holding (SB), Mage Invest (C), Média Participations Group (various mandates including manager, Chairman and Director), Sages (VC), Secom (D), Siparex Associés (D), Ulysse Invest (C), FLECTRE (SB) <b>Expired:</b> SIFC (D, 2018)
<b>Elisabeth de Maulde (1952)</b>	17 June 2016	OGM 2020	Independent consultant	<b>Ongoing:</b> Les Nouveaux Robinson (CSR, ended June 2019), Confiance Consulting (D, expired in January 2019)
<b>Yves de Talhouët (1958)</b>	29 June 2013	OGM 2021	Chairman of Financiers de Gen	<b>Ongoing:</b> Tinubu (D), Arway SA (D), Kweran (D), Tabag (CFO), Port aux Choux SAS (C) <b>Expired:</b> Tabag SARL (D, 2012), Lurion Prod (C&CEO, 2014)
<b>Carole Desport (1961)</b>	19 June 2015	OGM 2021	Senior Vice President - Global Accounts ORS	<b>Ongoing:</b> N/A <b>Expired:</b> NRS (Network Related Services) (D)

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



### 6.1.1.2 Rules of Procedure, Ethics Charter and Diversity Charter of the Supervisory Board

The Devoteam Group Supervisory Board decided at the meeting held on 28 February 2011 to adopt a charter as well as rules of procedure setting out the duties and obligations of its members and the general guidelines for its operation in accordance with legal and regulatory provisions.

#### Ethics Charter of the Supervisory Board

The purpose of the charter is to set out the duties and obligations of the members of the Supervisory Board and any other person attending its meetings. It comprises 11 articles:

- Article 1. Management and corporate interest
- Article 2. Compliance with laws and the Articles of Association
- Article 3. Independence
- Article 4. Freedom of expression
- Article 5. Conflicts of interest
- Article 6. Loyalty and good faith
- Article 7. Confidentiality
- Article 8. Insider trading
- Article 9. Attendance
- Article 10. Transparency and due diligence
- Article 11. Civil responsibility of the members of the Board

#### Rules of procedure of the Supervisory Board

The rules of procedure set out the guiding principles for the operation of the Supervisory Board in accordance with legal and regulatory provisions. It comprises six articles:

- Article 1. Appointment of the members of the Supervisory Board
  - a. *Appointment*
  - b. *Duration of mandates*
  - c. *Age limit*
- Article 2. Operation of the Board
- Article 3. Duties and obligations of the Supervisory Board
- Article 4. Option to confer a duty on a member of the Supervisory Board
- Article 5. Committees of the Supervisory Board
  - a. *Audit Committee*
  - b. *Compensation Committee*
- Article 6. Inside information - Securities transactions

#### Diversity Charter of the Supervisory Board

- **Presentation of the Diversity Charter of the Supervisory Board**

Pursuant to the Order of 19 July 2017 and its implementing decree, Devoteam's Supervisory Board defined and adopted, at its meeting of 5 March 2018, the "Diversity Charter of the Supervisory Board", a companion charter to the "Charter of the Members of the Supervisory Board", which is already appended to the Board's Rules of Procedure.

This new charter outlines the various objectives of the Board's diversity policy on the appointment and re-election of directors. It defines and explains the various criteria that can apply.

The Board has confirmed the qualification and experience criteria. However, the use of criteria such as age or gender is also explained.

- **Scope of the Diversity Charter of the Supervisory Board**

This charter concerns how the Board functions. The diversity criteria constraints for the recruitment of co-workers are presented in the 2019 Group CSR report in Section 2.4. Combating discrimination and diversity policy in the Corporate Social Responsibility report.

- **Implementation of the Diversity Charter of the Supervisory Board**

The Supervisory Board of Devoteam SA did not re-elect or appoint any new members in 2019. However, the Board complies with the various statutory diversity requirements, including the percentage of women on the Board. The principles of the AFFP-MFDFP Code are also upheld. The selection criteria for future directors will be formally documented.

### 6.1.1.3 Independence of the Supervisory Board

Devoteam is a company with a controlled shareholding, in which a group of shareholders act in concert. At 31 December 2019, four of its seven members met the independence criteria recommended by the AFFP-MFDFE Code, taking the percentage of independent directors on the Board to 57%, thus complying with the AFFP-MFDFE Code's recommendation of at least one third independent members for controlled companies.

During this financial year, the composition of the Supervisory Board underwent the following changes:

- taking account of the resignation of Yves de Talhouët as member of the Supervisory Board. To replace him, he co-opts the TABAC company, which he represents. The Board acknowledges that this resignation and appointment must be ratified by the General Meeting of 5 June 2020 which will approve the 2019 accounts.

Mr Bertrand de Bentzmann is not included in the quorum but attends the meetings as an Honorary Chairman.

Name, Surname	Position	Appointed since	Duration	Date of reelection	Independence
<b>Roland de Laage de Meux</b>	Member	1999	20	CM of 2020	Non-independent member
<b>Yves de Talhouët</b>	Member	2001	18	CM de 2021	Non-independent member
<b>Michel Bon</b>	Chairman	2006	13	CM of 2020	Non-independent member
<b>Vincent Montagne</b>	Member	2008	11	CM of 2020	Independent member
<b>Elisabeth de Maulde</b>	Member	2012	7	CM of 2020	Independent member
<b>Carole Desport</b>	Member	2015	4	CM de 2021	Independent member
<b>Valérie Kniazeff</b>	Member	2016	3	CM of 2020	Independent member
<b>Bertrand de Bentzmann</b>	Honorary Chairman	-	-	-	N/A
<b>Georges Vialle</b>	Non-voting member	-	-	-	N/A

### 6.1.1.4 Meetings of the Supervisory Board

In 2019, the Board met three times. The attendance rate of the directors was 93% for the year (one absence for Mr de Talhouët and one for Mr Montagne during 2019 as a whole).

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

- approval of the 2018 accounts;
- the Chairman's report on the Audit and Compensation Committees, and on the internal control procedures;
- the reading and assessment of the Management Board's report on the running of the Company and the separate and consolidated financial statements for the financial year ended 31 December 2018;
- the presentation of the report by the Supervisory Board to the Ordinary Annual General Meeting;
- the 2019 budget;
- the presentation of and reflections on the various planned acquisitions presented in 2019;
- the presentation of the results of the first quarter of 2019 via the report from the Management Board to the Supervisory Board;
- the renewal of authorisations related to security deposits, guarantees and warranties for subsidiaries of the Devoteam Group.

- the information on the consultations with the Devoteam SA Works Council;
- the reading and assessment of the Management Board's report on the financial statements for the first half of 2019 and the Audit Committee's report on the half-yearly financial statements;
- the reading and assessment of the Management Board's report on the financial statements for the third quarter of 2019;
- miscellaneous matters, including discussions about the "Eagle 2" strategic plan, the confirmation of the annual targets to be disclosed to the market, and the schedule of meetings for 2020;
- the resignation of Yves de Talhouët as Supervisory Board member, and his co-optation of the TABAC company, represented by himself, to replace him, subject to ratification during the next General Meeting, called to approve the 2019 accounts.

#### **6.1.1.5 Self-assessment of the Supervisory Board**

The AFEF-MFDFE Code provides for an annual self-assessment of the Board. A self-assessment form is made available to the directors. These assessments are an annual opportunity to evaluate the work carried out by the Board and the organisation thereof. The questions are based around four main themes:

- organisation of meetings;
- independence of directors;
- information presented to the members of the Board;
- transparency and comprehensiveness of discussions.

At the end of 2019, the self-assessment report was sent to the members of the Supervisory Board so that they could consider any improvements to be made to the functioning of the non-executive body.

#### **6.1.1.6 The duties of the Chairman of the Supervisory Board**

The duties of the Supervisory Board are set out in Article 15.4 of the Devoteam SA Articles of Association (modified by the Combined General Meeting of 18 May).

The role of the Chairman of the Supervisory Board is to conduct the Board meetings. He is in charge of convening and planning the Board meetings. He keeps in regular contact with the Management Board so as to stay immediately abreast of any recurring or, in particular, exceptional events that may call for an extraordinary meeting of the Supervisory Board.

#### **6.1.1.7 Committees of the Board: Audit Committee**

Since its creation, the Supervisory Board has followed the principles of good governance, with an Audit Committee in place since 12 September 2001. The members of this committee are appointed by the Supervisory Board.

In accordance with Directive No. 2006/43/EC and specifically the transposition thereof into French law with Article L. 823-19 of the French Commercial Code, the Supervisory Board has tasked the Audit Committee with oversight of all issues related to the preparation and auditing of accounting and financial information. The Audit Committee regularly reports to the Supervisory Board on the performance of its duties and promptly informs it of any difficulties encountered.

This committee had two members in 2019:

- Carole Desport, Chairman of the Audit Committee (100% attendance for the year);
- Michel Bon, Chairman of the Supervisory Board (100% attendance for the year).

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

Over the course of 2018, Mr Michel Bon lost his independent status as a member of the Supervisory Board, due to his length of service on the Board. In accordance with AMF regulations, the Chairman of the Accounts Committee cannot be a non-independent member. The situation has been brought to the attention of the committee. During the Supervisory Board meeting of 11 March 2019, it was decided that Mrs Carole Desport

would become Chairman of the Audit Committee from that day onwards, replacing Mr Michel Bon, who remained a member of the Audit Committee.

This committee met twice in 2019. The attendance rate was 100%. At its meetings, the Audit Committee primarily heard the Group's Finance Department, the Group's Statutory Auditors and the Internal Audit Department in relation to the following:

#### **Annual and half-yearly financial statements:**

- review of the financial statements for the 2018 financial year and the first half of 2019;
- review of the Statutory Auditors' reports and any recommendations carried out;
- assessment of the main assumptions used in the preparation of the financial statements and in particular the calculation of the "goodwill impairment tests";
- full audit of the recognition of tax loss carry-forwards;
- review of the impacts of the application of new IFRS standards during the year.

#### **Internal audit:**

- review of the Chairman's report on the internal control procedures;
- work carried out in 2018 and the 2019 audit plan;
- internal control review and in particular a review of the IT audit and recommendations for the 2019 financial year;
- review of customer risk and historical debts.

#### **Oversight of the Statutory Auditors:**

- review of the coverage by Group subsidiary of the statutory audit of the annual financial statements;
- audit of the recognition of Devoteam revenue in accordance with IFRS 15;
- prior analysis of the process to be implemented by Devoteam upon application of IFRS 16.

### **6.1.1.8 Committees of the Board: Compensation Committee**

#### **Operating method of the Committee**

In 2019, this committee had two members:

- Vincent Montagne, Chairman of the Compensation Committee (100% attendance in 2019);
- Michel Bon, Chairman of the Supervisory Board (0% attendance for the year).

The Committee is comprised of one independent director and one non-independent director, and is therefore compliant with the AFFP-MEDFF Code which recommends that the committee is made up of a majority of independent directors.

It prepares the Supervisory Board's review of the compensation of corporate officers. It also serves as a Nominations Committee when a new director is required.

The compensation policy proposed by the committee is based on five principles recommended by the AFFP-MEDFF Code:

- comprehensiveness: the determination of compensation must be comprehensive. All components of the compensation must be taken into account in the overall assessment of compensation;
- balance between the components of compensation: each component of compensation must be justified and must be in the corporate interest;
- the compensation must be comparable with that offered by other similar-sized companies in the same industry;
- consistency: the compensation of the executive corporate officers must be consistent with that of other Company executives and employees;
- clear rules: the rules must be simple, sustainable and transparent. The performance criteria used must correspond to the Company's objectives, must be of a high standard, explicit and, wherever possible, sustainable.

This committee met once in 2019. The attendance rate was 50%.

At this meeting, the Compensation Committee primarily examined and proposed:

- determination of the variable compensation payable to the members of the Management Board in respect of the 2018 financial year;
- determination of the allocation criteria for the variable compensation payable to the members of the Management Board in respect of the 2019 financial year;
- proposal for the fixed compensation of the members of the Management Board for 2019;
- compensation of directors.

### Compensation of directors

The members of the Devoteam Supervisory Board receive annual compensation in accordance with their responsibility within the Board and on its various committees.

### Compensation of corporate officers

Corporate officers receive compensation of which the details are presented below.

In addition, on 11 March 2008, based on the recommendation of the Compensation Committee of the same date, the Supervisory Board reviewed the position of each of the members of the Management Board in relation to the provisions of the Act of 27 August 2007 in favour of labour, employment and purchasing power (known as the "TFPA" Act). The Supervisory Board noted that, insofar as no member of the Management Board is entitled to the payment of any compensation of any kind whatsoever in relation to the termination of his or her duties as a corporate officer of the Devoteam Group, the provisions of this law are not applicable to it.

The Supervisory Board has applied the AFEF-MFDFE recommendations since 2008. Furthermore, the Board refers to the provisions presented in the updated AFEF-MFDFE Code of November 2015, which further sets out the procedures for the compensation of corporate officers.

The Supervisory Board considers that these recommendations form part of the Company's corporate governance policy. Consequently, in application of the Act of 3 July 2008 transposing Directive (EU) No. 2006/46/EC of 14 June 2006, the AFEF-MFDFE Code as amended is that to which the Company refers for the preparation of the report provided for in Articles L. 225-37 and L. 225-68 of the French Commercial Code with effect from the 2008 financial year.

The Devoteam Group applies the "Say on Pay" principle presented in the updated AFEF-MFDFE recommendations published in June 2013 and in the Sapin I Act, which entered into force on 1 June 2016 and which ratifies the principle. In this respect it consults its shareholders at each Ordinary Annual General Meeting on the individual compensation of the executive corporate officers.

#### 6.1.1.9 Committees of the Board: Strategy Committee

The Group's Strategy Committee reports to the Supervisory Board. This committee was made up of five members in 2019:

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

It was chaired by Yves de Talhouët. Meetings are held in the presence of corporate officers. They are an opportunity to discuss the short- and medium-term strategies and strategic direction of the Group for the coming years. This committee met once, on 9 December 2019, in order to discuss the initial assumptions of the strategic plan, in particular the Market & Tech Trends, the main strategic lines and the strengthening of the Partnership dimension with technology players. These initial assumptions were presented to the committee. There followed a discussion on the main trade-offs still to be implemented, and the committee's opinion was duly noted. The next Strategy Committee meeting is scheduled for the end of March, in order to share the strategic plan before it is published in April.

## 6.1.2 The Management Board

### 6.1.2.1 Role of the Management Board

The role of the Management Board is defined in Article 14 of the Articles of Association: Article 14.5 states that: *"The Management Board exercises its powers collectively. It is entrusted with the broadest powers to act in any circumstances on behalf of the Company, within the limits of the corporate purpose, and subject to those expressly granted by law to the Supervisory Board and to the General Meetings of Shareholders."*

### 6.1.2.2 Composition

The Management Board has two members: Stanislas de Bentzmann, Chairman, and Godefroy de Bentzmann, Chief Executive Officer.

They were appointed by the Supervisory Board meeting of 5 September 2016 for a period of four years, i.e. until the General Meeting called to approve the 2020 financial statements. They may be dismissed by a General Meeting on a proposal from the Supervisory Board.

### 6.1.2.3 Executive appointments of members of the Management Board

The members of the Management Board have the following mandates within the Group:

#### Godefroy de Bentzmann

- In France:  
CFO of Devoteam SA
- International:  
Co-Manager of Devoteam Consulting Holding (Luxembourg)  
Director of Devoteam Consulting AS (Denmark)  
Member of the Supervisory Board of Devoteam Netherlands  
Member of the Supervisory Board of Devoteam -olding BV (Netherlands)

#### Stanislas de Bentzmann

- In France:  
Chairman of Devoteam SA
- International:  
Co-Manager of Devoteam Consulting Holding (Luxembourg)  
Chairman of Devoteam N/V SA (Belgium)  
Director of Devoteam Consulting AS (Denmark)  
Director of Devoteam Fringes SAU (Spain)  
Director of Devoteam SA (Poland)

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

#### Godefroy de Bentzmann

Chairman of Syntec Numérique

#### Stanislas de Bentzmann

Chairman of the Supervisory Board of Atlantico

#### 6.1.2.4 Meetings of the Management Board

The Management Board met five times in 2019. The following key points were discussed:

- approval of agreements to open credit lines as part of the planned refinancing with the following banks: Société Générale, Caisse Régionale de Crédit Agricole Mutuel de Paris et d'Île-de-France, BNP Paribas & HSBC;
- proposal to renew the authorisations related to securities, guarantees and warranties in favour of the DEVOTFAM subsidiaries;
- review and approval of the separate and consolidated financial statements for the year ended 31 December 2018;
- proposed appropriation of income;
- preparation of the Group interim management report and approval of the consolidated financial statements to 30 June 2019;
- preparation and adoption of documents on the prevention of business difficulties (Act No. 84-48 of 7 March 1984);
- presentation of the results of the first quarter and of the third quarter of 2019;
- proposed a location annual compensation to the members of the Supervisory Board;
- authorisation to be given to the Management Board to proceed with share buybacks;
- planned acquisition of Avalon Solutions in Sweden;
- planned acquisition of "G company" in the Netherlands;
- acquisition of a stake in MFI.

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

The Devoteam Group complies with the consolidated recommendation on corporate governance and executive pay under the AFEP-MEDEF Code (DOC 2017-07 updated on 25 January 2016). It also refers to the reference framework for small- and medium-sized companies established by the AMF and MiddleNext in 2007.

In 2019, the Devoteam Group was in breach of the AFEP-MEDEF Corporate Governance Code for Listed Companies regarding the following two points:

Subject	Principle	Compliance 2019	Comments for 2019	2020 Action Plan
<b>The Audit Committee</b>	Each Board must have an Accounts Committee whose duties are inseparable from those of the Board of Directors which is legally obliged to approve the annual separate financial statements and to prepare the annual consolidated financial statements. Composition of the committee, at least two thirds independent members, no executive corporate officers, appointment of the Chairman to be approved by the Appointments Committee	Non-compliant	Following the loss of independence of Michel Bon in 2018 and the departure of George Viale, the Audit Committee has two members, and the independence rate is 50%.	Discussions on the appointment of a new independent member to the Audit Committee.
<b>Independence of the Chairman of the Audit Committee</b>	Following an AMF vote, the regulation on the composition of the Audit Committee has changed, and the Chairman of the Audit Committee must now be considered independent under AMF criteria, while also complying with the AFEP-MEDEF Code's recommendation for two thirds of directors on the committee to be independent.	Non-compliant in 2018, compliant in 2019	In 2019, Carole Desport was appointed Chairwoman of the Audit Committee, replacing Michel Bon, who remains a member of the committee. The Chairwoman of the Audit Committee is therefore independent.	N/A

#### 6.1.4 Table of AMF non-compliance

In accordance with AMF recommendations on the "comply or explain" principle, the following areas of non-compliance were identified with respect to the 2019 financial year:

AMF subject	Recommendations	Compliance 2019	Notes
<p><b>Corporate governance considerations</b></p> <p>2.8 Committees of the Board and their chairmanship</p>	<p>With regard to the composition of the committees and of the Audit Committee in particular, the AMF encourages companies to have independent directors chair these committees and to increase the presence of independent directors on all committees. The AMF also discourages companies, wherever possible, from having executive corporate directors as members of their committees and in particular, from acting as chairs of such committees.</p>	<p>Non-compliant in 2018, <b>compliant in 2019</b></p>	<p>In 2019, Carole Desport was appointed Chairwoman of the Audit Committee, replacing Michel Bon, who remains a member of the committee. The Chairwoman of the Audit Committee is therefore independent.</p>
<p><b>Corporate Governance</b></p> <p>6 Specialised committees of the Board</p> <p>6.3 The Appointments and Compensation Committee(s)</p>	<p>The AMF recalls that the AFEP-MEDEF Code recommends that committees of at least four members are at least 50% comprised of independent directors. Any company not meeting this requirement is obliged to explain its reasons for non-compliance.</p>	<p>Non-compliant (two members on the Compensation Committee, of which one non-independent)</p>	<p>See the 2020 action plans on the table of AFEP-MEDEF compliance.</p>
<p><b>Independent directors</b></p> <p>Quota of independent directors</p>	<p>The AMF states that the quota of independent directors on the Audit Committee must be at least two-thirds. When a company does not meet this quota, it must explicitly explain its deviation from the code's recommendation and state its non-compliance.</p>	<p>Non-compliant (50% independent directors at end-2019)</p>	<p>The appointment of a new independent member to the Accounts Committee is recommended to achieve a quota of two-thirds independent members.</p>

No new point of non-compliance was noted in 2019.



## 6.2 Compensation of corporate officers and members of the Supervisory Board

### 6.2.1 Compensation of corporate officers

#### 6.2.1.1 Summary of compensation paid to corporate officers

Name and position of executive corporate officer	Stanislas de Bentzmann Chairman of the Management Board		Godefroy de Bentzmann CEO		Roland de Laage de Meux General Secretary	
	2018	2019	2018	2019	2018	2019
Compensation due for the financial year (detailed in Table 2)	748,636	598,636	751,528	601,528	176,199	170,584
Value of options allocated during the financial year (detailed in Table 4)	-	-	-	-	-	-
Value of performance shares allocated during the financial year (detailed in Table 6)	-	-	-	-	-	-
<b>TOTAL</b>	<b>748,636</b>	<b>598,636</b>	<b>751,528</b>	<b>601,528</b>	<b>176,199</b>	<b>170,584</b>

Name and position of executive corporate officer	Stanislas de Bentzmann				Godefroy de Bentzmann				Roland de Laage de Meux			
	2018		2019		2018		2019		2018		2019	
	Due	Paid	Due	Paid	Due	Paid	Due	Paid	Due	Paid	Due	Paid
Fixed compensation	215,000	215,000	215,000	215,000	215,000	215,000	215,000	215,000	18,800	18,800	19,700	19,700
Variable compensation	370,000	325,000	220,000	370,000	370,000	325,000	220,000	370,000	40,250	40,687	32,000	41,750
Exceptional compensation	0	0	0	0	0	0	0	0	0	5,000	0	0
Benefits in kind (car)	3,636	3,636	3,636	3,636	6,528	6,528	6,528	6,528	4,041	4,041	3,996	3,996
Overseas allowance	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	0	0	0	0
Directors' fees	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	2,000	2,000	2,000	2,000
Provision for retirement benefits	na	na	na	na	na	na	na	na	3,102	0	2,885	0
<b>Total</b>	<b>748,636</b>	<b>703,636</b>	<b>598,636</b>	<b>748,636</b>	<b>751,528</b>	<b>706,528</b>	<b>601,528</b>	<b>751,528</b>	<b>176,199</b>	<b>190,528</b>	<b>170,584</b>	<b>177,446</b>

The fixed compensation of the members of the Management Board totalled €775,000 (including an expatriation allowance of €60,000). It has not changed since the 2011 financial year. It was approved by the General Meeting of 14 June 2019 under the 6<sup>th</sup> and 7<sup>th</sup> resolutions.

In 2019, the members of the Management Board received performance-related variable compensation based on an annual target of €775,000. The maximum payment is capped at 135% of the target variable compensation in the event of overperformance. There is no minimum payment.

To recap, the type and weighting of each indicator comprising the 2019 variable compensation of the members of the Management Board are as follows:

- 70% on achieving quantitative targets based on two criteria:
  - two-thirds subject to the achievement of a specific operating margin;
  - one-third subject to the achievement of Group organic growth;
- 30% on achieving qualitative targets based on three criteria:
  - the implementation and generalisation of the Eagle programme in new acquisitions;
  - sharing experience and knowledge throughout the Group;
  - the preparation of a programme to encourage leading contributors to the Group to stay for the long term.

The achievement of the criteria and the resulting annual variable compensation were decided by the Compensation Committee on 2 March 2020 and approved by the Supervisory Board at its meeting on 9 March 2020. It amounted to €770,000 or 80% of the target variable compensation.

	Weighting	Payment
Quantitative targets	70%	68%
Qualitative targets	30%	109%
<b>Payment as a % of target variable compensation</b>	<b>100%</b>	<b>80%</b>

With regard to the 2019 financial year, the achievement rate of the quantitative portion was 68% and of the qualitative portion was 109%, representing total variable compensation of €270,000.

The target variable compensation of Mr de Laage was €40,000, based on the following criteria:

- 30% subject to the achievement of a specific Group clean EBIT;
- 70% subject to the achievement of qualitative targets.

With regard to the 2019 financial year, the achievement rate of the quantitative portion was 80% and of the qualitative portion was 80%, representing total variable compensation of €37,000.

The level of achievement of each of the objectives is precisely defined, however, due to its confidential nature the Group does not share this information.

### 6.2.1.2 Calculation by the Supervisory Board of the compensation of members of the Management Board

#### Compensation of the members of the Management Board for 2020

The Supervisory Board met on 9 March 2020 and, on a proposal from the Compensation Committee, decided that each member of the Management Board would be entitled to:

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

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

With regard to the variable compensation for 2020, 70% is based on the achievement of quantitative objectives and 30% on the achievement of qualitative objectives.

The quantitative objectives are 70% based on the achievement of a target operating margin and 30% on organic revenue growth. Given the Covid-19 health crisis and the fact that it is impossible to measure its consequences on Group profitability and growth, the Supervisory Board may have to decide not to apply these quantitative parameters if the impact were to be significant.

The qualitative objectives are based on three criteria linked to the implementation of the next strategic plan, the introduction of the partner organisation, and the setting up of a shareholding programme (or equivalent) for the key executives.

The level of achievement of each of the objectives is precisely defined, however, due to its confidential nature the Group does not share this information.

**Table 3: Stock options awarded during the year to each executive corporate officer**

None

**Table 4: Options exercised during the year by each executive corporate officer**

None

It should be noted that corporate officers must keep 25% of the shares obtained from options and/or founders warrants (BCE) already exercised by the holder prior to the end of their mandate.

**Table 5: Performance shares awarded during the year to each corporate officer**

None

**Table 6: Performance shares which became available during the financial year**

Name of executive corporate officer	No. and date of the plan	Number of shares which became available during the financial year	Acquisition conditions	Date of allocation
Roland de Laage de Meux - General Secretary	17/06/2016	5,000	Yes*	17/06/2016

\* Performance condition based on attainment of a target Group operating margin in 2018 and the performance of the Devoteam share.

### 6.2.1.3 History of share subscription or purchase options and performance share awards to executive corporate officers

**Table 7: History of share subscription or purchase option awards**

	2012 stock options
Date of Meeting	11/04/2012
Date of the meeting of the Supervisory Board or Management Board where applicable	30/11/2012
Total number of shares that may be subscribed or purchased, of which the number that may be subscribed or purchased by:	100,000
Corporate officers	
Stanislas de Bentzmann	-
Godefroy de Bentzmann	-
Roland de Laage de Meux	-
Non-executive corporate officers	-
Start of option exercise period	30/11/2016
Expiry date	29/11/2019
Subscription or purchase price	€9.00
Exercise conditions	30% after 4 years 30% after 5 years 40% after 6 years
Number of shares subscribed at 31/12/2019	75,000
Total number of options and BCE cancelled or void	25,000
Number of options and BCE outstanding at year-end	-

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

**Table 8: History of performance share awards**

	2016 performance share awards	2017 performance share awards
Date of Meeting	17/06/2016	04/09/2017
Date of Management Board meeting	17/06/2016	04/09/2017
Total number of shares allocated, of which the number allocated to:	182,000	50,000
Corporate officers:		
Stanislas de Bentzmann	-	-
Godefroy de Bentzmann	-	-
Roland de Laage de Meux	5,000	-
Non-executive corporate officers	-	-
Date of acquisition of the shares	01/03/2019	01/03/2021
End date of holding period	01/03/2019	01/03/2021
Performance conditions	Yes*	Yes*
Number of shares acquired at 31/12/2019	129,627	-
Total number of shares cancelled or void	52,373	6,839
Performance shares outstanding at year-end	-	43,161

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

**Table 9: Summary table of the multi-year variable compensation of each executive corporate officer**

None
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#### 6.2.1.4 Employment contracts and mandates of executive corporate officers

**Table 10: Information concerning the employment contracts and mandates of executive corporate officers**

Name, position, date of appointment and end date of the mandate of the executive corporate officer	Employment contract		Supplementary pension scheme		Compensation and/or benefits owed or likely to be owed due to a termination of contract or change in role		Compensation related to a non-complete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
<b>Stanislas de Bentzmann - Chairman of the Management Board</b> Appointed by the SB held on 5 September 2016 Term expires: OGM 2020		x		x		x		x
<b>Godefroy de Bentzmann - CEO</b> Appointed by the SB held on 5 September 2016 Term expires: OGM 2020		x		x		x		x
<b>Roland de Laage de Meux - General Secretary</b> Appointed by the GM held on 17 June 2016 Term expires: OGM 2020	x			x		x		x

**Table II: Summary of Devoteam share transactions by corporate officers and senior managers other than corporate officers in 2019\***

Name of senior manager	Transaction	Instrument	Total transaction amount (€ thousands)	Unit price (€)
Stanislas de Bentzmann - Chairman of the Management Board	Assignment	Shares	4,079	100.7
Godefroy de Bentzmann – CEO	None	None	None	None
Thierry François – CFO	None	None	None	None
Sébastien Chevrel – Group COO	Acquisition	Shares	213	26.6
Roland de Laage de Meux – General Secretary – member of the Supervisory Board	None	None	None	None
Tabag, member of the Supervisory Board	Acquisition	Shares	300	99.8
	Assignment	Shares	491	105.6

#### 6.2.1.5 Ratio on multiples of compensation of corporate officers

Corporate officers	Gross compensation of corporate officers	Average gross compensation of employees (*)	Median gross compensation of employees (*)	Ratio on average gross compensation (*)	Ratio on median gross compensation
<b>Stanislas de Bentzmann</b>	598,636	48,906	44,000	12.2	13.6
<b>Godefroy de Bentzmann</b>	601,528	48,906	44,000	12.3	13.7
<b>Roland de Laage de Meux</b>	170,584	48,906	44,000	3.5	3.9

\* Entities of the France scope (excluding D2SI, Devoteam Group and Be Team).

The scope chosen for the application of Article L. 725-37-3-6° of the French Commercial Code is that of the French entities of the Group (excluding D2SI, Devoteam Group and Be Team), representing about 90% of the workforce in France and 41% of the Group's workforce. The average and median compensation is calculated using the annual gross theoretical compensation (fixed and variable) in full-time equivalent of the co-workers present throughout the year.

#### 6.2.2 Compensation of the members of the Supervisory Board

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

**Table 12: Directors' fees and other compensation received by non-executive corporate officers**

Members of the Board	Amounts paid during the 2018 financial year (in €)		Amounts paid during the 2019 financial year (in €)	
	Directors' fees	Other compensation	Directors' fees	Other compensation
Michel Bon (Chairman)	52,000		52,000	
Bertrand de Bentzmann (Vice-Chairman)	8,000		9,000	
Vincent Montagne	11,500		11,500	
Roland de Laage de Meux	12,000	178,528	12,000	165,446
Yves de Talhouët	11,000		10,500	
Elisabeth de Maulde	11,000		10,500	
Carole Desport	12,000		12,000	
Valérie Kniazeff	10,000		10,500	
Georges Vialle	12,000		12,000	
<b>TOTAL</b>	<b>139,500</b>	<b>178,528</b>	<b>140,000</b>	<b>165,446</b>

## 6.3 Presentation of the Shareholders

### 6.3.1 Changes in shareholding

No upward or downward crossing of thresholds was declared in 2019. The structure of the share capital and its changes are described in Section 2.4 of the Management Board's Management report.

### 6.3.2 Amendments to the Articles of Association and elements likely to have an impact in the event of a takeover bid

Only Extraordinary General Meetings are authorised to amend the Articles of Association and the provisions thereof.

To the Company's knowledge, Devoteam has not entered into any significant agreements that would be amended or terminated in the event of a change in control, nor any agreements under which compensation must be paid to Management Board members or employees in the event that they resign or are dismissed without just cause or that their employment ends as a result of a takeover bid. Certain shareholders' agreements entered into with minority shareholders of Group subsidiaries, however, contain clauses authorising these subsidiaries to sell their shares to the Group in the event of a change in the composition of the Management Board.

### 6.3.3 Capital increase (CI) delegations authorised by a General Meeting (GM)

Type of delegation granted to the Management Board	Date of GM granting the delegation (resolution no.)	Maximum nominal amount of the CI	Duration of the authorisation	Amount of delegation used as at 31/12/2019	Maximum number of shares issued	% of share capital	% of voting rights (VR)	Capital dilution <sup>(a)</sup>	VR dilution <sup>(a)</sup>
CI through issue of marketable securities or incorporation of reserves with PSR <sup>(b)</sup>	18/05/2018 (7 <sup>th</sup> Resolution)	€500,000	26 months	Not used	3,333,333	48.0	35.15	0.71	0.65
CI through issue of shares or any marketable securities without PSR	18/05/2018 (7 <sup>th</sup> Resolution)	€25,000 and €80 m <sup>(c)</sup> on the maximum nominal amount of marketable securities representing debts giving access to capital	26 months	Not used	833,333	10.0	0.0	0.91	0.8
CI through issue of marketable securities without PSR up to 10% of the share capital per year (Art. L. 225-136 I of the French Commercial Code)	18/05/2018 (14 <sup>th</sup> Resolution)	10% of share capital per year (counts towards the cap set out in Resolutions 12 and 13)	26 months	Not used	833,240	10.0	0.0	0.91	0.8
CI through issue of marketable securities without PSR to compensate benefits in kind	18/05/2018 (15 <sup>th</sup> Resolution)	10% of share capital per year (counts towards the cap set out in Resolutions 12 and 13)	26 months	Not used	833,240	10.0	0.0	0.91	0.8
CI through issue of marketable securities without PSR reserved for subscribers to a company savings scheme	18/05/2018 (16 <sup>th</sup> Resolution)	€50,000	26 months	Not used	333,330	4.0	3.5	0.96	0.85
Allocation of free shares or preference shares	14/06/2019 (11 <sup>th</sup> Resolution)	€74,992	30 months	Not used	499,944	6	5.3	0.94	0.83
Issue of subscription options	14/06/2019 (7 <sup>th</sup> Resolution)	€24,997	30 months	Not used	166,648	2	1.76	0.98	0.96

(1) PSR: preferential subscription rights.

(2) For a shareholder holding 1% of the share capital prior to the transaction.

#### **6.3.4 Participation of shareholders at the General Meeting**

In accordance with the provisions of Articles L. 225-37-4, 9° and L. 225-82-2, paragraph 6 of the French Commercial Code, amended by Order No. 2017-162 of 12 July 2017, the terms and conditions for the participation of shareholders at General Meetings are laid down in Articles 12 and 18 of the Company's Articles of Association.



#### 6.4 Statutory Auditors' special report on regulated agreements

General Meeting called to approve the financial statements for the financial year ended 31 December 2019

This is a free translation into English of the statutory auditors' special report on regulated agreements with related parties that is issued in the French language and is provided solely for the convenience of English-speaking readers. This report on regulated agreements should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Commercial Code and that the report does not apply to those related party transactions described in IASb74 or other equivalent accounting standards.

To the General Meeting of Shareholders of Devoteam SA,

In our capacity as Statutory Auditors of your company, we hereby report to you on the regulated agreements with related parties.

We are required to inform you, on the basis of the information provided to us, of the key features and terms and conditions of those agreements disclosed to us, or that we may have identified in the performance of our assignment, and the reasons why they were deemed to be in the company's interest. We are not required to comment as to whether they are beneficial or appropriate or to ascertain the existence of any other agreements. It is your responsibility, under the terms of Article R. 225-58 of the French Commercial Code, to assess whether these agreements are advantageous, and whether or not to approve them.

It is also our duty to provide you with the information referred to in Article R. 225-58 of the French Commercial Code regarding the performance, over the past financial year, of any agreements previously approved by the General Meeting.

We performed the procedures that we considered necessary to comply with professional guidance issued by the French National Institute of Auditors (CNCC) relating to this type of engagement. These procedures consisted of verifying that the information given to us was consistent with the documents from which it was taken.

## AGREEMENTS SUBMITTED FOR THE APPROVAL OF THE GENERAL MEETING

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### **Agreements authorised and entered into during the past financial year**

We were not notified of any agreement authorised and entered into during the past financial year to be submitted to the General Meeting for approval pursuant to the provisions of Article L. 225-86 of the French Commercial Code.

## AGREEMENTS ALREADY APPROVED BY THE GENERAL MEETING

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### **Agreements approved in previous financial years but not implemented during the past financial year**

We have also been advised that the following agreements, approved by the General Meeting in previous financial years, were not implemented during the past financial year.

#### **Authorisation of the transfer of asset and liability current accounts booked by Devoteam SA against its companies to the Luxembourg company Devoteam Holding SARL on 5 November 2013**

- **Individuals concerned:**  
Messrs Codefroy and Stanislas de Bentzmann, members of the Management Board of Devoteam SA and co-managers of the Luxembourg company Devoteam Holding SARL.
- **Type and purpose:**  
Transfer of asset and liability current accounts held by Devoteam SA against its subsidiaries to Devoteam Holding SARL as part of the establishment of a Group central treasury.
- **Key terms:**  
The transfer is due to take place after acceptance by the subsidiaries concerned and on the basis of a market value determined by a third party.
- **Rationale:**

Devoteam plans to create a central treasury to optimise the Group's cash flow.

Paris La Défense, 30 April 2020

KPMG Audit  
Department of KPMG SA

Jean-Pierre Valensi  
Partner

Neuilly-sur-Seine, 30 April 2020

Grant Thornton  
French member of Grant Thornton  
International

Vincent Papazian  
Partner

