NEURONES

Forward together...®

ANNUAL REPORT

2017

A number of staff members kindly allowed us to take photos of them at work for this annual report. We would like to thank them. This report presents just a glimpse of the 5,028 people behind the Group's achievements and the 32,000 m² of infrastructure in 2017.

Consulting and IT services jargon and acronyms are used only when necessary to understand NEURONES' businesses. They are explained in the glossary from page 118 onwards of this report.

NEURONES, over 30 years of profitable growth

With over 5,000 employees and revenues of €485 million, NEURONES boasts a prime position on the French market:

- in the top 12 Consulting and IT Services companies;
- one of the top 10 companies in the sector listed on the Paris Stock Exchange (including technology consulting companies), in terms of market capitalization.

Created from scratch in 1985 and listed since 2000, the Group has:

- experienced 33 years of rapid, profitable growth;
- formed a proven, solid core, mainly through organic growth;
- joined forces with about ten companies with complementary core businesses through external growth;
- more than doubled in size over the past seven years.

NEURONES has grounded its enduring success on a continually tailored line of services, currently focused on "digital transformation", along with a dynamic human resources policy and a novel, attractive organization of shareholder-entrepreneurs.

€485m
2017 REVENUES

9.3%
2017 OPERATING PROFIT

5,028
STAFF AT 12/31/2017

CONTENTS

OVERVIEW OF 2017

#INFRASTRUCTURES

Company performance in Eastern Europe

The Group's service desk specialist received no fewer than three awards for its excellent performance in Romania (including second place in the national ranking of top-performing companies in the "high tech and innovation" category), thereby confirming its status as one of the leading new technology companies.

#GROUP

One of the top recruiters in France

Recruitment remained brisk in 2017 with precisely 1,857 new employees joining the Group (compared with the 1,700 initially announced)! This makes NEURONES one of the top 40 French recruiters (all business sectors combined). Applicants are welcome to visit www.neurones.net (see the "Job opportunities" or "Prospective application" sections).

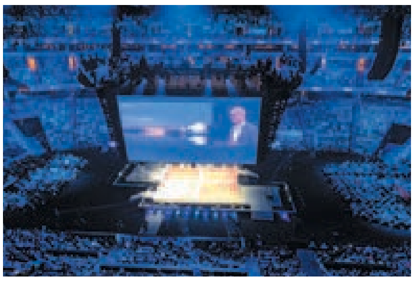
#INFRASTRUCTURES

Innovative support

The German subsidiary of the service desk business organized an event near Frankfurt to present its innovative solutions for multilingual user support to customers and prospects in Central Europe.

#INFRASTRUCTURES

Convention in Washington

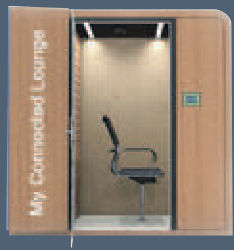


Two Neurones entities - workstation engineering and public cloud solutions - attended the biggest annual global convention organized by the giant Microsoft in Washington. Both units are among the software company's top-ranking French partners.

#INFRASTRUCTURES

Armchair services

In a ground-breaking initiative, the Group's service desk entity has designed the very first multiservice digital space for companies. Employees can go to this 2 m^2 connected cubicle to receive help and support through videoconferencing, personalized support or remote control.



#APPLICATIONS

Hackathon

For the fourth year in a row, the Group's market finance business ran its annual hackathon. In this challenge for in-house and external developers, five teams of five people (on average) compete on a project and code for 24 hours on the theme of technological innovations in the world of finance.

#GROUP

Industry recognition

In October, the magazine Décideurs rated NEURONES as "excellent" among the leading Digital Services Companies (DSCs) in France in the "New technologies/Outsourcing" category, where it competes alongside top international players.

#INFRASTRUCTURES

Disability awareness

The Group's IT infrastructure expert is involved in helping people with a disability enter the workforce. This role has seen her become a member of the Aires association's "Business Club", and she has also helped promote disability week through events run for her colleagues by special-interest organizations.

#CONSULTING

Great Place to Work

NEURONES' management and organization consulting entity has obtained "Great Place to Work" certification for the fifth time since 2012. It was ranked seventh in the list in 2017 (in the category of companies with 50 to 500 employees).

#INFRASTRUCTURES

Award-winning innovation

The Group's IT Security specialist won first prize in the Systematic innovation awards (for digital and industry stakeholders) by presenting one of its projects in Artificial Intelligence for Security.

#GROUP

Paris women in running shoes

Around 50 "NEURONES girls" donned their running shoes for the 21st edition of the famous foot race "La Parisienne" last September. After setting off from the foot of the Eiffel Tower, the 7 km race took them through the streets of the capital. They all did the Group proud by crossing the finishing line in brilliant style!

#INFRASTRUCTURES

Cloud computing in Africa

NEURONES' cloud computing business is the first in Africa to obtain the CMSP "Cloud and Managed Services Advanced" certification delivered by Cisco. It opens the door for the company to become the leading supplier of Infrastructure as a Service (IaaS) in Tunisia.

#APPLICATIONS

Happy@Work

The Electronic Document Management (EDM) unit has obtained the Happy@Work label, which rewards management excellence and employee motivation, based on six criteria: professional development, stimulating environment, management/motivation, salary/recognition, pride/fun/enjoyment, and an employee survey.

#INFRASTRUCTURES

Well-being in Tunisia

The service desk unit's Tunisian subsidiary is one of the top 3 "best places to work in North Africa" according to the Best Companies Group, which specializes in running programs to improve workplaces.

#CONSULTING

External growth

A company dedicated to applications performance management (APM) and IT operations management (ITOM) joined the Group in December, bolstering its expertise in IT Service Management.

#GROUP

Football

No fewer than 25 teams (some of them mixed!) made up of over 170 employees played a friendly soccer match in the fifth NEURONES Football Cup in a row, the Group's annual inter-entity indoor football tournament.

#APPLICATIONS

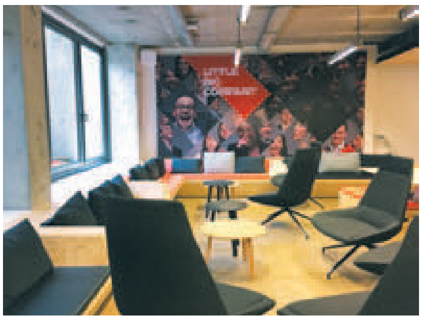
IT performance

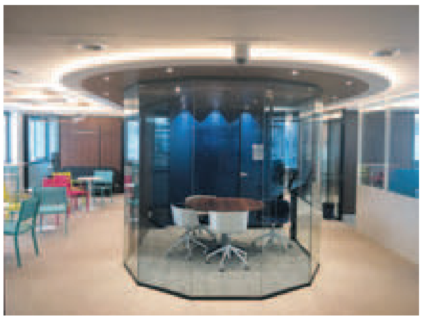
The IT performance business invited clients and prospects to an event organized with its partner IT company, ServiceNow, to promote the latest features of the Information Technology Service Management (ITSM) line of services.

#GROUP

The move to Workspaces 3.0

To promote well-being at work, which is the bedrock of productivity and performance, employees now have workspaces that are in keeping with current working practices. This means a "flex office" layout (no designated desks) and new areas for meeting, relaxing and innovating (working labs), where everyone shares space, resources and services (machines, WiFi, events, etc.) to foster new ways of doing business and innovating.





#INFRASTRUCTURES

Connected support

The workstation engineering department has been picked from among the top specialists in France to use Amazon's Echo Dot, a voice-controlled intelligent personal assistant service that can be used to activate connected devices with voice commands.

#GROUPE

Responsible commitment

NEURONES is pursuing its commitment to Corporate Social Responsibility (CSR). It was once again selected for inclusion in the 2018 Gaïa Index (as it has been every year since 2011). It was also rated in the top third of companies audited by Ecovadis and is now a member of the United Nations Global Compact.

#APPLICATIONS

Gold standard

SAP Gold Partner

The Group's SAP experts have strengthened their partnership with the world's leading provider of business management software. By being recognized once again as a SAP Gold Partner - the highest level on the market - they confirm their leadership in the field.

#INFRASTRUCTURES

An award for mobility

The service desk business's Lille agency took part in the Mobility Challenge organized by the Hauts-de-France Regional Council and won the prize for the highest rate of public transport usage in the category of companies with between 50 and 249 employees. The aim was to promote alternative modes of transport for commuting.

#APPLICATIONS

Included in the database

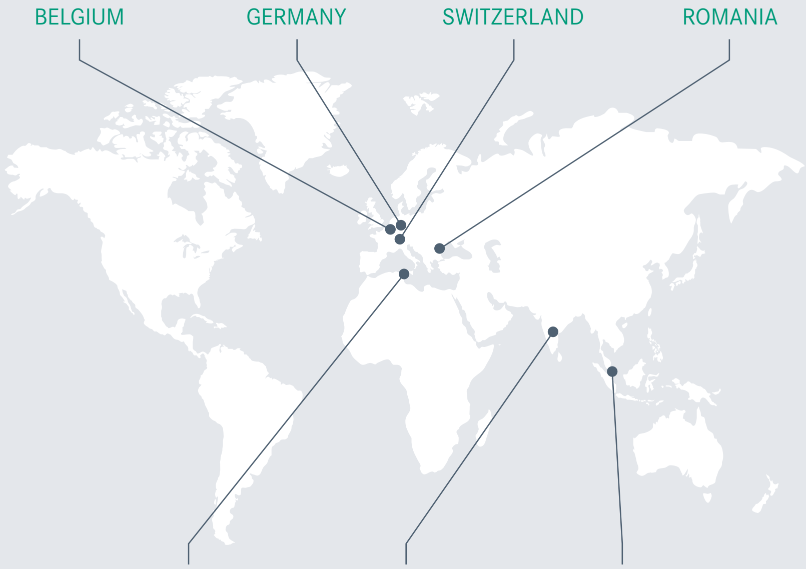
The Training business's range of courses was selected by Datadock for inclusion in its database: the sole list of approved, quality vocational training courses. The organizations that fund vocational training refer to Datadock to check that training providers meet the statutory quality criteria.

#GROUP

New winning swing

The Group's clients were invited to the 13th edition of the NEURONES Golf Cup at the legendary Saint-Nom-la-Bretèche golf course in early July. After a demonstration by golf champion Thomas Levet - as impressive as ever - it was over to the clients! Novice and experienced golfers alike enjoyed the sunny summer conditions and the new features on offer this year. And at the end of the day came the prizes, with bonus gifts from prestigious sponsors.

International development



Overall workforce outside France tops 450 employees.

THE GROUP IN 2017

Chairman’s message

“In the next few years, IT will permeate creative activity, daily life and leisure activities alike even more rapidly than electricity did”.

If we simply replace “IT” by its ally, “digital technology”, this forecast (by Jean-Jacques Servan-Schreiber, “Le défi mondial”, 1981) is still totally relevant today the groundswell that is buoying up consulting firms and digital services companies became even more powerful in 2017.

Everyone can see digitalization gaining ground, becoming self-sustaining, affecting every area of activity, changing behaviors and contributing to innovations that are sometimes quite radical. At once opportunity and challenge, it is reshuffling the cards and instilling fresh momentum. Some people even go so far as to use the word “tsunami” to describe the current pace of the world’s digitalization, innovation and the exponential increase in data (to cite just one figure, the number of connected devices in the world is expected to reach 80 billion in 2020!).

The only option for service providers is try to stay on the cusp of this constantly cresting wave. Was this how it was for your company in 2017? And what assets does it hold for the future?

1 – WHAT SHOULD WE THINK OF THE YEAR 2017?

In a shareholders’ report, the figures are the most telling yardstick of performance.

Organic growth, which is an indicator of buoyancy, stood at +9.5% last year for NEURONES. This is close to:

- the figure for 2016 (+8%);
- the average over the past ten years (+9.8%).

Overall growth (+8.6%) was slightly dampened by adjustments in the company’s scope. In any case, the Group grew two or three times faster than the market, as usual.

All told, revenues (€485m) exceeded expectations, despite a tight market for recruitment and retention, almost as tight as on the brink of the year 2000. Among other factors, increased use of outsourcing slightly dampened profitability.

Operating profit (9.3% of revenues), another marker of a company’s health, is on a par with that of 2016 (9.5%) and 2015 (9.3%). Over the past 10 years it has hovered between 8.8% and 10.2%, regularly placing NEURONES among the top three listed companies in the same sector.

The net profit rate (6.5%) is identical to last year’s figure, so towards the top of the range usually recorded (5.4% - 6.9%).

Cash and cash equivalents (net of borrowing) amounted to € 153.1m, up € 14.5m, pending logical outlays to address opportunities and the expectations and motivations of long-term clients, employees and entrepreneurs.

It would be exaggerated to establish a direct link between the figures above and the share price. That said, NEURONES’ share price increased again in 2017 by +28.8% (following increases of +28.4% in 2016, +25.6% in 2015, +10% in 2014 and +51.1% in 2013).

These achievements in 2017 can be attributed to our clients’ trust in the Group, the tireless work of over 5,000 senior managers, managers and employees, and the values that drive them.

2 – WHAT VALUES UNITE US?

Our values have been formed over time. Now they are presented at the monthly induction days for “newcomers” joining the Group. Here are just a few of them:

Ambition

The drive to succeed is an undeniable source of personal achievement. And time goes fast... As George Eliot reminds us, *“It is never too late to be what you might have been”.* The service professions are an excellent springboard for ambition, progress, social advancement, achievement and self-surpassing. Everyone’s aspirations combined give the Group its energy and drive. Yes, we can definitely enjoy working if we bear in mind its successive stages and have an enduring personal ambition.

Growth

Growth is the objective of those who want one day to look back with pride over their career. In NEURONES’ businesses, it is measured by objective intermediate indicators such as the number and quality of new hires, the value of the projects awarded and managed with existing clients, or the new “accounts” gained. Development is not “delivered” by the market nor produced from January 1st each year.

> “ It is never too late to be what you might have been. ”

Each and every person has a part to play in growth and needs a short, medium and long-term vision of what growth requires. Orison Swett Marden sums it up as follows: “The golden opportunity you are seeking is in yourself. It is not in your environment, it is not in luck or chance, or the help of others; it is in yourself alone”.

Quality & Innovation

The words “Services” and “Consulting” are clear. The clients who place an order with the Group are often under mounting pressure from competitors. Their own clients are also becoming more demanding as digital technology “shrinks time”, streamlines communication and encourages comparisons. Companies and public bodies are therefore looking for facilitators to integrate the benefits of digital technology into their existing systems, in ever-growing quantities and ever-shorter times, and are counting on tangible results and lower costs. They need reliable partners who can offer expert advice, fast turnaround times, local presence and new, distinctive, profitable solutions.

They reap the benefits of the Group’s massive investments in cloud computing and DevOps methods and tools. They will also be interested in the tailored service lines the Group has brought out recently, such as:

- myConnectedCompany® solutions and chatbot developments (by the Service Desk);
- data conversion expertise and Optiuse® license control by the Group’s SAP specialists;
- the virtually instant profitability that Visian® offers major infrastructure operators by making it easy for them to take advantage of the Internet of Things;
- robotic process automation (RPA), which filters and manages security alerts in the Group entity that pioneered cybersecurity (in 1987).

Profitability

Profitability is an important indicator of success. A service provider that is assured of its expertise can defend its price and choose clients that will place their trust in the company and work with it in even-handed conditions.

Operating profit, on the other hand, is an objective gauge of the senior manager’s performance: proof that he or she takes a realistic approach and quickly adjusts structural costs to the prices accepted by the Group’s clients. Obviously it is also a necessary condition for continuing to invest.

This indicator is also a matter of pride: in a competition on equal terms, with the same market of clients and candidates, it is better to be among the winners than among those who always find a good excuse.

Lastly, profitability is a duty we owe shareholders and in particular the employees who invested their savings in the company and who legitimately expect an attractive return on investment.

> “The golden opportunity you are seeking is in yourself. It is not in your environment... ”

Decentralization

Many of the senior managers of Group companies have worked in matrix organizations that are complex, slow and centralized, and where many of the processes were standardized. The individual often disappeared behind the sole “obligation of means”, or the desire to please his or her superiors. There was a real risk of being pushed into a slow decline by the silent shortcomings of a costly and numbing bureaucracy.

NEURONES’ managers firmly believe that the fast-growing service professions should, on the contrary, leave ample room for freedom of action. This freedom allows people to constantly adapt to the field and specialize. In a small company, each person’s contribution becomes more meaningful and the resulting motivation and commitment end up benefiting the clients.

The line management structure should only make itself felt at certain decisive moments, such as for the budget or when key executives are being recruited.

This is why decentralization is second nature to NEURONES. And as soon as an entity starts to lack energy or agility, or attains a size that makes it difficult to control, its senior managers would be well advised to spin off certain operations, once they have found credible entrepreneur-leaders who are prepared to invest their savings in a work tool that will, in turn, be partly their property.

The main values shared by the people behind this past year’s achievements are ambition, growth, quality and innovation, profitability and decentralization.

3 – WHO ARE THE PEOPLE BEHIND THE GROUP’S SUCCESS?

In a services group, performance obviously rests on the quality, commitment and number of the women and men who make up the group (NEURONES’ workforce stood at 5,028 on December 31, 2017).

Thanks to the Senior Managers

I would therefore like to begin by thanking the 30 or so Senior Managers, who are part-owners of the Group’s entities (since they invested their savings in the entities) and also shareholders in NEURONES. They bear responsibility for its future growth and profitability. They are enthusiastic and energetic, and adversity spurs them on to greater efforts. This is just as well, since the path to profitable and sustainable growth, though it may sound straightforward, is a daily challenge:

- be demanding and look for executives with better skills than some of their own. That way, they will be able to take over from one another, create permanence, reinforce the future (and choose a successor from their ranks, since this needs to be prepared a long time ahead);
- stay close to clients’ expectations, because we depend on them;
- be easy to reach, set the conditions for talent to be put to use, and pass on vision, conviction, optimism and staying power, and lead managers and teams;
- share the capital with those who naturally behave as if the company belonged to them;

> Our thoughts
> and imagination
> are the only real limits
> to our possibilities.

- weed out costs and challenge anyone who says "that's the way it's always been done";
- observe best practices in the Group or in our fellow companies and put them into practice;
- prepare new service lines - our added value in years to come - well in advance, along with action plans to rectify anything that might not be going so well tomorrow!

Thanks to the Managers

Thanks also to the Managers behind our achievements in 2017.

They play a fundamental role:

- draw up a work framework and adapt it with agility to the clients' needs and timing;
- allow employees to know why they get up in the morning, to do the job that suits them and to discover new fields of action;
- unleash energy, create a climate of trust, encourage initiatives and positive attitudes, and eliminate negative tensions;
- recognize performance, dare to be critical and provide the keys (including training) for each and every person to do better;
- bear in mind that many employees may not have "found their path in life": they need help to ensure that their work is more about personal fulfillment than mere obligation;
- enlarge their teams and prepare their successor so that they themselves can move up to a higher level of responsibility;
- maintain a start-up mentality and keep everyone's motivation high, especially as the younger generations set more store by the here-and-now than their overall career path.

In short, these people who pass on their experience often feel inclined, like Wilferd Peterson, to remind those under their management that: *"There is deep inside you multiple small sparks of potential; they require only a breath to ignite stunning successes"!*

Thanks to the Employees

Thanks to all NEURONES employees: they represent its primary "asset". It is their engagement that, once again this year, enabled the Group to advance, make progress, win market share, and build its notoriety and reputation.

In every area - needs definition, pre-sales argumentation, uncompromising recruitment, regular team evaluation and training, reliable production, swift response, accurate invoicing and precise operations record-keeping - each step of the way, their attention to detail and doing things by the book makes for satisfied clients.

In 2017, major investments were also made in fitting out the premises in "start-up" mode so that the company is more than a "place of work". More importantly, the keenest employees are reaping the rewards of their everyday commitment and effort: pride in a job well done.

They, more than anyone else, know that an employee who is confident in his or her abilities not only fulfills the task assigned but is ready to go a step further. When employees feel they are really trusted, it makes a tangible difference. Their managers want to give them this piece of advice from Orison Swett Marden: *"Our thoughts and imagination are the only real limits to our possibilities".*

In the years to come, the entire business community will continue to want to incorporate and absorb the benefits of digital technology, quickly and everywhere. People's behavior and role will be shaped by technology at a ever-faster pace. These prospects, boosted by the hopes placed in learning machines and artificial intelligence, are opening up an ever-wider field of opportunities for NEURONES. Needless to say, in this long-distance race, your Group has the firm intention of retaining the position it deserves.

In the mean time, let's take Paul Valéry's advice - *"Whoever wants to accomplish great things must devote a lot of profound thought to details"* - and continue building the 2018 financial year!

Luc de CHAMMARD
Chairman and CEO

MAIN SHAREHOLDER-DIRECTORS

From left to right.

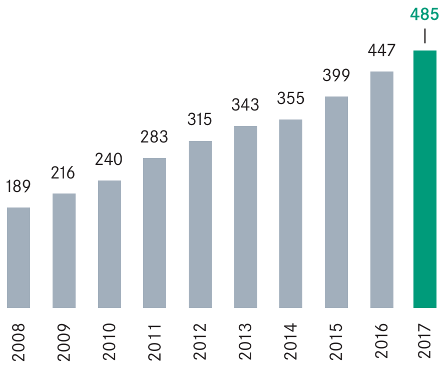
First row: Bertrand DUCURTIL and Luc de CHAMMARD.

Second row: Franck DUBRAY, Valérie ADER, Guillaume BLANCHETIÈRE, Jean-François HALLOUËT, Bernard LEWIS, Jean-Pierre LAFONT and Jean VELUT.

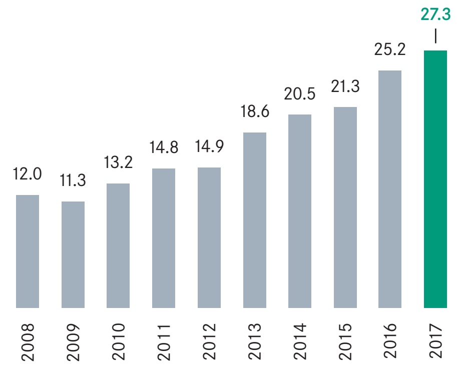
Third row: Stéphane RAILLARD, Alain LE GARLÈS, Frédéric GRIVEAU, Alain LE BRAS, Patrick GADEYNE and Michael ROUAH.

Key figures

CONSOLIDATED REVENUES
(in € millions)

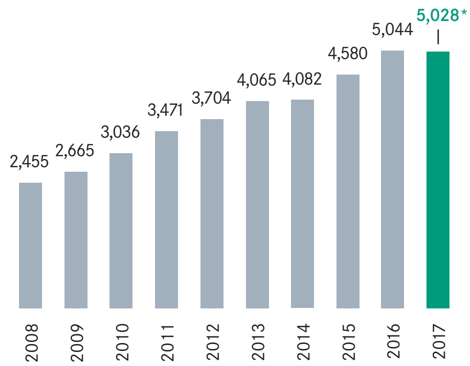


NET PROFIT – GROUP SHARE
(in € millions)



OPERATING MARGIN
(as %)

STAFF
(at year-end)



* 5,200 with constant structures.

+8.6%

REVENUE GROWTH IN 2017

+10.6%

COMPOUND ANNUAL GROWTH RATE
OVER 7 YEARS (2010-2017)

CONSOLIDATED INCOME STATEMENT (in € millions)

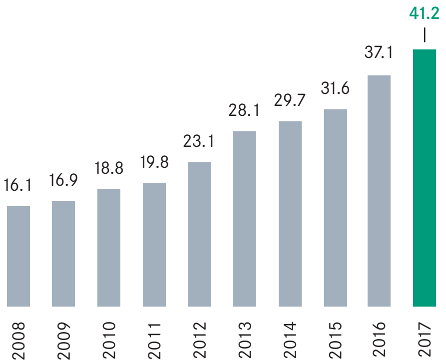
	2016	2017
Revenues	446.8	485
Business operating profit *	**43.5**	**46.4**
% of revenues	9.7%	9.6%
Operating profit	**42.5**	**44.9**
% of revenues	9.5%	9.3%
Net financial income	2.4	2.9
Income tax	(15.9)	(16.2)
Net profit for the period	**29.0**	**31.6**
% of revenues	6.5%	6.5%
- of which net profit – Group share	**25.2**	**27.3**
- of which minority interests	3.8	4.3

* Prior to cost of stock options, free shares and impairment of assets.

TABLEAU DE FINANCEMENT SIMPLIFIÉ (en millions d'euros)

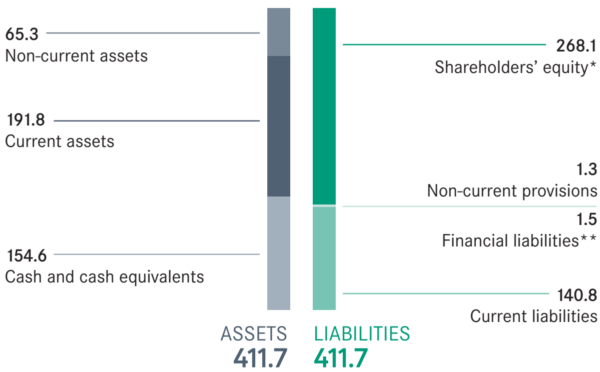
	2016	2017
Net profit	29	31.6
Non-monetary items	8.1	9.6
Changes in WCR (increase)/decrease	(13.6)	(15)
Net industrial investments	(6.7)	(8.9)
Free cash flow	16.8	17.3
Net financial investments	(5.4)	(7.5)
Net capital increase and disposal of securities	1	6.5
Other (dividends, etc.)	(2.6)	(3.1)
Change in cash and cash equivalents	+9.8	+13.2
Cash and cash equivalents at year-end	**140.9**	**154.1**

CASH FLOW FROM OPERATING ACTIVITIES* (in € millions)



* Net profit + non-monetary items (essentially, net allocations to amortization, depreciation and provisions).

CONSOLIDATED BALANCE SHEET AT 31/12/2017 (in € millions)



* Including minorities: 25.1.
** Short-term financial liabilities (including overdrafts: 0.5).

9.6%

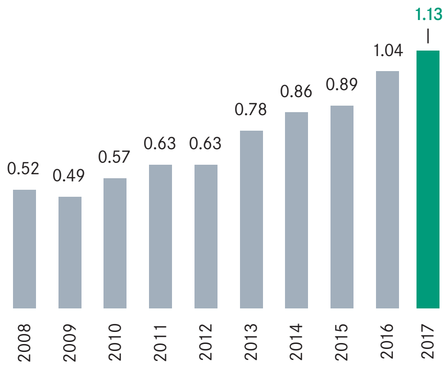
2017 OPERATING MARGIN

€153.1m

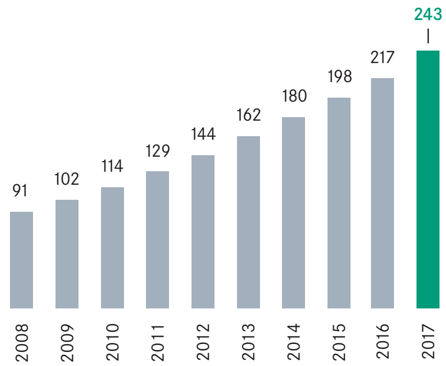
NET CASH AT DECEMBER 31, 2017

Shareholder information

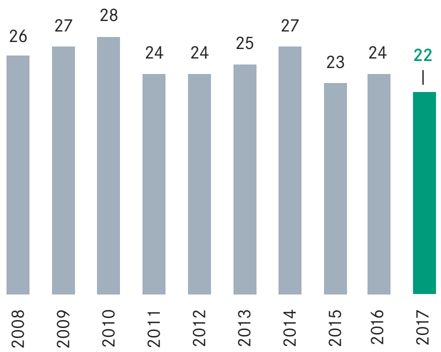
EARNINGS PER SHARE (GROUP SHARE) – (in €)



CONSOLIDATED SHAREHOLDERS' EQUITY – GROUP SHARE (in € millions)

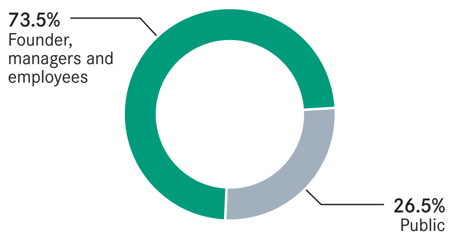


RETURN ON CAPITAL EMPLOYED* (as a %)



* Operating profit after deduction of corporate tax (calculated at the rate in force) divided by capital employed (goodwill + fixed assets + working capital requirement).

SHAREHOLDING (breakdown of capital)



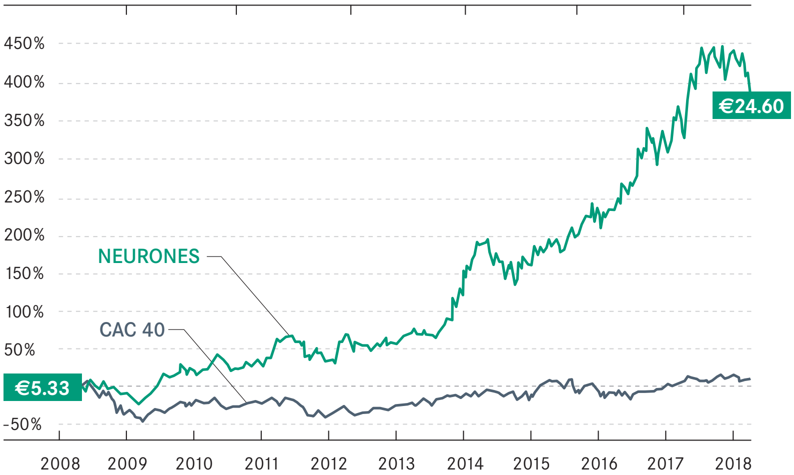
22%

2017 RETURN ON CAPITAL EMPLOYED

€0.06

PER-SHARE DIVIDEND PUT FORWARD AT THE ORDINARY SHAREHOLDERS' MEETING ON JUNE 14, 2018

CHANGES IN NEURONES' SHARE PRICE OVER THE PAST 10 YEARS (from April 11, 2008 to April 11, 2018)



CALENDAR (published after closing of the stock exchange)

1st quarter 2017 revenues:
Wednesday May 9, 2018

Shareholders' Meeting:
Thursday June 14, 2018

2nd quarter 2017 revenues:
Wednesday August 1, 2018

1st half profit:
Wednesday September 5, 2018

3rd quarter revenues:
Wednesday November 7, 2018

CHANGES IN STOCK MARKET INDICATORS OVER THE PAST 10 YEARS (share price, capitalization, number of shares)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Highest price (in €)	6.24	7.15	7.74	9.10	9.20	13.58	16.00	18.35	24.70	29.80
Lowest price (in €)	4.52	4.14	6.01	6.85	6.95	8.30	12.30	13.50	16.25	21.5
Closing price at December 31 (in €)	6.06	6.88	7.30	7.30	8.33	12.59	13.86	17.41	22.36	28.80
Market capitalization at December 31 (in € millions)	107.7	142.2	162.1	172.4	197.9	301.7	332.4	421.9	542.1	698.2
Number of shares at December 31 (in millions)	23.4	23.5	23.6	23.6	23.8	23.9	23.9	24.2	24.2	24.2

CONTACTS

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e-mail: investisseurs@neurones.net

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205, avenue Georges Clemenceau – 92024 Nanterre Cedex
Tel.: +33 (0)1 41 37 41 37 - www.neurones.net

NEURONES SHARE DATA SHEET

Average daily volume* traded in 2017:	6,100 shares
Share price (at April 11, 2018):	€24.60
Market capitalization (at April 11, 2018):	€596m
Number of shares (at April 11, 2018):	24,243,862

Euronext Paris:	Compartiment B
ISIN Code:	FR0004050250 (NRO)
Bloomberg: NEUR FP	Reuters: NEUR.LN
Enternext Tech 40	SRD medium values

* Uniquement sur Euronext.

Strategy and line of services

Our strategy for lasting, profitable growth is to tailor our range of consulting and digital services to clients' changing needs and build a long-term entrepreneurial project with shareholder-managers.

64%

SHARE OF GUARANTEED-PERFORMANCE SERVICE CONTRACTS IN TOTAL BUSINESS VOLUME

48%

PERCENTAGE OF TOTAL REVENUES GENERATED BY OUTSOURCING

AN UNWAVERING STRATEGY

Strategic policy directions

- expand our footprint with corporate clients and earn their recognition;
- maintain the entrepreneurial spirit of specialized entities in their field of business;
- broaden the range of services, in particular those related to digital transformation;
- industrialize production and adjust organization and cost structure to the market.

Resources

- above-market organic growth, occasionally bolstered by external growth;
- expanded footprint within and outside France, wherever clients' needs become apparent;
- investments not reliant on the general economic situation (€ 155m in free cash, no debt);
- an ongoing, decentralized model, close to clients and employees.

Core principles

- focus on profitability (an indicator of customer satisfaction) rather than size alone;
- align managers' and shareholders' capitalist interests;
- open up the capital to managers to build the long term;
- keep the fundamental business processes under quality assurance.

A FLEXIBLE SERVICE LINE-UP

Infrastructure Services

Today, as private and then public cloud computing gradually enter the mainstream, along with new DevOps-type organizations and tools, infrastructure management is becoming increasingly automated. The development teams will need to be able to provision the necessary resources in a click. The infrastructures undergoing these major innovations also support legacy applications that have been accumulated over time. With very open information systems and a multitude of devices, user support is still vital, but it too is undergoing major innovations (self-help resources, chatbots, etc.). Cybersecurity has never been such an important stake, everywhere, as it is today.

NEURONES' infrastructure management and cloud hosting services take a variety of forms, including turnkey projects, working in clients' teams, needs-based expertise, service-center or fully-fledged outsourcing.

Application Services

When companies need to adapt their legacy applications, they call on NEURONES to:

- lead IT and digital projects;
- develop or rewrite applications in Agile mode to adapt them to the cloud and mobility so that successive versions can be continually brought into production;
- integrate software packages (ERP, CRM, BI, BPM, EDM, etc.) and big data platforms;
- provide "industrialized" support and maintenance for legacy applications;
- manage training initiatives, in particular those associated with large-scale deployments of line-of-business applications.

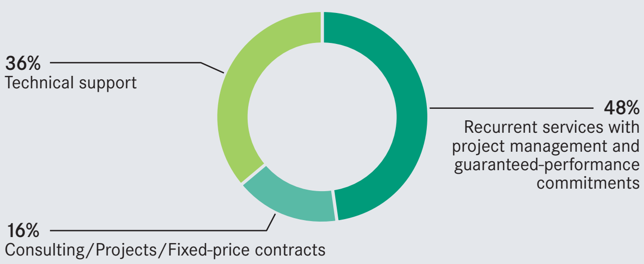
The Group is involved in combined outsourcing contracts covering both infrastructures and application maintenance.

Consulting

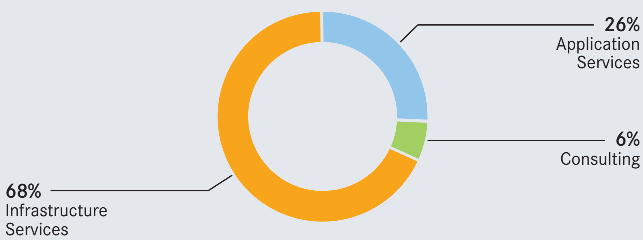
To adjust to digital technology and fast-paced company and environment transformation, businesses are increasingly relying on consulting services in organization and management.

This business segment, though situated upstream and quite separate from IT services, is nevertheless related and complementary to them. Technology eases reorganizations, but also prompts them by promoting the emergence of new "digital native" competitors or suggesting new processes.

BREAKDOWN OF 2017 REVENUES BY TYPE OF SERVICE



BREAKDOWN OF 2017 REVENUES BY BUSINESS SEGMENT



References and achievements

Around one thousand companies and public bodies of all sizes trust NEURONES, many for numerous years.

75%

OF CAC 40 COMPANIES PLACE THEIR TRUST IN NEURONES

1,000

CLIENTS CONTRIBUTE EACH YEAR TO REVENUE GROWTH

TAKEN FROM OUR LIST OF REFERENCES

BANKING/ INSURANCE

AG2R LA MONDIALE
AVIVA
AXA
BNP PARIBAS
BPCE
CAISSE DES DÉPOTS
CRÉDIT AGRICOLE
EURONEXT
GENERALI
GROUPAMA
GROUPE MONTEPASCHI
HSBC
MALAKOFF-MÉDÉRIC
SOCIÉTÉ GÉNÉRALE
TEXA

SERVICES/ CONSUMER GOODS

ACCOR
AIR FRANCE
APTARGROUP
AUCHAN
BEL
FAFIEC
FONGECIF
HEINEKEN
KPMG
L'ORÉAL
LVMH
NESTLÉ
PERNOD RICARD
SHISEIDO
SOLOCAL

ENERGY/UTILITIES/ HEALTHCARE

AIR LIQUIDE
AREVA
BAYER
BOLLORE
DELPHARM
EDF
ENGIE
ENI
REXEL
ROCHE
SAGESS
SANOFI
SERVIER
TOTAL
VEOLIA ENVIRONNEMENT

TECHNOLOGIES/MEDIA/ TELECOMS

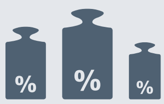
ATOS
BOUYGUES
DASSAULT
EUTELSAT
FRANCE MÉDIAS MONDE
GÉNÉRALE DE TÉLÉPHONE
GROUPE ARGUS
INGENICO
LAGARDÈRE
ORANGE
SAMSUNG
SFR
TV5 MONDE
UGC
VIVENDI

INDUSTRY/PUBLIC WORKS & CIVIL ENGINEERING

AVRIL
BOUYGUES
DAHER
ERAMET
GROUPE OCP
INVIVO
LÉON GROSSE
MICHELIN
PLASTIC OMNIUM
RENAULT
SAFRAN
SAINT GOBAIN
TARKETT
THALES
VINCI

PUBLIC SECTOR

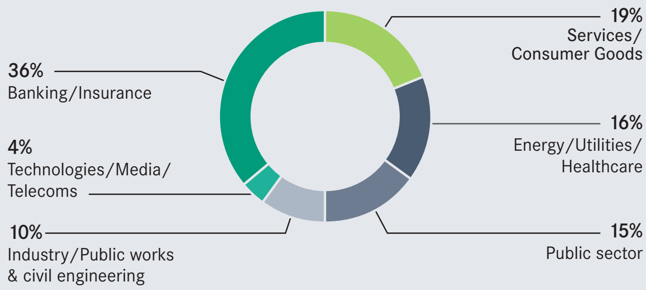
AGENCE FRANÇAISE DE DÉVELOPPEMENT
AGENCE NATIONALE DE LA RECHERCHE
AGIRC-ARRCO
AUTORITÉ DES MARCHÉS FINANCIERS
BANQUE DE FRANCE
CEA
CONSEIL DÉPART. DES HAUTS-DE-SEINE
ÉTABLISSEMENT FRANÇAIS DU SANG
LA FRANÇAISE DES JEUX
LA POSTE
MAIRIE DE PARIS
MINISTÈRE DE L'ÉCONOMIE ET DES FIN.
PMU
RATP
SNCF



8.4%

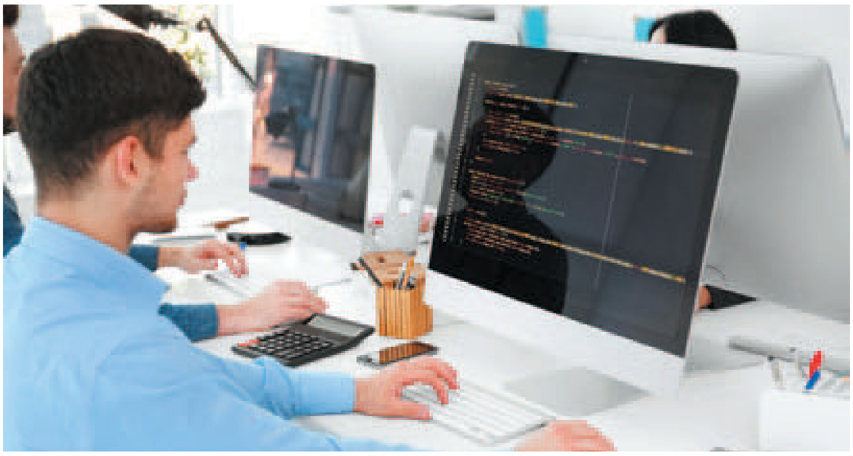
SHARE OF THE NO. 1 CLIENT IN 2017 REVENUES

2017 REVENUE BREAKDOWN BY SECTOR



SELECTED ACHIEVEMENTS IN 2017

Infrastructure Services segment



FOR A FRENCH LUXURY COMPANY. To improve the service delivered to its employees: set up an IT support service to foster excellence, providing for knowledge sharing and local services, and offering a host of services (including a connected workspace with support, personalized guidance, etc.).

FOR A MAJOR DERMOCOSMETICS COMPANY. As part of handling its cloud infrastructure, set up outsourcing that involved the transformation then hosting of its entire information system (over 100 applications were migrated and changed over to the cloud). The entire system is now supervised and operated on a 24/7 basis from one of the NEURONES service centers.

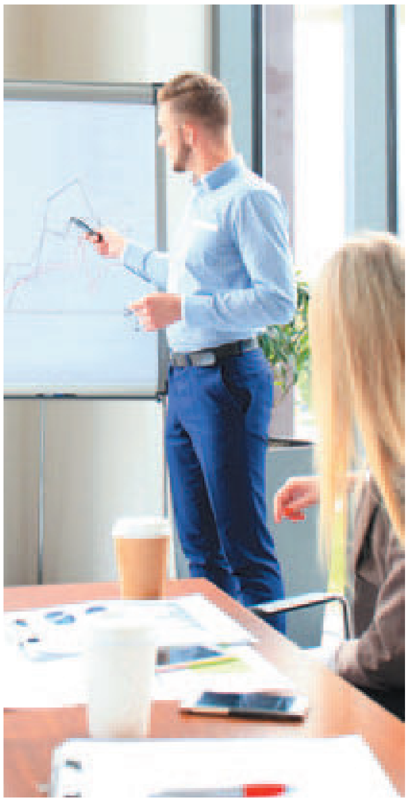
FOR A MOTORWAY SPECIALIST. To boost customer satisfaction by improving supervision of its facilities on its motorway network: set up connected sensors to provide rapid feedback (on security systems, the cleanliness of washrooms and user numbers, the fill rate of trash containers, etc.) in order to optimize the rounds of the operating teams.

FOR A WORLD LEADER IN INTEGRATED PAYMENT SOLUTIONS. To modernize its IT infrastructure: conducted a study and drew up a plan to migrate the entire information system (120 applications) to the Microsoft Azure cloud (more than 900 servers), to operate and administrate the platform, which will be operated on a 24/7 basis by the NEURONES service center in India.In France, this will be one of the biggest migrations to the public cloud.

FOR A MAJOR SHIPPING COMPANY. In order to supervise its entire worldwide information system: set up a system from the NEURONES Security Operations Center (SOC) in Nanterre to detect any intrusions by hackers and anticipate malicious acts online. Occupied 20 cybersecurity experts for 3 years.

FOR ONE OF THE WORLD'S LEADING FAST FOOD COMPANIES. To bring its franchisees a high-quality service (at a time when the brand aims to open 30 new restaurants per year over the next 10 years): managed the cash receipt and user support system (diagnosis, resolution or "escalation"). Scope: IT and business requirements of 200 fast-food restaurants.

Application Services segment



FOR A MAJOR BANK. To develop the big data skills of the bank's 300 in-house developers so that they would be self-sufficient in their projects: created a bespoke classroom training course with modules on the new technologies and the technical environments used (Datalake, Hortonworks, Kafka, Spark, etc.). Training sessions scheduled over 2 years.

FOR A LEADING POWER COMPANY. To offset the lack of geographical landmarks for the employees working at its 40,000 m² headquarters: installed a geolocation mobile app linked to a system of Bluetooth sensors installed in the building. Employees can now pinpoint their position on a 3D plan, share their position or navigate to a meeting room.

FOR A FINANCIAL INSTITUTION. To modernize its dedicated tools for supervising financial markets: redesigned the application and technology for its surveillance platform, offering various functions such as the collection of information from French and European stakeholders, the storage and historization of information and various levels of control (formats, quality, market surveillance rule).

FOR A TRAVEL AGENCY. With a view to developing a digital strategy, helped the agency's employees, opinion leaders and customers (over 2,000 people) learn to use a new booking tool (Web application): provided consulting services and conducted studies, designed training material, created e-learning modules, led training courses and provided a portal to facilitate course enrollments.

FOR THE WORLD LEADER IN GLASS PHARMACEUTICAL PACKAGING. In connection with the division of its business into two branches (hence requiring the separation of its IT tools and infrastructures): transferred/segmented the existing software package, built two SAP systems (strategic data processing: finance, logistics, purchasing, etc.) and set up infrastructures to house the transformed and improved information systems.

FOR AN ESTABLISHMENT IN CHARGE OF PUBLIC RADIOS. In connection with the redesign of its finance and procurement IS: implemented the latest version of the SAP integrated management package (S/4 Hana), used to process accounting, logistics and purchasing data and provide analyses of project profitability. A total of 350 users were concerned (accountants, management controllers and financial analysts).

Consulting business segment

FOR A MAJOR BANK. Guided and supported the property division in a project to move to different premises, and involved a group of employees in a participatory approach. Defined and set up the organization necessary for collecting, selecting and implementing ideas (led workshops and seminars, made videos, created a dedicated page on the company's social network, etc.).

FOR A MAJOR PLAYER IN RESEARCH AND INNOVATION. To change a department's assignment and professional focus to development and technology transfer to industrial companies: provided guidance and support with drawing up recommendations for specifying and formally documenting the changes for the staff (engineer-researchers and managers) in the form of interviews and creativity workshops.

FOR A RECOGNIZED RESEARCH INSTITUTE IN ELECTRIC AND AUTONOMOUS VEHICLES. Provided support with organizing an international event on recharging electric vehicles (230 participants, 80 companies and 17 countries): installed the electrical network, managed the logistics, assisted with communication and looking for sponsors, facilitated meetings, reported on tests and provided feedback.

FOR A BENCHMARK STAKEHOLDERS IN THE ENERGY SECTOR To address commercial difficulties encountered during the development of a new range of electric mobility services (and in particular an electric-vehicle recharging solution for residential condominiums): provided guidance and support with the analysis procedures (audit and competition) in order to bring a better understanding of the solution's advantages and identify ways to improve it.

FOR A MAJOR PHARMACEUTICAL LABORATORY. Provided guidance and support with marketing a new drug, and more specifically with validating the integrity of the data (specifications, manufacturing parameters, etc.). Document analysis, visual representation of the manufacturing process (process mapping) and facilitation of workshops for the teams to discuss and validate the results.

FOR A LEADING BANK keen to develop collaboration and cross-functional working, and foster the emergence of a new managerial culture: gave the management team support and guidance with its head office redevelopment project. Deployed a new workspace concept and modernized the digital facilities (planned security, defined the change management strategy, led governance, planned and oversaw the initiatives).

CORE BUSINESSES

A comprehensive line of services

NEURONES is active in both Digital Services and Management Consulting, in particular those related to digital transformation. Implemented by entities with specific areas of expertise, NEURONES' core IT Services business combines Consulting, Integration of state-of-the-art technological solutions and Outsourcing of information systems (design/build/run).

INFRASTRUCTURE SERVICES

Infrastructure management, private and public clouds, connected devices (IoT)

User support

Hosting and outsourcing in cloud mode (IaaS)

Cybersecurity

IT operations, DevOps

IT service management, IT governance, automation

APPLICATION SERVICES

SAP integration and outsourcing

Content management (ECM, EDM), Business Process Management (BPM), dematerialization

IT consulting for finance, big data and DevOps

Management of IT and digital projects, analytics

Mobile applications and infrastructure management

Computer training, change management

CONSULTING

Consulting in management, organization and digital transformation

Digital marketing consulting

Managing the entire customer relationship for selected key accounts

To support the various businesses' sales forces, this central team fulfills the following assignments:

- organize and coordinate the sales actions;
- identify new business opportunities;
- consolidate completed projects and assignments;
- prepare reports for key accounts.

Coordination of major cross-functional contracts

The assignments of this structure include:

- coordinating the performance of multi-business contracts during the initial start-up phase, the operating phase and the reversibility phase;
- capitalizing on experiences and regularly updating the Group's standards.

Infrastructure Services

Guaranteeing high availability and secure access to IT infrastructures, operating them, making them profitable and developing them is the task of this business line with nearly 4,000 employees.

CORE BUSINESSES

- Infrastructure management, private and public clouds, connected devices (IoT)
- User support
- Hosting and outsourcing in cloud mode (IaaS)
- Cybersecurity
- IT operations, DevOps
- IT service management, IT governance, automation

TYPICAL PROJECTS INCLUDE

- Set-up and management of private clouds
- Networks and email systems (migration, administration, etc.), storage, backups
- Workstation management
- Outsourcing
- Implementation of tools and production automation
- Information system security

€330.7m

THE REVENUES GENERATED BY THIS BUSINESS LINE IN 2017, REPRESENTING 68% OF THE TOTAL BUSINESS VOLUME

8.2%

2017 OPERATING PROFIT

3,987

EMPLOYEES IN THE INFRASTRUCTURE SERVICES SEGMENT AT DECEMBER 31, 2017

DESIGN/BUILD

Today, as private and public cloud computing gradually enter the mainstream, along with new DevOps-type organizations and tools, infrastructure management is becoming increasingly automated. The infrastructures undergoing these major innovations also support legacy applications that have been accumulated over time. With very open information systems and a multitude of devices, user support is still vital, but it too is undergoing major innovations (self-help resources, chatbots, etc.). Cybersecurity has never been so crucially important. The Group undertakes not only major transformation projects but also localized responses in a variety of fields. The majority of these are fixed-price projects.

HOSTING/MANAGED SERVICES/ OUTSOURCING

In private and public clouds, the Group hosts and manages its clients' information systems. It also manages groups of on-site servers and provides support for fleets of all sizes made up of workstations and other devices (user support and on-site operations). Outsourcing, or Managed Services, typically involves multi-year contracts (3 to 5 years), under which NEURONES provides project management and guaranteed service levels. For each contract, the unique service delivery manager ensures ongoing compliance with the service level agreements and manages the improvement plan based on a benchmark and a catalog of standard operations. In this line of business, it is crucial to rapidly capitalize on knowledge and best practices. The Group has introduced standard processes for all of its contracts, applying tried and tested ITIL practices. The drive to industrialize outsourcing services is leading to a marked increase in the volume of operations performed through service centers.

THIS SEGMENT'S DIGITAL TRANSFORMATION-RELATED OPERATIONS

- Private, public, hybrid and multi-cloud computing
- Connected devices (IoT, including industrial plant): models, implementation, operation
- Installation of processing chains and teams (feature teams) in DevOps mode
- Cybersecurity

IN 2017

Quite regular growth driven by cloud operations, DevOps and technical support. Good progress in the IoT. Emerging demand for public cloud computing and components.

Exploratory discussions of artificial intelligence: chatbots, incident prevention in production and security.

Small acquisition in production automation.

OUTLOOK

Steady growth in private cloud computing then public cloud computing, DevOps environments, and more advanced automation in IT operations.

Less on-site server outsourcing.

Some shortage of resources, especially in cybersecurity.

Interview with...

THIBAUD,
Manager (Connected devices/IoT)

IoT, big data and artificial intelligence: innovating to develop new uses

NEURONES has numerous specialists devoted to innovation in the field of the Internet of Things (IoT), big data and artificial intelligence (AI). Some of these experts focus more specifically on identifying new use cases and new revenue sources for companies.

How do you approach these innovations?

When a new technology comes out, the first thing clients do is wonder what they will be able to do with it. Create new products or services? Optimize the customer experience or the user experience? Save money? It takes specific expertise to draw up a road map for the various possibilities and carry out tests.

In artificial intelligence, for example, we might identify ten use cases, but we will select only those we consider most useful for testing. In Consulting, we then move on to the production aspect, with one objective in mind (the business line's primary business purpose): industrial production.

Just a few months ago, the business's core focus was conducting the Proof of Concept (POC). Now that the market has matured, we are producing very concrete examples, from beginning to end, that deliver the planned benefits.

How do you go about this?

A methodology has been developed that factors in the historic core business (information system, security, etc.), but also includes other related fields, such as the legal field, business, purchasing, logistics, HR, etc. Our job is to guide and support clients from the experimental phase right through to industrial production, even if it means turning down projects that don't generate sufficient ROI or which cannot be mainstreamed. As a result, some projects remain at an embryonic stage because they are not sufficiently mature.

Three fundamental principles shape our operations: the desire to accelerate, an approach based on testing and usage, and the desire to industrialize and mainstream the trials. These minimum requirements must be met for us to launch a lasting service and adopt a viewpoint that is not too focused on the technology.

This is what we did in fields such as energy and manufacturing, or in the banking and insurance sector. It is a tried and tested model, and we are currently applying it to a broader range of fields.

What infrastructures do you use?

Infrastructure is, firstly, a means to an end, not an end in itself. We are capable of assembling building blocks (Microsoft Azure, Amazon Web Services, IBM Watson and others), which we use to acquire, share and process data to build a digital platform. What matters to customers is that the use case serves as a basis for addressing a business issue, regardless of the infrastructure, which has become a mere support. These transformations imply a corresponding change in the people handling the project: from this point on, the business units (legacy, production, marketing, etc.) liaise directly with the client. The IT Department is naturally involved at one point or another, typically when issues such as security and integration in the information system have to be discussed.

What skills do you rely on?

On our employees' skills: back-end or front-end developers, innovation consultants, data scientists and big data architects, for example. More generally speaking, a passionate interest

12

ACTIVE IoT CLIENTS

2,400

DEVICES INSTALLED AND CONNECTED IN 2017

in technology and an inquiring mind are common to everyone.

The in-house organization draws its vitality from two main activities: monitoring advances in technology and, most importantly, talking to other people. Staff are encouraged to meet up with colleagues to talk about topics such as AI. Dialog is mutually enriching. Moreover, clients are regularly invited to these discussion sessions.

Do clients like this approach?

Of course. It's an opportunity for them to test our ability to come up with ideas and carry them out. It also lets them see "from the inside" how the organization they plan to work with actually operates. More specifically, participants realize that there is a solid complementarity between these innovative technologies and NEURONES' historic businesses, which, in practice, guarantees a very high level of service.

> "The solid complementarity between these innovative technologies and NEURONES' historic businesses guarantees a very high level of service."

Having consultants present right from the beginning to speed up a project, having experienced developers on hand to take over, then transitioning to managed services mode is an operating mode that gives our clients the assurance of quality service for their innovation projects.

Objenious by Bouygues Telecom

sigfox

Application Services

With 20 years of experience in application projects and close to 900 employees, this business line's task is to guide and support clients undertaking successive improvements in their information systems and currently in the process of digital transformation.

CORE BUSINESSES

- SAP integration and outsourcing
- Content management (ECM, EDM), Business Process Management (BPM), dematerialization
- IT consulting for finance, big data and DevOps
- Management of IT and digital projects, analytics
- Mobile applications and infrastructure management
- Computer training, change management

TYPICAL PROJECTS INCLUDE

- SAP: integration and deployment of new modules and applications (including Fiori)
- Big data projects in Finance
- Service centers working in Agile and DevOps mode and organized into "feature teams"
- Mobile app development, in particular for the majority of IoT projects
- Dematerialization projects for incoming and outgoing invoices
- Communication and training plans to support the deployment of major software systems (ERP, etc.)

€126.7m

THE REVENUES GENERATED BY THIS BUSINESS LINE IN 2017, REPRESENTING 26% OF THE TOTAL BUSINESS VOLUME

11.1%

2017 OPERATING PROFIT

894

EMPLOYEES IN THE APPLICATION SERVICES SEGMENT AT DECEMBER 31, 2017

DESIGN/BUILD

NEURONES undertakes not only software package integration (ERP, CRM, ECM/BPM, EDM) but also bespoke application development (including mobile apps).

A number of teams work in DevOps mode on an everyday basis. Emphasis is placed on the initial phases of functional analysis and the methodology of project development (standard documentation, software engineering, standards, etc.).

OUTSOURCING

This business line includes support services and application maintenance, corrective maintenance and upgrading. The 50 or so contracts cover batches of several applications, interfaces or even entire application asset bases.

The TPAM centers for SAP, BPM/EDM applications and web developments use common tools and methods. Some of the teams are assigned to combined infrastructure and application maintenance contracts.

Training includes the "user support" component, in particular during ERP deployments.

THIS SEGMENT'S DIGITAL TRANSFORMATION-RELATED OPERATIONS

- Complex apps with Enterprise Service Bus (ESB)
- Solutions for distributing audio and video content
- Big data software for finance
- Design and roll-out of big data architectures (Hadoop, Hbase)
- "Mobile first" websites and mobile development
- Agile methods, installation of DevOps chains

IN 2017

Strong organic growth, driven by data analysis, Agile and DevOps, along with SAP (as previously).

Focus on mobile apps, market finance and SAP, and disposal of the bespoke Web/BI development business.

A great year for training, especially with strong demand for 3-6 month retraining programs.

PERSPECTIVES...

Promising outlook for the reconstruction of existing apps to make them "cloud and DevOps-compatible".

Continuing brisk business in SAP, ECM/BPM/EDM (dematerialization), digital technology and market finance.

Growing demand for consulting services on Big Data architectures (Hadoop, Hbase).

Interview with...

JOSÉ,

Team leader (IT Finance)

DevOps: bringing multiple participants together to work on a common project

The frequency of application updates is skyrocketing, especially in the Web environment. So, despite the sometimes increasing size of development and release teams, it takes ever-greater agility to enhance and upgrade an information system. For virtually continuous application releases, the solution is to streamline the organization and draw on the flexible capacity of cloud computing and DevOps tools.

Why use DevOps?

In the age of technology "disruption", being able to release very frequent new versions (in particular Web versions) of applications is becoming a necessity. Some stakeholders aim to go from one update every 3 to 6 months to several updates per day. A comprehensive range of new tools (often created for GAFA) is now available. So, in addition to handling the design and architecture of Web infrastructures, a few years ago the Group naturally added DevOps to its service lineup.

What exactly does the term "DevOps" mean?

DevOps (which was initially just a "movement") is a set of practices and tools that streamlines exchanges between developer teams and operations on a common objective. In short, it reduces the lead times between application version releases and therefore the time to market for a new product or service.

Is it new?

What is new is the industrialization of this concept (which dates from around a decade ago). Traditionally, a distinction has been made between Continuous Integration (CI) for developers and Continuous Delivery (CD) for operations. Now, though, there is a set of tools (known as a tool pipeline or tool chain), spanning from development through to release, to automate the steps entailed in delivering a new software version.NEURONES has been actively involved in this gradual industrialization over the past five years.

What can NEURONES bring to this field?

In upstream development, the Group brings the practical experience of teams that have actually worked on DevOps chains. This experience is important and will persuade stakeholders to invest in new tools, set up new, more "Agile" processes, a new organization with smaller teams that are both Dev and Ops (known as "feature teams") and that draw on new types of profiles.

For the downstream, infrastructure-related part, other new tools are now available. The challenge is to get the single Dev+Ops team to more automatically provision databases and, better still, physical items (virtual machines, and processing and storage capacity). NEURONES' extensive knowledge of the various cloud systems

5 years

DEVOPS EXPERIENCE
IN THE GROUP

(private, public, hybrid, multi-cloud) and technical solutions (API, etc.) is a major asset. DevOps is still very closely tied to the cloud.

On-demand infrastructure, known as “one-click” provisioning, is still a rather utopian promise, but we are getting closer to it.

Which business sectors are most likely to be interested?

Most “pure players”, whose IT resources are organized around a main Web application, are already organized in DevOps mode. More recent companies have been organized that way from the outset.

> “ NEURONES brings the practical experience of teams that have actually worked on DevOps chains. ”

Corporate banks and insurance companies - my field - are in a tightly regulated context and are subject to regulators - sometimes international regulators. Given the extent of their legacy applications and the size of their IT teams, it is hard for them to implement “pure-play” DevOps. But it is still an important and preferred accelerator for value creation. They initially began with tests on sections of the DevOps chain, with volunteer business development teams, and for certain high-priority applications. The human and organizational challenges were generally more difficult to deal with than the tool-related issues. Today it is becoming mainstream and some banks manage to process 30% of their application updates through DevOps chains.

Whatever the business sector, corporate accounts are very interested in DevOps and cloud issues. Apart from the higher quality and shorter lead times for their applications, they are considering using DevOps to make substantial changes in their organization, with far more streamlined processes. For example, an estimated 30-40% of IT Department jobs will have changed in 5 years.

Are your DevOps skills used by the rest of the Group?

Yes, especially as DevOps is based on exchanges among different stakeholders.

Industrialized service centers

Since 1995, Infrastructure Outsourcing has been relying on shared service centers (hosting, servers and applications, workstation management and support). Third-party Application Maintenance is provided through dedicated centers.

INFRASTRUCTURE OUTSOURCING CONTRACTS

Top 25 contracts
€3m/year
on average

125 contracts
€0.5m/year
on average

150 contracts
€0.15m/year
on average

OUTSOURCING IN NUMBERS

2,500
employees working
on contracts

7 million
service desk and application
support cases handled

24,500
third-party or proprietary
servers operated

250,000
workstations
managed

14
SERVICE CENTERS DEDICATED TO INFRASTRUCTURE SERVICES

300
INFRASTRUCTURE OUTSOURCING CONTRACTS

5
SERVICE CENTERS DEDICATED TO APPLICATIONS

6 SUPPORT CENTERS

- 1,100 professionals
- 24/7 availability
- Multilingual
- Nanterre, Angers, Lille, Nantes, Tunis and Timisoara

7 SERVICE CENTERS FOR SERVERS AND APPLICATIONS

- 350 specialist
- Supervision, management
- Scheduling, operations plan
- Release management
- Nanterre (x2), Courbevoie, Lyon, Bangalore, Singapore and Tunis

1 POOLED WORKSTATION MANAGEMENT CENTER

- 20 people
- Cloning
- Packaging
- Remote software distribution
- Nanterre

10 HOSTING CENTERS

- 17,000 virtual machines (VM)
- Independent Internet service provider
- All operators
- Telecom infrastructure as failover
- Nanterre and Lyon (own facilities)
- 4 highly-certified (Tier 3+) partner hosting companies (multi-centers)

5 THIRD-PARTY APPLICATION MAINTENANCE CENTERS

- All ERP and applications
- Knowledge base, test tools, versioning
- Nanterre, La Défense, Levallois, Nantes and Orléans

ITIL®

itSMF
Le Forum de la Gestion de Services Informatiques
Founding member

CERT certification
of the Security Operation Center

Consulting

Managed by consultants with previous experience in major international firms, this business segment with a staff of nearly 150 consultants provides consulting services in management and organization, digital transformation and digital marketing.

CORE BUSINESSES

- Consulting services in management and organization, and digital transformation
- Digital marketing consulting

LES PROJETS TYPE

- Assessment of strategic options, proposal of scenarios
- Guidance and support for provision of digital technologies for business lines and core businesses
- Support for governance of digital transformation programs, coordination
- Leadership and operational management for projects
- Impact studies on regulatory and technology changes
- Definition of strategies for sharing IT systems

€27.6m

THE REVENUES GENERATED BY THIS BUSINESS LINE IN 2017, REPRESENTING 6% OF THE TOTAL BUSINESS VOLUME

13.3%

2017 OPERATING PROFIT

147

EMPLOYEES IN THE CONSULTING SEGMENT AT DECEMBER 31, 2017

NEURONES supports complex projects for groups or organizations currently engaged in transformation, in order to help them incorporate new regulations and digital technologies, and generally become more efficient and effective.

The Group makes a point of building knowledge from the methods and expertise developed through over 1,000 assignments supporting business strategy and decision-making. Over the years, the business segment has developed expertise in the following areas:

- defining transformation road maps;
- cross-functional communication and consensus-building;
- strategic alignment;
- assessment of resources and defining the perimeter of activities;
- defining new leadership models;
- coaching management boards;
- analyzing impacts and change management;
- digital marketing.

Digital transformation consulting concerns all sectors, in depth, and has become a specialty in its own right. Digital marketing consulting is also expanding.

Management and organization consulting services are provided to the operational or functional divisions of corporate accounts. Projects sometimes include a component that requires competencies in information systems.

THIS SEGMENT'S DIGITAL TRANSFORMATION-RELATED OPERATIONS

Design and facilitation of innovation workshops (Labs)

Data science and data visualization

Leadership of outside communities

Management of Data Management Platforms' marketing data

Modeling of multi-channel customer journeys

Connected sales outlets

IN 2017

Strong growth (on a buoyant market).

Growth in digital marketing (DMP), sale of the start-up firm devoted to digital transformation.

The "Consulting" and "IT Services" segments have been kept quite separate.

OUTLOOK

The Group aims to develop Consulting activities, despite the inherent lack of visibility.

There is untapped potential in digital marketing consulting.

Increased business through organic and external growth.

Interview with...

ELSA,

Consultant and Senior Manager (Management and organization consulting)

Leveraging employee experience to ease change management

In this time of digital transition and a string of technology "disruptions", NEURONES' guidance and support extends well beyond the mere technology aspects. For example, it can offer expertise in "employee experience".

What exactly does this innovative and very specific field of services cover?

We give companies guidance and support for adjusting to change. This line of services springs from the far-reaching changes that have hit the world of work and more specifically its people, organization and technology.

The post-war years saw the development of the tertiary sector, when the first office blocks were built to house managers and administrative employees. This is when the so-called "community" type of company (not outwardly focused) emerged.

Then, in the 1980s, outside stakeholders (consultants, temporary workers, service providers, subcontractors, etc.) became an integral part of the way companies operate. It was the beginning of the "collaboration" era, which was translated into corporate architecture as cubicles or open spaces.

Today, collaborative working is a firmly rooted fixture. Working in project mode leads everyone to recognize everyone else's particular skills. This in turn leads to a different way of working and less partitioning of the workspace.

What effects has this had on organization?

HR managers recognized the benefits of the new working methods in terms of knowledge and skills acquisition. Bringing people together and getting them to talk can spawn new job fields and vocations. Managers, who are often selected from within the company's ranks, now work within a framework of new relationships to fulfill their role of empowering employees to self-manage and clearly specifying the objectives of collaborative working.

Moreover, since corporate real estate is a costly investment, companies have developed the "flex-office" principle of shared offices (the financial sector, for example, has an average of 0.8 offices per employee).

The combination of dynamic work environments, the flex-office principle and working from home, though beneficial for collaborative enterprises, also creates new issues to solve.

Is this where you come in?

Yes. By guiding and supporting companies and taking their objectives and specific features into account. We have to explain how collaboration will help make the company more efficient. Everyone needs to understand the approach and the everyday benefits to be gained from collaboration, whereas it can sometimes be perceived as a hindrance, or as breaking the existing codes.

In the past, everyone got by on their own personal experience. Today, though, the world is more complex and we need to constantly learn, unlearn and relearn... The physical environment is changing, too, and can ease employees' own transformation.

Our contribution consists in leading these transformation programs and all of the associated work packages: digital technology, the company premises, change management, employee relations, HR and communication. IT, for example, is a key success factor: employees must be able to be connected everywhere, reserve rooms or offices, access solutions from their home or while they're on the move...

We are also working on translating the company's vision into practical terms, on

50

NEURONES EMPLOYEES WORK FROM HOME

France GREAT PLACE TO WORK® 2017 Best Workplaces

THE GROUP'S CONSULTING FIRM MADE THE LIST FOR THE 5TH TIME helping everyone adopt it for themselves, and on transforming the way people work.

Why this term of “employee experience”?

Walking each employee - virtually - through each step of the future situations or difficulties is undeniably beneficial. That way, when the situations or difficulties actually arise, the employee has already experienced them. This is why we talk about “employee experience”. Previewing the new spaces (including the showrooms), being trained to use the future digital tools and receiving feedback from people who have already been through this type of change are a few of the ingredients of effective support.

There are many such experiences so that, on the day of the change, it doesn’t come as a shock. Once the employees are in the new context, we monitor the situation so that we can work around any avoidance strategies that might have been adopted.

What are your key assets in these tasks?

The consulting firm has the benefit of knowing some of the problems in advance. Moreover, bringing an outside view, networking the employees and leveraging their feedback also helps projects move ahead more quickly. We help bring a vision to life and give it meaning. The easy solution would be to use standardized recommendations copied from other companies and that are not appropriate for the context. The firm must be able to ensure that the vision is quite specific and generally embraced by those concerned. There is no one-size-fits-all model: it has to be invented from scratch, based on the company’s history. Clearly organizations today don’t have a model.Their strength lies in their ability to test, respond, be agile and adjust. It’s a stiff but rewarding challenge: to help them see transformation as a form of energy by incorporating the notion of enjoyment and enthusiasm.

> “ By bringing an outside view, networking the employees and leveraging their feedback, NEURONES helps projects move ahead more quickly. ”

Microsoft Teams

Skype for Business

RESPONSIBLE AND SUSTAINABLE DEVELOPMENT

A socially responsible Group

The employer's social responsibility is a priority for NEURONES' managers and executives. It is also in the interests of both the company and its clients.

When you have a long-term business view, the financial performance targets must take into account Environmental, Social and Governance (ESG) criteria.

Corporate Social and Environmental Responsibility

The sixth Corporate Social and Environmental Responsibility Report (page 58 of this document, followed by the auditor's opinion):

- addresses environmental, social and societal aspects, since NEURONES is convinced that success is achieved by including all stakeholders in the eco-system, not just the clients and employees: sub-contractors, other service providers (including fellow companies), training organizations (including engineering and business schools), public authorities, local authorities, civil society and shareholders;
- enables the Group to move forward thanks to:
  - indicators with more precise definitions;
  - the verification of processes and data-reporting tools;
  - the tracking of electricity consumption in data centers and fuel consumption.

It is part of a proactive drive for continuous improvement.

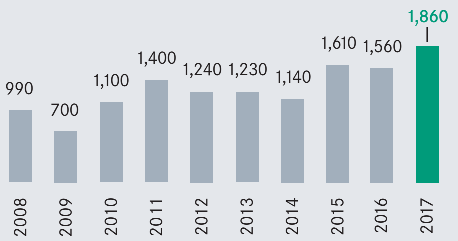
Governance

The governance of NEURONES (described on pages 100 and following) essentially complies with the recommendations of the MiddleNext code for mid-cap and small-cap stock. The remunerations and other information concerning the company executive officers (page 106) are given in compliance with the recommendations of that same code.

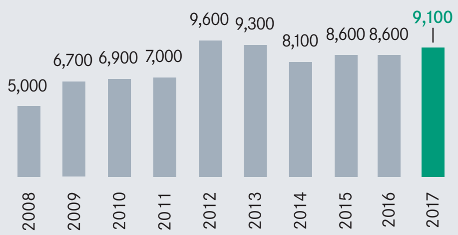
A committed company

Since its inception in 1985, NEURONES has endeavored to pursue responsible and sustainable development within its environment. This is one of the company's key commitments.

NEW HIRES
(EXCLUDING EXTERNAL GROWTH)



TRAINING PLAN
(DAYS X PARTICIPANTS)



156

NET JOBS CREATED IN 2017
(WITH CONSTANT STRUCTURES)

95%

OF THE 2017 PROFITS
WILL BE REINVESTED
IN FUTURE DEVELOPMENTS

63

NATIONALITIES REPRESENTED
AMONG EMPLOYEES

OUR NUMBER 1 ASSET: HUMAN RESOURCES

Right from the outset, the Group established an ambitious and innovative Human Resources policy that fosters diversity: 63 nationalities represented, a variety of academic backgrounds, including young, seasoned and senior professionals, 260 apprentices, interns and professionalization contracts in 2017, of which over 94% were open-ended contracts.

Numerous job creations:

- net creation of jobs each year (156 in 2017, with constant structures), in addition to the jobs created in our subcontractors' organizations;
- company growth and acquisitions are handled without using redundancy plans;
- an IT retraining program helps young graduates to find a job.

Longstanding capital sharing scheme:

- over 30 company managers and executives hold stakes in the capital of the companies they are developing;
- bonus-share and capital opening schemes;
- new key executives are regularly given the opportunity to acquire stakes in their companies and/or the Group.

Ongoing career management:

- lateral moves encouraged between different job fields and different functions, preference for internal promotion (especially for managerial and executive positions);
- annual performance reviews and interviews every few years are standard practice?

Long-term training policy:

- we do significantly more training than is legally required;
- training plans are easier to carry out because they use the Group's own training centers;
- employees encouraged to obtain qualifying certifications (ITIL and the main market players: Microsoft, VMware, SAP, etc.).

Motivating working environment:

- an environment that empowers people and lets them build their own future;
- recurrent distribution of bonus shares (and stock options): 11 consecutive plans since 1999 representing over 5% of the capital,
- Group management holds a majority shareholding, which rules out takeover bids and decisions made by financiers or uninvolved shareholders.

CHARTE DE LA diversité EN ENTREPRISE

Four business entities are signatories.

France GREAT PLACE TO WORK® 2017 Best Workplaces

One of the Group's companies has obtained this certification five times since 2012.

UN GLOBAL COMPACT Network France WE SUPPORT

NEURONES is a member of the United Nations Global Compact.

CLIENTS

The Group applies continuous improvement policies to its service lines in an effort to constantly adapt its solutions to IT decision-makers' needs.

Industrialized and pooled services:

- in 2017, €8.9m of industrial investments were channeled primarily into the service centers (extension in France and abroad) and the cloud computing line of services (hardware and software, and reserved areas with third-party hosters).

Active quality development:

- the three main companies in the Infrastructures business are ISO 9001 certified.

Constant tailoring to needs:

- mergers with around 10 significant-sized firms since NEURONES floated on the stock exchange have expanded and enhanced the range of services and expertise available for its clients.

€8.9m

INVESTMENTS IN SERVICE CENTERS AND THE CLOUD COMPUTING SERVICE LINE IN 2017

MARKETS AND SHAREHOLDERS

Profit reinvestment:

- for a long time (before the company was listed), profits were reinvested in full. Today, a large percentage of the profits is set aside to enable the Group to achieve its ambitions, irrespective of trends in the financial markets, the economic situation or bank policy.

Regular, transparent communications:

- the annual (audited) results are published within two months of the financial year end. The (unaudited) results are published every quarter. The Group has also issued a twice-yearly Shareholders' Newsletter since 2000.

Proven resistance to cyclical uncertainties:

- the diversified business portfolio and the recurrent nature of certain core businesses have allowed the company to come through the years of market contraction without too great an impact on profitability and without having to resort to staff cuts.

THE ENVIRONMENT

Given the nature of its core businesses, NEURONES' environmental footprint is only marginal. However, the Group:

- systematically recycles consumables (printer toners, electric batteries, etc.);
- has installed low-energy systems (lighting, HVAC, etc.);
- recruits, as far as possible, in labor market areas close to its service centers to limit daily commutes.

NEURONES is regularly evaluated by the EcoVadis questionnaire.

As has been the case since 2011, NEURONES was once again selected as part of the 2017 Gaïa index (a CSR index for listed companies), which ranks the 70 most transparent and advanced companies from among 230 listed mid-cap companies.

Documents are printed by eco-friendly printers.

What our people have to say

Aspirations, passions, career paths and more

TANYA,

Senior sales manager (Market Finance)

With NEURONES since 2010

In 2010, I had a chance to talk with the founder of the Group's IT Finance business

about our respective development aspirations and values. That one interview was enough to make me want to join the Group as a Junior Sales Engineer.

For 4 years, I threw myself into expanding a customer portfolio and supporting the consultants. On the strength of this experience, I then assumed the management of a team, trained junior sales staff and helped develop innovative services (continuous delivery, big data, etc.).

In 2015, with everyone's encouragement and active participation, the service lines were expanded to anticipate clients' innovation requirements. I am therefore playing a part in transforming the service line's business model. Today my team and I are proud to be managing, among other things, one of the finance community's

" It's an opportunity to do my job in an ambitious organization. "

most extensive Big Data projects. Recently, the bond of trust was further consolidated when I was offered an opportunity to become a shareholder in the company, which I naturally accepted immediately and enthusiastically.

It is an opportunity to do my job in an ambitious organization, alongside committed support functions and dependable, understanding managers. So, I naturally see my future as part of the Group!

CHARLES,

Managing Director (IT Operations)

With NEURONES since 2000

Judging by my history within the Group, there's no need to change company to succeed and have a rewarding career. After an experience in international trade (in the wine industry!), my inclination toward the service industries led me to IT. In 2000, I therefore joined NEURONES' Operations and Infrastructure business as a Sales Engineer.

As part of the burgeoning sales force, and following a strong commitment right from the beginning in order to be a true growth

" I believe in the Group's human values and apply them on a daily basis. "

driver, I became Sales Director. As the organization grew, and with the support and trust of the company's managers, we organized and developed the sales team, established agencies and developed new markets.

The company increased fivefold, while keeping growth under control and retaining a key focus on its people. Today, as Managing Director with a stake in the company's share capital, the next challenge is to transform our entity so that it can guide and support the digital revolution under way. Among other things, this will entail training our employees and bringing in a major training plan.

One of NEURONES' strengths lies in the richness of its human capital and the care given to each employee's professional future, by giving everyone their chance

and the means to succeed. I believe in the Group's human values and apply them on a daily basis.

What our people have to say

Aspirations, passions, career paths and more

JOSEPH,

Department manager (ECM, EDM and BPM)

With NEURONES since 2008

My career began when I graduated from engineering school in automatic control engineering, electronics and computer science. I was employed as research engineer in a brand new company specialized in business process management (5 employees at the time!). The company joined the Group in 2008.

My career is closely linked to the development and growth of the organization in which I began my career. From research engineer, I gradually moved on to project management, then the position of Director of Projects. Today, as head of the BPM Department (45 staff), I still handle certain operational aspects, but my core everyday responsibilities are in sales management and development.

In my job, the NEURONES model is a business "facilitator" that opens doors at key-account companies.

> “ NEURONES' organization provides a stimulating work environment. ”

NEURONES is also a stimulating work environment, full of interesting people and opportunities. I would like to continue assuming more responsibilities within the Group.

SOPHIE,

Recruitment and HR Communication Manager (ECM, EDM and BPM)

With NEURONES since 2011

My career is an illustration of the opportunities offered by the bridges between different business lines. I began in the Web Development-BI branch as Recruitment Officer, then joined the Enterprise Content Management (ECM) service line as Recruitment and HR Communication Officer.

My adventure in the Group began in 2011. My first assignment was to hunt out the best consultants in applications development. The scope of my work was soon expanded to include conducting HR audits, bringing in new processes, deploying operations on the employer brand, etc.

Then, out of curiosity, I went to work for a fellow company. Soon after, though, a new challenge emerged at NEURONES: the creation of a Recruitment and HR Communication position in the ECM business (a staff of 65 at the time). For the past three years, I have been working on everything to do with Human Resources: recruitment, naturally, training, the employer brand, the employees, of course. It makes me proud to have contributed, to start with, to doubling the number of employees.

The Group's structure (and the managers' trust) makes it possible to get ahead in your career, if you're ready to make an effort. And because Human Resources and IT are undergoing far-reaching changes at the moment, I hope to continue growing at NEURONES!

> “ The Group's structure makes it possible to get ahead in your career, if you're ready to make an effort. ”

LÉA,

Service Delivery Manager (IT Infrastructures)

With NEURONES since 2010

I entered the Group as a Recruitment Officer (my first open-ended employment contract!), and now I'm a Service Delivery Manager (SDM). When I joined the Group, I was looking for an organization with which I could build a career in a climate of trust.

Two years and about 150 recruitments later, before the age of 30, I was appointed Resources Manager in the Service Lines Agency, where I manage the work of over 70 engineers. Then in late 2014, organizational changes led to me being offered the job of SDM. A real challenge! The move from handling HR issues to managing operations at clients' premises called for some rapid skills building.

> "The path my career has taken is proof that NEURONES gives everyone a chance to develop and grow."

Luckily, I had guidance and support from thoughtful managers, experienced peers and knowledgeable "techies". Today I'm accountable for clients' satisfaction, whether this involves the teams' quality of service or compliance with the contractual undertakings and financial commitments.

The path my career has taken is proof that NEURONES gives everyone a chance to develop and grow (I often tell people that I'm a "NEURONES baby"). For the future, now that I know how to manage a customer and partner relationship, I hope to have the opportunity to manage a profit center in the Group.

COSMIN,

Service Center Director, Romania (Service Desk)

With NEURONES since 2013

I joined NEURONES in 2013 as the Service Desk business's very first employee in Timisoara. After a career in senior management in a fellow company's Romanian subsidiary, I heard that NEURONES was looking for an entrepreneurial profile to open a service center in Romania. I liked the idea of starting from zero to build everything in a group and, after talking it over with the managers, I decided to take up the challenge!

Four years later, the organization has a staff of over 210 employees and I am now the Associate-Director. My main assignment is to ensure smooth international service delivery, develop the local market and, at the same time, be innovative.

My goal for the future is to position the entity as an outpost for the Group's businesses in South-East Europe. First as a nearshore center, then subsequently becoming a significant IT stakeholder in the zone.

> "Working for an organization with an entrepreneurial spirit is a powerful driver."

Working for an organization with an entrepreneurial spirit, constantly on the lookout for opportunities, and in which communication between the stakeholders is free-flowing and marked by trust, is a powerful driver for anyone who wants to go "forward together"!

ANNUAL FINANCIAL REPORT 2017

1 GROUP BUSINESSES

1.1. GENERAL PRESENTATION

Identity and background

With more than 5,000 employees and revenues of €485 million for FY 2017, NEURONES is ranked among the top 15 IT Consulting & Services and Technology Consulting companies in the French market. In terms of market capitalization, it is one of the top 10 digital-services companies listed on the Paris stock exchange:

	(in millions of euros)	Capitalization (12/31/2017)*	2017 worldwide revenues
1	Capgemini	16,661	12,792
2	Atos	12,766	12,691
3	Sopra Steria	3,201	3,845
4	Altran	2,442	2,282
5	Alten	2,354	1,975
6	Econocom**	1,460	2,980
7	Akka Technologies	940	1,334
8	**NEURONES**	698	485
9	Assystem	665	395
10	Devoteam	623	540

* Including technology consulting companies (Altran, Alten, Akka and Assystem).
** Listed in Brussels but generates around half of its revenues in France.
Sources: Company press releases and Euronext.

Created from scratch in 1985, the Group has experienced steady growth (averaging 12% per year over the last ten years).

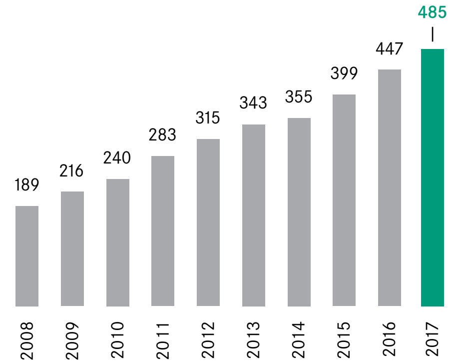
The Group was built by setting up dedicated subsidiaries for each core business, with their own unique technical know-how and using their own commercial brand. These companies were given the task of rapidly attaining a significant size in their field so that they could provide the best level of services at controlled structural costs. A cross-functional team coordinates the different entities working on contracts involving several complementary businesses and manages the overall relationship with certain "key accounts".

NEURONES has thus based its business on proven, sound foundations to further its internal development and grow through acquisitions of companies with the same or complementary core businesses.

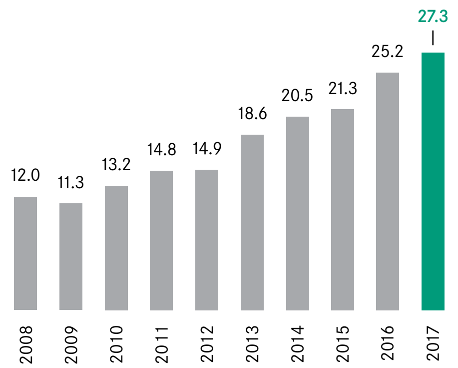
Since its listing on the Stock Exchange in May 2000, the Group has made around ten significant acquisitions, which now account for roughly a third of its business.

Key figures

CONSOLIDATED REVENUES OVER 10 YEARS
(in millions of euros)



NET PROFIT – GROUP SHARE OVER 10 YEARS
(in millions of euros)



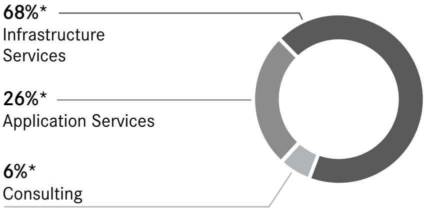
Changes in key figures *(in millions of euros)*	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues	189.3	216.4	239.6	283.3	315.4	343.2	355.2	399.4	446.8	485
Operating profit *	18.4	19.1	24.5	26.3	28.1	32.9	35.5	37.1	42.5	44.9
Operating profit	9.7%	8.8%	10.2%	9.3%	8.9%	9.6%	10%	9.3%	9.5%	9.3%
Net income	13	12.8	14.9	17	17.2	21.4	23.6	24.5	29	31.6
Net margin	6.9%	5.9%	6.2%	6%	5.4%	6.2%	6.6%	6.1%	6.5%	6.5%
Net profit – Group share	12	11.3	13.2	14.8	14.9	18.6	20.5	21.3	25.2	27.3
Staff at year-end	2,455	2,665	3,036	3,471	3,704	4,065	4,082	4,580	5,044	5,028

* IFRS accounting standards. The Company Value Added Contribution (CVAE) – 1% of revenues – has been classified as a tax since (and including) 2010. The operating profit benefited from the positive effect of the Competitiveness and Employment Tax Credit (CICE), equal to 0.8% of revenues for 2013 and 1.2% from 2014.

1.2. BUSINESS OVERVIEW

Business segments

The Group's activities are divided between three business segments:



*2017-related revenues

The relative share of revenues of each segment changed as follows:

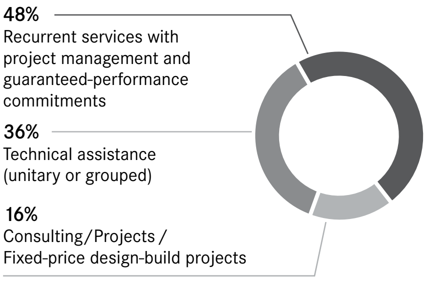
Change by business segment *(in millions of euros)*	**2015**	**% of total revenues**	**2016**	**% of total revenues**	**2017**	**% of total revenues**
Infrastructure Services	282.1	70%	308.1	69%	330.7	68%
Application Services	95.1	24%	116.2	26%	126.7	26%
Consulting	22.2	6%	22.5	5%	27.6	6%
TOTAL REVENUES	399.4	100%	399.4	100%	485	100%

Types of service, recurrence

The Group's IT Services activities (Infrastructures and Applications segments) break down as follows:

Type of activity carried out	**Information system domain**	
	Infrastructures	**Applications**
Design/Build	Architecture, projects, migrations, deployments	Design applications, integrate software packages, tailored developments, tests.
Run	Managed services, outsourcing, service desk, hosting, cloud computing, SOC (Security Operation Centers)	Support and Third-Party Application Maintenance (TPAM) Business Process Outsourcing (BPO)

According to its recurrence and the type of service (fixed price or on a time basis), the activity breaks down as follows:



Recurrent services with project management and guaranteed-performance commitments are long-term contracts concerning two business segments:

- Infrastructures: managed services and outsourcing
- Applications: Third-Party Application Maintenance (TPAM)

They require the intervention of seasoned pre-purchase service teams, substantial supervision, rigorous management control and the occasional intervention of experts to: ensure the Group's methods are applied correctly, audit the contract and search for ways to improve the service quality and profitability.

These contracts have initial terms of 3 to 5 years. The average actual term is often longer: they can be renewed formally or by tacit renewal.

A significant portion of the stand-alone technical support and certain projects are recurrent (i.e., the term of intervention is greater than 12 consecutive months).

It has been agreed to consider all consulting work as a non-recurrent project activity.

Overall, the revenue recurrence rate is estimated at approximately 70%.

Activities by geographic zone

The Greater Paris region accounts for three quarters of the employees, while the portion of employees in other regions and outside France continues to grow regularly:

Staff breakdown *(at year end)*	**2015**	**%**	**2016**	**%**	**2017**	**%**
Ile-de-France	3,431	75%	3,718	74%	3,678	73%
Other French regions	833	18%	905	18%	900	18%
International	316	7%	421	8%	450	9%
TOTAL STAFF	4,580	100%	5,044	100%	5,028	100%

Outside France, at December 31, 2017, staff were distributed as follows: Romania (195 people), Tunisia (190 people), Singapore (34 people), Germany (19 people), Belgium (7 people), India (4 people) and Switzerland (1 person). The vast majority work in service centers for services requested by clients located in France. The Group also contracts partners in around 20 countries under global contracts.

Impact of the digital transformation

With the arrival of new technologies and their effective use by new "disruptive" players, sometimes world-scale players, digital has become a major investment consideration for companies and public organizations.

The digital transformation brings together business projects that use digital technology to design or rethink services (innovation assistance workshops), digitize the "customer journey" (mobile applications, "mobile first" sites, digital marketing), use connected devices and big data to make the best use of data and, lastly, improve operational and support processes (e.g., company social networks).

These recent technologies have also favored the emergence of new development approaches (tooling, small tight-knit teams, "agile" methods) with:
- the use of new development tools,
- the implementation of DevOps "chains so new versions can be released almost continuously,
- the widespread adoption of different forms of cloud computing.

Finally, Artificial Intelligence (AI) creates new hopes and prospects in Digital Services: "chatbots" for support processes, smart automatons to better anticipate security or IT operation incidents, etc.

The digital transformation irrigates the majority of the Group's core businesses, even if it is a delicate challenge to precisely define the perimeter of these activities, some of which have existed at NEURONES for some years. For example, the claims monitoring applications in the car insurance field (sending an SMS message to the mechanic, to the driver, managing the stages of the process, etc.) are typically highly digitized applications with multi-channel management. The cyber security and private cloud core businesses have existed for a long time. They have just been accelerated by the digital transformation. Other activities are, however, more recent (connected devices, big data architectures, DevOps chains, chatbots, etc.). All of the Group's activities are described below by core business.

1.3. CORE BUSINESSES IN DETAIL

Core businesses making up the various segments

Each business segment comprises one or more core businesses, addressing both design/build phases and recurrent phases. Each core business is housed in a dedicated company, which enables the Group to have a simple legal structure that reflects its organization. Minority interests are held exclusively by the directors and executives of the subsidiaries, genuine shareholder-entrepreneurs.

Segment	Core businesses
Infrastructure Services	- Management of infrastructures, private and public clouds, connected devices - User support - Hosting and outsourcing in cloud mode (IaaS) - Cyber security - IT operations, DevOps - IT service management, information system governance, automation
Application Services	- SAP integration and outsourcing - Content management (ECM, EDM), business process management (BPM), paperless processes - IT consulting for the finance, big data and DevOps activities - IT and digital project management, analytics services - mobile applications and infrastructure management - IT training and change management
Consulting	- Management, organization and digital transformation consulting - Digital marketing consulting

The figures given below for each activity represent the core business contributions to the Group's consolidated revenues, after restatement of the intra-group transactions (i.e. they are not the revenues of the companies in which these businesses are housed).

Core businesses of the Infrastructure Services segment

Management of IT infrastructures, private and public clouds, connected devices

(in millions of euros)	2016	2017	17/16
REVENUES	72.7	78.5	+8%

Today, IT infrastructures are open and multiple. Users access a company's information system in mobile working situations, as the distinction between smart phones and laptops is subsiding. Many applications operate in SaaS mode (Office365, SalesForce, etc.) or in public clouds (Azure, AWS). The infrastructures and data themselves have multiple locations: on site, in third party data centers (infrastructure hosting companies), in the cloud (private, public or hybrid clouds). The movement to digitally transform companies increases the need to be proactive in implementing all of these resources, hence the emergence of organizations and tools like DevOps (tool chains), combining the previously separated development, test and production integration functions.

The design/build business involves designing and implementing all or part of the IT infrastructures and related software as well as certain related cross-functional services: servers, storage and data back-up, private or hybrid clouds, local and remote networks, workstations, roaming terminals, remote access, security solutions, production tooling, etc.

This is a project business, often carried out in the context of fixed-price "turnkey" projects with a performance guarantee.

The upstream expertise involves identifying the solutions that are long-lasting, productive and robust in operation. Given the great diversity of products and their rapid development, designing and costing these solutions requires the contributions of several technical experts. They are coordinated by a project manager, who is solely responsible for the commitments made.

The assignments typically carried out are as follows:
- implement best ITIL practices and automation tools for IT operations,
- Software Defined Data Center (SDDC) architecture design,
- cloud support: identify solutions adapted to needs, application migrations and secure solutions,
- integrated networks: Software Defined Network (SDN),
- implement API so infrastructures can be provisioned in one click,
- collaborative tools: implement or transform directory services and messaging services,
- consolidate and virtualize servers and implement resilient infrastructures,
- migrate data centers,
- storage solutions: Software Defined Storage (SDS), SAN/NAS, back-up, archiving,
- virtualize the workstation and implement multi-screen digital strategy (smartphone, mobile, tablet, web, interactive terminal, etc.),
- end-to-end supervision (application performances, systems, networks),
- implement container-based solutions,
- packaging, remote software distribution, masters,
- DevOps tools.

The technical specializations mentioned above are used in combination to help clients carry out virtualization projects and set up private and hybrid cloud computing services. The choice of migrating to the cloud is made after a detailed study of the legacy applications: eligibility application-by-application and need to rebuild certain applications in native cloud mode to take advantage of the cloud. The infrastructures entity constantly updates its private clouds, which it manages, operates and administers.

For comprehensive projects, it may provide software (system, security, email, backup, etc.) and hardware (servers, storage, network equipment, etc.). This part of the business line tied directly to the resale of solutions is minimal (less than 10% of the revenue of the entity concerned).

Different procedures are used for the recurrent management of infrastructures: stand-alone technical support (unitary or grouped), complete operation including project management and service level agreements (managed services, outsourcing). The services are carried out either on client sites or remotely, from the Group's service centers or in mixed mode, on site and remotely. The technical scope of service is typically as follows: servers, storage, networks, technical software layers (operating systems, databases, middlewares, messaging services, directories, etc.), security equipment, workstations, mobile telephony and connected objects (IoT).

The two activities (Consulting and Integration, on the one hand, and recurrent management, on the other), draw on the same technical profiles: consultants, architects, project managers, administrators, engineers and technicians.

The IoT (connected devices) activities have been consolidated in the specialized Visian® department (destined to be transferred to a subsidiary): innovation assistance, sensor selection, data collection platform, data view and use.

Likewise, the teams working on public clouds have been grouped together in the ScaleSquad® line of services to increase efficiency in this fast-growing market.

Businesses linked to digital transformation:
- connected devices (models, roll-out),
- DevOps: supply of infrastructure services and tools.

User support

(in millions of euros)	2016	2017	17/16
REVENUES	132.2	139.1	5%

The service desk receives and handles user requests, and either resolves them or passes them on to other expert entities for resolution ("escalation"). It identifies, capitalizes and circulates the knowledge required for the proper operation and use of IT tools in the company.

It provides a responsive (short lead-times for handling and responding to requests) and efficient (large capacity for immediate problem resolution) service. It contributes to the continuous improvement of information systems (identification of trends, study of causes, improvement recommendations) and therefore to the performance of companies.

The balance between the sense of client relations, technical knowledge and the understanding of the client's business processes is crucial to provide a quality service. Maintaining this balance over a period of time (several years) is a key factor for building client loyalty. For this reason, service desk staff are given regular practice sessions and training.

Half of the services are performed in 6 interconnected service centers and half on the client site. The support covers users in a dozen or so European countries.

These centers are equipped with the latest communication technologies. They ensure users can access the service using any channel (telephone, email, text message, interactive chat, self-service platform, etc.) from any terminal (PC, tablet, smartphone), at any time (24/7) and with a choice of more than 12 languages.

A concerted effort is made to rapidly capitalize on knowledge and best practices: this is vitally important for the development of the service line. Proven ITIL practices have been used to set up consistent processes.

Continuous improvement plans that aim to reduce the number of service desk requests are implemented systematically: self-help solutions, chatbots using increasingly intelligent pre-configured decision trees (typical application of Artificial Intelligence), automation of certain recurrent cases, etc.

Concerning improvement plans, the Group has twenty years of experience and feedback, with concrete, significant gains. The number of tickets have been routinely cut by 20% to 25% over three years. The productivity gains are split evenly between the client and its outsourcer in the form of a lower fee or a rise in the level of service.

In order to increase its capacity to resolve technical issues and support clients during the transformation of IT infrastructures towards cloud-based systems and virtualization, the service desk business provides a line of services covering expertise (ExperTeam®), consulting, architecture and projects.

At the same time, in order to provide business departments (notably sales and marketing departments) with its expertise in terms of client relations, the service desk proposes a business support offer (Seequalis®) to improve the "client journey" and increase loyalty.

Businesses linked to digital transformation:
- mobile infrastructure management,
- management of industrial connected devices (smart meters) and terminals (cinemas),
- business support for customer relations (CRM, after-sales, customer loyalty).

Hosting and outsourcing in cloud mode (IaaS)

(in millions of euros)	2016	2017	17/16
REVENUES	34.6	37.2	+7%

The infrastructure line of services including infrastructure hosting, now entirely in private cloud mode (Cloud Temple®), continues to grow. The old physical servers have been virtualized and installed on high-performance sets of blade servers. Data storage and backups are pooled and centralized. Invoices are calculated on a pay-per-use basis (processor power and memory capacity, storage capacity, Internet bit rates, etc.). This private cloud service represents a volume of 16,000 virtual servers (VM), including VDI (see glossary at end of document).

The Group owns virtually all of the private cloud hardware and software ("Capex"); the client pays a lease that covers the supply and hosting of the hardware ("Opex").

Recognizing that it was difficult to stay in the race (size and technology) led by data center specialists and not wanting to maintain specialist in-house "property" skills specific to hosting (building, electrical safety, fire safety, air conditioning, access security, etc.), NEURONES has progressively transferred its data center equipment to specialists. As such, most servers are now hosted within five "Tier 3+" certified partner companies in ten or so different data centers. The Group's two hosting centers (Nanterre and Lyon) serve as telecom network hubs and back-up datacenters for some clients. Subcontracting is limited strictly to "simple hosting". Hosting partners do not have access to the servers managed in the areas rented from them.

Associated with Tunisia's top private economic player, this entity rolled out and runs a data center in private cloud computing mode in Tunis.

The Group has several years' experience and feedback in private cloud computing with a large number of clients, which gives it a competitive edge in this sector.

To meet the needs of its clients (DevOps, automatic provisioning, containers, etc.), the service also includes SaaS, public cloud and hybrid cloud solutions.

Related to hosting, the remote servers and applications center provides shared remote management of servers, networks and applications. The Group's teams: handle alert reports transmitted by supervision tools (reactive mode), take preventive action (proactive mode), perform tasks planned using a scheduler, manage releases and changes.

This center runs on a 24/7 basis.It has been able to increase productivity by pooling certain resources, such as supervision, database administrators, ERP operation (SAP's BC profiles), security expertise, etc.

A clear distinction is made between Tier 1 operations (where incidents are handled according to a predefined set of instructions in a highly industrialized process) and Tier 2 operations (search for the root cause of the incidents, analysis and preventive measures, capacity review, technical office, preparation for implementations).

The main supervision tool used by the server service center was developed internally. It gives the Group a substantial competitive – and in particular financial – advantage. The Group also has a new-generation configuration management database (CMDB), which is systematically used for contracts.

Businesses linked to digital transformation:
- Private, public and hybrid cloud.

Cyber security

(in millions of euros)	2016	2017	17/16
REVENUES	6.2	6.7	+8%

The demand for cyber security is clearly sustained and long-term. Indeed, information systems are now more open and readily accessible – and hence more vulnerable – than ever before: with email, systematic Internet connections, interconnections between a company's head office, agencies, clients, suppliers and partners, and the widespread practice of remote access from portable computers or devices (staff who work off site or from home, etc.). The size of the demand generates strong pressures on the expertise resources of these businesses.

The Group's cyber security business, initially housed in the outsourcing entity in cloud computing mode, has been transferred to a subsidiary. It carries out complementary assignments:
- assessment: audits and intrusion testing,
- consulting: providing overall security support, defining policies, building awareness,
- implementing solutions,
- managed services: management of clients' SOC (Security Operations Centers) intended to prevent and detect security incidents and to respond to them.

Businesses linked to digital transformation:
- all activities set out above.

IT operations, DevOps

(in millions of euros)	2016	2017	17/16
REVENUES	47.5	54.3	+14%

IT operations concerns managing the processing operations of business applications run on enterprise servers and using database management systems (DBMS like Oracle, SQL Server, Sybase, etc.). IT operations draws on a variety of profiles: operators, operations analysts (support, operation, preparation), operations engineers, systems engineers and operations project managers, along with data center architects and PMO (Project Management Office) profiles.

The IT operations business has changed considerably and now deals primarily with real-time applications, along with the methods and software tools it uses. The IT operations business requires proficiency in Unix, the main schedulers on the market ($Universe and Control M), the main supervision (HP-OV) and alert (Patrol) tools and the main backup tools (Netbackup, Networker). For many clients, it is also necessary to have a good grasp of Internet architectures (e.g. Websphere).

Proper integration of the applications in production (adjusting processing and controls, documentation) and efficient management of changes remain key success factors, together with completion of the operations plan.

Some operations teams implement DevOps tool chains (e.g., Git, Jenkins, XL Deploy, etc.), other profiles are integrated in mixed teams ("pizza teams") blending Dev and Ops profiles, working in DevOps mode, so new versions of applications can be released almost continuously. Often, these teams provision the middleware resources themselves and even the hardware (data, servers) they need. Usually, only one part of the legacy applications is eligible for the cloud and DevOps.

The client base of this business segment is essentially made up of corporate accounts in the banking and insurance sector and outsourced clients.

Businesses linked to digital transformation:
- DevOps: supply of infrastructure services and tools.

IT Service Management, information system governance, automation

(in millions of euros)	2016	2017	17/16
REVENUES	12.2	14.9	+22%

The areas covered include managing services and assets for an IT department (IT Service Management, ITSM). The projects carried out improve cost control and structure IT services in order to increase IT service quality and user satisfaction.

There are various types of assignments:
- certificate training courses for ITIL (EXIN accreditation),
- consulting: defining organization and setting up ITIL processes, benchmarking,
- providing assistance to contracting authorities: defining projects, drafting specifications, managing change,
- operational IT process management and IT project management,
- implementing ITSM software solutions and managing project portfolios (partnerships with ServiceNow, HP Software, EasyVista and others),
- Third-Party Application Maintenance, either on client premises or provided through the Group's shared service center.

In November 2017 a structure joined this entity to strengthen its line of services in the following complementary domains:
- applications life cycle management (ALM): set up availability, performance and load testing tools for applications (HP Load Runner, etc.),
- IT operations management (ITOM): set up provisioning orchestration and automation tools for IT operations.

Service centers for the infrastructures segment

- 6 service desks in Nanterre, Angers, Lille, Nantes, Tunis and Timisoara,
- 1 remote workstation management platform: cloning, packaging, remote software distribution,
- 7 remote operation centers for servers and applications
- 10 hosting centers: two internal centers in Nanterre and Lyon as well as spaces reserved with four "Tier 3+" third-party hosters in eight different centers.

Core businesses of the Application Services segment

SAP integration and outsourcing

(in millions of euros)	2016	2017	17/16
REVENUES	36.9	43.9	+19%

The Group's SAP activities can be broken down as follows:
- Integration: functional design and then installation and deployment of new modules. Exclusive pre-configured SAP solutions for service activities and the distribution sector.
- Expertise: work on the key points of projects (data transfer, structural changes, non-regression testing, BI, etc.).
- ABAP development,
- SAP administration and operation using in particular the BC module,

- Support and TPAM (which can also be included in broader outsourcing contracts),
- User documentation and training (change management).

NEURONES has significant references for the following types of assignment:
- split-up or merger of SAP systems (data conversion),
- country roll-out: a core model is rolled out in different European countries,
- set up latest generation SAP user interfaces (Fiori, etc.), porting SAP screens on laptops and tablets,
- SAP Utilities module ("ISU"),
- management of licenses with Optiuse® ("in-house tool" for measuring licenses actually used).

Content management (ECM, EDM), business process management (BPM), paperless processes

(in millions of euros)	2016	2017	17/16
REVENUES	24.8	26.3	+6%

Enterprise Content Management (ECM) involves managing unstructured information in electronic form (letters, contracts, invoices, emails, miscellaneous electronic documents, photos, films, etc.), as opposed to information stored in databases.

It includes all of the management and formatting of the mass of content published by companies on the Internet: Web Content Management (WCM).

ECM also includes electronic document management (EDM) applications, acquisition, classification, storage, archiving and distribution of scanned documents (bank statements, telephone or electricity bills, etc.).

Business Process Management (BPM) is a set of methods and applications that optimize and automate workflows.

ECM and BPM converge when the workflows concern case handling (insurance claims, subscriptions, etc.) and document circulation.

As a result of the steep increase in paperless mail, both incoming (letters) and outgoing (statements and invoices), and the proliferation of unstructured data, ECM/BPM applications today make up a sizable market segment, on a par with ERP, CRM (Customer Relationship Management) and SCM (Supply Chain Management) applications.

This business segment is made up of two entities:
- an ECM specialist and major partner of IBM FileNet,
- a BPM specialist that is a partner of Tibco Software, Software AG, EMC Documentum, Microsoft Sharepoint and Alfresco, among others.

Businesses linked to digital transformation:
- complex applications that use several modules
- different applications (website, SAP, send and receive SMS, paperless processes, etc.) and multichannel management,
- distribution applications for text, audio and video content.

IT consulting for the finance, big data and DevOps activities

(in millions of euros)	2016	2017	17/16
REVENUES	29	33.1	+14%

This "market finance" entity advises corporate and investment banks for what is commonly referred to as their trading activity (shares and derivatives, rates, credit, exchange and raw materials). It provides expertise in project ownership assistance, architecture and project management for information system projects in the different sectors of the finance industry:
- Front Office: pricing, position management, negotiation, risk management, liquidity forecasts,
- Middle Office: control, validation, enrichment,
- Back Office: confirmation, settlement and delivery, cash flow, accounting.

It is also involved in Asset Management and Securities Services.

Some of its teams control the tools and development in DevOps mode.

This entity invested in a startup creating a software program for the finance sector (risk management and real-time transaction analysis) based on big data technologies. This software is in the process of being implemented at several clients.

Businesses linked to digital transformation:
- developing big data software for finance (Scaled Risk),
- roll-out of big data architectures (Hadoop, Hbase),
- data scientist services,
- DevOps.

IT and digital project management, analytics services

(in millions of euros)	2016	2017	17/16
REVENUES	4.4	4.6	+5%

With the Chief Digital Officers (CDO) of corporate accounts as contacts, this firm helps corporations define and implement their digital strategy:
- Management of Web & Mobile projects subject to requirements of high visibility, big volumes and high availability: study of user practices and patterns (UX/UI), project design and then implementation,
- Digital Marketing and CRM: implementation of solutions to improve client knowledge (CRM),
- Data analysis (Analytics): measure website performance (tag management, behavioral data analysis, A/B testing methods, etc.), roll-out new decision-making architectures for structured or unstructured corporate data (data analysts, data scientists), formalize dashboards based on data visualization solutions.

Businesses linked to digital transformation:
- all activities set out above.

Mobile applications and infrastructure management

(in millions of euros)	2016	2017	17/16
REVENUES	2.7	3.8	+41%

Using agile methods and a shared development platform, this entity works in the following fields of expertise:
- applications design (Product Owners, Scrum Masters, UX/UI services, mobile security),
- development and TPAM for mobile applications predominantly from a Service Center (Nantes),
- development of applications for connected devices (IoT) included in the Group's IoT line of services,
- management of mobile infrastructures (MDM – Mobile Device Management) based on Airwatch, Intune, LookOut, Okta and other solutions,
- selling business software solutions for mobile infrastructures.

Businesses linked to digital transformation:
- all activities set out above.

IT training and change management

(in millions of euros)	2016	2017	17/16
REVENUES	8.2	9.1	+11%

This business encompasses consulting on the organization of training plans (educational engineering, management of training plans and courses), the actual delivery of training (traditional training sessions, distance training, e-learning, long curriculum, etc.), the design and then management of "IT stores" or "IT counters" on client premises, and finally support and assistance when rolling out office or ERP software.

One of the buoyant activities in this business is providing support for the installation of new ERP or line-of-business software packages. These are tailored training courses related to deployment projects. They include an upstream phase of consultancy and design of learning and documentary tools (e-learning, instructions for use) and a downstream support phase.

The entity has a learning tools development center (films, photos, websites, etc.). Learning tools are disseminated through LMS (Learning Management Systems) platforms.

Service centers for the applications segment

- 5 service centers for application support and TPAM in Nanterre, Levallois, Angers, Nantes and Orléans.

Consulting business segment

Management, organization and digital transformation consulting

(in millions of euros)	2016	2017	17/16
REVENUES	18.5	20.9	+13%

Management consulting services are provided to the operational or functional divisions of corporate accounts. Projects sometimes include a component that requires skills in information systems or in digital transformation.

The management and organization consulting services provided include:
- Assessment of strategic options, proposal of scenarios,
- Guidance and support for complex projects,
- Coordination of actors for transformation plans,
- Guidance and support for provision of digital technologies for client business lines and core businesses,
- Support for governance of digital transformation programs,
- Operational coordination and management for projects,
- impact studies on regulatory and technology changes,
- Definition of strategies for sharing IT systems.

They are implemented by teams led by associates from major international firms.

Digital marketing consulting

(in millions of euros)	2016	2017	17/16
REVENUES	1.5*	2.5	+67%

* Pro forma.

With scoping or operational type interventions, this activity covers the following fields of expertise:
- coordinating innovation workshops,
- managing marketing data on DMP (Data Management Platforms) and managing cookies and their historization, like BlueKai (Oracle) or Krux (Salesforce),
- personalization: choose, in real time, the sales information sent to a web surfer based on his browsing history and the CRM data concerning him (personalization software: Maxymizer, Optimzly, etc.),
- omni-channel models of attribution: modeling cross-channel client journeys to orient media expenditures in real-time based on the visitor's known profile and the tactics decided for all channels,
- omni-channel (Abode Campaign and Next Best Action tools),
- sales outlets connected with sensors.

Businesses linked to digital transformation:
- all activities set out above.

The Group sold the following entities during FY 2017:
- Applications segment: Web and BI development (May 2017, contribution to consolidated revenue for FY 2017: €5.9 million),
- Consulting segment: consulting to the corporate digital transformation service (September 2017, contribution to the consolidated revenue for FY 2017: €4.2 million).

Financial items by business segment

The change in the different business activities' contribution to operating profit (EBIT) was as follows:

Résultat opérationnel *(en millions d'euros)*	2015	Rop/CA	2016	Rop/CA	2017	Rop/CA
Services d'Infrastructures	25,2	8,9 %	26,4	8,6 %	27,1	8,2 %
Services Applicatifs	8,7	9,1 %	13,1	11,2 %	14,1	11,1 %
Conseil en Management	3,2	14,5 %	3	13,6 %	3,7	13,3 %
TOTAL	37,1	9,3 %	42,5	9,5 %	44,9	9,3 %

Operating rate

The operating rate is defined as the ratio between the time allocated to clients' projects and the time the technical resources are available (number of working days less leave, sick leave and miscellaneous absences). This indicator is not defined the same way by all consulting and digital services companies.

Moreover, standard operating rates vary greatly from one line of business to another: consulting (around 70%), projects (around 80%), technical support (more than 90%) and outsourcing (not applicable).

For projects, it is more meaningful to look at the operating rate and the average selling price per day together, rather than the operating rate in isolation. In entities with a high proportion of technical support, the operating rate is a key management indicator and monitored on a weekly basis.

However, in outsourcing it is the margin made on contracts that is monitored, not the operating rates, which are inherently the highest in the Group. The main factor that determines how much profit is made on a contract is the productivity rate.

Likewise, the service desk's operating rate (which can top 95%) is meaningless. It should be analyzed in combination with productivity indicators (the number of calls handled per day per support technician).

Similarly, for training, the occupancy rate (number of participants per room, number of rooms occupied) should be analyzed at the same time as the operating rate to see whether good use is being made of the technical resources.

Partners

An impartial specification policy

From the outset, NEURONES has remained strictly independent of any vendor, services company or manufacturer. This complete impartiality in its choices and recommendations is vital for supporting its clients and nurturing their trust on a long-term basis.

Main partners and certifications

This has not stopped the Group from being recognized by the main technology developers and certification bodies – for many years now in some cases – as a partner of choice in its various business lines.

Systems and network integration:

AWS Advanced Partner - CA – Cisco Select Partner – Citrix Gold Partner – Centreon Gold Partner – Datadog – Dynatrace – ExtraHop – F5 – Fortinet – IPlabel Gold Partner – Ivanti – Microsoft Gold Partner – NetApp - Newrelic Reseller – Oracle Gold Partner – OVH Partner – RedHat Premier Partner – Riverbed – Simplivity – Velostrata Platinium Partner – Vmware (Entreprise, Vcloud Air Network) – Zerto.

Server and application outsourcing in cloud computing mode, IT security:

Arjel - Carbon Black – Checkmarks - Checkpoint - Cisco – Fortinet Platinum Partner - IBM Global Partner World Service Provider - Imperva Silver Partner - Juniper - Microsoft Gold Partner Hosting - Microsoft Silver Cloud Platform - Oracle Gold Partner - Passi - Splunk Premier - Varonis - VMware: Service Provider Program, vCloud Air Network Service Provider, vCloud Powered - Qualys Value Added Services Program - Zimbra Gold Partner.

Big Data:

Amazon Web Services - Cloudera – Confluent – Data Artisans - Docker - HortonWorks - Scaled Risk.

Connected devices:

Factory Systèmes – IBM BlueMix – Microsoft Azure - Objenious - Polestar - Visioglobe – Wyres.

Service desk/Telephony/CTI:

Acronis - Apollo Formation - Arp – Cisco - Comsoft - Easyvista - Eptica – Fortinet - Igel Technology - Microsoft Gold Certified Partner - Orsys - Paessler PRTG - ServiceNow - Suconi - Touch and Play – Varonis - Genesys.

ERP, CRM, BPM, EDM:

SAP Gold - SAP Partner Center of Expertise - SAP REx Hana - Alfresco Partner Premier - BonitaSoft Open Solutions - Contextor - Dictao - DocuSign Partner - EMC Captiva Partner - Ephesoft Partner - IBM Partner Analytics & Social (Automation Anywhere, Box, CMOD, Datacap Insight, ECM FileNet) - IBM Tririga - Kofax Diamond Partner - Power BI - Readsoft - OpenText - Tableau Software - Tibco Software - UiPath - YouSign.

Mobility:

Apperian - LookOut - VMware AirWatch.

Training:

AutoDesk Training Center - Datadock - Cisco – Citrix – ITIL Authorized Training Center & Authorized Certification Center (Peoplecert by Axelos) - Microsoft Partner Gold Learning - Microsoft Partner Silver Devices & Deployment - OPQF - PECB - SAP End-User Education - SAP Partner – TOSA (Test Center) – VMware.

Clients

NEURONES' client base is made up of around 1,000 medium and large-sized private-sector companies, in addition to state-owned enterprises, local authorities and government departments, for whom the Group carries out mid-size projects (up to €10 million per year).

The revenue breaks down by sector as follows:

At the end of this fiscal year, as in previous years, the number one client is a major group whose many decision centers order services independently of each other and from different Group entities.

All told, 75% of NEURONES' client base (i.e., 30 of the 40 clients) are CAC 40 groups.

In 2017, the top 20 clients were (in alphabetical order): Accor, Auchan, Axa, Banque de France, BNP-Paribas, BPCE, CEA, Conseil Départemental des Hauts-de-Seine, Crédit Agricole, EDF, Engie, Euronext, Fromageries Bel, Groupe Avril, La Poste, LVMH, Saint-Gobain, SNCF, Société Générale and Veolia Environnement.

Over the long term, as the Group grows, there is a tendency for its revenue to become increasingly concentrated:

Breakdown of revenues *(in millions of euros)*	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Top 20 clients										
- Value	96.2	109.3	128.9	160.6	174	198.7	211.4	225.6	260.5	285.7
- % of consolidated revenues	50.8%	50.5%	53.8%	56.7%	55.2%	57.9%	59.5%	56.5%	58.3%	58.9%
Top 10 clients										
- Value	67.2	77.7	96.3	119.3	129.1	147.6	161.8	175	206.4	224.1
- % of consolidated revenues	35.5%	35.9%	40.2%	42.1%	40.9%	43.0%	45.6%	43.8%	46.2%	46.2%
Top 5 clients										
- Value	46.9	55.4	70	86.4	89.3	102.3	116.6	127.2	146.1	161
- % of consolidated revenues	24.8%	25.6%	29.2%	30.5%	28.3%	29.8%	32.8%	31.8%	32.7%	33.2%
Share of the no. 1 client										
- Value	17.9	19.9	25.9	30.8	30.6	31.9	34.4	37.6	42	40.7
- % of consolidated revenues	9.4%	9.2%	10.8%	10.9%	9.7%	9.3%	9.7%	9.4%	9.4%	8.4%

At December 31, 2017, client receivables represented 94 days' revenue.

	2013	2014	2015	2016	2017
Trade receivables	89 d	86 d	86 d	90 d	94 d
of which unbilled revenue	16 d	13 d	16 d	16 d	19 d

The Group uses neither factoring nor the exchange of securities for debt.

Subcontracting

Upstream subcontracting

A small portion of the revenues (roughly 2.7% in 2017) is generated by acting as a subcontractor for a manufacturer, vendor or fellow company.

Downstream subcontracting

Occasional use is made of independent subcontractors, who are incorporated into NEURONES teams. No projects whatsoever are subcontracted, either partially or in full, to fellow companies. However, certain workstation outsourcing assignments may be (notably outside of the Paris region and abroad). Subcontracting covers varied realities: hosting companies and technical services for private and public clouds, expertise, regular or occasional operations with fellow or independent companies. The amount of subcontracting purchases, in proportion to the Group's revenues, is growing primarily due to an increasing desire of consultants and IT technicians for the independent or freelance status and recruitment pressures:

2013	2014	2015	2016	2017
16.7%	15.6%	17.2%	19.3%	20.7%

The rate of subcontracting exceeds 25% in the following activities: training, IT operations, market finance and SAP.

Trademarks and patents - Industrial and intellectual property

Software

The Group has developed and is the owner of various "software building blocks", which it uses for its own requirements or those of its clients.

Patents

By law, software cannot be patented as such, so there are no patent license agreements.

Trademarks

The Group owns or uses, free of charge, the trademarks used for the business names of its entities, websites and offers.

1.4. MARKET AND COMPETITION

The IT services market: size and trends

There are around 670,000 salaried IT technicians in France (excluding approximately 50,000 freelancers) divided roughly as follows:

- two thirds, or 450,000 in SSII, the technology consulting sector and software industry,
- one third at end clients.

The sector is thought to represent 2.5% of salaried work generating revenues of around €54 billion making it twice as big as the aeronautical and aerospace sector in terms of workforce and twice as big as the pharmaceutical industry in terms of revenues. It can be broken down into three subsectors as follows:

Size of the French market (in € billions)	2017	%
IT consulting and services	32.9	61%
Technology consulting	9.1	17%
Software publishing	11.9	22%
TOTAL	53.9	100%

Source: Syntec Numérique & IDC.

Since 1999, the compound annual growth rate of investments in IT services is reported to be 2.8 times higher than that of all investments made in France.

According to various analysts and forecasters, the French consulting and IT services market, in the strict sense, grew by 3.4% in 2017 (vs. 3% forecast in March 2017). The growth forecast for 2018 is 3.6%:

Change in the French market	2013	2014	2015	2016	2017(e)	2018(e)
IT consulting and services	-0.5%	+1.0%	+2.0%	+2.7%	+2.9%	+3.0%
Technology consulting	-1.5%	-1.5%	+1.6%	+3.0%	+4.2%	+4.4%
Software publishing	+1.7%	+1.8%	+3.4%	+3.4%	+4.4%	+4.7%
WEIGHTED AVERAGE	-0.2%	+0.9%	+2.2%	+2.9%	+3.4%	+3.6%

Source: Syntec Numérique – December 2017.

The weight of offshore is still estimated at 8 to 9% of the French market for IT services.

For digital services companies (SSII), growth is supported by digital transformation projects, grouped together under the term "SMACS" (Social, Mobility, Analytics, Cloud, Security), which would represent 90% of the growth. From 12% of the software and services business in 2015, to 16% in 2016 and 20.5% in 2017, it would account from 22.5% of the business in 2018.

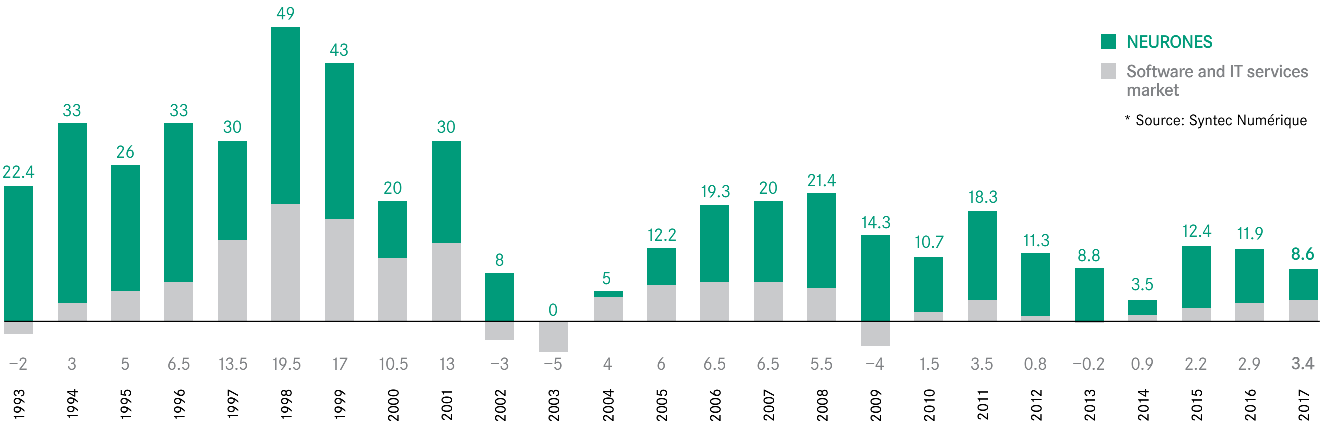
The "SMACS" acronym covers a wide variety of projects, which involve infrastructures as well as applications.

- Social: collaborative platforms, corporate social networks,
- Mobility: redesign of mobile applications, unified workstations (tablets),
- Analytics and big data,
- Cloud computing: streamlining and modernization of infrastructures (public and private cloud computing, hybrid cloud, DevOps chains, containers, etc.),
- Security: strengthening security as IT systems become increasingly open.

Regulatory compliance projects, especially the General Data Protection Regulations (GDPR), would constitute another growth factor. These projects are forecast to generate expenditures of €1 billion on IT consulting and services in 2018 and 2019 and would remain very dynamic until 2021 (source: IDC).

The involvement of business departments in IT projects is expected to increase regularly.

COMPARATIVE ANNUAL GROWTH (IN %) OF NEURONES AND THE SOFTWARE AND IT SERVICES MARKET IN FRANCE



Competition

In terms of revenues, NEURONES is the 11th leading Consulting and IT Services company in the highly fragmented French services market (the number of companies with more than 10 staff is estimated at 3,800):

	Revenues of main digital services companies/ SSII in France*	French market share** (approximate share)	Nationality
1	Capgemini	7.7%	France
2	Atos	5.7%	France
3	IBM	5.6%	United States
4	Sopra Steria	5.3%	France
5	Orange Business Services	3.8%	France
6	Accenture	3.6%	United States
7	CGI	3%	Canada
8	HP Entreprises	2.8%	United States
9	GFI	2.3%	France
10	Econocom	2%	Belgium
11	**NEURONES**	1.4%	France
	Top 11 total	43.2%	

* Excluding technology consulting companies: Altran, Alten, Akka Technologies, Assystem.
** Sources: 2016 revenues in France according to PAC (April 2017), 2016 market in France estimated at €31.7 billion according to Syntec. 2017 revenues unavailable when this report was prepared.

NEURONES encounters a wide range of digital service companies and management consulting firms of all sizes on its various markets. As a multi-specialist, the Group tends to find itself up against different competitors of different sizes in each of its businesses, rather than overall competitors.

Infrastructures management, IT operations, cloud

This is a highly fragmented market made up of departments of some larger digital service companies and dedicated companies of various sizes. With the arrival of DevOps and the widespread use of the cloud, the digital services companies are adapting their skills to this new reality.

User support

The Group's specialized entity is the leader in its market. Its main competitors are outsourcers' support centers, a handful of medium-sized digital services companies and companies' in-house solutions.

Hosting and outsourcing in cloud mode (IaaS)

In the private infrastructure cloud computing segment (IaaS), after a phase of fragmented competition, the number of players is decreasing in a volume-based market; with competitors differentiating themselves through services targeted at different client bases. The players focused on providing support to the public cloud (Amazon Web Services, Microsoft Azure, etc.) are growing.

Cyber security

The IT security specialists are small companies (about 30) or departments of large digital services companies or "captives" of industrial groups (Thalès, Airbus, etc.) or auditing firms.

SAP Integration and Outsourcing, ECM/BPM/EDM

The competitors here are either small or medium-sized specialized services companies or specialized departments of large digital services companies.

IT consulting for the finance industry

The challengers in this business tend to be mid-size specialized services companies.

Big data, data analysis, mobile applications, digital projects

The major digital services companies have been setting up specialized in-house departments, so there are now numerous startups catering to these new technology waves.

IT training and change management

The Group is one of the top five specialized IT-training players in France (apart from manufacturers' and vendors' training departments). Competitors are primarily independent training organizations.

Consulting services in management, organization, digital transformation and digital marketing

The competition is extremely varied, including both the "top players" and numerous medium and small-sized consulting firms (between 200 and 300).

1.5. ORGANIZATION

Operational organization chart

The following functions are centralized:
- Group senior management,

- finances (consolidation, management control coordination, management of the parent company's cash and the "cash pool" supplied by the subsidiaries),
- legal,
- Group marketing and communications,
- client relations management for selected key accounts: a manager coordinates the action of the entities' sales engineers, who are specialized by type of service and by sector. The account manager also does the reporting for the business at the desired intervals,
- coordination of major multi-entity projects: the Group's commitments to clients are taken across the Group, with the support of the account manager and the technical manager of the entity chosen as leader,
- quality and security.

The operational subsidiaries perform the following functions:
- senior management,
- sales,
- service delivery (team allocation, contract performance and monitoring),
- marketing,
- recruitment, human resources management and payroll,
- quality (certification, monitoring, improvement plans),
- accounting and management control,
- IT and support services.

The billable (or "productive") workforce make up a stable proportion of the total headcount:

2013	2014	2015	2016	2017
90.0%	89.8%	89.8%	89.9%	88.9%

The Group is organized into highly independent profit centers, with the central functions kept to a strict minimum. Each subsidiary communicates in its business line under its own name.

The management committee is composed of around fifteen senior managers, who are shareholders in the entity they manage or set up, and also hold shares in the Group.

Sales organization

The sales organization has two levels:
- the sales forces, specialized by type of service and by the business sector, are divided up among the entities, business by business,
- on top of which there is a cross-functional Group department for some key accounts. The overall account manager coordinates the work of the different entities' sales engineers and carries out consolidated reporting for the clients.

Marketing and communication organization

The Group marketing and communication department reports to the general management. It designs and deploys operational marketing initiatives to support NEURONES' reputation and image. The team handles both external communication (job applicants, shareholders and investors) and in-house communication.

As soon as an entity attains the requisite size, a local team is set up to handle its own marketing for service lines and clients, sometimes in coordination with the Group-wide department.

Technical organization

The technical departments are distributed in the business entities.

Each subsidiary uses its collaborative tools to manage its technical knowledge.

Human resources organization

Each subsidiary handles its own recruitment, training plan and compensation policy. Payroll management is pooled in several processing centers, as is participation in selected career fairs.

Administrative and financial organization

The following functions are centralized:
- the budgeting process,
- management of the Group's cash position and cash pooling,
- monthly consolidation and statutory half-yearly consolidations,
- support for external growth,
- the legal function, in liaison with the Group's legal advisors.

Each subsidiary is responsible for its accounting, management control and cash management.

Internal control

Internal control is structured around two processes:
- establishing forecasts: annual budget in November of year N-1, sometimes followed by another forecast in September of year N,
- monitoring performances: monthly financial reporting, with full application of the consolidation rules each month.

Operational activity is also tracked by a staffing-levels dashboard and relevant indicators for each business (number of job applications received, operating rate, average selling price per day, occupancy rate, etc.).

NEURONES also has a regularly-updated "Group Management Rules" handbook that sets out the procedures and management rules.

Quality system

The three main entities in the Infrastructures business are ISO 9001 certified, which together represent 60% of the Group' revenues. The certified activities include systems and network design/build and operation, IT operations and the service desk and workstation remote management.

For its other businesses, NEURONES generally has a set of documented procedures.

1.6. DEVELOPMENT AND INVESTMENT STRATEGY

Development strategy

To move significantly faster than the market, NEURONES applies a strategy that revolves around the following points:
- help clients benefit from new technologies by supporting them in particular in the fundamental shift of the digital transformation;
- expand relations with corporate accounts and increase the size of projects the Group handles;
- work with innovative or complementary consulting firms and digital services companies. NEURONES organization into autonomous profit centers, with their own operating statements and resources, has accustomed it to dealing with partner companies. The Group makes available its tools, structure, databases and dense sales network. Provided that it respects the personality of the directors and the distinctive strong points of the independent consulting firms and digital services companies that join the Group, these partnerships have great potential;
- play an active role in the slow but steady concentration of the sectors in which the Group operates. The main criteria for partnerships are as follows:
  - profitable companies (or subsets of companies),
  - management has a proven track record,
  - operations increase earnings per share;
- take advantage of the major trend towards outsourcing IT services to acquire a leadership position;
- Expand by extending geographical coverage (regions, international). Initially, the Group channeled its efforts into attaining a significant size in its core businesses, in the Paris region. Now, thanks to the initiatives of subsidiaries, the proportion of the business generated in French regions and outside France is becoming significant (18% of staff in regions outside of Paris, 9% of staff outside France).

Investment policy

Research and development

R&D investments are not centralized, but planned and carried out in each entity. Days spent on technology watches and R&D are not capitalized on the balance sheet.

Since 2009, the Group has conducted a cross-functional review of its R&D activities. In 2017, the eligible research programs generated Research Tax Credits (RTC) of €1.6 million (1.2 in 2016 and 0.9 in 2015), up due to the big data and chatbot programs underway.

Financial investments

Over the 18 fiscal years since it was listed on the stock exchange in May 2000, the Group has made a number of acquisitions, 11 of which were of a significant size, for a total disbursement of €71.4 million at December 31, 2017 (net of the acquired companies' cash and cash equivalents). To date, these investments have been almost entirely financed by free cash flows generated by the Group's operations over the same period (€204.5 million).

Cash flow statement* *(in € millions)*	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	TOTAL
Net profit	3.7	5.4	5.9	4.9	5	6.3	6.6	9.9	13	12.8	14.9	17.0	17.2	21.4	23.6	24.5	29	31.6	252.7
Amortization and provisions	1.1	1.3	1.9	1.9	1.6	1.1	3	3.3	3.1	4.1	3.9	2.8	5.9	6.7	6.1	7.1	8.1	9.6	72.6
CASH FLOW	4.8	6.7	7.8	6.8	6.6	7.4	9.6	13.2	16.1	16.9	18.8	19.8	23.1	28.1	29.7	31.6	37.1	41.2	325.3
Change in WCR (increase)/ decrease	(1.4)	2.5	(1.7)	1.3	0.9	(1.9)	(5.3)	2.1	0.6	(1.3)	(3.3)	(10.0)	(2.5)	(6.2)	0.6	(0.1)	(13.6)	(15)	(54.3)
Net industrial investments	(1.0)	(1.2)	(0.9)	(1.1)	(1.0)	(0.9)	(2.2)	(2.6)	(2.3)	(2.2)	(2.8)	(4.7)	(4.4)	(5.5)	(5.3)	(12.8)	(6.7)	(8.9)	(66.5)
FREE CASH FLOW	2.4	8.0	5.2	7.0	6.5	4.6	2.1	12.7	14.4	13.4	12.7	5.1	16.2	16.4	25.0	18.7	16.8	17.3	204.5
Net financial investments	(8.8)	-	(3.8)	(2.1)	(0.8)	(1.0)	(2.9)	(2.8)	(14.2)	(3.9)	(2.8)	2.9	(1.9)	(1.7)	(2.1)	(12.6)	(5.4)	(7.5)	(71.4)
Capital increase	29.9	-	-	-	0.2	0.8	0.3	0.5	0.1	0.3	0.4	1.1	0.4	0.3	1.5	0.8	1	6.5	44.1
Dividend and other items	(0.1)	(0.2)	-	-	-	(1.2)	(1.5)	(1.5)	(4.4)	(2.6)	(1.7)	(2.4)	(2.0)	(1.9)	(2.3)	1.2	(2.6)	(3.1)	(26.3)
CHANGE IN CASH AND CASH EQUIVALENTS	+23.4	+7.8	+1.4	+4.9	+5.9	+3.2	(2.0)	+8.9	(4.1)	+7.2	+8.6	+6.7	+12.7	+13.1	+22.1	+8.1	+9.8	+13.2	+150.9
Cash and cash equivalents at year-end	26.6	34.4	35.8	40.7	46.6	49.8	47.8	56.7	52.6	59.8	68.4	75.1	87.8	100.9	123.0	131.1	140.9	154.1	-

* Since the Company was listed on the stock exchange in May 2000.

Net capital expenditures

In 2017 "industrial" investments amounted to €8.9 million. They primarily concern computer hardware and software (especially for the Group's private clouds), fixtures and Company cars. They were financed by the available cash and cash equivalents.

The Group rents all of its premises (32,000 m2 at December 31, 2017) from external owners who have no connection whatsoever with shareholders in NEURONES or its subsidiaries.

1.7. RECENT DEVELOPMENTS AND OUTLOOK

Quarterly growth and operating profit

NEURONES recorded 8.6% growth in 2017 (including 9.5% internal growth following two business disposals at the end of May and the end of September and an acquisition on November 1st), broken down as follows:

(millions of euros)	Q1	Q2	Q3	Q4	2017
2017 revenues	125.1	119.9	114	126	485
Year-on-year change	+14.8%	+6.6%	+9.8%	+3.7%	+8.6%
Of which organic growth	+13.5%	+6.5%	+12.1%	+6.3%	+9.5%
Operating profit	9.8%	7.4%	9.5%	10.3%	9.3%

2018 Forecasts

When it met with financial analysts on March 8, 2018, NEURONES stated that the Group:
- had a stable workforce in 2017 (169 net recruitments and net departures of 185 people),
- therefore did not benefit at the end of 2017 from "embedded" growth,
- noticed that the recruitment market was extremely tight.

Factors potentially affecting the market and the Company in 2018 were also reported.

Favorable factors:
- the digital transformation wave represents a sustainable and extensive opportunity,
- the arrival of new technologies normally improves margins,
- risks spread between specialized mobile entities with controlled costs and operating in a variety of sectors,

Unfavorable factors:
- extremely tight recruitment
- the length of sales cycles entailing higher pre-purchase service costs,
- the business has become more industrial and more buyer-focused,
- few quality "targets" that create value and have a system of succession management.

It was also stated that NEURONES' estimates for 2018 will be announced, as usual, when it posts its 1st quarter revenues (May 9, 2018).

Provisional calendar of financial events

Shareholders' Meeting:
- Thursday, June 14, 2018.

Revenue announcements*:
- Wednesday, May 9, 2018 (Q1 2018),
- Wednesday, August 1, 2018 (HY1 2018),
- Wednesday, November 7, 2018 (Q3 2018).

Profit announcements*:
- Wednesday, September 5, 2018 (HY1 2018),

* at the close of trading.

2 CORPORATE SOCIAL AND ENVIRONMENTAL RESPONSIBILITY REPORT

2.1. MESSAGE FROM GENERAL MANAGEMENT

A consulting and IT services group owes its existence to its clients and employees. It has a patent social responsibility to the latter.

NEURONES' managers have made it a priority to provide good working conditions, improve each person's well-being, avert risks, train, build loyalty, motivate, promote, anticipate expectations, engage in dialog and share the Group's capital. This is what is commonly called the employer's social responsibility, but it is also in the interests of both the Company and its clients!

Success is not solely dependent on the three-part unit formed by the client, the service provider and the employee. It also hinges on being able to factor in all of the ecosystem's stakeholders, including the environment, in which any business player operates.

At first sight, service businesses would appear to have little impact on nature. On closer examination, though, when the headcount mounts into the thousands, the carbon footprint becomes a tangible reality.

The challenge then is to analyze, inform, challenge habits, anticipate, innovate and factor in the new environmental dimension, list avenues for improvement, measure and rally the Group's people around issues that concern all citizens. The economy, which has integrated the social dimension, now has the duty to pay special attention to the environment.

Publishing this sixth Corporate Social and Environmental Responsibility Report is part of a proactive drive for continuous improvement.

2.2. THE GROUP'S COMMITMENT

Governance

The Group has set up a system of Corporate Social Responsibility (CSR) management: it entails a commitment on the part of senior management and addresses the distribution of roles and responsibilities, the introduction of indicators, the definition of action plans, the measurement of progress and evaluation.

A Sustainable Development Committee leads the Group's CSR initiative. This nine-member committee reports to the administrative and financial director and has the following responsibilities:
- pass on ideas for projects,
- select programs,
- for each of the projects selected: choose indicators and define their initial and target values,
- regularly review the progress made (continuous improvement),
- monitor developments in CSR,
- manage the selected indicators over time.

Timeline

2010: the first entities sign the Diversity Charter (four signatories to date) and the United Nations Global Compact (two signatories).

2011: NEURONES is included in the Gaïa Index. Launched in 2009 with the backing of the SFAF (French financial analysts society) and Middlenext, this index ranks the 70 listed French companies that obtained the best non-financial ratings out of a panel of 230 issuers. Since it entered the index, NEURONES has always been part of it.

2012: the Sustainable Development Committee is set up.

2013: the report is verified by an independent third party KPMG).

2014: monitoring of data centers' electrical power consumption is implemented.

2015: an internal survey for employees on their commute to work is launched.

2016: NEURONES signs the UN Global Compact

2017: a corruption prevention system (Sapin II law) is implemented, especially a code of conduct.

2.3. SOCIAL POLICY

Employees

Over the past ten fiscal years, the following trend has been observed in year-end staffing levels:

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
2,455	2,665	3,036	3,471	3,704	4,065	4,082	4,580	5,044	5,028

Employees are distributed geographically as follows: Greater Paris region 73%, other French regions 18% and outside France 9%.

In France, 94.5% of the staff have permanent employment contracts. The remaining employees have fixed-term contracts, primarily professionalization and apprenticeship contracts. Part-time workers (1.4% of employees) are counted as one person.

Workforce-related figures (below) are calculated for the entire Group, unless it is specifically stated that they refer to a smaller scope (e.g., France or "Zadig").

To enable its employees to enjoy a stimulating environment, NEURONES endeavors to apply the best practices of sound HR policy and measure the effects.

Active recruitment policy

The number of new recruits (open-ended and fixed-term contracts) has changed as follows:

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
990	700	1,100	1,400	1,240	1,248	1,146	1,697	1,826	1,871

The quality-assured recruitment procedures provide for the following, for example:
- technical multiple-choice questions for each specialization,
- at least one technical interview,
- at least one personality interview.

At the end of 2017, 100 young people were working under a professionalization contract and 55 were doing an apprenticeship. In the course of 2017, we received 110 people doing internships.

Turnover

Staff turnover (number of resignations during the year relative to the average staffing level of the year), was up sharply after five years of stability:

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
21%	10%	12%	16%	14%	11%	13%	13%	13%	17%

It should be pointed out that three quarters of the Group's operations are in the Paris region, where turnover is traditionally higher than in other parts of France.

In 2017, staff arrivals and departures can be broken down as follows:

Detailed figures concerning staffing	2013	2014	2015	2016	2017
New hires	**1,241**	**1,142**	**1,647**	**1,695**	**1,857**
Changes in scope (acquisitions)	7	4	50	131	14
Changes in scope (departures)	-	-	-	-	185
Departures:					
Resignations	421	522	551	654	867
End of trial periods	125	152	203	246	298
End of fixed-term, apprenticeship and prof. contracts	141	188	167	182	243
Mutual-agreement terminations	54	85	108	136	150
Layoffs	130	156	135	133	128
Miscellaneous	16	26	35	11	16
Total departures	**887**	**1,129**	**1,199**	**1,362**	**1,702**
NET CHANGE IN HEADCOUNT	361	17	498	464	- 16

Working hours

More than 98.6% of the workforce in France work full time. With the exception of the training entity, the Group's employees are covered by the Syntec collective agreement. This means they are entitled to a number of additional days' leave (called "RTT" in French), depending on the subsidiary that employs them and their position: non-managerial, admin, technician and supervisory staff; managers who work a set number of hours per week; managers who work a set number of days per year.

Remuneration

Remuneration is calculated based on employees' profile and experience. It can be supplemented by employee profit-sharing and incentive plans.

In 2017, gross remuneration increased 6.6% to € 197,118,000 (€ 184,904,000 in 2016). This amount includes fixed and variable pay, and provisions for paid leave and RTT leave. It does not include the social security contributions paid by the employer, statutory and optional profit sharing, the employer's contribution to meals and public transport passes, occupational health services, payments to works councils or, of course, the fees paid to subcontractors.

With a payroll of 5,049 people in 2017 (4,851 in 2016), the average headcount is up 4.1%. The average gross salary came to €39,000 per year (€38,100 in 2016 and 37,800 in 2015).

Since 1999, six NEURONES stock option plans and seven bonus-share plans were implemented. Since 2015, nine subsidiaries launched bonus-share plans with their own shares. The schemes that reached maturity were heavily subscribed. The plans that have yet to mature concern approximately 2% of the Group's staff.

Sustained, innovative in-house training

The training plan is defined each year based on the Company's anticipations, especially technological, as well as the needs expressed by clients and employees' wishes. It primarily includes technical training programs, but also management and language training courses.

The presence of a training activity within the Group is an asset. A significant part of the training plan is delivered in its own training premises. This simplifies enrollment and cancellation procedures and allows us to provide training materials and in-house certifications (the Group is certified to conduct certain technical certifications). Staff are encouraged to sit for these qualifying exams.

The proportion of training courses using online platforms is growing rapidly.

Training plan (days x participants):

2013	2014	2015	2016	2017
9,300	8,100	8,600	8,600	9,100

Eligible training courses within the continuing professional development system in France and courses of the same type completed abroad. 63,700 hours of training in 2017 (i.e., 9,100 days x 7 hours).The training days cover 98% of the Group's scope.

Active in-house communications

Each line-of-business subsidiary has its own in-house communication tools (Intranets, Yammer type corporate social networks, in-house newsletters or magazines, briefing meetings or recreational gatherings), in addition to which there is the Group's in-house magazine ("Talents") and formal welcome and presentation sessions for new hires. All the tools aim to integrate, and inform staff, to prevent anonymity and to foster exchanges.

Well-balanced average age

The average age of our team members was 36 years at the end of 2017 (compared to 35.7 years at the end of 2016), broken down as follows:

Staff breakdown by age bracket	2013	2014	2015	2016	2017
less than 25 years	7%	8%	8%	8%	8.5%
25 to 29 years	23%	22%	22%	21.5%	20.5%
30 to 34 years	24%	24%	23.5%	22.5%	21%
35 to 39 years	20%	19%	18.5%	18%	19%
40 to 44 years	14%	14%	14.5%	15%	14.5%
45 to 49 years	7%	8%	8%	8.5%	9%
50+ years	5%	5%	5.5%	6.5%	7.5%
TOTAL	100%	100%	100%	100%	100%

Company-wide agreements and action plans for employees past the age of 50 were introduced at the end of 2009. They have paid off since, at the end of 2017, the share of past 50s has increased and now represents 7.5% of the staff.

Diversity

NEURONES is actively involved in an initiative to promote diversity in all its forms – gender, age, background, disability, etc. – to make its teams more innovative, more productive and more competitive. Concerning the staff in France, 9.3% of employees are non-French nationals, representing 63 different nationalities:

	2013	2014	2015	2016	2017
% foreigners	8.6%	7.7%	7.8%	8.6%	9.3%
Number of nationalities represented	48	48	46	53	63

"Zadig" scope.

Gender equality

Although women are not well represented in engineering schools' IT courses, they make up 18.2% of the Group's workforce. The salaries earned by men and women in the Group's two largest entities (which together represent 65% of total staff) are compared by level of qualification each year in preparation for the mandatory annual negotiations. These comparisons may also be extended to other NEURONES entities.

In the Consulting segment, there is overall gender equality, in terms of staffing and remuneration.

On an international level, the percentage of female staff is higher than in France (Romania: 80%, Tunisia: 40%, Singapore: 25%).

Disability

The Group strives to be "disabled-friendly" and raise the percentage of disabled people in its workforce (from 1 to 1.3% in 2017), which is quite insufficient, even if probably around the average for digital service companies. The Group entity with the largest headcount takes an active part in the disabled employment week.

Purchases from businesses and establishments specifically set up to work with disabled staff amounted to €59,000 in 2017 (€50,000 in 2016).

Labor-management relations

In France, there is regular dialog with the employee representative bodies (works council and CSE members, employee representatives, workplace health, safety and welfare committee (CHSCT) members, union representatives and Group Committee members). Because of the Group's decentralized structure built around line-of-business subsidiaries, there are many collective agreements. The two largest entities (65% of staff) each have six agreements in force: mandatory annual pay negotiations, night work and on-call duty, the cross-generation mentoring scheme, gender equality, the 35-hour week, statutory profit sharing, optional profit sharing, if applicable, and employee savings schemes.

Company-wide agreements

In 2017, three new agreements were signed in the service desk entity, which has the most staff in France. Two remunerated half-day absences per year were granted for employees who give blood. Two additional days off for sick children were provided for employees who have a disabled child. The "right to disconnect" has been clarified. These agreements arrive after the improvements in 2016 concerning the regional fuel bonus, the meal voucher subsidy, the increase in the Company Works Council's social and cultural activities budget and the start of the 4-day workweek trial.

In Tunisia, a staff consultation commission has been set up. This joint labor-negotiations commission is made up of two Company representatives and two elected staff representatives. A staff representative has been appointed in Romania. In Singapore (34 employees at the end of 2017), a staff representative body has not yet been created.

Health and safety at work

In France, the Occupational Health and Safety Committees (OHSC) of the various Group entities meet at regular intervals as required by law. They map the professional risks and take preventive measures (information, signage and drills) in close cooperation with the occupational health service. Awareness building workshops on workstation ergonomics are organized regularly. Different psycho-social risk prevention measures were also taken: training of middle management, strengthening procedures for isolated workers. In tertiary businesses, the main known risk remains road accidents (especially for employees riding two-wheeled vehicles) with private or company vehicles (commuting or business travel).

Indicators	2013	2014	2015	2016	2017
Absenteeism rate*	3.7%	4.2%	4.1%	4.2%	3.8%
Number of accidents at work resulting in lost time *(of one day or more)*	35	39	28	29	39
Corresponding number of lost days	1,256	1,147	416	664	811
Lost-time injury frequency rate *(number of accidents at work resulting in lost time per million hours worked)*	6.5	7.0	4.8	4.7	7.2
Lost-time injury severity rate *(number of days of paid sick leave per thousand hours worked)*	0.23	0.21	0.07	0.11	0.15

* Number of days absent: sickness, accidents at work, leave to care for sick children, leave for family events, as a ratio of the theoretical number of days of work. All of the data in this table is for the "Zadig" scope. Absences, spanning two fiscal years, are not included in the calculation of days absent.

Promotion of and compliance with ILO (International Labor Organization) conventions

NEURONES is committed to abiding by the ILO Declaration on Fundamental Principles and Rights at Work. This declaration concerns the national and local labor regulations on the following subjects: the minimum age for entering the workforce, the refusal of forced or compulsory labor or excessive disciplinary practices, non-discrimination, freedom of association and the right to collective bargaining, working hours, pay, health and safety.

In Tunisia, Romania and Singapore the weekly workweek is 40 hours. In these three countries, the employees benefit from supplementary health insurance financed by the Group. The youngest employees are 20 years old, as in France.

Prevention of corruption

Since June 1, 2017, NEURONES has implemented the eight measures provided for by the Sapin II law concerning the fight against corruption and influence peddling. In particular, a code of conduct has been disseminated and integrated in the policies and procedures of the Group entities. An internal warning system has been created, a risk map has been drawn up and an e-learning system has been developed.

2.4. COMMUNITY POLICY

NEURONES is keenly aware of being part of an ecosystem of stakeholders with whom it is duty-bound to establish balanced, ethical, law-abiding and motivating relations. The Group owes its past and future achievements to: its staff, clients, subcontractors and other suppliers, editors, manufacturers, schools, the French government and local authorities, civil society and shareholders.

CSR service lines

The Group's specialized entities carry out various projects to make incoming and outgoing documents paperless, thereby cutting down on the use of paper at the clients concerned.

EcoVadis score

EcoVadis is a French SME set up in 2007 to develop responsible purchasing solutions. It helps purchasing departments assess their suppliers' "sustainable development" performance. At the request of several of its clients, NEURONES regularly responds to EcoVadis questionnaires.

Subcontractors and suppliers

In 2017, purchases of subcontracted services for the Group as a whole amounted to € 100.3 million, or 20.7% of revenues, a ratio which likely puts us slightly above the average for our big fellow companies.

The Group strives to make responsible purchases. Outsourcers who join NEURONES' project teams are treated in the same way as in-house staff. Self-employed contractors enjoy special payment terms: their invoices are paid at the end of the month, 30 days after receipt.

In ISO 9001 certified subsidiaries, subcontractors that exceed certain service volume thresholds are assessed formally. These subcontractors are made aware of CSR and part of their assessment depends on it.

Relations with educational establishments

Attracting talent is a key issue for NEURONES, which continues to invest in building its reputation and becoming an employer of choice. Against this backdrop, a core part of its strategy consists in developing relations with a group of schools and universities:
- the Group uses the apprenticeship tax to finance target schools,
- it runs various initiatives to support students and recent graduates (seminars, forums, job interview practice sessions, resume workshops, sponsorship, etc.),
- it spots and hires interns, apprentices and recent graduates.

In France, NEURONES essentially channels its apprenticeship tax to the following schools: Centrale Lille, Ece, Efrei, Em Strasbourg, Ensiee, Epita, Esg Management School, Esiea, Esiee, Esigetel, Esilv, Ingesup, InTechInfo, Isep, Itic, Mines d'Alès, Mines de Paris, Supinfo, Telecom Paritech and Utc Compiègne.

NEURONES participates in many school job fairs each year.

"Great Place to Work"

For the sixth time, one of the Group's companies was rated a "Great Place to Work" in March 2018 (after 2012, 2013, 2015, 2016 and 2017). "A great place to work is one in which you trust the people you work for, have pride in what you do and enjoy the people you work with" - Robert Levering, co-founder of "Great Place to Work".

Volunteering with civil society

The Group has signed a "Town Hall-Company" charter with the municipality of Nanterre. It encourages initiatives by associates and staff who wish to get involved in their local community or the voluntary sector (Handigolf, co-funding a skipper for the Route du Rhum yacht race, etc.), giving of their time or creativity.

Indicator (in € thousands)	2013	2014	2015	2016	2017
Budget devoted to partnerships and sponsorships	63	58	49	130	72

Skills sponsorships, a scheme that was established by the French Aillagon Act in 2003, allows a business to delegate staff members to work for public-interest non-profit associations during their working hours on an occasional basis, either free of charge or at a discounted rate. Under this scheme, the Group's Consulting business provides assistance to an association that helps social entrepreneurs scope and implement their projects (consultants coach entrepreneurs) and to an association that supports young people from deprived neighborhoods in their first job search (sponsorship by experienced employees).

"Non profit" consulting firm

Drawing on the success of the skills sponsorship, the Group Management Consulting firm helped create a non-profit structure devoted to supporting associations, along with three fellow companies. Since then, every year this non-profit firm benefits from a full-time consultant for approximately 6 months.

Personal data security

The Group works on client applications that manage personal data (bank or health related data, email in-boxes, etc.) In most cases, it makes contractual commitments to guarantee the confidentiality, integrity and availability of these data. Pursuant to the legislation in force, the internal procedures define the security rules and set out the rare cases where a Group employee is entitled to access personal data.

Furthermore, the Group is preparing to apply the European General Data Protection Regulation (GDPR), whose implementation is scheduled for May 2018. This will also concern client and employee (CRM) data.

2.5. ENVIRONMENTAL POLICY

As part of its corporate social and environmental responsibility approach, NEURONES has thought about its impact on the environment and the best ways to reduce it. It must first measure, then take action.

For its two subsidiaries with more than 500 employees, the Group sends in greenhouse-gas emission audits every three years to the DRIEE Ile-de-France (the local environment and energy department).

In this paragraph, greenhouse gas emissions are measured for the following items:
- travel (commuting and business travel), by far the primary source of emissions,
- energy consumption in NEURONES' premises and data centers (not the energy consumption of client sites),
- paper consumption.

On the other hand, the data are not yet available for the following emissions:
- durable goods consumption (IT and non-IT goods),
- eating meals (food source, etc.).

Reducing travel costs (business travel and commuting)

Based on a common scale (metric tons CO_2 equivalent), the Group's travel-related fuel consumption (professional, home-workplace commuting) is four and half times higher than the electricity consumption in its buildings and datacenters.

Consequently, NEURONES has:
- started systematically using "place of residence" data in its project team allocation systems. This means that, as far as possible, it recruits in labor market areas close to its service centers to limit daily commutes,
- since 2007, it has favored Eco2 company cars, which emit less than 120g of CO_2 per kilometer,
- set up a carpooling system (at the Angers service center),
- encouraged and facilitated the various videoconferencing systems.

Indicator	2013	2014	2015	2016	2017
Share of employees in the Greater Paris region using public transport to commute to work	57.5%	57%	62%	65.5%	64.5%
Emissions for commuter journeys by car or motorbike (in metric tons CO_2 equivalent)	n/a	n/a	3,010	3,295	3,395
Emissions from NEURONES' vehicle fleet (metric tons CO_2 equivalent)	n/a	411	430	464	478
Emissions for work travel reimbursed on expense accounts (metric tons CO_2 equivalent)	n/a	206	199	209	245

Scope: France.

A study of employees' place of residence in the Paris region (75% of the total staff) shows that they are rather evenly distributed among the six departments 92, 75, 93, 95, 78 and 94, with 10-15% of the headcount in each. The Essonne (91) and Seine-et-Marne (77) departments each account for about 5% of the employees.

It has been found that it is more efficient to locate business premises close to employees' homes and public transport than to make buildings more energy efficient, even if these two approaches are not mutually exclusive.

To evaluate the consumption by commuter journeys, NEURONES carried out an internal survey (scope: France) on the modes of transport used:

Mode of transport commute to work	Greater Paris region	Other French regions	Total France
Public transit	61.7%	24.1%	54.3%
Car	28.3%	62.2%	34.9%
Motorbike	7.8%	2.3%	6.7%
Walking	1.0%	8.6%	2.5%
Cycling	1.0%	2.1%	1.2%
Carpooling	0.1%	0.5%	0.2%
Working from home	0.2%	0.2%	0.2%

Scope: France. Study carried out in July 2015.

For journeys by car or motorbike, the survey found that an employee travels an average of 27 km (one way) and that the average consumption by personal cars and motorbikes is 6.5 liters/100 km (declared).

The consumption of the 210 vehicles in NEURONES' fleet was calculated based on an average consumption per fleet vehicle of 6 liters/100 km and 15,000 km traveled per year. For business journeys, 1,940 km are reimbursed on average per year and per employee concerned. Consumption for visitor travel and public transit was not estimated.

Carpooling project and cyclist bonuses

For several years, the Angers site has encouraged carpooling. Parking spaces in the vicinity of the offices are reserved for employees who undertake to use this type of transport. Today, approximately 15 pairs take part in this system (30 people). Furthermore, a bonus is paid to some 50 employees who come to work by bicycle.

Videoconferencing and remote job-applicant interviews

Around ten rooms have been equipped for videoconferencing (using Polycom). Each room is used an average of eight times per month. Staff are encouraged to use the Webex online meeting system. The proportion of remote job applicant interviews (Skype) continues to grow regularly. The Consulting segment has also equipped meeting rooms with a state-of-the-art videoconferencing system (Chromebox for meeting), in order to improve the quality of remote meetings and avoid travel.

Energy efficient buildings

Low-energy systems have been installed: lighting, individually adjustable heating and cooling, a good ratio of electric power supplied/electric power consumed and occupancy sensors.

Indicators	2013	2014	2015	2016	2017
Electricity consumption per m^2 and per year (excluding datacenters) (in kWh/m^2)	151	139	126	133	124
Average floor area (in m^2)	18,000	20,300	23,000	27,500	31,100
CO_2 emissions (metric tons CO_2 equivalent)	n/a	277	363	496	522

Data available for 92% of areas occupied by the Group, then extrapolated to provide estimate of total consumption. Using the Ademe (French Environment and Energy Management Agency) emission factors. In France, a MWh corresponds to 82 kg of CO_2. In Tunisia, to 463 kg of CO_2. In Romania, to 413 kg of CO_2. In Singapore, to 499 kg of CO_2. In Germany, to 461 kg of CO_2.

The average energy consumption for service-sector buildings in France stands at 211 kWh/m^2 (source: Club des Acteurs du Développement Durable). The consumption of teams on client premises (which was not possible to calculate) is considered as being managed by the clients.

Standby mode for computers at night and on weekends

A novel system for turning off workstations was installed in all service desk centers (Nanterre, Angers, Marcq-en-Baroeul, Tunis and Timisoara). It uses a "home-made" script rather than the standard Windows GPO tool to put machines in standby mode. Users readily accepted the system because it enables a rapid workstation start-up in the morning (4 seconds), unlike the standard systems (a matter of minutes).

Electricity consumption of "green IT" data centers

It should be borne in mind that electricity consumption per m^2 in a datacenter is commonly around 50 to 100 times higher than in traditional service-sector offices.

The Group has gradually transferred the servers managed in its own data centers to "simple hosting" specialists. As such, most hosted servers are now with five "Tier 3+" certified partner hosting companies in ten different data centers (eight in France, two in Tunisia). The Group's two units (in Nanterre and Lyon) are being maintained, but their servers have been gradually transferred elsewhere. Today they are used only as telecom network nodes and backup data centers for certain clients.

CSR criteria have been integrated and led to the selection of different hosting subcontractors providing effective PUE (Power Usage Effectiveness – see glossary) ratios in the target range of 1.4 to 1.5 (at full load, with average weather throughout the year). The objective is to gradually reduce the average PUE ratio by progressively increasing the load rates of cabinets and by giving priority to next generation data centers with a low PUE.

Indicators	2013	2014	2015	2016	2017
Number of cabinets "switched on" (entire Group)	n/a	106	120	161	227
Real average power per cabinet in kW	n/a	2.35	2.42	2.44	2.56
Average PUE	n/a	1.66	1.72	1.66	1.67
Total consumption in MWh (after PUE)	n/a	3,600	4,426	5,705	8,504
CO_2 emissions (metric tons CO_2 equivalent)	n/a	n/a	483	588	858

Using the Ademe (French Environment and Energy Management Agency) emission factors. In France, a MWh corresponds to 82 kg of CO_2. In Tunisia, to 463 kg of CO_2.

The PUEs were estimated based on written assessments obtained from the different hosting companies. The datacenters' consumption is presented for information purposes, based on approximate information provided by these datacenters.

The increased emissions is explained by the business growth and more complete filling of cabinets.

Recycling: paper, computer workstations, ink cartridges

The recycling of consumables (printer toners, electric batteries, etc.) has been in place for several years. Consistent with the current rules (concerning Electric and Electronic Equipment Waste), at the end of its life computer hardware is disposed of at accredited brokers or given to associations (like "la Gerbe").

Furthermore, printers and copiers are set up to print two-sided in black and white. Growing use is made of digitized archiving, especially by sales administration and accounting teams, rather than hard-copy files. The use of networked scanners, which is becoming widespread, contributes to the drop in the number of photocopies.

Indicator	2013	2014	2015	2016	2017
Quantity of paper consumed per m² per year (in g/m²)	818	710	570	447	384
CO_2 emissions (metric tons CO_2 equivalent)	n/a	19	17	11	11

Paper in A4 or A3 format. Some sites have reported the quantities purchased and not consumed. In 2016, the ratio between CO_2 emissions and paper tonnage was updated significantly by Ademe.

Waste sorting

An entity with about 100 employees is sorting three types of waste for recycling with the "Le Cèdre" association: paper, cardboard, cans and paper cups. The entity with the most employees is gradually expanding the use of "mugs," thereby saving 90,000 single-use paper cups per year for 3 sites and 530 employees.

Reduction in the meal-related carbon footprint

This topic, though significant, is seldom documented in corporate social and environmental responsibility reports. The Group has scheduled an awareness-raising initiative to encourage employees to adopt a diet that entails fewer CO_2 emissions (e.g., by eating less meat). It is included in a handbook of eco-friendly initiatives, the first version of which was brought out in 2013.

2.6. METHODS USED

Reporting scopes

Three scopes have been defined for producing detailed indicators:
- the so-called "Zadig" scope covering all France subsidiaries managed in the ADP-GSI and Sage HR software, namely 83% of the Group's staff,
- the "France" scope, which covers 91% of the Group's workforce,
- the entire Group scope ("Group").

Indicators were produced for the following scopes:
- "Zadig" scope: percentage of open-ended work contracts (CDI), average age, breakdown by age bracket, percentage of senior employees, of non-French nationals, number of nationalities, gender breakdown, percentage of full-time jobs, absenteeism rate, lost-time injury frequency and severity rates and proportion of employees using public transport,
- "France" scope: number of apprenticeship contracts, professionalization contracts, interns, purchases from organizations set up to work specifically with disabled staff, number of school job fairs, sponsorship and fuel consumption,
- "Group" scope: staff, arriving/departing employees, turnover, payroll, average salary, subcontracting purchases, training hours and days, sponsorship and partnership budgets, energy consumption in offices and datacenters and weight of paper consumed per m² of office space.

To analyze employee departures by type, an extrapolation was carried out from the "Zadig" scope (89% of departures) to define outgoings for the Group.

For training days, the scope studied concerns 9% of the Group's staff.

The energy consumption indicator for buildings (excluding datacenters) is calculated on the areas that were used for 12 months in a row. In 2017, this indicator was calculated on 92% of the premises' total surface area (88% in 2016). The total consumption was extrapolated based on the average consumption noted for this 92% of the surface area.

Energy consumption in the data centers was calculated using available data, which differed according to the infrastructures concerned:
- for the Group's data centers, the estimates of kWh consumed based on PUE,
- for third-party hosting companies, the average power in kW per cabinet before PUE. In 2015, the four main hosting companies also produced written PUE evaluations for each center. In 2016 and 2017, these PUE assessments were used.

The regional, economic and social impact of the business and the recycling of Waste Electrical and Electronic Equipment (WEEE) were analyzed for the France scope.

Sources and tools used

The indicators for the "Zadig" scope come from the common HR system. The "France" and "Group" scope indicators come from an annual report that consolidates each subsidiary's non-integrated accounting and CSR data.

Consolidation and control methods

A common reference guide (methodological guide with an explanatory sheet per indicator) was sent to the CSR reporting manager for each subsidiary. The Group finance department compiles the results.

Correspondence with the list of Grenelle II indicators (Article R. 225-105-1 of the French Commercial Code)

To be selected, the indicators had to be both relevant to NEURONES' lines of business and able to be calculated reliably.

The Group's suppliers and subcontractors are not located in countries listed on the World Bank's list of the most exposed States in terms of Human Rights, except for Tunisia. In this country, the Group uses subcontractors with higher education diplomas (other IT service companies, consultants, accounting firm and auditors).

Note also that the Group only has service-sector dealings.

The following Grenelle II indicators were excluded:
- means devoted to the prevention of environmental risks and pollution,
- provisions and guarantees for environmental risks,
- measures concerning discharges into water, air and soil,
- noise pollution,
- adjustment to the consequences of climate change,
- impact of the business's operation on the neighboring or local population,
- water consumption,
- measures taken to protect biodiversity,
- measures taken to combat food waste.

2.7. AUDITOR'S REPORT

Report by one of the auditors, appointed independent third party, on the consolidated social, environmental and community information shown in the management report.

Year ended December 31, 2017

To the shareholders,

In our capacity as statutory auditors of NEURONES S.A., appointed as an independent third party, accredited by COFRAC under number 3-1049[1], we hereby present our report on the consolidated social, environmental and community information related to the fiscal year ended December 31, 2017, presented in the Company's management report (hereinafter "the CSR Information"), pursuant to Article L.225-102-1 of the French Commercial Code.

Company's responsibility

It is the Board of Directors' responsibility to draw up a management report containing the CSR Information specified in Article R.225-105-1 of the French Commercial Code, prepared in accordance with procedures used by the Company (hereinafter the "Reference Bases"), a summary of which is included in the management report, and which is available on request from the Company head office.

Independence and quality control

Our independence is defined by the regulatory texts, the code of professional conduct and the provisions of Article L.822-11-3 of the French Commercial Code. Moreover, we have set up a quality control system that contains documented policies and procedures aimed at ensuring compliance with the rules of professional conduct and the applicable legal and regulatory texts.

Responsibility of the independent third party

On the basis of our work, it is our responsibility to:
- certify that the required CSR Information is contained in the management report or, in the event of omission, that there is an explanation pursuant to the third paragraph of Article R.225-105 of the French Commercial Code (Statement confirming the presence of the CSR Information);
- express a conclusion of limited assurance that all the significant aspects of the CSR Information have been truthfully set out in accordance with the Reference Bases (Assurance statement on the truthfulness of the CSR Information).

It is not our responsibility however to express an opinion on the compliance with the other legal provisions applicable where required, especially those set out in Article L. 225-102-4 of the French Commercial Code (vigilance plan) and law No. 2016-1691 of December 9, 2016, called Sapin II (fight against corruption)

Our work was carried out by five people between September 2017 and April 2018 for a total working time of around one week. Our specialists in corporate social responsibility assisted us in our work.

We conducted the audit described below in accordance with the decree of May 13, 2013 setting out the procedure by which the independent third party performs its assignment, with the professional doctrine of the National Statutory Auditors Association related to this assignment and, concerning the reasoned opinion on fairness, with the international standard ISAE 3000[2].

1. Statement confirming the presence of the CSR Information

Nature and scope of our work

Through interviews with the department heads concerned, we learned about the sustainable development priorities, based on the social and environmental consequences of the Company's business and its community commitments and, if applicable, the ensuring actions or programs.

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

If certain consolidated information was missing, we checked that explanations had been provided in accordance with Article R.225-105 paragraph 3 of the French Commercial Code.

We checked that the CSR Information covered the consolidated scope, namely the Company and its subsidiaries as defined in Article L.233-1 and the companies it controls as defined in Article L.233-3 of the French Commercial Code, with the limitations specified in the methodological note presented in the "Corporate social and environmental responsibility" section of the management report.

Conclusion

Based on our work and given the limitations mentioned, we certify that the required CSR Information is contained in the management report.

2. Assurance statement on the truthfulness of the CSR Information

Nature and scope of our work

We conducted various interviews with the people responsible for preparing the CSR information for the departments in charge of the information-gathering process and, where applicable, the people responsible for internal control and risk management processes, in order to:
- judge whether the Reference Bases were suitable (i.e., relevant, exhaustive, accurate, neutral and understandable) based on industry best practices, where appropriate;
- verify that a process was in place for collecting, compiling, processing and checking the exhaustiveness and consistency of the CSR Information, and learn about the internal control and risk management procedures applied to the production of the CSR Information.

We determined the type and scope of our tests and controls based on the type and importance of the CSR Information in light of the Company's characteristics, the social and environmental issues at stake in its operations, its sustainable development policy and industry best practices.

For the CSR Information that we deemed most important[3]:
- for the consolidating entity and the entities, we consulted the source documents and conducted interviews to corroborate the qualitative information (organization, policies, actions), we applied analytical procedures to the

quantitative information and, based on spot checks, checked the calculations and consolidation of the data, and we checked that it was consistent with and matched the other information contained in the management report;

- regarding the representative entity sample[4] that we selected based on their business, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to check that procedures had been correctly applied and to identify any potential omissions and we carried out tests of details on the basis of samplings, which involved checking the calculations made and comparing the data with the supporting documents. The selected sample represents 71% of the headcount considered as a characteristic quantity of the personnel component and between 15% and 35% of the environmental data considered as the characteristic quantities[5] of the environmental component.

For the other consolidated CSR Information, we assessed its consistency by comparison with our knowledge of the Company.

Lastly, where applicable, we assessed the validity of the explanations for the total or partial absence of certain information.

We believe that the sampling methods and sample sizes we used based on our professional judgment allow us to form a conclusion of limited assurance; a higher level of assurance would have required a more extensive audit. Because of the use of sampling techniques and the other limitations inherent in any information and internal control system, the risk of non-detection of a significant anomaly in the CSR Information cannot be totally eliminated.

Conclusion

Based on this audit, we did not find any significant anomaly that could invalidate the fact that the CSR Information, as a whole, is presented truthfully and in accordance with the Reference Bases.

Paris-La Défense, April 23, 2018

KPMG S.A.

Philippe Arnaud Partner Sustainability Services	Philippe Saint-Pierre Partner

(1) The scope is available on: www.cofrac.fr

(2) ISAE 3000 – International Standard on Assurance Engagements, setting out the principles and procedures to be applied during non-financial audits.

(3) Labor indicators: total workforce and geographic distribution, by age and by gender, number of new hires, number of layoffs, absenteeism rate, lost-time occupational accident frequency rate and training hours.

- Environmental indicators: paper consumption per m^2, energy consumption excluding datacenters, related CO_2 emissions per m^2.
- Qualitative data: waste prevention, recycling and reuse measures and other forms of reclaiming and eliminating waste; energy consumption and measures taken to improve energy efficiency and the use of renewable energies; items with significant greenhouse gas emissions generated by the Company's activities; actions undertaken to prevent corruption.

(4) Labor indicators: AS International, Deodis, Edugroupe, Helpline, Dragonfly, Intrinsec Sécurité, Cloud Temple, Neurones IT, Viaaduc, Brains, Codilog, Finaxys, NEURONES, RS2I, Scaled Risk, Advim, Mobiapps.

- Environmental indicators: Neurones IT, Nanterre Plein Ouest site and Nanterre site on avenue des Champs Pierreux.

(5) See the list of environmental indicators mentioned in note (3) above.

3 CONSOLIDATED FINANCIAL STATEMENTS

3.1. CONSOLIDATED FINANCIAL SITUATION (AT DECEMBER 31, 2017)

ASSETS *(in € thousands)*	Notes	12/31/2016	12/31/2017
NON-CURRENT ASSETS			
Intangible assets	*Notes 1/2*	44,547	41,390
Tangible assets	*Note 3*	14,495	16,231
Financial assets	*Note 4*	5,865	5,815
Other financial assets valued at fair value		-	-
Deferred tax credits	*Note 5*	2,094	1,834
TOTAL NON-CURRENT ASSETS		67,001	65,270
CURRENT ASSETS			
Inventory	*Note 6*	245	891
Deferred tax credits due		7,116	9,874
Trade accounts and notes receivable	*Note 7*	169,864	181,053
Cash and cash equivalents	*Note 8*	141,405	154,606
TOTAL CURRENT ASSETS		318,630	346,424
TOTAL ASSETS		385,631	411,694

SHAREHOLDERS' EQUITY AND LIABILITIES *(in € thousands)*	Notes	12/31/2016	12/31/2017
SHAREHOLDERS' EQUITY			
Capital		9,698	9,698
Additional paid-in capital		31,424	31,424
Consolidated reserves and profits		175,918	201,851
TOTAL SHAREHOLDERS' EQUITY ATTRIBUABLE TO PARENT COMPANY SHAREHOLDERS	*Note 9*	217,040	242,973
Minority equity investments		21,415	25,080
SHAREHOLDERS' EQUITY		238,455	268,053
NON-CURRENT LIABILITIES			
Non-current provisions	*Note 10*	1,069	1,275
Non-current financial liabilities	*Note 8*	862	240
Other non-current liabilities		-	-
Deferred tax liabilities		-	-
TOTAL NON-CURRENT LIABILITIES		1,931	1,515
CURRENT LIABILITIES			
Current provisions	*Note 11*	2,239	1,767
Taxes due		2,476	1,308
Trade and other accounts payable	*Note 12*	138,593	137,795
Current financial liabilities and bank overdrafts	*Note 8*	1,937	1,256
TOTAL CURRENT LIABILITIES		145,245	142,126
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		385,631	411,694

3.2. CONSOLIDATED INCOME STATEMENT (FOR THE YEAR ENDED DECEMBER 31, 2017)

(in € thousands)	Notes	2016	2017
Sale of goods		10,928	10,859
Sale of services		435,832	474,155
REVENUES		446,760	485,014
Purchases consumed		(9,326)	(9,087)
Salaries and related expenses	*Note 13*	(271,228)	(289,838)
External expenses	*Note 14*	(117,211)	(134,427)
Taxes and duties		(134,427)	(7,112)
Allocations to amortization and depreciation	*Note 15*	(7,735)	(8,423)
Allocations to provisions	*Note 15*	1,032	19
Impairment of assets	*Note 15*	16	0
Other income	*Note 16*	7,815	8,648
Other expenses	*Note 16*	(320)	(377)
Other operating income	*Note 17*	558	1,320
Other operating expenses	*Note 17*	(875)	(872)
OPERATING PROFIT		42,510	44,865
– as percentage of revenue		*9.5%*	*9.3%*
Financial income		2,868	3,202
Financial expenses		(433)	(286)
Net financial profit (loss)	*Note 18*	2,435	2,916
PRETAX PROFIT		44,945	47,781
– as percentage of revenue		*10.1%*	*9.9%*
Income tax	*Notes 19/20*	(15,923)	(16,168)
PROFIT FOR THE PERIOD FROM ONGOING ACTIVITIES		29,022	31,613
– as percentage of revenue		*6.5%*	*6.5%*
PROFIT FOR THE PERIOD		**29,022**	**31,613**
Including:			
Profit attributable to parent company shareholders (Group share)		**25,199**	**27,310**
Profit attributable to minority equity investments (minority interests)		**3,823**	**4,303**

Undiluted earnings per share - Group share (in €)	1.04	1.13
Number of shares*	24,239,243	24,243,862
Diluted earnings per share - Group share (in €)	1.04	1.12
Number of shares*, stock options & exercisable free shares allocated	24,260,743	24,286,862

* Number of shares weighted over the period.

3.3. OTHER CONSOLIDATED FINANCIAL ITEMS

Statement of consolidated comprehensive income for the year ended December 31, 2017

(in € thousands)	2016	2017
Profit for the year	**29,022**	**31,613**
Other items in comprehensive income: translation adjustments (activities outside France)	(378)	(1,196)
Comprehensive income	**28,644**	**30,417**
Including:		
• share attributable to parent company shareholders (group share)	24,922	26,355
• share attributable to minority equity investments (minority interests)	3,722	4,062

Consolidated statement of cash flows for the year ending December 31, 2017

(in € thousands)	2016	2017
Consolidated income before minority interests	**29,022**	**31,613**
Elimination of non-monetary items:		
• Net allocations to amortization, depreciation and provisions	6,881	8,227
• Expenses/(Income) related to stock options and similar items	996	1,580
• Effect of discounting receivables and debts maturing in more than one year	47	234
• Capital losses/(gains) from disposals, net of tax	48	53
• Capital losses/(gains) from disposals of consolidated securities, net of tax	141	(533)
Cash flows from operating activities after net financial income and tax	**37,135**	**41,174**
• Net financial profit	(2,435)	(2,916)
• Taxes due	15,923	16,168
Cash flows from operating activities before net financial income and tax	**50,623**	**54,426**
Cash variation in:		
• Working capital requirement for operations	(13,426)	(11,048)
• Taxes paid	(16,096)	(20,110)
CASH FLOW FROM OPERATIONAL ACTIVITIES	21,101	23,268
Acquisitions of intangible and tangible assets	(6,821)	(8,956)
Disposals of fixed assets, net of tax	141	61
Revenue from sales of financial assets	365	517
Acquisition of financial assets	(1,731)	(1,108)
Acquisition of companies, net of the acquired cash	(534)	(3,077)
Securities bought from minority shareholders of subsidiaries	(3,551)	(3,792)
Subscriptions to capital increases by minority interests of subsidiaries	697	486
Disposal of consolidated securities, net of tax	236	6,001
CASH FLOW FROM INVESTMENT ACTIVITIES	(11,198)	(9,868)
Capital increase/sums received from the exercise of stock options	47	-
Company buy-back and sale of its own securities	-	-
Dividends paid to parent company shareholders	(1,454)	(1,454)
Dividends paid to minorities of subsidiaries	(61)	(58)
Increase in financial liabilities	253	87
Decrease in financial liabilities	(1,302)	(1,311)
Net financial interest	2,435	2,916
CASH FLOW FROM FINANCING ACTIVITIES	(82)	180
NET CHANGE IN CASH AND CASH EQUIVALENTS	9,821	13,580
Effect of foreign exchange variations on the cash held	(26)	(299)
CASH AND CASH EQUIVALENTS AT OPENING	131,065	140,860
CASH AND CASH EQUIVALENTS AT CLOSING	140,860	154,141

Statement of changes in consolidated shareholders' equity for the year ended December 31, 2017

SHAREHOLDERS' EQUITY (in € thousands)	Capital	Additional paid-in capital	Consolidated reserves *	Share-based compensa-tion reserve	Treasury shares	Profit for the year	Total shareholders' equity (Group share)**	Minority equity invest-ments***	Total shareholders' equity
SHAREHOLDERS' EQUITY AT 12/31/2015	9,693	31,381	135,863	478	(351)	21,358	198,422	17,326	215,748
Movements for FY 2016									
• Consolidated profit for the year	-	-	-	-	-	25,199	25,199	3,823	29,022
Translation adjustments	-	-	(277)	-	-	-	(277)	*(101)*	(378)
• Total of other items in comprehensive income	-	-	(277)	-	-	-	-	(101)	(378)
Comprehensive income	-	-	*(277)*	-	-	*25,199*	*24,922*	*3,722*	*28,644*
• IFRS 2 restatements – stock options & bonus shares	-	-	-	967	-	-	967	29	996
• Capital transactions (stock options exercised)	5	43	-	-	-	-	48	-	48
• Variations in treasury share	-	-	-	-	99	-	99	24	123
• Allocation of 2015 profit	-	-	21,836	(478)	-	(21,358)	-	-	-
• Dividends paid by the parent company (€0.06 per share)	-	-	(1,454)	-	-	-	(1,454)	-	(1,454)
• Buy-back commitment vis-à-vis minority shareholders	-	-	(3,460)	-	-	-	(3,460)	-	(3,460)
• Change in scope	-	-	(2,504)	-	-	-	(2,504)	375	(2,129)
Total transactions with shareholders recognized directly in shareholders' equity	*5*	*43*	*14,418*	*489*	*99*	*(21,358)*	*(6,304)*	*428*	*(5,876)*
Minorities' share in subsidiaries' dividend distributions	-	-	-	-	-	-	-	*(61)*	*(61)*
SHAREHOLDERS' EQUITY AT 12/31/2016	9,698	31,424	150,004	967	(252)	25,199	217,040	21,415	238,455
Movements for FY 2017									
• Consolidated profit for the year	-	-	-	-	-	27,310	27,310	4,303	31,613
Translation adjustments	-	-	(954)	-	-	-	(954)	(242)	(1,196)
• Total of other items in comprehensive income	-	-	*(954)*	-	-	-	-	*(242)*	*(1,196)*
Comprehensive income	-	-	(954)	-	-	27,310	26,356	4,061	30,417
• IFRS 2 restatements – stock options & bonus shares	-	-	-	1,482	-	-	1,482	87	1,569
• Capital transactions (stock options exercised)	-	-	-	-	-	-	-	-	-
• Variations in treasury share	-	-	-	-	-	-	-	-	-
• Allocation of 2016 profit	-	-	26,166	(967)	-	(25,199)	-	-	-
• Dividends paid by the parent company (€0.06 per share)	-	-	(1,455)	-	-	-	(1,455)	-	(1,455)
• Buy-back commitment vis-à-vis minority shareholders	-	-	2,410	-	-	-	2,410	-	2,410
• Change in scope	-	-	(2,860)	-	-	-	(2,860)	(425)	(3,285)
Total transactions with shareholders recognized directly in shareholders' equity	-	-	*24,261*	*515*	-	*(25,199)*	*(423)*	*(338)*	*(761)*
Minorities' share in subsidiaries' dividend distributions	-	-	-	-	-	-	-	*(58)*	*(58)*
SHAREHOLDERS' EQUITY AT 12/31/2017	9,698	31,424	173,311	1,482	(252)	27,310	242,973	25,080	268,053

* Including currency translation reserve (-€1,228,000 at December 31, 2017).
** share of shareholders' equity attributable to parent company shareholders.
*** Share of shareholders' equity attributable to minority equity investments corresponding to the shares held by subsidiaries' managers.

3.4. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. COMPANY IDENTIFICATION

NEURONES is a public limited company, whose head office is located at 205, Avenue Georges Clemenceau, 92000 Nanterre, France. It is a consulting and IT services Company.

2. DISTRIBUTION OF CONSOLIDATED FINANCIAL STATEMENTS

In its meeting held March 7, 2018, the Board of Directors closed the 2017 consolidated financial statements presented in this document, to be presented for approval at the Shareholders Meeting of June 14, 2018.

NEURONES' consolidated financial statements for the year ended December 31, 2017 include the Company and its subsidiaries (together referred to as the "Group") and the share in affiliates or companies under joint control.

3. DECLARATION OF COMPLIANCE

The consolidated financial statements were prepared in compliance with the IFRS as adopted in the European Union. They differ in some aspects from the IFRS published by IASB. Nevertheless, the Group has made sure that the financial information for the periods presented would not be substantially different if it had applied the IFRS as published by the IASB. This compliance covers the definitions, accounting methods, valuation and presentation recommended by IFRS plus all information required by the standards.

IFRS 15 – "Normal operating income earned on contracts concluded with clients"

IFRS is the new standard governing the accounting principles for revenue. The analyses carried out on the application of this new standard result in the following preliminary findings:

- the Group's current model for recognizing revenues from sales of services (98% of revenues) would not be significantly questioned,
- application of the standard could impact all or part of the revenues from sales of goods (hardware and licenses: approximately 2% of revenues, or €10.9 million in 2017). If it is considered that the Company acts as an agent (and not a principal), only the gross profit of the operation will be recognized, thereby reducing on a comparable basis the Group's consolidated revenues without impacting the operating profit.

The IFRS 15 standard took effect on January 1, 2018. Concerning the expected non-significant impacts from the first application of the standard, the Group will opt for the "simplified retrospective" transition method without restatement of the 2017 comparative period. Consequently, the shareholders' equity shown on the opening balance sheet at January 1, 2018 may be adjusted non-significantly when this new standard is applied. The work intended to integrate all of the standard's new requirements concerning information in the notes will be finalized in the first half of 2018.

IFRS 16 - Lease contracts

The Group is in the process of assessing the main impacts of this new standard.

4. ACCOUNTING PRINCIPLES

The accounting methods presented below have been applied consistently for all periods shown in the consolidated financial statements. They are identical to the accounting methods used in the financial statements at December 31, 2016.

The accounting methods were applied uniformly by Group entities.

4.1. Basis of preparing the consolidated financial statements

The financial statements are presented in euros rounded to the nearest thousand euros.

They were prepared based on historical cost except for short-term cash investments, share-based compensation and some non-current financial assets, valued at fair value.

4.2. Use of estimates

Preparing financial statements in accordance with the IFRS conceptual framework requires making estimates and formulating assumptions that affect the application of accounting methods and the amounts shown in these financial statements.

The estimates and underlying assumptions are made based on past experience and other factors considered as reasonable in view of the circumstances. Consequently, they form the basis for exercising the necessary judgment to determine the carrying amounts of assets and liabilities that cannot be obtained directly from other sources. The intrinsic values may differ from the estimated values.

The estimates and underlying assumptions are reexamined continuously. The impact of changes in accounting estimates is recognized during the period of change if it only affects this period, or during the period of change and subsequent periods, if they too are affected by the change. At the year-end closing, NEURONES did not foresee any changes in the key assumptions used or sources of uncertainty that would present a major risk of leading to a significant adjustment in the amounts of assets and/or liabilities during the following period.

The main items where estimates are made concern forecast costs on fixed-price service contracts monitored on a completion basis, asset impairments, pension liabilities, the valuation of share-based compensation and provisions. The assumptions used are specified in the corresponding notes to the financial statements.

4.3. Consolidation methods

Subsidiaries

A subsidiary is an entity the Company controls. The Group controls a subsidiary when it is exposed to or has the right to variable returns based on its ties with the entity and it has the ability to influence these returns due to the power it holds over the entity.

Subsidiaries' financial statements are included in the consolidated financial statements from the date when control is obtained until the date when control ceases. Their accounting principles have been modified, if necessary, to ensure homogeneity with NEURONE's accounting methods.

Minority equity investments

Minority equity investments are valued on a prorata basis with the net identifiable assets of the acquired company at the acquisition date.

The changes in the percentage held by the Group in a subsidiary not resulting in the loss of control are recognized as transactions affecting shareholders' equity.

Loss of control

When the Group loses control of a subsidiary, it de-recognizes the assets and liabilities as well as any other items related to this subsidiary. The potential profit or loss resulting from the loss of control is recognized in net income. Any interest kept in the former subsidiary is valued at its fair value at the date of loss of control.

Interests in equity affiliates

The Group's interests in equity affiliates include those held in affiliated companies or in a joint venture.

Affiliated companies are entities where NEURONES has significant influence over its financial and operational policies without having control or joint control. The joint venture is a joint arrangement that gives the Group joint control, according to which it has rights to the net assets of the joint arrangement and not rights to the assets of the company itself and obligations to take on for its liabilities.

NEURONES' interests in affiliated companies and the joint venture are recognized according to the equity method. They are recognized initially at a cost including the transaction fees. After the initial recognition, the consolidated financial statements include the portion attributable to the Group of the net income and other items of comprehensive income of the equity affiliates, until the day when the significant influence or joint control ends.

Transactions eliminated in the financial statements

Balance sheet balances, transactions, income and expenses resulting from intra-group transactions are eliminated. Profits resulting from transactions with the equity affiliates are canceled by the cross-entry of equity method investments up to the Group's percentage interest in the company. Losses are eliminated in the same way as profits, but only insofar as they do not represent an impairment.

At December 31, 2017, all companies included in the scope of consolidation were subsidiaries.

The list of consolidated companies is shown in chapter 5 hereafter, "Scope of Consolidation."

4.4. Tangible assets

Business combinations and goodwill

For the acquisitions completed since January 1, 2010, goodwill is valued as:
- the fair value of the consideration transferred,
- plus the amount recognized for any non-controlling investment in the acquired company,
- plus, if the business combination is done in phases, the fair value of any prior investment held in the acquired company, and
- less the net amount recognized (generally at fair value) for identifiable acquired assets and assumed liabilities.

When the difference is negative, a bargain purchase profit is recognized immediately in income.

Since January 1, 2010, the method to determine the fair value of the consideration transferred is as follows:
- the consideration transferred excludes the amounts related to the payment of pre-existing relationships and compensation for employees or former owners for future services;
- the costs related to the acquisition, other than those related to a debt or share issue, are expensed when they are incurred, and
- any potential consideration payable is recognized at its fair value at the acquisition date. The potential consideration that was recorded in shareholders' equity is not restated and its payment is recognized in shareholders' equity. On the other hand, for potential consideration recorded as debt, subsequent variations in its fair value are recognized in profit or loss.

For the acquisitions completed between January 1, 2004 and January 1, 2010, the goodwill represents the difference between the acquisition cost and the Group's interest in the fair value of the assets, liabilities and identifiable potential liabilities acquired. When a company enters the scope of consolidation, its assets, liabilities and identifiable potential liabilities are entered on the consolidated balance sheet at their fair value and valued according to the Group's accounting principles.

For goodwill prior to January 1, 2004, the Group has chosen, according to the provisions of IFRS 3, not to restate goodwill from business combinations. Consequently, this goodwill is maintained at its assumed cost, which represents the amount recognized according to the previous accounting guidelines.

Goodwill is valued at its cost, less cumulative impairment. It is assigned to Cash Generating Units, is not amortized and is subject to an impairment test annually or more frequently in case there are signs of impairment (see the paragraph, "Impairment of fixed asset items").

Contracts and contractual customer relationships

Contracts and contractual customer relationships are recorded in assets at their acquisition cost less cumulative depreciation and impairment. For the most part they come from purchased businesses and correspond to a volume of revenues and margin generated by these contracts. They are amortized over the useful life of the corresponding contracts.

In the case of technical assistance contracts renewable periodically, the useful life is indefinite. Consequently, the period during which the contracts will generate net cash inflows to the Group's benefit is without a foreseeable limit. In this case the contracts are not depreciated and are subject to an annual impairment test or whenever there is a sign of impairment (see note 4.7 hereafter: "Impairment of fixed assets").

4.5. Other intangible assets

The Group has not identified significant development expenses that meet the IAS 38 definition.

Other intangible assets, especially software acquired for internal use, are amortized over their useful life, generally from one to three years, as soon as the asset is ready to be commissioned.

The amortization and depreciation of intangible assets are recorded in operating profit on the line, "Allocations to amortization and depreciation".

4.6. Tangible assets

Tangible assets are recorded at their acquisition cost less accumulated depreciation and recognized impairment.

The Group has not opted to use the revaluation method for its assets. Loan costs are excluded from the cost of fixed assets pursuant to IAS 23.

Tangible assets are depreciated over their useful life, according to the following methods as soon as the asset is ready to be commissioned:

Fixtures and installations	Straight-line 5 to 10 years
Transportation equipment	Straight-line 2 to 4 years
Computer hardware	Declining balance and straight-line 3 to 5 years
Office equipment	Straight-line 5 to 10 years

Case of business leases and long-term finance leases

Assets acquired in the form of a business lease or long-term finance lease have been restated. The asset is recorded on the balance sheet at the lower of the present value of the lease's minimum future payments and the asset's fair value. The asset is amortized over its useful life for the Group or the term of the contract if the term is less. The corresponding financial debt is recorded in liabilities and amortized over the term of the contract. In terms of the income statement, the lease expense is offset and replaced by an amortization expense and a financial expense.

4.7. Impairment of fixed assets

The carrying amounts of these assets are examined at each closing to assess whether there is a sign that an asset has sustained impairment. If there is such a sign, the asset's recoverable value is estimated. For goodwill and intangible assets with an indefinite useful life or that are not yet ready to be commissioned, the recoverable value is estimated every year at December 31.

Goodwill and intangible assets with an indefinite useful life or intangible assets in progress

The tracking method used to test intangible assets for impairment is the DCF (discounted cash flow) method. This method is used each time there is a sign of impairment and at least once a year. To conduct these tests, goodwill is broken down into Cash Generating Units (CGU) corresponding to homogeneous groups that jointly generate identifiable cash flows. The division into CGUs is done by legal entity. Each subsidiary corresponds to a CGU (see Note 4.23 hereafter: "Operating segments").

An asset's book value is compared to its recoverable value, which corresponds to the maximum of the fair value less disposal costs and the value in use, determined by the discounted future cash flow method.

In case of impairment, it is recorded on the "Asset impairment" line in operating profit. Goodwill impairment is not reversed even if the asset's value in use recovers in future years.

Tangible and intangible assets with a definite useful life

The value in use of tangible and intangible assets with a definite useful life is tested for impairment as soon as signs of impairment appear, which are reviewed at each annual closing.

To perform this test, the tangible assets are grouped into Cash Generating Units (CGU). The CGUs constitute homogeneous asset groups whose continuous use generates cash inflows that are substantially independent of cash inflows generated by other asset groups. The division into CGUs is done by legal entity, where each subsidiary corresponds to a CGU.

An asset's carrying amount is compared to its recoverable value and corresponds to the maximum of the fair value less disposal costs and the value in use, determined by the discounted cash flow method. When the carrying amount is less than the recoverable value, impairment is recorded in operating profit, on the "Impairment of assets" line.

Main criteria used to apply the DCF method of valuation

- the discount rate used is 6.3% after tax compared to 5.5% at December 31, 2016 based on the risk-free rate, the risk premium and the beta,
- the length of the explicit period is 5 years,
- the growth assumptions retained for revenues, operating margin, working capital requirements and capital expenditures are specific to each company, based on their size and business sector,
- the growth rate is based on planning budgets that take into account the organization's dynamism and market conditions; it is 5% on average,
- the residual value is determined based on a terminal growth rate of 2%.

Impairment recorded for a CGU is first allocated to reducing the carrying amount of any goodwill allocated to the Cash Generating Unit, then to reducing the carrying amount of the CGU's other assets on a prorata basis with the carrying amount of each asset in the unit.

Impairment recorded for an asset other than goodwill is written back if there is a change in the estimates used to determine the recoverable value. An asset's carrying amount, increased due to the write back of impairment, should not exceed the carrying amount that would have been determined, net of depreciations, if no impairment had been recorded.

4.8. Financial assets

Non-consolidated securities

Pursuant to IAS 39, equity investments in non-consolidated companies are analyzed as available for sale and are therefore recorded at their fair value, or at their acquisition cost if the fair value cannot be determined reliably.

In case of recognition at fair value, any normal variation in fair value (positive or negative) is recognized directly in shareholders' equity.

In case of recognition at acquisition cost and an objective indication of impairment of the financial asset, impairment is recorded through profit/(loss). This impairment is written back only when the securities are sold.

Financial assets at fair value through the income statement

An asset is classified as a financial asset at fair value through the income statement if it is held for trading purposes or designated as such when it is initially recognized. Financial instruments are designated this way if the Group manages investments and makes purchase or sale decisions based on their fair value consistent with the risk management or investment strategy policy.

Other financial assets

The other financial assets that mature in more than one year and do not earn interest are initially recognized at fair value, plus the directly attributable transaction costs. After the initial recognition, they are valued at amortized cost calculated according to the effective interest rate less any impairment.

The interest rate used was 6.3%.

The Group has no derivatives among its financial assets and does not conduct any hedge operations.

4.9. Deferred tax assets and liabilities

Pursuant to IAS 12, deferred tax assets and liabilities are recognized in the income statement and the balance sheet to account for the time lag between the book values and tax bases of certain assets and liabilities, except for the following items:

- goodwill,
- time differences related to investments provided they will not inverse in the foreseeable future.

According to the liability method of tax allocation, deferred taxes are valued based on the known changes in tax rates that have been adopted or virtually adopted at the closing date.

Loss carry forwards are activated when it is likely there will be future taxable income that these tax losses can be charged against.

A deferred tax is recorded for assets and liabilities related to finance lease agreements.

Pursuant to IAS 12, deferred tax assets and deferred tax liabilities are not discounted.

Since the year ending December 31, 2010, the Company Value Added Contribution (CVAE) falls within the scope of IAS 12.

4.10. Inventory

Inventory is valued at the lowest cost based on the weighted price and net realizable value method. The latter is the estimated sales price under normal business conditions, less the estimated costs required to complete the sale.

Impairment is recognized on a case-by-case basis when the net realizable value is less than the carrying amount.

4.11. Receivables

Receivables are recorded at cost less recognized impairment. Impairment is recognized when the carrying amount of the receivable exceeds its recoverable value (i.e., the value of estimated future cash flows).

4.12. Cash and cash equivalents

Short-term investments are valued at their fair value (as counterparty through the income statement).

Pursuant to IAS 7, the "Cash and cash equivalents" line includes the cash on hand and demand deposits. Bank overdrafts reimbursable on demand that are an integral part of the Group's cash management constitute a component of cash and cash equivalents for the needs of the cash flow statement.

The fair value corresponds to the cash-in value of the cash asset or liability at the closing date.

Variances in fair value are recorded in profit for the period under the "Financial income" category.

4.13. Treasury shares

The amount of the consideration paid for treasury shares, including directly attributable costs, is deducted from consolidated reserves.

In case the shares are subsequently disposed of, the profit/(loss) and any corresponding tax effects are recorded as a variation in consolidated shareholders' equity.

4.14. Share-based compensation

The Black & Scholes valuation model was used for options. The fair value valuation of the service rendered at the allocation date is expensed on a prorata temporis basis over the entire rights vesting period as an adjustment to shareholders' equity.

4.15. Employee benefits

Defined benefits plan: provision for retirement benefits

This provision is intended to meet the commitments corresponding to the present value of rights acquired by employees regarding conventional benefits they will have a claim to when they retire. It is based on a calculation made according to the projected unit credit method, which takes into account seniority, life expectancy and the standard personnel turnover rate plus salary revision and discounting assumptions.

Actuarial gains and losses generated by changes in demographic or financial assumptions are recognized in other items of comprehensive income.

Furthermore, application of IAS 19 amended results in breaking down the change in the debt between the cost of services rendered, presented as operating income, and the financial cost (corresponding to interest on the debt calculated based on the discount rate), presented as financial profit or loss. Given the amount of the debt related to pension liabilities, the financial cost impact is non-significant over the period.

4.16. Other personnel commitments

Rewards for long-service

The collective bargaining agreements in force in Group companies do not make any provisions for rewards for long service. No specific agreements have been concluded regarding this point in the Group's various subsidiaries.

4.17. Provisions

Pursuant to IAS 37, a provision is recorded when the Group recognizes a current obligation, legal or implicit, regarding a third party resulting from a past event and it is likely or certain that this obligation will cause an outflow of resources representing economic benefits whose amount may be estimated reliably.

Non-current provisions are discounted when the effect is significant.

4.18. Financial liabilities

The Group has no derivatives among its financial liabilities and does not conduct any hedge operations. The Group has no liabilities valued at fair value as an adjustment to profit.

The other financial liabilities correspond primarily to bank overdrafts.

4.19. Other non-current liabilities

No other non-current liabilities were identified at December 31, 2017.

4.20. Trade and other accounts payable

Trade and other accounts payable are valued at their fair value when initially recorded, then at amortized cost.

4.21. Recognition of "service" revenues

Revenues realized in the form of services provided are recognized based on the stage of completion in accordance with IAS 11 and IAS 18.

The stage of completion is calculated based on the costs incurred compared to the total updated forecast costs. The variance between invoicing and revenues calculated based on the stage of completion is recorded in invoices to issue or in prepaid income, as required. When the forecast cost price of a contract is greater than the contractual revenues, an end of contract loss equal to the difference is recorded in contingency and loss provisions.

Fixed-price projects

Revenues from fixed-price projects are recorded as the service is provided, based on the stage of completion method. According to this method, revenues are recognized in the period the service is rendered in.

Annual or long-term contracts

Revenues from annual or long-term contracts are recorded based on the stage of completion, which corresponds to a prorata temporis treatment.

Services sold in the form of spendable checks

Some Group companies pre-sell checks for services, which represent days of service by engineers, developers, technicians or trainers. Revenues in the form of spendable checks are recorded as the services are provided. Unused checks are recorded as prepaid income.

Long-term outsourcing contracts

Long-term outsourcing contracts generally include two main types of services:
- initial engineering: this is an independent project prior to starting the current operating contract. Thus revenues are recorded based on the stage of completion,
- routine operations: the invoicing terms generally involve a fixed monthly fee. Revenues are recognized based on the stage of completion in phase with the services provided.

4.22. Method of calculating diluted earnings per share (EPS)

The number of shares taken into account in calculating diluted EPS is comprised of:
- number of shares at the beginning of the year,
- plus the weighted average number of bonus shares delivered during the year,
- plus the weighted average number of stock options exercised during the year,
- plus the weighted average number of other dilutive share subscription options (stock options and bonus shares) allocated and not exercised or not delivered during the year, calculated according to the provisions of IAS 33,
- less the weighted average number of treasury shares during the year.

Earnings per share was calculated in accordance with IAS 33.

4.23. Operating segments (IFRS 8)

According to IFRS 8, an operating segment is a distinct component of the Group, which is either involved in providing specific services (business segment) or in providing services in an environment (geographic segment) that is exposed to risks and generates different profitability than the profitability in other segments. It is identified and managed separately by senior management, in that it requires a specific strategy, resources and technologies.

The information transmitted internally to the CEO and Executive Vice-President is presented by legal entity, since line management's performance is assessed at this level. In this context, each of these entities would correspond to an operating segment.

NEURONES does not consider this highly detailed level of information necessary for the reader to have a better understanding of the Group's performance. All of the legal entities operate in the Consulting and IT Services for companies market and present marketing methods and cost structures that are often comparable. Consequently, no operating segments were identified to be presented in the context of IFRS 8.

4.24. Management of financial risk (IFRS 7)

Exposure to the following risks has been identified:
- credit risk,
- liquidity risk,
- market risk, and
- capital management risk.

The purpose of this note is to provide information about the exposure to each of these risks as well as the policies put in place to minimize them. Given the Group's current size and the daily involvement of two directors (CEO and Executive Vice-President) combined with the geographic proximity of the largest Group companies and subsidiary managers' participation in the share capital, it hasn't been deemed necessary to form a centralized risk management committee. Moreover, NEURONES' general and/or financial management is directly responsible for some risks.

Credit risk

Credit risk represents the possibility of a financial loss in the case where a customer or counterparty to a financial instrument fails to honor its contractual obligations. In the case of NEURONES and its subsidiaries, the risk is primarily limited to trade receivables and financial investments.

Concerning receivables, the credit risk exposure depends on the individual characteristics of the legal entities invoiced. The Group addresses a very broad spectrum of uniformly distributed customers in multiple business sectors, with the largest customer not accounting for more than 8.4% of the consolidated revenues. This client is a major group whose multiple decision centers order services independently from each other.

Regarding cash and cash equivalents, the credit risk exposure is limited by primarily investing excess cash in term deposits issued by banks.

Liquidity risk

The liquidity risk corresponds to difficulties the Group could encounter in honoring its commitments and paying its debts.

This risk is theoretical in light of a significant surplus cash position.

Market risk

Market risk corresponds to changes in market prices, such as exchange rates, interest rates and prices of equity instruments.

NEURONES is not really exposed to a foreign exchange risk because virtually all transactions are carried out in euros.

Furthermore, the Group is not indebted and would not experience a significant impact in case interest rates vary.

Only the risk related to market price variations could effect the regularity of the financial profit or loss since the performance of some of the short-term investments is correlated to stock markets. This allocation represents approximately €7 million at year end.

Capital management

By design, managers hold 72.5% of the capital, which constitutes a solid block that by nature gives third parties' confidence.

Even though NEURONES has substantial surplus cash (plus significant shareholders' equity), the Board of Directors makes sure that a balance is maintained between shareholders' remuneration and long-term resources. The dividend policy, initiated as of 2005, has never resulted in distributing more than 25% of net profit.

The Company wants to retain the possibility to buy-back its own shares at any time. As such, every year the Ordinary Shareholders' Meeting is asked to approve such an authorization.

4.25. New standards and interpretations

IFRS measures, mandatory from January 1, 2017, applied without impact on the Group's financial statements at December 31, 2017
- Amendments to IAS 7: disclosure initiative;
- Amendments to IAS 12: recognition of deferred tax credits for unrealized losses;
- Annual improvements 2014-2016.

Mandatory implementation provisions after December 31, 2017 not applied in advance
- Amendments to IFRS 15: normal operating income earned on contracts concluded with clients;
- Clarification of IFRS 15: normal operating income earned on contracts concluded with clients;
- IFRS 9: financial instruments;
- Amendments to IFRS 4: application of IFRS 9 and IFRS 4
- IFRS 16: leasing contracts.

5. SCOPE OF CONSOLIDATION

5.1. List of consolidated companies

Companies consolidated by full consolidation	Head office	12/31/2016			12/31/2017		
		% Stake	% Control	Consolidation method	% Stake	% Control	Consolidation method
Parent							
NEURONES	205, av. Georges Clemenceau - 92024 NANTERRE	-	-	-	-	-	-
Subsidiaries							
Advim	215, av. Georges Clemenceau - 92024 NANTERRE	83%	100%	FC	83%	100%	FC
Arondor	24-26, rue de la Pépinière - 75008 PARIS	50%	50%	FC	50%	50%	FC
Arondor Capture	24-26, rue de la Pépinière - 75008 PARIS	35%	70%	FC	50%	100%	FC
AS Connect	120-122, rue Réaumur - 75002 PARIS	98%	100%	FC	98%	100%	FC
AS Delivery	120-122, rue Réaumur - 75002 PARIS	98%	100%	FC	98%	100%	FC
AS Devops	120-122, rue Réaumur - 75002 PARIS	98%	100%	FC	98%	100%	FC
AS Infra	120-122, rue Réaumur - 75002 PARIS	98%	100%	FC	98%	100%	FC
AS International	120-122, rue Réaumur - 75002 PARIS	98%	100%	FC	98%	100%	FC
AS International Group	120-122, rue Réaumur - 75002 PARIS	98%	98%	FC	98%	98%	FC
AS Production	120-122, rue Réaumur - 75002 PARIS	98%	100%	FC	98%	100%	FC
AS Synergie	120-122, rue Réaumur - 75002 PARIS	98%	100%	FC	98%	100%	FC
AS Technologie	120-122, rue Réaumur - 75002 PARIS	98%	100%	FC	98%	100%	FC
AS Telecom & Réseaux	120-122, rue Réaumur - 75002 PARIS	98%	100%	FC	98%	100%	FC
Axones		100%	100%	FC	-	-	-
Brains	27, rue des Poissonniers - 92200 NEUILLY-SUR-SEINE	39%	53%	FC	40%	52%	FC
C2L2 Consulting	6, passage de la Tenaille - 75014 PARIS	-	-	-	74%	83%	FC
Cloud Temple	215, av. Georges Clemenceau - 92024 NANTERRE	-	-	-	83%	100%	FC
Cloud Temple Tunisia	Gp1 Km 12 - EZZAHRA	42%	50%	FC	42%	50%	FC
Codilog	205, av. Georges Clemenceau - 92024 NANTERRE	74%	74%	FC	74%	74%	FC
Colombus Consulting	138, avenue des Champs-Elysées - 75008 PARIS	81%	81%	FC	88%	88%	FC
Colombus Consulting Shift	138, avenue des Champs-Elysées - 75008 PARIS	57%	71%	FC	63%	71%	FC
Colombus Consulting SA	Route de Crassier 7 - 1262 Eysins - NYON	-	-	-	45%	51%	FC
Colombus Consulting Tunisie	Complexe Rosalys, A2 1053, les Berges du Lac 2 - TUNIS	40%	50%	FC	44%	50%	FC
Deodis	2, place de la Défense CNIT - 92800 PUTEAUX	90%	96%	FC	89%	96%	FC
Dragonfly	215, av. Georges Clemenceau - 92024 NANTERRE	83%	83%	FC	83%	83%	FC
Edugroupe	205, av. Georges Clemenceau - 92024 NANTERRE	98%	98%	FC	98%	98%	FC
Edugroupe MP	205, av. Georges Clemenceau - 92024 NANTERRE	98%	100%	FC	98%	100%	FC
Everience	Berliner Allee 65 - 64295 DARMSTADT	94%	100%	FC	94%	100%	FC
Finaxys	27, rue des Poissonniers - 92200 NEUILLY-SUR-SEINE	75%	75%	FC	77%	77%	FC
Helpline	171, av. Georges Clemenceau - 92024 NANTERRE	94%	94%	FC	93%	93%	FC
Helpline Romania	10/D rue Coriolan Brediceanu - 300011 TIMISOARA	94%	100%	FC	93%	100%	FC
Helpline Tunisia	21, rue de Jérusalem - 1002 Belvédère - TUNIS	94%	100%	FC	93%	100%	FC
Iliade	1, rue de la Pépinière - 75008 PARIS	52%	70%	FC	52%	70%	FC
Iliade Tunisie	Rue du Lac Windermere - 1053, les Berges du Lac – TUNIS	52%	100%	FC	52%	100%	FC
Iliade Belgium	4, rue de la Presse - BE-1000 BRUXELLES 1	52%	100%	FC	52%	100%	FC
Intrinsec Sécurité	215, av. Georges Clemenceau - 92024 NANTERRE	81%	97%	FC	81%	97%	FC
Lib Consulting SD	16, rue Matel - 75010 PARIS	52%	70%	FC	52%	70%	FC
Lib Consulting SD Suisse	Rue des Vollandes - 71, c/o M. Brito - 1207 GENÈVE	45%	86%	FC	45%	86%	FC
MobiApps	6, rue Rose Dieng-Kuntz - 44300 NANTES	69%	70%	FC	68%	70%	FC
Netixia	3 bis, rue de la Tuilerie - 37550 SAINT-AVERTIN	83%	100%	FC	-	-	-
Neurones Consulting	205, av. Georges Clemenceau - 92024 NANTERRE	100%	100%	FC	100%	100%	FC
Neurones IT	205, av. Georges Clemenceau - 92024 NANTERRE	99%	99%	FC	97%	97%	FC
Neurones IT Asia Pte Ltd	Tampines Central 1, 02-05 Tampines Plaza 529541 SINGAPORE	99%	100%	FC	97%	100%	FC
Neurones IT India	Vatika Business Centre - 11, O Shaughnessy Road - Langford Town - 560025 BANGALORE	99%	100%	FC	97%	100%	FC
NG Cloud	121-123, rue Edouard Vaillant - 92300 LEVALLOIS-PERRET	100%	100%	FC	100%	100%	FC
Pragmateam	205, av. Georges Clemenceau - 92024 NANTERRE	85%	56%	FC	85%	56%	FC
RS2i	121-123, rue Edouard Vaillant - 92300 LEVALLOIS-PERRET	100%	100%	FC	100%	100%	FC
Saegus		40%	50%	FC	-	-	-
Scaled Risk	71, bd de Sébastopol - 75002 PARIS	35%	47%	FC	36%	47%	FC
Viaaduc	205, av. Georges Clemenceau - 92024 NANTERRE	97%	100%	FC	97%	100%	FC

FC = Consolidation by full consolidation

5.2. Significant events

Impact of variations in the scope of shareholders' equity

(in € thousands)	stake at 12/31/2016 (%)	stake at 12/31/2017 (%)	Variation (%)	Impact on shareholders' equity attributable to parent company shareholders	Impact on minority equity investments
Colombus Consulting	80.5	88.3	7.8	(1,411)	(1,107)
Saegus	40.3	0.0	-40.3	-	-
Axones SAS	100.0	0.0	-100.0	-	-
Help-Line Victoria SAS	94.0	93.0	-1.0	(432)	569
Neurones IT SAS	98.5	97.2	-1.3	(458)	464
Arondor Capture	35.3	50.1	14.8	(299)	(498)
Finaxys	74.9	76.6	1.7	(215)	(227)
Others (< +/- € 100 million)	-	-	-	(45)	374
TOTAL	-	-	-	(2,860)	(425)

Changes in stake percentages

During FY 2017 various transactions were carried out with certain minority partners of subsidiaries. They resulted in slight changes in percentage stakes.

Acquisition and disposals of companies

The Group's scope variations include one acquisition and two disposals:

Company	Entry/exit date	2017 revenue contribution (in € millions)	Fair value of shareholders' equity* (in € millions)
Axones (Disposal)	May 31, 2017	5.9	2.2
Saegus (Disposal)	September 30, 2017	4.2	0.7
C2L2 (Acquisition)	November 1, 2017	0.6	0.7

* at the acquisition or disposal date according to the case.

Items concerning the contribution of the acquisitions and disposals to the Group's consolidated financial statements

For the acquisition, the price was paid in cash with potential future earn out payments.
The residual goodwill primarily represents human capital and expected revenue and market share synergies.
The disposals were realized at a fixed price received immediately in cash.

At the date of entering/leaving the scope, the companies' main totals were:

ASSETS *(in € thousands)*	Axones (disposal)	Saegus (disposal)	C2L2 (acquisition)
NON-CURRENT ASSETS			
Intangible assets	18	-	-
Tangible assets	127	57	8
Financial assets	268	38	14
Deferred tax credits	117	-	-
NON-CURRENT ASSETS			
Inventory	-	-	-
Deferred tax credits due	-	-	-
Trade accounts and notes receivable	4,982	1,828	862
Cash and cash equivalents	81	716	372
TOTAL ASSETS	5,593	2,639	1,256

SHAREHOLDERS' EQUITY AND LIABILITIES *(in € thousands)*	Axones (disposal)	Saegus (disposal)	C2L2 (acquisition)
SHAREHOLDERS' EQUITY RESTATED AT FAIR VALUE	858	259	277
Minority interests	1,353	408	436
NON-CURRENT LIABILITIES			
Non-current provisions	-	-	-
Non-current financial liabilities	-	-	-
CURRENT LIABILITIES			
Current provisions	81	1	23
Taxes due	-	-	-
Trade and other accounts payable	3,276	1,951	487
Other financial liabilities	25	20	33
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	5,593	2,639	1,256

6. NOTES TO THE BALANCE SHEET

Note 1 – Intangible assets

(in € thousands)	12/31/2015	↗	↘	12/31/2016	Change in scope	↗	↘	12/31/2017
Goodwill (details in Note 2)	37,703	5,410	141	42,972		857	3,237	40,592
Patents and licenses	5,996	1,120	463	6,653	(328)	433	218	6,540
Contracts and contractual relationships	341	-	-	341	-	-	-	341
GROSS TOTAL	44,040	6,530	604	49,966	(328)	1,290	3,455	47,473
Amortization, depreciation	(3,215)	(1,584)	(289)	(4,510)	309	(1,191)	(218)	(5,174)
Impairment	(909)	-	-	(909)	-	-	-	(909)
NET TOTAL	39,916	4,946	315	44,547	(19)	99	3,237	41,390

The contracts and contractual relationships recorded in assets are related to technical assistance contracts for an indefinite useful life (refer to note on accounting principles). They amount to €341,000 and are fully depreciated. No intangible assets have been pledged as security.

Note 2 – Goodwill

(in € thousands)	12/31/2015	↗	↘	12/31/2016	↗	Reclass.	↘	12/31/2017
Companies concerned								
Colombus Consulting	10,386	-	-	10,386	-		-	10,386
AS International Group	8,874	-	-	8,874	-		-	8,874
Helpline	5,179	-	-	5,179	-		-	5,179
RS2I	3,460	-	-	3,460	-		-	3,460
Axones	3,237	-	-	3,237	-		(3,237)	-
Iliade	-	2,959	-	2,959				2,959
Codilog	2,587	-	-	2,587				2,587
Arondor	1,480	-	-	1,480				1,480
Lib Consulting	-	1,239	-	1,239				1,239
Netixia	1,126	-	-	1,126		(1,126)		-
Cloud Temple						1,126		1,126
Advim	-	809		809	245			1,054
Others (< € 1 million)	1,373	403	(141)	1,635	612			2,247
GROSS TOTAL	37,703	5,410	(141)	42,972	857	-	(3,237)	40,592
Impairment	(568)	-	-	(568)	-		-	(568)
NET TOTAL	35,892	5,410	(141)	42,404	857	-	(3,237)	40,024

The variations for the period correspond primarily to the disposal of Axones.

Method and key assumptions used for impairment tests

Impairment tests are performed once a year at closing on December 31.

The sensitivity analysis (variation of +1% in the discount rate) did not reveal a situation by which the recoverable value of the CGUs would fall below their net carrying amount.

Note 3 – Tangible assets

(in € thousands)	12/31/2015	↗	Reclass.	↘	12/31/2016	Change in scope	↗	Reclass.	↘	12/31/2017
Fixtures and installations	8,227	1,224	116	315	9,252	(244)	1,751	390	297	10,852
Transportation equipment	2,562	688	-	382	2,868	2	399	-	471	2,798
IT and office equipment	26,461	3,912	206	2,144	28,435	(857)	6,981	41	751	33,849
Fixed assets under construction	115	254	110	-	479	-	(43)	(429)	-	7
GROSS TOTAL	37,365	6,078	432	2,841	41,034	(1,099)	9,088	2	1,519	47,506
Amortization, depreciation	(22,771)	(6,497)	-	(2,729)	(26,539)	923	(7,059)	(2)	(1,402)	(31,275)
NET TOTAL	14,594	(419)	432	112	14,495	(176)	2,029	-	117	16,231

The investments correspond to:
- equipment used for the cloud computing activity,
- computer hardware used in our service centers or at client sites, as part of outsourcing contracts or for internal uses,
- improvements of premises,
- company cars.

The decreases correspond primarily to scrapping.

Note 4 – Financial assets

(in € thousands)	12/31/2015	↗	Reclass.	↘	12/31/2016	Change in scope	↗	↘	12/31/2017
Non-consolidated securities	6,833	495	(6,482)	126	720	(48)	21	146	547
Loans	2,351	635	-	37	2,949	(208)	475	10	3,206
Other financial assets	1,750	865	-	325	2,290	(36)	378	468	2,164
GROSS TOTAL	10,934	1,995	(6,482)	488	5,959	(292)	874	624	5,917
Impairment	(72)	(88)	-	(66)	(94)	-	(8)	-	(102)
NET TOTAL	10,862	1,907	(6,482)	422	5,865	(292)	866	624	5,815

Financial assets correspond primarily to deposits paid in the form of loans as part of the 1% housing aid contribution plus security deposits (rent).

The present value of loans (1% housing aid contribution) and in particular the reimbursement due date have been calculated based on the reimbursement date provided for in the contract (20 year timeframe).

In accordance with IFRS 7.8, it is noted that all of the financial assets mentioned above correspond to investments held to maturity.

Note 5 – Deferred tax assets

The deferred tax assets shown on the balance sheet concern the following items:

(in € thousands)	12/31/2016	12/31/2017
Employee statutory profit sharing	790	728
Present value of receivables maturing in more than one year	802	613
Other temporary differences	64	(12)
Provision for retirement benefits	365	326
Tax losses deferrable indefinitely	73	179
DEFERRED TAXES CALCULATED	2,094	1,834
Compensation by tax entity	-	-
TOTAL DEFERRED TAXES	2,094	1,834

Note 6 – Inventory

(in € thousands)	12/31/2016	12/31/2017
Goods for resale	250	893
GROSS TOTAL	250	893
Impairment	(5)	(2)
NET TOTAL	245	891

No inventory has been pledged as security.

Note 7 – Trade accounts and notes receivable

(in € thousands)	12/31/2016	12/31/2017
Trade receivables	119,801	126,820
Invoices to issue	25,910	31,404
Suppliers: credit notes receivable	302	293
VAT and other taxes	18,645	16,618
Other receivables	524	603
Prepaid expenses	5,200	6,262
GROSS TOTAL	170,382	182,000
Impairment	(518)	(947)
NET TOTAL	169,864	181,053

The due date for these items is less than one year.

The trade receivable aging breaks down as follows:

(in € thousands)	Due				Not due	Total
	> 1 year	Between 6 and 12 months	Between 3 and 6 months	Less than 3 months		
Trade receivables	1,034	1,743	4,811	38,716	80,516	126,820
Impairment	(653)	(221)	(28)	(6)	0	(908)
Net value	381	1,522	4,783	38,710	80,516	125,912
TOTAL	0.3%	1.2%	3.8%	30.8%	63.9%	100%

Note 8 – Net cash and cash equivalents

(in € thousands) ASSETS	12/31/2016	Maturity Dates			12/31/2017
		> 2 years	Between 1 and 2 years	< 1 year	
Term deposits	63,109	20,000	18,300	37,073	75,373
Other marketable securities	11,293			7,216	7,216
Available funds	65,566			70,615	70,615
Accrued interest	1,437			1,402	1,402
TOTAL ASSETS	141,405	20,000	18,300	116,306	154,606
LIABILITIES					
Non-current loans	862	184	56	-	240
Current loans	1,280	-	-	679	679
LOAN SUBTOTAL	2,142	184	56	679	919
Bank overdrafts	545	-	-	465	465
Security deposits received	112	-	-	112	112
OTHER CURRENT FINANCIAL LIABILITIES	657	-	-	577	577
TOTAL LIABILITIES	2,799	184	56	1,256	1,496
CASH AND CASH EQUIVALENTS NET OF FINANCIAL DEBT	138,606	19,816	18,244	115,050	153,110

Given the type of funds and supports selected to invest excess cash, no adjustment in the fair value or the future yield is anticipated.

The term deposits can be mobilized anytime. They are comprised of several lines in 14 European banks with rates ranging from 1.1% to 2.3%. The maturities less than one year represent €37.1 million, those from one to two years €18.3 million and those more than two years €20 million.

The monetary funds are primarily comprised of financial products indexed to the major French and European indexes. Their valuation is substantially market driven.

The available funds correspond to the uninvested cash and cash equivalents, given the near absence of current remuneration of short-term liquidities.

Note 9 – Shareholders' equity

Note 9.1 – Capital

At December 31, 2017, the share capital amounted to €9,697,544.80; comprised of 24,243,862 fully paid-up shares of the same class with a face value of €0.40.

There was no change in the number of shares in circulation during FY 2017:

Number of shares in circulation at 1/1/2017	Increase	Decrease	Number of shares in circulation at 12/31/2017
24,243,862	-	-	24,243,862

Note 9.2 – Share-based compensation

Stock option plans

All authorizations given by Shareholders' Meetings to the Board of Directors for stock option plans were wound up during prior years.

Bonus share attribution plan

The Shareholders' meeting of June 9, 2016 authorized the Board of Directors to allocate a bonus share plan for up to 242,000 common shares. During FY 2016, the Board of Directors used part of this authorization, valid for a period of twenty-four months, by allocating 43,000 bonus shares (Plan F).

The different bonus share plans approved by the Board of Directors, still in their vesting and/or holding period in 2017, have the following characteristics:

	Bonus share plan E	Bonus share plan F
Date of the Shareholders' Meeting	6/9/2011	6/9/2016
Date of the Board of Directors meeting	6/7/2012	6/9/2016
Vesting period term	6/8/2015	6/10/2018
Holding period term	6/8/2017	6/10/2020
Number of beneficiaries	61	14
- of which managers	-	-
Number of bonus shares allocated	221,000	43,000
Number of canceled shares at 12/31/2016	(17,000)	-
Number of shares in the vesting period at 1/1/2017	-	-
Number of shares expired during the vesting period throughout the year	-	-
Number of shares in the vesting period at 12/31/2017	-	43,000
Number of shares in the holding period at 1/1/2017	204,000	-
Number of shares in the holding period at 12/31/2017	204,000	-
Potential dilution (excluding canceled options) -% of capital at 12/31/2017	-	0.18%
TOTAL POTENTIAL DILUTION	-	0.18%

No performance conditions have been established for the plans allocated and described above.

The main criteria retained for the fair value valuation of the options and bonus shares for the plans attributed after November 7, 2002 (date when a new accounting standard applicable to stock options and other share-based payments took effect) are as follows:

	Bonus share plan E	Bonus share plan F
Life	3 years	2 years
Volatility	25%	19%
Risk-free rate	4.21%	0%
Dividend payout rate	1%	1%

Fair value of stock option plans granted after November 7, 2002

Based on the Black & Scholes model, the options' unit fair values are as follows:

Plan and date of the Board of Directors meeting *(euros)*	Date of definitive allocation	Exercise price	Fair value	Price at the allocation date
June 7, 2012 (plan E) – Bonus shares	6/8/2015	-	10.21	15.39
June 9, 2016 (plan F) – Bonus shares	6/10/2018	-	20.89	-

The expenses related to the stock option plans are presented in Note 14 hereafter.

Note 9.3 – Earnings per share

	2016	2017
Number of shares at the beginning of the year	24,231,378	24,243,862
Average number of shares issued	7,865	-
Average number of treasury shares	-	-
Average number of shares in circulation during the year	24,239,243	24,243,862
Average number of dilutive instruments	21,500	43,000
Average number of shares in circulation after dilution	24,260,743	24,286,862
Net profit – Group share (in €)	25,199,371	27,309,553
Earnings per share, Group share – undiluted (in €)	1.04	1.13
Earnings per share, Group share – diluted (in €)	1.04	1.12

Note 10 – Non-current provisions

(in € thousands)	12/31/2015	Allocations for the year	Write-backs for the year (provision used)	12/31/2016	Change in scope	Allocations for the year	Write-backs for the year (provision used)	Write-backs for the year (provision used)	12/31/2017
Provision for retirement benefits	897	192	20	1,069	(44)	251	1	-	1,275
TOTAL	897	192	20	1,069	(44)	251	1	-	1,275
Impact (net of expenses incurred)	-	-	-	-	-	-	-	-	-
Operating profit	-	192	20	-	-	251	1	-	-
Net cost of financial debt	-	-	-	-	-	-	-	-	-

Note 11 – Current provisions

(in € thousands)	12/31/2015	Allocations for the year	Write-backs for the year (provision used)	Write-backs for the year (provision not used)	12/31/2016	Change in scope	Allocations for the year	Write-backs for the year (provision used)	Write-backs for the year (provision not used)	12/31/2017
Provisions	3,290	1,331	1,312	1,070	2,239	(15)	414	590	281	1,767
TOTAL	3,290	1,331	1,312	1,070	2,239	(15)	414	590	281	1,767
Impact (net of expenses incurred)	-	-	-	-	-	-	-	-	-	-
Operating profit	-	1,331	1,312	1,070	-	-	414	590	281	-
Net cost of financial debt	-	-	-	-	-	-	-	-	-	-

The current provisions, as well as the allocations and write-backs, correspond primarily to employer social security contribution risks and losses on contracts, where the expected date when resources will be expended is less than 12 months.

Note 12 – Trade and other accounts payable

(in € thousands)	12/31/2016	12/31/2017
Trade and related accounts payable	26,202	29,384
Employee statutory profit sharing and optional profit sharing	2,439	2,215
Outstanding payroll & payroll taxes	87,866	87,319
Other debts	11,765	8,213
Prepaid income*	10,321	10,664
TOTAL	138,593	137,795

* See above "Accounting principles" - 4.21.

All operating debts are due in less than one year.

7. OPERATING SEGMENTS

The Group has not identified any operating segment (see page 75, paragraph 4.23 above “Operating segments”).

8. NOTES TO THE INCOME STATEMENT

Note 13 – Salaries and related expenses

(in € thousands)	2016	2017
Salaries	184,904	197,118
Employer social security contributions	82,483	88,213
Employee statutory profit sharing	2,538	2,257
Bonus shares	1,185	2,000
Provision for retirement benefits	118	250
TOTAL	271,228	289,838

Note 14 – External expenses

(in € thousands)	2016	2017
Subcontracting purchases	86,009	100,279
Purchases of materials and supplies not stored	482	862
Outside personnel	934	868
Other outside services	29,786	32,418
TOTAL	117,211	134,427

Note 15 – Allocations to amortization, depreciation, provisions and impairment of assets

(in € thousands)	2016	2017
Amortization of intangible assets	1,516	1,199
Depreciation of tangible assets	6,219	7,224
ALLOCATIONS TO AMORTIZATION AND DEPRECIATION	**7,735**	**8,423**
Net contingency provisions	(996)	(429)
Net provisions for current assets	(36)	410
NET ALLOCATIONS TO PROVISIONS	**(1,032)**	**(19)**
Impairment of "Contracts and contractual client relationships"	(16)	-
IMPAIRMENT OF ASSETS	**(16)**	-

Note 16 – Other income and expenses

(in € thousands)	2016	2017
Operating subsidies	6,984	8,145
Miscellaneous income	831	503
OTHER INCOME	**7,815**	**8,648**
Miscellaneous expenses	(320)	(377)
OTHER EXPENSES	**(320)**	**(377)**
NET OTHER INCOME/OTHER EXPENSES	7,495	8,271

The details of the operating grants are as follows:

(in € thousands)	2016	2017
Competitiveness and Employment Tax Credit (CICE)	5,019	6,033
Research Tax Credit (CIR)	1,239	1,631
Other grants	726	481
TOTAL	6,984	8,145

The tax credits were recorded as other income because they are considered as a grant offsetting related costs incurred by the companies concerned.

Note 17 – Other operating income and expenses

(in € thousands)	2016	2017
Capital gain/(loss) on disposal of assets	(222)	555
Impairment of goodwill	-	-
Other	(95)	(107)
TOTAL	(317)	448

Note 18 – Analysis of the net cost of financial debt

(in € thousands)	2016	2017
Dividends received (non-consolidated equity investments)	6	-
Other interest and similar income	2,560	3,011
Capital gains on disposal of cash equivalents	123	191
Capital gain on disposal of financial assets	-	-
Write-backs of provisions	179	-
TOTAL FINANCIAL INCOME	**2,868**	**3,202**
Interest and similar expenses	344	278
Allocations to provisions	89	8
TOTAL FINANCIAL EXPENSES	**433**	**286**
FINANCIAL PROFIT (LOSS)	2,435	2,916

Financial interest corresponds to expenses deducted directly by the bank as part of cash centralization system established between NEURONES and some of its subsidiaries as well as interest on outstanding loans.

Note 19 – Income tax

(in € thousands)	2016	2017
Corporate income tax	11,554	11,391
Company Value Added Contribution (CVAE)	4,596	4,637
Taxes due	**16,150**	**16,028**
Deferred taxes	**(227)**	**140**
TOTAL	15,923	16,168

Note 20 – Proof of tax

	2016			2017		
(in € thousands)	Base	Rate	Tax	Base	Rate	Tax
Pre-tax income, capital gain on disposal of consolidated securities	44,946	34.43%	15,476	47,780	34.43%	16,451
Non-deductible calculated expenses	996	34.43%	343	1,580	34.43%	544
Impact of definitively non-deductible expenses	805	34.43%	277	84	34.43%	29
Impairment of goodwill	-	34.43%	-	-	34.43%	-
Generation/(Use) of tax losses not activated	540	34.43%	186	630	34.43%	217
Tax credits	-	-	(2,119)	-	-	(2,920)
CVAE impact on tax	-	-	3,013	-	-	3,041
Rate difference between parent company and subsidiaries	-	-	(1,253)	-	-	(1,194)
EFFECTIVE TAX EXPENSE	-	-	15,923	-	-	16,168
Average tax rate	-	-	35.4%	-	-	33.8%

Note 21 – Information about related parties

Legal entities

NEURONES has no sister company. There are no economic transactions with Host Développement, a 46% shareholder in NEURONES (other than payment of the annual dividend).

Senior Executives

The total and overall remuneration of directors amounted to €400,000 for FY 2017 (fixed and variable). It is the same as in FY 2016. The directors do not collect any other remuneration.

9. MISCELLANEOUS INFORMATION

9.1. Security given

No guarantees were given at December 31, 2017.

9.2. Off balance sheet commitments

There were no off balance sheet commitments at December 31, 2017.

9.3. Auditors' fees

	BM&A				KPMG				Other			
	Amount		%		Amount		%		Amount		%	
(in € thousands)	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
Audit												
Statutory auditors' examination of separate and consolidated financial statements												
- parent company	24	24	17%	18%	24	24	16%	14%	-	-	-	-
- subsidiaries	117	112	83%	82%	124	142	84%	86%	17	14	100%	100%
Accessory assignments (due diligence, etc.)	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	**141**	**136**	100%	100%	**148**	**166**	100%	100%	**17**	**14**	100%	100%
Other services	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	141	136	100%	100%	148	166	100%	100%	17	14	100%	100%

9.4. Average number of employees

	2016	2017
Managers	2,607	2,744
Non-managers	2,244	2,305
TOTAL	4,851	5,049

9.5. Subsequent events after the closing at December 31, 2017

No known events at March 7, 2018 had a significant impact on the Group's financial structure.

9.6. Distribution of dividends

In its meeting on March 7, 2018, the Board of Directors decided to propose to the Ordinary Shareholders' meeting called to approve the financial statements for the year ended December 31, 2017, to pay a dividend of €0.06 per share.

3.5. AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

To the attention of the Shareholders' Meeting of NEURONES S.A.,

Opinion

In accordance with the terms of our appointment at your Shareholders' Meetings, we have audited the accompanying consolidated financial statements of NEURONES S.A. for the fiscal year ended December 31, 2017.

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

The opinion expressed above is consistent with our report to the audit committee.

Basis for opinion

Audit framework

We conducted our work in accordance with the 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 those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section of our report.

Independence

We conducted our audit in compliance with the rules of independence applicable to us, for the period from January 1, 2017 to the date of our report and specifically we did not provide any services prohibited in Article 5(1) of Regulation (EU) No. 537/2014 or in the French Code of Ethics for statutory auditors.

Basis of our assessments – Key points of the audit

In accordance with the provisions of Articles L.823-9 and R.823-7 of the French Commercial Code concerning the basis of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were the most significant in our audit of the consolidated financial statements for the current period, 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. We do not provide a separate opinion on specific items of the consolidated financial statements.

Recognition of "service" revenues

Description of the identified risk

The NEURONES group operates in the consulting and professional IT services market and in particular provides long-term services.

As indicated in note 4.21 of the notes to the consolidated financial statements, revenues from fixed-price and long-term outsourcing projects are recorded as the service is provided, based on the stage of completion method. The stage of completion is calculated based on the costs incurred compared to the total updated forecast costs. According to this method, revenues are recognized in the period the service is rendered in, independently of the billing cycle.

Given the high degree of judgment exercised by management in determining the stage of completion on fixed-price and long-term outsourcing projects, we considered that the recognition of revenues related to these services constitutes a key point of our audit.

Our response to risk

Our audit approach on the recognition of revenues includes both an internal control test and substantive procedures tests.

Our work on internal control concerned in particular formalization by contract, invoicing and recognition of service revenues. We reviewed the internal control procedures implemented by the group and tested the design and effectiveness of the key controls identified.

Our substantive procedures tests consisted in particular of examining, based on a sampling of contracts, the determination of the stage of completion by:

- assessing the agreement between the costs incurred based on the operational project monitoring and the accounting information;
- assessing the reasonableness of the outstanding costs to incur based on interviews with the project managers and by comparison with similar contracts;
- comparing the profit margin on these contracts with that recognized on similar past contracts;
- verifying the arithmetic exactness of the revenues to be recognized over the period.

Verification of the group information provided in the management report

In accordance with professional standards applicable in France, we have also performed the specific procedures required by law regarding the Group information provided in the Board of Directors' management report.

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

Report on other legal and regulatory obligations

Appointment of the auditors

We were appointed statutory auditors of NEURONES S.A. by the Shareholders' Meeting of June 24, 2005 for KPMG S.A. and of June 30, 1997 for BM&A.

At December 31, 2017, KPMG S.A. was in the 13th uninterrupted year of its assignment and BM&A in the 21st uninterrupted year, thus respectively 13 and 18 years since the Company's securities were listed on a regulated stock exchange.

Responsibilities of management and the people charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and, where applicable, its internal audit regarding the accounting and financial reporting procedures.

The Board of Directors has approved the consolidated financial statements.

Statutory auditors' responsibilities for the audit of the consolidated financial statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance that the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when there is one. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control;
- reviews the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to modify the opinion expressed therein.
- evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that provides a fair presentation;
- obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the audit committee

We submit a report to the Audit Committee, which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report any significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements for the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France as defined in particular by Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may be reasonably thought to bear on our independence and the related safeguards.

The Statutory Auditors

Paris La Défense, April 23, 2018
KPMG Audit
Department of KPMG S.A.
Philippe Saint-Pierre
Partner

Paris, April 23, 2018
BM&A
Jean-Luc Loir
Partner

4 PARENT COMPANY FINANCIAL ITEMS

4.1. PARENT COMPANY BALANCE SHEET AND INCOME STATEMENT

Parent Company Balance Sheet

ASSETS (in euros)	12/31/2016 Net	12/31/2017 Gross	12/31/2017 Amortization, depreciation and provisions	12/31/2017 Net
Franchises, patents and licenses	30,978	88,007	76,248	11,759
Intangible assets under construction	-	-	-	-
INTANGIBLE ASSETS	**30,978**	**88,007**	**76,248**	**11,759**
Fixtures and installations	4,405	18,655	15,805	2,850
Transportation equipment	-	5,927	4,221	1,706
IT and office equipment	9,513	22,708	18,719	3,989
TANGIBLE ASSETS	**13,918**	**47,290**	**38,745**	**8,545**
Financial interests	78,830,893	72,979,228	269,560	72,709,668
Loans	39,734	33,020	-	33,020
Other financial assets	2,459	-	-	-
FINANCIAL ASSETS	**78,873,086**	**73,012,248**	**269,560**	**72,742,688**
TOTAL FIXED ASSETS	**78,917,982**	**73,147,545**	**384,553**	**72,762,992**
Trade and related accounts receivable	32,739,036	33,480,159	-	33,480,159
Other receivables	19,886,220	23,270,603	-	23,270,603
Marketable securities	47,837,508	54,495,298	-	54,495,298
Available funds	22,043,659	21,595,872	-	21,595,872
TOTAL CURRENT ASSETS	**122,506,423**	**132,841,932**		**132,841,932**
Prepaid expenses	-	366,805		366,805
TOTAL ASSETS	201,424,405	206,356,282	384,553	205,971,729

LIABILITIES *(in euros)*	12/31/2016	12/31/2017
Share capital	9,697,545	9,697,545
Additional paid-in capital	30,634,621	30,634,621
Legal reserve	969,255	969,754
Retained earnings	59,047,457	60,787,168
PROFIT FOR THE YEAR	3,194,842	1,158,268
TOTAL SHAREHOLDERS' EQUITY	**103,543,720**	**103,247,356**
Contingency provisions	320,000	320,000
TOTAL CONTINGENCY AND LOSS PROVISIONS	**320,000**	**320,000**
Loans and debts with lending institutions	-	-
Trade and related accounts payable	45,365,557	38,075,748
Outstanding payroll & payroll taxes	7,392,003	6,525,985
Debts on fixed assets and related accounts	-	-
Other debts	44,803,125	57,662,640
TOTAL DEBTS	**97,560,685**	**102,264,373**
Prepaid income	-	140,000
TOTAL LIABILITIES	201,424,405	205,971,729

Parent Company Income statement

INCOME STATEMENT *(in euros)*	2016	2017
Sales of goods	49,427	255,510
Services provided	111,298,950	116,985,541
Incidental income	4,026,797	4,477,874
Sale of services	115,276,320	121,463,415
NET REVENUES	**115,325,747**	**121,718,925**
Operating subsidies	-	-
Write-backs on provisions, amortization and depreciation, expense transfers	33,319	-
Other income	632	(1,692)
OPERATING INCOME	115,359,698	121,717,233
Goods purchased	49,427	255,510
Variation in inventory	-	-
Other purchases and external expenses	113,355,078	119,052,299
Taxes, duties and similar payments	239,602	266,900
Salaries and wages	1,505,986	1,623,406
Payroll taxes	649,553	929,774
Allocations to amortization and depreciation on fixed assets	26,641	24,592
Provisions for current assets	-	-
Contingency and loss provisions	-	-
Other expenses	340	970
OPERATING EXPENSES	115,826,627	122,153,451
OPERATING PROFIT/(LOSS)	(466,929)	(436,218)
Financial income from equity investments	3,013,710	1,438,575
Other interest and similar income	1,104,016	1,485,796
Write-backs on provisions for financial contingencies and expense transfers	127,992	-
Positive foreign exchange variations	-	1,052
FINANCIAL INCOME	4,245,718	2,925,423
Net financial allocations to amortization, depreciation and provisions	-	-
Interest and similar expenses	585,588	547,625
Negative foreign exchange variations	28,638	4,904
FINANCIAL EXPENSES	614,226	552,529
FINANCIAL PROFIT (LOSS)	3,631,492	2,372,894
PRETAX INCOME FROM ORDINARY BUSINESS	3,164,563	1,936,676
Non-recurring income from management operations	-	-
Non-recurring income from capital operations	489,075	5,600,000
Write-backs on provisions and expense transfers	-	-
NON-RECURRING INCOME	489,075	5,600,000
Non-recurring expenses on management operations	-	52,000
Non-recurring expenses on capital operations	25,884	6,121,225
NON-RECURRING EXPENSES	25,884	6,173,225
NON-RECURRING PROFIT/(LOSS)	463,191	(573,225)
Statutory employee profit sharing	-	-
Corporate income tax	432,912	205,183
TOTAL INCOME	**120,094,491**	**130,242,656**
TOTAL EXPENSES	**116,899,649**	**129,084,388**
PROFIT/(LOSS)	3,194,842	1,158,268

4.2. INFORMATION ON EQUITY INVESTMENTS

COMPANY (in € thousands)	Capital	Other share-holders' equity*	Share of capital held (as%)	Carrying amount of securities held		Loans and advances granted	Security and gua-rantees given	Revenues	Net profit/ (loss)	Dividends received by the parent company
				Gross	Nette					
I - SUBSIDIARIES (More than 50% owned)	-	-	-	-	-	-	-	-	-	-
Arondor	204	3,461	50.06%	2,048	2,048	-	-	12,610	643	41
AS International Group	557	9,674	98.02%	12,006	12,006	-	-	7,251	403	0
Codilog	5,981	10,302	74.46%	4,357	4,357	-	-	29,985	1,151	0
Edugroupe	4,186	4,053	97.73%	4,972	4,972	-	-	7,345	758	0
Finaxys	438	8,766	76.55%	2,785	2,785	-	-	32,258	2,472	0
Helpline	1,096	60,495	92.98%	4,901	4,901	-	-	141,977	7,410	0
Intrinsec	1,036	14,645	83.08%	2,224	2,224	-	-	4,183	287	0
Neurones Consulting	40	3,783	100.00%	40	40	-	-	0	- 38	0
Neurones IT	33,013	30,948	97.17%	29,873	29,873	-	-	76,424	2,369	0
Pragmateam	55	578	55.71%	849	579	-	-	0	-28	0
RS2i	682	10,145	99.73%	8,924	8,924	-	-	12,339	1,709	997
II - EQUITY INVESTMENTS (10 to 50% held)	-	-	-	-	-	-	-	-	-	-
III - OTHER SECURITIES	-	-	-	-	-	-	-	-	-	-
TOTAL	-	-	-	72,979	72,710	-	-	-	-	1,038

* Before distribution but after allocation of 2017 earnings.

5 COMBINED SHAREHOLDERS' MEETING ON JUNE 14, 2018

5.1. MANAGEMENT REPORT PRESENTED BY THE BOARD OF DIRECTORS TO THE COMBINED SHAREHOLDERS' MEETING ON JUNE 14, 2018

Dear shareholders,

We convened this Combined Shareholders' Meeting pursuant to the legal and statutory provisions to inform you of the Group's business during the past year, to submit for your approval the annual and consolidated financial statements for the year ending December 31, 2017 and to inform you of future prospects.

1. CONSOLIDATED FINANCIAL STATEMENTS

Comments on the Group's business during FY 2017.

The consolidated financial statements are presented according to IFRS, pursuant to the provisions adopted by the European Union.

In 2017, NEURONES continued profitable growth.

Revenues amounted to €485 million compared to €446.8 million the previous year (growth of 8.6%, of which 9.5%, entirely organic).

Operating profit increased from €42.5 million to €44.9 million, an increase of 5.6% from 2016. As a percentage, it represented 9.3% of revenues.

Financial profit amounted to €2.9 million. It corresponds to the interest on short-term investments in term deposits and capital gains on predominantly share-based mutual funds.

The corporate income tax expense (including the Company Value Added Contribution of €4.6 million) amounted to €16.2 million compared to €15.9 million the previous year. The average corporate income tax rate was 33.8%.

Net income was up 8.9% to €31.6 million (€29 million in 2016).

Net income attributable to the parent company owners was €27.3 million in 2016 (€25.2 million in 2016).

Comments on the consolidated financial situation

Assets

Intangible assets were €41.4 million, compared to €44.5 million the previous year.

Net tangible assets increased €1.7 million to €16.2 million. Capital expenditures concern primarily computer hardware and improvements of new premises.

Financial assets (€5.8 million) are comprised primarily of 1% housing loans and security deposits.

The deferred tax credit is €1.8 million. It is comprised primarily of temporary tax differences.

At €181.1 million, trade and other accounts receivable increased 6.6%. Overall, trade receivables (accounts receivable and invoices to issue) represent 94 days of revenue (including 19 days of invoices to issue).

Liabilities

Long-term provisions correspond to provisions for payments due on retirement while short-term provisions correspond primarily to social risks.

Trade and other accounts payable decreased €0.8 million to €137.8 million (due to the decrease in debts on asset acquisitions).

Cash flow

Cash flows from operating activities, after net financial income and taxes, amounted to €41.2 million in 2017, up 11% from €37.1 million in the previous year.

The increase in trade receivables and the decrease in trade payables explains the increase in the operating working capital requirements (up €11 million).

Productive investments consumed €9 million, compared to €6.8 million in 2016. They primarily concerned the cloud computing activities as well as the service centers in general (computer hardware and software, office improvements, etc.).

Free cash flow – comprising net income, depreciation and provisions, plus the change in working capital requirements and less net capital expenditures – amounted to €17.3 million compared to €16.8 million in the previous year.

After the long-term financing transactions (acquisitions, earn out payments, dividend payments, disposals, share buybacks from minority partners in subsidiaries, capital increases, etc.) the Group generated €13.6 million of additional cash in 2017 compared to €9.8 million in 2016.

At December 31, 2017, cash and cash equivalents (net of borrowing) amounted to €153.1 million (€138.6 million in 2016).

Note on the debt situation of the Company and the Group

The Group has a positive cash position of €154.6 million and borrowing of €1.5 million. The borrowing situation, in light of the business volume, clearly does not pose a risk for the Company.

Note on the use of the Competitiveness and Employment Tax Credit (CICE)

The CICE was primarily used to make investments in the Group's private clouds, which should generate growth in tomorrow's personnel.

It should be noted that the CICE restored competitiveness to services like the service desk, supervision or Third Party Application Management carried out in the Group's service centers in France. Without making up the cost price difference with certain production performed abroad, it nonetheless influenced the decision of some customers that were hesitating between an offshore service and one performed in metropolitan France.

Future outlook

Historically, NEURONES has always grown faster than its reference market. 2017 was no exception (+8.6% compared to 2.9% for the Consulting and IT Services market). The Group's potential is real since its French market share is only on the order of 1.4%. Thanks to its "multi-specialist" model, NEURONES should grow faster than the market (+3%) in 2018.

Equity participations, movements of securities capital operations and other legal operations

During FY 2017, NEURONES carried out the following operation:
- sold all of the capital of Axones.

During FY 2017, NEURONES' subsidiaries and sub-subsidiaries carried out the following acquisitions and disposal operations:
- Deodis acquired 83% of the capital of C2L2 Consulting;
- Colombus Consulting sold all of its participation in the capital of Saegus.

They also carried out the following operations:
- Dragonfly (ex-Intrinsec) completed a partial asset contribution operation, including the Cloud Temple Tunisia securities, with Cloud Temple, a newly created company;
- Dragonfly carried out a universal transfer of Netixia assets to its benefit;
- Finaxys sold 0.5% of the capital of Brains to a manager of this company;
- Finaxys acquired a little more than 2% of its own shares from a former manager of the company and then reduced its capital by canceling these treasury shares;
- Helpline delivered a bonus share plan by issue of new shares representing slightly less than 1% of the capital;
- Helpline carried out a share capital increase for cash subscribed to by an executive and six managers of the company plus two managers of its subsidiaries;
- Neurones IT delivered a bonus share plan by issue of new shares representing slightly less than 1.5% of the capital;
- AS International Group carried out a share capital increase for cash underwritten by two executives and six managers of the company;
- Arondor delivered a bonus share plan by issue of new shares representing about 0.6% of the capital;
- Arondor acquired all of the capital of Arondor Capture and then operated a universal asset transfer to its benefit;
- Neurones Consulting acquired slightly less than 9% of the capital of Colombus Consulting from three managers of the company;
- Colombus Consulting delivered two bonus share plans by issue of new shares representing slightly less than 1% of the capital;
- Colombus Consulting participated in the creation of Colombus Consulting SA, a Swiss company in which it holds 51% of the capital;

Some of these operations resulted in a change in stake percentages.

Main business activity of operational entities

The contributions* to the Group's main consolidated aggregates are summarized hereafter:

(in € thousands)	Company	Contribution to 2017 revenues *	Contribution to 2017 operating profit *	Contribution to 2017 net profit *
Parent company	NEURONES	-	- 721	259
Subsidiaries	Arondor	13,898	1,307	939
	AS International Group	54,283	6,415	4,241
	Axones	5,873	- 44	- 82
	Brains	4,551	823	551
	Codilog	43,954	4,557	2,898
	Colombus Consulting	27,630	3,759	2,367
	Deodis	14,937	1,623	1,022
	Edugroupe	9,068	1,537	1,096
	Finaxys	33,096	3,298	2,184
	Helpline	139,126	11,937	9,452
	Intrinsec	43,847	4,348	2,957
	Neurones IT	82,296	3,148	1,909
	RS2i	12,455	2,878	1,820
TOTAL		485,014	44,865	31,613

*After elimination of inter-company flows and including the sub-subsidiaries.

2. NEURONES S.A. STATUTORY FINANCIAL STATEMENTS

Comments of the business activity during FY 2017

Revenues amounted to € 121.8 million compared to € 115.3 million for the previous year. They were comprised of a minor amount of fees for services to subsidiaries and primarily cross-charges for sales made by Group companies to corporate accounts that referenced the parent company (thereby fulfilling the role of unique point of billing).

The operating loss amounted to €400,000. After including the dividends from subsidiaries, the net financial income was €2.4 million. Consequently, the Company's net income was € 1.2 million.

Future outlook

Since January 1, 2000 NEURONES S.A. is a holding company that combines the following functions: Group management, finances, legal, marketing and communications, cross-corporate outsourcing and overall relations with a few major accounts. The Company aims to merely balance its current operating expenditures by charging back its services to its different subsidiaries.

Allocation of profit

In light of positive retained earnings of €60,787,168.05 and profit for the year of € 1,158,267.70, the distributable income stands at €61,945,435.74.

A motion will be put to the Shareholders' Meeting to approve the distribution of a dividend of €0.06 per share, for a total* of € 1,454,631.72 Retained earnings will then stand at €60,490,804.03.

* Calculation made based on the number of shares in circulation at December 31, 2017 (i.e. 24,243,862), which will be adjusted if necessary.

The dividend payment date will be June 22, 2018.

The sum distributed accordingly between shareholders is fully eligible for the 40% tax allowance provided for in article 158-3.2° of the French General Tax Code.

The following dividends were distributed during the past three fiscal years:
2014: €0.06 per share,
2015: €0.06 per share,
2016: €0.06 per share,

3. OTHER FINANCIAL INFORMATION

Subsequent events

No known events at March 7, 2018 had a significant impact on the Group's financial structure.

Vendor payment terms (statutory financial statements)

The vast majority (>95%) of NEURONES S.A.'s purchases are made with Group companies. At , December 31, 2017, the outstanding trade payables of NEURONES S.A. (parent company) were as follows:

Outstanding trade payables at 12/31/2017 by maturity date *(in € thousands, taxes incl.)*	Past due invoices				Invoices not due	Total
	> 90 d	60 to 90 d	30 to 60 d	0 to 30 d		
Intra-Group	1,454	339	1,490	6,863	25,708	35,854
Third parties	50	- 5	26	170	1,706	1,947
TOTAL	1,504	334	1,516	7,033	27,414	37,801
Number of invoices concerned	596				1,636	2,232
% of the value of purchases for the year					19.1%	

The term of payment used to calculate late payments is: net 60 days, date of invoice, or net 45 days end of month.

For intra-Group suppliers, past due invoices not settled correspond to situations where adjustments are necessary with the end clients. The outstanding invoices not yet settled concerning non-Group suppliers correspond to disputes.

At December 31, 2016, the outstanding trade payables of NEURONES S.A. (parent company) were as follows:

Outstanding trade payables at 12/31/2016 by maturity date *(in € thousands)*	Past due invoices				Invoices not due	Total
	> 90 d	60 to 90 d	30 to 60 d	0 to 30 d		
Intra-Group	4,084	2,837	8,695	13,999	14,162	43,777
Third parties	16	- 1	38	51	1,349	1,453
TOTAL	4,100	2,836	8,733	14,050	15,511	45,230

Client payment terms (statutory financial statements)

At December 31, 2017, the outstanding trade receivables of NEURONES S.A. (parent company) were as follows:

Outstanding trade receivables at 12/31/2017 by maturity date *(in € thousands, taxes incl., excl. invoices to issue)*	Past due invoices				Invoices not due	Total
	> 90 d	60 to 90 d	30 to 60 d	0 to 30 d		
Intra-Group	920	501	1,127	4,412	25,812	32,772
Third parties	15	90	32	34	346	517
TOTAL	935	591	1,159	4,446	26,158	33,289
Number of invoices concerned	587				1,482	2,069
% of the value of sales for the year					18.8%	

The term of payment used to calculate late payments is: net 60 days (date of invoice) or net 45 days end of month.

Late client payments are related to the complexity of large organizations' accounts payable channels (payment authorization, etc.). The share of past due invoices corresponding to disputes with clients is in the minority. Most disputes are requests to correct details (number of half-days, overtime hours, etc.). They are generally settled out of court in consultation with clients' accounts payable departments.

Research and development activity

Research and development investments are made in each Group company. The costs, corresponding to the time spent, are expensed in the year they are incurred and are not capitalized. Significant development expenses that meet the IAS 38.57 definition have not been identified.

4. SOCIAL AND ENVIRONMENTAL CONSEQUENCES OF THE BUSINESS ACTIVITY AND COMMITMENTS TO SOCIETY REGARDING SUSTAINABLE DEVELOPMENT

These aspects are reviewed in chapter 2 ("Corporate Social and Environmental Responsibility Report") of this registration document.

5. STOCK OPTIONS

All authorizations granted by different Shareholders' Meetings on this subject plus all plans decided based on these authorizations expired over the previous reporting periods.

6. SPECIAL REPORT ON THE BONUS SHARE ATTRIBUTIONS

Pursuant to the provisions of article L.225-197-4 of the French Commercial Code, the purpose of this report is to provide information about the attributions of bonus shares during FY 2017 decided by the Company or affiliated companies, to the benefit of personnel of the Company or affiliated companies and executive officers.

Attributions of bonus shares of NEURONES

The Board of Directors did not decide any bonus share attribution plan during FY 2017.

A single plan, whose details are given hereafter, was in a vesting and/or holding period at December 31, 2017. The plan E holding period expired on June 8, 2017.

	Bonus share plan F
Date of the Shareholders' Meeting	6/9/2016
Date of the Board of Directors meeting	6/9/2016
Vesting period duration and term	2 years - 6/10/2018
Holding period duration and term	2 years - 6/10/2020
Number of salaried beneficiaries *(NEURONES and affiliated companies)*	14 (9 and 5)
Number of executive officer beneficiaries *(NEURONES and affiliated companies)*	-
Number of bonus shares allocated	43,000
Cumulative number of expired shares at 12/31/2016	-
Number of shares in the vesting period at 12/31/2016	43,000
Number of shares expired during the vesting period throughout the year	-
Number of shares in the vesting period at 12/31/2017	43,000
Number of shares in the holding period at 1/1/2017	-
Number of shares in the holding period at 12/31/2017	-

Attributions of bonus shares of companies affiliated with NEURONES

Note that no executive officer of NEURONES has ever been allocated bonus shares of subsidiaries due to the duties and functions performed in the Company. Nor have they benefited from bonus shares of controlled companies as defined in article L.233-16 of the French Commercial Code due to the duties and functions they might perform in them.

The bonus shares decided during FY 2017 by the companies affiliated with NEUORNES are described hereafter.

Attribution of bonus shares by Helpline

On July 20, 2017 the President of Helpline decided to attribute free of charge 32,550 bonus shares, representing approximately 0.75% of the capital at the decision date, to 12 beneficiaries.

The definitive attribution date was set at July 21, 2019, provided that each beneficiary remains an employee or executive officer of the Company or an affiliated company throughout the vesting period. The number of shares delivered will depend on an additional performance condition related to the operating profit of the Company and its subsidiaries in 2017 and 2018.

Attribution of bonus shares by Scaled Risk

On February 6, 2017 the President of Scaled Risk decided to attribute free of charge 12,823 bonus shares, representing slightly more than 2.5% of the capital at the decision date, to five beneficiaries.

The definitive attribution date was set at February 6, 2019, provided that each beneficiary remains an employee or executive officer of the Company or an employee an affiliated company throughout the vesting period.

Attribution of bonus shares by Colombus Consulting

On September 9, 2017 the President of Colombus Consulting decided to attribute free of charge 3,800 bonus shares, representing slightly less than 1% of the capital at the decision date, to three beneficiaries.

The definitive attribution date was set at September 9, 2018, provided that each beneficiary remains an employee of the Company or an affiliated company throughout the vesting period.

On September 9, 2017 the President of Colombus Consulting also decided to attribute free of charge 1,000 bonus shares, representing slightly less than 0.25% of the capital at the decision date, to 11 beneficiaries.

The definitive attribution date was set at September 9, 2021, provided that each beneficiary remains an employee of the Company or an affiliated company throughout the vesting period.

Attribution of bonus shares by AS International Group

On June 30, 2017 the President of AS International Group decided to attribute free of charge 17,344 bonus shares, representing slightly more than 1% of the capital at the decision date, to eight beneficiaries.

The definitive attribution date was set at July 1, 2019, provided that each beneficiary remains an employee or executive officer of the Company or an employee an affiliated company throughout the vesting period.

	Helpline Plan	Scaled Risk Plan	Colombus Consulting Plan 1	Colombus Consulting Plan 2	AS International Group Plan
Date of the Shareholders' Meeting	7/20/2017	6/24/2016	7/19/2017	7/19/2017	5/31/2016
Date of attribution by the President	7/20/2017	2/6/2017	9/9/2017	9/9/2017	6/30/2017
Value of a share at the attribution date	€22.35	€3.76	€59.86	€59.86	€26.15
Number of bonus shares attributed	32,550	12,823	3,800	1,000	17,344
Vesting period term	7/21/2019	2/6/2019	9/9/2018	9/9/2021	7/1/2019
Holding period term	N/A	N/A	9/9/2019	N/A	N/A
Total number of beneficiaries	12	5	3	11	8
Number of executive officer beneficiaries of the Company or an affiliated company	1	-	-	-	1
Number of bonus shares attributed to this executive officer	9,000				3,716
Number of employee beneficiaries of the Company or an affiliated company	11	5	3	11	7
Number of bonus shares attributed to these employees by category	Managers: 23,550	Managers: 12,823	Managers: 3,800	Managers: 1,000	Managers: 13,628
Number of bonus shares attributed to each of the 10 employees of the Company who are not executive officers, whose number of bonus shares is the highest	1: 7,650 2-5: 1,650 6-10: 1,500	1: 7,174 2: 2,421 3: 2,152 4-5: 538	1-2: 1,350 3: 1,100	1-2: 150 3 -7: 100 8-10: 50	1: 7,743 2: 3,097 3: 1,239 4: 619 5-7: 310

We inform you that the affiliated companies attributed the following plans in years prior to FY 2017, which plans were still in their vesting period at December 31, 2017:

	Colombus Consulting Plan 2015	Colombus Consulting Plan 2016	Codilog Eliance Plan 2016	RS2i Plan 2016	Intrinsec Sécurité Plan 2016	Scaled Risk Plan 2016
Date of the Shareholders' Meeting	5/27/2015	7/19/2016	5/9/2016	6/29/2016	10/13/2016	6/24/2016
Date of attribution by the President	9/8/2015	7/20/2016	11/9/2016	11/2/2016	11/14/2016	11/28/2016
Vesting period term	9/8/2018	7/20/2020	11/10/2018	11/3/2018	11/15/2018	11/28/2018
Number of bonus shares attributed	3,550	550	3,868	319	8,034	16,500
- of which to the Company's executive officers	-	-	1,908	-	4,988	10,250
Total number of beneficiaries	6	5	8	6	3	6
- of which to the Company's executive officers	-	-	2	-	1	1
Number of shares expired between the attribution and December 31, 2017	525	-	-	-	-	-
Number of shares in the vesting period at December 31, 2017	3,025	550	3,868	319	8,034	16,500
Percentage of the capital of the Company concerned at December 31, 2017	0.76%	0.14%	0.97%	0.8%	3%	3.39%

7. TREASURY STOCK - HELD BY THE COMPANY

The Company does not hold any of its own shares.

8. EMPLOYEE STATUTORY PROFIT SHARING

We inform you that the employees don't hold any Company shares through a Company Savings Plan, a Company Mutual Fund or covered by the period of unavailability provided for in article L.3324-10 of the French Labor Code.

9. AUTHORIZATION FOR THE COMPANY TO ACQUIRE ITS OWN SHARES

Implementation of a scheme for the Company to buy-back its own shares falls within the scope of Article L.225-209 of the French Commercial Code.

The Shareholders' Meeting held on June 9, 2016 authorized the Company to buy-back its own shares subject to the main terms below:
- authorization validity period: 18 months with effect from the date of the meeting (i.e., up until December 8, 2017),
- maximum share of the capital to be acquired: 10%,
- maximum purchase price: €25 per share,
- maximum share acquired with a view to the subsequent delivery of shares in exchange or as payment: 5% of the capital.

On the basis of this authorization, the Board of Directors decided on June 9, 2016 to implement a program to buy back its shares for cancellation, a description of which was published on this same date after the stock exchange closed. This program was in effect from June 10, 2016 to December 9, 2017. The Company did not buy back any of its own shares during this program.

The Shareholders' Meeting held on June 8, 2017 renewed the Company's authorization to repurchase its own shares. This new authorization rendered invalid the aforementioned prior authorization. The main characteristics of the authorization in force are:
- authorization validity period: 18 months with effect from the date of the meeting (i.e., up until December 7, 2018),
- maximum share of the capital to be acquired: 10%,
- maximum purchase price: €27 per share,
- maximum share acquired with a view to the subsequent delivery of shares in exchange or as payment: 5% of the capital.

The Board of Directors has not launched an actual program based on this authorization. Thus, at December 31, 2017, no share buyback program was in effect and the Company had no treasury shares.

The Company would like to retain the opportunity to purchase its own shares for the following potential purposes:
- their subsequent cancellation,
- to cover:
  - stock option plans and other forms of allocating shares to employees and/or Group executives, especially for Company profit sharing, a Company Savings Plan (CSP) or the allocation of bonus shares,
  - financial securities conferring the right to receive Company shares,
- support the share price through an Investment Service Provider via a liquidity agreement pursuant to the code of professional conduct of the Association Française des Marchés Financiers (French Association of Financial Markets),
- hold purchased shares for subsequent use as exchange or payment on the occasion of an acquisition.
- Consequently, a motion will be put to the Shareholders' Meeting on June 14, 2018 to renew the authorization given to the Board of Directors to buy back the Company's own shares. The main terms and conditions would be as follows:
- the authorization is valid for a period of 18 months from the date of the Meeting,
- the shares may be purchased by intervening on the market or by purchasing blocks, without any specific limitation for such block acquisitions,
- the maximum purchase price is set at €30 per share,
- the maximum number of shares that can be purchased by the Company is limited to 10% of the total number of shares comprising the authorized share capital (for information, 2,424,386 shares, based on share capital at December 31, 2017) representing a maximum purchase amount of €72,731,580, it being noted that the maximum number of shares acquired with the view of subsequently being exchanged or used as payment as part of acquisitions cannot exceed 5% of the capital,
- this number of shares and the purchase limit will, if needed, be adjusted during the Company's potential financial operations or decisions affecting the authorized share capital.

The Board of Directors will give shareholders, as applicable, in its report to the annual Shareholders' Meeting, all information related to share purchases and sales actually carried out.

This authorization would render invalid any previous authorization on the same subject and would thus replace the unused portion, where applicable, of the authorization given by the Shareholders' Meeting of June 8, 2017.

The creation of a share buy-back program will be subject to a decision of the Board of Directors.

If necessary, and following a decision taken by the Board of Directors, the Company will publish a description of the program in compliance with article 241-2 of the French financial markets authority (AMF), following which the program will be rolled out.

10. ATTRIBUTIONS OF BONUS SHARES

The Board of Directors wants to retain the ability to attribute bonus shares, which constitute a beneficial mechanism that can be used to strengthen beneficiaries' motivation and loyalty by associating them directly with the Company's performances.

Consequently, a motion will be put to the Shareholders' Meeting on June 14, 2018 to renew the authorization given to the Board of Directors to grant one or more attributions of bonus shares of the Company, with the following main terms and conditions:
- the beneficiaries of the attributions may be:
  - employees of the Company or affiliated companies as defined in article L.225-197-2 of the French Commercial Code;
  - executives of the Company or affiliated companies consistent with the provisions of article L.225-197-6 of the French Commercial Code;
- no more than 242,000 common shares of the Company can be allocated free of charge under the authorization, representing slightly less than 1% of the Company's share capital at December 31, 2017.
- the minimum vesting period is set at two years and there is no set term for the holding period obligation (which will, where required, be set by the Board of Directors);
- the authorization is valid for twenty-four (24) months from the Shareholders' Meeting.

The Board of Directors shall inform shareholders, according to the conditions defined by the current regulations, in a special report containing the information set out in article L.225-197-4 of the French Commercial Code, of the bonus shares attributed pursuant to the authorization that would be granted to it.

11. STATUS OF THE CUMULATIVE DILUTION FOR THE DIFFERENT CAPITAL OPERATIONS

	Situation at 12/31/2017	Treasury shares	Dilutive instruments Stock options	Dilutive instruments bonus shares	Total
Number of shares	24,243,862	-	-	43,000	24,286,862
% dilution	-	-	-	0.18%	0.18%

12. SECURITIES TRANSACTIONS CARRIED OUT BY OFFICERS

Pursuant to the provisions of articles L.621-18-2 of the French Monetary and Financial Code and 223-26 of the AMF's General Regulations, note that between August 3 and November 24, 2017, Bertrand Ducurtil and his children sold 42,167 shares on the market at an average price of €27.86 per share

At December 31, 2017 Luc de Chammard holds directly and indirectly approximately 2/3 of the share capital and 3/4 of the Company's voting rights. Bertrand Ducurtil and the executives of the NEURONES subsidiaries hold 6.9% of the share capital and 7.7% of the voting rights. Officers Luc de Chammard and Bertrand Ducurtil hold together 69% of share capital and 79% of voting rights.

13. RISK FACTORS

The Company has reviewed the risks that could have a significant negative impact on its business activity, its financial situation or its income and believes that there are no other significant risks other than those presented below.

Financial risks

Financial risk under IFRS 7

Financial risk management (IFRS 7) is described in the appendix to the consolidated financial statements (cf. paragraph 4.24. above). It covers:
- credit risk,
- liquidity risk,
- market risk,
- capital management risk.

Country risks

Because NEURONES generates around 95% of its revenues in France, it does not face any significant country risks.

Off balance sheet commitments

There are no significant off balance sheet commitments. The commitments include:
- office rentals: standard 3, 6 and 9-year commercial leases,
- standard office equipment rentals and maintenance contracts (3-year photocopier servicing, etc.).

There are no other off balance sheet commitments, such as: discounted bills not due, contingent commitments, financial guarantees, holdings, etc.

Minority interest repurchase agreements

Repurchase agreements exist with the minority shareholders of Group companies. Indexed on the operating profit of the companies concerned, the buy-back prices do not represent a significant risk.

These commitments are recorded in the 2017 consolidated financial statements at €1 million, a limited amount given NEURONES' financial situation.

Business risks

Risks associated with recruiting and retaining staff

The Group cannot guarantee that it will be able to recruit and retain the consultants, engineers and technicians it needs to achieve its objectives, especially when a critical shortage of executives occurs. Despite continuing high turnover in the Paris region, NEURONES has always been able to recruit sufficient staff to date (without lowering its recruitment criteria), even in very tight periods. To lessen the risk of key staff leaving the Company, the Group practices highly decentralized management and runs profit-sharing and bonus-share schemes.

Risks associated with the competition

On the whole, the information technology market has very few entrance barriers likely to curb the emergence of new competitors, which is a threat for certain Group businesses.

The businesses least at risk are:
- the service desk: the initial investment required acts as an entrance barrier,
- outsourcing: the entrance barrier in this case is the long sales cycle of at least 6 months, and above all the need for all the necessary skills and service centers: project management, service desk, remote device management center, hosting, systems and network technical expertise, ability to deploy large teams, etc.

Technological risks

The environment in which NEURONES operates is characterized by advanced technology, changing industrial standards, the constant arrival of new competitors and the rapid emergence of new services, software and products. The Group's future success will depend in part on its ability to immediately adapt its products and services, and to develop new ones, to meet clients' changing needs at a competitive price.

Credit risks

In 2017, the largest client represented 8.4% of revenues. Its total volume of contracts corresponds to a variety of deals concluded between different independent decision-making centers and several NEURONES business entities.

The Group's clientele is comprised of major corporations or midcaps presenting a lower risk than the average. The Group's entities that work with many clients, like the training entities, have subscribed contracts with information banks about companies' solvency.

Risks associated with failure to meet the commitments of fixed-price projects

Apart from Consulting, which is considered to be a 100% project activity, non-recurrent fixed-price project activities for the IT Services business account for approximately 10% of revenues.

For infrastructure fixed-price projects, the risks of off-target performance are limited. They stem from a mismatch between the different hardware and software items to be integrated. Occasionally an item of hardware or software cannot finally be installed to fulfill its intended purpose. In these rare cases, NEURONES complains to the manufacturer or vendor, assisted by its insurer if legal action has to be taken.

For application development fixed-price projects, the number of days actually worked is seldom equal to the number of days initially calculated. There is a real risk of off-target performance, which can become quite significant. For this reason, a maximum commitment is set for each lot. When a project is too big, it is broken down into lots.

Stringent technical and legal checks are made during the pre-sale phase (and must be approved by an authorized person). In all of the entities concerned, the list of projects in progress is reviewed at the end of each month and a fresh estimate of the advance or delay is made for each project. Any sudden change in the estimated "still to do" triggers a review of the contract in question.

On the whole, experience shows that the risk of off-target performance on fixed-price application projects remains limited, given the size of the projects handled by the Group (< € 1 million).

Finally, recurrent fixed-price services (infrastructure outsourcing and third party application management), with penalties in case service levels are not achieved, have become the riskiest projects. In the pre-sales phase, the service provider has to anticipate productivity levels for each activity, using its nomograms but without having all of the necessary background information in the specifications (apart from the usual information about the size of the installed base and the volumes, though even this is often incomplete). Outsourcers generally offer a fixed price per workstation or per server, regardless of the number of technical acts to be performed. Additionally, they often commit to binding productivity gains throughout the duration of the contract. However, operations become far more productive with each successive renewal. To meet its service commitments, a new outsourcer may have to assign more teams than were foreseen during the start-up phase or, worse still, during the routine operations phase. If so, the situation is analyzed and discussed with the outsourcing client at meetings specified in the contract, and a jointly agreed action plan is set up. In some extreme cases, a contract's profitability may remain permanently insufficient or even negative.

A provision for loss on termination is recognized for the projects or outsourcing operations concerned and in progress on the account-closing date.

Offshore risks

Though rapidly expanding, offshoring is a risk that the Group wants to anticipate so that it can take advantage of it. While it is more frequent in the United States and the English-speaking world, offshoring is thought to represent 8 to 9% of the IT services in France in 2017 (40% of services provided by French digital services companies are thought to be produced in India). Application development and TPAM, which represent only a minor percentage of the Group's revenues, are the businesses most affected in this trend. Certain phases of projects are said to be easier to offshore than others (detailed design, module development, unit tests). The upstream phases (functional specifications, overall design) and downstream phases (integration tests, acceptance testing), on the other hand, require staff to work close to clients' sites.

In the wake of the service center set up in Tunis, the Group now has an offshore presence in Timisoara and more recently in Bangalore.

Risks associated with external growth operations

In its future external growth operations, as in the past, the Group will select medium-sized enterprises whose teams can be easily integrated, with a culture similar to that of its current management team. Most of the time, this will allow these fellow companies to remain autonomous and keep their directors at the helm as they take advantage of synergies with the other companies in the Group. Great attention will be paid to ensuring that the owners and senior/key executives that join or become partners with NEURONES have a capitalist interest in maintaining their previous asset-based situation.

Environmental risks

The Group's operations as a provider of IT services and consulting do not represent any particular risk for the environment.

Exceptional events, ongoing litigation and law suits

As far as the senior executives are aware, there are no exceptional events or litigation that have had or are likely to have any significant repercussions on the Group's operations, assets or financial situation.

14. INSURANCE

The Group insurance policies provide the following cover and offer the following main features:
- professional civil liability: € 10 million per claim and per calendar year (all damages combined: bodily injury, material and immaterial damage, whether consequential or not),
- operational liability: € 10 million per claim (all damages combined: bodily injury, material and immaterial damage, whether consequential or not),
- civil liability for senior managers and directors: €5 million per calendar year (all damages combined),
- property damage and business interruption: general contractual indemnity limit of €35 million per claim, with a contractual indemnity limit of € 10 million for buildings and/or lease risks, general and technical facilities and a limit of €20 million for business interruption and additional expenses.

15. INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES RELATED TO THE PREPARATION AND TREATMENT OF ACCOUNTING AND FINANCIAL INFORMATION

Objectives

Taking calculated risks is a voluntary and necessary action that characterizes companies. In order to grow with reasonable assurance of operational, legal, financial and accounting security, NEURONES has implemented risk management based on procedures, methods and tools.

One of the objectives of the internal control system related to the preparation and treatment of accounting and financial information is to prevent and control the risks that could generate errors or fraud. Like any control system, it cannot however provide an absolute guarantee that all risk is completely eliminated.

The objective of risk management procedures, or internal control, are particularly to:
- identify the potential risks and assess them (probability of occurrence, impact),
- define and implement actions to manage and control these risks.

In the accounting and financial area, the most important control procedures (likely to have an impact on the financial statements) aim to manage the following processes:
- recognition of revenues and margin (projects' stage of completion, overruns, estimated loss at completion and completeness of expenses),
- off balance sheet commitments (lease contracts in particular), and
- cash.

Organization of the accounting system and information system

The group's administrative and finance department handles the legal function (with the help of various outside consultants, depending on the area) and accounting function (accounting, reporting, consolidation, taxation, finance and cash) and organizes the management control.

The current organization can be mapped into 15 distinct "administrative" sub-units that are part of or report functionally to the Group's administrative and finance department:

Sub-unit No. 1

Two legal entities located in Nanterre and Paris-La Défense, accounting for 32% of the revenues and 49% of the personnel.

This unit has a management team, assisted by an outside CPA. The information system is built around standard software packages (Sage X3 and ADP-Zadig in particular) whose main processes are interfaced (business, sales and payroll management).

Sub-unit No. 2

Two legal entities located in Nanterre and Neuilly-sur-Seine, accounting for 17% of the revenues and 15% of the personnel.

This unit has an autonomous management team. The information system is built around standard software packages (Sage X3 and ADP-Zadig in particular) whose main processes are interfaced (business, sales and payroll management).

Sub-unit No. 3

A holding Company and eight legal entities located in Paris, accounting for 11% of the revenues and 8% of the personnel.

The management team is assisted by an outside CPA. The information system is built around standard software packages (Sage Coala and ADP-Zadig in particular) whose main processes are interfaced (business, sales and payroll management).

Sub-units No. 4 to 14

Eleven legal structures located in the Greater Paris region.

These sub-units have an autonomous management team, sometimes assisted by an outside CPA. The payroll is generally processed in the ADP-Zadig or X3-Paie system. The information systems are the product of internal developments or are built around standard software packages, whose main processes are interfaced (business, sales and payroll management).

Back-up and access to the accounting information system

The Group's accounting information is backed up daily, just like all of the electronic and digital data. The back-up storage system meets the requirements that an IT professional should follow.

Upgrading of the information system

The objective of upgrading the accounting and finance information system is to satisfy the requirements of reliability, availability and relevance of the information. This continuous upgrading is done based on needs. The priority has been given to hardware and harmonizing front-office applications (business management) and the interfacing with payroll and accounting.

Role of players performing control activities related to the preparation and treatment of accounting and financial information

The Group's administrative and finance department's central staff role is to ensure that the accounting standards are adhered to and to act as the guarantor vis-a-vis senior management and the Board of Directors. It can be heard by the audit committee at the committee's request. It coordinates and organizes the budget and reporting processes. It reports to the Group's senior management and produces the consolidation.

Each company's monthly reports are established based on the French standards, consistent with the accounting principles manual. The Group consolidation and the related restatements are established at the parent company level on a monthly basis according to the IFRS guidelines.

The Group Administrative and Finance Director is responsible for internal control, whose effectiveness is monitored by the audit committee, in collaboration with the finance managers and directors and seconded by the management controllers of the Group companies.

Procedures related to the preparation and treatment of accounting and financial information

Financial communication

In order to comply with the regulations that apply to all listed companies, a schedule of the periodic obligations is formalized, both concerning the publication aspects and the other regulatory procedures (legal, fiscal, etc.). The finance department monitors changes in regulations.

The finance department and senior management prepare the financial information that is published.

Budget procedures/monthly reporting

The general control procedures are centralized and based around two main processes:
- the annual "forecasting / budget" process. Each operating unit establishes an annual month-by-month budget at the end of each year for the following fiscal year for each operating unit. A budget revision is organized when necessary.
- the monthly "reporting" process. This involves preparing every month a balance sheet and complete income statement (up to the corporate income tax line). The Group voluntarily opted for streamlined reports in terms of the quantity of information provided, but relevant in terms of the essential character of the data produced. The analysis of the different significant indicators, over a short time interval (one month), lets the finance department analyze the variances between actuals and initial forecasts and to detect, if necessary, any significant errors in the financial statements by cross-checking key indicators (revenues, margins, income, cash, etc.). A complete monthly consolidation is carried out based on the monthly accounts submitted by the different subsidiaries.

To do this, the Group companies rely on the "accounting and financial procedures manual" and the reporting tools.

These procedures, applied by all subsidiaries, are monitored and controlled directly by the Group's finance department.

Each Company then has, at its level, local internal control procedures (delegation of bank signatures, control of current operations, etc.).

Preparation of the consolidated financial statements

The statutory consolidated financial statements are prepared at the half-year and annually, according to a procedure and within a timeframe similar to the process used to prepare the monthly reports, but with a greater level of detail. In addition to the information the subsidiaries submit monthly, all information used to produce the consolidated financial statements and in particular to establish the IFRS restatements is also submitted. Consequently, the restatements are made centrally by the finance department.

Recognition of revenue

The main subsidiaries concerned by the recognition of revenue on a degree of completion basis (turnkey) are equipped with analytical management tools by project, which can be used to monitor margins by project as well as the accounting degree of completion at each monthly closing. The risk of billing error or fraud is considered as limited by the complete monthly reporting system (income statement/balance sheet), which would provide an alert rather quickly (of the order of 2 to 3 months), if the trade receivables in a subsidiary increased abnormally and without cause.

Cash flow cycle

For this process, generally considered as sensitive, an organization with separation of tasks has been implemented:
- for the disbursement cycle, different participants perform the following tasks: delivering payment authorizations / issuing payment instruments / signing payment instruments (check, transfer) / accounting operations / bank reconciliation / bank reconciliation control,
- likewise, for the collection cycle, distinct participants perform the following tasks: client reminders / receiving clients' payment instruments / remittance for collection / accounting operations / bank reconciliation / bank reconciliation control.

Trend in internal control

The internal control system is based on continuous improvement.

The financial control system (budget/reporting) has been operational since 1999. It is based on powerful tools adapted to the size of the Group but should evolve in case of strong growth and geographic expansion.

The managerial staff and the finance department control that the rules are applied. The audit committee monitors its effectiveness. Depending on how its size grows, the Group will strengthen this function pragmatically: strengthen management control, improve the organization structure, optimize information systems, document key processes, etc.

NEURONES will be led to periodically audit its risk management, either internally or externally, and to formalize regular improvement action plans.

16. CONCLUSION

In conclusion, we ask you to approve the financial statements for the year ended December 31, 2017, the management report prepared by your Board of Directors and, consequently, to give the Board faithful discharge of duty for its management during the said year and to adopt the resolutions that will be submitted to your vote.

Board of Directors

APPENDIX TO THE MANAGEMENT REPORT: TABLE OF THE LAST FIVE YEARS

(in euros)	2013	2014	2015	2016	2017
Capital at year-end					
• Share capital	9,584,513	9,592,704	9,692,551	9,697,545	9,697,545
• Number of common shares outstanding	23,961,283	23,981,759	24,231,378	24,243,862	24,243,862
• Number of preferred shares (without voting rights) outstanding	-	-	-	-	-
• Maximum number of future shares to create					
- by bond conversions	-	-	-	-	-
- by exercising voting rights	-	-	-	-	-
Operations and income for the year					
• Revenues (ex. VAT)	96,846,834	95,957,486	98,234,529	115,325,747	121,718,925
• Pre-tax income, employee profit sharing and allocations to depreciation and provisions	3,665,678	4,333,776	6,684,884	3,494,403	1,388,043
• Corporate income tax	394,542	(68,450)	(166,455)	(432,912)	(205,183)
• Employee statutory profit sharing due for the year	-	-	-	-	-
• After tax income, employee profit sharing and allocations to depreciation and provisions	3,483,483	3,768,010	6,364,499	3,194,842	1,158,268
• Income distributed	1,437,677	1,438,906	1,453,883	1,454,632	1,454,632
Earnings per share					
• After tax income, employee profit sharing, but before allocations to depreciation and provisions	0.14	0.18	0.27	0.13	0.05
• After tax income, employee profit sharing and allocations to depreciation and provisions	0.15	0.16	0.26	0.13	0.05
• Dividend attributed to each share	0.06	0.06	0.06	0.06	0.06*
Personnel					
• Average salaried personnel employed during the year	19	21	19	18	18
• Payroll for the year	1,834,044	1,690,940	1,658,371	1,505,986	1,623,406
• Sums paid for fringe benefits for the fiscal year (Social Security, social services, etc.)	750,708	711,090	696,103	649,553	929,774

* Subject to approval by the Shareholders' Meeting (third resolution) of June 14, 2018.

5.2. REPORT ON CORPORATE GOVERNANCE

Pursuant to the provisions of articles L.225-37 et seq. of the French Commercial Code, we present our report on corporate governance. It should be noted that as a medium-sized group, with a majority shareholder among the managers, NEURONES has chosen to refer to MiddleNext's Corporate Governance Code published in December 2009.

1. CAPITAL AND SHARES

Disposal and transmission of shares

There are no statutory provisions restricting share transfers.

Double voting right

Each member of the Shareholders' Meeting has as many votes as he owns or represents. However, a double voting right is attached to all fully paid shares, relative to the proportion of the capital they represent, provided the shares have been registered in the same shareholder's name for at least four years. This right is granted from the time of issue, in case of a capital increase by incorporation of reserves, profits or additional paid-in capital, to registered shares freely attributed to a shareholder holding old shares entitled to this right. Every share that changes ownership loses this double voting right. Nevertheless, the transfer of ownership due to inheritance, the settling of communal estate between spouses or the donation inter vivos on behalf of a spouse or relation entitled to inherit does not cause the acquired right to be lost and does not interrupt the four-year period, if it is underway. The merger of the Company has no effect on the double voting right, which may be exercised in the absorbing company, if the by-laws so provide.

Stripping

As provided for in article L.225-10 of the French Commercial Code, in a société anonyme (limited company), the voting right attached to a split-ownership share belongs to the usufructuary in ordinary shareholders' meetings and to the bare owner in extraordinary shareholders' meetings.

This rule may be exempted in the company bylaws. Today NEURONES S.A.'s bylaws do not address the voting right attached to shares in case of stripping and consequently the legal rule applies.

A motion will be put to the Shareholders' Meeting on June 2018 to approve an amendment to the bylaws whose purpose is to limit the voting rights of a usufructuary to decisions concerning the allocation of profits. This limitation is required for donations of Company shares, under the Dutreil agreement scheme, granted with the donor retaining usufruct.

The bylaw amendment submitted to the Shareholders' Meeting is in the Company interest because it could benefit all shareholders who would fulfill the conditions and in particular the shareholder managers of subsidiaries. The donations with retention of usufruct that they will make in the context of Dutreil agreements will oblige them to keep the shares for a certain period of time, which will prolong their commitment to Group service.

Changes in the distribution of capital and voting rights during the past three years

	Situation at December 31, 2015				Situation at December 31, 2016				Situation at December 31, 2017			
	Number of shares	% of capital	Number of voting rights	% of voting rights	Number of shares	% of capital	Number of voting rights	% of voting rights	Number of shares	% of capital	Number of voting rights	% of voting rights
Officers												
Host Développement	10,968,683	45.3%	21,759,127	52.3%	11,158,683	46%	22,127,366	52.8%	11,158,683	46%	22,127,366	52.6%
Luc de Chammard and children	4,993,103	20.6%	9,986,006	24%	4,803,103	19.8%	9,596,206	22.9%	4,753,003	19.6%	9,496,006	22.6%
SUBTOTAL	15,961,786	65.9%	31,745,133	76.3%	15,961,786	65.8%	31,723,572	75.7%	15,911,686	65.6%	31,623,372	75.2%
Bertrand Ducurtil	839,167	3.5%	1,568,334	3.8%	839,167	3.5%	1,608,334	3.8%	817,000	3.4%	1,604,000	3.8%
Other officers (managers) with registered shares	1,084,599	4.4%	1,631,274	3.9%	1,049,589	4.3%	1,805,266	4.3%	852,280	3.5%	1,631,547	3.9%
SUBTOTAL OFFICERS (MANAGERS)	17,885,552	73.8%	34,944,941	84%	17,850,542	73.6%	35,137,172	83.8%	17,580,966	72.5%	34,858,919	82.9%
Employees with registered shares	386,571	1.6%	429,321	1%	341,239	1.4%	414,639	1%	232,070	1%	364,110	0.9%
Treasury shares	-	-	-	-	-	-	-	-	-	-	-	-
Public*	5,959,255	24.6%	6,262,238	15%	6,052,081	25%	6,370,614	15.2%	6,430,826	26.5%	6,822,967	16.2%
TOTAL	24,231,378	100%	41,636,300	100%	24,243,862	100%	41,922,425	100%	24,243,862	100%	42,045,996	100%

* Registered shares (other than Group officers and employees) and bearer shares.

Share lock-up undertakings / Shareholder agreements / Actions in concert

Lock-up undertakings concluded during the year

In the context of article 787 B of the French General Tax Code, one collective share lock-up undertaking was concluded in November 2017 between Luc de Chammard, Bertrand Ducurtil and six Group officers.

At December 31, 2017, seven million shares held by Luc de Chammard and Host Développement are subject to a collective share lock-up undertaking until June 2019 and then an individual undertaking until June 2023. 254,000 shares and 87,000 shares held by other Group officers are subject to an individual share lock-up undertaking respectively until December 2019 and July 2021.

Shareholder agreements

None

Actions in concert

Luc de Chammard, his children and Host Développement (held 100% by Luc de Chammard, his wife and their children) act in concert.

Pledged NEURONES shares registered directly with the company

Luc de Chammard has pledged with a banking institution 380,000 shares representing 1.57% of the capital. This pledge was granted in April 2016 for a period of 5 years.

2. SHAREHOLDERS' MEETINGS

Terms of participation and procedures

Shareholders' Meetings are convened and deliberate in the conditions laid down by law.

Meetings take place at the head office or any other place specified in advance in the notice of meeting.

Attendance at the meeting is open to any shareholder who can furnish evidence of shares registered in his name, or in the name of the intermediary duly registered on his behalf, two working days before the meeting at midnight, either in the registered share accounts or the bearer share accounts held by his authorized intermediary.

Shareholders may also vote by correspondence or by proxy according to the legal and regulatory conditions. To be counted in the ballot, the form for postal or proxy votes, accompanied by share-holding certificates for bearer shareholders, must have been received by the Company or by the establishment holding the registered share accounts at least three days prior to the date of the meeting.

The meetings are chaired by the Chairman of the Board of Directors or, in his absence, by a Director specially appointed for the purpose by the Board. Failing that, the meeting elects its Chairman.

Minutes of the meeting are taken and copies are certified and issued as required by law.

Summary of valid delegations of authority and powers granted by the shareholders' meeting to the Board of Directors

Valid delegations of authority granted by the Shareholders' Meetings to the Board of Directors	Length of validity / End date of validity	Conditions and ceilings	Use during the year
Shareholders' Meeting of 6/4/2015 (extraordinary resolution): Capital increase by issuing common shares and/or financial securities giving access to the share capital reserved for shareholders, and/or by capitalizing reserves, additional paid-in capital and profits	26 months/August 2017 Replaced by the authorization granted by the Shareholders' Meeting of 6/8/2017 (extraordinary resolution)	Maximum total face value of the shares issued: €11 million. Maximum total face value of debt securities: €90 million.	Not used
Shareholders' Meeting of 6/8/2017 (extraordinary resolution): Capital increase by issuing common shares and/or financial securities giving access to the share capital reserved for shareholders, and/or by capitalizing reserves, additional paid-in capital and profits	26 months/August 2019 Replaces the authorization granted by the Shareholders' Meeting of 6/4/2015 (extraordinary resolution)	Maximum total face value of the shares issued: €11 million. Maximum total face value of debt securities: €90 million.	Not used
Shareholders' Meeting of 6/4/2015 (extraordinary resolution): Capital increase through a public offering, by issuing common shares and/or financial securities, with the lifting of the preemptive subscription rights, giving access to the share capital (articles L.225-129-2 and L.225-136-1° of the French Commercial Code)	26 months/August 2017 Replaced by the authorization granted by the Shareholders' Meeting of 6/8/2017 (extraordinary resolution)	Maximum total face value of the shares issued: €11 million. Maximum total face value of debt securities: €90 million.	Not used
Shareholders' Meeting of 6/8/2017 (extraordinary resolution): Capital increase through a public offering, by issuing common shares and/or financial securities, with the lifting of the preemptive subscription rights, giving access to the share capital (articles L.225-129-2 and L.225-136-1° of the French Commercial Code)	26 months/August 2019 Replaces the authorization granted by the Shareholders' Meeting of 6/4/2015 (extraordinary resolution)	Maximum total face value of the shares issued: €11 million. Maximum total face value of debt securities: €90 million.	Not used

Valid delegations of authority granted by the Shareholders' Meetings to the Board of Directors	Length of validity / End date of validity	Conditions and ceilings	Use during the year
Shareholders' Meeting of 04/06/2015 (extraordinary resolution): Increase the amount of issues in the case of excess demands for the issues decided pursuant to two preceding authorizations (article L.225-135-1 of the French Commercial Code)	26 months/August 2017 Replaced by the authorization granted by the Shareholders' Meeting of 6/8/2017 (extraordinary resolution)	-	Not used
Shareholders' Meeting of 6/8/2017 (extraordinary resolution): Increase the amount of issues in the case of excess demands for the issues decided pursuant to two preceding authorizations (article L.225-135-1 of the French Commercial Code)	26 months/August 2019 Replaces the authorization granted by the Shareholders' Meeting of 6/4/2015 (extraordinary resolution)	-	Not used
Shareholders' Meeting of 6/4/2015 (extraordinary resolution): Increase the amount of issues in the case of excess demands for the issues decided pursuant to two preceding authorizations (article L.225-135-1 of the French Commercial Code)	26 months/August 2017 Replaced by the authorization granted by the Shareholders' Meeting of 6/8/2017 (extraordinary resolution)	-	Not used
Shareholders' Meeting of 6/4/2015 (extraordinary resolution): Capital increase, for the purpose of compensating contributions in kind of equity securities or marketable securities giving access to the share capital (article L.225-147 of the French Commercial Code)	26 months/August 2017 Replaced by the authorization granted by the Shareholders' Meeting of 6/8/2017 (extraordinary resolution)	Maximum total face value of shares issued: 10% of the capital	Not used
Shareholders' Meeting of 6/8/2017 (extraordinary resolution): Capital increase, for the purpose of compensating contributions in kind of equity securities or marketable securities giving access to the share capital (article L.225-147 of the French Commercial Code)	26 months/August 2019 Replaces the authorization granted by the Shareholders' Meeting of 6/4/2015 (extraordinary resolution)	Maximum total face value of shares issued: 10% of the capital	Not used
Shareholders' Meeting of 6/9/2016 (ordinary resolution): Company acquisition of its own shares (article L.225-209 of the French Commercial Code)	18 months/December 2017 Replaced by the authorization granted by the Shareholders' Meeting of 6/8/2017 (ordinary resolution)	10% of the total number of shares. Maximum purchase price: €25. Proportion of shares given as payment as part of acquisitions limited to 5% of the share capital	Not used*
Shareholders' Meeting of 6/8/2017 (ordinary resolution): Company acquisition of its own shares (article L.225-209 of the French Commercial Code)	18 months/December 2018 Replaces the authorization granted by the Shareholders' Meeting of 6/9/2016 (ordinary resolution)	10% of the total number of shares. Maximum purchase price: 27 euros Proportion of shares given as payment as part of acquisitions limited to 5% of the share capital	Not used
Shareholders' Meeting of 6/9/2016 (extraordinary resolution): Allocations of bonus shares, existing or to be issued (articles L.225-197-1 et seq of the French Commercial Code)	24 months/June 2018 Replaces the authorization granted by the Shareholders' Meeting of 06/04/2015 (extraordinary resolution)	Maximum: 242,000 shares The Board of Directors used this authorization by attributing free of charge 43,000 shares)	Not used
Shareholders' Meeting of 6/5/2014 (extraordinary resolution): Capital reduction by cancellation of treasury shares (articles L.225-204 and L.225-209 of the French Commercial Code)	5 years/June 2019 Replaces the authorization granted by the Shareholders' Meeting of 6/11/2009 (extraordinary resolution)	10% of the capital per 24-month period	Not used

* Board of Directors meeting on 6/9/2016: implementation of a share buy-back program (from June 10, 2016 to December 9, 2017) with a view to canceling the shares. Maximum number of shares available for purchase: 1,500,000. No share was purchased by the Company as part of this program in 2017. The sharp increase in the share price effectively prevented making the share buybacks planned by the Board of Directors.

All of the resolutions are available on the Company website (www.neurones.net – Investors – Regulated information – Documents regarding Shareholders' Meetings).

3. BOARD OF DIRECTORS

Composition and independence

There are six directors on the Board of Directors:
- two members (CEO and the Executive Vice-President) who have a full-time operational role in the Company,
- four external directors, without an operational role in the Group, including two considered as independent.

Director	Independent director	Date of first appointment	End of current term of office
Luc de Chammard Chairman and CEO	No	Dec. 5, 1984*	SM of June 14, 2018
Bertrand Ducurtil Executive Vice-President	No	June 30, 1999	SM of June 14, 2018
Jean-Louis Pacquement	Yes	Dec. 5, 1984*	SM of June 14, 2018
Hervé Pichard	No	Oct. 15, 2004	SM of June 14, 2018
Marie-Françoise Jaubert	Yes	June 9, 2011	SM of June 14, 2018
Host Développement SAS, represented by Daphné de Chammard	No	June 9, 2016	SM of June 14, 2018

* NEURONES' founding date.

The powers of the Chairman and CEO and the Executive Vice-President are those provided for by law. The bylaws stipulate that the Board of Directors can limit these powers as an internal measure, which can't be enforced against third parties. This option has not been used.

The obligations regarding equal representation of men and women in the Board of Directors are respected. Pursuant to article L.225-18-1 of the French Commercial Code, the difference between the number of directors of each gender is not greater than two.

Marie-Françoise Jaubert and Jean-Louis Pacquement are considered as independent directors based on the MiddleNext Code that NEURONES adheres to. They have never been employees or managing officers of the Company or a group Company. They have never been clients, suppliers or auditors of the Company or a group Company and have no family ties to an officer or majority shareholder. Lastly, they are not themselves majority shareholders of the Company. No financial, contractual or family connection is thus likely to affect their ability to make independent judgments.

These directors' term of office expires at the end of the Shareholders' Meeting called to approve the financial statements for the year ended, December 31, 2017. Accordingly, this Meeting will be asked to approve the renewal of their term of office for one year, pursuant to the bylaws.

Furthermore, a motion will be presented to the Shareholders' Meeting to approve an amendment of the bylaws to add to them the terms of appointing a director representing the employees, pursuant to article L.225-27.1 of the French Commercial Code and certain terms of performing the duties of this appointment. The Board of Directors proposes to the Meeting that the director representing the employees be appointed by the Group committee and that the term of the appointment be three years, renewable once.

Other offices held by the directors

The main function and other duties performed by the members of the NEURONES Board of Directors are described below.

Chairman of the Board of Directors

Luc de Chammard, born on September 16, 1954
- Other offices held in the Group:
  - Manager: Pragmateam SARL – 205, avenue Georges Clemenceau – 92024 Nanterre Cedex – Nanterre Register of Commerce No. 411 264 641.
- Other offices held outside the Group:
  - CEO: Host Développement SAS – 122, avenue Charles-de-Gaulle 92200 Neuilly-sur-Seine – Nanterre Register of Commerce No. 339 788 713.

Executive Vice-President

Bertrand Ducurtil, born on April 11, 1960
- Other offices held in the Group:
  - CEO: Neurones Consulting SAS – 205, Avenue Georges Clemenceau – 92000 Nanterre – Nanterre Register of Commerce No. 509 152 468.
- Other offices held outside the Group:
  - Member of the Supervisory Board: Host Développement SAS.

System

Marie-Françoise Jaubert, born on September 27, 1941, Honorary Magistrate.
- Other offices held outside the Group: none

System

Jean-Louis Pacquement, born on April 21, 1955, retired (former Managing Director at HSBC until 2016).
- Other offices held outside the Group: none

System

Hervé Pichard, born on May 20, 1955, Lawyer admitted to the Hauts-de-Seine and New York bars
- Other offices held outside the Group:
  - CEO: Pichard et associés SAS – 122, avenue Charles-de-Gaulle – 92200 Neuilly-sur-Seine – Nanterre Register of Commerce No. 391 504 628.
  - Director: Pichard et Cie SA – 122, Avenue Charles-de-Gaulle – 92200 Neuilly-sur-Seine – Nanterre Register of Commerce No. 552 139 057.
  - Director: SECO Ressources et Finances SA – 122, avenue Charles-de-Gaulle – 92200 Neuilly-sur-Seine – Nanterre Register of Commerce No. 429 837 172.
  - Director: UPM-Kymmene Groupe SA – 122, Avenue Charles-de-Gaulle 92200 – Neuilly-sur-Seine – Nanterre Register of Commerce No. 407 655 893.
  - Member of the Supervisory Board: Host Développement SAS.

System

Host Développement SAS, represented by Daphné de Chammard, born on March 17, 1949.
- Other offices held outside the Group:
  - Managing Director: Host Développement SAS.

Directors' experience (excluding executives)

Marie-Françoise Jaubert has proven experience in law and more specifically in private law. Daphné de Chammard (representing Host Développement SAS and spouse of Luc de Chammard) has 15 years of experience in HR and sales supervision. Jean-Louis Pacquement has significant experience in finance and mergers-acquisitions. Furthermore, he has the benefit of hindsight and the perspective of the "historic" director. Hervé Pichard provides his corporate legal and administration skills and for the past 20 years has tried the main corporate cases.

None of the directors above was employed by or maintained business relations with NEURONES, except for Hervé Pichard, who is one of its lawyers.

Frequency

Beyond the two annual sessions closing the annual and half-yearly financial statements that the statutory auditors participate in and the meeting held at the end of the annual Shareholders' Meeting, the Board meets whenever the situation requires (e.g., opinion on potential acquisitions, decision to allocate bonus shares, calling an Extraordinary Shareholders' Meeting, contribution of assets, merger, etc.) and in any case at least four times per year.

The Board of Directors met four times in 2017:

Date	Agenda
March	Approve the regulated agreements. Year-end closing of the corporate statutory and consolidated financial statements for the 2016 fiscal year. Officers' remuneration Approve the Chairman's report on internal control and corporate governance. Call Shareholders' Meeting, establish the agenda and finalize draft resolutions.
May	Sale of all of Axones SAS' shares
June (at the end of the Shareholders' Meeting)	Appoint the Chairman of the Board of Directors and establish his powers. Renew the Executive Vice-President's term of office. Compensation of the CEO and Executive Vice-President in view of the vote of the Shareholders' Meeting. Deliberations on external growth opportunities and strategy. Launch of a buy-back scheme for the Company's own share following authorization given by the Shareholders' Meeting on June 8, 2017.
September	Close the half-year consolidated financial statements Approve the measures and procedures to prevent and detect cases of corruption or influence peddling (Sapin II law). Services of the statutory auditors known as "Services Other than Certification of the Financial Statements." Conflicts of interest and key concerns and issues of the MiddleNext corporate governance code. Professional gender and salary equality policy. Review of the risk map.

In 2017, the attendance rate of members of the Board of Directors was 92%.

Operation

No specific rule has been established (ordinary law applies) concerning restrictions or bans on Directors participating in operations involving NEURONES' shares if they have inside information.

Nearly two thirds of the capital is represented on the Board by 1/3 (2 of 6) of the directors. This composition does not directly call in question the broad historical distribution of powers within the Board of Directors. Logically, therefore, no specific provision has been established to ensure that control of the Group is not misused.

The company is especially concerned about protecting the interests of minority shareholders since they include many executives and managers of the parent company and its subsidiaries.

Consequently:
- all major decisions are taken in collegial discussions among managers and then with the Board of Directors,
- arrangements have been made for the Chairman's succession. In the event the CEO is unable to fulfill his duties, the long-standing plan has been that the Executive Vice-President, who has been in the Company since 1991, will succeed the CEO. This plan was confirmed recently during a Board of Directors meeting during which the succession of officers was on the agenda. Moreover, during this meeting the Board of Directors indicated that the successor of the Executive Vice-President, if necessary, could be selected among certain executive officers of subsidiaries, in the Group for a long time with excellent knowledge of its operations and its lines of business,
- supervisory authority is exercised as described in this chapter,
- the rules of procedure of June 10, 2010 were revised during the session of September 7, 2016. The Directors are reminded in particular of their legal and ethical obligations. They clearly establish the role and missions of the Board and its operating procedures in accordance with the principles of good governance.

To date there is no formal self-assessment of the Board's work as mentioned by the MiddleNext Code. Nevertheless, it is envisaged to implement this mechanism soon.

The Board of Directors has recently implemented two specialized committees (audit committee and ethics and corruption committee), whose roles are specified below. There are no plans to establish other specialized committees (compensation, strategy, etc.). The Board of Directors believes that, given the collegiality that reigns over all decision making, the size of the Group and its highly decentralized operation, the geographic proximity of the main subsidiaries, the association of managers in the capital, the operational role of two of the six members of the Board of Directors and their high stake in the capital, the implementation of committees reporting to the Board of Directors, apart from the audit committee and the ethics and compliance committee, would present more disadvantages than advantages. Without prejudice to the reasons mentioned above, the Board of Directors does not exclude creating an ad hoc specialized committee, if the Company's current events justify it.

Audit committee

During its last session, the Board of Directors implemented an audit committee. It is comprised of two directors, Hervé Pichard and Jean-Louis Pacquement, who chairs the committee.

Jean-Louis Pacquement, independent director, and Hervé Pichard have considerable experience and proven skills in financial and accounting matters. Newly instituted, the audit committee met once in 2018 prior to the year-end closing of accounts. During this meeting, which resulted in lively discussions, the statutory auditors submitted their supplementary report to the general report. Concerning the statutory auditors' supplementary report for FY 2018, the discussions between the members of the audit committee and the statutory auditors will take place before the report's submission.

Every year the information on the number of meetings and the attendance rate at these meetings will be disclosed in this report.

The main objective of the audit committee is to monitor the questions concerning the preparation and control of the accounting and financial information. It acts under the collective responsibility of the members of the Board of Directors. The committee does not relieve the Board of Directors of its decision-making power, but refers and reports to it. Neither does it supersede the officers' prerogatives.

Without prejudice to the competences of the Board of Directors and senior management, the audit committee is responsible in particular for the following assignments:
- monitor the process of preparing the financial information and, where necessary, formulate recommendations to guarantee its integrity,
- monitor the effectiveness of the internal control and risk management systems related to the preparation and treatment of accounting and financial information,
- update the risk map concerning the preceding points, reviewed and approved once a year by the Board of Directors,
- issue a recommendation about the auditors proposed for appointment by the shareholders' meeting or in case of a proposal to renew their appointment,

- monitor the statutory auditors' performance on their assignment and take into account the conclusions of the Haut Conseil du Commissariat aux Comptes (French High Counsel of Statutory Auditors) following controls carried out pursuant to the regulations,
- make sure the statutory auditors comply with the independence criteria under the conditions and according to the methods provided for by the regulations,
- approve in advance the "Services Other than the Certification of the Financial Statements" (SACC) supplied by the statutory auditors, it being noted that the total amount of these services over a fiscal year cannot exceed 70% of the average amount of auditor fees over the past three fiscal years for the legal certification of the financial statements,
- report regularly to the Board of Directors on its assignments and immediately inform the Board of Directors of any problems encountered It also reports regularly the results of the financial statements certification assignment, how this assignment contributed to the integrity of the financial information and the role it played in this process.

Note that in 2017, before the audit committee was established, the Board of Directors had approved the SACC in advance by establishing a restrictive list of services that the statutory auditors could provide as well as a maximum budget envelope per calendar year of a reasonable amount for the entire Group for these services. This authorization did not challenge the statutory auditors' independence.

The newly established audit committee will approve in advance, when appropriate, all SAAC supplies based on the statutory auditors' proposed assignment.

The Audit Committee has made sure that the statutory auditors are independent.

It will be indicated every year in this report whether the Board of Directors has followed the audit committee's recommendations.

The audit committee may, if the conditions and situation warrant it, rely on special training courses and experts. However, the Board of Directors must first approve such uses. The audit committee can, any time it senses the need, meet with the statutory auditors as well as all members of the Group's finance departments.

Board of Director's work (closing financial statements)

The financial statements (balance sheet, income statement and notes) are terminated in general at the end of January (for the annual financial statements) and the end of August (for the half-yearly financial statements). The finance department prepares them and they are initially approved by the two directors who have an operational role in the Group.

These financial statements are then sent to:
- the external directors, at the same time as the notice calling the Board meeting to close the financial statements, to which they are most often attached. The external directors then have several days to ask the two other directors or the finance department any questions they deem necessary. Furthermore, the members of the audit committee may meet with the statutory auditors or the finance department,
- to the statutory auditors, who continue with their control work.

Once the auditors have finished their audit, a review meeting is organized with at least one director (most often the Executive Vice-President), the Group's Financial Director and the statutory auditors. The statutory auditors share their observations and, if necessary, any requested adjustments. These points are discussed and, with the statutory auditors' agreement, the financial statements are presented to the Board of Directors. Before the Board of Directors meeting, the statutory auditors submit their supplementary report to the audit committee. On this occasion, the statutory auditors report to the audit committee on the scope and conclusions of their assignments as well as their comments. The audit committee may then ask the statutory auditors to provide more information on a key question addressed in the report. The objective of the supplementary report is to strengthen the value of the legal audit of the financial statements by improving the communication between the statutory auditors and the members of the audit committee.

During the Board of Directors meeting, the audit committee presents to the other directors the conclusions of its assignments, starting with the follow-up of questions concerning the preparation and control of the accounting and financial information. Where necessary, it formulates recommendations to ensure the integrity of these processes and to improve the review of the internal control work.

It then presents to the Board of Directors:
- the accounting principles and methods used,
- the main accounting options adopted,
- the impacts of any changes of method,
- the changes in the scope of consolidation,
- the main facts and figures (income items, presentation of the balance sheet and financial situation).

Then the Board of Directors approves the financial statements (annual, half-yearly and consolidated depending on the case) and subsequently the annual and consolidated financial statements are presented to the Shareholders' Meeting for approval.

Ethics and compliance committee

Law No. 2016-1691 concerning transparency, the fight against corruption and the modernization of economic life of December 9, 2016 (known as the Sapin II law), which took effect on June 1, 2017, obliges companies with at least 500 employees and revenues of more than €100 million or companies belonging to a group of companies of this magnitude, whose parent company has its head office in France, to implement internal measures to prevent and detect cases of corruption or influence peddling, in France and abroad.

The law provides that eight measures to prevent and detect cases of corruption or influence peddling must be implemented.

Consequently in 2017, pursuant to the legal provisions, the Board of Directors approved the measures and procedures implemented in the Group to prevent and fight against corruption and influence peddling.

In particular the Board of Directors approved implementation of an ethics and compliance committee, comprised of the Finance and Administrative Director and the Group Legal Manager, whose assignment is to collect, where applicable, the reports of Group employees, clients, subcontractors and suppliers in case of a potential or proven failure to comply with the Code of Conduct. This committee specifies the measures in force, the inappropriate behaviors and the best practices. A warning system appears to be the most effective procedure when a failure to comply is detected. Protection is guaranteed for anyone who would report any proven failure to comply or any suspect or ambiguous situation. It is also guaranteed for members of the committee who cannot be sanctioned by their employer for fulfilling this assignment. In addition to the role of handling potential reports received, investigating and forming an opinion on the compliance of the reported practices with the Group's Code of Behavior, the committee:
- reviews, controls and monitors all Group practices concerning ethics and compliance,
- updates and assesses at least once a year the risk mapping concerning ethics and compliance, potentially modified and approved annually by the Board of Directors,
- implements action plans following this assessment,
- advises the Group on the relations with the stakeholders concerning any ethics- or compliance-related question.

Related-party agreements

NEURONES S.A. carries some pooled expenses for its subsidiaries: financial, legal and marketing plus general management.. These costs are covered by back charging on a flat rate basis the companies concerned by this agreement.

This flat-rate back-charging is consistent with the parent company's 2018 budget and the costs are distributed based on the 2018 projected revenues of the companies concerned by this agreement.

The sums back-charged by NEURONES S.A. under this agreement are indicated in the auditors' special report on related-party agreements.

The other billings between companies in the Group are based on voluntary, unregulated agreements as defined in the legal and regulatory provisions. The said agreements cover current operations concluded under normal conditions. Moreover, due to their purpose and their financial implications, these voluntary agreements are not significant for any of the parties.

4. OFFICERS' REMUNERATION

Since the Company's creation, directors fees have not been paid to the non-executive officers nor any other form of remuneration.

No NEURONES executives, directors or members of their families hold, directly or indirectly, assets used by the Group, especially real estate.

They have no holdings in the capital of NEURONES' subsidiaries, nor in the Group's clients or suppliers.

No loans or collateral have been granted or formed in favor of members of administrative or management bodies.

All of the information to provide on the remuneration of Group officers, executives or not, based on the terms of the MiddleNext Code and the recommendations No. 2009-16 and No. 2012-02 of the Autorité des Marchés Financiers (French Financial Markets Regulator) is presented in this chapter.

The remuneration details, on a gross pre-tax basis, and options and shares allocated to each executive officer for FY 2015, FY 2016 and FY 2017 are as follows:

	Luc de Chammard (Chairman and CEO Shareholder)			Bertrand Ducurtil (Executive Vice-President)		
(in euros)	2015	2016	2017	2015	2016	2017
Fixed remuneration	174,000	174,000	200,000	135,000	135,000	200,000
Variable remuneration*	26,000	26,000	-	65,000	65,000	-
Exceptional remuneration	-	-	-	-		-
Directors fees	-	-	-	-		-
Benefits in kind	-	-	-	-		-
Options	-	-	-	-		-
Shares	-	-	-	-		-
TOTAL	200,000	200,000	200,000	200,000	200,000	200,000

* The variable remuneration due for the year is paid during the first quarter of the next year.

Since FY 2017, the remunerations of the executive officers no longer include a variable part. Exceptional items have never been paid to these officers and they no longer receive any benefits in kind. The two officers' remuneration will henceforth only be comprised of a fixed part.

The executive officers' remunerations must be balanced, coherent and measured, taking into account both the Company's short and medium-term performances, its general payroll policy, the remuneration of the other executives of Group companies, the Company's general interest and market practices. Their level and terms of remuneration are based on the following key principles: completeness, balance and comparability to the total remunerations of executives of sector companies of comparable size and/or performance, coherence with the other remunerations in the Company and measurement. Moreover, the remunerations of executives, comprised solely of a fixed part without any variable or exceptional part, are identical.

It should be noted that no directors' fees or any form of remuneration have been paid to the directors since the company began

During the year, no executive officer, director or not, benefited from the attribution of bonus shares or stock options, or exercised any stock options. No corporate officer of NEURONES has benefited from the attribution of bonus shares since 2007.

The following summary table presents the other benefits or compensation in favor of executive officers:

	Luc de Chammard	Bertrand Ducurtil
Date of first appointment	12/5/1984	6/30/1999
Start date of current appointment	6/8/2017	6/8/2017
End date of current appointment	6/14/2018	6/14/2018
Employment contract	No	No
Supplementary pension plan	No	No
Compensation or benefits owed or likely to be owed due to the cessation or change of duties	No	No
Compensation related to a non-competition clause	No	No

The details of the remuneration, benefits in kind and stock options or bonus shares concerning the Group officers are also shown in the notes to the consolidated financial statements.

Pursuant to article L.225-37-2 of the French Commercial Code, the shareholders will be asked, during the Shareholders' Meeting on June 14, 2018, to approve a resolution (ex-ante "say on pay") covering the principles and criteria for determining, distributing and attributing all of the CEO's remuneration details and a resolution covering the Executive Vice-President's remuneration details. The remuneration policy that the shareholders' will be asked to rule on is presented above.

5. COMPLIANCE WITH THE RECOMMENDATIONS OF THE MIDDLENEXT CODE ON CORPORATE GOVERNANCE

As a medium-sized group, with a majority shareholder among the managers, NEURONES has chosen to refer to the MiddleNext Code on Corporate Governance.

The following table presents NEURONES' situation regarding all of this Code's 19 recommendations:

Recommendation Middlenext code	Compliance	Application procedures or reasons for non application
R1: Director ethics	Y	NEURONES is compliant. The minimum number of shares (one) that should be held by each director has been added to the Board's rules of procedure on the occasion of its revision in September 2016. This rule also stipulates that the director exercising an "executive" office should not hold more than two other directorships in listed companies, including foreign companies, outside the Group.
R2: Conflicts of interest	Y	No known conflicts of interest The rules of procedure stipulate the obligation for the director to inform immediately the CEO of any conflict of interest situation, even potential, and to then refrain from participating in any vote concerning directly or indirectly this conflict. As of FY 2017, at least once a year, the directors will be asked during a meeting of the Board of Directors to confirm that they are not in a potential conflict of interest situation. On this occasion, the Board of Directors will also review the known potential conflicts of interest and assess the measures taken, and to take, in order to better manage these situations.
R3: Composition of the Board – Presence of independent members	Y	The Board has two members considered independent based on the criteria adopted by the Code (see paragraph "Composition and independence" in chapter 3 of this report).
R4: Board member information	Y	Before holding a Board meeting, NEURONES gives the directors, with sufficient lead-time so they can review and ask any question they deem useful, all of the information needed to review the meeting agenda. In general, directors are provided with the information they should know, if the current situation warrants it. The principles and methods of providing the information are mentioned in the Board's rules of procedure.
R5: Organization of Board meetings and committees	Y	The frequency and duration of meetings allows for in-depth examination of the agenda. They take place with the directors physically present except in the very exceptional case where a videoconference may be used (except for the Board approving the annual financial statements). The Board meetings are subject to minutes and the number of meetings and the participation rate of directors is published in the report on corporate governance, which also describes the composition of the Board. There have been at least four meetings (minimum indicated in the rules of procedure revised in 2016) of the Board per year for many years.
R6: Creation of committees	Y	NEURONES has decided, based in particular on its size and needs, to establish an organization with just two specialized committees: an audit committee and ethics and compliance committee (see paragraph "Operation" in chapter 3 of this report).
R7: Introduction of Board rules of procedure	Y	The current version of the rules of procedure adopted in September 2016 comply overall with the recommendation.
R8: Choice of each director	Y	The information concerning a person whose appointment as director is proposed and the information concerning the directors whose renewal of term of office is on the agenda are sent to the shareholders and posted on the Company's website before the Shareholders' Meeting.
R9: Directors' term of office	Y	In practice and from experience, the statutory duration of terms of office (one year, renewable) is conducive to the Board's efficient operation. Due to this duration, the renewal of directors cannot be staggered.
R10: Director remuneration	N	There are no director's fees, since the directors have not expressed the desire to be remunerated.
R11: Introduction of Board evaluation	N	To date there is no formal self-assessment of the Board's work. Nevertheless, it is envisaged to implement this self-assessment soon.
R12: Relationship with shareholders	Y	In addition to the SFAF (French financial analysts society) meetings that enable managers to ask the questions they want, the CEO and the Executive Vice-President regularly receive shareholders to provide any information they deem useful, provided that it doesn't constitute inside information.
R13: Definition and transparency of the compensation of executive officers	Y	The level and terms of executives' remuneration are based on the following key principles: completeness, balance and measurement, coherence with market and Group remunerations and based on the Company and Group performances. The annual disclosure of these remunerations to shareholders is completely transparent. There are no more variable items in executives' remuneration (see chapter 4 of this document).
R14: Preparation for the succession of executive officers	Y	The subject of the succession of executives, the CEO and the Executive Vice-President was entered on the agenda of a recent Board of Directors meeting and will be entered regularly in the future.
R15: Corporate officers and employment contracts	Y	No employment contracts given to serving officers.
R16: Golden handshakes	Y	No provision for golden handshakes.
R17: Supplementary retirement schemes	Y	No supplementary retirement schemes
R18: Stock-options and attribution of bonus shares	Y	The corporate officers have not benefited from the attribution of bonus shares since 2007 and no stock-options have been attributed since 1999.
R19: Review of crucial points to monitor	Y	During a Board of Directors meeting in 2017, the directors formally confirmed that they have read and understood the MiddleNext Code's crucial points to monitor. On this occasion, they were asked to review them regularly.

5.3. DRAFT RESOLUTIONS SUBMITTED TO THE COMBINED SHAREHOLDERS' MEETING ON JUNE 14, 2018

The resolutions presented hereafter were approved by the Board of Directors and will be submitted to the Shareholders' Meeting. They may be completed by shareholders with the required authority, within the time-frames and procedures set out in the laws and bylaws. The rationale for certain resolutions is indicated in the management report or the report on corporate governance.

COMPETENCE OF THE ORDINARY SHAREHOLDERS' MEETING

First resolution

The Shareholders' Meeting, after having reviewed:
- the management report;
- the report on corporate governance,
- the auditors' report on the consolidated financial statements,

1) approve the consolidated financial statements for the year, which show net income attributable to the Group of €27.3 million,
2) approve, in addition, all of the operations and measures reflected in these financial statements or summarized in the Board of Directors' management report.

Second resolution

The Shareholders' Meeting, after having reviewed:
- the management report;
- the report on corporate governance,
- the auditors' report on the statutory financial statements,

1) approve the financial statements for the fiscal year, which show net book income of €1,158,267.70,
2) approve, in addition, all of the operations and measures reflected in these financial statements or summarized in the management report.

Third resolution

In light of positive retained earnings of €60,787,168.05 and profit for the year of €1,158,267.70, the Shareholders' Meeting notes that the distributable income stands at €61,945,435.74.

The Shareholders' Meeting decides to distribute a dividend of €0.06 per share, for a total* of €1,454,631.72. Retained earnings will then stand at €60,490,804.03.

* Calculation made based on the number of shares in circulation at, December 31, 2017 (i.e., 24,243,862), which will be adjusted if necessary.

The dividend will be paid on June 22, 2018.

The sum distributed this way between shareholders is fully eligible for the 40% tax allowance provided for in article 158-3.2° of the French General Tax Code.

Pursuant to the legal provisions, the following dividends were distributed during the past three fiscal years:
2014: €0.06 per share,
2015: €0.06 per share,
2016: €0.06 per share,

Fourth resolution

The Shareholders' Meeting approves and ratifies as needed the agreements the auditors reported on in their special report established pursuant to the provisions of article L.225-38 of the French Commercial Code.

Fifth resolution

The Shareholders' Meeting gives the Board of Directors complete and definitive discharge without reservation of its duties and management at December 31, 2017.

Sixth resolution

The Shareholders' Meeting decides to renew the Directorship of Mr. Luc de Chammard, for one year, namely until the day of the Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2018, who has declared that he accepts the renewal of his duties.

Seventh resolution

The Shareholders' Meeting decides to renew the Directorship of Mr. Bertrand Ducurtil, for one year, namely until the day of the Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2018, who has declared that he accepts the renewal of his duties.

Eight resolution

The Shareholders' Meeting decides to renew the Directorship of Mrs. Marie-Françoise Jaubert, for one year, namely until the day of the Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2018, who has declared that she accepts the renewal of her duties.

Ninth resolution

The Shareholders' Meeting decides to renew the Directorship of Mr. Jean-Louis Pacquement, for one year, namely until the day of the Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2018, who has declared that he accepts the renewal of his duties.

Tenth resolution

The Shareholders' Meeting decides to renew the Directorship of Mr. Hervé Pichard, for one year, namely until the day of the Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2018, who has declared that he accepts the renewal of his duties.

Eleventh resolution

The Shareholders' Meeting decides to renew the Directorship of Host Développement SAS, represented by Mrs. Daphné de Chammard, for one year, namely until the day of the Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2018, who has declared that she accepts the renewal of her duties.

Twelfth resolution

ex-ante "Say on pay"

The Shareholders' Meeting, having reviewed the report on corporate governance, approves the remuneration policy applicable to the Chairman and CEO, as presented in chapter 4 of said report.

Thirteenth resolution

ex-ante "Say on pay"

The Shareholders' Meeting, having reviewed the report on corporate governance, approves the remuneration policy applicable to the Executive Vice-President, as presented in chapter 4 of said report.

Fourteenth resolution

ex-ante "Say on pay"

The Shareholders' Meeting, having reviewed the report on corporate governance, approves the remuneration paid or attributed for FY 2017 to Mr. Luc de Chammard, Chairman and CEO, as shown in paragraph 4 of said report.

Fifteenth resolution

ex-ante "Say on pay"

The Shareholders' Meeting, having reviewed the report on corporate governance, approves the remuneration paid or attributed for FY 2017 to Mr. Bertrand Ducurtil, Executive Vice-President, as shown in paragraph 4 of said report.

Sixteenth resolution

Authorization for the Company to buy-back its own shares (valid 18 months)

The Shareholders' Meeting, ruling pursuant to the provisions of article L.225-209 of the French Commercial Code, after having reviewed the management report, authorizes, for a period not exceeding 18 months from this Meeting, the Board of Directors to purchase the Company's own shares in order to:

1) subsequently cancel them,
2) cover:
   a. stock option plans and other forms of allocating shares to employees and/or to Group officers, especially for Company profit sharing, a Company Savings Plan (CSP) or the allocation of free shares,
   b. financial securities conferring the right to receive Company shares,
3) support the share price through an Investment Service Provider via a liquidity agreement pursuant to the code of professional conduct of the Association Française des Marchés Financiers (French Association of Financial Markets),
4) hold purchased shares for subsequent use as exchange or payment on the occasion of an acquisition.

The shares may be purchased by intervening on the market or by purchasing blocks, without any specific limitation for such block acquisitions,

The maximum price at which the shares may be acquired is set at €30 per share.

The number of shares that can be purchased by the Company cannot exceed 10% of the Company's share capital, it being noted that the number of shares acquired with the view of subsequently being exchanged or used as payment as part of acquisitions cannot exceed 5% of the share capital.

For information, based on share capital at December 31, 2017 (comprising a total of 24,243,862 shares), the maximum number of shares that can be purchased by the company is 2,424,386, equivalent to a maximum purchase amount of €72,731,580.

This number of shares and the purchase price limit will be adjusted, if needed, during the Company's potential financial operations or decisions affecting the authorized share capital.

The Shareholders' Meeting grants all powers to the Board of Directors, which may delegate, for purposes of placing stock market orders, conclude agreements, make all declarations and perform all formalities with all organizations and, in general, do anything that is necessary.

The Shareholders' Meeting notes that this authorization supersedes any previous authorization for the same purpose.

The Board of Directors will give shareholders, as applicable, in its report to the annual Shareholders' Meeting, all information related to share purchases and sales actually carried out.

COMPETENCE OF THE EXTRAORDINARY SHAREHOLDERS' MEETING

Seventeenth resolution

Authorization to allocate bonus shares (valid 24 months)

The Shareholders' Meeting, after having reviewed the management report and the statutory auditors' special report pursuant to articles L.225-197-1 et seq of the French Commercial Code, authorizes the Board of Directors to allocate bonus shares from existing shares or shares to be issued by the Company, in one or more times, to members of the salaried personnel of the Company or affiliated companies within the meaning of article L.225-197-2 of the French Commercial Code, as well as officers pursuant to the provisions of article L.225-197-6 of the same code.

When the action involves issuing shares, the Shareholders' Meeting delegates to the Board of Directors all necessary powers for the purpose of approving one or more increases in the Company's capital (by capitalizing additional paid-in capital, reserves, profits or other items that can be legally and statutorily capitalized) resulting from the allocations of free common shares newly issued by the Company.

No more than 242,000 common shares of the Company can be allocated free of charge under this authorization, representing slightly less than 1% of the Company's share capital at December 31, 2017.

The minimum vesting period is set at two years. The Board of Directors will establish, at the time of each allocation, the vesting period at the end of which the allocation of the common shares will become definitive. This period cannot be less than the two years fixed in this authorization. However, the allocation of the shares to their beneficiaries will become definitive before the end of the vesting period in the event the beneficiary becomes disabled according to the classification in the second or third categories provided for in article L.341-4 of the French Social Security Code.

The minimum mandatory holding period has not been set by the Shareholders' Meeting. The Board of Directors will establish, where necessary, at the time of each allocation, the mandatory holding period that starts when the shares are allocated definitively. During the mandatory holding period, the shares are freely transferable in the event the beneficiary becomes disabled according to the classification in the aforementioned categories of the French Social Security Code.

The Shareholders' Meeting notes that when the allocation concerns shares to be emitted, that this authorization entails, to the benefit of the beneficiaries of bonus shares, the shareholders' waiver of their preemptive subscription right and, more generally, to any right to the common shares issued free of charge or from part of the reserves, profits or additional paid-in capital, which will serve, where appropriate, to increase share capital on the basis of this authorization.

The Shareholders' Meeting gives all powers to the Board of Directors, subject to the limits set out above, for the purposes of implementing this authorization and in particular to:

- allocate the bonus shares,
- fix the conditions and, where necessary, the criteria of allocating the common shares as well as, consistent with the legal provisions, the dates when the bonus shares will be allocated,
- determine the identity of the beneficiaries, the number of common shares allocated free of charge to each of them, the terms of allocating the shares and, where appropriate, the vesting period and the holding period for the shares allocated accordingly,
- decide to proceed based on the terms that it will determine, during the vesting period of the shares allocated free of charge, to make any adjustments in order to take into account the impact of operations on the Company's share capital and, in particular, to determine the conditions under which the number of common shares allocated will be adjusted,
- determine the terms and conditions of share issues that would be carried out under this authorization, especially the dividend date for new shares, and
- more generally, with powers of delegation in accordance with the law, to conclude any agreements, establish all documents, record capital increases following the definitive allocations, modify if necessary the bylaws accordingly, request the admission of the new shares for quotation, carry out all formalities and, in general, do anything that may be necessary.

The Board of Directors will inform the Shareholders' Meeting every year of the allocations carried out under this resolution pursuant to article L.225-197-4 of the French Commercial Code.

The period during which the Board of Directors can make use, in one or more times, of this authorization is fixed at 24 months from the date of this Meeting.

The Shareholders' Meeting notes that this authorization, when not used, supersedes any previous authorization for the same purpose.

Eighteenth resolution

Amendment of the bylaws concerning splitting share ownership

Having reviewed the management report and the report on corporate governance, the Shareholders' Meeting, voting under the conditions of quorum and majority required for extraordinary shareholders' meetings, decides to amend the bylaws by adding a paragraph 5) to article 8 – Rights attached to each share – written as follows:

"5) In case Company shares are donated with bare ownership with the donor retaining usufruct, the voting right for these split shares shall belong to the bare owner for all decisions, whether they are ordinary or extraordinary, except for decisions concerning the allocation of profits for which the voting right shall belong to the usufructuary.

Nineteenth resolution

Amendment of the bylaws concerning directors representing the employees

The Shareholders' Meeting, voting under the conditions of quorum and majority required for extraordinary shareholders' meetings, after having reviewed the report on corporate governance, decides to amend article 11 of the Company bylaws in order to insert in it the terms by which the Group committee appoints the director or directors representing the employees pursuant to the provisions of article L.225-27-1 et seq of the French Commercial Code and certain conditions of performing this appointment.

Article 11 of the bylaws – Administration – is consequently amended as follows:

"11.1 The Company is administered by a Board of Directors, which determines the orientations for the Company's activities and sees to it that they are implemented.

Subject to any powers expressly granted to Shareholders' meetings and within the confines of the corporate purpose, the Board deals with all matters to do with the smooth running of the Company and governs the Company's business through its deliberations.

The Board of Directors may carry out any controls and checks it deems appropriate.

The Board of Directors, appointed pursuant to the Law, is comprised of three to eighteen members. This last number may be increased under the conditions provided for by Law. The directors representing the employees are not taken into account in the calculation of the maximum or minimum number of directors.

Throughout the term of his appointment, each director, other than the directors representing the employees, must own at least one share.

The directors, other than those representing the employees, are appointed for one year and are eligible for reappointment. The duties of a director, other than those representing the employees, expire at the end of the Ordinary Shareholders' Meeting held to approve the financial statements for the past year in the year when the director's term of office expires.

11.2 The Company's Board of Directors also includes one director appointed by the Group committee as provided for in article L.2331-1 of the French Labor Code when the number of Company directors is less than or equal to twelve and two directors appointed when this number is greater than twelve. When two directors must be appointed, the Group committee appoints one woman and one man.

A director appointed by the Group committee must hold an employment contract with the Company or one of its direct or indirect subsidiaries whose head office is located in France, for at least two years before their appointment and corresponding to an actual job pursuant to article L.225-28 of the French Commercial Code.

The director representing the employees is appointed for a three-year term. His term of office may be renewed once.

The director takes up his duties at the first Board of Directors meeting held after his appointment. The next director takes up his duties on expiry of the previous director's term. The said term of office expires at the end of the Shareholders' Meeting held to approve the financial statements for the past year in the year when the director's term of office expires the second time or the Group committee decides not to renew it. Nevertheless, the term of office of any director representing the employees ends by operation of law and in advance under the conditions provided for by Law or the bylaws and in particular in case his employment contract is terminated (subject to a case of an intragroup transfer) or in case the company employing him leaves the Group.

The term of office of a director representing the employees is incompatible with other appointments as a representative, especially as a trade union representative or as a member of the Group committee pursuant to the provisions of article L.225-30 of the French Commercial Code.

When the number of members of the Board of Directors, initially greater than twelve, becomes less than or equal to twelve, the term of office of the director appointed by the Group committee whose end of term is closest is maintained until the end of his term. No new appointment is made or, where applicable, the term of office is not renewed, if this situation remains at the end of the term of office.

If the conditions governing application of article L.225-27-1 of the French Commercial Code are no longer fulfilled, the term of office of the director or directors representing the employees expires at the end of the Board of Directors meeting during which the Board notes that the Company no longer falls within the scope of application of the aforementioned article.

If, for any reason whatsoever, a post of director representing employees becomes vacant, the vacant post is filled pursuant to the conditions set out in article L.225-34 of the French Commercial Code. The replacement must be appointed by the Group committee and fulfill his directorship for the time remaining on his predecessor's term of office. Until the date of this replacement, the Board of Directors may rightfully meet and deliberate.

The acceptance of the directorship representing employees and his assumption of duties entails that the person concerned undertakes to assert at any time that he satisfies the conditions required by the legal and regulatory provisions and the stipulations of the bylaws concerning the fulfillment of this directorship. Any appointment that occurs in violation of these provisions or stipulations is invalid. Nevertheless, and subject to the legal and regulatory provisions, this invalidity does not invalidate the deliberations the director representing employees would have participated in.

In addition to the provisions of article L.225-29 of the French Commercial Code, it is stipulated that if the Group committee fails to appoint a director representing employees, pursuant to the Law and the current bylaws, for any reason whatsoever and especially if the Group committee is disbanded or is late, the validity of the Board of Directors' deliberations is not affected.

The director representing employees has the same status, the same powers and the same responsibilities as the other members of the Board of Directors.

The procedures for appointing directors representing employees and the conditions for performing their duties, which would not be specified by the legal and regulatory provisions or by the current bylaws, are fixed by the Company's senior management.

JOINT AUTHORITY

Twentieth resolution

The Shareholders' Meeting gives all powers to the holder of a copy or extract of the minutes of this Meeting to fulfill all legal filing and publication formalities.

6 GENERAL INFORMATION CONCERNING THE COMPANY AND ITS CAPITAL

6.1. IDENTITY CARD

Company name

NEURONES.

Trading name

NEURONES.

Registered head office

Immeuble "le Clemenceau 1" – 205, Avenue Georges Clemenceau -

92000 Nanterre (France).

Legal form

The Company was set up as a French société anonyme (limited liability Company) with a Board of Directors governed by the French Commercial Code and the decree of March 23, 1967 on commercial companies.

Nationality

French.

Date of incorporation and duration of the Company

The Company was set up on December 5, 1984 for a term of 99 years, as of its registration in the Registre du Commerce et des Sociétés (French Company Trade Register) on January 15, 1985.

It will end on January 15, 2084, unless an extraordinary shareholders' meeting decides to extend the term or disband the company early.

Corporate charter (Article 3 of the bylaws)

The purpose of the company, in France, the French overseas departments and abroad, is to carry out directly or indirectly all transactions concerning: consulting, design, production, development, deployment, installation, support, operation and distribution of any IT and electronic systems, both for services and software, applications and hardware, and generally any operation related to information, communication and training processes.

To achieve its purpose, the company may:
- do business, subcontract, represent and commission,
- import and export,
- own, acquire, lease, fit out, equip or convert any building, work site, store or warehouse,
- take out interests or holdings, by any means or methods, in any similar company or company likely to promote the development of its business, and
- generally carry out any commercial, industrial and financial operations pertaining directly or indirectly to its purpose.

Company Trade Register

R.C.S. Nanterre 331 408 336.

Fiscal year

The fiscal year starts on January 1 and ends on December 31 of each year.

Share capital

At December 31, 2017, the Company's share capital amounted to €9,697,544.80 divided into 24,243,862 fully paid-up shares with a face value of €0.40.

Place where documents and information concerning the company may be consulted

The company bylaws, financial statements and reports, and the minutes of Shareholders' Meetings, can be consulted at its head office.

Statutory distribution of profits (Article 18 of the bylaws)

The profit or loss for the financial year consists of the difference between the income and expenses for the fiscal year, after deducting amortization, depreciation and provisions, as calculated from the income statement.

Any earlier losses are deducted from the year's profit, then at least 5% is deducted and allocated to a reserve fund known as "legal reserves".

This deduction ceases to be mandatory when the legal reserves amount to one tenth of the share capital.

If there is an outstanding balance available, the Shareholders' Meeting decides to either distribute it, carry it over again, or enter it under one or more reserve items, which it decides how to allocate and use.

Once it has noted the existence of reserves at its disposal, the Shareholders' Meeting can decide to distribute sums deducted from these reserves. If so, the decision must clearly state from which reserves the sums are to be deducted.

For all or part of the dividend or interim dividend to be distributed, the Shareholders' Meeting is entitled to give shareholders the choice of whether the dividend, or interim dividend, is paid in cash or shares.

Identifiable bearer shares (Article 7 of the bylaws)

The Company is entitled, at any time and at its own expense, to ask the institution in charge of paying compensation for the shares to identify the shareholders giving proxy votes for its shareholder meetings, either immediately or in the future, as well as the number of shares held by each of them and, if applicable, any restrictions on the shares.

The Group's organization

At December 31, 2017, NEURONES is a group comprised of a holding company (NEURONES S.A.) and 47 subsidiaries and "sub-subsidiaries" (control, direct or indirect, potentially assumed, as defined in article L.233-3 of the French Commercial Code). The subsidiaries are all French and the head offices are grouped in the Paris region: Nanterre, Neuilly-sur-Seine, Levallois-Perret and Paris. The head offices of the "sub-subsidiaries" are located in the Paris region, in Nantes, in Coutances and abroad (Tunisia, Romania, India, Germany, Switzerland, Belgium and Singapore). Five companies whose head offices are in Nanterre or Paris run 10 secondary sites in French regions (2 in Nantes, 2 in Angers and 1 in Lille, Lyon, Bordeaux Tours, Caen and Orléans).

The legal forms of the subsidiaries and "sub-subsidiaries" are for the most part Simplified Joint Stock Companies (34 of them, all French), without a Board of Directors or a Supervisory Board, Limited Liability Companies or equivalent legal forms for companies under foreign law (11 of them including 10 abroad), and two Limited Companies with a Board of Directors (Tunisia and Switzerland). The executive managers of the subsidiaries hold a minority stake (from less than 1% to slightly more than 49%) of the capital of the company they manage. Although they have the most extensive powers vis-a-vis third parties, this delegation is governed by the bylaws as an internal measure and the different officers must first request authorization from the Partners' Meeting for any decision exceeding day-to-day management.

6.2. CAPITAL AND SHARES

Securities providing access to the capital

There are no current stock options.

In FY 2017, there was one bonus share attribution plan (plan F) in the vesting period. It should be noted that this plan was decided by the Board of Directors, which allocated 43,000 common shares free of charge based on the authorization given by the Shareholders' Meeting of June 9, 2016. At December 31, 2017, 43,000 shares are still in the vesting period, representing approximately 0.18% of the capital.

Company buy-back of its own securities

The Shareholders' Meeting held on June 9, 2016 authorized the Company to repurchase its own shares. The Company did not buy back any of its own shares during this program.

A new authorization, superseding the aforementioned authorization, was given for the same purpose by the Shareholders' Meeting of June 8, 2017. On the basis of this authorization, the Board of Directors did not decide in 2017 to start the repurchase program.

Consequently, at December 31, 2017, there was no active share repurchase program and furthermore, the company does not hold, directly or indirectly, any treasury shares.

Authorized capital

The Shareholders' Meeting of June 4, 2015, authorized the Board of Directors to issue in France or on international markets during the subsequent 26 months (or until August 4, 2017), shares or securities giving access, immediately or at term, to company capital.

These issues could be realized with or without the maintenance of preemptive subscription rights and could not give rise to an increase in share capital greater than € 11 million (other than adjustments related in particular to the incorporation of earnings, reserves or additional paid-in capital or the maintenance of rights of the holders of securities). Furthermore, the gross proceeds from issues of securities representing claims giving access to the capital could not exceed €90 million.

Furthermore, independently of these limits, the nominal amount of the common shares likely to be issued following authorization to increase share capital in order to compensate the contributions in kind with equity securities or financial securities that confer entitlement to the share capital could not exceed 10% of the share capital.

All of these authorizations were renewed with the same characteristics and for the same term (i.e., until August 8, 2019) by the Shareholders' Meeting of June 8, 2017.

The Board of Directors did not use these authorizations.

Thresholds and crossing of thresholds

Under Article L.233-7 of the French Commercial Code, every natural person or legal entity, acting alone or in concert, has the obligation to inform the Company and the AMF if they end up holding, directly or indirectly, more than one twentieth (5%), one tenth (10%), three twentieths (15%), one fifth (20%), one quarter (25%), three tenths (30%), one third (33.3%), one half (50%), two thirds (66.6%), nine tenths (90%) or nineteen twentieths (95%) of the capital or voting rights. This information is also given under the same conditions when the capital stake or voting rights become less than the aforementioned thresholds.

The information should be sent to the company and to the AMF (French financial markets authority) no later than before the close of trade on the fourth trading day following the day the threshold was crossed. The form of declaration and the methods of filing with the AMF are fixed by the AMF's instructions. The AMF then makes the information public within three trading days following receipt of the full declaration.

When the thresholds of one tenth, three twentieths, one fifth and one quarter of the capital or voting rights are crossed, the person required to report the fact must also declare to the Company and to AMF, no later than before the close of trade on the fifth trading day following the day the threshold was crossed, the objectives it intends to pursue over the next six months. The Autorité des Marchés Financiers (French Financial Markets Regulator) also makes the information public.

In addition, pursuant to Article 16 of the bylaws, every shareholder, acting alone or in concert, has an obligation to inform the Company when he ends up directly or indirectly holding shares representing 2% of the capital or voting rights. This duty of disclosure applies to every 2% fraction of the capital or voting rights.

During FY 2017, the following statutory threshold crossings were declared to the company:

- Tocqueville Finance crossed below the statutory threshold of 2% of the capital on May 15;
- Sycomore Asset Management crossed above the statutory threshold of 2% of the voting rights on October 11.

Double voting right (Article 17 of the bylaws)

Shareholders have as many voting rights as they have shares, with no restrictions other than those laid down by law.

However, a double voting right is granted to all fully paid shares provided the shares have been registered in the same shareholder's name for at least four years.

Change in share capital since the company's founding

Date	Type of operation	Capital increase	Additional paid-in capital and contribution	Number of shares issued	Cumulative amount of share capital	
					Number of shares	Capital
December 1984	Company formed	-	-	-	8,000	F800,000
8/15/1985	Capital increase	F210,000	-	2,100	10,100	F1,010,000
6/30/1993	Company buy-back of its own securities and capital reduction	-	-	(4,954)	5,146	F514,600
6/30/1993	Capital increase by incorporating reserves and raising the share face value from F100 to F200	F514,600	-	-	5,146	F1,029,200
12/30/1997	Capital increase by incorporating reserves and raising the share face value from F200 to F4,000	F19,554,800	-	-	5,146	F20,584,000
11/29/1999	Capital increase by incorporating reserves, converting capital into euros and raising the share face value to €1,500	F30,049,320.83	-	-	5,146	€7,719,000
11/29/1999	Share face value divided from €1,500 to €2	-	-	-	3,859,500	€7,719,000
4/5/2000	Share face value divided from €2 to €0.04	-	-	-	19,297,500	€7,719,000
5/23/2000	Capital increase during the listing on the stock exchange (Nouveau Marché/New Market)	€1,389,420	€29,872,530	3,473,550	22,771,050	€9,108,420
12/31/2004	Capital increase following the exercise of BSPCE (company creator stock options)	€30,488	€213,416	76,220	22,847,270	€9,138,908
12/31/2005	Capital increase following the exercise of BSPCE (company creator stock options)/stock options	€166,260	€1,163,820	415,650	23,262,920	€9,305,168
12/31/2005	Decrease in capital following the cancellation of a repurchased block of shares	-	-	(98,000)	23,164,920	€9,265,968
12/31/2006	Capital increase following the exercise of stock options	€33,353.60	€276,359.60	83,384	23,248,304	€299,321.60
12/31/2007	Capital increase following the exercise of stock options	€53,809.20	€402,778.20	134,523	23,382,827	€9,353,130.80
12/31/2008	Capital increase following the exercise of stock options	€10,916.40	€89,871.40	27,291	23,410,118	€9,364,047.20
12/31/2009	Capital increase following the exercise of stock options	€25,708	€238,298	64,270	23,474,388	€9,389,755.20
12/31/2010	Capital increase following the exercise of stock options	€34,682	€329,517	86,705	23,561,093	€9,424,437.20
12/31/2011	Capital increase following the exercise of stock options	€24,666.40	€253,087.50	61,666	23,622,759	€9,449,103.60
12/31/2012	Capital increase following the exercise of stock options and the delivery of shares to the beneficiaries of the Plan C bonus share allocation	€54,762	€85,775.50	136,905	23,759,664	€9,503,865.60
12/31/2013	Capital increase following the exercise of stock options and the delivery of shares to the beneficiaries of the Plan D bonus share allocation	€80,647.60	€(11,911.10)	201,619	23,961,283	€9,584,513.20
12/31/2014	Capital increase following the exercise of stock options	€8,190.40	€101,915.40	20,476	23,981,759	€9,592,703.60
12/31/2015	Capital increase following the exercise of stock options and the delivery of shares to the beneficiaries of the Plan E bonus share allocation	€99,847.60	€301,384.10	249,619	24,231,378	€9,692,551.20
12/31/2016	Capital increase following the exercise of stock options	€4,993.60	€42,445.60	12,484	24,243,862	€9,697,544.80
12/31/2017	-	-	-	-	24,243,862	€9,697,544.80

* €64,088.90 of additional paid-in capital (in relation to the capital increase following the exercise of stock options), less €76,000 deducted from the "additional paid-in capital" item for the capital increase arising from the issue of new shares (in connection with the delivery of bonus shares).

6.3. THE MARKET FOR COMPANY SHARES

NEURONES' shares are listed in compartment "B" of the only list (Eurolist) on Euronext Paris (ISIN code: FR0004050250 – Bloomberg code: NEUR FP – Reuters code: NEUR.LN). The shares have been quoted continuously since the Group was listed (on May 23, 2000). NEURONES is included in the CAC All Shares, CAC Technology, CAC Soft & C.S. and FRD mid-cap stock indexes.

The trends in the share price and the volumes traded in 2017 "on the market" and only on the Euronext platform were as follows:

Month	Highest price *(in euros)*	Lowest price *(in euros)*	Average closing price *(in euros)*	Number of shares traded *(in thousands)*	Number of trading sessions
January 2017	22.94	21.5	22.04	100,129	22
February 2017	24.39	22.1	23.32	188,382	20
March 2017	24.99	23.55	24.51	229,899	23
April 2017	25	22.05	23.41	180,839	18
May 2017	27.13	24.7	26.19	109,269	22
June 2017	27.35	25.5	26.8	68,009	22
July 2017	29.49	26.66	27.93	166,160	21
August 2017	29.8	26.8	27.77	83,185	23
September 2017	29.15	27.11	28.5	62,250	21
October 2017	28.8	26.9	27.96	111,041	22
November 2017	29.09	25.9	27.55	168,201	22
December 2017	28.85	26.4	28.37	90,362	19
Highest, lowest and average for 2017	**29.8**	**21.5**	**26.22**	**1,557,726**	**21**

Source: Euronext.

One the Euronext, the average volume traded daily during 2017 was approximately 6,100 shares. This does not take into account certain exchanges of sometimes significant blocks of shares conducted "off the market" nor transactions carried out on alternative platforms.

6.4. EMPLOYEE STATUTORY PROFIT SHARING AND OPTIONAL PROFIT SHARING

In addition to potential bonus share attribution plans, whose information is indicated in the special report provided for in article L.225-197-4 of the French Commercial Code, included in the management report and in Note 9.2 of the notes to the consolidated financial statements of this annual report, employees are entitled to statutory profit sharing when their business entity satisfies the required conditions. During the past five years, the total amounts allocated to statutory profit sharing and optional profit sharing for employees were as follows:

(in € thousands)	2013	2014	2015	2016	2017
Statutory profit sharing	2,334	2,724	2,127	2,344	2,257
Optional profit sharing	97	0	120	193	0
TOTAL (statutory + optional profit sharing)	2,431	2,724	2,247	2,537	2,257

6.5. PERSONS IN CHARGE OF AUDITING THE FINANCIAL STATEMENTS

Statutory Auditors

KPMG S.A.
Tour Eqho – 2, avenue Gambetta – 92066 Paris La Défense cedex
Represented by Mr. Philippe Saint-Pierre.
Date of first appointment: appointed during the Shareholders' Meeting of June 25, 2004.
Date of current appointment: renewed during the Shareholders' Meeting of June 8, 2017.
End of appointment: appointment expires at the Shareholders' Meeting called to rule on the financial statements for the year ended December 31, 2022.

BM&A
11, Rue Laborde – 75008 Paris
Represented by Mr. Jean-Luc Loir.
Date of first appointment: appointed during the Ordinary Shareholders' Meeting of June 30, 1997.
Date of current appointment: renewed during the Combined Shareholders' Meeting of June 4, 2015.
End of appointment: appointment expires at the Ordinary Shareholders' Meeting called to rule on the financial statements for the year ended December 31, 2020.

Alternate Auditors

SALUSTRO REYDEL
Tour Eqho – 2, avenue Gambetta – 92066 Paris La Défense cedex
Represented by Mr. Jean-Claude Reydel.
Date of first appointment (ongoing): appointed during the Shareholders' Meeting of June 8, 2017.
End of appointment: appointment expires at the Shareholders' Meeting called to rule on the financial statements for the year ended December 31, 2022.

Mr Éric Blache
11, Rue Laborde – 75008 Paris
Date of first appointment: appointed during the Combined Shareholders' Meeting of June 24, 2005.
Date of current appointment: renewed during the Combined Shareholders' Meeting of June 4, 2015.
End of appointment: appointment expires at the Ordinary Shareholders' Meeting called to rule on the financial statements for the year ended December 31, 2020.

Person in charge of information

Luc de Chammard – NEURONES – Immeuble "Le Clemenceau 1"
205, Avenue Georges Clemenceau – 92000 Nanterre (France)
Tel:: +33 (0)1 41 37 41 37

Affidavit of the person responsible for the registration document

"I hereby certify, after having taken all reasonable measures for this purpose and to the best of my knowledge, that the information contained in this registration document truly and fairly reflects the existing situation and contains no omissions that could impair its full meaning.

I certify, to the best of my knowledge, that the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and earnings of the Company and all of its consolidated subsidiaries, and further that the management report, included in this document, presents a true and fair view of the ongoing development and performance of the business, earnings and financial position of the Company and all of its consolidated subsidiaries as well as a description of the main risks and uncertainties to which they are exposed.

I have obtained from the statutory auditors a certificate of completion of audit affirming that they have verified the information related to the financial position and financial statements presented in this registration document. They also affirm that they have read this document in its entirety. The auditors' certificate of completion of audit does not contain any observations."

6.6. RELATED INFORMATION

Information included for reference purposes

The following information is included in this registration document for reference purposes:

- the consolidated financial statements for FY 2014 established in accordance with the French accounting standards, plus the related statutory auditors' report, shown on pages 59 to 79 of the 2014 annual report filed with the AMF on April 16, 2015 under number D. 15-0362.
- the consolidated financial statements for FY 2015 established in accordance with the French accounting standards, plus the related statutory auditors' report, shown on pages 58 to 78 of the 2015 annual report filed with the AMF on April 27, 2016 under number D. 16-0413.
- the consolidated financial statements for FY 2016 established in accordance with the French accounting standards, plus the related statutory auditors' report, shown on pages 69 to 89 of the 2016 annual report filed with the AMF on April 27, 2017 under number D. 17-0446.

Publicly available documents

The following documents in particular are available on the company website (www.neurones.net):

- this Registration Document 2017,
- the 2014, 2015 and 2016 Registration Documents.

The company bylaws can be consulted at NEURONES' head offices: 205, Avenue Georges Clemenceau – 92000 Nanterre (France).

The Registration Documents 2014, 2015 and 2016, and this Registration Document 2017, are also available on the AMF website (www.amf-france.org).

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

2017 REGISTRATION DOCUMENT

This registration document was filed with the Autorité des Marchés Financiers (French Financial Markets Regulator) on April 24, 2018 in accordance with Article 212-13 of its general regulations. It may be used as support for a financial transaction if it is accompanied by an offering memorandum certified by the AMF. This document was drawn up by the issuer and incurs its signatories' liability.

This reference document is available at www.neurones.net – Investors – Regulated information.

TABLE OF CONCORDANCE

This table identifies the information to be included in the annual report filed as a registration document.

GLOSSARY

The terms defined below essentially relate to NEURONES' various businesses. This glossary is intended to facilitate the understanding of technical terms and acronyms used in this annual report.

Agile (agile methods): software development technologies defined by the Agile manifesto (2001), as opposed to "classic" methodologies (v-model). Agile methods aim to be more pragmatic than traditional methods. Their iterative nature means that they favor regular deliveries and promote the acceptance of functional changes during the project. Such projects heavily involve the client or users meaning that their requests are met with greater reactivity. The methodology is based on four values which are translated into twelve shared principles. Agile methods include: RAD (rapid application development, started in 1991), the Scrum methodology (1995) and XP Extreme Programming (1999).

AJAX (Asynchronous JavaScript And XML): application development environment that provides a very rapid response to Internet user requests: retrieves only data and executes the JavaScript code via the user's browser (instead of sending whole XHTML pages).

Assistance to contracting authorities (French AMO: Assistance à Maîtrise d'Ouvrage): Company that assists contracting authorities in defining their requirements (establishing specifications and managing calls for tender), and in supervising their relationship with the prime contractor for the duration of the project, the project acceptance phase and the warranty period.

Analytics: data analysis. See Big data.

API (Application Programming Interface): interface that allows software programs to communicate with each other.

Technical support (or on a time basis): this involves providing the expertise of a consultant at a fixed price for a given period. Service companies only have an obligation to provide resources. The end customer is therefore in charge of the project management. As such, the end customer does not need to share the overall project specifications with the service provider early on.

BAM (Business Activity Monitoring): BAM aims to monitor business processes (applications and processes involving human intervention): performance, availability, accessibility, etc. A BAM project requires the implementation of tools to gather data concerning processes and a tool for compiling and presenting the results. Essentially, it is an additional layer to BPM tools (see below). Publishers are either "pure play" BAM providers (such as Systar), BPM players (such as Tibco) or decision-process specialists (such as Informatica and Cognos).

Big Data: data sets (Web, mobile telephone systems, cameras, sensors, transactions, etc.) that are so large and so varied (relational, semi-structured, unstructured, etc.) and which are generated at such high speed that they become difficult to store in traditional or conventional databases and also difficult to analyze ("Big Analytics"). Researchers therefore need to develop new tools to store (NoSQL, Google MapReduce, massively parallel databases such as Hadoop, etc.), to analyze and to make the most of this data with a low information density (analytics, search, algorithms, inferential statistics, etc.). Big Data has applications in large scientific programs, public programs (e.g., tax data comparison, etc.), digital marketing (definition of client profiles by analyzing transactions, Facebook photos, websites consulted) or financial markets (information processing for trading robots).

BPM (Business Process Management): set of methods and application tools that automate and optimize company processes, whether they are internal to the company or involve third parties. Business processes are integrated into BPM. A typical business process is customer management: their orders, online payments, file validation, management of their potential claims, etc. While independent of operational data and business applications, BPM applications draw on the latter, often using Enterprise Application Integration (see EAI below). Leading BPM publishers are: Tibco Software, IBM Websphere Process Server, Webmethods from Software AG and Oracle Weblogic.

BPO (Business Process Outsourcing): outsourcing of a function or process, not just IT: accounting, payroll, subscriber management, etc.

Business Intelligence (BI): term referring to all disciplines related to decision-making, from "data warehouse" input to the publication of information (on the Internet or other media), including the creation of multidimensional OLAP cubes. This also includes datamining and analytical processing applications. BI is often integrated in the most recent concept of "data analytics."

BYOD (Bring Your Own Device): the use of your own personal equipment (smartphone, laptop, tablet) in a professional context. This growing new trend poses technical, legal and social questions (employment contract, internal regulations, IT charter) and raises security and data protection issues. BYOD may be limited to certain applications and certain types of users (e.g., temporary subcontractors or PhD students).

Service Center: structure providing IT services (TPAM, operations, service desk, etc.) for several clients and located in the premises of the service provider Digital Services Company. This term is sometimes used more broadly and can concern non-pooled services (mono client) or even a team based on the client site. In all cases, the Service Center teams are specialized and follow well defined processes.

Chatbot: program that dialogs with a user while trying to reproduce a human conversation. The Internet user is asked to formulate his request in natural language, which will be refined by a friendly exchange. The chatbot is the natural extension of resolution trees, very practical to treat simple incidents efficiently at a high frequency as well as "self-help" solutions. Its implementation requires a "heavy" configuration of the entire knowledge base. The hopes, sometimes excessive, are driven by expectations of chatbots, which nevertheless are spreading and are able to resolve certain incidents or requests without human intervention.

Trojan Horse: a small program that is installed on a computer without the user knowing and which carries out malicious operations on their workstation. This category includes "spyware", a software program that transmits data from infected hard drives to other entities. The program mainly spreads through infected emails. Once activated, it can encrypt the user's personal data and demand a ransom for unlocking them. The alert message sets out a deadline with the threat of deleting the data if the ransom is not paid. In 2015, Trojan Horses appeared to be the most frequent and did the most damage in organizations.

Thin client: term that refers to applications whose main operations are carried out on the server, and not on the user's workstation. The term became widespread to describe Citrix and MetaFrame thin client solutions. In the context of “Web” applications, the web browser is a thin client. With the arrival of Ajax, the term “thin client” is also used for applications that leave virtually all processing to the server, and the term “rich client” is used for applications that perform most of the processing on the user’s workstation, in Javascript.

Cloud computing: provision of Infrastructure as a Service (IaaS), Platforms as a Service (PaaS) and Software as a Service (SaaS) on demand over private or public networks. For infrastructures, we distinguish between the public cloud (e.g., Microsoft Azure, Amazon, Web Services, etc.) and the private cloud. There are many forms of private cloud: dedicated private cloud (with dedicated infrastructures), standard private cloud (with infrastructures shared among several companies). A private cloud architecture is deemed “complete” if the client can order services on a self-service basis (provisioning), if the resources are automatically allocated to the client and, lastly, if the services are invoiced according to use. In this way, many companies make significant gains thanks to virtualization and quick access to powerful shared infrastructures. Basically, in a private cloud, users will pay their consumption “on demand” based on a number of server instances (CPU and memory), terabytes of storage and bandwidth. The provider will have a secure infrastructure consisting of virtual servers, storage capacity, networks and shared and redundant backups (including backup sites). Sometimes companies use several private and/or public clouds at the same time. This is called multi-cloud or hybrid cloud. Through cloud computing solutions, companies free themselves from managing all or part of their IT infrastructure (IaaS, PaaS) and/or from managing applications (SaaS). The use of DevOps associated with the widespread use of the cloud profoundly changes IT departments’ ways of doing business (processes, skills, etc.).

CMDB (Configuration Management Data Base): a database describing the components of an information system and their inter-relations. It tracks all the changes made to their configuration. CMDB is a fundamental component of the ITIL architecture of an IT facility. Indeed, there are significant practical difficulties in ensuring good documentation concerning an IT system in production (documentation by process, deciding upon the level of detail, redundancy, difficulties in ensuring updates, history management, etc.).

CMM (Capability Maturity Model): a reference model of best practices in software development and maintenance. The model helps to optimize processes and evaluate the business on a maturity scale with five levels (initial, repeatable, defined, managed, optimized). Since 2006, the latest model – CMMI (I: Integration) – has been used.

CMS (Content Management System): design and dynamic update of Websites or multimedia applications with the following functionalities: collaborative working with several people working on the same document at the same time, workflow with the possibility of putting document content online, separation of form and content management, content structuring (using FAQs, documents, blogs, forums, etc.), possibility of ranking users according to a hierarchy and attributing roles and permissions (anonymous user, administrator, contributor, etc.) CMSs should not be confused with Electronic Document Management (EDM) systems, which manage content within a Company.

COBIT (Control Objectives for Information and Technology): reference model for evaluating IT risks and investments, and more generally IT governance.

Collaborative platform: set of tools and applications enabling collaborative work in a department, Company or group between people located on different sites. This tool set includes functions for communication (rapid peer-to-peer messaging, audio-conferencing, etc.), collaboration (file sharing with common updates), project management tools, process or workflow management, rights management (directory with photo gallery), a knowledge base, a discussion forum (with grading system for articles), multi-user instant messaging, an archiving system, personal pages, etc.

Continuous Delivery: in application development, all techniques which aim to produce new versions, very frequently and almost continuously in some situations (e.g., delivery of new functions or patches on a weekly basis or even more frequently), whilst reaching such a low number of bugs that a bug tracker or a simple bug inventory monitor are no longer useful. These techniques mainly use version managers and environment and data management as well as test strategies, test automation and pipeline management of delivery.

Cookie (see DMP also): information sent by an Internet server to the web surfer’s terminal, which the terminal then returns each time the said server is queried. Non-executable, the cookie is the equivalent of a small text file, stored on the web surfer’s terminal. Cookies have existed since the 1990s. Website developers use them to store users’ data in order to facilitate browsing and to enable certain functionalities. Cookies contain residual personal information that can be used by data marketing specialists (see DMP). A cookie can be used for an authentication or to store specific information about the user, like site preferences or the contents of an electronic purchase basket. Recent browsers let everyone decide whether he will accept or reject cookies.

CRM (Customer Relationship Management): all Company functions aimed at winning and retaining clients. This term, which has replaced the term “front office”, groups together the management of marketing operations, sales support, customer service, the call center and service desk. The CRM software packages on the market perform one or more of these functions.

CTI (Computer Telephony Integration): CTI manages the exchange of information (mainly call numbers) between telephone systems and computer systems. Help desk or CRM applications are then used to link a call number to information (stored in a database) concerning the caller or the person called. The information is then displayed in real time on the user’s screen. CTI can be implemented locally on a workstation or in a call center. The leading publisher is Genesys.

Cyber security: see IT Security. For specialists, cyber security has a larger dimension than IT security or information security since it includes cyber defense. In this document, the two terms are used indifferently.

Data centers: processing centers that provide gains for companies by pooling equipment, software and services. Today, consolidated and virtualized servers in high-density cabinets and shared storage and backup systems (which all consume a lot of energy in terms of operation and cooling) have led to sustained growth in the hosting market, since conventional machine rooms are not suited to the volumes involved. The latest generation of data centers provide the same computing power but consume less and less electricity. Despite this rapid development, it should not be forgotten that the main issue for a data center is to manage servers effectively: supervision, operation, backups, etc.

DevOps: movement looking to bring “Dev” (application development) teams and “Ops” (operations) teams together around shared objectives. DevOps should not be confused with agile development methodologies (see above) even though they are often implemented together. In practical terms, DevOps rely on implementing software “tool chains” from development to production (e.g., Gitub, Jenkins, XL Deploy, etc.) making tightly spaced releases possible. The teams that work in DevOps mode are small (about 10 people: “pizza teams” or “feature teams”) and bring together new profiles: product owners (PO), scrum masters, Dev engineers, Ops engineers. They manage their application or their group of applications without load splitting and theoretically without needing the support of other teams. This new organization has been implemented by new participants, generally Internet “pure players.” It is harder to implement in environments with substantial older legacy applications and highly varied technologies.

Digital Transformation: use of new, potentially disruptive IT technologies (mobility, agile methods, DevOps, continuous delivery, collaborative tools, social networks and blogs, Internet of Things, big data, analytics, security, cloud computing, high-speed networks, etc.) to create or rethink products and service, implement new economic models (disintermediation, substitution, etc.), improve operational efficiency or implement new internal collaboration methods. The digital transformation was at first the prerogative of marketing, commercial and customer relations departments. It is all about creating new uses, rethinking the "customer journey" by including a digital dimension. Digital transformation requires a mixed professional and technological approach with a critical upstream innovation phase (models, innovation workshops, serious games, etc.) It affects all sectors but above all the transport, hotel and leisure, banking and insurance sectors (with the arrival of Fintech companies). It profoundly changes the relationship between the IT department and the other business lines within a Company. Digital transformation is now spreading towards the optimization of operational and support processes as well as the development of a digital and collaborative culture internally.

DMP (Data Management Platform, see Cookie also): platform managing the marketing data of prospects and clients, especially cookies and their historization. DMPs are often enriched with external data (M/F, age, consumption habits, revenues/CSP, client or not, etc.) and interfaced with the CRM with which they must not be confused. The DMPs can be used to create more precise client/prospect segments and to enrich media strategies. Leading publishers: BlueKai (Oracle) and Krux (Salesforce).

EAI (Enterprise Application Interface or Enterprise Application Integration), ESB (Enterprise Service Bus): IT tools that facilitate communication between Company applications that were not designed to work together (production management with inventory management, CRM with ERP - see definitions above and below – or two ERP systems within the same group, etc.) Although often achievable through an exchange of files, but without the benefit of real time, the integration of two applications requires the development of interfaces (called connectors) between their corresponding APIs (see definition above). Different API standardization projects have been conducted, but without much success. As such, specific EAI solutions were developed which manage a limited number of software packages on the market. The Enterprise Service Bus (ESB) is now considered to be the new generation of Enterprise Application Integration (EAI) built based on standards such as XML, Java Message Service (JMS) or web services. The key difference between the ESB and EAI is that ESB provides a totally distributed integration thanks to the use of software components called services. These "mini-servers" contain the integration logic and can be placed anywhere on the network.

ECM (Enterprise Content Management): see Content Management.

e-learning: refers to all distance-learning techniques, notably using the Internet, Intranets, teleconferencing tools, etc.

ERP (Enterprise Resource Planning): an ERP system groups together all the management applications required in a company, whether "horizontal" applications (accounting, human resources management, etc.) or "vertical" applications (production management, stock management, etc.), sometimes specialized by industry. Unlike an assembly of specific software packages, ERP systems have a single common infrastructure (shared databases, exchange mechanisms between modules) and generally include tools for collaborative work (groupware, workflow). Although they traditionally dealt with back office operations, ERP systems have gradually integrated decision making and front office functions. They have also become more open; their APIs (see definition above) have been made public by their publishers, so as to facilitate interfacing with more specialized software packages using, for example, EAI tools (see definition above). The most common ERP system in large industrial enterprises is made by the German Company SAP.

eSCM (eSourcing Capability Model): reference model of best practices in sourcing and client/supplier relationships. This model was developed in the USA in the early 2000s and covers the entire life cycle of outsourced services: definition of the sourcing strategy, study of outsourcing opportunities, supplier selection, contract life and reversibility.

ESN (Entreprise de Services du Numérique): Digital Service Company. French acronym that is slowly replacing the term SSII (IT services Company).

ETL (Extract and Translation language): software tools that extract information from production databases and load them into another database (usually a "data warehouse"). Leading ETL publishers are: Informatica, DataStage, Talend.

Extranet: secure Internet application used by the clients, suppliers and users of a large organization. Extranets are generally used to provide these third parties with information concerning their operations/accounts (activity tracking, process status etc.) No specific development or deployment is required: the application can be accessed using a standard browser.

Fiori (SAP Fiori): latest generation user interface, developed by SAP and launched in 2013, can be used in particular to use SAP indiscriminately on a mobile phone, tablet or screen.

Fixed price service: fulfillment of a project for a fixed price with delivery time commitment, based on a specifications file. The service provider (prime contractor) has a guaranteed-performance commitment and decides on the resources to be deployed.

Front end, back end, full stack (web development): the "front end" designates the elements of a site that we see on the screen and with which we can interact from a browser. The developer uses Photoshop models and code in HTML, CSS, JavaScript, jQuery. These programing languages are interpreted by the browser, which display a "visual" result. This concerns in particular fonts, dropdown menus, buttons, transitions, cursors, contact forms, etc. The "back end" developer administers the application and the database. It generally uses languages like PHP, Ruby, Python and frameworks like Symfony. More and more developers have both back end and front-end skills. They are called "full stack" developers, highly appreciated by startups for their varied expertise.

3G, 4G, 5G: transmission standards used by mobile telephone devices. 3G was the standard between 2000 and 2010; it provided a bit rate of around 2 to 7 Mbit/s The latest standard, 4G, has been operational since 2012 and offers a theoretical bit rate of up to a Gigabit/s. In practice, 4G bit rate reaches 150 Mbit/s. Currently in test phase, 5G should be operational around 2020, with bit rates on the order of 10 Gbit/s.

GAFA: Google, Apple, Facebook, Amazon: the four major American firms (founded at the end of the 20th Century or at the start of the 21st Century, except for Apple which was created in 1976). These companies dominate the digital sector. "GAFAM" if we include Microsoft!

EDM (Electronic Document Management): IT system for acquiring, filing, storing and archiving digital documents. Electronic formatting of incoming documents (incoming mail) or outgoing documents (bank statements or telephone operator invoices) are typical examples of EDM applications. See also: Content Management.

Content Management (ECM – Enterprise Content Management): electronic management of unstructured information (mail, contracts, invoices, emails, HTML Web files, photos, audio files, films, etc.) as opposed to structured information in databases. ECM notably covers:

- managing and formatting the content published on large Internet sites or extranet sites (WCM: Web Content Management),

- Electronic Document Management applications (production EDM and office EDM).

The leading content management publishers are: EMC Documentum, IBM FileNet, Microsoft Sharepoint, Alfresco, OpenText, Vignette, Broadvision.

Green IT: set of methods, software programs, hardware and IT processes that reduce the impact of IT on the environment (energy saving, waste management, etc.), as well as the use of computers and new technologies to reduce a Company's environmental footprint in general (teleworking, etc.).

GFRT/GRT: The Guaranteed Fault Repair Time (GFRT) is a guaranteed-performance commitment within a given time deadline. The Guaranteed Response Time (GRT) is the guarantee of resources with a given deadline.

Hackathon: event bringing together teams of developers who construct a prototype of an IT application over several days. As part of a timed competition, the winning team is decided by a jury once the competition has ended. The term is a portmanteau made from the words hack and marathon. The reference to marathon is particularly appropriate as the competitors work without a break for two days, normally over a weekend.

Hosts (housing and hosting): this profession generally provides two levels of service. A first level involving co-rental or "housing" (space and connectivity: machines, bays, memory, Internet "pipes", specialized lines, air conditioning, fire safety, secure electrical power supply via generators, secure physical access). The second level of service is "hosting" which requires the presence of IT staff 24/7; this consists of application supervision and control services (backup, supervision, security management, recovery and reboot after incident, etc.). This second level of service is often provided as an option by the "housing" specialists.

AI (Artificial Intelligence): set of theories and techniques implemented to create machines capable of simulating intelligence. With the increase in computers' processing and storage capacity, after promising demonstrations, AI has once again become a hot topic since the year 2000. For an IT department, the hopes with AI concern the automation of support services (see chatbots) and the predictive analysis of IT operating data (logs, etc.). Other concrete applications of AI could quickly affect different sectors of a company (accounting, legal analysis of contracts, scoring, etc.).

IaaS: Infrastructure as a Service. See cloud computing.

IT outsourcing / outsourcing: IT outsourcing involves entrusting the management of all or part of a Company's IT system to a service provider who takes over the operational responsibility and upgrades the system within the framework of a fixed-price contract over several years. The outsourcing service provider undertakes to meet specific service levels (through a Service Level Agreement – SLA). The contract may or may not include the transfer of employees, hardware or software. The provider's teams are generally based on both the sites of intervention and in the outsourcer's shared service centers. A reversibility clause allows the client to recover the IT system/processes or to entrust the management to another specialist. The term IT outsourcing is often incorrectly used to describe simple outsourcing, which does not include the contractual commitments of IT outsourcing.

Content inspection: content inspection filters the content of the emails or websites to prevent potential misuse. Content inspection also detects mobile codes: small applications (applets) such Java, ActiveX, .exe, which are often attached to emails and which are sometimes malicious.

IP (Internet Protocol) – VoIP (Voice over IP): protocol for transmitting data in packets, used by the vast majority of LANs and on the Internet. Recent telephone switchboards transport voice over IP (VoIP) and this development is irreversible. Telephony (voice) will therefore move onto Company network infrastructures. It is a key component in telephony/computer convergence.

ISP (Internet Service Provider): a provider of Internet access and Internet services in general, for companies and private individuals. ISPs generally offer Internet access, but also website hosting on Web servers, and sometimes even website development. Examples: Orange, Free, SFR, Bouygues Télécom, Colt, etc.

ITIL (Information Technology Infrastructure Library): reference system of best practices for managing IT operation services. It provides an organizational structure for optimizing these services in terms of quality and costs, based on ten key management processes (configuration management, incident management, etc.). It has become a de facto standard.

ITSM (IT Service Management): processes and tools for managing the activity of an IT team: system and network alerts, incident and user request management, problem management, change management, configuration management (see CMDB).

KM (Knowledge Management): a set of systems and tools for formalizing processes or know-how. Knowledge Management addresses the limitations of EDM (see definition above). Indeed, Electronic Document Management (EDM) systems only manage and classify digital information which was previously available in analog form (paper, voice, image, etc.). However, there is a vast amount of knowledge (present on the Web or in diverse locations, for example in users' personal documents) that can never be completely ranked or made available through a database. With this in mind, Knowledge Management describes all the tools and techniques used to address the weaknesses of indexing systems, for example by extracting the meaning of a document (cognitive engineering), scanning all the content (full search or full text) or interpreting the user's question. These tools also draw on the technologies of expert systems technologies and case-based reasoning.

Prime contractor: the project manager with a guaranteed-performance commitment. Depending on the case, this may be the client himself or one or more contracted IT service providers.

Contracting authority: an entity or decision-maker who requests the development of a new custom application, the integration of all or part of a software package, or, more generally, who orders an IT project in response to their needs.

Digital marketing (digital marketing, web marketing): marketing campaigns that use digital channels (computers, tablets, mobile phones, etc.). Digital marketing aims to reach consumers based on a personalized approach, in an interactive and highly targeted manner: listening to needs via blogs and social networks, emails and newsletters, online retail sites, sites with online quotes and orders, mobile-first sites, purchases of key words, videos and banners, retargeting, belonging, presence on social networks, blogs and also customer support. The term is used in contrast to traditional "offline" marketing: market studies, advertising in written media, radio television, loyalty programs, after-sales management. Digital marketing budgets are steadily increasing, at the expense of traditional marketing budgets.

MDM (Mobile Device Management): management of a fleet of mobile devices (smartphones, tablets): remote updating of the OS, remote control, inventory, backup and recovery, locking and remote erasing (in the event of theft), performance testing (battery status, etc.), roaming management, etc. Leading publishers are: Airwatch, Good Technology.

Social media: all websites on which Internet users create content and communicate: tools for publishing (Wikipedia, etc.), discussing (Skype, etc.), social contact networks (Facebook, Twitter, LinkedIn, Viadeo, etc.), content-driven social networks (YouTube, Deezer). This term is gradually replacing the term "Web 2.0".

Meta-directory: directory which groups together all the users of all the applications in a Company, with their passwords and their authorized applications. This centralized and cross-functional view facilitates the management of secure access to company data (e.g., arrivals and departures of employees).

Middleware: all technical software layers between the OS (Operating System) and user applications.

Mobility: an increasing number of mobile users want to have remote access to their Company's applications (business, messaging, diaries, etc.) and data, so as to update or synchronize data. Several types of terminals are used: laptops, tablets (iPad, Galaxy Tab,, etc.) and smartphones (iPhone, Galaxy, Blackberry, etc.). A mobility project notably includes taking into account the choice of terminal (and the corresponding Operating System: iOS, Android, etc.), the synchronization server, the Internet access provider, as well as the integration of the latter and possibly specific developments. Security is always an important component in such environments.

MOOC (Massive Open Online Course): an open, distance-learning course. Teachers and students communicate solely via the Internet. Often, this involves very large numbers of participants.

Cross-channel (cross-channel marketing): simultaneous or alternating use of different contact channels to promote products and for customer relations. While cross-channel marketing and its increasing importance has been strongly affected by the development of the Internet, cross-channel does not simply imply using digital channels. The historical channels (retail outlets, telephone, mail, etc.) should also be taken into account.
Cross-channel facilitates adaptation of customers' needs and behaviors. It can also help reduce contact and sales costs. Inversely, cross-channel development leads to constraints for the company: coherence of messages and sales policy across all channels, keeping records of past contact and actions on different channels, etc.
The customer is also increasingly "cross-channel": Internet research phase then purchase in store, for example. Cross-channel has become so widespread that it no longer allows companies to distinguish themselves. Differentiation can only be achieved by managing cross-channel contact better than competitors. The aim of the game is therefore moving from using multiple channels at the same time, to a better overall management of these channels, a cross-channel strategy.

Nearshore: see Offshore.

Object: a software component representing a real-world object (person, order, invoice, etc.). An object describes a set of behaviors (methods) and data (attributes) required to execute these behaviors. By extension, the following are called "objects": programming languages (Java, C++, etc.), design methods (UML, etc.), databases (Versant, etc.) and middleware (ORB) are qualified as "objects". There are different technologies for accessing or linking objects: COM, CORBA and, most recently, SOAP, which makes it easy to create connections between several Internet services.

Connected object (Internet of Things): an object equipped with communication capabilities, which communicates using wireless devices. The object may be a mobile phone, a sensor, a terminal or an accessory used in everyday life. The Internet of Things is expected to grow rapidly between 2015-2025.

Offshore/Offshoring: operation which involves relocating the provision of services to geographical areas with a large available labor force which is increasingly well trained and where labor costs are lower than in the contracting authority's country. Offshoring may involve outsourcing or not. The term "nearshore" is used when the country is less than three hours by plane from the contracting authority's country (in the case France, this might be North Africa for example). Certain services are more likely to be offshored than others (in the case of France, 60% of offshoring operations concern Third-Party Application Maintenance). In a contract which includes offshoring, part of the local service (sometimes called "front office") remains in France. The part that may be offshored is called "back office".

PaaS: Platform as a Service. See cloud computing. The provision of the infrastructure and all the components of a software platform (OS, databases, middleware) required to install and run an application (e.g.: Java, .Net platforms, etc.). Clients only deal with the development of their application which they place on the platform of their PaaS provider.

Firewall: firewalls filter incoming and outgoing access between two different IP networks. There are several filtering techniques: packet filtering according to the source and destination IP addresses, session inspection with analysis of session header files, proxy (see definition below) with translation of addresses to hide internal user addresses from outside eyes. The firewalls offered on the market come in different forms: software firewalls, router firewalls and hardware firewalls.

BCP (Business Continuity Plan): aims to continue operations without service downtime and ensure the availability of information whatever the problem. The BCP is a subset of the DRP.

PGI (Progiciel de Gestion Intégré): see ERP.

PKI (Private Key Infrastructure): the current authentication solutions are: simple passwords, which are widespread but quite vulnerable, PKI certificates, tokens, smart cards, and biometrics. A PKI is an identification and authentication system based on a set of two keys (public and private). For a connection to be authorized, users must not only have their key (password), but an additional key (specific software module) must also be installed on their machine.

Phishing: a fraudulent email request for confidential information by pretending to be an organization that is known to the user (a bank, for example).

PLM (Product Life-cycle Management): product life-cycle management groups together all information concerning the design, manufacture, repair and recycling of a product by including all the information within a single technical reference base.

PMO (Project Management Office): the team that defines and maintains the reference system of processes linked to project management. The PMO's aim is to standardize and industrialize projects. It is in charge of project management, documentation and evaluation. It often draws on the Prince 2 methodology. A specific PMO may be created for a major project.

Portal: a website that serves as the main gate or entry point to other websites; the aim is to generate maximum traffic. Alongside "general" portals (dominated by search engines), there is an increasing number of thematic portals whose role is to provide a one-stop shop to respond to the supposed requirements of visitors, who belong to a certain community or are interested in a given subject. Other category: corporate portals for employees, clients and prospects. Portals have a common characteristic: they provide a range of additional services (which may be more or less extensive), ranging from a meta search engine and the hosting of personal web pages to news bulletins and the personalization of the site interface. In short, they have everything needed to build visitor loyalty!

PPM (Project Portfolio Management): processes and software tools used to manage a portfolio of projects.

DRP (Disaster Recovery Plan): a plan which ensures that the infrastructure will be reconstructed and applications will be put up and running once again in the case of a major or significant IT system crisis. This plan should switch over to a backup system capable of taking over the IT systems in the case of an accident. The plan includes several levels of recovery depending on the company's needs according to two parameters: the Recovery Time

Objective (RTO) is the duration of time and a service level within which a business process must be restored and the Recovery Point Objective (RPO, the maximum targeted period in which data might be lost from an IT service, expressed in seconds, minutes, hours or days. When an incident happens, the incident analysis time leading to the decision to launch the DRP or not is always a difficult step as it requires decision makers to be present and it must take place within very short timeframes (this time is included in the overall RTO).

Proxy: a server that regulates the security policy of inputs and outputs to the Internet at application-layer level (FTP/file transfer, HTTP/Internet browsing, SMTP/email), unlike the firewall which operates on the lower layers. For example, it is the proxy that denies access to certain websites that have nothing to do with the business activity. The proxy function is often integrated into the firewall.

PUE (Power Usage Effectiveness): relationship between the electricity consumption (in kWh) of servers connected to the power supply and the total electricity consumption of a data center (power used by servers added to that of all the different equipment in the center, essentially linked to cooling and power backup). In conventional computer rooms, the PUE is well above 2. In the latest generation of data centers (Tier3+) at full load, the target PUE can achieve levels below 1.5.

Social Network: an application platform that brings together a group of individuals or organizations linked by regular social interactions. There are many examples of social networks including very specialized private social networks. Some of the most popular social networks include: Facebook, Twitter, Linkedin, Viadeo, etc. See also: Social Media.

Enterprise Social Network: an application platform that groups together a community for business purposes. The members are the company's employees, clients, shareholders or partners. As with a "general public" social network, an enterprise social network uses "profile sheets" highlighting the expertise of employees, their interests and a "wall" for monitoring activity, which provides a consolidated view of the ecosystem's activity (colleagues, communities, exchanges on a particular topic, etc.). Example: Microsoft Yammer.

Responsive design: design characteristic of an application whose presentation (text, pictures and resolution) automatically adapts to the terminal being used for display (computer, tablet or smartphone). As such, responsive-design applications (HTML5 CSS3 standard) are developed once and can be used for all types of terminals.

RSS (Really Simple Syndication), RSS feeds: presentation format (standardized XML envelope) which is automatically updated when a new article is published on a site to which the user has subscribed beforehand. RSS feeds (a sort of personalized press review) can be consulted using specialized software or with the latest browser versions.

Retargeting: display of targeted advertising in the form of banners on Internet websites on the browser of an Internet user who has shown a particular interest in a product on another website. Example: an Internet user visits Site A selling IT products and looks at wireless keyboards, then leaves Site A without purchasing anything. When they visit Site B, the advertising banners will be adapted to their interests and provide advertising from Site A with pictures of wireless keyboards. This retargeting also provides an opportunity to offer complementary products.

SaaS (Software as a Service): model for selling software on an "on demand" basis, rather than selling a license. The software is usually accessed over the Internet and hosted by the publisher, often in cloud mode, which is why the two terms are frequently associated. This service has several benefits for businesses: reduced delivery times, reduced integration, deployment and update costs. Applications with standardized processes are most suited to SaaS: CRM (such as Salesforce.com), skills management, expense-sheet management, messaging services, (such as Google), etc. SaaS will take longer to develop in the field of business applications (due to the need to handle business processes from end to end, interface development, security, privacy, performance and availability).

SAN (Storage Area Network)/NAS (Network Attached Storage): sophisticated storage solutions for storing large volumes of data. SAN is a private network linked to a server. NAS is a storage system on the network. The backup is considered as secondary storage.

SAP BC (SAP Basis Component): SAP ERP module for system administration, notably to manage the database (and system performance in terms of processor and memory), and to manage user security and authorizations.

SAP SRM (SAP Supplier Relationship Management): SAP ERP module that manages the entire supplier relationship: expenditure analysis, procurement, operational contracts, purchase requests, invoicing and supplier management.

SCM (Supply Chain Management): SCM tools aim to reduce stocks and delivery times while improving customer service levels. In operational terms, the tools reconcile information concerning demand and production capacity in order to establish production and delivery plans. In tactical terms, they draw on statistical techniques – notably datamining tools – to optimize procurement, smooth out production and determine the best delivery paths. In strategic terms, the tools perform simulations to determine the best possible layout for the manufacturing plants and distribution network, and even establish the product renewal rate according to the target market. The main challenge is to automatically transfer this data into the management system (ERP).

SDDC (Software Designed Data Center), SDN, SDS: after the virtualization of servers (virtual machines or VM) that one could call "Software Defined Servers," the datacenter's other IT resources can now be allocated automatically to the software level, especially the Software Defined Network (SDN) and the storage: Software Defined Storage (SDS). Released in 2011-2012, the Software Designed Data Center (SDDC) marketing concept corresponds to the promise of virtualizing all of a data center's components. The SDDC model must however overcome many challenges: include or not the existing non-virtual resources and treat the interoperability problems between multiple vendors.

Transaction security: a transaction is deemed certified if the parties are identified, if their integrity is guaranteed and if the transaction cannot be repudiated by either party (certification = identification + integrity + non-repudiation). In addition to certification, the transaction's confidentiality must be guaranteed.

IT security (or information security): the increasing openness of information systems (connected to the Internet, inter-connected between sites, open to clients and suppliers, remotely accessible via mobile devices or from home, etc.) has led to the development of IT security. Indeed, this is now a specialty in its own right. Its scope covers: incoming data protection solutions (anti-virus software, firewalls, proxy-cache, intrusion detection and content inspection), access protection (VPN encryption, administration, access authorization) and security administration (including identifying vulnerabilities). The associated services are essentially: consulting, architecture, auditing, monitoring and administration. This specialty is part of the broader issue of "general security", which also includes: emergency plans, the establishment of backup resources, rules concerning behavior and procedures, the physical security of premises and access points, etc.

Self-care (or Self-help): this approach provides users with a set of automated tools that enable them to troubleshoot on their own, without calling on a support technician. More and more businesses encourage this approach with a view to reducing costs. The Interactive Voice Response (IVR) servers deployed over recent years initiated this trend. However, they have structural limits and, are often considered "irritating"; as such, they only provided a partial response to users' needs. The use of self-care Internet tools has radically changed the situation. These tools require a lot of upstream work to identify the most frequently asked questions and to standardize answers and they dynamically adapt depending on the way they are used. Companies can use this concept on a broader level, in customer service, for example.

Application servers (n-tier architecture) / enterprise platforms: the development of "web-based" information systems can be defined as the construction of next generation applications built in three tiers: a web browser ("universal client" installed as standard on desktops or smartphones), an application server (Java, .Net) and finally a database management system (Oracle, SQL, DB2, etc.). Hence, the term "three-tier architecture", as opposed to the so-called "client/server" architecture that preceded it. There are several solutions currently on the market: Microsoft .Net, Sun ePlanet and Java, IBM WebSphere, free solutions like Tomcat/ PHP pages/Apache, BEA Weblogic. These platforms for running J2EE and .Net applications are evolving rapidly and analysts now speak increasingly of "enterprise application platforms" rather "application servers".

Service desk (or help-desk): a structure based on telephone, IT and human resources designed to receive and handle information-system user requests, in order to resolve the queries or pass them on to other entities for resolution ("escalation"). Service desks can be located on an organization's site or outsourced to a service provider's support centers. The use of specialized structures of this sort is common practice in large organizations. They provide full tracking of operations, professional response times, a high rate of immediate handling or handling by remote control, thorough investigation of the cause of incidents then the introduction of action plans to reduce the number of incidents on a long-term basis. In the service desk business, the professional phone manner and tone of support technicians is as important as their technical knowledge. Maintaining the quality of service over a period of time (several years) is a key success factor. For organizations with businesses in different countries, help-desk services are provided in several languages 24/7.

Web services: a software function that can be accessed by other programs. A web service has no user interface. Any website producer can incorporate these services (for a fee) in their online applications (tourist guide, travel booking, etc.) in a totally transparent manner for users (e.g. ViaMichelin has launched web services linked to geolocation).: Publishers have widely adopted this technology (XML, WSDL interface) due to its simplicity. However: the standards have yet to be finalized.

Single Sign-On (SSO): a physical key associated to a single password at login and which replaces all passwords linked to each application.

SMACS (Social Mobility Analytics Cloud Security) or SMAC: a term covering all the areas of digital transformation which today represents a sub-segment of the digital services market; this sub-segment is expected to grow rapidly.

SOA (Service Oriented Architecture): flexible application architecture made up of independent but interconnected application services. This is a concept and not technology. The framework is well-suited to web services, as well as other technologies. The core idea of SOA is to be able to upgrade your computer system very quickly by changing or adding services demanded by operational departments. While the aim is appealing, there is still much debate about the methods for implementing SOAs. For example, even if you identify applications that can be used in several processes, what data granularity do you choose? How do you define the interfaces? How do you develop new applications as services while taking the existing application base into account?

Spoofing: stealing an Internet address in order to pretend to be someone else and attempt to obtain information.

IVR (Interactive Voice Response): a system enabling dialog between a telephone caller and a telephone switchboard; the caller chooses an option from a list of choices (usually several times). IVR systems have been criticized as being difficult to use because of their simplistic programming. Service desks are very interested in the latest generation of IVR systems, since they enable users to deal with certain common incidents by themselves ("self-help"), without the help of a support technician. These IVR systems can be used to build decision-making trees, which can be modified dynamically. They produce accurate statistics concerning use, branch by branch.

SSII: IT services Company (French: Société de Services et d'Ingénierie Informatiques). Synonym of ESN (Entreprise de Services du Numérique / Digital Services Company).

Proprietary systems: computers whose hardware and operating system (OS) are developed and distributed by a single manufacturer (z- and i-Series from IBM, etc.). The term is used in contrast to "open" operating systems (Unix, Microsoft, Linux, Android, etc.) which do not belong to the manufacturers.

Intrusion test: penetrating an IT infrastructure using various attack techniques in order to test defects or vulnerabilities. Intrusion tests are done with client approval and on a scope that has been agreed upon beforehand; a report is made concerning the results. Any vulnerability is corrected by implementing new security measures.

TPAM (Third-party Applications Maintenance): maintenance (for corrective and upgrade purposes) and updating of computer applications managed by an external service Company.

UC2 (Unified Communications and Collaboration): in the telecommunications and office software industry, unified communications form a set of new services which integrate: real-time interpersonal communication resources (telephony, video-phone systems), collaborative work software (instant messaging, document sharing) and office tools in the broad sense (asynchronous messaging, diaries, word processing, spreadsheets and presentation viewers). Users can access the communication resources, while continuing to use the IT tools they use every day at the same time. The leading companies in the industry (IBM, Microsoft, Cisco, SAP, Oracle, etc.) are all committed to unified communications.

UX/UI (User eXperience, User Interface): concept that appeared in the 1990s. It underlines that an analysis of human-machine interface (UI) functions is insufficient to understand users' relationship with the interface and that the user's subjective and emotional dimension needs to be taken into account. The experience must be agreeable and not strictly functional.

VDI (Virtual Desktop Infrastructure): system that separates the user's desktop environment from the physical machine used to access it. Users only have a terminal screen and the workstations are managed on virtual machines in a central data center. The main advantages of VDI are that it facilitates desktop management and deployment costs are very low. However, VDI is more dependent on the central data center (where all the workstations are managed) and the reliability of the network. VDI can be an effective solution for organizations with many remote locations with just a few workstations (bank branches, etc.).

Server virtualization: software layer that simulates a physical machine and its components, from an applications point of view. Virtualization is often associated with consolidation projects. It aims to increase the average usage rate of IT resources by having several virtual servers on the same physical machine.

VLAN (Virtual LAN): virtual local area network. This is an extensive logical IT network that links together several local networks of the same organization or Company. Several VLANs can coexist on the same physical network.

VPN (Virtual Private Network): a network that uses a public telecommunications infrastructure (like the Internet) or private telecommunications infrastructure (operators) and which ensures the integrity and confidentiality of transmitted data through encryption techniques and “tunneling”.

XML (Extensible Markup Language): a powerful meta-language for describing unstructured data and document modeling; it has become a de facto standard among publishers. XML is more advanced and comprehensive than the HTML Internet page description standard.

Web 2.0: this term refers to current web developments; the concept emphasizes user-generated content, and interaction with others. Although it is still difficult to describe in precise terms, Web 2.0 is focused on users, giving them the opportunity to interact and identify with a community. See also social media.

WiFi (Wireless Fidelity 808.11ac): Communication protocol for creating wireless high-speed local networks (in theory, 1.3 Gbit/s for the 802.11ac standard since December 2013). The range can reach several dozen meters indoors. Wi-Fi requires terminals to operate.

Printed by Optimum (Tourcoing, France), an Imprim'Vert-certified printer. This label is awarded to printers that have introduced industrial strategies designed to protect their environment (waste management, ban on toxic products, etc.). The paper used to print this Annual Report was produced in a paper mill certified to ISO 9001, ISO 14001, OHSAS 18001 and EMAS (Eco-Management and Audit Scheme). It holds a PEFC certification (the origin of the paper pulp can be traced back to sustainably managed forests) and was bleached using the ECF (Elementary Chlorine Free) process.

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