


2019

ANNUAL REPORT

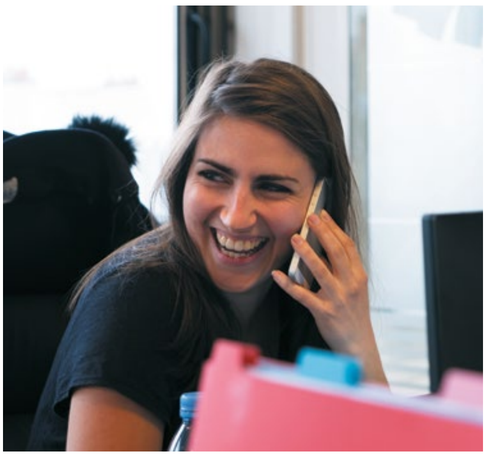

NEURONES

Forward together...®

CONTENTS

Thank you...

... to the staff members who kindly allowed us to take photos of them at work for inclusion in this annual report. This document focuses solely on the nearly 5,400 stakeholders behind the group's achievements in 2019 - though of course only a very small proportion of them appear in its pages.



The terms, initials and acronyms peculiar to Consulting and Digital Services are used here only when absolutely necessary to understand NEURONES' businesses. They are explained in the glossary from page 132 onwards of this report.

NEURONES

35 years of profitable growth

With close to 5,400 employees and revenues of €510 million, NEURONES has worked its way up the French market to be one of the top 12 market capitalizations of companies in the Consulting and Digital Services sectors (including companies mainly involved in Technology Consulting).

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

- achieved sustained, profitable growth for 35 years;
- formed a proven, solid core, mostly through organic development;
- joined forces with a dozen companies with complementary core businesses through external growth;
- recorded annual average growth of +9% over the last 10 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 organization of shareholder-entrepreneurs.

€510m
2019
REVENUES

10.5%
2019
OPERATING PROFIT

5,372
STAFF
AT 12/31/2019

Overview of 2019

#infrastructures

French cloud

As an Amazon Web Services (AWS) partner, Neurones' specialized IT infrastructures unit played an active role as exhibitor at the AWS Summit held at the Palais des Congrès in Paris, where it showcased its public cloud experts' know-how to prospective clients and partners.

#applications

A chain of new releases

The group's Market Finance experts have launched new offers in blockchain technology (simplifying the link between public and private blockchains) and data sciences (easing integration between the world of big data and data engineering).

#group

Job creations

After initially announcing plans for another 1,800 jobs, NEURONES ended the year with 1,904 new recruits! This makes the group one of the top 30 French recruiters (all business sectors combined). Applicants are more than welcome to visit www.neurones.net and browse the "Job opportunities" or "Prospective application" sections.

#infrastructures

Capital asset

For the second year running, the group's Infrastructure entity - the European leader in user support - is ranked among France's top 500 employers (moving up from 31st to 12th position!) in the annual survey published in February 2019 by the magazine "Capital".

PALMARÈS Capital MEILLEUR EMPLOYEUR 2019 avec statista

#applications

SAP like never before

At the SAP Quality Awards 2019, the group's specialized ERP software arm helped its clients win two medals in relation to the S/4HANA solution: a gold medal for having facilitated the renovation of a major French media company's business processes, and a silver medal for swift implementation at an industrial equipment manufacturer's plant.

#group

Industry recognition

The magazine *Décideurs* has once again rated NEURONES as "excellent" among the leading Digital Services Companies (DSCs) in France in the "Outsourcing" category, where it competes against top international players.

#infrastructures

French connection

The experts in the latest work environments have developed a new offering (called "Connect") that consists in a 100% cloud-based, 100% flexible contact center, with no infrastructure, based on the Amazon Connect solution.

#applications

My Beautiful Lab

The market finance specialist has launched an "R&D Lab". This skills center, which is staffed by a team of highly-qualified and experienced consultants, brings its clients a range of bespoke services and support for complex projects.

#group

Par 15

For the fifteenth edition of its NEURONES Golf Cup, the group invited its main clients to play a round or two on the sumptuous Paris International Golf Club (PIGC) course. The guest executives were given personalized tips by two outstanding golfers: Thomas Levet, the most titled player in modern French golfing history, and Manuel de Los Santos, one of the world's best disabled (one-legged) golfers. Watch it again on NEURONES' YouTube channel!

#applications

Hana-lyze

The group's SAP experts have developed a new in-house offering that draws on SAP S/4HANA. It will "revolutionize" business processes through intelligent automation and better decision making driven by integrated analysis.

#infrastructures

Retail gets smart

The specialized Service Desk business has developed a Retail SmartDesk offering: a one-of-a-kind approach to user support designed to keep sales outlets up and running, and which owes its success to being handled by former sales professionals.

#infrastructures

Innovative path

The user support specialist has produced an immersive path designed for IT decision-makers always on the lookout for the latest new features to enhance their internal clients' experience. Role plays and use cases illustrating a typical day in the life of a team member provided opportunities to learn about a variety of innovations and consider new ways to enhance team members' path in a company.

#consulting

Intelligence service

The management consulting unit has extended its scope by signing a partnership with La mètis, an investigation strategy consulting firm that helps businesses use Artificial Intelligence (AI) to discover new strategic options. The agreement will help the group's Consulting unit tap the power of AI in its value creation by incorporating a modeling aspect.

#applications

Smile! You're on a training course

LOL (LiveOnLine) is the name of the new distance training solution brought in by the group's IT training specialist. Learners now have wider time slots in which they can talk to or chat with their trainer.

#group

Be happy!

choose mycompany® 2019 FRANCE CERTIFIED Happy index®/AtWork

For the third year in a row, the Electronic Document Management entity has been awarded the "HappyAtWork" label, which salutes the companies judged to be the "best places to work". Not only that but in 2019 the group's SAP experts were also awarded this distinction in the same category of companies with between 100 and 199 employees.

#group

Transatlantic exploit

Sponsored by two group entities, skippers Gilles Lamiré and Antoine Carpentier, at the helm of their multihull, won the famous Transat Jacques Vabre yacht race from Le Havre to Salvador da Bahia on November 8, 2019. A sure course, a sound strategy, the right speed and tenacity: all winning features shared by the group!

#consulting

The place to B

The group's Management Consulting entity has embarked on a course to attain the very demanding B-Corp label. Only 2,800 businesses around the globe hold B-Corp certification, which is awarded to businesses with an outstanding commitment to non-financial, social and environmental standards.

#infrastructures

Digital responsibility

The group's specialized user support entity is now working with a certified "digital recycling center" at its Nanterre facility in order to more effectively manage its IT waste and the removal of data from disks. Yet another step in its corporate social responsibility approach!

#applications

Payday

The finance business line has offered its employees the possibility of making a micro-donation each month as a gesture of solidarity to two non-profits (Bloom and Action Enfance), simply deducted from their pay slip.

#group

Heroines?

At the end of summer, 50 or so NEURONES girls, wearing green capes and white caps, pulled off the challenge of a 7 km trail through the center of Paris in a fun, Far West spirit (yee-hah!). Whether they ran or walked this 23rd edition of "La Parisienne", their enthusiasm, perseverance and spirit of solidarity carried them through to the finishing line.

#infrastructures

Certain CERT

The group's cybersecurity experts have turned their CERT operations (see glossary) into a fully-fledged business unit to consolidate their Consulting and Operational Security missions. One of its leading services is six-step incident response: prepare, identify, confine, eradicate, return to normal and build knowledge.

#applications

North pole

The group's SAP specialist is continuing to expand its regional footprint by opening a new agency in Amiens in the Hauts-de-France region. After Angers and Coutances, this latest SAP center of excellence is built on a human scale, drawing together technical and functional experts with unique skills such as Fiori and U15. It also brings the ERP specialist closer to its clients in the north of France.

#infrastructures

Staying Zen

During one day of the "quality of work-life week" organized by the ANACT (the French national agency for improving working conditions), the team members of the IT Infrastructures experts were treated to a one-day session of personalized advice from an ergonomist (on the correct movements and posture, etc.) to boost their well-being at work.

#infrastructures

Security first

The group's dedicated Cloud Outsourcing unit has released an in-house online training app. Based on the "Moodle" principle, this open source learning platform provides introductory awareness training in cybersecurity for its staff, with a special focus on cybersecurity ground rules. The app lets staff train at their own pace, when and where it suits them, with a variety of modules, including some required modules.

#group

In the jungle...

No fewer than three entities have joined the Welcome to the Jungle platform with a view to attracting new job candidates and showcasing their respective "employer brand". The initiative brings them to the attention of recent graduates and young talents eager to progress in an "appealing" company!

#applications

Cloud-based EDM

The group's Electronic Document Management (EDM) specialist is taking advantage of companies' widespread adoption of digital technology to steadily expand its product range. After recently signing a strategic partnership with software publisher DocuWare, it now offers companies an easy-to-use, ready-to-go document and workflow platform in the cloud.

#group

The home cup

The seventh edition of the NEURONES Football Cup, the annual indoor football tournament for group entities, was held in the fall. Twenty-seven teams made up of nearly 200 players (both men and women!) played hard but fair to defend their entity's colors. Relive this great moment in sport on the NEURONES YouTube channel!

#infrastructures

Positive ions

To consolidate a 15-year partnership with a "sensitive" public body, this year the specialized IT Infrastructures entity obtained Qualianor radiological safety certification, entitling it to manage staff members working in regulated ionizing radiation areas.

#infrastructures

Cyberaudit

The group's cybersecurity entity has launched an "AWS (Amazon Web Services) environment audit" that helps clients evaluate their security level through an analysis of their configuration, a compliance study and tailored recommendations.

#group

Tekkit (and live it!)

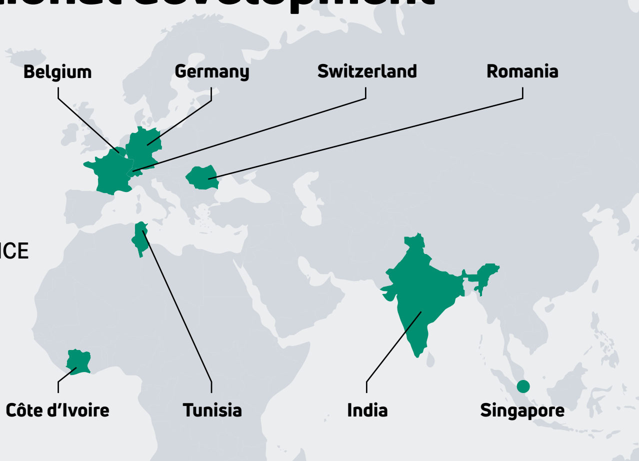
Ever on the lookout for innovative recruitment channels, NEURONES took part in the Tekkit Connect evening. The concept, which is geared exclusively to IT profiles, lets HR teams and job candidates have a casual chat about each side's preferences and expectations over a slice of pizza between two Mario Kart races!

#group

International development

>670

TEAM MEMBERS OUTSIDE OF FRANCE AT 12/31/2019



NEURONES
IN 2019

Chairman's message

The pace of life - that *"river that carries us forward"* - is so fast that a report on last year's business might seem rather incongruous now. Especially as, at the time of writing, an unprecedented health event is unfolding that foreshadows a violent global shock.

However, this annual retrospective round-up is not only a legal obligation, it is also a practice recommended by a highly successful writer: *"Live the present with the lessons of your past and the dreams of your future".*

Most importantly, this report is an opportunity to inform and sincerely thank NEURONES' clients, team members and partners:
- the former, through their orders, help us build our business and create jobs;
- group employees' commitment instils meaning into their working life and sparks this collective adventure;
- our partners' technology solutions and support have also enabled our achievements over the past year.

1 – What can we take away from the 2019 financial year?

A Finance Department will stress:
- the growth in revenue (+5.1% organic growth) and especially in operating profit (+16.8%) and net profit (+18.9%);
- the improvement in the customer item (from 98 to 89 revenue days);
- the increase in cash and cash equivalents (+ €43.8m), mainly as a result of the previous point.

A Human Resources Department will point out:
- the employer's attractiveness, as shown by over 1,900 new hires;
- the many distinctions awarded (including in early 2020): "Great Place to Work", "Happy at Work", "Best Employer", etc.;
- the net drop in staff turnover (from 20% to 16%).

A Sales & Marketing Department will confirm:
- the main clients' loyalty, often for very many years, reflecting their overall satisfaction;
- the increased frequency of digital transformation projects using Smacs and Agile technologies, the omnipresence of cybersecurity and the emergence of Artificial Intelligence;
- sustained demand, unfortunately not always met, despite a record level of outsourcing.

A Shareholder will be pleased to see:
- the increase in the share price: + 9% over the year, almost tripling in the space of 10 years;
- the updating of the dividend (from 6 to 20 centimes) after 13 years of stability;
- the solidity of the business and financial fundamentals on the brink of a severe recession (no debts, €327.3m in shareholders' equity and €218.3m in net cash and cash equivalents, i.e. nearly €9 per share).

General management will point out that:
- organic growth was just satisfactory. The group's size, which is still modest, had led us to hope for double-figure internal growth, or at least twice the market growth rate;
- without a capital gain on sale, the operating profit, while reaching a historically high figure, would have represented 9.6% of revenues (as against 9.4% the year before);
- the drop in turnover is a warning sign of the impending market slowdown, rather than a result of the measures taken;
- other companies in the industry were quicker to tap the vigorous growth in this market segment, often thanks to a strong Technical Support business;
- the lack of outside directors keen to continue doing business accounts for the low external growth and, hence, the strong cash position;

> "Live the present with the lessons of your past and the dreams of your future."

- in value breakdown terms, for €100 of revenues: €81 was used to pay salaries and charges, along with outsourcing, €6.4 went to other suppliers, €3.7 went to taxes and a modest €0.3 was paid to the shareholders.

Admittedly, a business's operation is portrayed in its figures, but it would be an oversimplification to stop there.

2 – Who can we thank for these achievements?

Who should we thank first? The team members, who did everything, or the clients, who made everything possible? The eternal debate...

To start with the latter is to remember that our clients drive the success of the group's companies, while being spurred on themselves by two complementary, technology-driven trends:
- stiffer competition, which hastens market releases and also reorganizations: there is pressure to constantly do better, more accessible, more pleasant, more efficient;
- the demands of their own clients (and users!): only yesterday, the customer was "king", but today's customers are more impa-

tient and quicker to go and look elsewhere, given the overabundant, hard-to-rank offering on the market.

Technology is helping these decision makers keep up with the trend and even stand out from the competition, at the price of a spiral of investments (and sometimes with thousands of daily updates of their information systems!). To remain “digital winners”, they know they can count on NEURONES’ entities. The latter are autonomous, specialized, with running costs kept to a minimum, and provide, for example:
- an effective think tank for reorganizing business operations or creating new ones;
- proven digital solutions that generate security, savings, competitiveness, fluidity, quality of service and reliability, in a business line where “the devil is in the detail”;
- the backing of consultants trained in the latest technologies, in particular in the group’s centers of excellence;
- help with migration and also with re-internalization, when the costs prove to be too high or relations with the global technology giants lack flexibility or are skewed.

So, we would like to thank them for calling on NEURONES in 2019 to address the ever-present challenge of quickly and smoothly guiding their clients, employees, partners and users to the right information at the right time: a dream that is as ancient as it is fruitful!

Thank you, also, to the group’s director-entrepreneurs, managers and team members.

> The art of success
> is knowing how to surround
> yourself with the best.

The first group are conquerors, always hungry for more. These energizers have an all-encompassing, intuitive perception of both the present and the future that enables them to lead the way and display a convincing vision and a persuasive ambition.

Their courage, energy, rationality, perspicacity and common sense are for everyone’s benefit. And each one, in their own style and with their charisma, creates the conditions that will foster the development of new skills in job fields that are short of human resources and highly detail-oriented.

To give their action greater impact and even prepare their successors well in advance, they bear in mind John F. Kennedy’s piece of advice: *“the art of success is knowing how to surround yourself with the best”.*

To foster commitment, including emotional commitment, they share responsibility with their managers.

The latter have the task of training and developing, passing on what they have learned, releasing energy and nurturing talent. Each has their own “technique”, but all firmly believe that:
- each person has a new strong point to be discovered that will further boost effectiveness;
- in a team, each member holds a piece of the solution;
- having the courage to tell the truth is a mark of recognition;
- feedback clears up the things left unsaid and *“to listen carefully is almost to reply”* (Marivaux);
- well-being at work is an essential condition, just as being in a good mood boosts performance;
- “taking back control” when performance veers off course is part of their duty.

Senior executives and managers would readily agree to testify to NEURONES’ team members (over half of whom are under the age of 35) that *“Life is a chance to dare”* (Georges Clémenceau). Especially in entities that are built on a human scale, where members can have their say, co-construct, clearly see their contribution to the joint effort and try to push back the boundaries as they join the upward spiral of success so familiar to sportspeople.

The ultimate experience is “to effortlessly strive”. Yes, trust has a direct effect on individual responsibility, particularly during this health crisis, when working from home became a necessity.

So, thank you to the entrepreneurs, managers and team members who, in 2019, were convinced that *“Each day is a little life”.*

3 – What can we expect from the years ahead?

Whatever the consequences of the 2020 crisis, to build the future, the group will be able to rely on itself and on the constant forces at work in its environment.

The market

Fueled by mutually enriching innovations, the digital “revolution” will continue its work of transforming economic and social life at an even brisker pace than in the past:
- knowledge and new technologies will work hand-in-hand to advance towards solving such major global issues as health, the economy and the environment;
- the ever-expanding incorporation of digital technology will continue to lower costs and increase both productivity and the satisfaction of clients and consumers.

We intuitively understand that this forward movement, like scientific progress, knows no limits. Especially as there is still much to be done, if only with the technologies existing today, to:
- help the various economic players catch up and exploit the full potential of the available technology;
- narrow the huge gap between the investments made to enhance the user experience and the delays observed in organizations’ adaptation;
- respond to clients, employees or consumers, who are, by nature, never satisfied;
- bring decision-makers all of the right information at the right time, especially as IDC expects the volume of data to increase fivefold by 2025!

No doubt that great hope is placed in 5G networks and embedded Artificial Intelligence - fed, driven and informed by ever-in-

> Life is a chance to dare.

creasing masses of data, in particular derived from connected devices.

There is definitely a lot of room here for the group to operate...

The group

Under the circumstances, there is no reason to change the group's priorities. Running a Services-based business means embarking with a long-term vision for a long-haul journey and with a fairly constant heading. Each business (like each skipper!) has its own way of doing things and a particular path and timing that will bring it success, and it will not necessarily succeed with a different organization's roadmap. Different corporate styles correspond to different, complementary categories of stakeholder.

Accordingly, NEURONES' objectives are still to:
- grow, organically, faster than the market by expanding the most promising segments of digital technology;
- independently of the market conditions, invest in companies that are creating value on a lasting basis;
- make tactical investments that strengthen or expand the range of services;
- maintain EBIT at between 8% and 10% (barring an exceptional economic accident such as the one that occurred in 2020).

The conditions for success are timeless and traditional: *"To attempt, to brave, to persist, to persevere, to be true to oneself..."* was Victor Hugo's advice:
- observe the trends in technology and construct offerings, taking advantage of the lapse of time between the celebration of a solution's potential benefits and the first concrete requests;
- advise clients with the best recommendations for organization and technological choices, delivering unquestionable benefits in terms of efficiency;
- support companies in geographic zones where they are waiting for our contribution and which are opportunities for staff mobility;
- implement the latest technologies with the lowest possible structural costs;
- attract and train skilled employees in order to create the added value that businesses and organizations expect;
- foster internal entrepreneurship (spin-offs, companies created from scratch, etc.) and external entrepreneurship (entrepreneurs joining the NEURONES adventure, if possible with their structure and in a complementary line of business);
- open the capital to those who act like entrepreneurs of their own working life;
- and, most importantly, rely on a decentralized organization, which has proven benefits (specialization, agility, responsiveness, innovation, accountability and autonomous decision-making).

Up until now, the ongoing digital transformation movement was a powerful driver for NEURONES. The practice of working from home, which resulted from the lockdown situation in the first half of 2020, has demonstrated the maturity of the telephone and IT infrastructures. This "life-size test" is a catalyst for swift and far-reaching changes in economic players' organization, alongside the structural changes generated by the forecast major economic crisis.

To leverage the speedy uptake of digital technology and virtual reality, which is increasingly propitious for its business lines, it remains for the group, more than ever before, to harness its vital energies because, as the poet Cratinos pointed out 2,500 years ago, *"Words will build no walls"!*

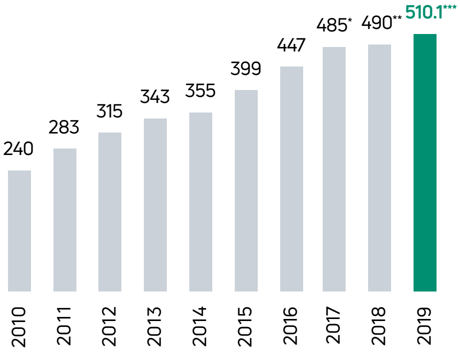
Luc de CHAMMARD
Chairman and CEO

MAIN SHAREHOLDER-DIRECTORS

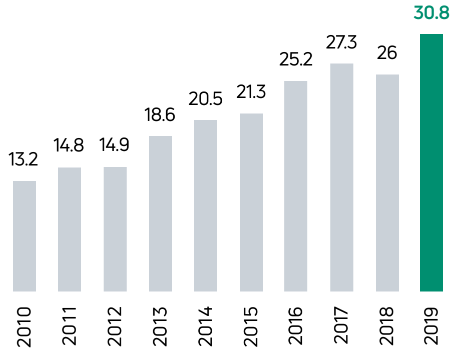
From left to right. First row: Bertrand DUCURTIL and Luc de CHAMMARD. **Second row:** Franck DUBRAY, Valérie ADER, Jean-Pierre LAFONT, Jean-François HALLOUËT, Bernard LEWIS, Vincent GRZECZKOWICZ and Guillaume BLANCHETIÈRE. **Third row:** Cyrille BARTHÉLÉMY, Alain LE BRAS, Joseph KHOURI, Charles BLANCHOT, Jérôme PEREZ, Stéphane RAILLARD, Jérôme LEHMANN, Jean VELUT, Olivier LE BAILLY and Jérôme BELZACKI.

Key figures

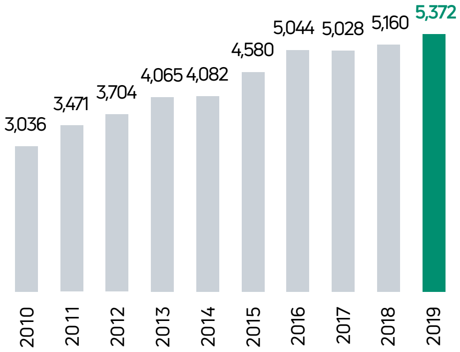
CONSOLIDATED REVENUES
(in millions of euros)



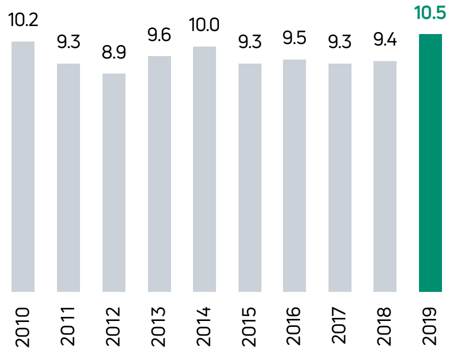
NET PROFIT - GROUP SHARE
(in millions of euros)



STAFF
(at year-end)



OPERATING MARGIN
(as %)



* Net disposal of € 18m in revenues (170 employees).
** Change in accounting method (IFRS 15). Effect: € 10m drop in revenues in 2018.
*** Disposal of €5.3m in revenues.

+5.1%

ORGANIC REVENUE GROWTH
IN 2019

+9%

COMPOUND ANNUAL GROWTH RATE
OVER 10 YEARS (2010-2019)

CONSOLIDATED INCOME STATEMENT (in millions of euros)

	2018	2019
Revenues	490.1	510.1
Business operating profit*	**47.1**	**54.7**
% of revenues	9.6%	10.7%
Operating profit	**46**	**53.7**
% of revenues	9.4%	10.5%
Net financial income	1.6	0.1
Income tax	(18)	(18.6)
Net profit for the period	**29.6**	**35.2**
% of revenues	6%	6.9%
- of which net profit – Group share	**26**	**30.8**
- of which minority interests	3.6	4.4

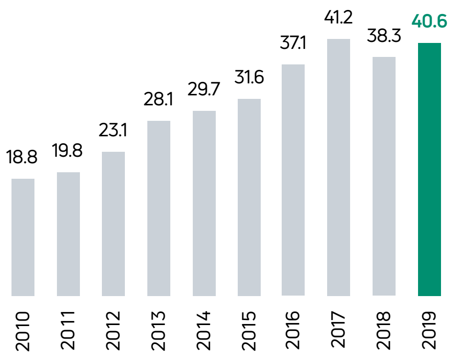
* Prior to cost of bonus shares and impairment of assets.

SIMPLIFIED CASH FLOW STATEMENT (in millions of euros)

	2018	2019
Net profit	29.6	35.2
Non-monetary items *	8.7	5.4
Changes in WCR (increase)/decrease	(5.6)	14.2
Net industrial investments	(6.9)	(7.8)
Free cash flow	25.8	47
Net financial investments	(3.4)	(6.4)
Net capital increase and disposal of securities	0.8	6
Other (dividends, etc.)	(2.6)	(2.8)
Change in cash and cash equivalents	+20.5	+43.8
Cash and cash equivalents at year-end	**174.6**	**218.4**

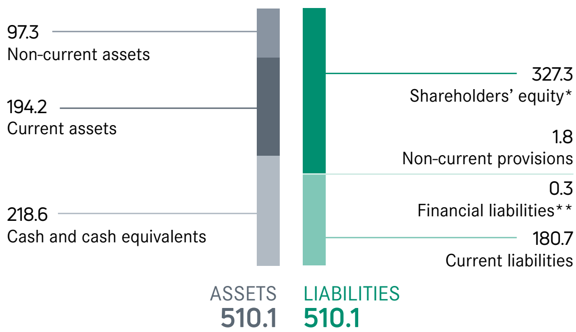
* Including effects of IFRS 16.

CASH FLOW FROM OPERATING ACTIVITIES* (in millions of euros)



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

CONSOLIDATED BALANCE SHEET AT DECEMBER 31, 2019 (in millions of euros)



* Including minorities: 30.1.
** Short-term financial liabilities (including overdrafts: 0.2).

10.7%

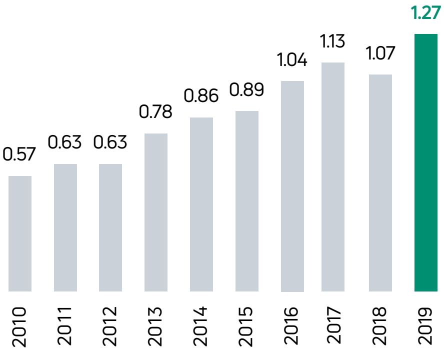
2019 OPERATING MARGIN

€218.3m

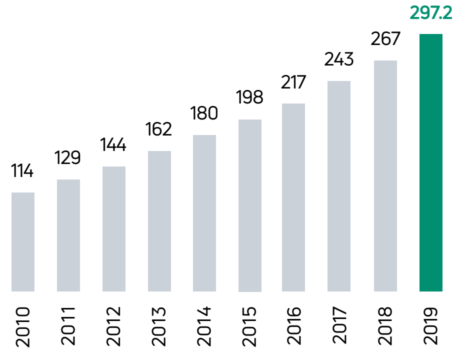
NET CASH AT DECEMBER 31, 2019

Shareholder information

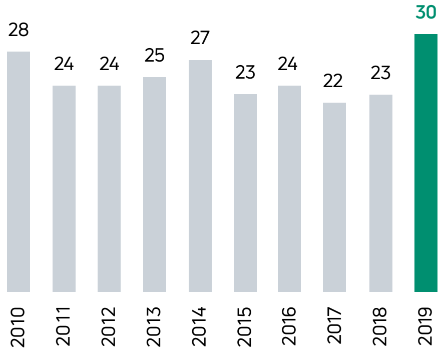
NET PROFIT – GROUP SHARE BY SHARE (in euros)



CONSOLIDATED SHAREHOLDERS' EQUITY GROUP SHARE (in millions of euros)

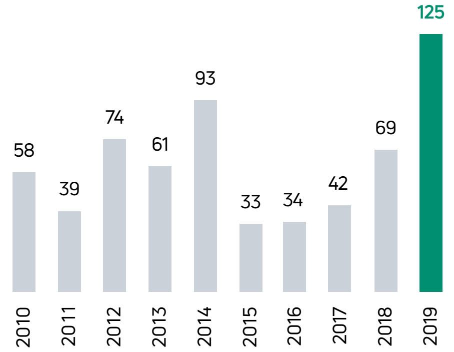


RETURN ON CAPITAL EMPLOYED* (as %)



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

CASH CONVERSION RATE (as %)



30%

RETURN ON CAPITAL EMPLOYED IN 2019

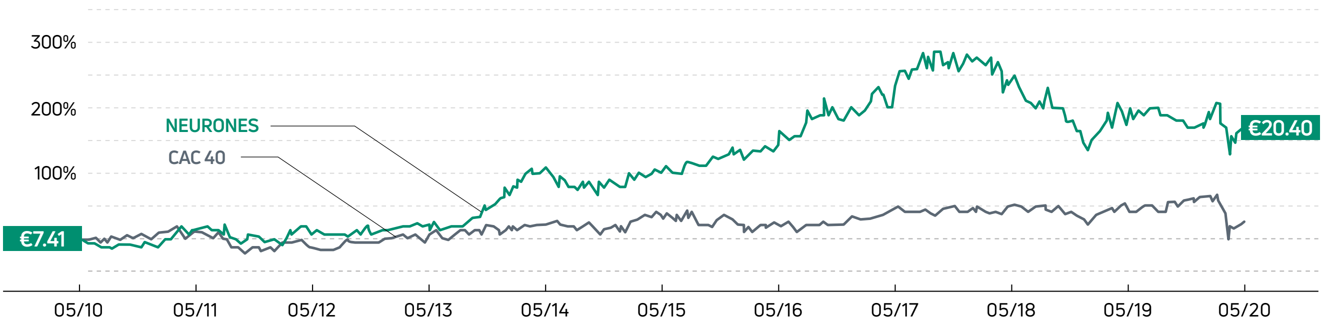
€0.20

PER-SHARE DIVIDEND PUT FORWARD AT THE ORDINARY SHAREHOLDERS' MEETING ON JUNE 4, 2020

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Highest price (in euros)	7.74	9.10	9.20	13.58	16.00	18.35	24.70	29.80	29.00	23.30
Lowest price (in euros)	6.01	6.85	6.95	8.30	12.30	13.50	16.25	21.50	18.20	18.30
Closing price at December 31 (in euros)	7.30	7.30	8.33	12.59	13.86	17.41	22.36	28.80	18.90	20.60
Market capitalization at December 31 (in millions of euros)	162.1	172.4	197.9	301.7	332.4	421.9	542.1	698.2	459	500
Number of shares at December 31 (in millions)	23.6	23.6	23.8	23.9	23.9	24.2	24.2	24.2	24.3	24.3

CHANGES IN NEURONES' SHARE PRICE OVER THE PAST 10 YEARS
(from May 12, 2010 to May 12, 2020)



RELATIONS INVESTISSEURS

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CALENDRIER

Shareholders' Meeting:
Thursday June 4, 2020 (in camera)

2nd quarter revenues:
Tuesday August 4, 2020*

1st half profit:
Wednesday September 9, 2020*

3rd quarter revenues:
Wednesday November 4, 2020*

* Published after close of trading.

SHAREHOLDING
(breakdown of capital)

Founder, managers and employees	72%
French institutional shareholders	14%
Non-French institutional shareholders	11%
Private investors	3%

NEURONES SHARE
(data sheet)

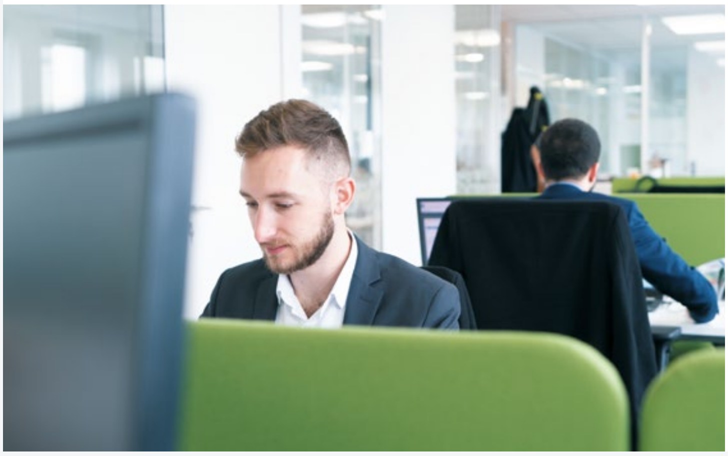
Share price*	€20.40
Market capitalization *	€495m
Number of shares*	24,285,862
Average daily volume* traded in 2019	7,500 shares

Indexes: Euronext Paris (Compartiment B - NRO)
Enternext Tech 40 – SRD medium values

* At May 12, 2020. ** Euronext and Multilateral Trading Facilities (MTF).

Line of services and strategy

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



64%

SHARE OF GUARANTEED-PERFORMANCE SERVICE CONTRACTS IN TOTAL BUSINESS VOLUME

AT THE HEART OF DIGITAL TRANSFORMATION

Digital transformation has become a major stake and area of investment for businesses and public organizations alike. It is only natural, then, that today it is the focus of the group's service lines. They are designed for projects that leverage digital technology to:

- design or rethink their service lines;
- digitalize the "customer journey" (using mobile apps, UX/UI design, "mobile first" sites, digital marketing, etc.);
- use connected devices and big data to leverage data (analytics, business intelligence);
- improve operational and support processes (BPM, ESB, dematerialization, etc.)

NEURONES also supports IT departments undertaking major multi-year programs to migrate part of their applications to various forms of cloud. To optimize time-to-market, it has also become necessary to radically shake up their organization and work in DevOps mode to release a virtually continuous string of new app versions. This means smaller teams handling a group of apps from A to Z ("you build it, you run it"), agile and Kanban methods, integrated development environments, software factories, continuous delivery toolchains, infrastructure automation, and so on.

Alongside the new digital apps, they also need to continue maintaining their legacy apps with the earlier organization (engineering, integration and operation).

Lastly, artificial intelligence (AI) is giving rise to fresh hopes and prospects, such as "chatbots" for support processes, or smart automatons to more effectively anticipate security incidents or problems with IT operation.

THE DIGITAL TRANSFORMATION "BUILDING BLOCKS" OFFERED BY NEURONES

- Agile/Scrum/ DevOps
- Cloud/ DevOps
- Cybersecurity
- Analytics/ Big data
- Mobility/ Digital workplace
- Connected devices (IoT)
- Innovation/ Customer experience/ Digital marketing
- Internal process digitization/BPM/ECM/ Dematerialization
- AI/ Machine learning

AN UNWAVERING STRATEGY

Strategic policy directions

- expand our footprint with corporate clients by helping them leverage new digital technologies;
- 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 whatever can be and adjust organization and cost structure to the market.

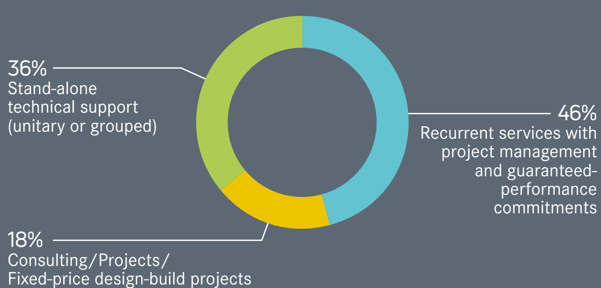
Resources

- above-market organic growth, occasionally bolstered by external growth;
- expanded footprint within and outside France (customer requirements, available consultants, new markets, etc.);
- investments not reliant on the general economic situation (€218m 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.

BREAKDOWN OF 2019 REVENUES BY TYPE OF SERVICE



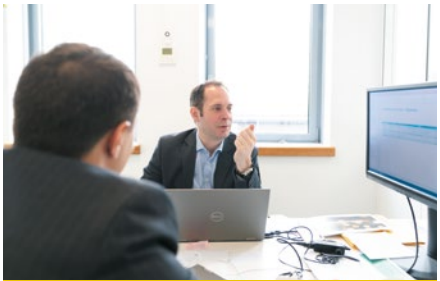
2019 WORKFORCE BREAKDOWN BY GEOGRAPHIC ZONE

CORE BUSINESSES

A comprehensive line of digital services

Digital transformation feeds into all of NEURONES' core businesses, underpinning both Digital Services and Management Consulting. The specialized line-of-business entities, which combine Consulting services and the Integration of state-of-the-art technological solutions, are divided into three segments:

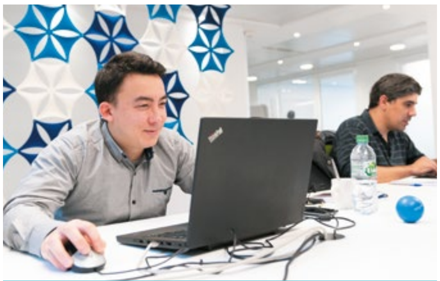
INFRASTRUCTURE SERVICES



69% THIS SEGMENT'S SHARE IN TOTAL REVENUES

- Infrastructure management, private and public clouds
- User support
- Managed private and public cloud services
- Cybersecurity
- IT operations, DevOps
- IT service management, IT governance, automation

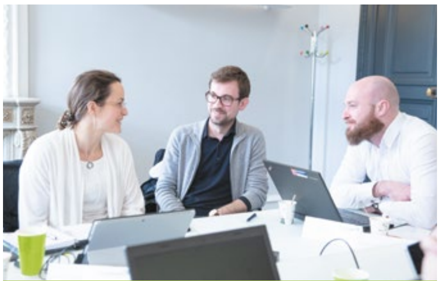
APPLICATIONS SERVICES



26% THIS SEGMENT'S SHARE IN TOTAL REVENUES

- SAP integration and outsourcing
- Content management (ECM, EDM), business process management (BPM, RPA), dematerialization
- IT consulting for finance, big data and DevOps
- Mobile apps and mobile infrastructure management
- Innovative projects and connected devices (IoT)
- IT training and change support

CONSULTING



5% THIS SEGMENT'S SHARE IN TOTAL REVENUES

- Management, organization and digital transformation consulting
- Digital marketing consulting

END-TO-END CUSTOMER RELATIONSHIP MANAGEMENT FOR SELECTED KEY ACCOUNTS

To support the various line-of-business sales forces, this team fulfills the following assignments:

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

COORDINATION OF MAJOR CROSS-FUNCTIONAL CONTRACTS

This structure is responsible for:

- 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

This segment, which has a staff of over 4,200 employees, is responsible for ensuring that IT infrastructures have maximum up-time and secure access. It also manages them, makes them profitable and upgrades them.

€350.3m	9.7%	4,216
REVENUES GENERATED BY THIS SEGMENT IN 2019, REPRESENTING **69%** OF TOTAL BUSINESS	2019 OPERATING MARGIN	EMPLOYEES IN THE INFRASTRUCTURE SERVICES SEGMENT AT DECEMBER 31, 2019

CORE BUSINESSES

- Infrastructure management, private and public clouds
- User support
- Managed private and public cloud services
- Cybersecurity
- IT operations, DevOps
- IT service management, IT governance, automation

TYPICAL PROJECTS

- Set up and manage private or public clouds and containers
- Managed services
- Information system security (including SOC, CERT, Threat Intelligence)
- Continuous Integration and Continuous Delivery
- Infrastructure automation: cloud management platforms, SDN, SDDC
- Networks, email systems, storage, backups
- Workstation management
- Production tooling and automation

DESIGN/BUILD

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 enhanced by 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.

MANAGED SERVICES

In private and public clouds and in containers, the group handles the management of 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). Managed Services (formerly known as "Outsourcing") typically involve multi-year contracts (3 to 5 years), under which NEURONES provides project management and guaranteed service levels. For each contract, the service delivery manager ensures ongoing compliance 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 these 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, containers

CI/CD, infrastructure automation, DevOps

Cybersecurity

Mobility and the digital workplace

IN 2019...

Strong growth in cybersecurity services, infrastructure automation and IT Service Management (Service Now), along with user support, driven by popular new service lines.

Higher margins in the **user support** business as a result of the innovations.

ISO 27001 (information system security) certification for the infrastructure service centers.

Human resources are still in short supply, despite the decline in turnover.

OUTLOOK...

Cybersecurity is a core business segment.

Steady growth in **public cloud** services, **containers, DevOps,** infrastructure automation and IT operations.

FinOps services move into gear in public cloud mode. **Private cloud** maintains its appeal.

Working from home will become more systematic (in particular for service center staff).

Public cloud: from migration to hybridization

Backed by its solid experience of Infrastructures (design, build and manage), NEURONES has developed sound expertise in the "go to cloud" process. It recommends a hybridization approach to guide each organization along the move from a 100% private infrastructure to an optimal combination of private and public.

Interview with...
TRISTAN,
Director (Infrastructure Management)

Why is public cloud infrastructure so popular with customers?

All IT Departments face the same challenges: how to reduce infrastructure's unit costs and foster the rapid development of line-of-business apps. To achieve this, the market has largely turned to an "infrastructure as a service" (IAAS) model, in which processing power is available through the servers of major platforms such as Amazon, Microsoft, Google or OVH in France...

What does IAAS have to offer?

Public cloud infrastructure has one major advantage: elasticity. Depending on the load peaks, the system can access flexible resources on a pay-per-use basis. The solution is a perfect fit for new entrants such as Netflix, Spotify and the neobanks: their computer systems have been designed from scratch to make maximum use of what the public cloud can offer and today they are reaping the full benefits. Their environments are known as “cloud native”. The marginal cost of the infrastructure tails off quickly as the volumes increase, which is what all clients are looking for. Most businesses, though, have a long history of computing behind them, with “legacy” IT environments. Moving these systems to the public cloud “as is” does not generate any ROI: on the contrary. In France, experience has shown the limits of this IAAS strategy for legacy applications: costs actually increase by an average of 25%, the opposite of the desired outcome.

How do you account for these limitations?

At first, businesses wanted to have all of the capacity they had up until then in their own data centers simply transferred to the public cloud (the “lift & shift” principle). However, to bring down the marginal cost of the infrastructure, they must manage to consume less and more effectively. This is achieved by modifying and industrializing the information system, which entails transforming the applications and rewriting them so that they use the system’s capacity differently. This process, known as “refactoring”, is essential for reaping the full benefits of the public cloud. And it involves a major overhaul of both the IT Department’s organization and its relationship with the organization’s internal clients.

> “The challenge today is to construct a development roadmap for each client, mapping out the path from their private infrastructure to a larger proportion of public cloud, while taking the time to deal with the major issue of change management.”

What strategy do you think should be employed to derive the full benefits of the public cloud?

Feedback has shown that migration is not just a technical project for the IT staff: it is a fully-fledged company project that also involves the business units. The “go to cloud” paradigm has evolved. It is a far-reaching transformation and a change of working method for the IT Department. It is a multi-year roadmap that needs to be tailored to each company. It takes time to migrate to the public cloud!

How does NEURONES guide and support this roadmap?

The challenge today is to construct a transition timeline for each client, mapping out the path from their private infrastructure to a larger proportion of public cloud, while taking the time to deal with the major issue of change management. Our approach is based on hybridization - a mixture of private and public cloud infrastructure - and building bridges between these environments. NEURONES has developed a robust methodology for gradually hybridizing the infrastructure and efficiently conducting the transition.

What are the main steps in your method?

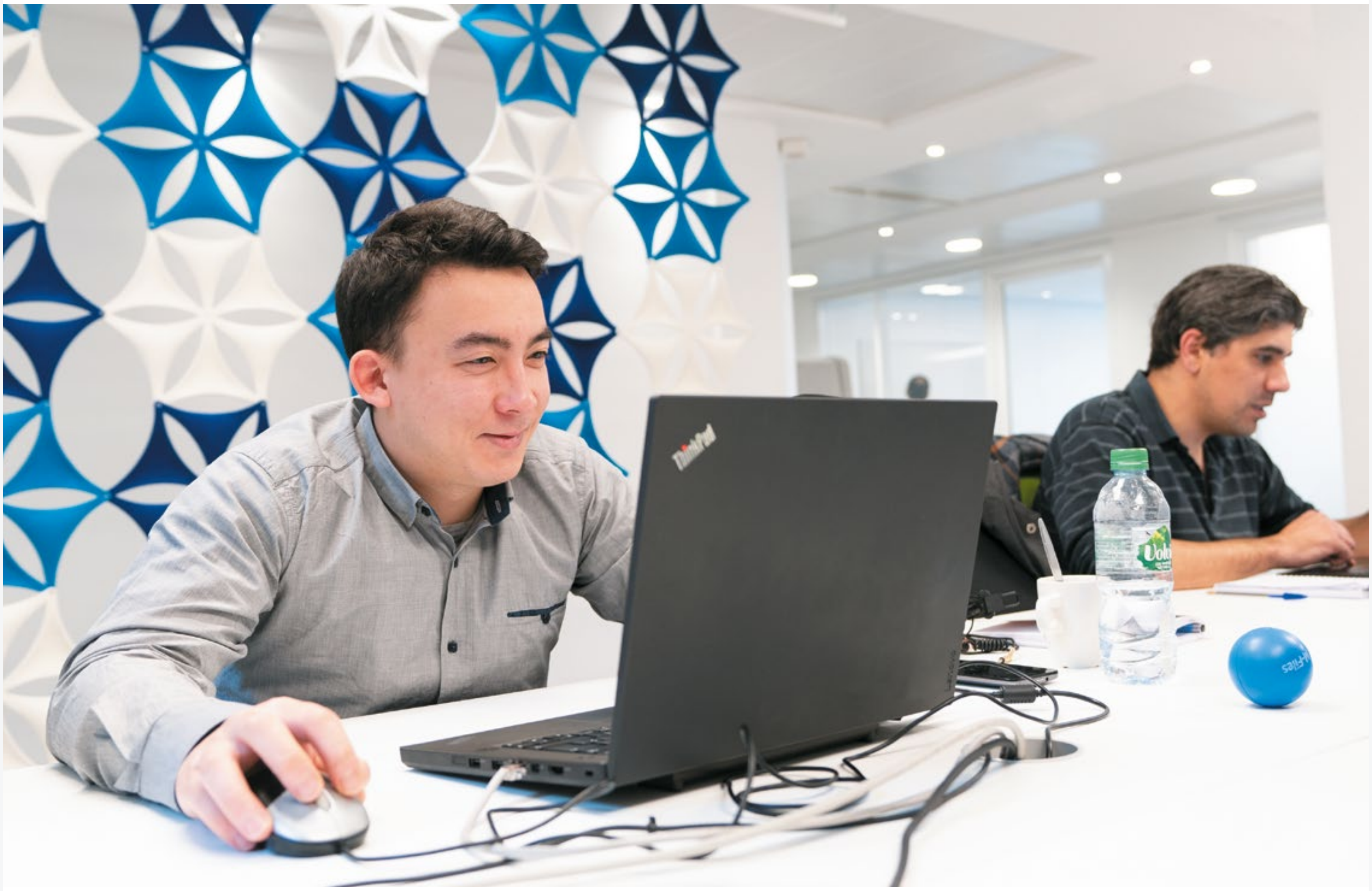
In the project start-up phase, the first thing to do is to make the new public cloud services available to the in-house consumers. This will stop the ramp-up on the private cloud and swiftly deliver an overall ROI. At the same time, we need to work on lowering the private infrastructure costs in order to finance the transformation. By mapping the system in detail, we can set up an automation chain and generate productivity gains. At the same time, we implement an “infrastructure as code” (IAC) background roadmap and the associated change management. This consists in giving the in-house teams the guidance and support they need to acquire the necessary skills. It’s important to realize that most of today’s infrastructure administration jobs will be development jobs tomorrow. It’s a complex transition from a human resources point of view. Lastly, we need to transform the relationship with the business lines that, in the future, will be equipped to manage their IT requirements directly, without disrupting the governance functions.

That implies long-term guidance and support...

Exactly, and it means we need to have a 360° vision of the clients’ stakes. NEURONES has solid expertise and the ability to commit to the accomplishment and financial projection of this roadmap to a public “go to cloud”, when many others offer only the means.

Applications services

Backed by over 20 years' experience in application projects, this business segment assists clients undertaking successive upgrades to their information system and currently in the process of digital transformation. This segment has a staff of close to 1,000 employees.



€132.1m

REVENUES GENERATED BY THIS SEGMENT IN 2019, REPRESENTING **26%** OF TOTAL BUSINESS

12.3%

2019 OPERATING MARGIN

986

EMPLOYEES IN THE APPLICATION SERVICES SEGMENT AT DECEMBER 31, 2019

CORE BUSINESSES

- SAP integration and outsourcing
- Content management (ECM, EDM), business process management (BPM, RPA), dematerialization
- IT consulting for finance, big data and DevOps
- Mobile apps and mobile infrastructure management
- Innovative projects and connected devices (IoT)
- Computer training, change management

TYPICAL PROJECTS

- 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
- Digitalization of incoming and outgoing invoices
- Communication and training plans to support the deployment of major software systems (ERP, etc.)

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.).

MANAGED SERVICES

This service line includes support and third-party application (TPAM) and operational maintenance, corrective maintenance and upgrades. 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 applications with Enterprise Service Bus (ESB), Robotic Process Automation (RPA)

Connected devices (IoT, including industrial plant): models, implementation, operation

Design and roll-out of big data architectures (Hadoop, Hbase)

"Mobile first" websites and mobile development

Agile methods (Scrum, Kanban, etc.)

DevOps chain set-up (IDEs, software forges, deployment orchestrators)

IN 2019...

Organic growth: strong growth in mobility, dematerialization, RPA and training.

Insufficient major SAP projects in 2020, due to a lag in migrations to S/4HANA.

Rise in freelancing among front and full stack developers and coders in general.

OUTLOOK...

Brisk business in SAP, thanks to the switch to S/4HANA.

Strong market interest in RPA (robotic process automation).

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

Interview with... .
THIBAUD,
Director (Innovative projects and connected devices)

Innovation: a methodology for easing the process of scaling up

Innovation entails a lot of experimenting but, as yet, little industrialization. NEURONES is aware of this pitfall so, in its client advisory role, developed a methodology for guiding and supporting clients through the process of “scaling up” innovative projects.

How did NEURONES become interested in the notion of "scaling up"?

As early as 2015, the group had developed recognized expertise in innovation, the Internet of Things, data and Artificial Intelligence. Over the course of project implementations, we realized that, despite the large numbers of experimental projects, too few of them went on the industrialization stage. And yet we had an intuitive sense that many of them had obvious potential for a return on investment. What held them back? Why weren't they being rolled out? On closer examination, it was clear that they lacked a methodology for confidently scaling them up.

How did you go about eliminating these stumbling blocks?

We began by gathering our consultants together to get a grasp on the problem. In-house brainstorming sessions were held to identify the obstacles, document the different situations and pinpoint at what stage the blocking points emerged. This step was very enlightening. We then developed a time-phased methodology for application to the various domains concerned in an organization: purchasing, human resources, information system, security, marketing, sales and so on. So without confining ourselves to an exclusively IT focus, but instead taking a wide-angle view. The aim was to define an overall framework that would let us support clients while maintaining a certain flexibility specific to innovation.

How does this methodology work?

In IT, for example, there are logical processes for integration into the information system. If we launch a test program, we have to ask ourselves questions about the infrastructure, security, GDPR compliance, etc. We're not trying to tick all the boxes straight away, otherwise we would never get anything off the ground. Instead, we need to factor in the feasibility criteria we listed, step by step: before, during testing, then in the pre-industrialization phase and during industrialization. Does the project add value for the core businesses? Is there satisfactory return on investment? Can it be integrated into the information system? Does it factor in the security rules? One of the main points for attention is sponsoring: we need to be make sure that, at each stage of the project, we have the resources to steer it and the necessary support from line management. And before moving into the industrialization phase, reliability, backing, recruitment and sourcing can also be formidable blocking points.

A concrete example?

The team did a job for a group that was deploying connected devices. The test phase had been launched directly with a start-up that makes sensors, and only 11 sensors were involved. So far, so good. When the time came to roll out the project, the team wanted to order 20,000 of them,

> "NEURONES' role is to do what it takes for good projects to "scale up", but also to prevent clients from wasting their time and money on ideas that are simply not viable."

but the Purchasing Department blocked the process for a valid CSR (corporate social responsibility) reason: it would have represented an excessively large share of the supplier's revenues. As a result, the blocked project fell several months behind schedule and threatened to pose a serious "time-to-market" problem, until we stepped in and recommended selecting a different sensor, produced by several competing companies.

Do you try to ensure that an innovation will be a success?

NEURONES' role is to do what it takes for good projects to "scale up" so that it can leverage their full potential. Its role is also to prevent clients from wasting their time and money on ideas that are simply not viable. Many players go into innovation consulting, but what is the point of trying anything and everything? The group's distinctive feature is that it selects projects that warrant priority and conducts them to completion. It goes from brainstorming with the clients through to a lasting innovation.

What form does this expertise take for your clients?

Clients are all the more likely to call in a consultant if they have already made unsuccessful attempts to launch innovations and therefore want their project managers to be guided and supported in a structured framework. Software has been developed to assist with the support methodology. It presents the questions to ask at each step of the process, so the project can be assessed and scored in the various phases. Over and above the packaged offers, each of the consultants is trained in the method. This added value is shared across all of the innovation "upscaling" assignments.

Industrialized service centers

Since 1995, recurrent service contracts linked to infrastructures have relied on shared service centers (hosting, servers and applications, workstation management and support). Third-party Application Maintenance, on the other hand, is carried out from dedicated service centers.

16	**350**	**5**
SERVICE CENTERS DEDICATED TO INFRASTRUCTURE SERVICES	MANAGED SERVICE CONTRACTS FOR INFRASTRUCTURE AND CYBERSECURITY	SERVICE CENTERS DEDICATED TO APPLICATIONS

MANAGED INFRASTRUCTURE SERVICES

Top 25 contracts
€3m per year,
on average

125 contracts
€0.5m per year,
on average

200 contracts
€0.10m per year,
on average

2,600
employees working
on contracts

8 million
service desk and application
support cases handled

25,000
third-party or proprietary
servers operated

260,000
workstations
managed

8

SERVICE DESKS

- 1,350 professionals
- 24/7 availability
- Multilingual
- Nanterre, Angers, Frankfurt, Lille, Lyon, Nantes, Tunis and Timisoara

7

SERVICE CENTERS FOR SERVERS AND APPLICATIONS

- 450 specialists
- 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
- Patching, antiviruses
- Nanterre

10

HOSTING CENTERS

- 15,000 virtual machines (VM)
- Independent Internet service provider
- All telecom operators
- Telecom infrastructure as failover
- 5 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

ISO 27001
Managed services from
infrastructure service centers

PASSI certification
by the ANSSI

CERT certification
of the Security Operations Center
Founding member

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.

€27.7m	13.1%	170
REVENUES GENERATED BY THIS SEGMENT IN 2019, REPRESENTING **5%** OF TOTAL BUSINESS	2019 OPERATING MARGIN	EMPLOYEES IN THE CONSULTING SEGMENT AT DECEMBER 31, 2019

CORE BUSINESSES

- Management and organization consulting
- Digital transformation consulting
- Digital marketing consulting

TYPICAL PROJECTS

- 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 pooling IT systems

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 roadmaps;
- 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, along with digital marketing.

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 labs

Data science and data visualization

Management of Data Management Platforms' marketing data

Modeling of multi-channel customer journeys

Connected sales outlets

IN 2019...

A good year, with 12% organic growth.

Faster growth of data relationship marketing.

Successful integration of Artificial Intelligence tools in several assignments.

OUTLOOK...

Growth of the digital transformation and data operations.

More diverse growth drivers (internal, external, partnership).

Post-Covid-19 crisis offers already prepared: "workforce protection"...

Interview with...
SIMON,
Senior Manager (Management and Organization Consulting)

Electric cars: a whole new field of possibilities

By reshuffling the cards, the electric car is creating fresh opportunities, but also risks, for automobile industry incumbents as it allows new entrants onto the playing field. Staffed by specialists in the energy and mobility market, NEURONES' Consulting unit guides and supports companies through this far-reaching change in practices, industry and ecosystems.

What challenges does mobility pose for society today?

Since the early 1990s, energy consumption across Europe, and the resulting CO_2 emissions, have diminished by around 30%. The only energy use that is consistently rising is transport and its CO_2 emissions have risen by an average of 25%. The key societal issue underlying mobility, on a global scale, is therefore climate disruption and, at a more local level, particle emissions and their impact on public health.

How advanced are electric mobility technologies now?

The electric motor is one of the most efficient in the world, and the one that requires the least maintenance. Who remembers that the first cars were electric? Over time, the internal combustion engine proved to be more cost-efficient, since a liter of petrol contained more energy than the equivalent in volume and in weight in a battery, and at lower cost. Recent advances in technology have abruptly turned the tables. The cost of a kilowatt-hour of battery energy has now reached 100 dollars. It was more than 10 times higher 10 years ago. And all of the analysts agree that we are still a long way from reaching the floor price. At the same time, a second type of electric mobility technology is achieving industrial scale: the fuel cell, which runs on hydrogen. As we can see, the technologies are mature and their business model also is increasingly mature. Today, therefore, the electric engine is reaching its full potential for radically transforming mobility.

What effect will the rise of the electric engine have on mobility?

It is our belief that fossil-powered mobility will not be replaced by something along the same lines. The advent of electric power will have a powerful transforming effect on practices, industry and the associated ecosystems. For example, the traditional notion of "filling up" on a journey is becoming meaningless. It is becoming more useful (and even more logical!) to recharge a vehicle when it is parked (at work or at home). Moreover, we advise many businesses about installing recharging facilities at workplaces: this is undoubtedly one of the key factors for encouraging more extensive uptake of electric mobility.

Are consumers ready to adopt these new practices?

The main stumbling block today remains electric vehicles' purchase price, though mass production will automatically push prices down. The second inhibiting factor is vehicle autonomy or, more precisely, the recharging question. This is a more difficult issue to overcome because it is a perceived obstacle. Objectively, a French driver's average daily journey is 35 km, which means that 95% of trips do not require an energy top-up to reach their destination. In the end, efforts to develop a dense coverage of recharging stations are mainly aimed at reassuring motorists.

Should we wait until electric vehicle usage expands before we undertake this transformation?

It is vitally important for companies to keep pace with the changes, since the digital transformation has sped up the change in driving practices. The risk of waiting is that the rapid emergence of a new practice or technology may squeeze it out of the game. The other reason is the regulatory framework: to meet the greenhouse gas emission targets laid down by the law, the decarbonization of all industries is no longer a mere

option. It lies with businesses to convince their clients and help them smoothly transition to the new forms of mobility.

So that means new challenges to meet for energy companies and vehicle makers?

Not just for them! Tomorrow, the mobility issue will no longer be the exclusive concern of one particular industry. There is an undeniable knock-on effect on value chains. This is going to generate other needs, other models and other opportunities. It is creating space for the incumbent players in the automobile and energy sectors, but also for new entrants. Tesla is a prime example: it is not from either of these sectors, but today it is five years ahead of the field in developing a single-person vehicle. And we are seeing alternative business models emerge, focused on services rather than products. For example, mobility operators in the United States are offering a monthly subscription package that covers the use of different vehicles depending on the user's requirements, priced per kilometer.

For the clients that NEURONES supports, what are the major changes ahead?

A whole new field of possibilities is opening up! Energy companies will obviously benefit as everything goes electric, with growth drivers not only for their legacy operations but also in mobility-related services. In a broader perspective, any companies that own a vehicle fleet have a lot to gain from electric mobility, with potentially huge savings to be made through low energy and maintenance costs.

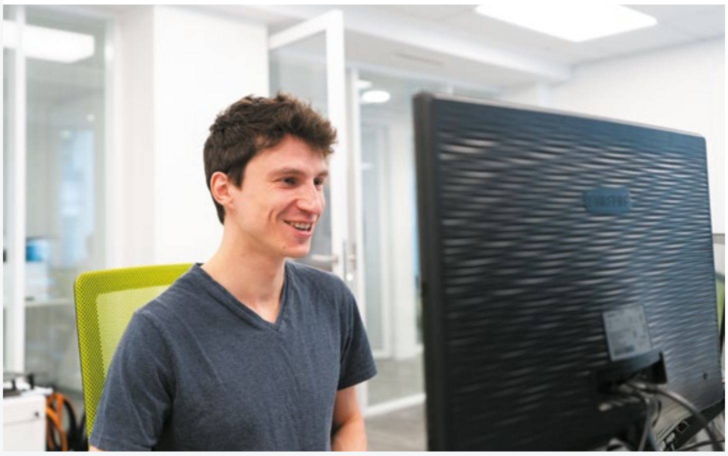
> "It is our belief that fossil-powered mobility will not be replaced by something along the same lines. The advent of electric mobility will have a powerful transforming effect."

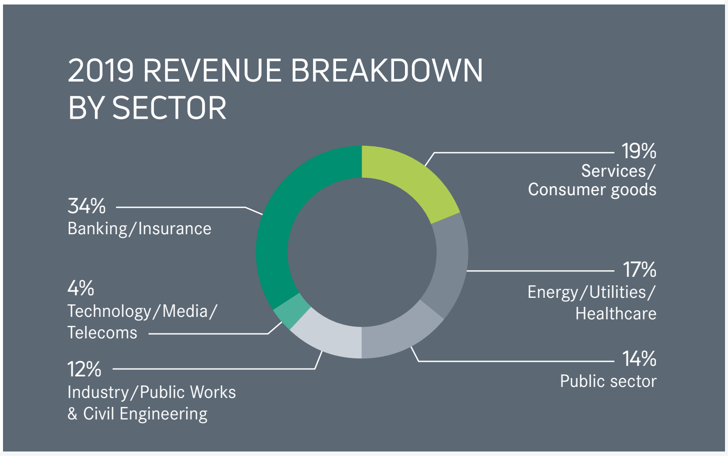
How will you help businesses seize these opportunities?

One of our greatest strengths lies in our thorough knowledge of energy markets. When it comes to electric mobility, our job is to help industry gain in maturity. This entails learning to work in more open ecosystems, with very different sectors, more agile players and new partners. It also means anticipating the right technology choices, sizing up the strategic changes to be made, identifying and assessing the threats and opportunities, and adjusting operating models, right down to the marketing of our service offerings.

References and achievements

Around one thousand companies and public bodies of all sizes trust NEURONES. Some have been loyal customers for many years.





TAKEN FROM OUR LIST OF REFERENCES

BANKING - INSURANCE

AG2R LA MONDIALE
ALLIANZ
AVIVA
AXA
BNP PARIBAS
BPCE
CAISSE DES DÉPÔTS
CARMIGNAC
CRÉDIT AGRICOLE
EURONEXT
GENERALI
GROUPAMA
GROUPE MONTEPASCHI
HSBC
SOCIÉTÉ GÉNÉRALE

SERVICES - TRANSPORTATION CONSUMER GOODS

ACCOR
AUCHAN
BEL
CARREFOUR
CASINO
CHANEL
FAFIEC
HEINEKEN
HERMES
KFC
KPMG
LVMH
NESTLE
OPCALIA
PERNOD RICARD

ENERGY - UTILITIES - HEALTHCARE

AREVA
BAYER
BOLLORÉ
EDF
ENGIE
ENI
EXPANSCIENCE
GÉNÉRALE DE SANTÉ
GROUPE STAGO
REXEL
SAGESS
SANOFI
SERVIER
TOTAL
VEOLIA ENVIRONNEMENT

TECHNOLOGY - MEDIA - TELECOMS

ATOS
BOUYGUES TELECOM
DASSAULT
EUTELSAT
FRANCE MÉDIAS MONDE
GÉNÉRALE DE TÉLÉPHONE
GROUPE ARGUS
INGENICO
LAGARDÈRE
ORANGE
SAMSUNG
SAP
SFR
TF1
TV5 MONDE
VIVENDI

INDUSTRY - PUBLIC WORKS & CIVIL ENGINEERING

AIR LIQUIDE
ARKEMA
AVRIL
BOUYGUES
BRENNTAG
DAHER
ERAMET
LÉON GROSSE
MICHELIN
PLASTIC OMNIUM
SAFRAN
SAINT-GOBAIN
SERGE FERRARI
TARKETT
THALÈS
VINCI

PUBLIC SECTOR

AGENCE FRANÇAISE DE DÉVELOPPEMENT
APAVE
ASSEMBLÉE NATIONALE
AUTORITÉ DES MARCHÉS FINANCIERS
BANQUE DE FRANCE
CEA
CONSEIL DÉPART. DES HAUTS-DE-SEINE
FÉDÉRATION FRANÇAISE DE FOOTBALL
IRD
LA FRANÇAISE DES JEUX
LA POSTE
PMU
RADIO FRANCE
RATP
SNCF
UGAP

80%
OF CAC 40 COMPANIES PLACE THEIR TRUST IN NEURONES

1,000
CLIENTS CONTRIBUTE EACH YEAR TO REVENUE GROWTH

9.3%
SHARE OF THE NO. 1 CLIENT IN REVENUES

SELECTED ACHIEVEMENTS IN 2019

#infrastructures

For a world leader in collective services

To guarantee the trustworthiness of all of this multinational company's financial data: set up and led a consortium of four partners (including several group companies). Each participant contributed expertise in its core business: hosting, operations, security and application management. NEURONES acted as coordinator: weekly operational update, monthly report on the quality of the contractualized services and reporting on cost control.

#applications

For a major iron & steel company

Following the takeover of a group, subsequently divided up into five separate legal entities: led an operation to split the accounting and logistics databases of the SAP management software package for five plants. This job, which was completed in just five months, generated a new "carve-out" plan (removal of the data in SAP) in connection with the subsequent disposal of one of the companies.

#consulting

For a major equipment rental player

With a view to redefining its business customer loyalty policy (for companies with 1 to 20 employees): benchmarked best practices on the subject (B-to-B and also B-to-C), quantified the target market, analyzed the databases (rental habits, profile of the best customers, etc.) and conducted workshops to propose more innovative segmentations.

#applications

For the parent companies of horse racing

To ensure impartial broadcasting of sporting information to bookmakers: upgraded the pooled platform by adding the innovative Apache Kafka solution in partnership with the software publisher Confluent. This technological advance means the starting gate bell for horse races can be distributed instantly and simultaneously to all bookmakers.

#consulting

For a leading group in the energy sector

To consolidate its position in the solar power market: prepared a reference document presenting the group's tenets and key arguments for incorporating photovoltaic energy in its strategy. The added value draws on the power of artificial intelligence, in particular with the Kairos modeling tool and its predictive aspect.

#infrastructures

For a major player in property development

To optimize the quality of user support and reduce the number of support tickets: set up a service desk and a local technical support team for 8,000 users distributed over four sites. Also brought in digital solutions (including self-care solutions) and a major software component for managing operating environments.

#infrastructures

For a major agrifood industrialist

Following a malicious intrusion (which effectively paralyzed the company's information system): provided incident response and set up a Security Operations Center (SOC). The establishment of a multidisciplinary response unit made it possible to identify the malware, bar access and clean the computer system, then roll out the SOC in two days.

#applications

For a global energy stakeholder

To guide and support the IT teams in the creation of new IT solutions: organized brainstorming sessions using the "design thinking" method. The collaborative approach yielded two projects genuinely in phase with the users' expectations, a chatbot and a catalog of services.

#consulting

For an international insurance group

To maintain its customer portfolio and attract new customers: produced and rolled out a guidance and support plan to optimize distance selling and synergy with the bricks-and-mortar networks. The approach includes convergence features, aligns the management view and the ground staff view, involves team members in the project and their training in Agility and managerial practices.

#consulting

For a major French bank

To develop the partnership between the stakeholders concerned by the overhaul of the credit risk models: handled scoping of the change management (impact analysis, definition of the change management strategy and plan), diagnosed the collaboration drivers (interviews, diagnosis, cooperation development framework) and organized an "onboarding" seminar for 20 stream leaders.

#infrastructures

For the historic online betting player

Following on from the outsourcing of the online betting system, then its migration to the cloud, renewed the contract for managed security services. The services, which revolve around the establishment of a SOC (Security Operations Center, designed to detect and deal with cybersecurity incidents), range from operating system compliance to vulnerability management.

#applications

For a leading French e-commerce company

To expand on the exclusive benefits for regular clients: designed a dedicated mobile app for members of the site's premium loyalty program. The collaborative process set up made it possible to produce a solution that offers not only a distinctive user experience but also "gamification" and chat functions for users.

#infrastructures

For a leading urban supermarket brand

As part of a complete overhaul of its cash receipt system: led and deployed new mobile, touch-screen systems in 600 sales outlets. The assignment included: overall project management, equipment supply and preparation, installation of the virtual servers, prior on-site training of the teams and store by store migration, carried out in the space of a single night!

#consulting

For a major telecoms operator

Conducted an assignment to enhance the "customer journey" by offering the right package to the right customer segment in order to, eventually, boost e-commerce sales. It consisted in defining the objectives and the associated key performance indicators (KPIs), developing a data and conversion culture in the market managers, setting up a support organization and providing operational support for the teams (Data Analytics and User Experience aspects, and the related tools).

#applications

For a large technology and services group

To enhance the developer's "Smart HR" offering: designed two mobile apps to facilitate the user experience of nearly 400,000 users. Now payroll administration, employee availability tracking and the production of temporary employment contracts can all be done directly from a smartphone.

#consulting

For a major company in the energy sector

Within the framework of analyzing the potential for electrifying river transport and road haulage fleets and airport facilities in France over the period 2020-2035: drafted a detailed report including the state of the forces present, the qualification of the units of measurement and the modeling of electrification potentials, using an innovative Artificial Intelligence solution.

#applications

For the historic energy company in France

As part of a "smart workplace" project to make life easier for the staff: developed an app to aid indoor navigation, manage meeting rooms and publish georeferenced news. An infrastructure consisting of over 1,000 beacons and 600 IoT motion detectors deployed in the 84,000 m² of the two facilities in the Ile-de-France region lets team members access the services in real time from their mobile phone.

#infrastructures

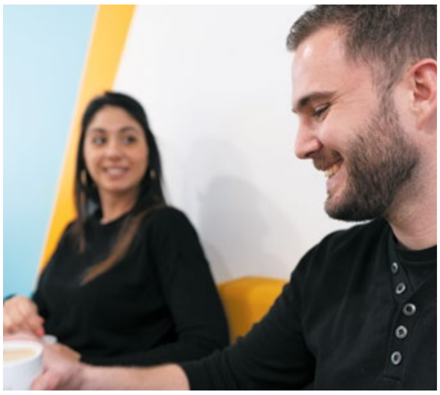
For a major French investment bank

As part of an assignment concerning its entire IT fleet: migrated (under Windows 10) the complex workstations of 250 traders. A "VIP" operation, with an unprecedented and very upstream preparation: a one-month immersion in the trading room, prior testing and validation of the new environment on a "mirrored" workstation before widespread deployment.

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 take a long-term view, the financial performance objective and the desire to factor in Environmental, Social and Governance (ESG) criteria converge.

CORPORATE SOCIAL AND ENVIRONMENTAL RESPONSIBILITY (CSER)

The Non-Financial Performance Statement – NFPS (page 60 of this annual report, 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 precise definitions;
  - the auditing of data-reporting processes and tools;
  - the tracking of electricity consumption in data centers and fuel consumption.

It is a natural part of a proactive drive for continuous improvement.

GOVERNANCE

NEURONES' governance (described on pages 108 and following) complies with practically all of the recommendations of the MiddleNext code for mid-cap and small-cap stock. The remunerations and other information concerning the company executive officers (page 114) 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.

244

NET JOBS CREATED IN 2019 (WITH CONSTANT STRUCTURES)

67

DIFFERENT NATIONALITIES REPRESENTED IN THE WORKFORCE

One of the Group's companies has obtained this certification seven times since 2012, most recently in March 2020

One entity was awarded this label in 2019

Two subsidiaries were awarded this prize in 2019

Four business entities are signatories

OUR NUMBER 1 ASSET: HUMAN RESOURCES

Right from the outset, the Group established an ambitious and innovative Human Resources policy that fosters diversity: 67 nationalities represented, a variety of academic backgrounds, including young, seasoned and senior professionals, 320 apprentices, interns and professionalization contracts in 2019, of which over 93% were open-ended contracts.

Numerous job creations:

- net creation of jobs each year (244 in 2019, with constant structures), in addition to the jobs created in our subcontractors' organizations;
- company growth and acquisitions are handled without ever 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;
- we encourage employees to obtain qualifying certification (editors, new technologies, etc.).

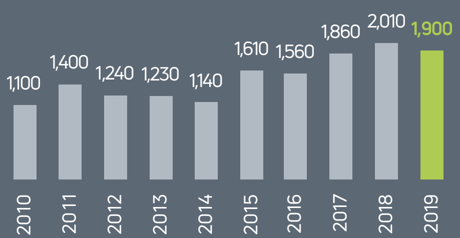
Motivating working environment:

- an environment that empowers people and lets them build their own future;
- bonus share plans in progress for eight entities;
- group management holds a majority shareholding, which rules out decisions made by financiers or uninvolved shareholders.

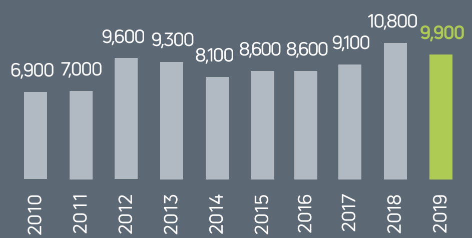
CLIENTS

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

RECRUITMENT
(excluding external growth)



TRAINING PLAN
(days x trainees)



Network France
WE SUPPORT

NEURONES is a member of the United Nations Global Compact

NEURONES is regularly evaluated by the EcoVadis questionnaire

As has been the case since 2011, NEURONES was once again selected as part of the 2018 Gaïa index (a CSR index for listed companies), which ranks the 70 most transparent and advanced companies from among 230 listed mid-cap companies.

Industrialized and pooled services:

- in 2019, €7.8m 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;
- the two companies in the Infrastructures business with their own managed services centers are ISO 27001 certified (in progress for the third company).

Constant tailoring to needs:

- the creation of specialized companies and mergers with fellow companies with complementary areas of expertise are continually enhancing the quality of the services and expanding the range of expertise.

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 ten weeks of the end of the financial year. 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.

85%

OF THE 2019 PROFITS WILL BE REINVESTED IN FUTURE DEVELOPMENTS

€7.8m

OF THE INVESTMENTS FOR 2019 DEVOTED TO CLOUD COMPUTING AND THE SERVICE CENTERS

WHAT OUR PEOPLE HAVE TO SAY

Aspirations, passions, career paths and more

MARTA,
Deputy Managing Director
(SAP integration and outsourcing)
With NEURONES since 2015

In 2014, three years after arriving in France to work in a large consulting firm, I was toying with the idea of going back to Spain, my home country. On the advice of my boss at the time, I met with a partner at NEURONES for a chat. This person was very enthusiastic about their job and had enormous expertise. I immediately felt in phase with their vision of the profession. Further discussions with the HRD and then one of the founders corroborated this impression. The company's philosophy was exactly what I imagined the ideal company would look like: relaxed, friendly, close to people and striving for excellence. I loved what I saw and decided to become part of the adventure.

> "As soon as I arrived in the group, I was given the means to throw myself into the job."

As soon as I arrived in the group, I was given the means to throw myself into the job. I was entrusted with setting up an in-house training school. For the inexperienced project manager that I was at the time, it was an incredible token of confidence! This benevolent, supportive attitude buoyed me up as I undertook subsequent assignments. One of the partners, an expert in their field, was particularly inspiring.

From Project Manager, I moved on to become Business Line Manager, in charge of five and then 10 team members, then I became manager of a BU comprised of around 50 consultants. At the same time, I managed a community of 100 consultants and ran knowledge-sharing and expertise-building workshops. Today, five years after joining the group, I'm my entity's Deputy Managing Director. A wish for the future? To continue contributing to this wonderful company's growth is what I think any consultant would dream of!

MATHIEU,
Agency Manager
(IT Operations)
With NEURONES since 2007

I entered NEURONES as a recruitment officer during the first year of my Masters co-op program in Human Resources. I liked the innovative side of IT, but I knew absolutely nothing about the world of IT consulting. I soon realized that I was more suited to the sales and marketing field than HR. So I changed field and decided to enroll at Inseec for the second year of a Masters co-op program in Sales and Marketing Strategy.

The agency manager who received me became my supervisor and taught me every aspect of the job of IT sales person. When he became Sales and Marketing Director in 2010, he hired me as Sales Engineer. I was 25 years old and had been entrusted with a substantial assignment: taking over the management of a major client, along with the "Insurance" corporate account he had handled for 10 years!

> "My story is a powerful illustration of one of the group's core values: give everyone the opportunity and the means to grow."

In 2014, I was given yet another sign of trust and confidence when he suggested I take over from him as Agency Manager. A few years later, the agency now has 150 team members. It is the company's biggest agency and has two large groups as its key accounts. Looking back, I realize how far I've come since starting out here on my co-op program. My story is a powerful illustration of one of the group's core values: give everyone the opportunity and the means to learn, grow and make the most of their talents to build their career.

WHAT OUR PEOPLE HAVE TO SAY

Aspirations, passions, career paths and more

AUDREY,
Operations Manager (IT training)
With NEURONES since 1998

Nothing marked me out for a career in IT... especially after studying at the Sorbonne to become a philosophy teacher. But I was keen to start working, so I switched to a co-op program to become a Quality and Environment Assistant. That's how I arrived at NEURONES' Training entity to do an internship.

The director gave me the task of updating the catalog of training courses and redesigning the company's graphic identity. One month later, he offered me a job. I was thrilled! The following year, I was placed in charge of the inter-enterprise training offering and resources, then, after maternity leave, I was in charge of intra-enterprise training courses. I was entrusted with a succession of new assignments. I became operations manager in 2002, then training team manager five years later. My responsibilities are very varied and intellectually stimulating, and I really enjoy my job: I manage the training offering, internal and external resources, production, trainer supervision, relations with editors and partners, referencing, etc. I'm still learning every day.

> NEURONES gives you the means to undertake assignments commensurate with your talents.

One of NEURONES' biggest strong points is that it gives its employees the possibility of progressing. If you have skills and want to put them to use, you're given the means to undertake assignments commensurate with your talents. The future? I see my future filled with opportunities, new paths to explore and challenges to take up in a market that knows no bounds.

GUILHEM,
Digital Experience Solution Manager (Mobile applications)
With NEURONES since 2017

At the beginning of 2017, after an initial experience as a partner in the digital sector, I wanted to settle in the Nantes region and embark on a new adventure. The turning point was a very positive meeting with the founder of the group's digital agency: together, we decided to launch a user experience (UX) design business.

> NEURONES is a one-of-a-kind company in digital services in France: it gives everyone the opportunity to conduct business!

Two years later, the "Creative Factory" had a staff of 25. Recently, this business unit has expanded into product management and the customer experience (CX). This specialization, which is complementary to UX design, lets us guide and support clients in every aspect of their digital solutions: from services to mobile apps, including the line-of-business interface. Over and above the operational expertise, we are responsible for the professional and business aspect and the voice of the customer.

What I liked when I joined the group is the attitude of the founders, the entrepreneurs and the senior executives. Good working relationships create a lasting climate of trust. The entrepreneurial spirit, which is one of the group's core values, leaves each entity free to choose its strategy: sales, HR, technology or marketing. This freedom is also a very important value for me. In this respect, NEURONES is a one-of-a-kind company in the world of digital services in France: it gives everyone the opportunity to conduct business and stand by their choices and their vision.

RAFAÈLE,
Global Account Manager (Group)
With NEURONES since 2012

After graduating from the Institut Mines-Télécom Business School, I worked for seven years in a digital services company as Business Engineer, BU Manager, then Agency Manager. In 2012, I joined the NEURONES team of four Global Account Managers, each responsible for two of the group's key accounts.

My first assignment was to strengthen the ties with a major electricity supplier. Starting almost from scratch, it took a few months to get qualified. Then I spent a long time researching, gathering information and prospecting clients: a truly painstaking task! At the same time, I learned a lot through the first contract for SAP services with two group entities. Then I concluded my first deal in the field of more traditional services, almost single-handedly. By disseminating best practices, I now have 20 active markets, with contracts for five to eight years. Today, revenue is six times what it was eight years ago and this key account has become the group's fourth-largest client: a collective success of which I'm very proud!

> “NEURONES' strength lies in its unique organization, which allows each person to use their talents.”

NEURONES' strength lies in its unique organization, which allows each person to use their talents, make progress and find where they belong. Its strength is also in the freedom to launch projects you believe in, make your own decisions and work alone, while still being supported, and working within a long time horizon. Lastly, the lack of bureaucracy gives you incomparable agility... and often a head start on the competition!

ADRIEN,
Team leader in infrastructure and automation (Cloud Outsourcing)
With NEURONES since 2009

After doing my internship at NEURONES at the end of my engineering course at Supinfo, I was offered a job as Operations Manager. I then joined the "backbone" teams as Network & Security Engineer.

Two years later, I was placed in charge of the cloud infrastructure. This business line recorded very strong growth and everything happened very quickly. The company has registered some impressive achievements. During the seven years I spent working in operations, when both the days and the nights could be intense, it was not always easy to maintain a sound work/life balance. Accordingly, I refocused my work on Big Data. More recently, my original organization called me back to industrialize operations at the Security Operational Centers. This brought me back full circle to my first real area of interest: cybersecurity.

> “We work together, we succeed or we fail together: these are strong group values.”

Mine is undoubtedly an unusual career path within the group, but I have always felt I was part of a big family. There are very strong ties between the managers and the teams, and between the operational staff and the clients they work with. This gives us the strength that powers us through difficult times. I can remember spending nights fixing problems in the data centers at the age of just 23: guided and supported by experienced colleagues, I felt their trust. Behind the difficulty of these jobs, there is a lot of pride and recognition. We work together, we succeed or we fail together. These strong values make me feel very attached to the group.

UNIVERSAL REGISTRATION DOCUMENT

AND ANNUAL FINANCIAL REPORT

❶ Group Businesses

1.1. GENERAL PRESENTATION

Identity and background

With nearly 5,400 employees and revenues of €510 million for FY 2019, NEURONES is ranked in terms of market capitalization among the top 12 publicly listed groups in the sector (IT Consulting & Services and Technology Consulting):

	(in millions of euros)	Capitalization (12/31/2019)**	2019 Worldwide Revenues
1	Capgemini	18,442	14,125
2	Atos	8,115	11,588
3	Alten	3,842	2,624
4	Altran	3,639	3,217
5	Sopra Steria	2,947	4,434
6	Akka Technologies	1,329	1,802
7	Devoteam	787	762
8	Econocom***	597	2,927
9	SII	574	631*
10	Wavestone	525	392*
11	Assystem	506	498
12	NEURONES	500	510

* 12 months at 03/31/2019.
** Including technology consulting companies (Alten, Altran, Akka, SII 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 +9% per year over the last ten years).

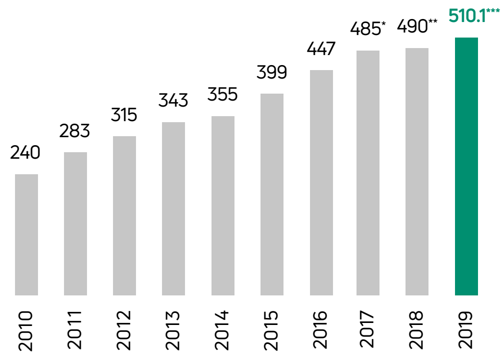
The Group was built by setting up and acquiring dedicated subsidiaries for each core business, with their own unique technical know-how and using their own commercial brand. These companies' mission is to rapidly attain a significant size in their field so they can provide the best level of services at controlled fixed 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.

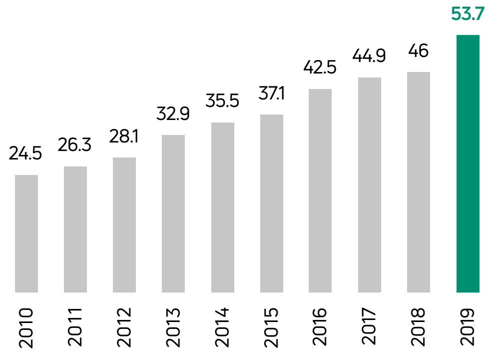
Key figures

Consolidated revenues
(in millions of euros)



* Transfer net of € 18 million of revenues, effective in 2017 and 2018.
** Change in accounting method (IFR 15) Impact: - € 10 million of revenues in 2018
*** Transfer of €5.3 million of revenues in January 2019

Operating profit
(in millions of euros)



Trends in key figures *(in millions of euros)*	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues	239.6	283.3	315.4	343.2	355.2	399.4	446.8	485	490.1	510.1
Operating profit	24.5	26.3	28.1	32.9	35.5	37.1	42.5	44.9	46	53.7
Operating profit	10.2%	9.3%	8.9%	9.6%	10%	9.3%	9.5%	9.3%	9.4%	10.5%
Net profit	14.9	17	17.2	21.4	23.6	24.5	29	31.6	29.6	35.2
Net margin	6.2%	6%	5.4%	6.2%	6.6%	6.1%	6.5%	6.5%	6.1%	6.9%
Net profit – Group share	13.2	14.8	14.9	18.6	20.5	21.3	25.2	27.3	26	30.8
Staff at year-end	3,036	3,471	3,704	4,065	4,082	4,580	5,044	5,028	5,160	5,372

Note: created in 2013, the CICE (Competitiveness and Employment Tax Credit) was transformed into lower expenses in 2019, with no impact on operating profit but with an additional corporate tax effect of € 1.5 million. Since 2018, IFRS 15 has been applied (only the gross profit has been recognized in revenues for purchases/resales of hardware and market software). The effect of applying this standard was a drop of about € 10 million in revenues per year, with no impact on operating profit. In 2019, IFRS 16 (restating rental contracts as debt) was applied for the first time. This improved operating profit by approximately €0.3 million and increased financial charges €0.8 million.

1.2. BUSINESS OVERVIEW

NEURONES, active player in digital transformation

With the arrival of the most recent technologies and their effective use by new "disruptive" players, sometimes having quickly reached world-scale size thanks to massive funding, digital has become a major investment consideration for companies and organizations.

The digital transformation brings together business projects that use digital technology to design or rethink their services (innovation workshops), digitize the "customer journey" (mobile applications, UX/UI, "mobile first" sites, digital marketing), use connected devices and big data to make the best use of data (analytics, business intelligence) and, lastly, improve operational and support processes (e.g., BPM, ESB, EPS, dematerialization, etc.).

The digital transformation also has an important impact on IT departments. Now they can produce new digital applications faster and thus optimize the "time to market." Today one can also use very close iterations to upgrade the application versions (small tight-knit teams, "Agile" methods). This quickly leads to:
- 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 (prerequisite).

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.

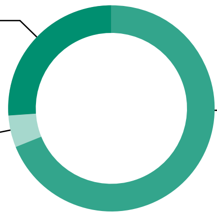
The digital transformation irrigates the majority of the Group's core businesses, even if it is a difficult challenge to precisely define the scope of these businesses, some of which have existed at NEURONES for some years. For example, typical digital applications include business process management applications, incoming or outgoing dematerialization, Electronic Document Management (EDM), etc. The cybersecurity and private cloud core businesses have also existed for a long time and have been accelerated by the digital transformation. However, other businesses are more recent (big data architectures, DevOps chains, connected devices, chatbots, blockchain, etc.).

Concurrent with the new digital applications, major organizations have to keep managing substantial legacy applications developed over time and based on different technologies. Their IT department is thus forced to make a traditional organization (studies, integration, production) coexist with an operation adapted to digital, described previously.

The Group businesses, which eventually will be considered as 100% related to digital transformation, are detailed below, business by business.

Business segments

With the regular progression of Agile/DevOps and the Cloud, the frontier between application services and infrastructure management will be less pronounced in the future. In the medium and long-term, infrastructures will become increasingly automated ("infra as code"). Thus some people argue that eventually 30% of the people managing infrastructures will be programmers (or encoders). Nevertheless, the breakdown of NEURONES' revenues into three segments (Infrastructures / Applications / Consulting) remains the most relevant and, above all, has the merit of ensuring comparability between the different reporting periods:



* 2019-related revenues.

The relative share of each segment has been stable over the past five years:

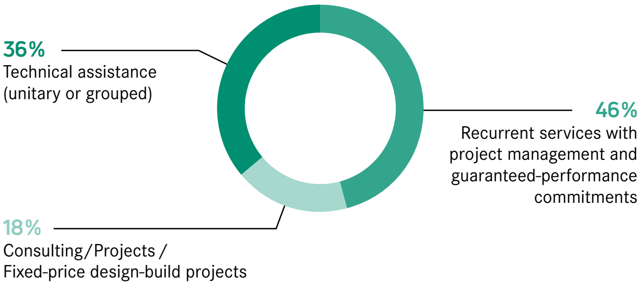
Breakdown by business segment *(in millions of euros)*	2015		2016		2017		2018		2019	
	Revenues	%	Revenues	%	Revenues	%	Revenues	%	Revenues	%
Infrastructure Services	282.1	70%	308.1	69%	330.7	68%	335.8	69%	350.3	69%
Application Services	95.1	24%	116.2	26%	126.7	26%	129.6	26%	132.1	26%
Technology	22.2	6%	22.5	5%	27.6	6%	24.7	5%	27.7	5%
TOTAL REVENUES	399.4	100%	446.8	100%	485	100%	490.1	100%	510.1	100%

Types of service, recurrence

The digital services businesses (Infrastructures and Applications segments) break down as follows:

Type of activity carried out	Information System Domain	
	Infrastructures	**Applications**
Design / Build	Architecture, projects, migrations, deployments Cybersecurity (audits, consulting)	Application design, software package integration, tailored developments, tests
Run / recurrent services	Managed services, outsourcing, service desk, hosting, cloud computing, Cybersecurity (subscriptions, SOC)	Support and Third-Party Application Maintenance Business Process Outsourcing

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,
- Applications: Third-Party Application Maintenance (TPAM).

They require the intervention of seasoned pre-sales teams, significant supervision, rigorous management control and ad hoc interventions by experts: proper application of group methods, contract audit and search for improvements in the quality of service and profitability.

These contracts have initial terms of 3 to 5 years. Their actual average duration is often longer: they can be renewed formally or tacitly.

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).

By consensus, all Consulting work is considered to be 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 two thirds of the employees, while the portion of employees in other regions and outside France continues to grow regularly:

Breakdown of staff *(at year-end)*	2015		2016		2017		2018		2019	
	Staff	%	Staff	%	Staff	%	Staff	%	Staff	%
Greater Paris region	3,431	75%	3,718	74%	3,678	73%	3,599	70%	3,574	66.5%
Other French regions	833	18%	905	18%	900	18%	1,005	19%	1,125	21%
International	316	7%	421	8%	450	9%	556	11%	673	12.5%
TOTAL STAFF	4,580	100%	5,044	100%	5,028	100%	5,160	100%	5,372	100%

Outside France, at December 31, 2019, staff were distributed as follows: Tunisia (307 people), Romania (218 people), Singapore (52 people), Germany (45 people), Switzerland (16 people), Ivory Coast (14 people), Belgium (12 people) and India (9 people). 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.

1.3. CORE BUSINESSES IN DETAIL

Core businesses making up the various segments

The business segments comprise one or more core businesses, addressing both design/build 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, veritable shareholder-entrepreneurs.

Segment	Core businesses
Infrastructure Services	• Management of infrastructures and private and public clouds • User support • Services managed on private and public clouds • Cybersecurity • IT operations, DevOps • IT service management, information system governance, automation
Application Services	• SAP integration and outsourcing • Content management (ECM, EDM), business process management (BPM, RPA) and paperless processes • IT consulting for the finance, big data and DevOps core businesses • Mobile applications and infrastructure management • Innovative projects and connected devices (IoT) • IT training and working with change
Consulting	• Management, organization and digital transformation consulting • Digital marketing consulting

The activity figures below are the contributions to the group's consolidated revenues, after restating intra-group transactions. Therefore these are not the revenues of the companies these core businesses are assigned to.

Core businesses of the Infrastructure Services segment

Management of IT infrastructures and private and public clouds

(in millions of euros)	2018	2019	19/18
REVENUES	66.5	61.4	-8%*

* The decrease in revenues is mainly due to the spin-off of the Internet of Things (IoT) part.

Today, IT infrastructures are open and multiple. For example, users increasingly access the enterprise information system remotely (VPN, Skype, Teams, etc.). The distinction between smartphones, tablets and laptops is becoming blurred. Many applications operate in SaaS mode or in private or public clouds. Infrastructures and data 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 and Integration activity consists of designing and implementing all or part of the IT infrastructures and related software as well as certain associated cross-functional services: servers, data storage and backup, private or hybrid clouds, local and remote networks, workstations, mobile terminals, remote access, security solutions, production tools, 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,
- implement secure remote connection solutions (VPN, etc.),
- 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 migration choices are made after a detailed study of the legacy applications: application-by-application eligibility, need to rebuild certain applications in native cloud mode. 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 activity related directly to the resale of solutions is marginal.

Recurring infrastructure management is carried out in different ways: stand-alone technical support (unitary or grouped), complete operation including project management and service level agreements. 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 covered is conventionally as follows: servers, storage, networks, technical software layers (operating systems, databases, middleware, messaging services, directories, etc.), security equipment, workstations, mobile telephony and connected devices (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 teams working on public clouds have been grouped together in the ScaleSquad® line of services to increase efficiency in a fast-growing market.

Businesses linked to digital transformation:

- DevOps: infrastructure services and tools,
- private and public Cloud.

User support

(in millions of euros)	2018	2019	19/18
REVENUES	145.4	159.7	+ 10%

Supporting all employees, in the proper business use of their permanently enriched digital applications and tools, is a key success factor for companies undergoing massive digital transformation.

Thus users are supported from start to finish:
- service desk,
- applications support and functional assistance,
- local support,
- workstation engineering,
- workstation logistics and deployment,
- support for the transformation of business processes.

The expertise deployed makes it possible to provide all employees with precise assistance, irrespective of their occupation or position. The service is provided along the entire digital chain without interruption: smartphone, laptop or desktop PC, tablet, etc.

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 time 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 nine interconnected service centers and half on the client site. The support covers users in a dozen European countries. This support implements the latest communication technologies. They allow users to access the service from any channel: telephone, email, sms, interactive chat, chatbot, voicebot, multi-services digital space (myConnectedLounge®), self-service platform, etc. from any terminal, at any time (24/7) and with a choice of more than 25 languages.

Knowledge and best practices are necessarily capitalized quickly to ensure the service is optimized. In addition, proven ITIL practices have been used to set up consistent processes.

Continuous improvement plans, designed to reduce the number of calls on the service desk, are implemented based on the client context: self-help solutions, chatbots and RPA (Robotic Process Automation) tools using increasingly intelligent pre-configured decision trees (typical application of Artificial Intelligence).

Furthermore, the improvement plans are based on twenty-five years of experience and feedback, with concrete, significant gains. The number of tickets has been routinely cut by 20% to 25% over three years. The productivity gains are shared evenly with clients in the form of a lower fee or a rise in the level of service.

Finally, in the face of ever higher levels of expectation, it is essential to remain innovative by placing the employee at the center of the innovations. Thus the Centers of Excellence were established:
- myConnectedAssistant: specific support for members of executive committees & top management,
- iXpert: specialized service for the entire Apple® ecosystem,
- myConnectedLounge®: first patented multi-service digital space for companies in less than 2 square meters,
- myConnectedSatisfaction: real time management of user satisfaction.

In order to increase its capacity to resolve technical uncertainties and support clients during the transformation of IT infrastructures towards cloud-based systems and virtualization, the user support 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 offers a business support service (Seequalis®) to improve the "client journey" and increase loyalty.

Businesses linked to digital transformation:
- use innovation (chatbot, voicebot, artificial intelligence),
- functional assistance on core business processes,
- support for interactive terminals.

Services managed on private and public clouds

(in millions of euros)	2018	2019	19/18
REVENUES	38.4	39.7	+3%

Managed services, server infrastructure management hosted in private cloud mode (Cloud Temple®) or housed in a public cloud, continue to grow.

The private cloud business represents a volume of nearly 15,000 virtual servers (VM), including VDI (see glossary at end of document). Thus 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.).

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, all servers are now hosted within five "Tier 3+" certified partners and in ten or so different data centers. 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. As part of this association, since 2019 it has operated the datacenter of an insurance company present in ten countries in West Africa.

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. For the public cloud, client budget management assistance services (FinOps) are growing rapidly.

Certified ISO 27001, the operating centers manage servers, networks and applications 24 hours a day, 7 days a week. 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. The main supervision tool used by the server service centers 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. Productivity gains are also achieved by pooling certain resources such as supervision, database administration, ERP operation (SAP's BC profiles), security expertise, etc. Finally, 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).

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

Cybersecurity

(in millions of euros)	2018	2019	19/18
REVENUES	9.4	12.5	+33%

The demand for cybersecurity is clearly sustained and long-term. Information systems are now more open and readily accessible – and hence more vulnerable – than ever before, with e-mail, systematic Internet connections, interconnections between a company's head office, agencies, clients, suppliers and partners, the widespread practice of remote access from portable computers or devices (staff who work off site or from home, etc.) and interconnections with industrial systems and connected devices. The growth in this market generates strong pressures on the expertise resources in this business.

PASSI approved by ANSI (PRIS expected for 2020), the Group's cybersecurity activity performs additional assignments:
- assessment: audits and intrusion testing,
- consulting: providing overall security support, defining policies, building awareness, compliance
- implementing solutions,
- managed services: SOC (Security Operations Center), CERT and Threat Intelligence.

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

IT operations, DevOps

(in millions of euros)	2018	2019	19/18
REVENUES	56.9	55.1	-3%

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 calls on different types of profile: operators, operations analysts (support, operation and 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, Nexus, 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.

Businesses linked to digital transformation:

- DevOps: supply of infrastructure services and tools.

IT Service Management, information system governance, automation

(in millions of euros)	2017	2018	19/18
REVENUES	19.2	22	+15%

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 their quality and user satisfaction with the information system.

There are various types of assignments:
- consulting: defining organization and setting up ITIL processes, benchmarking,
- providing assistance to project owners: 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.

The line of services was recently enriched 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,
- certificate training courses for ITIL (EXIN accreditation).

Service centers for the infrastructures segment

- 1 remote workstation management platform: mastering, packaging, remote software distribution,
- 7 remote operation centers for servers and applications
- hosting centers: spaces reserved at five "Tier 3+" third-party hosters in 10 different centers,
- 7 service desks in Nanterre, Angers, Lille, Lyon, Nantes, Tunis and Timisoara.

Core businesses of the Application Services segment

SAP integration and outsourcing

(in millions of euros)	2018	2019	19/18
REVENUES	43.4	41.5	-4%

The Group's SAP activities can be broken down as follows:
- integration: functional design and then installation and deployment of new modules or versions, especially SAP S/4 HANA,
- 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 (Basis Components) 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 assignments:
- 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 ("IS-U" Industry-Specific Solution for the Utilities Industry),
- management of licenses with Optiuse® ("in-house tool" for measuring licenses actually used).

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

(in millions of euros)	2018	2019	19/18
REVENUES	29.6	35.8	+21%

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

It concerns all management and formatting of the mass 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.

Business Process Management (BPM) is a set of methods and applications that optimize and automate workflows. Robotic Process Automation (RPA) refers to the automation of routine tasks through the integration of software robots, which perform the tasks without human intervention. For example, these tasks include inputting transactions and managing automated assistants.

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

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

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)	2018	2019	19/18
REVENUES	35.8	34	-5%

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 has an investment (approximately 10% of the capital) in a startup creating a software program for the finance sector (risk management and real-time transaction analysis) based on big data technologies.

Businesses linked to digital transformation:
- roll-out of big data architectures (Hadoop, Hbase),
- data scientist services,
- DevOps.

Mobile applications and infrastructure management

(in millions of euros)	2018	2019	19/18
REVENUES	6.2	7.8	+26%

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

Working with the CDOs (Chief Digital Officers) of major accounts, this entity is more generally developing digital project management for Web and Mobile projects subject to high visibility, high volume and high availability requirements.

Finally, it is developing its website data analysis range: website performance measurement (tag management, behavioral data analysis, A/B testing methods, etc.).

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

Innovative projects and connected devices (IoT)

(in millions of euros)	2019
REVENUES	3

The activities related to connected devices (IoT), and more broadly to innovation consulting, have been grouped together in a specialized subsidiary. They include the following services: support for innovation, integration of new technologies, development of data feedback platforms and increasing their value.

With its experience in new technologies, this entity has developed a methodology for scaling up innovative projects, based on in-house software support.

Businesses linked to digital transformation:
- design thinking, market intelligence and market research,
- connected devices (consulting, roll-out and use of collected data).

IT training and change management

(in millions of euros)	2018	2019	19/18
REVENUES	9.4	9.6	+2%

This business encompasses consulting on the organization of training plans (engineering, management of training plans and courses, communication plans), the actual delivery of training (traditional training sessions, e-learning, Mooc, quick-learning, long curriculum, reconversion actions including Job Reskilling Training, Professional Qualification Certification, 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 business applications 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 digital studio to produce educational tools. These 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)	2018	2019	19/18
REVENUES	22.4	25.6	+14%

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 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)	2018	2019	19/18
REVENUES	2.3	2	-13%

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, with tools 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 entity focused on managing IT and digital projects was sold at the end of January 2019. Its contribution to 2019 consolidated revenues is €0.4 million.

Financial items by business segment

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

Operating profit *(in millions of euros)*	2017		2018		2019	
	EBIT	EBIT/ Revenues	EBIT	EBIT/ Revenues	EBIT	EBIT/ Revenues
Infrastructure Services	27.1	8.2%	29.5	8.8%	33.9	9.7%
Application Services	14.1	11.1%	13.3	10.3%	16.2	12.3%*
Technology	3.7	13.3%	3.2	12.8%	3.6	13.1%
TOTAL	44.9	9.3%	46	9.4%	53.7	10.5%

* 8.8% without the capital gain on disposal realized in this business segment.

Activity 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 managed services (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 managed services and TPAM where the billing is based on the completed activity units, 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

NEURONES is strictly independent from any publisher, service company or manufacturer. This guarantees the impartiality of its choices and recommendations, which is essential for Neurones to provide long-term support to clients who place their trust it.

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.

Infrastructure management:
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 – Nutanix – Oracle Gold Partner – OVH Partner – RedHat Premier Partner – Riverbed – Rubrik – Simplivity – Velostrata Platinium Partner – Vmware (Entreprise, Vcloud Air Network) – Zerto.

User support:
Acronis – Apollo Formation – Arp – Cisco – Comsoft – Crowdstrike – Easyvista – Eptica – Fortinet – Igel Technology – McAfee – Microsoft Gold Certified Partner – Orsys – Paessler PRTG – Rapid7 – ServiceNow – Suconi – Touch and Play – Varonis – Genesys.

Hosting and services managed in the private and public cloud, IT service management and automation:
Cisco – Fortinet Gold Partner – IBM Global Partner World Service Provider – Imperva Silver Partner – Juniper – Microsoft Gold Partner Hosting – Microsoft Gold Cloud Platform – Microsoft Co-Sell Ready – Oracle Gold Partner – Stormshield Silver Partner – Varonis – VMware: Service Provider Program, vCloud Air Network Service Provider, vCloud Powered - Qualys Value Added Services Program - Zimbra Gold Partner.

Cybersecurity:
Crowdstrike – Cybereason – DomainTool – Egerie – Kaspersky – Passi LPM – Qualys Value Added Services Program – Rapid7 – RiskIQ – SentinelOne – Splunk Premier – Varonis – Vectra – VirusTotal.

SAP:
SAP Gold Partner – SAP Partner Center of Expertise.

BPM, ECM, EDM, RPA, dematerialization:
Abbyy – Alfresco Strategic Partner – Alfresco Technology Partner – Arender – Automation Anywhere – BonitaSoft Open Solutions – Confluent

– Contextor Docusign Partner – Denodo – Dictao – DocuSign Partner – Docuware – EMC Captiva Partner – Ephesoft Partner – Expert System – Flower – IBM Partner Analytics & Social (CMOD, Datacap Insight, ECM FileNet) – Kofax Platinum Partner – OpenText – Power BI – Readsoft – SER Solutions – Tableau software – Tibco Software – UiPath – YouSign.

Mobility:
Apperian - LookOut - VMware AirWatch.

Data, connected devices:
Amazon Web Services – Cloudera – Confluent – Data Artisans – Docker – Factory Systèmes – HortonWorks – IBM BlueMix – Microsoft Azure – Objenious – Polestar – Scaled Risk – Visioglobe – Wyres.

Training:
Ato Prince2 – AutoDesk Training Center – Datadock – Cisco – Citrix – DevOps Institute Registered Education Partner – DevOps Institute.ITIL Authorized Training Center & Authorized Certification Center (Peoplecert by Axelos) – Microsoft Partner Gold Learning – Microsoft Partner Silver Devices & Deployment – OPQF – PECB Platinum – SAP End-User Education – SAP Partner – TOSA (Centre de test) – 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 and subsidiaries order services independently of each other and from different Group entities.

All told, 80% of NEURONES' client base (i.e., 32 of the 40 clients) are CAC 40 groups.

In 2019, the top 20 clients were (in alphabetical order): Accor, AMF, Axa, Banque de France, BNP-Paribas, Bouygues, BPCE, Caisse des Dépôts, Chanel, Conseil Départemental des Hauts-de-Seine, Crédit Agricole, EDF, Engie, Eramet, Groupe Avril, La Poste, LVMH, Saint-Gobain, SNCF, Société Générale.

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)*	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Top 20 clients										
• In value	128.9	160.6	174	198.7	211.4	225.6	260.5	285.7	294.8	293
• As % of consolidated revenues	53.8%	56.7%	55.2%	57.9%	59.5%	56.5%	58.3%	58.9%	60.1%	57.4%
Top 10 clients										
• In value	96.3	119.3	129.1	147.6	161.8	175	206.4	224.1	235.7	237.6
• As % of consolidated revenues	40.2%	42.1%	40.9%	43.0%	45.6%	43.8%	46.2%	46.2%	48.1%	46.6%
Top 5 clients										
• In value	70	86.4	89.3	102.3	116.6	127.2	146.1	161	169.8	169.3
• As % of consolidated revenues	29.2%	30.5%	28.3%	29.8%	32.8%	31.8%	32.7%	33.2%	34.6%	33.2%
Share of the no. 1 client										
• In value	25.9	30.8	30.6	31.9	34.4	37.6	42	40.7	48	47.4
• As % of consolidated revenues	10.8%	10.9%	9.7%	9.3%	9.7%	9.4%	9.4%	8.4%	9.8%	9.3%

At December 31, 2019, trade and other receivables had decreased 9 days:

	2015	2016	2017	2018	2019
Trade receivables	86 d	90 d	94 d	98 d	89 d
of which unbilled revenue	16 d	16 d	19 d	22 d	15 d

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

Subcontracting

Upstream subcontracting

A small portion of the revenues (roughly 2.8% in 2019) is generated by acting as a subcontractor for a manufacturer, vendor or fellow company.

Downstream subcontracting

Subcontracting covers varied realities: hosting companies and technical services for private and public clouds, expertise, regular or occasional operations with fellow or independent companies and outsourcing lots with fellow companies (workstation management abroad in particular).

The amount of subcontracting purchases, in proportion to the Group's revenues, is growing regularly primarily due to an increasing desire of consultants and IT technicians for an independent or freelance status and recruitment pressures:

2015	2016	2017	2018	2019
17.2%	19.3%	20.7%	22%	23.1%

The subcontracting rate exceeds 40% in training activities and 30% in three technical assistance oriented entities. It is only 13% in user services. About half of the subcontracting concerns freelancers.

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

The software and IT services sector is thought to represent revenues on the order of €58.7 billion, making it twice as large as the pharmaceutical industry. It can be broken down into three subsectors as follows:

Size of the French market *(in € billions)*	2019	%
IT consulting and services	35.2	60%
Technology consulting	10.1	17%
Software publishing	13.4	23%
TOTAL	58.7	100%

Source: Syntec Numérique & IDC.

It is thought to employ 2.5% of French salaried employees, representing a market workforce twice as large as the aeronautical and aerospace sector. There are around 725,000 salaried IT technicians in metropolitan France (excluding approximately 55,000 freelancers) divided roughly as follows:
- two thirds, or 475,000 in DSC (SSII), the technology consulting sector and the software industry, and
- one third would be employees at end clients.

Since 1999, the average annual growth rate in IT services has been two to three times that of GDP.

According to various analysts and forecasters, the French consulting and IT services market, in the strict sense, grew by 3.1% in 2019 (estimate of December 2019). For 2020, growth was expected at +2.9% (before the crisis caused by COVID-19):

Change in the French market	2015	2016	2017	2018	2019(e)	2020(e)
IT consulting and services	+2.0%	+2.7%	+3.2%	+3.3%	+3.1%	+2.9%
Technology consulting	+1.6%	+3%	+5%	+5.5%	+5%	+4.4%
Software publishing	+3.4%	+3.4%	+5.2%	+5.3%	+6.6%	+6.6%
WEIGHTED AVERAGE	+2.2%	+2.9%	+3.9%	+4.1%	+4.2%	+4%

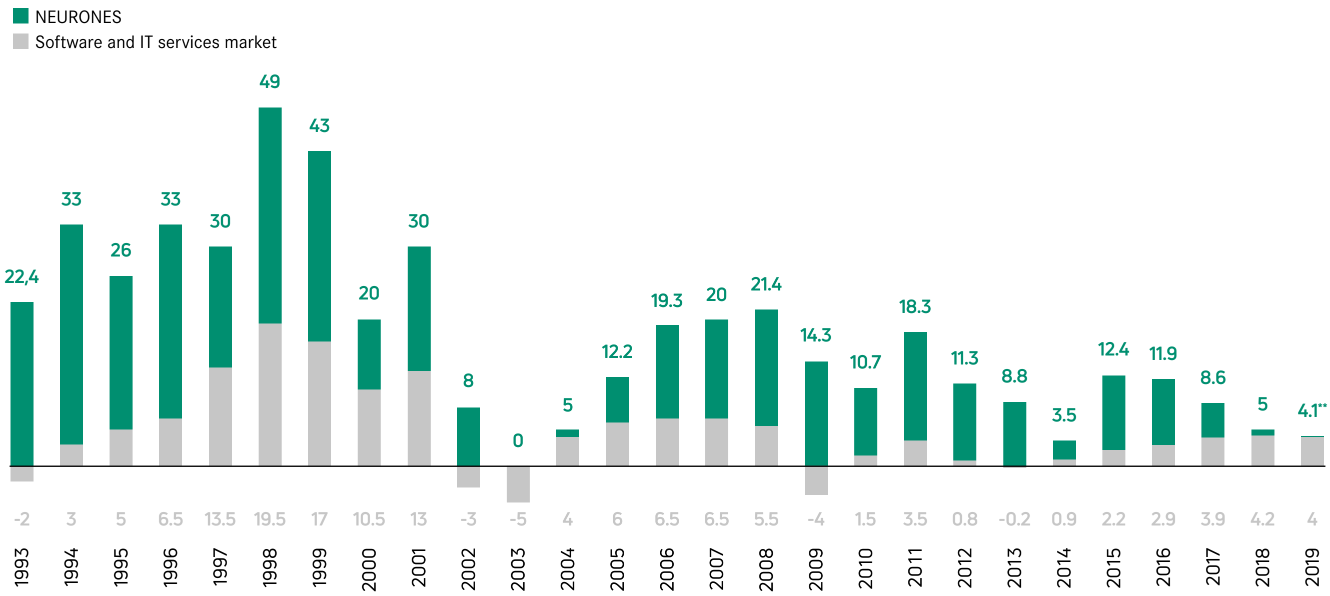
Source: Syntec Numérique – December 2019.

Overall, growth in the sector is supported by projects related to digital transformation, grouped under the term "SMACS" (Social, Mobility, Analytics, Cloud, Security), which would represent 90% of the growth (approximately 16% growth in 2019 for the SMACS and 15% was expected for the next year). In 2020, due to their higher growth rate, the proportion of "SMACS" should represent approximately 32% of the services.

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: private and public, hybrid, DevOps channels, containers, etc.,
- Security: strengthening security as IT systems become increasingly open.

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

Comparative annual growth (as %) of NEURONES and the software and IT services market in France *



* Source: Syntec Numérique
** Total growth of 4.1% and 5.1% organic growth.

Competition

In terms of revenues, NEURONES would rank 10th among Consulting and Digital Services companies (excluding technology consulting companies: Altran, Alten, Akka, Assystem, SII, etc.) in a very fragmented French market for services (the number of fellow companies employing more than 10 people is estimated at 3,800):

	Revenues of main digital services companies in France	French market share (approximate share)	Nationality
1	Capgemini	8.5%	France
2	IBM	6.4%	United States
3	Orange Business Services	6.1%	France
4	Atos	5.1%	France
5	Accenture	4.8%	United States
6	Sopra Steria	4.7%	France
7	CGI	3.2%	Canada
8	GFI	2.5%	Qatar
9	Econocom	2.2%	Belgium
10	NEURONES	1.5%	France
	Top 10 total	45%	

Sources: 2018 revenues in France according to KPMG/Syntec (2019 figures unavailable when this report was prepared), market in France estimated at €34.1 billion in 2018 according to Syntec. Often, the top 10 groups in France declare revenues in France, which don't show up directly in their registration documents. For Econocom, distribution and financing revenues have been excluded.

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

Infrastructures management, IT operations, hosting and outsourcing in cloud mode (IaaS)

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.

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.

User support

The Group's specialized entity is the leader in its market. Its main competitors are a limited number of medium-size fellow companies. For significant contracts (support for several thousand users), there are entry barriers: open and redundant information system, business continuity plans, capacity for innovation, staffing capacity, presence required on client site, in Ile-de-France, in the region (greenshore), nearshore and offshore.

Cybersecurity

The IT security specialists are small companies (a few dozen), departments of large digital services companies, "captives" of industrial groups (Thalès, Airbus, etc.) or even 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 finance

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. Competitors are independent 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 two and three hundred in France).

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 select key accounts: a manager coordinates the action of the entities' Business Managers and Business 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:

2015	2016	2017	2018	2019
89.8%	89.9%	88.9%	89%	88.8%

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 sits a cross-functional Group department for certain corporate accounts. Global account managers coordinate the actions of

the Business Mangers and Business Engineers of the different entities. They also provide consolidated reporting for 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,
- performance monitoring: 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 user support. The managed services of two of the three infrastructure entities with service and accommodation centers are certified ISO 27001. The certification audit is scheduled for the third entity.

For the other businesses, there are generally 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 shareholder-entrepreneurs. The Group makes available its tools, structure, databases, dense sales network, financial means and image. It respects the personality of entrepreneurs and its teams and recognizes the distinctive attributes of those who join the Group;
- play an active role in the slow but steady concentration of the sector. The main criteria for partnerships are as follows:
  - growing and 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 digital 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, primarily to satisfy clients' requests, the proportion of the business generated in French regions and outside France is becoming significant (21% of staff in regions outside of Paris and 12.5% 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 2019, the eligible research programs generated Research Tax Credits (RTC) of €0.8 million:

(in millions of euros)	2015	2016	2017	2018	2019
Research Tax Credit	0.9	1.2	1.6	1	0.8

Financial investments

Over the 20 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 €81.2 million at December 31, 2019 (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 (€277.3 million).

Cash flow statement* (in millions of euros)	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	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	29.6	35.2	317.5
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	8.7	5.4	86.7
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	38.3	40.6	404.2
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)	(5.6)	14.2	(45.7)
Net capital expenditures	(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)	(6.9)	(7.8)	(81.2)
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	25.8	47	277.3
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)	(3.4)	(6.4)	(81.2)
Capital increases, disposals	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	0.8	6	50.9
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)	(2.7)	(2.8)	(31.8)
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	+20.5	+43.8	+215.2
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	174.6	218.4	-

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

Net capital expenditures

In 2019, "industrial" investments amounted to 7.8 million euros. 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 its premises (35,500 m² at December 31, 2019) from outside owners who have no connection to NEURONES shareholders or its subsidiaries.

1.7. RECENT DEVELOPMENTS AND OUTLOOK

Quarterly growth and operating profit

(in millions of euros)	Q1	Q2	Q3	Q4	2019
2019 revenues	128.7	125.1	121.7	134.6	510.1
Growth	+3.7%	+5.1%	+4.1%	+3.5%	+4.1%
Organic growth	+4.2%	+6.4%	+5.2%	+4.5%	+5.1%
Operating profit	13%	8.7%	10.2%	10.2%	10.5%*

* 9.6% excluding capital gains on disposals.

Forecast 2020

During its presentation of March 5, 2020 to fund managers and financial analysts, NEURONES specified that the Group:

- had noted a 4-point drop in turnover in 2019, a sign of a probable slowdown in the sector and therefore a relative improvement in the labor market, even if recruitment remained under strong pressure,
- noted that the growth in 2019 was as much for subcontracting purchases as for the increase in the number of employees,
- had seen its workforce increase from 5,118 to 5,372 (+244 people between the beginning and end of 2019).

The factors potentially affecting the market and society in 2020 (excluding the impact of the COVID-19 crisis) were also mentioned:

Favorable factors:

- the digital transformation wave represents a sustainable and extensive opportunity,
- the arrival of new technologies normally improves margins,
- innovation is accelerating, as are the risks taken by cybersecurity,
- the group's risks are spread among specialized, mobile, cost-controlled entities in diversified sectors.

Unfavorable factors:

- strong recruitment pressures remain and turnover remains high,
- long sales cycles mean higher pre-sales costs,
- the lack of economies of scale persists in Digital Consulting and Services,
- there are few quality, value-creating "targets" with succession management.

It was also stated that NEURONES' estimates for 2020 will be announced, as usual, when it posts its 1st quarter revenues (May 6, 2020).

COVID-19

These 2020 forecasts are already difficult to establish precisely, as the situation is unprecedented, particularly in the absence of certainties at the end of the lockdown period: actual schedule and people concerned by the resumption of activity, organization of work under new health safety conditions, pace of recovery among clients, etc.

A significant decline in sales is already anticipated for the second quarter of 2020. Technical assistance, consulting and training activities are the most affected. Recurring contracts, with performance commitments, represent a cushion of stability. Logically, most of the new projects were suspended or postponed by clients as soon as the lockdown announcement of March 17, 2020 was made.

Since then, almost all service production has been carried out by teleworking, thanks in particular to the success of the switchover carried out according to the business continuity plans, tested over a long period of time and activated immediately, for all recurring managed services contracts.

Two analysts published a commentary on NEURONES on March 23 and April 1, 2020 forecasting a drop in consolidated revenues of between -5.6% and -10% for the current year. While the Minister of the Economy and Finance announced an 8% decline in national GDP on April 14, the above range seems realistic, despite the many uncertainties mentioned above and a previously unknown context.

For employees who are not working, preference was given to childcare-related work stoppages and taking days off and RTT (reduced workweek) days, within the framework of possibilities offered by the French Labor Code and Company agreements. Beyond that, the partial activity system was used. With regard to the Group's cash position, there will obviously be no recourse to government-guaranteed loans or the possibility of deferring charges and taxes.

Taking into account the anticipated drop in revenues and a probably abnormally high interruption rate for 6 to 18 months (before a return to normal), the analyses mentioned above anticipate an operating profit for NEURONES in 2020 of between 6.9% and 8%.

Provisional calendar of financial events

Shareholders' Meeting:

- Thursday June 4, 2020 (closed meeting).

Revenue announcements*:

- Wednesday May 6, 2020 (1st quarter 2020),
- Thursday August 4, 2020 (1st half of 2020),
- Wednesday November 4, 2020 (3rd quarter 2020).

Profit announcements*:

- Wednesday September 9, 2020 (1st half of 2020).

* At the close of trading.

❷ Non-Financial Performance Statement (CSER Report)

2.1. BUSINESS MODEL

A customer's expectations of a Digital Service Company (DSC) are mainly:
- mastery of the latest technologies and a range of consulting to inform its decisions (evaluation of the return on investment and choice of timing). Currently, the demand is especially strong for the following technologies: Agile methods (Project Owners, Scrum Masters), DevOps in general (including tools), Cloud in all its forms, Big Data and Analytics, infrastructure automation, mobile applications, UX / UI design, Cybersecurity and connected devices (IoT),
- the operational availability of human resources trained in the latest tools and their stability,
- the ability to produce managed services with a guaranteed-performance commitment
- a size commensurate with the commitments made.

At the top of the cycle, because of revenues, clients and service providers encounter great difficulty ensuring the stability of project teams. At the bottom of the cycle, digital services companies (DSC) are more likely to be solicited on a global basis, within the framework of contracts with formalized service level commitments.

Current trends include the growth of teleworking and the success of freelancing among IT professionals.

A service company devotes as much energy to working on its ability to attract and retain its employees (its number one asset) as it does to satisfying its clients.

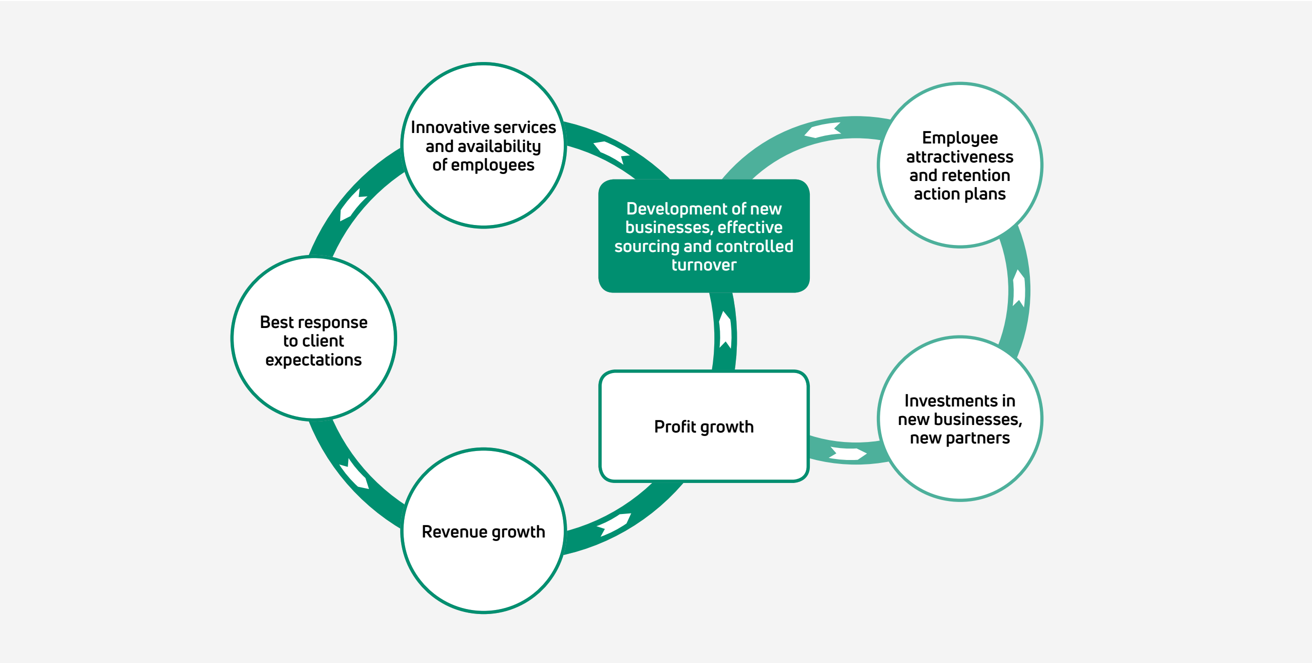
Given its organization in business entities, with bosses who have a stake in the capital, NEURONES also has the particularity of constantly looking for new entrepreneurs who will ensure its long-term growth (through mergers, spin-offs or start-up of new structures). The group's value creation is illustrated by the diagram on the next page.

The details of the different business lines are described in section "1.3 Activity - Details of business lines" of this report.

NEURONES' business model can be diagrammed as follows:

Resources	Strategy	Value creation
Human capital • 5,400 employees in 9 countries • 9,900 training days per year • More than 30 associate officers • Subcontractors of which independent: 1,300 full-time equivalent employees **Line of services capital** • 30% of sales in innovative digital-related services (Smacs, etc.) • Equilibrium between recurrent services with commitments (46%), projects (18%) and simple technical assistance (36%) • Balanced distribution between highly specialized niche offerings and generalist services **Organizational capital** • Service Centers • Managed services contract management teams • Prepurchase service, internal audit teams, General Data Protection Regulations, Quality **Financial capital** • Shareholders' equity at the end of 2019: €327m • Net cash and cash equivalents at the end of 2019: €218m • Overwhelmingly majority managerial shareholding	• Build employee loyalty and increase attractiveness to candidates (turnover slows growth, dilutes corporate culture and erodes efficiency) • Work with new shareholder entrepreneurs who, if possible, join the Group with their company • Continue to invest in new innovative services and emerging technologies through acquisitions or spin-offs • Maintain a diversified portfolio of services to withstand cyclical ups and downs • Expand by extending geographical coverage • Acquire increasing credibility on projects of increasing size	**Human capital** • Net creation of 244 jobs in 2019 excluding changes in scope of consolidation • Numerous awards: "Great Place to Work, Happy at Work, Best Employer" • History of directors and managers with stakes in the share capital **Line of services capital** • Public and Hybrid Cloud Offerings • Minority interest in a Big Data startup in finance **Organizational capital** • €7.8 M of capital expenditures (Capex) in 2019 for private clouds and service centers **Financial capital** • Operating profit: 10.5% of revenues • More than 90% of results placed in reserves (10-year average)

NEURONES' value creation model can be illustrated as follows:



2.2. KEY CSER RISKS IDENTIFIED

The analysis of CSER risks was developed based on the global mapping of NEURONES risks and with the same calculation method (impact in case a risk occurs and probability of occurrence). The Board of Director reviews this document annually, generally during its meeting in September. No new CSER risks emerged during the September 2019 session.

The potential CSER risks identified as priorities are as follows:
- difficulties retaining staff that would materialize in excessive turnover,
- recruitment problems that would be the consequence of a lack of attractiveness,
- departures of key staff in the event of inadequate incentive systems: variable pay, bonus shares, performance shares
- training gaps (impact on turnover and attractiveness),
- absenteeism too high (warning signal of turnover).

For priority risks, key performance indicators (KPIs) have been defined. They are labelled KPI in the remainder of the text.

The following potential CSER risks were deemed as important, but are not among the main risks:
- ethics, prevention of corruption,
- health and safety,
- insufficiently proactive attitude on the following themes: gender equality, diversity, welcoming people with disabilities, sponsorship actions (lack of response to the need for meaning in professional life with, ultimately, an impact on turnover),
- insufficient dialogue between management and employees (impact on turnover and attractiveness, potential labor movements),
- poor anticipation on following themes: carpooling, use of bicycle transport, mugs, selective sorting, lack of response to the need for meaning in professional life with, ultimately, an impact on turnover,
- too much commuting between home and work,
- insufficient attention paid to datacenters' consumption.

Because of its consulting and digital services activity, NEURONES did not deem the following themes represent a material challenge:
- animal welfare,
- responsible, equitable and sustainable food supply,
- fight against food waste and food insecurity.

2.3. CSER STRATEGY

Governance

A Sustainable Development Committee leads the Group's CSER 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, define their initial and target value,
- regularly review the progress made (continuous improvement),
- monitor developments in CSER,
- manage the selected indicators over time.

Subsidiaries that have their own CSER approach exchange information with the Sustainable Development Committee, which draws on their best practices. In 2019, there was a lively exchange of views among the members of the Committee, although there was no plenary meeting.

Timeline

2010: first signatures of the Diversity Charter (five entities are signatories to date) and the UN Global Compact (two entities are signatories).

2011: NEURONES is included in the Gaia 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 listed companies. Since it entered the index, NEURONES has always been part of it.

2012: the Sustainable Development Committee is set up and the first CSER report.

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

2014: monitoring of datacenters' electrical power consumption is implemented.

2016: NEURONES signs the UN Global Compact

2017: implementation of the corruption prevention mechanism (Sapin II Law), in particular a Code of Conduct.

2018: the CSER report evolves and becomes the Statement of Non-Financial Performance (SNFP).

2020: new internal employee survey on home-workplace travel (1st edition: summer 2015).

2.4. EMPLOYEE RELATIONS POLICY

Employees

Over the last ten years, the number of employees (at the end of the fiscal year) has increased by almost 80%:

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
3,036	3,471	3,704	4,065	4,082	4,580	5,044	5,028	5,160	5,372

Their geographic distribution is as follows: Ile-de-France 66.5%, regions 21% and international 12.5%. In France, 93% 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 "Sage").

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, excluding acquisitions and disposals) has changed as follows:

KPI

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
1,100	1,400	1,240	1,248	1,142	1,647	1,695	1,857	2,012	1,904

Recruitment procedures include, for example:
- technical multiple-choice questions for each specialization,
- at least one technical interview, where relevant,
- at least one personality interview.

At the end of 2019, 163 young people were working under a professionalization contract and 50 were doing an apprenticeship. In the course of 2019, we received 104 people doing internships.

Turnover

In 2019, staff turnover (the number of resignations during the year in relation to the average number of employees for the year) fell by 4 points compared with the figure for 2018 (20%). The latter corresponded to a top of the cycle level as in 2000 (22%) or 2008 (21%):

KPI

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
12%	16%	14%	11%	13%	13%	13%	17%	20%	16%

It would have been higher without the numerous actions to increase staff retention and attractiveness to candidates:
- training actions up 20%, particularly in reskilling Agile/Devops,
- relocation of some entities to more easily accessible locations and buildings with services (sports halls, concierge services, etc.),
- creation of "lounges", rest areas and a group multimedia room to increase well-being at work,
- increased presence on social networks and blogs (increase in community management) and development of employer brands: "Welcome to the Jungle" films, followed by Glassdoor ratings and recommendation rates, number of Twitter subscribers, Facebook "likes", etc.
- more employee events: afterwork events, running, sea outings on a Multi 50 trimaran, inter-entities futsal (indoor soccer) tournament, etc.
- fewer levels of authority, favoring initiatives and accountability, and
- attempts to satisfy young graduates' "need for meaning:" higher environmental requirements and skills sponsorships.

It should be noted that two-thirds of the group's employees work in the Paris region, where turnover is traditionally higher than in other regions of France.

In 2019, the arrivals/departures can be analyzed as follows:

Detailed figures concerning staffing	2015	2016	2017	2018	2019
New hires	**1,647**	**1,695**	**1,857**	**2,012**	**1,904**
Changes in scope (acquisitions)	50	131	14	-	-
Changes in scope (disposals)	-	-	185	13	32
Departures:					
Resignations	551	654	867	1,050	837
End of trial periods	203	246	298	321	257
End of fixed-term, apprenticeship and prof. contracts	167	182	243	231	234
Mutual-agreement terminations	108	136	150	133	155
Layoffs	135	133	128	114	143
Miscellaneous	35	11	16	18	34
Total departures	**1,199**	**1,362**	**1,702**	**1,867**	**1,660**
NET CHANGE IN HEADCOUNT	498	464	-16	132	212

Working hours

More than 98.6% of the workforce in France work full time. The bulk of the part-time staff work 4/5th of a workweek. For example, only 0.5% of the workforce has a working time of less than 80% of a full-time employee. Under the Syntec collective bargaining agreement (with the exception of the training entity), employees are entitled to a number of RTT days, depending on the subsidiary that employs them and their position: non-managerial staff and Etam, managerial staff on assignment, managerial staff on fixed-price contracts.

Teleworking

At the end of 2019, 170 group employees were regularly teleworking 20% of their time (general case) or more. In December 2019, the transport strikes showed that the number of teleworkers could become much larger, at least over a set period of time.

Compensation

Compensation evolves based on employees' profile, experience and occupation. It includes variable parts when relevant and can be supplemented by employee profit-sharing and incentive plans.

In 2019, total gross compensation increased 2.6% to €204.2 million (€199.1 million in 2018). 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, nor 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.

At 5,211 in 2019 (5,114 in 2018), the average workforce is up 1.9%. The average gross salary was €39,200 per year (38,900 in 2018 and 39,000 in 2017) and increased 0.8% over the year.

Continuous in-house training

Each subsidiary decides its training actions. They primarily concern advanced technical training, but also management and language training courses. Special effort was devoted to the new technologies related to digital transformation (DevOps, Python, Ansible, Terraform, etc.).

The presence within the group of an entity specializing in this activity is an asset: simplified enrolment/cancellation procedures, availability of course materials and in-house certifications (the group is approved to pass certain technical authorizations). Staff are encouraged to sit for these qualifying exams. This subsidiary carries out a significant part of the Group's training activities, including long courses for future employees.

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

Training plan (days x participants):

KPI

2015	2016	2017	2018	2019
8,600	8,600	9,100	10,800	9,900

Training eligible for continuing vocational training in France and similar actions carried out internationally. Online training not included. 69,300 hours in 2019 (i.e., 9,900 days x 7 hours).

Actions designed to develop loyalty among senior managers and key managers

Since 1999, six NEURONES stock option plans and seven bonus share programs have been implemented. Since 2015, nine subsidiaries launched bonus-share plans with their own shares. Those due to expire in the near future concern approximately 2% of the Group's workforce.

The expense related to bonus share plans in the consolidated financial statements is as follows (in thousands of euros):

KPI

2015	2016	2017	2018	2019
711	1,185	2,000	1,236	1,176

NEURONES and subsidiary plans.

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 employees is 35.7 years at the end of 2019, stable compared to 2018, with the following breakdown:

Workforce breakdown by age bracket	2015	2016	2017	2018	2019
less than 25 years	8%	8%	8.5%	10%	9.5%
25 to 29 years	22%	21.5%	20.5%	20%	21%
30 to 34 years	23.5%	22.5%	21%	20%	21%
35 to 39 years	18.5%	18%	19%	18%	16%
40 to 44 years	14.5%	15%	14.5%	14%	13%
45 to 49 years	8%	8.5%	9%	10%	10.5%
50+ years	5.5%	6.5%	7.5%	8%	9%
Total	**100%**	**100%**	**100%**	**100%**	**100%**
AVERAGE AGE	35.2	35.5	35.7	36	35.7

Company-wide agreements and action plans for employees over the age of 50 were introduced at the end of 2009. They have paid off since, at the end of 2019, the share of past 50s has increased and now represents 9% of the staff.

Diversity

NEURONES wants to promote diversity in all its forms – gender, age, background, disability, etc. – to make its teams more innovative, more productive and more competitive. Four Group entities have signed the Diversity Charter. Concerning the staff in France, 9.9% of employees are non-French nationals, representing 67 different nationalities:

	2015	2016	2017	2018	2019
% foreigners	7.8%	8.6%	9.3%	9%	9.9%
Number of nationalities represented	46	53	63	61	67

"Sage" scope

Gender equality

Although women are not well represented in engineering schools' IT courses, they make up 20.8% of the NEURONES' workforce in France ("Sage" scope). In the framework of the law on real gender equality, the group's entities in France have published their gender equality index (maximum value of 100, with the need to implement a multi-year action plan if the index is less than 75):

	Indice	Date de calcul
1 entity with more than 1,000 employees	86	March 1, 2020
1 entity with more than 250 employees	73	March 1, 2020
9 other entities with more than 50 employees	79 (average) 73 (minimum)	March 1, 2020

In the Consulting division, parity between men and women is generally respected, both in terms of staff numbers and compensation.

Internationally, the proportion of female employees is higher than in France (Romania: 80%, Tunisia: 40%, Singapore: 25%).

Disability

The Group strives to be more "disabled-friendly." At the end of 2019, 1.38% of its workforce were disabled people. This proportion is quite insufficient even if it is probably situated in the top half of DSCs.

Purchases from EA and ESAT (Entreprises Adaptées et Établissements et Services d'Aide par le Travail/Establishments for Aid Services through Work) increased sharply between 2018 and 2019: from 104 to 159 thousand euros.

Labor-management relations

In France, there is regular dialog with the employee representative bodies (CSE members, employee representatives, Trade union representatives and Group Committee members). Because of NEURONES' decentralized structure built around line-of-business subsidiaries, there are many collective agreements. For the two largest entities (65% of the workforce), the following agreements are in force: night work and on-call duty, teleworking, 35-hour week, profit-sharing, company savings plan (PEE). Every year the entities concerned organize the Mandatory Annual Pay Negotiation (NAO) process, which results in an agreement, a partial agreement or a disagreement.

Company-wide agreements

The service desk entity has implemented specific additional agreements. Employees who donate blood are entitled to two half-days per year of paid absence. Two additional days of paid leave for sick children are provided for employees who are parents of a disabled child. The "right to disconnect" has been clarified. The following agreements have also been set up: 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 created. 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 (52 employees at the end of 2019), there is no employee representation structure (no legal framework).

Health and safety at work

In France, the Occupational Health and Safety Committees (OHSC) (then CSER) 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).

KPI

Indicators	2015	2016	2017	2018	2019
Absenteeism rate*	4.1%	4.2%	3.8%	4%	4.5%
Number of accidents at work resulting in lost time (of one day or more)	28	29	39	56	62
Corresponding number of days absent	416	664	811	1,353	735
Lost-time injury frequency rate (number of occupational lost-time accidents per million hours worked)	4.8	4.7	7.2	8.9	9.5
Lost-time injury severity rate (number of days of paid sick leave per thousand hours worked)	0.07	0.11	0.15	0.21	0.11

* Number of days absent (sickness, work accidents, leave to care for sick children and family-related leave) as a proportion of the theoretical number of working days. All the data in this table correspond to the "Sage" 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; minimum age for entering the workforce, the refusal of forced or compulsory labor or abusive 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 legal 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 with a specific email address distributed to all staff. This email address is shown on the contracts signed with subcontractors and other suppliers, as well as on certain client contracts. A risk map has been drawn up and an e-learning system has been developed. Every year, the Ethics and Compliance Committee presents the Board of Directors with a progress report on the approach and a report on any alerts.

Fight against tax evasion

For each Research Tax Credit (CIR) application, a specialized firm checks its eligibility beforehand and afterwards all the documentation produced.

Each time a foreign subsidiary is created, NEURONES, assisted by a leading specialized firm, defines and documents the rules used to fix the internal transfer prices.

2.5. 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.

CSER service lines

The Group's specialized entities carry out many projects to switch to paperless processes for incoming and outgoing documents. Consequently, they limit paper consumption 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 answers questionnaires from this company.

Subcontractors and suppliers

In 2019, purchases of subcontracted services amounted to €117.7 million, or 23.1% of revenues, a ratio that is steadily increasing and is probably slightly above the average of our major counterparts.

The Group strives to make responsible purchases. External contributors, integrated into NEURONES teams, are considered in the same way as internal employees. Self-employed contractors enjoy special payment terms: their invoices are paid at 30 days end of month.

In ISO 9001-certified subsidiaries, subcontractors who exceed certain service volume thresholds are assessed formally. These subcontractors are made aware of CSER 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. Within this framework, the development of relationships with a defined group of schools and universities is at the heart of its strategy:
- 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, the Group primarily 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", "Happy at Work", "Best Employer 2019"

One company of the Group has been awarded 7 times (2012, 2013, 2015, 2016, 2017, 2018, 2020) the "Great Place to Work" label ("a great place to work is a place where you trust your managers, you are proud of your work and you appreciate your colleagues" - Robert Levering, co-founder of "Great Place to Work").

In 2019, three more companies were awarded the "Happy at Work" and "Best Employer" labels.

Volunteering with civil society

Initiatives are encouraged by shareholders 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.), or give their time or creativity.

Indicator *(in € thousands)*	2015	2016	2017	2018	2019
Budget devoted to partnerships and sponsorships	49	130	72	158	270

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.

In this mode, the Consulting division supports two associations:
- the first one assists social entrepreneurs scope and implement their projects (consultants coach entrepreneurs),
- the second one supports young people from disadvantaged neighborhoods in their search for their first job (mentoring 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 undertakes contractually to ensure the confidentiality and integrity of this 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.

Since May 2018, the Group applies Europe's General Data Protection Regulations. These also concern client and employee (CRM) data.

2.6. ENVIRONMENTAL POLICY

As part of its 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 (home-workplace and business travel), by far the largest source of emissions,
- energy consumption in the offices as well as in the data centers used by the group at its sub-contracted hosting providers (not at 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.

NEURONES has therefore:
- 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, Eco2 service vehicles emitting less than 120 g of CO_2 per km have been preferred,
- set up a car-sharing system (at the Angers service center),
- encouraged and facilitated the various videoconferencing systems.

Indicator	2015	2016	2017	2018	2019
Emissions for commuter journeys by car or motorbike *(in metric tons CO_2 equivalent)*	3,010	3,295	3,395	3,471	3,163
Emissions from NEURONES' vehicle fleet *(in metric tons CO_2 equivalent)*	430	464	478	470	516
Emissions for work travel reimbursed on expense accounts *(in metric tons CO_2 equivalent)*	199	209	245	220	206

Scope: France. The rate of employees in the Greater Paris region using public transport was not reassessed in 2019.

The decrease in emissions from commuting to work is explained by the decrease of about 10% (in four and a half years) in the use of cars and motorbikes in favor of public transport, a decrease highlighted by the survey below. The distances travelled have not changed significantly.

The breakdown of employees' place of residence in the Paris region (70% of total employees) is as follows:

Île-de-France region	92	75, 78	77, 91, 93, 94, 95
% place of residence by department	20%	15%	10% on average

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.

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. This system currently involves about 15 pairs (30 people). Furthermore, a bonus is paid to some 50 employees who come to work by bicycle.

To evaluate consumption corresponding to home-workplace journeys, NEURONES conducted an internal survey in January 2020 (France scope, 1,350 respondents or 30% of the French workforce) on the modes of transport used. The results are as follows:

Mode of transport for work commute	Greater Paris region	Other French regions	Total France
Public transit	63.8%	29.7%	55.8%
Car	25.9%	53.8%	32.4%
Motorbike	6%	3.1%	5.3%
Walking	2%	7.7%	3.3%
Cycling	2.1%	5.7%	3%
Carpooling	0.1%	0%	0.1%
Working from home	0.1%	0%	0.1%
TOTAL	100%	100%	100%

Scope: France.

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 of personal cars and motorbikes is 6.5 liters/100 km (declared).

The same survey was conducted in July 2015. In four and a half years, the use of cars and motorbikes has decreased by about 10%.

The consumption of the 226 vehicles in NEURONES' fleet was calculated based on an average consumption per vehicle of 6 liters/100 km and 15,000 km traveled per year. For business journeys, 1,900 km are reimbursed on average per year and per employee concerned. Consumption for visitor travel and public transit was not estimated.

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 consumption systems have been installed, such as lighting, individually-adjustable energy-efficient air conditioning, presence detectors, etc.

Indicators	2015	2016	2017	2018	2019
Electricity consumption per m² and per year (excluding data centers) *(in kWh/m²)*	126	133	124	N/A	N/A
Surface used *(in m²)*	23,000	27,500	31,100	33,200	34,900
CO_2 emissions *(metric tons CO_2 equivalent)*	363	496	522	557	585

Electricity consumption per m², estimated in 2019, is based on that measured in 2017. 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 French average for tertiary buildings would be 211 kWh/m² (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 has been installed in all service desk centers (Nanterre, Angers, Marcq-en-Baroeul, Nantes, Lyon, 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

Electricity consumption per m² 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).

CSER 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 during the year). NEURONES strives to give priority to latest generation datacenters, which normally offer better PUEs, and seeks to regularly increase the load factors of its cabinets.

Indicators	2015	2016	2017	2018	2019
Number of cabinets "switched on" (entire Group)	120	161	227	210	186
Average real power per cabinet *(in kW)*	2.42	2.44	2.56	2.69	2.78
Average PUE	1.72	1.66	1.67	1.65	1.67
Total consumption (after PUE) *(in MWh)*	4,426	5,705	8,504	8,172	7,552
CO_2 Emissions *(metric tons CO_2 equivalent)*	483	588	858	830	779

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 data centers managed in Ivory Coast on client site are not counted.

The group asked its various hosts for assessments of their CPUE on a center-by-center basis. The latter did reply in writing, but in a rather approximate manner. The estimated consumption of the datacenters is therefore presented for information purposes.

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. All of these actions reduced the printing volumes by 60% in 5 years.

Indicator	2015	2016	2017	2018	2019
Quantity of paper used per m^2 and per year *(in g/m^2)*	570	447	384	311	239
CO_2 Emissions *(metric tons CO_2 equivalent)*	17	11	11	9.5	7.5

Paper in A4 or A3 format. Some sites have reported the quantities purchased and not consumed.

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. Raising employee awareness to adopt a diet that emits less CO_2, for example less meat, is done indirectly by the companies that manage the inter-company restaurants frequented by employees.

2.7. METHODS USED

Reporting scopes

Three scopes have been defined for producing detailed indicators:
- the so-called "Sage" scope covering the subsidiaries in France (all but two) managed in Sage's HR software (i.e., 82.5% of the workforce),
- the "France" perimeter covering 88% of the workforce,
- the entire Group scope ("Group").

Indicators were produced for the following scopes:
- "Sage" scope: percentage of permanent employment contracts (CDI), average age, breakdown by age bracket, percentage of senior employees and of non-French nationals, number of nationalities, gender breakdown, percentage of full-time jobs, rate of absenteeism, lost-time injury frequency and severity rates and proportion of employees using public transport,
- "France" scope: number of apprenticeship contracts, professionalization contracts, internships, 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 m^2 of office space.

Exits by reason for departure (resignations, dismissals, etc.) are available in detail in the "Sage" scope. An extrapolation to the entire group was made from this scope.

For training days, the scope of the study concerns 98% of the workforce.

Energy consumption in the data centers was obtained from the available data, which differed according to the infrastructures concerned:

- for datacenters belonging to the group, which have become a very small minority, estimates of kWh consumed based on PUE,
- for third-party hosting companies, the average power in kW per cabinet before PUE. By 2015, the four major hosting providers had also produced written assessments of "Target CPUE" on a center-by-center basis. These assessments were used in this report.

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 "Sage" scope indicators 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 CSER data.

Consolidation and control methods

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

2.8. AUDITOR'S REPORT

Report by one of the statutory auditors, designated as an independent third party, on the Consolidated Extra-Financial Performance Statement.

Year ended December 31, 2019

To the shareholders,

In our capacity as statutory auditors of your company (hereafter the "entity), appointed independent third party, accredited by COFRAC under number 3-1141 (scope of accreditation available at www.cofrac.fr), we hereby present our report on the consolidated statement of non-financial performance for the year ended December 31, 2019 (hereafter the "Statement"), presented in the Group management report pursuant to the legal and regulatory provisions of articles L. 225 102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code.

1. Company's responsibility

It is the Board of Directors' responsibility to draw up a Statement in accordance with the legal and regulatory provisions, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies applied in view of these risks as well as the results of these policies, including the key performance indicators.

The Statement was established by applying the entity's procedures (hereafter the "Reference Bases"), whose significant items are presented in the Statement.

2. Independence and quality control

Our independence is defined by the provisions of Article L. 822-11-3 of the French Commercial Code, the code of professional conduct and the provisions set out in ISO 17020. In addition, we have implemented a quality control system that includes documented policies and procedures to ensure compliance with applicable laws and regulations, ethical rules, professional doctrine and ISO 17020.

3. Responsibility of the auditor appointed independent third party

On the basis of our work, it is our responsibility to express a conclusion of limited assurance on:

- the compliance of the Statement with the provisions set out in article R. 225-105 of the French Commercial Code, and
- the fairness of the information provided pursuant to 3° of I and II of article R. 225 105 of the French Commercial Code, namely the results of policies, including the key performance indicators and the actions related to the main risks, hereafter the "Information."

However, it is not our responsibility to express an opinion on the entity's compliance with other applicable laws and regulations, in particular with regard to the compliance plan and the fight against corruption and tax evasion, or on the compliance of products and services with applicable regulations.

4. Nature and scope of our work

Our work described hereafter was carried out pursuant to the provisions of articles A. 225 1 et seq. of the French Commercial Code and in accordance with the professional doctrine of the National Statutory Auditors Association relating to this assignment:

- we reviewed the activity of all the companies included in the scope of consolidation and the statement of the main risks;
- we assessed the appropriateness of the Reporting Criteria with respect to their relevance, completeness, reliability, neutrality and comprehensibility, taking into account, where appropriate, industry best practices;
- we verified that the Statement covers each category of information provided for in III of article L.225 102 1 concerning social and environmental matters as well as respect for human rights and the fight against corruption and tax evasion;
- we verified that the Statement presents the information provided for in II of article R. 225-105 when it is relevant to the main risks and includes, where appropriate, an explanation of the reasons for the absence of certain information required by the 2nd paragraph of III of Article L. 225-102-1;
- we verified that the Statement presents the business model and a description of the main risks related to the activity of all the entities included in the scope of consolidation, including, where relevant and proportionate, the risks created by its business relationships, products or services as well as the policies, actions and results, including key performance indicators relating to the main risks;
- we consulted documentary sources and conducted interviews to:
  - assess the process for selecting and validating the main risks and the consistency of the results, including the key performance indicators selected, with regard to the main risks and policies presented;
  - corroborate the qualitative information (actions and results) that we considered most important [1]. Our work was carried out at the level of the consolidating entity;
- we verified that the Statement covers the consolidated scope, namely all of the entities included in the scope of consolidation, pursuant to article L.233-16 with the limits specified in the Statement;
- we reviewed the internal control and risk management procedures implemented by the entity and assessed the process for collecting information to ensure that it is complete and accurate;
- for the key performance indicators and other quantitative results that we considered most important [2], we implemented:
  - analytical procedures involving verifying that the collected data was consolidated correctly and that the trends were consistent;
  - tests of details based on samplings, which involved verifying that the definitions and procedures were applied correctly and reconciling the data with the supporting documents. This work was carried out with a selection of contributing entities [3] covering between 29% and 94% of the consolidated data for the key performance indicators and between 25% and 58% of the other indicators and results selected for these tests;
- we have assessed the overall consistency of the Statement based on our knowledge of all the companies included in the scope of consolidation.

We believe that the work we carried out 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.

5. Means and resources

Three people carried out the work between February and April 2020 over a total working time of a week and a half.

We conducted five interviews with the people responsible for preparing the Statement.

6. Conclusion

Based on our audit, we did not find any significant anomaly that could invalidate the fact that the Statement of non-financial performance complies with the applicable regulatory provisions and that the information, as a whole, is presented truthfully and in accordance with the Reference bases.

7. Comment

Without calling into question the conclusion expressed above and in accordance with the provisions of Article A. 225-3 of the French Commercial Code, we make the following comment:
The lack of objectives concerning the main risks doesn't make it easy to understand the Group's non-financial performance.

The Statutory Auditor

Done in Paris, April 23, 2020

BM&A

Marie-Cécile Moinier
Members of the Compagnie régionale de Paris (Institute of Statutory Auditors)

(1) Qualitative information: Active recruitment policy (process and technical MCQ); Turnover (Agile/DevOps reskilling training, community managers); Training (DevOps digital transformation); Diversity (diversity charter); Gender equality (Index), Health and safety at work (measures to prevent psycho-social risks); Corruption prevention (internal regulations, e-learning training, ethics and compliance committee); Subcontractors and suppliers (evaluation sheet); School relations (Great Place to Work Label, Happy at Work, Best Employer); Voluntary actions with civil society (Handigolf, Route du Rhum); Carbon loan linked to meals (eco-gestures guide).

(2) For the 2019 key performance indicators: recruitment (number of new employees), turnover rate, number of training days, expense related to bonus share plans and absenteeism. For the other 2019 quantitative results: workforce, diversity (% of foreigners, number of nationalities represented), gender equality (% of women in the workforce).

(3) Helpline, Intrinsec Sécurité, Arondor, AS Group, Codilog, Colombus Consulting, Deodis, Neurones IT and NEURONES SA.

❸ Risks

3.1. MAIN RISKS, RISK IDENTIFICATION AND CONTROL MECHANISMS

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.

Consequently, a formalized statement of risks that could have a material adverse effect on the business, financial position or results of operations has been drawn up. The Board of Directors reviews this mapping annually.

Obviously this mapping does not concern geopolitical, social or health events (COVID-19: see page 15) and, more generally, events that concern the entire economy of the countries the group operates in.

For each threat, a probability of occurrence and a potential impact are assessed. As part of its risk management approach, the Company regularly reassesses all of the risks it is exposed to, their raw criticality and takes measures to reduce the probability of their occurrence and their consequences, by implementing internal control and risk management procedures, as well as specific action plans.

The risk factors, presented below, are those estimated by NEURONES as being the most important in net criticality:

Family of risks	Risk	Probability	Impact	Criticality
Related to the activity	**Recruiting and retaining staff**	**4**	**3**	**12**
	Departure of key personnel	**3**	**4**	**12**
	Non-compliance with a contractual commitment	**4**	**3**	**12**
	Human error in the performance of a service	**2**	**4**	**8**
	Outstanding trade receivables	2	2	4
	Acquisitions	1	4	4
Financial (IFRS7)	Credit	1	4	4
	Liquidity	0	4	0
	Market (interest rate, foreign exchange, equity market investments)	1	1	1
	Capital management	0	4	0
Digital	**Cyberattacks with unavailability of the Production Information System and/or loss of data**	**4**	**3**	**12**
	Bank transfer fraud	4	1	4
Environmental and societal	Ethics: corruption, price fixing	2	3	6
Fiscal and regulatory	Interpretation of laws and regulations	1	2	2

Probability of occurrence: 4 = significant, 3 = occasional, 2 = low, 1 = very low
Impact: 4 = severe, 3 = significant, 2 = mild, 1 = negligible
Criticality = Probability x Impact. The higher the number, the more critical it is.

The main risks identified, shown in bold type, are those related to the business (as well as the classic digital risks).

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 turnover, which remains high in the Paris region, NEURONES' capacity to grow its teams (without relaxing recruitment criteria) has been sufficient up to now, including in periods of a tight job market.

Numerous actions to increase retention and attractiveness are carried out (and detailed in Chapter 2 above). As in most DSCs, Human Resources Departments are equipped with significant resources, both for recruitment and for employee retention.

Risks related to the departure of key personnel

Key people include the members of the subsidiaries' management committees, but also the best commercial talents, technical leaders and experienced contract managers.

Decentralized management, profit-sharing and participation in bonus share programs are the actions put in place to mitigate the risk of departure of the most important executives.

Risks related to the failure to honor a contractual commitment (lump-sum projects or recurring services with performance commitments)

Apart from Consulting, which is considered to be a 100% project activity, non-recurring fixed-price packages in Digital Services represent approximately 10% of revenues.

For infrastructure fixed-price projects, the risks of off-target performance are limited. They may result from the mismatch between different hardware and software to be integrated. In practice, these may not be able to be installed to fulfil their function. 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 very big, a subdivision is organized.

Stringent technical and legal checks are made during the pre-sale phase (and must be approved by an authorized person). The list of work in progress is reviewed at the end of each month in the entities concerned with, for each project, a re-estimate of its advance/lag. Any sudden change in the estimated "still to do" triggers a review of the contract in question. Overall, experience shows that the risk of slippage on application packages remains limited for the size of "turnkey" operations (maximum of one million euros) handled by the group.

Today, 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. During the pre-sales phase, the service provider has to anticipate productivity levels for each activity, based on its charts, 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, which are often incomplete). In general, NEURONES and its fellow companies offer fixed prices (per workstation or server), independently of the number of technical actions to be carried out. They often also commit to contractual productivity gains during the term of the contract. In order to meet its service commitments, an incoming service provider may be forced to assign more teams than had been planned during the handover phase, or even worse, during the ongoing operation phase. The situation is then analyzed and discussed with the client through committees provided for in the contract. A jointly agreed action plan is put in place. In some extreme cases, a project's gross profitability may nevertheless 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.

For fixed price projects, liability insurance can be activated. For recurring service contracts, the risk is controlled through precautions (prior to signing the contract) and subsequent negotiation (during the recurring phase) because there is no possibility to resort to insurers. A senior executive of the leading entity monitors the pre-sales phase and attends the strategic committees (half-yearly or annual) in order to build a close relationship with the client. The most experienced service delivery managers are assigned to the projects that require the most negotiations ("contract management").

Risks related to human error in the performance of the service (infrastructure services)

Some employees or subcontractors, under the responsibility of a group entity, may make a mistake, either by failing to comply with safety instructions (ban on emailing important files outside the Client organization) or by making a handling error (deleting all files instead of a given file, failing to react in accordance with instructions from an operations supervisor at night or on weekends, disconnecting an incorrect cable in the datacenter, etc.). This type of error is likely to create significant indirect damage (unavailability, loss of data).

Over the past ten years, one client sanctioned a Group company for failure to comply with safety instructions. The sanction was a six-month freeze on orders. The shortfall was estimated at €0.3 million in gross profit.

Over the same period, and this time concerning handling errors, five cases were investigated. On each occasion, the analyses showed that there had been a chain of several errors or failure of the planned safety devices (activation of a "hot" backup, automatic shutdown of network traffic in the event of saturation, etc.) to function. Often the person who made the mistake was alone and was confronted with an unusual incident. He tried to sort it out on his own, failing to warn the team leader when he was on call. Awareness-raising and training activities are also carried out regularly. To date, the Group's civil liability policy has never been implemented for this type of risk.

For recurring contracts, the Group's chief legal officer, or the legal officer of the entity concerned, reviews the limitations of liability clauses. However, in a decentralized structure it cannot be excluded that, despite regular reminders, an entity may omit such validation.

Client risks

In 2019, the largest client represented 9.3% of revenues. This total volume of business corresponds to multiple deals concluded between different autonomous decision centers and several NEURONES business entities.

In France, with a customer base consisting of large companies or midcaps presenting a lower than average risk, the group self-insures its receivables. Only the training entity, which works with a large number of clients of various sizes, has subscribed to a databank on company solvency.

French entities have carried out one-off orders with clients located abroad (Morocco, Algeria, West Africa, etc.). In one or two cases, the procedure providing for either advance payment or at least export credit insurance was not complied with. To date, there have been no losses.

Risks associated with external growth operations

In its future external growth operations, as in the past, the Group will select medium-sized enterprises with a culture similar to that of the current management team. Most of the time, this will allow these fellow companies to maintain their autonomy and their managers to remain in charge, while implementing synergies with the other companies of the Group. Particular care will be taken to ensure that owners, executives and key managers, who join NEURONES or one of its subsidiaries, find a capitalist motivation building on their previous asset situation.

Financial risks

Financial risk management (IFRS 7) is described in the notes to the consolidated financial statements above (see "4.24 "Management of financial risk"). This covers credit risk, liquidity risk, market risk (interest rate, foreign exchange, equity and bond markets) and capital management.

The Group has invested a maximum of 10% of its available cash in equity markets.

Digital risks

Cyberattacks with unavailability of the information system and/or loss of data

Over the past five years, the group has been subject to numerous cyberattacks. Most of them have proved unsuccessful. Two low-impact attempts were successful, despite the usual protection measures (notably the real-time update of new signatures distributed by antivirus publishers). One involved the encryption of one workstation and the other a few central files. Their consequences were limited thanks to a well-enforced policy of limiting rights. However, they required approximately 10 man-days each for containment, clean-up and data verification.

In the future, a greater degree of unavailability cannot be ruled out, even if the information systems are partitioned, subsidiary by subsidiary, which limits the size of future damage.

Three entities each have their own information system that manages the delivery of services from their centers: managed production services, service desk and virtual server hosting. They have a full-time ISSO (Information Systems Security Officer) and act as a complement to their DPO (Data Protection Officer) and their CIO (Chief Information Officer). In addition, two of them are ISO 27001 certified (information system security). The third is in the process of being certified.

Finally, on first request, all entities benefit from the expertise of the Group's company, which has specialized in cybersecurity for 25 years. It has the best labels issued by the Agence Nationale de Sécurité des Systèmes d'Information (National Agency for Information Systems Security).

Bank transfer fraud

This risk has a relatively low foreseeable impact, again due to the Group's specific organization into autonomous entities. Some attempts have been difficult to counter due to the ingenuity of the scenarios implemented by the fraudsters. The Group has not been compensated because insurance companies do not cover losses caused by fraud.

Following these incidents, which were documented and disseminated internally for educational purposes, the Group strengthened its procedures. In particular, a centralized list of persons authorized to make bank transfers has been drawn up. They were asked to sign, as soon as they took up their positions, and then systematically each year, a document with the specific procedures to be adopted and a detailed description of the attempts known to date.

Environmental and societal risks

Ethical risks: active or passive corruption, price fixing

To date, the Ethics and Compliance Committee has not received any alerts on the email address set up for this purpose. Given the Group's decentralized organization and even though the Group's rules have for many years provided for ethical warnings, the possibility cannot be excluded that warnings may be issued about facts, whether alleged or proven, that are contrary to the Code of Conduct.

Tax and regulatory risks

Tax risks

For each Research Tax Credit application, a specialized firm checks its eligibility beforehand and, afterwards, all the documentation produced. Each time a foreign subsidiary is created, NEURONES, assisted by a leading specialized firm, defines and documents the rules used to fix the internal transfer prices.

Until now, tax and URSSAF audits, which are carried out on a fairly regular basis, have resulted in insignificant adjustments.

3.2. INSURANCE

The group insurance policies include the following main coverages:
- professional civil liability: €15 million per calendar year (all damages combined: bodily injury, material and immaterial damage, whether consequential or not),
- operating liability: €15 million per claim (all damages combined: bodily injury, material and immaterial damage, whether consequential or not),
- civil liability of officers and directors: €5 million per calendar year (all damages combined),
- cybersecurity policing/digital risks: €10 million per calendar year (for all guarantees),
- 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.

3.3. CONTROL ENVIRONMENT

This paragraph describes the key elements of the control and risk management environment set up by NEURONES.

DECENTRALISED STRUCTURE

The decentralized organization of a group like NEURONES has advantages and disadvantages.

The benefits are obvious: all types of risks (commercial, brand image, legal, real estate, key persons, IT, malicious acts and fraud, etc.) are spread over some fifteen subsidiaries with their own autonomy in all the above-mentioned areas. The management of threats relies directly on the corporate officers of these companies of which they are shareholders, managers and sometimes founders.

The shortcoming of such an organization is that it leads to a lower number of control levels than in centralized structures. And this in a profession with high turnover and therefore a risk on retaining knowledge and continuous compliance with processes.

The Group is therefore required to carry out regular reviews of procedures as well as numerous awareness-raising and coordination actions. An example is given above in the sub-paragraph "Bank transfer fraud").

GROUP MANAGEMENT RULES

Every year, the group management rules document is updated and shared by the managers of subsidiaries and NEURONES.

BUSINESS RISK MANAGEMENT

It is carried out business by business and in each subsidiary. In the event of a claim, the manager contacts the Client's representative without delay, generally through a crisis unit.

MANAGEMENT OF ACCOUNTING AND FINANCIAL INFORMATION

Objectives

The objective 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. However, like any control system it cannot provide an absolute guarantee that every threat 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 control and monitoring actions.

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 and cash equivalents.

Organization of the accounting system and information system

The Group's administrative and financial management brings together the following functions: legal (with the support of various external consultants, depending on the subject area), accounting (accounting, reporting, consolidation, tax, finance, cash and cash equivalents) and 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, accounting for 30% of the revenues and 41% 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 accounting and payroll in particular) whose main processes are interfaced (business, sales and payroll management).

Sub-unit No. 2

Two legal entities located in Nanterre and Paris-La Défense, accounting for 13% of the revenues and 11% of the personnel.

These companies have an independent management team. The information system is built around standard market software packages (Sage X3 accounting and payroll in particular), whose main processes are interfaced (business management, sales, payroll).

Sub-unit No. 3

A holding company and ten legal structures located in Paris, accounting for 11% of revenues and 7% of employees.

The management team is assisted by an outside CPA. The information system is built around standard software packages (Sage generation experts connect and Sage X3 payroll in particular) whose main processes are interfaced (business, sales and payroll management).

Sub-units No. 4 to 14

Thirty-seven legal structures located in Ile-de-France and abroad.

These sub-units have an autonomous management team, sometimes assisted by an outside CPA. The payroll is generally processed in the Sage X3 payroll 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 department's request. It coordinates and organizes the budget and reporting processes. It reports to the Group's General Management and is responsible for preparing the consolidation.

Each company's monthly reports are established based on French accounting 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 Chief Financial Officer is responsible for internal control, the effectiveness of which is monitored by the Audit Committee, in collaboration with the Directors and Financial Officers, assisted by the management controllers of the Group's companies.

Procedures related to the preparation and treatment of accounting and financial information

Financial communication

In order to comply with the regulations applicable to listed companies, a schedule of periodic obligations is formalized, both for publication aspects and for other regulatory procedures (legal, tax, 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/budgeting" 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 based on the percentage-of-completion method (fixed-price contracts) are equipped with analytical management tools for each project, which can be used to monitor margins per project and the percentage-of-completion method 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 a subsidiary's trade receivables 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: deliver a payment authorization / issue a payment instrument / sign the payment instrument (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.

Change

The internal control system for accounting and financial information is based on a policy of 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 ensure that the rules are applied. The Audit Committee monitors its effectiveness. As the Group grows, it will pragmatically strengthen this function: strengthen management control, improve the organization, optimize information systems and documentation of key processes, etc.

NEURONES will be led to periodically audit its risk management, either internally or externally, and to formalize regular improvement action plans.

COORDINATION OF RSSI (INFORMATION SYSTEMS SECURITY OFFICERS)

The Group's three entities, which have an information system supporting the production of services from their centers (managed production services, hosting and management of virtual servers, service desk), maintain their ISO 27001 documentation describing their Information System's security management system. The ISSOs (Information Systems Security Officer) share this information among themselves.

ETHICS AND COMPLIANCE COMMITTEE (SAPIN II LAW)

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 with a specific email address distributed to all staff. This email address is shown on the contracts signed with subcontractors and other suppliers, as well as on certain client contracts. An e-learning training system has been developed. Every year the Ethics and Compliance Committee presents to the Board of Directors the process' state of progress and a report on the warnings.

4 Consolidated financial statements

4.1. CONSOLIDATED FINANCIAL SITUATION (AT DECEMBER 31, 2019)

ASSETS *(in thousands of euros)*	Notes	12/31/2018	12/31/2019
NON-CURRENT ASSETS			
Intangible assets	*Notes 1/2*	40,602	40,334
Rights of use (IFRS 16)	*Note 3*	-	31,015
Tangible assets	*Note 4*	16,211	16,133
Financial assets	*Note 5*	6,673	7,243
Deferred tax assets	*Note 6*	2,191	2,600
TOTAL NON-CURRENT ASSETS		65,677	97,325
CURRENT ASSETS			
Inventory	*Note 7*	278	385
Deferred tax assets due		11,401	7,515
Trade accounts and notes receivable	*Note 8*	196,751	186,308
Cash and cash equivalents	*Note 9*	174,949	218,605
TOTAL CURRENT ASSETS		383,379	412,813
TOTAL ASSETS		449,056	510,138

SHAREHOLDERS' EQUITY AND LIABILITIES *(in thousands of euros)*	Notes	12/31/2018	12/31/2019
SHAREHOLDERS' EQUITY			
Capital		9,714	9,714
Additional paid-in capital		31,407	31,407
Consolidated reserves and profits		225,710	256,052
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS	*Note 10*	266,831	297,173
Minority equity investments		29,045	30,149
SHAREHOLDERS' EQUITY		295,876	327,322
NON-CURRENT LIABILITIES			
Non-current provisions	*Note 11*	1,441	1,818
Non-current financial liabilities	*Note 9*	2	3
Non-current lease liabilities (IFRS 16)	*Note 3*	-	24,566
Deferred tax liabilities		1	-
TOTAL NON-CURRENT LIABILITIES		1,444	26,387
CURRENT LIABILITIES			
Current provisions	*Note 12*	1,391	1,405
Taxes due		2,899	3,618
Trade and other accounts payable	*Note 13*	146,953	144,227
Current lease liabilities (IFRS 16)	*Note 3*		6,899
Current financial liabilities and bank overdrafts	*Note 9*	493	280
TOTAL CURRENT LIABILITIES		151,736	156,429
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		449,056	510,138

4.2. CONSOLIDATED INCOME STATEMENT (YEAR ENDED DECEMBER 31, 2019)

(in thousands of euros)	Notes	2018	2019
Sale of goods		2,213	1,610
Sale of services		487,862	508,464
REVENUES		490,075	510,074
Purchases consumed		(4)	-
Salaries and related expenses	*Note 14*	(292,088)	(293,541)
External expenses*	*Note 15*	(143,286)	(146,985)
Taxes and duties		(7,798)	(5,806)
Allocations to amortization and depreciation	*Note 16*	(7,900)	(7,844)
Depreciation of rights of use (IFRS 16)	*Note 3*	-	(7,212)
Allocations to provisions	*Note 16*	216	(250)
Other income	*Note 17*	7,010	1,415
Other expenses	*Note 17*	(354)	(517)
Other operating income*	*Note 18*	244	4,967
Other operating expenses	*Note 18*	(153)	(610)
OPERATING PROFIT		45,962	53,691
– as percentage of revenue		*9.4%*	*10.5%*
Financial income		2,151	1,337
Financial expenses		(559)	(444)
Financial expenses on lease liabilities (IFRS 16)		-	(773)
Net financial profit (loss)	*Note 19*	1,592	120
PRETAX PROFIT		47,554	53,811
– as percentage of revenue		*9.7%*	*10.5%*
Income tax	*Notes 20/21*	(17,977)	(18,654)
PROFIT FOR THE PERIOD FROM ONGOING ACTIVITIES		29,577	35,157
– as percentage of revenue		*6.0%*	*6.9%*
PROFIT FOR THE PERIOD		**29,577**	**35,157**
Including:			
• Profit attributable to owners of the parent company (group share)		25,959	30,799
• Profit attributable to minority equity investments (minority interests)		3,618	4,358

* IFRS 16: including €7.439 million for cancellation of the rental expense (external charges) and 96 thousand euros of net capital gain on lease terminations (other operating income) for the FY 2019

Undiluted earnings per share - Group share (in euros)	1.07	1.27
Number of shares**	24,267,662	24,281,991
Diluted earnings per share - Group share (in euros)	1.07	1.27
Number of shares**, stock options & bonus shares attributed that may be exercised	24,274,162	24,294,991

** Number of shares weighted over the period.

4.3. OTHER CONSOLIDATED FINANCIAL ITEMS

Statement of consolidated comprehensive income for the year ended December 31, 2019

(in thousands of euros)	2018	2019
Profit for the year	**29,577**	**35,157**
Other comprehensive income: translation adjustments (foreign currency activities)	(733)	311
Comprehensive income	**28,844**	**35,468**
Including:		
• share attributable to parent company shareholders (group share)	25,399	31,003
• share attributable to minority equity investments (minority interests)	3,445	4,465

Consolidated statement of cash flows for the year ended December 31, 2019

(in thousands of euros)	2018	2019
Consolidated income before minority interests	**29,577**	**35,157**
Elimination of non-monetary items:		
• Net allocations to amortization, depreciation and provisions	7,724	8,103
- Depreciation of rights of use (IFRS 16)	-	7,212
• Expenses/(Income) related to stock options and similar items	980	966
• Effect of discounting receivables and debts maturing in more than one year	218	187
• Losses/(Gains) on disposals, net of tax	(64)	40
• Losses/(Gains) on lease terminations (IFRS 16)	-	(96)
• Losses/(Gains) on disposals of consolidated investments, net of tax	(140)	(4,301)
Cash flows from operating activities after net financial income and tax	**38,295**	**47,268**
• Net financial profit	(1,592)	(120)
• Taxes due	17,977	18,385
Cash flows from operating activities before net financial income and tax	**54,680**	**65,533**
Cash variation in:		
• Working capital requirement for operations	(5,401)	10,261
• Taxes paid	(18,217)	(14,474)
CASH FLOW FROM OPERATIONAL ACTIVITIES	31,062	61,320
Acquisitions of intangible and tangible assets	(6,949)	(7,888)
Disposals of fixed assets, net of tax	89	97
Proceeds from sales of financial assets	137	201
Acquisitions of financial assets	(1,370)	(1,577)
Acquisitions of companies, net of the acquired cash	(381)	178
Securities bought from minority shareholders of subsidiaries	(1,777)	(5,166)
Capital subscription/increase by minority shareholders of subsidiaries	907	1,639
Disposal of consolidated securities, net of tax	(90)	4,369
CASH FLOW FROM INVESTMENT ACTIVITIES	(9,434)	(8,147)
Capital increase	-	-
Company buy-back and sale of its own securities	-	-
Dividends paid to parent company shareholders	(1,457)	(1,457)
Dividends paid to minorities of subsidiaries	(336)	(1,355)
Increase in financial liabilities	10	8
Repayment of financial debts	(852)	(13)
Repayment of lease liabilities (IFRS 16)	-	(6,666)
Net financial interest	1,592	120
CASH FLOW FROM FINANCING ACTIVITIES	(1,043)	(9,363)
NET CHANGE IN CASH AND CASH EQUIVALENTS	20,585	43,810
Effect of foreign exchange variations on the cash held	(147)	52
CASH AND CASH EQUIVALENTS AT OPENING	154,141	174,579
CASH AND CASH EQUIVALENTS AT CLOSING	174,579	218,441

Statement of changes in consolidated shareholders' equity for the year ended December 31, 2019

SHAREHOLDERS' EQUITY (in thousands of euros)	Capital	Additional paid-in capital	Consolidated reserves*	Share-based compensation reserve	Treasury shares	Profit for the year	Total shareholders' equity (group share)**	Minority equity investments***	Total sharehol-ders' equity
SHAREHOLDERS' EQUITY AT 12/31/2017	**9,698**	**31,424**	**173,311**	**1,482**	**(252)**	**27,310**	**242,973**	**25,080**	**268,053**
Movements for FY 2018									
• Consolidated profit for the year	-	-	-	-	-	25,959	25,959	3,618	29,577
Translation adjustments	-	-	(557)	-	-	-	(557)	*(170)*	(727)
• Total of other items in comprehensive income	-	-	(557)	-	-	-	-	(170)	(727)
Comprehensive income	-	-	*(557)*	-	-	*25,959*	*25,402*	*3,448*	*28,850*
• IFRS 2 restatements - stock options & bonus shares	-	-	-	888	-	-	888	88	976
• Capital transactions (bonus shares exercised)	16	(17)	-	-	-	-	(1)	-	(1)
• Change in treasury shares	-	-	-	-	323	-	-	-	-
• Allocation of 2017 profit	-	-	28,792	(1,482)	-	(27,310)	-	-	-
• Dividends paid by the parent company (€0.06 per share)	-	-	(1,457)	-	-	-	(1,457)	-	(1,457)
• Commitment to buy out minority interests	-	-	31	-	-	-	31	-	31
• Change in scope	-	-	(1,328)	-	-	-	(1,328)	712	(616)
Total transactions with shareholders recognized directly in shareholders' equity	*16*	*(17)*	*26,038*	*(594)*	*323*	*(27,310)*	*(1,544)*	*853*	*(691)*
Minorities' share in subsidiaries' dividend distributions	-	-	-	-	-	-	-	*(336)*	*(336)*
SHAREHOLDERS' EQUITY AT 12/31/2018	9,714	31,407	198,792	888	71	25,959	266,831	29,045	295,876
Movements for FY 2019									
• Consolidated profit for the year	-	-	-	-	-	30,799	30,799	4,358	35,157
Translation adjustments	-	-	204	-	-	-	204	132	336
• Total of other items in comprehensive income	-	-	*204*	-	-	-	*204*	*132*	*336*
Comprehensive income	-	-	204	-	-	30,799	31,003	4,490	35,493
• IFRS 2 restatements - stock options & bonus shares	-	-	-	901	-	-	901	80	981
• Capital transactions (bonus shares exercised)	-	-	-	-	-	-	-	-	-
- Change in treasury shares	-	-	-	-	(185)	-	(185)	-	(185)
• Allocation of 2018 profit	-	-	26,847	(888)	-	(25,959)	-	-	-
• Dividends paid by the parent company (€0.06 per share)	-	-	(1,457)	-	-	-	(1,457)	-	(1,457)
• Commitment to buy out minority interests	-	-	1,019	-	-	-	1,019	-	1,019
• Change in scope	-	-	(939)	-	-	-	(939)	(2,111)	(3,050)
Total transactions with shareholders recognized directly in shareholders' equity	-	-	*25,470*	*13*	*(185)*	*(25,959)*	*(661)*	*(2,031)*	*(2,692)*
Minorities' share in subsidiaries' dividend distributions	-	-	-	-	-	-	-	*(1,355)*	*(1,355)*
SHAREHOLDERS' EQUITY AT 12/31/2019	**9,714**	**31,407**	**224,466**	**901**	**(114)**	**30,799**	**297,173**	**30,149**	**327,322**

* Of which currency translation reserve (-€1.581 million at December 31, 2019).
** 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.

4.4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. COMPANY IDENTIFICATION

NEURONES, a public limited company, whose head office is located at 205, avenue Georges Clemenceau - 92000 - Nanterre (France), is a Consulting and Digital Services group.

2. DISTRIBUTION OF CONSOLIDATED FINANCIAL STATEMENTS

The 2019 consolidated financial statements presented in this document were approved by the Board of Directors at its meeting of March 4, 2020 for submission to the Shareholders' Meeting of June 4, 2020.

NEURONES' consolidated financial statements for the year ended December 31, 2019 include the Company and its subsidiaries (together referred to as the "Group") and the share in affiliates or companies under joint control.

3. STATEMENT 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, recognition, measurement and presentation methods as provided for by IFRS, as well as all the information required by the standards.

IFRS 16 - Lease contracts

General presentation impacts

IFRS 16 applies for the first time to financial statements beginning on or after January 1, 2019. It replaces IAS 17 (and its interpretations) and results in the recognition of most leases on the lessee's balance sheet according to a single model, in the form of a "right to use the asset" and a "lease liability".

In the statement of financial position, the Group has elected to present assets under rights of use separately from other assets and lease liabilities separately from other liabilities.

Expenses related to leases, previously classified as operating leases and presented in operating expenses, are restated with the application of IFRS 16 and replaced by depreciation of the right of use and by financial expenses. These lease payments are now divided into cash outflows relating to interest expense on and repayment of the lease debt. In cash flow from financing activities, NEURONES presents repayment of the principal of the rental obligation and interest paid.

Nature of the leased assets concerned

The Group, as lessee, is involved in real estate leases. Leases are generally concluded for a period of 3 to 9 years.

Method of application

NEURONES has chosen to apply IFRS 16 according to the "simplified retrospective method" consisting of accounting for the effect of the initial application by considering that the asset for the right of use is equal to the amount of rent debts (adjusted for the amount of rents paid in advance and benefits received from lessors). As required by the standard, the comparative figures for fiscal year 2018, which are presented alongside those for fiscal year 2019, have not been restated. For fiscal year 2018, since the Group did not qualified any of its contracts as finance leases, rental expenses are recognized as operating expenses.

Rents for contracts corresponding to assets with a low unit value (annual threshold defined at €5,000) or short-term leases (less than 12 months) were expensed directly.

In addition, the following simplification measures offered by IFRS 16 were applied to the transition:
- contracts with a residual term of less than 12 months from January 1, 2019 do not give rise to the recognition of a right of use and a rental liability,
- the discount rates applied at the transition date are based on the Group's marginal borrowing rate plus a spread to take into account the specific economic environments of each country,
- initial direct costs were excluded from the assessment of the right to use for operating leases in effect at the transition date,
- the group used the benefit of "hindsight" to determine the term of leases containing extension or termination options.

The application of IFRS 16 required exercising judgment, especially with regard to:
- the definition of a lease,
- the determination of the lease term that takes into account the exercise of termination or renewal options (when the Group is reasonably certain of exercising them),
- the determination of the marginal borrowing rate: it was calculated taking into account the residual maturity of the contracts at the date of first application.

The accounting principles relating to lease contracts, updated as a result of the application of IFRS 16, are presented in note 4.6.

At the transition date, the weighted average incremental borrowing rate applied to lease liabilities recognized in accordance with IFRS 16 is 2.4%.

Impact of IFRS 16 on the opening balance sheet

(in thousands of euros)	12/31/2018	IFRS 16 Impact	1/1/2019
Assets	449,056		486,643
- including: Rights of use (IFRS 16)	*0*	*37,587*	*37,587*
Liabilities	449,056		486,643
- including: Non-current rental debts	*0*	*26,374*	*26,374*
- including: Current rental debts	*0*	*11,213*	*11,213*

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, 2018 and 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 results in 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 does 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.

The financial statements of subsidiaries are included in the consolidated financial statements from the date they are verified until the date when they are no longer verified. Their accounting principles have been modified, if necessary, to ensure homogeneity with NEURONE's accounting methods.

Minority equity investments

Minority equity investments are valued in proportion to the company's net identifiable assets.

Changes in the Group's percentage ownership in a subsidiary, which do not result in a loss of control, are accounted for as equity transactions.

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 entities are companies where NEURONES has significant influence over their 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 affiliates and joint ventures are accounted for using 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 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, 2019, all companies included in the scope of consolidation were subsidiaries.

The list of consolidated companies is provided in chapter 5 hereafter "Scope of consolidation".

4.4. Intangible assets

Business combinations and goodwill

For acquisitions that have occurred since January 1, 2010, goodwill is measured as:
- the fair value of the consideration transferred,
- plus the amount recognized for any minority interest 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,
- 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 for determining the fair value of the consideration transferred is as follows:
- the consideration transferred excludes amounts relating to the settlement of pre-existing relationships and compensation of employees or former owners for future services;
- acquisition-related costs, other than those related to the issuance of debt or equity, are expensed as incurred; and
- any potential consideration due 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 acquisitions made between January 1, 2004 and January 1, 2010, goodwill represents the difference between the acquisition cost and the Group's share in the fair value of the identifiable assets, liabilities and contingent 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 annual impairment test or more frequently if there are signs of impairment (see "4.8. Impairment of fixed assets" below).

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, they are not amortized and are subject to an annual impairment test or whenever there is an indication of impairment (see "4.8 Impairment of fixed assets" below).

4.5. Other intangible assets

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

Other intangible assets, including software acquired for internal use, are amortized over their useful life, generally between one and three years, as soon as the asset is ready for use.

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

4.6. Leases (IFRS 16)

Leases that give the lessee control over the use of an identified asset for a period of time in exchange for consideration all within the scope of IFRS 16. Tenant companies recognize all rental contracts, regardless of their nature (operating or finance lease), as assets in the form of a right of use in return for a rental liability.

The lease liability is initially determined based on the present value of the lease payments outstanding at that date, discounted at the interest rate implicit in the lease (if this rate is readily available) or at the marginal borrowing rate specific to the country, terms and currency of the contract. Lease payments include fixed payments, variable payments based on an index or rate and payments arising from options that are reasonably certain to be exercised.

After the initial assessment, the lease liability is reduced by the payments made and increased by the interest expense. It is revalued to reflect any change in future lease payments in the event of new negotiations with the lessor, a change in an index or rate or if options are re-estimated. When the rental liability is revalued, the corresponding adjustment is reflected in the right of use, or the result if the right of use is already reduced to zero in the case of a reduction in the scope of rental.

The right of use initially determined includes: the initial lease liability, the initial direct costs and any obligations to renovate the asset, less any benefits granted by the lessor. It is amortized over the term of the contract. In the income statement, amortization and depreciation expenses are recognized in operating income and interest expenses in financial income.

The lease term used corresponds to the non-cancellable period, periods covered by an extension option whose exercise is reasonably certain and periods covered by a termination option whose non-exercise is reasonably certain. For 3 / 6 / 9 leases, a rental period of 9 years is retained unless the decision is taken to break the lease at the end of one of the first two triennial periods. Tacitly renewable contracts and contracts of indefinite duration are considered to be for a period of less than one year.

The exemptions permitted by IFRS 16 are applied. This concerns the treatment of contracts with a duration of less than 12 months or when the underlying asset is of low value (less than €5,000).

4.7. 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

4.8. 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 4.24. Operating segments" below).

An asset's carrying amount 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 6.5% after tax, based on the risk-free rate, the risk premium and beta,
- the length of the explicit period is 5 years,
- the assumptions (sales growth, operating income, working capital requirements, investments) used are specific to each company, based on their size and their specific business sector,
- the growth rate is based on provisional budgets taking into account the dynamic structure and market conditions and averages 5%,
- 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.

4.9. 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 as such if the Group manages investments and makes purchase or sale decisions based on their fair value in accordance with the risk management policy or investment strategy.

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 5%.

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

4.10. 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.

4.11. 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.

4.12. 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).

4.13. 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.

4.14. 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.

4.15. 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.

4.16. 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.

4.17. 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 agreement has been concluded on this point either.

4.18. 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.

4.19. 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.

4.20. Other non-current liabilities

No other non-current liabilities were identified at December 31, 2019.

4.21. Trade and other accounts payable

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

4.22. Recognition of revenues (IFRS 15)

The method of recognizing revenues and costs depends on the nature of the services:

Fixed-price projects

Contracts based on "deliverables" generally include fixed-price services, such as systems integration or the design and development of customized IT systems and related processes.

Revenues are recognized based on percentage of completion, because at least one of the following conditions is respected: (i) the service improves an asset for which the client obtains control as the service is completed or (ii) the completed asset has no alternative use (e.g., it is specific to the client) and there is an enforceable right to payment for performance completed to date, in case the client terminates the contract.

NEURONES applies the method of costs incurred to evaluate progress. The percentage of completion is based on the costs incurred to date in relation to the total estimated costs to complete the contract.

The Group contractually acquires the right to bill as specified milestones are achieved or upon the client's acceptance of the work performed. The difference between cumulative billing and cumulative revenue recognized is reflected in the consolidated statement of financial position as unbilled revenue - Note 8 (when revenue generated exceeds billing) or prepaid income - Note 13 (when billing exceeds revenue generated).

Resource-based contracts

Revenues from resource-based contracts are recognized as the Group acquires the right to issue invoices, since the amount invoiced corresponds directly to the value of the service rendered at the date in question. Each delivery obligation is recognized as revenue on a percentage-of-completion basis since the client receives and consumes the benefits of the services on an ongoing basis. The price of the services is based on the number of hours spent on the contract.

Multi-year contracts

Multi-year managed service contracts usually include two main types of services:

- initial engineering (or "takeover"): this is a stand-alone project, prior to starting the contract in routine operation. This phase is treated as a distinct delivery obligation if it transfers control of an asset to the client or if the client can benefit from these initial activities independently of operating services. Thus the corresponding revenues are generally recognized based on the stage of completion;
- routine operations: these include infrastructure management, application management and business services. The fees are billed monthly, based on a fixed price per unit or work consumed or based on the monthly fixed prices, which can be adjusted for changes in volumes or scope. Revenues from service-based contracts are recognized as the Group acquires the right to bill.

Purchase/Resale of equipment and licenses

Concerning revenues from "trading" goods (hardware and licenses), the analyses performed led the Group to consider that it was acting as an "agent" (and not a "principal") in this type of transaction. Consequently, since January 1, 2018, only the gross profit of these operations has been recognized, thus reducing revenue, without impacting operating profit. Sales of internally developed software licenses are recognized when the licenses are activated.

4.23. Calculation of diluted earnings per share (IAS 33)

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.

4.24. Operating segments (IFRS 8)

According to IFRS 8, an operating segment is a distinct component of the Group, which either provides a specific service (business segment) or performs a service in an environment (geographic segment) that is subject to specific risks and generates different profitability than the profitability in other segments. It is identified and managed separately, as it requires a specific strategy, resources and technologies.

The information transmitted internally to the Chairman 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 Digital Services market for businesses and often have comparable marketing methods and cost structures. Consequently, no operating segments were identified to be presented in the context of IFRS 8.

4.25. 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 (Chairman and Executive Vice-President) combined with the geographic proximity of the largest Group companies and subsidiary managers' participation in the share capital, it has not 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 serves a very broad spectrum of uniformly distributed clients in multiple business sectors, with the largest client accounting for less than 9.3% of the consolidated revenues. This client is a major banking group whose multiple decision centers order services independently of each other and from different subsidiaries of the group.

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 assumption is theoretical given the very high cash surplus.

Market risk

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

NEURONES is exposed very little to a foreign exchange rate risk since almost 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 affect 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 represented approximately €2 million at the end of the fiscal year.

Capital management

By design, managers hold 71.2% 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 Shareholders' Meeting is asked to approve such an authorization.

4.26. New standards and interpretations

IFRS provisions, mandatory as of January 1, 2019, applied and without impact on the Group's financial statements as of December 31, 2019

- Amendments to IFRS 9 - Early Redemption Clause with Negative Offset;
- IFRIC Interpretation 23 - Uncertainty about Tax Treatment;
- Amendments to IAS 28 - Long-term Interests in Associates and Joint Ventures;
- Amendments to IAS 19 - Amending, Reducing or Terminating a Plan;
- Annual Improvements to IFRS – 2015-2017 cycle.

Mandatory implementing provisions after December 31, 2019, not applied in advance

- Amendments to IAS 1 and IAS 8 - Definition of Materiality;
- Modification of references to the conceptual framework in the standards;
- Amendments to IFRS 9, IAS 39 and IFRS 7 - IBOR Reform - Phase 1;
- Amendments to IFRS 3 - Definition of an Enterprise.

5. SCOPE OF CONSOLIDATION

5.1. List of consolidated companies

Companies consolidated by full consolidation	Registered head office	12/31/2018			12/31/2019		
		% Stake	% Control	Consolidation method	% Stake	% Control	Consolidation method
Parent							
NEURONES	205, avenue Georges Clemenceau - 92024 NANTERRE	-	-	-	-	-	-
Subsidiaries							
Advim	215, avenue Georges Clemenceau - 92024 NANTERRE	86%	100%	FC	-	-	-
Arondor	24-26, rue de la Pépinière - 75008 PARIS	50%	50%	FC	50%	50%	FC
Arondor Tunisie	Imm. City, centre urbain Nord - 1082 TUNIS	34%	67%	FC	33%	67%	FC
AS Connect	120-122, rue Réaumur - 75002 PARIS	98%	100%	FC	97%	100%	FC
AS Delivery	120-122, rue Réaumur - 75002 PARIS	98%	100%	FC	97%	100%	FC
AS Devops	120-122, rue Réaumur - 75002 PARIS	98%	100%	FC	97%	100%	FC
AS Infra	120-122, rue Réaumur - 75002 PARIS	98%	100%	FC	97%	100%	FC
AS International	120-122, rue Réaumur - 75002 PARIS	98%	100%	FC	97%	100%	FC
AS International Group	120-122, rue Réaumur - 75002 PARIS	98%	98%	FC	97%	97%	FC
AS Production	120-122, rue Réaumur - 75002 PARIS	98%	100%	FC	97%	100%	FC
AS Synergie	120-122, rue Réaumur - 75002 PARIS	98%	100%	FC	97%	100%	FC
AS Technologie	120-122, rue Réaumur - 75002 PARIS	98%	100%	FC	97%	100%	FC
AS Telecom & Réseaux	120-122, rue Réaumur - 75002 PARIS	98%	100%	FC	97%	100%	FC
Brains	27, rue des Poissonniers - 92200 NEUILLY-SUR-SEINE	40%	52%	FC	-	-	-
C2L2 Consulting	6, passage de la Tenaille - 75014 PARIS	89%	100%	FC	-	-	-
Cloud Temple	215, avenue Georges Clemenceau - 92024 NANTERRE	86%	100%	FC	94%	100%	FC
Cloud Temple Africa	215, avenue Georges Clemenceau - 92024 NANTERRE	-	-	-	48%	100%	FC
Cloud Temple Tunisia	Gp1 Km 12 - EZZAHRA	43%	50%	FC	48%	51%	FC
Cloud Temple West Africa	Cocody-Deux-Plateaux, Lot 1448, Ilot 147 - ABIDJAN	-	-	-	48%	51%	FC
Codilog	205, av. Georges Clemenceau - 92024 NANTERRE	72%	72%	FC	73%	73%	FC
Colombus Consulting	138, avenue des Champs-Elysées - 75008 PARIS	86%	86%	FC	88%	88%	FC
Colombus Consulting Shift	138, avenue des Champs-Elysées - 75008 PARIS	61%	71%	FC	62%	71%	FC
Colombus Consulting SA	Route de Crassier 7 - 1262 Eysins - NYON	44%	51%	FC	45%	51%	FC
Colombus Consulting Tunisie	Complexe Rosalys, A2 - 1053, les Berges du Lac 2 - TUNIS	43%	50%	FC	44%	50%	FC
DataQuantic	205, avenue Georges Clemenceau - 92024 NANTERRE	60%	60%	FC	60%	60%	FC
Deodis	2, place de la Défense CNIT - 92800 PUTEAUX	89%	96%	FC	89%	96%	FC
Dragonfly	215, avenue Georges Clemenceau - 92024 NANTERRE	86%	86%	FC	94%	94%	FC
Edugroupe	205, avenue Georges Clemenceau - 92024 NANTERRE	100%	100%	FC	100%	100%	FC
Edugroupe MP	205, avenue Georges Clemenceau - 92024 NANTERRE	100%	100%	FC	100%	100%	FC
Everience	Berliner Allee 65 - 64295 DARMSTADT	93%	100%	FC	93%	100%	FC
Experteam	171, av. Georges Clemenceau - 92024 NANTERRE	93%	100%	FC	92%	96%	FC
Finaxys	27, rue des Poissonniers - 92200 NEUILLY-SUR-SEINE	77%	77%	FC	76%	76%	FC
Finaxys SPRL	523, av. Louise, BE-1050 BRUXELLES	-	-	-	72%	95%	FC
Helpline	171, av. Georges Clemenceau - 92024 NANTERRE	93%	93%	FC	93%	93%	FC
Helpline Romania	10/D rue Coriolan Brediceanu - 300011 TIMISOARA	93%	100%	FC	93%	100%	FC
Helpline Tunisia	120-122, rue Réaumur - 75002 PARIS	93%	100%	FC	93%	100%	FC
Henko	1, rue de la Pépinière - 75008 PARIS	-	-	-	59%	60%	FC
Iliade	Rue du Lac Windermere - 1053, les Berges du Lac – TUNIS	51%	70%	FC	51%	70%	FC
Iliade Tunisie	4, rue de la Presse - BE-1000 BRUXELLES 1	51%	100%	FC	51%	100%	FC
Iliade Belgium	215, avenue Georges Clemenceau - 92024 NANTERRE	51%	100%	FC	51%	100%	FC
Intrinsec Sécurité	138, avenue des Champs-Elysées - 75008 PARIS	81%	94%	FC	89%	94%	FC
Kamidocity	183, avenue de Choisy - 75013 PARIS	44%	50.5%	FC	44%	50.5%	FC
Le Hub Colombus	16, rue Matel - 75010 PARIS	-	-	-	53%	60%	FC
Lib Consulting SD	Rue des Vollandes - 71, c/o M. Brito - 1207 GENÈVE	72%	100%	FC	-	-	-
Lib Consulting SD Suisse	6, rue Rose Dieng-Kuntz - 44300 NANTES	55%	76%	FC	55%	76%	FC
MobiApps	205, avenue Georges Clemenceau - 92024 NANTERRE	68%	70%	FC	68%	70%	FC

Companies consolidated by full consolidation	Registered head office	12/31/2018			12/31/2019		
		% Stake	% Control	Consolidation method	% Stake	% Control	Consolidation method
Neurones Consulting	205, avenue Georges Clemenceau - 92024 NANTERRE	100%	100%	FC	100%	100%	FC
Neurones IT	Tampines Central 1, 02-05 Tampines Plaza 529541 SINGAPORE	97%	97%	FC	97%	97%	FC
Neurones IT Asia Pte Ltd	Vatika Business Centre - 11, O Shaughnessy Road - Langford Town - 560025 BANGALORE	97%	100%	FC	97%	100%	FC
Neurones IT India	121-123, rue Edouard Vaillant - 92300 LEVALLOIS-PERRET	97%	100%	FC	97%	100%	FC
NG Cloud	205, avenue Georges Clemenceau - 92024 NANTERRE	100%	100%	FC	99%	100%	FC
Pragmateam	121-123, rue Edouard Vaillant - 92300 LEVALLOIS-PERRET	85%	85%	FC	100%	100%	FC
RS2i	71, boulevard de Sébastopol - 75002 PARIS	100%	100%	FC	99%	99%	FC
Scaled Risk	33, rue de la République - 69002 LYON	10%	12%	NC	10%	12%	NC
Viaaduc	205, avenue Georges Clemenceau - 92024 NANTERRE	100%	100%	FC	100%	100%	FC
WeeFin	27, rue des Poissonniers - 92200 NEUILLY-SUR-SEINE	50%	65%	FC	46%	65%	FC

FC = Consolidation by full consolidation – NC = Non-consolidated securities

5.2. Significant events

Impact of variations on the scope of shareholders' equity

(in thousands of euros)	Stake at 12/31/2018 (%)	Stake at 12/31/2019 (%)	Variation (%)	Impact on shareholders' equity attributable to parent company shareholders	Impact on minority equity investments
Brains	39.8	-	-39.8	999	(999)
Dragonfly	86.0	94.1	8.1	(1,500)	(1,267)
Colombus Consulting	86.0	88.2	2.2	(605)	(309)
Cloud Temple Tunisia	43.0	48.0	5.0	31	(552)
Cloud Temple Africa	0.0	48.0	48.0	-	980
AS International Group	98.0	96.9	-1.1	(149)	153
Cloud Temple	86.0	94.1	8.1	312	(312)
Intrinsec Sécurité	81.0	88.6	7.6	147	(157)
RS2I	99.7	98.9	-0.8	(101)	102
Others (< +/- € 100,000)	-	-	-	(73)	250
TOTAL	-	-	-	(939)	(2,111)

During 2019, various transactions were carried out with certain minority shareholders of subsidiaries. They resulted in slight changes in percentage stakes.

Sale of Brains

All Brains shares were sold on January 22, 2019, generating a capital gain of €4.6 million.

The items concerning the contribution to the Group's consolidated financial statements are as follows:
- contribution to the year's revenue of €389,000,
- contribution to net income of €49,000.

ASSETS *(in thousands of euros)*	Brains (sale)
Intangible assets	-
Tangible assets	4
Financial assets	5
Deferred tax assets	-
TOTAL NON-CURRENT ASSETS	9
Inventory	-
Deferred tax assets due	-
Trade accounts and notes receivable	932
Cash and cash equivalents	3,028
TOTAL CURRENT ASSETS	3,960
TOTAL ASSETS	3,969

SHAREHOLDERS' EQUITY AND LIABILITIES *(in thousands of euros)*	Brains (sale)
TOTAL SHAREHOLDERS' EQUITY ATTRIBUABLE TO PARENT COMPANY SHAREHOLDERS	1,068
Minority equity investments	1,685
SHAREHOLDERS' EQUITY	2,753
Non-current provisions	1
Non-current financial liabilities	-
TOTAL NON-CURRENT LIABILITIES	1
Current provisions	-
Taxes due	-
Trade and other accounts payable	1,215
Other financial liabilities	-
TOTAL CURRENT LIABILITIES	1,215
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	3,969

6. NOTES TO THE BALANCE SHEET

Note 1 – Intangible assets

(in thousands of euros)	12/31/17	+	–	12/31/18	Change in Scope	+	–	12/31/19
Goodwill: see Note 2	40,592	-	120	40,472	-	-	-	40,472
Patents and licenses	6,540	121	20	6,641	-	287	207	6,721
Contracts and contractual relationships	341	-	-	341	-	-	-	341
GROSS TOTAL	47,473	121	140	47,454	-	287	207	47,534
Amortization and depreciation	(5,174)	(781)	(12)	(5,943)	-	(551)	(203)	(6,291)
Impairment	(909)	-	-	(909)	-	-	-	(909)
NET TOTAL	41,390	(660)	128	40,602	-	(264)	4	40,334

Contracts and contractual relationships recorded under assets are related to technical assistance contracts with an indefinite useful life (see "4. Accounting Principles"). They amount to €341,000 and are fully depreciated.

No intangible assets have been pledged as security.

Note 2 – Goodwill

(in thousands of euros)	12/31/17	+	–	12/31/18	+	Reclass.	–	12/31/19
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
Codilog	2,587	-	-	2,587	-	1,205	-	3,792
RS2I	3,460	-	-	3,460	-	-	-	3,460
Iliade	2,959	-	-	2,959	-	-	-	2,959
Cloud Temple	1,126	-	-	1,126	-	1,054	-	2,180
Arondor	1,480	-	-	1,480	-	-	-	1,480
Lib Consulting	1,239	-	-	1,239	-	(1,239)	-	-
Advim	1,054	-	-	1,054	-	(1,054)	-	-
Others (< €1 million)	2,247	-	120	2,127	-	34	-	2,161
GROSS TOTAL	40,592	-	120	40,472	-	-	-	40,472
Impairment	(568)	-	-	(568)	-	-	-	(568)
NET TOTAL	40,024	-	120	39,904	-	-	-	39,904

The reclassifications follow legal reorganization operations that took place in 2019.

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 - Leases (IFRS 16)

(in thousands of euros)	1/1/19	+	Repayment	Depreciation	–	Revaluation	Reclass.	12/31/19
Rights of use	37,587	4,201	-	-	(3,943)	(478)	-	37,367
Amortization of rights of use	-	-	-	(7,212)	860	-	-	(6,352)
TOTAL NET USER FEES	37,587	4,201	-	(7,212)	(3,083)	(478)	-	31,015
Non-current rental debts	26,374	3,518	-	-	-	(478)	(4,848)	24,566
Current rental debts	11,213	683	(6,666)	-	(3,179)	-	4,848	6,899
TOTAL RENT LIABILITIES	37,587	4,201	(6,666)	-	(3,179)	(478)	-	31,465
Amortization of rights of use	-	-	-	(7,212)	-	-	-	(7,212)
Financial expense	-	-	(773)	-	-	-	-	(773)
Cancellation of rents	-	-	7,439	-	-	-	-	7,439
Net proceeds from broken leases	-	-	-	-	96	-	-	96
IMPACT ON NET INCOME BEFORE TAX	-	-	6,666	(7,212)	96	-	-	(450)

The presentation impacts of this new standard are detailed in paragraph "3. Statement of compliance" at the beginning of sub-chapter "4.4. Notes to the consolidated financial statements".

Note 4 - Property, plant and equipment

(in thousands of euros)	12/31/17	+	Reclass.	−	12/31/18	Change in Scope	+	Reclass.	−	12/31/19
Land and buildings	-	333	-	-	333	(229)	-	-	-	104
Fixtures and installations	10,852	1,586	-	-	12,438	218	1,438	33	73	14,054
Transportation equipment	2,798	688	(8)	536	2,942	-	434	-	182	3,194
IT and office equipment	33,849	4,396	9	546	37,708	(32)	5,422	1	351	42,748
Fixed assets under construction	7	35	(9)	-	33	-	117	(42)	-	108
GROSS TOTAL	47,506	7,038	(8)	1,082	53,454	(43)	7,411	(8)	606	60,208
Amortization and depreciation	(31,275)	(7,010)	-	(1,042)	(37,243)	39	(7,365)	-	(494)	(44,075)
NET TOTAL	16,231	28	(8)	40	16,211	(4)	46	(8)	112	16,133

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 5 - Financial assets

(in thousands of euros)	12/31/17	Change in Scope	+	−	12/31/18	Change in Scope	+	−	12/31/19
Non-consolidated securities	547	(107)	230	-	670	(589)	111	140	52
Loans	3,206	-	524	6	3,724	(5)	635	40	4,314
Other financial assets	2,164	(31)	397	138	2,392	-	643	153	2,882
GROSS TOTAL	5,917	(138)	1,151	144	6,786	(594)	1,389	333	7,248
Impairment	(102)	-	(11)	-	(113)	-	(4)	(112)	(5)
NET TOTAL	5,815	(138)	1,140	144	6,673	(594)	1,385	221	7,243

Financial assets correspond primarily to deposits paid in the form of loans as part of the 1% housing aid contribution plus security deposits (related to leases).

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 6 - Deferred tax assets

The deferred tax assets shown on the balance sheet concern the following items:

(in thousands of euros)	12/31/2018	12/31/2019
Employee statutory profit sharing	1,070	1,266
Present value of receivables maturing in more than one year	669	717
Provision for retirement benefits	356	465
Leases (IFRS 16)	-	140
Other temporary differences	20	(78)
Tax losses deferrable indefinitely	76	90
DEFERRED TAXES CALCULATED	2,191	2,600
Compensation by tax entity	-	-
TOTAL DEFERRED TAXES	2,191	2,600

Note 7 – Inventory

(in thousands of euros)	12/31/2018	12/31/2019
Goods for resale	278	388
GROSS TOTAL	278	388
Impairment	-	(3)
NET TOTAL	278	385

No inventory has been pledged as security.

Note 8 – Trade accounts and notes receivable

(in thousands of euros)	12/31/2018	12/31/2019
Trade receivables	133,885	132,100
Unbilled revenue	37,244	27,704
Suppliers: credit notes receivable	310	229
VAT and other taxes	17,769	18,227
Other receivables	989	901
Prepaid expenses	7,631	8,486
GROSS TOTAL	197,828	187,647
Impairment	(1,077)	(1,339)
NET TOTAL	196,751	186,308

These “Trade and other receivables” are due within one year.

The trade receivable aging breaks down as follows:

	Due				Not due	Total
(in thousands of euros)	More than 1 year	Between 6 and 12 months	Between 3 and 6 months	Less than 3 months		
Trade receivables	1,081	2,810	3,035	33,177	91,997	132,100
Impairment	(960)	(12)	-	(87)	(24)	(1,083)
Net value	121	2,798	3,035	33,090	91,973	131,017
TOTAL	0.1%	2.1%	2.3%	25.3%	70.2%	100%

Note 9 - Net cash and cash equivalents

ASSETS *(in thousands of euros)*	12/31/18	Maturities / Dates			12/31/19
		More than 2 years	Between 1 and 2 years	Less than 1 year	
Term deposits	75,295	96,506	5,000	18,874	120,380
Other marketable securities	3,295	-	-	3,067	3,067
Cash and cash equivalents	95,193	-	-	94,845	94,845
Accrued interest	1,166	-	-	313	313
TOTAL ASSETS	174,949	96,506	5,000	117,099	218,605
LIABILITIES					
Non-current loans	2	-	3	-	3
Current loans	2	-	-	1	1
LOAN SUBTOTAL	4	-	3	1	4
Bank overdrafts	371	-	-	164	164
Security deposits received	120	-	-	115	115
OTHER CURRENT FINANCIAL LIABILITIES	491	-	-	279	279
TOTAL LIABILITIES	495	-	3	280	283
CASH AND CASH EQUIVALENTS NET OF FINANCIAL DEBT	174,454	96,506	4,997	116,819	218,322

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 10 European banks with rates ranging from 0.1% to 2.3%.

Marketable securities are mainly composed of financial products indexed to major French and European indices. Their valuation is obviously market driven.

Cash and cash equivalents correspond to uninvested cash.

Note 10 - Shareholders’ equity

Note 10.1 – Capital

At December 31, 2019, the share capital amounted to €9,714,344.80; comprised of 24,285,862 fully paid-up shares of the same class with a face value of €0.40.

There was no change in the number of shares outstanding during 2019.

Number of shares in circulation at 1/1/2019	Increase	Decrease	Number of shares in circulation at 12/31/2019
24,285,862	-	-	24,285,862

Note 10.2 - Share-based compensation

Bonus share attribution plans

The Shareholders' meeting of June 14, 2018 authorized the Board of Directors to attribute a bonus share plan for up to 242,000 common shares. On this same date, the Board of Directors used part of this authorization (valid for a period of twenty-four months) by attributing 13,000 bonus shares (Plan G).

The various bonus share plans decided by the Board of Directors, which are still subject to a vesting and/or holding period at December 31, 2019, have the following characteristics:

	Bonus share plan F	Bonus share plan G
Date of the Shareholders' Meeting	6/9/2016	6/14/2018
Date of the Board of Directors meeting	6/9/2016	6/14/2018
Vesting period term	6/10/2018	6/15/2021
Holding period term	6/10/2020	6/15/2023
Number of beneficiaries	14	6
- of which managers	-	-
Number of bonus shares attributed	43,000	13,000
Cumulative number of expired shares at 12/31/2018	1,000	-
Number of shares in the vesting period at 1/1/2019	-	-
Number of shares expired during the vesting period throughout the year	-	-
Number of shares in the vesting period at 12/31/2019	-	13,000
Number of shares in holding period at 1/1/2019	42,000	-
Number of shares in holding period at 12/31/2019	42,000	-
Potential dilution (excluding canceled options) - % of capital at 12/31/2019	-	0.05%
TOTAL POTENTIAL DILUTION	-	0.05%

No performance conditions have been set for the above-mentioned plans.

The main criteria used to measure the fair value of options and bonus shares for 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 F	Bonus share plan G
Life	2 years	3 years
Volatility	19%	17%
Risk-free rate	0%	0%
Dividend payout rate	1%	1%

Fair value of stock option plans

Based on the Black & Scholes model, the options' unit fair values are as follows:

Plan and date of the Board of Directors meeting *(euros)*	Final attribution date	Exercise price	Fair value	Price at the final attribution date *(euros)*
June 9, 2016 (plan F) – Bonus shares	6/10/2018	-	20.89	24.70
June 14, 2018 (plan G) – Bonus shares	6/15/2021	-	23.90	-

The expenses related to the stock option plans are presented in Note 14 hereafter.

Note 10.3 - Earnings per share

	2018	2019
Number of shares at the beginning of the year	24,243,862	24,285,862
Average number of shares issued	23,800	-
Average number of treasury shares	-	-
Average number of shares in circulation during the year	24,267,662	24,281,991
Average number of dilutive instruments	6,500	13,000
Average number of shares in circulation after dilution	24,274,162	24,294,991
Net profit – Group share (in euros)	25,959,451	30,799,035
Earnings per share, Group share – undiluted (in euros)	1.07	1.27
Earnings per share, Group share – diluted (in euros)	1.07	1.27

Note 11 – Non-current provisions

(in thousands of euros)	12/31/2017	Allocation for the year	Write-backs for the year (provision used)	12/31/2018	Change in scope	Allocation for the year	Write-backs for the year (provision used)	Write-backs for the year (provision not used)	12/31/2019
Provision for retirement benefits	1,275	188	(22)	1,441	(1)	378	-	-	1,818
TOTAL	1,275	188	(22)	1,441	(1)	378	-	-	1,818
Impact (net of expenses incurred)	-	-	-	-	-	-	-	-	-
Operating profit	-	(188)	22	-	-	(378)	-	-	-

Note 12 – Current provisions

(in thousands of euros)	12/31/2017	Allocation for the year	Write-backs for the year (provision used)	Write-backs for the year (provision not used)	12/31/2018	Change in Scope	Allocation for the year	Write-backs for the year (provision used)	Write-backs for the year (provision not used)	12/31/2019
Provisions	1,767	643	(1,019)	-	1,391	-	546	(412)	(120)	1,405
TOTAL	1,767	643	(1,019)	-	1,391	-	546	(412)	(120)	1,405
Impact (net of expenses incurred)	-	-	-	-	-	-	-	-	-	-
Operating profit	-	(643)	1,019	-	-	-	(546)	412	120	-

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 completion date is less than 12 months.

Note 13 – Trade and other accounts payable

(in thousands of euros)	12/31/2018	12/31/2019
Trade and related accounts payable	31,250	31,041
Employee statutory profit sharing and optional profit sharing	2,926	3,950
Outstanding payroll & payroll taxes	88,807	88,496
Other debts	8,695	6,009
Prepaid income*	15,275	14,731
TOTAL	146,953	144,227

* See "4.22. Recognition of revenues (IFRS 15)" above.

All operating debts are due in less than one year.

7. OPERATING SEGMENTS

The Group has not identified any operating segments (see "4.23: Operating segments" above).

8. NOTES TO THE INCOME STATEMENT

Note 14 – Salaries and related expenses

(in thousands of euros)	2018	2019
Salaries	199,093	204,230
Payroll taxes	88,202	83,867
Employee statutory profit sharing	3,391	3,890
Bonus shares	1,236	1,176
Provision for retirement benefits	166	378
TOTAL	292,088	293,541

Note 15 – External expenses

(in thousands of euros)	2018	2019
Subcontracting purchases	107,693	117,721
Purchases of materials and supplies not stored	439	450
Outside personnel	1,200	1,306
Other outside services*	33,954	25,295
Rental expenses	-	2,213
TOTAL	143,286	146,985

* €7.439 million of rental expenses - previously classified under "Other external services" - were cancelled (IFRS 16 - Note 3) and the balance was reclassified under "Rental expenses".

Note 16 – Allocations to amortization, depreciation, provisions and impairment of assets

(in thousands of euros)	2018	2019
Amortization of intangible assets	792	547
Depreciation of tangible assets	7,108	7,297
ALLOCATIONS TO AMORTIZATION AND DEPRECIATION	7,900	7,844
Amortization of rights of use (IFRS 16)	-	7,212
ALLOCATIONS TO AMORTIZATION OF RIGHTS OF USE	-	7,212
Net contingency provisions	(334)	12
Net provisions for current assets	118	238
NET ALLOCATIONS TO PROVISIONS	(216)	250

Note 17 – Other income and expenses

(in thousands of euros)	2018	2019
Operating subsidies	6,597	798
Miscellaneous income	413	617
OTHER INCOME	**7,010**	**1,415**
Miscellaneous expenses	(354)	(517)
OTHER EXPENSES	**(354)**	**(517)**
NET OTHER INCOME/OTHER EXPENSES	6,656	898

The details of the operating grants are as follows:

(in thousands of euros)	2018	2019
Competitiveness and Employment Tax Credit (CICE)	5,063	-
Research Tax Credit (CIR)	1,034	775
Other grants	500	23
TOTAL	6,597	798

The tax credits were recorded as other income because they are considered as a grant offsetting related costs incurred by the companies concerned.

Since January 1, 2019, the CICE (Competitiveness and Employment Tax Credit) has been replaced by a reduction in social security charges.

Note 18 – Other operating income and expenses

(in thousands of euros)	2018	2019
Capital gain/(loss) on disposal of assets	154	4,528
Capital gain/(loss) on lease termination (IFRS 16)	-	96
Impairment of goodwill	-	-
Other	(63)	(267)
TOTAL	91	4,357

These totals correspond to the sum of "Other non-recurring income" and "Other non-recurring expenses" on the consolidated income statement.

Note 19 – Analysis of the net cost of financial debt

(in thousands of euros)	2018	2019
Dividends received (non-consolidated equity investments)	105	-
Other interest and similar income	2,071	1,186
Capital gains on disposal of cash equivalents	(25)	39
Capital gain on disposal of financial assets	-	-
Write-backs of provisions	-	112
TOTAL FINANCIAL INCOME	**2,151**	**1,337**
Interest and similar expenses	548	576
Allocations to provisions	11	4
TOTAL FINANCIAL EXPENSES	**559**	**444**
Financial expenses on lease liabilities (IFRS 16)	-	773
FINANCIAL PROFIT (LOSS)	1,592	120

Note 20 – Income tax

(in thousands of euros)	2018	2019
Corporate income tax	13,515	13,969
Company Value Added Contribution (CVAE)	4,819	5,100
TAXES DUE	**18,334**	**19,069**
Deferred tax assets and liabilities	(357)	(415)
TOTAL	17,977	18,654

Note 21 – Proof of tax

			2018			2019
(in thousands of euros)	Base	Rate	Tax	Base	Rate	Tax
Pre-tax income, capital gain on sale of consolidated shares	47,554	34.43%	16,373	53,811	28%	15,067
Non-deductible calculated expenses	982	34.43%	338	964	28%	270
Impact of permanently non-deductible net expenses	1,086	34.43%	374	(2,350)	28%	(658)
Generation/(Use) of tax losses not activated	517	34.43%	178	(132)	28%	(37)
Tax credits	-	-	(1,079)	-	-	(435)
CVAE (Company Value Added Contribution) impact on tax	-	-	3,160	-	-	3,672
Rate difference between parent company and subsidiaries	-	-	(1,367)	-	-	775
EFFECTIVE TAX EXPENSE	-	-	17,977	-	-	18,654
Average tax rate	-	-	37.8%	-	-	34.7%

Following the termination of the tax consolidation group and the change in the tax rate in France, Neurones SA's tax rate was 28% at December 31, 2019.

In 2019, the net capital gain on the sale of Brains is partially tax-exempt, resulting in a positive impact of €1.3 million on the tax effect of the permanently non-deductible net expenses.

The decrease in tax credits comes from the elimination of the CICE (Competitiveness and Employment Tax Credit), replaced by a decrease in social security charges.

Note 22 – 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).

Officers

The total and overall gross remuneration of officers amounted to €440,000 for FY 2019 (fixed and variable). It is unchanged from 2018. The officers do not collect any other remuneration.

9. MISCELLANEOUS INFORMATION

9.1. Security given

No guarantees were given at December 31, 2019.

9.2. Off balance sheet commitments

There were no off balance sheet commitments at December 31, 2019.

9.3. Auditors' fees

	BM&A				KPMG				Other			
	Amount		%		Amount		%		Amount		%	
(in thousands of euros)	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019
Audit												
Statutory auditors' review of the consolidated and non-consolidated financial statements												
- parent company	25	25	16%	18%	25	25	14%	14%	-	-	-	-
- subsidiaries	124	122	84%	82%	145	147	86%	83%	14	14	100%	100%
Accessory assignments (due diligence, etc.)	2	2	-	-	6	6	-	3%	-	-	-	-
Subtotal	**151**	**149**	100%	100%	**176**	**178**	100%	100%	**14**	**14**	100%	100%
Other services	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	151	149	100%	100%	176	178	100%	100%	14	14	100%	100%

9.4. Average number of employees

	2018	2019
Managers	2,592	2,593
Non-managers	2,521	2,618
TOTAL	5,113	5,211

9.5. Subsequent events at December 31, 2019

From the start of the COVID-19 epidemic in March 2020, preventive measures were taken to ensure the safety and protect the health of the Group's staff and partners. The Continuity Plans for the various activities were successfully implemented: the bulk of the services were provided by adapting to client demand. As the latter is likely to evolve and decrease in volume as the pandemic develops and lockdown is extended, developments have already been anticipated.

9.6. Distribution of dividends

At its meeting on March 4, 2020, the Board of Directors plans to propose to the Shareholders' Meeting, at which the financial statements for the year ending December 31, 2019 will be submitted for approval, the payment of a dividend of 0.20 euro per share.

4.5. STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS (YEAR ENDED DECEMBER 31, 2019)

To the attention of the NEURONES S.A. Shareholders' Meeting,

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, 2019.

The Board of Directors approved these financial statements on March 4, 2020 based on the information available at that date in the context of the evolving health crisis linked to COVID-19.

In our opinion, the consolidated financial statements give a true and fair view of the assets, liabilities and financial position of the consolidated group at December 31, 2019 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 accordance with the rules of independence applicable to us for the period from January 1, 2019 to the date of our report and, in particular, we did not provide any services prohibited by Article 5(1) of Regulation (EU) No. 537/2014 or by the Code of Ethics of the Statutory Auditors.

Observation

Without qualifying our opinion expressed above, we draw your attention to the following point set out in Note 3. Statement of compliance" in the notes to the consolidated financial statements concerning the change in accounting method related to your company's first application of IFRS16 regarding lease contracts.

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 taken as a whole, prepared as described above, and in forming our audit opinion. 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 professional IT services market and in particular provides long-term services.

As indicated in note 4.22 to the consolidated financial statements, revenues from fixed-price projects and multi-year outsourcing contracts are recognized as the services are rendered, using the percentage-of-completion method. The percentage 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 percentage of completion of fixed-price and multi-year outsourcing projects, we considered that the recognition of revenue 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 consisted in particular in examining, based on a sampling of contracts, the determination of the percentage of completion by:

- assessing the consistency of costs incurred as a result of the operational monitoring of projects with the accounting data;
- assessing the reasonableness of the remaining costs to be incurred by interviewing the project managers and comparing them 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.

Specific procedures and disclosures

In accordance with professional standards applicable in France, we have also performed the specific verifications required by law and regulations on the Group information provided in the Board of Directors' management report dated March 4, 2020.

With regard to the events that occurred and the elements known subsequent to the date of closing of the financial statements relating to the effects of the COVID-19 crisis, Management has informed us that they will be the subject of a disclosure to the Shareholders' Meeting called to approve the financial statements.

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

We hereby certify that the consolidated Statement of non-financial performance provided for by article L. 225-102-1 of the French Commercial Code is included in the annual financial report, it being noted that, in accordance with the provisions of article L. 823-10 of this Code, we have not verified the fair presentation or consistency with the consolidated financial statements of the information contained in this Statement, which should be reported on by an independent third party.

Report on other legal and regulatory obligations

Appointment of the statutory auditors

We were appointed statutory auditors of NEURONES S.A. by the Shareholders' Meeting of June 25, 2004 for KPMG S.A. and of June 30, 1997 for BM&A.

At December 31, 2019, KPMG S.A. was in the 15th uninterrupted year of its assignment and BM&A in its 22nd year, thus 15 and 19 years respectively 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

Audit objectives and 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. Furthermore, the statutory auditor:

- 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 due to fraud is higher than the risk of not detecting a material misstatement due to error, because fraud may involve collusion, falsification, willful omission, misrepresentation or circumvention 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;
- assesses 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 application 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;
- assesses the overall presentation of the consolidated financial statements and evaluates whether they reflect 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 in the scope of consolidation 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 consolidated financial statements for the current period and which therefore constitute 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 to our independence and the safeguards applied.

The Statutory Auditors

Paris La Défense, April 23, 2020

KPMG Audit -- Department of KPMG S.A.

Philippe Saint-Pierre
Partner

Paris, April 23, 2020

BM&A

Thierry Bellot
Partner

Jean-Luc Loir
Partner

5 Parent company financial items

5.1. PARENT COMPANY BALANCE SHEET AND INCOME STATEMENT

Parent Company Balance Sheet

ASSETS *(in euros)*	12/31/2018 Net	12/31/2019 Gross	12/31/2019 Amortization, depreciation and provisions	12/31/2019 Net
Franchises, patents and licenses	4,083	88,007	88,007	-
Intangible assets under construction	-	12,940	-	12,940
INTANGIBLE ASSETS	**4,083**	**100,947**	**88,007**	**12,940**
Fixtures and installations	360,061	389,827	68,178	321,649
IT and office equipment	77,401	102,089	38,909	63,180
TANGIBLE ASSETS	**437,462**	**491,916**	**107,087**	**384,829**
Financial interests	74 300 592	78,151,945	317,266	77 834 679
Loans	29,443	25,116	-	25,116
Other financial assets	-	422,497	-	422,497
FINANCIAL ASSETS	**74,330,035**	**78,599,558**	**317,266**	**78,282,292**
TOTAL FIXED ASSETS	**74,771,580**	**79,192,421**	**512,360**	**78,680,061**
Trade and related accounts receivable	34,291,372	35,442,839	-	35,442,839
Other receivables	22 456 785	24,809,970	-	24,809,970
Marketable securities	52,236123	103,241,278	-	103 241 278
Cash and cash equivalents	20 964 290	25,573,738	-	25 573 738
TOTAL CURRENT ASSETS	**129,948,570**	**189,067,826**		**189,067,826**
Prepaid expenses	421,063	480,603		480,603
TOTAL ASSETS	205,141,213	268,740,850	512,360	268,228,490

LIABILITIES *(in euros)*	12/31/2018	12/31/2019
Share capital	9,714,345	9,714,345
Additional paid-in capital	30,617,821	30,617,821
Legal reserve	969,754	971,434
Retained earnings	60,488,284	64,756,650
PROFIT FOR THE YEAR	**5,727,198**	**7,231,311**
TOTAL SHAREHOLDERS' EQUITY	**107,517,402**	**113,291,561**
Contingency provisions	-	8,000
TOTAL CONTINGENCY AND LOSS PROVISIONS	**-**	**8,000**
Loans and debts with lending institutions	-	-
Trade and related accounts payable	29,369,051	45,954,601
Outstanding payroll & payroll taxes	7,401,493	7,376,340
Debts on fixed assets and related accounts	-	22,443
Other debts	60,809,721	101,141,703
TOTAL DEBTS	**97,580,265**	**154,495,088**
Prepaid income	43,546	433,841
TOTAL LIABILITIES	205,141,213	268,228,490

Parent Company Income statement

INCOME STATEMENT *(in euros)*	2018	2019
Sales of goods	1,442,859	579,073
Services provided	*121,368,160*	*126,578,455*
Incidental income	*4,733,384*	*4,670,529*
Sale of services	126,101,544	131 248 984
NET REVENUES	**127,544,403**	**131,828,057**
Operating subsidies	-	-
Write-backs on provisions, amortization and depreciation, expense transfers	320,000	-
Other income	20,872	4,226
OPERATING INCOME	127,885,275	131,832,283
Goods purchased	1,442,859	579,073
Variation in inventory	-	-
Other purchases and external charges	123,314,308	128,440,369
Taxes, duties and similar payments	284,898	277,500
Salaries and wages	1,618,457	1,567,229
Payroll taxes	749,953	684,120
Allocations to amortization and depreciation on fixed assets	28,343	56,716
Provisions for current assets	-	-
Contingency and loss provisions	-	8,000
Other expenses	7,272	1,028
OPERATING EXPENSES	127,446,090	131,614,035
OPERATING PROFIT/(LOSS)	439,185	218,248
Financial income from equity investments	4,641,885	7,315,550
Other interest and similar income	1,492,142	-
Write-backs on provisions for financial contingencies and expense transfers	-	508,674
Positive foreign exchange variations	814	36,020
FINANCIAL INCOME	6,134,841	7,860,244
Net financial allocations to amortization, depreciation and provisions	47,706	-
Interest and similar expenses	476,018	683,410
Negative foreign exchange variations	4,035	33,250
FINANCIAL EXPENSES	530,759	716,660
FINANCIAL PROFIT (LOSS)	5,604,082	7,143,584
PRETAX INCOME FROM ORDINARY BUSINESS	6,043,267	7,361,832
Non-recurring income from management operations	-	-
Non-recurring income from capital operations	27,333	59,900
Write-backs on provisions and expense transfers	-	-
NON-RECURRING INCOME	27,333	59,900
Non-recurring expenses on management operations	16,380	-
Non-recurring expenses on capital operations	969	2,000
NON-RECURRING EXPENSES	17,349	2,000
NON-RECURRING PROFIT/(LOSS)	9,984	57,900
Statutory employee profit sharing	-	-
Corporate income tax	326,053	188,421
TOTAL INCOME	**134,047,449**	**139,752,427**
TOTAL EXPENSES	**128,320,251**	**132,521,116**
PROFIT/(LOSS)	5,727,198	7,231,311

5.2. INFORMATION ON EQUITY INVESTMENTS

COMPANY *(in thousands of euros)*	Capital	Other share-holders' equity*	Share of capital held *(as %)*	Carrying amount of securities held		Loans & advances granted	Security and guarantees given	Revenues	Net profit	Dividends received by the parent company
				Gross	Net					
I - SUBSIDIARIES (More than 50% owned)										
Arondor	234	6,221	50.10%	2,614	2,614	-	-	19,592	988	78
AS International Group	564	13,702	96.92%	12,006	12,006	-	-	7,612	407	1,960
Codilog	6,287	12,130	73.26%	4,905	4,905	-	-	27,014	207	0
Dataquantic	250	3	60.00%	150	150			1,526	42	0
Edugroupe	4,186	4,269	99.74%	5,247	5,247	-	-	7,232	907	0
Finaxys	438	13,932	76.09%	2,783	2,783	-	-	33,073	8,446	3,805
Helpline	1,096	76,265	93.10%	5,028	5,028	-	-	144,421	8,059	0
Dragonfly	1,036	14,918	94.07%	5,638	5,638	-	-	1,932	154	0
Neurones Consulting	40	3,714	100.00%	40	40	-	-	0	-34	0
Neurones IT	33,013	36,793	97.17%	29,873	29,873	-	-	68,853	3,734	1,473
Pragmateam	55	571	100.00%	943	626	-	-	0	0	0
RS2i	687	14,091	98.94%	8,924	8,924	-	-	14,744	2,056	0
II – EQUITY INVESTMENTS (10 to 50% held)	-	-	-	-	-	-	-	-	-	-
III - OTHER SECURITIES	-	-	-	-	-	-	-	-	-	-
TOTAL				78,152	77,835	-	-			7,316

* Before distribution but after allocation of 2019 earnings.

❻ Combined Shareholders' Meeting on June 4, 2020

6.1. MANAGEMENT REPORT PRESENTED BY THE BOARD OF DIRECTORS TO THE COMBINED SHAREHOLDERS' MEETING ON JUNE 4, 2020

Dear shareholders,

We called this Combined Shareholders' Meeting pursuant the legal and statutory provisions to report on the Group's activity during the past fiscal year, to submit for your approval the annual and consolidated financial statements for the fiscal year ending December 31, 2019 and to inform you of the outlook for the future.

1. CONSOLIDATED FINANCIAL STATEMENTS

Comments on the Group's activity during FY 2019.

The consolidated financial statements are presented according to IFRS, pursuant to the provisions adopted by the European Union.

In 2019, NEURONES continued its profitable growth. Revenues amounted to €510.1 million compared to €490.1 million the previous year (overall growth of 4.1% and organic growth of 5.1%).

Operating profit increased from €46 million to €53.7 million, up 17% from 2018. As a percentage, this represents 10.5% of revenues.

Financial profit amounted to €0.1 million. It corresponds to interest on cash investments in term deposits, less the financial expense relating to the application of IFRS 16 on leases.

The corporate income tax expense (including the Company Value Added Contribution of €5.1 million) amounted to € 18.6 million, compared to € 18 in the previous year. The average corporate tax rate was 34.7%.

Net income was €35.2 million (€29.6 million in 2018).

Net income attributable to the parent company owners was €30.8 million in 2019 (€26 million in 2018).

Comments on the consolidated financial situation

Assets

Intangible assets were €40.3 million, compared to €40.6 million the previous year.

Recorded for the first time this year, rights of use (IFRS 16) amount to €31 million.

Net tangible assets remained stable at € 16.1 million (capital expenditures mainly concern computer hardware and fixtures and fittings for new premises).

Financial assets (€7.2 million) are comprised primarily of 1% housing loans and security deposits.

The deferred tax asset amounts to €2.6 million. It is comprised primarily of temporary tax differences.

At € 186.3 million, trade and other accounts receivable were down 5.3%. Overall, these accounts receivable and unbilled revenue represent 89 days of turnover (including 16 days for unbilled revenue).

Liabilities

Long-term provisions correspond to provisions for payments due on retirement while short-term provisions correspond primarily to social risks.

Recorded for the first time this year, current and non-current rental debts (IFRS 16) amount to €31.5 million.

Trade and other payables fell by 1.9% to € 144.2 million.

Cash flow

Cash flows from operating activities, after net financial income and taxes, amounted to €47.3 million in 2019.

The decrease in trade receivables accounts for most of the decrease in operating working capital requirements (- € 10.3 million).

Productive investments consumed €7.8 million, compared to €6.9 million in 2017. 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 - comprised of net income, depreciation, amortization, provisions and changes in working capital requirements less net capital expenditures - amounted to €47 million compared with €25.8 million the previous year.

After equity transactions (earn-out payments, dividend payments, disposals, share buybacks from minority shareholders in subsidiaries, capital increases, etc.), the Group will generated €43.8 million of additional cash in 2019 compared to €20.6 million in 2018.

At December 31, 2019, cash and cash equivalents (net of borrowing) amounted to €218.3 million (€ 174.5 million in 2018).

Note on the debt situation of the Company and the Group

The Group has a positive gross cash position of €218.6 million and borrowing of €0.3 million. The debt situation, in light of the volume of business, clearly poses no risk to the Company.

Future outlook

Historically, NEURONES has always grown faster than its reference market. 2019 follows this pattern (+5.1% of organic growth compared to 3.1% growth for the Consulting and IT Services market). The group's potential is real since its share of the French market is only around 1.5%. Thanks to its "multi-specialist" model, NEURONES should grow faster than the market (+3%) in 2019.

The economic and financial crisis, a consequence of the health crisis caused by COVID-19, obviously calls into question the revenue growth in 2020. However, it can be estimated that the Group's contraction in organic growth will be less than the market decline.

Equity participation, movements of securities, capital operations and other legal operations

In 2019, NEURONES S.A. carried out the following operations:
- sale of just under 0.5% of Finaxys' capital to two associate managers;
- acquisition of approximately 0.12% of Helpline's share capital from three managers of the company;
- acquisition of 8% of Dragonfly's capital;
- acquisition of slightly less than 2.5% of Codilog-Eliance's capital from a company manager;
- acquisition of the remaining capital of Pragmateam.

NEURONES S.A. subsidiaries and sub-subsidiaries carried out the following acquisition and disposal operations in 2019:
- At the time of the transaction, Neurones Consulting acquired approximately 3.5% of Colombus Consulting's capital from the three historical managers;
- RS2i acquired 34% of the capital of Digitalists.io, thus becoming the sole shareholder;
- Finaxys sold its entire majority stake in Brains;
- Finaxys sold 5% of Weefin's capital to a manager (who holds 10% after this sale);
- Neurones IT sold approximately 0.4% of Mobiapps' capital to a manager of that company.

They also carried out the following operations:
- Colombus Consulting carried out two capital increases in cash reserved for employees who are members of the company's employee savings plan. At December 31, 2019, these increases represented a little more than 0.8% of the company's capital;
- Colombus Consulting delivered a bonus share attribution plan by issuing new shares representing a little less than 0.6% of the share capital at December 31, 2019;
- Colombus Consulting participated in the creation of Le Hub Colombus SAS, in which it holds 60% of the capital;
- Finaxys participated in the creation of Finaxys SPRL in Belgium and owns 97.5% of its capital;
- Experteam issued new shares, representing 0.7% of the post-trade capital, in order to deliver a bonus share attribution plan;
- Cloud Temple set up Cloud Temple Africa and then conducted two capital increases, the first through the contribution of shares of Cloud Temple West Africa by an Ivorian company and the second, in cash, to which a Moroccan company subscribed. The effect of these two increases was to reduce Cloud Temple Africa's ownership of Cloud Temple's capital to 51%;
- Arondor delivered a bonus share attribution plan by issuing new shares representing approximately 0.6% of the share capital;
- Arondor incorporated Arondor US corporation in the United States and holds all of its capital;
- Codilog carried out a capital increase in cash, by offsetting receivables, to pay the additional price due for the acquisition of 70% of Lib Consulting SD's capital in 2016;
- Deodis carried out a capital increase in cash, representing a little over 0.6% of the capital, to which a senior executive and two managers of the company subscribed;
- AS International Group issued 17,344 new shares (1.1% of the share capital) in order to deliver a bonus share attribution plan;
- Neurones IT set up Visian SAS in order to make a partial contribution of assets to this subsidiary;
- RS2i carried out the universal transfer of Digitalists.io's assets to RS2i, effective on December 31, 2019.

Some of these operations led to a change in NEURONES S.A. percentage stakes in certain Group companies.

Main business activity of operational entities

The contributions* to the Group's main consolidated aggregates are summarized hereafter:

(in thousands of euros)	Company	Contribution to 2019 revenues *	Contribution to 2019 operating profit *	Contribution to 2019 net profit *
Parent company	NEURONES	-	433	-313
Subsidiaries	Arondor	19,475	1,429	965
	AS International Group	55,080	5,052	3,234
	Codilog	41,513	1,827	854
	Colombus Consulting	27,648	3,592	2,218
	DataQuantic	1,526	43	42
	Deodis	22,043	1,608	964
	Edugroupe	9,581	1,827	1,251
	Finaxys	34,346	6,810	5,785
	Helpline	159,648	14,288	9,119
	Dragonfly	52,196	6,970	4,654
	Neurones IT	72,227	6,609	4,248
	RS2i	14,791	3,202	2,136
TOTAL		510,074	53,690	35,157

*After elimination of inter-company flows and including the sub-subsidiaries.

2. NEURONES S.A. STATUTORY FINANCIAL STATEMENTS

Comments on the business activity during FY 2019

Revenues amounted to € 131.8 million compared to € 127.5 million in 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 contracted with the parent company (thereby fulfilling the role of unique point of billing).

The operating profit amounted to €0.2 million. After including the dividends from subsidiaries, financial income was €7.1 million. The Company's net income was a profit of €7.2 million.

Future outlook

Since January 1, 2000, NEURONES S.A. has been a holding company that combines the following functions: Group management, finances, legal, marketing and communications, cross-corporate outsourcing and overall relations with a few key accounts. The Company aims to merely balance its current operating expenditures by charging back its services to its different subsidiaries.

Allocation of profit

Taking into account retained earnings of €64,756,650 and profit for the year of €7,231,311, the distributable profit amounts to €71,987,961.

A motion will be put to the Shareholders' Meeting to distribute a dividend of €0.20/share, namely €4,857,172 (*). The retained earnings account would thus increase to €67,130,789.

* Calculation based on the number of shares in circulation at December 31, 2019 (i.e., 24,285,862), which will be adjusted if necessary.

The dividend payment date would be June 12, 2020.

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.

The following dividends were distributed during the past three fiscal years:
2016: €0.06 per share,
2017: €0.06 per share,
2018: €0.06 per share,

3. OTHER FINANCIAL INFORMATION

Subsequent events

No known events at March 4, 2019 had a significant impact on the Group's financial structure. The COVID-19 crisis does not pose a going concern risk. The quantification of the impacts of this pandemic will be made in future press releases.

Vendor payment terms (statutory financial statements)

The vast majority (>95%) of NEURONES S.A. purchases are made with Group companies. At December 31, 2019, the outstanding trade payables of NEURONES S.A. (parent company) were as follows:

Outstanding trade payables at 12/31/2019 by maturity date *(in thousands of euros, 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	86	38	203	351*	30,225	44,239
Third parties	30	21	31	246	1,133	1,461
TOTAL	**116**	**59**	**234**	**13,933**	**31,358**	**45,700**
Number of invoices concerned		1,055			2,044	3,099
% of the value of purchases for the year					20.3%	

* restated by € 13.336 million corresponding to a bank transfer not debited at December 31.

The term of payment used to calculate late payments is: net 60, date of invoice, or net 45 end of month.

For intra-Group suppliers, past due invoices not settled correspond to situations where adjustments are necessary with the end clients. Past due invoices concerning third party suppliers that aren't yet paid at December 31, 2019 correspond to disputes.

At December 31, 2018, the outstanding trade payables of NEURONES S.A. (parent company) were as follows:

Outstanding trade payables at 12/31/2018 by maturity date *(in thousands of euros, 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	72	81	29	48	27,388	27,618
Third parties	42	-	43	36	1,579	1,700
TOTAL	**114**	**81**	**72**	**84**	**28,967**	**29,318**
Number of invoices concerned		43			1,499	1,542
% of the value of purchases for the year					19.3%	

Client payment terms (statutory financial statements)

At December 31, 2019, the outstanding trade payables of NEURONES S.A. (parent company) were as follows:

Outstanding trade payables at 12/31/2019 by maturity date *(in thousands of euros, taxes incl., excl. unbilled revenue)*	**Past due invoices**				**Invoices not due**	**Total**
	> 90 d	**60 to 90 d**	**30 to 60 d**	**0 to 30 d**		
Third parties	1,150	644	916	3,919	27,682	34,311
Intra-Group	19	2	25	96	897	1,039
TOTAL	1,169	646	941	4,015	28,579	35,350
Number of invoices concerned	675				1,803	2,478
% of the value of sales for the year					18.1%	

The term of payment used to calculate late payments is: net 60 (date of invoice) or net 45 end of month.

Late payments by corporate clients are related to the complexity of their accounts payable channels (payment authorization, etc.). The share of past due invoices corresponding to disputes is in the minority. Most often they involve 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.

At December 31, 2018, the outstanding trade payables of NEURONES S.A. (parent company) were as follows:

Outstanding trade payables at 12/31/2018 by maturity date *(in thousands of euros, taxes incl., excl. unbilled revenue)*	**Past due invoices**				**Invoices not due**	**Total**
	> 90 d	**60 to 90 d**	**30 to 60 d**	**0 to 30 d**		
Third parties	1,414	406	1,093	2,691	27,979	33,583
Intra-Group	3	1	175	69	460	708
TOTAL	1,417	407	1,268	2,760	28,439	34,291
Number of invoices concerned	371				1,802	2,173
% of the value of sales for the year					18.6%	

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 ("Report on Social and Environmental Responsibility - SER") of this Annual Financial Report.

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 2019 decided by the Company or its affiliates, to employees of the Company or its affiliates and to corporate officers.

Attributions of bonus shares of NEURONES

The Board of Directors did not decide to attribute bonus shares during FY 2019.

The following table presents the characteristics of the two bonus share plans in a vesting or holding period at December 31, 2019.

	Bonus share plan F	Bonus share plan G
Date of the Shareholders' Meeting	6/9/2016	14/06/18
Date of the Board of Directors meeting	6/9/2016	14/06/18
Vesting period duration and term	2 years - 6/10/2018	3 years - 6/15/2021
Holding period duration and term	2 years - 6/10/2020	2 years - 6/15/2023
Number of employee beneficiaries (NEURONES and affiliates)	14 (9 and 5)	6 (6 and 0)
Number of corporate officer beneficiaries (NEURONES and affiliates)	-	-
Number of bonus shares attributed	43,000	13,000
Cumulative number of expired shares at 12/31/2018	1,000	-
Number of shares in the vesting period at 1/1/2019	-	13,000
Number of shares expired during the vesting period over the year	-	-
Number of shares in the vesting period at 12/31/2019	-	13,000
Number of shares in holding period at 1/1/2019	42,000	-
Number of shares in holding period at 12/31/2019	42,000	-

Attributions of bonus shares of companies affiliated with NEURONES

Note that no NEURONES senior executive has ever been attributed bonus shares in subsidiaries due to the duties and functions exercised in these companies. Nor have they benefitted from bonus shares in controlled companies (as defined in Article L.233-16 of the French Commercial Code) due to the duties and functions that they could exercise there.

The attribution of bonus shares decided during FY 2019 by the NEUORNES' affiliates are described hereafter.

Attribution of bonus shares by Helpline

On May 24 and May 31, 2019, the Chairman of Helpline decided to attribute 4,733 bonus shares (to 13 beneficiaries) and 41,715 bonus shares (to 17 beneficiaries) respectively, representing approximately 0.11% and 0.95% of the share capital.

The final attribution dates were set at May 25, 2021 for the first plan and April 1, 2022 for the second plan, provided that each beneficiary remains an employee or senior executive of the Company or an affiliated company as defined in Article L.225-197-2 of the French Commercial Code throughout the vesting period. In addition, the final attribution of shares under the second plan is subject to the Company's performance conditions.

Attribution of bonus shares by Deodis

On January 10, 2019, the Chairman decided to attribute 7,721 bonus shares (i.e., approximately 1.7% of the share capital on the date of the decision) to three beneficiaries.

The final attribution date was set at January 11, 2022, provided that each beneficiary remaining an employee or senior executive of the Company or an employee of an affiliated company throughout the vesting period.

Attribution of bonus shares by Experteam

On May 24, 2019, the Chairman of the Company attributed 60,066 bonus shares (representing slightly less than 0.4% of the share capital) to four beneficiaries.

The final attribution date was set at May 25, 2021, provided that each beneficiary remains an employee or senior executive of the Company or an employee of an affiliated company throughout the vesting period.

Attribution of bonus shares by Cloud Temple

On November 28, 2019, the Chairman decided to attribute 289,010 bonus shares to seven beneficiaries, representing approximately 2.2% of the share capital on the date of the decision.

The vesting period will end on November 27, 2021, the date when the bonus shares will be delivered to beneficiaries who have remained in the Company or an affiliated company.

Attribution of bonus shares by Neurones IT

The Chairman decided on July 15, 2019 to attribute 24,750 bonus shares to nine beneficiaries (i.e., 1.14% of the share capital on the date of the decision).

The final attribution was set for July 16, 2021 for beneficiaries who had been a permanent employee or senior executive of the Company or an affiliated company throughout the vesting period.

Attribution of bonus shares by Colombus Consulting

On December 13, 2019, the Chairman of Colombus Consulting decided on three bonus share attribution plans.

The first concerns two beneficiaries and 1,000 shares (0.24% of the share capital) and the final attribution date was set for December 13, 2020.

The second, whose vesting period will end on December 13, 2022, concerns five beneficiaries and 2,000 shares (0.48% of the capital).

The third concerns 10 beneficiaries and 1,200 shares (0.29% of the capital) and the vesting period will end on December 13, 2023.

For these three plans, the shares will be definitively delivered to the beneficiary at the end of the vesting period provided that the beneficiary remains an employee of the Company or of an affiliated company throughout the vesting period.

	Helpline Plan 1	Helpline Plan 2	Deodis Plan	Experteam Plan	Cloud Temple Plan	Neurones IT Plan	Colombus Consulting Plan 1	Colombus Consulting Plan 2	Colombus Consulting Plan 3
Date of the Shareholders' Meeting	5/24//2019	5/24//2019	1/10/2019	5/17/2019	11/26/2019	5/24//2019	10/15/2019	10/15/2019	10/15/2019
Date of attribution by the President	5/24//2019	31/05/19	1/10/2019	5/24//2019	28/11/19	15/07/19	13/12/19	13/12/19	13/12/19
Value of a share at the attribution date	€24.83	€24.83	€29.58	€1.54	€2.27	€24.10	€76.77	€76.77	€76.77
Number of bonus shares attributed	4,733	41,715	7,721	60,066	289,010	24,750	1,000	2,000	1,200
Vesting period term	5/25/2021	4/01/2022	1/11/2022	5/25/2021	11/27/2021	7/16/2021	12/13/2020	12/13/2022	12/13/2023
Holding period term	N/A	N/A	N/A	N/A	N/A	N/A	13/12/21	N/A	N/A
Total number of beneficiaries	13	17	3	4	7	9	2	5	10
Number of beneficiaries who are corporate officers of the Company	1	2	1	-	-	1	2	-	-
Number of bonus shares attributed to this executive officer or officers	1,007	18,915	3,507	-	-	7,000	1,000	-	-
Number of employee beneficiaries of the Company or an affiliated company	12	15	2	4	7	8	-	5	10
Number of bonus shares attributed to these employees by category	Managers: 3,726	Managers: 22,800	Managers: 4,214	Managers: 60,066	Managers: 289,010	Managers: 17,750	-	Managers: 2,000	Managers: 1,200
Number of bonus shares attributed to each of the 10 Company employees who are not corporate officers and who received the most bonus shares attributed	1: 1,007 2-3: 504 4: 403 5: 300 6-8: 200 9-10: 121	1: 1,800 2-10: 1,500	1: 2,507 2: 1,707	1: 24,351 2-3: 16,234 4: 3,247	1-2: 96,337 3: 72,108 4: 11,013 5-7: 4,405	1: 7,000 2: 3,000 3-6: 1,500 7-8: 875	-	1-5: 400	1: 300 2: 200 3: 150 4-7: 100 8-10: 50

The following are the plans attributed by affiliated companies in years prior to FY 2019 and still in the vesting period at December 31, 2019:

	Colombus Consulting Plan 2016 (1)	Colombus Consulting Plan No. 2	Helpline Plan 2018	Codilog Eliance Plan 2018	Colombus Consulting Plan 2018 (2)
Date of the Shareholders' Meeting	7/19/2016	7/19/2017	7/20/2017	5/22/2018	10/25/2018
Date of attribution by the President	7/20/2016	9/9/2017	1/03/2018	6/21/2018	10/26/2018
Vesting period term	7/20/2020	9/9/2021	1/04/2020	6/22/2020	10/26/2022
Number of bonus shares attributed	550	1,000	4,745	1,254	2,230
- of which attributed to corporate officers	-	-	224	552	-
Total number of beneficiaries	5	11	10	6	11
- of which to the Company's corporate officers	-	-	1	2	-
Number of shares expired between the attribution date and December 31, 2019	150	200	-	-	150
Number of shares in the vesting period at 12/31/2019	400	800	4,745	1,254	2,080
Percentage of the Company's share capital concerned at December 31, 2019	(0.10%)	(0.19%)	(0.11%)	(0.30%)	(0.50%)

7. TREASURY SHARES - TREASURY STOCK

At December 31, 2019, the Company held 8,991 of its own shares, which are included in the balance sheet of its liquidity contract.

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 AND TO REDUCE THE CAPITAL BY CANCELLING TREASURY 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 14, 2018 authorized the Company to buy-back its own shares subject to the following main terms and conditions:
- term of the authorization: eighteen months from the date of the Meeting (i.e., until December 14, 2019),
- maximum share of capital to be acquired: 10%,
- maximum purchase price: €30 per share,
- maximum share acquired with a view to the subsequent remittance on exchange or as payment: 5% of the capital.

The Board of Directors has not launched an actual program based on this authorization.

The Shareholders' Meeting of June 6, 2019 renewed the authorization given to the Company to buy back its own shares. This new authorization rendered invalid the aforementioned prior authorization. The main characteristics of the authorization in force are:
- term of the authorization: 18 months from the date of the Meeting (i.e., until December 6, 2020),
- maximum share of capital to be acquired: 10%,
- maximum purchase price: €30 per share,
- maximum share acquired with a view to the subsequent remittance on exchange or as payment: 5% of the capital.

On the occasion of implementing a new liquidity contract between Neurones and CIC (effective August 1, 2019), a share buyback program with this objective was launched based on the aforementioned authorization. It concerns supporting the share price via an Investment Service Provider through a liquidity contract in accordance with the code of professional conduct of the French Association of Financial Markets.

Between August 1 and December 31, 2019, 43,653 shares were acquired and 34,662 shares were sold under this share buyback program. Thus, at December 31, 2019, the Company held 8,991 of its own shares, which were included in the balance sheet of the liquidity contract, at a value of €185,215.

The Company would like to retain the opportunity to purchase its own shares for the following potential purposes:
- to cancel them subsequently,
- to cover:
  - stock option plans and other forms of allocating shares to employees and/or corporate officers of the Group, especially for profit-sharing, a company savings plan (CSP) or the attribution of bonus shares,
  - financial securities conferring the right to receive Company shares,
- to 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),
- to hold purchased shares for subsequent use as exchange or payment as part of an acquisition.

Consequently, a motion will be put to the Shareholders' Meeting of June 4, 2020 (seventeenth resolution) to renew the authorization given to the Board of Directors to buy back the Company's own shares with the following main terms and conditions:
- 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 €27 per share,
- the maximum number of shares that can be repurchased by the Company is limited to 10% of the total number of shares comprising the authorized share capital (for information, 2,428,586 shares based on the share capital at December 31, 2018, representing a maximum purchase amount of €72,857,580), it being noted that the maximum number of shares acquired with the view of subsequently being exchanged or used as payment as part of external growth operations cannot exceed 5% of the capital,
- this number of shares and the purchase limit will be adjusted, if necessary, in the event the Company conducts any financial transactions or takes decisions affecting the 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 covering the same purpose and would therefore replace the unused portion, where applicable, of the authorization given by the Shareholders' Meeting of June 6, 2019.

The creation of a share buy-back program will be subject to a decision of the Board of Directors.

Where applicable, and following a decision by the Board of Directors, the Company will distribute a description of the program, in accordance with the provisions of the AMF General Regulations in force, which can then be effectively implemented.

It should also be noted that the Shareholders' Meeting of June 6, 2019 renewed the authorization given to the Board of Directors by the Shareholders' Meeting of June 5, 2014 to reduce the share capital by canceling treasury shares. The capital can be reduced once or several times by cancelling all or part of the treasury shares. A maximum of 10% of the shares comprising the share capital could be cancelled per 24-month period pursuant to the authorization. The authorization was given for a period of five years.

10. ATTRIBUTIONS OF BONUS SHARES

The Board of Directors wants to retain the ability to attribute bonus shares, a successful mechanism that can be used to strengthen beneficiaries' motivation and loyalty by associating them directly with the Company's performances.

The authorization in force is that given by the Shareholders' Meeting of June 14, 2018. The Board of Directors made use of this authorization in 2018 by attributing 13,000 bonus shares out of the 240,000 authorized. It expires in June 2020 and consequently a motion will be put to the Shareholders' Meeting of June 4, 2020 to renew this authorization given to the Board of Directors to attribute one or more times existing shares or shares to be issued by the Company under the following conditions:
- authorization valid for a period of 24 months from the date of the Meeting,
- maximum total number of bonus shares that can be attributed under the authorization set at 120,000 common shares (i.e., slightly less than 0.5% of the Company's share capital at December 31, 2019),
- minimum vesting period set at two years and no minimum holding period.

The Board of Directors shall report to the shareholders, under 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, on the bonus shares attributed pursuant to the authorizations granted.

11. AUTHORIZATIONS TO INCREASE THE SHARE CAPITAL

The Board of Directors wishes to have the possibility to increase the share capital in different contexts, for the reasons mentioned and according to the methods mentioned in this section and in chapter 6.3 of the annual financial report. Therefore resolutions 19 to 26 relating to the following subjects will be submitted to the Shareholders' Meeting of June 4, 2020, with all authorizations being proposed for a period of 26 months:

- authorization to increase the share capital by issuing common shares giving, where applicable, the right to the attribution of other common shares or debt securities and/or any marketable securities conferring entitlement to common shares to be issued, with maintenance of shareholders' preemptive subscription right and/or by capitalization of reserves, additional paid-in capital and profits,
- authorization to increase the share capital by issuing common shares giving, where applicable, the right to the attribution of other common shares or debt securities and/or any marketable securities conferring entitlement to common shares to be issued, with cancellation of shareholders' preemptive subscription right, without indication of beneficiaries and by public offering,
- authorization to increase the share capital by issuing common shares giving, where applicable, the right to the attribution of other common shares or debt securities and/or any marketable securities conferring entitlement to common shares to be issued, with cancellation of shareholders' preemptive subscription right, by means of an offer as set out in Article L.411-2 II of the French Monetary and Financial Code,
- authorization for the purpose of issuing common shares and/or marketable securities conferring entitlement to the Company's capital entailing a capital increase, as remuneration for contributions in kind consisting of equity securities or marketable securities conferring entitlement to the capital,
- authorization for the purpose of issuing common shares and/or marketable securities conferring entitlement to the Company's share capital in the event of a public exchange offer initiated by the Company.

For each of the issues decided upon pursuant to the first three above-mentioned authorizations, the Shareholders' Meeting will be asked to authorize the Board of Directors to increase, at its sole discretion, but within the limit of the overall ceiling set out in the resolution referred to below, the number of common shares or financial securities to be issued, if the Board notes that there is excess demand. This increase in the number of securities shall be made within the limit of 15% of the initial issue and at the same price as that used for the initial issue, in accordance with the provisions of Article R.225-118 of the French Commercial Code.

For all the issues that would be decided by the Board, by virtue of the authorizations granted above, a motion will be put to the Shareholders' Meeting to set the ceiling on issues as follows:

- the maximum aggregate face value of the capital increases would be set at nine million euros (€9,000,000), it being specified that this ceiling includes, where applicable, the face value of any additional shares that may be issued to preserve the rights of holders of marketable securities conferring entitlement to the share capital,
- the aggregate nominal value of marketable debt securities conferring entitlement to the Company's share capital cannot exceed ninety million euros (€90,000,000).

Finally, pursuant to the provisions of Articles L.225-129-6 of the French Commercial Code and L. 3332-18 et seq. of the French Labor Code and, as a result of the foregoing resolutions, the Shareholders' Meeting will vote on a draft resolution to carry out a share capital increase reserved for members of a company savings plan established pursuant to Articles L. 3332-18 et seq. of the French Labor Code. The Board will therefore submit a resolution to the Shareholders' Meeting to authorize the Board, for a period of 18 months, to increase, on one or more occasions, the Company's share capital by a maximum total face value of €200,000 (i.e., based on the current face value of the shares of €0.40, a maximum of 500,000 new shares representing slightly more than 2% of the share capital based on the number of shares at December 31, 2019), by issuing common shares reserved for members of a company savings plan of the Company and French or foreign companies affiliated with it, under the terms of Article L. 225-180 of the French Commercial Code and L. 3344-1 of the French Labor Code.

12. STATUS OF THE CUMULATIVE DILUTION FOR THE DIFFERENT CAPITAL OPERATIONS

	Situation at 12/31/2019	Treasury shares	Dilutive instruments Stock options	Dilutive instruments Bonus shares	Total
Number of shares	24,285,862	-	-	13,000	24,298,862
% dilution	-	-	-	0.05%	0.05%

13. 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 September 12 and 16, 2019, Bertrand Ducurtil sold 4,000 shares on the market at an average unit price of €21.70.

14. RISK FACTORS

The risk analysis is carried out in part 3 of this Universal Registration Document.

15. 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.

16. CONCLUSION

In conclusion, we ask you to approve the financial statements for the year ended December 31, 2019, the Board of Directors' management report 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)	2015	2016	2017	2018	2019
Capital at year-end					
• Share capital	9,692,551	9,697,545	9,697,545	9,714,345	9,714,345
• Number of common shares outstanding	24,231,378	24,243,862	24,243,862	24,285,862	24,285,862
• 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)	98,234,529	115,325,747	121,718,925	127,544,403	131,828,057
• EBIT, employee profit sharing and allocations to depreciation and provisions	6,684,884	3,494,403	1,388,043	5,809,299	7,484,448
• Corporate income tax	(166,455)	(432,912)	(205,183)	(326 053)	(188 421)
• Employee statutory profit sharing due for the year	-	-	-	-	-
• After tax income, employee profit sharing and allocations to depreciation and provisions	6,364,499	3,194,842	1,158,268	5,727,198	7,231,311
• Income distributed	1,453,883	1,454,632	1,454,632	1,457,152	4,857,172
Earnings per share					
• After tax income, employee profit sharing, but before allocations to depreciation and provisions	0.27	0.13	0.05	0.24	0.30
• After tax income, employee profit sharing and allocations to depreciation and provisions	0.26	0.13	0.05	0.24	0.30
• Dividend attributed to each share	0.06	0.06	0.06	0.06	0.20*
Personnel					
• Average number of salaried personnel employed during the year	19	18	18	19	18
• Payroll for the year	1,658,371	1,505,986	1,623,406	1,618,457	1,567,229
• Sums paid for fringe benefits for the fiscal year (Social Security, social services, etc.)	696,103	649,553	929,774	749,953	684,120

* Subject to approval by the Shareholders' Meeting (third resolution) of June 4, 2020.

6.2. REPORT ON CORPORATE GOVERNANCE

In accordance with the provisions of Articles L.225-37 et seq. of the French Commercial Code, our report on corporate governance is presented below. It should be noted that as a medium-sized group, with a majority shareholder among the senior executives, NEURONES has chosen to refer to MiddleNext's Corporate Governance Code (published in December 2009 and revised in September 2016).

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 granted to all fully paid shares 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 donation inter vivos to a spouse or relative 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 by Article L.225-110 of the French Commercial Code, in a French limited company (société anonyme), the voting right attached to a stripped share belongs to the beneficial owner at ordinary Shareholders' Meetings and to the bare owner at extraordinary Shareholders' Meetings.

The Shareholders' Meeting of June 14, 2018 decided to depart from this rule, as authorized by law, by adopting an amendment of the bylaws whose purpose is to limit the voting rights of a beneficial owner to decisions concerning the allocation of profits.

Changes in the distribution of capital and voting rights during the past three years

	Situation at December 31, 2017				Situation at December 31, 2018				Situation at December 31, 2019			
	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
Senior executives												
Host Développement	11,158,683	46%	22,127,366	52.6%	11,158,683	46%	22,127,366	53.1%	11,169,013	46%	22,137,696	53%
Luc de Chammard and children	4,753,003	19.6%	9,496,006	22.6%	4,747,003	19.5%	9,484,006	22.8%	4,747,003	19.5%	9,484,006	22.7%
SUBTOTAL JOINTLY CONTROLLED SHARES	15,911,686	65.6%	31,623,372	75.2%	15,905,686	65.5%	31,611,372	75.9%	15,916,016	65.5%	31,611,372	75.7%
Bertrand Ducurtil and children	817,000	3.4%	1,604,000	3.8%	817,000	3.4%	1,604,000	3.8%	813,000	3.4%	1,626,000	3.9%
Other senior executives with registered shares	852,280	3.5%	1,631,547	3.9%	629,177	2.6%	1,170,344	2.8%	557,574	2.3%	1,093,148	2.6%
SUBTOTAL SENIOR EXECUTIVES	17,580,966	72.5%	34,858,919	82.9%	17,351,863	71.5%	34,385,716	82.5%	17,286,590	71.2%	34,340,850	82.2%
Employees with registered shares	232,070	1%	364,110	0.9%	202,370	0.8%	315,710	0.8%	184,870	0.8%	347,740	0.8%
Treasury shares	-	-	-	-	-	-	-	-	8,991	0%	-	-
Public*	6,430,826	26.5%	6,822,967	16.2%	6,731,629	27.7%	6,961,163	16.7%	6,805,411	28%	7,094,133	17%
TOTAL	24,243,862	100%	42,045,996	100%	24,285,862	100%	41,662,589	100%	24,285,862	100%	41,782,723	100%

* Registered shares (other than Group senior executives and employees) and bearer shares.

Share lock-up undertakings/Shareholder agreements/ Jointly controlled shares

Lock-up undertakings concluded during the year

During fiscal year 2019, no new share lock-up agreements were entered into.

At December 31, 2019, 10,094,000 shares held by Luc de Chammard and Host Développement were subject to a collective share lock-up agreement under Article 787 B of the French General Tax Code until July 2020.

Shareholder agreements

None

Jointly controlled shares

Luc de Chammard, his children and Host Développement (100% owned by Luc de Chammard and his children) act in concert.

Pledged NEURONES shares registered directly with the Company

Luc de Chammard has pledged 380,000 shares representing 1.56% of the capital to a banking institution. 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 are held either at the registered office or at another location specified in the advance notice and 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 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	Period of validity / End date of validity	Conditions and ceilings	Use during the year
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 Replaced by the authorization granted by the Shareholders' Meeting of 06/06/2019 (extraordinary resolution)	10% of the capital per 24-month period	Not used
Shareholders' Meeting of 6/6/2019 (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 2024	10% of the capital per 24-month period	Not used
Shareholders' Meeting of 6/8/2017 (extraordinary resolution): Capital increase by issuing common shares and/or financial securities conferring entitlement to the share capital reserved for shareholders, and/or by capitalizing reserves, additional paid-in capital and profits	26 months/August 2019	Maximum total face value of the shares issued: €11 million. Maximum total nominal 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 revocation of the preemptive subscription rights, conferring entitlement to the share capital (articles L.225-129-2 and L.225-136-1° of the French Commercial Code)	26 months/August 2019	Maximum total face value of the shares issued: €11 million. Maximum total nominal value of debt securities: €90 million.	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 the two previous authorizations (article L.225-135-1 of the French Commercial Code)	26 months/August 2019	-	Not used
Shareholders' Meeting of 6/8/2017 (extraordinary resolution): Capital increase, in order to compensate contributions in kind of equity securities or marketable securities conferring entitlement to the share capital (article L.225-147 of the French Commercial Code	26 months/August 2019	Maximum total face value of the shares issued: 10% of the capital,	Not used
Shareholders' Meeting of 6/14/2018 (ordinary resolution): Company acquisition of its own shares (article L.22-209 of the French Commercial Code)	18 months/December 2019 Replaced by the authorization granted by the Shareholders' Meeting of 06/06/2019 (ordinary resolution)	10% of the total number of shares. Maximum purchase price: 30 euros. Proportion of shares given as payment for acquisitions limited to 5% of the share capital	Not used
Shareholders' Meeting of 6/6/2019 (ordinary resolution): Company acquisition of its own shares (article L.22-209 of the French Commercial Code)	18 months/December 2020	10% of the total number of shares. Maximum purchase price: 30 euros. Proportion of shares given as payment for acquisitions limited to 5% of the share capital	Used in connection with the liquidity agreement in force since August 1, 2019. 43,653 shares acquired and 34,662 shares sold between August 1 and December 31, 2019.
Shareholders' Meeting of 6/14/2018 (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 2020	Maximum: 242,000 shares	Not used (Reminder: 13,000 bonus shares attributed in 2018 based on this authorization)

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

At present there are seven directors on the Board of Directors:
- two members (CEO and the Executive Vice-President) have a full-time operational role in the Company,
- four outside directors, with no operational role in the group, two of whom are considered independent,
- a director representing the employees (appointed by the Group Committee in June 2019).

Director	Independent director	Date of first appointment	End of current term of office
Luc de CHAMMARD Chairman and CEO	No	December 5, 1984*	SM of June 4, 2020
Bertrand Ducurtil Executive Vice-President	No	June 30, 1999	SM of June 4, 2020
Jean-Louis Pacquement	Yes	December 5, 1984*	SM of June 4, 2020
Hervé Pichard	No	Oct. 15, 2004	SM of June 4, 2020
Marie-Françoise Jaubert	Yes	June 9, 2011	SM of June 4, 2020
Host Développement SAS, represented by Daphné de Chammard	No	June 9, 2016	SM of June 4, 2020
Emmanuelle Canza, representing employees	No	June 7, 2019	Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2023**

* NEURONES' founding date.
** Unless the Committee decides to not renew the term of office at the Shareholders' Meeting held in 2021 to approve the financial statements.

The powers of the Chairman & 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 relating to gender balance on the Boards 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 executive corporate 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, 2019. Accordingly, a motion will be put to this Meeting to renew their term of office for one year, pursuant to the bylaws.

It should also be noted that based on the proposal of the Board of Directors, the Shareholders' Meeting of June 14, 2018 opted for the Group Committee to appoint the director representing the employees, in accordance with Article L.225-27-1 of the French Commercial Code. The Board appointed a director on November 14, 2018. The latter having resigned from her term of office in February 2019, the Group Committee appointed a new director on June 7, 2019.

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.
  - CEO: NG Cloud SAS – 121-123, rue Édouard Vaillant, 92300 Levallois-Perret – Nanterre Register of Commerce No. 801 244 492.
  - CEO: RS2i SAS – 121-123, rue Édouard Vaillant, 92300 Levallois-Perret – Nanterre Register of Commerce No. 385 166 640.
- Other offices held outside the Group:
  - Member of the Supervisory Board: Host Développement SAS.

Director

Marie-Françoise Jaubert, born on September 27, 1941, Honorary Magistrate.
- Other non-group mandates: none.

Director

Jean-Louis Pacquement, born on April 21, 1955, Senior Advisor for Lazard Frères Gestion Privée.
- Other offices held outside the Group:
  - CEO: JLP et Associés Conseil SAS – 9, place du Palais Bourbon – 75007 Paris – Paris Register of Commerce No. 820 223 543.

Director

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.

Director

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 senior 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 brings his skills as a lawyer and company administrator and has been handling the Company's main corporate cases for more than twenty years.

None of the directors above was employed by or maintained business relations with NEURONES, except 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 2019:

Date	Agenda
March	• Audit Committee Report • Approve the regulated agreements • Approve the corporate and consolidated financial statements for fiscal year 2018 • Compensation of the CEO and the Executive Vice-President • Adoption of the Management Report and the Corporate Governance Report • Call Shareholders' Meeting, establish the agenda and finalize draft resolutions • Update on existing anti-corruption measures
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 the Executive Vice-President in view of the vote of the Shareholders' Meeting • Deliberations on external growth opportunities and strategy
September	• Close the half-year consolidated financial statements • Professional gender and salary equality policy
December	• Monitor the measures and procedures to prevent and detect cases of corruption or influence peddling • Review potential conflicts of interest • Risk Mapping Review

In 2019, the attendance rate of the members of the Board of Directors was 81%.

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 by two directors. Historically there has always been a wide distribution of powers within the Board. 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 senior executives 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 was reconfirmed at the Board's meeting of March 7, 2018, whose agenda included leadership succession. Furthermore, at the same meeting it was concluded that the successor of the Executive Vice-President, if necessary, could be selected among certain executive corporate officers of subsidiaries, who have been with the Group for a long time and have excellent knowledge of its operations and its businesses,
- 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 has been no formal self-assessment of the Board's work, as referred to in the MiddleNext Code. Nevertheless, the establishment of such a system is being considered.

The Board of Directors has set up two specialized committees (Audit Committee and Ethics and Compliance Committee), whose roles are specified below. There are no plans to set up other specialized committees (compensation, strategy, etc.). The Board of Directors believes that, given the collegiality that presides over all decision making, the size of the Group, its highly decentralized operation, the geographical proximity of the main subsidiaries, managers' association in the capital, the operational role of two of the six members of the Board of Directors and their high stake in the share capital, the establishment 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 warrant it.

Audit committee

The Committee 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. The Audit Committee met once in 2018, a meeting that both members attended. The Board of Directors followed the recommendations of the Audit Committee. Concerning the statutory auditors' supplementary report for FY 2018, the discussions between the members of the Audit Committee and the statutory auditors took place before the report's submission.

The main objective of the Audit Committee is to monitor issues 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 relinquish its decision-making power to the Board but defers 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 financial reporting process and, where appropriate, make recommendations to ensure its integrity,
- monitor the effectiveness of internal control and risk management systems concerning procedures related to the preparation and treatment of accounting and financial information,
- update the risk mapping on the above items, reviewed and approved by the Board once a year,

- issue a recommendation on the statutory auditors proposed for appointment by the Shareholders' Meeting or in the event 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 the controls carried out pursuant to the regulations,
- ensure that the statutory auditors comply with the independence criteria under the conditions and in accordance with the terms and conditions provided for by the regulations,
- approve in advance the provision of "Services Other than the Certification of the Financial Statements" by the statutory auditors, it being specified that the total amount of these services over a fiscal year may not exceed 70% of the average amount of the statutory auditors' fees for the last three fiscal years for the legal certification of the financial statements,
- report regularly to the Board on the performance of 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.

The Audit Committee has made sure that the statutory auditors are independent.

It 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 may, 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:

- 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 carry out their audit work.

At the end of their audit, a summary meeting is held with at least one director (usually the Executive Vice-President), the Group Chief Financial Officer 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 possible changes in methods,
- changes in the scope of consolidation,
- the main 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

In 2017, pursuant to law No. 2016-1691 of December 9, 2016 concerning transparency, the fight against corruption and the modernization of economic life (known as the Sapin II law), 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 approved the establishment of an Ethics and Compliance Committee, comprised of the Group's Finance and Administrative Director and the Legal Officer. Its mission is to collect, where appropriate, reports issued by Group employees or clients, subcontractors and suppliers in the event of potential or actual non-compliance 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 any reports received, investigating and giving an opinion on the compliance of reported practices with the Group's Code of Conduct, the Committee:

- reviews, controls and monitors all of the Group's ethics and compliance practices,
- updates and evaluates at least annually the Ethics and Compliance Risk Map, as amended from time to time and approved annually by the Board,
- implements action plans following this evaluation,
- advises the group on stakeholder relations on all matters relating to ethics and compliance.

Starting in 2019 and every year thereafter, the Ethics and Compliance Committee must present the Board of Directors with a progress report on the process and a report on alerts. The Committee has not received any reports of suspicious behavior or of an actual or potential situation of corruption or influence peddling from any employee, customer or supplier.

The Committee may, more generally, be heard by the Board whenever current events warrant it.

Related-party agreements

During fiscal year 2019, no new regulated agreements, as defined in Article L.225-38 of the French Commercial Code, were entered into.

NEURONES S.A. carries some pooled expense on behalf of its subsidiaries: finance, legal, marketing and group general management. These costs are covered by back charging on a flat rate basis the companies concerned by this agreement. This is the only agreement entered into and authorized in a prior fiscal year that continued to be performed in fiscal 2019.

This flat-rate back-charging is consistent with the parent company's 2020 budget and the costs are distributed based on the 2020 projected revenues of the companies concerned by this agreement. The sums back-charged in this regard by NEURONES S.A. are indicated in the auditors' special report on related-party agreements.

The Board of Directors reviewed the agreements entered into and authorized in previous years that remained in force in 2019.

The other billings between companies in the Group are based on voluntary, unregulated agreements as defined in the legal and regulatory provisions.

They relate to 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. CORPORATE OFFICERS' COMPENSATION AND BENEFITS

Under the provisions of the French Commercial Code, as amended by the Order of November 27, 2019 on the compensation of corporate officers of listed companies, the Shareholders' Meeting must decide ex ante on the compensation policy for corporate officers, whether or not they are senior executives. The compensation policy for corporate officers is presented below.

In addition, in accordance with Article L.225-100 of the French Commercial Code, the compensation of corporate officers is subject to an ex post vote by the Shareholders' Meeting on the information relating to compensation referred to in paragraph I of Article L.225-37-3. This information is also presented in this chapter.

Finally, the compensation paid or awarded to the Chairman and CEO during or for fiscal year 2019 is also subject to an ex post vote by the Shareholders' Meeting based on a specific resolution. The same applies to the compensation of the Executive Vice-President.

Compensation policy applicable to corporate officers, subject to an ex ante vote by shareholders at the Shareholders' Meeting of June 4, 2020 (Article L.225-37-2 of the French Commercial Code)

This section sets out the elements of compensation and benefits of any kind attributable to the Directors, the Chairman and CEO and the Executive Vice-President.

The compensation policy for corporate officers complies with legal and regulatory provisions and the MiddleNext Code for Corporate Governance. It is in line with the corporate interest and contributes to the Company's commercial strategy and sustainability.

The Board does not make any provision to derogate from its application, as set out in this paragraph, in accordance with the second paragraph of paragraph III of Article L.225-37-2 of the French Commercial Code. Where applicable, newly appointed corporate officers shall be subject to the provisions of the latest compensation policy approved by the Shareholders' Meeting, without the possibility of making any significant changes thereto prior to approval by the Shareholders' Meeting.

Measures to avoid and manage conflicts of interest are prescribed by the Board's policies and procedures and, at least once a year, directors review actual or potential conflicts of interest that may arise.

The implementation of the compensation policy, determined by the Board at its first meeting of the year, is subject to continuous monitoring.

In developing, monitoring and reviewing compensation policy, the Board takes into account the terms and conditions of compensation and employment of the Company's employees.

No exceptional compensation may be awarded to corporate officers, nor may benefits in kind be granted.

The corporate officers do not benefit from the attribution of stock options or bonus shares.

No contractual compensation is provided for termination of their term of office or change of duties. They do not receive any termination benefits in the event of retirement nor do they benefit from a supplementary defined contribution pension scheme.

There is no non-competition agreement between the Company and a corporate officer.

The officers and directors or members of their families do not own, directly or indirectly, any assets, especially real estate, used by the Company or the Group.

No loans or collateral have been granted or formed in favor of members of administrative or management bodies.

Directors' compensation

Directors, other than senior executives and employee representatives, receive compensation for their participation in the work of the Board and the Audit Committee, or any other committee that may be created in the future. For this purpose, and in accordance with the law, a global sum will be submitted each year to the Shareholders' Meeting for approval. For the fiscal year 2020 the proposed amount is €20,000.

The share due will be paid to each director at the end of the fiscal year. It does not, of course, include the compensation paid to executive corporate officers, who are paid exclusively in accordance with the compensation policy applicable to them, as detailed below.

With the exception of the latter, and the employee representative, each director will receive a fixed annual share (€2,000 for the current fiscal year). It will be increased (by €1,000 for 2020) for committee members, in particular the Audit Committee. A supplement (variable and €500 for this year) will be charged for each physical presence at Board meetings.

The breakdown of the maximum overall amount allocated by the Shareholders' Meeting takes into account the time spent in the position (including, for example, the surcharge for participation in the Audit Committee) and values professionalism and involvement. The variable portion, which may represent 45% (and more) of the total compensation, is an incentive to encourage regular attendance.

The actual amount to be paid to each director for the previous year is calculated by the Board at its first meeting for the following fiscal year. Any balance remaining from the sum allocated by the Shareholders' Meeting is not redistributed. Conversely, in the event that the annual budget voted by the Shareholders' Meeting is theoretically exceeded, the portion paid to each director concerned will be capped in proportion to the amounts due. The Board then approves the individual allocations and their payment.

In addition, directors are reimbursed for any expenses they may have incurred in performing their duties.

Senior executives' compensation

The senior executive compensation policy is in line with the principles and criteria approved by the Shareholders' Meeting of June 6, 2019.

Thus, each of them (Chairman and CEO and Executive Vice-President) received a fixed cash sum of €220,000 annually, divided into twelve monthly installments over the calendar year. This amount is usually set by the Board at its first annual meeting. It may be reconsidered at the meeting following the Annual Shareholders' Meeting asked to approve the financial statements, depending on the vote of the Annual Shareholders' Meeting.

This remuneration is therefore fixed and excludes any variable (short, medium or long term) or exceptional component and any benefit in kind, whether immediate or deferred.

Their particularly reasonable nature respects the social interest and contributes to the Company's sustainability. In addition, they are fully commensurate with the size and complexity of the Group and the experience of the people involved. They are below the amounts recorded in the sector, comparing them with those of companies of similar size and/or performance. Their rationale is proven by comparing them with the compensation of the senior executives of the other companies in the Group.

This compensation is therefore balanced, consistent and measured, taking into account both the Company's short and medium-term performance, even though it is not directly indexed to the latter. The same qualifiers apply if they are reconciled with the Group's general policy on salaries, including senior executives, to market practices or to NEURONES' overall interest.

Balance, extent and comparability with the compensation of sector companies of comparable size and/or performance and consistency with the salary hierarchy in Group companies are the main principles that structure the compensation of the executive corporate officers.

They also benefit from the collective death and disability insurance scheme in force for employees and corporate officers of other Group companies, as well as the joint health insurance scheme.

Elements of the compensation policy per corporate officer

The following table summarizes, for each corporate officer, the elements of compensation and the minimum information required by paragraph II of Article R.225-29-1 of the French Commercial Code:

	Luc de Chammard Chairman and CEO	Bertrand Ducurtil Executive Vice-President	Jean-Louis Pacquement	Hervé Pichard	Marie-Françoise Jaubert	Daphné de Chammard (Host Développement representative)	Emmanuelle Canza
Fixed remuneration	Paid in 12 monthly installments during the fiscal year	Paid in 12 monthly installments during the fiscal year	Paid in one instalment at the beginning of the next fiscal year	Paid in one instalment at the beginning of the next fiscal year	Paid in one instalment at the beginning of the next fiscal year	Paid in one instalment at the beginning of the next fiscal year	No
Variable compensation	No	No	Paid at the same time as the fixed compensation (which may represent a substantial part of the compensation)	Paid at the same time as the fixed compensation (which may represent a substantial part of the compensation)	Paid at the same time as the fixed compensation (which may represent a substantial part of the compensation)	Paid at the same time as the fixed compensation (which may represent a substantial part of the compensation)	No
Exceptional compensation	No	No	No	No	No	No	No
Bonus shares or options	No	No	No	No	No	No	No
Duration and end of term	1 year / SM of June 4, 2020	1 year / SM of June 4, 2020	1 year / SM of June 4, 2020	1 year / SM of June 4, 2020	1 year / SM of June 4, 2020	1 year / SM of June 4, 2020	3 or 6 years* / SM held in 2021 or 2024
Employment contract with the Company	No	No	No	No	No	No	No (employee of a subsidiary of the Company)
Supplementary pension plan	No	No	No	No	No	No	No
Allowances or benefits due to termination or change of duties	No	No	No	No	No	No	No
Indemnities relating to a non-competition clause	No	No	No	No	No	No	No
Benefits in kind	No	No	No	No	No	No	No
Group benefits and health expenses plan	Group plan benefits applicable to Group employees	Group plan benefits applicable to Group employees	No	No	No	No	No

* Depending on the whether the Group Committee decides to renew or not the term of office from the Shareholders' Meeting held in 2021 to approve the financial statements.

Report on compensation (Article L.225-37-3 of the French Commercial Code)

Directors' compensation

Directors will be compensated for their activity on the Board as of the current fiscal year. In previous years, non-executive directors did not receive any compensation or special benefits from the Company or a company included in the scope of consolidation as defined in Article L.233-16 of the French Commercial Code.

Since the Board is composed in accordance with the first paragraph of Article L.225-18-1 of the French Commercial Code, the provisions of the second paragraph of Article L.225-45 of the French Commercial Code would not have been applicable in 2019 if the directors had been compensated.

Compensation paid or attributed during or for fiscal year 2019 to executive corporate officers, benefits and other commitments

Senior executives' compensation, as described below, paid or attributed during or for FY 2019, is in accordance with the policy approved by the Shareholders' Meeting of June 6, 2019 (twelfth and thirteenth resolutions) and contributes to the Company's long-term performance.

During FY 2019, no payments were made to the Chairman and CEO or the Executive Vice-President for previous fiscal years.

The details of the compensation paid or allocated for fiscal years 2018 and 2019 to each executive corporate officer are as follows:

	Luc de Chammard (Chairman - CEO)		Bertrand Ducurtil (Executive Vice-President)	
(in euros)	2018	2019	2018	2019
Fixed remuneration	220,000	220,000	220,000	220,000
Variable compensation	None	None	None	None
Exceptional compensation	None	None	None	None
Compensation related to directorship	None	None	None	None
Options or shares granted during the year	None	None	None	None
Supplementary pension plan (defined benefit or defined contribution)	None	None	None	None
Indemnities for taking up or leaving office	None	None	None	None
Indemnities related to a non-competition clause	None	None	None	None
Amounts collected under the Group benefits and health expenses plan	None	None	None	None
Benefits in kind	None	None	None	None
TOTAL	220,000	220,000	220,000	220,000

All compensation due for FY 2019 was paid during the fiscal year.

No compensation was paid or allocated to executive corporate officers by a company included in the NEURONES consolidation scope as defined in article L.233-16 of the French commercial code.

Compensation ratios and changes

In accordance with the provisions of 6° and 7° of Article L.225-37-3 of the French Commercial Code, the level of compensation of the executive corporate officers in relation to the average compensation and median compensation on a full-time equivalent basis of the Group's employees and changes over five years in such compensation, ratios and the Company's performance criteria are presented below.

The Board has chosen to consider all employees of the Company and its subsidiaries, in France and abroad. Employee compensation includes fixed and variable compensation where applicable, but does not take into account any profit-sharing and incentive bonuses and benefits in kind.

	2015	2016	2017	2018	2019
Company performance *(in thousands of euros)*					
Net profit – Group share	21,358	25,199	27,310	26,000	30,800
Change N / N-1	*+4.2%*	*+18%*	*+8.4%*	*- 4.8%*	*+18.5%*
Employee compensation *(in euros)*					
Average compensation	37,800	38,100	39,000	38,900	39,200
Change N / N-1	*N/A*	*+0.8%*	*+2.4%*	*-0.3%*	*+0.8%*
Median compensation	34,950	34,950	35,950	36,100	36,250
Change N / N-1	*N/A*	*0%*	*+2.9%*	*+0.4%*	*+0.4%*
Chairman and CEO					
Compensation	200,000	200,000	200,000	220,000	220,000
Change N / N-1	*0%*	*0%*	*0%*	*+10.00%*	*0%*
Ratio/average compensation of employees	5.29	5.25	5.13	5.66	5.61
Change N / N-1	*N/A*	*-0.8%*	*-2.3%*	*+10.3%*	*-0.8%*
Ratio / median compensation of employees	5.72	5.72	5.56	6.09	6.07
Change N / N-1	*N/A*	*0%*	*-2.8%*	*+9.5%*	*-0.4%*
Executive Vice-President					
Compensation	200,000	200,000	200,000	220,000	220,000
Change N / N-1	*0%*	*0%*	*0%*	*+10.00%*	*0%*
Ratio/average compensation of employees	5.29	5.25	5.13	5.66	5.61
Change N / N-1	*N/A*	*-0.8%*	*-2.3%*	*+10.3%*	*-0.8%*
Ratio / median compensation of employees	5.72	5.72	5.56	6.09	6.07
Change N / N-1	*N/A*	*0%*	*-2.8%*	*+9.5%*	*-0.4%*

5. COMPLIANCE WITH THE RECOMMENDATIONS OF THE MIDDLENEXT CORPORATE GOVERNANCE CODE

As a medium-sized group, with a majority shareholder among the senior executives, NEURONES has chosen to refer to the MiddleNext Corporate Governance Code.

The following table presents NEURONES' situation regarding all of this Code's 19 recommendations:

MiddleNext Code recommendation	Compliance	Application procedures or reasons for non-application
R1: Director ethics	Y	NEURONES is compliant. The minimum number (one) of shares that should be held by each director is indicated in the Board's rules of procedure. These rules also stipulate that a 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 the CEO immediately of any conflict of interest situation, even potential, and to then refrain from participating in any vote concerning this conflict directly or indirectly. Directors are asked, at least once a year, at a Board meeting, to confirm that they are not in a potential conflict of interest situation. At this time, the Board also reviews any known cases and assesses the measures, taken and to be taken, to best manage these situations.
R3: Composition of the Board of Directors – Presence of independent members	Y	It has two members who are presumed to be independent based on the criteria set out in the Code (see "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 are at least four meetings (minimum indicated in the rules of procedure revised in 2016) of the Board per year.
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 an Ethics and Compliance Committee (see "Operation" section in chapter 3 of this report).
R7: Introduction of Board rules of procedure	Y	The rules of procedure on the whole comply 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: Directors' compensation	Y	The thirteenth resolution of the next Shareholders' Meeting, called to vote on the 2019 financial statements, provides a global envelope for directors' compensation. This sum will be distributed by the Board, in accordance with the compensation policy and in particular taking into account the attendance and investment of each individual.
R11: Introduction of Board evaluation	N	To date there is no formal self-assessment of the Board's work. However, it is envisaged to establish one in the future.
R12: Relationship with shareholders	Y	In addition to specialized meetings, which allow managers to ask any questions they may have, the Chairman and CEO, Executive Vice-President and Chief Financial Officer communicate regularly with shareholders to provide them with any clarification they deem useful, provided that it does not constitute inside information.
R13: Definition and transparency of the compensation of executive corporate officers	Y	The compensation policy for executive corporate officers is based on the following principles: completeness, balance and measurement, consistency with market and Group practices and in relation to Company and Group performances. The annual disclosure to shareholders on this subject is fully transparent. There are no variable elements in senior executives' compensation (see Chapter 4 of this report).
R14: Preparation for the succession of executive officers	Y	The subject of the succession of senior executives, the Chairman and CEO and the Executive Vice-President, is included regularly on the agenda of a Board of Directors meeting.
R15: Corporate officers and employment contracts	Y	No employment contracts given to serving corporate 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. In addition, the current Director representing the employees was informed of these crucial points to monitor in 2019, when she signed the Board's rules of procedure, just after her appointment by the Group Committee and prior to her participation in a first Board meeting. At a future Board meeting, the directors will be reminded of the importance of keeping these crucial points to monitor in mind at all times.

6.3. DRAFT RESOLUTIONS SUBMITTED TO THE COMBINED SHAREHOLDERS' MEETING ON JUNE 4, 2020

The resolutions presented hereafter were approved by the Board of Directors and will be submitted to the Shareholders' Meeting. They may be supplemented by the shareholders who have the power to do so, in accordance with the procedures and within the time limits set by law. The rationale for certain resolutions is indicated in the management report or the report on corporate governance.

COMPETENCE OF THE ORDINARY SHAREHOLDERS' MEETING

Presentation and rationale - 1st and 2nd resolutions

The first two resolutions allow, after reading the Board of Directors' reports, the Company annual financial statements, the Group consolidated financial statements and the statutory auditor's reports, to give an opinion on the NEURONES consolidated and corporate financial statements for the year ending December 31, 2019 and as presented in the "Consolidated financial statements" and "Corporate financial elements" sections of the 2019 Universal registration document.

First resolution

Approval of the consolidated financial statements

The Shareholders' Meeting, after having reviewed:
- the management report,
- the corporate governance report, and
- the auditors' report on the consolidated financial statements,

1) approves the consolidated financial statements for the year, showing a net profit (Group share) of €30.8 million,
2) approves, in addition, all of the operations and measures reflected in these financial statements or summarized in the Board of Directors' management report.

Second resolution

Approval of the Company financial statements

The Shareholders' Meeting, after having reviewed:
- the management report,
- the corporate governance report, and
- the auditors' report on the Company financial statements,

1) approves the financial statements for the fiscal year, which show net income of €7.2 million,
2) approves, in addition, all of the operations and measures reflected in these financial statements or summarized in the management report.

Presentation and rationale – 3rd resolution

In the third resolution, the Board of Directors, after having noted the distributable profit for fiscal year 2019, proposes that shareholders approve the distribution of a dividend of €0.20 per share. The increase in the unit dividend is quite significant compared to previous years (it was stable at €0.06 between 2010 and 2018). The difference between the dividend calculated based on the number of shares known at December 31, 2019 and the dividend actually paid will be charged to retained earnings. This dividend is fully eligible for the 40% allowance mentioned in 2° of Article 158 of the French General Tax Code.

Third resolution

Allocation of profit and distribution of a dividend

In light of retained earnings of €64,756,650.09 and a profit for the year of €7,231,311.05, the Shareholders' Meeting notes that the distributable profit amounts to €71,987,961.14.

The Shareholders' Meeting decides to distribute a dividend of €0.20/share for a total of €4,857,172.40*. Retained earnings will then stand at €67,130,788.74.

* Calculation based on the number of shares in circulation at December 31, 2019 (i.e., 24,285,862), which will be adjusted if necessary.

The dividend will be ex-dividend as of June 10 and payable on June 12, 2020.

The amount thus distributed among the shareholders is fully eligible for the 40% 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:
2016: €0.06 per share,
2017: €0.06 per share,
2018: €0.06 per share.

Presentation and rationale - 4th resolution

In accordance with the law, the Board of Directors has reviewed the regulated agreements entered into and authorized in previous years that remained in force during the year. It noted that no new regulated agreements were entered into during fiscal year 2019. The fourth resolution thus proposes to note that the statutory auditors' special report on regulated agreements and commitments with third parties does not mention any new agreements.

Fourth resolution

Regulated agreements and commitments

The Shareholders' Meeting notes that the statutory auditors' special report on the agreements and commitments referred to in Articles L.225-38 et seq. of the French Commercial Code does not mention any new agreements.

Presentation and rationale - 5th resolution

The Board of Directors proposes to the Shareholders' Meeting to approve its management during the 2019 fiscal year. The discharge is obviously only a release from liability for acts of management that the Shareholders' Meeting has been made aware of and which it has been able to ascertain.

Fifth resolution

Faithful discharge of duty

The Shareholders' Meeting gives the Board of Directors full, final and unconditional discharge for its management as at December 31, 2019.

Presentation and rationale - 6th to 11th resolutions
The following six resolutions relate to the renewal of the terms of office of all of the Company's Directors that expire at the Shareholders' Meeting of June 4, 2020, in accordance with the provisions of the Bylaws, which set the term of office of a Director at one year. The term of office of the Director representing the employees, appointed by the Group Committee, is of course not affected by the renewal. The qualifications, and more generally the information concerning the directors, are mentioned in the Corporate Governance Report, in the chapter "Board of Directors".

Renewal of Directors' terms of office

Sixth resolution

The Shareholders' Meeting decides to renew the Directorship of Mr. Luc de Chammard, for one year, namely until the date of the Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2020, who has declared that he accepts the renewal of his term of office.

Seventh resolution

The Shareholders' Meeting decides to renew the Directorship of Mr. Bertrand Ducurtil, for one year, namely until the date of the Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2020, who has declared that he accepts the renewal of his term of office.

Eight resolution

The Shareholders' Meeting decides to renew the Directorship of Mrs. Marie-Françoise Jaubert, for one year, namely until the date of the Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2020, who has declared that she accepts the renewal of her term of office.

Ninth resolution

The Shareholders' Meeting decides to renew the Directorship of Mr. Jean-Louis Pacquement, for one year, namely until the date of the Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2020, who has declared that he accepts the renewal of his term of office.

Tenth resolution

The Shareholders' Meeting decides to renew the Directorship of Mr. Hervé Pichard, for one year, namely until the date of the Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2020, who has declared that he accepts the renewal of his term of office.

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 date of the Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2020, who has declared that she accepts the renewal of her term of office.

Presentation and rationale - 12th resolution
In accordance with Article L.225-37-2, the Board of Directors submits to the Shareholders' Meeting for approval the compensation policy for corporate officers, whether or not they are senior executives, as described in the 2019 Universal Registration Document (in the Corporate Governance Report, in the section "Compensation and benefits of corporate officers", in the section "Compensation policy applicable to corporate officers").

Twelfth resolution

Approval of the compensation policy applicable to corporate officers ("say on pay" *ex-ante*)

The Shareholders' Meeting, having reviewed the report of the Board of Directors on corporate governance, approves, pursuant to Article L225-37-2 II of the French Commercial Code, the compensation policy applicable to corporate officers, as presented in the section "Compensation policy applicable to corporate officers" within the chapter "Compensation and benefits of corporate officers" of the Corporate Governance Report of the 2019 Universal Registration Document.

Presentation and rationale - 13th resolution
It is proposed that the Directors, other than senior executives and Directors representing employees, receive compensation for their activity on the Board of Directors for fiscal year 2020. In accordance with the provisions of Article L.225-45 of the French Commercial Code, the Board of Directors therefore submits to the Shareholders' Meeting a resolution to set an annual ceiling for the compensation of directors. This total amount will then be allocated by the Board of Directors, in consideration of the compensation policy, which is the subject of the previous resolution.

Thirteenth resolution

Fixing the overall annual compensation of directors ("say on pay" *ex-ante*)

The Shareholders' Meeting, after having reviewed the Corporate Governance Report, decides to set, for fiscal year 2020, the amount of the annual fixed sum provided for in Article L.225-45 of the French Commercial Code to be allocated to the directors as compensation for their activity, at 20,000 (twenty thousand) euros.

Presentation and rationale - 14th resolution
In accordance with paragraph II of Article L.225-100 of the French Commercial Code, as amended by the Order of November 27, 2019 on the compensation of corporate officers of listed companies, the Shareholders' Meeting must vote on a draft resolution concerning the information mentioned in paragraph I of Article L.225-37-3. These are the elements concerning the compensation paid and benefits granted, where applicable, to the various corporate officers, pursuant to the compensation policy and detailed in the Corporate Governance Report.

Fourteenth resolution

Approval of information relating to the remuneration of corporate officers ("say on pay" *ex-post*)

Pursuant to Article L.225-100 II of the French Commercial Code, the Shareholders' Meeting approves the information referred to in paragraph I of Article L.225-37-3 of the same Code, which is set out in the "Report on Compensation " section of the "Compensation and benefits of corporate officers" chapter of the Corporate Governance Report of the 2019 Universal Registration Document.

Presentation and rationale - 15th and 16th resolutions
In accordance with paragraph III of Article L.225-100 of the French Commercial Code, the Shareholders' Meeting must decide on the fixed, variable and exceptional items making up the total compensation and benefits of any kind paid during the past fiscal year or allocated for the same fiscal year by separate resolutions for the Chairman and CEO and the Executive Vice-President.

Fifteenth resolution

Approval of the compensation of the Chairman and CEO ("say on pay" *ex-post*)

The Shareholders' Meeting approves, pursuant to Article L.225-100 III of the French Commercial Code, the fixed, variable and exceptional items making up the total compensation and benefits of any kind paid during or allocated for the fiscal year ending December 31, 2019 to Mr. Luc de Chammard, as presented in the paragraph "Compensation paid or allocated during or for fiscal year 2019 to executive officers, benefits and other commitments" in the section "Report on compensation" in the chapter "Compensation and benefits of executive officers" of the Corporate Governance Report of the 2019 Universal Registration Document.

Sixteenth resolution

Approval of the compensation of the Executive Vice-President ("say on pay" *ex-post*)

The Shareholders' Meeting approves, pursuant to Article L.225-100 III of the French Commercial Code, the fixed, variable and exceptional items making up the total compensation and benefits of any kind paid during or allocated for the fiscal year ending December 31, 2019 to Mr. Bertrand Ducurtil, as presented in the paragraph "Compensation paid or allocated during or for fiscal year 2019 to executive officers, benefits and other commitments" in the section "Report on compensation" in the chapter "Compensation and benefits of executive officers" of the Corporate Governance Report of the 2019 Universal Registration Document.

Presentation and rationale - 17th resolution
The Shareholders' Meeting of June 6, 2019 renewed the authorization given to the Company to buy back its own shares. The characteristics of this current authorization and its use are specified in the chapter entitled "Authorization for the Company to acquire its own shares and to reduce capital by cancelling treasury shares" in the Management Report of the 2019 Universal Registration Document.

The Company would like to retain the opportunity to purchase its own shares for the following potential purposes:
- to cancel them subsequently,
- to cover:
  - stock option plans and other forms of allocation of shares to employees and/or corporate officers of the Group,
  - financial securities conferring the right to receive Company shares,
- to support the share price
- to hold purchased shares for subsequent use as exchange or payment as part of an acquisition.

It is therefore proposed that the Shareholders' Meeting renew the authorization given to the Board of Directors to buy back the Company's own shares with the following main terms and conditions:
- the authorization is valid for a period of eighteen months from the date of the Meeting,
- share buybacks may be carried out through market intervention or block purchases, with no particular limitation for such block purchases,
- the maximum purchase price is set at €27 per share,
- the maximum number of shares that may be repurchased by the Company is limited to 10% of the total number of shares comprising the share capital, it being specified that the maximum number of shares acquired with a view to their subsequent delivery in exchange or as payment in the context of external growth operations may not exceed 5% of the 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.

The Board also notes that the Shareholders' Meeting of June 6, 2019 renewed the authorization given to the Board of Directors by the Shareholders' Meeting of June 5, 2014 to reduce the share capital by canceling treasury shares. A maximum of 10% of the shares comprising the share capital could be cancelled per 24-month period pursuant to the authorization. The authorization was given for a period of five years.

Seventeenth resolution

Repurchase by the Company of its own shares (valid for 18 months)

The Shareholders' Meeting, ruling pursuant to the provisions of article L.225-209 of the French Commercial Code, after having reviewed the Board of Directors' 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 corporate officers, especially for Company profit sharing, a Company Savings Plan (CSP) or the attribution of bonus 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 would be acquired is set at €27 (excluding acquisition costs) per share.

The number of shares that the Company can purchase under these conditions can represent up to 10% of the Company's share capital, it being specified that the number of shares acquired with a view to their subsequent delivery in exchange or as payment in the context of external growth operations cannot exceed 5% of the share capital.

For information purposes, it is specified that, based on the share capital at December 31, 2019 (comprising 24,285,862 shares), the maximum number of shares that may be purchased by the Company is 2,428,586, representing a maximum purchase amount of €65,571,822.

This number of shares and the purchase price limit will be adjusted, if necessary, in the event the Company conducts any financial transactions or takes decisions affecting the 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

Presentation and rationale - 18th resolution
As the Board of Directors wishes to retain the ability to attribute bonus shares, a positive mechanism that strengthens beneficiaries' motivation and retention by associating them directly with the Company's performance, it is proposed that the Shareholders' Meeting renew the authorization granted to the Board of Directors to grant one or more attributions of bonus shares of the Company from existing shares or shares to be issued by the Company. The authorization currently in force is that given by the Shareholders' Meeting of June 14, 2018. The Board of Directors made use of this authorization in 2018 by attributing 13,000 bonus shares out of the 240,000 authorized. The said authorization expires in June 2020.

The Board of Directors shall report to the shareholders, under the conditions defined by the regulations in force, in a report containing the information referred to in Article L.225-197-4 of the French Commercial Code, on the attributions of bonus shares carried out by virtue of the authorizations granted.

Eighteenth resolution

Attributions of bonus shares (valid for 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 attribute 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 corporate officers of the Company pursuant to the provisions of article L.225-197-6 of the same code.

When the attribution concerns shares to be issued, the Shareholders' Meeting delegates to the Board of Directors all powers necessary to decide one or more increases in the share capital (by incorporating into the capital share premiums, reserves, profits or other items that may be capitalized in accordance with the law and the Bylaws) resulting from the attribution of new bonus common shares issued by the Company.

The total number of bonus common shares attributed under this authorization may not represent more than 120,000 common shares (i.e., slightly less than 0.5% of the Company's share capital at December 31, 2019).

The minimum vesting period is set at two years. The Board of Directors will establish, at the time of each attribution, the vesting period at the end of which the attribution 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 attribution, the mandatory holding period that starts when the shares are attributed 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 attribution concerns shares to be issued, 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 bonus common shares issued or from part of the reserves, profits or additional paid-in capital, which will serve, where appropriate, to increase share capital based on 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:
- attribute the bonus shares,
- set the conditions and, where applicable, the criteria for attributing common shares as well as, in compliance with legal provisions, the dates when the bonus shares will be attributed,
- determine the identity of the beneficiaries, the number of bonus common shares attributed to each of them, the terms and conditions of attributing the shares and in particular the vesting period and, where appropriate, the holding period for the shares attributed accordingly,
- decide to make any adjustments based on the terms and conditions that it will determine, during the vesting period of the bonus shares attributed, 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 attributed will be adjusted,
- determine the terms and conditions of the 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, enter into any agreements, draw up all documents, record capital increases following the final attributions, amend the bylaws accordingly if necessary, request that the new shares be admitted for listing, carry out all formalities and, in general, do anything that is necessary.

The Board of Directors will inform the Shareholders' Meeting every year of the attributions 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 the unused portion of this authorization supersedes any previous authorization for the same purpose.

Presentation and rationale - 19th resolution
The Board of Directors would like the Shareholders' Meeting to again delegate to it its authority to:
- issue common shares with preemptive subscription rights maintained,
- increase the capital by capitalizing reserves, profits or premiums, by increasing the face value of the shares or by attributing bonus shares to shareholders or by a combination of both.

The maximum face value of the share capital increases that may be carried out immediately and/or in the future pursuant to this delegation may not exceed €9,000,000 (nine million euros). This amount will also be deducted from the overall capital increase ceiling of €9,000,000 (nine million euros) set in the 25th resolution.

This delegation of authority will also include the power to issue marketable securities representing debt instruments conferring entitlement to the share capital, for a maximum face value of €90,000,000 (ninety million euros), this amount being deducted from the overall ceiling of €90,000,000 (ninety million euros) set in the 25th resolution. The Board shall have the power to determine the terms and conditions of the share issues as well as the form and characteristics of the shares and/or marketable securities conferring entitlement to the capital to be issued. Shareholders will have the possibility to exercise their preemptive subscription rights in proportion to the amount of entitling stock held and, if the Board agrees, for excess amounts of the subscribed stock.

The previous authorization for the same purpose, granted by the June 2017 Shareholders' Meeting and expiring in August 2019, was used by the Board in 2018 to deliver a bonus share attribution plan. No use was made of it in 2019.

This new authorization would be granted for a period of 26 (twenty-six) months.

Nineteenth resolution

Capital increase through the issue of common shares, with maintenance of preemptive subscription rights, and/or by incorporation of reserves, profits or premiums (valid for 26 months)

The Shareholders' Meeting, having considered the management report of the Board of Directors, pursuant to the provisions of articles L. 225-129, L. 225-129-2, L. 225-130 and L. 228-91 to L. 228-97 of the French Commercial Code:

- delegates to the Board of Directors its authority to increase the capital, on one or more occasions, in the proportions and at the times it deems appropriate, both in France and abroad:
  - by issuing, with shareholders' preemptive subscription rights maintained, free of charge or against payment, common shares, common shares giving entitlement to the attribution of other common shares or debt securities and/or any marketable securities giving immediate or future access, at any time or on a fixed date, to common shares of the Company to be issued, which may be subscribed for in cash or by offsetting debts;
  - and/or by capitalizing premiums, reserves, profits or any other sums the capitalization of which would be allowed by the attribution of bonus shares or by increasing the face value of existing shares or by a combination of these two methods. It is specified that, in the event of a capital increase in the form of an attribution of bonus shares, the rights forming fractional shares will not be negotiable or transferable and the corresponding equity securities will be sold and the sums resulting from the sale will be allocated to the holders of the rights within the period provided for by the legal and regulatory provisions;
- sets the duration of this delegation at 26 (twenty-six) months, with effect from the date of this Meeting;
- resolves to set, as follows, the limits on the amounts of the issues authorized in the event that the Board of Directors uses this delegation of authority:
  - the aggregate face value of the shares that may be issued immediately or in the future pursuant to this delegation may not exceed €9,000,000 (nine million euros), it being specified that the ceiling thus set includes the aggregate face value of any additional shares that may be issued to preserve, in accordance with the law and, where applicable, any contractual stipulations that may provide for other methods of preservation, the rights of the holders of marketable securities conferring entitlement to the share capital. In addition, this amount will count towards the overall ceiling set in the 25th resolution;
  - the aggregate nominal value of the financial securities representing claims on the Company that may be issued may not exceed €90,000,000 (ninety million euros), this amount being deducted from the overall limit set in the 25th resolution;
- in the event that the Board of Directors makes use of this delegation of authority in connection with the issues referred to above:
  - resolves that shareholders may exercise, under the conditions provided for by law, their preemptive subscription rights in proportion to the amount of entitling shares held.

  In addition, the Board of Directors may grant shareholders a right to apply for a number of excess shares or other financial securities greater than the number of shares or other financial securities that they could subscribe to in proportion to the subscription rights they hold and within the limit of their request;
  - resolves that, if the irrevocable subscriptions and, where applicable, subscriptions for excess amounts of subscribed shares do not absorb the entire issue, the Board of Directors may use, in the order it deems appropriate, one or more of the following options:
    (i) limit the issue, where applicable under the conditions and within the limits provided for by the regulations in force, to the amount of the subscriptions collected;
    (ii) freely allocate all or part of the unsubscribed securities among persons of its choice;
    (iii) offer all or part of the unsubscribed securities issued to the public;
  - notes, where necessary, that the issue of financial securities conferring entitlement to the capital entails the waiver by shareholders of their preferential subscription rights to the shares to which these financial securities entitle them;
  - resolves that any issue of warrants for the subscription of the Company's shares may be the subject of either a subscription offer or a free attribution of warrants to the owners of existing shares, it being specified that the Board will have the power to decide that the attribution rights forming fractional shares will not be negotiable and that the corresponding securities will be sold;
  - resolves that the sums due or to be due to the Company for each of the shares issued or to be issued under this authorization, after taking into account, where applicable, in the event of the issue of autonomous share subscription or attribution warrants, the issue price of said warrants shall be at least equal to the face value of said shares on the issue date;
  - resolves that the Board of Directors shall have full powers, with the option to sub-delegate such powers in accordance with the law and within the limits set forth above, to implement this authorization and in particular to:
    (i) set the terms of the issue(s), the nature and characteristics of the marketable securities conferring entitlement to the capital, the terms of attribution of the securities to which these marketable securities entitle their holders and the dates on which attribution rights may be exercised;
    (ii) charge, at its sole initiative, the costs of the capital increases against the amount of the related premiums;
    (iii) make any adjustments to take into account the impact of transactions on the share capital;
    (iv) enter into any agreement necessary to successfully complete the issues, record the completion of the capital increases, amend the bylaws accordingly, and, more generally, take all necessary steps in such matters;
- notes that this authorization supersedes any previous authorization for the same purpose.

Presentation and rationale - 20th resolution

The Board wishes to have the option to issue, by way of a public offering, on one or more occasions, common shares giving the right, where applicable, to the attribution of other common shares or debt securities and/or any marketable securities conferring entitlement to common shares to be issued by the Company.

The maximum face value of the share capital increases that may be carried out pursuant to this authorization may not in any event exceed €9,000,000 (nine million euros). This amount will also be deducted from the overall capital increase ceiling of €9,000,000 (nine million euros) set in the 25th resolution.

This authorization can also be used to issue marketable debt securities conferring entitlement to the share capital, for a maximum amount of €90,000,000 (ninety million euros), this amount being deducted from the overall ceiling of €90,000,000 (ninety million euros) set in the 25th resolution.

In particular, the Board of Directors will have the power to determine the dates, prices, amounts and other terms and conditions of the issues as well as the form and characteristics of the shares and/or marketable securities conferring entitlement to the share capital and to set, if applicable, the terms and conditions for exercising the rights attached to the shares and/or marketable securities conferring entitlement to the share capital. The minimum price of the shares issued or to be issued would nevertheless be at least equal to the weighted average price of the last 20 trading sessions preceding the setting of the price, possibly reduced by a maximum discount of 10%. This would give the Board of Directors the flexibility to obtain any additional financial resources that might prove necessary for the Company's development and to set the issue price, with a possible discount, taking into account in particular prospective investors and the situation in the financial markets. The Board of Directors may set the issue price under the above-mentioned conditions and within the limit of 10% of the share capital over a 12-month period.

The validity period of the previous authorization ended in August 2019 and is therefore no longer in force. This authorization would be granted for a period of 26 (twenty-six) months.

Twentieth resolution

Capital increase with cancellation of preferential subscription rights and by public offering (valid for 26 months)

The Shareholders' Meeting, after having reviewed the report of the Board of Directors and the special report of the Statutory Auditors and in accordance with the provisions of the French Commercial Code and in particular Articles L.225-129, L.225-129-2, L.225-136 and L.228-91 et seq.:

- delegates to the Board of Directors its authority to increase the share capital, on one or more occasions, in the proportions and at the times it deems appropriate, both in France and abroad, by issuing, without shareholders' preemptive subscription rights and by public offering, common shares, giving the right to the attribution of other common shares or debt securities, as the case may be, and/or any marketable securities conferring entitlement to common shares to be issued, which may be subscribed for in cash or by offsetting receivables;
- sets the period of validity of this authorization at 26 months, with effect from the date of this Meeting;
- resolves to set, as follows, the limits on the amounts of the issues authorized in the event that the Board of Directors uses this authorization:
  - the aggregate face value of the common shares that may be issued pursuant to this authorization may not exceed €9 million, including the aggregate face value of any additional shares that may be issued to preserve, in accordance with the law and, where applicable, any contractual stipulations that may provide for other methods of preservation, the rights of the holders of marketable securities conferring entitlement to the share capital. In addition, this amount will count towards the overall ceiling set in the 25th resolution;
  - the nominal value of financial securities representing claims on the Company that may be issued in this way may not exceed €90 million. It shall be deducted from the amount of the overall ceiling mentioned in the 25th resolution;
- resolves to cancel the shareholders' preferential subscription rights to the shares and financial securities covered by this resolution, while allowing the Board of Directors the option to grant shareholders a priority right in accordance with the law and more specifically the provisions of Article L.225-135 of the French Commercial Code;
- decides, in the event that subscriptions do not absorb the entire issue, to authorize the Board of Directors to limit the amount of the operation to the amount of subscriptions provided for within the limits prescribed by the legal and regulatory provisions or to freely allocate all or part of the unsubscribed securities;
- resolves that the amount due, or to be due, to the Company for each of the common shares issued or to be issued under this authorization, after taking into account, in the event of the issue of autonomous share subscription warrants, the issue price of said warrants, shall be at least equal to the face value of said shares on the issue date. It also resolves that the price will be set by the Board of Directors, within the limit of 10% of the share capital - assessed on the issue date - over a period of 12 (twelve) months, and will be at least equal to the weighted average of the share price over the last 20 stock market sessions preceding the setting of the issue price, possibly reduced by a maximum discount of 10%;
- acknowledges, where necessary, that this decision entails, in favor of the holders of the financial securities issued pursuant to this authorization, a waiver by the shareholders of their preemptive subscription rights to the shares to which these financial securities may give entitlement;
- resolves that the Board of Directors shall have full powers, with the option to sub-delegate such powers in accordance with the law and within the limits set forth above, to implement this authorization, and in particular to:
  - set the terms of the issue(s), the nature and characteristics of the marketable securities conferring entitlement to the capital, the terms of attribution of the securities to which these marketable securities entitle their holders and the dates on which attribution rights may be exercised;
  - charge, at its sole initiative, the costs of the capital increases against the amount of the related premiums;
  - make any adjustments to take into account the impact of transactions on the share capital;
  - enter into any agreement necessary to successfully complete the issues, record the completion of the capital increases, amend the bylaws accordingly, and, more generally, take all necessary steps in such matters;
- notes that this authorization supersedes any previous authorization for the same purpose.

Presentation and rationale - 21st resolution

The Board wishes to be able to issue, by private placement, on one or more occasions, common shares giving the right, where applicable, to the attribution of other common shares or debt securities and/or any marketable securities conferring entitlement to common shares to be issued by the Company.

The private placement, referred to in II of Article L 411-2 of the Monetary and Financial Code, allows a company to issue up to 20% of its capital per year in the form of equity securities, provided that this offer is limited to qualified investors or a limited circle of investors acting on their own behalf. In addition to the annual legal ceiling of 20%, it is specified that the amount of the issues thus carried out would be deducted from the overall ceiling set in the 25th resolution. This authorization can also be used to issue debt securities conferring entitlement to the share capital, for a maximum amount of €90,000,000 (ninety million euros), this amount being deducted from the overall ceiling of €90,000,000 (ninety million euros) set in the 25th resolution.

The minimum price of the shares issued or to be issued would be determined by the Board of Directors, but would nevertheless be at least equal to the weighted average price of the last 20 trading days preceding the setting of the issue price, possibly reduced by a maximum discount of 10%. This would give the Board of Directors the flexibility to obtain any additional financial resources that might prove necessary for the Company's development and to set the price, with a possible discount, taking into account in particular the prospective investors and the situation on the financial markets. The Board of Directors may set the issue price under the above-mentioned conditions and within the limit of 10% of the share capital over a 12-month period.

This authorization would be granted for a period of 26 (twenty-six) months

Twenty first resolution

Capital increase with cancellation of preferential subscription rights and by private placement (valid for 26 months)

The Shareholders' Meeting, after having reviewed the report of the Board of Directors and the special report of the statutory auditors and in accordance with the provisions of the French Commercial Code and in particular Articles L.225-129-2, L.225-136 and L.228-92:

- delegates to the Board of Directors its power to decide, on one or more occasions, in the proportions, at the times and according to the terms and conditions that it shall deem appropriate, both in France and abroad, to issue, by one or more offers referred to in II of Article L 411-2 of the French Monetary and Financial Code, ordinary shares, ordinary shares giving right to the allocation of other ordinary shares or debt securities, and/or any securities conferring entitlement to ordinary shares to be issued, which may be subscribed for either in cash or by offsetting receivables;
- sets the period of validity of this authorization at 26 months, with effect from the date of this Meeting;
- resolves that the issues that would be carried out by virtue of this delegation may be carried out by means of offers to qualified investors or to a limited circle of investors within the meaning of II of Article L.411-2 of the French Monetary and Financial Code and therefore decides to cancel the shareholders' preemptive subscription rights to the securities issued in favor of these persons;
- resolves that the total amount of the capital increases carried out immediately or in the future as a result of this authorization will be limited to 20% of the share capital per year and will be deducted from the overall ceiling of €9 million of the 25th resolution, including, if applicable, the total face value of any additional shares that may be issued to preserve, in accordance with the law and, if applicable, any contractual stipulations that may provide for other methods of preservation, the rights of the holders of marketable securities conferring entitlement to the share capital;
- also resolves that the nominal value of the debt securities conferring entitlement to the share capital and that can be issued pursuant to this authorization cannot exceed €90 million, which amount shall be deducted from the overall ceiling mentioned in the 25th resolution;
- resolves, after taking into account (in the event of the issue of autonomous warrants) the issue price of said warrants, that the price of the shares will be at least equal to the weighted average of the prices of the last 20 trading sessions preceding the day on which this price is set, with a maximum discount of 10%. The issue price of the marketable securities conferring entitlement to the capital and the number of shares to which the conversion, redemption or, in general, the transformation of each security conferring entitlement to the capital may entitle the holder, will be such that the amount received immediately or in the future by the Company, or for each share issued as a result of the issue of these securities, will be at least equal to the minimum price defined above. Under these conditions, the Board of Directors may set the price, within the limit of 10% of the share capital, assessed on the issue date, over a period of 12 (twelve) months;
- takes note of the fact that, in the event that subscriptions do not absorb the entire issue, the Board of Directors may limit the amount of the operation to the amount of the subscriptions provided for within the limits set by the legal and regulatory provisions and/or freely allocate all or part of the unsubscribed securities;
- resolves that the Board of Directors shall have full powers, with the option to sub-delegate such powers in accordance with the law and within the limits set forth above, to implement this authorization and in particular to set the terms and conditions of the issue(s), the nature and characteristics of the marketable securities conferring entitlement to the capital, the terms and conditions of attribution of the securities to which such marketable securities entitle their holders and the dates on which attribution rights may be exercised, to charge, at its sole initiative, the costs of the capital increases against the amount of the premiums relating thereto, to make any adjustments intended to take into account the impact of transactions on the capital, to enter into any agreement necessary to successfully complete the issues, to record the completion of the capital increases, to amend the bylaws accordingly, and, more generally, to take all necessary steps in this respect;
- notes that this authorization supersedes any previous authorization for the same purpose.

Presentation and rationale - 22nd resolution

It is proposed that the Board of Directors be authorized to increase the number of shares to be issued in the event of a capital increase with or without shareholders' preferential subscription rights under the conditions set out in Article L.225-135-1 of the French Commercial Code. The number of securities may be increased, within 30 days of the closing of the subscription of the initial issue, up to 15% of the initial issue and at the same price as that retained for the initial issue.

This authorization will thus enable the Board of Directors, in the interest of the Company, to increase the number of shares initially provided for in the offer in the event that actual demand is higher than initially provided for, within the limit of the overall ceiling set in the 25th resolution.

This authorization would be given to the Board for a period of twenty-six (26) months.

Twenty second resolution

Authorization to increase the amount of issues in the event of oversubscriptions (valid 26 months)

For each of the issues decided pursuant to resolutions 19, 20 and 21, the Shareholders' Meeting, after having reviewed the report of the Board of Directors and in accordance with the provisions of Article L.225-135-1 of the French Commercial Code, authorizes the Board of Directors for a period of 26 (twenty-six) months, to increase, at its sole discretion and within the limit of the overall ceiling set in the 25th resolution, the number of common shares or financial securities to be issued if the Board notes excess demand. This increase in the number of securities shall be made within the limit of 15% of the initial issue and at the same price as that used for the initial issue, in accordance with the provisions of Article R.225-118 of the French Commercial Code.

The Shareholders' Meeting notes that this authorization supersedes any previous authorization for the same purpose.

Presentation and rationale - 23rd resolution

By this resolution, it is proposed to the Shareholders' Meeting to delegate its authority to the Board of Directors for the purpose of issuing, in one or more installments, common shares or any securities governed by the provisions of articles L 228-91 et seq. of the French Commercial Code, conferring entitlement, immediately or in the future, to the Company's common shares, in order to compensate contributions in kind made to the Company and consisting of equity securities or marketable securities conferring entitlement to the share capital, when the provisions of article L. 225-148 of the French Commercial Code are not applicable, up to a limit of 10% of the share capital at the time of the issue, it being specified that the amounts of the issues carried out under this authorization would be deducted from the overall ceiling referred to in the 25th resolution below.

Pursuant to the provisions of article L. 225-132 of the French Commercial Code, this authorization would automatically entail a waiver by the shareholders of their preemptive subscription rights to the shares to which these securities may entitle them, in favor of the holders of the marketable securities that would be issued pursuant to this authorization.

Pursuant to the provisions of article L. 225-147 of the French Commercial Code, the Board of Directors would decide based on the report of the contribution auditor.

The authorization thus granted would be valid for a period of twenty-six (26) months from the date of the Shareholders' Meeting and the Board of Directors would have full powers to implement, with the option to sub-delegate, under the conditions set by law and the bylaws, this authorization. The Board of Directors shall report to the next Ordinary Shareholders' Meeting, in accordance with the law and regulations, on the implementation of this authorization.

Twenty third resolution

Issuance of shares as consideration for contributions in kind (valid for 26 months)

The Shareholders' Meeting, having considered the report of the Board of Directors and the report of the Statutory Auditors and having noted that the share capital is fully paid up, and voting in accordance with the provisions of Article L. 225-147, paragraph 6 of the French Commercial Code;

- delegates its authority to the Board of Directors for the purpose of issuing, in one or more installments, common shares of the Company or any marketable securities governed by the provisions of articles L 228-91 et seq. of the French Commercial Code, conferring entitlement, immediately or in the future, to the Company's common shares, in order to compensate contributions in kind made to the Company and consisting of equity securities or marketable securities conferring entitlement to the share capital, when the provisions of article L. 225-148 of the French Commercial Code are not applicable, up to a limit of 10% of the share capital at the time of the issue, it being specified that the amounts of the issues carried out under this authorization would be deducted from the overall ceiling referred to in the 25th resolution below.
- notes that pursuant to the provisions of article L. 225-132 of the French Commercial Code, this authorization would automatically entail a waiver by the shareholders of their preemptive subscription rights to the shares to which these securities may entitle them, in favor of the holders of the marketable securities that would be issued pursuant to this authorization;
- notes that pursuant to the provisions of article L. 225-147 of the French Commercial Code, the Board of Directors would decide based on the report of the contribution auditor;
- sets the period of validity of this authorization at 26 (twenty-six) months, from the date of this Shareholders' Meeting;
- resolves that the Board of Directors shall have full powers to implement, with the option of sub-delegation, under the conditions laid down by law and the bylaws, this authorization, in particular to:
  - decide to increase the share capital as consideration for the contributions and determine the securities to be issued;
  - determine the terms and conditions of the securities issued as consideration for the contributions;
  - approve the valuation of the contributions and, where appropriate, reduce the valuation of the contributions if all contributors agree;
  - set the exchange ratio and, where appropriate, the amount of the balancing cash adjustment to be paid;
  - define, if necessary, the terms and conditions for exercising the rights attached to the securities issued or to be issued and, in particular, set the date, even retroactively, from which the new shares will carry dividend rights, determine the terms and conditions for exercising the rights to exchange, convert, redeem or otherwise attribute the securities issued;
  - suspend, where applicable, the exercise of the rights attached to these securities in accordance with legal and regulatory provisions;
  - make any adjustments required under the law and regulations in force, and set the terms and conditions under which the rights of holders of securities conferring entitlement to the capital will be preserved, where applicable;
  - charge, at its sole initiative, the costs of the capital increase against the amount of the related premiums and deduct from this amount the sums necessary to bring the legal reserve to one-tenth of the new capital after each capital increase;
  - record the completion of the capital increases resulting from the issues that may be decided pursuant to this authorization, and amend the bylaws accordingly;
  - in general, enter into any agreement and/or take any measures and carry out any formalities necessary to issue and list on the market the securities issued pursuant to this authorization and to exercise the rights attached thereto.
- notes that the Board of Directors will report to the next Ordinary Shareholders' Meeting, in accordance with the law and regulations, on this authorization.

Presentation and rationale - 24th resolution

The Board of Directors wants to be able to issue, on one or more occasions, shares and any other marketable securities conferring entitlement to the Company's capital, as consideration for securities contributed to a public exchange offer initiated by the Company, in France or abroad, on the securities of another company listed on one of the regulated markets referred to in Article L. 225-148 of the French Commercial Code, and resolves, if necessary, to cancel, in favor of the holders of such securities, the shareholders' preemptive subscription rights to such shares and marketable securities to be issued.

The total nominal value of the capital increases likely to be carried out pursuant to the said authorization would be capped at €9 million, it being specified that the amounts of the issues carried out pursuant to this delegation would be deducted from the overall ceiling referred to in the 25th resolution.

The authorization granted to the Board of Directors under this resolution would be valid for a period of 26 (twenty-six) months from the date of this Shareholders' Meeting.

Twenty fourth resolution

Issuance of shares in the event of a public exchange offer initiated by the Company (valid for 26 months)

The Shareholders' Meeting, having considered the management report of the Board of Directors and the special report of the statutory auditors, pursuant to the provisions of articles L. 225-129 to L. 225-129-6, L. 225-148 and L. 228-91 to L. 228-92 of the French Commercial Code:

- resolves that the Board of Directors may, on one or more occasions, issue shares and any other marketable securities conferring entitlement to the Company's share capital, as consideration for securities contributed to a public exchange offer for the securities of another company listed on one of the regulated markets referred to in Article L. 225-148 of the French Commercial Code, initiated by the Company, in France or abroad;
- decides, if necessary, to cancel, in favor of the holders of these securities, shareholders' preemptive subscription rights to these shares and marketable securities to be issued;
- resolves that the total nominal value of the capital increases likely to be carried out pursuant to this authorization is set at €9 million, it being specified that the amounts of the issues carried out pursuant to this authorization will be deducted from the overall ceiling referred to in the 25th resolution;
- resolves that the authorization granted to the Board of Directors under this resolution is valid for a period of 26 (twenty-six) months.

Presentation and rationale - 25th resolution
It is proposed by the Board of Directors to set as follows the ceiling on the issues that would be decided under the authorizations granted in the 18th, 19th, 20th, 21st, 22nd, 23rd and 24th resolutions:
- the maximum aggregate nominal value of the capital increases that may be carried out pursuant to all of the aforementioned resolutions would be set at €9,000,000 (nine million euros), it being specified that this ceiling includes, where applicable, the face value of any additional shares that may be issued to preserve the rights of holders of marketable securities conferring entitlement to the share capital;
- the total nominal value of marketable debt securities conferring entitlement to the Company's share capital that may be issued pursuant to the aforementioned resolutions may not exceed €90,000,000 (ninety million euros).

Twenty-fifth resolution

Overall limit on the amount of the share issues contemplated in the 18th, 19th, 20th, 21st, 22nd, 23rd and 24th resolutions

The Shareholders' Meeting, having considered the report of the Board of Directors, resolves that:
- the maximum aggregate nominal value of the capital increases that may be carried based on the authorizations granted by resolutions 18 to 24 of this Shareholders' Meeting cannot exceed €9,000,000 (nine million euros), it being specified that this ceiling includes the nominal value of the capital increase that may be carried out and necessary to preserve, in accordance with the law and, where applicable, contractual provisions providing for other methods of preservation, the rights of holders of rights or marketable securities conferring entitlement to the Company's share capital;
- the total nominal value of debt securities conferring entitlement to the Company's share capital that may be issued pursuant to resolutions 18 to 24 may not exceed €90,000,000 (ninety million euros).

Presentation and rationale - 26th resolution
Note that pursuant to the provisions of articles L. 225-129-6 of the French Commercial Code and L. 3332-18 et seq. of the French Labor Code, specific requirements are incumbent on joint stock companies with regard to capital increases. These provisions notably include an obligation for the Shareholders' Meeting, at the time of any decision to increase the share capital by cash contribution, whether immediate or deferred, to vote on a draft resolution to carry out a share capital increase whose subscription would be reserved for members of a Company Savings Plan (Plan d'Epargne d'Entreprise - PEE) set up pursuant to Articles L. 3332-18 et seq. of the French Labor Code. As a result of the foregoing resolutions, the Board of Directors therefore submits a resolution to the Shareholders' Meeting to authorize the Board, for a period of 18 months, to increase, on one or more occasions, the Company's share capital by a maximum face value of €200,000 (i.e., based on the current face value of the shares of €0.40, a maximum of 500,000 new shares representing slightly more than 2% of the share capital based on the number of shares at December 31, 2019), by issuing common shares reserved for members of a company savings plan (PEE) of the Company and French or foreign companies affiliated with it under the terms of Article L. 225-180 of the French Commercial Code and article L. 3344-1 of the French Labor Code.

Twenty-sixth resolution

Capital increase reserved for members of a company savings plan (valid for 18 months)

The Shareholders' Meeting, after having reviewed the reports of the Board of Directors and the Statutory Auditors, authorizes the Board of Directors, pursuant to the provisions of articles L.225-129 et seq. of the French Commercial Code and according to the conditions provided for in articles L.3332-18 et seq. of the French Labor Code, to increase the share capital, in one or more times and at its discretion, a maximum face value of €300,000 per issue subscribed in cash and reserved, if necessary by distinct blocks, for employees and former employees, retired or pre-retired, of the Company or related companies as defined in article L.3344-1 of the French Labor Code, who are members of a Company Savings Plan.

This authorization entails the shareholders' express waiver of their preemptive subscription right to this authorized share capital increase.

This authorization is valid for a period of 18 months from the date of this Shareholders' Meeting.

The Shareholders' Meeting delegates all powers to the Board of Directors for the purpose of carrying out this authorized capital increase, and in particular to:
- determine, if necessary, the companies whose employees and retirees or early retirees may subscribe to the shares issued pursuant to this authorization;
- determine all of the terms and conditions of the operation(s) to be carried out and, in particular:
  - fix where necessary the length of service conditions that beneficiaries of the new shares must fulfill and the time given to the subscriptions to pay up these shares,
  - decide the amount of the issue, the subscription price, the length of the subscription period, the entitlement date, even retroactive, of the new shares and more generally all of the terms of each issue,
  - at its sole discretion, after each capital increase, charge the transaction costs to the amount of the related additional paid-in capital,
  - perform all actions and formalities required to record the completion of each capital increase up to the number of shares that will actually be subscribed, make any related changes to the bylaws, make all publications and, more generally, do everything that will be useful and necessary, with the option of substitution.

The whole in compliance with the legal and regulatory provisions in effect.

JOINT AUTHORITY

Presentation and rationale - 27th resolution
This resolution can be used to fulfill advertising and legal formalities.

Twenty-seventh resolution

Powers

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.

7 General information concerning the Company and its capital

7.1. DATA SHEET

Company name

NEURONES.

Trading name

NEURONES.

Registered head office

Building “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,
- acquire 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

C.T.R. No. 331 408 336 Nanterre.

Fiscal year

The fiscal year starts on January 1 and ends on December 31 of each year.

Share capital

At December 31, 2019, the Company’s share capital amounted to €9,714,344.80 divided into 24,285,862 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 year is comprised of the difference between income and expenses for the year, after deducting amortization, depreciation, impairment and provisions, as reported in 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.

After having noted the existence of available reserves, the Shareholders’ Meeting may decide to distribute sums drawn from these reserves. In this case, the decision shall expressly indicate the items from which the deductions are made.

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.

The Group’s organization

At December 31, 2019, NEURONES S.A. is the holding company of a group comprised of 52 subsidiaries and “sub-subsidiaries” (control, direct or indirect, 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 and abroad (Germany, Belgium, Ivory Coast, United States, India, Romania, Singapore, Switzerland and Tunisia). Seven Group companies, with headquarters in Nanterre, Nantes or Paris, have sixteen secondary entities (three in Lyon, two in Angers and Nantes and one each in Bordeaux, Caen, Coutances, Lille, Neuilly-sur-Seine, Orléans, Paris, Toulouse and Tours).

The legal forms of subsidiaries and “sub-subsidiaries” are mainly simplified joint stock companies (36 of them, all French), limited liability companies or companies of equivalent legal form for companies under foreign law (13 of them, 12 of which are abroad), and three public limited companies with a Board of Directors (in Tunisia, Switzerland and Côte d’Ivoire). The senior executives 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, these powers are governed by the bylaws as an internal measure and the different corporate officers must first request authorization from the Shareholders’ Meeting for any decision exceeding day-to-day management.

7.2. CAPITAL AND SHARES

Securities providing access to the capital

There are no current stock options.

In 2019, no bonus share plan was decided and the only plan in the vesting period for FY 2019 is plan G decided by the Board of Directors in June 2018 (13,000 bonus common shares attributed). At December 31, 2019, these 13,000 shares are still in the vesting period, representing slightly more than 0.05% of the capital.

Company buy-back of its own securities

The Shareholders' Meeting held on June 14, 2018 authorized the Company to repurchase its own shares. The Board of Directors did not decide to launch a buy-back program based on this authorization.

A new authorization, superseding the aforementioned authorization, was granted for the same purpose by the Shareholders' Meeting of June 6, 2019. No share buy-back program was launched based on this authorization.

Thus, at December 31, 2019, under the new liquidity contract between Neurones and CIC that came into force on August 1, 2019, the Company held 8,991 of its own shares, which appeared on the liquidity contract balance sheet at a value of €185,215.

Authorized capital

The Shareholders' Meeting of June 8, 2017 authorized the Board of Directors to issue, for a period of 26 months (i.e. until August 8, 2019), in France or on foreign markets, shares or financial securities conferring entitlement, immediately or in the future, to the Company's share 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 financial securities). Furthermore, the gross proceeds from issues of securities representing claims conferring entitlement to the share capital could not exceed €90 million.

Furthermore, independently of these limits, the face value of the common shares likely to be issued following authorization to increase share capital in order to compensate contributions in kind with equity securities or financial securities conferring entitlement to the share capital could not exceed 10% of the share capital.

The Board of Directors did not use these authorizations in FY 2019, but used one of them in 2018 in order to deliver a bonus share attribution plan.

The Board of Directors wishes to have all options for issuing, in France or abroad, with cancellation or maintenance of preemptive subscription rights, common shares or debt securities and/or any marketable securities conferring entitlement, immediately or in the future, to the Company's share capital.

A motion will therefore be submitted for the approval to the Shareholders' Meeting of June 4, 2020 for several authorizations to this effect, all given for a period of 26 months (i.e. until August 4, 2022). For all issues decided by the Board of Directors pursuant to the authorizations that would be granted by the Shareholders' Meeting, it will be proposed to cap the maximum aggregate face value of the capital increases at €9 million and to cap the aggregate nominal value of marketable debt securities conferring entitlement to the Company's share capital at €90 million. This ceiling includes, where applicable, the increase in the number of shares under the terms of Article L.225-135-1 of the French Commercial Code as well as any shares to be issued in order to preserve the rights of holders of marketable securities conferring entitlement to the share capital.

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 must be sent to the Company and to the Autorité des Marchés Financiers (French financial markets authority), no later than before the close of trading 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 shall make this declaration public, via its Decision and Financial Information Database, within three trading days of receiving the full declaration.

In addition, any market maker informs the AMF within five trading days that it conducts or intends to conduct market making activities for a given issuer. When it ceases to carry out these transactions, it shall also inform the AMF within the same period.

In addition, in accordance with Article 16 of the bylaws, every shareholder, acting alone or in concert, is required 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 2019, the following statutory threshold crossings were declared to the Company:

- Sycomore Asset Management's crossing above the 2% voting rights threshold on January 18;
- Financière de l'Echiquier's crossing above the 4% share capital threshold on January 18;
- Financière de l'Echiquier's crossing below the 4% share capital threshold on August 2;
- Financière de l'Echiquier's crossing below the 2% voting rights threshold on November 5.

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.

Stripping (article 8 of the by-laws)

In case bare ownership shares of the Company are donated with the donor retaining beneficial ownership, the voting right for these split shares shall belong to the bare owner for all decisions, whether ordinary or extraordinary, except for decisions concerning the allocation of profits for which the voting right shall belong to the beneficial owner.

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
12/31/04	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	€9,299,321.60
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
12/31/2018	Capital increase following the delivery of shares to the beneficiaries of the Plan F bonus share allocation	€16,800.00	-	42,000	24,285,862	€9,714,344.80
12/31/2019	-	-	-	-	24,285,862	€9,714,344.80

* Additional paid-in capital relating to the capital increase following the exercise of stock options (€64,088.90), less the €76,000 deducted from the "share premium" item for the capital increase related to the delivery of the bonus shares attributed.

7.3. 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 of euros)	2015	2016	2017	2018	2019
Statutory profit sharing	2,127	2,344	2,257	3,391	3,890
Optional profit sharing	120	193	0	0	0
TOTAL (statutory + optional profit sharing)	2,247	2,537	2,257	3,391	3,890

7.4. 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 (current appointment): 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. Eric 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 Universal Registration Document

"I certify, after having taken all reasonable steps to this effect, that the information contained in this Universal Registration Document, to the best of my knowledge, 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."

7.5. RELATED INFORMATION

Information included for reference purposes

The following information is included for reference purposes in this Universal Registration Document:

- the consolidated financial statements for the year ended December 31, 2016, prepared in accordance with French accounting standards, as well as the Statutory Auditors report on pages 69 to 89 of the 2016 annual report, filed with the AMF on April 27, 2017 under number D.17-0446.
- the consolidated financial statements for the year ended December 31, 2017, prepared in accordance with French accounting standards, as well as the report of the statutory auditors on pages 67 to 87 of the 2017 annual report, filed with the AMF on April 24, 2018 under number D.18-0381.
- the consolidated financial statements for the year ended December 31, 2018, prepared in accordance with French accounting standards, as well as the Statutory Auditors report on pages 70 to 90 of the 2018 annual report, filed with the AMF on April 26, 2019 under number D.19-0417.

Publicly available documents

The following documents in particular are available on the Company website (www.neurones.net):

- this 2019 Universal Registration Document,
- the registration documents for the years 2000 to 2018.

The Company bylaws can be consulted at NEURONES' head offices: 205, avenue Georges Clemenceau - 92000 - Nanterre - France.

The 2016, 2017 and 2018 registration documents and this 2019 Universal Registration Document are also available on the AMF website (www.amf-france.org).

Table of concordance of the Universal Registration Document

This table lists the main headings provided for in the European Commission's Delegated Regulation (EU) No. 2019/980 of March 14, 2019 and refers to the pages of this document where the information related to each of these headings is given.

AUTORITÉ DES MARCHÉS FINANCIERS

AMF

2019 UNIVERSAL REGISTRATION DOCUMENT AND ANNUAL FINANCIAL REPORT

This universal registration document was filed with the Autorité des Marchés Financiers on April 24, 2020, in its capacity as competent authority under Regulation (EU) No. 2017/1129, with prior approval in accordance with Article 9 of that Regulation.

The universal registration document may be used for the purposes of a public offering of marketable securities or the listing of marketable securities for trading on a regulated market if it is supplemented by a marketable securities note and, where applicable, a summary and any amendments to the universal registration document, all of which have been approved by the AMF in accordance with the aforementioned regulation.

This 2019 Universal Registration Document and Annual Financial Report is available at www.neurones.net - Finance - Regulated information.

Glossary

The terms defined below essentially relate to NEURONES' various businesses. This glossary is therefore intended to facilitate the understanding of the technical words, acronyms and abbreviations used in this Universal Registration Document.

AGILE (AGILE METHODS, SEE ALSO: PRODUCT OWNER, SCRUM MASTER): software development technologies defined by the Agile manifesto (2001), as opposed to "classic" methodologies (v-model). Agile methods are interative, encouraging regular and successive deliveries of versions and promoting the acceptance of functional changes during the project. Such projects largely involve the client or users meaning that their requests are met with greater responsiveness. Agile methods include: RAD (rapid application development, founded in 1991), the Scrum methodology (1995) and XP Extreme Programming (1999). If they avoid the "tunnel effect" (during the coding phase, users don't hear about the project for months), often decried in classical methodologies, they can reach their limits for complex applications requiring a global understanding of the data and their relationships.

ASSISTANCE TO PROJECT OWNERS (FRENCH AMO: ASSISTANCE À MAÎTRISE D'OUVRAGE): company that assists project owners 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, its acceptance phase and during the warranty period.

PREDICTIVE ANALYSIS (PREDICTIVE MAINTENANCE): a set of techniques using statistics and data from different sources to make predictions about possible events. Predictive analysis is used in many fields and the well-known application of predictive analysis is the assessment of customer risk (FICO Score). In IT maintenance, it is used to predict potential workstation or server breakdowns (reference editor: Nexthink) by cross-referencing different parameters. Logs and various other data concerning the servers (capacity utilization rates, etc.) can also be cross-referenced to predict that an incident will occur on a piece of equipment or during processing.

ANALYTICS: data analysis. See Big data.

ANTIVIRUS (EPP, EDR): a program that identifies, neutralizes and eliminates malware on workstations and servers. Traditional EPP (Endpoint Protection Platform) antivirus products are based on signature databases that need to be updated very frequently. More recent, EDR solutions (End Point Detection & Response, leading editor: Crowdstrike) are complements to traditional antivirus programs that don't have the ability to detect certain new attacks, such as cryptolockers that can be executed without a file (the signature databases are inoperative in this case). The EDR detects abnormal behavior (data encryption attempt, registry access, script execution with privileges, etc.) and immediately stops the suspected process. The BDU is a tricky tool to install and maintain. When used incorrectly, it can block legitimate computer programs ("false positives"). The number of successful computer attacks, which have triggered long, complete shutdowns of large companies' information systems, is growing rapidly.

API (APPLICATION PROGRAMMING INTERFACE): interface that allows software programs to communicate with each other.

TECHNICAL SUPPORT (EITHER TIME SPENT 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 project management is then carried out by the end customer, who doesn't need to share the specifications of the overall project with his service provider beforehand.

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 must therefore develop new tools to store (NoSQL, Google MapReduce, massively parallel databases such as Hadoop, etc.) and to analyze and extract value from these low density information data (algorithmic, inferential statistics, analytics, search, etc.). Big Data has applications in major scientific or public programs (e.g., tax applications for data cross-referencing), digital marketing (definition of customer profiles by analyzing transactions, Facebook photos, websites visited, etc.) and financial markets (information processing for trading robots).

BPM (BUSINESS PROCESS MANAGEMENT): set of methods and application tools that automate and optimize a company's processes, whether internal or involving third parties. Business processes are integrated into BPM. A classic case is customer management: their orders, online payments, file validation, management of their potential claims, etc. While independent of operational data and applications, BPM draws on the latter, often using EAI (see below). Leading BPM publishers are: Tibco Software, IBM Websphere Process Server, Webmethods (Software AG) and Weblogic (Oracle).

BPO (BUSINESS PROCESS OUTSOURCING): outsourcing, no longer just of IT, but more globally of a function or a process: accounting, payroll, subscriber management, etc.

BI (BUSINESS INTELLIGENCE, EQUIVALENT OF "DECISION MAKING"): term encompassing all disciplines related to decision making. This ranges from data warehouse input to the publication of information (on the Internet or other media), including the creation of multi-dimensional cubes. This also includes datamining and analytical processing applications. BI is often integrated in the most recent concept of "data analytics."

BLOCKCHAIN: technology for storing and transmitting information without a central control body. Technically, it is a secure and distributed database. It is shared by its different users, without intermediaries, which allows everyone to check the validity of the chain. The information sent by users is checked and grouped at regular time intervals into blocks, thus forming a chain. The entire chain is secured by cryptography. This transaction security system has been used on a large scale for virtual currency transactions (bitcoins, etc.). Other applications are possible.

SERVICE CENTRE: structure providing IT services (application maintenance, operation, service desk, etc.) for several clients and located on the premises of the DSC providing the service. This term is sometimes used more broadly and can refer to non-pooled services performed by a team working for a single client. In all cases, the Service Centers are specialized and follow well-defined processes.

CERT (COMPUTER EMERGENCY RESPONSE TEAM): center managing the response to a security incident or cyberattack: processing, containment and management of the return to normal and, also, prevention by disseminating information about the precautions to be taken to minimize the risks.

CHATBOT (CONVERSATIONAL AGENT): 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, which are practical to treat simple, high-frequency incidents, effectively and efficiently as well as "self-help" solutions. Nevertheless, its development requires "extensive" configuration of the entire knowledge base, carried out by a chatbot-master (a new IT specialty). Hopes are driven by expectations of chatbots, which are spreading and are able to resolve certain incidents or requests without human intervention.

CI/CD, CI/CD PIPELINE: see Continuous Integration / Continuous Delivery.

CLOUD COMPUTING: provision of shared Infrastructure as a Service (IaaS), shared Platforms as a Service (PaaS) and Software as a Service (SaaS) "on demand" on private or public networks. For infrastructures, a distinction is made between the private cloud (already adopted massively) and the public cloud, which is taking off fast (e.g., Microsoft Azure, Amazon Web Services, etc. There are several forms of private cloud: the dedicated cloud (with infrastructure owned by one customer) and the shared cloud (with infrastructure shared between several companies). A private cloud architecture will be deemed "complete" if services can be ordered on a self-service basis (provisioning), if the resources are then automatically allocated and, finally, if the services are billed on a per-use basis. As a result, many companies have captured significant gains through virtualization and rapid access to powerful shared infrastructures. Basically, in a typical private cloud, users pay their consumption "on demand" based on a number of server instances (CPU and memory), terabytes of storage and bandwidth. The provider makes a secure infrastructure available consisting of shared and redundant virtual servers, storage capacity, networks and backups (including backup sites). For their part, the major American public cloud suppliers have set up data centers in Europe. Billing is based on the actual use of resources ("pay as you go"), which requires an adaptation on the part of user clients (see FinOps). Most of the time, companies use both SaaS and several private and/or public clouds. This is known as multi-cloud (different clouds for different types of applications) or hybrid cloud (an architecture using several clouds for the same application). Globally, companies are offloading the management of all or part of their IT infrastructure (IaaS, Paas) and/or application management (SaaS). The use of DevOps combined with the widespread use of the cloud profoundly changes how IT departments operate (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 an IT facility's ITIL architecture. A good description of an information system in production isn't natural: documentation by process, choice of level of detail, redundancy, difficulties in performing updates, history management, etc.

CMM (CAPABILITY MATURITY MODEL): a repository 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 and optimized). Since 2006, the latest model – CMMI (I: Integration) – has been used.

CMS (CONTENT MANAGEMENT SYSTEM): design and dynamic updating of websites or multimedia applications with the following functionalities: ability for several people to work 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 (documents, blogs, forums, using FAQs, etc.), 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 - see hereafter) systems, which can be used to manage content within a Company.

COBIT (CONTROL OBJECTIVES FOR INFORMATION AND TECHNOLOGY): reference model for assessing IT risks and investments, and more generally IT governance.

COLLABORATIVE - COLLABORATIVE PLATFORM: set of tools and applications making it possible to work collaboratively in a department, a company or a group and between people located on different sites. This tool set includes communication features (rapid peer-to-peer messaging, audio-conferencing, etc.), collaboration (file sharing with common updates), project management, process or workflow management tools, rights management (directory with photo gallery), a knowledge base, a discussion forum (with rating system for articles), multi-user instant messaging, an archiving system, personal pages, etc.

CONTINUOUS INTEGRATION / CONTINUOUS DELIVERY (CI/CD): in applications development, a set of techniques that can be used to produce new versions very frequently or almost continuously (e.g., delivery of new functions or patches on a weekly basis or even more frequently), while achieving such low volumes 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. In practice, CI/CD is always associated with DevOps, the Cloud and containers.

COOKIE (SEE ALSO: DMP): information sent by an Internet server to the Internet user'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. Cookies contain residual personal information that can be used by data marketing specialists (see DMP). They can be used for authentication or to store specific information about the user, such as his preferences or the contents of an electronic shopping cart.

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.

CYBERSECURITY: see IT Security. For specialists, cybersecurity has a larger dimension than IT security or information security since it includes cyber defense. In this document, the two terms are used indifferently.

DATACENTERS (OR HOSTING CENTERS): processing centers that provide gains for companies by pooling equipment, software and services. Today, consolidated and virtualized servers (in high-density racks) and shared storage and backup systems (all of which consume a lot of electrical energy in terms of operation and cooling) are driving the sustained growth in the hosting market, since conventional machine rooms are no longer suited to the volumes processed. The latest generation of data centers provide the same computing power but consume less and less electricity. Despite this rapid development, should not make us lose sight of the fact that the main issue for a data center is to manage servers effectively and efficiently: supervision, operation, backups, etc.

DEVOPS: movement to align the "Dev" (application development) and "Ops" (operations) teams around common objectives. DevOps should not be confused with Agile or Scrum development methodologies (see above and below), even though they are often implemented together. In concrete terms, DevOps is based on implementing software "tool chains" from design to production: project management (Jira), IDE integrated development environments (Eclipse or Visual Studio), "software forge" with partial automation of tests (SonarQube), source and compilation management (GitHub, Jenkins, Nexus, etc.), continuous deployment (XL Deploy or Octopus Deploy), automatic provisioning of infrastructures (Ansible, CMP, API, etc.), self-service release (Python), etc. allowing very close successive releases. The teams that work in DevOps mode are small (about 10 people: "pizza teams" or "feature teams") and bring together new profiles: product owners, 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. New participants, generally Internet "pure players," have implemented this new organization. It is harder to implement in environments with large legacy applications, of varying age and technology.

DIGITAL (DIGITAL TRANSFORMATION): use of new IT technologies (agile methods, DevOps, cloud computing, mobility, broadband networks, collaborative tools, social networks and blogs, connected devices, big data, analytics, security, Artificial Intelligence, predictive analysis, blockchain, etc.) that are potentially disruptive (causing profound upheavals) to create or rethink products and services, implement new business models (platforms, disintermediation, substitution, etc.), improve operational efficiency or set up new modes of internal collaboration. Digital transformation was initially the prerogative of marketing, sales and customer relations departments. The aim was to develop new uses and rethink the "customer journey" by integrating digital technology. It requires a mixed business and technological approach, with an essential upstream innovation phase (innovation workshops, serious games, design thinking, 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 in a Company. Digital transformation now concerns more generally the optimization of operational and support processes as well as the internal development of a digital and collaborative culture.

DIGITAL WORKPLACE (DIGITAL WORK ENVIRONMENT): a set of technologies enabling professionals to access all of their work information and communicate and collaborate on their projects and activities. The digital work environment typically integrates a search engine, document management and a corporate social network. It represents further development of the Intranet, allowing work from home and flexible worktime and workspace.

DMP (DATA MANAGEMENT PLATFORM, SEE ALSO COOKIE): 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/SSC, 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. The leading publishers are: 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 major difference with EAI is that ESB uses service containers to provide fully distributed integration. These "mini-servers" contain the integration logic and can be placed anywhere on the network.

ECM (ENTERPRISE CONTENT MANAGEMENT): see Content Management below.

E-LEARNING: refers to all distance-learning techniques, especially using the Internet, Intranets, teleconferencing tools, etc.

ERP (ENTERPRISE RESOURCE PLANNING): software package grouping together all the management applications required by a company, whether "horizontal" applications (accounting, human resources management, etc.) or "vertical" applications (production management, stock management, etc.). There are generalist ERPs and others, specialized by industry. Unlike a package of specific software, ERPs have a single common infrastructure (shared databases, exchange mechanisms between modules) and generally include cooperation tools (groupware, workflow). Traditionally dealing with back office operations, these structuring tools have gradually been equipped with 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). SAP is the most widely used ERP in large industrial companies.

ESCM (ESOURCING CAPABILITY MODEL): repository of best practices in sourcing and customer/supplier relations. Developed in the United States in the early 2000s, it covers the entire life cycle of outsourced services: definition of the sourcing strategy, study of outsourcing opportunities, supplier selection, contract life and reversibility.

ESB (ENTERPRISE SERVICE BUS): software that facilitates communication between applications that were not designed to work together (e.g., two Enterprise Resource Planning solutions from different publishers). ESB can be considered as a new generation of EAI (Enterprise Application Integration) built on standards such as XML, Java Message Service (JMS) or web services. The major difference with EAI is that ESB uses service containers to provide fully distributed integration. These "mini-servers" contain the integration logic and can be distributed at different locations on the network.

DSC: Digital Services Company. Acronym equivalent to 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 and Talend.

EXTRANET: secure Internet application used by 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.

FINOPS (CONTRACTION OF THE WORDS "FINANCE" AND "OPERATIONS"): an approach aimed at identifying consumption in the public cloud and optimizing it by making the right trade-offs: cost, speed (or agility) and quality. In concrete terms, it is a question of understanding the invoice, its "cost drivers" and then, for example, turning off resources at night and actively deprovisioning resources that are no longer used.

FIORI (SAP FIORI): latest generation user interface, developed by SAP and launched in 2013, which in particular allows you to use SAP on a mobile phone, tablet or screen.

FIXED PRICE (TURNKEY): fulfillment of a project for a fixed price with delivery time commitment, based on specifications. 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 templates and code in HTML, CSS, JavaScript and jQuery. These programming languages are interpreted by the browser, which displays a "visual" result. These include fonts, drop-down menus, buttons, transitions, sliders, 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 telephony. 3G was the standard between 2000 and 2010; it provided a bandwidth of around 1 to 10 Mbit/s. The 4G standard, operational since 2012, offers a bandwidth in practice of up to a 100 Mbit/s. In the test phase, 5G should be operational in 2020 in France, with bandwidths on the order of 1 to 10 Gbit/s.

EDM (ELECTRONIC DOCUMENT MANAGEMENT): computerized system for acquiring, filing, storing and archiving digital documents. Electronic publishing 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 (letters, contracts, invoices, emails, HTML web files, photos, audio files, films, etc.), as opposed to information already structured in databases. ECM covers in particular:
- 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 and Broadvision.

GREEN IT: all IT methods, software, hardware and 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 ecological footprint in general (teleworking, etc.).

GFRT/GRT: the Guaranteed Fault Repair Time (GTR) is a guaranteed-performance commitment within a given time deadline. The Guaranteed Response Time (GRT) is the guarantee of resources within a given deadline.

HACKATHON: an event where developer teams are invited to compete to build a prototype IT application. In the form of a timed competition, the winners are chosen by a jury at the end of the time limit. The term is a portmanteau made from the words hack and marathon. The reference to the marathon is warranted by the uninterrupted work of developers, often over two days, usually over a weekend.

HOSTING PROVIDERS: an end client or a service provider (DSC specializing in managed server-based services) generally rents premises ("private cages" or "co-rental") from a hosting provider who provides the following basic services: air-conditioning/cooling, fire safety, reliable power supply by generators and secure physical access. Then the hosting provider installs its own hardware: racks, memory servers, Internet "pipes" and dedicated lines. Finally, it performs its recurring services on a 24/7 basis: supervision and control of applications (backup, security management, recovery and reboot after an incident, etc.). Today, often for security reasons, only a few large organizations have kept their own, more expensive data centers. It is difficult to stay on top of the best practices because of the rapid evolution of technologies specific to data centers themselves. The reference hosting providers are: Interxion, Equinix, Data4, etc.

AI (ARTIFICIAL INTELLIGENCE): set of theories and techniques used 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.). For purely marketing reasons, many publishers (wrongly) claim that their software uses AI, even though they use traditional programming techniques.

IAAS: Infrastructure as a Service. See Cloud computing.

IT OUTSOURCING / OUTSOURCING / MANAGED SERVICES: IT outsourcing involves entrusting all or part of a company's IT system to a service provider who takes over the operational responsibility and develops the system within the framework of a multi-year fixed-price contract. 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 service provider's teams are generally based both on the intervention sites and in the outsourcer's shared service centers. A reversibility clause allows the client to recover its IT system/processes or to entrust them to another specialist. The term IT outsourcing is often misused to describe simple outsourcing, without its contractual exactitude. Today, the term "Managed Services" tends to replace the term "IT Outsourcing".

INFRASTRUCTURE AS CODE (IAC): provisioning of hardware in a data center using definition files only rather than manual configuration. This is also referred to as infrastructure automation or "automatic provisioning." The scope of the information system (IS) covered by these techniques can range from the hardware itself ("bare metal") to virtual machines and their resources. Cloud computing has made this approach possible. The automatic provisioning of servers contributes significantly to reducing application integration and deployment times, by eliminating load-splitting and a manual operation.

CONTENT INSPECTION: content inspection filters the content of emails or websites to prevent misuse. Content inspection also detects mobile codes: small applications (applets) such as Java, ActiveX, .exe, which are often attached to emails and which are sometimes malicious.

IOT (INTERNET OF THINGS): see connected devices.

ISO (ISO 9000, ISO 27000): quality standards based on the implementation of a quality management system and its continuous improvement loops (planning, implementation of improvements and monitoring). ISO 9000 deals with quality in general while ISO 27000 deals with Information System security. ISO 14000 concerns the environment, ISO 26000 Corporate Social Responsibility, ISO 20000 shared service centers and ISO 31000 risk management in general.

ITIL (INFORMATION TECHNOLOGY INFRASTRUCTURE LIBRARY): repository of best practices for managing IT production 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 alert escalations, incident and user request management, problem management, change management and 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 provide digital and indexed information that was previously only available in analog form (paper, voice, image, etc.). However, there is still a vast volume of knowledge (present on the Web or in diverse locations, for example in users' personal documents) that can never be completely organized into a hierarchy or made accessible in 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.

MACHINE LEARNING (ML): field of study of artificial intelligence that aims to give the computer the ability to "learn" from data (i.e., to improve its ability to solve tasks, without being explicitly programmed for each one).

PRIME CONTRACTOR: the project manager with a guaranteed-performance commitment. Depending on the case, this may be the client or one or more contracted IT service providers.

PROJECT OWNER: an entity or decision-maker who has a new custom application developed, has all or part of a software package integrated or, more generally, orders an IT project in response to their needs.

DIGITAL MARKETING (DIGITAL MARKETING, WEB MARKETING): marketing actions that use digital channels (computers, tablets, mobile phones, etc.). Digital marketing seeks to reach consumers in a personalized, highly targeted and interactive way: listening to needs via blogs and social networks, emails and newsletters, e-commerce sites, sites with online quotes and orders, "mobile first" sites, purchases of keywords, videos and banners, retargeting, affiliation, presence on social networks, blogs and also customer support. The term is used in contrast to traditional offline marketing: market research, press advertising, radio, television, loyalty programs and 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 operating system update and control, inventory, backup and recovery, remote blocking and erasure (in case of theft), performance monitoring (battery status, etc.), roaming management, etc. Leading publishers: Airwatch, Good Technology.

SOCIAL MEDIA: all websites that use Internet users to create content and communicate: publishing tools (Wikipedia, etc.), discussion tools (Skype, Teams, Zoom, Slack, etc.), social contact networks (Facebook, Twitter, LinkedIn, etc.) and social content networks (YouTube, Pinterest, etc.). This term is gradually replacing the term "Web 2.0".

META-DIRECTORY: directory that groups together all users of all of a Company's applications, with their passwords associated with 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: mobile workers need to remotely access, update or synchronize their company's applications (business, messaging, calendars, etc.) and data. A mobility project includes in particular the choice of the terminal (thus the corresponding Operating System), a synchronization server, an Internet service provider, their integration and, where necessary, 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 market 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 means of contact (retail outlets, telephone, mail, etc.) should also be integrated. Cross-channel also facilitates adaptation of clients' needs and behaviors. It can also help reduce contact and sales costs. On the other hand, cross-channel development imposes constraints on the company: consistency of messages and sales policy across all channels, keeping records of past contacts and actions on different channels, etc. Increasingly, the customer is "cross-channel" during the same process: information search phase on the Internet and then in store purchase phase, for example. Cross-channel has become so widespread that it no longer allows companies to differentiate themselves. Differentiation can only be achieved by managing cross-channel contact better than competitors. The goal therefore is to move from using multiple channels simultaneously, to a better overall organization of these channels (i.e., 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 qualified as "objects": programming languages (Java, C++, etc.), design methods (UML, etc.), databases (Versant, etc.) and middleware (ORB). 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 DEVICES (IOT, INTERNET OF THINGS): devices equipped with communication capabilities, which communicates via wireless devices. These can be mobile phones, sensors, terminals or everyday accessories. The Internet of Things (also known as IoT) and the processing of captured data are undergoing strong development.

OFFSHORE: an operation that involves providing services in geographical areas where the workforce is abundant, increasingly well trained and where labor costs are lower than in the client's home country. Offshoring may involve outsourcing or not. The term "nearshore" is used when the country is less than three hours by plane from France (e.g., North Africa). 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.

BCP (BUSINESS CONTINUITY PLAN): its objective is to continue operations without service downtime and ensure information is available, regardless of the problems encountered. The BCP is a subset of the DRP.

PGI (PROGICIEL DE GESTION INTÉGRÉ): see ERP.

PHISHING: fraudulent request for confidential information by email pretending to be a known organization (e.g., bank).

PLM (PRODUCT LIFECYCLE 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 repository.

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 their management, documentation and evaluation. It often draws on the Prince 2 methodology. By extension, it is said that the person who manages a project has a "PMO profile".

PPM (PROJECT PORTFOLIO MANAGEMENT): processes and software tools used to manage a portfolio of projects.

DRP (DISASTER RECOVERY PLAN): plan to ensure that, in the event of a major or significant crisis in an information system, the infrastructure is reconstructed and applications are restarted. This plan should switch over to a backup system capable of taking over the IT systems in case of an accident. The plan includes several levels of recovery depending on the company's needs according to two parameters:: the maximum recovery time following a major incident (RTO - Recovery Time Objective) and the maximum period of data loss (RPO - Recovery Point Objective - 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).

PRODUCT OWNER (PO): digital project manager, expert in the Agile methodology (Scrum). He is the main person responsible for the design or definition of a "product" (i.e., an application) by acting as an interface between the "clients" (future users), the various departments involved in the company and the designers and developers. In the Scrum methodological framework, the team is organized around three main roles: developers, Product Owner and Scrum Master (see hereafter).

PROXY: a server regulating the security policy for incoming and outgoing traffic to and from the Internet at the application layers (FTP/file transfer, http/Internet browsing, SMTP/mail), unlike the firewall which acts 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. Often it is integrated in the firewall.

PUE (POWER USAGE EFFECTIVENESS): ratio between the energy 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, primarily related 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.

CORPORATE SOCIAL NETWORK: application platform that brings together a community of members for business purposes. The members are the company's employees, clients, shareholders or partners. As with a "general public" social network, a corporate 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 presentations (text, images and resolution) automatically adapt to the terminal using the application (computer, tablet or smartphone). As such, responsive-design applications (HTML5 and CSS3 standards) are developed once and can be used on all types of terminals.

ROBOTIC PROCESS AUTOMATION (RPA): automation of processes via robots to eliminate tedious tasks, streamline operations and reduce costs. It aims to enable employees to focus on higher value-added work. The RPA scenarios range from the simple creation of an automatic response to an email to the deployment of multiple robots, each programmed to automate tasks in a process. Process automation is at work in various fields: financial services, healthcare, retail, human resources, etc.

SAAS (SOFTWARE AS A SERVICE): model for marketing software on a lease-to-use basis (instead of selling a license). The software is usually accessible over the Internet and hosted by the publisher, often in Cloud computing mode, which is why the two terms are frequently associated. This service has several benefits for businesses: reduced delivery times and reduced integration, deployment and update costs. Applications with standardized processes are the most suited to SaaS mode: CRM (like Salesforce.com), skills management, expense-sheet management, messaging services, (such as Gmail), 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).

SAP BC (SAP BASE COMPONENT): SAP Enterprise Resource Planning module for system administration, especially 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 Enterprise Resource Planning module that manages the entire supplier relationship: expenditure analysis, procurement, operational contracts, purchase requisitions, billing 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. At the tactical level, they rely on statistical techniques - typically datamining tools - to optimize procurement, smooth production and determine the best delivery paths. At the strategic level, the tools perform simulations to determine the best possible layout for the manufacturing plants and distribution network, and even establish the product renewal rate depending on the target market. The main challenge is to automatically transfer this data into the management system (ERP).

SCRUM MASTER: the scrum master guarantees the methodological framework in a digital project using Agile methods (Scrum). His role is not to lead the team, but rather to guide it in applying Scrum. He is the interface between the team and the outside world, protecting it from any element that might disrupt its operation and concentration. HIs assignment is to train members in Agile practices and to lead the different "rituals": daily mixes, planning pokers, retrospectives, etc. In the Scrum method, the team is organized around three main roles: the developers, the Product Owner and the Scrum Master.

SDDC (SOFTWARE DESIGNED DATA CENTER), SDN, SDS: after the virtualization of servers (virtual machines or VMs), which could have been called "Software Defined Servers", it became possible to automatically allocate, at the software level, the other IT resources of the datacenter, in particular the network: "Software Defined Network" (SDN) and 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. However, the SDDC model faces many challenges: whether or not to include existing, non-virtual resources and address interoperability issues between multiple technology manufacturers.

TRANSACTION SECURITY: a transaction is deemed certified if the parties are identified, if its integrity is guaranteed and finally 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 third-party clients and suppliers, remotely accessible from mobile devices or from home, etc.) has led to the development of IT security to the point where it has become a specialty in its own right. Its scope coves: incoming data protection solutions (antivirus, firewalls, proxy-cache, intrusion detection and content inspection), access protection (VPN encryption, administration, access authorization) and security administration (including detecting vulnerabilities). The associated services are primarily: 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 provide 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 (e.g., in customer service).

APPLICATION SERVERS (N-TIER ARCHITECTURE) / ENTERPRISE PLATFORMS: the development of "web-based" information systems can be defined as the construction of a new generation of applications built in three tiers: an Internet 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 products on the market: Microsoft.Net, Sun ePlanet and Java, IBM WebSphere, BEA-Weblogic and open source solutions such as Tomcat / PHP pages / Apache. These platforms for running J2EE and .Net applications are evolving rapidly and analysts now speak increasingly of "enterprise application platforms" rather than "application servers".

SERVICE DESK (OR HELP-DESK): a structure (using telephone, IT and humans) designed to receive and handle requests from information system users and either resolve them or pass them 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. Large organizations now make widespread use of this sort of specialized structure, which provides complete traceability of operations, professional response times, a high rate of immediate or remote resolution, in-depth investigation of the cause of incidents and then implementation 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 typically provided in several languages 24/7. Increasingly, they are using "self-help" and "chatbots" technologies.

WEB SERVICES: an application function that a program can start. A web service has no user interface. Any website producer can, for a fee, incorporate these services into its online applications (tourist guide, travel booking...) in a way that is transparent to the user (e.g.: ViaMichelin has launched web services linked to geolocation). Publishers have widely adopted this technology (XML, WSDL interface) due to its simplicity. However, on the down side, the standards have yet to be finalized.

SINGLE SIGN-ON (SSO): a physical key associated with a unique password at login that replaces all passwords attached to each application.

SMACS (SOCIAL MOBILITY ANALYTICS CLOUD SECURITY) OR SMAC: a term covering all the areas of digital transformation, which now represents a sub-segment of the digital services market and promises strong growth.

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. If the target is attractive, implementation methods for SOA architectures are still widely debated: even if we identify applications that can serve multiple processes, what granularity should we choose? How do you define the interfaces? How do you develop new applications as services while taking the existing application base into account?

SOC (SECURITY OPERATION CENTER): Operational security center that monitors the information system to protect the company from cyberattacks. It monitors IT security as a whole, from network layers to the software installed on the workstations, in all countries. It collects information from the security components and analyzes them to detect potential anomalies. SOCs have become widespread in major organizations and their scopes of surveillance are steadily expanding.

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 (IBM z- and i-Series, 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 (PENTEST): 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.

THREAT INTELLIGENCE (OR CYBER THREAT INTELLIGENCE): information about potential adversaries who may launch cyberattacks, outside the information IT system (as opposed to SOC), in order to develop a portrait of potential attackers or to identify attacks in preparation. This service is sold by subscription.

TPAM (THIRD-PARTY APPLICATIONS MAINTENANCE): maintenance (for corrective and upgrade purposes) and updating of computer applications managed by an external service provider.

UC2 (UNIFIED COMMUNICATIONS AND COLLABORATION): in the telecommunications and office automation industry, unified communications form a set of new services enabling close integration of real-time interpersonal communication means (telephony, videophony), collaborative work software (instant messaging, document sharing) and office automation tools in the broadest sense (asynchronous messaging, calendar, word processing, spreadsheets, presentation viewers, etc.). 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 man-machine interface (UI) functions is insufficient to understand users' relationship with the interface and that users' subjective and emotional dimension needs to be taken into account. The experience should be pleasant, fluid, intuitive 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.

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.

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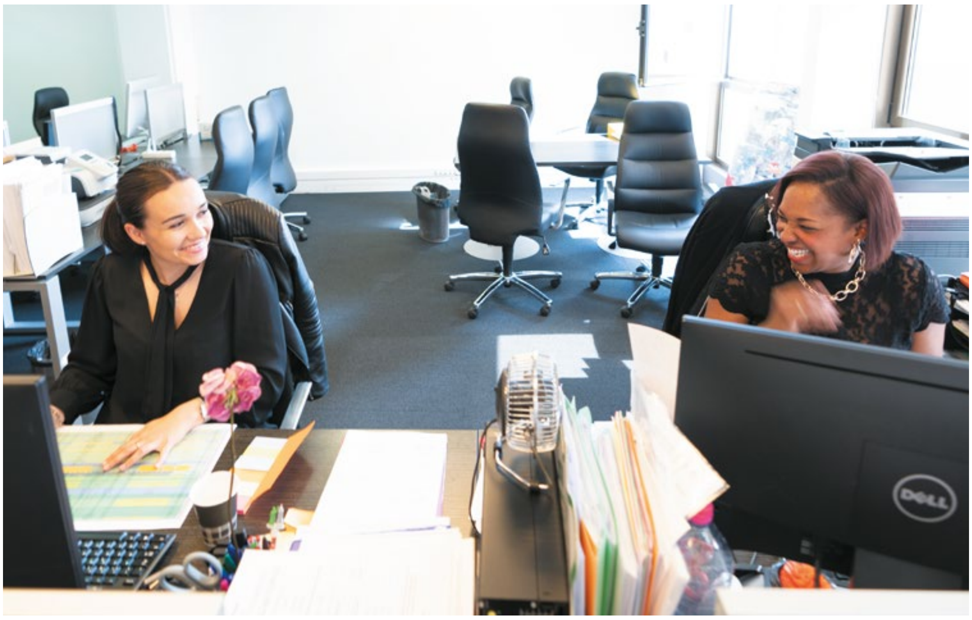

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