2018

REGISTRATION DOCUMENT

ANNUAL FINANCIAL REPORT & CSR INCLUDED

cegedim

Registration Document

2018

This Registration Document was filed with the Autorité des Marchés Financiers (AMF) on March 29, 2019 in accordance with the provisions of article 212-13 of AMF general regulations. This document was prepared by the issuer and is binding on its signatories. It may be used in support of a financial transaction if supplemented by a transaction note that has received approval from the Autorité des Marchés Financiers.

Copies of the Registration Document are available for free from Cegedim SA at 137, rue d'Aguesseau, 92100 Boulogne-Billancourt, France, and on the website: www.cegedim.com/finance

WARNING

Certain information other than historical contained in this Registration Document may concern objectives, projected data or unaudited financial projections. This information is sometimes identified by the use of the future or conditional tense and terms such as "expect", "may", "assume", "intend to", "consider", "anticipate", as well as other similar terms. This data is subject to risks and contingencies that may subsequently be expressed by actual data that is substantially different. By nature, it is possible that these objectives will not be achieved, and the prospective items on which they are based may prove partially or completely erroneous.

This is a free translation into English of the "Document de Référence 2016" issued in French and is provided solely for the convenience of English speakers readers. This document should be read in conjunction with, and construed in accordance with, French law professional auditing standards applicable in France.

AUTORITÉ
DES MARCHÉS FINANCIERS
AMF

2018

Summary

01 The Group

1.1 Financial highlights

The following selected consolidated financial information has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, unless otherwise stated.

IFRS 5	The Cegelease and Eurofarmat businesses were sold on February 28, 2018. On December 31, 2017, in accordance with IFRS 5, to present profit (loss) from activities held for sale separately, the contribution of these activities to each line of the consolidated profit (loss) was grouped under "Profit (loss) from activities held for sale". In addition, contributions from Cegelease and Eurofarmat to each line item of the Consolidated Balance Sheet were presented under "Assets held for sale" and "Liabilities related to assets held for sale". At December 31, 2018, the profit (loss) from these activities was reclassified line by line and grouped under "Profit (loss) from activities sold".

Key figures

Revenues from continuing activities €467.7m +2.2% reported +1.9% L-f-l	EBITDA €76.8m in 2018 €77.5m in 2017	EBITDA margin 16.4% in 2018 16.9% in 2017
EBIT before special items €33.1m in 2018 €37.4m in 2017	EBIT margin before special items 7.1% in 2018 8.2% in 2017	EPS before special items €0.7 in 2018 €0.9 in 2017
EPS €0.4 in 2018 0.8€ in 2017	Net cash from operating activities €123.6m in 2018 €73.5m in 2017	Capital expenditures €75.1m in 2018 €68.2m in 2017
Net debt €108.0m in 2018 €236.2m in 2017	Goodwill €173.0m in 2018 €167.8m in 2017	Equity €198.8m in 2018 €197.3m in 2017

See more details on performance in Chapter 3 "Overview of the financial year".

1.2 A brief history and recent structural change

1969	Jean-Claude Labrune founds Cegedim (CEntre de GEstion, de Documentation, d'Informatique et de Marketing) to provide IT solutions for the healthcare sector.
1972	Creation of the first computerized database of doctors.
1979	Launch of the CRM division in France.
1990	International expansion begins.
1991	Launch of the first electronic data interchange platform.
1994	Launch of computerization solutions for doctors in France, for promotional efforts aimed at doctors and pharmacists, and for HR management.
1995	IPO on the Paris Stock Exchange's Secondary Market. Cegedim is currently listed on Euronext Paris, Compartment B.
1997	Launch of the Claude Bernard Database (French acronym BCB), the first computerized drugs database.
1999	Computerization of health insurance and mutual health insurance companies.
2007	Acquisition of Dendrite International, Cegedim becomes the world leader in pharma industry CRM.
2015	Sale of CRM and Strategic Data division to IQVIA (IMS Health Inc.).
2015-2018	First phase of the business model transformation: Strategic repositioning by moving our offering on SaaS and developing Cloud, Digital and BPO offering.
2018-2020	Second phase of the business model transformation: Maintain steady sustainable profitable growth momentum.

Events in 2018 are presented in Chapter 4, Consolidated Financial Statements Annexes, Note 18.

1.2.1 Investments

Investments policy

Investments mostly concern external growth and, to a lesser extent, internal growth, with a particular focus on developing the doctor and pharmacist businesses internationally and expanding the range of services offered. Cegedim Group's external growth strategy is to expand in services for healthcare professionals. The main driver of international expansion is a desire to support its customers in their markets. The Company regularly looks into acquisition opportunities that are consistent with this strategy. It does not actively and methodically search for targets. However, it does constantly monitor potential targets in-house so it can seize the best opportunities when they arise.

By and large, if it is acquiring a business with a revenue of under €10 million Cegedim uses its own funds. For larger transactions, however, it examines the need for debt financing on a case-by-case basis. The lenders (banks and bondholders) must approve transactions worth over €50 million.

Other growth operations (launch of new businesses, operations in a new country, etc.) are self-financed. Transaction prices and financial terms and conditions are protected by non-disclosure agreements. All earnouts were recorded (see Chapter 4).

Investments made in the past three years

In € million	**Price** excluding earnouts	**Earnouts**	**Total price** of acquisitions
2016	21.4	3.8	25.2
2017	2.4	1.1	3.5
2018	7.2	0.0	7.2

Key investments in:

2016
€21.4m

November 2016: Acquisition by Cegedim of Futuramedia Group in France. This deal increases the range of digital products offered by its subsidiary RNP, which specializes in DOOH advertising for pharmacies in France.

In 2015, Futuramedia Group generated revenue of around €5.4 million. It began contributing to the Group's consolidation scope from January 1, 2017.

2017
€2.4m

February 2017: Acquisition by Alliadis Europe Ltd of B.B.M. Systems in the UK. The deal strengthens the Group's expertise in cloud-based products for general practitioners. B.B.M. Systems generated revenue of €0.7 million in 2016 and earned a profit. It began contribute to the Group's consolidation scope from March 1, 2017.

May 2017: Acquisition of UK-based Adaptive Apps through its subsidiary In Practice Systems Ltd (INPS). Adaptive Apps generated 2016 revenue of around €1.5 million and earned a profit. It began contributing to the Group's consolidation scope in May 2017.

2018
€7.2m

March 2018: Acquisition by Cegedim SRH of the French company Rue de la Paye. The deal will enable the Group to market digital payroll solutions to 2 million SMEs and small businesses in France, including – importantly – thousands of healthcare professionals that are already Cegedim Group clients. Rue de la Paye's 2017 revenues were equivalent to around 1% of 2017 consolidated Group revenues, and it earned a profit. It began contributing to the Group's consolidation scope in April 2018.

Between December 31, 2018, and the date of publication of this Registration Document	**January 2019:** Acquisition by Cegedim of the German company XimantiX. Building on its presence in the digitalization market in Belgium, France, the United Kingdom, and Morocco, Cegedim now has a solid base for this activity in Germany, Europe's leading economy. By acquiring a German leader positioned on the midmarket segment, Cegedim e-business will be able to develop its offer for SMEs. XimantiX customers will gain access to a wider range of services, thanks to Cegedim's international scope. XimantiX's 2018 revenues came to €2.2 million, and it earned a profit. It began contributing to the Group's consolidation scope in January 2019. **January 2019:** Cegedim acquired BSV Electronic Publishing, the leading provider of invoice digitization solutions to French municipalities and widely respected for its successful Electronic Document Management System (EDMS). BSV's ZeDOC software suite includes electronic document management--a dynamic data capture tool that sets it apart from a conventional EDMS based on document indexing--Optical Character Recognition (OCR) and Automatic Document Recognition (ADR). BSV Electronic Publishing generated revenue of €1.2 million in 2018. It began contributing to the Group's consolidation scope in February 2019. **February 2019**: Cegedim acquired French company RDV Médicaux, an online appointment scheduling site whose close collaboration with hotlines gives it a unique positioning. This deal clearly reaffirms Docavenue's ambition to help healthcare professionals focus on patient care by offering innovative services that are 100% designed to improve the French healthcare system. RDV Médicaux 2018 revenues came to €0.6 million. It began contributing to the Group's consolidation scope in March 2019.
Planned investments	**Planned investments to which management is already firmly committed:** At the date of filing of this Registration Document, no firm undertakings had been made by Cegedim Group.
Equity investment detail	**Direct and indirect equity investments and disposals of equity interests by Cegedim SA:** None **Equity investments made this year that increased our stake to over one- twentieth, tenth, fifth, third, half, or two-thirds of the capital of a company with a registered office in the territory of the French Republic, and takeovers of any such companies (French Commercial Code, Article L. 233-6, para. 1and L.247-1,1):** None **Direct and indirect equity investments and disposals of equity interests by Cegedim SA:** Sale of 100% of Cegelase and 94.51% of Next Software Tunisia (see 1.2.2 Divestments).

1.2.2 Divestments

Disposals in:

2016	The Kadrige activities were sold to IQVIA (IMS Health) on November 9, 2016.
2017	None.
2018 and up to the filing date of this Registration Document	**On January 11, 2018,** Cegedim sold its Tunisian subsidiaries, Next Software and Next Plus (owned by Next Software and a private individual). Both businesses have been outside the scope of consolidation since January 1, 2018. In 2017, they generated revenue of €0.1 million. **On February 28, 2018,** Cegedim announced the definitive sale of the Cegelease and Eurofarmat activities to Franfinance (Société Générale Group) for €57.5 million. The deconsolidation will take place as of March 1, 2018. In 2017, these activities generated revenue of €13.0 million. After this transaction, Cegedim will have a portfolio of businesses that are a good fit for each other and generate strong synergies. No further divestments are planned.

1.3 Group structure

Cegedim SA's place within the Group

Cegedim SA is a subsidiary of FCB, the active holding company of Cegedim Group. It is the only Group company listed. Cegedim is listed on Euronext (since 1995) and does not belong to another group.

Cegedim SA's role is both functional:

- **Information technologies and R&D:** it develops and upgrades most of the IT tools the Group's other departments and subsidiaries use to provide the services they sell.
- **Centralized services:** it handles payroll processing, employee management, billing, accounting, and monthly reporting. It does so in a manner consistent with the security, insurance, and confidentiality principles applied in IT facilities management. The centralized services activity also handles tax, legal, labor, accounting, organization, audit, insurance, procurement, external communication, and copyright issues. Each month, these expenses are assigned to the Group's subsidiaries using a specific allocation formula for each family of services.

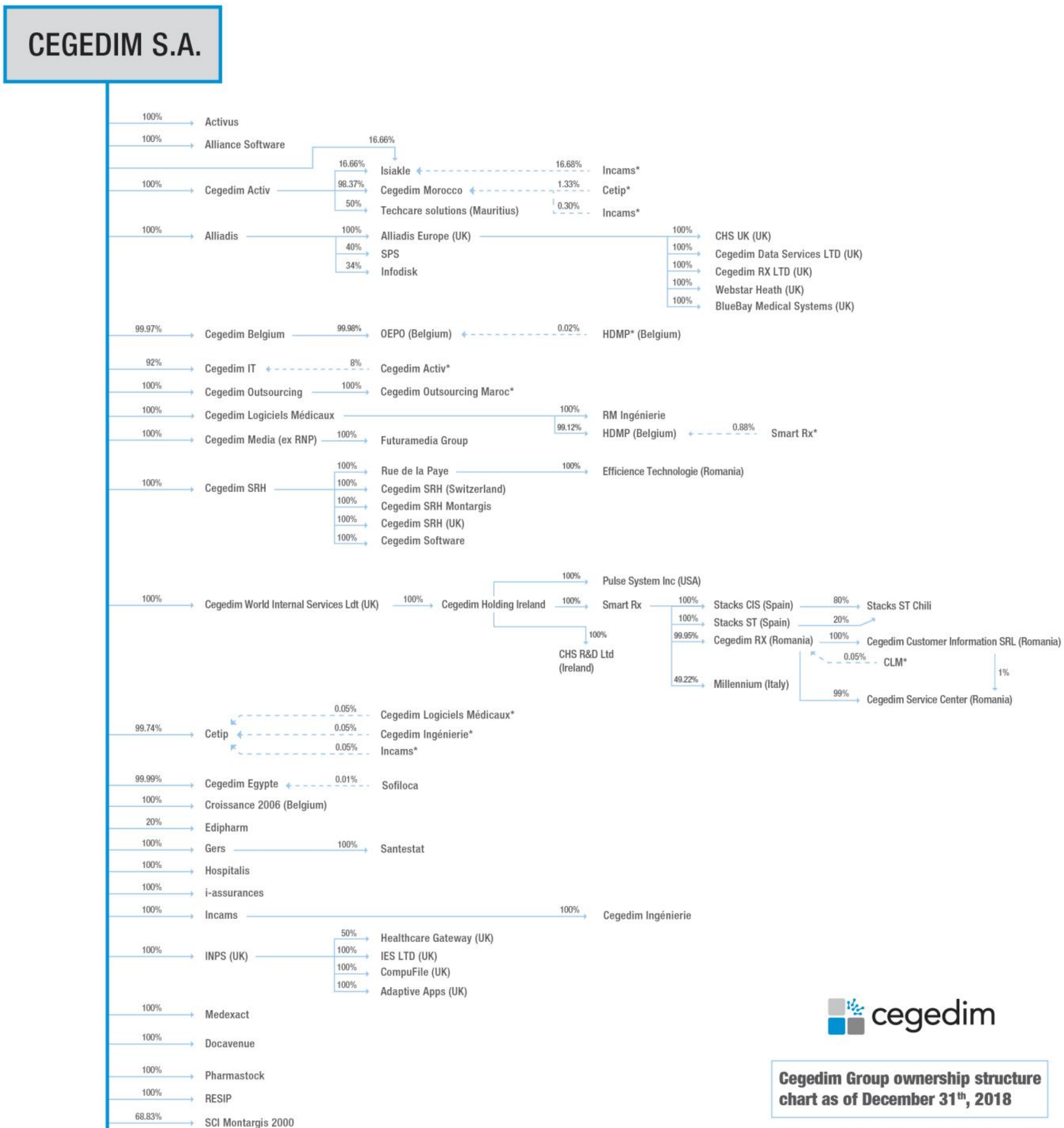
and operational with its following departments:

- **Cegedim e-business** : A paperless solutions specialist since 1989, Cegedim e-business designs, develops, and markets invoice digitization, probative value storage offers, and EDI. This business unit develops and markets the following products and services: SY by Cegedim, Hospitalis, SY Pharma, Diagdirect, and Qualitrans-Télépharma.
- **Cegedim.cloud** has extensive expertise in managed services for pharmaceutical companies, insurers and healthcare networks (e.g. Electronic Health Record (EHR) tests, etc.), and in the management of financial flows and paperless documents. Due to their strategic and sensitive nature, these activities have led the Group's teams to devise architectures with very high availability that meet the security requirements of its customers and, above all, comply with the standards governing the hosting of medical records.

List of Cegedim Subsidiaries

The Group's subsidiaries, their country of origin, and the Group's equity stake are listed in Chapter 4, Section 4.6, Note 2 of the notes to the consolidated financial statements. More detailed information on the activities of the Group's main subsidiaries is provided in Section 1.4. The Group's legal ownership structure is shown on the next page.

Group ownership structure

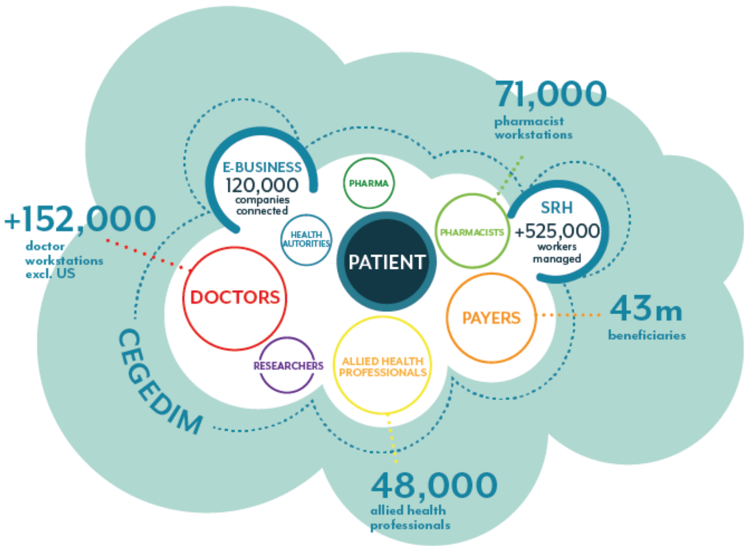


Cegedim Group ownership structure chart as of December 31th, 2018

* Entity connected to Cegedim Group and included here for greater clarity

N.B.: If the country is not designated in the company name or in brackets, then the company is French.

1.4 Activities

About Cegedim	Cegedim: data, digital, and network technology experts. Cegedim is specialized in healthcare sector and B2B digital data flow management, and in business software for healthcare and insurance professionals. The Group is also active in human resources management and digitization services for all types of industries. Cegedim generated revenue of €467.7 million in 2018 and has over 4,500 employees in more than 11 countries.
Cegedim ecosystem	
Cegedim's business group	Cegedim's businesses are grouped into divisions based on the type of customer and the service offered: - Health insurance, HR and e-services, - Healthcare professionals, - Corporate and others.

Cegedim's business group description

HEALTH INSURANCE, HR & E-SERVICES

CEGEDIM INSURANCE SOLUTIONS
- **IT for Healthcare Insurance**
  Cegedim Activ
  Activus
- **Flow, electronic payment & Management services**
  Cetip

HR
- **Outsourced Payroll & Human Resources**
  Cegedim SRH
  Rue de la Paye

DIGITAL
- **e-promotion**
  MedExact
- **Digital Healthcare displays in Pharmacies**
  Cegedim-MEDIA
  Futuramedia

CEGEDIM E-BUSINESS
- **Digitalization**
  SY by Cegedim
  SY Pharma
  Hospitalis
  Qualitrans-Telepharma

CEGEDIM HEALTH DATA
- **Data**
  THIN
- **Sales statistics for healthcare products**
  GERS Data
  Cegedim Customer Information

OTHER SERVICES
- **Healthcare critical applications and data hosting**
  Cegedim.cloud
- **Integration & services**
  Cegedim Outsourcing
  Cegedim Service Center

HEALTHCARE PROFESSIONALS

CEGEDIM HEALTHCARE SOFTWARE
- **Software for pharmacists**
  Smart Rx
  Cegedim Rx (UK)
  Cegedim Rx (Romania)
- **Software for doctors**
  Cegedim Logiciels Médicaux
  INPS
  HDMP
  Millennium
  Stacks
  Pulse Systems
- **Telemedicine and appointments booking**
  Docavenue
- **Software for allied health professionals**
  RM Ingénierie
- **Medication database**
  RESIP (BCB)

CORPORATE & OTHERS

- **Corporate Support**
- **Medical sample management**
  Pharmastock

Health insurance, HR and e-services business group activities

This business group comprises the following activities:	- Cegedim Insurance Solutions; - HR; - Digital; - Cegedim e-business; - Cegedim Health Data; - And other services.

CEGEDIM INSURANCE SOLUTIONS

IT for healthcare insurance

Cegedim Activ - France

More than 43 million beneficiaries in France are managed with its solutions, making Cegedim Activ the leader[(1)] in individual health insurance software and services (supplemental health plans, mandatory health plans, and personal protection plans). software and services dedicated to personal insurance (supplemental health plans, mandatory health plans, and personal protection). It designs and sells products to all kinds of market operators: insurance companies, mutuals, provident institutions, and intermediaries.

Cegedim Activ uses its expertise in personal insurance to work closely with its customers, helping them create innovative offers and optimize profitability. In this regard, Cegedim Activ has a unique combination of know-how: experienced employees, access to the latest technologies, and an offer that includes consulting, system integration, IT facilities management, and healthcare data flow management services.

Activus – International division

The acquisition of Activus, one of the UK's leading[(2)] health and personal protection insurance software publishers, allowed Cegedim Insurance Solutions to offer services to non-French speaking IPMI[(3)] markets (Europe, United States, Middle East, Africa, and Asia-Pacific), and large global health insurance providers operating in several countries

This company is the international division of Cegedim Insurance Solutions.

(1) *According to our in-house estimates, Cegedim Activ's customers managed more than 43 million beneficiaries in 2018 and 2017, making it the market leader.*
(2) *Activus is one of the UK's leading players in terms of the number of policyholders managed with its solutions, according to our in-house estimates.*
(3) *IPMI: International Private Medical Insurance.*

Payment flows, direct billing, and outsourced management services

Cetip - France

In 2018, Cetip consolidated its position as leader[(4)] in third party payments management through its brands SP Santé and iSanté. It is currently processing over 198 million third-party healthcare payer invoices for 22 million beneficiaries and paying out over 3.2 billion benefits per year.

Under its iGestion brand, Cetip offers outsourced management services in supplemental health and personal protection insurance to insurance companies, provident institutions, mutuals, and intermediaries. 850,000 beneficiaries are managed with its services.

(4) *According to in-house estimates, the Cetip handled more than 198 million of third-party payment flows in 2018, thus establishing the company as market leader (as in 2017, with 190 million).*

HR

Outsourced payroll and HR management

Cegedim SRH - France and Switzerland

Cegedim SRH offers Human Resources departments TEAMS[RH], a complete, modular HRIS platform via SaaS. It covers a wide range of functions: payroll, personnel administration, time management, HR indicator monitoring, career and skills management, HR analytics, and HR process and document digitization.

This innovative solution can be coupled with partial processing or full business process outsourcing (BPO) services, provided either locally (in Boulogne, Nantes, Lyon, Toulouse, Vichy, and Montargis) or offshore via the Cegedim Service Center (Romania). Clients can start off with a limited range of functions and add to its list of outsourced services over time (BPO on Demand).

In 2018, Cegedim SRH opened an office in Toulouse to cater to the growing local market.

Cegedim SRH assists more than 250 clients, including national and international businesses in every sector of the economy and ranging from mid-market companies to large corporate accounts, and generates 525,000 pay slips a month.

Rue de la Paye - France

In 2018, Cegedim SRH acquired Rue de la Paye, a company specialized in outsourced payroll for small firms. With this deal, Cegedim SRH is now a key player in outsourced payroll and HR solutions, with products and services that suit every type of company—very small businesses, SMEs, intermediate-sized companies and very large corporations—and consolidates its position with certified public accountants.

DIGITAL

Digital out of home (DOOH) advertising in pharmacies

Cegedim-MEDIA (C-Media) - France

C-Media is a leader[5] in communications in pharmacies and health and wellness shops, and offers brands sold in pharmacies 360° solutions to create an innovative shopping experience.

C-Media takes a unique approach to point-of-sale media based on:

- An assessment of each point of sale’s media potential;
- Quality execution thanks to a network of more than 130 sales reps;
- Objective measurement of campaign effectiveness;
- An integrated production studio;
- A skilled team that offers customers advice and support during the design and production of merchandising, print, and digital campaigns;
- A 4,500m² production site that makes and dispatches printed materials, and includes large-format digital printing and cutting.

Futuramedia - France

Futuramedia is a Cegedim Group company specialized in DOOH solutions for health and beauty retailers since 2004. It develops digital display solutions for both consortiums and independents in the health (pharmacies, health & wellness stores, doctors, opticians, etc.) and beauty sectors (perfume shops, hair-dressers, cosmetics retailers, etc.).

Futuramedia offers turnkey solutions that include:

- Renting hardware and software: screens, mounts, wiring, furniture, players, and programming software subscriptions;
- Installing devices: project management, technical pre-visits, device installation, procurement management, online release, and testing;
- Maintenance and after-sales service: onsite maintenance, hardware after-sales service, content licenses, hosting and servers, hotline.

(5) According to in-house estimates, C-MEDIA is leader in communications in pharmacies and health and wellness shops in terms of number of pharmacies covered by its display network (in 2018 and in 2017).

e-promotion	**MedExact – France** MedExact offers doctors, pharmacists, and allied health professionals equipped with Cegedim software a variety of digital marketing tools.

CEGEDIM E-BUSINESS

Digitalization

A paperless solutions specialist since 1989, Cegedim e-business designs, develops, and markets invoice digitization, probative value storage offers, and EDI. This business unit develops and markets the following products and services: SY by Cegedim, Hospitalis, SY Pharma, Diagdirect, and Qualitrans-Télépharma.

This business started with the Edipharm system for pharmacies, wholesale distributors, and laboratories, but quickly expanded beyond the healthcare market and developed rapidly in all business sectors.

With its **SY by Cegedim** offering, Cegedim e-business helps companies with their digital transformation with a collaborative solution for the digitization of business, accounting, financial, and communication data flows, for both companies and their business partners. The solution is structured around the following modules:

SY Flow: digitization of contract-to-pay process - France

SY Flow offers a full range of services for the digitization of all administrative documents and all stages of the contract-to-pay process from a single portal.

Cegedim e-business has also developed specific FLOW applications for the health sector:

- **Hospitalis**: an information and data exchange portal that private and public healthcare institutions and their suppliers can use to digitize all supply chain flows and invoices.
- **Diagdirect**: an order and invoice digitization portal for the in-vitro dignostics industry. Diagdirect is an Economic Interest Group (EIG) comprising 24 leading in-vitro diagnostic companies and three inventory management software publishers.

SYGN

SYGN is an electronic signature solution that helps companies streamline their business transactions and improve teamwork between their departments.

SY Data

SY Data allows companies to track and control their business in real time with dynamic dashboards, and use their data to improve performance.

SY Pharma

SY Pharma is a health-sector distance selling service which helps pharmaceutical companies grow their direct sales through two channels:

- Telesales, with teams of pharmacy customer service reps based at two call centers in France,
- An online ordering solution integrated into pharmacy management software.

Qualitrans-Telepharma

Qualitrans-Telepharma centralizes electronic claims submitted by pharmacies and sends them to the appropriate mandatory and supplemental health insurers.

CEGEDIM HEALTH DATA

Data and Sales statistics for healthcare products

Cegedim Health Data is a trusted partner for real world patient data(6), real world evidence and advanced analytics in Europe that improve patient outcomes.

Cegedim Health Data develops innovative solutions and uses its expertise in data management to drive up the standards in the industry. Its proprietary data is used for healthcare research and analysis by leading healthcare authorities, academics, pharmaceutical companies, and research organizations around the world.
More than 600 scientific publications are based on THIN (The Health Improvement Network) database.

This business is based in Belgium, France, Romania, Spain, United Kingdom and shortly in Germany and Italy.

GERS Data – France

For more than 40 years, GERS Data, French entity of the data business, has offered data and analyses for the healthcare market from a single data collection system. The offer cover the different healthcare professionals and the distribution channel for general practitioners and hospitals. The products range (Purchases, Sales & real world patient data(6)), the geographic accuracy in France to the point of sale as well as modern visualization solutions meet the needs of the players in the self-medication drugs, food supplements, medical and dermo-cosmetic devices.
The reliability and accuracy of its data have made GERS Data highly recommended and referenced with the health authorities and unions.

Cegedim Customer Information - Romania

Cegedim Customer Information, Romania entity of the data business, supplies sales data, real world patient data(6) and analytics of pharmaceutical products in that country through a broad line of products and services based on pharmacies, physicians and hospitals' data.

Cegedim Health Data – United-Kingdom

Cegedim Health Data UK supplies real world patient data(6) extracted from the pharmacist's and physicians' software, advanced analytics to the all-healthcare stakeholders.

(6) Real world patient data fully anonymized compliant with the law.

OTHER SERVICES

Critical applications and health data hosting

Cegedim.cloud - France

Cegedim has extensive experience in managed services and hosting for healthcare professionals, pharmaceutical companies, insurers, and supplemental health insurers. It is also a specialist in the management of financial flows and digitized documents.

To handle these strategic and sensitive activities, the Group's teams have developed specific expertise and technical infrastructures that meet some of the highest security standards and have obtained several certifications (ISO27001, ISAE3402, French Health Data Hosting certification).

Cegedim offers a complete range of cloud hosting services under the Cegedim.cloud trademark. They meet the performance, safety, and accessibility standards required to run critical applications and process sensitive data.

Integration and services

Cegedim Outsourcing - France and Morocco

IT infrastructure and Business Process Outsourcing (BPO) specialist Cegedim Outsourcing serves businesses of all sizes through its two divisions:

- the "IT Services" division provides: high value-added technology integration solutions (centralized user management solutions, hyperconvergence, unified collaboration); outsourcing and managed services (management of all or part of the infrastructure, Tier 2 and Tier 3 user support); and IT assistance. The customers include well-known companies such as IVANTI, SentinelOne, Nutanix, VMWare, Citrix, and Microsoft.
- The "BPO-Customer Relations" division offers digitization, contact center, and back office services. With its partner VOCALCOM, Cegedim Outsourcing delivers an omnichannel offer that combines state-of-the-art technology, integration, and high-security hosting services.

Cegedim Service Center - Romania

Created in 2017, Cegedim Service Center supplements the services offered by Cegedim Group's subsidiaries with a high value-added nearshore service for BPO & customer relationship management:

- Back-office data processing;
- Payroll management and administrative tasks;
- HR technology consulting;
- An advice hotline;
- A technical support helpdesk

Healthcare professionals business group activities

This business group comprises the following activities:	- Software for pharmacists (Smart Rx in France, Cegedim Rx in UK and Romania); - Software for doctors (CLM in France, INPS/Vision in UK, HDMP in Belgium, Millennium in Italy, Stacks in Spain, and Pulse in the US); - Telemedicine and appointments booking solutions (Docavenue in France); - Software for allied health professionals (RM Ingénierie in France); - Drug databases (Resip/ BCB Database in France).

Software for pharmacists

Smart Rx – France

Smart Rx, Cegedim's French pharmacy software business has over 30 years' expertise in pharmacy IT solutions. It develops and markets comprehensive and integrated software solutions, and supplies appropriate computer hardware.

Smart Rx delivers cutting-edge technological innovations, and meets its customers' professional needs with scalable, high value-added solutions.

The new challenges created by business and regulatory models like the shared medical file (Dossier Medical Partagé), the medication review, patient adherence monitoring, serialization, generic substitution goals, telemedicine, ... are just some of the reasons why IT tools will evolve in the short or medium term.

Cegedim Rx - United Kingdom

Cegedim Rx continues to be the leading(7) supplier of Pharmacy software solutions and computer services in the United Kingdom, with 38% of the pharmacy market which incorporates in excess of 14,400 pharmacies across England, Scotland, Wales & Northern Ireland. Its product line includes Nexphase and Pharmacy Manager Patient Medication Record systems, which process over 690 million electronic prescriptions every year.

Cegedim Rx is also a leading(8) supplier of cloud-based systems to support the claims administration and performance management of locally commissioned patient services in community pharmacy and optometry in the United Kingdom. Three solutions are provided through its Healthi IT platforms: Healthi-Services and Healthi-ServicePact for pharmacy services and Healthi- OptoManager for optometry services.

Cegedim Rx offers products and solutions for computer hardware, distribution and engineering, secure networks, support and training for users, and the sale of consumables.

Cegedim Rx - Romania

Cegedim Rx develops and provides software solutions and related services for healthcare professionals in Romania. It is the country's leading(9) software provider for pharmacies, pharmacy chains and individual practices.

(7) *According to our in-house estimates, Cegedim Rx equipped over 38% of the UK's 14,400 pharmacies in 2018, and is therefore the market leader—it was the leader in 2017, with 39% of the market, then estimated at 14,500 pharmacies.*
(8) *Following the integration of Webstar.*
(9) *According to in-house estimates, Cegedim Rx Romania equipped more than 37% of the country's pharmacists in 2018, and is therefore the market leader—it was in 2017, with a market share of 35%.*

Software for doctors

Cegedim Logiciels Médicaux (CLM) - France

CLM offers solutions for doctors, hospital practitioners, health clinics, multidisciplinary health centers and communities of regional healthcare professionals (Communautés Professionnelles Territoriales de Santé, or CPTS).

- **software for private practitioners (GPs and specialists):** MLM (monLogicielMedical.com), Crossway and MediClick enable easy, efficient management of patient records, appointments and billing, and have all the certifications required by the Convention Médicale (French national agreement between practitioners and the national social security system);
- **software for multidisciplinary health centers and CPTS:** MLM and Crossway, which obtained the Asip Santé MCS e-health accreditation, offers healthcare professionals working together in the same establishment (doctors, allied health professionals, and pharmacists) management, information sharing, and communication tools suited to this type of working arrangement;
- **software for health clinics:** Crossway and MLM, which are both Asip Santé MCS e-health V2 certified, coupled with a direct billing management solution, offer health clinics an efficient medical, administrative, and dental management solution;
- **software for hospital practitioners:** MLM FSE, an online solution accredited by SESAM-Vitale, the French healthcare smart card system, offers private practitioners under contract with public hospitals a simple claims form management system that is easy to implement.

CLM also offers a remote consultation solution for local communities to help combat the problem of medical deserts.

INPS - United Kingdom

INPS is in the latter stages of its technology redevelopment, aimed at increasing its market share and establishing itself as the leading provider of interoperable Applications (APPs) to the “Primary Care” sector in the United Kingdom with its latest Vision Anywhere Products.

In the United Kingdom there are national IT programmes, driven separately by the National Health Service (NHS) in each of the four countries (England, Scotland, Wales, and Northern Ireland) that regulate and require INPS to continually develop and adapt Vision to meet the requirements for interoperability between healthcare professionals and healthcare organisations and that facilitate simpler clinically safe interactions with patients.

The Vision3 and Vision Anywhere clinical application is used by approximately 6,000 primary care doctors working at around 1,150 primary care centres in the United Kingdom.

HDMP - Belgium

HDMP is the second-leading[10] player in the electronic patient record market for general practitioners in Belgium with Health One. It is also very active in out-of-hours care, prevention centers, and nursing homes, with more than 3,100 customers.

Millennium - Italy

Millennium, 49% owned by *Cegedim*, is Italy’s leading[11] medical software publisher, with *Millewin* installed on about 18,300 customers. Millennium continues to strengthen its regional presence also by the other publisher Mediatec (subsidiary at 40%) focused on General Practitioners. *Millennium* now directly or indirectly equips more than 23,000 physicians, with almost 50% of the market share with Italian General Practitioners.

(10) According to our in-house estimates, HDMP was Belgium’s second-leading player in 2018 in terms of the number of customers—maintaining its 2017 ranking

(11) According to our in-house estimates, Millennium equipped more than 18,000 doctors’ workstations in Italy in 2018, and is therefore the market leader (as in 2017).

Software for doctors

Stacks - Spain and Chile

Stacks analyses, designs, and develops information systems for the healthcare sector. It is Spain's leading[12] doctor software publisher with more than 30,000 users.

Stacks also offers healthcare professionals consulting and technical services (it identifies, adapts, and integrates solutions). This involves working with specialized firms on complex technological transformation projects.

Its products are designed for:

- hospitals,
- primary care centers,
- insurance companies,
- multidisciplinary clinics.

Stacks has its own sales network across all of Spain and also operates in Chile, South America.

Pulse Systems - United States

Pulse is a Revenue Cycle Management ("RCM") company with advanced medical billing services and technologies that simplify workflows, in order to deliver better care to patients, and help physicians get paid. In addition to technology-enabled Revenue Cycle Management, Pulse also provides SaaS and mobile solutions for healthcare providers and patients—Electronic Health Records (EHR) management, electronic prescription, practice management, medical bill collection, appointments, and payment.

Over 400 medical practices and 3,500 healthcare providers across the United States use Pulse to optimize their financial and clinical results.

(12) According to our in-house estimates, Stacks is the market leader in 2018 and in 2017 in terms of number of users/regions.

Telemedicine and appointments booking

Docavenue - France

Docavenue's mission is to help healthcare professionals focus on caring for their patients. It offers an online appointment scheduling platform and in November 2018 launched a nationwide remote consultation solution.

The solution incorporates every step of a secure yet easy-to-use remote consultation: online appointment scheduling or on-the-spot remote consultation, secure video link, payment, virtual waiting room, access to patient records, secure prescription transmission, etc.

It is designed for the numerous private practitioners who want to offer this type of consultation to patients for whom they are the treating physician, as allowed under the new regulation, and to patients who have mobility issues or live in a medical desert.

Software for allied health professionals

RM Ingénierie - France

RM Ingénierie products are designed for every sort of allied health professional: nurses, physical therapists, speech therapists, orthoptists, podiatrists, midwives, etc.

RM Ingénierie, has been innovating since 1984, when it designed the first practice management software for physical therapists. Today, the company makes the TwinTab tablet computer, which has two smart card readers. Its Simply Vitale and EKO4000 software use this technology to offer unrivalled mobility solutions.

RM Ingénierie solutions are used by over 48,000 practitioners.

Medication Database	**RESIP / BCB - France** RESIP (Research and Studies in Professional Information Systems) allows healthcare professionals access to the Claude Bernard Database (French acronym BCB), a scientific database to help them prescribe and fulfil prescriptions and medicinal products. The Claude Bernard Database (BCB) is the first medicine database certified by France's health authority, Haute Autorité de Santé (HAS) in 2008. It integrates into the software used by health professionals in pharmacies, medical and allied health practices, and multidisciplinary health centers, and other care facilities (hospitals, clinics, assisted-living senior residences). The general public can also access the Claude Bernard Database (BCB) at healthcare sites and portals as well as on Apple, Android and Windows smartphones and tablets.

Corporate and others business group activities

This business group comprises the following activities:	- Corporate support; - Management of medical samples and promotional material.

Management of medical samples and promotional material	**Pharmastock - France** Pharmastock is a pharmaceutical wholesaler and supplier of healthcare products (drugs, medical devices, skin care products, cosmetics, etc.). Operating in compliance with the public drugs database[13], it offers pharmaceutical and cosmetics companies: - storage (at a controlled temperature of 8°C to 25°C in secure locations), - order preparation (based on the "first expired, first out" or FEFO principle), delivery of medicines (daily deliveries using suitable, certified transporters to pharmaceutical sales representatives, doctors, pharmacies, healthcare institutions, conferences, etc.). Pharmastock also stores and distributes documentation for pharmaceutical companies and carries out various manual tasks (making kits, displays, etc.). Pharmastock's online sales site gives customers direct access to inventories with pre-defined, customized parameters based on their user profiles. *(13) Public Drugs Database or BPDM for Base de Données Publique des Médicaments in French.*

1.5 Major trends by Business Group

Major trends for the Health insurance, HR and e-services Business Group

Major trends in the insurance French market

With an aging population and growing consumption of medical goods, the health market remains strategically important for insurance companies. Several trends are impacting their products:

- the need for productivity gains is driving digitization and automation;
- the share of subsidized supplemental health insurance policies (CMU CS/ACS) is growing, with an alignment of coverage with the ACS and CMU-C programs for low income persons in France, from November 2019;
- the number and type of digitized exchanges between companies and supplemental health insurers (AMC[13]) is growing;
- fierce competition is affecting the group insurance market;
- there is a growing interest in personal protection insurance;
- a market for non-mandatory and affinity-scheme-based group insurance is emerging;
- the group insurance market is growing and should eventually reach 50%;
- there is a gradual transition from "cure" to "care", with emphasis on prevention rather than treatment;
- stakeholders are willing to diversify by offering services;
- there is a more mature approach to big data, which is used to improve risk management and customer knowledge.
- As a result of the French government's "100% Santé" reform ensuring full healthcare coverage for all, starting in 2019, and with a second phase in 2020, the market will gradually be segmented into:
  - "Classe A" products and services for optical care, with capped prices and full reimbursement at no extra charge to the patient,
  - "Classe B" products and services, with "uncapped" supplemental reimbursement, but which could lead to an increase in the cost of claims.

Insurers are redesigning their products (targets, coverage and management fees) and adding new services (personal care, prevention, childcare, etc.).

The outsourced management market is benefiting from insurers' desire to control management costs and focus on their product offering.

In 2018, while there were few regulatory changes, the sector saw:

- Mergers and alliances which resulted in the creation of major diversified insurance groups active in both life and health, and property and casualty,
- The phase out of France's health insurance schemes for the self-employed and students;
- The implementation of Europe's General Data Protection Regulation (GDPR);
- The implementation of the Insurance Distribution Directive (IDD);
- Growth opportunities created by the opening to competition of the borrower insurance market,
- The reimbursement by France's national health insurance scheme of remote consultations since September 2018,
- An increase in the share of individual compensation earned by private practitioners,
- The implementation of the contractual agreement with dispensary pharmacists, highlighting their role as the patient's "first resort".

Major trends in the insurance international market

In 2018, 90% of healthcare executives interviewed by Accenture for their "Digital Health Technology Vision 2018" report[14] embraced the view that "it is critical to adopt a platform-based business model and engage in ecosystems with digital platforms", with 84% believing that "AI will revolutionize the way they will gain information from and interact with customers".

These trends were further underlined by Insurance Europe in its "Annual Report 2017-18"[15], where the European Re(Insurance) Federation stated that "digitization is starting to transform insurance, changing business models and the relationship with consumers as a result of, for example, mobile devices and apps, block chain, artificial intelligence, and big data analytics.

Tomorrow's top-performing insurers, agents, and brokers will be the ones who have embraced the opportunities offered by new technologies to improve customer experience of insurance, from the products on offer through to distribution, claims management, and customer services.

(14) Source: https://www.accenture.com/t20180625T060849Z__w__/us-en/_acnmedia/PDF-78/Accenture-digital-health-tech-vision-2018.pdf
(15) Source: https://www.insuranceeurope.eu/sites/default/files/attachments/WEB_Annual%20Report%202017-2018.pdf

Major trend in the French payroll and outsourcing market

Markess analysts have identified six key trends in corporate HR digital strategies for 2020[16]: HR process automation, HR data protection, cloud computing, putting HR data to work, creating the employee experience, and employee engagement.

In France, HR departments find it increasingly complex to comply with a growing number of regulatory changes (the merger of AGIRC-ARRCO supplementary pension plans, further reductions in employers' social contributions, overtime exemptions, etc.). This is one of the reasons why TEAMS[RH] is so successful - the standard version of this solution incorporates all these changes, allowing payroll/HR teams to focus on their core tasks.

According to a satisfaction survey conducted between February 1 and 15, 2019, 76% of our customers in France are either satisfied or very satisfied with the way the switch to the withholding tax system on January 1, 2019, was handled.

78% of HR decision-makers consider analytics an important or priority issue. Cegedim SRH's innovative business intelligence solutions use HR data to meet all these expectations (workforce-related indicators, monitoring health in the workplace, gender equality index, etc.).

Today, employees are the focus of HR digital strategies. In the same way customer experience has developed, 70% of the HR decision-makers surveyed in 2018 plan to deploy innovative services on their portals by 2020, and 43% plan to design and develop the employee experience.

To help HR departments fulfil these objectives, Cegedim SRH is developing and releasing tools and services that meet employees' new expectations so the HR departments can assist employees throughout their careers, from their recruitment to their departure from the company.

(16) Source: Markess 2017-2019.

Major trends in the French electronic data processing market

According to a May 2018 study by the Cap Gemini Digital Transformation Institute, process digitization and improving the customer experience are priorities for respectively 47% and 46% of the companies surveyed.

The electronic data processing market continues to expand rapidly, driven by a major shift towards outsourced invoice processing, by the growing need for rapid productivity gains, and by support from the French and European public authorities.

Since January 1, 2017, large groups in France are required to use electronic invoicing for public sector contracts (decree dated June 26, 2014). Cegedim e-business contributed significantly to this historic moment by connecting many customers to the new CHORUS PRO platform. Other companies in France will also all have to meet this requirement by 2020—first intermediate firms, then small and medium-sized ones, and finally very small enterprises.

The study also found that the market currently seems to prefer a multi-process approach, with one single solution that enables the digitization of all types of business processes.

Major trends in the French pharmaceutical market

According to the GERS data that serves as a reference[17] in this respect, the total pharmaceutical market decreased by 0.2% in 2018. Medications sold in pharmacies, the largest market segment in volume and revenue, grew by +2.5% (manufacturer price without VAT). The growth of the global hospital market is slowing down (+5.0% in list price).

The revenue for reimbursable drugs, which represents 90% of the pharmacy market, is growing by +3.2%. This high evolution is linked to the transfer of several pharmaceutical products from the hospital to the pharmacy market, such as medications prescribed in oncology and to treat hepatitis C. Their contribution on the market trend is estimated at 2.6 points. The generics market represents €3.5 billion for a volume of 916 million boxes. The penetration rate was 82%. In hospitals, the strong decrease of the turnover is linked to the changes of distribution for several pharmaceutical products, to important price reduction for medications in the list "en sus" and to the arrival in the market of the biosimilar products.

(17) According to the framework agreement between LEEM (Association of French pharmaceutical companies) and CEPS (French health products economic committee).

Major market trends in health data hosting

The regulations and certification procedures for health data hosting (HDS) have changed. The new format proposed by the French Health Ministry's Delegation for the Strategy on Health Information Systems (DSSIS) and the French government's digital health agency, ASIP Santé, now consists of two separate certificates: a "Physical Infrastructure Host" certificate and a "Data Management Host" certificate.

This new certification model, based on international standards like ISO, makes it easier for international cloud providers—notably GAFAM companies—to enter the critical data hosting market.

Major trends for the Healthcare professionals Business Group

Major trends in the computerization of pharmacists in the UK market

The United Kingdom Pharmacy market, in which Cegedim Rx operates, is currently experiencing a reduction in dispensing funding from the NHS in England. In balance, additional funding is available to encourage Pharmacies in England to offer a greater range of enhanced clinical services to patients. Funding reductions in the Scottish, Welsh and Northern Irish markets have had less of an impact and the markets have remained stable throughout 2018, across the United Kingdom as a whole there were approximately 100 Pharmacy site closures in 2018.

It's is anticipated that future years will see a similar low level of closures of marginal sites and some consolidation as new dispensing mechanisms such as centralized hub & spoke dispensing and direct home delivery become more established. Patients will have a greater choice in selecting when and where to receive their healthcare and collect their prescriptions.

NHS England's long term plan was unveiled in early January 2019 and for Community Pharmacy the plan indicates a clear intention to make greater use of the nation's 66,000 community pharmacists' skills to create opportunities to engage with patients by providing services for to check and monitor their health through tests for high blood pressure and other high-risk conditions.

Major trends in the computerization of pharmacists in the French market

All French pharmacies are now computerized, and the market for pharmacist software is therefore a replacement market. The growing need for efficiency in pharmacies has triggered major changes and offers attractive growth prospects.

Pharmacies face financial challenges in today's increasingly regulated and competitive market, and seek to improve the efficiency of their daily operations. They need more advanced IT solutions to help them monitor and manage the business, optimize procurement and improve point-of-sale marketing.

At the same time, networks are being created in the pharmacy market, thus giving them greater clout. This strategy creates specific new needs with higher added value.

IT solutions for pharmacists must therefore provide ever more efficient and relevant statistics, allow pharmacies to interconnect without hindering health data integrity, and offer concrete solutions for point-of-sale marketing. IT tools will evolve as a result of all these factors over the short and long term.

Major trends in the computerization of doctors in the UK market

INPS operates in the United Kingdom Primary Care General Practitioner (GP) market in England, Scotland, Wales and Northern Ireland and is now the only GP software provider accredited and active in all four countries.

GPs in the UK

Number of doctors	Registered with the GMC[18]	%
GPs	95,442	36%
Spécialistss	109,808	42%
In Training	57,448	22%
TOTAL	**262,698**	**100%**

Source General Medical Council – February 2019.

In the UK, GPs work in medical practices that on average have 5 full-time GPs plus other allied healthcare professionals and support staff. GPs usually work as part of large multidisciplinary teams (MDTs) who all support the holistic care of any patient and these teams can include nurses, midwives, health visitors, pharmacists, physician associates, psychiatrists and care of the elderly specialists. Every medical practice has to use an accredited software solution to support the clinical consultation and the wider aspects of patient management.

Whilst the UK population annual growth is less than 1% per annum, an ageing patient population is placing significantly higher demands on healthcare at a time where many practices are merging into 'super practices' the largest of which have patient list sizes in excess of 350,000. With these mergers, and closures due to retirements, GP practice numbers are reducing at a rate of around 350 per annum.

The National Health Service (NHS) for each country runs a program of constant improvements with new requirements that suppliers must to adhere to, that drive innovation and an evolution towards a paper-free inter-connected, interoperable ecosystem of suppliers supporting improvements the provision of patient care and outcomes.

In England, the NHS agency accountable for this program is NHS Digital who are responsible for regulating the relationships with the GP Systems suppliers through a contractual framework agreement known as GPSoC. This agreement allows GPs to choose an accredited clinical system developed by any of the core suppliers to the program, and encourages innovation to be introduced into the market. The GPSoC framework[20] agreement which came into force in 2014 has been extended to run until December 2019. Consultation and negotiations commenced in 2018 to determine the contractual arrangements for the new £450M GP IT Futures Framework Contract that is aimed to break the duopoly[21] that exists in England today, with an outcome expected to be announced in the Summer of 2019.

In Wales, the NHS Wales Informatics Service (NWIS) regulates the relationships with the GP Systems suppliers, the agreement for Wales entered renegotiation in 2017 and in 2018 INPS have been selected as one of only two suppliers for Wales[22] for the next 5 Years.

In Scotland, the NHS National Services Scotland (NSS) regulates the relationships with the principal GP Systems suppliers, the agreement for Scotland[23] entered renegotiation in 2017 and in 2019 INPS have been selected as one of three suppliers for Scotland for the next 5 Years.

A similar arrangement exists in Northern Ireland where INPS is one of two suppliers.

(18) *GMC: https://data.gmc-uk.org/gmcdata/home/#/reports/The%20Register/Stats/report*
(19) *GPSoc: https://digital.nhs.uk/services/gp-systems-of-choice*
(20) *GP IT Futures: https://digital.nhs.uk/services/future-gp-it-systems-and-services*
(21) *Duopoly in England: https://publictechnology.net/articles/news/new-%C2%A3450m-framework-will-break-gp-it-systems-duopoly-hancock-claims*
(22) *Wales contract press Announcement: http://www.wales.nhs.uk/news/47441*
(23) *Scotland Contract Press Announcement: https://nhsnss.org/blog-news/articles/contracts-awarded-for-new-gp-it-systems*

Major trends in the computerization of doctors in the French market

Most French medical practices are computerized—almost 90% according to Cegedim's estimates. However, until now, IT tools were mostly used to manage patient electronic claims forms. The medical sector's 2012 national agreement, or Convention Médicale, increased the level of IT equipment in doctors' offices. The 2016 agreement promoted even greater use and—together with an incentive to modernize and computerize the practice (the "forfait structure") and a pay-for-performance program (ROSP)—encourages digitized exchanges with the national health authorities and using protocols to monitor patients with complex conditions.

This means doctors can hardly avoid managing patient records electronically (diagnoses, prescriptions, pathologies, allergies, family history, medical test results, etc.). And a new requirement has been added: medical records coding, which is vital for information sharing, particularly as the use of shared medical records spreads.

The incentive doctors receive depends on the software's certification levels and usage. Several indicators determine whether the objectives are met. For example, doctors must use prescription support software (LAP) certified by the French health authorities (HAS) and an accredited drug database. The software market is therefore beginning to tighten. Indeed, Cegedim Logiciels Médicaux has seen its growth driven by these new regulations, with 80% of its sales involving data recovery from competitors' software.

The fact that doctors and paramedics are tending increasingly to work together in multidisciplinary health centers (Maisons de santé), particularly in the French provinces, is another major source of growth for Cegedim Logiciels Médicaux. Its MSP solution is proving increasingly popular with this new multi-professional working method—over 446 Maisons de santé are already equipped—but more importantly, market penetration is accelerating. Building on the trend towards joint management of patient care, the communities of regional healthcare professionals (Communautes Professionnelles Territoriales de Santé, or CPTS) called for in the French governement's "MaSanté 2022" healthcare system reform, will also give CLM new opportunities to market digital equipment.

In hospitals, the development of contracts with private practitioners also represents a source of new growth for software publishers that have historically focused on non-hospital practitioners.

Access to care is a growing problem in France. More than 3 million people in France live more than 45 minutes away from the most common specialist physicians. The number of medical professionals is declining, the population is ageing, and numerous chronic diseases require treatment. **As a result, medicine is evolving**, and the French State is encouraging the changes. As of September 15, 2018, remote consultations are reimbursed by the national health system in accordance with the patient care coordination and referral system (Parcours de Soins Coordonnés). The State is also offering subsidies to help buy equipment for doctors who want to join the telemedicine revolution.

In general, **doctors appear to welcome this new development**. Even so, as with the spread of any new practice, there are still some obstacles to overcome, chiefly fears that the technology will be dehumanizing or will hurt the quality of diagnoses.

Number of healthcare professionals in France

Doctors	Practicing regularly[1]	GPs[1]	GPs in private practice [1]	GPs using electronic claims transmission[2]	Specialists using electronic claims transmission[2]
	198,081	87,801	110,279	54,719	54,367
Pharmacists	**Practicing[3]**	**Registered pharmacists[3]**	**Assistant pharmacists[3]**	**Number of pharmacies[3]**	**Using electronic claims transmission[2]**
	74,043	26,558	23,585	21,192	21,841
Physical therapists	**Practicing[4]**	**Independent practices[4]**	**Group practices[4]**	**Private practice or mixed (salaried/private)[4]**	**Using electronic claims transmission[2]**
	86,459	39,337	29,065	69,006	65,359
Nurses	**Practicing[4]**	**Independent practices[4]**	**Group practices[4]**	**Private practice or mixed (salaried/private)[4]**	**Using electronic claims transmission[2]**
	660,611	65,800	40,647	116,800	87,874

(1) French National Order of Physicians – Atlas of medical demography in France – situation at January 1st, 2018.
(2) GIE SESAM-Vitale, February 2019.
(3) Statistics from the French National Order of Pharmacists at January 1, 2018.
(4) French Ministry of Health's Department of Research, Studies, Evaluation and Statistics (DREES), data from 2016.

Major trends in the computerization of doctors in the United States market

Ambulatory PM / EHR market in the USA will rise to $6 billion by 2023[24], growing at a CAGR of 5.9%. The market includes practice management, patient management, e-prescribing, and clinical decision support solutions (does not include revenue cycle management services). Market is segmented by practice size (large, small-to-medium, and solo practices). Small-to-medium sized practice segment estimated to register the highest growth rate. Ambulatory PM / EHR market is divided into cloud-based and on-premise solutions. Cloud-based solutions account for the largest share of the market, and are faster growing than on-premise solutions.

Revenue Cycle Management addresses all the administrative and clinical functions that contribute to the capture, management, and collection of patient service revenue. Technologies and services are used to manage and track patient care episodes from registration and appointment scheduling to the final payment of a balance.

Evidence shows that government reforms play a critical role in the increased adoption of RCM systems. For example, the Affordable Care Act is focused toward expanding health insurance coverage to individuals with low income, improving the quality of healthcare services, and reducing healthcare costs. The expanding insurance coverage is expected to increase the number of reimbursements, as well as denials that are required to be managed through RCM. Therefore, the demand for systems that can efficiently manage reimbursement processes is expected to increase. In addition, the Health Information Technology for Economic and Clinical Health (HITECH) Act in the U.S. promotes the adoption of certified EHR systems[25].

The U.S. RCM market was valued at $10.98 billion USD in 2017 and is expected to grow at a compound annual growth rate of 11.2% between 2018 and 2025, reaching $25.63 billion USD by 2025 - a 142% increase in spend over a seven-year period. Physicians are projected to continue spending on both platforms and modular RCM solutions, including shared-service solutions to improve profitability and regulatory compliance.

(24) Source P&S Market Research: https://www.psmarketresearch.com/market-analysis/ehr-market.
(25) Source: Grand View Research, U.S. Revenue Cycle Management Market Analysis and Segment Forecasts to 2025.

1.6 Main competitors

No global competitor

There is currently no global competitor operating in all the countries covered by Cegedim. Therefore, the analysis has been broken down by market and by country.

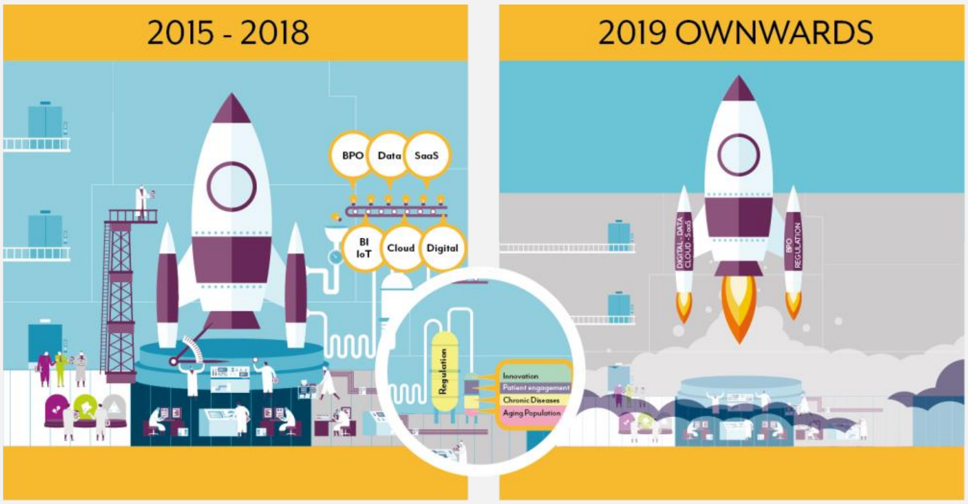
Strong leadership

Sources

Cegedim Activ's customers managed more than 43 million beneficiaries in 2018 and 2017 according to our in-house estimates, which makes it the market leader.
According to our in-house estimates **GERS**, with more than 1,000 markets monitored monthly for 160 laboratories in 2018 is a leader in France (as in 2017 with 800 markets monitored for190 companies).
C-MEDIA is the French benchmark for POS advertising in terms of number of pharmacies covered by its display network (in 2018 and in 2017), according to our in-houses estimates.
Smart Rx and Pharmagest are the two main players in terms of the number of claim forms handled (source: GIE SESAM-Vitale, December 2018).
Cegedim Logiciel Médicaux is one of the leading publishers of software for healthcare professionals in terms of the number of workstations equipped in 2018 (and in 2017), according to our in-house estimates.
RMI boasts the highest number of claims forms sent by physical therapists, speech therapists, podiatrists, orthoptists, and midwives (source: GIE SESAM-Vitale, data at December 2018).
According to our in-house estimates, **INPS** is one of the largest suppliers with a market share of around 15% in 2018 (and in 2017).
Cegedim Rx's had a market share of 38% in 2018 (37% in 2017), according to our in-house estimates.
Millennium and its subsidiaries hold more than 50% of the market in 2018 and 2017, according to our in-house estimates.
Stacks is the market leader in 2018 and 2017, according to our in-house estimates.

1.7 Strategy

Transform to strengthen our competitive advantages. A two-step process

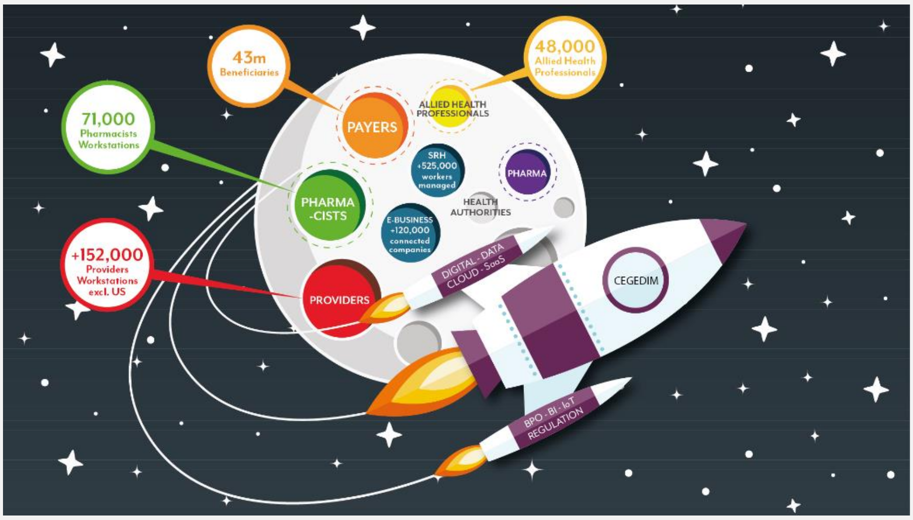


Lay the foundation

An agile company with a fresh business model: SaaS, Cloud, Digital, BI, IoT and BPO

Accelerate and grow

Maintaining steady, sustainable, profitable growth momentum.



1.8 Research & development

Research and development at the Cegedim SA level

Cegedim SA houses the Group development teams assigned to projects that use the Group's shared IT infrastructure. Development projects completed in FY2018 were capitalized in the parent company financial statements at €4.3 million, all projects combined. This capitalization was recorded in the balance sheet, as all the conditions set forth by the French national accounting standards (Plan Comptable Général) were met.

The Company continued and stepped up the development of its GIS offering, a SaaS platform that digitizes and manages of all types of documents—paper, structured files, images—and processes.

Aside from these specific developments, Cegedim handles daily application maintenance for all the Group's joint offers based on a budget that is relatively comparable each year.

Research and development at the Cegedim Group level

Research costs are expensed in the financial year during which they are incurred.

Development costs for new in-house projects are capitalized if the following criteria are fully met in accordance with IAS 38:

- the project is clearly identified and the related costs are separable and tracked reliably;
- the technical feasibility of the project has been demonstrated, and the Group has the intention and the financial capacity to complete the project and use or sell the products resulting from the project;
- the project being developed will generate probable future economic benefits for the Group.

Otherwise, the development costs are expensed in the financial year in which they are incurred.

Once in use, a project whose development is complete is transferred to the balance sheet, under the relevant asset category (generally software), and amortization is based on its estimated useful life.

Development costs capitalized in the consolidated accounts in 2017 totaled €44.6 million.

The main projects are:

- Significant upgrading of Activ'Infinite in order to reduce the management costs of its insurance customers, as well as a back-office solution in full SaaS mode;
- Products and services for US and UK doctors;
- The development of the GIS software and other dematerialization services that will be presented in the future under one and the same commercial offer called SY;
- The development of additional modules for Cegedim SRH;
- The continued and accelerated development of products and services for pharmacists and doctors in France.

Cegedim SA houses the Group development teams assigned to projects that use the Group's shared IT infrastructure. Some regional R&D centers and subsidiaries also have their own teams, and their research and development activities are coordinated exclusively by the head office.

Projects coordinated by the Group concerned the following divisions:

- Health Insurance, HR and e-services, €23.2 million;
- Healthcare Professionals, €19.9 million;
- Corporate and others, €1.4 million.

These specific development efforts are supplemented with investment in software and hardware. Dedicated IT teams perform daily application maintenance for all the solutions marketed by the Group's different subsidiaries (costs are expensed for the year).

In all, Cegedim Group devotes about 12.5% of its annual revenue to research and development, though this figure is not an objective in itself.

1.9 Innovations in 2018

In the Health insurance, HR and e-services business group

Innovations for the activity of computerization of health insurers and mutuals	**In 2018, Cegedim Activ made structural changes to its software suites.** The Activ'Infinite suite's overall management costs were reduced and new features were introduced. The new 8.0 version marks an important step towards the private sector, since it includes the option to use the PostgreSQL database. The solution's features have been enriched with new modules. They include Easy Collectif, which operates natively on DSN exchanges, and is designed to manage group insurance policies. Klesia, a key player in the French social protection sector, will be implementing it very soon to manage its personal protection and health insurance contracts. Cegedim Activ is responding to changing consumer behavior and has developed MyDigitSale, a full digital subscription platform for collective and individual insurance policies. This responsive design solution allows users to select policies, subscribe and pay online. It uses a secure payment device, electronic signatures, and files the documents in a virtual lockbox. **Actisure, the international solution,** continues to be expanded and enhanced to suit the needs of the global healthcare market. In addition, the feature-enriched "IDHP" international healthcare platform has attracted market interest and been implemented at two insurers active worldwide. Actisure has been well received in Australia, which is now ready to initiate its digital transformation and update its existing software portfolio. In May 2018, Actisure won the XCelent "Breadth of Functionality" and "Customer Base" awards attributed in Celent's Healthcare Policy Administration System ('PAS') 2018 Report. Celent thoroughly evaluated 28 vendors, at the end of which Cegedim Insurance Solutions' health insurance management system Actisure not only retained its 2015 "Breadth of Functionality" XCelent award, but also obtained the "Customer Base" award, which covers every continent.
Innovations in the activity of flow, direct billing and management services	**In 2018, CETIP developed "HospiPartner", a new service for 4,000 registered healthcare establishments.** This portal allows them to instantly enter hospital patient claims in digital format. Offered to our customers as a white label service, it lets them respond to healthcare establishments in real time, in the same way they respond to optical claims. **In 2018, CETIP also continued its efforts to deploy a service to help insurers anticipate fraud in the optical segment.** The aim is to avoid unjustified payments and remove opticians with questionable practices from the iSanté registered health service provider network, in compliance with CNIL Authorization 39 eligibility criteria and GDPR. The agreements with opticians were reviewed for that purpose and to make it easier to terminate agreements with opticians with questionable practices. The anti-fraud service is supported by a specialized team, data scientists, and a big data system to centralize both claims and invoicing. To streamline third-party payments to hospitals, CETIP has continued to develop solutions for the ROC project (Reimbursement of Supplementary Insurance Organizations).

Innovations in the activity of outsourced management

This service is attracting a growing number of insurers.

In 2018, iGestion's ISAE 3402 Type II certification was expanded to all its business activities. This certification was obtained for both production sites (Marseille and Vélizy). The ISAE 3402 standard assures our customers that we have an internal control procedure and is reviewed annually by an independent auditor.

In 2018, Cegedim Insurance Solutions obtained three ISAE 3402 Type II certifications: for Cegedim Activ, for CETIP's outsourced management activities, and for CETIP's third-party payment activities.

Innovations in the activity of outsourced payroll and HR

Digitization of HR processes is a top priority for HR departments. There are many complex issues at stake. They include enhancing the quality of service for managers and employees, simplifying and securing exchanges, increasing the efficiency of low value-added tasks, boosting the employer brand, and enhancing the employee experience.

Cegedim SRH's 2019-2020 Road Map responds to HR sector requirements and trends by introducing new features and tools. In 2018, its must-have mobile app complements the desk version of the portal and allows employees to carry out daily workplace administrative tasks quickly and easily. For example, they can set and confirm holiday dates, enter and manage expense claims, consult agendas and the company directory, request a certificate, etc.

As well as traditional reporting tools, Cegedim SRH offers TEAMS BI, a turnkey solution for top managers, HR Officers, CFOs and management control. It features essential employee management tools in simple, intuitive dashboard formats that require no special development or configuration.

To complement its HR employee management tool, and building on its traditional business, Cegedim SRH has created SmartCare, an innovative workplace health and wellbeing tool. SmartCare offers a pioneering approach to synergizing HR and health data, and provides HR departments with a map of the illnesses that can affect employees and their related costs. It also helps establish whether they are more common at a particular location, in a specific employee category or age-group, etc.

Cegedim also offers another brand-new social benchmarking feature which provides HR and financial departments with all the HR benchmarking and performance indicators of peer companies that are similar in size, sector, and structure. This data helps companies take strategic decisions about recruitment, wage policy, workplace wellbeing, etc.

Innovations in the activity of digital displays

C-MEDIA's innovation in 2018 focused on four key areas:

- Continuously improving its digital networks: upgrading equipment and adding new, more impactful screens.
- New partnerships with pharmacy consortiums.
- New solutions for pharmaceutical companies: phygital information about pharmacist teams, shelf-space tracking, etc.
- New digital out-of-home (DOOH) advertising network for selective perfumes, in partnership with Marionnaud, a leader in fragrance and cosmetic distribution.

In 2018, Futuramedia -which has already installed 11,000 indoor and outdoor digital screens and 100 digital merchandising devices (digital screens for endcaps) in pharmacies in France - launched two new merchandising systems: Arche Digitale, a modular POS shelving system with integrated displays; and screens for counters. Futuramedia's catalog of digital solutions now also includes a new app called Clip Santé which allows pharmacists to manage the content of their digital screens. Futuramedia is planning to launch a host of new digital devices: POS digital signage for counters, double-screen cash tills, facial recognition, digitized waiting line management, and even self-diagnosis digital terminals.

In 2018, Medexact launched PAP (Programme d'Aide à la Pratique, or practice assistance program), a program for doctors and pharmacists that improves observation, shortens diagnosis, and helps patient screening and referral. Medexact has also set up new partnerships with Fréquence Médicale, a medical WebTV. This includes sponsorship of Fréquence Médicale WebTV shows and newsletters, and full sponsorship of its website by area of medical specialty.

Innovations in the activity of paperless exchanges

The highlight of this year was the creation of the new SY portal.

SY is short for "simplify" and promises ease-of-use and simplification.

To create this solution, Cegedim has distilled 30 years of experience into a single platform that allows companies to digitize all their business processes using just one application instead of several, as was the case until now:

- Every stage of the contract-to-pay process (contract signing, order and workflow management, invoicing, accounting reconciliation, etc.)
- Internal processes (signatures, workflow, etc.)

2018 also saw Cegedim roll out digitization and electronic signature solutions for all types of documents in compliance with the European eIDAS regulation. Its CG-PASS solution, which has been successfully used by pharmaceutical companies for several years, was deployed in the real estate sector to optimize the administrative management of the property sales/rental/management cycle, as well as in quite a few other B2B and B2C sectors.

CG-PASS was also adapted and deployed, in collaboration with Cegedim SRH, for the signing of HR documents as part of the digitization of on-boarding[26] processes (employment contracts, amendments, etc.).

The Arkevia Santé solution, which offers a secure document archiving solution for healthcare professionals, has also experienced significant growth, particularly with pharmacies that now digitalize their document exchanges with partners (suppliers, consortiums, consultant pharmacists, etc.).

Finally, many direct debit issuers migrated to MA€A, the solution for the management of SEPA mandates and associated payment flows.

(26) On-boarding: integration of new employees

Innovations in the data activity

The European database THIN (The Health Improvement Network) is enriched with health data from Belgium, Romania and Spain.

Cegedim Health Data enlarges his range of products and services in the European affiliates.

Innovations in the activity of health data hosting

In 2018, Cegedim.cloud, a key European cloud hosting player, enriched its "Cloud Storage & Backup" offer with a new object storage service that allows users to manage very large volumes of data at less cost.

Cegedim.cloud continues to innovate and has also reinforced its position as a key player in modern cloud hosting services with the launch of its "container" offering. This solution, which uses the open-source engine Kubernetes (or K8s), meets two key digital transformation challenges: easy application deployment and secure storage of critical data.

With the launch of this new offer, cegedim.cloud provides its customers with another managed tool that complements its "cloud computing" offering. It can now design and deploy rapidly evolving applications in a flexible cloud infrastructure suitable for both the Agile methodology and the DevOps culture.

In the Healthcare professionals business group

Innovations in the activity of computerization of doctors in the United Kingdom	**In 2017, INPS embarked on a major redevelopment program to transform its entire Vision product suite into a series of modern interoperable Apps known collectively as Vision Anywhere**, which will establish INPS as the most technologically advanced supplier in the market with a best in class user experience that is perfectly aligned to the NHS's vision for the future of healthcare technology. The redevelopment has continued throughout 2018 and will continue into 2019 to meet the requirements of the new framework agreements in England, Wales and Scotland and Wales. The new mobile versions of its core Vision software, are being used by more than 400 GP practices across the UK. It is designed to operate on all major tablets and smart phones freeing up the constraints of working solely in consultation rooms. The latest version includes multi-practice capabilities for use within in GP federations and Shared Care settings which Allows patients in a locality to book appointments with a GP in the evening or at the weekend into the GP practice that is operating extended opening hours even if it is not the patients' normal registered practice. For England, a significant development commenced in mid-2017 to replace READ Codes with SNOMED CT which is a structured clinical vocabulary embedded in clinical systems. This development was completed and accredited ahead of our competitors and went live in April 2018.
Innovations in the activity of computerization of pharmacists in the United Kingdom	**In 2018, Cegedim Rx continues to deploy the government's Electronic Prescriptions scheme** in England which now has nearly 99.7% of all pharmacies using the system. Development continues on the governments 'drive to deliver more clinical services through pharmacies' with the use and adoption of a clinical portal called *Healthi Services* that delivers a secure cloud based platform for the recording and management of such services. During 2018 Cegedim Rx progressed the development of a new dispensing solution Healthi Dispenser which is progressing through the clinical accreditation process with NHS Digital in England. Healthi Dispenser will be launched in England in the first half of 2019 and will offer significant improvements in dispensing efficiency and clinical safety through a modern application design that has been built with electronic prescribing at its foundations. Cegedim Rx has continued its expansion and diversification in the primary care optometry services market working in partnership with LOCSU[27] in England. In this market, the scope of services has been extended to include administration of payments to optical practices on behalf of commissioners using a developed application integrated with HealthiOptoManager. The legacy Webstar OptoManager and ServicePact products have undergone redevelopments to migrate both solutions to the Healthi platform that has been built using the Cegedim groups DataFlow technology. During 2018 both solutions were rebranded as Healthi-OptoManager and Healthi-ServicePact and migrations from legacy to new will complete during 2019. *(27) LOCSU: Local Optometry Community Support Unit.*
Innovations in the activity of computerization of doctors in Spain and Chile	**In 2018, the most relevant projects in which Stacks has been involved are:** - a technological upgrade for the solution used by Mapfre insurance group's dental clinics (400 users and 32,000 doctors); - a technological upgrade for the primary care solution (GPs) in the region of Asturias for its entire population of over 1 million people; - a patient portal for the insurance group AXA, with features including secure video consultations; - first references with dataflow framework in Spain (for the Buchinger Wilhelmi clinics) and in Chile (for Codeco).

Innovations in the activity of computerization of doctors in Romania	Cegedim has launched innovative new modules for its pharmacy consortium software to help manage prices, margins, and inventory, with smart algorithms that automatically order goods from suppliers. These tools will let pharmacies tailor their inventories and prices to current demand, region by region.
Innovations in the activity of computerization of doctors in the United States	**In 2018, Pulse continued to invest in R&D for its cloud platforms and services. It also developed partnerships with third-party service providers to strengthen its position in the US market.** Pulse notably invested in the following practice management and Revenue Cycle Management automation projects: ICD-10 updates; continued improvement of EDI and payment gateway services, of interoperability, and of HL7 Interfaces; security updates to safeguard messaging, reporting and analyses; online services; and the launch of new digital services (fax, patient commitment, and outstanding payment). Pulse Complete EHR obtained the ONC HIT's complete EHR certification a few years ago and continues to satisfy the criteria defined by the US Secretary of Health and Human Services. It also launched PulseCloud, a cloud-based practice management and EHR solution. Pulse developed successful strategic partnerships with best-in-class providers such as MedAdvantage for certification services, InteliChart for patient portals, TSYS for payment transactions, Medicomp Systems for its clinical knowledge engine, which is used in Pulse Note, and Change Healthcare for its advanced billing, collection and RCM technologies. Pulse also invested in new cloud infrastructure and a new data center in North America.
Innovations in the activity of computerization of pharmacists in France	**In 2018, Smart Rx continued to invest in modernizing its innovative software solution to keep up with clients' changing expectations**. The three main areas of focus are: - **Modernizing its pharmacy management software**, notably by integrating the shared medical records (DMP) into the software, as seen from a pharmacist standpoint, and adding numerous functional improvements. Technological updates have made it possible to include a new cloud-based purchasing management solution that speeds up prescription fulfilment at the pharmacy and streamlines inventory management. - **Several changes to the pharmacy statistical tool**, notably the addition of reports to monitor the pharmacy's financial performance. - **Lastly, features have been added to the new Smart Rx Groupement solution** -which has incisive decision-making tools designed specifically for pharmacy consortiums-for example, a powerful business intelligence solution and a tool to manage and administer the portfolio of equipment within a pharmacy network.

Innovations in the activity of computerization of doctors in France	**In line with the digitization projects implemented by the French National Health System, Cegedim Logiciels Médicaux** offers integrated, user-friendly access to online services. For example, sick leave declarations, GP registration, patient rights, etc. The same is true of the shared medical record or MS Santé secure messaging, with one key additional novelty: data coding using European standards (for the Volet de Synthèse Médicale annual patient summary, results of tests on biological samples, etc.) to ensure interoperability. Cegedim Logiciels Médicaux is also the first software publisher to create a QR-coded electronic prescription securely transmitted from the doctor to the pharmacist as part of the French government's current e-prescription PEM2D project. The ePrescription pilot project will continue in 2019, and CLM will also take part in a test program involving the eCarte Vitale, an electronic version of the French healthcare smart card system. **Because the Docavenue medical appointment scheduling solution is interoperable** with CLM's software for doctors, users can manage appointments online and send text message reminders, for example, and everything is synced and open to new value added services designed to improve the doctor-patient relationship. Cegedim Logiciels Médicaux is also positioning itself in the "Territoires de Soins Numériques" (TSN) e-health programs for some French territories (the Paris region and the Indian Ocean French overseas territories). It offers a web-based solution and information-sharing gateways that facilitate the patient's e-healthcare treatment. **Similarly, in partnership with Visiomed**, CLM offers efficient solutions for the use of connected objects (smart stethoscopes, otoscopes, oximeters, and glucometers) which integrate measurements directly into the patient records, via Bluetooth, in the practice or from the patient's home. Finally, tele-consulting in local clinics, where patients receive care from a nurse, is the latest innovation offered as part of efforts to combat the scarcity of medical care in rural areas.
Innovation in the activity of telemedicine and appointments booking	In November 2018, after assessing the needs and expectations of around 100 doctors, **Docavenue launched its remote consultation solution nationwide**. The offering drew on Cegedim's expertise in medical practice digitalization to design a solution that fits seamlessly into practices' activities. Docavenue also launched an assisted remote consultation solution for pharmacies, nursing homes and post-acute care and rehab facilities to appeal to new doctors and strengthen its presence as a major player in this segment. After forming a strategic partnership in October 2018 with RDV Médicaux, an online appointment scheduling platform with a unique positioning thanks to its close collaboration with hotlines, Docavenue went on to acquire the company in February 2019. The acquisition confirms Docavenue's growth ambitions and will allow it to offer a one-stop service to help improve patient monitoring, including scheduling, remote consultation, and remote secretary services. Docavenue now has 10,000 practitioners connected to online calendars and 500 remote consultation physicians. Furthermore, to help healthcare professionals adopt these new telemedicine practices, the start-up has begun a massive campaign to recruit more than 100 employees.
Innovations in the activity of computerization of allied health professionals	**In 2018, RM Ingénierie continues to develop innovative new services for its clients.** After creating Médisécu, a secure inbox for sending electronic claims forms, and the MaComptaLibérale online accounting software for private practitioners, this year RM Ingénierie is launching Medisauv. Medisauv automatically backs up medical practice data on an HDS-certified server.
Innovations in the activity of medication database in France & Europe	**RESIP now has an offer for the pharmaceutical industry.** The BCB database adds innovative assistance for therapeutic strategy and compliance. RESIP is also continuing to develop the Claude Bernard Database (BCB) internationally: after the United Kingdom, where the database is called "Gesmscript" and Romania and Belgium in September 2018, Belgium is being finalized.

2018

02 Governance

2.1 Corporate governance of Cegedim

In accordance with Article L.225-37 of the French Commercial Code, as amended by Executive Order No. 2017-1162 dated July 12, 2017, this section constitutes an integral part of the Corporate Governance report reviewed by the Board of Directors at its meeting on March 27, 2019.

Since April 23, 2002, the Company's Board of Directors has opted for a system of governance which combines the roles of Chairman of the Board and Chief Executive Officer, with Jean-Claude Labrune serving in both positions.

The Board considers this the most suitable system of governance for Cegedim, for two reasons. On the one hand, Jean-Claude Labrune has all the skills, expertise, and other qualities needed to ably and efficiently lead the Group's management team, as witnessed by the Group's performance in recent years. And on the other hand, the Group's organization lends itself particularly well to this system of governance.

The Chairman of the Board also controls Cegedim's largest shareholder and acts in that capacity when, like any actively engaged lead shareholder, he helps define the strategic priorities that are in the Group's best interest.

One of the Group's unusual features is its particularly decentralized organization. This management approach has proven successful in businesses where decisions are best made locally. As a result, the Group has many subsidiaries (more than 60), all of which operate autonomously.

Operational and investment decisions are taken by the relevant authorized bodies in each entity, in full compliance with the Group's internal control system. This system includes arrangements to supervise and control the commitments made by these entities at different levels. Significant commitments are handled by the Group's senior management or, when required by the internal regulations, by the Board itself. As well as its accounting and financial responsibilities, the Board examines and approves transactions involving strategic issues or exceeding a certain threshold. Senior management reviews these transactions before submitting them to the Board.

Consequently, Cegedim's senior management and Board of Directors play similar roles when it comes to operational and strategic management, as both are called upon to decide on the operations that the business units submit to them. Combining the roles of Chairman of the Board and Chief Executive Officer therefore makes sense. Furthermore, the Board believes that this system of governance, which has the added advantage of presenting a coherent face to third parties at the Group's highest level, is still particularly effective.

At its meeting of March 22, 2010, the Board of Directors adopted new bylaws. They notably govern the Board's composition, aims, and responsibilities, as well as how it functions.

On February 13, 2018, Bpifrance sold 12% of Cegedim's shares on the market. As part of the transaction, the shareholders' agreement dated October 28, 2009, between Jean-Claude Labrune, FCB (family holding company controlled by Jean-Claude Labrune), and Bpifrance was terminated. Accordingly, Anne-Sophie Hérelle and Marie Artaud-Dewitte officially resigned at the March 20, 2018, Board meeting. Similarly, the rule whereby important Board decisions requiring a qualified 6/10 majority vote must include at least one Director representing Bpifrance Participations, is no longer in force. At the annual general meeting on August 31, 2018, shareholders appointed Ms. Béatrice Saunier to a six-year term as an independent director. Her term will expire following the AGM held to approve the financial statements for the year 2023.

The Board of Directors is supported in its duties by the Audit Committee, the Nomination Committee, the Compensation Committee, and the Strategy Committee. The composition, functions, and activities of these committees are described in detail in Section 1.1.7 of this chapter.

The Group is currently adopting the Middlenext Governance Code.

Administrative, management and supervisory bodies	The Board of Directors is a collegial body. Members are collectively responsible for its decisions and must keep all deliberations confidential. The Board of Directors may have a maximum of 18 members. Each member serves a six-year term.
Composition of the Board of Directors	As of this Registration Document's publication date, the Board of Directors has nine members, including two independent directors, i.e. 22%. A director is independent if he or she has no direct or indirect relationship of any kind (other than that of insignificant shareholder) with the corporation, its group or its management that could interfere with his or her freedom of judgement (definition used in the AFEP/MEDEF Code). The Nomination Committee regularly reviews the situations of Board members throughout their term of office and any changes that may compromise their status as an independent director. For a description of conflicts of interest pertaining to the administrative and management bodies and independence criteria, see Section 1.1.6 of this chapter. The Board of Directors has three female members (33%) as of this Registration Document's publication date. Before Anne-Sophie Hérelle and Marie Artaud-Dewitte resigned at the Board meeting of March 20, 2018, women represented 40% of directors. The Board will remedy this situation within the legal timeframe. Jean-Claude Labrune is Aude Labrune's and Laurent Labrune's father. The business address provided for the directors is the Company's registered office: c/o Cegedim, 129-137 Rue d'Aguesseau, 92100 Boulogne Billancourt, France.

Offices and experience

Jean-Claude Labrune

Date of first appointment

December 1, 1969

Term of office end date

AGM 2022

Offices and positions held in any company as of December 31, 2018

Offices held at French and international Cegedim subsidiaries

- **Chairman of the Board** of Cetip
- **Chairman of SAS** GERS
- **Manager** of Cegedim Média (formerly RNP)
- **Member of the Board** of Cegedim since April 12, 1989
- **Chairman of the Board and CEO** of Cegedim since August 18, 1994

Offices held currently, other than in companies controlled by Cegedim

- **Chairman of the Supervisory Board** of FCB since February 5, 2013
- **Chairman of SAS** Château de la Dauphine since November 26, 2015

Offices held in the past five years, other than in companies controlled by Cegedim

- **Manager** of JCL from November 30, 1994, to December 31, 2014

Experience

Jean-Claude is a graduate of École Nationale Supérieure des Arts et Métiers. During his years as a sales engineer at IBM, he mostly canvassed the pharmaceutical industry. He was a promoter of the professional discussion groups that brought together IT Directors of pharmaceutical companies, such as Cedhys. He founded Cegedim in 1969 to provide solutions to the issues raised by the profession.

Laurent Labrune

Date of first appointment
April 18, 2001

Term of office end date
AGM 2019

Offices and positions held in any company as of December 31, 2018

Offices held at French and international Cegedim subsidiaries

- **Member of the Board** of Cegedim since April 18, 2001
- **Deputy Managing Director** of Cegedim since November 26, 2015
- **Chairman of SAS** Cegedim SRH, Futuramedia and Docavenue
- **Member of the Board** of Cetip
- **Director** of Cegedim SRH (UK) and Millenium (Italy)
- **Chairman** of Pulse Systems Inc (USA)

Offices held currently, other than in companies controlled by Cegedim

- **Member of the Executive Board** of FCB since February 5, 2013
- **Managing Director** at Château de La Dauphine since November 26, 2015

Offices held in the past five years, other than in companies controlled by Cegedim

- None

Experience

Laurent is a graduate of École Nationale Supérieure des Arts et Métiers. In 1995 he joined Cegedim, where he notably coordinated the Group's IT development, before heading up the Cegedim SRH subsidiary and going on to become Executive Chairman of the new entity Cegedim Relationship Management. He has been Deputy Managing Director of Cegedim since November 26, 2015.

Aude Labrune

Date of first appointment
April 27, 2007

Term of office end date
AGM 2019

Offices and positions held in any company as of December 31, 2018

Offices held at French and international Cegedim subsidiaries

- **Member of the Board** of Cegedim since April 27, 2007
- **Member of the Board** of Cetip
- **Manager** of Santestat

Offices held currently, other than in companies controlled by Cegedim

- **Chairman of the Executive Board** of FCB since February 5, 2013
- **Managing Director** of Château de La Dauphine since November 26, 2015 and of SCB since July 13, 2011

Offices held in the past five years, other than in companies controlled by Cegedim

- None

Experience

Aude has a master's degree in business law and a post-graduate degree in international tax law. She joined Cegedim in 1999, before heading up Rosenwald, a Cegedim subsidiary. She served as Executive General Manager in charge of legal affairs for the active holding company FCB and then as Chairman of the Executive Board of FCB.

Gers

Date of first appointment

GIE GERS since March 6, 1995

Nicolas Giraud since April 2018

Term of office end date

AGM 2022

Represented by Nicolas Giraud

Offices and positions held in any company as of December 31, 2018

Offices held at French and international Cegedim subsidiaries[(1)]

- **Representative** of economic interest group GIE GERS on Cegedim's Board of Directors of since April 2018

Offices held currently, other than in companies controlled by Cegedim[(1)]

- **Chairman of the Board** of GIE-GERS
- **Member of the Board of Directors** of l'AFIPA (French Association of the Pharmaceutical Industry for a Responsible self-medication) and of LEEM (Drug Companies)

Offices held in the past five years, other than in companies controlled by Cegedim[(1)]

- **Chairman** of Lundbeck France (up to December 2016)
- **Member of the Board of Directors** of Lundbeck Belgium (up to December 2016)

Experience

The economic interest group GIE GERS is a consortium of pharmaceutical companies operating in France. As such, its representative, Nicolas Giraud has a full understanding of the industry's needs. He pays especially close attention to the type and quality of services offered by Cegedim and actively makes highly knowledgeable suggestions.

(1) Offices held by Nicolas Giraud

Marcel Kahn

Date of first appointment

June 14, 2016

Term of office end date

AGM 2022

Offices and positions held in any company as of December 31, 2018

Offices held at French and international Cegedim subsidiaries

- **Member of the Board of** Cegedim since June 14, 2016

Offices held currently, other than in companies controlled by Cegedim

- **Chairman** of the Financière d'Argenson SAS, of Hubb Real Estate Investment Managers SAS and of Amarante SAS
- **Member of the Board** of Advanced Credit Solutions (ACS)

Offices held in the past five years, other than in companies controlled by Cegedim

- Companies of the MACSF Group until June 2014

Experience

Marcel is a graduate of ESSEC, a chartered accountant and a member of the Institute of French Actuaries. He has more than 30 years' experience in finance and senior management as well as extensive knowledge of the insurance and mutual insurance provider sector.

After a career with AXA, PartnerRe and Scor, he was appointed CEO of MACSF until May 2014. He currently offers consultancy and support services to senior management.

FCB

Date of first appointment

April 12, 1989

Term of office end date

AGM 2022

Represented by Pierre Marucchi

Offices and positions held in any company as of December 31, 2018

Offices held at French and international Cegedim subsidiaries [2]

- **Representative** of FCB on Cegedim SA's Board of Directors of since April 12, 1989
- **Deputy Managing Director** of Cegedim since April 23, 2002
- **Member of the Board** of Cetip and of Rue de la Paye
- **Chairman of SAS:** Cegedim Ingénierie, Incams, RM Ingénierie, Cegedim Software, Cegedim IT and I-Assurances
- **Managing Director** of Cegedim SRH and Futuramedia
- **Manager** of Resip and Cegedim SRH Montargis
- **Chairman** of Croissance 2006 (Belgium), Stacks Consulting E Ingeniera de Software (Spain), Stacks Servicios Technologicos (Spain), and Cegedim SRH Switzerland
- **Managing Director** of Cegedim Belgium andt Stacks Servicios Technologicos (Chili).
- **Member of the Board** of Cegedim Service Center (Romania)
- **Director** of Millenium (Italy), Cegedim SRH (UK), World Internal Services Ltd (UK), Cegedim Healthcare Software R&D (Ireland), Acrossduty Ltd (UK), Pembroke Fitzwilliam Investment (Ireland), Cegedim Data Services (UK), Activus Ltd (UK), Cegedim Holding Ireland Limited (Ireland), and Cegedim Healthcare Services (UK)
- **Legal representative** of Cegedim SA at Cegedim Egypt

Offices held currently, other than in companies controlled by Cegedim[2]

- **Chairman** of MARUCCHI SAS since November 2010 and Laboratoires NYM
- **Vice-President of the Supervisory Board** of FCB since February 5, 2013
- **Manager** of IRIS since 1997
- **Managing Director** of Château de La Dauphine since November 26, 2015.

Offices held in the past five years, other than in companies controlled by Cegedim[2]

- **Chairman** of SAS Chebranmic from June 29, 2007 to June 12, 2015

Experience

Pierre holds degrees from École Nationale Supérieure des Télécommunications (France), Stanford University (USA) and Centre d'Études Supérieures Bancaires. He is also a member of the Institute of French Actuaries. He began his career in 1977 at Crédit Lyonnais, where he held various technical and sales positions. He joined Cegedim Group's senior management team in 1984.

(2) Offices held by Pierre Marucchi

Jean-Pierre Cassan

Date of first appointment

January 8, 2010

Term of office end date

AGM 2022

Offices and positions held in any company as of December 31, 2018

Offices held at French and international Cegedim subsidiaries

- **Member of the Board** of Cegedim since January 8, 2010

Offices held currently, other than in companies controlled by Cegedim

- None

Offices held in the past five years, other than in companies controlled by Cegedim

- **Vice-President** of Inserm-Transfert and of IFIS
- **Member of the Board** of Fondation Cœur et Recherche
- **Manager of Eratos Santé** since May 25, 2004

Experience

Jean-Pierre is an Independent Director and Corresponding Member of the Société Française de Cardiologie, the Honorary Chairman of LEEM (French association of medical companies) and of FEFIS (the French federation of health industries), former Vice-Chairman of the Supervisory Board of Inserm-Transfert, and Chairman of its Strategic Committee, former Board member of Fondation Cœur à Recherche, former Chairman & CEO of Astra France, then of Astra Zeneca France, former Member of the Board of Afssaps, former Vice- President of IFIS (the Health Industries Training Institute), and an honorary member of the CPHG (College of General Hospital Lung Specialists).

Sandrine Debroise

Date of first appointment

June 14, 2016

Term of office end date

AGM 2022

Offices and positions held in any company as of December 31, 2018

Offices held at French and international Cegedim subsidiaries

- **Member of the Board** of Cegedim since June 14, 2016

Offices held currently, other than in companies controlled by Cegedim

- None

Offices held in the past five years, other than in companies controlled by Cegedim

- None

Experience

Sandrine is a chartered accountant and has post-graduate degrees in Accounting and Finance and Corporate Tax from the University of Paris, Dauphine. She began her career at KPMG Audit Paris and joined Cegedim in 1999 as a senior manager in the Finance department. After serving there in a variety of positions, including Group CFO since 2010, she is now CFO of FCB, the family holding company.

Béatrice Saunier Date of first appointment August 31, 2018 Term of office end date AGM 2024	**Offices and positions held in any company as of December 31, 2018** Offices held at French and international Cegedim subsidiaries • **Member of the Board of Cegedim** since August 31, 2018 Offices held currently, other than in companies controlled by Cegedim • None Offices held in the past five years, other than in companies controlled by Cegedim • None **Experience** After graduating from business school, Béatrice earned a post-graduate D.E.A. degree in Foreign Affairs at the University of Paris La Sorbonne. She began her career at M6 as a Licensed Product Manager in 1995, then served as Head of Sport and Acquisitions at Pathesport, where she was also a member of the Executive Committee. After that, she joined Canal+ as Deputy Director in Charge of Sports Rights and Acquisitions. In 2016, she joined IMG. Today she is Director of IMG Media France, responsible for leading and growing IMG´s business development activities in IMG Media across France. She has also overseen rights sales for the IMG Sports Media portfolio, which includes programming from over 200 clients and events.

How the Board of Directors functions

Frequency of meetings	Article 13 of Cegedim SA's bylaws states that the Board of Directors meets as often as the Company's interests dictate. The Board of Directors met five times in 2018.
Deliberations and decisions on Board of Directors	In addition to the legally required deliberations and decisions on the agenda (principally the notice convening the Shareholders' Meeting and the preparation of the annual Management Report), the Board of Directors was mostly called upon to: • Review Board of Directors procedures; • Authorize the implementation of non-recourse factoring; • Approve the financial statements and the budget (approval of 2017 annual consolidated financial statements, 2018 interim consolidated statements, and 2018 provisional statements), and the five-year business plan. The Board was kept informed of the Group's financial position through the Audit Committee reports and the presentations given at each meeting by the Deputy Managing Director; • Award free shares; • Recognize the resignation of two directors (Ms. Herelle and Bpifrance, represented by Ms. Atraud-Dewitte); • Appoint a new director (Ms. Saunier); • Authorize the Group to issue up to €150 million in bonds; • Authorize the Group to implement a revolving credit facility up to €100 million.
Convening of Directors	The Directors were convened by fax and e-mail in compliance with article 13 of Cegedim SA's bylaws. In accordance with article L. 225-238 of the French Commercial Code, the Statutory Auditors were summoned to the Board of Directors' meetings at which the annual and interim financial statements were examined and approved.

Information provided to Directors	All the documents and information required by the Directors to perform their duties were sent to them prior to each Board meeting. The Board of Directors may perform the checks and audits it considers appropriate at any time of the year. For these purposes, each Director may request the documents needed to perform his/her duties from the Chairman of the Board of Directors.
Meeting location	Meetings of the Board of Directors are held at the Company's registered office.
Meeting minutes	Minutes of meetings of the Board of Directors are drawn up at the end of each meeting, sent to the Directors, and approved by them at the next meeting.
Director compensation	The Directors' compensation is provided in the list of Cegedim SA Directors appended to Section 2.2 of this chapter. The Compensation Committee proposes to the Board the elements determining the compensation of the Company's corporate officers. It examines free share allocation policies and any proposed capital increase reserved for employees.
Limitations on the powers of the Chairman & CEO and the Deputy Managing Director	The Board of Directors has not imposed any limitations on the powers of Jean-Claude Labrune, Chairman & CEO, or Pierre Marucchi, Deputy Managing Director, or Laurent Labrune, Deputy Managing Director.
Compliance with the corporate governance system in effect in France	Cegedim complies with all the provisions of French corporate law and the French Commercial Code (Code de commerce) governing the operation and organization of its administrative and management bodies. The Company therefore considers that all the legal provisions offer entirely satisfactory and appropriate guarantees to ensure that control is not exercised in an abusive manner. In 2010, the Group adopted the AFEP-MEDEF Governance Code. Cegedim's governance code has not changed since 2014; see the 2014 Registration Document. The Group is currently adopting the Middlenext Governance Code, which should take effect in 2019.

Table of independence criteria

Director	Not an employee or corporate officer	No cross-directorships	No business relationship	No family ties	Not an auditor or former auditor of the Company	Not a board member for more than 12 years	Not a shareholder with a stake of over 10%	Independent
Jean Claude Labrune					✓			
FCB represented by Pierre Marucchi				✓	✓			
GIE GERS, represented by Nicolas Giraud				✓	✓	✓	✓	
Marcel Khan	✓	✓		✓	✓	✓	✓	
Laurent Labrune					✓	✓		
Aude Labrune					✓	✓		
Sandrine Debroise		✓	✓	✓	✓	✓	✓	
Jean Pierre Cassan	✓	✓	✓	✓	✓	✓	✓	✓
Béatrice Saunier	✓	✓	✓	✓	✓	✓	✓	✓

Conflicts of interest in administrative and management bodies

To the best of the Company's knowledge, there are no conflicts of interest within Cegedim's administrative and management bodies.

Cegedim has commercial relationships with some of its shareholders and/or Directors and their respective groups. In particular, with economic interest group GIE GERS (a consortium of pharmaceutical companies) and Financière d'Argenson, whose chairman, Mr. Marcel Kahn, serves on Cegedim's Board of Directors.

Cegers has been wholly owned by Cegedim since April 16, 2010. All its assets were transferred to Cegedim on January 3, 2011. GIE GERS ceased to be a shareholder in Cegedim on May 11, 2010, but still has a seat on the Board of Directors.

Contracts with GIE GERS and Financière d'Argenson were entered into under normal market conditions and respectively represent revenues of less than 0.21% and 0.01% of the Company's 2018 consolidated revenue from continuing activities. The relationships between Cegedim and the above-mentioned entities do not therefore create any conflicts of interest.

In addition, independent board directors Jean-Pierre Cassan and Béatrice Saunier have no business relationship with Cegedim Group.

Most of the companies belonging to the Cegedim Group rent the buildings they use for their businesses. Cegedim SA rents the entire premises it occupies in Boulogne-Billancourt. Some rent is paid to companies, for example the active holding company FCB and various SCIs (Société Civile Immobilière, French non-trading property companies), whose Board members also sit on Cegedim SA's Board, as indicated in the Statutory Auditors' Special Report provided in Chapter 7, Section 7.2 of this Registration Document. In 2018, the sums involved (rent for premises and car parks) totaled €7.6 million, excluding occupancy expenses. Rents are, and will continue to be, established according to market levels.

Statements relating to corporate governance

During the last five years and to the best of the Company's knowledge:

- No member of the administrative and management bodies has been convicted of fraud;
- No member of the administrative and management bodies has been associated with bankruptcy, receivership or liquidation;
- No indictments and/or official public sanctions have been handed down against these persons by the statutory or regulatory authorities and the designated professional bodies;
- No member of the administrative and management bodies has been prevented by a court from serving as a member of an issuer's administrative, management or supervisory body or from participating in the management and conduct of an issuer's business dealings.

The Board committees

The Board of Directors has four standing committees tasked with improving its functioning and facilitating its decision-making through a prior review of specific subjects in their specialized areas. These committees are:

- The Audit Committee;
- The Nomination Committee;
- The Compensation Committee;
- The Strategy Committee.

Audit Committee composition

Cegedim's Audit Committee comprises four Board members, including one independent Board member. The members of the Audit Committee are: Marcel Kahn, Chairman; Aude Labrune, Pierre Marucchi, and Mr. Jean-Pierre Cassan, the independent member.

In view of their current and/or previous professional responsibilities, which are described in the Registration Document, the four members of the Audit Committee possess, either individually or collectively, accounting, audit and financial expertise, in particular about the Group's sectors of activity.

Cegedim Group's Finance Director, Director of Investments and Statutory Auditors are invited to attend in each meeting of the Audit Committee.

Audit Committee procedures

The Audit Committee assists the Board of Directors in ensuring that the Company's individual financial statements and related information provided are accurate and reliable. It notably:

- Examined the annual and interim financial statements;
- Monitored the preparation process for financial information;
- Reviewed the five-year business plan and Cegedim SA's forecasted statements;
- Reviewed and recommended the Group's debt refinancing;
- Reviewed the Group's financial strategy, especially with regard to factoring;
- Ensured the statutory auditors' compliance with independence and objectivity requirements;
- Understood the application of norms IFRS 15 and 9;
- Reviewed its procedures.

The Audit Committee meets at least twice each year, before the approval of the Company's interim and annual financial statements. The Audit Committee met five times in the past financial year, on March 19, April 24, June 25, September 17, and October 24, 2018.

The Strategy Committee

The Strategy Committee comprises three Directors: Jean- Claude Labrune, Chairman; Laurent Labrune, and Anne- Sophie Hérelle (until her resignation, which was formally accepted at the March 20, 2018, Board meeting). The Chairman of the Board chairs the Strategy Committee.

The Strategy Committee proposes to the Board areas of development for the Company and identifies potential targets.

It usually meets twice a year. In 2018, no meetings of the Strategy Committee were held.

The Nomination Committee

Cegedim's Nomination Committee comprises three Board members, including one independent Board member. The members of the Nomination Committee are: Jean-Claude Labrune, the Chairman; Marcel Kahn, and Jean-Pierre Cassan, the independent member.

The main duties of the Nomination Committee are to examine and submit proposals to the Board of Directors to:

- Select of Board members based on the composition of and changes to Company's shareholding structure;
- Select independent Board members by carrying out its own research into potential candidates before they are approached in any way;
- Design a succession plan for the replacement of executive officers so that proposals can be submitted to the Board of Directors in the event of an unforeseen vacancy.

The Nomination Committee meets at least once a year, before the Board meeting that convenes the Annual General Meeting and approves the meeting agenda.

In 2018 it notably reviewed:

- The resignations of Bpifrance and a director;
- Discussions about replacing a member of the Strategic Committee;
- The appointment of a new director.

The Nomination Committee met twice in the past financial year, on March 20 and June 28, 2018.

The Compensation Committee

The Compensation Committee comprises three Directors. Jean-Pierre Cassan (Independent Director and Chairman), Aude Labrune, and Marcel Kahn.

The Compensation Committee proposes to the Board the elements determining compensation of the Company's corporate officers. It reviews and submits proposals to the Board regarding the compensation of the Company's Board Members, Chairman, CEO, and Deputy Managing Director. It examines free share award policies and any proposed capital increase reserved for employees.

The Compensation Committee meets at least once a year, before the Board meeting that convenes the Annual General Meeting and approves the meeting agenda. In 2018, the Compensation Committee met twice, on March 20 and June 28, 2018, to approve the free share award plan, attendance fees, and compensation of the Chairman and CEO, and the Deputy Managing Directors.

Capital increase authorizations currently in effect

In accordance with Article L. 225-37-4 of the French Commercial Code, the table below presents the capital increase authorizations in effect.

Decision		Purpose	Duration of authorization	used
GM date	# Resolution			
06.19.2018	17	Capital increase reserved for employees, periodic obligation (Article. L225-102 of the French Commercial Code).	26 months	None

2.2 Compensation and benefits of corporate officers

2.2.1 Principles governing the compensation of corporate officers

Compensation policy for corporate officers

The variable portion is based on the Group's earnings. The variable compensation of Pierre Marucchi and Laurent Labrune varies in proportion to fluctuations in the Group's EBIT before special items.

The Company has made no commitments to its corporate officers corresponding to remuneration, indemnities or benefits due or likely to be due as a result of taking up, leaving or changing functions or subsequent to holding them.

There are no stock-option plans (subscription or purchase options) within Cegedim Group.

There are no financial instruments that entitle their holders to a share of capital, nor other optional instruments of any kind, subscribed by senior managers or employees as part of issues reserved for employees. There are management fee agreements binding Cegedim to its holding company FCB with which it has Board Members in common. They are the agreements referred to in article L. 225-38 of the French Code of Commerce and are customary agreements entered into on normal terms. Cegedim pays quarterly installments based on the previous year's invoicing, subject to an annual correction based on actual services. In 2018, total annual retainer fees came to €2.0 million. This amount corresponds to the rebilling of salaries and consultancy fees borne by FCB and attributable to Cegedim. The consultancy fees represent less than 10% of the total. The salary portion corresponds to the rebilling of part of the compensation of Jean-Claude Labrune, Laurent Labrune, Aude Labrune, Pierre Marucchi, Sandrine Debroise, and Jan Eryk Umiastowski.

Pension, retirement and similar benefits	There are no particular supplemental retirement plans set up for specific corporate officers. All the relevant information regarding the calculation of the provision for retirement compensation is presented in the Accounting Principles and Note 13 Retirement Commitments, of the Consolidated Financial Statements in Chapter 4, Section 4.6 of this Registration Document.
Cegedim SA directors' fees	A proposal will be submitted at the General Meeting to approve the total amount of Directors' fees allocated to the Board of Directors for the current financial year—the amount could be €148,000.
Stock options	There are no stock option plans at Cegedim Group either for senior managers or for any other employee category. However, the Group has set up a free share award plan (see Section 2.3.4 of this chapter for the description of the free share award plans). It should be observed that this plan does not concern company officers.

2.2.2 Tables required in accordance with AMF recommendations

Description	In accordance with article L.225-102-1 of the French Commercial Code, the compensation and benefits of corporate officers include remuneration received from the active holding company. The total gross compensation amounts, including benefits of any kind paid directly or indirectly to each named corporate officer, are presented in the tables below.

Table 1 – Summary of compensation, stock options and free shares granted to each executive corporate officer

in euros	2018	2017
Jean-Claude Labrune – Chairman of the Board – Chief Executive Officer		
Compensation due for the financial year (see Table 2)	539,536	537,924
Value of options granted during the financial year (see Table 4)	-	-
Value of free shares granted during the financial year (see Table 6)	-	-
Total	**539,536**	**537,924**

in euros	2018	2017
Laurent Labrune – Deputy Managing Director		
Compensation due for the financial year (see Table 2)	594,003	600,947
Value of options granted during the financial year (see Table 4)	-	-
Value of free shares granted during the financial year (see Table 6)	-	-
Total	**594,003**	**600,947**

in euros	2018	2017
Pierre Marucchi - Deputy Managing Director		
Compensation due for the financial year (see Table 2)	601,813	503,763
Value of options granted during the financial year (see Table 4)	-	-
Value of free shares granted during the financial year (see Table 6)	-	-
Total	**601,813**	**503,763**

Table 2 – Summary of compensation paid to each executive corporate officer

Jean Claude Labrune	Amounts for 2018		Amounts for 2017	
in euros	payable (1)	paid (2)	payable (1)	paid (2)
Fixed compensation	513,500	513,500	513,500	513,500
Variable compensation(3)	-	-	-	-
Foreign travel bonus	-	-	-	-
Special payments(4)	-	-	-	-
Attendance fees(5)	14,000	14,000	14,000	14,000
Benefits in kind(6)	12,036	12,036	10 424	10 424
Total	**539,536**	**539,536**	**537,924**	**537,924**

Laurent Labrune	Amounts for 2018		Amounts for 2017	
in euros	payable (1)	paid (2)	payable (1)	paid (2)
Fixed compensation	367,250	367,250	312,000	312,000
Variable compensation(3)	201,203	227,766	227,766	140,780
Foreign travel bonus	0	0	40,000	36,923
Special payments(4)	-	-	-	-
Attendance fees(5)	14,000	14,000	14,000	14,000
Benefits in kind(6)	11,550	11,550	7,181	11,550
Total	**594,003**	**620,566**	**600,947**	**515,253**

Pierre Marucchi	Amounts for 2018		Amounts for 2017	
in euros	payable (1)	paid (2)	payable (1)	paid (2)
Fixed compensation	315,000	315,000	315,633	315,633
Variable compensation(3)	138,800	157,124	157,124	97,117
Foreign travel bonus	-	-	-	-
Special payments(4)	100,000	100,000	50,000	50,000
Attendance fees(5)	42,671	42,671	35,671	35,671
Benefits in kind(6)	5,342	5,342	5,342	5,342
Sous-Total	**601,813**	**620,137**	**503,763**	**502,360**
Upfront variable compensation payments (7)	-	*144,000*	-	*72,000*
Correction on variable compensation(7)	-	*(72,000)*	-	-
Total	***601,813***	***692,137***		***575,763***

For Jean-Claude Labrune, Laurent Labrune and Pierre Marucchi, the fixed compensation is paid by FCB and Cegedim SA only. The variable compensation is paid by Cegedim SA only. The Special payments can be paid by FCB and Cegedim SA.
(1) The variable compensation due for a given financial year is paid the following financial year.
(2) The variable compensation paid in a given financial year is the amount owed from the previous financial year.
(3) The variable compensation of Pierre Marucchi and Laurent Labrune varies in proportion to fluctuations in the Group's EBIT before special items.
(4) In 2017, Pierre Marucchi's special payment is related to the acquisition of Futuramedia. It was decided in 2016 and paid in 2017. In 2018, special payment is related to acquisitions and financing done in 2018.
(5) Attendance fees include the attendance fees from all the Cegedim Group companies. Pierre Marucchi's payment includes attendance fees from Cegedim SRH Switzerland.
(6) Company car.
(7) Variable compensation payable for a given financial year is paid upfront during that year and then corrected the next financial year.

Table 3 – Attendance fees and other compensation paid to non-executive corporate officers

Board member		Amount paid in 2018	Amount paid in 2017
Aude Labrune(1)	Attendance fees	14,000	14,000
	Other compensation (1)	355,097	341,982
Jean-Pierre Cassan	Attendance fees	18,000	18,000
	Other compensation	-	-
Sandrine Debroise (2) (3)	Attendance fees	14,000	14,000
	Other compensation (3)	250,382	163,120
Marcel Kahn	Attendance fees	25,000	25,000
	Other compensation	-	-
Béatrice Saunier (4)	Attendance fees	-	-
	Other compensation	-	-

(1) Compensation paid by FCB, including fixed and variable compensation, special payments and benefits in kind. Part of this compensation is rebilled to Cegedim in accordance with the management fees agreement between Cegedim and FCB. This rebilling is for strategic, legal, marketing and HR services rendered to Cegedim.
(2) Compensation paid by FCB and including fixed and variable compensation, special payments and benefits in kind. Part of this compensation is rebilled to Cegedim in accordance with the management fees agreement between Cegedim and FCB. This rebilling is for services rendered as Cegedim's Group Financial Director.
(3) In 2018, Ms. Sandrine Debroise received the variable compensation payable for 2017 and an upfront variable compensation for 2018. This upfront payment will be adjusted in 2019. In 2018, the upfront payment of variable compensation amounted to €30,000, and was adjusted in 2019.
(4) Appointed on August 31, 2018.

Table°4 – Share subscription or purchase options granted to each executive corporate officer during the financial year

Name of the executive corporate officer	Plan number and date	Type of options	Value of options using the method applied in the consolidated financial statements	Number of options granted during the year	Strike price	Exercise period
None						

Table°5 – Share subscription or purchase options exercised by each executive corporate officer during the financial year

Name of the executive corporate officer	Plan number and date	Number of options exercised during the year	Strike price	Year granted
None				

Table°6 – Free shares granted to each executive corporate officer subject to performance conditions

Name of the executive corporate officer	Plan number and date	Number of options granted during the year	Value of shares using the method applied in the consolidated financial statements	Vesting date	Date of availability
None					

Table°7 – Free shares that became available to each executive corporate officer during the financial year

Name of the executive corporate officer	Plan number and date	Number of shares that became available during the financial year	Vesting conditions	Year granted
None				

Table°8 – – History of share subscription or purchase options granted (executive corporate officers only)

	Plan number
Date of the General Meeting	**None**
Date of the Board meeting	
Total number of shares available for subscription or purchase	
Incl. number of shares that can be subscribed or purchased by:	
Start of exercise period	
Expiry date	
Purchase price	
Exercise conditions	
Total number of shares subscribed	
Cumulative number of share subscription or purchase options canceled or expired	
Share subscription or purchase options outstanding at year-end	

Table°9 – Options granted to and exercised by the ten non-officer/director employees holding the most options

Share subscription or purchases options granted to the ten non-officer/director employees holding the most options, and options exercised by them	Total number	Strike price	Plan
None			

Table°10 – Summary of information required in compliance with the AFEP/MEDEF Code

Executive corporate officer	Employment contract		Supplementary pension plan		Compensation or benefits due or likely to be due as a result of termination or change of office		Special compensation for a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Jean Claude Labrune Chairman and CEO Start of term: 2016 End of term: 2022	✓			✓		✓		✓
Pierre Marucchi Deputy Managing Director Start of term: 2016 End of term: 2022	✓			✓		✓		✓
Laurent Labrune Deputy Managing Director Start of term: 2013 End of term: 2019	✓			✓		✓		✓

2.2.3 Corporate officers' equity interests in the Company and securities transactions by corporate officers

To the best of the Company's knowledge, this statement summarizes the securities transactions of corporate officers between January 1, 2018 and December 31, 2018. To the best of the Company's knowledge, between December 31, 2018, and the date of publication of this Registration Document, no changes took place in the equity interests held by corporate officers in the company's share capital, including in registered shares.

	Number of shares held on December 31, 2017	Number of free shares granted during the year	Number of shares bought	Number of shares sold	**Number of shares held on December 31, 2018**
Bpifrance participations [1]	2,102,061	-	0	1,682,146	419,915
Jean-Pierre Cassan	0	-	0	0	0
Sandrine Debroise	3,807	700	0	0	4,507
FCB	7,375,891	-	31,520		7,407,411
GIE GERS	0	-	0	0	0
Marcel Kahn	0	-	0	0	0
Aude Labrune[2]	1	-	0	0	1
Jean-Claude Labrune[2]	0	-	0	0	0
Laurent Labrune[2]	1,601	-	0	0	1,601
Pierre Marucchi[3]	21,312	-	0	5,300	16,012
Nicolas Giraud	0	-	0	0	0
Béatrice Saunier[4]	0	-	0	0	0

(1) On February 13, 2018, Bpifrance sold 12% of Cegedim's stock on the market. The transaction included termination of the shareholders' agreement dated October 28, 2009, between Jean-Claude Labrune, FCB (family holding company controlled by Jean-Claude Labrune), and Bpifrance. Accordingly, Anne-Sophie Hérelle and Marie Artaud-Dewitte officially resigned at the March 20, 2018, Board meeting. Pursuant to the amendment to the shareholders' agreement, Bpifrance Participations has committed to a lock-up on 3% of Cegedim's capital until October 28, 2019. Anne-Sophie Hérelle and Marie Artaud-Dewitte did not hold Cegedim shares between December 31, 2017, and March 20, 2018.
(2) Jean-Claude Labrune, Aude Labrune and Laurent Labrune are shareholders of FCB, which owns 52.9% of Cegedim SA
(3) Shares held directly and indirectly through MARUCCHI SAS. Pierre Marucchi is also a shareholder of FCB, which owns 52.9% of Cegedim SA.
(4) Appointed on August 31, 2018.

2.3 General information about the company

2.3.1 Information on the company

Registered company name and trade name of the issuer	The issuer's registered name is: Cegedim. The issuer's trade names are: Cegedim Dendrite – division TVF, Cegedim Dendrite – Santesurf Division, Cegedim Pharma CRM division, Cegedim Relationship Management, Cegedim Relationship Management France, Cegedim Relationship Management Corp., Deskom, Cegers, Rosenwald and Cegedim Analytics.
Issuer's place of registration and number	Identified in the Nanterre Trade and Companies Register under number: 350 422 622, code APE 6311Z.
Date of incorporation and length of life of the issuer	Cegedim SA was incorporated on August 27, 1969. On April 18, 1989, FCB was incorporated for a term of ninety-nine years. On December 26, 1994, the holding company at that time merged with Cegedim SA and took on its corporate name.
Registered office and legal form of the issuer, legislation governing its business activities	Cegedim SA is a public limited company with a Board of Directors and paid-in capital of €13,336,506.43. Since March 26, 2015, its registered office is located at 129-137 rue d'Aguesseau, 92100 Boulogne-Billancourt, France. Prior to this, the registered office was located at 127 rue d'Aguesseau, 92100 Boulogne-Billancourt, France. The telephone number is: + 33 (0)1 49 09 22 00, and the fax number is + 33 (0)1 46 03 45 95. Its country of incorporation is France. The legislation governing the business activities of Cegedim SA is the French Code of Commerce.
Corporate documents	All documents pertaining to the Company, in particular its bylaws, financial statements and reports presented at its Shareholders' Meetings by the Board of Directors or the Statutory Auditors, may be viewed at the Company's registered office.

2.3.2 Articles of incorporation and bylaws

Cegedim's corporate purpose	According to article 2 of the bylaws, the Company's corporate purpose is: • The acquisition of stakes or equity interests in companies or enterprises with activities involving data processing, studies and marketing; • The provision of various services in various fields; • Economic and social studies of all kinds in various fields, particularly statistical, financial, commercial and legal studies, market research, opinion polls, surveys of all kinds and in all fields, the creation and use of panels, public relations, advertising and calculations of all kinds; • The organization and management of companies and their data by the most diverse means; • Documentation using all means and in all fields, notably science, the economy, society and statistics, etc.; • Marketing, particularly the penetration of various markets including all the activities required for this kind of market penetration; • All activities involving information and its processing, information technologies and machine processing and all aspects of their design and use in various fields; • All administrative, financial, accounting and management services for the Company's subsidiaries, affiliates and any third-party firm; • The acquisition, subscription and management of all securities; • All industrial, commercial and financial, securities and real estate operations that may be directly or indirectly related to the corporate purpose and all similar or related purposes; • The acquisition by the Company, by all means, of equity interests in all enterprises or companies created or to be created related to the corporate purpose, particularly through the creation of new companies, equity contributions, general partnerships, the subscription or acquisition of securities or corporate rights, mergers, alliances or joint ventures or economic interest groups or lease management systems.
Provisions in the articles of incorporation and bylaws concerning administrative and management bodies	The provisions in Cegedim's bylaws concerning the members of its administrative and management bodies comply with current legislation, except for the following items: • Unless the French Commercial Code exempts them from this obligation, each Board Member must own at least one share for the duration of their term of office; • No-one over the age of 85 may be appointed Chairman of the Board of Directors. If the Chairman in office exceeds this age, he is deemed to have resigned from office at the end of the next meeting of the Board of Directors; • No one over the age of 85 may be appointed as Director; • Decisions are made by a majority vote of members present or represented; each Director has one vote. In the event of a tie, the Chairman casts the deciding vote; • No-one over the age of 85 may be appointed as CEO. If the CEO in office exceeds this age, he is deemed to have resigned from office at the end of the next meeting of the Board of Directors.
Actions required to modify shareholder's rights	There are no stricter conditions than those set forth by law for modifying shareholders' rights.

Rights, privileges and restrictions attached to each class of existing shares	All the shares making up the Company's capital are of the same class. The Extraordinary Shareholders' Meeting held on February 8, 1995, decided that in consideration of the portion of the capital they represent, a double voting right would be allotted to all fully paid shares as long as proof of registration for at least four years in the name of the same shareholder was provided. This double voting right is reserved for shareholders who are French nationals or nationals of a Member State of the European Union. Furthermore, in the event of a capital increase through incorporation of reserves, profit or issue premium, the double voting right is attached, as of their issuance, to the registered shares allocated free of charge to a shareholder on the basis of the amount of shares already held that entitle him/her to this right. The double voting right ceases for any share that has been converted into a bearer share or transferred, save in the case of a transfer of registered shares due to inheritance or family gift. In accordance with the law, all dividends that have not been collected within five years of their payment date revert to the French State. Treasury shares are not entitled to dividends: the related amount is recognized in "retained earnings"
Conditions under which Annual General Meetings and Extraordinary Shareholder's Meetings are called	General Meetings are convened and transact business under the conditions set forth by law. They are held at the registered office or at any other location indicated in the notice of Meeting. All shareholders may attend shareholders' meetings and take part in the deliberations, in person or through a proxy regardless of the number of shares they own, as long as they provide proof of their status as shareholders at least five days prior to the meeting. However, the Board of Directors may reduce this time frame. All shareholders may vote by post.
Provisions of the articles of incorporation and bylaws that could delay, defer or hinder a change of control in the Company	None
Threshold above which shareholder ownership must be disclosed	**Provisions of the articles of incorporation and bylaws governing the threshold above which shareholder ownership must be disclosed:** The bylaws contain no special provision for declaring ownership threshold crossings. Only the legal provisions are applicable
Conditions governing changes in the capital	**Conditions imposed by the articles of incorporation and bylaws governing changes in the capital, where these conditions are stricter than the law:** None.

2.3.3 Information regarding share capital

Number of shares	**Share capital as of December 31, 2018.** The Company has a share capital of €13,336,506.43, comprising 13,997,173 fully paid shares. The shares have a par value of €0.9528.
Shares not representing capital	There are no shares not representing capital.
Total convertible or exchangeable securities or securities with warrants	There are no convertible or exchangeable bonds or bonds redeemable for shares or warrants or any other securities likely to increase the share capital.
Terms governing any right of acquisition and/or any obligation attached to the capital subscribed but not paid up or any undertaking to increase share capital	None
Information about the capital of any member of the Group which is under option or agreed conditionally or unconditionally to be put under option	None
Control of Cegedim	**Cegedim is controlled by FCB and Jean-Claude Labrune, as indicated in the Registration Document.** On February 13, 2018, Bpifrance sold 12% of Cegedim's shares on the market. As part of the transaction, the shareholders' agreement dated October 28, 2009, between Jean-Claude Labrune, FCB (family holding company controlled by Jean-Claude Labrune), and Bpifrance was terminated. Accordingly, Anne-Sophie Hérelle and Marie Artaud-Dewitte officially resigned at the March 20, 2018, Board meeting. Similarly, the rule that important Board decisions requiring a qualified 6/10 majority vote must include at least one Director representing Bpifrance Participations is no longer in force.

Agreements which may at a subsequent date result in a change of control	At the date of filing of this Registration Document and to the best of the Company's knowledge, there are no agreements which when implemented could, at a subsequent date, result in a change in its control.
Shareholders' agreements	On February 13, 2018, Bpifrance sold 12% of Cegedim shares on the financial market. As part of the transaction, the shareholders' agreement dated October 28, 2009, between Jean-Claude Labrune, FCB (the family holding controlled by M. Jean-Claude Labrune), and Bpifrance was terminated, as was the between the parties to act in concert.

Share capital history

Date	Transaction	Number of shares		Premiums (in euros)	Capital (in euros)	Par value (in euros)
		Created	After transactions			
	Initial number of shares	488,300	-	-	-	15.24
12/1994	Takeover of Cegedim (1)	6,594	494,894	3,308,684.72	7,544,610.39	15.24
	Four-for-one stock split	1,484,682	1,979,576	-	7,544,610.39	3.81
	Capital increase	120,000	2,099,576	7,090,892.39(2)	8,001,957.45	3.81
04/1998	Four-for-one stock split	6,298,728	8,398,304	-	8,001,957.45	0.9528063
12/2000	Conversion of capital into euros (3)	-	8,398,304	-	8,001,904.05	0.9528
12/2000	Capital increase through contribution in kind	891,112	9,9289,416	70,900,927.60(4)	8,891,004.61	0.9528
12/2000	Capital increase through cash contribution	42,033	9,331,449	73,910,793.03(5)	8,891,004.61	0.9528
12/2009	Capital increase through cash contribution	4,665,724	13,997,173	-	13,336,506.34	0.9528

1) FCB, which, since it was founded in 1989, has held 98.61% of Cegedim, merged with Cegedim on December 26, 1994, and took over its name. This internal operation was carried out on the basis of the companies' book value.
2) Cumulative 1994 merger premium, and €3,782,207.67 in issue premium.
3) When the share capital was converted into euros, the par value of the share was set at €0.9528. The conversion rounding based on 8,398,304 shares (i.e. €53.40) resulted in a capital reduction allocated to the non-distributable reserves.
4) The cumulative premiums mentioned in (2) are increased by the contribution premium of €63,810,035.2.
5) The cumulative premiums mentioned in (3) are increased by the issue premium of €3,009,865.44.

Shareholders owning more than 5% of capital or voting rights

To the best of the Company's knowledge,

- **At December 31, 2018**, the shareholders owning more than 5% of capital or voting rights are FCB, FMR LLC and DNCA Investments. FCB holds 52.9% of Cegedim shares and 67.7% of voting rights.
- **at the date of filing this Registration Document** the shareholders owning more than 5% of capital or voting rights are FCB, FMR LLC and DNCA Investments. FCB holds 52.9% of Cegedim shares and 67.7% of voting rights

FCB is a French public limited company (Société anonyme or SA) with a Supervisory Board and a Management Board with capital of €475,560 (registered in the Trade and Companies Register of Nanterre 340 651 132). The majority of its capital is held by Jean-Claude, Laurent and Aude Labrune. It is an active holding company;

FMR LLC is a holding company owned by an independent group of portfolio management companies commonly known as Fidelity Investments.

DNCA Investments is a French independent portfolio management company.

The latest reported changes in beneficial ownership are as follows:

May 24, 2018 DNCA Investments
DNCA Investments declared that it crossed below the 6% threshold of capital following the off-market sale of its shares. DNCA Investments reported that it owns 5.8% of shares.

February 14, 2018 DNCA Investments
DNCA Investments reported crossing the threshold of 5% of shares and 3% of voting rights after Bpifrance Participations sold a block of shares via an accelerated bookbuilding process on February 13, 2018. DNCA Investments reported that it owns 6.1% of shares and 3.9% of voting rights.

February 15, 2018 Bpifrance Participations
Bpifrance Participations reported that it had crossed below the thresholds of 15%, 10%, and 5% of shares, and of 15%, 10%, and 5% of voting rights as a result of the operation to sell a portion of its Cegedim shares on February 13, 2018. Bpifrance Participations reported that it owns 3.0% of shares and 3.85% of voting rights. Bpifrance Participations has committed to retaining a 3% stake in Cegedim until October 28, 2019.

February 15, 2018 The parties to the shareholders' agreement–FCB, Jean-Claude Labrune and Bpifrance Participations
The parties to the shareholders' agreement–FCB, Jean-Claude Labrune and Bpifrance Participations–reported that they had crossed below the threshold of 2/3 of shares and had dissolved the agreement of October 28, 2009, following Bpifrance Participations' sale of 12% of Cegedim's shares as part of an accelerated bookbuilding process on February 13, 2018.

February 15, 2018 FCB
reported crossing the threshold of 66% of voting rights. FCB did not alter its stake, but it did report that due to the cancellation of double voting rights attached to the shares sold by Bpifrance Participations on February 13, 2018, the shareholders' agreement had crossed below the threshold of individual voting rights while its own holding had crossed above the threshold. In other words, the percentage of voting rights rose automatically. After the operation, FCB held 52.7% of shares and 67.5% of voting rights.

Ownership structure

Shareholders

In accordance with article L. 233-13 of the French Commercial Code, and given the information and notifications received pursuant to articles L. 233-7 and L. 233-12 of this Code, the table below shows the capital and voting rights of the shareholders (individuals or legal entities) who directly or indirectly hold more than one-twentieth, one-tenth, three-twentieths, one-fifth, one-quarter, one-third, one-half, two-thirds, eighteen-twentieths, or nineteen-twentieths of the share capital or voting rights at December 31, 2018.

AS OF FEBRUARY 28, 2019

There was no significant change in the ownership structure between February 28, 2019, and the date of publication of this Registration Document.

Shareholders	Number of shares held	% held	Number of single votes	Number of double votes		Total votes	% of voting rights
				Shares	Votes		
FCB	7,410,441	52.94%	39,699	7,370,742	14,741,484	14,781,183	67.71%
Bpifrance participations	419,915	3.00%	0	419,915	839,830	839,830	3.85%
Free float(1)	6,029,819	43.08%	5,986,432	43,387	86,774	6,073,206	27.82%
Cegedim(2)	136,998	0.98%	-	-	-	-	0.00%
Total	**13,997,173**	**100.00%**	**6,026,131**	**7,834,044**	**15,668,088**	**21,694,219**	**99.37%**

(1) The free float includes the shares held by corporate officers and Board directors. The detail of the corporate officers' and Board directors' holdings is presented in section 2.3 of this chapter.
(2) Including the liquidity contract.

AS OF DECEMBER 31, 2018

Shareholders	Number of shares held	% held	Number of single votes	Number of double votes		Total votes	% of voting rights
				Shares	Votes		
FCB	7,407,411	52.92%	36,669	7,370,742	14,741,484	14,778,153	67.69%
Bpifrance participations	419,915	3.00%	0	419,915	839,830	839,830	3.85%
Free float (1)	6,034,255	43.11%	5,990,666	43,589	87,178	6,077,844	27.84%
Cegedim(2)	135,592	0.97%	-	-	-	-	0.00%
Total	**13,997,173**	**100.00%**	**6,027,335**	**7,824,246**	**15,668,492**	**21,695,827**	**99.38%**

(1) The free float includes the shares held by corporate officers and Board directors. The detail of the corporate officers' and Board directors' holdings is presented in section 2.3 of this chapter.
(2) Including the liquidity contract.

AS OF DECEMBER 31, 2017

Shareholders	Number of shares held	% held	Number of single votes	Number of double votes		Total votes	% of voting rights
				Shares	Votes		
FCB	7,375,891	52.70%	14,847	7,361,044	14,722,088	14,736,935	62.70%
Bpifrance participations	2,102,061	15.02%	0	2,102,061	4,204,122	4,204,122	17.89%
Sous-total Concert FCB et Bpifrance participations	**9,477,952**	**67.71%**	**14,847**	**9,463,105**	**18,926,210**	**18,941,057**	**80.59%**
Free float (1)	4,506,815	32.202%	4,462,931	43,884	87,768	4,550,699	19.36%
Cegedim(2)	12,406	0.09%	-	-	-	-	0.00%
Total	**13,997,173**	**100.00%**	**4,477,778**	**9,506,989**	**19,013,978**	**23,491,756**	**99.95%**

(1) The free float includes the shares held by corporate officers and Board directors. The detail of the corporate officers' and Board directors' holdings is presented in section 2.3 of this chapter.
(2) Including the liquidity contract.

AS OF DECEMBER 31, 2016

Shareholders	Number of shares held	% held	Number of single votes	Number of double votes		Total votes	% of voting rights
				Shares	Votes		
FCB	7,375,891	52.70%	14,847	7,361,044	14,722,088	14,736,935	62.74%
Bpifrance participations	2,102,061	15.02%	0	2,102,061	4,204,122	4,204,122	17.90%
FCB and Bpifrance participations agreement subtotal	**9,477,952**	**67.71%**	**14,847**	**9,463,105**	**18,926,210**	**18,941,057**	**80.64%**
Free float (1)	4,495,638	32.12%	4,444,994	50,644	101,288	4,546,282	19.36%
Cegedim(2)	23,583	0.17%	-	-	-	-	0.00%
Total	13,997,173	100.00%	4,459,841	9,513,749	19,027,498	23,487,339	100.00%

(1) The free float includes the shares held by corporate officers and Board directors. The detail of the corporate officers' and Board directors' holdings is presented in section 2.3 of this chapter.
(2) Including the liquidity contract.

2.3.4 Transactions involving the Company's shares

Treasury shares

At the end of 2018, the Company owned 135,592 treasury shares. During that financial year, excluding operations within the framework of the liquidity contract, Cegedim acquired 136,031 shares on the market as part of its free share award plan. This involved the transfer by the Company of 21,375 treasury shares. The Company did not proceed with any transactions for the sale of treasury shares in 2018.

The Company has set up a €500,000 liquidity contract with Kepler Cheuvreux. As of December 31, 2018, the contract involved 13,430 Cegedim shares and €2,150.69 in cash.

Between December 31, 2018, and the date of the publication of this Registration Document, Cegedim acquired 5,441 shares on the market as part of its free share award plan. This involved the transfer by the Company of 2,880 treasury shares. The Company did not proceed with any transaction for the sale of treasury shares in 2018, apart from the award of free shares.

Award of free shares

- The Board of Directors, which met on January 28, 2016, was authorized by the Extraordinary Shareholders' Meeting of November 16, 2015, to award a total number of free shares not exceeding 10% of the total number of shares making up the share capital to the senior management and employees of the Cegedim Group.
- The Board of Directors, which met on June 21, 2017, was authorized by the Extraordinary Shareholders' Meeting of November 16, 2015, to award a total number of free shares not exceeding 10% of the total number of shares making up the share capital to the senior management and employees of the Cegedim Group.
- The Board of Directors, which met on June 28, 2018, was authorized by the Extraordinary Shareholders' Meeting of June 19, 2018, to award a total number of free shares not exceeding 10% of the total number of shares making up the share capital to the senior management and employees of the Cegedim Group.

For more information, see Note 11.4 "Treasury shares" in the notes to the consolidated financial statement in Chapter 4 of this Reference Document

	Plan of 1/28/2016	Plan of 6/21/2017	Plan of 6/28/2018
Date of the General Meeting	11/16/2015	11/16/2015	06/19/2018
Number of shares authorized by the General Meeting	1,399,717	1,399,717	1,399,717
Date of the Board meeting	01/28/2016	06/21/2017	06/28/2018
Total number of shares that can be awarded	28,038	15,940	21,790
Number of recipients	36	31	38
Award date	01/28/2016	06/21/2017	06/28/2018
Vesting date France	01/28/2018	06/21/2019	06/28/2020
Vesting date Foreign	01/28/2019	06/21/2020	06/28/2021
End of retention period	01/28/2019	06/21/2020	06/28/2021
Shares permanently awarded	17,017	14,481	0
Shares permanently acquired at 12/31/2018	16,458	0	0

2.3.5 Factors that could affect a public tender offer

In the event of a public offering	There are no specific provisions likely to have an impact on: • The structure of the Company's capital; • Restrictions in the Company bylaws on exercising voting rights and transferring shares; • Direct or indirect stakes in the Company's capital, of which it is aware, pursuant to articles L. 233-7 and L. 233-12 of the French Commercial Code; • The rules governing the appointing and replacing of members of the Board of Directors and the amending of the Company's bylaws; • The powers of the Board of Directors, particularly with respect to issuing or buying back shares. Furthermore, • The Company has no knowledge of any agreements pursuant to article L. 233-11 of the French Commercial Code; • There are no holders of shares with special control rights (except for the double voting rights, the allotment of which is completely independent of the occurrence of a public offering); • The employee shareholding plan makes no specific provisions for the exercise of rights not exercised by said employees; • The Company has no knowledge of agreements between shareholders that might result in restrictions on transferring shares and exercising voting rights; • The Company has signed relatively few agreements that would be amended or terminated in the event of a change of control of the Company, and they are confidential; there are no systematic arrangements to amend or terminate agreements, and, if such a thing were to occur, it would have a relatively immaterial impact on the Company; • There are no agreements to compensate the members of the Board of Directors or employees if they resign, are dismissed without real and serious cause, or if their employment ends due to a public offering.
Agreements and change of control	**Concerning agreements that could be amended or terminated in the event of a change in control of the Company** Cegedim has no policy of engaging in agreements that could be amended or terminated in the event of a change in control of the Company. However, there are clauses protecting the Group's intellectual property.

2.3.6 Policy toward employees

The Group's employees are Cegedim's most valuable asset and main resource	Payroll costs represent one of the most significant expenses. The Group's employees are Cegedim's most valuable asset and main resource. Cegedim therefore adapts its compensation policy appropriately in order to motivate talent and, ensure training and recruitment, while maintaining the increase in salary costs at a reasonable level. For 2018, salary changes will be individualized.
Cegedim employee profit-sharing agreement	**Cegedim employee profit-sharing agreement.** Employees can decide whether their share of profits is paid into a mutual fund or deposited in a frozen current account in the corporate accounts. At December 31, 2018, the Corporate Mutual Fund consisted of 83,152 Cegedim shares, representing 0.59% of the capital.
Award of free shares	See Section 3.6 of this chapter.

2.4 Internal control

Internal control objectives	Internal control aims to provide reasonable assurance that the Company's strategic and financial objectives will be achieved and to faithfully and accurately reflect events in the reported figures. The Group creates the conditions necessary for effective internal control, notably by ensuring that management actions, business execution, and employee conduct are within the bounds of all applicable laws and regulations and adhere to the values described in the code of professional conduct and the Company's bylaws. Furthermore, Internal Control is responsible for ensuring that accounting and financial information is accurate and compiled according to current standards and regulations.

Internal control objectives

The key aspects of internal control within the Cegedim Group fall under the following headings:

Coordination of business activities

For Cegedim to grow, it must be able to anticipate its clients' needs and satisfy them by coordinating a large number of skills specific to individual business segments.

From an internal control standpoint, the success of this model requires the coordination of management actions and employee behavior. It means they must be consistent with the instructions that Group executives issue to the business units, with current laws and regulations, and with the Group's internal rules.

Control and transparency of accounting and financial information Internal control procedures govern the preparation and disclosure of the Group's accounting and financial information. They are designed to guarantee the information's availability, integrity, conformity, and auditability.

Support for growth

To expand, particularly through acquisitions, the Group needs to be able to identify the external growth opportunities. In this respect, Cegedim's internal control mechanism seeks to accelerate the incorporation of new businesses, control the risks inherent in these transactions, and track their performance.

In early 2008, the Group's senior management created an "Operational Excellence" unit (OPEX) in charge of optimizing the way the group is organized and shares information, as well as reinforcing the Group's customer-oriented culture to generate savings from synergies, streamlined tools and processes, and more productive teams. OPEX is able to propose improvements to internal control and financial control by systematically emphasizing the business unit component.

Data processing security

As a leader in the medical data technologies and services sector, Cegedim Group's priority is to provide its clients and partners with complete peace of mind concerning data security. Cegedim Group complies with data protection and privacy laws in all of the countries where it operates.

Acquisition of cutting-edge skills

Cegedim Group considers employee training to be a key success factor, leading to satisfied clients and motivated employees.

Cegedim's training policy focuses on continuously adapting the skills of its research and development teams and helping its employees acquire new skills necessary for their work.

Internal control participants	Cegedim's internal control system involves a high level of interaction between the Board of Directors, Senior Management and the heads of business units, which promotes transparency regarding the Group's strategies, risks, and actions. Cegedim's Senior Management has central management and control bodies that include the Financial Department, the Investment Department, the Accounting Department, the Management Control Department, the Human Resources Department, the Legal Department, the Administrative Department, the IT Department, the Communication Department, and the Operational Excellence unit (OPEX). In 2010, Cegedim's Board of Directors set up an Audit Committee to ensure that the accounts are accurate and reliable, and that information provided is of the highest quality. The Group has consistently sought to strengthen its teams dedicated to controlling and coordinating international operations. OPEX and the Legal Department, which report to Senior Management, are tasked with devising and establishing procedures that are consistent across the Group's subsidiaries to ensure work methods are uniform. A network of financial officers or controllers in each country or region applies corporate policies at the local level. They verify that financial controls of operations are part of routine management at the local level or are implemented during the operational revamping processes decided by the corporate office. In their respective fields, these management and control bodies oversee Group operations and also use their specialized skills to support business operations.
Ad hoc inspections	Senior Management decides when ad hoc inspections will be made. Other control participants help determine which entities to inspect and what areas to cover. They also help conduct the inspections. The Internal Control, Management Control, and OPEX departments typically carry out these assignments. Their scope covers all areas relating to internal control.
Control of legal affair	Cegedim Group procedures require prior review by the Legal Department of all contracts with third parties with respect to their purpose, the representations and warranties therein, and, where relevant, the transnational nature of the transactions they govern. The Legal Department also aggregates information on certain key contracts.
Control of internal security	Cegedim has a governance system for security issues. This means that it takes into account the security of all Group businesses and implements all appropriate protection measures. The Compliance Department reports directly to Senior Management. It includes the Head of Information System Security and defines the Group's security policy using risk analysis. It also ensures that the policy is applied in a manner consistent with the security requirements identified by management through regular internal audits. The Director of Information Systems verifies that decisions to roll out IT systems, and, resources related to data security in particular, reflect Cegedim's strategic priorities. The IT Operations Manager, the Data Security Manager and the Physical Security Manager implement the Company's strategy. They are responsible for putting security procedures in place. The Operations Director ensures that all activities provide the appropriate level of security for Cegedim's strategic decisions, through daily monitoring.

Internal security policy for information systems

Senior Management actively coordinates the internal security policy for information systems, which notably covers:

- Employee security (reducing the risks of human error, theft, fraud, or unauthorized use of equipment);
- Physical security (controlling access, damage, and disruptions to Group assets);
- IT access security (controlling access to information);
- Data security (ensuring adequate data protection);
- Systems administration and network security (ensuring that data processing infrastructures operate correctly and reliably);
- IT development security (incorporating security into development efforts and ensuring the secure execution of support activities);
- Crisis prevention, detection, and management;
- Legal compliance.

Cegedim Group's main clients adhere to recognized international standards, adopting the most stringent requirements in terms of IT system audit and control.
Since 2012, Cegedim has employed quality and internal control procedures in accordance with the ISAE 3402 (International Standard on Assurance Engagements) Type II standard, which is reviewed annually. This standard, which stemmed from the United States' Sarbanes-Oxley Act (SOX), requires the suppliers of companies applying it to be audited for financial risks too. The examination is carried out annually by a third-party auditor recognized by the Auditing Standards Board of the American Institute of Certified Public Accountants. The following companies and activities have earned the ISAE 3402 Type II standard:

- Cegedim IT for all its activities,
- Cegedim Activ' for its SaaS, managed services, and technical hosting activities,
- Cegedim SRH for all its activities,
- CETIP for all its activities,
- IGestion for all its activities.

Cegedim also applies several international standards, like ISO 27001, the information security standard; ISO 20000/ ITIL, the IT service management standard; ISO 9001, the quality management standard; and CMMI, the project management and software development program. The following companies and activities earned certifications:

- ISO 27001 for Cegedim IT's hosting and managed services at the Boulogne Billancourt and Toulouse data centers (France),
- ISO 27001 and ISO 20000 for Cegedim Activ's SaaS, managed services, and technical hosting activities (France)
- ISO 27001
  - for Cegedim RX's pharmacy IT supply, support, and maintenance services (UK),
  - for INPS's healthcare industry IT supply, support, and maintenance services (UK).

Cegedim has obtained the following certifications to host personal health records:

- France)
- EHNAC OSAP-Data Center Accreditation, via Pulse Systems (United States).

2.5 Risk monitoring, risk management, and insurance

Preamble

The risks identified below, as well as others of which Cegedim is not yet aware or which the Group considers to be insignificant to date, could have a negative impact on its activity and results. The company has examined the risks that could negatively affect its activity, financial situation, or earnings, or its capacity to achieve its objectives, and believes that it is not exposed to any other significant risks, apart from those described below.

In order to understand how the Group evaluates risks and what procedures are in place to monitor risk control, it is also necessary to consult the report prepared by the Chairman of the Board on the preparation and organization of the Board's work and on Management Control, both of which accompany this Registration Document.

2.5.1 Financial risks

Cegedim indebtedness could adversely affect its financial situation and prevent it from fulfilling its obligations under the loan agreements

In May 2007, Cegedim borrowed €50.0 million, the FCB Loan, from its largest shareholder, FCB. During the December 2009 capital increase, FCB subscribed for €4.9 million equivalent in shares as a redemption of a portion of debt, which decreased the balance of the FCB Loan to €45.1 million. On 9 October, 2018, the FCB Loan agreement was amended to subordinate it to the €135 million Euro PP bond, and to extend the maturity date and modify the applicable interest rate. On October 8, 2018, Cegedim issued a €135 million Euro PP bond maturing on October 8, 2025. On October 9, 2018, Cegedim took out a revolving credit facility (RCF) with its banks in the amount of €65 million maturing on October 9, 2023 a one-year extension option. The total balance of the former €200 million RCF was redeemed early on October 9, 2018, i.e. €115 million. It is worth noting that unlike the situation at December 31, 2017, net debt at December 31, 2017, did not include the debt and cash of Cegelease and Eurofarmat owing to the application of IFRS 5

Debt structure

The structure of debt at December 31, 2018, was as follows:

- €135 million Euro PP maturing on October 8, 2025;
- €65 million revolving credit, fully undrawn; maturing on October 9, 2023;
- €45.1 million FCB Loan maturing on November 20, 2025;
- €24.0 million overdraft facility, of which €0.0 million was drawn.

Interest rate

The interest payable on the **Euro PP** is charged at a fixed rate of 3.50%.

The FCB Loan bears interest at a rate of 200 basis points above the rate applicable under the revolving credit facility agreement. The interest is payable semi-annually on June 30 and December 31 of each year

The interest rate on the revolving credit facility is the aggregate of the applicable margin, Euribor and certain mandatory costs (non-use fee of 35% of the margin; and a use fee of 10 basis points if the amount drawn is below one-third, 20 basis points if the amount drawn is greater than or equal to one-third but below two-thirds, and 40 basis points if the amount drawn is greater than or equal to two-thirds of the revolving credit). The applicable margin is based on the consolidated leverage ratio. The table hereafter provides the schedule of applicable margins for the revolving credit facility.

Cegedim indebtedness could adversely affect its financial situation and prevent it from fulfilling its obligations under the loan agreements (following)

Leverage ratio	Applicable margin (APR)
Ratio ≤ 1.00	0.50
1.00 < Ratio ≤ 1.50	0.70
1.50 < Ratio ≤ 2.00	0.90
Ratio > 2.00	1.20

In the first half of 2018, the applicable margin on amounts drawn under the former revolving credit facility was 0.90%. From July 1, to October 9, 2018, the applicable margin on amounts drawn under the revolving credit facility was 1.40%. For 2017, the applicable margin on amounts drawn under the revolving credit facility was 1.40%. From October 10 to December 31, 2018, the new revolving credit facility was undrawn.

Repayment of borrowings

The RCF, the Euro PP bond and the FCB loan mature without amortization on respectively October 9, 2023, October 8, 2023 and November 20, 2025.

Cegedim may occasionally incur substantial additional debt to finance working capital, capital expenditures, investments, acquisitions, or for other purposes. If the Group does so, the risks related to its level of indebtedness could increase

In addition, Cegedim has restrictive covenants that limit its ability to engage in activities that may be in its long-term best interest. The Group's failure to comply with those covenants could result in an event of default which, if not cured or waived, could result in the acceleration of a significant portion of its debt. Any of these or other consequences or events could have a material adverse effect on its ability to satisfy its debt obligations. The Group's ability to make payments on and refinance its indebtedness, to fund future working capital, capital expenditures, acquisitions and other general corporate requirements will depend on its future operating performance and ability to generate cash from operations. Cegedim's ability to generate cash from operations is subject, in large part, to general economic, competitive, legislative, and regulatory factors and other factors that are beyond its control. The Group may not be able to generate sufficient cash flow from operations or obtain enough capital to service its debt, or to fund its future acquisitions or other working capital expenditures. If new debt is added to its current debt levels, the risks that the Group now faces could intensify.

The Group has specifically reviewed its liquidity risk and considers itself able to meet all its debt maturities in a timely fashion.

For a discussion of its cash flows and liquidity, see Chapter 3, Section 3.4, Chapter 4, Section 4.5, and Note 9 from Chapter 4, Section 4.6 of this Registration Document.

Cegedim variable rate indebtedness subjects the Group to interest rate risk, which could cause its debt service obligations to increase significantly

Borrowings under the revolving credit facility agreement, overdraft facilities, and shareholder loan from FCB are at variable rates of interest and expose Cegedim to interest rate risk. If interest rates increase, its debt service obligations on the variable rate indebtedness that is not hedged would increase even though the amount borrowed remained the same, which would require the Group to use more of its available cash to service its indebtedness. While Cegedim intends to manage its exposure to fluctuations in interest rates, if interest rates increase dramatically, the Group could be unable to service its indebtedness, which could have a material adverse effect on its business, financial condition, results of operations, and cash flows. For more information, see Chapter 3, Sections 3.1, 3.4, and 3.5 of this Registration Document and other interest rate risks in this chapter.

Cegedim variable rate indebtedness subjects the Group to interest rate risk, which could cause its debt service obligations to increase significantly (following)	To limit the effects of rising interest rates on its financial expenses, the Group has implemented a risk hedging policy to limit the maximum annual interest expense for the duration of its debts. Only Cegedim SA has implemented interest hedging, when necessary. Interest rate hedges are monitored centrally in order to measure the Group's overall interest rate risk exposure and to manage the market instruments used under hedging strategies. The Group hedges interest rate risk on the basis of both current debt and probable future debt levels, namely accounting for changes in the use of its revolving lines of credit and changes in the composition of its debt profile. Depending on the position to be managed and the applicable benchmark rate, a hedging strategy is implemented. The strategy aims to protect the benchmark rate and take advantage, at least in part, of any positive changes. Hedging strategies mainly involve futures or forward derivatives and options derivatives. There is no guarantee as to the Group's capacity to effectively hedge against interest rate risks. **Description of hedges put in place by the Group** As of December 31, 2018, the Group's hedging against euro interest rate movements consists of two zero-premium swaps in which it receives the one-month Euribor rate if it exceeds 0%, receives nothing otherwise, and pays a fixed rate of: • 0.2680% for a notional amount of €50 million, maturing February 28, 2021; • 0.2750% for a notional amount of €30 million, maturing December 31, 2020. The notional amount hedged is €80.0 million. **Measurement of interest rate risk** At December 31, 2018, a 100 basis point increase in interest rates applied to the non-hedged debt would have no impact on the Group's earnings before income tax, because the Groupe is hedged at 177%.
Loan covenants may limit Cegedim's ability to finance its capital needs or its external growth	Cegedim's loan agreements contain a number of covenants that impose significant operating and financial restrictions on the Group and may limit its ability to engage in acts that may be in its long-term best interest, including restrictions on its ability to: • incur additional indebtedness; • pay dividends; • make loans and investments; • sell assets; • make adjustments to Group businesses. These restrictions give rise to a number of conditions and exceptions. Complying with the restrictions contained in some of the covenants requires Cegedim to meet certain ratios and pass certain tests. The need to comply with the provisions may materially adversely affect the Group's ability to react to changes in market conditions, take advantage of business opportunities the Group believes to be desirable, obtain future financing, find funds needed for capital expenditures, or withstand a continuing or future downturn in its business. In addition, Cegedim must comply with a semi-annual maximum leverage ratio test and a minimum coverage ratio test. The Group's ability to comply with its financial covenants can be affected by events beyond the Group control, meaning Cegedim could find itself unable to comply. A breach of the covenants under existing and future loan agreements could, from time to time, result in an event of default under applicable indebtedness agreements. Such a default may allow creditors to accelerate the debt and could result in the acceleration of any other debt to which a cross-acceleration or cross-default provision applies. If holders of Cegedim debt securities or other creditors accelerate the repayment of its borrowings, the Group and its subsidiaries may not have sufficient assets to repay this debt. These restrictions may affect the Group's ability to develop its strategy.

Liquidity risk

The Group's liquidity risk stems primarily from payments of principal and interest on the revolving credit facility, the Euro PP bond, the FCB Loan, and overdraft facilities. Borrowing is monitored centrally.

Financial covenants

Cegedim is subject to two maintenance covenants under the terms of the revolving credit facility agreement. Compliance with these financial covenants is determined according to IFRS.

The Group must ensure that, for any relevant 12-month period until the termination date, its leverage ratio is less than 2.50 and its interest cover ratio is greater than 4.50.

For the purposes of the calculation, net financial debt does not include employee profit sharing liabilities or the FCB loan.

The Group complied with all its covenants at December 31, 2018. The net debt to EBITDA ratio came to 0.74 and the EBITDA to interest expense ratio came to 14.86.

Non-financial covenants and other provisions

Under the credit agreements, Cegedim is subject to negative pledges with respect to granting security over any of its assets and to disposing of any of its assets as part of a transaction to raise financial indebtedness or to consummate an acquisition.

The revolving credit facility agreement also contains general undertakings, including a prohibition against incurring additional indebtedness, subject to limited exceptions, and disposal of assets and restrictions on providing loans and credits, guarantees, dividends and mergers.

The credit agreements also include provisions for standard affirmative covenants, representations, warranties, and undertakings.

The credit agreements also cover other standard events of default.

The Group has in place certain overdraft facilities with various banks in France for an amount of up to €24.0 million. These facilities have indefinite terms and are terminable at will by either party. The interest rates under these overdraft facilities are variable rates indexed to Euribor. As of December 31, 2018, the Group had €0.0 million outstanding under these overdraft facilities.

Debt structure

The structure of debt at December 31, 2018, was as follows:

- €135 million Euro PP maturing on October 8, 2025;
- €65 million revolving credit, fully undrawn; maturing on October 9, 2023;
- €45.1 million FCB Loan maturing on November 20, 2025;
- €24.0 million overdraft facility, of which €0.0 million was drawn.

In millions of euros	**Total**	**Less than 1 year**	**Between 1 and 5 years**	**More than 5 years**
Euro PP	135.0	-	-	135
Revolving credit facility	65.0	-	65.0	-
FCB Loan	45.1	-	-	45.1
Overdraft facility	0.0	0.0	-	-
Total	**245.1**	**0.0**	**65.0**	**180.1**

As of December 31, 2018, the Group's confirmed credit lines amounted to €65.0 million, fully undrawn, and €24.0 million of undrawn overdraft facilities.

Cegedim is exposed to foreign exchange risks that could impact its financial situation

86.3% of the Group's activities are conducted by subsidiaries in the euro zone, which means Cegedim is exposed to foreign exchange risk. Currency effects negatively impacted revenue in 2018 by 0.3%. This is chiefly due to the negative impacts of €0.7 million from the US dollar, which represents 2.4% of Group revenues, and of €0.5 million from the pound sterling, which represents 10.0% of Group revenues. The Group does not have a policy for exchange rate hedging.

Because of the exposure to currency fluctuations and the volatile nature of exchange rates, the Group cannot predict the impact of exchange rate fluctuations on its future operating earnings. However, Group subsidiaries mainly deal in their local currencies.

The breakdown of the Group's consolidated balance sheet by currency used to prepare the financial statements of subsidiaries in the Group's consolidated scope at December 31, 2018, is as follows:

Consolidated Balance Sheet at 12/31/2018	EUR	GBP	Other currenc.	**Total**
Amount (in millions of euros)	604.3	78.1	(34.3)	**648.1**
Share in %	93.2%	12.1%	(5.3)%	**100.0%**

Using the table below makes it possible to calculate the risk of loss on the net global foreign currency position from a uniformly unfavorable currency movement of 1% growth by the currency used to prepare the financial statements against all other foreign currencies. For example, the impact of a uniformly unfavorable change of 1% in the euro-sterling exchange rate on the 2018 financial statements of the subsidiaries that use of the pound sterling to prepare their financial statements would be €637 thousands with respect to Group shareholders' equity.

In thousands of euros	**GBP**	**USD**
Total balance sheet	-871	-419
Off-balance sheet positions	-	-
Net position after hedging	**-871**	**-419**

Should the revenue/costs structure remain similar, any appreciation of the euro against the pound sterling would reduce earnings expressed in euros. On the basis of the 2018 financial year, with all other currencies remaining constant against the pound sterling, a theoretical 1% appreciation of the euro against the pound sterling would have a negative impact of €462 thousands on Cegedim's revenue, and €69 thousands on its operating income before special items.

The amount of exchange gains or losses on revenue is determined by recalculating 2017 revenues based on the 2018exchange rate. The currency exchange rates used are the average rates over the financial year.

Risk of impairment of goodwill and acquired brands

A significant portion of the acquisition prices of past and future acquisitions has been and may again be allocated to goodwill and to acquired brands. An adverse change in business activity forecasts could lead to a recognition of impairment charges.

For example, the disposal of the CRM and strategic data division led to the recognition of a significant capital loss on sale. The Group recorded in 2016, 2017 and 2018, respectively, allowances of €7.5 million, € 9.3 million and €6.9 million for depreciation of intangible assets that are becoming obsolete – legacy software.

Goodwill and brands with an indefinite useful life are not amortized. They are subject to impairment tests to determine if a reduction in value might have occurred.

An unfavorable change in the business forecasts and assumptions used to project cash flows for the impairment tests, in particular with respect to goodwill, could result in the recognition of impairment charges. These charges could have significant impacts on the Group's results.

For more information, please see Note 5.2 of the notes to the consolidated financial statements in Chapter 4, Section 4.6, Chapter 3, Section 3.4.2 and the Statutory Auditor's Report on the consolidated financial statements in Chapter 4, Section 4.7.

2.5.2 Market risk

Since Cegedim has not paid regular dividends in the past, shareholders may not receive any return on investment unless they sell their stock for a price greater than that which they paid for it	Cegedim has not paid a dividend since the 2011 payment made in respect of 2010 earnings. Any decision to distribute and pay dividends in the future will be made at the discretion of Cegedim's Board and will depend on, among other things, the Group's results, financial situation, cash requirements, contractual restrictions, and any other factors that its Board may deem relevant. In addition, the Group's ability to pay dividends is, and may continue to be, limited by loan covenants on existing and possible future debt arranged by the Group or its subsidiaries. Therefore, any return on investment in the Group stock may depend solely upon share price appreciation. See Chapter 3, Section 3.6"Dividend distribution policy" for more details.
Cegedim's results may fluctuate significantly, which could adversely impact the value of its shares	Cegedim's future operating results, including its revenues, gross margin, profitability, and cash flows, may vary significantly in the future, and period-to-period comparisons of the Group operating results may not be meaningful. Accordingly, the Group's quarterly results are not a reliable indicator of future performance. Cegedim's financial results fluctuate as a result of a variety of factors, some of which are outside of its control. Fluctuation in results may adversely impact the value of its equity. Factors that may cause fluctuations in the Group's financial results include, without limitation, those listed elsewhere in this "Risk Factors" section and those listed below: • The addition or loss of large customers, including through merger or combination of customers; • The amount and timing of operating expenses related to the maintenance and expansion of the Group's business, operations, and infrastructure; • Network outages or security breaches; • Conditions in the healthcare sector; • General economic, industry, and market conditions; • The Group's ability to attract new customers; • The amount of professional services purchased by its customers; • Customer renewal rates and the timing and terms of customer renewals; • Increases or decreases in the number of users of the Group's solutions or pricing changes; • Changes in the Group's pricing policies or those of its competitors; • The mix of solutions and services sold during a period; • Variations in the timing of the sales of the Group's solutions; • The timing and success of introductions of new solutions by the Group or its competitors or any other change in the competitive dynamics of its industry, including consolidation among competitors, customers, or strategic partners; • The timing of expenses related to the development or acquisition of technologies or businesses, and of potential future charges for impairment of goodwill from acquired companies.

Cegedim uses estimates to prepare its financial statements and uses certain assumptions and methods that could adversely impact its financial results. Ineffective internal controls could also adversely impact its business and operating results	The methods, estimates, and assumptions that Cegedim uses in applying its accounting policies have a significant impact on its results. For more information, see Note 17 of the notes to the consolidated financial statements in Chapter 4, Section 4.6 of this Registration Document. These methods, estimates, and assumptions are subject to risks, uncertainties, and interpretations, and changes could affect the Group's results. In addition, Cegedim's internal control system for financial reporting may not prevent or detect misstatements because of its inherent limitations, including the possibility of human error, the circumvention or overriding of controls, or fraud. Even effective internal control can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements. If the Group fails to maintain adequate internal controls, including any failure to implement required new or improved controls, or if the Group experiences difficulties in their implementation, its business and operating results could be harmed, and the Group could fail to meet its reporting obligations.

2.5.3 Legal risk

Apart from the risks indicated below, there are no other government, court, administrative, or arbitration cases, including any pending or future litigation of which the company is aware and that may have a significant impact on its financial condition or its profitability.

If Cegedim is deemed to have infringed, misappropriated, or violated the property rights of a third party, the Group could incur unanticipated expense and be unable to provide its products and services	Cegedim has been and may in the future be subject to allegations of intellectual property infringement, misappropriation, or other intellectual property violations, as some of its software applications overlap with competing products, and third parties may claim that the Group does not own or have the rights to all the intellectual property used in its software. The Group does not believe that it has infringed or is infringing on any valid or enforceable property rights of third parties. However, litigation is occasionally brought against the Group, and management cannot guarantee that allegations of infringement, misappropriation, or intellectual property violations will not be found to be without merit, or that no such claims will be made against the Group in the future. Defending against such claims could cause Cegedim to incur substantial costs and distract management from its routine duties. Furthermore, a party making a claim against the Group could secure a judgment awarding substantial damages, as well as injunctions could effectively block its ability to provide certain products or services. In addition, the Group cannot guarantee that licenses for third-party intellectual property it may need for its products or services will be available on commercially reasonable terms, or at all. Such claims might also require indemnification of its clients at significant expense. If required licenses cannot be obtained, or if existing licenses are not renewed, litigation could result. Litigation is inherently uncertain, and any adverse decision could result in a loss of its proprietary rights, subject it to significant liabilities, require it to obtain licenses from other companies, and otherwise materially and adversely affect its business, financial situation, and operating results.

Cegedim may face adverse rulings or settlements in commercial disputes	Cegedim has been and may in the future be party to a variety of commercial claims and lawsuits. For example, the Cegedim US subsidiary had a dispute with a customer that was using its products without a license. The two companies reached a friendly settlement that translated into a $3.7 million impairment of trade receivables in the Group's 2016 accounts. The results of any proceedings brought against the Group are inherently uncertain and adverse rulings or settlements may result in materially adverse monetary damages or injunctions. Any claims or litigation, even if fully indemnified or insured, could damage its reputation and make it more difficult to compete effectively or obtain adequate insurance in the future, and could thereby materially and adversely affect its business, financial situation, and operating results.
Cegedim may face adverse rulings or settlements in legal disputes or government investigations	Cegedim has been and may in the future be party to a variety of claims and lawsuits arising from the ordinary course of its business, or from government inquiries, investigations, or audits into its business. For example, the Paris Court of Appeal and then the Court of Cassation on June 21, 2017 rejected Cegedim's request and upheld the Competition Authority decision of July 8, 2014, concerning unfair trade practices in the healthcare professionals' database market in France. The fine amounted to €5.8 million, fully paid in 2014. On February 10, 2017, Cegedim was ordered to pay €4,636,000 to Tessi for failing to meet certain contractual obligations with respect to an asset sale made on July 2, 2007. Cegedim has decided to appeal this decision. This fine impacts non-recurring results and was recorded as other non-financial debt. No provision was made, and no additional provisions have been made since. Furthermore, Cegedim has received notification that it is being sued jointly with IQVIA (formerly IMS Health) by Euris for unfair competition. Cegedim has filed a motion claiming that IQVIA (formerly IMS Health) should be the sole defendant. Euris is claiming several millions of euros in damages. After consulting its external legal advisors, the company has decided to not record a provision. On December 17, 2018, the Paris Commercial Court granted Cegedim's request. That ruling has been appealed. The results of any proceedings brought against the Group are inherently uncertain and adverse rulings or settlements may result in materially adverse monetary damages or injunctions. Any claims or litigation, even if fully indemnified or insured, could damage its reputation and make it more difficult to compete effectively or obtain adequate insurance in the future, and could thereby materially and adversely affect its business, financial situation, and operating results.

2.5.4 Other risks

Cegedim may fail to expand its business with existing customers or lose one or more of its major customers	Customer retention is central to Cegedim's business model across its divisions, and its success depends on its ability to continue selling its products and services, including updates and incremental products and services, to its existing customers. Some of the Group's existing customers initially purchase only one or a limited number of its products and services. These customers might choose not to use or purchase additional modules or new software and services. If the Group fails to generate additional business with its current customers, its revenue could grow at a slower rate or even decrease. Cegedim's largest, top five, and top ten customers represented respectively 3.1%, 11.1%, and 17.5% of the Group's business revenue in the financial year ended December 31, 2018.

Cegedim may be unable to successfully introduce new products or services, or may fail to keep pace with advances in technology	The successful implementation of Cegedim's business model depends on its ability to adapt to evolving technologies and increasingly stringent industry standards, and to introduce new products and services. The Group cannot guarantee that it will be able to introduce new products on schedule, or at all, or that such products will achieve market acceptance. In addition, the Group must obtain compliance certifications from various authorities in connection with the development of software and medication databases to ensure that its products meet the regulatory requirements of these authorities. Cegedim cannot guarantee that it would be able to obtain all relevant compliance certifications. Even if it is able to do so, it may incur significant costs and encounter delays. Moreover, competitors may develop rival products that are more successful than the Group's and reduce its market share. If it cannot adapt to changing technologies, its products and services may become obsolete, and its business could suffer. Because the information technology market is characterized by rapid technological change, it may not be unable to anticipate changes in its current and potential customers' requirements, which could limit its competitiveness or make its existing technology obsolete. Its success and continued competitiveness will depend, in part, on its ability to continue to enhance its existing products and services, develop new technology that addresses the needs of its prospective customers, license leading technologies, and respond to technological advances and emerging industry standards and practices on a timely and cost-effective basis. The development of its proprietary technology entails significant technical and business risks. Cegedim may not be successful in using new technologies effectively or adapting its proprietary technology to evolving customer requirements or emerging industry standards, and, as a result, its business could suffer. If it fails to introduce planned products on schedule, enhance its current products and services, or develop new products compatible with emerging technologies and industry standards, the Group could lose clients to current or future competitors, which could have a material adverse effect on its business, financial situation, and operating results.
Cegedim's business depends on the adequate and effective protection of its intellectual property rights	Cegedim's business plan relies on technology products and its intellectual property rights over those products. Accordingly, protecting its intellectual property rights is critical to its continued success and its ability to maintain its competitive position. In addition to existing trademark, trade secret, and copyright law, the Group protects its proprietary rights through confidentiality agreements and technical measures. It generally does not rely on patents to protect its technology. It customarily enters into non-disclosure and assignment agreements with its employees and consultants and limits access to its trade secrets and technology. Typically, its employment contracts also include clauses requiring its employees to cede all of the inventions and intellectual property rights they develop in the course of their employment and to agree not to disclose confidential information even beyond the duration of the employment agreement. Despite its efforts, its source code, know-how, and trade secrets could potentially be disclosed to third parties, causing the Group to lose any competitive advantage resulting from such source code, know-how, or trade secrets. Cegedim also minimizes the need for disclosure of its source code to users or other third parties. It cannot be certain, however, that these measures will adequately prevent third parties from accessing its software, source code, or proprietary information. Furthermore, its use and distribution of open source software and modules in connection with its business also present risks to its intellectual property. Open source commonly refers to software whose source code is subject to a license allowing it to be modified, combined with other software, and redistributed, subject to restrictions set forth in the license. Under certain conditions, the use of some open source code to create derivative code may obligate the Group to make the resulting derivative code available to others at no cost. Cegedim monitors its use of open source code carefully in an effort to avoid situations that would require it to make parts of its core proprietary technology freely available as open source code, and it generally uses only code licensed under open source licenses that allow it to freely redistribute and sell the resulting products without restriction. Cegedim cannot guarantee, however, that it will not use code governed by more restrictive licenses or that a court will not interpret a license to require certain of its technologies to be made available as open source code. The Group cannot guarantee that the steps it has taken have prevented or will prevent misappropriation of its technology. It has been involved in legal proceedings in the past for what it suspected as misappropriations of its intellectual property. Misappropriation of its intellectual property could have an adverse effect on its competitive position. In addition, Cegedim may have to engage in litigation in the future to enforce or protect its intellectual property rights or to defend against claims of infringement, misappropriation, or other violations of third-party intellectual property rights. If it is unable to adequately protect its intellectual property or if, in doing so, it incurs substantial costs, including from the diversion of senior management's time and attention, its business, financial situation, and operating results could be materially and adversely affected.

Cegedim may be liable for the improper use of its products and services or of the information provided	Cegedim products and services may be used contrary to their intended use, including in ways that may cause harm, constitute fraud or any other criminal or civil offense, or attract negative public attention. Although the Group may not be responsible for any misuse of its products and services or any wrongdoing perpetrated through the use of its products and services, it may become the subject of investigations, inquiries or legal proceedings and suffer damage to its reputation. For example, in recent years, there have been incidents in France of pharmacists who were prosecuted for preparing fake accounting records for tax evasion purposes and for submitting fraudulent reimbursement claims to the French social security administration by misusing certain features of its Alliadis software. There were suggestions in the French press that its software contained features that facilitated such conduct by pharmacists and failed to incorporate sufficient controls to prevent user fraud or error. Legal or regulatory actions stemming from these incidents may give rise to fines and damages to Cegedim's reputation. Cegedim provides information that healthcare providers use in treating patients. If any information is incorrect or incomplete, it may be subject to product liability and other claims as a result of adverse consequences, including death of patients. The Group also provides software that contains patient clinical information. A court or government agency may rule that the delivery of health information exposes the Group to liability for personal injury, wrongful diagnosis or treatment, or erroneous health information. Although Cegedim maintains product liability insurance coverage in an amount that its senior management believes is sufficient for its business, the Group cannot guarantee that this coverage will prove to be adequate or will continue to be available on acceptable terms, if at all. A claim that is brought against Cegedim that is uninsured or under-insured could harm its business, financial position, and operating results.
Data processing errors, delivery delays, or difficulties in implementing Cegedim products and services could result in loss of client confidence	Data processing errors or significant defects in Cegedim products may result in loss of revenue; issuance of credits to clients; re-performance of work; payment of damages; future rejection of its products —including new versions and updates—and services by current and prospective customers; and harm to its reputation. Such monetary penalties, lost revenue, or increase in service and support costs may also result from difficulties in implementing its products and services, the failure to deliver products and services according to requirements, or the failure to meet specified goals within contractual timeframes. Cegedim cannot guarantee that it will not encounter difficulties or delays in delivering or implementing future products and services that could materially and adversely affect its business, financial position, and operating results.

If Cegedim's security is breached, the Group could be subject to liability, and customers could be deterred from using its products and services	Cegedim's business relies on securely transmitting, storing, and hosting sensitive information, including protected health information, financial information, and other sensitive information related to its customers, company, and workforce. As a result, the Group faces the risk that unauthorized access to its computer systems, whether deliberate or unintentional, may disrupt its business, such as through misappropriation or loss of sensitive information or corruption of data. Similarly, Cegedim faces the risk of denial-of-service and other internet-based attacks ranging from mere vandalism of its electronic systems to systematic theft of sensitive information and intellectual property. The Group cannot guarantee that its programs and controls will be adequate to prevent all possible security threats. Cegedim believes that any compromise of its electronic systems, including the unauthorized access, use or disclosure of sensitive information or a significant disruption of its computing assets and networks, would (i) adversely affect its reputation and its ability to fulfill contractual obligations, (ii) require it to devote significant financial and other resources to mitigate such problems, and (iii) increase its future cyber-security costs, including through organizational changes, deploying additional personnel and protection technologies, further training employees, and hiring outside experts and consultants. Moreover, unauthorized access, use or disclosure of such sensitive information could result in civil or criminal liability or regulatory action, including potential fines and penalties. Recently, other companies have experienced many high-profile incidents of data security breaches involving entities that transmit and store sensitive information. Lawsuits resulting from these security breaches have sought very significant monetary damages, although many of them have yet to be resolved. Although the Group maintains some insurance to cover these types of damages and costs, if it is sued for this type of security breach it is uncertain whether the coverage would be sufficient to cover the costs or damages assessed in this type of lawsuit against the Group. Any real or perceived compromise of its security or disclosure of sensitive information may result in lost revenues by deterring customers from using or purchasing its products and services in the future. If its security is breached, its business, financial position, and operating results could be materially and adversely affected.
Complex software may contain defects	Complex software may contain defects. The Group continually introduces new software, including upgrades to its existing software, which may contain defects. If Cegedim detects any defects before it introduces new software, the Group might have to delay its deployment until it resolves the problem, causing it to lose revenue and incur additional costs. If Cegedim does not discover software defects until after a product is launched, it could suffer harm to its reputation, lost sales, delays in commercial releases, requests for refunds, delays in or loss of market acceptance of its applications, license terminations or renegotiations, unexpected expenses, and diversion of resources needed to remedy defects and privacy and/or security vulnerabilities. Cegedim customers may also use its software with products from other companies or ones they developed internally. As a result, when problems occur, it may be difficult to identify the source of the problem. Even when Cegedim software is not the source of the problem, the existence of defects may cause the Group to incur significant costs, divert the attention of its technical personnel from its software development efforts, impact its reputation, and cause significant customer relations problems. Any of these could materially and adversely affect its business, financial position, and operating results.

System disruptions and failures may result in customer dissatisfaction and loss of customers	Cegedim systems may form an integral part of its customers' business operations, as they are used to manage customer data and process payments. The continuous and uninterrupted performance of its systems is critical to the Group's success, as any system failure that interrupts its ability to provide services to its customers may cause them to become dissatisfied. Cegedim's ability to continuously satisfy its customers depends on its ability to protect its computer systems against damage from fire, power loss, water, telecommunications failures, earthquake, terrorist attack, vandalism, and similar unexpected adverse events. Despite its efforts to implement network security measures, Cegedim systems are also vulnerable to computer viruses, break-ins, and similar disruptions from unauthorized tampering. Major weather and pandemic events could also harm the Group ability to conduct normal business operations. Although the Group has purchased insurance policies that it believes appropriate for its business and industry, such coverage may not be sufficient to compensate for significant losses that may occur as a result of any of these events. A prolonged system-wide outage or frequent outages could cause harm to its reputation and could cause Cegedim customers to make claims against the Group for damages allegedly resulting from an outage or interruption. Any damage or failure that interrupts or slows its systems, and any sustained or repeated damage or failures could significantly reduce the attractiveness of its services and result in decreased demand for Group products and services, which could materially and adversely affect its business, financial position, and operating results.
Data suppliers may withdraw data that Cegedim has previously collected, withhold data from the Group in the future, or fail to adhere to data quality standards, leading to difficulty in providing products and services to its clients	In addition to proprietary data and public domain data, Cegedim uses data purchased from third-party data suppliers and relies on them to provide the necessary data licenses on commercially reasonable terms. Its ability to continue providing products and services to its clients would be affected if its data suppliers were to withhold their data, whether as a result of its failure to maintain adequate relationships with them or as a result of legal, contractual, privacy, competition, or other economic concerns. For example, data suppliers could withhold their data if there is a competitive reason to do so, if Cegedim breaches its contract with them, if they are acquired by one of its competitors, if legislation is passed restricting the use of the data they provide, or if judicial interpretations are issued restricting use of such data. Its data suppliers may also fail to adhere to its data quality standards and cause the Group to terminate its relationship with them. If a substantial number of data suppliers were to withdraw or withhold their data or fail to adhere to Cegedim data quality standards, its ability to provide products and services to its clients could be negatively impacted, which could materially and adversely affect its business, financial position, and operating results.

Cegedim is subject to a number of existing laws, regulations, and industry initiatives in a changing regulatory environment	Cegedim's business and its customers' businesses are regulated by a number of governmental entities in multiple jurisdictions. These regulations may impact the Group directly through their application, or indirectly through their application to its customers, as its customers must be able to use its products in a manner that complies with those laws and regulations. If its customers are unable to do so, that could affect the Group's ability to market its products or adhere to customer contracts. Even in cases where regulations apply only to its customers, Cegedim could theoretically be accused of helping its customers violate healthcare laws or regulations. Because the healthcare information technology industry as a whole is relatively young, it is uncertain how numerous regulations will be applied to its business and to its customers' businesses. There are laws in many jurisdictions that may apply directly or indirectly to its business and its customers' businesses, including anti-kickback laws and limitations on doctor referrals. In addition, these laws and regulations differ from one country to another, and its products and services have to be customized to satisfy the legal and regulatory regimes of each country, adding to the complexity of legal and regulatory compliance. It is possible that a review of its business practices or those of its customers by courts or regulatory authorities could result in a decision that adversely affects the Group. The healthcare regulatory environment may also change in a way that restricts Cegedim existing operations or its growth. For example, pharmacy chains are not permitted in France, but the European Union is exerting pressure to change the law to allow them. If the law does change, Cegedim's negotiating power with pharmacies in France could be negatively impacted. The Group may not be able to retain its current strength in making commercial arrangements with chains of pharmacies in France, notwithstanding the potential benefit of having fewer parties with which to transact. If its negotiating power were reduced or if the reduction in operating costs were not sufficient to offset the negative impact on its negotiating power, its business, financial position, and operating results could be materially and adversely affected. The healthcare industry generally and the healthcare information technology industry specifically are expected to continue to undergo significant legal and regulatory changes in the foreseeable future. If the Group is unable to comply with changes in existing legislation or regulations, or if the healthcare regulatory environment adversely impacts its operating environment, its business, financial position, and operating results could be materially and adversely affected.
The market for Cegedim products and services is competitive	The market for Cegedim products and services is competitive and is characterized by rapidly evolving technology, product standards, and user needs, and the frequent introduction of new products and services. Some of its competitors may be more established, benefit from greater name recognition, and have substantially greater financial, technical, and marketing resources. Moreover, the Group expects that competition will continue to increase as a result of consolidation in both the information technology and healthcare industries. If one or more of its competitors or potential competitors were to merge or partner with another of its competitors, the change in the competitive landscape could adversely affect its ability to compete effectively. Cegedim competes on the basis of several factors, including the breadth and depth of services, reputation, reliability, accuracy and security, client service, price, and industry expertise and experience. The resources allocated to each market in which the Group competes vary, as do the number and size of its competitors across these markets. In any given market, its competitors may be in a better position to develop new products and pricing strategies that more quickly and effectively respond to changes in customer requirements in these markets and achieve greater market acceptance than its products and services. Due to competition, Cegedim may be subject to pricing pressures with respect to its future sales and be forced to reduce its prices, causing its business to be less profitable. There can be no assurance that the Group will be able to compete successfully against current and future competitors, or that the competitive pressures that it faces will not materially and adversely affect its business, financial position, and operating results.

Cegedim is exposed to general global economic and market conditions, particularly those impacting the healthcare and technology industries	A significant majority of Cegedim revenue is generated from the sale of its products and services to healthcare companies. The demand for its products and services or the price that it can charge to its clients may decline if the businesses that it serves become subject to financial pressures, such as increased costs or reduced demand for their products. The recent worldwide recession, combined with the European sovereign debt crisis and the continuing uncertainty as to global economic recovery, have had adverse consequences on its customers and its business, including financial pressures on industry participants to cut expenses and limit investment in capital intensive projects. Adverse market conditions may have a negative impact on its business by decreasing the number of contracts with new customers, the size of initial spending commitments under those contracts, and the level of discretionary spending by existing customers. In addition, customers may take longer to make purchasing decisions, limiting its ability to forecast its flow of new contracts. Any of these circumstances could have a material adverse impact on its business, financial position, and operating results.
Commitments to certain clients, particularly those with long-term agreements, may prove to be more costly than anticipated	The pricing and other terms of Cegedim client contracts are based on estimates and assumptions the Group makes at the time it enters into these contracts. These estimates and assumptions reflect its best judgment regarding the nature of the commitment and the expected costs of providing the contracted services, but such estimates and assumptions may differ from the actual nature of the commitment and costs. Any increased or unexpected costs or unanticipated delays in connection with the performance of these commitments, including delays caused by factors outside its control, could make these contracts less profitable or unprofitable, which would have an adverse effect on its profit margin. Its exposure to this risk generally increases in proportion to the size of the client contract and is higher in the early stages of the contract. In addition, a majority of its information technology outsourcing contracts contain some incentive-based or other pricing terms that condition its fee on its ability to meet defined goals. Failure to meet the expectations of a client in any type of contract may compromise the profitability of the commitment. The proportion of non-profitable contracts is virtually zero.
Cegedim's business may be adversely affected by prolonged sales cycles	Cegedim's business is directly affected by the length of its sales cycle. The duration of the sales cycle depends on a number of factors that are difficult to predict, including the nature and size of the potential customer and the extent of the commitment being made by the potential customer. Information technology systems are complex, and their purchase generally involves a significant commitment of capital, which can draw out the procurement process. Procurement procedures may require coordination and agreement across many departments. If potential customers take longer than Cegedim expects to decide to purchase, its selling expenses could increase, and revenue recognition could be delayed. In periods of economic downturn, its typical sales cycle is particularly susceptible to delays. Any of these situations could have a material adverse effect on its business, financial position, and operating results.

Cegedim's international presence exposes the Group to risks associated with varied and changing political, cultural, legal, financial, and economic conditions

Cegedim Group is affected by risks associated with conducting business internationally. The Group operates in ten countries, mainly in Europe. Although more than 84% of its revenue from continuing activities for 2018 came from customers in France, it generates significant revenue with customers in Europe, outside of France, and in North and South America. Cegedim's strategy is to continue to broaden its existing customer bases and to expand into international markets. Conducting business internationally exposes the Group to certain risks inherent in doing business in international markets, including:

- Products insufficient acceptance and competition from products already existing;
- Legal and cultural differences in the conduct of business;
- Difficulties in staffing and managing foreign operations;
- Longer payment cycles;
- Difficulties in collecting trade receivables, and withholding taxes that limit the repatriation of earnings;
- Trade barriers;
- Fluctuations in foreign currency exchange rates;
- Difficulties complying with varied legal and regulatory requirements across jurisdictions;
- Difficulties complying with applicable sanctions regulations, anti-money laundering and anti-corruption laws, which may include the US Department of Treasury Office of Foreign Assets Control sanctions, the US Foreign Corrupt Practices Act, and the UK Bribery Act;
- Difficulties complying with tax laws in multiple international jurisdictions, as well as changes in tax laws or their application;
- Insufficient legal protections of property rights and against crime;
- Immigration regulations that limit its ability to deploy its employees;
- Economic and political instability and threats of terrorism;
- Variations in effective income tax rates among countries where Cegedim conducts business.

One or more of these factors could have a material adverse effect on its international operations, which could harm its business, financial position, and operating results.

The Group has implemented a code of ethics and corruption prevention, as well as escalation procedures. To date, the Group has identified no problems.

Cegedim may seek to acquire companies or technologies that prove more difficult to integrate than expected and require senior management attention

Cegedim pursues acquisitions and other initiatives in order to offer new products or services, improve its market position, and enhance its strategic strengths. The Group has completed numerous acquisitions, in the past few years. In the future, Cegedim may acquire other companies to advance its strategy. The Group cannot guarantee that it will find suitable future acquisition candidates, conclude acquisitions on favorable terms, or that otherwise favorable acquisitions will not encounter antitrust or other regulatory issues. Cegedim also cannot guarantee that the acquisitions that it has completed, or any future acquisitions that it may make, will be successful in generating additional revenue, cost savings, or other intended benefits.

The Group may face unexpected difficulties incorporating the technology or systems of an acquired company. It may also fail to identify all material issues relating to the integration of its acquisitions, such as significant defects in the internal control policies and unknown liabilities associated with the acquired companies. Even if it obtains indemnification from the seller, the indemnification may be insufficient or unavailable for the particular liabilities that it incurs in association with the acquisition. Cegedim may also face difficulties integrating acquired personnel and operations and retaining and motivating key personnel. Acquisitions may also disrupt its ongoing operations, divert management from day-to-day responsibilities, increase its expenses, and damage its operating results or financial position. The occurrence of any of these events could have a material and adverse effect on its business, financial position, and operating results.

The skilled and qualified workforce that Cegedim needs to develop, implement, and modify its products and services may be difficult to hire, train, and retain, and the costs of attracting and retaining its skilled workforce could rise	Cegedim's business operations depend in large part on its ability to attract, train, motivate, and retain highly skilled information technology professionals, software programmers, and communications engineers with a deep understanding of the healthcare and health information technology industries, on a worldwide basis. Because its products and services are complex and are generally used by its customers to perform critical business functions, the Group depends heavily on skilled technology professionals. Skilled technology professionals are often in high demand and short supply. If Cegedim is unable to hire or retain qualified technology professionals to develop, implement, and modify its products and services, it may be unable to meet the needs of its customers. Cegedim invests significant time and expense in training its employees, which increases their value to clients and competitors who may seek to recruit them and also increases the cost of replacing them. In addition, initiating service for several new customers or implementing several new large-scale projects in a short period of time may require the Group to attract and train additional IT professionals at a rapid rate. Although the Group heavily invests in training its new employees, it may not be able to train them rapidly enough to meet the increasing demands of its business. If Cegedim fails to retain its employees, the quality of its services could diminish. A failure to hire, train, and retain the appropriate personnel could increase its costs of maintaining a skilled workforce and make it difficult to manage its operations, meet its commitments, and compete for new customer contracts. Any of these factors could have a material adverse effect on its business, financial position, and operating results. For more information on the Group's employee turnover over the period, please see Chapter "Statement of non-financial performance for 2018 Cegedim Group", Section 6.4.1 point "Results" on page 215.
Senior management and key employee turnover or failure to attract and retain qualified senior managers could adversely affect Cegedim operations	Cegedim's success depends on the skills, experience, efforts and policies of its senior management and the continued active participation of a relatively small group of senior executives, including its Chairman and Chief Executive Officer, Jean-Claude Labrune and its Deputy Managing Directors, Pierre Marucchi and Laurent Labrune. The loss of all or some of these executives could harm its operations and impair its efforts to expand its business. If one or more of its key employees leaves its employment, Cegedim will have to find a replacement with the skills necessary to execute its strategy. Because competition for skilled employees is intense and the process of finding qualified individuals can be lengthy and expensive, the departure of key personnel could materially and adversely affect its business, financial position, and operating results. The Group cannot guarantee that it will be able to retain such personnel.

2.5.5 Insurance

Insurance	Cegedim has an insurance program covering it and all the Group companies against professional and civil liability risks inherent in its operations. Its policies provide the following coverage: – Civil liability for operations: €30 million per claim; – Professional civil liability and civil liability after delivery: €25 million per claim, and per year insured. Cegedim has also taken out a policy with a company known to be solvent for "intangible computer damage" that covers operating losses and computer data resulting from a insured event for up to €15 million per year. In January 1, 2019, Cegedim has also taken out a specific policy that covers Cyber risks for up to €15 million per year. In June 2013, Cegedim purchased an employment practices liability insurance policy with a maximum limit of €10 million per period of coverage. The US subsidiary Pulse has a local US insurance policy covering risks relating to civil liability up to: : – $1 million per liability and $2 million per year of insurance for Commercial General Liability; – $1 million per liability and $1 million per year of insurance for Errors and Omission. Cegedim SA's insurance policy comes into play when conditions and limits differ and as a complement to or after exhaustion of the US coverage.

2.6 Key processes for financial and accounting information

Preparation of Group financial statements

The preparation of Cegedim Group financial statements comprises the following:

Centralized accounting of the companies of the Cegedim Group

The Cegedim Accounting Department prepares the company financial statements of subsidiaries in the French scope of the Group and oversees the entire process of preparing the consolidated financial statements. For newly-acquired companies and foreign subsidiaries, the Accounting Department established a standard reporting procedure for producing consolidation packages. At the same time, the Management Control Department verifies that key financial and operational data are reported monthly. The two departments routinely jointly check the consistency of their data.

The Group created a unit in 2005 dedicated specifically to international consolidation. The unit helps the Company ensure that the financial information from foreign subsidiaries is reliable and helps it adapt to new accounting regulations. Furthermore, this centralized consolidation process has made it possible to considerably reduce the time necessary to report international information.

The processes listed below help strengthen internal controls related to processing the financial and accounting information reported by the Cegedim Group.

Consolidation and financial reports: the Group's consolidated financial statements and financial reporting are prepared in accordance with the International Financial Reporting Standards (IFRS), based on the accounting data compiled under the responsibility of the operational entities' managers. The IFRS Standards and IFRIC interpretations used are those adopted by the European Union. The main issues in relation to the Financial Report are subject to specific procedures. These notably include annual impairment tests of Company assets, the assessment of the financial liquidity risk, the measurement of employee benefits, taxes, and commitments not recorded in the balance sheet. The consolidated financial statements are reviewed by the Audit Committee and approved by the Board. The Group's accounts are published semiannually, and consolidated revenue is published quarterly. The accounts are subject to an annual audit and a limited half-year review by the Statutory Auditors of the Group.

Budget, management control: every year, each operating unit submits its strategy and annual budget for the upcoming year, along with a three-year forecast, to Senior Management. Once validated, this information is integrated into the business plan submitted to the Audit Committee and the Group's Senior Management. Quantitative and qualitative objectives are then assigned to the operating unit managers as a basis for assessing their annual performance. The budget monitored regularly.

Investments/Disposals: all investments and disposals (equity investments, launch of new business activities, as well as any other financial commitment, rights purchases, real estate contract, etc.) are subject to the Senior Management's prior authorization. Transactions exceeding €20 million are submitted to the Audit Committee. The Finance and Investment Department examines case files and prepares reports.

Control and enhancement of financial and accounting information by Management Control

The data supplied by the Accounting Department is systematically reconciled with the work done by the Management Control Department, whether through regular analytical monitoring of the activities, budgetary control, or inspection reports. This information forms the basis for the operating reports prepared by Management Control, allowing for regular tracking of key indicators.

IT tools used to prepare financial and accounting information

Cegedim has a policy of upgrading its IT tools to ensure optimum availability, integrity, conformity, and auditability of its financial and accounting data.

Cegedim regularly acquires new tools to ensure necessary internal consistency and give management exactly the information they need to steer the Group. This process is directly overseen by the Deputy Managing Director, assisted by a project manager who liaises with the Accounting Department and the Management Control Department. The statutory consolidation tool and the international reporting tool are common to all Group entities. They are supplemented by a business intelligence tool allowing more detailed analysis of analytic information.

Preparation of Group financial statements (following)	**Key elements of the legal and operational control exercised by the parent company over the subsidiaries** Main disputes are directly handled by the Group's Legal Department. Senior Management also monitors the most sensitive disputes and is kept informed at all times by the Group's Legal Department of the status and the various stages of the dispute. The Audit Committee is regularly kept informed. **Control of commitments** The General Corporate Affairs office of the Group's Legal Department handles the central supervision of authorizations and delegations of authority and makes sure, when they are established, that they are limited in accordance with the Group's internal rules regarding commitments.
The annual budgeting process	Each year, the business unit directors present the annual budget for the activities under their responsibility to Senior Management. To prepare these budgets, Management Control provides any assistance the operational managers might need, guides their work to ensure overall consistency, and records the key assumptions so they can be tracked during the year.
Operational management control	Management Control is responsible for preparing monthly reports for all Group subsidiaries, including their annual forecasts and their budget tracking. These reports are systematically sent to the Group's Senior Management so that they can identify underlying performance trends for each entity and recommend any corrective measures if need be.
Control of operations management	Control of the Group's operations management covers three areas: – The annual budgeting process; – The monthly management reports and updates to annual forecasts; – The ad hoc inspections of the Group's departments and subsidiaries. These procedures cover all Group departments and subsidiaries. Furthermore, when new acquisitions are made, Cegedim has a standard integration process to ensure that operational synergies and the reporting necessary for management and Management Control in accordance with the current standards are implemented as quickly as possible.

2.7 Outlook

2018 performance	For 2018, the Group anticipated moderate growth in revenue and stable EBITDA compared to 2017. Cegedim recorded like-for-like revenue growth of 1.9% and EBITDA of €76.8 million compared with €77.5 million in 2017.
2019 outlook	Cegedim operates in constantly changing markets, and its strategic refocus is complete. The Group boasts solid fundamentals, a balanced portfolio of complementary offerings, a diverse client base, a broad geographic footprint, and the strength of an integrated group. These factors should enable it to sustain its current momentum and reach a new stage in its development where it can deliver lasting, profitable growth. Building on 2018, Cegedim continues to follow a strategy of primarily focused on organic growth and driven by robust innovation. The Group has set a target of around 5% growth in both like-for-like revenues and EBITDA. In 2019, the Group does not expect any significant acquisitions and is not issuing any earnings estimates or forecasts.
Potential impact of Brexit	In 2018, the UK accounted for 10.0% of consolidated Group revenues from continuing activities and 9.9% of consolidated Group EBIT. Cegedim deals in local currency in the UK, as it does in every country where it is present. Thus, Brexit is unlikely to have a material impact on Group EBIT. With regard to healthcare policy, the Group has not identified any major European programs at work in the UK and expects UK policy to be only marginally affected by Brexit.
Notice	*The figures cited above include guidance on Cegedim's future financial performances. This forward-looking information is based on the opinions and assumptions of the Group's senior management at the time this press release is issued and naturally entails risks and uncertainty. For more information on the risks facing Cegedim, please refer Section 2.5, "Risk monitoring, risk management, and insurance", on page 64 of this Registration Document.*

2018

03 Overview of the financial year

3.1 Activity and Highlights

3.1.1 Financial year highlights

Apart from the items cited below, to the best of the company's knowledge, there were no events or changes during the period that would materially alter the Group's financial situation.

Bpifrance sells Cegedim shares	Bpifrance Participations sold 1,682,146 Cegedim shares via an accelerated bookbuilding process to French and international institutional investors at a price of €35 per share on February 13, 2018. In the context of the transaction, the shareholders' agreement dated October 28, 2009, between Mr. Jean-Claude Labrune, FCB (the family holding company controlled by Mr. Labrune), and Bpifrance – as well as the concert between the parties – has been terminated. Following the sale, Cegedim's free float increased to 44% of capital (vs. 32% before the transaction).
Cegelease and Eurofarmat definitively sold	On February 28, 2018, Cegedim announced that it had completed the disposal of Cegelease and Eurofarmat to FRANFINANCE of the Société Générale Group for an amount of €57.5 million plus reimbursement of the shareholder's loan account, which amounted to €13 million. Of this amount, Cegedim used €30 million to pay down its debt. The parties have decided that Cegelease and the Cegedim Group will continue to collaborate in France under the current terms as part of a six-year collaboration agreement.
Rue de la Paye acquired in France	On March 30, 2018, Cegedim acquired French company Rue de la Paye via its Cegedim SRH subsidiary. The deal will enable the Group to market digital payroll solutions to 2 million SMEs and small businesses in France, including – importantly – thousands of healthcare professionals that are already Cegedim Group clients. Rue de la Paye's 2017 revenues were equivalent to around 1% of 2017 consolidated Group revenues, and it earned a profit. It began contributing to the Group's consolidation scope in April 2018.
Independent director appointed to Cegedim SA's board	At the annual general meeting on August 31, 2018, shareholders appointed Ms. Béatrice Saunier to a six-year term as an independent director. Her term will expire following the AGM held to approve the financial statements for the year 2023.
New financing structure for €200 million	On October 9, 2018, Cegedim set up a new financing structure for a total amount of €200 million consisting of a €135 million, 7-year Euro PP bond with a coupon of 3.50%, and a €65 million, 5-year syndicated revolving credit facility with a one-year extension option. The interest rate on the new revolving credit facility is 20 basis points lower than that of the previous one.
Euris litigation	Cegedim, jointly with IQVIA (formerly IMS Health), is being sued by Euris for unfair competition. Cegedim asked the court to dismiss the case against the Group. On December 17, 2018, the Paris Commercial Court granted Cegedim's request. That ruling has been appealed.

3.1.2 Information on major subsidiaries and affiliates

Cegedim's equity investments are presented in the organizational chart in Chapter 1, Section 1.3.1 of this Registration Document. They are included in the Group's consolidated financial statements in accordance with the methods presented in the accounting principles of the consolidated financial statements in Chapter 4, Section 4.6, Note 15.

Below are more detailed descriptions of our principal subsidiaries whose individual revenues exceeded €30 million at December 31, 2018.

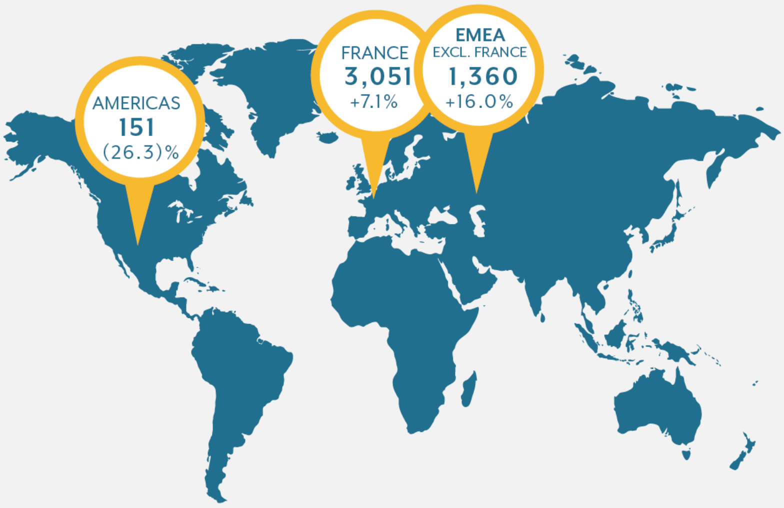
Cegedim Activ	More than 43 million beneficiaries in France are managed with its solutions, making Cegedim Activ the leader(1) in individual health insurance software and services (supplemental health plans, mandatory health plans, and personal protection plans). software and services dedicated to personal insurance (supplemental health plans, mandatory health plans, and personal protection). It designs and sells products to all kinds of market operators: insurance companies, mutuals, provident institutions, and intermediaries. Cegedim Activ uses its expertise in personal insurance to work closely with its customers, helping them create innovative offers and optimize profitability. In this regard, Cegedim Activ has a unique combination of know-how: experienced employees, access to the latest technologies, and an offer that includes consulting, system integration, IT facilities management, and healthcare data flow management services.
Cegedim SRH	Cegedim SRH offers Human Resources departments TEAMS[RH], a complete, modular HRIS platform via SaaS. It covers a wide range of functions: payroll, personnel administration, time management, HR indicator monitoring, career and skills management, HR analytics, and HR process and document digitization. This innovative solution can be coupled with partial processing or full business process outsourcing (BPO) services, provided either locally (in Boulogne, Nantes, Lyon, Toulouse, Vichy, and Montargis) or offshore via the Cegedim Service Center (Romania). Clients can start off with a limited range of functions and add to its list of outsourced services over time (BPO on Demand). In 2018, Cegedim SRH opened an office in Toulouse to cater to the growing local market. Cegedim SRH assists more than 250 clients, including national and international businesses in every sector of the economy and ranging from mid-market companies to large corporate accounts, and generates 525,000 pay slips a month.
Cetip	In 2018, Cetip consolidated its position as leader in third party payments management through its brands SP Santé and iSanté. It is currently processing over 198 million third-party healthcare payer invoices for 22 million beneficiaries and paying out over 3.2 billion benefits per year. Under its iGestion brand, Cetip offers outsourced management services in supplemental health and personal protection insurance to insurance companies, provident institutions, mutuals, and intermediaries. 850,000 beneficiaries are managed with its solutions.

GERS	For more than 40 years, GERS Data, French entity of the data business, has offered data and analyses for the healthcare market from a single data collection system. The offer covers the different healthcare professionals and the distribution channel for general practitioners and hospitals. The products range (Purchases, Sales & real world patient data[6]), the geographic accuracy in France to the point of sale as well as modern visualization solutions meet the needs of the players in the self-medication drugs, food supplements, medical and dermo-cosmetic devices. The reliability and accuracy of its data have made GERS Data highly recommended and referenced with the health authorities and unions
Cegedim-Media	C-Media is a leader in communications in pharmacies and health and wellness shops, and offers brands sold in pharmacies 360° solutions to create an innovative shopping experience. C-Media takes a unique approach to point-of-sale media based on a quality execution thanks to a network of more than 130 sales reps; an objective measurement of campaign effectiveness; an integrated production studio; a 4,500m2 production site that makes and dispatches printed materials, and includes large-format digital printing and cutting.

3.1.3 Major contracts

Major contracts	Significant contracts in the two years preceding the publication of this Registration Document, other than contracts signed in the normal course of business to which Cegedim or any other member of the Group is party, concern external growth operations. They are systematically subject to confidentiality agreements. When these transactions are concluded, and if they are likely to have a significant impact on the issuer's situation, they are announced in a press release that can also be consulted on the Company's website (www.cegedim.com). (See Notes 14.1 and 14.2 of Chapter 4, Section 4.6 of this Registration Document for a list of these transactions.) All contracts entered into by Group entities, up to the date of this Registration Document, which contain provisions that impose obligations or commitments of Group-wide importance on any of the Group's entities, are mentioned in Note 26.4 of the notes to the Consolidated Financial Statements presented in Chapter 4, Section 4.6 of this Registration Document

3.1.4 Employees

Employees	On December 31, 2018, the Cegedim Group employed 4,562 people worldwide. Thus, the total number of employees increased by 336 people, or 8.0%, compared with the end of December 2017 (4,226 people). Most of the increase took place in the first half of 2018 (4,307 people on June 30, 2018).
Employees by division **4,562** Employees **+8.0%**	
Employees by region **4,562** Employees	

3.2 Material changes in beneficial ownership

Since December 31, 2018	To the best of the company's knowledge, there were no material changes between December 31, 2017 and the filing date of this Registration Document
During FY 2018	**May 24, 2018 DNCA Investments** DNCA Investments declared that it crossed below the 6% threshold of capital following the off-market sale of its shares. DNCA Investments reported that it owns 5.8% of shares. **February 14, 2018: DNCA Investments** DNCA Investments reported crossing the threshold of 5% of shares and 3% of voting rights after Bpifrance Participations sold a block of shares via an accelerated bookbuilding process on February 13, 2018. DNCA Investments reported that it owns 6.1% of shares and 3.9% of voting rights. **February 15, 2018: Bpifrance Participations** Bpifrance Participations reported that it had crossed below the thresholds of 15%, 10%, and 5% of shares, and of 15%, 10%, and 5% of voting rights as a result of the operation to sell a portion of its Cegedim shares on February 13, 2018. Bpifrance Participations reported that it owns 3.0% of shares and 3.85% of voting rights. Bpifrance Participations has committed to retaining a 3% stake in Cegedim until October 28, 2019. **February 15, 2018: the parties to the shareholders' agreement–FCB, Jean-Claude Labrune and Bpifrance Participations** the parties to the shareholders' agreement–FCB, Jean-Claude Labrune and Bpifrance Participations–reported that they had crossed below the threshold of 2/3 of shares and had dissolved the agreement of October 28, 2009, following Bpifrance Participations' sale of 12% of Cegedim's shares as part of an accelerated bookbuilding process on February 13, 2018. **February 15, 2018: FCB** FCB reported crossing the threshold of 66% of voting rights. FCB did not alter its stake, but it did report that due to the cancellation of double voting rights attached to the shares sold by Bpifrance Participations on February 13, 2018, the shareholders' agreement had crossed below the threshold of individual voting rights while its own holding had crossed above the threshold. In other words, the percentage of voting rights rose automatically. After the operation, FCB held 52.7% of shares and 67.5% of voting rights.
During FY 2017	To the best of the company's knowledge, there were no material changes during 2017.
During FY 2016	To the best of the company's knowledge, there were no material changes during 2016.

3.3 Events after December 31, 2018

Apart from the items cited below, to the best of the company's knowledge, there were no post-closing events or changes that would materially alter the Group's financial situation.

Acquisition of XimantiX in Germany	**On January 21, 2019, Cegedim acquired German company XimantiX.** Building on its presence in the digitalization market in Belgium, France, the United Kingdom, and Morocco, Cegedim now has a solid base for this activity in Germany, Europe's leading economy. By acquiring a German leader positioned on the midmarket segment, Cegedim e-business will be able to develop its offer for SMEs. XimantiX customers will gain access to a wider range of services, thanks to Cegedim's international scope. XimantiX's 2018 revenues came to €2.2 million, and it earned a profit. It began contributing to the Group's consolidation scope in January 2019.
Acquisition of RDV Médicaux in France	**On February 2019: Cegedim acquired French company RDV Médicaux,** an online appointment scheduling site whose close collaboration with hotlines gives it a unique positioning. This deal clearly reaffirms Docavenue's ambition to help healthcare professionals focus on patient care by offering innovative services that are 100% designed to improve the French healthcare system. RDV Médicaux's 2018 revenues came to €0.6 million. It began contributing to the Group's consolidation scope in March 2019.
Acquisition of BSV in France	**On January 31, 2019, Cegedim acquired BSV Electronic Publishing,** the leading provider of invoice digitization solutions to French municipalities and widely respected for its successful Electronic Document Management System (EDMS). BSV's ZeDOC software suite includes electronic document management--a dynamic data capture tool that sets it apart from a conventional EDMS based on document indexing--Optical Character Recognition (OCR) and Automatic Document Recognition (ADR). BSV Electronic Publishing generated revenue of €1.2 million in 2018. It began contributing to the Group's consolidation scope in February 2019.

3.4 Analysis of the financial position of the Cegedim Group

3.4.1 2018 Financial performance

Operational performance

Revenue from continuing activities	EBITDA	EPS from continuing activities
€467.7m **+2.2%** reported **+1.9%** L-f-l	**€76.8m**	**€0.4**

Financial resources

Cash flow generated from operating activities after tax paid and change in working capital	Capex	Net debt
€123.6m **+68.2%** compared to 2017	**€75.1m** **+10.1%** compared to 2017	**€108.0m** **(54.3)%** compared to 2017

Financial ratio

EBITDA margin EBITDA on revenue from continuing activities	Leverage ratio Net debt on EBITDA	Gearing Net debt on equity
16.4% in 2018	**X1.4** in 2018	**54.3%** in 2018
16.9% in 2017	**X3.0** in 2017	**119.7%** in 2017

3.4.2 Consolidated P&L

In € million	12.31.2018	12.31.2017	Change %	Change €m
Revenue	**467.7**	**457.4**	**+2.2 %**	**+10.2**
Purchases used	(29.3)	(33.8)	(13.2)%	+4.5
External expenses	*(122.6)*	(122.5)	*+0.1%*	*+0.1*
Payroll costs	(229.5)	(215.4)	+6.5%	+14.1
EBITDA	**76.8**	**77.5**	**(0.9)%**	**(0.7)**
EBITDA margin	*16.4%*	*16.9%*	*(53) bps*	-
Amortization and depreciation	(43.7)	(40.1)	+9.1%	+3.6
EBIT before special items	**33.1**	**37.4**	**(11.7)%**	**(4.4)**
EBIT margin before special items	*7.1%*	*8.2%*	*(111) bps*	-
Special items	*(18.6)*	(18.9)	*(1.2)%*	*(0.2)*
EBIT	***14.4***	**18.5**	***(22.3)%***	***(4.1)***
EBIT margin	*3.1%*	*4.1%*	*(97) bps*	-
Cost of net financial debt	*(6.0)*	(6.7)	*(11.4%*	*(0.8)*
Total taxes	*(3.9)*	(4.7)	*(16.5)%*	*(0.8)*
Profit (loss) from continuing activities	***4.5***	**7.1**	***(36.5)%***	***(2.6)***
Net profit (loss) from activities sold	*1.3*	0.0	*n.m.*	*+1.3*
Net profit (loss) from activities held for sale	*0.0*	4.1	*n.m.*	*(4.1)*
Net profit attributable to owners of the parent	*5.8*	11.1	*(48.2)%*	*(5.4)*

Starting June 30, 2017, the Group has decided to implement recommendation ANC 2013-03 of France's national accounting standards board, which allows companies to incorporate their share of the income of equity-accounted affiliates in the consolidated operating result. Cegedim's 2016 financial statements have been restated as indicated in Note 1 General principles in Chapter 4, Section 4.6.

Key financial indicators

The Cegedim Group's key financial indicators are:

- Consolidated revenue and revenue by division;
- Consolidated operating income before special items and by division;
- Investments;
- Financial structure.

Detailed comments on these are provided hereafter.

Key non-financial performance indicators

The key non-financial performance indicators that apply to Cegedim SA also apply to the consolidated Group level.

3.4.2.1 Comments on the consolidated P&L

REVENUES

Revenue from continuing activities

€467.7m

+2.2% reported

+1.9% L-f-l

Revenue from continuing activities increased by €10.2 million, or 2.2%, to €467.7 million in 2018, compared to €457.4 million for 2017. Excluding an unfavorable currency translation effect of 0.3% and a 0.6% boost from acquisitions, revenue rose 1.9%.

The Health insurance, HR and e-services division grew by 4.7%, whereas the Healthcare professionals division experienced a drop of 3.1%.

Currency impact

(1.3)M€

(0.3)%

The unfavorable currency translation impact of €1.3 million, or 0.3%, is chiefly due to the negative impacts of €0.7 million from the US dollar, which represents 2.4% of Group revenues, and of €0.5 million from the pound sterling, which represents 10.0% of Group revenues.

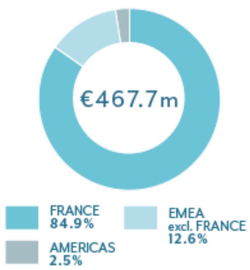
Scope impact

+€2.9m

+0.6%

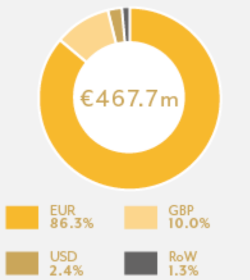
Acquisitions added €2.9 million, or 0.6%, mainly as a result of the March 30, 2018, acquisition of Rue de la Paye in France.

Breakdown of revenue by geographic region



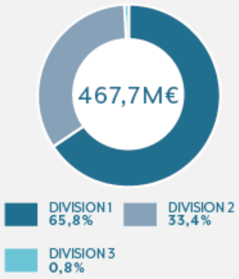
By geographic region, the relative contribution of France climbed by 1.7 points to 84.9%, whereas EMEA (excluding France) and the Americas fell by respectively 0.9 and 0.8 point to 12.6% and 2.5% respectively.

Breakdown of revenue by currency



The breakdown of revenue by currency changed only marginally compared with the previous year: the euro climbed by 1.6 point to 86.3%, whereas the pound sterling and dollar US fell respectively by 0.9 and 0.8 point to 10.0% and 2.4% respectively. The other currencies remained relatively stable at 1.3%.

Breakdown of revenue by division



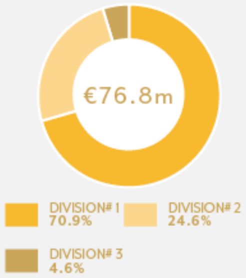
Changes in the breakdown of Group revenue by division were as follows. The contribution of the Health insurance, HR and e-services division increased by 2.2 points to 65.8%, whereas that of the Healthcare professionals division decreased by 2.1 points to 33.4%. The contribution of the Corporate and others division remained relatively stable at 0.8%.

Division 1: Health insurance, HR and e-services;
Division 2: Healthcare professionals;
Division 3: Corporate and others.

OPERATIONAL CHARGES

Purchases used **€29.3m**	as % of revenues **6.3%** in 2018 **7.4%** in 2017	Purchases used decreased by €4.5 million, or 13.2%, to €29.3 million in 2018, compared to €33.8 million in 2017. Purchases used represented 6.3% of consolidated revenue in 2018, compared with 7.4% in 2017. The decrease was primarily due to the performance of the UK doctor computerization business.
External expenses **€122.6m**	as % of revenues **26.2%** in 2018 **26.8%** in 2017	External expenses were more or less stable and came to €122.6 million in 2018, compared with €122.5 million in 2017. External expenses represented 26.2% of consolidated revenue in 2018, compared with 26.8% in 2017. The relative stability in external expenses was due to the use of fewer temporary employees in France partly offset by an increase in temporary employees in UK.
Payroll costs **€229.5m**	as % of revenues **49.1%** in 2018 **47.1%** in 2017	Payroll costs increased by €14.1 million, or 6.5%, to €229.5 million in 2018, compared with €215.4 million in 2017. Payroll costs represented 49.1% of consolidated revenue in 2018, compared with 47.1% in 2017. The increase in payroll costs mainly reflects an increase in number of employees, primarily because of the launch of the BPO offering in Romania and from hiring on long-term contracts some temporary employees. As a reminder, temporary employees are recorded under "External purchases". The introduction of the CICE ("Crédit d'impôt pour la compétivité et l'emploi" —tax credit for competitiveness and employment) in France in 2013 reduced payroll costs. At December 31, 2018, the credit reduced payroll costs and external expenses by €3.3 million, compared with €3.7 million at December 31, 2017.
EBITDA **€76.8m**	as % of revenues **+16.4%** in 2018 **+16.9%** in 2017	EBITDA decreased by €0.7 million, or 0.9%, to €76.8 million in 2018, compared with €77.5 million in 2017. EBITDA represented 16.4% of consolidated revenue in 2018, compared with 16.9% in 2017. The increase reflected trends in revenue, purchases used, external expenses, and payroll costs (for more details, see above).

EBITDA breakdown by division



The Health insurance, HR and e-services division contributed to 70.9% of consolidated EBITDA, compared with 24.6% for the Healthcare professionals division, whereas the Corporate and others division contributed 4.6%.

Division 1 : Health insurance, HR and e-services;
Division 2: Healthcare professionals;
Division 3: Corporate and others.

EBIT before special items

€33.1m

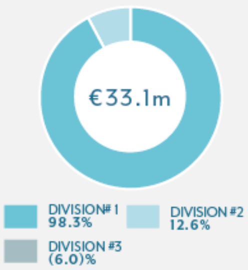
as % of revenues

+7.1% in 2018

+8.2% in 2017

EBIT before special items decreased by €4.4 million, or 11.7% to €33.1 million in 2018, compared with €37.4 million in 2017. EBIT represented 7.1% of consolidated revenue in 2018, compared with 8.2% in 2017. The decrease was due to decline of €0.7 million in EBITDA, partly offset by a €3.6 million increase in depreciation and amortization expenses, from €40.1 million in 2017, to €43.7 million in 2018. Most of this €5.8 million increase results from a €8.7 million increase in the amortization of capitalized R&D expenses, which amounted to €34.4 million in 2018 compared with €26.0 million in 2017.

EBIT before special items breakdown by division



The Health insurance, HR and e-services division generated 98.3% of consolidated EBIT before special items, against 7.7% for the Healthcare professionals division. The Corporate and others division made a negative contribution equivalent to 6.0%.

Exceptional items

€18.6m

Exceptional items amounted to a net charge of €18.6 million compared with a net charge of €18.9 million in 2017. The main reasons for the near stability were the €2.4 million decrease in amortization of intangible assets related to mature assets and the €1.3 million decrease in other exceptional charges, partly offset by the €3.5 million increase in restructuring costs, including a €4.1 million charge related to the sale of Cegelease and Eurofarmat.

Breakdown of special items by nature and division

Breakdown of special items by nature

In € million	12.31.2018	12.31.2017
Restructuring costs	(9.8)	(6.4)
Amortization charge for intangible mature assets	(6.9)	(9.3)
Other non-recurring income and expenses	(2.0)	(3.2)
Special items	**(18.6)**	**(18.9)**

Breakdown of special items by division

In € million	12.31.2018	12.31.2017
Health insurance, HR and e-services	(1.5)	(2.4)
Healthcare professionals	(11.6)	(14.4)
Corporate and others	(5.5)	(2.1)
Special items	**(18.6)**	**(18.9)**

EBIT

€14.4m

as % of revenues

3.1% in 2018

4.1% in 2017

EBIT decreased by €4.1 million to €14.4 million in 2018, compared with a €18.5 million in 2017. EBIT represented 3.1% of consolidated revenue in 2018, compared with 4.12% in 2017. This decrease was due to the €4.4 million decline in EBIT before special items and in the €0.2 million decrease in special items.

FINANCIAL CHARGES

Cost of net financial debt

€6.0m

Cost of net financial debt fell by €0.8 million, or 11.4%, to €6.0 million vs. €6.7 million in 2017. This decline reflects the positive impact of refinancing transactions carried out in H2 2018 combined with the sale of Cegelease and Eurofarmat in February 2018.

Tax expense

€3.9m

Tax amounted to a charge of €3.9 million compared with a charge of €4.7 million in 2017. The main factors were a deferred tax asset of €0.7 million in 2018 compared with a deferred tax charge of €0.7 million in 2017, partly offset by a €0.6 million increase in corporate income tax.

NET RESULTS

Consolidated net profit from continuing activities **€4.5m**	Consolidated net profit from continuing activities amounted to a €4.5 million profit in 2018 compared with a €7.1 million profit in 2017. This €2.6 million decrease in consolidated net profit from continuing activities reflected trends in revenue, EBIT, special items, cost of net financial debt and tax expense (for more details, see above).
Net profit from activities sold **€1.3m**	Net profit from activities sold amounted to a €1.3 million profit at December 31, 2018. No profit was recognized from activities sold in 2017. The net profit from activities held for sale in 2017 amounted to a €4.1 million profit.
Consolidated net profit attributable to the Group **€5.8m**	After taking into account minority interests, the consolidated net profit attributable to the Group amounted to an €5.8 million profit at December 31, 20187, compared with a €11.1 million profit at December 31, 2017.

EARNINGS PER SHARE

Earnings per share before special items **€0.7**	Earnings per share before special items amounted to a €0.7 profit for 201817, compared with a €0.9 profit for 2017.
Earnings per share **€0.4m**	Earnings per share amounted to a €0.4 profit at December 31, 2018, compared with a €0.8 profit in 2017.

3.4.3 Analysis of the financial position by division

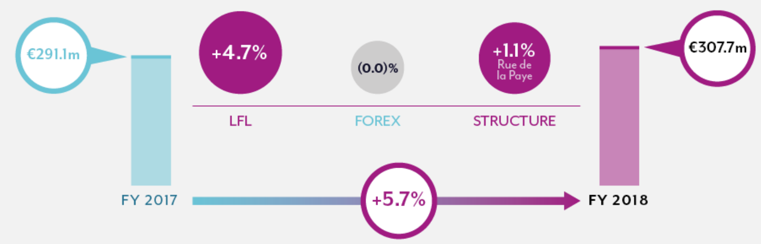
3.4.3.1 Health insurance, HR and e-services division

Health insurance, HR and e-services division	as % of revenues	Employees
	65.8% | 63.6% In 2017	2,638 | 2,302 In 2017

OPERATIONAL PERFORMANCE

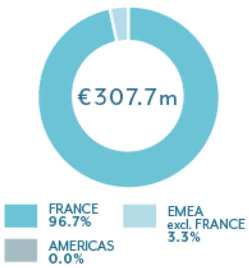
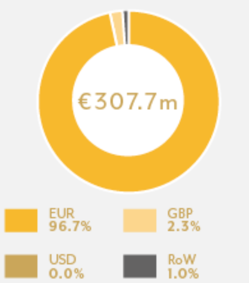
Revenue	EBITDA	EBITDA margin
€307.7m | +5.7% reported | +4.7% l-f-l	€54.4m | +13.2% compared to 2017	17.7% | +16.5% in 2017

Revenue change



In € million	12.31.2018	12.31.2017	Change %	Change €m
Revenue	307.7	291.1	+5.7%	+16.6
EBITDA	54.4	48.1	+13.2%	+6.3
EBITDA margin	*17.7%*	*16.5%*	*+117 bps*	-
Depreciation	(21.9)	(19.7)	+11.2%	+2.2
EBIT before special items	32.5	28.4	14.5%	+4.1
EBIT margin	*10.6%*	*9.7%*	*+82 bps*	-
Special items	(1.5)	(2.4)	(37.5)%	(0.9)
EBIT	31.0	26.0	+19.4%	+5.0
EBIT margin	*10.1%*		xx	-

COMMENTS ON REVENUE

Revenue **€307.7m**	**+5.7%** reported **+4.7%** Lfl	Revenue for the Health insurance, HR and e-services division increased by €16.6 million, or 5.7%, to €307.7 million over 2018, compared with €291.1 million over 2017. The March 30, 2018 Rue de la Paye acquisition in France made a positive contribution of 1.1%. The businesses that made the biggest contributions to growth were Cegedim SRH (HR management solutions), Cegedim Health Data (sales statistics for pharmaceutical products), Cegedim e-business (digitalization and data exchange), and – in the field of health insurance – third-party payment flow management and BPO activities.
Currency impact **€0.1m**	**(0.0)%**	Currency translation had virtually no impact. Like-for-like revenues rose 4.7% over the period.
Scope impact **€3.1m**	**+1.1%**	Acquisitions added €3.1 million, 1.1%, mainly as a result of the March 30, 2018, acquisition of Rue de la Paye in France.
Breakdown of revenue by geographic region		By geographic region, France and EMEA (excluding France) made relatively stable contributions of 96.7% and 3.3% respectively.
Breakdown of revenue by currency		The breakdown of revenue by currency has changed only marginally since the previous year: the euro, the pound sterling and other currencies were relatively stable at respectively 96.7%, 2.3% and 1.0%.

COMMENTS ON PROFITABILITY

EBITDA **€54.4m**	Margin **17.7%** in 2018 **+16.5%** in 2017	EBITDA increased by €6.3 million, or 13.2%, to €54.4 million over 2018, compared with €48.1 million in 2017. The 2018 figure represented 17.7% of revenue, compared with 16.5% in 2017. The businesses that made the biggest contributions to this growth in revenue and EBITDA were *Cegedim SRH* (HR management solutions), *Cegedim Health Data* (sales data and statistics for pharmaceuticals), and--in the health insurance sector--third-party payment flow processing activities. BPO products and *Cegedim e-business* (process and document digitalization) made notable contributions to revenue growth, and *Cegedim-Media* (advertising in pharmacies and health & wellness shops) did the same for EBITDA growth.
EBIT before special items **€32.5m**	Margin **10.6%** in 2018 **+9.7%** in 2017	EBIT before special items increased by €4.1 million, or 14.5%, to €32.5 million over 2018, compared with €28.4 million over 2017. It represented 10.6% of consolidated revenue in 2018, compared with 9.7% in 2017. This increase in EBIT was due to the €6.3 million increase in EBITDA partly offset by a €2.2 million increase in amortization and depreciation expense that rose from €13.5 million in 2017 to €21.9 million in 2018.

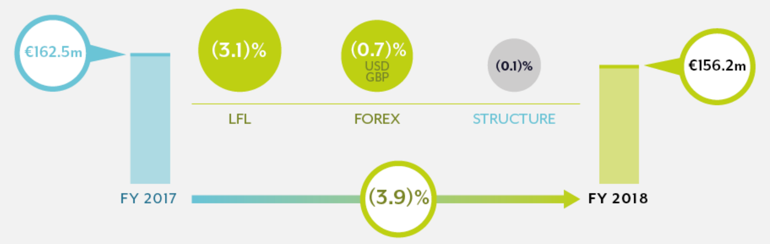
3.4.3.2 Healthcare professionals division

Healthcare professionals division	as % of revenues	Employees
	33.4% in 2018 | 35.5% in 2017	1,641 in 2018 | 1,666 in 2017

OPERATIONAL PERFORMANCE

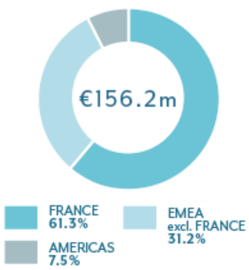
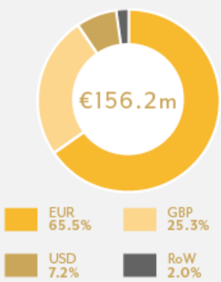
Revenue	EBITDA	EBITDA margin
€156.2m | (3.9)% reported | (3.1)% L-f-l	€18,9m | (6.1)% compared to 2017	12.1% | +15.4% in 2017

Revenue change



In € million	12.31.2018	12.31.2017	Change %	Change €m
Revenue	156.2	162.5	(3.9)%	(6.3)
EBITDA	18.9	25.0	(24.5)%	(6.1)
EBITDA margin	*12.1%*	*15.4%*	*(330) bps*	-
Depreciation	(16.3)	(14.6)	+11.9%	(1.7)
EBIT before special items	2.5	10.4	(75.6)%	(7.8)
EBIT margin	*1.6%*	*6.4%*	*(477) bps*	-
Special items	(11.6)	(14.4)	(19.2)%	(2.8)
EBIT	(9.1)	(4.0)	126.5%	(5.1)
EBIT margin	*(5.8)%*	*(2.5)%*	xxx	-

COMMENTS ON REVENUES

Revenue **€156.2m**	**(3.9)%** reported **(3.1)%** L-f-l	Revenue for the Healthcare professionals division decreased by €6.3 million, or 3.9%, to €156.2 million over 2018, compared with €162.5 million over 2017. Currency effects made a negative contribution of 0.7%. There was virtually no impact from acquisitions or divestments. Like-for-like revenue decrease by 3.1% over the period The businesses that made the strongest contributions to this growth were software for doctors and allied health professionals in France and Belgium, and the BCB medication database. The strong year-on-year growth in computerization services for doctors in the UK in the fourth quarter was particularly noteworthy.
Currency impact **€1.1m**	**(0.7)%**	Currencies had a negative impact of 0.7%. Like-for-like revenues fell 3.1% over the period.
Scope impact **€(0.1)m**	**(0.1)%**	There was virtually no impact from acquisitions or divestments.
Breakdown of revenue by geographic region		By geographic region, the relative contribution of France climbed by 2.3 points to 61.3%, whereas that Americas and EMEA (excluding France) fell respectively by 1.9 and 0.4 point to 7.5% and 31.2% respectively.
Breakdown of revenue by currency		The breakdown of revenue by currency has marginally changed since the previous year: the euro and other currencies saw their share climb respectively by 2.2 and 0.6 points to 65.5% and 2.0% respectively, whereas that of the US dollar and pound sterling fell respectively by 2.0 and 0.9 points to 25.3% and 7.2 respectively.

COMMENTS ON PROFITABILITY

EBITDA **€18.9m**	Margin **12.1%** in 2018 **+15.4%** in 2017	EBITDA decreased by €6.1 million, or 24.5% to €18.9 million over 2018, compared with €25.0 million over 2017. It represented 12.1% of consolidated revenue over 2018, compared with 15.4% over 2017. The businesses that made positive contributions were the BCB medication database, the doctors' software in France. By contrast, the main businesses that made negative contributions to EBITDA were doctors' software in the US and Spain. Substantial investment in Docavenue's telemedicine offering--notably in person-hours--was also a headwind.
EBIT before special items **€2.5m**	Margin **1.6%** in 2018 **+6.4%** in 2017	EBIT before special items dipped by €7.8 million to a profit of €2.5 million in 2018, compared with a €10.4 million profits in 2017. It represented 1.6% of consolidated revenue over 2018, compared with 6.4% over 2017. This decrease in EBIT was primarily due to the €6.1 million decrease in EBITDA, and to the €1.7 million increase in depreciation and amortization expenses that rose from €14.6million in 2017 to €16.3 million in 2018.
Special items **€11.6m**	Growth rate **(19.2)%**	Special items decreased by €2.8 million to €11.6 million over 2087, compared with €14.4 million over 2017. This level of exceptional charges chiefly reflects a €6.9 million provision for intangible assets related to mature assets (UK and USA) and a €2.5 million charge for the division's restructuring.

3.4.3.3 Corporate and others division

Corporate and others division	as % of revenues	Employees
	0.8% in 2018	**283** in 2018
	0.8% in 2017	**258** in 2017

OPERATIONAL PERFORMANCE

Revenue	EBITDA	EBITDA margin
€3.8m	**€3.5m**	**n.s.** in 2018
(1.5)% reported	**(21.2)%** compared to 2017	**+n.s** in 2017
(1.5)% L-f-l		

Revenue change

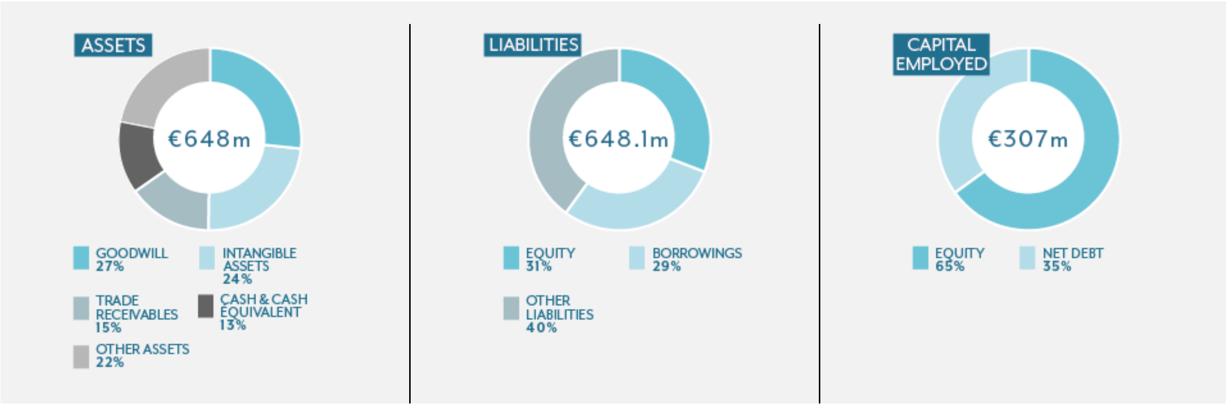
In € million	12.31.2018	12.31.2017	Change %	Change m€
Revenue	3.8	3.9	(1.5)%	(0.1)
EBITDA	3.5	4.4	(21.2)%	(0.9)
EBITDA margin	*91.5%*	114.3%	*(2,288) bps*	-
Depreciation	(5.5)	(5.8)	(5.2)%	+0.3
EBIT before special items	(2.0)	(1.3)	+48.2%	(0.6)
EBIT margin	*(51.8)%*	(34.4)%	*(1,736) bps*	-
Special items	(5.5)	(2.1)	(166.7)%	(3.4)
EBIT	(7.5)	(3.4)	(120.1)%	(4.1)
EBIT margin	*n.s.*	*n.s.*		-

COMMENTS ON REVENUE AND PROFITABILTY

Revenues €3.8m	(1.5)% reported (1.5)% L-f-l	Revenue for the Corporate and others division decreased by €0.1 million, or 1.5%, to €3.8 million over 2018, compared with €3.9 million over 2017. There were no divestments or acquisitions and there was no impact from foreign currency translation.
EBITDA €3.5m	Marge 91.5% in 2018 +114.3% in 2017	EBITDA decreased by €0.9 million to €3.5 million in 2018, compared with €4.4 million in 2017. It represented 91.5% of consolidated revenue over 2087, compared with 114.3% over 2017.
EBIT before special items €(2.0)m	Margin (51.8)% in 2018 (34.4)% in 2017	EBIT before special items worsen by €0.6 million to a €2.0 million loss in 2018, compare with a €1.3 million loss in 2017. It represented 51.8% of consolidated revenue over 2018, compared with 34.4% over 2017. This negative trend mainly reflects the €0.9 million decrease in EBTIDA, which was slightly offset by a €1.7 million increase in depreciation and amortization expenses.
Special items €5.5m	Growth rate +166.7%	Special items increased by €3.4 million to €5.5 million in 2018, compared with €2.1 million in 2017, mainly due a €4.1 million charge related to the sale of Cegelease and Eurofarmat and the €1.1 million increase in restructuring costs.

3.4.4 Financial structure as of December 31, 2018

3.4.4.1 Simplified Consolidated Balance Sheet



In € million	Note	12.31.2018	12.31.2017	Change %
Assets				
Goodwill		173.0	167.8	+3.1%
Intangible fixed assets		156.7	145.8	+7.4%
Property and equipment		33.4	33.2	+0.7%
Financial assets	a	21.0	20.4	+3.0%
Other non-current assets	b	39.9	38.2	+4.4%
Total non-current assets		**424.0**	**405.3**	**+4.6%**
Trade receivables – short-term portion		97.3	118.2	(17.7)%
Cash & cash equivalents		81.1	18.7	+333.2%
Other current assets		45.8	84.2	(45.6)%
Total current assets		**224.1**	**221.1**	**+1.4%**
Assets of activities held for sale		0.0	119.8	n.m.
Total assets		**648.1**	**746.2**	**(13.1)%**
Liabilities				
Long-term financial debt	c	185.8	250.8	(25.9)%
Other non-current liabilities		34.0	32.8	+3.6%
Total non-current liabilities		**219.8**	**283.6**	**(22.5)%**
Short-term financial debt	c	3.2	4.0	(20.5)%
Other current liabilities	d	226.1	198.2	+14.1%
Total current liabilities		**229.3**	**202.2**	**+13.4%**
Total liabilities excluding shareholders' equity		**449.2**	**485.9**	**(7.6)%**
Shareholders' equity	e	**199.0**	**197.3**	**+0.8%**
Liabilities of activities held for sale		0.0	63.0	n.m.
Total liabilities and shareholders' equity		**648.1**	**746.2**	**(13.1)%**

a) Excluding equity shares in equity method companies.

b) Including deferred tax assets of €28.2 million at December 31, 2018, and €27.3 million at December 31, 2017.

c) Long-term and short-term liabilities include liabilities under our employee profit-sharing plans in the total amount of €6.7 million at December 31, 2018, and €7.3 million at December 31, 2017.

d) Including "tax and social liabilities" of €89.1 million at December 31, 2018, and €83.1 million at December 31, 2017. This includes VAT, French and US profit-sharing schemes, provisions for leave days, social security contributions in France, French health insurance coverage, and wage bonuses.

e) Including minority interests of €0.2 million at December 31, 2018, and €0.0 million at December 31, 2017.

NET FINANCIAL DEBT

in €m	Note	12.31.2018	12.31./2017	Change %
Long-term financial debt		185.8	250.8	(25.9)%
Short-term financial debt		3.2	4.0	(20.5)%
Gross debt		**189.1**	**254.9**	**(25.8)%**
Cash and cash equivalents	f	81.1	18.7	+333.2%
Net financial debt	g	**108.0**	**236.2**	**(54.3)%**
Equity		199.0	197.3	+0.8%
Gearing	h	**0.5**	**1.2**	**(54.3)%**
EBIDTA	i	76.8	77.5	(0.9)%
Leverage ratio	g/i	1.4	3.0	-

f) In 2017, the cash and equivalents line is restated for cash from activities held for sale, which was not the case in 2016.
g) Net financial debt to total equity ratio.

Structure of debt

€135 million **Euro PP** maturing on October 8, 2025;

€65 million **revolving credit**, fully undrawn; maturing on October 9, 2023;

€45.1 million **FCB Loan** maturing on November 20, 2025;

€24.0 million **overdraft facility**, of which €0.0 million was drawn

The Group also uses a non-recourse factoring agreement, of which €39.0 million was drawn as of December 31, 2018.

Cegedim's principal financing arrangements *In € million*	Total	Less than 1 year	Between 1 and 5 years	More than 5 years
Euro PP	135.0	-	-	135.0
Revolving credit facility	65.0	-	-	65.0
FCB loan	45.1	-	-	45.1
Overdraft facility	24.0	24.0	-	-
Total	**269.1**	**24.0**	**0.0**	**245.1**

Interest rate

The interest payable on the **Euro PP** is charged at a fixed rate of 3.50%.

In the first half of 2018, the applicable margin on amounts drawn under the former revolving credit facility was 0.90%. From July 1, to October 9, 2018, the applicable margin on amounts drawn under the revolving credit facility was 1.40%. For 2017, the applicable margin on amounts drawn under the revolving credit facility was 1.40%. From October 10 to December 31, 2018, the new revolving credit facility was undrawn.

The FCB Loan bears interest at a rate of 200 basis points above the rate applicable under the revolving credit facility agreement. The interest is payable semi-annually on June 30 and December 31 of each year.

COMMENTS ON THE CONSOLIDATED BALANCE SHEE

Consolidated total balance sheet **€648.1m**	The Consolidated total balance sheet amounted to €648.1 million at December 31, 20187, a 13.1% increase over December 31, 2017.
Acquisition goodwill **€173.0m**	Acquisition goodwill represented €173.0 million at December 31, 2018, compared with €167.8 million at end-2017. The €5.3 million increase, or 3.1%, was chiefly attributable to the €6.5 million impact of the *Rue de la Paye* acquisition in March 2018. Acquisition goodwill represented 26.7% of the total balance sheet at December 31, 2018, compared with 22.51% on December 31, 2017
Intangible assets **€156.7m**	Intangible assets increased by €10.9 million, or 7.46%, to €156.7 million at December 31, 2018, compared with €145.8 million at December 2017. This increase mainly reflects the change between the €44.4 million increase in capitalized R&D and the €33.7 million amortization of capitalized R&D costs. Intangible assets represented 24.2% of total assets at the end of December 2018 compared with €19.5% at the end of December 2017.
Tangible assets **€33.4m**	Tangible assets increased by €0.2 million, or 0.7% to €33.4 million at December 31, 2018, compared with €33.2 million at December 2017. Tangible assets represented 5.2% of total assets at the end of December 2018 compared with 4.4% at December 31, 2017.
Trade receivables **€97.3m**	Trade receivables decreased by €20.9 million, or 17.7%, to €97.3 million at the end of December 2018, compared with €118.2 million at the end of December 2017. • The long-term portion decreased by €0.1 million, or 58.5%, to €0.1 million at December 31, 2018, compared with €0.2 million at December 31, 2017. • The short-term portion decreased by €20.9 million, or 17.7%, to €97.3 million, compared with €118.2 million at December 31, 2017. This decrease was mainly attributable to the €9 million increase of the non-recourse factoring agreement. Short-term trade receivables represented 15.0% of total assets at December 31, 2018, compared with 15.8% at December 31, 2017. Trade receivables represented 15.0% of total assets at December 31, 2018, compared with 15.9% at December 31, 2017.
Cash and equivalents **€81.1m**	Cash and equivalents rose by €62.4 million, or 333.2%, to €81.1 million at December 31, 2018, compared with €18.7 million at December 31, 2017. The increase was chiefly attributable to the divestments of Cegelease and Eurofarmat in 2018 and the recording of client prepayments in the BPO health insurance businesses. Cash and equivalents represented 12.5% of the total balance sheet at December 31, 2018, compared with 2.5% at December 31, 2017.
Long-term financial liabilities **€185.8m**	Long-term financial liabilities decreased by €65.0 million, or 25.9%, to €185.8 million at December 31, 2018, compared with €250.8 million at December 31, 2017. This decrease stemmed mainly from the used of the proceed from the divestments of Cegelease and Eurofarmat to down payment of financial debt. Long-term liabilities include liabilities under Cegedim's employee profit-sharing plans in the total amount of €5.3 million at the end of December 2018, compared with €5.2 million at December 31, 2017.

Short-term debts

€3.2m

Short-term debts increased by €0.5 million, i.e. 12.8%, to €4.0 million at December 31, 2017, compared with €3.6 million at December 31, 2016. The increase principally reflects the €0.5 million increase in employee profit-sharing plans. Short-term liabilities include €2.1 million for an employee profit-sharing plan as of end-December 2017 compared with €1.67 million one year ago.

Total financial liabilities

€189.1m

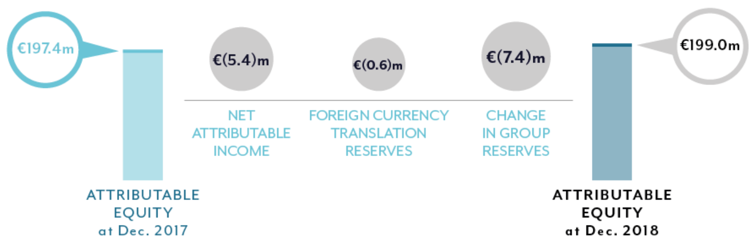
Total financial liabilities decreased by €65.8 million, or 25.8%, to €189.1 million at December 31, 2018, compared with €254.9 million at December 31, 2017. Total net financial liabilities amounted to €108.0 million, down €128.2 million compared with a year ago. They represented 54.3% of shareholders' equity at December 31, 2018, compared with 119.7% at December 31, 2017. Long- and short-term liabilities include €6.7 million for an employee profit-sharing plan, and €1.2 million of other debt at end-December 2018.

Shareholders' equity

€199.0m

Equity rose by €1.6 million, or 0.8%, to €199.0 million at December 31, 2018, compared with €197.3 million at December 31, 2017. The change mainly reflects the €5.4 million increase in reserves, offset by the €5.4 million decline in Group earnings and €0.6 million of translation reserves. Equity represented 30.7% of total assets at December 31, 2018, compared with 26.4% at December 31, 2017.

Change in shareholder's equity



Off-balance sheet commitments

Cegedim SA provides guarantees and securities covering the operational or financing obligations its subsidiaries incur in the ordinary course of business. See Note 16.4 in Chapter 4, Section 4.6.

3.4.4.2 Consolidated cash flow sources and amounts

SUMMARIZED CONSOLIDATED CASH FLOW STATEMENT

In € million	12.31.2018	12.31.2017
Gross cash flow	**62.1**	**85.9**
Tax paid	(2.9)	(1.8)
Change in working capital	+64.4	(10.6)
Net cash from (used in) operating activities	**123.6**	**73.5**
Of which net cash from (used in) operating activities held for sale	3.3	*4.3*
Net cash from (used in) investing activities	**3.3**	**(70.8)**
Of which net cash from (used in) investing activities held for sale	13.9	(0.7)
Net cash from (used in) financing activities	**(68.9)**	**0.4**
Of which net cash from (used in) financing activities	(13.1)	0.3
Total cash flows excluding currency impact	**+58.0**	**+3.1**
Change due to exchange rate movements	+0.1	(0.8)
Change in cash	**+58.1**	**+2.3**
Net cash at the beginning of the period	23.0	20.7
Net cash at the end of the period	81.1	23.0

NET CASH FROM OPERATING ACTIVITIES

In € million	12.31.2018	12.31.2017
Cash flow from operating activities before tax and interest	62.1	85.9
Change in working capital requirement	+64.4	(10.6)
Corporate tax paid	(2.9)	(1.8)
Net cash from operating activities	**123.6**	**73.5**
Acquisitions of intangible assets	(47.9)	(48.4)
Acquisitions of tangible assets	(11.0)	(12.3)
Disposal of intangible assets and tangible assets	+0.1	+0.5
Free cash flow from operations	**+64.8**	**+13.4**

TOTAL CAPITAL EXPENDITURES

In € million	12.31.2018	12.31.2017
Capitalized R&D	(44.4)	(44.6)
Maintenance capex	(30.7)	(23.7)
Total capital expenditures excluding acquisition/ Disposal and investment in discontinuing activities	**(75.1)**	**(68.2)**
Acquisition / Disposal	+64.6	(1.9)
Investment in discontinuing activities	+13.9	(0.7)
Total capital expenditures	**(3.3)**	**(70.8)**
Consolidated Group Revenue	467.7	457.4
Total capital expenditures excluding acquisition/ Disposal and investment in discontinuing activities on Revenue ratio	16.1%	14.9%

COMMENTS ON THE CASH FLOW STATEMENT

Net cash flow from operating activities **+€123.6m**	Net cash flow from operating activities increased by €50.1 million, or 68.25%, to €123.6 million at the end of December 2018, compared with €73.5 million at the end of December 2017. This improvement mainly reflects the €64.4 million decrease in WCR, partly offset by a €5.3 million decrease in net earnings.
Change in working capital **€(64.4)m**	Working capital levels vary as a result of several factors, including seasonality and the efficiency of the receivables collection process. Historically, Cegedim has financed its working capital requirements with cash on hand and amounts available under the revolving credit facility and overdraft facilities. Change in working capital amounted to a surplus of €64.4 million at the end of December 2018, compared with a requirement of €10.6 million twelve months earlier. This decrease in WRC mainly reflects the decrease in short-term client receivables and the recording of advances paid by new clients at the health insurance BPO business.
Free cash flow from operations **+€64.8m**	Free cash flow from operations amounted to a surplus of €64.8 million, compared with an surplus of €13.4 million in 2017. This €51.4 million improvement came mainly from a significant decrease in WRC, partly offset by a decrease in gross cash flow.
Net cash flow used in investing activities **+€3.3m**	Net cash flow used in investing activities decreased by €74.1 million, or 104.7%, to an inflow of €3.3 million at end of December 2018, compared with an outflow of €70.8 million at the end of December 2017. This trend reflects mainly the €64.6 million increase in the change in consolidation scope due to the disposal of Cegelease and Eurofarmat for more than €70 million in February 2018.
Capital expenditures **€75.1m**	Capital expenditures excluding acquisitions and divestments were up compared with previous years. Historically, the principal items have been R&D, maintenance costs, and acquisitions/disposals. There are no material capital expenditure commitments. Flexibility and discretion are maintained in order to periodically adjust the level of capital expenditures to the needs of Cegedim's business At December 31, 2018, capital expenditures increased by €6.9 million, or 10.1%, to €75.1 million compared with €75.1 at December 31, 2017. The capital expenditures breakdown was as follows: €44.4 million of capitalized R&D compared with €44.6 million in 2017, €30.7 million in maintenance capex compared with €23.7 million in 2017. The capital expenditures represented 16.1% of consolidated revenue over 2018, compared with 14.9% over 2017.
Payroll expenses for the R&D workforce as a percentage of consolidated revenue **12.5%**	Payroll expenses for the R&D workforce represent around 12.5% of the last 12 months of Group revenue. Although this percentage is not a targeted figure, it has increased compared with the past several years. Of this R&D expenditure, approximately half is capitalized annually in accordance with IAS 38, which requires that (i) the project is clearly identified and the related costs are separable and tracked reliably; (ii) the technical feasibility of the project has been demonstrated, and the Group has the intention and the financial capacity to complete the project and use or sell the products resulting from this project; and (iii) it is probable that the developed project will generate future economic benefits that will flow to the Group.

Capitalization of R&D costs **€44.4m**	At the end of December 2018, €44.4 million of R&D costs were capitalized, a decrease of €0.1 million compared with December 2017. It should be noted that these costs have decreased by €1.3 million in the first half of the year and increased by €1.1 million in the second half of 2018. This figure excludes payroll costs and external expenses. The remaining R&D costs are recorded as expenses for the period in which they were incurred
Impact of changes in consolidation scope **+€64.6m**	The impact of changes in consolidation scope was €64.4 million at the end of December 2018, an increase of €66.4 million compared with December 2017. This increase reflects mainly the disposal of Cegelease and Eurofarmat for more than €70 million in February 2018.
Net cash flow used in financing activities **€(68.9)m**	Net cash flow used in financing activities decreased by €69.3 million, resulting in an outflow of €68.9 million at December 31, 2018, compared with an inflow of €0.4 million at December 31, 2017. This trend reflects mainly the impact of debt refinancing conducted in the second half of 2018 that lead to the down payment of the old €200 million revolving credit facility following the disposal of Cegelease and Eurofarmat and the issuance of the €135 million Euro PP.
Change in net cash **+€(58.1)m**	The change in net cash from operations, investment operations and financing operations was an increase of €58.1 million at the end of December 2018, including a €0.1 million positive contribution from exchange rate movements.

3.4.5 Activities sold or held for sale

Activities sold

As part of the business model transformation that the Group initiated in fall 2015, Cegedim announced on July 13, 2017, that it was considering a divestment of its Cegelease and Eurofarmat subsidiaries. These subsidiaries operate principally in the financial domain, are highly valued, and required additional resources to continue pursuing and accelerating their development for the benefit of their clients and employees. There were definitively sold on February 28, 2018.

In € million	**12.31.2018**	**12.31.2017**
Revenue	2.1	13.0
EBITDA	0.7	5.8
EBIT before special items	0.7	5.7
Net earnings	1.3	4.1

3.5 Analysis of the financial position of Cegedim SA

Presentation rules and valuation methods	The annual financial statements for the financial year ended December 31, 2018, which we are submitting for the approval of the General Meeting, were prepared in accordance with the presentation rules and valuation methods set forth in current regulations. The presentation rules and valuation methods used are identical to those used for the previous financial year.
Key financial performance indicators	– Revenue generated within the Group and outside the Group; – Dividends received; – Investments; – Financial structure. Detailed comments on these are provided below.
Key non-financial performance indicators	Cegedim has pooled the IT resources it makes available to its subsidiaries and their clients. It is therefore essential for Cegedim to be on the cutting edge of new technologies, to make sure that these systems are operating optimally, and to ensure that they are maintained and secure (physical security, access security, information security, administration security, and development security). Cegedim considers employee training to be a key success factor, leading to satisfied clients and motivated employees. Cegedim's training policy focuses on continuously adapting the skills of its research and development teams and helping its employees acquire new skills necessary for their work. The Cegedim Group's international expansion, particularly through acquisitions, depends on its ability to incorporate new activities. That being the case, Cegedim takes measures to accelerate the incorporation of new activities, mitigate the risks inherent in expansion, and track performance.

COMMENTS ON THE P&L

Revenue **€67.9m**	Cegedim SA's revenue climbed by 11.0%, from €61.2 million in 2017 to €67.9 million in 2018. This increase reflects mainly the increase in e-business activities. Cegedim SA's revenue consists primarily of services and software sales, and in some cases equipment sales. These are relatively mature activities that Cegedim SA has been carrying out for many years. They do not call for any particular comments.
Operating Income **€75.4m**	Operating income increased by 14.7%, from €65.8 million in 2017 to €75.4 million in 2018. Highlights included: • A €1.6 million increase in capitalized production costs compared with 2017; • An increase in write-backs of depreciation, amortization and provisions of €1.0 million compared with 2017.

Operating expenses **€82.3m**	Operating expenses increased, by 19.9%, from €68.6 million in 2017 to €82.3 million in 2018. Highlights included: • A €10.1 million increase in "other external purchases and expenses" compared with 2017; • A €2.8 million increase in payroll costs and social security payments during the period; • A €1.0 million increase in depreciation and amortization of fixed assets.
Operating earnings **€(6.9)m**	Operating earnings was a loss of €6.9 million in 2018, a €4.0 million greater loss than that of 2017.
Financial result **€(23.0)m**	The financial result was a charge of €23.0 million in 2018, compared with a €1.3 million profit in 2017. This included €24.9 million in financial income and €47.9 million in financial expenses. • Financial income decreased by €44.5 million, or 178.5%, mainly due to the €44.6 million decrease in financial income from equity stakes, or 76.2%; • Financial expenses decreased by €22.7 million, or 32.2% mainly due to the €20.6 million, or 33.1%, decrease in in allocations to depreciation and provisions.
Earnings before special items and tax **€29.9m**	Earnings before special items and tax amounted to a €29.9 million loss in 2018, compared with a loss of €4.1 million in 2017.
Net exceptional income **€45.7m**	Net exceptional income in 2018 was a profit of €45.7 million, compared with a loss of €0.6 million in 2017. This exceptional income was chiefly attributable to €75.4 million of exceptional revenue from corporate actions related mainly to the divestments of Cegelease and Eurofarmat.
Income taxes **€9.5m**	Income taxes in 2018 amounted to a credit of €9.5 million compared with a credit of €8.4 million in 2017.
Net profit **€24.7m**	Net profit for 2018 amounted to €24.7 million, compared to €3.3 million in 2017.

COMMENTS ON BALANCE SHEET

Total balance sheet **€328.8m**	At December 31, 2018, the total balance sheet of Cegedim SA came to €328.8 million compared with €397.8 million for the previous financial year, a decrease of €69.0 million or 17.4%.
Equity **€78.0m**	Shareholders' equity was €78.0 million at December 31, 2018, compared with €53.3 million at December 31, 2017. The increase mainly reflects higher earnings.

Net financial liabilities

€213.9m

Financial liabilities decreased by €90.5 million to €218.2 million at the end of 2018, from €308.7 million at the end of 2017. Considering the cash position, net financial debt decreased over the period by €84.3 million to €213.9 million at the end of 2018, compared with €298.2 million at the end of 2017.

Governmental, economic, budgetary, monetary, or political strategies or factors capable of influencing Cegedim's operations directly or indirectly

To the Company's knowledge, except for the developments presented in Note 30 of Chapter 5, Section 5.3.3, there are specific governmental, economic, budgetary, monetary, or political strategies or factors capable of influencing Cegedim's operations directly or indirectly.

ACCOUNTS PAYABLE AGING SCHEDULE

In €	**Total accounts payable at 12.31.2018**	Accounts payable, not yet due	Accounts payable, current	Past due < 30 days	Past due 31 – 60 days	Past due > 60 days
Internal suppliers	**1,879,134**	1,853,822	25,312	(847)	-	26,159
External suppliers	**2,976,638**	2,626,337	350,301	52,433	84,041	213,827
Total accounts payable	**4,855,772**	4,480,159	375,613	51,586	84,041	239,986

In €	**Total accounts payable at 12.31.2017**	Accounts payable, not yet due	Accounts payable, current	Past due < 30 days	Past due 31 – 60 days	Past due > 60 days
Internal suppliers	**1,648,297**	1,442,732	205,565	-	143,036	62,529
External suppliers	**4,626,968**	3,052,106	1,574,862	57,073	516,141	1,001,648
Total accounts payable	**6,275,264**	4,494,838	1,780,427	57,073	659,176	1,064,177

Payment period for receivables and payables

Current payables and unpaid receivables as at December 31, 2018 (table provided in accordance with Article D.441-4 of the Commercial Code).

Article D. 441 I.-1°	Invoices **received** but unpaid and current or past due on December 31, 2017.						Invoices **sent** but unpaid and current or past due on December 31, 2017.					
	0 day	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	Total (1 day or more)	0 day	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	Total (1 day or more)
(A) Breakdown by number of days past due												
Numbers of invoices	57					679	251					1,010
Amount, all taxes included	107	51,478	84,041	6,538	233,449	375,506	560 481	878 272	1 477 319	926 300	2 732 809	6 014 700
Percentage of the total amount of purchases including tax for the year	0.00%	0.11%	0.19%	0.01%	0.52%	0.83%						
Percentage of revenue (excluding taxes) for the year							0.83%	1.29%	2.18%	1.36%	4.02%	8.86%
(B) Invoices excluded from (A) related to disputed or contentious debt and receivables												
Numbers of invoices excluded	-	-	-	-	-	-	-	-	-	-	-	-
Total amount of excluded invoices (excluding taxes)	-	-	-	-	-	-	-	-	-	-	-	-
(C) Reference payment period used (contractual or legal, Article. L. 441-6 or L.443-1 of the French Commercial Code)												
Payment deadline used for calculation	Contractual deadline: 60 days Legal deadline: 60 days						Contractual deadline: 60 days Legal deadline: 60 days					

The table above excludes: receivables from 1,088 invoices sold to the factor for a total of €2,929,617.

3.6 Dividends paid in respect of the last three financial years

Dividend distribution policy

The Group paid no dividends in respect of 2016, 2017 or 2018.

The Group does not plan to pay regular cash dividends before it has completed its business model transformation. Any decision to distribute and pay dividends in the future will be made at the discretion of Cegedim's Board of Directors and will depend on, among other things, the results of the Group's operations, its financial position, cash requirements, contractual restrictions, and any other factors that the Board may deem relevant.

In addition, the Group's ability to pay dividends is, and may continue to be, limited by covenants on the loans that the Group or its subsidiaries have taken or may take in the future.

If the Company holds some of its own shares when a dividend is paid, the distributable earnings corresponding to the dividend not paid on the shares the Company holds will be allocated to retained earnings.

Table of dividends paid in respect of the last three financial years

In accordance with the provisions of article 243 bis of the French General Tax Code, the amounts distributed as dividends for the three previous financial years are as follows.

Financial year	Number of shares	Income eligible for tax deduction			Income not eligible for tax deduction
		Dividend		Other income distributed	
		Per share	Overall		
2016	13,997,173	None	None	None	None
2017	13,997,173	None	None	None	None
2018	13,997,173	None	None	None	None

04 Consolidated Financial Statements

4.1 Consolidated balance sheet

4.1.1 Consolidated assets

In thousands of euros	Note	12/31/2018 Net	12/31/2017 Net
Goodwill	**8.1**	**173,024**	**167,758**
Development costs		13,103	22,887
Other intangible fixed assets		143,606	122,962
Intangible fixed assets	**8.2**	**156,709**	**145,849**
Land		544	544
Buildings		3,554	4,127
Other tangible fixed assets		29,306	28,057
Construction work in progress		11	444
Property and equipment	**8.3**	**33,416**	**33,172**
Equity investments		1,214	913
Loans		13,425	12,986
Other financial assets		6,318	6,454
Financial assets excluding investments in affiliates	**8.4**	**20,957**	**20,353**
Investments in affiliates	7.2	10,486	10,072
Government - Deferred tax assets	10.1	28,196	27,271
Trade receivables: long-term portion	5.5	87	210
Other receivables: long-term portion	5.6	-	-
Financial instruments		562	622
Prepaid expenses: long-term portion		530	-
Non-current assets		**423,966**	**405,308**
Services in progress	5.4	-	78
Goods	5.4	2,670	3,567
Advances and deposits received on orders		268	325
Trade receivables: short-term portion(1)	5.5	97,278	118,170
Other receivables: short-term portion	5.6	33,318	71,220
Cash equivalents		152	8,000
Cash		80,939	10,718
Prepaid expenses: short-term portion		9,516	8,989
Current assets		**224,142**	**221,068**
Prepaid expenses	4.1	-	119,847
Total assets		**648,108**	**746,223**

4.1.2 Consolidated liabilities and shareholders' equity

In thousands of euros	Note	12/31/2018	12/31/2017
Share capital		13,337	13,337
Retained earnings		185,287	177,881
Group exchange gains/losses		(5,613)	(5,008)
Profit (loss) for financial year		5,771	11,147
Shareholders' equity, Group share		**198,781**	**197,357**
Minority interests		175	(11)
Shareholders' equity		**198,957**	**197,346**
Long-term financial liabilities	9.1	185,845	250,830
Long-term financial instruments		961	928
Deferred tax liabilities	10.1	6,605	6,362
Non-current provisions	5.8	26,389	25,445
Other non-current liabilities	5.7	15	56
Non-current liabilities		**219,814**	**283,621**
Short-term financial liabilities	9.1	3,211	4,040
Short-term financial instruments		1	2
Trade payables and related accounts		41,774	46,954
Tax and social liabilities		89,074	83,118
Provisions	5.8	2,945	3,025
Other current liabilities	5.7	92,332	65,098
Current liabilities		**229,337**	**202,236**
Liabilities related to assets held for sale	4.1	-	63,020
Total Liabilities		**648,108**	**746,223**

4.2 Consolidated income statement

In thousands of euros	Note	12/31/2018	12/31/2017	Change
Revenue		**467,688**	**457,441**	**2.2%**
Purchases used		(29,316)	(33,788)	(13.2)%
External expenses	5.1	(122,563)	(122,453)	0.1%
Taxes		(8,243)	(7,257)	13.6%
Payroll costs	6.1	(229,507)	(215,434)	6.5%
Allowances to and reversals of provisions		(1,056)	(2,684)	(60.6)%
Change in inventories of products in progress and finished products		-	0	0.0%
Other operating income and expenses		(2,358)	(621)	279.9%
Share of income of equity-accounted affiliates (1)		2,128	2,291	(7.1)%
EBITDA		**76,772**	**77,496**	**(0.9)%**
Depreciation and amortization expenses		(43,716)	(40,075)	9.1%
Operating income before special items		**33,056**	**37,420**	**(11.7)%**
Amortization of goodwill		-	-	-
Special items		(18,640)	(18,874)	(1.2)%
Other special items	5.2	(18,640)	(18,874)	(1.2)%
Operating income		14,416	18,547	**(22.3)%**
Income from cash and cash equivalents		1,154	631	82.9%
Cost of gross financial debt		(7,041)	(8,938)	(21.2)%
Other financial income and expenses		(77)	1,573	(147.5)%
Cost **of net financial debt**	**9.2**	**(5,964)**	**(6,734)**	**(1.5)%**
Income taxes		(4,632)	(4,002)	15.7%
Deferred taxes		707	(699)	(412.3)%
Total taxes	**10.1**	**(3,925)**	**(4,701)**	**n.m.**
Share of profit (loss) of equity-accounted affiliates		(46)	(51)	(9.1)%
Profit (loss) from continuing activities		4,481	7,061	n.m.
Profit (loss) from discontinued activities	4.2	1,345	-	n.m.
Profit (loss) from activities held for sale	4.2	-	4,099	n.m.
Consolidated profit (loss)		**5,826**	**11,160**	**n.m.**
Group share	**A**	**5,771**	**11,147**	**n.m.**
Minority interests		56	14	308.4%
Average number of shares excluding treasury stock	B	13,919,741	13,979,390	
Earnings per share before special items (in euros)		**0.7**	**0.9**	**n.m.**
Earnings per share (in euros)	**A/B**	**0.4**	**0.8**	**n.m.**
Dilutive instruments		None	None	**n.m.**
Diluted earnings per share (in euros)		**0.4**	**0.8**	**n.m.**

4.3 Consolidated statement of comprehensive income

In thousands of euros	Note	12/31/2018	12/31/2017	Change
Consolidated net profit (loss) for the period		**5,826**	**11,160**	**n.m.**
Unrealized exchange gains / losses		(605)	(2,584)	(76.6)%
Hedging of financial instruments				
Gross unrealized gains and losses		*(249)*	*743*	*n.m.*
Tax impact		*72*	*(255)*	*n.m.*
Other items that may not later be recycled to profit or loss		(782)	(2,096)	(62.7)%
Actuarial differences relating to provisions for pensions				n.m.
Gross gains and losses		*104*	*21*	*n.m.*
Tax impact		*86*	*(6*	*n.m.*
Other items that may not later be recycled to profit or loss		**190**	**16**	**n.m.**
Total earnings		**5,234**	**9,080**	**(42.4)%**
Minority interests' share		56	46	19.9 %
Group share		**5,178**	**9,034**	**(42.7)%**

In thousands of euros		12/31/2017
Restatement:		
Total earnings, reported		**9,335**
Free share award plan		(255)
Total earnings, restated		**9,080**

4.4 Consolidated statement of changes in equity

In thousands of euros	Share capital	Share premiums	Conso. retained earnings and profit for year	Exchange differences	Total group share	Minority interests	Total
Balance at 01.01.2017	**13,337**	**0**	**177,975**	**(2,391)**	**188,921**	**23**	**188,945**
Profit (loss) for the financial year			11,147		11,147	14	11,160
Gains and losses recognized directly in equity					0		0
• Hedging of financial instruments			487		487		487
• Hedging of net investments					0		0
• Exchange differences				(2,617)	(2,617)	33	(2,584)
• Actuarial differences related to prov. for retirement			16		16		16
Total earnings for the financial year			**11,651**	**(2,617)**	**9,034**	**46**	**9,080**
Transactions with shareholders							
• Capital transaction							
• Securities transaction			255		255		255
• Distribution of dividends[1]						(70)	(70)
• Treasury shares			166		166		166
Total transactions with shareholders			**421**		**421**	**(70)**	**351**
Other changes			(1,019)		(1,019)	(11)	(1,030)
Change in consolidated scope					0		0
Balance at 12/31/2017	**13,337**	**0**	**189,027**	**(5,008)**	**197,357**	**(11)**	**197,346**
Profit (loss) for the financial year			5,771		5,771	56	5,827
Gains and losses recognized directly in equity							0
• Hedging of financial instruments			(177)		(177)		(177)
• Hedging of net investments					0		0
• Exchange differences				(605)	(605)		(605)
• Actuarial differences related to prov. for retirement			190		190		190
Total earnings for the financial year			**5,784**	**(605)**	**5,179**	**56**	**5,235**
Transactions with shareholders							
• Capital transaction							0
• Securities transaction			(268)		(268)		(268)
• Distribution of dividends[1]						(57)	(57)
• Treasury shares			(3,628)		(3,628)		(3,628)
Total transactions with shareholders			**(3,896)**	**0**	**(3,896)**	**(57)**	**(3,953)**
Other changes			141		141		141
Change in consolidated scope					0	188	187
Balance at 12/31/2018	**13,337**	**0**	**191,057**	**(5,613)**	**198,781**	**176**	**198,956**

(1) The total amount of dividends is distributed in respect of common shares. There are no other classes of shares. There were no issues, repurchases or redemptions of equity securities for the year 2017 and 2018, except for the shares acquired under the free share award plan.

4.5 Consolidated statement of cash flows

In thousands of euros	Note	12/31/2018	12/31/2017
Consolidated profit (loss) for the period		***5,826***	***11,160***
Share of earnings from equity accounted affiliates		(2,082)	(2,241)
Depreciation, amortization and provisions		50,808	64,435
Capital gains or losses on disposals		(1,694)	(534)
Cash flow after cost of net financial debt and taxes		**52,858**	**72,821**
Cost of net financial debt		6,019	6,427
Tax expenses		3,212	6,628
Operating cash flow before cost of net financial debt and taxes		**62,089**	**85,877**
Tax paid		(2,943)	(1,819)
Change in working capital requirements for operations: requirement(1)		-	(10,574)
Change in working capital requirements for operations: surplus		64,436	-
Cash flow generated from operating activities after tax paid and change in working capital requirements	**A**	**123,582**	**73,484**
Of which net cash flow from operating activities of discontinued activities		*(5,145)*	*4,299*
Acquisition of intangible assets		(47,907)	(48,372)
Acquisition of property and equipment		(10,976)	(12,251)
Acquisition of long-term investments		(3,929)	-
Disposal of property and equipment and intangible assets		104	529
Disposal of long-term investments(2)		-	1,046)
Change in loans and advances granted(2)		(1,214)	(10,749)
Impact of changes in consolidation scope(1)		64,553	(1,855)
Dividends received from equity accounted affiliates		2,704	893
Net cash flows generated by investing activities	**B**	**3,335**	**(70,759)**
Of which net cash flow from investment operations of discontinued activities		*13,892*	*(674)*
Dividends paid to owners of the parent company		-	-
Dividends paid to the minority interests of consolidated companies		(57)	(70)
Capital increase for cash		-	-
Debt issued		135,000	10,500
Debt repaid		(202,125)	(3,241)
Interest paid on borrowings		(2,360)	(5,996)
Other financial income and expenses paid or received		641	(821)
Net cash flows generated by financing activities	**C**	**(68,899)**	**372**
Of which net cash flow from financing operations of discontinued activities		*(13,073)*	*270*
Change in cash excluding currency impacts	**A+B+C**	**58,017**	**3,098**
Impact of currency movements		72	(821)
Change in cash position		**58,089**	**2,276**
Opening cash position		22,998	20,722
Closing cash position		81,088	22,998

4.6 Notes to the consolidated financial statements

Note 1 Reference

Pursuant to European Regulation No. 1606/2002 of July 19, 2002, on the application of international accounting standards, amended by EC Regulation No. 297/2008 of March 11, 2008, and subsequent European Regulations on IAS/IFRS standards, the consolidated financial statements of the Cegedim Group for the period ended December 31, 2018, were prepared in accordance with international accounting standards. International accounting standards include IFRS (International Financial Reporting Standards), IAS (International Accounting Standards), and their mandatory application interpretations on the closing date.

The consolidated financial statements were approved by the Board of Directors of Cegedim SA at their meeting of March 27, 2019, were reviewed by the Audit Committee on March 26, 2019, and will be submitted to the General Meeting for approval.

1.1 Valuation methods used for the consolidated financial statements

The financial statements mainly use the historical cost principle, except for derivative instruments and financial assets which are measured at fair value. Assets and liabilities related to business combinations are also measured at fair value.

NEW IFRS STANDARDS AND INTERPRETATIONS

The new accounting standards that took effect January 1, 2018–notably IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments" have no material impact on Group accounts.

The Group did not opt for early application of the standards, amendments, and interpretations either adopted or pending adoption by the European Union that are eligible for early application and will take effect after December 31, 20187. The most relevant standards and amendments are as follows:

IFRS 16 "Lease accounting";

IFRS 23 "Uncertainty over Income Tax Treatments.

We are currently analyzing the impacts and practical consequences of applying these standards.

First application of IFRS 15 "Revenue from contracts with customers".

IFRS 15 lays out the rules for revenue recognition. It replaces earlier standards IAS 18 "Revenue" and IAS 11 "Construction Contracts", as well as any related SIC and IFRIC interpretations. The standard calls for a new five-step approach to revenue recognition. It also contains specific provisions for particular cases such as licenses, guarantees, and cost capitalization for customer acquisition and contract execution.

The Group adopt IFRS 15 for its consolidated financial statements starting January 1, 2018, according to the modified retrospective method. This method involves recording the impact of initial application in shareholders' equity at January 1, 2018, but no restatement of earlier periods.

In 2017 the Group thoroughly assessed its principal business units, completed in early 2018, to cover all sources of revenue transcribed in the consolidated financial statements. The assessments and the review were conducted by independent experts and a team of Cegedim's representatives from sales & marketing, legal affairs, operations management, and accounting. Those assessments were checked case by case against an analysis of customer contracts to either validate or rectify them. The examination process used a sample of representative contracts and contracts deemed relevant because of their size or complexity.

IFRS 15 has no material impact on revenues relative to the Group's previous revenue recognition principles and methods.

Furthermore, the Group has implemented systems and indicators to identify potentially significant contracts and any changes in offerings or volumes over time that may require additional analysis with respect to IFRS 15.

Thus, any impacts on revenue recognition will be regularly monitored and presented—if applicable—in the consolidated financial statements of the period in question.

At December 31, 2018, these impacts are not material.

The revenue breakdown required by the standard is identical to the one provided with our information by sector. It matches our internal reporting, the management report, and our financial press releases and presentations.

Application of IFRS 9 "Financial instruments"

IFRS 9 "Financial instruments" replaces the IAS 39 "Financial instruments: recognition and measurement" standard.

- ***Classification of financial assets***

IFRS 9 calls for a new approach to classifying and pricing financial assets. The standard provides for three financial asset classes depending upon whether they are recognized at amortized cost, at fair value through other comprehensive income, or at fair value through profit or loss.

- ***Impairment of financial assets and contract assets***

For trade receivables, including contract assets, the Group calculated actual losses related to its client portfolio over recent years and concluded that the new provisions for amortization of contract assets do not have a material impact on the Group's financial statements.

- ***Hedge accounting***

The Group has decided to record changes in value separately as "hedging costs". They are now presented under other items included in total earnings and accumulated under hedging cost reserves, in a separate line of equity, before later being reclassified as accumulated gains and losses in the cash flow hedging reserve.

- **IFRS 16 "Leases", applicable in 2019**

On January 13, 2016, the IASB published IFRS 16 to replace IAS 17 "Leases" and associated interpretations.

IFRS 16 eliminates the distinction between operational and finance leases for lessees and introduces a single lessee accounting model that requires lessees to recognize:

A right-of-use asset representing its right to use the underlying leased asset, and

A lease liability representing the present value of its obligation to make lease payments.

Cegedim Group will begin applying IFRS 16 on January 1, 2019, using a modified retrospective method. As such, it will not restate 2018 information provided for comparison in the 2019 consolidated financial statements. It will present the cumulative impact of the initial application on the date of initial application. In accordance with the transition provisions, pricing of the right of use will generally be based on the lease liability at January 1, 2019, adjusted for any payments made in advance or due that were reflected in the statement of financial position at December 31, 2018.

The Group also plans to apply the exemptions permitted under IFRS 16: short-term leases (under 12 months from the transaction date) and low value assets do not have to be recognized on the balance sheet.

To date, all the historical data have been entered into the software and provisional results are being finalized. The Group plans to complete the transition during the first half of 2019.

Thus, the impacts of IFRS 16's initial application on January 1, 2019, are being finalized using the modified retrospective method and will be reported in the first-half financial report as of June 30, 2019.

- **1.2 Critical accounting estimates and judgments**

In order to prepare the financial statements, the management of the Group or the subsidiaries must make estimates and use certain assumptions that impact the value of the assets and liabilities, the valuation of positive and negative contingencies on the closing date, as well as income and expenses for the financial year.

Due to the uncertainties inherent in any valuation process, the Group revises its estimates based on regularly updated information.

It is possible that the future results of the operations involved will differ from these estimates.

The assumptions and estimates primarily concern:

- The valuation of retirement benefit commitments (assumptions described in note 5.9 and 13.1)
- Recognition of deferred tax assets (note 10.1)
- Capitalization of R&D and internal software development costs (note 5.3 and 8.2)
- Impairment tests on goodwill (note 8.1)
- If applicable, the methods for classifying activities held for sale (in accordance with IFRS 5).

Note 2 Consolidation scope

2.1 List of consolidated companies at 12/31/2018

2.1.1 FRENCH FULLY CONSOLIDATED COMPANIES

Company	Corporate offices	City	Siren #	% of control	% owned	Method
Cegedim	137, rue d'Aguesseau	Boulogne	350422622	100.00 %	100.00%	FC
Alliance Software	3, impasse des Chênes	Niort	407702208	100.00 %	100.00%	FC
Alliadis	3, impasse des Chênes	Niort	342280609	100.00 %	100.00%	FC
Cegedim Activ	114-116, rue d'Aguesseau	Boulogne	400891586	100.00 %	100.00%	FC
Cegedim Ingénierie	326, rue du Gros Moulin – AMILLY	Montargis	402338719	100.00 %	100.00%	FC
Cegedim IT	137, rue d'Aguesseau	Boulogne	790173066	100.00 %	100.00%	FC
Cegedim Logiciels Médicaux	110-112, rue d'Aguesseau	Boulogne	353754088	100.00 %	100.00%	FC
Cegedim Media	17, rue de l'Ancienne Mairie	Boulogne	602006306	100.00 %	100.00%	FC
Cegedim Outsourcing	15, rue Paul Dautier	Vélizy	303529184	100.00 %	100.00%	FC
Cegedim Software	137, rue d'Aguesseau	Boulogne	752466516	100.00 %	100.00%	FC
Cegedim SRH	137, rue d'Aguesseau	Boulogne	332665371	100.00 %	100.00%	FC
Cegedim SRH Montargis	326, rue du Gros Moulin – AMILLY	Montargis	752466805	100.00 %	100.00%	FC
Cetip	114, rue d'Aguesseau	Boulogne	410489165	99.88 %	99.88%	FC
Docavenue	137, rue d'Aguesseau	Boulogne	841447295	100.00 %	100.00%	FC
Futuramedia	17, rue de l'Ancienne Mairie	Boulogne	494625130	100.00 %	100.00%	FC
GERS	137, rue d'Aguesseau	Boulogne	521625582	100.00 %	100.00%	FC
I-Assurances	137, rue d'Aguesseau	Boulogne	790172225	100.00 %	100.00%	FC
Incams	114-116, rue d'Aguesseau	Boulogne	429216351	100.00 %	100.00%	FC
MedExact	137, rue d'Aguesseau	Boulogne	432451912	100.00 %	100.00%	FC
Pharmastock	137, rue d'Aguesseau	Boulogne	403286446	100.00 %	100.00%	FC
Resip	17, rue de l'Ancienne Mairie	Boulogne	332087964	100.00 %	100.00%	FC
RM Ingénierie	av de la Gineste	Rodez	327755393	100.00 %	100.00%	FC
Rue de la Paye	37 avenue de Gramont	Vichy	431373075	100.00 %	100.00%	FC
Santestat	137, rue d'Aguesseau	Boulogne	790172175	100.00 %	100.00%	FC
SCI Montargis 2000	326, rue du Gros Moulin	Montargis	324215128	68.83 %	68.83%	FC
Services Premium Santé (SPS)	100, rue des Fougères	Lyon	513188771	40.00 %	40.00%	FC
Smart RX	137, rue d'Aguesseau	Boulogne	789997871	100.00 %	100.00%	FC
Sofiloca	137, rue d'Aguesseau	Boulogne	348940255	100.00 %	100.00%	FC

2.1.2 INTERNATIONAL FULLY CONSOLIDATED COMPANIES

Company	Country	City	% of control	% owned	Method
Activus Ltd	Great Britain	Hertford	100.00 %	100.00 %	FC
Adaptive Apps	Great Britain	London	100.00 %	100.00 %	FC
Alliadis Europe Ltd	Great Britain	London	100.00 %	100.00 %	FC
Bluebay Medical Systems	Great Britain	Swansea	100.00 %	100.00 %	FC
Cegedim Belgium	Belgium	Drogenbos	99.97 %	99.97 %	FC
Cegedim Customer Information SRL	Romania	Bucharest	100.00 %	100.00 %	FC
Cegedim Data Services Limited	Great Britain	Preston	100.00 %	100.00 %	FC
Cegedim Egypte	Egypt	Cairo	100.00 %	100.00 %	FC
Cegedim Healthcare Software R&D Limited	Ireland	Dublin	100.00 %	100.00 %	FC
Cegedim Holdings Ireland Limited	Ireland	Dublin	100.00 %	100.00 %	FC
Cegedim Outsourcing Maroc	Morocco	Rabat	100.00 %	100.00 %	FC
Cegedim Maroc	Morocco	Rabat	100.00 %	100.00 %	FC
Cegedim RX Limited	Great Britain	Chertsey Surrey	100.00 %	100.00 %	FC
Cegedim Service Center SRL	Romania	Bucharest	100.00 %	100.00 %	FC
Cegedim SRH Ltd	Great Britain	Chertsey Surrey	100.00 %	100.00 %	FC
Cegedim SRH SA Switzerland	Switzerland	Geneva	100.00 %	100.00 %	FC
Cegedim World Internal Services Limited	Great Britain	London	100.00 %	100.00 %	FC
Compufile Ltd	Great Britain	Chertsey Surrey	100.00 %	100.00 %	FC
Croissance 2006	Belgium	Forest	100.00 %	100.00 %	FC
Efficience Technologie	Romania	Bucharest	100.00 %	100.00 %	FC
Health Data Management Partners	Belgium	Drogenbos	100.00 %	100.00 %	FC
InPractice Systems	Great Britain	London	100.00 %	100.00 %	FC
Inpractice Entreprise Solution Ltd	Great Britain	Dundee	100.00 %	100.00 %	FC
OEPO	Belgium	Drogenbos	100.00 %	99.97 %	FC
Cegedim RX SRL	Romania	Bucharest	100.00 %	100.00 %	FC
Pulse System Inc	USA	Wichita	100.00 %	100.00 %	FC
CHS UK Limited	Great Britain	Loughborough	100.00 %	100.00 %	FC
Stacks Consulting e Ingeniera de Software	Spain	Barcelona	100.00 %	100.00 %	FC
Stacks Servicios Technologicos SL	Spain	Barcelona	100.00 %	100.00 %	FC
Stacks Servicios Technologicos SL Chile Ltda	Chile	Providencia	100.00 %	100.00 %	FC
Thin	Great Britain	Chertsey Surrey	100.00 %	100.00 %	FC
Webstar Health Ltd	Great Britain	Harrow	100.00 %	100.00 %	FC

2.1.3 FRENCH COMPANIES CONSOLIDATED USING THE EQUITY METHOD

Company	Corporate offices	City	Siren #	% of control	% owned	Method
Edipharm	137, rue d'Aguesseau	Boulogne	381819309	20.00 %	20.00 %	EM
Infodisk	Immeuble CPL – Californie 2	Le Lamentin	490029774	34.00 %	34.00 %	EM
Isiakle	4 rue Georges Picquart	Paris	823272588	50.00 %	50.00 %	EM

2.1.4 INTERNATIONAL COMPANIES CONSOLIDATED USING THE EQUITY METHOD

Company	Corporate offices	City	% of control	% owned	Method
Healthcare Gateway	UK	Leeds	50.00%	50.00%	EM
Millennium	Italy	Florence	49.22%	49.22%	EM

2.2 Changes in consolidated scope

2.2.1 COMPANIES ENTERING THE CONSOLIDATED SCOPE

Company	% owned at the end of the FY	% owned during the FY	% owned during the previous FY	Consolidation method during the FY	Consolidation method during the previous FY	Comments
Cegedim Egypte	100.00 %	100.00 %	-	FC	-	Creation
Docavenue	100.00 %	100.00 %		FC	-	Creation
Efficience Technologie	100.00 %	100.00 %	-	FC	-	Acquisition
Rue de la Paye	100.00 %	100.00 %	-	FC	-	Acquisition

ACQUISITION OF THE COMPANY RUE DE LA PAYE IN FRANCE

On March 30, 2018, Cegedim acquired French company Rue de la Paye via its Cegedim SRH subsidiary. The deal will enable the Group to market digital payroll solutions to 2 million SMEs and small businesses in France, including – importantly – thousands of healthcare professionals that are already Cegedim Group clients.

Rue de la Paye's 2017 revenues were equivalent to around 1% of 2017 consolidated Group revenues, and it earned a profit. It began contributing to the Group's consolidation scope in April 2018.

2.2.2 COMPANIES LEAVING THE CONSLIDATED SCOPE

Company	% owned at the end of the FY	% owned during the FY	% owned during the previous FY	Consolidation method during the FY	Consolidation method during the previous FY	Comments[1]
ASP Line	-	-	99.96 %	-	FC	Liquidation
Cegelease	-	-	100.00 %	-	FC	Disposal
CHS Russie	-	-	100.00 %	-	FC	Liquidation
CHS Ukraine	-	-	100.00 %	-	FC	Liquidation
Eurofarmat	-	-	100.00 %	-	FC	Disposal
Hospitalis	-	-	100.00 %	-	FC	TUP to Cegedim SA
iGestion	-	-	99.88 %	-	FC	TUP to Cetip
Next Plus	-	-	49.00 %	-	FC	Disposal
Next Software	-	-	100.00 %	-	IG	Disposal
Tech Care Solutions	-	-	50.00 %	-	EM	Disposal

TUP: Universal transfer of assets

2.3 Impact of changes in consolidation scope

2.3.1 ON THE BALANCE SHEET AT THE CLOSING DATE

In thousands of euros	Consolidated before change at 12/31/2018	2018 change	Consolidated after change at 12/31/2018
Goodwill	166,554	6,470	173,024
Other non-current assets (excluding goodwill)	248,479	2,464	250,942
Current assets	222,034	2,107	224,142
Total balance sheet	**637,067**	**11,040**	**648,108**

The figures used do not refer to values upon first-time consolidation, but to the values approved at December 31, 2018.

The impacts of companies consolidated for the first time at the date of acquisition are:

- On the assets side: €2,063 thousands;
- On the liabilities side: €1,2780 thousands.

2.3.2 ON THE INCOME STATEMENT AT THE CLOSING DATE

In thousands of euros	Consolidated before change at 12/31/2018	2018 change	Consolidated after change at 12/31/2018
Revenue	464,616	3,072	467,688
Operating income	15,771	(1,355)	14,416
Consolidated profit (loss)	**7,282**	**(1,456)**	**5,826**

The above figures refer to the creation and acquisition of companies from the date of their first-time consolidation within the Group. Therefore, they are not representative of the full year impact.

2.3.3 FINANCING OF ACQUISITIONS

In 2018, the Group internally financed acquisitions of companies for a total amount of €6,670 thousands.

Note 3 Segment reporting

3.1 Segment reporting in 2018

Cegedim Group's business is structured around two operational divisions.

The Health insurance, HR and e-services division serves large corporate clients. The division:

- handles all products and services marketed to insurance companies, mutual insurers, personal protection insurers, and insurance brokers, and it covers the entire chain of interactions between these entities and healthcare professionals;
- it also targets companies in any business sector interested in solutions for hosting, outsourcing (HR and payroll management, for example), or electronic data exchanges (Cegedim e-business).

The Healthcare professionals division serves doctors, allied health professionals, pharmacists, and healthcare facilities. The division sells management software, databases and solutions that help healthcare professionals perform everyday tasks.

The Corporate and others division is the third division and supports the operating divisions.

3.1.1 INCOME STATEMENT ITEMS AT DECEMBER 31, 2018

	In thousands of euros	**Health insurance, HR & e-services**	**Healthcare professionals**	**Corporate and others**	**Continuing activities at 12/31/2018**	**Activities held for sale**	**IFRS 5 restatement**	**Total 12/31/2018**	**Total France**	**Total rest of the world**
	Segment revenue									
	Revenue excluding revenue with activities held for sale	307,684	156,184	3,819	467,687	2,031	-	469,717	399,117	70,600
	Revenue with activities held for sale	0	-	1	1	-	(1)	-		
	Revenue with continuing activities	-	-	-	-	35	(35)	-		
A	**Non-Group revenue**	**307,684**	**156,184**	**3,820**	**467,688**	**2,066**	**(36)**	**469,717**	**399,117**	**70,600**
B	Intra-Group revenue	7,400	11,496	42,800	61,697	-	-	61,697	59,344	2,353
A+B	**Revenue**	**315,083**	**167,680**	**46,620**	**529,384**	**2,066**	**(36)**	**531,414**	**458,462**	**72,952**
	Segment profit									
C	**Operating income before special items**	**32,502**	**2,532**	**(1,978)**	**33,056**	**686**	**-**	**33,742**		
D	**EBITDA before special items**	**54,422**	**18,855**	**3,495**	**76,772**	**686**		**77,458**		
C/A	Operating margin before special items	10.6 %	1.6 %	(51.8)%	7.1 %	33.2 %		7.2 %		
D/A	EBIDTA margin before special items	17.7 %	12.1 %	91.5 %	16.4 %	33.2 %		16.5 %		
	Depreciation and amortization	21,920	16,323	5,473	43,716	0		43,716		

3.1.2 GEOGRAPHICAL BREAKDOWN OF CONSOLIDATED REVENUE AT DECEMBER 31, 2018

In thousands of euros		**France**	**Euro zone excluding**	**Pound sterling zone**	**Rest of the world**	**12/31/2018**
Continuing activities	Geographical breakdown	397,088	6,568	46,598	17,434	467,688
	%	85 %	1 %	10 %	4 %	100 %
Activities sold	Geographical breakdown	2,030	-	-	-	2,030
	%	100 %	0 %	0 %	0 %	100 %
Total	**Geographical breakdown**	**399,117**	**6,568**	**46,598**	**17,434**	**469,717**
	%	**85 %**	**1 %**	**10 %**	**4 %**	**100 %**

3.1.3 BALANCE SHEET ITEMS AT DECEMBER 31, 2018

In thousands of euros	Health insurance, HR & e-services	Healthcare professionals	Corporate and others	Continuing activities 12/31/2018	Total France	Total
Segment assets						
Goodwill (Note 6.1)	77,382	95,642	-	173,024	112,010	61,014
Intangible fixed assets	73,202	77,185	6,322	156,709	92,285	64,424
Property and equipment	16,881	7,155	9,380	33,416	27,034	6,381
Investments in affiliates (Note 2.4)	110	10,376	-	10,486	110	10,376
Net Total	**167,575**	**190,357**	**15,702**	**373,634**	**231,439**	**142,195**
Investments during the year (gross values)						
Goodwill (Note 6.1)	6,470	-	-	6,470	6,470	-
Intangible fixed assets	23,779	21,840	2,286	47,905	29,319	18,586
Property and equipment	5,852	1,997	3,127	10,976	8,022	2,955
Investments in affiliates (Note 2.4)	-	-	-	-	-	-
Gross Total	**36,101**	**23,837**	**5,414**	**65,351**	**43,810**	**21,541**
Segment liabilities (1)						
Non-current liabilities						
Provisions	15,883	9,441	1,065	26,389	24,978	1,411
Other liabilities	-	15	-	15	-	15
Current liabilities						
Trade payables and related accounts	23,856	15,417	2,500	41,774	30,022	11,751
Tax and social liabilities	63,538	22,066	3,470	89,074	82,803	6,271
Provisions	1,302	1,643	-	2,945	2,357	588
Other liabilities	67,281	25,024	27	92,332	85,017	7,315

(1) By default, Cegedim SA's contribution to liabilities is still allocated to the Health insurance, HR & e-services segment, with no segment breakdown.

3.2 Segment reporting in 2017

3.2.1 INCOME STATEMENT ITEMS AT DECEMBER 31, 2017

	In thousands of euros	Health insurance, HR & e-services	Healthcare professionals	Corporate and others	Continuing activities at 12/31/2017	Activities held for sale	IFRS 5 restatement	Total 12/31/2017	Total France	Total rest of the world
	Segment revenue									
	Revenue excluding revenue with activities held for sale	291,063	162,486	3,863	457,411	12,541	-	469,952	393,187	76,765
	Revenue with activities held for sale	14	-	16	30	-	(30)	-		
	Revenue with continuing activities	-	-	-	0	460	(460)	-		
A	**Non-Group revenue**	**291,077**	**162,486**	**3,878**	**457,441**	**13,001**	**(490)**	**469,952**	**393,187**	**76,765**
B	Intra-Group revenue	4,711	7,813	39,885	52,410			52,410	50,050	2,359
A+B	**Revenue**	**295,788**	**170,299**	**43,764**	**509,851**	**13,001**	**(490)**	**522,362**	**443,238**	**79,124**
	Segment profit									
C	**Operating income before special items**	**28,375**	**10,382**	**(1,336)**	**37,420**	**5,720**	**-**	**43,140**		
D	**EBITDA before special items**	**48,091**	**24,970**	**4,434**	**77,496**	**5,764**	**-**	**83,260**		
C/A	Operating margin before special items	9.7 %	6.4 %	(34.5)%	8.2 %	44.0 %		9.2 %		
D/A	EBITDA margin before special items	16.5 %	15.4 %	114.3 %	16.9 %	44.3 %		17.7 %		
	Depreciation and amortization	19,717	14,588	5,770	40,075	44		40,119		

3.2.2 GEOGRAPHICAL REVENUE BREAKDOWN AT DECEMBER 31, 2017

In thousands of euros		France	Euro zone excluding	Pound sterling zone	Rest of the world	12/31/2017
Continuing activities	Geographical breakdown	380,677	6,975	49,720	20,070	457,441
	%	83 %	2 %	11 %	4 %	100 %
Activities held for sale	Geographical breakdown	12,511	0	0	0	12,511
	%	100 %	0 %	0 %	0 %	100 %
Total	**Geographical breakdown**	**393,187**	**6,975**	**49,720**	**20,070**	**469,952**
	%	**84 %**	**1 %**	**11 %**	**4 %**	**100 %**

3.2.3 BALANCE SHEET ITEMS AT DECEMBER 31, 2017

In thousands of euros	Health insurance, HR & e-services	Healthcare professionals	Corporate and others	Continuing activities at 12/31/2017	Activities held for sale	IFRS 5 restatement	Total 12/31/2017	Total France
Segment assets								
Goodwill (Note 6.1)	70,899	96,859	-	167,758	28,266	196,024	116,855	79,169
Intangible fixed assets	67,108	73,273	5,469	145,849	0	145,849	85,664	60,185
Property and equipment	14,970	7,919	10,283	33,172	1,227	34,400	28,083	6,317
Investments in affiliates (Note 2.4)	88	9,984	-	10,072	-	10,072	86	9,986
Net Total	**153,065**	**188,035**	**15,751**	**356,852**	**29,493**	**386,346**	**230,688**	**155,657**
Investments during the year (gross values)								
Goodwill (Note 6.1)	-	1,767	-	1,767	-	1,767	-	1,767
Intangible fixed assets	22,546	23,108	2,729	48,382	-	48,382	29,096	19,286
Property and equipment	6,773	1,687	2,783	11,243	1,096	12,339	10,715	1,624
Investments in affiliates (Note 2.4)	-	-	-	0	-	0	-	-
Gross Total	**29,319**	**26,562**	**5,512**	**61,393**	**1,096**	**62,488**	**39,811**	**22,677**
Segment liabilities (1)								
Non-current liabilities								
Provisions	15,394	9,000	1,051	25,445	388	25,833	24,484	1,349
Other liabilities	-	56	-	56	15,820	15,876	15,820	56
Current liabilities								
Trade payables and related accounts	28,157	16,274	2,522	46,954	14,614	61,568	50,475	11,093
Tax and social liabilities	61,380	19,296	2,442	83,118	1,295	84,413	79,381	5,032
Provisions	1,327	1,698	-	3,025	130	3,155	3,127	28
Other liabilities	40,884	24,178	35	65,098	29,596	94,694	87,347	7,347

(1) By default, Cegedim SA's contribution to liabilities is still allocated to the Health insurance, HR & e-services segment, with no segment breakdown.

Note 4 Non-current assets held for sale and discontinued operations

Cegelease and Eurofarmat were definitively sold on February 28, 2018, for a price of €57.5 million, plus reimbursement of the shareholder's loan account, which amounted to €13 million.

4.1 ASSETS AND LIABILITIES OF ACTIVITIES SOLD

At December 31, 2017, the assets and liabilities of activities held for sale came to:

- Assets of activities held for sale: 119 847
- Liabilities of activities held for sale: 63 021

4.2 ACTIVITIES SOLD

In the consolidated income statement presented for comparison, the results of divested operations have been reclassified line by line to the item "Net profit (loss) from activities sold".

The main characteristics of the consolidated income statement at December 31, 2018, and December 31, 2017, in respect of discontinued operations were:

In thousands of euros	12/31/2018	12/31/2017
Revenue	**2,066**	**13,001**
Purchased used	2	(13)
External expenses	(685)	(4,013)
Taxes	(231)	(398)
Payroll costs	(417)	(2,502)
Allowances to and reversals of provisions	(43)	(340)
Change in inventories of products in progress and finished products	-	-
Other operating income and expenses	(6)	29
EBITDA	**686**	**5,764**
Depreciation and amortization	0	(44)
Operating income before special items	**686**	**5,720**
Amortization of goodwill	-	-
Special items	-	-
Other special items	**-**	**-**
Operating income	**686**	**5,720**
Cost of net financial debt	52	306
Gain on disposal	(106)	-
Income taxes	-	(2,019)
Deferred income taxes	713	92
Share of net profit (loss) for the period of equity-accounted affiliates	-	-
Net profit (loss) from activities sold	**1,345**	**4,099**

4.3 CASH FLOW FROM DISCONTINUED OPERATIONS

In thousands of euros	12/31/2018	12/31/2017
Net cash flow from operating activities	(5,145)	3,389
Net cash flow from investing activities	13,892	236
Net cash flow from financing activities	(13,073)	270

Note 5 Operating data

5.1 External expenses

In thousands of euros	12/31/2018	12/31/2017
Purchases of studies & services and consumables	(42,181)	(38,565)
External services (leasing, maintenance, insurance)	(36,062)	(34,551)
Other: advertising, seconded personnel, entertainment expenses, postal expenses, etc.	(44,320)	(49,337)
Total external expenses	**(122,563)**	**(122,453)**

5.2 Other special items

The breakdown of other special items is as follows:

In thousands of euros	12/31/2018	12/31/2017
Operating income before special items	**33,056**	**37,420**
Provision for intangible asset obsolescence	(6,855)	(9,288)
Restructuring costs	(9,825)	(6,362)
Capital gains or losses on disposals and earn-outs	(1,959)	(3,223)
Operating income	**14,416**	**18,547**

The provision for intangible assets covers the acceleration of obsolescence for software owing to the transition to SaaS format. It has caused us to revise amortization schedules and recognize asset impairments, notably in the UK in 2018 (€5.5 million) and in the US in 2017 (€7.4 million).

Restructuring costs have to do with operations with an impact on the consolidation scope: acquisitions, mergers, and divestments, whose impact totaled €4 million in 2018. They also cover expenses related to the departure of senior managers and efforts to significantly reorganize the governance at certain businesses, and totaled €5 million in 2018 compared with €6 million in 2017.

Other special items include fines, litigation, and the settlement of exceptional transactions.

Each line is presented net of any related positive impacts: write-backs of provisions, exceptional gains, or compensation received.

5.3 Capitalized production

Capitalized production has been reclassified as a reduction of payroll costs and external expenses, as shown in the table below.

In thousands of euros	12/31/2018	12/31/2017
Payroll costs	35,539	35,657
External expenses	8,885	8,914
Capitalized production	**44,424**	**44,571**

5.4 Inventory and work in progress

In thousands of euros	Gross values at		Provision		Net values at	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Services in progress	77	78	(77)	-	-	78
Inventories of goods	3,405	5,277	(736)	(1,709)	2,670	3,567
Total inventories and work in progress	**3,483**	**5,355**	**(813)**	**(1,709)**	**2,670**	**3,645**

5.5 Trade receivables

In thousands of euros	Current receivables		Non-current receivables		Total receivables	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017
French companies[1]	88,401	99,151	-	-	88,401	99,151
Foreign companies	17,123	25,559	87	210	17,210	25,769
Total gross value	**105,524**	**124,710**	**87**	**210**	**105,611**	**124,920**
Provisions	8,246	6,540	-	-	8,246	6,540
Total net value	**97,278**	**118,170**	**87**	**210**	**97,365**	**118,380**

A provision for impairment is recognized if the fair value, based on the probability of collection, is less than the book value. Thus, customers in receivership or liquidation proceedings are routinely impaired at 100%, and receivables more than six months past due are monitored on a case-by-case basis and, if necessary, impaired in the amount of the estimated risk of non-collection.

The Group began applying the new IFRS 9 impairment model on January 1, 2018, meaning that it immediately records expected losses for all its receivables. Given the types of clients the Group deals with, the new model has had no material impacts.

On May 22, 2017, the Group signed a factoring agreement on a non-recourse base with a French bank. The factoring agreement is open-ended, but either party may terminate it at any time, subject to a three-month notice period. It applies to trade receivables denominated in euros payable by clients located in France. The amount of trade receivables sold under the agreement came to €39.0 million at December 31, 2018.

The share of past-due receivables (gross amount) was €22 million at December 31, 2018.

AGED BALANCE

In thousands of euros	Total trade receivables due	Receivables	Total trade receivables due	Receivables	Total trade receivables due	Receivables > 4 months
French companies	14,932	2,837	2,332	1,270	979	7,515
Foreign companies	7,106	3,477	879	713	396	1,640
Total (gross value)	**22,038**	**6,314**	**3,211**	**1,983**	**1,375**	**9,155**

5.6 Other receivables

In thousands of euros	Social security receivables		Tax receivables		Other receivables		Total other receivables	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Current receivables								
French companies	382	738	17,305	21,097	13,018	46,342	30,705	68,176
Foreign companies	270	247	2,177	2,068	166	728	2,613	3,044
Total gross value	**651**	**985**	**19,482**	**23,165**	**13,185**	**47,070**	**33,318**	**71,220**
Provisions	-	-	-	-	-	-	-	-
Total current receivables (net values)	**651**	**985**	**19,482**	**23,165**	**13,185**	**47,070**	**33,318**	**71,220**
Non-current receivables								
French companies								
Foreign companies								
Total gross value	-	-	-	-	-	-	-	-
Provisions								
Total non-current receivables (net value)	-	-	-	-	-	-	-	-

5.7 Other liabilities

In thousands of euros	Current		Non-current		Total	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Advances and payment on account	**297**	**317**	**-**	**-**	**297**	**317**
Clients – unissued credits	-	-	-	-	-	-
Expenses payable	-	-	-	-	-	-
Miscellaneous payables	61,799	33,934	-	-	61,799	33,934
Other liabilities	**61,799**	**33,934**	**-**	**-**	**61,799**	**33,934**
Debts on acquisition of assets	**4**	**4**	**15**	**56**	**19**	**60**
Dividends payable	**-**	**-**	**-**	**-**	**-**	**-**
Deferred income	**30,232**	**30,844**	**-**	**-**	**30,232**	**30,844**
Total other liabilities	**92,332**	**65,098**	**15**	**56**	**92,347**	**65,154**

The item "Miscellaneous payables " includes the amounts managed on behalf of mutuals and insurers in the context of delegated management contracts entered into with the Group.

5.8 Current and non-current provisions

Provisions are based on estimated future costs for the Company.

The amounts involved are insignificant if taken individually.

In thousands of euros	12/31/2017	Reclassi fication	Change in consolidation scope	Additional provision allowances	New provision allowances	Reversals of provisions used	Reversals of unused provisions	Change in rate	12/31/2018
Provisions for employee litigation	2,997			351	570	(1,240)	(321)		2,357
Provisions for restructuring	28				568		(27)	19	588
Current provisions	**3,025**			**351**	**1,138**	**(1,240)**	**(347)**	**19**	**2,945**
Provisions for retirement	23,017		69		2,370	(1,669)	(179)		23,607
Provisions for litigation	1,340							63	1,403
Other provisions for risks	357	(25)	(3)	188	73		(8)	0	582
Other provisions for expenses	732			252	640		(828)		796
Non-current provisions	**25,445**	**(25)**	**66**	**441**	**3,082**	**(1,669)**	**(1,015)**	**64**	**26,389**
Total current and non-current provisions	**28,471**	**(25)**	**66**	**792**	**4,221**	**(2,909)**	**(1,362)**	**82**	**29,334**

5.9 Provisions, Contingent Liabilities and Contingent Assets

EURIS LITIGATION

Cegedim, jointly with IQVIA (formerly IMS Health), is being sued by Euris for unfair competition. Cegedim asked the court to dismiss the case against the Group. On December 17, 2018, the Paris Commercial Court granted Cegedim's request. That ruling has been appealed.

TAX

On February 21, 2018, Cegedim S.A. received notice that French tax authorities would perform an audit of its accounts covering the period January 1, 2015, to December 31, 2016. As the audit is still underway, the Group has not received any notice of tax adjustment.

Note 6 Personnel costs and employee benefits

6.1 Personnel costs

In thousands of euros	12/31/2018	12/31/2017
Payroll costs	(224,617)	(210,175)
Profit-sharing and incentives	(5,172)	(4,973)
Free share award plan	282	(286)
Personnel costs	**(229,507)**	**(215,434)**

6.2 Number of employees

	12/31/2018	12/31/2017
France	3,051	2,849
International	1,511	1,377
Number of employees	**4,562**	**4,226**

6.3 Management compensation

Directors' fees paid to Board members came to €120,000 at December 31, 2018, and are recorded in the "Other purchases and external expenses" line of the income statement. In compliance with the IAS 24 standard, Cegedim's "key managers" correspond to members of the Board of Directors with direct or indirect authority and responsibility for planning, managing and controlling Cegedim's activities, and those of any of the Group's companies. In accordance with IAS 24.17, in-kind benefits are recorded on the "Short-term benefits" line

In thousands of euros – gross amounts	12/31/2018	12/31/2017
Short-term benefits (wages, bonuses, etc.)	2,207	1,985
Post-employment benefits	None	None
Severance pay	None	None
Other long-term benefits	None	none
Benefits recognized	2,207	1,985
Termination benefits	None	None
Benefits not recognized	None	none

The short-term benefits include the variable and fixed portions of managers' compensation.

Note 7 Investments in affiliates

7.1 Value of shares in equity accounted affiliates

Company	% owned at 12/31/2017	Profit (loss) at 12/31/2017	Group share of profit (loss) at 12/31/2017	Net shareholders' equity at 12/31/2017	Group share of total net shareholders' equity at 12/31/2017	Goodwill	Provision for risks	Leaving the scope	Net value of investments in affiliates at 12/31/2017
Edipharm	20.00%	233	47	306	61				61
Isiakle	50.00%	0	0	50	25				25
Millennium	49.22%	2,932	1,443	14,241	7,009	2,859			9,868
Tech Care Solutions	50.00%	(11)	(6)	4	2				2
Healthcare Gateway	50.00%	1,614	807	232	116				116
Group share of investments in affiliates contributing to operating income		**4,768**	**2,291**	**14,834**	**7,214**	**2,859**	**0**	**0**	**10,072**
Infodisk	34.00%	(146)	(50)	(541)	(184)		184		0
Galaxy Santé	0.00%	(2)	(1)	10	5			(5)	0
Total at 13.31.2017		**4,620**	**2,241**	**14,302**	**7,035**	**2,859**	**184**	**(5)**	**10,072**

Company	% owned at 12/31/2018	Profit (loss) at 12/31/2018	Group share of profit (loss) at 12/31/2018	Net shareholders' equity at 12/31/2018	Group share of total net shareholders' equity at 12/31/2018	Goodwill	Provision for risks	Leaving the scope	Net value of investments in affiliates at 12/31/2018
Edipharm	20,00%	369	74	425	85	-	-	-	85
Isiakle	50,00%	-	-	50	25	-	-	-	25
Millennium	49,22%	2,764	1,360	15,005	7,385	2,859	-	-	10,244
Tech Care Solutions	0,00%	(3)	(2)	1	0	-	-	(0)	-
Healthcare Gateway	50,00%	1,391	695	264	132	-	-		132
Group share of investments in affiliates contributing to operating income		**4,520**	**2,128**	**15,745**	**7,628**	**2,859**	**-**	**(0)**	**10,486**
Infodisk	34,00%	(135)	(46)	(677)	(230)	-	230	-	-
Total at 12/31/2018		**4,384**	**2,082**	**15,068**	**7,398**	**2,859**	**230**	**(0)**	**10,486**

7.2 Change in the value of investments in affiliates

The change in value of investments in affiliates was as follows:

In thousands of euros	
Investments in affiliates at 01.01.2018	10,072
Distribution of dividend	(1,719)
Capital increase	-
Share of profit (loss) at 12/31/2018	2,082
Provision for risk	46
Unrealized exchange gains / losses	6
Removal	(0)
Total	**10 486**

The group share of income from equity-accounted affiliates contributed to the consolidated operating result as follows:

- Health insurance, HR and e-services division: Edipharm, Isiakle and Tech Care Solution;
- Healthcare professionals division: Millennium and Healthcare Gateway.

Note 8 Intangible, tangible, and financial assets

8.1 Goodwill

At December 31, 2018, net goodwill amounted to €173 million, compared with €168 million at December 31, 2017. The €35 million increase is primarily due to the acquisition of company Rue de la Paye, which develops digital payroll for French SOHO/SME, partly offset by the allocation of goodwill to identifiable assets related to acquisitions made in 2017 in the UK. Generally, the Group allocates goodwill in the second half of the first year of consolidation of the acquired companies, in order to have the necessary hindsight to calculate valuations.

IAS 36.90 states that a group of CGUs (cash-generating units) to which goodwill has been allocated must be tested for impairment at least annually and whenever impairment is indicated. This impairment is defined as the difference between the recoverable amount of the group of CGUs and its carrying amount. Recoverable amount is defined (under IAS 36.18) as the higher of the fair value of the asset less costs of disposal, and the value in use of the asset (estimated future cash flows to be realized from the asset).

Impairment tests aim to verify that the book value of assets essential to the operation of the business and allocated to each of the group of CGUs (including goodwill) does not exceed the recoverable amount of those assets.

Impairment tests were carried out as part of the 2018 accounts closing for both of the Group's operational CGUs, pro forma with the previous financial year close.

These tests did not result in the recognition of any impairment loss.

The tests consisted of updating the main assumptions used to appraise the assets allocated to the Group's CGUs. These tests verify not only the value of the goodwill (€173 million) but that of all assets essential to the operation of the business and allocated to the group of CGUs (i.e. €368 million tested at the end of 2018). These impairment tests were conducted for each group of CGUs, and additional tests were performed specifically for each of the Group's main software products, which can be impaired individually. As in previous years, the Group hired an independent firm to help define the key rate parameters used in these tests.

The following trends have been factored into the units' business plans:

- The plans of the Health insurance, HR & e-services CGU, whose expected cash flows over the 2019-2021 period were confirmed, were generally extended by extrapolating recent growth trends;
- The plans of the Healthcare professionals group of CGU were below with initial 2018 forecasts have been revised for the sake of caution. We have moderated the growth rates for 2019-2021 to spread out the impact of ramping up recent and upcoming new product launches over a longer period.
- The five-year plans for each of the two groups of CGUs reflect market share gains by new products and services, the increasing share of recurring business activities as a result of the SaaS model, and the growth in BPO activity, which has a positive effect on operating margins. In the Healthcare professionals CGU, the plan assumes that software products that were launched recently or are expected to launch in 2020 will meet their targets for market penetration, particularly in the US and the UK, and that the products will arrive on the market with the full range of expected features and with no delay. As a result, the necessary resources have been assigned to planning successful product development, and the roll-outs are being closely monitored, with client satisfaction as the top priority.
- The revenue growth assumptions used for the five years between 2018 and 2023 average 6.9% for the Health insurance, HR and e-services businesses, and 6.6% for the Healthcare professionals activities.
- Perpetual growth rate estimates have remained unchanged since the close of 2015.

We conducted a **sensitivity analysis** using the following parameters for both group of CGUs:

- a change in the discount rate of +/- 50 basis points;
- a change in the perpetual growth rate of +/- 50 basis points;
- the possibility of a temporary margin reduction during the second and third years of the plan (50% reduction);
- the possibility of a prolonged margin reduction (average terminal margin reduced by around 180 basis points).

These sensitivity calculations would not result in any goodwill impairment for the Health insurance, HR and e-services CGU or for the Healthcare professionals CGU. An impairment of no more than 5% of total tested assets would become necessary if there was a lasting decline in margins.

Group of CGU	12/31/2017	Reclassification	Goodwill allocation	Deferred tax on allocation	Scope	Impairment	Translation gains or losses and other changes	12/31/2018
Health insurance, HR & e-services	70,899	-	-	-	6,470	-	13	77,382
Healthcare professionals	96,859	-	(1,017)	193	(289)	-	(104)	95,642
Corporate and others	-	-	-	-	-	-	-	-
Total goodwill	**167,758**	**-**	**(1,017)**(1)	**193**(2)	**6,180**	**-**	**(91)**	**173,024**

(1) see note 8.2 "Intangible fixed assets"
(2) see note 10.1.3 "Deferred tax assets and liabilities"

	12/31/2018	12/31/2017
Discount rate before tax	**8.90%**	**8.50%**
Perpetual growth rate		
Health insurance, HR & e-services	1.75%	1.75%
Healthcare professionals	*1.50%*	*1.50%*

8.2 Intangible fixed assets

In thousands of euros	12/31/2017	Reclassification and correction brought	Acquisitions	Change in scope	Decrease	Change in rates	12/31/2018
Development costs	22,887	(17,261)	7,483	70	0	(76)	13,103
Internal software(1) (2)	277,981	13,737(2)	36,940	1,665	(2,667)	1,283	328,939
Other intangible assets	64,405	4,261	3,481	44	(335)	337	72,193
Total gross value	**365,273**	**737**	**47,905**	**1,778**	**(3,002)**	**1,543**	**414,235**
Amortization and impairment of internal software	172,384	(2,076)	35,719	1,844	(3,937)	220	204,154
Amortization and impairment of other intangible assets	47,040	1,750	4,749	(12)	(337)	183	53,373
Total impairment and amortization	**219,424**	**(326)**	**40,468**	**1,832**	**(4,274)**	**403**	**257,527**
Total intangible assets, net values	**145,849**	**1,064**	**7,438**	**(53)**	**1,272**	**1,142**	**156,709**

(1) The average amortization period for software developed internally and currently in use is 5 to 8 years.
(2) of which €17 million reclassification between Development Costs and Internal Software corresponds to projects' entry into service and €1 million in allocation of goodwill.

8.3 Tangible assets

In thousands of euros	12/31/2017	Reclassification and correction brought forward	Acquisitions	Change in scope	Decrease	Change in rates	12/31/2018
Land	544	-	-	-	-	-	544
Buildings	10,213	-	11	-	-	41	10,265
Other property and equipment	81,398	335	10,956	92	(3,760)	122	89,142
Construction work in progress	444	(56)	10		(388)	-	9
Total gross value	**92,599**	**279**	**10,976**	**92**	**(4,149)**	**163**	**99,961**
Impairment of land	*0*	-	-	-	-	-	*0*
Depreciation of buildings	6,086	-	594	-	-	30	6,711
Depreciation of other property and equipment	53,340	326	9,759	72	(3,714)	51	59,834
Total depreciation	**59,426**	**326**	**10,353**	**72**	**(3,714)**	**81**	**66,545**
Total tangible assets, net values	**33,172**	**(47)[1]**	**623**	**20**	**(435)**	**82**	**33,416**

(1) Reclassification between intangible assets and tangible assets

8.4 Financial assets (excluding investments in affiliates)

In thousands of euros	12/31/2017	Reclassification	Acquisitions / provisions	Change in scope	Reduction / Reversals	Change in rate	12/31/2018
Equity investments [1]	998	-	-	215	-	0	1,214
Loans [2]	12,986	-	438	-	-	0	13,425
Security deposits	5,233	-	6,286	29	(5,511)	(1)	6,036
Other financial assets	1,263	-	28	-	(984)	13	321
Total gross values	**20,480**	**-**	**6,753**	**244**	**(6,495)**	**13**	**20,995**
Provisions for equity investments	85	-	-	(85)	-	-	-
Provisions on other financial assets	42	-	-	-	(6)	(2)	39
Total provisions	**127**	**-**	**-**	**(85)**	**(6)**	**(2)**	**39**
Total financial assets, net values	**20,353**	**-**	**6,753**	**329**	**(6,490)**	**11**	**20,957**

(1) Information on non-consolidated companies
(2) Loan of €9 million to Isaklé as part of a BPO contract

Subsidiary	Share capital	Shareholders' equity other than share capital	% of control	Book value of shares owned, gross value	Provision for amortization of shares	Net value of shares owned	Revenue excluding tax	Profit (loss) for the period	Dividends received
CEIDO [1]	167	1,303	15.00%	300	-	300	1,716	193	28
Netfective Technology	626	18,867	5.2%	899	-	899	6,397	960	-
NEX & COM [2]	500	252	20.00%	13	0	13	2,232	n.c.	n.c.
Resodom	10	nc	10.00%	1	0	1	n.c.	n.c.	n.c.
Total non-consolidated equity investments				**1,213**	**0**	**1,213**	**10,345**	**1,153**	**28**

(1) 2017 revenue, profit, equity.
(2) Not disclosed, for guidance purposes, 2015 revenues stood at €2,232 thousands
These are shares in unlisted companies which the Group doesn't control.

Note 9 Financing and financial instruments

9.1 Net debt

In thousands of euros	12/31/2018			12/31/2017		
	Financial	Miscellaneous[(1)]	Total	Financial	Miscellaneous[(1)]	Total
Long-term borrowings and financial liabilities (> 5 years)	179,283	-	179,283	-	-	-
Medium-term borrowings and financial liabilities (> 1 year, < 5 years)	425	6,137	6,562	244,706	6,123	250,830
Non-current net debt	**179,708**	**6,137**	**185,845**	**244,706**	**6,123**	**250,830**
Short-term borrowings and financial liabilities (> 6 months, < 1 year)	183	122	305	201	158	360
Short-term borrowings and financial liabilities (> 1 month, < 6 months)	170	1,537	1,707	182	3,354	3,536
Short-term borrowings and financial liabilities (< 1 month)	1,166	33	1,199	67	34	101
Current bank loans	-	-	-	43	-	43
net debt	**1,519**	**1,692**	**3,211**	**493**	**3,546**	**4,040**
Total financial liabilities	**181,227**	**7,829**	**189,056**	**245,200**	**9,669**	**254,869**
Positive cash	81,091	-	81,091	18,718	0	18,718
Net financial debt	**100,136**	**7,829**	**107,965**	**226,482**	**9,669**	**236,151**

(1) The miscellaneous item includes employee profit sharing plans in the amount of €6,420 thousands in 2018 and € 7,022 thousands in 2017.

NET CASH

In thousands of euros	12/31/2018	12/31/2017
Current bank loans	-	43
Positive cash	81,091	18,718
Net cash	**81,091**	**18,675**

STATEMENT OF CHANGES IN NET DEBT

In thousands of euros		12/31/2018	12/31/2017
Net debt at the beginning of the financial year	A	**236,151**	**226,824**
Operating cash flow before cost of net debt and taxes		(62,089)	(85,877)
Tax paid		2,943	1,819
Change in working capital requirement		(64,436)	10,574
Net cash flow from operating activities		**(123,582)**	**(73,484)**
Change from investing activities		63,922	69,797
Impact of changes in consolidation scope		(64,553)	1,855
Dividends		(2,647)	(823)
Capital increase in cash		-	-
Impact of changes in foreign currency exchange rates		(72)	821
Interest paid on loans		2,360	5,996
Other financial income and expenses paid or received		(641)	821
Other changes		1,130	19
Total net change for the financial year	B	**(124,083)**	**5,002**
Impact of companies consolidated for the first time	C	222	-
Impact of assets sold	D	(4,325)	-
Impact of assets held for sale		-	4,325
Net debt at the end of the financial year	A+B+C+D	**107,965**	**236,151**

Bank loan terms are as follows:

In thousands of euros	< 1 month	> 1 month < 6 months	> 6 months < 1 year	> 1 year < 5 years	> 5 years
1-month Euribor rate	1,166	170	183	425	179,283
Total	**1,166**	**170**	**183**	**425**	**179,283**

INTEREST RATE HEDGES

In thousands of euros

Start date	End date	Par value	Rate Paid	Rate received	Variable rate	2019 annual flow	2020 annual flow	2021 annual flow
12/31/2018	06/30/2019	50,000	0.268%			(67)		
06/30/2019	12/31/2019	50,000	0.268%			(68)		
12/31/2019	06/30/2020	50,000	0.268%				(68)	
06/30/2020	12/31/2020	50,000	0.268%				(68)	
12/31/2020	02/26/2021	50,000	0.268%					(21)
Payer leg						**(136)**	**(136)**	**(21)**

Start date	End date	Par value	Rate Paid	Rate received	Variable rate	2019 annual flow	2020 annual flow	2021 annual flow
12/31/2018	06/30/2019	50,000		EUR 1 M	0%			
06/30/2019	12/31/2019	50,000		EUR 1 M	0%			
12/31/2019	06/30/2020	50,000		EUR 1 M	0%			
06/30/2020	12/31/2020	50,000		EUR 1 M	0%			
12/31/2020	02/26/2021	50,000		EUR 1 M	0%			
Receiver leg								

Start date	End date	Par value	Rate Paid	Rate received	Variable rate	2019 annual flow	2020 annual flow	2021 annual flow
12/31/2018	06/30/2019	30,000	0.275%			(41)		
06/30/2019	12/31/2019	30,000	0.275%			(42)		
12/31/2019	06/30/2020	30,000	0.275%				(42)	
06/30/2020	12/31/2020	30,000	0.275%				(42)	
Payer leg						**(84)**	**(84)**	**0**

Start date	End date	Par value	Rate Paid	Rate received	Variable rate	2019 annual flow	2020 annual flow	2021 annual flow
12/31/2018	06/30/2019	30,000		EUR 1 M				
06/30/2019	12/31/2019	30,000		EUR 1 M				
12/31/2019	06/30/2020	30,000		EUR 1 M				
06/30/2020	12/31/2020	30,000		EUR 1 M				
Receiver leg								

FINANCING

In May 2007, Cegedim borrowed €50.0 million, the FCB Loan, from its largest shareholder, FCB. During the December 2009 capital increase, FCB subscribed for €4.9 million equivalent in shares as a redemption of a portion of the debt, which decreased the balance of the FCB Loan to €45.1 million. On October 9, 2018, the FCB Loan was amended in order to subordinate it to the €135 million Euro PP bond and to the €65 million new bank revolving credit and to extend the maturity date and modify the applicable interest rate.

On October 8, 2018, Cegedim issued a private placement Euro PP, maturing on October 8, 2025, for an amount of €135 million.

On October 9, 2018, the Group arranged a bank revolving credit facility (RCF) of €65 million maturing on October 9, 2023 with a one-year extension option.

The entire €200 million RCF was redeemed early on October 9, 2018, i.e. €115 million.

According to IFRS 5, the net debt as of December 31, 2017, does not include the cash, overdraft facilities, and debt of activities held for sale (Cegelease and Eurofarmat).

At December 31, 2018, the debt was structured in the following manner:

- €135 million Euro PP maturing on October 8, 2025;
- €65 million revolving credit, fully undrawn; maturing on October 9, 2023;
- €45.1 million FCB Loan maturing on November 20, 2025;
- €24.0 million overdraft facility, of which €0.0 million was drawn.

Exposure of the debt to fluctuations in euro interest rates has been partially hedged by a euro rate hedge.

On February 17, 2017, and May 11, 2017, the Group carried out two interest rate swaps. Under the zero-premium swap agreements, Cegedim receives the one-month Euribor rate if it exceeds 0%, receives nothing otherwise, and pays fixed rates of:

- 0.2680% for a notional amount of €50 million, starting on February 28, 2017, and maturing February 26, 2021.
- 0.2750% for a notional amount of €30 million, starting on May 31, 2017, and maturing December 31, 2020.

As of December 31, 2018, the Group's hedging against euro interest rate movements consists of two zero-premium swaps in which it receives the one-month Euribor rate if it exceeds 0%, receives nothing otherwise, and pays fixed rates of:

- 0.2680% for a notional amount of €50 million, maturing February 28, 2021.
- 0.2750% for a notional amount of €30 million, maturing December 31, 2020.

The notional amount hedged at December 31, 2018, is €80.0 million.

Interest expense on bank loans, bonds, charges, and commissions totaled €2 million at December 31, 2018.

Interest on the shareholder loan at December 31, 2018, amounted to €1.5 million.

The change in the fair value of these derivatives was recognized in equity in respect of the effective portion of those eligible as cash flow hedges (€0.2 million) and in profit or loss in respect of the ineffective portion and the related counterparty risk taken into account in accordance with IFRS 13 (€0.5 million). The fair value of hedging instruments at the closing date amounts to €1.1 million.

9.2 Cost of net debt

In thousands of euros	12/31/2018	12/31/2017
Income or cash equivalent	**1,154**	**631**
Interest paid on borrowings(1)	(2,360)	(5,996)
Interest related to the bond redemption	-	-
Accrued interest on borrowings	(1,110)	-
Interest on financial liabilities	**(3,469)**	**(5,996)**
Other interest and financial expenses(1)	(3,573)	(2,942)
Cost of gross financial debt	**(7,041)**	**(8,938)**
Net foreign exchange gains and losses	(150)	(670)
Valuation of financial instruments	156	948
Other financial income and expenses, non cash	(83)	1,294
Other financial income and expenses	**(76)**	**1,573**
Cost of net financial debt	**(5,964)**	**(6,734)**

In thousands of euros	12/31/2018	12/31/2017
(1) Of which interest on FCB loan	(1,481)	(1,533)
Interest on employee profit sharing	(393)	(422)
Total	**(1,874)**	**(1,955)**

9.3 Risk management

The main financial risks identified are as follows:

INTEREST RATE RISK

To limit the effects of rising interest rates on its financing costs, the Group has decided to implement a risk hedging policy to lock in a maximum annual rate of borrowing for one year. Only Cegedim SA hedges borrowings as necessary. The total notional amount hedged was €80 million at December 31, 2018. The amount of borrowings exposed to interest rate risk was €0 million at December 31, 2018, as the whole Revolving Credit Facility and the FCB loan are at variable interest rates. However, the revolver credit facility is undrawn, so the principal hedged amount is €45.1 million.

EXCHANGE RATE RISK

The foreign currencies representing a significant percentage of consolidated revenues are the pound sterling (10.0%) and the dollar (2.4%). The Group does not have an established policy for currency hedging. This leaves the Group potentially exposed to a more or less significant exchange rate risk depending on the year. The table below shows the balance sheet's sensitivity to exchange rate risk:

In thousands of euros	GBP	USD
Total balance sheet	871	419
Off-balance-sheet position		
Net position after hedging	**871**	**419**

This table allows the loss risk on the net global foreign currency position to be calculated on the assumption of a uniformly adverse change of 1% in the currency used to prepare financial statements against all other foreign currencies involved. For illustration purposes, the impact of a uniformly adverse change of 1% in the euro-pound sterling exchange rate on the financial statements of subsidiaries whose functional currency for financial statements is the GBP would have a negative impact of €637 thousands on Group shareholders' equity.

Assuming the revenue/costs structure remains similar, any appreciation in the euro against the pound sterling would reduce earnings expressed in euros. Based on the 2018 fiscal year, if all other currencies remain at the same level against the pound sterling, a theoretical 1% appreciation in the euro against the pound sterling would have a negative impact of €462 thousands on Cegedim's revenue, and €69 thousands on its operating income before special items.

Currency effects had a total negative impact of €1.3 million on revenue in 2018, of which €0.7 million was due to the US dollar and €0.5 million to the pound sterling.

The impact of currency fluctuations on revenue is determined by recalculating 2017 revenue based on 2018 exchange rates. The currency exchange rates used are the average rates over the fiscal year.

LIQUIDITY RISK

The Group has carried out a specific review of its liquidity risk and considers that it is able to meet its future maturities.

Contractual cash flows are not discounted.

When the rate is fixed, the rate is used to calculate future interest payments.

Cash flows

In thousands of euros	< 1 month	> 1 month < 6 months	> 6 months < 1 year	> 1 year < 5 years	> 5 years
Bank loans and interest	1 668	2 676	3 205	24 559	190 939
Hedging instruments					-811
Current bank loans					
Leasing	33	156	122	97	
Earn-out					
Equity investments		1 381		5 279	
Miscellaneous including security deposits				762	

Cash flow projections – Financial instruments

Assumptions: Variable rates: EUR 1 month as of December 31, 2018: 0

In thousands of euros	Rate	2019	2020	2021	Total
Borrower EUR rate swaps					
Fixed rate paid	0.268 %	(136)	(136)	(21)	(293)
Variable rate received		-	-	-	-
LT Swaps		**(136)**	**(136)**	**(21)**	**(293)**
Borrower EUR rate swaps					
Fixed rate paid	0.275 %	(84)	(84)	0	(168)
Variable rate received		-	-	-	-
LT Swaps		(84)	(84)	0	(168)
Total LT Swaps		**(220)**	**(220)**	**(21)**	**(461)**

Note 10 Income tax

10.1 Deferred tax

10.1.1 TAX BREAKDOWN

The tax charge recognized in the fiscal year was €3,925 thousands, compared with a tax benefit of €4,701 thousands in December 2017. This comprised:

In thousands of euros	12/31/2018	12/31/2017
Tax paid		
France	(4,794)	(3,634)
Aboard	162	(368)
Total tax paid	**(4,632)**	**(4,002)**
Deferred taxes		
France	1,992	(296)
Aboard	(1,285)	(404)
Total deferred taxes	**707**	**(699)**
Total tax charge recognized in the income statement	**(3,925)**	**(4,701)**

10.1.2 THEORETICAL TAX EXPENSE AND ACTUAL TAX EXPENSE

The reconciliation between the theoretical tax expense for the Group and actual tax expense is presented in the following table:

In thousands of euros		12/31/2018	12/31/2017
Net profit (loss) from continuing activities		4,481	7,061
Group share of equity-accounted affiliates		(2,082)	(2,441)
Income taxes		3,925	4,701
Income before tax of consolidated companies	(a)	**6,324**	**9,521**
Of which French consolidated companies		39,152	*32,295*
Of which foreign consolidated companies		(32,828)	*(22,773)*
Normative tax rate in France	(b)	34.43%	34.43%
Theoretical tax expense	(c) = (a) x (b)	**(2,178)**	**(3,278)**
Impact of permanent differences		(1,882)	(1,951)
Impact of differences in tax rates on profits		2,325	2,314
Impact of differences in tax rates on temporary differences		(30)	(1,697)
Capitalized tax loss carryforwards		6,460	6,039
Uncapitalized tax on losses		(8,644)	(7,692)
Impact of tax credit		(1,283)	-
Impact of permanent differences		1,307	1,564
Tax expenses recognized in the income statement		**(3,925)**	**(4,701)**
Effective tax rate		**n.a.**	**n.a.**

Calculation of the normative tax rate in France	
Base	33.33%
Contribution of 3.3% (Corporate tax above €763,000)	1.10%
Normative tax rate in France	34.43%

The main countries contributing to the line "Impact of differences in tax rates on profits" are:

(In thousands of euros)	12/31/2018
UK	2,039
France (companies not in the tax consolidation group)	122
Romania	54
Others	110
Total	**2,325**

10.1.3 DEFERRED TAX ASSETS AND LIABILITIES

Analysis by category of the change over time of the net deferred tax position recognized in the balance sheet (before offsetting by fiscal entities with deferred tax assets and liabilities).

In thousands of euros	12/31/2017	Reclassification and correction brought forward	Profit (loss)	Change in consolidati on scope	Other change in equity	Change in exchange rates	12/31/2018
Tax loss carryforwards	**20,000**	-	-	-	-	-	**20,000**
Retirement benefit commitments	**5,185**	-	161	17	86	-	**5,449**
Non-deductible provisions	**2,582**	-	179	-	-	-	**2,761**
Fair value adjustment to financial instruments	**218**	(131)	(40)	-	72	-	**119**
Elimination of internal capital gain	**167**	-	1	-	-	-	**169**
Restatement of R&D margin	**412**	-	148	-	-	-	**560**
Other	**455**	(136)	22	-	(57)	-	**284**
Total deferred tax assets	**29,019**	**(267)**	**473**	**17**	**100**	**0**	**29,342**
Unrealized exchange gains/losses	**0**	-	(52)	-	-	52	**0**
Elimination of accelerated depreciation	(386)	-	288	-	-	-	**(98)**
Elimination of depreciation on business assets	**(8)**	8	-	-	-	-	**0**
Fair value adjustment to financial instruments	**(131)**	131	-	-	-	-	**0**
Finance lease	**(225)**	-	(143)	-	-	-	**(368)**
R&D capitalization	**(6,539)**	-	250	-	-	-	**(6,289)**
Restatement of the allowance for the R&D margin	**(70)**	-	(75)	-	-	-	**(145)**
Intangible assets	**0**	(58)	(699)	-	-	-	**(757)**
Others	**(749)**	(8)	665	-	-	-	**(91)**
Total deferred tax liabilities	**(8,109)**	**73**	**234**	**0**	**-**	**52**	**(7,749)**
Net deferred tax	**20,910**	**(193)**	**707**	**17**	**100**	**52**	**21,593**

The recognition of deferred tax assets from tax loss carryforwards amounts to €20 million. We estimate that it will take an average of 4 years for the fully consolidated French companies to recover those assets.

€6 million of deferred tax assets from tax loss carryforwards were used in the 2018 financial year and offset by the recognition of €6 million in deferred tax assets of the same nature.

The table below illustrates the change in deferred taxes recognized on the consolidated balance sheet after offsetting by fiscal entities for deferred tax assets and liabilities:

In thousands of euros	Assets	Liabilities	Net
At December 31, 2017	**27,271**	**(6,362)**	**20,909**
Impact on profit (loss) for the period	473	234	707
Impact of shareholders' equity	117	52	169
Impact of net reporting by fiscal entity	602	(602)	0
Reclassification	(267)	73	(193)
At December 31, 2018	**28,196**	**(6,605)**	**21,593**

Tax corresponding to tax loss carryforwards not recognized from continuing activities at December 31, 2018, amounts to €51850 thousands for French companies and €16,848 thousands for foreign companies.

Note 11 Equity and earnings per share

11.1 Equity

At December 31, 2018, share capital was made up of 13,997,173 shares (including 131,989 treasury shares), each with a nominal value of €0.9528, i.e. total share capital of €13,336,506

11.2 Earnings per share

Earnings per share are calculated by dividing the Group share of earnings by the total number of shares minus treasury shares.

The number of shares must be the weighted average number of outstanding ordinary shares during the period (i.e. 13,919,741 shares at December 31, 2018, and 13,979,390 shares at December 31, 2017).

Earnings per share of continuing operations before special items amounted to €0.7 in respect of fiscal 2018.

Earnings per share amounted to €0.5 in respect of fiscal 2018.

Cegedim SA	12/31/2018	12/31/2017
Weighted average number of outstanding ordinary Cegedim SA shares	13,997,173	13,997,173
Less average number of treasury shares	(77,432)	(17,783)
Number of shares used to calculate earnings per share	**13,919,741**	**13,979,390**

11.3 Diluted earnings per share

Earnings per share are calculated by dividing the Group share of earnings by the total number of shares minus treasury shares.

The number of shares must be the weighted average number of outstanding ordinary shares during the financial year (i.e., 13,919,741 shares at December 31, 2018, and 13,979,390 shares at December 31, 2017).

11.4 Award of free shares

The Board of Directors' meeting of January 28, 2016, was authorized by the Extraordinary General Shareholders' Meeting of November 16, 2015, to award free shares in a total number not exceeding 10% of the total number of shares comprising the share capital to the senior management and employees of the Cegedim Group.

The Board of Directors' meeting of June 21, 2017, was authorized by the Extraordinary General Shareholders' Meeting of November 16, 2015, to award free shares in a total number not exceeding 10% of the total number of shares comprising the share capital to the senior management and employees of the Cegedim Group.

The Board of Directors' meeting of June 28, 2018, was authorized by the Extraordinary General Shareholders' Meeting of June 19, 2018, to award free shares in a total number not exceeding 10% of the total number of shares comprising the share capital to the senior management and employees of the Cegedim Group

The main characteristics of the plans are as follows:

- The free shares awarded confer the right to dividends voted on or after the award date.
- The plan dated January 28, 2016, authorized a maximum allocation of 28,038 free shares.
- The plan dated June 21, 2017, authorized a maximum allocation of 19,540 free shares.
- The plan dated June 281, 2018, authorized a maximum allocation of 21,790 free shares
- For the 2016, 2017 and 2018 plans, the award of shares to their beneficiaries will become final after a two-year vesting period for beneficiaries whose residence for tax purposes is in France and after a three-year period for beneficiaries whose residence for tax purposes is not in France as of the award date.
- The shares will be fully allotted to the beneficiaries on one condition: no resignation, dismissal or termination.
- Starting from the final award date, beneficiaries whose residence for tax purposes is in France as of the award date must keep shares for a term of one year starting from the final award date.

In application of IFRS 2, the expense measuring "the benefit" offered to employees is spread out on a linear basis over the beneficiaries' vesting period.

The main characteristics of the plans are as follows:

	Plan of 1/28/2016	Plan of 6/21/2017	Plan of 6/28/2018
Date of the General Shareholders' Meeting	11/16/2015	11/16/2015	6/19/2018
Date of the Board of Directors meeting	1/28/2016	6/21/2017	6/28/2018
Date of plan opening	1/28/2016	6/21/2017	6/28/2018
Total number of shares than can be awarded	28,038 shares	19,540 shares	21,790 shares
Initial subscription price	€30.50	€29.02	€34.20
Vesting date France	1/28/2018	6/21/2019	6/28/2020
Vesting date Foreign	1/28/2019	6/21/2020	6/28/2021

POSITION OF PLANS AS AT DECEMBER 31, 2018

	Plan of 1/28/2016	Plan of 6/21/2017	Plan of 6/28/2018
Total number of shares awarded	2,880 shares	13,989 shares	18,390 shares
Total number of shares left to be acquired	0	0	0
Adjusted acquisition price of free share awards			
France	€29.61	€28.17	€33.20
Foreign	€25.93	€24.67	€29.07

Note 12 Dividends

No dividend was paid in respect of financial year 2017, in accordance with the decision of the Ordinary General Shareholders' Meeting held on June 19, 2018.

Note 13 Retirement commitments

13.1 RETIREMENT COMMITMENTS: FRENCH COMPANIES

In thousands of euros	Through an insurance fund	Through a provision for charges
Retirement benefit commitments	**2,223**	**23,607**

When employees retire, they receive a retirement benefit as defined in the collective bargaining agreement.

An actuarial valuation plan has been set up to calculate funding for benefit commitments. The total commitment comes to €25,830 thousands, including €2,223 thousands paid to an insurance company.

The amount of retirement contributions provisioned as expenses during the financial year was €2,389 thousands.

The Cegedim Group decided to apply the option under IAS 19, as amended, which allows the actuarial gains and losses resulting from changes in the assumptions used to calculate liabilities to be recognized for directly in equity.

The actuarial assumptions used are as follows:

Economic assumptions	2018	2017
Net interest rate	1.6128 %	1.4806 %
Expected return on assets	1.6128 %	1.4806 %
Wage increases (including inflation)	1.40 %	1.40 %

The discount rate applied for 2018 is 1.6128 % (the Bloomberg C66715Y Index BFV EUR Composite (AA) 15 Year) versus 1.4806% in 2017.

Demographic assumptions

Mortality: Insee 2012-2016, M/W tables

Mobility: 7.5% per year up to age 35

3.5% up to age 45

1.8% up to age 50

0.9% for ages 51 and above

Retirement age: voluntary retirement at age 65

Sensitivity to the discount rate	1.3628 %	1.6128 %	1.8628 %
	27,473	25,830	25,634

The Group's collective bargaining agreements are as follows

- National collective bargaining agreement for traveling sales staff, representatives, ushers;
- National collective bargaining agreement for the advertising industry;
- National collective bargaining agreement for the pharmaceutical industry;
- Syntec national collective bargaining agreement for the software, technology, engineering, and consulting industries;
- French Labor Code.

13.2 RETIREMENT COMMITMENTS: FOREIGN COMPANIES

The amount of retirement contributions reported as expenses and paid during the financial year was €255 thousands.

13.3 COMPARISON OF RETIREMENT BENEFIT COMMITMENTS AND PLAN ASSETS

In thousands of euros	2018	2017
Retirement benefit commitments	25,830	25,187
Plan assets	(2,223)	(2,170)
Unrecognized prior service cost		
Recognized liabilities	**23,607**	**23,017**

Change in the cost of services rendered and the fair value of plan assets

In thousands of euros		12/31/2018			12/31/2017		
		French companies	Foreign companies	Total	French companies	Foreign companies	Total
Opening retirement benefit liabilities	**1**	**25,187**		**25,187**	**23,888**		**23,688**
Assets held for sale		**-**		**-**	**(300)**		**(300)**
Cost of services rendered during the financial year		2,051		2,051	1,942		1,942
Financial cost for the financial year		370		370	346		346
Unrecognized prior service cost		-		-	-		-
Costs for the period	**2**	**2,421**		**2,421**	**2,288**		**2,288**
Benefits paid out	3	(1,328)		(1,328)	(633)		(633)
Actuarial losses (gains) generated during the financial year in respect of the commitments	4	(518)		(518)	(56)		(56)
Newly consolidated companies	5	69		69	-		-
Companies no longer consolidated	6	-		-	-		-
Reclassification	7	-		-	-		-
Changes in exchange rates	8	-		-	-		-
Closing retirement benefit liabilities	**1+2+3+4+ 5+6+7+8**	**25,830**		**25,630**	**25,187**		**25,187**
Value of plan assets							
Fair value of plan assets		2,170		2,170	2,122		2,122
Expected return on assets		32		32	31		31
Contributions		-		-	-		-
Benefits paid out		-		-	-		-
Actuarial gains (losses) for the financial year generated on assets		21		21	16		16
Newly consolidated companies		-		-	-		-
Companies no longer consolidated		-		-	-		-
Closing fair value of plan assets		**2,223**		**2,223**	**2,170**		**2,170**

Amounts recorded in the balance sheet and income statement

In thousands of euros	12/31/2018			12/31/2017		
	French companies	Foreign companies	Total	French companies	Foreign companies	Total
Cost of services rendered at the closing date	25,830		25,830	25,187		25,187
Fair value of plan assets	(2,223)		(2,223)	(2,170)		(2,170)
Sub-total	**23,607**		**23,607**	**23,017**		**23,017**
Unrecognized prior service cost	-		-	-		-
Liabilities recognized on the balance sheet	**23,607**		**23,607**	**23,017**		**23,017**
Cost of services rendered during the financial year	2,051		2,051	1,942		1,942
Financial cost for the financial year	370		370	346		346
Return on plan assets	(32)		(32)	(31)		(31)
Effect of plan reduction or liquidation	-		-	-		-
Expenses recognized in the income statement	**2,389**		**2,389**	**2,257**		**2,257**

Change in net liabilities recorded in the balance sheet

In thousands of euros	12/31/2018			12/31/2017		
	French companies	Foreign companies	Total	French companies	Foreign companies	Total
Opening net liabilities	23,017		23,017	21,766		21,766
Actuarial losses (gains)	(539)		(539)	(73)		(73)
Reclassification of recognized prior service costs – vested rights	-		-	-		-
Expenses recognized in the income statement	2,389		2,389	2,257		2,257
Benefits paid out	(1,328)		(1,328)	(633)		(633)
Contributions paid	-		-	-		-
Newly consolidated companies	69		69	-		-
Companies no longer consolidated	-		-	(300)		(300)
Reclassification	-		-	-		-
Change in exchange rates	-		-	-		-
Closing net liabilities	**23,607**		**23,607**	**23,017**		**23,017**

Note 14 Operating and financial leases

14.1 Lease commitments

FINANCIAL LEASES – CEGEDIM GROUP LESSEE

The Group lists various types of operating leases within the Group:

- Real estate;
- IT equipment;
- Photocopiers;
- Rental vehicles.

The expense resulting from these leases was €19,992 thousands for the year 2018.

Real estate leases are renewable every three, six, and nine years. The Group signs standard leasing agreements. The discount rate applied is 8.9%.

SCHEDULE OF LEASE PAYMENTS AND PRESENT VALUE

In thousands of euros	Lease payments due	Present value of payments
Within one year	12,474	
Between 1 and 5 years	7,941	
More than 5 years	151	
Total	**20,565**	**19,006**

14.2 Financial lease restatements

In thousands of euros	Depreciation period	Gross value	Cumulative depreciation	Cumulative depreciation
Pharmacy equipment	3 to 5 years	2,705	1,196	1,509
Total financial lease assets		**2,705**	**1,196**	**1,509**

In thousands of euros	Lease payments due	Present value of payments
Within one year	302	311
Between 1 and 5 years	91	97
More than 5 years	-	-
Total	**393**	**408**

Note 15 Related parties

This note presents the transactions between the Group and its related parties. The compensation of key management personnel is presented in note 6.3.

PROFILE OF CEGEDIM'S PARENT COMPANY: FCB

FCB is a limited company held mainly by Jean-Claude Labrune, Chairman and Chief Executive Officer of Cegedim SA, his family, and certain members of the Board of Directors of Cegedim SA.

TRANSACTIONS WITH RELATED PARTIES

Certain transactions were carried out with companies who share a Director with Cegedim SA.

The main subsidiaries (fully consolidated companies) are listed in note 2. Only the significant transactions are described below:

- FCB re-invoiced €2,652 thousands in rent to companies in the Cegedim Group, compared with €1,646 thousands in 2017;
- FCB invoiced €1,628 thousands for car leases, compared with €1,580 thousands in 2017, and €319 thousands in fleet management fees, compared with €324 thousands in 2017;
- FCB re-invoiced €1,971 thousands in headquarters costs, compared with €1,721 thousands in 2017;
- FCB granted a €50 million loan to Cegedim SA in 2007. At the time of the Cegedim capital increase, FCB subscribed for €4,906 thousands set off against the outstanding debt. As a result, the amount owed decreased from €50 million to €45.094 million. Interest on this loan was €1,481 thousands in 2018.

	Companies under joint control or significant influence		FCB		Family-owned SCI property investment companies	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Income	-	-	242	170	-	-
Expenses	-	-	8,098	6,867	5,742	5,661
Loans	-	-	45,094	45,094	-	-
Security deposits granted	-	-	493	493	1,307	1,307
Security deposits received	-		9	9	-	-
Receivables	-	-	5	60	-	-
Provisions for receivables	-	-	-	-	-	-
Liabilities	-	-	512	921	8	199
Commitments given	-	-	-	-	-	-
Commitments received	-	-	-	-	-	-

Note 16 Other disclosures

16.1 Seasonality

The business activities of the Group are somewhat seasonal due to its software publishing activity.

Over the year, the Group generates slightly more revenue in the second half than in the first half.

Quarterly % of reported revenue	2018	2017
Q1	23.9%	24.0%
Q2	24.7%	24.9%
Q3	23.3%	23.4%
Q4	28.1%	27.6%
Year	100.0%	100.0%

The proportion of EBITDA generated in the second half of the year is generally much higher than the EBITDA generated during the first half of the year.

Half-yearly % of reported EBITDA	2018	2017
H1	43.4%	38.4%
H2	56.6%	61.6%
Year	100.0%	100.0%

This is largely due to the seasonal nature of Cegedim clients' decision-making processes. In particular, the Health insurance, HR & e-services and Healthcare professionals divisions are characterized by a certain seasonality effect, as some customers buy the Group's products and services at the end of the year to ensure that they fully spend their annual budgets.

16.2 Order book

As regards the consolidated order book, the Cegedim Group decided to apply the simplified measures allowed by the standard. Therefore, contracts whose expected initial term does not exceed one year and contracts for which the performance obligations are recognized according to the billing method are not presented.

Almost all the services delivered by the Group consist of services providing for invoicing according to a number of units of work (flows, data, number of protected persons, etc.) or continuous services for which the right to bill is acquired as the service is performed (maintenance, subscriptions, sales in SaaS mode, etc.).

The amount of unfilled or partially fulfilled benefit obligations on other types of contracts than those mentioned above is not significant and is not presented.

16.3 Group audit fees

In thousands of euros	12/31/2018				12/31/2017			
	Mazars	**%**	**Grant Thornton**	**%**	**Mazars**	**%**	**Grant Thornton**	**%**
Auditing, certification, review of individual and consolidated financial statements								
Cegedim SA	165	45.20%	165	77.54%	176	43.91%	167	76.86%
Fully consolidated subsidiaries	200	54.80%	48	22.46%	225	56.09%	50	23.14%
Non-audit services								
Cegedim SA								
Fully consolidated subsidiaries								
Audit subtotal	**365**	**100%**	**213**	**100%**	**401**	**100%**	**218**	**100%**
Legal, tax, social								
Others								
Subtotal of other services provided by the networks to the fully consolidated subsidiaries								
Total auditors' fees	**365**	**100%**	**213**	**100%**	**401**	**100%**	**218**	**100%**

16.4 Off-balance sheet commitments

GUARANTEES GIVEN BY CEGEDIM TO ITS SUBSIDIARIES

DOCAVENUE subsidiary

- €2,255 thousands guarantee at first demand to LeasePlan France.

All subsidiaries

- One-year authorization for all subsidiaries to provide securities, endorsements and other guarantees for a total amount of €10 million, provided no single commitment exceeds €4 million (authorized by the Board of Directors on March 20, 2018).

SUBSIDIARY GUARANTEES

Cegedim Activ subsidiary

- MAD450 thousands and €300 thousands guarantee to CNOPS;
- €181 thousands guarantee to Office National de l'Electricité;
- Guarantees to ANAM Maroc for MAD20 thousands and €8 thousands;
- MAD60 thousands guarantee to the Kingdom of Morocco;
- Guarantees to Caisse Nationale de Sécurité Sociale du Maroc for MAD645 thousands and €17 thousands;
- MAD100 thousands guarantee to Mutuelle Général du Personnel.

Cetip subsidiary

- €80 thousands guarantee to La Poste.

Futuramédia subsidiary

- 15 thousands guarantee to BPIFrance.

Note 17 14 Accounting principles and methods

17.1 Basis of consolidation

Subsidiaries and equity investments are included in the consolidation scope on the date on which control is effectively transferred to the Group, while subsidiaries and equity investments that are sold are excluded from the consolidation scope on the date on which control is lost.

In accordance with IFRS 10, an investor is said to have control when the facts and circumstances show that the Group:

- has power over the subsidiary, giving it the ability to direct relevant activities;
- is exposed or has rights to variable returns from its involvement with the subsidiary;
- has the ability to use its power over the subsidiary to influence the amounts of returns it receives.

Subsidiaries thus controlled are consolidated using the full consolidation method, even if the percentage held is less than 50%.

The full consolidation method includes 100% of subsidiaries' assets, liabilities, income, and expenses. The share of net assets and net earnings attributable to minority shareholders is presented separately as minority interests in the consolidated balance sheet and the consolidated income statement.

When the Group acts in concert with one or more other investors to direct the subsidiary's relevant activities, the parties have collective control. In these cases, the Group accounts for its stake in the subsidiary using the proportional consolidation method. This is notably the case for subsidiaries in which the Group holds a percentage of voting rights greater than or equal to 20%

According to this method, the Group records the "share of the profit (loss) of equity-accounted affiliates" on a specific line of the consolidated net income statement.

The list of consolidated companies is set out in note 2. Some companies, insignificant from the Group's perspective, are not consolidated.

17.2 Business combinations (IFRS 3)

Business combinations are accounted for using the acquisition method in accordance with the provisions of the IFRS 3 – "Business Combinations" standard.

The identifiable assets, liabilities and contingent liabilities of the entity acquired are accounted for at their fair value.

The difference between the acquisition price and the Group's interest in the net fair value of assets, liabilities, and contingent liabilities of the acquired entity at the acquisition date is recorded as goodwill. In general, the Group typically makes acquisitions to gain market share, so it records little acquisition goodwill. If the acquisition price is less than the fair value of the identified assets, liabilities, and contingent liabilities acquired, the difference is immediately recognized in the income statement as a gain from a bargain purchase.

Goodwill is recorded in the functional currency of the acquired entity. IAS 21 (paragraph 47) requires that goodwill in foreign currencies be recognized at the closing rate on each accounting closing date and not at the historical exchange rate.

Goodwill is not amortized and is subject, in accordance with revised standard IAS 36, to impairment testing when an impairment indicator is identified and at least once a year (see "Impairment of Assets"). If necessary, impairments are recorded as "Other special items".

If the recoverable amount of goodwill is less than the net book value, the difference in value is recorded on the income statement.

The recoverable amount is defined as the higher of fair value of assets less costs of disposal and value in use of the assets (the sum of discounted cash flows expected by the company for the asset estimated based on the present and future profitability of the division in question).

17.3 Intangible assets (IAS 38)

INTANGIBLE ASSETS ACQUIRED SEPARATELY OR THROUGH A BUSINESS COMBINATION

Intangible assets acquired separately (primarily software) are recorded initially at cost. They are recognized as assets when (i) it is probable that future economic benefits attributable to them will go to the Group and (ii) their cost can be measured reliably.

Intangible assets acquired in connection with business combinations are recorded at their fair value on the acquisition date.

Intangible assets with a finite useful life are assessed and recognized according to the cost model.

Intangible assets, with the exception of business assets, are amortized using the straight-line method over their useful life (excluding goods with an indefinite life). The useful life of intangible assets is reviewed periodically. If necessary, resulting changes are recognized.

The value of amortized intangible assets is tested if an impairment indicator is identified.

RESEARCH AND DEVELOPMENT/INTERNALLY DEVELOPED SOFTWARE

Research costs are expensed in the financial year during which they were incurred.

Development costs for new internal projects are capitalized if the following criteria are fully satisfied in accordance with IAS 38:

- the project is clearly identified, and the related costs are separable and tracked reliably;
- the technical feasibility of the project has been demonstrated, and the Group has the intention and the financial capacity to complete the project and use or sell the products resulting from the project;
- it is probable that the developed project will generate future economic benefits that will flow to the Group.

Otherwise, the development costs are expensed in the financial year during which they were incurred.

Once in use, assets whose development is complete are removed from the development costs item and recognized under the corresponding asset item (generally software).

Amortization is calculated as of the moment the fixed asset is in use and is calculated over its foreseeable useful life. Projects are classified based on their life cycles, as follows:

Project type	Duration	Method	Number of projects
Core projects	15 years	Straight-line	Very select number of projects
Strategic projects	8-10 years	Straight-line	Select projects
Routine developments	5 years	Straight-line	Covers most Group projects
Targeted projects	2-4 years	Straight-line	Select projects

The Group regularly performs impairment tests on key internally developed software, even when there is no impairment indicator, to ensure that the software still meets the IAS 38 definition of an asset and that amortization schedules are consistent with assets' useful lives. When necessary, impairment may be recorded for a specific software program. Changes that may result from a revision to a program's useful life are recognized.

This test is based on projections of future cash flows estimated according to the project's expected productivity and market potential. Discount rate assumptions are identical to those used for asset impairment (see below).

17.4 Tangible assets (IAS 16)

Property and equipment consist primarily of computer hardware and industrial equipment and are recorded at their acquisition cost, less accumulated depreciation and impairment losses.

Property and equipment are depreciated straight-line over their useful life, the depreciable basis used being cost less any estimated residual value, if applicable.

The useful lives of the property and equipment are revised periodically. If necessary, resulting changes are recognized.

Property and equipment are subject to impairment testing if an impairment indicator is identified.

If necessary, additional impairment is recorded in the income statement as "Other special items".

The following depreciation periods and methods are used:

Project type	Duration	Method
Computer hardware		
PCs for office use	3-4 years	Straight-line
Server systems	5 years	Straight-line
Industrial equipment		
Printing equipment	8-10 years	Straight-line
Industrial equipment and machinery	5-8 years	Straight-line
Fixtures and facilities	8 years	Straight-line
Transportation equipment	4 years	Straight-line
Office equipment	4 years	Straight-line
Furnishings	8 years	Straight-line

Additionally, IAS 16 prescribes the separate component approach for assets that can be broken down into elements that each have different uses or offer economic benefits at a different rate. In the Cegedim Group, this involves buildings consisting of administrative offices and industrial facilities (workshops, warehouses, storage areas, etc.), for which separate depreciation schedules have been established based on the useful life of the various components (structure, facades and weatherproofing, general and technical facilities, and fixtures).

17.5 Leases (IAS 17)

A finance lease is a lease agreement that transfers almost all risks and benefits of ownership of an asset to the lessee.

Assets used for lease agreements are capitalized at their fair value and offset against a financial debt if the lease agreement effectively transfers substantially all the risks and rewards inherent in ownership of the item to the Group. Lease payments are broken down into financial expense (recorded as "Cost of net financial debt") and debt repayments.

Lease-financed assets are depreciated over the same periods as owned property of the same category.

17.6 Impairment of assets (IAS 36)

CASH GENERATING UNITS (CGU)

The CGU is the smallest identifiable group of assets that generates cash flows which are largely independent of the cash inflows generated by other assets or groups of assets. CGUs generally correspond to a set of entities contributing to the same sector of activity (type of services) and using the same tools.

Since the transition to IFRS, the Group has revised the dividing lines for its CGUs three times with the assistance of an independent consulting firm to more accurately reflect changes at its businesses and thus on internal reporting. The current separation of CGUs dates to 2015.

The Cegedim Group has two group of CGU, corresponding to its two business operating sectors:

- Health insurance, HR and e-services: this group of CGUs houses the know-how needed to develop services for insurance companies, mutuals and other organizations involved in the chain of processing healthcare data and payment flows, as well as for clients from the pharmaceutical industry and corporate clients.
- Healthcare professionals: this group of CGUs covers all services provided to medical professionals, including physicians, pharmacists, and allied health professionals.

For impairment testing purposes, as of the acquisition date, goodwill acquired as part of a business combination is allocated to the two group of CGUs that is likely to benefit from the resulting synergies. This approach is also consistent with the way the Group's management monitors business performance.

IMPAIRMENT TESTING

When impairment is indicated, or at least once a year, the Group performs impairment tests to assess the possible loss of value for its operating assets.

Impairment tests are performed on the CGU to which the assets are assigned.

The recoverable amount of a CGU is the higher of its fair value less costs to sell and its value in use.

An impairment loss is recognized if the recoverable value of an asset or of a CGU is less than its book value.

If the CGU tested includes goodwill, the impairment is first allocated to this goodwill.

Impairment is recognized under "Others special items" and is clearly explained in the notes to the consolidated financial statements.

Sensitivity tests are conducted on various parameters, namely by varying the assumptions used for the discount rate, the perpetual growth rate, and the performances in terms of EBITDA margin and free cash flow.

VALUE IN USE

The value in use of a group of CGUs is determined using the discounted cash flow (DCF) method. Business plans are constructed by making five-year forecasts under the assumptions used by the Group's different operating managers in their strategic plans. These are reviewed by the Audit Committee and approved by the Board of Directors. The expected cash flows beyond the fifth year of the plan are represented by a terminal value, which is determined using a margin projected from the average margin appearing in the business plans and in recent years.

DISCOUNT RATE

The Group uses a single discount rate for all group of CGUs. The skills center, R&D developments, and databases used to support Group services are centralized, and products and services are distributed locally.

To comply with the requirements of paragraphs 55 and 56 of IAS 36, the discount rate is calculated from a business segment's weighted average cost of capital before tax. The rate is applied to operating cash flows before tax.

The Group hires independent experts to calculate this discount rate. The calculations use a sample of listed peers and benchmark indexes to determine Cegedim's specific risk premium and beta coefficient, as well as a target debt ratio applicable to the industry in which the Group competes. The formula is updated as market conditions require and at least once per year.

PERPETUAL GROWTH RATE

The perpetual growth rate is based on economic data that is weighted to reflect the specificities of the Cegedim Group.

17.7 Financial assets (IAS 32/IFRS 9)

Equity investments in non-consolidated companies are classified as financial assets. They are initially recorded at cost and then subsequently valued at their fair value if the fair value can be determined reliably.

Changes in fair value are accounted for in a separate item of shareholders' equity until the securities are effectively sold, at which time the transaction is recognized in the income statement.

Furthermore, where an identifiable loss of value is considered permanent in light of the circumstances, it is recognized in financial expense.

Loans granted are accounted for at their amortized cost and are recorded as impaired if there is an objective indication they may be impaired. Long-term financial receivables are discounted if the effect of discounting is deemed significant.

17.8 Deferred taxes (IAS 12)

Deferred taxes are calculated using the variable tax rate method for all temporary differences between the carrying amount entered in the consolidated financial statements and the tax base of the Group's assets and liabilities. Deferred tax assets and liabilities are valued at the tax rate expected to be applied for the financial year during which the asset will be realized or the liability paid, based on the tax rates enacted at the closing date.

Deferred tax assets on deductible temporary differences and on unused tax losses carried forward are recognized to the extent that it is likely that future taxable profits will be offset by as yet unused tax losses.

Deferred tax assets and liabilities are not discounted. They are offset when (1) the entity has a legally enforceable right to offset tax assets and liabilities, (2) they relate to income taxes levied by the same tax authority on the same taxable entity.

17.9 Inventories of goods and services in progress (IAS 2)

INVENTORIES OF GOODS

Inventories of goods are valued using the weighted average cost method. The gross value of goods and supplies includes the purchase price and ancillary expenses.

Impairment is recorded if the book value is less than the current fair value (net realizable value).

SERVICES IN PROGRESS

The current fair value consists solely of the direct costs recorded on contracts in progress. An impairment is recorded when future billings for work in progress will not cover the corresponding direct costs.

17.10 Trade receivables and other operating receivables

TRADE RECEIVABLES

Trade receivables are initially valued at fair value then at amortized cost and are individually monitored. An impairment is recorded when the current fair value is less than the carrying value given the probability of recovery.

OTHER RECEIVABLES

Receivables are accounted for at their discounted amount if they are due in more than one year and if the effects of discounting are significant.

17.11 Cash and cash equivalents

Cash equivalents are valued at their market value on the closing date. Changes in value are recorded in the financial result.

17.12 Treasury shares (IAS 32)

In accordance with IAS 32, treasury shares are accounted for at cost and their value is deducted from consolidated shareholders' equity.

Gains (losses) arising from sales of treasury shares are added to (deducted from) consolidated reserves at their amount net of tax effects.

Sales of treasury shares are accounted for using the FIFO method.

17.13 Provisions and contingent liabilities (IAS 37)

A provision is recorded if the Group has an obligation resulting from past events, whose settlement is expected to result in an outflow of economic resources whose amount can be reasonably measured. The provision classification is maintained as long as the due date and the amount of the outflow of resources have not been precisely determined.

Provisions are estimated on a case by case basis or based on statistics when they include a large number of items. They are discounted when they are due in more than one year. Cegedim Group's main commitments (excluding retirement compensation) are intended to cover employee, client, and supplier litigation.

17.14 Retirement (IAS 19)

DEFINED-CONTRIBUTION PLANS

Defined-contribution plans are post-employment benefit plans under which an entity makes defined contributions to a separate entity (a fund) and has no legal or constructive obligation to pay additional contributions if the fund has insufficient assets to provide all the benefits corresponding to the services rendered by employees during current and prior periods. These contributions are recorded as expenses for the period in which they are due, with no liability recognized in the balance sheet.

DEFINED-BENEFIT PLANS

Defined-benefit plans refer to post-employment benefits other than defined-contribution plans.

They primarily involve retirement obligations. If these obligations are assumed directly by the Group's companies, the corresponding actuarial liabilities are covered by a provision in the balance sheet.

Since 2011, the Group has applied IAS 19, as amended, under which it can recognize directly in equity the actuarial gains and losses arising from changes in the assumptions used to calculate the liabilities.

Cegedim SA applies recommendation ANC 2013-02 of the French national accounting standards board, dated November 7, 2013, which governs the valuation of retirement obligations and similar benefits.

In accordance with this recommendation, the unrecognized prior service cost unamortized at December 31, 2012, was recorded as a reduction in shareholders' equity at January 1, 2014.

Actuarial liabilities are calculated using the projected unit credit method and are based on valuations specific to each company of the Group; these valuations include assumptions concerning, for example, wage increases, inflation, life expectancy, and employee turnover. The discount rate applied to retirement benefit obligations is determined using the closing benchmark market rate based on top-rated bonds. For countries that lack an active market in top-rated corporate bonds, the Group uses the closing rate of government bonds.

Additionally, the impact that changes to pension plans resulting from amendments to collective bargaining agreements have on the valuation of the provision for retirement benefits is spread over employees' remaining years of service.

Finally, if this obligation is partially or completely covered by funds paid by Group companies to financial institutions, the amounts of these dedicated investments are deducted from the liability on the balance sheet.

17.15 Financial liabilities (IAS 32/IFRS 9)

Issue Premiums and issue costs impact the initial recognized value (fair value) of financial liabilities and are included in the calculation of the EIR (Effective Interest Rate) in compliance with IAS 32 and IFRS 9. Borrowings and other financial liabilities that charge interest are valued according to the amortized cost method using the effective interest rate for the loan. The costs are thus spread out over the loan's life via the EIR.

For financial liabilities arising from finance leases, the financial liability recorded to match the non-current asset is initially recorded at the lower of the fair value of the leased asset or the present value of the minimum lease payments.

17.16 Derivatives and hedging instruments

Financial instruments are recognized at fair value and subsequent changes in the fair value of the instrument are recognized according to whether or not the instrument is a hedging instrument and, if so, the nature of the item hedged.

The Group's use of derivatives such as interest rate swaps, caps, or other equivalent term contracts is intended to hedge risks associated with interest rate fluctuations.

These derivative instruments are recorded in the balance sheet at market value. Changes in market value are recognized in the income statement, except for transactions that qualify as cash flow hedges (flows related to a variable interest rate debt), for which changes in value are recorded under equity.

From the outset of the transaction, the Group documents the relationship between the hedging instrument and the hedged item, as well as its risk management objectives and hedging policy.

The financial elements covered by derivatives follow one of two types of hedge accounting:

- fair value hedges;
- cash flow hedges.

For fair value hedges, the value of the financial liability underlying the derivative is adjusted in the balance sheet under the hedged risk (risk relating to interest rate fluctuations). Changes in value are recorded in the income statement (as financial expenses) and offset changes in the value of the derivative allocated to the underlying for the hedged portion.

For cash flow hedges, the financial liability is recorded in the balance sheet at the amortized cost. Changes in the value of the derivative are recorded in shareholders' equity. To the extent that the financial expense or income of the hedged item impact the income statement for a given period, the financial expense or income recorded under shareholders' equity in respect of the derivative for the same period is transferred to the income statement.

When a derivative does not meet the criteria for hedge accounting, changes in fair value are recognized in the income statement under other operating income and expenses.

17.17 Revenue recognition (IFRS 15)

Effective January 1, 2018, Group revenues are recognized using the modified retrospective method in accordance with IFRS 15. The revenue recognition model has five steps:

- Identify the contract with a customer;
- Identify the distinct performance obligations;
- Determine the transaction price;
- Allocate the transaction price amongst each of the performance obligations;
- Recognize revenue when each performance obligation is satisfied.

Cegedim Group's revenues consist primarily of services, software sales and, to a lesser extent, hardware sales.

SERVICE REVENUE

The main categories of services and the methods of revenue recognition are as follows.

- Most clients of the Group's databases purchase subscriptions and are billed monthly quarterly or yearly; sales revenues are then recognized linearly over the considered period.
- Sales of syndicated and custom research supplied by the Group are recorded on a prorated basis when they are delivered to the client.
- Data processing (projects) performed for clients is recorded when the service is provided.
- Support services (assistance, maintenance, etc.) are typically covered by an annual contract calculated on a lump-sum basis in proportion to the costs and resources committed by Cegedim to provide these services. Income from these contracts is recorded on a prorated basis, which can result in the recognition of liabilities on client contract.

SOFTWARE AND EQUIPMENT SALES

These sales are recorded upon delivery, when the products are installed at the professional's site.

Revenue from new software licenses with fixed or open-ended terms is entered into the accounts (under the condition that the Group does not have any other obligations to fulfill) (1) provided there is an agreement with the client, (2) delivery and acceptance are completed, (3) the amount of revenue and the related costs can be measured reliably, and (4) the economic benefit from the transaction will flow to the Group.

If any of these four criteria is not met, the recognition of sales arising from the software license is deferred until all of the criteria are met.

17.18 Foreign currency translation (IAS 21)

TRANSACTIONS IN FOREIGN CURRENCIES

Transactions in foreign currencies are recorded using the exchange rate on the date the transactions are recorded. On the closing date, accounts payable or receivable denominated in foreign currencies are converted into euros at the closing exchange rate.

Translation differences for transactions in foreign currencies are recognized in financial income (expense). Such transactions are very limited in number. Therefore, the Group does not specifically manage the exchange risk. The Group also does not hedge repayments of borrowings in dollars, given the Group's revenues in that currency.

FINANCIAL STATEMENTS OF FOREIGN ENTITIES

The currency used to prepare consolidated financial statements is the euro.

The financial statements of foreign entities using a different functional currency are converted into euros using:

- the official closing rate for assets and liabilities;
- the average rate for the financial year ended for income statement and cash flow statement items;
- the historical rate for shareholders' equity.

Translation gains or losses resulting from this treatment and those resulting from the translation of the shareholders' equity of subsidiaries at the beginning of the financial year based on the closing rates are included in "Exchange differences" under consolidated shareholders' equity.

Translation gains or losses on intra-Group loans are eliminated via the Group translation gains or losses (in reserves) in order to smooth out fluctuations in exchange rates because these loans are long term (their settlement is neither planned nor likely in the foreseeable future) and in some cases may be converted into capital increases.

17.19 Cash flow statement (IAS 7)

In accordance with the option offered by IAS 7 "Statement of cash flows", the consolidated cash flow statement is prepared using the indirect method.

This method shows the reconciliation of the net profit (loss) with the net cash generated by operating activities in the financial year. The opening and closing cash positions include cash and cash equivalents, which are made up of investment instruments less overdrafts.

17.20 Segment reporting (IFRS 8)

Segment reporting is prepared according to the accounting methods used for the preparation and presentation of consolidated financial statements.

Segment reporting corresponds to the way the Group's internal reporting is organized, which is the basis for the management tools used by the Group's management. It is also the main way financial performance is communicated.

The Group's activities are divided into two operating business segments and a "Corporate and others" segment:

- *Health insurance, HR and e-services* houses the know-how needed to develop services for insurance companies, mutuals, and other organizations involved in the chain of processing healthcare data flows, as well as for clients from the pharmaceutical industry and corporate clients;
- *Healthcare professionals* includes activities for medical professionals: physicians, pharmacists, and allied health professionals (software publishing and sales statistics);
- *Corporate and others* combines the activities incumbent on the lead entity of a publicly traded corporation and support functions for the Group's two operating segments.

Intra-Group transfer prices are based on standard agreements entered into on an arm's length basis.

The Group publish information by geographic area, which shows the dichotomy between France and international. When there is a material exposure to foreign currencies, consolidated revenue performances are further broken down according to currency.

18 Highlights

Apart from the items cited below, to the best of the company's knowledge, there were no events or changes during the period that would materially alter the Group's financial situation.

BPIFRANCE SELLS CEGEDIM SHARES

Bpifrance Participations sold 1,682,146 Cegedim shares via an accelerated bookbuilding process to French and international institutional investors at a price of €35 per share on February 13, 2018. In the context of the transaction, the shareholders' agreement dated October 28, 2009, between Mr. Jean-Claude Labrune, FCB (the family holding company controlled by Mr. Labrune), and Bpifrance – as well as the concert between the parties – has been terminated. Following the sale, Cegedim's free float increased to 44% of capital (vs. 32% before the transaction).

CEGELEASE AND EUROFARMAT DEFINITIVELY SOLD

On February 28, 2018, Cegedim announced that it had completed the disposal of Cegelease and Eurofarmat to FRANFINANCE of the Société Générale Group for an amount of €57.5 million plus reimbursement of the shareholder's loan account, which amounted to €13 million. Of this amount, Cegedim used €30 million to pay down its debt.

The parties have decided that Cegelease and the Cegedim Group will continue to collaborate in France under the current terms as part of a six-year collaboration agreement.

RUE DE LA PAYE ACQUIRED IN FRANCE

On March 30, 2018, Cegedim acquired French company Rue de la Paye via its Cegedim SRH subsidiary. The deal will enable the Group to market digital payroll solutions to 2 million SMEs and small businesses in France, including—importantly—thousands of healthcare professionals that are already Cegedim Group clients.

Rue de la Paye's 2017 revenues were equivalent to around 1% of 2017 consolidated Group revenues, and it earned a profit. It began contributing to the Group's consolidation scope in April 2018.

TAX

On February 21, 2018, Cegedim S.A. received notice that French tax authorities would perform an audit of its accounts covering the period January 1, 2015, to December 31, 2016. As the audit is still underway, the Group has not received any notice of tax adjustment.

INDEPENDENT DIRECTOR APPOINTED TO CEGEDIM SA'S BOARD

At the annual general meeting on August 31, 2018, shareholders appointed Ms. Béatrice Saunier to a six-year term as an independent director. Her term will expire following the AGM held to approve the financial statements for the year 2023.

NEW FINANCING STRUCTURE FOR €200 MILLION

On October 9, 2018, Cegedim set up a new financing structure for a total amount of €200 million consisting of a €135 million, 7-year Euro PP bond with a coupon of 3.50%, and a €65 million, 5-year syndicated revolving credit facility with a one-year extension option. The interest rate on the new revolving credit facility is 20 basis points lower than that of the previous one.

EURIS LITIGATION

Cegedim, jointly with IQVIA (formerly IMS Health), is being sued by Euris for unfair competition. Cegedim asked the court to dismiss the case against the Group. On December 17, 2018, the Paris Commercial Court granted Cegedim's request. That ruling has been appealed.

19 Significant post-closing transactions and events (post December 31, 2018)

Apart from the items cited below, to the best of the company's knowledge, there were no events or changes during the period that would materially alter the Group's financial situation.

ACQUISITION OF XIMANTIX IN GERMANY

On January 21, 2019, Cegedim acquired German company XimantiX. Building on its presence in the digitalization market in Belgium, France, the United Kingdom, and Morocco, Cegedim now has a solid base for this activity in Germany, Europe's leading economy. By acquiring a German leader positioned on the midmarket segment, Cegedim e-business will be able to develop its offer for SMEs. XimantiX customers will gain access to a wider range of services, thanks to Cegedim's international scope.

XimantiX's 2018 revenues came to €2.2 million, and it earned a profit. It began contributing to the Group's consolidation scope in January 2019.

ACQUISITION OF RDV MÉDICAUX IN FRANCE

On February 2019: Cegedim acquired French company RDV Médicaux, an online appointment scheduling site whose close collaboration with hotlines gives it a unique positioning. This deal clearly reaffirms Docavenue's ambition to help healthcare professionals focus on patient care by offering innovative services that are 100% designed to improve the French healthcare system. RDV Médicaux's 2018 revenues came to €0.6 million. It began contributing to the Group's consolidation scope in March 2019.

ACQUISITION OF BSV IN FRANCE

On January 31, 2019, Cegedim acquired BSV Electronic Publishing, the leading provider of invoice digitization solutions to French municipalities and widely respected for its successful Electronic Document Management System (EDMS). BSV's ZeDOC software suite includes electronic document management--a dynamic data capture tool that sets it apart from a conventional EDMS based on document indexing--Optical Character Recognition (OCR) and Automatic Document Recognition (ADR).

BSV Electronic Publishing generated revenue of €1.2 million in 2018. It began contributing to the Group's consolidation scope in February 2019.

4.7 Statutory Auditors' report on the consolidated financial statements

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

CEGEDIM

Financial year ended December 31, 2018

To the shareholders of Cegedim,

Opinion

In carrying out the task entrusted to us by your General Meeting, we have audited the consolidated financial statements of Cegedim SA for the financial year ended December 31, 2018, as appended to this report.

We certify, in accordance with the IFRS as adopted by the European Union, that the consolidated financial statements are accurate and truthful and give a true and fair view of the results of the operations of the past financial year, as well as the financial situation and the assets, at the end of the year, of all of the persons and entities included in the consolidation scope.

The opinion expressed above is consistent with the contents of our report to the audit committee.

Basis for the Opinion

Audit Standard

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

Our responsibilities under these standards are set out in the "Auditors' responsibilities relating to the consolidated financial statements" section of this report.

Independence

We carried out our audit in accordance with the rules of independence applicable to us, over the period from January 1, 2018, to the date of issue of our report, and in particular we have not provided services prohibited by Article 5 (1) of (EU) Regulation No. 537/2014 or by the Auditors' code of ethics.

Observation

Without qualifying our opinion, we draw your attention to "Note 1 Reference" of the Notes to the consolidated financial statements, where subsections "First application of IFRS 15 'Revenue from contracts with customers'" and "Application of IFRS 9 'Financial instruments'" explain the impact of initial application of IFRS 15 and IFRS 9.

Justification for our assessments–Key audit matters

Pursuant to the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the key aspects of the audit with respect to the risk of material anomalies and which, in our professional judgement, were the most important for the audit of the consolidated financial statements for the financial year. We also demonstrate how we have dealt with these risks.

The assessments thus made are part of the audit of the consolidated financial statements taken as a whole and the formation of our opinion expressed above. We do not express an opinion on individual items in the consolidated financial statements.

<u>Recognition and evaluation of development costs and internal software recorded as assets</u>

(Notes 8.2 and 17.3 of the notes to the consolidated financial statements)

Risk identified

At December 31, 2018, the net book value of development and internal software costs amounted to €138 million, compared with a balance sheet total of €648 million.

These intangible assets correspond to the development expenses of new internal projects that are capitalized when the criteria set out in Note 17.3 of the notes to the consolidated financial statements are met. Amortization is applied on a straight-line basis from the start-up date of the underlying asset and is calculated on the basis of the expected useful life.

The Group carries out regular impairment tests on the main internally developed software even if there is no impairment indicator in order to ensure that the net book value of these assets does not exceed their recoverable amount. To this end, the Group performs impairment tests at the level of internal development projects to which a significant asset is attached. The methods and detailed assumptions used for these tests are presented in Note 17.3 to the consolidated financial statements.

We considered the recognition and valuation of development and internal software costs as a key part of our audit, given the assessment that Management must make to determine their recoverable value, which is mostly based on discounted cash flow projections whose realization is inherently uncertain.

Our response

Our work involved:

- evaluating, in accordance with the accounting standards in force, the procedures for examining the criteria for capitalizing development costs;
- cataloguing and testing a sample of the key controls the Group has set up as part of its internal control process for the capitalization and monitoring of development costs and internal software;
- checking, on a test basis that the amounts of development costs capitalized over the financial year are consistent with the underlying documentary evidence;
- noting and assessing the reasonableness of the data and assumptions used by the Management to prepare the cash flow projections on selected projects—including the marketing and depreciation periods, sales, and the margin rate and discount rate—by consulting with Management and comparing future cash flows with past achievements;
- performing our own sensitivity calculations.

<u>Valuation of goodwill</u>

(Notes 8.1 and 17.6 of the notes to the consolidated financial statements)

Risk identified

At December 31, 2018, the net book value of goodwill amounted to 173 million euros, compared with a balance sheet total of 648 million euros.

At least once a year, and whenever indicators of impairment are identified, Management performs impairment tests at the level of the two groups of Cash Generating Units (CGU) to which the goodwill has been allocated. An impairment loss is recognized when the recoverable amount of the group of CGUs is lower than its net book value, provided that:

- the recoverable amount of a group of CGUs is the higher value between its fair value less sales costs, or its value in use;
- the value in use of a group of CGUs is the sum of the discounted cash flows expected by the Group for the CGUs.

We have considered the valuation of goodwill as a key audit matter, given its importance to the consolidated balance sheet and the estimates and assumptions used by Management to determine their recoverable value, which is mostly based on projections of discounted cash flows, the realization of which is inherently uncertain.

Our Response

Our work included:

- confirming the latest strategic plans established by Management and the impairment tests for each of the two groups of CGUs, in particular by interviewing Management, with the business projections that underlie the cash flow projections by comparing past estimates and performance achieved;
- appreciate the reasonableness of the key assumptions used for:
  - the determination of cash flows in relation to the underlying operational data,
  - the long-term growth rate of these flows,
  - discount rates used in their different components;
- obtain and review sensitivity analyzes performed by Management. We also performed our own sensitivity calculations to ensure that only an unreasonable change in assumptions could result in the recognition of a significant impairment of goodwill.

Specifics verification

In accordance with the professional standards applicable in France, we have also performed the specific verification required by law of the information relating to the Group, provided in the Board of Directors' Management Report.

We have no comments to make as to their fairness and consistency with the consolidated financial statements.

Statement of non-financial performance

We attest that the consolidated statement of non-financial performance required by Article L.225-102-1 of the French Commercial Code is included in the Group's management report. Note that, in accordance with the provisions of Article L.823-10 of the code, we have not verified that the information contained therein is fairly presented and consistent with the consolidated financial statements. This should be reported on by an independent third party.

Information resulting from other legal and regulatory requirements

Appointment of auditors

We were appointed auditors of Cegedim SA by the General Meetings of June 28, 2006 for Grant Thornton and April 23, 2002 for Mazars.

As at December 31, 2018, Grant Thornton was in the thirteenth consecutive year, and Mazars in the seventeenth consecutive year of their missions.

Responsibilities of Management and Corporate Governance Officers in regards to the consolidated financial statements

It is the responsibility of management to prepare consolidated financial statements that present a true and fair view in accordance with the IFRS as adopted in the European Union, as well as to design and implement the internal control that it deems necessary for the preparation of consolidated financial statements without material misstatements, whether due to fraud or error.

When it prepares the consolidated financial statements, management is responsible for evaluating the company's ability to continue as a going concern, to present in these accounts, where appropriate, the necessary information relating to the continuity of operations and apply the going concern accounting policy, unless it is planned to liquidate the company or discontinue its activity.

The Audit Committee is responsible for monitoring the process of preparing financial information and for monitoring the effectiveness of the internal control and risk management systems, as well as, where applicable, the internal audit, in regards to procedures relating to the preparation and processing of accounting and financial information.

The consolidated financial statements have been approved by the Board of Directors.

Responsibilities of the auditors relating to the audit of the consolidated financial statements

Audit objective and procedure

It is our duty to prepare a report on the consolidated financial statements. Our objective is to obtain reasonable assurance that the consolidated financial statements taken as a whole are free from material misstatement. Reasonable assurance corresponds to a high level of assurance, without however guaranteeing that an audit performed in accordance with the standards of professional practice can systematically detect all material misstatements. Misstatements may arise from fraud or error and are considered material where it can reasonably be expected that they, taken singly or together, may influence the economic decisions that account users make on their basis.

As specified by Article L. 823-10-1 of the French Code of Commerce, our engagement to certify accounts is not a guarantee of the viability or the quality of the management of your company.

As part of an audit conducted in accordance with the professional standards applicable in France, the auditor exercises his professional judgment throughout this audit. Furthermore:

- the auditor identifies and assesses the risks that the consolidated financial statements contain material misstatements, whether from fraud or error, and defines and implements audit procedures to address such risks, and collects the information he considers sufficient and appropriate to act as a basis for his opinion. The risk of non-detection of a material misstatement from fraud is higher than that of a significant anomaly resulting from error, since fraud may involve collusion, forgery, voluntary omissions, misrepresentation or the circumventing of internal control;
- the auditor takes cognizance of the internal control relevant to the audit in order to define the appropriate audit procedures under the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the internal control;
- the auditor assesses the appropriateness of the accounting methods used and the reasonableness of the accounting estimates made by management, as well as the information concerning them provided in the consolidated financial statements;

- the auditor assesses the appropriateness of management's application of the going concern concept and, depending on the information gathered, the existence or otherwise of material uncertainty related to events or circumstances likely to compromise the company's ability to continue its operations. This assessment is based on the information gathered up to the date of his report, but it is recalled that subsequent circumstances or events could jeopardize the continuity of operations. If the auditor concludes that there is significant uncertainty, he draws the attention of the readers of his report to the information provided in the consolidated financial statements about this uncertainty, or, if this information is not provided or is not relevant, he draws up a qualified certification or a refusal to certify;
- he assesses the overall presentation of the consolidated financial statements and assesses whether the consolidated financial statements reflect the underlying transactions and events so as to give a true and fair view of them;
- with regard to the financial information of the persons or entities included in the scope of consolidation, he collects information that he considers sufficient and appropriate to express an opinion on the consolidated financial statements. He is responsible for the management, supervision and execution of the audit of the consolidated financial statements as well as for the opinion expressed on these accounts.

Audit Committee Report

We submit a report to the audit committee, which outlines the scope of the audit work and the implemented work program, as well as the conclusions arising from our work. We also disclose, if necessary, any significant weaknesses of internal control that we have identified with respect to the procedures relating to the preparation and processing of accounting and financial information.

Among the information disclosed in the report to the audit committee are the risks of material misstatements that we consider to have been the most important for the audit of the consolidated financial statements for the financial year and which therefore constitute the key audit matters, which it is our responsibility to describe in this report.

We also provide the audit committee with the declaration provided for in Article 6 of the (EU) Regulation No. 537-2014 confirming our independence within the meaning of the regulations applicable in France as laid down in particular by Articles L. 822 -10 to L. 822-14 of the French Commercial Code and in the auditors' professional code of ethics. Where appropriate, we discuss with the audit committee any risks to our independence and the safeguards measures that have been put in place.

Neuilly-Sur-Seine and Courbevoie, March 28, 2019

The Statutory Auditors

Grant Thornton	Mazars
French Member of Grant Thornton International	
Vincent Papazian	Jean-Philippe Mathorez
Partner	Partner

05 Parent company financial statements

5.1 Balance sheet

5.1.1 Assets

In thousands of euros	Gross	Depreciation, amortization, and impairment	12/31/2018 Net	12/31/2017 Net
Intangible assets				
Development costs	5,935	0	5,935	4,233
Concessions, patents, and similar rights	495	422	73	86
Commercial goodwill	5,071	160	4,911	4,911
Other intangible assets	28,043	21,949	6,094	6,412
Property, plant, and equipment				
Buildings	3,197	2,663,	534	800
Plant and equipment	3,947,	2,721	1,226	908
Other property, plant, and equipment	597	451	146	29
Non-current assets in progress	0	0	0	0
Financial assets				0
Investments	406,422	137,946	268,476	190,032
Accrued interest on investments	28	0	28	0
Loans	3,612	0	3,612	139,832
Other financial assets	1,989	0	1,989	1,815
Non-current assets	**459,336**	**166,312**	**293,024**	**349,058**
Inventories and work in progress				
Inventories of goods held for resale and raw materials	0	0	0	0
Production of services in progress	0	0	0	0
Goods held for resale	0	0	0	0
Advances and deposits paid on orders	4	0	4	49
Receivables				
Trade receivables	19,352	1,483	17,869	17,397
Other receivables	11,353	0	11,353	19,326
Capital called but not paid-up	0	0	0	0
Short-term investments	4,393	233	4,160	8,707
Cash and cash equivalents	92	0	92	1,785
Accruals				
Prepaid expenses	744	0	744	393
Current assets	**35,938**	**1,716**	**34,222**	**47,657**
Deferred bond issue expenses	1,489		1,489	923
Unrealized exchange losses	46		46	171
Total assets	**496,809**	**168,028**	**328,781**	**397,809**

5.1.2 Liabilities and equity

In thousands of euros	12/31/2018	12/31/2017
Share capital	13,337	13,337
Merger and contribution share premiums	29,992	29,992
Statutory reserve	1,334	1,334
Tax-regulated reserves	3,893	265
Other reserves	4,729	5,072
Retained earnings	-	-
Profit (loss) for the period	24,723	3,285
Tax-regulated provisions	24	60
Equity	**78,032**	**53,345**
Provisions for liabilities	91	171
Provisions for charges	3,431	3,389
Minority interest	-	-
Provisions for liabilities and charges	**3,522**	**3,560**
Financial liabilities		,
Other bonds	-	-
Borrowings from financial institutions	171,600	262,303
Miscellaneous borrowings and financial liabilities	46,576	46,392
Advances & payments on account received on orders in progress	172	210
Trade payables		
Trade payables and related accounts	8,119	9,420
Tax and social security liabilities	11,425	9,739
Miscellaneous payables		
Amounts due on non-current assets and related accounts	-	-
Other financial liabilities	8,433	12,570
Prepaid income	901	237
Liabilities	**247,227**	**340,870**
Unrealized exchange gains	-	34
TOTAL Liabilities and equity	**328,781**	**397,809**

5.2 Income statement

5.2.1 Income statement Part I

In thousands of euros	12/31/2018	12/31/2017
Sales of goods held for resale, France	-	-
Sales of goods held for resale, outside France	-	-
Production of goods sold, France	26	59
Production of goods sold, outside France	-	1
Production of services sold, France	65,635	59,094
Production of services sold, outside France	2,238	2,022
Net revenue	**67,899**	**61,176**
Production transferred to inventory	-	-
Capitalized production	4,315	2,721
Reversals of depreciation, amortization and impairment, and transfers of expenses	2,494	1,453
Other income	698	405
Operating income (expense), net	**75,406**	**65,755**
Purchases of goods held for resale		-
Variations in inventories of goods held for resale and raw materials		-
Purchases of raw materials and supplies		-
Other external purchases and expenses	(45,290)	(35,190)
Taxes, duties, and similar levies other than on income	(1,448)	(1,358)
Wages and salaries	(20,389)	(18,518)
Payroll taxes	(9,171)	(8,275)
Depreciation and amortization of non-current assets	(4,594)	(3,571)
Allowances to provisions for current assets	(334)	(330)
Allowances to provisions for liabilities and charges	(814)	(983)
Other expenses	(220)	(375)
Operating expenses	**(82,260)**	**(68,600)**
Operating income, net	**(6,854)**	**(2,845)**

5.2.2 Income statement Part II

In thousands of euros	12/31/2018	12/31/2017
Financial income from investments	13,964	58,603
Other interest and related income	2,678	3,193
Reversals of provisions and transfers of expenses	7,371	7,573
Foreign exchange gains	13	1
Net gains on disposals of short-term investments	880	0
Financial income	**24,906**	**69,370**
Depreciation and allowances to provisions for financial items	(41,661)	(62,228)
Interest and related expenses	(6,237)	(8,367)
Foreign exchange losses	(4)	(29)
Financial expenses	**(47,902)**	**(70,624)**
Net financial income (expense)	**(22,996)**	**(1,254)**
Income before non-recurring items and tax	**(29,850)**	**(4,099)**
Non-recurring income on management operations	**0**	**0**
Non-recurring income on capital transactions	75,400	317
Reversals of provisions and transfers of expenses	36	25
Non-recurring income	**75,436**	**342**
Non-recurring expenses on management operations	-	-
Non-recurring expenses on capital transactions	(29,781)	(949)
Non-recurring expenses from depreciation, amortization, and allowances to provisions	-	(13)
Non-recurring expenses	**(29,781)**	**(962)**
Net non-recurring income (loss)	**45,655**	**(620)**
Employee profit-sharing	(556)	(429)
Income taxes	9,474	8,433
Total income	**175,748**	**135,468**
Total expenses	**(151,025)**	**(132,183)**
Profit (loss)	**24,723**	**3,285**
Earnings per share (in euros)	1.77	0.23
Income before tax per share (in euros)	1.09	(0.37)
Income before special items and tax per share (in euros)	(2.13)	(0.29)

5.3 Notes to the parent company financial statements

5.3.1 Basis of accounting

The annual financial statements have been prepared in accordance with the provisions of French law and regulations.

General accounting principles have been applied in accordance with the principle of conservatism and the following principles:

- A going concern basis;
- The consistency of accounting methods from one fiscal year to another;
- The accrual principle.

Cost is the method used by default to measure items in the financial statements.

5.3.2 Methods applied

5.3.2.1 Intangible assets

Cegedim SA's intangible assets mainly consist of commercial goodwill, development costs, and software purchases.

COMMERCIAL GOODWILL

Commercial goodwill is recorded at cost and tested annually for impairment.

DEVELOPMENT EXPENSES

Cegedim incurs costs in connection with development of software and services platforms that either make up the offerings it markets to its clients or fill an internal need.

Development costs for new projects are capitalized where the following criteria are fully satisfied (CRC Regulation No. 2004-06):

- The technical feasibility necessary to complete the intangible asset in order to use it or sell it;
- The intention to complete the intangible asset and to use or sell it;
- The ability to use or sell the intangible asset;
- The way in which the intangible asset will generate probable future economic benefits;
- The availability of appropriate resources (technical, financial, and other) to complete development and use or sell the intangible asset;
- The ability to reliably measure the costs related to the intangible asset during its development.

If one of these criteria is not satisfied, development costs are expensed in the fiscal year during which they are incurred.

Development costs include all expenses that can be directly related to the intangible asset (notably wages, outsourcing, and other directly related costs) that are necessary to create it, produce it, and prepare it so that it operates in accordance with the use planned by the management. These costs are recorded in the relevant expense account during the year. At the closing, they are transferred to development costs and an adjusting entry is made in the capitalized production account.

Amortization is calculated using the straight-line method from the date of initial use of the relevant asset and is calculated over its expected useful life.

ACQUIRED ASSETS

Acquired intangible assets are measured at cost and amortized using the straight-line method over their expected useful life.

They comprise intangible fixed assets (such as software purchased from outside companies) and property, plant, and equipment (mainly technical equipment and IT equipment).

IMPAIRMENT TESTING

Although these intangible assets are amortized, their value is also monitored on an individual basis. This monitoring is based on indications of a possible loss in value, for example, in the expected productivity of the asset or commercial markets. If there is any indication of a loss in value, Cegedim SA performs an impairment test that may lead to recognition of an additional impairment loss. This test is based on assumptions concerning discount rates and future cash flows estimated based on the expected productivity of projects and their commercial markets.

5.3.2.2 Tangible assets

Tangible assets acquired is measured at cost and depreciated over its expected useful life. Cost is the basis used for computing depreciation. The useful life of these assets is reviewed periodically and may be adjusted prospectively as circumstances require.

Cegedim SA's property, plant, and equipment chiefly consists of IT equipment, fixtures, and fittings.

The depreciation periods and methods applied are generally as follows:

IT EQUIPMENT

- Desktop PCs: between three and four years; straight-line method.
- Server systems: between five and fifteen years; straight-line method.

FIXTURES AND FITTINGS

Fixtures and fittings have a useful life of 8 to 15 years (8 years in most cases). Depreciation is calculated on a straight-line basis.

5.3.2.3 Investments and other securities

Financial assets are accounted for their gross value. It reflects their cost, excluding incidental acquisition expenses.

Financial assets are tested for impairment when events occur that could cause a prolonged reduction in their value.

The goal of this test is to identify situations where their recoverable amount falls below their carrying amount. In this case, an impairment loss is recognized for the value of the difference.

Recoverable amount is defined as the higher of an asset's fair value less costs to sell and its value in use

- An asset's value in use is calculated using either the share of the net position held in these investments or estimates of the present value of future cash inflows and outflows from the activities carried out by these investments.
- An asset's fair value is calculated by reference to stock market peers or the results of recent transactions involving comparable companies operating in the same business sector.

5.3.2.4 Treasury shares

Treasury shares held pursuant to authorization granted by the General Meeting are measured at cost and recognized as financial assets or short-term investments, depending on their nature. An impairment loss is recognized if the average price over the last month of the fiscal year is lower than their purchase cost. The impairment loss reflects this difference.

That said, all the treasury shares held at December 31, 2018, are treasury shares intended for the Cegedim Group's managers and employees (see Note 23) and have thus been accounted for as short-term investments, and so there are no grounds for the recognition of any impairment.

5.3.2.5 Trade receivables

Receivables are stated at their nominal value.

An impairment loss is recognized when the fair value, based on the probability of collection, is lower than the carrying amount. Receivables due from clients in administration or court-ordered liquidation are thus systematically fully impaired, and those more than six months past due are monitored on a case-by-case basis and, if necessary, impaired to reflect the estimated collection risk.

5.3.2.6 Introduction of a non-recourse factoring agreement

On May 22, 2017, the Group entered into non-recourse factoring agreement with a French bank. The factoring agreement is open-ended, but either party may terminate them at any time, subject to a three-month notice period.

It covers the assignment of trade receivables denominated in euros and due from clients located in France. Cegedim SA had transferred a total of €3.7 million in trade receivables under the agreements at December 31, 2018.

5.3.2.7 Provisions and contingent liabilities

A provision is recorded where the Company has a present obligation as a result of past events, it is probable that an outflow of cash or other economic resources will be required to settle the provision, and the amount of the provision can be estimated reasonably. An obligation is classified as a provision where there is uncertainty regarding the timing and amount of the outflow of resources.

Provisions are estimated on a case-by-case basis or statistically when they include a large number of items. Cegedim's main provisions (excluding payments due upon retirement) have been set aside to cover employee, client, and supplier litigation.

5.3.2.8 Pension obligations

Cegedim SA applies the arrangements laid out in ANC recommendation No. 2013-02 dated November 7, 2013, on the measurement of pension obligations and similar benefits.

The Company's actuarial liabilities are calculated using the projected credit unit method on the basis of measurements that include assumptions concerning wage increases, inflation, life expectancy, employee turnover, and returns on the corresponding investments. Changes resulting from periodic adjustments to the actuarial assumptions listed above to reflect general financial and economic or demographic conditions are recognized in the income statement.

Pension obligations are recognized as a provision for charges, and Cegedim SA has elected to recognize actuarial gains and losses in the income statement.

Cegedim SA's obligations are partially covered by funds paid to an external financial partner; the value of these dedicated investments is therefore deducted from the total obligation on the liabilities side of the balance sheet.

5.3.2.9 Revenue recognition

Cegedim SA's revenue consists primarily of services, plus any sales of software and hardware.

SOFTWARE AND EQUIPMENT SALES

Sales arising from new unlimited or time-limited software licenses are recognized (provided that Cegedim does not have any other obligations) (1) when an agreement has been reached with the client, (2) delivery and acceptance have been completed, (3) the amount of the revenue and related expenses can be measured reliably, and (4) the economic benefits resulting from the transaction will flow to Cegedim. Where one of these four criteria is not met, the recognition of revenue from the software license is deferred until all these criteria are met

SERVICE REVENUE

The main categories of services and methods of revenue recognition are as follows:

- Subscription payments generally have to be made for access to Cegedim databases, with charges billed periodically (monthly, quarterly or annually); revenue is then recognized on a linear basis over the considered period;
- Standard and specific studies provided by Cegedim are recognized upon delivery to clients;
- Data processing (projects) performed for clients is recorded on a pro rata temporis basis when the service is provided;
- Support services (assistance, maintenance, etc.) are generally provided under an annual contract on a flat-rate basis reflecting the costs incurred and resources actually deployed by Cegedim to deliver these services. Income from these contracts is recorded on a pro rata temporis basis over the term of the relevant contract.

5.3.2.10 Foreign currency transactions

Income and expenses denominated in foreign currencies are recorded at their euro-equivalent value on the date of the transaction.

Assets and liabilities denominated in foreign currencies appear on the balance sheet at their euro-equivalent value at the end of the financial year. Gains and losses resulting from the translation of foreign currency assets and liabilities at the year-end exchange rate are shown in the balance sheet under "unrealized currency gains or losses". Unrealized, unhedged exchange losses are covered by a provision for risks.

5.3.2.11 Bond issue expenses

In 2016, the €7,608,000 in issue expenses incurred on the €200,000,000 RCF issue were deferred over the RCF's remaining life to reflect the arrangements for its redemption (i.e., by its maturity on March 30, 2021).

In 2018, the entire cost of issuing the €200 million RCF—i.e. €922 thousands—was written back.

The cost of issuing the new €135 million RCF and €65 million Euro PP—i.e. €549 thousands—was deferred over the remaining life of these facilities to reflect the arrangements for its redemption.

The amortization charge in financial year 2018 was €983 thousands.

5.3.2.12 Statutory Auditors' fees (Decree No. 2008-1487 dated December 30, 2008)

Information about the fees paid to the Statutory Auditors is disclosed in the notes to Cegedim SA's consolidated financial statements.

5.3.2.13 Tax credit for encouraging competitiveness and jobs (CICE – Crédit d'Impôt Compétitivité Emploi)

CICE is deductible from payroll costs and amounted to €243 thousands in 2018.

5.3.3 Additional information

Note 1 Non-current assets

In thousands of euros	12/31/2017	Reclassifications	Acquisitions contributions	Disposals	12/31/2018
Development costs	4,233,	(2,191)	3,893	0	5,935
Other intangible assets(1)	30,675	2,433	79	0	33,187
Other intangible assets in progress	242	(242)	422	0	422
Intangible assets, gross	35,150	**0**	**4,394**	**0**	**39,544**
Buildings on land owned by third parties	0	0	0	0	0
Buildings & general installations	3,197	0	0	0	3,197
Plant and equipment	3,323	0	624	0	3,947
Office and IT equipment, furniture	463	0	134	0	597
Property, plant, and equipment in progress	0	0	0	0	0
Property, plant, and equipment, gross	6,983	**0**	**758**	**0**	**7,741**
Other investments	286,885	147,051	2,333	(29,818)	406,450
Loans and other financial assets(2)	148,500	(147,051)	86,324	(82,172)	5,601
Financial assets, gross	435,385	**0**	**88,657**	**111,991**	**412,051**
Total non-current assets, gross	**477,518**	0	93,809	111,991	459,336

1) Over the course of 2018, Cegedim SA implemented internal development projects worth €2.191 million, and at the closing recorded a total of €3.893 million of capitalized development costs for the period.
The main commercial project was the digitization platforms that underpin the e-business division's offering. The average amortization period for projects developed for this division is five years.

2) The "Other intangible assets" account consists mainly of:

- €5,071 thousands in commercial goodwill carried at cost and tested annually for impairment;
- €24,190 thousands in internally developed software;
- €3,430 thousands in externally developed software.

3/ The "Loans, other financial assets" account holds €1,989 thousands in security deposits, €1,890 thousands in loans to subsidiaries, and €1,722 thousands in construction loans.

The standard characteristics of the loans granted to subsidiaries are:

- An annual interest rate of 1.4% for new loans to subsidiaries in and outside France;
- Various different terms;
- No automatic renewal clause and other specific clauses.

Note 2 Depreciation and amortization

In thousands of euros	12/31/2017	Allowances	Reversals	12/31/2018
Development costs	0	0	0	0
Other intangible assets (1)	19,509	3,021	0	22,530
Other intangible assets in progress	0	0	0	0
Amortization of intangible assets	**19,509**	**3,021**	**0**	**22,530**
Buildings on land owned by third parties	0	0	0	0
Buildings & general installations	2,397	266	0,	2,663
Plant and equipment	2,415	307	0	2,722
Office and computer equipment	434	17	0	451
Depreciation of tangible assets	**5,246**	**590**	**0**	**5,836**
Total depreciation and amortization	**24,754**	**3,611**	**0**	**28,366**

In thousands of euros	Straight-line	Declining balance	Accelerated allowances	Accelerated reversals
Development costs				
Other intangible assets	3,021			
Other intangible assets in progress				
Intangible assets	**3,021**	**0**	**0**	**0**
Buildings on land owned by third parties				
Buildings & general installations	266			
Plant and equipment	307			36
Office and computer equipment	17			
Tangible assets	**590**	**0**	**0**	**36**
Total allowances	**3,611**	**0**	**0**	**36**

(1) Amortization of internally developed software totaled €18.874 thousands at 12.31.2018.

Note 3 Provisions

In thousands of euros	12/31/2017	Allowances	Reversals used	Reversals not used	12/31/2018
Accelerated depreciation	60			36	24
Tax-regulated provisions	60			**36**	**24**
Provisions for litigation	0	45			45
Provision for currency losses	171	46		171	46
Provisions for pensions and related obligations	2,526	278	87		2,717
Provisions for shares awarded to employees	863	491		640	714
Other provisions for liabilities and charges	0				0
Provisions for risks on investment securities	0				0
Provisions for liabilities and charges	3,560	**860**	**87**	**811**	**3,522**
Investment securities (1)	96,853	41,383	262	28	137,946
Other financial assets	6,852		852	6,000	0
Provisions for inventories and work in progress	0				0
Provisions for impairment of trade receivables	1,563	365	11	434	1,483
Other provisions for impairment	58	233		58	232
Provisions for impairment of internally developed software	0				0
Provisions for impairment	105,326	**41,981**	**1,125**	**6,520**	**139,662**
Total provisions	108,946	42,841	1,212	7,367	143,208
Allowances to and reversals of provisions for operating items	,	1,179	98	1,074	
Allowances to and reversals of provisions for financial items	,	41,662	1,114	6,257	
Allowances to and reversals of provisions for non-recurring items	,	0	0	36	

Note 4 Maturity of assets and liabilities

In thousands of euros	Gross	Up to one year	Over one year
Accrued interest on investments	28	28	
Loans	3,612		3,612
Other financial assets	1,989		1,989
Doubtful or disputed trade receivables	98	98	
Other trade receivables	19,254	19,254	
Employees and related	42	42	
Social security and other social agencies			
Government: corporate income taxes	5,820	5,820	
Government: value added tax	958	958	
Government: miscellaneous receivables			
Group and shareholders	4,374	4,374	
Miscellaneous receivables	158	158	
Prepaid expenses	744	744	
Total receivables	**37,077**	**31,476**	**5,601**
Loans granted during the fiscal year	85,689		
Repayments received during the fiscal year	228,761		

In thousands of euros	Gross	Up to one year	Between 1 and 5 years	Over five years
Other bonds				
Bank overdrafts	35,477	35,477		
Loans with an initial maturity of over 1 year	136,123	1,123		135,000
Miscellaneous borrowings and financial liabilities	46,576	101	1,381	45,094
Trade payables	8,119	8,119		
Employees and related	5,517	5,517		
Social security and other social agencies	1,824	1,824		
Government: value added tax	3,259	3,259		
Government: other income tax, and other related taxes	825	825		
Group and shareholders	3,886	3,886		
Other financial liabilities (1)	4,547	4,547		
Prepaid income	901	901		
Total financial liabilities	247,054	65,579	1,381	180,094
Borrowings arranged during the fiscal year	146,395			
Borrowings repaid during the fiscal year	236,913			

(1) Of which €3,596 thousands related to factoring.

Note 5 Financial debt

In thousands of euros	12/31/2018	12/31/2017
Long-term financial borrowings and financial liabilities (> 5 years)	180,094	-
Medium-term borrowings and financial liabilities (> 1 year, < 5 years)	1,381	246,336
Short-term borrowings and financial liabilities (> 6 months, < 1 year)		
Short-term borrowings and financial liabilities (> 1 month, < 6 months)	1,224	90
Short-term borrowings and financial liabilities (< 1 month)		-
Bank overdrafts	35,477	62,269
Total financial liabilities	**218,176**	**308,695**
Cash	92	10,550
Net financial debt	**218,084**	**298,145**

FINANCING

In May 2007, Cegedim borrowed €50.0 million, the FCB Loan, from its largest shareholder, FCB. During the December 2009 capital increase, FCB subscribed for €4.9 million equivalent in shares as a redemption of a portion of the debt, which decreased the balance of the FCB Loan to €45.1 million. On October 9, 2018, the FCB Loan was amended in order to subordinate it to the €135 million Euro PP bond and to the €65 million new bank revolving credit and to extend the maturity date and modify the applicable interest rate.

On October 8, 2018, Cegedim issued a private placement Euro PP, maturing on October 8, 2025, for an amount of €135 million.

On October 9, 2018, the Group arranged a bank revolving credit facility (RCF) of €65 million maturing on October 9, 2023 with a one-year extension option.

The entire balance of the €200 million RCF was redeemed early on October 9, 2018, i.e. €115 million.

According to IFRS 5, the net debt as of December 31, 2017, does not include the cash, overdraft facilities, and debt of activities held for sale (Cegelease and Eurofarmat).

At December 31, 2018, the debt was structured in the following manner:

- €135 million Euro PP maturing on October 8, 2025;
- €65 million revolving credit, fully undrawn; maturing on October 9, 2023;
- €45.1 million FCB Loan maturing on November 20, 2025;
- €24.0 million overdraft facility, of which €0.0 million was drawn.

Exposure of the debt to fluctuations in euro interest rates has been partially hedged by a euro rate hedge.

On February 17, 2017, and May 11, 2017, the Group carried out two interest rate swaps. Under the zero-premium swap agreements, Cegedim receives the one-month Euribor rate if it exceeds 0%, receives nothing otherwise, and pays fixed rates of:

- 0.2680% for a notional amount of €50 million, starting on February 28, 2017, and maturing February 26, 2021.
- 0.2750% for a notional amount of €30 million, starting on May 31, 2017, and maturing December 31, 2020.

As of December 31, 2018, the Group's hedging against euro interest rate movements consists of two zero-premium swaps in which it receives the one-month Euribor rate if it exceeds 0%, receives nothing otherwise, and pays fixed rates of:

- 0.2680% for a notional amount of €50 million, maturing February 28, 2021.
- 0.2750% for a notional amount of €30 million, maturing December 31, 2020.

The notional amount hedged at December 31, 2018, is €80.0 million.

Interest expense on bank loans, bonds, charges, and commissions totaled €6 million at December 31, 2018.

In accordance with the ANC 2015-05 regulation of July 2, 2015, hedging gains and losses are recognized under financial expenses in the same period and manner as interest on the hedged bonds.

Note 6 Bond issue costs

In thousands of euros	12/31/2017	Increase	Allowances	2018
Bond issue costs	922	1,549	982	1,489

In 2016, issue expenses related to the €200 million RCF, i.e. €1,422 thousands were deferred over the remaining maturity of the loan to reflect the arrangements for its redemption (i.e., through to its maturity date on March 30, 2021).

In 2018, all issue expenses related to the €200 million RCF, i.e. €1,922 thousands, were written back.

Issue expenses related to the €135 million Euro PP and €65 million RCF, i.e. €1,549 thousands were deferred over the remaining maturity of the loan to reflect the arrangements for its redemption.

The deferred amount in fiscal year 2017 was €982 thousands.

Note 7 Pension obligations

In thousands of euros	Through an insurance fund	Through a provision for charges
Pension plan obligations	1,831	2,717

When employees retire, they receive a retirement benefit as specified in the collective bargaining agreements.

An actuarial plan has been set up to fund the obligations arising from these benefits. The total obligation stands at €4,310,885, of which €1,830,796 is covered by payments to an insurance company

The actuarial assumptions used are as follows:

ECONOMIC ASSUMPTIONS

Net interest rate: 1.6128 %

Rate of salary inflation: 1.4 % including inflation.

DEMOGRAPHIC ASSUMPTIONS

Mortality: Insee 2012–2016 tables for males/females

Turnover rate: 7.5% per year up to the age of 35;

3.5% after the age of 45;

1.8% up to the age of 50;

0.9% for employees aged 51 or over.

Retirement age: voluntary retirement at 65 years of age for non-management grade employees.

Retirement age: voluntary retirement at 65 years of age for management-grade employees.

COLLECTIVE BARGAINING AGREEMENT

Cegedim falls under the purview of the national collective bargaining agreement for the pharmaceutical industry.

Note 8 Statement of changes in equity

In thousands of euros	Share capital	Premiums	Statutory reserve	Regulated reserves	Other reserves	Retained earnings	Profit (loss) for the period	Tax-regulated provisions	Total
At 12/31/2013[1]	**13 337**	**244 313**	**1 334**	**972**	**46 143**	**188**	**(48 937)**	**1 845**	**259 193**
Capital increase									0
Reduction in capital									0
2013 profit (loss)		(2,606)			(46,143)	(188)	48,937		0
Dividends									0
Retained earnings									0
Reclassification of reserves				(650)	650				0
Unrecognized prior service cost									0
Tax-regulated provisions								(628)	(628)
2012 profit (loss)							(201,101)		(201,101)
At 12/31/2014[1]	**13,337**	**241,706**	**1,334**	**322**	**650**	**0**	**(201,101)**	**1,217**	**57,464**
Capital increase									0
Reduction in capital									0
2014 profit (loss)		(201,101)					201,101		0
Dividends									0
Retained earnings									0
Reclassification of reserves				707	(707)				0
Unrecognized prior service cost									0
Tax-regulated provisions								(1,137)	(1,137)
2013 profit (loss)							(10,613)		(10,613)
At 12/31/2015[1]	**13,337**	**40,605**	**1,334**	**1,029**	**(57)**	**0**	**(10,613)**	**80**	**45,714**
Capital increase									0
Reduction in capital									0
2015 profit (loss)		(10,613)					10,613		0
Dividends									0
Retained earnings									0
Reclassification of reserves				(598)	598				0
Unrecognized prior service cost									0
Tax-regulated provisions								(8)	(8)
2014 profit (loss)							4,366		4,366
At 12/31/2016[1]	**13,337**	**29,992**	**1,334**	**431**	**541**	**0**	**4,366**	**72**	**50,071**
Capital increase									0
Reduction in capital									0
2016 profit (loss)					4,366		(4,366)		0
Dividends									0
Retained earnings									0
Reclassification of reserves				(166)	166				0
Unrecognized prior service cost									0
Tax-regulated provisions								(12)	(12)
2015 profit (loss)							3,285		3,285
At 12/31/2017[1]	**13,337**	**29,992**	**1,334**	**265**	**5,072**	**0**	**3,285**	**60**	**53,345**
Capital increase									0
Reduction in capital									0
2017 profit (loss)					3,285		(3,285)		0
Dividends									0
Retained earnings				3,628	(3,628)				0
Reclassification of reserves									0
Unrecognized prior service cost									0
Tax-regulated provisions								(36)	(36)
2018 profit (loss)							24,723		24,723
At 12/31/2018[1]	**13,337**	**29,992**	**1,334**	**3,893**	**4,729**	**0**	**24,723**	**24**	**78,032**

(1) Equity prior to appropriation.

Note 9 Items recognized under several balance sheet and income statement items

In thousands of euros	Consolidated companies	Investments	Affiliates
Non-current assets			
Dividends due			
Investments	405,210	1,212	
Loans			
Current assets			
Trade receivables and related accounts	2,780	3,689	126
Other receivables	4,478		19
Liabilities			
Financial liabilities	(830)		(45,103)
Trade payables and related accounts	(2,213)	(1,152)	(646)
Other financial liabilities	(4,320)		
Financial			
Financial expenses	(268)	(3)	(1,481)
Financial income	1,447		
Operating			
Management fees			(2,051)
Rent	(14)		(5,404)

Note 10 Revenue breakdown

In thousands of euros	Revenue, France	Revenue, outside France	Total revenue at 12/31/2018
Sales of goods held for resale	-	-	-
Production of goods	26	-	26
Production of services	65,635	2,238	67,873
Total revenue	**65,661**	**2,238**	**67,899**

Note 11 Breakdown of accrued income

In thousands of euros	12/31/2018
Dividends due	28
Accrued interest on investments	**28**
Trade receivables, unbilled receivables	2,196
Trade receivables and related accounts	**2,196**
Suppliers, credit notes due	152
Amounts due from employees	0
VAT and amounts due from government	0
Subsidiaries, repayment of capital due	0
Other receivables	**152**
Total accrued income	**2,376**

Note 12 Breakdown of accrued expenses

In thousands of euros	12/31/2018
Accrued interest payable on borrowings	1,123
Accrued interest payable on investments	21
Borrowings and financial liabilities	**1,144**
Suppliers, accruals for goods and services received but not invoiced	3,253
Trade payables and related accounts	**3,253**
Provision for paid leave	2,178
Reduced work time provision	468
Provision for CET leave	47
Other accrued personnel expenses	2,231
Government, VAT, and accrued expenses	470
Tax and social security liabilities	**5,394**
Subsidiaries, capital repayment due	0
Accrued expenses	75
Trade receivables–credit notes due	218
Total	**10,084**

Note 13 Breakdown of prepaid expenses and income

In thousands of euros	12/31/2018
Tolling	13
Rent & rental expenses	119
Software royalties	108
Software maintenance	235
Subscriptions	32
Training	20
Advertising	13
Payroll costs	37
Recruitment	121
Other	46
Total prepaid expenses	744
Service revenue	901
Financial income	
Total prepaid income	**901**

Note 14 Non-recurring expenses and income

In thousands of euros	12/31/2018
Penalties, tax and criminal fines	
Carrying amount of intangible assets sold	
Carrying amount of tangible assets sold	
Carrying amount of financial assets sold	29,781
Other non-recurring charges (1)	
Accelerated depreciation and amortization	
Total non-recurring expenses	29,781
Gain on disposal of intangible assets	
Gain on disposal of tangible assets	
Gain on disposal of financial assets	75,400
Reversal of accelerated depreciation	36
Reversal of non-recurring impairment losses	
Reversal of impairment in investments and related risks	
Total non-recurring income	75,436

Note 15 Net financial income (expense)

In thousands of euros	12/31/2018	12/31/2017
Allowances/reversals for financial items(1)	(34,290)	(54,655)
Interest expense and income	(3,642)	(4,762)
Dividends received	13,964	58,603
Other financial income and expense (incl. foreign exchange gains and losses)(2)	972	(440)
Net financial income (expense)	**(22,996)**	**(1,254)**

(1) Mainly comprises impairment losses on investment securities as stated in Note
(2) Including a €1,111 thousands financial income impact from the Hospitalis TUP. TUP: Universal transfer of assets.

Note 16 Tax consolidation group

Cegedim SA is the ultimate controlling party of the Group.

The following companies are members of Cegedim SA's tax consolidation group:

- Alliadis, Alliance Software, CLM, Cegedim Activ, Cegedim Ingénierie, Cegedim SRH, Cetip, Futuramedia Group, GERS SAS, Incams, Medexact, Cegedim Outsourcing, Pharmastock, Resip, CMedia, RMI, Sofiloca, Cegedim SRH Montargis, Cegedim Software, I Assurances, Cegedim IT, Santestat.

The tax consolidation group generated total taxable income of €17,762 thousands at December 31, 2018.

The taxable expenses totaled €13,541 thousands and were those incurred by the tax consolidation group's companies in profit.

Cegedim, the parent company, recorded a taxable income of €13,541 thousands corresponding to the tax benefit arising from the loss-making consolidated subsidiaries, capped at the amount of the income tax expense.

Note 17 Analysis of income taxes

In thousands of euros	Profit before tax	Tax due	Net profit after tax
Income before non-recurring items	(29,850)	(4,067)	(33,917)
Tax benefit		13,541	13,541
Short-term non-recurring income (expense)	45,655		45,655
Employee profit-sharing	(556)		(556)
Tax related to past fiscal years			
Withholding tax			
Book profit	**15,249**	9,474	**24,723**

Note 18 Deferred taxes

The following expenses deductible for tax purposes in future fiscal years were incurred in the 2018 fiscal year:

- Organic levy: €77 thousands;
- Investments: €546 thousands;
- Provision for retirement benefits: €278 thousands;
- Other provisions not deductible for tax purposes: €259 thousands.

Deferred taxes corresponding to €399 thousands (with an income tax rate of 34.43%).

Note 19 Expenses not deductible for tax purposes

Pursuant to the provisions of articles 223 *quater* and 223 *quinquies* of the French General Tax Code, it should be noted that the financial statements for the year ended include €560,762 of expenses not deductible for tax purposes. The tax corresponding to said expenses and charges amounted to €193,070.

Note 20 Advances paid to senior executives

Pursuant to article L. 225-43 of the French Code of Commerce, no advances or loans were granted to the Company's senior executives.

Note 21 Remuneration of senior executives and directors

Directors' fees paid to Board members came to €120,000 in 2018 and are recorded under "Other expenses" in the income statement

In thousands of euros	12/31/2018	12/31/2017
Short-term benefits (wages, bonuses, etc.)	**(1,095)**	**(886)**
Post-employment benefits	None	None
Severance pay	None	None
Benefits recognized	**(1,095)**	**(886)**
Termination benefits	None	None
Benefits not recognized	**None**	**None**

Note 22 Breakdown of share capital

Shareholders	No. of shares held	% held	No. of single votes	No. of shares with double	No. of votes counting	Total votes	% voting rights
FCB	7,408,079	52.93%	36,669	7,370,742	14,741,484	14,778,153	67.69%
Bpifrance Participations	419,915	3,00%	0	419,915	839,830	839,830	3.85%
Free float	6,033,587	43,10%	5,990,666	43,589	87,178	6,077,844	27.84%
Cegedim(1)	135,592	0.97%	0	0	0	0	0.00%
Total	**13,997,173**	**100.00%**	**6,027,335**	**7,834,246**	**15,668,492**	**21,695,827**	**99.38%**

(1) Including the liquidity contract

Class of shares	Number of shares				Nominal value	
	At end of fiscal year	Issued during the fiscal year	Issued through stock split	At beginning of the fiscal year	At end of fiscal year	At beginning of the fiscal year
Common shares	13,997,173			13,997,173	0.9528	0.9528

Note 23 Treasury shares

13,578 shares with a value of €525 thousands were definitively awarded in January 2018 under the plan dated January 28, 2016.

7,800 shares with a value of €326 thousands were definitively awarded in September 2018 under the plan dated September 18, 2016.

Note 24 Identity of Cegedim's parent company: FCB

137 rue d'Aguesseau 92100 Boulogne-Billancourt

Siren code: 340 651 132

A corporation (SA) held primarily by Mr. Labrune, his family, and by certain members of the Board of Directors of Cegedim SA.

Note 25 Free share awards

The Board of Directors acted on January 28, 2016, on the authorization given by the Extraordinary Shareholders' Meeting of November 16, 2015, to issue to Cegedim Group's directors and employees at no cost a total number of shares not exceeding 10% of the total number making up the share capital.

The Board of Directors acted on June 21, 2017, on the authorization given by the Extraordinary Shareholders' Meeting of November 16, 2015, to issue to Cegedim Group's directors and employees at no cost a total number of shares not exceeding 10% of the total number making up the share capital.

The Board of Directors acted on June 28, 2018, on the authorization given by the Extraordinary Shareholders' Meeting of June 19, 2018, to issue to Cegedim Group's directors and employees at no cost a total number of shares not exceeding 10% of the total number making up the share capital.

The main characteristics of these plans are as follows:

- The free shares awarded will carry the right to receive dividends, payment of which has been decided upon at their date of grant.
- The plan dated January 28, 2016, authorized a maximum award of 28,038 free shares.
- The plan dated June 21, 2017, authorized a maximum award of 19,540 free shares.
- The plan dated June 28, 2018, authorized a maximum award of 21,790 free shares.
- For the 2016, 2017 and 2018 plans, the award of these shares to grantees will become final after a vesting period of two years for grantees whose residence for tax purposes is in France at the award date, and of three years for grantees whose residence for tax purposes is not in France at the award date.
- The shares will be permanently awarded to grantees subject to a single condition: no resignation, dismissal, or layoff.
- Effective the final award date, grantees whose residence for tax purposes is in France at the award date must hold their shares for a lock-up period of one year.

The expense measuring the benefit granted to employees is recognized on a straight-line basis over the vesting period.

At the year-end date of December 31, 2018, Cegedim SA recognized a provision of €714 thousands in its financial statements.

Note 26 Workforce

	12/31/2018
Management	225
Non-management	86
Trainees	11
Corporate officers	3
Total salaried staff	**325**

Note 27 Off-balance sheet commitments

GUARANTEES GIVEN BY CEGEDIM TO ITS SUBSIDIARIES

All subsidiaries

- One-year authorization for all subsidiaries to provide security deposits, endorsements and other guarantees for an overall amount of €10 million, with no single commitment exceeding €4 million (authorization of the Board of Directors on March 20, 2018).

Note 28 Other income

Other income consists of €598 thousands recharged to subsidiaries in relation to the free shares plan and €30,000 in miscellaneous current income.

Note 29 Transfers of expenses

The €1,321 thousands in transfers of expenses consist mainly of expenses recharged to subsidiaries.

Note 30 Highlights of the fiscal year

BPIFRANCE SELLS CEGEDIM SHARES

Bpifrance Participations sold 1,682,146 Cegedim shares via an accelerated bookbuilding process to French and international institutional investors at a price of €35 per share on February 13, 2018. In the context of the transaction, the shareholders' agreement dated October 28, 2009, between Mr. Jean-Claude Labrune, FCB (the family holding company controlled by Mr. Labrune), and Bpifrance – as well as the concert between the parties – has been terminated. Following the sale, Cegedim's free float increased to 44% of capital (vs. 32% before the transaction).

CEGELEASE AND EUROFARMAT DEFINITIVELY SOLD

On February 28, 2018, Cegedim announced that it had completed the disposal of Cegelease and Eurofarmat to FRANFINANCE of the Société Générale Group for an amount of €57.5 million plus reimbursement of the shareholder's loan account, which amounted to €13 million. Of this amount, Cegedim used €30 million to pay down its debt.

The parties have decided that Cegelease and the Cegedim Group will continue to collaborate in France under the current terms as part of a six-year collaboration agreement.

RUE DE LA PAYE ACQUIRED IN FRANCE

On March 30, 2018, Cegedim acquired French company Rue de la Paye via its Cegedim SRH subsidiary. The deal will enable the Group to market digital payroll solutions to 2 million SMEs and small businesses in France, including—importantly—thousands of healthcare professionals that are already Cegedim Group clients.

Rue de la Paye's 2017 revenues were equivalent to around 1% of 2017 consolidated Group revenues, and it earned a profit. It began contributing to the Group's consolidation scope in April 2018.

TAX

On February 21, 2018, Cegedim S.A. received notice that French tax authorities would perform an audit of its accounts covering the period January 1, 2015, to December 31, 2016. As the audit is still underway, the Group has not received any notice of tax adjustment.

INDEPENDENT DIRECTOR APPOINTED TO CEGEDIM SA'S BOARD

At the annual general meeting on August 31, 2018, shareholders appointed Ms. Béatrice Saunier to a six-year term as an independent director. Her term will expire following the AGM held to approve the financial statements for the year 2023.

NEW FINANCING STRUCTURE FOR €200 MILLION

On October 9, 2018, Cegedim set up a new financing structure for a total amount of €200 million consisting of a €135 million, 7-year Euro PP bond with a coupon of 3.50%, and a €65 million, 5-year syndicated revolving credit facility with a one-year extension option. The interest rate on the new revolving credit facility is 20 basis points lower than that of the previous one.

EURIS LITIGATION

Cegedim, jointly with IQVIA (formerly IMS Health), is being sued by Euris for unfair competition. Cegedim asked the court to dismiss the case against the Group. On December 17, 2018, the Paris Commercial Court granted Cegedim's request. That ruling has been appealed.

Other than the items cited above, to the best of the Company's knowledge, there were no events or changes during the period liable to materially affect the Group's financial situation.

Note 31 Post-closing events

Other than the items cited below, to the best of the Company's knowledge, there were no post-close events or changes liable to materially affect the Group's financial situation.

ACQUISITION OF XIMANTIX IN GERMANY

On January 21, 2019, Cegedim acquired German company XimantiX. Building on its presence in the digitalization market in Belgium, France, the United Kingdom, and Morocco, Cegedim now has a solid base for this activity in Germany, Europe's leading economy. By acquiring a German leader positioned on the midmarket segment, Cegedim e-business will be able to develop its offer for SMEs. XimantiX customers will gain access to a wider range of services, thanks to Cegedim's international scope.

XimantiX's 2018 revenues came to €2.2 million, and it earned a profit. It began contributing to the Group's consolidation scope in January 2019.

ACQUISITION OF RDV MEDICAUX IN FRANCE

On February 2019: Cegedim acquired French company RDV Médicaux, an online appointment scheduling site whose close collaboration with hotlines gives it a unique positioning. This deal clearly reaffirms Docavenue's ambition to help healthcare professionals focus on patient care by offering innovative services that are 100% designed to improve the French healthcare system. RDV Médicaux's 2018 revenues came to €0.6 million. It began contributing to the Group's consolidation scope in March 2019.

ACQUISITION OF BSV IN FRANCE

On January 31, 2019, Cegedim acquired BSV Electronic Publishing, the leading provider of invoice digitization solutions to French municipalities and widely respected for its successful Electronic Document Management System (EDMS). BSV's ZeDOC software suite includes electronic document management—a dynamic data capture tool that sets it apart from a conventional EDMS based on document indexing—Optical Character Recognition (OCR) and Automatic Document Recognition (ADR).

BSV Electronic Publishing generated revenue of €1.2 million in 2018. It began contributing to the Group's consolidation scope in February 2019.

5.3.4 List of shareholdings

At December 31, 2018

Company	Number of shares	% owned	Net value
Companies owned in France			
Alliadis	8,161	100.00%	12,720,321
Alliance Software	102,500	100.00%	5,801,971
Cegedim Activ	873,900	100.00%	48,366,000
Cegedim IT	799,276	92%	7,000,100
Cegedim Logiciels Médicaux	1,000	100.00%	27,222,998
Cegedim Outsourcing	25,000	100.00%	4,527,351
Cegedim SRH	9,776,601	100.00%	12,450,632
Cetip	39,340	99.74%	1,215,767
Docavenue	1,000	100.00%	2,000,000
Edipharm	200	20.00%	3,049
Gers SAS	50	100.00%	1,871,428
I-assurances	10	100.00%	505,100
Incams	2,500	100.00%	7,730,753
Isiakle GIE	833	16.66%	8,330
Medexact	6,549	100.00%	654,900
Pharmastock	5,000	100.00%	424,733
Resip	1,600	100.00%	20,434,710
C-Media	26,000	100.00%	29,964,694
Sofiloca	1,000	100.00%	182,120
SCI 2000	159	68.83%	846,739
Netfective Technology	130,725	5.20%	898,888
Nex & Com	240	20.00%	13,332
Ceido	417	15.01%	300,240
Companies owned outside France			**185,144,157**
Activus	300	100.00%	3,870,144
InPractice Systems (UK)	14,000,000	100.00%	1
Thin (UK)	100	100.00%	0
Cegedim World Int. Services Ltd	60,000,000	100.00%	72,213,993
Croissance 2006 (Belgium)	13,781	100.00%	6,242,793
Cegedim Belgique (Belgium)	2,999	99.97%	999,768
Cegedim Outsourcing Maroc (Morocco)	1	0%	100
Cegedim Egypte (Egypt)	999	99.90%	4,807
Total investments, net			**268,475,763**

Company		Number of shares	% owned	Net value
Other long-term securities	**II**			
French companies				
Listed securities				None
Companies outside France				None
Short-term investments	**III**			
Shares allocated to employees				3,893,285
Kepler Cheuvreux liquidity contract				500,000
Total	**I + II + III**			**272,869,048**

5.3.5 Table of subsidiaries and investment holdings

5.3.5.1 Over 50%-owned subsidiaries

Subsidiary	Share capital[1]	Equity other than share capital[1]	% control	Book value of shares held, gross	Provision for impairment in securities	Net value of shares held	Loans and advances granted but not repaid, net	Revenue excluding VAT[2]	Profit (loss) for the period[2]	Dividends received
Cegedim Outsourcing	2,500	**998**	100.00	5,553	1,026	4,527		**17,726**	**293**	**333**
Gers SAS	50	**4,023**	100.00	1,871	0	1,871		**37,693**	**2,470**	988
Cetip	749	**22,486**	99.74	1,216	0	1,216		**55,589**	**5,396**	826
SCI 2000	4	**458**	68.83	847	0	847		**203**	**170**	**122**
Incams	8,038	**(307)**	100.00	10,626	2,895	7,731		**2,112**	**5**	
Pharmastock	576	**(151)**	100.00	576	151	425		**1,534**	**22**	
Docavenue	2,000	**(1,501)**	100.00	2,000	0	2,000		**4**	**(1,501)**	
Cegedim Logiciels Médicaux	13,550	**13,927**	100.00	43,117	15,894	27,223		**31,447**	**6,876**	
Cegedim SRH	7,000	**5,321**	100.00	12,451	0	12,451		**62,424**	**5,120**	1,369
C-Media	28,030	**1,249**	100.00	29,965	0	29,965		**34,677**	**1,196**	**1,637**
Sofiloca	124	**58**	100.00	1,115	933	182		**70**	**55**	
Medexact	37	**2,079**	100.00	655	0	655		**5,358**	**275**	**1,070**
Cegedim Activ	31,689	**27,172**	100.00	48,366	0	48,366		**74,295**	**3,704**	
Resip	159	**3,541**	100.00	20,435	0	20,435		**10,540**	**3,328**	**2,171**
Alliadis	11,547	**(4,825)**	100.00	67,224	54,504	12,720		**29,294**	**(6,947)**	
Alliance Software	6,960	**(1,158)**	100.00	15,962	10,160	5,802		**21,400**	**(1,697)**	
I-Assurances	505	**(35)**	100.00	505	0	505		**0**	**(27)**	
Cegedim IT	8,688	**3,149**	92	7,000	0	7,000		**29,253**	2,827	2,038
Cegedim Belgique	1,000	**946**	99.97	1,000	0	1,000		0	(35)	
Croissance 2006 (Belgium)	1,378	**8,211**	100.00	6,243	0	6,243		**0**	112	
Cegedim World Int. Services Ltd	117,000	**4,627**	100.00	117,000	44,786	72,214		**222**	142	
Thin	1	**(846)**	100.00	188	188	0		**841**	54	
INPS	15,651	**23,162**	100.00	1	0	1		**20,735**	5,512	
Cegedim Egypte	5,	**(39)**	99.90	5	0	5		**0**	(38)	
Activus	0	**1,316**	100.00	11,279	7,409	3,870	1,213	**8,576**	(2,550)	
Total, subsidiaries more than 50%-owned				**405,200**	**137,946**	**267,254**	**1,213**	**443,993**	**24,800**	**10,554**

5.3.5.2 Subsidiaries less than 50%-owned

Subsidiary	Share capital[1]	Equity other than share capital[1]	% control	Book value of shares held, gross	Provision for impairment in securities	Net value of shares held	Provision for loans and advances granted, but not repaid	Provision for risk	Revenue excluding VAT[2]	Profit (loss) for the period[2]	Dividends received
Edipharm	15	396	20.00	3	0	3			11,103	341	50
Netfective Technology	626	18,867	5.20	899	0	899			6,397	960	
Cegedim Outsourcing Maroc	210	341	0	0	0	0			3,259	129	
CEIDO (3)	167	1,303	15.00	300	0	300			1,716	193	28
NEX & COM [4]	500	252	20.00	13	0	13			2,232		
ISIAKLE	50	0	16.66	8	0	8			0	0	
Total, subsidiaries less than 50%-owned											
Total				**1,223**	**0**	**1,223**			**24,707**	**1,623**	**78**

(1) The share capital and equity of subsidiaries not located in the euro zone are stated at their equivalent value in thousands of euros at the historical dates.

(2) Revenues and earnings for subsidiaries not located in the euro zone are stated at their equivalent value in thousands of euros at the annual average exchange rate for 2018.

(3) 2017 revenue, profit and equity.

(4) Not disclosed, for guidance purposes, 2015 revenues stood at €2,232 thousands.

5.4 Statutory Auditors' report on the annual financial statements

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

CEGEDIM

Fiscal year ended December 31, 2018

To Cegedim's General Meeting,

Opinion

In compliance with the assignment entrusted to us by your General Meeting, we have audited the accompanying annual financial statements of Cegedim SA for the fiscal year ended on December 31, 2018.

In our opinion, the annual financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at December 31, 2017, and of the results of its operations for the year then ended in accordance with French generally accepted accounting principles.

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

Basis of our opinion

Audit standards

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

Our responsibilities under these standards are set out in the "Auditors' responsibilities for the audit of the annual financial statements" section of this report.

Independence

We performed our audit from January 1, 2018, to the date of issue of our report, in compliance with the independence rules applicable to us. We did not provide any of the services prohibited under Article 5, paragraph 1 of EU regulation No. 537/2014 or by the French Code of Ethics for Statutory Auditors.

Justification of our assessments–Key audit matters

In accordance with the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we hereby bring to your attention the key audit matters relating to the risks of material misstatement that, according to our professional judgment, were the most significant for the audit of the annual financial statements, as well as the solutions we have put forward to address such risks.

These assessments were made as part of our audit of the annual financial statements taken as a whole, and therefore contributed to the opinion we formed as expressed above. We do not express an opinion on specific items of the annual financial statements.

Measurement of financial assets

(Sections 5.3.2.3 and 5.3.3 - Note 1 and 3 to the annual financial statements)

Risk identified

At December 31, 2018, the net carrying amount of the Company's non-current financial assets totaled €274 million. That compares to €329 million in total assets, including €268 million in other investments and €4 million in loans.

As stated in Section 5.3.2.3 of the notes to the financial statements, investments are recognized at cost less incidental acquisition expenses, and an impairment loss is recognized if their recoverable amount falls below their carrying amount. The recoverable amount is defined as the higher of fair value less costs to sell and value in use:

- an asset's value in use is calculated using either the share of the net position held in these investments or estimates of the present value of future cash inflows and outflows from the activities carried out by these investments;
- an asset's fair value is calculated by reference to stock market peers or the results of recent transactions involving comparable companies operating in the same business sector.

Given the high percentage of total assets accounted for by financial assets and the judgment used by management to assess the recoverable amount, we considered the measurement of financial assets to be a key audit matter.

Our response

Our work involved assessing:

- the reasonableness of the key assumptions used to calculate the estimated recoverable amount, which included growth in the business, cash flow forecasts, and the discount rate;
- Compare the value of financial assets with their recoverable value ;

Examine the fairness of the information provided in Sections 5.3.2.3 and 5.3.3 - Note 1 and 3 to the annual financial statements.

Measurement and recognition of development costs and internal software recognized as assets

(Section 5.3.2.1 and 5.3.3 – Note 1, 2 and 3 of the notes to the annual financial statements)

Risk identified

At December 31, 2018, the net carrying amount of development and internal software costs amounted to €11 million, compared with the Company's €329 million in total assets.

The development costs for new projects are capitalized only when the criteria laid down in the French Accounting Regulation Committee's regulation no. 2004-06 and stated in Section 5.3.2.1 of the notes to the financial statements are met. Amortization is calculated using the straight-line method from the date of initial use of the relevant asset and is calculated over its expected useful life.

The Company ensures, either at the end of each fiscal year or whenever an indication of impairment has been identified, that the carrying amount of these assets does not exceed their recoverable amount.

We have considered the measurement and recognition of development costs as assets to be a key audit matter given their importance on the balance sheet and the estimates and assumptions used to determine their recoverable amount, invariably based on discounted cash flow forecasts, the realization of which is by nature uncertain.

Our response

Our work included:

- assessing the procedures for examining the criteria for capitalizing development costs in light of the accounting standards in force;
- familiarizing ourselves and testing the key controls put in place by the Company to cover the internal control process for the capitalization and monitoring of development costs and internal software;
- verifying, using sampling techniques, that the amounts of development costs capitalized over the fiscal year are consistent with the supporting accounting evidence;
- familiarizing ourselves with and assessing the reasonableness of the data and assumptions used by the management to establish the cash flow forecasts on a selection of projects, including, but not limited to, the commercial life, depreciation period, sales, profit margin, and the discount rate, by holding discussions with the management and by comparing future cash flows to past performance;
- performing our own sensitivity calculations.

Specific verifications

We also performed the specific verifications required by legal and regulatory texts in accordance with generally accepted professional standards in France.

Information provided in the Management Report and in the other documents sent to shareholders on the financial position and the annual financial statements

We have no matters to report as to the fair presentation and consistency with the annual financial statements of the information provided in the Board of Directors' management report and in the other documents sent to shareholders on the financial position and the annual financial statements.

We attest that the information regarding payment terms cited in Article D. 441-4 of the French Commercial Code is fairly presented and consistent with the annual financial statements.

Corporate governance report

We confirm that the Board of Directors' report on corporate governance contains the information required pursuant to articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code.

We verified that the information provided pursuant to article L. 225-37-3 of the French Commercial Code on the compensation and benefits paid to corporate officers and the commitments given to them is consistent with the financial statements and/or with the data used to prepare them and also, where appropriate, with the information obtained by our Company from the companies which control the Company or which are controlled by it. Based on this work, we can confirm the accuracy and fair presentation of this information.

Other disclosures

In accordance with the law, we have verified that the requisite disclosures concerning acquisitions of shareholdings and controlling interests are provided in the management report

Disclosures arising from other statutory and regulatory requirements

Appointment of auditors

We were appointed as Cegedim SA's Statutory Auditors by the General Meetings of June 28, 2006, for Grant Thornton and of April 23, 2002, for Mazars.

At December 31, 2018, Grant Thornton was in the thirteenth consecutive year and Mazars in the seventeenth consecutive year of their engagements.

Responsibilities of management and those charged with governance for the annual financial statements

Management is responsible for the preparation of annual financial statements that give a true and fair view in accordance with French generally accepted accounting principles and for such internal control as management determines is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, management is responsible for assessing the company's ability to continue as a going concern, for disclosing matters related to the going concern, and for the appropriate application of the going concern basis of accounting, unless the plan is to liquidate the company or to cease trading.

The Audit Committee is responsible for monitoring the process of preparing financial information and for monitoring the effectiveness of the internal control and risk management systems, as well as, where applicable, the internal audit of procedures related to the preparation and processing of accounting and financial information.

The annual financial statements have been approved by the Board of Directors.

Responsibilities of the Statutory Auditors for the audit of the annual financial statements

Audit objective and procedure

It is our duty to prepare a report on the annual financial statements. Our objectives are to obtain reasonable assurance about whether the annual 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 performed in accordance with the standards of professional practice will always detect a material misstatement when it exists. 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 the annual financial statements.

As specified by article L. 823-10-1 of the French Commercial Code, our engagement to audit the financial statements is not a guarantee of the viability or the quality of the management of your company.

As part of an audit conducted in accordance with the professional standards applicable in France, we exercise our professional judgment throughout an audit. Furthermore:

- we identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error; we design and perform audit procedures responsive to those risks; we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we obtain an understanding of 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;
- we evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the annual financial statements;
- we conclude on the appropriateness of management use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. Our conclusions are based on the audit evidence obtained up to the date of our Statutory Auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, we issue an unqualified opinion or refuse to issue an opinion;
- we evaluate the overall presentation, structure, and content of the annual financial statements, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 to it, if necessary, on any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

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 annual financial statements of the financial year and which are therefore the key audit matters. We describe these matters in this audit report.

We also provide the Audit Committee with the declaration provided for in article 6 of Regulation (EU) 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set forth in particular by articles L. 822-10 to 822-14 of the French Commercial Code and the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-Sur-Seine and Courbevoie, March 28, 2019

The Statutory Auditors

Grant Thornton	Mazars
French Member of Grant Thornton International	
Vincent Papazian	Jean-Philippe Mathorez
Partner	Partner

5.5 Five-year financial summary

Reporting date	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Duration of the financial year (months)	**12**	**12**	**12**	**12**	**12**
Share capital at the end of fiscal year					
Share capital	13,336,506	13,336,506	13,336,506	13,336,506	13,336,506
Number of ordinary					
shares	13,997,173	13,997,173	13,997,173	13,997,173	13,997,173
preferred shares					
Maximum number of shares to be issued					
through bond conversions					
through subscription rights					
Operations and earnings					
Revenue excluding VAT	67,898,751	61,176,229	51,812,477	60,862,440	192,358,195
Earnings before tax, profit sharing, and allowances to depreciation, amortization, and provisions	(24,192,248)	(63,515,232)	22,657,316	(420,044,403)	972,566
Income taxes	(9,473,969)	(8,433,578)	(10,946,477)	(12,220,826)	(11,507,075)
Employee profit sharing	555,579	429,363	347,815	245,870	441,631
Allowances to depreciation, amortization, and provisions	(39,996,965)	(58,796,615)	28,890,121	(397,455,908)	213,138,813
Profit (loss)	24,723,107	3,285,598	4,365,856	(10,613,539)	(201,100,804)
Distributed earnings					
Earnings per share					
Earnings after tax, profit sharing, and before allowances to depreciation, amortization, and provisions	1.09	(3.97)	2.38	(29.15)	0.86
Earnings after tax, profit sharing, and allowances to depreciation, amortization, and provisions	1.77	0.23	0.31	(0.76)	(14.37)
Dividend					
Employees					
Number of employees at December 31	336	292	279	266	1,006
Payroll	20,388,715	18,517,287	17,565,304	19,431,016	53,467,633
Employee benefits (social security, welfare institutions, etc.)	9,171,033	8,275,316	7,918,830	8,497,931	25,298,555

2018

06

Statement of non-financial performance for 2018

Cegedim Group

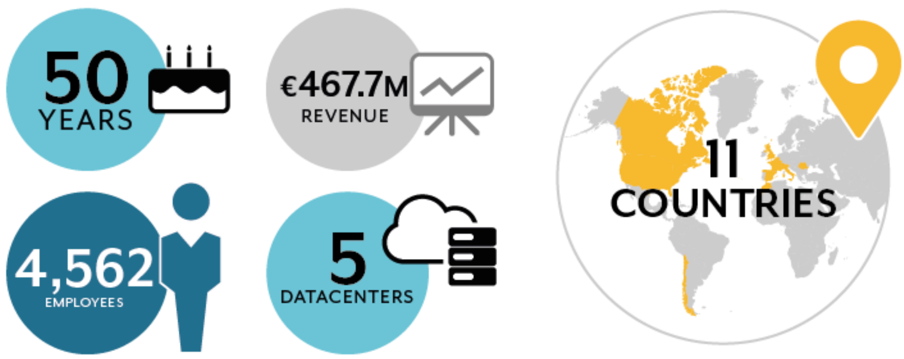
6.1 Cegedim Group overview and core values

About us

Founded in 1969, Cegedim is an innovative technology and services company in the field of digital data flow management for healthcare ecosystems and B2B, and a business software publisher for healthcare and insurance professionals.

The Group is also active in human resources management and digitization services for all types of industries.

Key figures



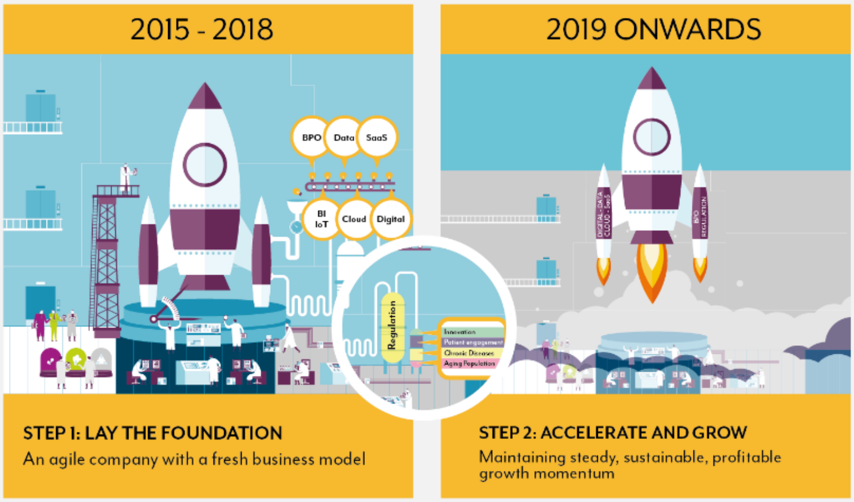
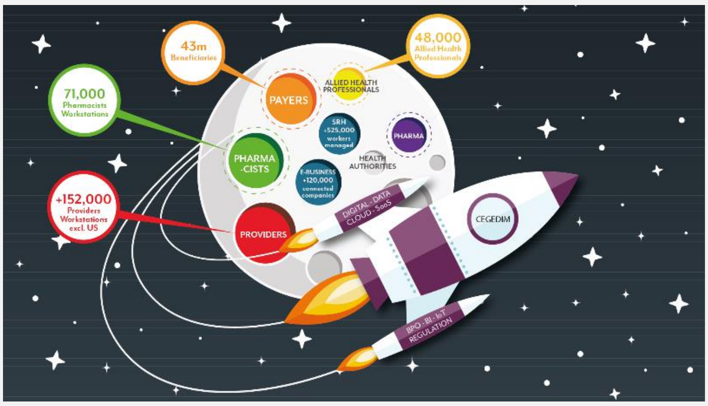
Our values

Cegedim Group's growth strategy is based on a high standard of innovation, quality, and investment, and strong core values. Our values start with the men and women who contribute to the Group's corporate ecosystem. They are based on equality, respect for others, environmental conservation, and economic efficiency. These values help us achieve one of our top goals—delivering strong added value to our clients, partners, shareholders, and employees—and unite all our stakeholders.

INNOVATION	CEGEDIM IS DEDICATED TO CREATING PRODUCTS USING THE MOST ADVANCED TECHNOLOGIES AND TO SPURRING ITS TALENTED EMPLOYEES TO DEVELOP INNOVATIVE PRODUCTS AND SERVICES.
ETHICS	RESPECTING CURRENT REGULATIONS AND ACTING ETHICALLY ARE INTEGRAL TO THE DEVELOPMENT OF THE COMPANY AND ALL OF ITS INDIVIDUALS.
CUSTOMER SATISFACTION	OUR COMPANY IS HIGHLY NIMBLE AND QUICK TO ADAPT TO CHANGES BECAUSE OF ITS EFFICIENT COMMUNICATION CHANNELS AND RAPID DECISION-MAKING.
SYNERGY	THE GROUP ENCOURAGES ITS BUSINESSES TO SHARE THEIR SKILLS, EXPERIENCES, KNOWLEDGE, EXPERTISE AND RESOURCES
RESPECT	CEGEDIM EMPLOYEES WORK IN AN ATMOSPHERE OF MUTUAL RESPECT, EQUALITY AND RECOGNITION, CARING FOR EACH OTHER AND THE ENVIRONMENT.
PERSONAL & PROFESSIONAL DEVELOPMENT	CEGEDIM'S MANAGEMENT STYLE IS BASED ON MEASURING INDIVIDUAL AND GROUP PERFORMANCES, DYNAMIC AND PERSONALIZED CAREER MANAGEMENT, AN ACTIVE TRAINING POLICY, AND POTENTIAL FOR MOBILITY BOTH IN FRANCE AND ABROAD.

6.2 Business models, business activities, and value chain

A nimble organization designed to foster innovation and a team mentality

Economic model	Cegedim Group is organized into business units comprised of companies led by responsible entrepreneurs who successfully convey and promote their products' technological excellence in sectors with strong growth potential. We aim to provide clients with a one-stop service offering, which means our companies need a high degree of industry knowledge and specialization. Our technical teams work on a product from the innovation stage all the way to the production stage, and our product development teams always know exactly what our clients need and what we can offer them.
Value creation: The Cegedim ecosystem	Our ecosystem is structured around our clients in the healthcare industry—doctors, allied health professionals, pharmacists, insurers, and public health authorities—and how they interact with patients. It is a unique platform that provides these clients with the tools they need to deliver excellent services when solving healthcare sector challenges. The strength of this business model lies in the fact that all these companies co-exist within the Cegedim ecosystem, communicating and interacting around our products and services. Two other types of offering round out our business model: SRH human resources management solutions, and SY by Cegedim digitalization solutions. Their products and services are designed for companies in all industries, both inside and outside the health sector.
Our strategy	 

Strategy and transformation

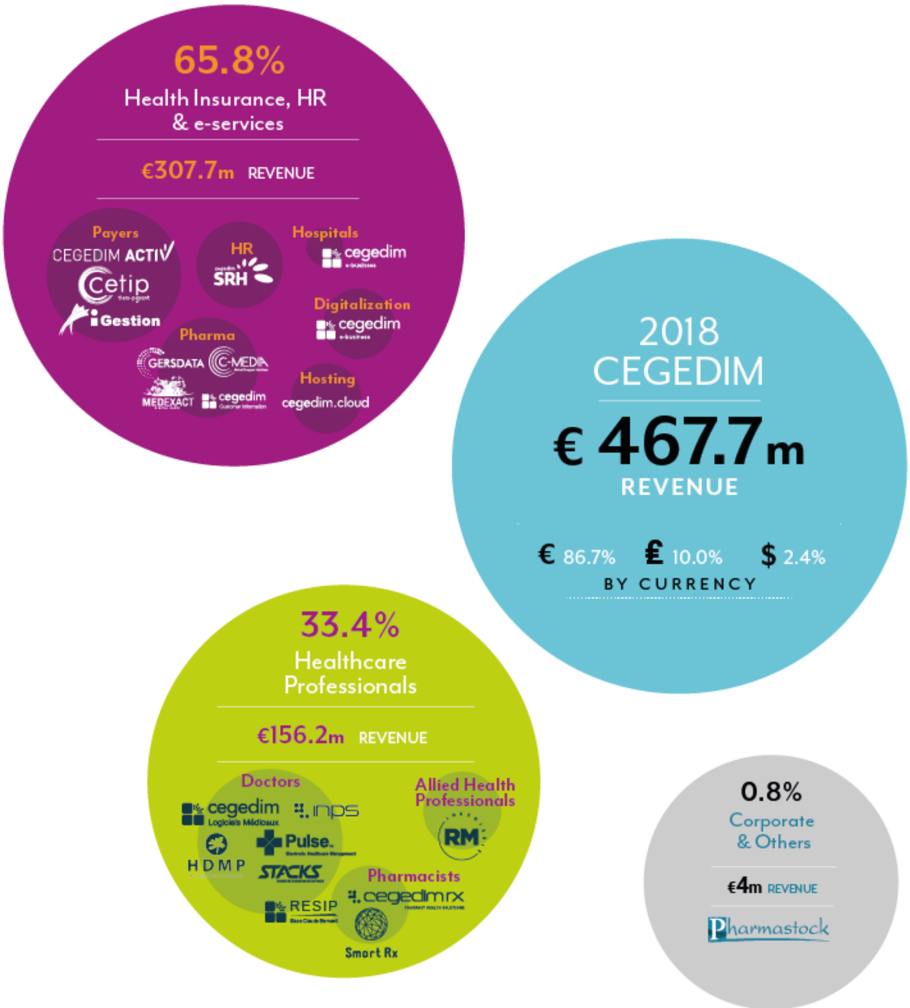
Cloud, SaaS, and digital technologies are the focus the Group's transformation and have also helped drive our investments in data and business process outsourcing services (BPO). As a result of constantly evolving, complex regulations, we must continuously innovate and create new tools to deliver the indispensable solutions our clients need to meet the new requirements. These growth areas are the bedrock of our development strategy in France and abroad for the years ahead.

Our strategic priorities are therefore the synergies generated by our comprehensive offerings and the innovative tools with which we help clients navigate their digital transformation. This digital transformation is a major opportunity for the healthcare sector, because it cuts costs and improves the quality and accessibility of care. Our strategy will benefit society since it contributes to the overall improvement in everyone's health, well-being, and quality of life.

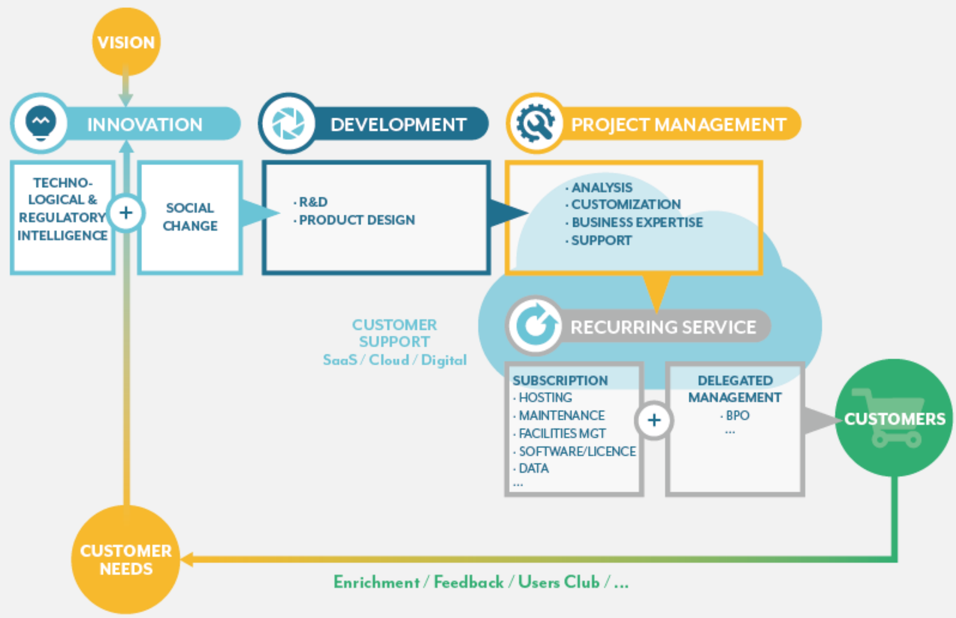
Our activities

Our two main operating divisions share:

- A healthcare ecosystem,
- Strict regulatory frameworks,
- Aspirations of market leadership.



Value chain



Value is created differently in each of the operating divisions

Value creation: The Health insurance, HR and e-services division

To offer a diverse portfolio of suitable products and solutions, this division's business model is based on:

- tailored products and services for large corporate clients,
- a project-by-project approach that requires lead time to design and execute solutions suited to the complexity of each client's needs,
- the option of SaaS or hosted management formats, plus BPO.

Product	Solutions	Key figures
Insurance	+ Software + Digital Solutions + BPO + Third-party payment management	· **43 million** persons managed · **3 billion** health benefits invoices managed / year
Digital and Data	+ E-promotion + Digital communication + Data & sales statistics for pharmaceutical & HABA products	· **Network of 7,000** screens in pharmacies in France
HR	+ SaaS platform for HR management + BPO	· **for all** industries · **+250** clients
e-business	+ SaaS platform for electronic data exchange including payment and process digitalization platforms	· **for all** industries · **3.2 billion** euros paid
Other services	+ Outsourced services	· **1** new BPO service center created in 2017

Value creation: The Healthcare professionals division

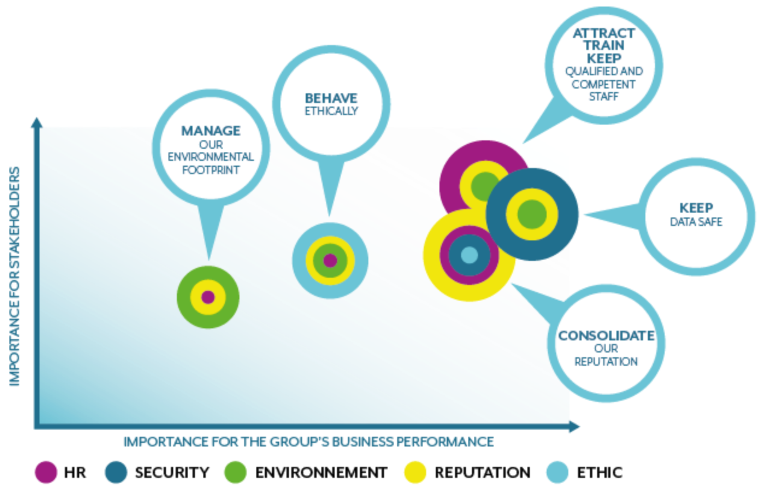
To offer a diverse portfolio of suitable products and solutions, this division's business model is based on:

- packaged product and service offerings for professionals, clinics, and pharmacy chains,
- management software designed for use in individual practice or clinics,
- client support based on a dense nationwide network of local representatives, a helpline, and maintenance services.

Product	Solutions	Key figures
Pharmacy software	+ Integrated software for pharmacies + Web solutions for patient monitoring and third-party payment	· **39%** market share in the UK · **650 million** prescriptions managed / year in the UK
Doctor software	+ Practice Management Software + Electronic patient record management, billing solution, Revenue Cycle Management SaaS/ mobile solutions	· **#1** France, Italy, Spain · **#3** United Kingdom
Paramedical software	+ Practice management software + Integrated mobility solutions	· **46,000** healthcare practitioners used RMI in France in 2017
Medication database	+ Medication database + Apps and web portals providing access to the database	· Used by healthcare professionals in **5 countries** · Approved by the «Haute Autorité de Santé» since 2008

6.3 Group CSR challenges and goals

Workforce-related, Social, Environmental, and Ethical Responsibilities

Identifying and assessing CSR risks	We refer to the following: – The 43 provisions of the Grenelle II Act as laid out in Article L225-102-1 of the French Commercial Code, – The 17 United Nations Sustainable Development Goals, – The ten principles of the United Nations Global Compact, – The new requirements of the EU Non-financial Reporting Directive transposed into national law, notably anti-corruption and tax evasion measures, – The provisions of the Sapin II Act and the Cegedim Group Ethics Charter, – The risks listed and detailed in the Group's Annual Registration Documents.
CSR risks and challenges	Looking at the Group as a whole, and at its two main business models, we have identified and analyzed material non-financial, CSR-related risks, taking into account their workforce-related, environmental, social, and ethical aspects. These risks, detailed in the methodology annex fall into one of five main challenges valued in the below materiality matrix. Attracting and retaining suitable human resources Protecting stakeholder data Limiting our environmental footprint Upholding the Group's reputation Behaving ethically
Our objectives	To meet these challenges in a meaningful way, Cegedim Group implements policies and due diligence that help improve its non-financial performance and achieve its objectives in these areas. These goals are grouped into key themes, which allows us to take a comprehensive approach to risk while also providing detailed responses based on the Group's actions. We monitor and measure our performance in these areas by looking at the results and relevant key performance indicators presented in this report.
Cegedim Group CSR materiality matrix Estimates at March 20, 2019	

6.4 Attracting, training, and retaining competent, qualified personnel

HR policy	In 2018, Cegedim's human resources policy helped advance its business activities. The policy fosters an environment in which employees can cultivate their skills to the fullest while also actively contributing to the company's performance. Cegedim adapts its compensation policy to motivate talented individuals and ensure training and recruitment, while at the same time keeping growth in payroll to a reasonable level.
Social equality	Cegedim Group's human resources policy reflects its keen interest in social equality. Our human-sized HR teams focus on communicating, imparting skills, and sharing experiences, which are critical ingredients for continuous personal development. We also have a proximity management policy which fosters rapid, efficient decision-making and nimble responses. Employees are appraised regularly and receive training and advancement opportunities. This allows them to enrich their skills and personal experience, giving them the prospect of taking on new responsibilities. Experience gained at Cegedim Group, a benchmark employer, boosts their employability.

6.4.1. Recruitment

Workforce	The Group is committed to strengthening its human capital, prime assets. As a result, one of our key ongoing concerns is recruiting qualified personnel suited to our needs. This is a critical issue for Cegedim Group as a B2B company, because applicants and future employees may not have access to or know about our corporate communication and products. Our strong presence on professional social media sites gives us a high profile in France, and we actively use these sites to recruit.
Recruitment	To ensure we have the personnel needed for our business development, every year Cegedim recruits: – Several hundred employees in France, with a growing focus on promoting diversity in the workforce and providing employment for persons with disabilities, – A growing number of interns and young people under work-study contracts, – Internationally, via the Group's operations in over ten countries. To this end, at our Boulogne, Morocco, and Romania offices, we have created an area dubbed RecrutLab, with rooms specifically designed for recruitment efforts and applicant interviews.
Recent graduates	Most of our employees have a scientific or business educational background. The Group makes a concerted effort to recruit graduates through work-study programs in partnership with higher education establishments and universities. Cegedim offers students and recent graduates internships in France and abroad. These internships put participants on a fast track to employment and often turn into permanent positions with Group companies. In France, Cegedim participates in job fairs and a variety of student forums. We also have one position at our Spanish R&D subsidiary in Barcelona for young people on the V.I.E French international internship program.
University partnerships	Cegedim Group has several partnerships with higher education establishments: Group employees work with students at the University of Poitiers, the Sorbonne, and Simplon, an IT school in Paris. Cegedim is also the proud sponsor of France's first Master's degree in HRIS (human resources information systems), which admitted its first students at the University of Paris I Sorbonne in September 2018 and is taught by Cegedim employees. We also promote work-study programs by offering the students apprenticeships with the Group's teams. In addition, Cegedim Group awards travel scholarships so students can study research and health in the UK.

Speed-interviewing	We hold regular speed interviewing sessions at our French sites for applicants responding to Group ads or selected by recruiters. The sessions consist of a series of rapid interviews of around ten candidates by HR teams and relevant managers, who may then offer jobs to some candidates. Events like these complement traditional job ads and are promoted at schools in regions where Cegedim is looking to recruit. They generate around one-third of all hires and are mainly used to recruit HRIS consultants and sales staff.
Onboarding	New hires at French sites are onboarded in groups of roughly ten employees. On their first day, they are welcomed with an introduction by the HR team with a company presentation and the, and complete various administrative formalities. The welcome program, designed specifically by the Human Resources teams at corporate headquarters and the business units (BU), includes a number of job-specific training modules: School SRH, insurance industry track, sales academy, and e-business. Some of the BUs periodically hold "job swap" style programs to deepen the onboarding experience and assign mentors to the new hires. Prior to a new recruit's arrival, the HR department goes over a checklist with the employee's future manager to make sure everything is ready for day one. The onboarding process ends with an end-of-trial-period review with the manager.
Employee referral program	Cegedim Group created its employee referral program in 2011 and expanded it in 2018. The program rewards employees who refer job candidates whose qualities match the Group's operational needs and values. Cegedim holds events for referring employees and their referrals to give Group managers a chance to meet the candidates informally at themed gatherings.
Compensation policy	The Group's compensation policy aims to recognize talent by rewarding both individual and group-wide performance, with stronger emphasis placed on individual performance through variable compensation based on individual goals. Each year, Cegedim Group line managers meet with their team members one-on-one for a performance appraisal and review of annual targets. Every year, we use remuneration studies to verify that our compensation policy is in line with the market. The Remuneration Committee is composed of three directors. Its chief tasks are to set the policy for awarding free shares and variable compensation, and to propose any capital increases in the form of exclusive offerings to employees. The Appointments Committee is also composed of three directors. Its chief tasks are to review and make proposals to the Board of Directors regarding the creation of a succession plan for corporate officers in the event of an unplanned vacancy..

6.4.2. Work organization and quality of life

Employer brand	The Group has an active HR policy in support of its employer brand, detailed through this chapter, and in 2018 redoubled its efforts to build employee loyalty. There is generally a higher employee turnover rate within the account manager specific to some our activities, which is typical of these professions.

Internal communication	In 2013, the Group set up an intranet that provides internal news and communication, notably a newcomer's guide, country-specific company information, in-house newsletters, the style guide, and local information per office location. Individual Group entities have also taken a variety of local initiatives. For example, around 20 screens were installed at the three Boulogne-Billancourt sites to display Group news; labor, legal, and industry updates; e-learning courses, and so on. The Group plans to install the screens, which can also display information tailored to each BU and entity, at all sites with 50-plus employees. In France, the BUs hold half-yearly "Feel HR" meetings to bring their teams together and convey the latest company news. The Managing Director gives an annual presentation on the year's activity and highlights to employees in the Paris region. Employees in other locations can view the presentation over the Group intranet. When travelling abroad for roadshows, the Chief Investment Officer & Head of Investor Relations takes the opportunity to visit local subsidiaries and present the Group's annual results to employees.
Forging ties between employees	After-work events for several BUs help create ties between employees from different departments working at the same location, for example in Lyon or Nantes. Certain entities hold get-togethers at important times of the year, such as year-end holidays or New Year's.
The cross-generational contract	Signed in late 2013, the cross-generational contract the Group in France sets out concrete measures to train and onboard new recruits, hire and retain older employees, and encourage the sharing of experience and expertise across generations. The Group continues to implement the contract, even though the Labor Act of January 1, 2017, made it no longer mandatory. Some Cegedim subsidiaries have managers closely oversee junior team members and offer chances for senior employees to mentor younger ones.
The right to disconnect	The Labor Act of January 1, 2017, enshrined the right to disconnect. However, we have not implemented any measures to block IT communication. This is because we cannot shut down servers or other IT infrastructure equipment during non-working hours, owing to continuity of service requirements and the resulting need for staff to be on duty. Cegedim meets the law's requirements by using tools to report time off and by creating an HR hotline that employees can call if they require a meeting to discuss their workload. Their situation is then analyzed and a remediation action plan drawn up with their manager.
Works councils	We cannot provide a detailed review of the activities of all the Group's works councils in this report. We can, however, note that they provide numerous employee perks, in keeping with local practices, for example housing benefit, discounts on leisure activities (sports, entertainment, culture, travel, and CESU home help vouchers), support with year-end holidays (gift vouchers, Christmas trees, etc.), school holidays (vacation vouchers), and other significant life events.
Healthcare coverage	Cegedim provides healthcare coverage (minimum health insurance, plus optional supplemental health and protection plans) for all its employees in France and retirement coverage for employees in all the countries where this is required by law. The Group intends to gradually expand this kind of health and protection benefit to countries where it is not required by law. In fact, nearly all the Group's employees have been offered health insurance.

Fighting discrimination	The Group does not discriminate when hiring and assigning positions. Job offers provide for wages without discrimination and raises are based on each employee's performance and experience. Any person who is a victim of or witness to discrimination has several means of reporting it. They may contact the Group Ethics Committee or an employee representative body, both of which will act with complete independence.
Disabled workers	Cegedim Group aims to facilitate the integration of workers with disabilities and combat all forms of discrimination. We are endeavoring to improve access to our buildings for the disabled and have disabled parking spaces at some of its premises. Cegedim expanded an existing disability unit in 2018 to better assist employees known to have disabilities, regularly monitor their administrative paperwork, and make any necessary accommodations to their work station and schedule. In France, Cegedim grants employees with disabilities five days extra paid leave to attend to their medical and administrative formalities. Both in France and internationally, the Group complies with local regulations governing the employment of people with disabilities.
Organization of working hours	The working hours of employees in France—67% of the Group's total workforce—are based on a statutory annual total of 216 working days or 1,607 hours, and a contractual working week of 37 hours and 10 minutes. Any overtime entitles employees to RTT days off ("Réduction du Temps de Travail", or reduced working hours). Outside of France, local working hour legislation is observed in each country. We observe the International Labor Organization conventions in all the countries where we operate. Cegedim implemented remote working, both regular and periodic, in 2018. These arrangements give employees real flexibility to manage their time and travel. Employees in France are also offered spots in the company nursery, which is operated in partnership with a leading provider. In 2018, all employees who requested a spot for their children received one.
Collective bargaining agreements	Numerous collective bargaining agreements apply to the French subsidiaries and the Group as a whole. We cannot provide a detailed review of them all. To date, none of the agreements reached in France has been opposed by employee or union representatives, which illustrates the success of the social dialogue. In 2018, negotiations related to collective agreements notably covered: – remote working, which was expanded to include all Group employees in the second quarter, – profit sharing, for which 11 agreements were signed at the end of the second quarter, – mobile working, with a move to classify travel time as working time for our roughly 400 mobile workers. We also began work on Quality of Work Life or QWL, which continued into early 2019. These major advances build on the Group's ongoing efforts to accommodate work times and help employees achieve a better work-life balance.

6.4.3. Managing qualifications and skills

Skills	We operate in a variety of businesses and can help our employees enrich their skills and gain new experiences so they can take on new responsibilities. The Group's HR policy is based on training and internal mobility, because we believe that professional development is a major factor in motivating employees to achieve success. Joining Cegedim means seizing the opportunity to work in a high-tech environment where teams tackle a variety of interesting and challenging projects, all while continuously developing professionally.
Training	Training is a cornerstone of Cegedim's strategy, and we devote more resources than we are legally obligated to so that employees can realize their fullest potential. The Group's training policy combines a focus on individual progress, skills development, and company performance in order to keep pace with strategic projects and changes in the healthcare profession. In addition to professional training, we provide first-aid training, coordinated by the Social and Economic Committee, or "CSE", at our Boulogne offices.
E-learning	Cegedim has created an e-learning platform so employees can complete a series of courses during work hours by selecting from a wide range of training programs. Similarly, we have launched an online digital platform for so our Research & Development staff can update their knowledge of new technologies in their field.
Skills sharing	Skills sharing is a key challenge for Cegedim Group that ensure our teams have the necessary knowledge and expertise. Our business units set up tailored training sessions by calling upon resources within their own teams. These initiatives allow us to meet the specific needs of our business lines, impart our culture, and pass on our expertise. Mentoring arrangements—which are required for vocational training, or work-study contracts—are also used in some subsidiaries to teach mentees what they need to know for a given position (processes, procedures, tools, organization, etc.) or business line expertise within the Group. For example, an employee at the Niort site spent 18 months in Morocco to guide the development of local teams and facilitate skills sharing within the business units.
Internal mobility	Cegedim believes that professional development is a major factor in motivating employees to achieve success. When a vacancy arises, priority is given to internal recruitment. Internal mobility opportunities, with moves to different geographic regions, allow employees to develop their skills and knowledge of the business and also help the Group ensure the transfer of knowledge between its entities. To this end, we have an international mobility service for managers, salespeople, and technicians to handle requests for expatriate postings. These typically involve three-year assignments, transfers and short-term assignments from France to another country, from an international office to France, or between different international locations outside of France. Certain entities have a mobility commission with representatives from Group HR, local HR, and local management whose purpose is to review, twice a year, mobility requests for moves within the Group to France.

Results

Headcount	Employer brand and university partnerships	Training France
2018 | 2017	**2018** | 2017	**2018** | 2017
4,562 | 4,226 Total headcount	**17** | - Speed interview sessions (1)	**24,245** | 23,095 Hours of training
3,051 | 2,849 Headcount France	**2** | - Job fairs (2)	**1,024** | 709 Employees trained
1,511 | 1,377 Headcount International	**3** | - Student recruitment events (3)	
1,508 | 1,115 New hires	**56** | - Hires from 1, 2 & 3	
1,152 | 829 New hires on permanent contracts	**41** | - Work-study contracts	
356 | 286 New hires on temporary contracts	**16** | - Apprenticeships	
1,268 | 934 Departures	**16%** | - Conversion of work-study contracts to permanent contracts	
4,382 | 4,084 Employees on permanent contracts	**49** | - internships	
180 | 142 Employees on temporary contracts		
39.66 | 40.37 is the average age		

Equality	Health and safety in France	Quality of work life
2018 | 2017	**2018** | 2017	**2018** | 2017
45% | 42% male employees	**54** | 60 workplace accidents	**271** | - French employees regularly work from home
55% | 58% female employees	**34,351** | 36,182 Absenteeism	**8.9%** | - of the French workforce
	11.26 | 12.7 Is the average number of days of absenteeism excluding overtime rights (RTT)	**188** | 158 part-time Group employees
		4.1% | 3.7% of the workforce

OBJECTIVES AND KEY PERFORMANCE INDICATORS

%age of confirmed permanent contracts	In 2018 **81%**	**Attract employees** Employees on permanent contracts in 2018 whose trial periods were confirmed by December 31, does not include employees still on trial period at that date.
Number of confirmed employee referral hires	In 2018 **125**	**Promote employee referrals.** In 2018 the employee referral program was extended to all Cegedim France employees.
Number of recruitment events	In 2018 **22**	**Maintain a visible presence through recruiting events** These events consist of speed interviews, job fairs, and student recruitment events. We also held employee referral events that are not counted here.

6.5 Protecting stakeholders' data

Security is a key priority	Cegedim Group supplies technology and services related to information and databases, so one of our top priorities is ensuring that our clients and partners are entirely comfortable with the level of data and system security. Cegedim's businesses process sensitive data, notably personal health records. For Cegedim and its employees to be successful, it is vital that we respect current regulations and strictly follow our code of ethics. For the Group to grow and remain in business, we also need to develop the right products at the right time and anticipate the services consumers want and the technological innovations the industry needs.

6.5.1. Information system security

A secure, resilient, durable infrastructure	Cegedim strives to build robust security for its sites and its datacenters. Security is an ongoing, vital concern, and the Group does all it can to limit the impact of events that might damage its assets, products, infrastructure. Its risk-control on-site policy focuses notably on covering fire, flooding, or other natural disasters, as well as power outages and cyberattacks, such as malware or penetration.
System and data security	Covered by the Information System Security Policy, developed by the Group, the system and data security is supplemented by an Information System Security Charter included in every employee's job contract, as well as a guide to data security available on the Group intranet. Specific clauses have been added to the job contracts of employees whose responsibilities expose them to data, confidentiality, and intellectual property issues.
Data protection	The policy and charter's rules and recommendations aim to protect data in all its forms—spoken, paper, or electronic—and respect its confidentiality, integrity, availability, and non-repudiation. They cover not only the Group's information systems (networks, computers, software, data, and communication and copying resources), but also information shared orally or in writing, and physical protection both on and off the company's premises. Cegedim Group subsidiaries lay out specific rules for this security policy in a set of documents governing security within the scope of their business activities, using the Group IS Security Policy as a mandatory baseline for which rules to apply.
Business and service continuity	The Group spreads out its IT centers geographically and uses state-of-the-art information technologies to execute its business and service continuity strategies. It also has appropriate insurance policies covering certain industrial risks. A dedicated security team with experience in critical data hosting oversees operating security, in conjunction with a 24/7 Security Operations Center (SOC). Each Cegedim Group subsidiary has its own internal security organization.
Internal awareness	Anyone who uses the Cegedim Group information system is regularly informed of security best practices and the regulations that apply to their business activities. Information sessions devoted to security may take place in person or remotely, for example via an e-learning course or webinar. Subsidiaries are free to raise awareness of issues specific to their activities, in addition to the actions carried out at the Group level.

6.5.2. Secure data collection

Personal data	In the course of our business activities, we collect individuals' personal data. We take the utmost precaution to ensure our clients the highest quality of service while also protecting the data and flows we process. We collect data in a manner consistent with all the legal and regulatory requirements that apply in each country in which the Group operates, and with the contractual specifications agreed upon with our partners and clients. Cegedim Group has always made sure it complies with all applicable laws and regulations in the area of personal data protection. As soon as General Data Protection Regulation (EU) 2016/679 was made public, Cegedim began the work needed to ensure compliance from the moment the regulation took effect.
Healthcare: a CSR-sensitive industry	The Group is well aware that we operate in a sensitive sector—healthcare—and we ensure that health data is anonymous, securely hosted, and that studies are conducted according to ethical standards that are regularly audited by customers.
High availability architecture	The Group has substantial expertise in managed services, and in the management of financial flows and digitalized documents. The highly strategic and sensitive nature of these activities led the Group's IT teams to design and build equipment and architecture with a very high degree of availability. These resources meet the most demanding security requirements, notably for hosting personal health data. For example, we offer our clients a comprehensive private cloud service, available in either PaaS (Platform as a Service) or SaaS (Software as a Service) mode. To do so, we draw on our hosting capacities and implement Business Continuity Plans (BCP) and Disaster Recovery Plans (DRP).
Data accuracy and quality	Data accuracy and quality are indispensable if Cegedim Group wants to continue to deliver tools and services that meet our clients' needs, thereby contributing to the healthcare systems of the countries in which it operates. The Group's GERS Data subsidiary supplies totally and irreversibly anonymized data and analysis made possible by a unique mass data collection system covering almost seven years. The data's representativeness is achieved by collecting from a variety of sector players. The R&D teams dedicated to this activity make it possible to collect, structure, and generate databases that can be used immediately, contain quality data, and comply with all personal data protection regulatory requirements.
Databases	The Group's real-life patient and prescription databases, which have been chosen by the French and UK health authorities, contain anonymized raw data collected by a permanent network of nearly 3,000 private practitioners, primary care physicians, and specialists. The databases have a European structure and record over a billion medical procedures: patient and prescriber profiles, diagnoses and illnesses, prescriptions and treatment plans, reimbursements, and results of certain tests. The Claude Bernard Database of medicine and healthcare products helps make the entire medication chain to the point of fulfillment safer, and it allows users to offer patients high quality advice. The database is used daily by healthcare professionals in France and around the world.

6.5.3. Data protection

Data protection	Protecting personal data has always been a key concern for Cegedim Group. Our data protection policy reflects the Group's commitment to respecting these principles, and we regularly raise employee awareness of the issue through: – training sessions on data protection and security delivered by e-learning, webex, or in person depending upon the subject matter and the employees' needs, – the Information Systems Security Charter, – the Group Ethics Charter. Cegedim sets rules and devotes adequate resources to ensure that equipment and information are handled in a manner consistent with their level of sensitivity. For example, equipment used to host confidential data is subject to heightened security measures, such as restricted access and data encryption. All users must apply the security rules that correspond to the category of information—published or not—that they handle as part of their job.
Certified by ASIP Santé to host medical records	Cegedim Group has earned HDS (medical records hosting) certification from the government's digital health agency, ASIP Santé. Our Cegedim Activ' subsidiary is certified to provide hosting services for the personal health data that clients collect via applications used to monitor care. This certification covers the HDS unit of the Toulouse-Labège datacenter—the production site—and the corresponding HDS unit of the Boulogne-Billancourt datacenter—the backup site. Cegedim SA is certified to provide hosting services for the personal health data collected via applications supplied by clients that let them manager personal health data. This service includes a function that gives patients direct access to hosted apps. This certification covers the HDS unit of the Boulogne-Billancourt datacenter—the production site—and the corresponding HDS unit of the Toulouse-Labège datacenter—the backup site.
End of life of equipment	The Group has specific measures governing equipment disposal to ensure that data cannot be recovered. These measures also apply to any equipment that might contain confidential information. Old equipment that is not going to be physically destroyed must undergo high security formatting before it is reused or returned. Paper documents that are confidential or classified for internal use only are shredded.
Copyright laws and Intellectual property rights	Our internal procedures aim to ensure that the Group and its employees do not break any laws regarding the copyrights of other companies, organizations, or individuals (patents, licenses, copyrights, trademarks, etc.). These measures also ensure respect for data confidentiality and integrity. Management of intellectual property rights is governed by the IS Security Policy, contracts, and the security charter. Cegedim regularly informs its information system users about the rules that apply to intellectual property. Licenses are monitored as part of the configuration management process.

Personal data protection policy

The personal data protection policy was updated in 2018 when the GDPR came into force. It describes the general measures Cegedim Group takes to ensure adequate protection of the personal data it processes, either directly or through its outsourcing activities.

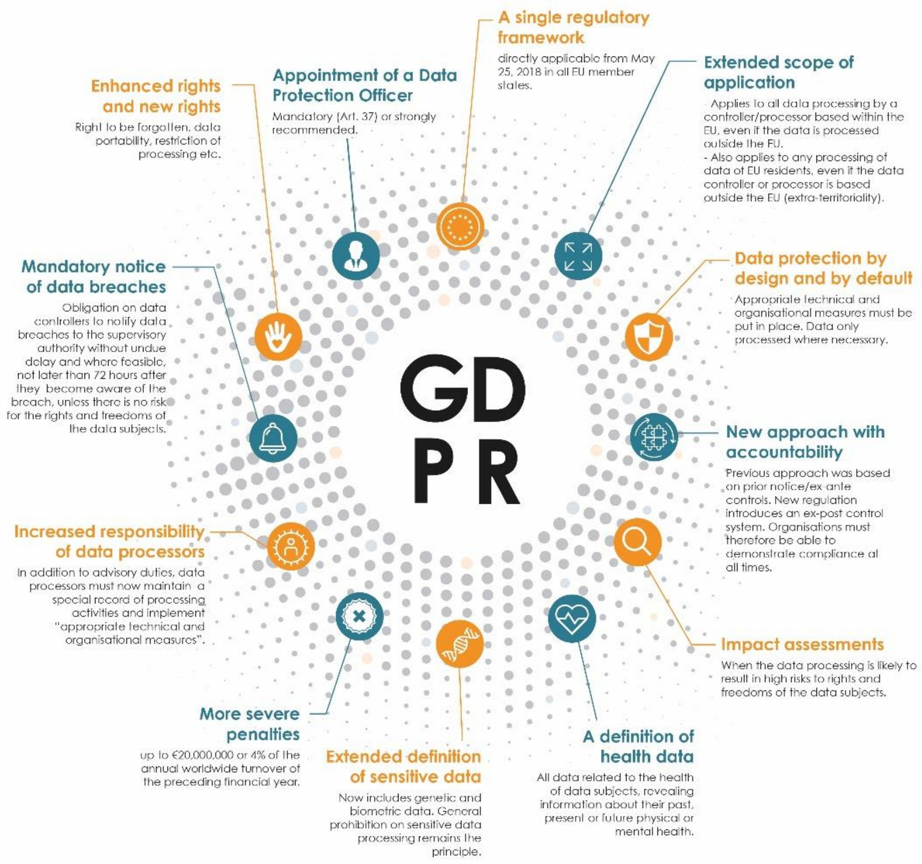
The policy applies to all Group subsidiaries in France and internationally, and to all data processing activities in which it engages. It lays out the guiding principles with respect to data processing: adhering to stated goals, proportionality and fairness, relevance and minimization, storage, security, accountability, rights of access and correction, respecting the legal data processing regulations.

Before the GDPR took effect in May 2018, the Group trained all its employees using an e-learning module and then tested them on what they had learned.

We are currently developing an e-learning program on specific data protection topics to supplement the initial training.

Considering the diversity of its business activities, Cegedim Group has decided to appoint Data Protection Officers (DPO) for every entity and business unit. They inform and advise the individual or subcontractor responsible for data processing and any employees involved in data processing. They also monitor compliance with GDPR and bylaws, guide the actions of the head of processing, provide advice when asked about impact analyses and verify that these are conducted. DPOs also act as the point of contact for and cooperate with the National Commission for Computing and Civil Liberties (CNIL), France's GDPR supervisory authority.

GDPR in twelve points



RESULTS

Data	
2018 | 2017	
35,257 | 25,377 of health data processed in gigabytes	

OBJECTIVES AND KEY PERFORMANCE INDICATORS

Completion of the security checklist	In 2018 **100% complete**	**Securing our information systems** We completed the entire security checklist.

Cegedim IT systems security checklist	2018
Raise awareness (training, e-learning, anti-phishing campaigns, etc.)	☑
Regular security committee meetings	☑
Internal audits	☑
External audits	☑
Risk analysis	☑
Vulnerability audits	☑
Penetration tests	☑
DRP tests	☑
Information System Security Policy review	☑
Information System Security Charter signed by new employees	☑

Increase in the volume of hosted data	In 2018 **+39%**	**French and US datacenters** Data volumes grew because existing clients experienced organic growth and because we acquired new clients.

6.6 Limiting our environmental footprint

Corporate social responsibility	Cegedim's activities are to some extent inherently socially responsible. We provide services for health and insurance professionals who in turn work for the welfare of their patients and the best interests of their policyholders. Our corporate services (HR and e-services) also have a social purpose, notably by reducing paper usage and by hosting and supplying information. The social context in which we operate is currently one of rising health expenses, growing patient expectations, challenging technological transformation, and changing regulations. Cegedim has always believed in innovation as a way to improve the service it provides its stakeholders and as such, also sees it as the concrete reflection of its efforts to be a responsible company.

6.6.1. Reducing our environmental footprint

CO2 emissions	As providers of services for health professionals and the pharmaceutical industry, our activities are office-based, and our CO2 emissions are commensurate with those of standard office activities. Our primary carbon footprint is generated by company cars and air-conditioning systems, while our secondary carbon footprint mostly stems from energy consumption and business travel.
Fleet management	Our company car policy specifies what type of cars our employees may use and who is eligible for one. Fleet management takes into consideration vehicle age and changes in pollutions standards, and respects official and industry recommendations. In France, Cegedim also has a code of conduct for company car users. Our fleet consists of hybrid vehicles and when employees replace their cars, they are strongly encouraged to choose the most carbon-friendly categories.
Limit business travel	We are particularly careful about business travel because it is a large source of carbon emissions. The travel policy we implemented as early as 2008 includes specific rules and best practices for meetings and related business travel and encourages employees to cut back on their travel and use alternative, less polluting solutions without reducing the quality of the services offered to customers. Travelling to attend in-house meetings is forbidden and any exemption requires prior approval by two management levels. We introduced remote work technology as early as 2007 and encouraged our employees to reduce short-distance travel and instead use videoconferencing, telephone conferencing, instant messaging, and document exchange platforms (like Skype, Sharepoint, and Webex). As well as improving quality of life, working from home also reduces the daily journeys made by our employees.

Waste management	Cegedim Group has no industrial activities and does not produce toxic waste. Paper, cardboard and computer equipment make up the bulk of our waste. The only hazardous and dangerous substances we use are: – IT hardware (screens, batteries, printers, and photocopier ink cartridges), – Car equipment (batteries, engine oil), – Cleaning products. In France, Cegedim outsources the management of all its waste electrical and electronic equipment (WEEE) to ensure that the materials are recycled, and the toxic components are correctly disposed of. Several of our subsidiaries have already introduced recycling programs for printers, photocopier ink cartridges, and computer hardware. When computer equipment in our data centers reaches the end of its life, it is disposed of in an eco-friendly way. This type of waste is usually collected by the supplier providing the new replacement hardware. Otherwise, it is given to a specialized recycling company. We also sometimes decide to keep some equipment for spare parts, thus optimizing the life cycle of certain components which are recycled on-site. The only wastewater produced by our activities is domestic.

6.6.2. Using less resources

Less printing	Reducing the number of documents printed by employees is also an important goal for the Group. In all countries, teams are routinely encouraged to consider whether they truly need to print their documents or whether there are simple alternatives at their disposal (e.g. projecting information for a meeting on a screen rather than printing it out, only printing out emails when necessary, two-sided printing, etc.). There are fewer individual printers being used by employees, who instead send their documents to a shared printing station. This reduces printing simply for convenience's sake and helps save consumables by encouraging black-and-white printing over color printouts. We also have a modern, efficient in-house print and copy center that handles bulk printing for our Boulogne sites.
Printed distribution of mandatory regulatory information	In 2007, we decided to distribute our mandatory regulatory information electronically. Between 2009 and 2017, we also reduced the number of printed copies of our Registration Document, cutting the French version more than tenfold and halving the number of English copies. Now, we only print 100 copies in each language. For the last ten years, the Registration Document has been printed on 100%-recycled, European Ecolabel-certified paper. Furthermore, electronic greeting cards sent to customers and suppliers—available throughout the Group since 2018—have mostly replaced paper cards.
Digitized administrative processes	We decided early on to digitize administrative processes for new recruits in France and no longer send out mass mailings of paper documents in France. All contractual documents (letter of appointment, work contract, bylaws and charters, mutual health and personal protection insurance policies, etc.) are sent by email and signed electronically by both parties. We have also introduced meal cards, which avoids printing and handling meal vouchers.

Digital vault	In a bid to reduce printing, we also offer our employees in France a secure digital vault service where they can store private, sensitive e-documents. For example, in France, employees can have their monthly pay slip deposited automatically in a digital vault for storage.
Energy in the workplace	We have introduced simple ways of reducing energy costs on a case-by-case basis. For example, we encourage car-pooling and the use of shuttle services, we have installed time switches that automatically turn off the lights and air conditioning after hours, coffee machines with inline water filters, electronic timers, hand-driers, water fountains, etc. We also have maintenance contracts for our air-conditioning systems to ensure optimum performance.
Management of IT equipment	For over thirty years, Cegedim has designed, built, and run its data centers and technological platforms with a focus on maximum energy efficiency. This approach makes both financial—it's a highly competitive market—and environmental sense. Environmental, energy, and financial concerns are factored in at every stage of a data center's creation—in its design, deployment, and operation. These issues are incorporated into every aspect of information systems hosting.
Carbon footprint	We measure our greenhouse gas footprint in terms of the electricity we need to run our businesses efficiently. The Group's data centers in Boulogne-Billancourt and Toulouse account for a significant share of our electricity consumption.
Constantly improving our IT hosting services' energy-efficiency	Several years ago, Cegedim launched a program to continuously improve energy reduction for its IT hosting services. Efforts focus on three main areas. **Virtualization to ensure optimal use of IT resources:** this process continues to significantly boost efficiency. In 2018, the number of physical servers continued to drop, while the number of virtual machines (which have much higher per-unit efficiency rates) is growing. The use of oversized servers also increases the ratio of shared services and optimizes energy consumption during periods of low activity. **Reducing server and IT equipment energy consumption:** we renewed our main computer hardware between 2014 and 2015 and then simplified our computer network topology in 2016. In 2018, we maintained our performance and energy-efficiency. The overall standard of our services has not been affected, and data security and secure access remain top priorities. **Optimizing the efficiency of data center air conditioning systems:** we successfully installed more environmentally-friendly air conditioning systems in all our data centers. In 2018, we continued to install cold aisle containment solutions in our data centers in France, and the expected improvement is still being felt. The installation of free cooling—a cost-effective method that uses the temperature difference between the air leaving the computer hardware and the ambient air—helped reduce air-conditioning energy use in the Toulouse data center.
The "Green IT and Data Center" program	In 2019, Cegedim's Green IT and Data Center program to improve energy efficiency and reduce its environmental impact includes acquiring a refrigeration unit for the Toulouse data center, installing a photovoltaic farm, heat pumps, waste heat re-use systems, managing heat exchangers, fan coil units, and chilled water distribution. All these measures are designed to obtain Energy Saving Certificates (ESC) from the French Agency for the Environment and Energy Management (ADEME).

6.6.3. Contributing to regional development

Local impact	We monitor the local impact of our activities, in terms of both employment and regional development. We have operations in more than ten countries. New employees are typically hired locally, which helps to boost the local economy.
Local jobs	Cegedim's compensation policy is fair and equitable and we aim to pay a competitive wage in line with labor market practices in all the countries where we operate. Employees are typically hired locally, and we make sure that our operations make a positive contribution to the countries where we are present. We also comply with all local legislation, including laws governing compensation, and respect ILO conventions 100 and 131. The Human Resources department ensures that this principle is applied in each country. Our international mobility policy ensures that employees retain their health and personal protection benefits while on assignment abroad and includes the necessary provisions for their return or repatriation.
Subcontracting	In France, subcontracting is regulated by centralized agreements, while in other countries, subcontracting agreements are managed locally. Cegedim also subcontracts part of its activities to its own subsidiaries, to ensure that the quality and safety standards it requires are applied. For example, some specific IT support or back-office services are provided by its subsidiaries in Morocco and Romania.
Digitalization and regional development	Some services offered by Cegedim in France also help solve regional development—or desertification—issues and, what is more, digitization is an eco-friendly solution. The Sesam-Vitale data transmission tools—where Cegedim is the leader in France; the development of Docavenue's remote medical consultations—enabled by regulatory changes in 2018; the digitization of patient medical records for preventive health care; the European strategy for convergent and integrated healthcare: all these measures reduce our customers' environmental footprint and are designed to improve coverage of territories with a low number of doctors per capita. It is estimated that in France over 3 million people no longer have access to medical treatment close to home. Physician density has shrunk about 10% on average in the last ten years, and by over 20% in a dozen French departments. This is a critical social issue and Cegedim intends to be one of the major players providing suitable, high-quality solutions for the French government's healthcare system reform, dubbed MaSanté 2022.

Giving back to the community	We encourage giving back to our local communities in all the countries we operate in. Cegedim subsidiaries organize initiatives at their discretion. For example: – Galerie d'Aguesseau, the art gallery in our head office building in Boulogne-Billancourt, exhibits the work of about ten artists a year and regularly promotes local artists; – Since 2016, Cegedim Insurance Solutions has sponsored "Les Foulées de l'Assurance", charitable races (5 and 10 km runs or an 8 km walk) which raise funds for the prevention of cardiovascular diseases; – Several subsidiaries have supported charitable organizations, contributing to food drives to support the victims of natural disasters (floods, etc.), donating equipment for a children's sports club, and supporting local cultural and sports nonprofits; – C-Media supported Établissement français du sang (EFS), the French blood agency and its nation-wide campaign for blood donations launched on July 17, 2018. C-Media ran the EFS advertisement asking people to give blood on its vast network of over 7,000 screens and more than 800 digital window displays in over 1,800 pharmacies and health and wellness stores; – Cegedim Insurance Solutions set up an online fundraiser to help employees affected by heaving flooding in France at the beginning of the year; – At the end of 2017, Cegedim sponsored the Gustave Roussy yacht competing in the biennial transatlantic race, Transat Jacques Vabre. We also support the Fondation Gustave Roussy's campaign "Guérir le cancer de l'enfant au 21e siècle" (Cure childhood cancer in the 21st century); – Since 2014, Cegedim Outsourcing is a partner with the city of Meudon of the First Lego League annual robotics challenge for kids aged 9 to 16. This event aims to get youngsters interested in science and technology: computer programming for sustainability, animal protection, or renewable energies. Approximately 200 participants and 20 teams entered the competition in Meudon in 2018, and four teams went on to compete in the final in Bordeaux; – Cegedim Insurance Solutions is a partner of Nos Quartiers ont des Talents, a nonprofit which helps young graduates find jobs or internships through a network of companies committed to promoting equal opportunities and youth employability. University graduates under the age of 30 from humble backgrounds or priority neighborhoods are mentored by experienced working managers, and even senior executives.

Results

Greenhouse gas emissions	Use of resources	Community measures
2018 | 2017	**2018** | 2017	**2018** | 2017
1 777 | 1 865 metric tons of CO_2 equivalent generated by our electricity consumption	**15 584** | 16 511 of electricity consumed in kWh	**11** | 10 Number of countries where Cegedim is present
360 | 295 metric tons of CO_2 equivalent generated by our gas consumption	**1 478** | 1 220 of gas consumed in kWh	**71** | - Number of sites where the Group is present
856 | 762(1) metric tons of CO_2 equivalent generated by air travel		**53** | - Number of local sites in France
2,40 | - is the average age of our French car fleet		**18** | - Number local offices outside France
0€ | 0€ Provisions and guarantees for environmental risks		**416** | - Number of mobile workers

(1) *For the sake of comparison, we have restated the 2017 published figure of 554 according to the new CO2 scale.*

OBJECTIVES AND KEY PERFORMANCE INDICATORS

<120g	% vehicles emitting <120g CO_2	In 2018 **79%**	**Company car fleet in France** The company car fleet is increasingly comprised of newer vehicles and fewer diesel engines—we now prefer gasoline and hybrid electric vehicles (+60%). In 2017, 73% of the company car fleet in France was below the 120g/CO_2 threshold.
<140g	% vehicles emitting <140g CO_2	In 2018 **93%**	**Company car fleet in France** In 2017, 93% of the company car fleet in France was below the 140g/CO_2 threshold.
	Increase in number of virtual servers	In 2018 **+12%**	**Server virtualization** The reduction in the number of physical servers in favor of virtual machines continued in 2018, with a ratio of virtual to physical servers of 15.

6.7 Upholding our reputation

Our goals	We aim to provide our customers with the added value they require at the right price. We react fast and adapt to change easily because we keep our teams relatively small so they can communicate, pass on expertise and share experiences easily. We function with efficient, responsive, motivated teams, short communication channels, and rapid decision-making.

6.7.1. Certified expertise

Security management	Cegedim has obtained certifications guaranteeing the quality of its security management expertise and upgrades. Cegedim IT, a Cegedim group subsidiary that houses all the Group's IT resources (both human and material resources), rolled out and operates an ISO 27001-certified data security management system for our Boulogne Billancourt and Toulouse data centers, our data and app hosting activities, and our managed services.
Quality and internal control –ISAE 3402	Since 2012, Cegedim has employed quality and internal control procedures in accordance with the ISAE 3402 (International Standard on Assurance Engagements) Type II standard, which is reviewed annually. This standard, which stemmed from the United States' Sarbanes-Oxley Act (SOX), requires the suppliers of companies applying it to be audited for financial risks too. The examination is carried out annually by a third-party auditor recognized by the Auditing Standards Board of the American Institute of Certified Public Accountants. The following companies and activities have earned the ISAE 3402 Type II standard: – Cegedim IT for all its activities, – Cegedim Activ' for its SaaS, managed services, and technical hosting activities, – Cegedim SRH for all its activities, – CETIP for all its activities, – IGestion for all its activities.
Standards and certification ISO 27001	Cegedim also applies several international standards, like ISO 27001, the information security standard; ISO 20000/ ITIL, the IT service management standard; ISO 9001, the quality management standard; and CMMI, the project management and software development program. The following companies and activities earned certifications: – ISO 27001 for Cegedim IT's hosting and managed services at the Boulogne Billancourt and Toulouse data centers (France), – ISO 27001 and ISO 20000 for Cegedim Activ's SaaS, managed services, and technical hosting activities (France), – ISO 27001 for pharmacy IT supply, support, and maintenance services at Cegedim RX (UK), – ISO 27001 for healthcare industry IT supply, support, and maintenance services at INPS (UK).
HDS and OSAP accreditation	Cegedim has obtained the following certifications to host personal health records: – Agrément d'Hébergeur de Données de Santé (HDS) à caractère personnel (France) – EHNAC OSAP-Data Center Accreditation, via Pulse Systems (United States)

6.7.2. Aiming for operational excellence

Research and development	Cegedim devotes a large share of its resources to innovation and Research & Development. Our efforts in this area represent a significant—and growing—share of both revenue and human resources. This proactive policy allows us to offer our stakeholders products and infrastructures that meet the latest quality, security, and environmental standards and requirements. We have set up a virtual pharmacy at one of the Boulogne sites to showcase Group products and innovation to both our clients and employees.
OPEX (Operational Excellence)	The OPEX (Operational Excellence) department is responsible for the information systems security policy. Every year, it defines the general security objectives for the Group and its subsidiaries, in agreement with senior management. It monitors the implementation of measures required to meet the security objectives at monthly Group security committee meetings.
Product certification	Cegedim Group products enjoy a variety of certifications and accreditations specific to the countries, regions, and industries in which they are sold. In France, these include SesamVitale, HAS, DMP, LAP, TLSi, and e-santé (CDS/MSP); in Belgium, EHealth / CIN; in the UK, NHS, EMIS, TPP, MHRA, NMVS, and Research Ethics; and in the US, Rx and DEA. These certifications and accreditations – which are regularly renewed – demonstrate that our high-quality products and solutions meet the strictest standards.
Project management	We account for security right from the start of every type of project (IT, business, or software development). We identify security requirements when projects are initiated. If these requirements are not formally defined in writing by the customer, or in the project specifications, we apply the standard security requirements of the subsidiary or organization concerned.
Technological developments	We verify our technological developments using a process security policy, change control procedures, a technical review of applications after the changes, and tests. Our environments undergo security and engineering checks that meet the highest standards and best practices.
Information systems security audits	Cegedim regularly audits the security of its information systems. Independent assessments of information security are carried out regularly within the group: internal and external audits, certification and customer audits, and vulnerability checks. These audits are conducted in such a way as to safeguard the independence of both the auditors and their findings.
Synergies and internal optimization	We manage our workforce using our own human resources and skills management tools and services. Our SRH subsidiary, which specializes in outsourced HR management, offers a range of solutions and services, from payroll management to employee management, with its Smart RH offer. Its TeamsRH platform is a complete, modular tool with a wide range of functions that meet the needs of every organization: payroll and personnel administration, HR portal, HR monitoring and decision-making, career and skills management, time management, etc.
Reputation and external communication	We care deeply about our image and reputation. Only employees with delegated authority may communicate on the Group's behalf about its activities, products, partners and suppliers. This applies to both traditional media (press, websites, radio stations, etc.) and social media. This issue is covered in full in the Ethics Charter, which also informs our employees about the need to use social media responsibly and respectfully.

6.7.3. Practicing continuous improvement

Service Management System	Providing top quality products and services to our clients and partners is a cornerstone of our strategy. To maintain this level of excellence, Cegedim Group is committed to a continuous improvement policy. To maintain its high quality standards, Cegedim IT takes a process-based approach using a Service Management System. This approach is based on the ISO 20000 standard, which is in turn based on the ITIL best practice framework. It also includes Capability Maturity Model Integration (CMMI) principles for engineering and project management. This system is applied to data and application hosting, and infrastructure management services, and is run according to the principle of continuous improvement.
Risk assessment	The risk assessment conducted by Cegedim IT and Cegedim Activ' as part of the ISO/IEC 27001: 2013 certification process is based on the EBIOS 2010 method of France's cybersecurity agency, Agence Nationale de Sécurité des Systèmes d'Information (ANSSI). It identifies and rates the security risks to the availability, integrity, confidentiality, and auditability of the subsidiary's information and draws up a risk treatment plan, if required. Security risk assessments are also conducted for projects in our subsidiaries. The level of detail and the methods employed in these assessments depend on the project's sensitivity and the security requirements expressed at its onset.
Managing IT suppliers	The IT supplier management process is part of Cegedim IT's Service Management System. It guides relations with suppliers and monitors their performance for the duration of the relationship. Suppliers are assessed according to the quality, innovation, security, and cost of the service they provide.
Continuous improvement	As part of its policy of continuously improving information systems security, Cegedim pledges to investigate any weakness in the system reported by employees, clients, or third parties via the dedicated email address: security@cegedim.com.

RESULTS

Certifications

2018	2017
79	-

product certifications

OBJECTIVES AND KEY PERFORMANCE INDICATORS

R&D	Share of revenue spent on R&D	In 2018 **12.5%**	**Research and development** Payroll expenses for the R&D workforce represent 12.5% of the last twelve months of Group revenue. Although, this percentage is not a targeted figure, it has increased compared with last year (12.1% in 2017).

6.8 Behaving ethically

Our commitment	"*We must all commit to acting ethically to ensure lasting growth and harmonious development.*" Jean-Claude Labrune, Chairman and CEO of Cegedim. Cegedim has committed to respecting the ten principles of the UN Global Compact, the principles of the 1948 Universal Declaration of Human Rights, and the International Labor Organization's fundamental conventions. Cegedim complies with business laws and regulations and conducts all its activities honestly and fairly, in accordance with the highest ethical standards.

6.8.1. Embracing the Ethical Charter

Our principals	For us, complying with the law goes beyond observing regulatory requirements and avoiding legal sanctions—it is an ethical issue. Ethics is a matter that concerns the behavior of all our employees worldwide, at all levels of the company, with no exceptions. It also concerns the behavior of all corporate officers and members of the executive and management committees of Cegedim Group and its subsidiaries worldwide.
The Ethics Committee	The Ethics Committee comprises five permanent members: Aude Labrune (Director of Group Communications and Chairman of the Committe), Anne-Louise Senne (Director of Group Human Resources), Sandrine Debroise (Chief Financial Officer of the Group), Christelle Vivet (General Counsel), Jan Eryk Umiastowski (Chief Investment Officer & Head of Investor Relations). The Ethics Committee met as often as necessary. In 2018 the Ethics Committee met twice, on January 8, and May 31, 2018. It notably updated the Code of Ethics to include the obligation related to the Sapin II law. It also drew up a plan to distribute the Code of Ethics internally and externally. Employees may contact the Ethics Committee if they have any concerns. In 2018, the Ethic Committee received no requests and no reports.
The Ethics Charter	The Group's Ethics Charter was updated at the end of 2017 and is available in French, English, Spanish, Romanian, and Dutch. It reaffirms our ethical commitment and factors in new laws and regulations on business conduct. The new version is more hands-on and instructive and includes concrete examples. The Charter aims to inform and protect Cegedim's employees by setting out the Group's ethical standards and related codes of conduct. It is also available to the general public on the Group's website. The Ethics Charter is given to all new recruits. When it is updated, the latest version in French and English is emailed to every employee and a hard copy is sent to Cegedim Group's Business Directors, board members, and senior executives. These people promote the values and commitments of this Charter among their employees and ensure that they are upheld.

Human rights	Cegedim is present in many different countries and keeps an eye on local conditions, particularly regarding respect for human rights and corruption. We pay close attention to the reports published by organizations like Transparency International and Human Rights Watch, so we can identify risks and potentially sensitive issues. We also endeavor to defend and respect fundamental human rights and all charters and policies pertaining to those rights, are respected on our premises, while also complying with the laws of our host countries. All Group employees, including those in the countries most at risk, may use the ethics hotline to confidentially report any difficulties, both inside and outside the company.
Fighting corruption	We are committed to fighting corruption in all its forms and actively apply the relevant portions of France's Sapin II Act. Bribery is forbidden in all the countries where we operate, and extra precaution is used when representatives of public authorities are involved. We have a zero-tolerance policy on corruption, and this includes facilitating payments, i.e. payments made to complete or expedite certain administrative formalities.
Fighting tax evasion	Cegedim faithfully reflects its operations in its accounts and communicates independently and completely transparently about its performance. Cegedim is committed to ensuring the simultaneous, effective, and complete dissemination of financial information that is relevant, accurate, detailed, and truthful in a manner that is timely and consistent with previous publications. We have implemented internal procedures to ensure that our employees work for clients with lawful activities and no financial links to criminal or illegal activities. We also hire a French tax specialist that systematically verifies sensitive operations, and our OECD-compliant price transfer and margin rate policy to ensure that we respect best practices and current French tax regulations. Cegedim Group does not have any legal entities (companies, subsidiaries, or representative offices) in countries on the list of Non-Cooperative States as defined by French and international law.

6.8.2. Being a responsible company

A responsible company	Cegedim applies local laws in all the countries where it operates and has taken steps to ensure that it complies with their requirements, particularly regarding corporate social responsibility. In all its host countries, Cegedim respects the principles of the International Labor Organization's conventions (nos. 29, 100, 105, 131, 111 & 138). Management applies these principles and the Human Resources department teams enforce them.
Fair trade practice	We place great importance on choosing our suppliers fairly. They must comply with the principles stipulated in our Ethics Charter and make sure they respect the same principles with their own suppliers and subcontractors. If they do not, Cegedim reserves the right to re-examine and possibly terminate the relationship, in accordance with the law. Our employee ethics training and awareness raising program includes an e-learning module on issues pertaining to competition law and the fair treatment of third-parties in our commercial relationships. These issues are part of the e-learning course developed by our Legal Department, which will continue to roll it out in 2019.

Digitalization	Some of Cegedim Group's products and services serve a social purpose. These notably include the digitization of management documents, since our efforts help companies automate processes from ordering to payment, including invoicing. Cegedim e-business (SY), a process automation and digitalization specialist since 1989, designs, develops and markets invoice digitization, probative value filing, and EDI offers in Europe and the rest of the world. These offers are supplemented with electronic signature and business process digitization tools, as well as a digital vault which enables electronic documents to be stored with probative value.

6.8.3. Sustainable procurement and consumption

Office supplies	We encourage our employees to purchase eco-friendly office supplies, as long as the price is reasonable. We prefer to use "Ecolabel" recycled paper or paper from sustainably managed forests, especially for bulk printouts. We have streamlined our purchases and prefer to source our office materials from referenced suppliers who offer a catalogue of selected supplies. These suppliers must meet ISO certification standards and respect our ethical, environmental, and traceability standards.
Sourcing	We take care to buy our promotional items and branded merchandise from suppliers that are also committed to sustainable sourcing and work with certified companies and manufacturers, particularly for clothing items. The company that prints our remaining paper greetings cards (about 300), and our main supplier of promotional items, are both social enterprises that employ disabled people.
Telephone policy	Our telephone policy also factors in sustainability concerns. We purchase double-SIM mobile phones—so our employees can use the same device for both personal and professional purposes—with low SARs. We also plan to replace our landlines with VoIP solutions. All our telephones are recycled at the end of their lives. As part of a wider effort to streamline our sourcing, the mobile devices we offer our clients in package deals are the same ones we offer our employees.
Food waste	We only purchase food for our meeting rooms and do so occasionally and in very small quantities. We avoid food waste by consistently ordering limited amounts (of water and food) in individual portions and by carefully managing our stocks.
Waste management and Recycling	We are currently standardizing our best waste management practices, particularly for waste sorting and collection in the offices, and aim to have a system in place in 2019. Local teams responsible for site services also encourage more responsible behavior and initiatives. For example, ink cartridges, batteries, and light bulbs are widely recycled throughout the Group and many of our subsidiaries increasingly choose to recycle their paper waste.

Results

Sustainable procurement

2018 | 2017

100% | -
Of the paper and envelope products listed in the Group catalogue in France, office supplies, Copy center and mandatory regulatory information are eco-certified.

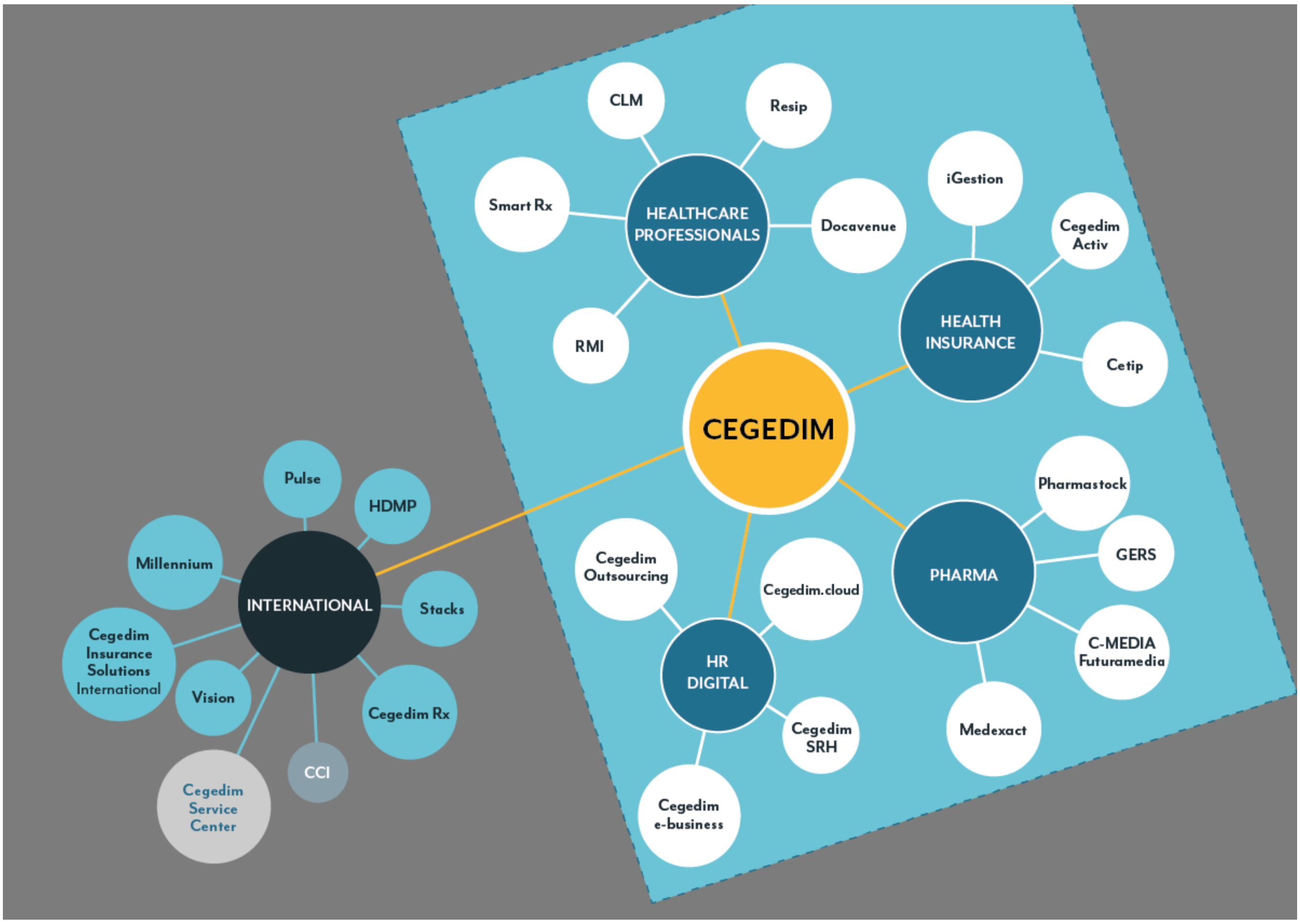
OBJECTIVES AND KEY PERFORMANCE INDICATORS

	Number of Ethics Committee meetings	In 2018 **2**	**Ethics Committee.** The Ethics Committee, created in October 2017, met twice in 2018, in January and in May. No incidents were reported to the alert line.
	Share of eco-friendly purchases	In 2018 **48%**	**Office supply purchases** Purchases of office supplies in France are centralized in a Group catalog that highlights eco-friendly products from a supplier with a sustainability policy.

6.9 Methodological note

6.9.1 Scope of consolidation

The information contained in this report concerns the whole of Cegedim Group, i.e. the parent company and all its fully consolidated subsidiaries, unless a different scope is expressly stipulated. In general, the comments are more detailed and the illustrations more numerous for the French companies, which represent 67% of the total Group workforce. Unless otherwise specified, the human resources figures are for all the fully consolidated companies worldwide, i.e. 65 companies.



6.9.2 Information sources

In order to ensure the consistency and reliability of the indicators monitored in all its entities, the Group has developed shared human resources and environmental reporting tools. They include methodological instructions and definitions to ensure that the questions are clear and the answers comparable.

The human resources figures were collected using the TeamsRH worldwide database developed by the Group. This database enables workforce data as well as other human resources information to be monitored in each country. It meets the security and confidentiality requirements and is compliant with the data collection and processing laws of each country, which are strictly observed. It is updated daily by the Human Resources teams in the Group's various subsidiaries.

The other quantitative data is collected via a questionnaire that is included in the annual consolidation package and is completed by each of the consolidated subsidiaries.

Data relating to external suppliers is also used, notably statistics from travel agencies relating to CO2 emissions, and invoices and annual reviews prepared by energy suppliers that show the energy consumption in kilowatt hours.

The qualitative information in this report is based on interviews with the managers from the relevant departments, both at the Group's head office and in the subsidiaries (notably in the Human Resources, Information Technology, Operational Excellence and Finance departments).

Most of these declarations are corroborated by a survey sent to each country where the Group operates and completed under the local Financial Director's responsibility. This survey is integrated in the consolidation software but follows a separate procedure from the annual financial packages. It can be completed—one questionnaire per country—from the beginning of the fourth quarter until the closure of annual accounts. The survey's purpose is to assess how much is known about the Group charters and whether their measures are applied. It is also used to provide qualitative information on foreign subsidiaries' best practices and initiatives regarding human resources, environmental and social issues.

6.9.3 Identifying risks

Significant non-financial risks related to CSR were identified and analyzed in a collegial manner, led by the Chief Compliance & Risk Officer, whose approach and results were approved by the executive bodies. Around 15 employees studied the business model and the risks it entails. They notably analyzed workforce, environmental, and social impacts, and ethical issues, in accordance with the regulation in force since passage of the Grenelle II Act.

The key risks they identified were:

- The loss of skills or failure to retain employees;
- Damage to infrastructure or data;
- The negative environmental impacts of our activities;
- Reputational risks;
- Unethical practices.

These risks are reviewed at greater length in the five chapters of this report, in which we detail the policies adopted to manage them and recent outcomes.

6.9.4 Reporting period

The information in this report covers a 12-month period from January to December 2018. The only exceptions are the energy consumption indicator, which is based on a rolling 12-month period with a maximum difference of two months on the previous fiscal year.

6.9.5 Methodological explanations and limitations

The methods used for some of the indicators may have limitations due to:

- The lack of nationally and/or internationally recognized definitions (for example, for the different types of employment contract);
- The need to use estimates, the representativeness of the measurements, the limited availability of external data needed for the calculations;
- The practical and legal methods of collecting and entering data (for example, storing information about employees' age or gender may be forbidden in some countries).

Where necessary, the reporting scope and completeness of the measurements for some indicators were adjusted. This is indicated in the report. Notably:

- The information needed to calculate the frequency and severity of work-related accidents could not be collected across the Group. The number of work accidents is nonetheless provided;
- CO2 emissions only relate to business travel by airplane in 2018 of French entities;
- Electricity and gas consumption in kilowatt-hours concern the entities established in France, Morocco, UK, and Romania. These countries represents more than 93% of the Group workforce. It includes also establishments for which the data is available (Chili and Switzerland). A marginal number of premises are excluded since their utility costs are included in the rent without significantly affecting the published information.

The Group intends to continue to gradually expand the scope of these indicators to a larger number of countries and to other sources of emissions.

6.9.5 Non-applicable indicators

Given the Group's activities, the following indicators are not considered to be applicable:

- Food waste;
- The fight against food insecurity, respect for animal welfare, and ensuring fair, responsible, and sustainable food sources.

6.9.6 Consolidation and internal controls

The data is consolidated under the responsibility of the Human Resources and Internal Control departments at the head office of the consolidating entity. An initial validation of the data is carried out by the persons responsible for collecting it. Consistency checks are then carried out by the Human Resources and internal Control departments when consolidation takes place. These checks include comparisons with data from previous fiscal years. Any differences considered to be significant are analyzed. Checks also include ratio analysis when data can be related to the workforce, to a business activity or to another relevant indicator used to compare entities.

6.9.7 External controls

In order to obtain an external opinion on the reliability of the data and the soundness of the reporting process, an independent third party was asked to attest the Declaration's conformity with the provisions of article R. 225-105.1 of the French Commercial Code and issue an opinion as to the fairness of the information provided, i.e. policies, actions, and results, including key performance indicators relating to the main risks. Therefore, specific checks were conducted regarding the information in the report, as key indicators of the Group's Statement of non-financial performance. The independent third-party Assurance Report explaining the verification procedure, together with the auditor's comments and conclusions, is included in this statement and in the Group's Registration Document.

6.10 Report by an independent third party, on the consolidated non-financial statement included in the Group management report of CEGEDIM

This is a free translation into English of the independent third party report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

For the year ended December 31st, 2018.

To the shareholders,

In our capacity as independent third party, accredited by COFRAC number 3-1058 (scope available at www.cofrac.fr), and member of the Mazars network of one of the company's Statutory Auditors, we hereby report to you on the consolidated non-financial statement for the year ended December, 31st 2018 (hereinafter the "Statement"), included 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 (Code de commerce).

The entity's responsibility

Pursuant to legal and regulatory requirements, the Board of Directors is responsible for preparing the Statement, including a presentation of the business model, a description of the principal non financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are available on request from the entity's head office.

Independence and quality control

Our independence is defined by the provisions of article L. 822-11-3 of the French Commercial Code and the French Code of Ethics (Code de déontologie) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional guidance and applicable legal and regulatory requirements.

Responsibility of the independent third party verifier

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the provisions of article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with article R. 225 105 I, 3° and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

However, it is not our responsibility to comment on:

- the entity's compliance with other applicable legal and regulatory provisions, in particular the French duty of care law and anti-corruption and tax evasion legislation;
- the compliance of products and services with the applicable regulations.

Nature and scope of our work

The work described below was performed in accordance with the provisions of articles A. 225-1 et seq. of the French Commercial Code determining the conditions in which the independent third party performs its engagement and with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements, as well as with ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

Our procedures allowed us to assess the compliance of the Statement with regulatory provisions and the fairness of the Information:

- we obtained an understanding of all the consolidated entities' activities, the description of the social and environmental risks associated with their activities and the impact of this activity on compliance with human rights and anti corruption and tax evasion legislation, as well as the resulting policies and their outcomes;
- we assessed the suitability of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in article L. 225 102 1 III as well as information regarding compliance with human rights and anti corruption and tax evasion legislation;
- we verified that the Statement includes an explanation for the absence of the information required under article L. 225- 102- III, 2;
- we verified that the Statement presents the business model and the principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators;
- we verified, where relevant with respect to the principal risks or the policies presented, that the Statement provides the information required under article R. 225-105 II;
- we assessed the process used to identify and confirm the principal risks;
- we asked what internal control and risk management procedures the entity has put in place;
- we assessed the consistency of the outcomes and the key performance indicators used with respect to the principal risks and the policies presented;
- we verified that the Statement covers the scope of consolidation, i.e. all the entities included in the scope of consolidation in accordance with article L. 233-16 within the limitations set out in the Statement "Methodological note";
- we assessed the data collection process implemented by the entity to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes[1] that we considered to be the most important, we implemented:
    - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data,
    - substantive tests, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities[2] and covers between 67% and 100% of the consolidated data relating to the key performance indicators and outcomes selected for these tests;
- we referred to documentary sources and conducted interviews to corroborate the qualitative information (measures and outcomes) that we considered to be the most important;
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

We believe that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

[1] *% of confirmed permanent contracts; % of completion of the security checklist; Increase in the volume of hosted data; %% vehicles emitting <120g CO2 and < 140g CO_2; Increase in number of virtual servers; Share of revenue spent on R&D; Share of eco-friendly purchases on the French in a Group catalog; Number of confirmed employee referral hires; Number of recruitment events; Number of Ethics Committee meetings.*

[2] *French entities of the Group Cegedim.*

Means and resources

Our work was carried out by a team of 5 people between November 2018 and March 2019 and took a total of 2 weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted 7 interviews with the people responsible for preparing the Statement, representing Internal Control – Risk & Compliance, Human Resources and IT departments.

Conclusion

Based on our work, nothing has come to our attention that causes us to believe that the non-financial statement is not in accordance with the applicable regulatory provisions and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

Paris La Défense, March, 27th 2019

MAZARS SAS

Jean-Philippe MATHOREZ

Partner

Edwige REY

CSR & Sustainable Development Partner

2018

07 Shareholders' meeting

7.1 Draft resolutions

Ordinary shareholders' meeting held on June 19, 2019

First resolution	The General Meeting, having listened to the Board of Directors' management report and the Statutory Auditors' report on the annual financial statements, approves the annual financial statements for the financial year ended December 31, 2018, as presented. It also approves the transactions evidenced by these financial statements or summarized in these reports. Accordingly, it fully and unreservedly discharges the directors from liability for the performance of their duties for said financial year. The General Meeting approves the expenses not deductible for tax purposes covered by Article 39-4 of the French General Tax Code amounting to €560,762 as well as the corresponding tax amounting to €192,070.
Second resolution	The General Meeting decides to appropriate the profit for the financial year amounting to €24,723,107.05 in full to the Other Reserves account. The shareholders note that no amounts have been distributed as dividends for the past three financial years.
Third resolution	The General Meeting, after having listened to the Statutory Auditors' report on the consolidated financial statements as at December 31, 2018, approves the consolidated financial statements for said financial year. It also approves the transactions evidenced in these financial statements or summarized in the Management Report.
Fourth resolution	The officers of the shareholders' meeting then note that, for the approval of agreements covered by Article L. 225-38 et seq. of the French Commercial Code, the meeting satisfies the quorum requirement of more than one fifth of the shares with voting rights being present or represented, it being specified that the shares of the persons with an interest in these agreements are excluded from the calculation of the quorum and the majority voting requirement. Accordingly, the shareholders may deliberate on the application of these agreements..
Fifth resolution	The General Meeting, having listened to the Statutory Auditors' special report on the agreements covered by Article L. 225-38 and following of the French Commercial Code, approves the agreement mentioned in this report. Contracting party: Mr. Laurent LABRUNE, Deputy Managing Director and member of the Board and Ms. Aude Labrune member of the board. Nature and purpose: temporary transfer of the usufruct on shares in SCI DU 114 RUE D'AGUESSEAU BUREAU. This resolution is submitted to shareholders for a vote in which the interested shareholders do not participate, it being specified that their shares are excluded from the calculation of the quorum and the majority.

Sixth resolution	The General Meeting, having listened to the Statutory Auditors' special report on the agreements covered by Article L. 225-38 and following of the French Commercial Code, approves the agreement mentioned in this report. Contracting party: SCI DU 14 RUE D'AGUESSEAU BUREAU Person concerned: Mr. Jean-Claude Labrune, Manager of SCI DU 114 RUE D'AGUESSEAU BUREAU. Nature and purpose: Under the first amendment of the off-plan lease agreement signed by both parties, SCI DU 114 RUE D'AGUESSEAU BUREAU has granted the Company a commercial lease for the office building situated at 114-116 bis rue d'Aguesseau, Boulogne-Billancourt (Hauts de Seine), France. The lease is for a twelve-year period from January 1, 2009 to December 31, 2020, and includes a waiver of the option to terminate the lease at the end of each three-year period and is for a rent of €940,053 for 2018. This resolution is submitted to shareholders for a vote in which the interested shareholders do not participate, it being specified that their shares are excluded from the calculation of the quorum and the majority.
Seventh resolution	The General Meeting, having listened to the Statutory Auditors' special report on the agreements covered by Article L. 225-38 and following of the French Commercial Code, approves the agreement mentioned in this report. Contracting party: FCB, a member of the Board and shareholder holding more than 10% of voting rights. Person concerned: – Mr. Jean-Claude Labrune, Chairman of the Supervisory Board of FCB – Ms. Aude Labrune, – M. Laurent Labrune – FCB, a member of the Board and shareholder holding more than 10% of voting rights represented by Mr. Pierre Marucchi. Nature and purpose: Contract for services in strategic consulting, human resources, marketing, finance, budget, and internal information systems: €1,970,988 excluding VAT in 2018. This resolution is submitted to shareholders for a vote in which the interested shareholders do not participate, it being specified that their shares are excluded from the calculation of the quorum and the majority.
Eighth resolution	The General Meeting, having listened to the Statutory Auditors' special report on the agreements covered by Article L. 225-38 and following of the French Commercial Code, approves the agreement mentioned in this report. Contracting party: GERS SAS Person concerned: Mr. Jean-Claude Labrune, Chairman of GERS SAS Nature and purpose: Guarantee Agreement: Cegedim has undertaken jointly and severally with its subsidiary GERS SAS to guarantee, to an unlimited amount, the payment of all sums of a compensatory nature (such as penalties, indemnities, interest on late payments, etc.) claimed from GIE GERS by Datapharm under contractual obligations and/or any compensation arising from the supply by GIE GERS to the future GERS SAS of data provided by Datapharm. This resolution is submitted to shareholders for a vote in which the interested shareholders do not participate, it being specified that their shares are excluded from the calculation of the quorum and the majority.

Ninth resolution

The General Meeting, having listened to the Statutory Auditors' special report on the agreements covered by Article L. 225-38 and following of the French Commercial Code, approves the agreement mentioned in this report.

Agreement authorized by the Board of Director of March 20, 2018

Nature and purpose: debt waiver

Motive: As part of the negotiations regarding the sale of the Tunisian subsidiary NEXT SOFTWARE and its NEXT PLUS subsidiary, we had to forgive shareholders' advances in the amount of:

- NEXT SOFTWARE (94.51% owned): shareholders' advances of €738,566,
- NEXT PLUS (49% owned by NEXT SOFTWARE): shareholders' advances of €262,029.54.

Tenth resolution

The General Meeting, having listened to the Statutory Auditors' special report on the agreements covered by Article L. 225-38 and following of the French Commercial Code, approves the agreement mentioned in this report.

Agreement authorized by the Board of Director of April 26, 2018

Nature and purpose: debt waiver

Motive: In accordance with the agreements made between IMS and CEGEDIM when the CRM division was sold to IMS on April 1, 2015, IMS had the option to purchase the shares of the Cegedim Algeria subsidiary or request its liquidation, with IMS taking over sole management of the Algerian company pending a decision.

IMS (now known as IQVIA Incorporated) requested the liquidation of Cegedim Algeria on January 15, 2018.

Because Cegedim Algeria was unable to repay the €384,639.31 recorded in its shareholder loan account, this debt was absolved.

Eleventh resolution

Agreement authorized by the Board of Directors on June 28, 2018

The General Meeting, having listened to the Statutory Auditors' special report on the agreements covered by Article L. 225-38 and following of the French Commercial Code, approves the agreement mentioned in this report.

Contracting party: FCB a member of the Board and shareholder with more than 10% of voting rights.

Person concerned:

- Mr. Jean-Claude Labrune, Chairman of the Supervisory Board of FCB,
- Ms. Aude Labrune,
- Mr. Laurent Labrune
- FCB, a member of the Board and shareholder with more than 10% of voting rights, represented by Mr. Pierre Marucchi.

Nature and purpose: Subordination Agreement limiting the repayment to FCB of the principal due under the Subordinated Shareholder Loan following the establishment in 2018 of a revolving credit facility.

Motive: Subordination Agreement between FCB and Cegedim limiting the repayment to FCB of the principal owed by Cegedim under the Subordinated Shareholder Loan which improves the financing conditions of the revolving credit facility.

Twelfth resolution

The General Meeting sets the annual amount of fees to be apportioned between the directors for the current fiscal year at €148,000.

Thirteenth resolution	The General Meeting, having reviewed the Board of Directors' report, authorizes the Board of Directors, in accordance with the provisions of Articles L. 225-209 and following of the French Commercial Code, to purchase the Company's shares. The purchases of shares, which may not represent more than 10% of the Company's share capital, may be made at any time and by all available means, either on or off-market, in private transactions, or through the use of options, or, if applicable, by any third party acting on behalf of the Company, including by an investment service provider acting under a liquidity agreement in accordance with a code of conduct recognized by the Autorité des Marchés Financiers (French financial markets authority), in accordance with the provisions of the last subsection of Article L. 225-206 of the French Commercial Code. This authorization would make it possible to allot Company shares to salaried employees of Cegedim Group in accordance with Articles L. 225-197-1 to L. 225-197-3 of the French Commercial Code. The Company must, in accordance with the legal provisions, have reserves not available for distribution, other than the legal reserves, that are at least equal to the value of all the shares that it owns directly. The maximum unit purchase price is set at €75. This authorization is given for a period of eighteen (18) months expiring on December 18, 2020. It cancels and replaces the authorization granted by shareholders at the Ordinary General Meeting of June 19, 2018, and shall become null and void during the period of a public offer. The General Meeting grants full powers to the Board of Directors, with the option to delegate these powers, to implement this authorization, approve any stock market order, enter into any agreement, including an AFEI liquidity agreement, carry out all formalities and declarations with all bodies and, generally, do whatever is necessary to execute the decisions that it may have taken pursuant to this authorization.
Fourteenth resolution	The General Meeting notes that the compensation and benefits in kind paid to the corporate officers were proposed by the Compensation Committee to the Board of Directors which is submitting them with no change for a vote by the shareholders, and approves them as they appear in Chapter 2, Section 2 "Compensation and benefits of corporate officers" of the Registration Document (pages 46 to 51).
Fifteenth resolution	As the term of Director Ms. Aude Labrune-Marysse is coming to an end, the General meeting decided to renew the term for six years, i.e. until the end of the General Meeting called to approve the financial statements for the fiscal year ending in 2024.
Sixteenth resolution	As the term of Director Mr. Laurent Labrune-Marysse is coming to an end, the General meeting decided to renew the term for six years, i.e. until the end of the General Meeting called to approve the financial statements for the fiscal year ending in 2024.
Seventeenth resolution	The General Meeting acknowledges the expiry, at the end of this meeting, of the mandates of the principal statutory auditors: – Mazars, represented by Mr. Jean-Philippe Mathorez, – Grant Thornton, represented by Mr. Vincent Papazian, And of alternate statutory auditors: – Mr. Thierry COLIN, – UGEC. The meeting will decide on their renewal or replacement based on proposals made by the Board of Directors.

Eighteenth resolution	The General Meeting gives full powers to the bearer of an original, copy or excerpt of the minutes of this Meeting to carry out all necessary formalities.

7.2 Statutory Auditors' special report on regulated agreements and commitments

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

CEGEDIM

General Meeting called to approve the financial statements for the financial year ended December 31, 2018

To Cegedim's General Meeting,

In our capacity as Statutory Auditors of the Company, we hereby report to you on regulated agreements and commitments with related parties.

The terms of our engagement do not require us to identify such agreements or commitments, if any, but to inform you, based on the information provided to us, of the principal terms and conditions, as well as the motives proving the interest for the Company of those agreements and commitments brought to our attention, without expressing an opinion on their usefulness or appropriateness. It is your responsibility, pursuant to Article R. 225-31 of the French Commercial Code, to assess the interest involved in concluding these agreements and commitments, for the purpose of approving them.

We are also required, if necessary, to provide you with information stipulated in Article R. 225-31 of the French Commercial Code relating to the application of agreements and commitments during the past financial year, already approved by the General Meeting.

We carried out the procedures that we deemed necessary in accordance with the professional standards of the French Institute of Statutory Auditors (Compagnie nationale des commissaires aux comptes) regarding this assignment. These procedures consisted of verifying the consistency of the information provided to us with the source documents from which it was extracted.

AGREEMENTS AND COMMITMENTS SUBMITTED TO THE GENERAL MEETING FOR APPROVAL

Agreements and commitments authorized and concluded during the past financial year

In accordance with the provisions of Article L. 225-40 of the French Commercial Code.

We have been informed that the following agreements and commitments were authorized during the financial year, after previously being approved by the Board of Directors.

1. **With Next Software**

Agreement authorized by the Board of Directors meeting of March 20, 2018

Nature and terms:

The Tunisian subsidiary was sold, as its activity no longer corresponded to the Group's area of business. As part of this sale transaction, Cegedim forgave shareholders' advances amounting to €738,566 in favor of Next Software.

Reason justifying the benefits of the agreement for the company:

As part of this sale and negotiation transaction between the parties, the Board of Directors considered it necessary to forgive the shareholders' advances.

2. **With Next Plus**

Nature and terms:

The Tunisian subsidiary was sold, as its activity no longer corresponded to the Group's area of business. As part of this sale transaction, Cegedim forgave shareholders' advances amounting to €262,029.54 in favor of Next Plus.

Reason justifying the benefits of the agreement for the company:

As part of this sale and negotiation transaction between the parties, the Board of Directors considered it necessary to forgive shareholders' advances.

3. With Cegedim Algeria

Agreement authorized by the Board of Directors meeting of April 26, 2018

Nature and terms:

In accordance with the agreements made between IMS and CEGEDIM when the CRM division was sold to IMS in 2015, IMS had the option to purchase the shares of the Cegedim Algeria subsidiary or request its liquidation. IMS (now known as IQVIA Incorporated) requested the liquidation of Cegedim Algeria on January 15, 2018.

As part of this liquidation, Cegedim forgave shareholders' advances amounting to €384,639.31 in favor of Cegedim Algeria.

Reason justifying the benefits of the agreement for the company:

As part of the liquidation of the subsidiary, the Board of Directors considered it necessary to forgive the shareholders' advances, as the subsidiary was unable to repay them.

4. With FCB

Agreement authorized by the Board of Directors meeting of June 28, 2018

Nature and terms:

Subordination agreement limiting the repayment to FCB of the principal due under the Subordinated Shareholder Loan following the establishment of a revolving credit facility.

Person:

Mr. Jean-Claude Labrune (Chairman of FCB's Supervisory Board), Ms. Aude Labrune (Board member), Mr. Laurent Labrune (Deputy managing director and Board member), and Mr. Pierre Marucchi (Managing Director and FCB representative).

Reason:

Agreement between FCB and Cegedim limiting the repayment to FCB of the principal owed by Cegedim under the Subordinated Shareholder Loan in order to improve the financing conditions of the revolving credit facility put in place in 2018.

Agreements and commitments already approved by the General Meeting

Agreements and commitments already approved by the General Meeting and still in force in the past financial year

In accordance with Article R. 225-30 of the French Commercial Code, we have been informed that the following agreements and commitments, already approved by the General Meeting in previous years, remained in force in the past financial year.

1. With SCI DU 114 RUE D'AGUESSEAU

Nature and motive:

On December 23, 2008, SCI DU 114 RUE D'AGUESSEAU BUREAU and the Company officially accepted the completion of construction work on the office building located at 114-116 bis rue d'Aguesseau in Boulogne-Billancourt (Hauts de Seine), France. This building is the subject of an off-plan lease signed between the two parties.

Under amendment 1 to said off-plan lease, SCI DU 114 RUE D'AGUESSEAU BUREAU has granted the Company a commercial lease for the office building situated at 114-116 bis rue d'Aguesseau, Boulogne-Billancourt (Hauts de Seine), France, for a duration of twelve years, from January 1, 2009 to December 31, 2020, with waiver of the option to terminate the lease at the end of each three-year period.

Person:

Mr. Jean-Claude LABRUNE, (Deputy Managing Director and member of the Board of Cegedim, manager of SCI DU 114 RUE D'AGUESSEAU BUREAU)

Terms:

Rent of €940,053 (excluding expenses) paid in 2018.

2. With Ms. Aude Labrune, (member of the Board and Mr. Laurent Labrune, Deputy Managing Director and member of the Board).

Nature, motive and terms:

Temporary transfer to Cegedim of the usufruct on shares in SCI DU 114 RUE D'AGUESSEAU BUREAU:

- 198 shares whose beneficial and legal ownership is separated, belonging in equal parts to Ms. Aude Labrune and Mr. Laurent Labrune,
- Duration of the transfer of usufruct: 18 years, from October 9, 2006, until October 8, 2024.

3. With GERS SAS

Nature, motive and terms:

Cegedim has undertaken jointly and severally with its subsidiary GERS SAS to guarantee, to an unlimited amount, the payment of all sums of a compensatory nature (such as penalties, indemnities, interest on late payments, etc.) claimed from GIE GERS by Datapharm under agreed contractual obligations and/or any compensation arising from the supply by GIE GERS to the GERS SAS of data provided by Datapharm.

Person:

Mr. Jean-Claude LABRUNE, Chairman of GERS SAS and Deputy Managing Diretcor and Diretcor of the Board of Cegedim).

4. With FCB,

Nature and motive:

Contract for services in strategic consulting, human resources, marketing, finance, budget, and internal information systems.

Terms:

Services worth €1,970,988 excluding tax were paid for 2018.

Person:

Mr. Jean-Claude Labrune (Chairman of FCB's Supervisory Board), Ms. Aude Labrune (Board member), Mr. Laurent Labrune (Deputy managing director and Board member), and Mr. Pierre Marucchi (Managing Director and FCB representative).

Signed in Neuilly-Sur-Seine and Courbevoie on March 28, 2019

The Statutory Auditors

Grant Thornton	Mazars
French Member of Grant Thornton International	
Vincent Papazian	Jean-Philippe Mathorez
Partner	Partner

08 Additional information

8.1 Contacts and available financial information

Person responsible for financial information

Jan Eryk Umiastowski, Chief Investment Officer & Head of Investor Relations

For copies of documents published by the Group and any other financial information, please contact:

Cegedim – Financial Communication Department
137, rue d'Aguesseau
92100 Boulogne-Billancourt, France
Tel: + 33 (0)1 49 09 33 36
Fax: + 33 (0)1 46 03 45 95
email: janeryk.umiastowski@cegedim.com.

Documents available to the public

Cegedim SA and its subsidiaries' bylaws, articles of incorporation, reports, correspondence and other documents, and historical financial information for the two financial years preceding the publication of this Registration Document may be consulted, where necessary, at the Company's registered office.

This Registration Document and the Company's financial press releases, as well as other documents, are available on the Company's website (www.cegedim.com/finance).

Stock market indicators

Cegedim shares

Cegedim is listed on Euronext Paris, compartment B.

ISIN code: FR0000053506

Reuters ticker: CGDM.PA

Bloomberg ticker: CGM

Cegedim's share price is available on the Company's website: Cegedim.com, subject to a short time delay.

Stock market performance as of December 31, 2018

Cegedim shares performed negatively in 2018. The closing price at the end of December 2018 was €19.75, down 40.5% over the period. During 2018, the price reached an all-time low of €19.35€ on December 28, 2018 and all-time high of €42.50 on February 1, 2018.

Stock market performance over the past five years

January - December	2014	2015	2016	2017	2018
Closing price	€29.18	€32.00	€26.20	€33.18	€19.75
Average for the period	€26.05	€34.60	€25.09	€29.67	€32.63
High for the period	€29.30	€42.69	€32.73	€34.00	€44.50
Low for the period	€22.00	€29.18	€20.56	€23.90	€19.00
Market capitalization	€408.4	€447.9	€366.7	€464.4	€276.4
Outstanding shares	14.0m	14.0m	14.0m	14.0m	14.0m

Shareholder relations	Cegedim's financial communication policy is to deliver rapid, relevant and timely information on the company's performance to investors and the market. One key element of communication with the market is the publication of financial results, for example the annual and quarterly reports. Cegedim organizes conference calls to coincide with its financial press releases. Cegedim has regular contact with institutional investors through meetings and roadshows in Europe and the United States. **Financial reporting policy** Straightforward, transparent, and clear. **Sustained roadshow program** This year's 33-day roadshow program refocused on Europe, with 14 days spent in Europe (Madrid, London, Paris, Geneva, Frankfurt, Lyon) and 5 in the US. **10th Investor Day** On December 11, 2018, Cegedim hosted its 10th Investor Day, under the theme of digital transformation. The goal of this year's event was to show, using specific, concrete examples, that Cegedim is a preferred partner for clients undertaking a digital transformation.
Provisional financial calendar 2019	**May 15, 2019:** Q1 2019 revenue **June 19, 2019:** Shareholders' meeting **July 25, 2019:** H1 2019 revenue **September 19, 2019:** H1 2019 earnings **October 24, 2019:** Q3 2019 revenue
Shareholder contacts	**Jan Eryk Umiastowski** Chief Investment Officer Head of Investor Relations Tel: +33 (0) 1 49 09 33 36 Janeryk.umiastowski@cegedim.com

8.2 Annual financial information

Pursuant to Article L. 451-1-1 of the French Monetary and Financial Code and Article 221-1-1 of the AMF General Regulations, the table below sets out all the information published or made public by Cegedim during the 2018 financial year to meet the statutory or regulatory obligations pertaining to financial instruments, issuers of financial instruments and markets in financial instruments.

Date	Document name	AMF(1)	Greffe(2)	Cegedim Website(3)
01/04/2018	Half-year liquidity contract statement	✓		✓
01/04/2018	Declaration of the total number of shares and voting rights as of December 31, 2017			✓
01/04/2018	Directors' dealings	✓		
01/09/2018	Directors' dealings	✓		
01/29/2018	2017 Revenue	✓		✓
01/29/2018	Presentation of 2017 Revenue (in English)			✓
02/05/2018	Directors' dealings	✓		
02/08/2018	Declaration of the total number of shares and voting rights as of January 31,2018			✓
02/15/2018	Declaration of the total number of shares and voting rights as of February 14, 2018			✓
02/15/2018	Directors' dealings	✓		
02/28/2018	Cegedim announces the completed disposal of the Cegelease and Eurofarmat activities	✓		✓
03/06/2018	Declaration of the total number of shares and voting rights as of February 28, 2018			✓
03/21/2018	2017 Consolidated financial statements	✓		✓
03/21/2018	Presentation of 2017 Results			✓
03/29/2018	2017 Registration Document	✓		✓
03/29/2018	Announcement of publication of 2017 Registration Document	✓		✓
04/09/2018	Declaration of the total number of shares and voting rights as of March 31, 2018			✓
04/26/2018	Q1 2018 Revenue	✓		✓
04/26/2018	Presentation of Q1 2018 Revenue			✓
05/14/2018	Notice of shareholders' meeting on June 19, 2018			✓
05/17/2018	Declaration of the total number of shares and voting rights as of April 30, 2018			✓
05/18/2018	Declaration of the total number of shares and voting rights as of May 14, 2018			✓
05/29/2018	Proxy voting form for June 19, 2018, shareholder's meeting			✓
05/29/2018	Notice of June 19, 2018, shareholders' meeting			✓
06/06/2018	Declaration of the total number of shares and voting rights as of May 31, 2018			✓
06/19/2018	Voting results of June 19, 2018, shareholders' meeting			✓
07/05/2018	Half-year liquidity contract statement	✓		✓
07/10/2018	Declaration of the total number of shares and voting rights as of June 30, 2018			✓
07/19/2018	2017 parent company and consolidated statements for Cegedim Group and Cegedim SA		✓	
07/26/2018	Q2 2018 revenue	✓		✓
07/26/2018	Presentation of Q2 2018 revenue			✓
07/27/2018	Notice of shareholders' meeting on August, 31, 2018			✓
07/30/2018	Declaration of the total number of shares and voting rights as of July 27, 2018			✓
08/03/2018	Declaration of the total number of shares and voting rights as of July 31, 2018			✓
08/16/2018	Proxy voting form for August 31, 2018, shareholder's meeting			✓
08/16/2018	Notice of August 31, 2018, shareholders' meeting			✓

Date	Document name	AMF(1)	Greffe(2)	Cegedim Website(3)
08/16/2018	CV of the new director and Board of Directors' report for the August 31, 2018, shareholder's meeting			✓
09/03/2018	Voting results of August 31, 2018, shareholders' meeting			✓
09/06/2018	Declaration of the total number of shares and voting rights as of July 31, 2018			✓
09/17/2018	2018 Interim Results	✓		✓
09/17/2018	Announcement of publication of 2018 Interim Financial Report	✓		✓
09/17/2018	2018 Interim Results			✓
09/17/2018	Presentation of 2018 Interim Results			✓
10/05/2018	Declaration of the total number of shares and voting rights as of September 30, 2018			✓
10/25/2018	Q3 2018 revenue			✓
10/25/2018	Presentation of Q3 2018 Revenue			✓
11/09/2018	Declaration of the total number of shares and voting rights as of October 31, 2018			✓
11/26/2018	Directors' dealings	✓		
12/11/2018	Announcement for 9th Annual Investor Summit	✓		✓
12/11/2018	Presentation of 9th Cegedim Investor Summit			✓
12/13/2018	Declaration of the total number of shares and voting rights as of November 30, 2018			✓
12/13/2018	Directors' dealings	✓		
12/28/2018	Directors' dealings	✓		

(1) From July 1, 2007 onwards, information posted on the AMF Company newsbank (www.amf-france.org) is for AMF internal use only.
(2) Available on www.infogreffe.fr and at the Company's registered office.
(3) Available on www.cegedim.com (under "Finance" section) and at the Company's registered office.

8.3 Statement by the person responsible for the Registration Document

Person responsible for the Registration Document	Jean-Claude Labrune, Chairman & CEO, Cegedim SA.
Statement of the person responsible for the Registration Document	I hereby certify, that to the best of my knowledge, after taking all reasonable steps to this end, the information contained in this Registration Document is true and fair and contains no omissions likely to alter its scope. I hereby certify that, to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the asset, liabilities, financial position and earnings of the Company and of all the companies included in the consolidation. I hereby certify that, to the best of my knowledge, the elements of the Management Report in this document present a true and fair view of the evolution of the business, results and financial position of the Company and of all the companies included in the consolidation, as well as a description of the principal risks and uncertainties which they face. I received a letter from the legal Statutory Auditors on completion of their work, in which they state that they have audited the information regarding the financial position and the information given in this Registration Document, and that they had read the Registration Document in its entirety. The Statutory Auditors' Report on the annual financial statements for the 2018 financial year is included in Section 5.4 of this Registration Document. The Statutory Auditors' Report on the 2018 consolidated financial statements is included in Section 4.7 of this Registration Document. The Statutory Auditors' Report on the 2017 annual financial statements is included in Section 5.4 of the Registration Document filed with the Autorité des Marchés Financiers on March 29, 2018, under number D.18-0219. The Statutory Auditors' Report on the 2017 consolidated financial statements appears in Section 4.7 of the Registration Document filed with the Autorité des Marchés Financiers on March 29, 2018, under number D. 18-0219. The Statutory Auditors' Report on the 2016 annual financial statements is included in Section 5.4 of the Registration Document filed with the Autorité des Marchés Financiers on March 29, 2017, under number D.17-0255. The Statutory Auditors' Report on the 2016 consolidated financial statements appears in Section 4.7 of the Registration Document filed with the Autorité des Marchés Financiers on March 29, 2017, under number D.17-0255 Signed in Boulogne-Billancourt, on March 28, 2019. Jean-Claude Labrune | Chairman & CEO | Cegedim SA

8.4 Persons responsible for the audit of the financial statements

Principal Statutory Auditors	**Cabinet Mazars** Represented by Mr. Jean-Philippe Mathorez, Exaltis, 61, rue Henri-Regnault – 92400 Courbevoie. Reappointment during the 2013 General Meeting approving the 2012 financial statements for a term of six years until the 2019 General Meeting approving the 2018 financial statements. **Cabinet Grant Thornton,** Represented by Mr. Vincent Papazian, 29, rue du Pont – 92578 Neuilly-sur-Seine Cedex. Reappointment during the 2013 General Meeting approving the 2012 financial statements for a term of six years until the 2019 General Meeting approving the 2018 financial statements.
Alternate Statutory Auditors	**Thierry Colin** Exaltis, 61, rue Henri-Regnault – 92400 Courbevoie. Reappointment during the 2013 General Meeting approving the 2012 financial statements for a term of six years until the 2019 General Meeting approving the 2018 financial statements. **IGEC – Institut de Gestion et d'Expertise Comptable Représenté par M. Victor Amselem** 22, rue Garnier – 92200 Neuilly-sur-Seine. Reappointment during the 2013 General Meeting approving the 2012 financial statements for a term of six years until the 2019 General Meeting approving the 2018 financial statements

8.5 Historical Financial Information

2018 Statutory Auditors' reports	The parent company financial statements for the year ended December 31, 2018 (and their comparative financial statements), and the consolidated financial statements for the year ended December 31, 2018 (and their comparative financial statements drawn up in accordance with IFRS), were audited by the Statutory Auditors. The Statutory Auditors' reports concerning the 2018 financial year are presented respectively in Chapter 5, Section 5.4 and Chapter 4, Section 4.7 of this Registration Document.
2017 Statutory Auditors' reports	The reports for the 2017 financial year are presented in the Registration Document filed with the Autorité des Marchés Financiers on March 29, 2018, under number D. 18-0219.
2016 Statutory Auditors' reports	The reports for the 2016 financial year are presented in the Registration Document filed with the Autorité des Marchés Financiers on March 29, 2017, under number D. 17-0255.

These reports and the accompanying financial statements are incorporated by reference in this Registration Document.

8.6 Related-party transactions

Regulated agreements	The regulated agreements that were submitted to the Board of Directors for prior approval are set forth in the Statutory Auditors' Special Report included in Chapter 7 of this Registration Document on pages 249 to 251. Note 15 to Section 4.6 of Chapter 4 of this Registration Document provides a detailed breakdown of transactions with related parties. To date, new agreements have been authorized as indicated in Section 7.1 of Chapter 7.

8.7 Registration document cross-reference table

8.8 Annual financial report cross-reference table

In order to facilitate the reading of the Cegedim Group's 2017 Registration Document, the cross-reference table below identifies the information that constitutes the Annual Management Report, prepared by the Board of Directors of Cegedim SA, as defined by Articles L. 225-100 and following of the French Commercial Code:

Cegedim Group Annual financial report	2018 Registration document	Page number
Comments from the Work Council	6.4.3	212
Statutory Auditors' audit	Chapter 2; 4.7; 5.4; 6.10; 7.2	35; 165;197;239;249
Directors' fees	Chapter 2 point 2.2	47
Information concerning corporate officers	Chapter 2 point 2.1	37
Compensation of corporate officers	Chapter 2 point 2.2	46
Securities transactions	Chapter 2 point 2.3	51
Presentation of the consolidated financial statements	3.1 et 4	86 à 120

Cegedim Group Annual financial report	2018 Registration document	Page number
Group business activities	1.4	8
Key highlights	Chapter 4 Point 4.6 note 18	163
Business performance during the year	3.5	114
Financial structure and debt	3.4.4	107
Investments	1.2.1	4
Research and development activity	1.8	27
Analysis of business developments	3.4	92
Risk factors	Chapter 2 point 1.2.5	64
Significant events that have occurred since the end of the financial year	Chapter 4 Point 4.6 note 19	163
Outlook and future prospects	Chapter 2 point 2.7	83
Human resources and environmental information	6	203

Appendices to the Annual financial report	2018 Registration document	Page number
Results for the last five financial years	5.5	201
Inventory of securities	5.3.4	194
List of Board members in office, positions, and compensation	Chapter 2 point 2.1 and 2.2	37 and 46
Human resources information	6; Chapter 4 point Section 4.6 Note 6.2	140 and 203
Details of the activity of subsidiaries whose revenue exceeds €30 million	3.1.2	87
Chairman's Report on Corporate Governance	Chapter 2	35
Statutory Auditors' Report	4.7; 5.4;6.10 and 7.2	165; 197; 239 and 249

2018

2018

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development program.

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