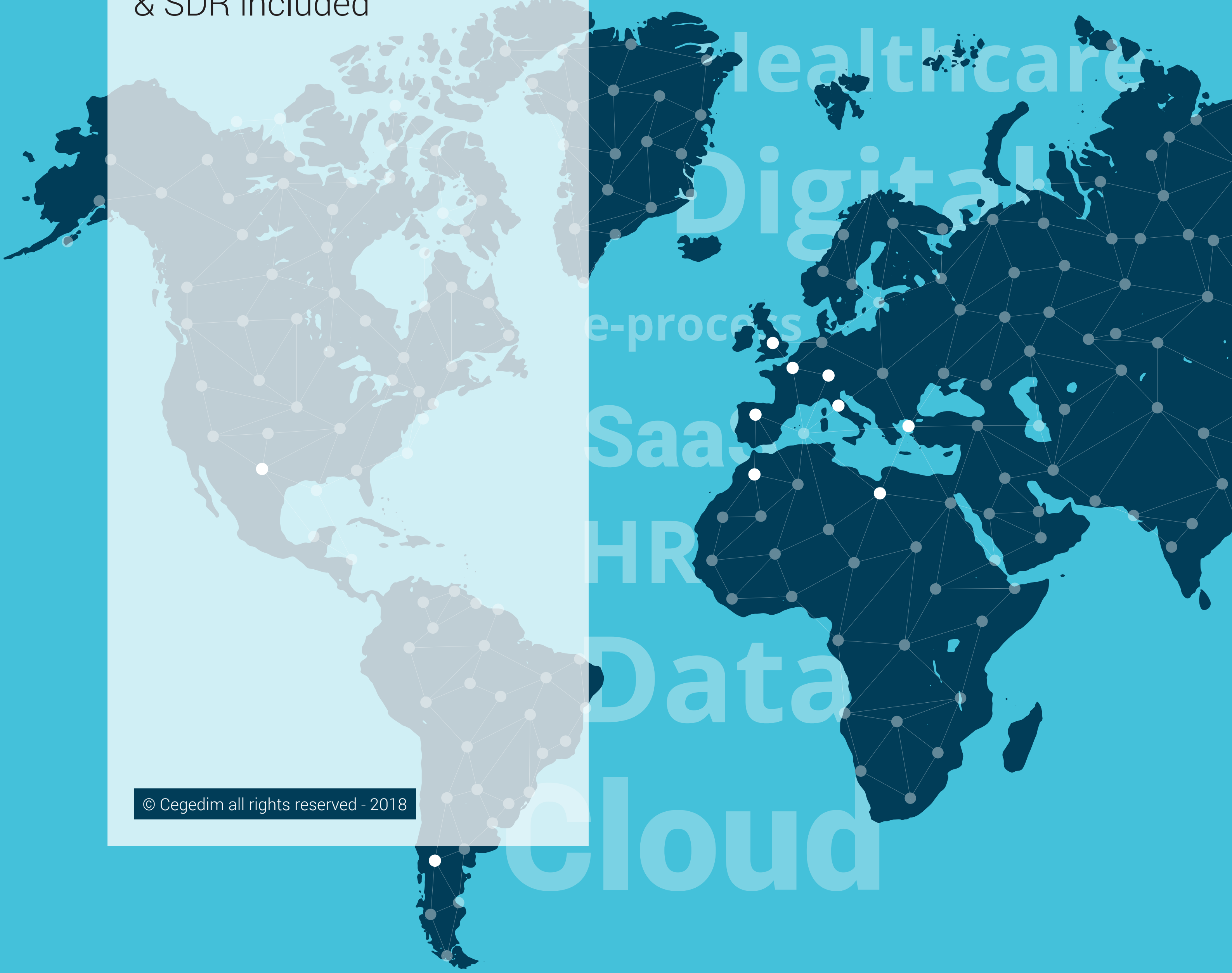
Registration Document

2017

Annual Financial Report
& SDR included



Registration Document

2017

This Registration Document was filed with the Autorité des Marchés Financiers (AMF) on March 29, 2018 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.

Chairman's Statement

« We have what we need to succeed »

The year 2017 was another step forward in the Group's transformation, paving the way for future success even though the economy's accelerating transition to digital technologies presents numerous challenges. The rapid, widespread transition to digital is being amplified in France by a wave of laws requiring government services to make the switch.
The regulatory, technological, and economic developments affecting our clients and our markets offer opportunities for all of our businesses. As a result, we must continue to invest in our current offerings so we can be there for our clients as they evolve, and we must invest in new products for digital natives.

Our biggest challenge is simultaneously putting in place the necessary human resources while also taking our financial resources into account.

We have what we need to succeed. We are well versed in the latest digital, cloud, and big data technologies, and in expert systems. We are present in lucrative market segments, and following the Cegelease sale in late February 2018, we are refocused on our critical businesses.

In 2018, we will enter a new stage of our business transformation, with the goal of delivering profitable, lasting growth for our employees, our clients, and our shareholders.

Jean-Claude Labrune,
Chairman

Summary

1 Presentation of the Group

1.1 Key figures

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

Cegedim announced on December 14, 2017, that it had signed a contract for the definitive sale of its Cegelease and Eurofarmat businesses. As a result, the consolidated 2017 financial statements are presented according to IFRS 5, "Non-current assets held for sale and discontinued".

In practice the contribution from these businesses until the effective disposal, if any, to each line of:

- Cegedim's Consolidated Income Statement (before non-controlling interests) has been grouped under the line "Earnings from discontinued activities"; in accordance with IFRS 5, and their share of net income has been excluded from Cegedim's adjusted net income;
- Cegedim's consolidated cash flow statement has been grouped under the line "Cash flow of discontinued activities".

These adjustments have been applied to all periods presented to ensure consistency of information. In addition, the contribution of Cegelease and Eurofarmat to each line of Cegedim's Consolidated Balance Sheet has been grouped under the lines "Assets held for sale" and "Liabilities associated with assets held for sale".

In millions of euros (except for per share data)	31.12.2017 IFRS 5	31.12.2016 IFRS 5	31.12.2015
Revenue	457.4	429.3	426.2
EBITDA	77.5	57.4	78.5
Consolidated operating income before special items	37.4	23.1	48.1
Profit (loss) for the period from continuing activities	7.1	(29.5)	67.0
Profit (loss) for the period from discontinued activities	0.0	(1.1)	0.0
Profit (loss) for the period from activities held for sale	4.1	3.8	0.0
Profit (loss) for the period attributable to the owners of the parent	11.1	(26.7)	67.0
Number of shares outstanding	13,997,173	13,997,173	13,997,173
Average number of shares excluding treasury shares	13,973,390	13,960,024	13,958,112
Net earnings per share	0.8	(1.9)	4.8
Net current earnings per share	0.9	(1.5)	1.6

In millions of euros	31.12.2017	31.12.2016	31.12.2015
Total balance sheet	746.2	709.1	864.3
Goodwill on acquisition	167.8	199.0	188.5
Net financial debt	236.2	226.8	167.6
Shareholders' equity, Group share	197.3	188.9	228.1
Cash flow after cost of net financial debt and taxes	72.8	27.6	50.3

1.2 Brief history and review of corporate developments

1969 Jean-Claude Labrune founds *Cegedim* (standing for *Centre de Gestion, de Documentation, d'Informatique et de Marketing*) in order to provide IT solutions to the world of healthcare.

1972 Innovation with the first computerized database of doctors.

1979 Launch of CRM division in France.

1990 International expansion begins.

1991 Innovation with the first electronic data interchange platform.

1994 Launch of computerization offers for doctors in France and promotional activities dedicated to doctors and pharmacists. Launch of human resources management activities.

1995 The *Cegedim* security is introduced in the Second Market of the Paris Stock Exchange. It is now listed on the NYSE Paris Exchange, Compartment B.

1997 Innovation with the *BCB*, the first computerized drugs database.

1999 Computerization of health insurance and mutual companies.

2007 With the acquisition of *Dendrite International*, *Cegedim* becomes the world leader in CRM for the pharmaceutical industry.

2009 Capital increase of 180.5 million euros to relaunch a strategy of dynamic external growth and the Bpifrance (formerly FSI, or *Fonds Stratégique d'Investissement*— French Strategic Investment Fund) becomes a shareholder in the Group.

2010 *Cegedim* enters the American market in the computerization of medical offices with the acquisition of *Pulse*.

2015 Disposal of the *CRM and Strategic Data* division to IMS Health Inc. The acquisition of Activus in the UK enables *Cegedim* to access new markets and to strengthen the international positioning of its offering for the insurance sector.

2016 With the acquisition of *Futuramedia*, *Cegedim* is reinforcing its digital displays positioning in pharmacies in France.

2017 Successful launch of new solutions in SaaS mode for healthcare professionals and development of BPO services for insurers and HR.

The events of FY 2017 are presented in note 13.2 of the consolidated financial statements in *chapter 4*.

1.2.1 Investments

Acquisitions on a scope of activities earning less than 10 million euros in revenue are generally self-financed. For larger transactions, the Group examines the advisability of debt financing on a case-by-case basis.

Transactions in excess of 20 million euros must be approved by the Board of Directors with a qualified majority of 6/10 including at least one Director representing the Bpifrance Participations. This clause expires on February 13, 2018, upon the sale by Bpifrance Participations of 12% of *Cegedim's* capital and the end of the shareholders' agreement dated 28 October 2009. *Refer to chapter 3, Events after December 31, 2017*.

Other growth operations (launch of new business activities, opening of a new country, etc.) are internally financed.

The acquisition prices and other financial terms are protected by confidentiality agreements.

In 2015, the acquisitions of companies and business assets were financed by internal cashflow of 7.5 million euros. The major acquisition made in 2015 was *Activus*.

In 2016, the acquisitions of companies and business assets were financed by internal cashflow of 21.4 million euros. The major acquisition made in 2016 was *Futuramedia*.

In 2017, the acquisitions of companies and business assets were financed by internal cashflow of 2.4 million euros. The major acquisition made in 2017 was *B.B.M Systems*.

As mentioned in the *chapter 4 of this Registration Document*, all earn-outs were recorded.

Main investments of 2015

July 2015: Acquisition of *Activus* in the United Kingdom, a leading software publisher in that market in the field of health insurance and accidental death and disability insurance. This deal enables *Cegedim Insurance Solutions* to tap into new markets such as the U.K., the U.S.A., the Middle East, APAC and Africa, and to add to its software suite for international customers. *Activus* generated revenues of about 7 million euros in 2014.

October 2015: Acquisition by *Pulse Systems Inc.* of the U.S.-based medical management operations of *Nightingale Informatix Corporation*, including the assets of *Medrium*, *Ridgemark*, *Secure Connect* and *Northern Health Products*. Pulse is now able to offer its customers client-server and cloud products for medical management and electronic patient files.

Main investments of 2016

November 2016: *Cegedim* completed on November 30 the acquisition in France of *Futuramedia Group*. This deal strengthens the digital offerings of its subsidiary *RNP*, which specializes in pharmacy displays in France. In 2015, *Futuramedia Group* generated revenues of around €5.4 million. It will have an accretive impact on *Cegedim Group*'s margins and began contributing to the Group's consolidation scope from January 1, 2017.

Main investments of 2017 and up to the release of this Registration Document

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

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

Investments made during the past three years:

In € million	Price of acquisitions excluding earn-outs	Amount of earn-outs paid	Total price of acquisitions
2015	7.5	0.0	7.5
2016	21.4	3.8	25.2
2017	2.4	1.1	3.5

Main current investments

Investments are primarily made through external growth as well as internal growth with a particular focus on the international development of activities intended for physicians, and pharmacists, as well as opportunities for expanding the line of services offered.

The *Cegedim Group*'s external growth strategy involves expanding services offered to healthcare professionals.

The desire to support the Group's customers in their markets is the main driver of international expansion. The Group regularly looks into acquisition possibilities that are consistent with this strategy. There is no active, systematic search for targets. However, the Group constantly monitors potential targets in-house in order to seize the best opportunities when the time comes.

Cegedim's intended future investments for which its management has already made firm commitments

As of the date of filing of this Registration Document, no firm undertakings have been made by the Cegedim Group.

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*. Refer to *point 1.2.2 Disinvestments*.

Equity investments made during the year that took the company's holdings above one twentieth, tenth, fifth, third, half or two-thirds of the capital of a company with registered office in the territory of the French Republic, and takeovers of any such company (French Commercial Code Article L. 233-6, para. 1 and L.247-1,1)

Equity investment of 16.6% in the Isiaklé company. *Refer to 1.3.3 Group Organization chart and Chapter 3, Fiscal Year Highlights*.

1.2.2 Disinvestments

Sale executed in 2015

On April 1, 2015 Cegedim announced completion of the sale of its *CRM and Strategic Data* division to *IMS Health*. The final price of this sale was 410.5 million euros, all of which was paid in 2015.

The transaction lets *Cegedim* refocus on applications and data bases for healthcare professionals and health insurance companies, as well as on its fast-growing multi-sector business lines such as e-business, e-collaboration and outsourcing payroll and human resources.

Sale executed in 2016

The *Kadrige* business was sold to IMS Health on November 9, 2016.

Sale executed in 2017 and up to the release of this Registration Document

On January 11, 2018, *Cegedim* sold its Tunisian subsidiaries, *Next Software* and *Next Plus* (owned by *Next Software* and an individual). Both business activities have been outside the scope of consolidation as of January 1, 2018. In 2017, they made revenue of €0.1 million

On February 28, 2018, *Cegedim* announced the completed disposal of the *Cegelease* and *Eurofarmat* activities to Franfinance (Société Générale Group) for a selling price of €57.5 million. The deconsolidation will take place as of March 1st, 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 Organizational structure

1.3.1 Cegedim SA's place within the Group

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

Cegedim SA is active in the following fields:

- **Information technologies and R&D**: development and upgrading of most of the IT tools used by the other departments and subsidiaries of the Group to supply the services they sell.
- **Centralized services:** payroll processing, employee management, billing, accounting and monthly reporting. All the security, insurance and confidentiality rules in effect in the IT facilities management fields are obeyed. Centralized services also include handling tax, legal, social and accounting, organization and audit questions, insurance, purchasing, external communication and intellectual property. Based on an annual projected operating budget, these expenses are allocated monthly to the Group's subsidiaries according to the allocation key specific to each family of services.

Cegedim SA plays an operational role with its departments:

- ***Cegedim e-business***: designs, develops and markets invoice digitization, probative value filing offers and EDI through its *Cegedim e-business* business unit, which groups together the activities of *Cegedim EDI*, *CG Call*, *GIS (Global Information Services)*, *Cegedim*, *Global Payments*, *Hospitalis* and *Qualitrans - Telepharma*.
- ***Cegedim.cloud***: Cegedim has extensive expertise in data management for pharmaceutical companies, insurance providers and health networks (e.g. Electronic Health Record (EHR) tests, etc.), as well as in the management of capital flows and paperless documents. Due to their strategic

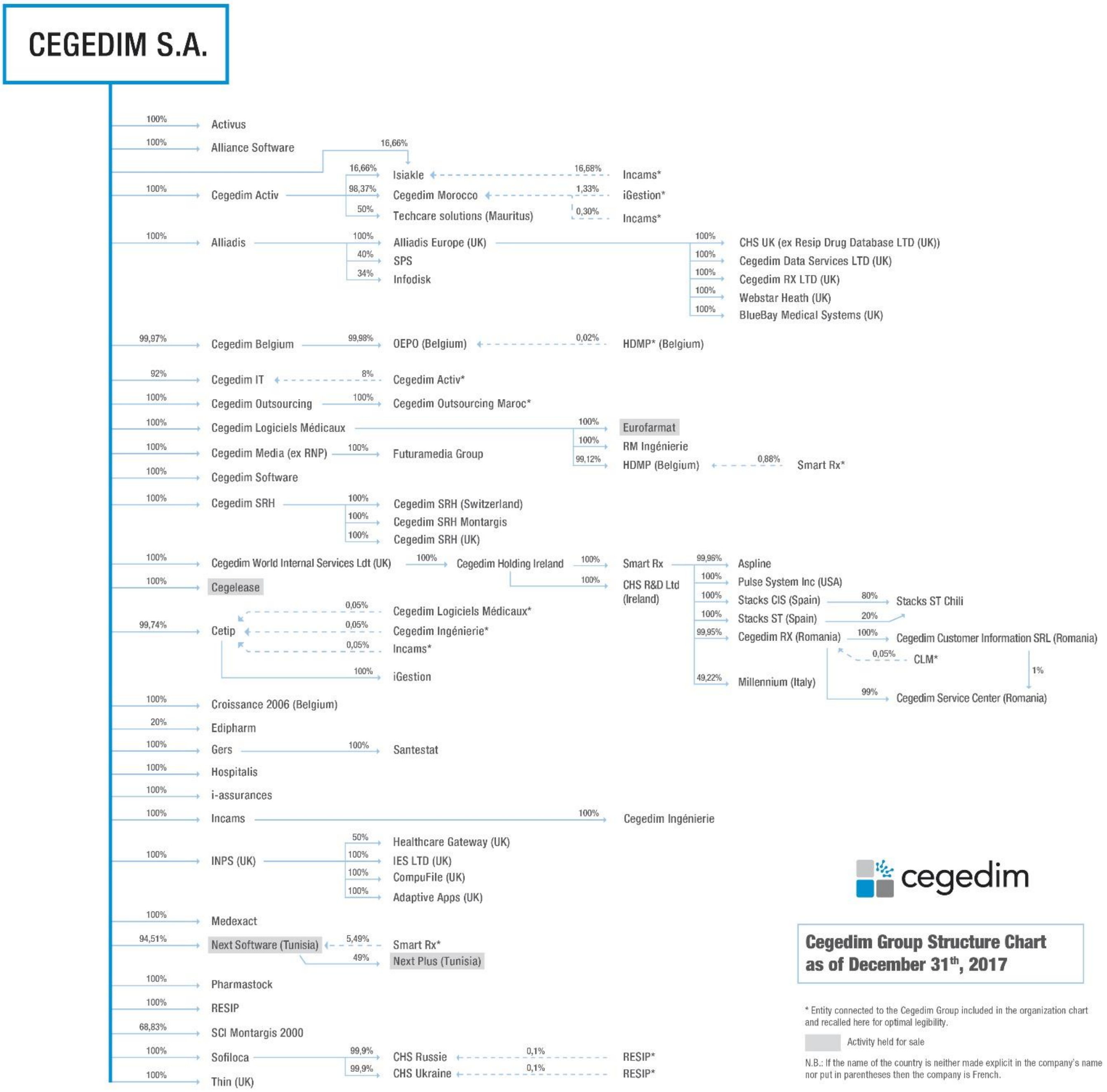
and sensitive nature, these activities have led the Group's teams to devise architectures with very high availability that meet the security requirements of its customers and, in particular, standards governing the hosting of medical records.

1.3.2 List of Cegedim Subsidiaries

The list of the Group's subsidiaries, their country of origin and the percentage of control held are given in *point 2.1 of the 4.6 chapter of the consolidated financial statements of this Registration Document*. In addition, more detailed information on the activity of the Group's main subsidiaries appears *in point 1.4*.

The Group's organization chart is presented on the following page.

1.3.3 Group organization chart

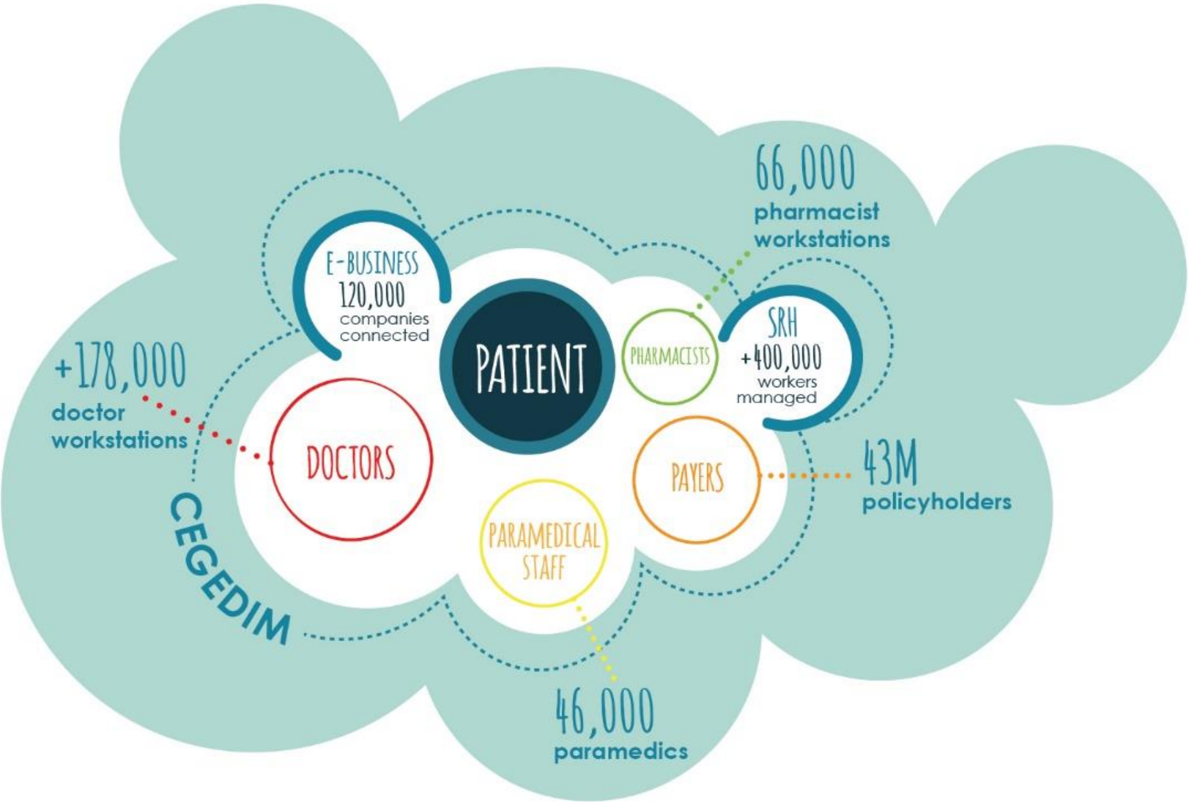


1.4 Activities

Cegedim is an innovative technology and services company specializing in the digital flows of the healthcare ecosystem and in B2B marketing, as well as in the design of enterprise software for healthcare and insurance professionals.

The Group is also involved the businesses of human resources management and digitization in all types of industries.

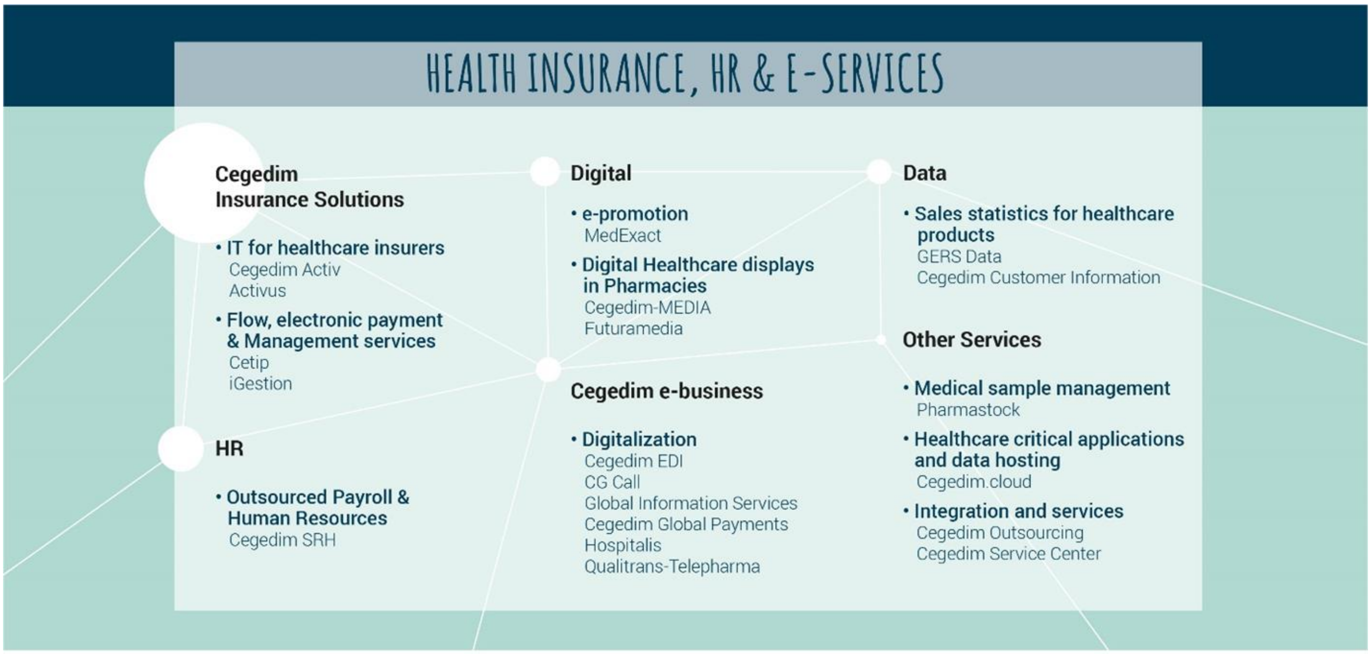
Cegedim generated revenues of 457.4 million euros in 2017 and has over 4,200 employees in more than 10 countries.

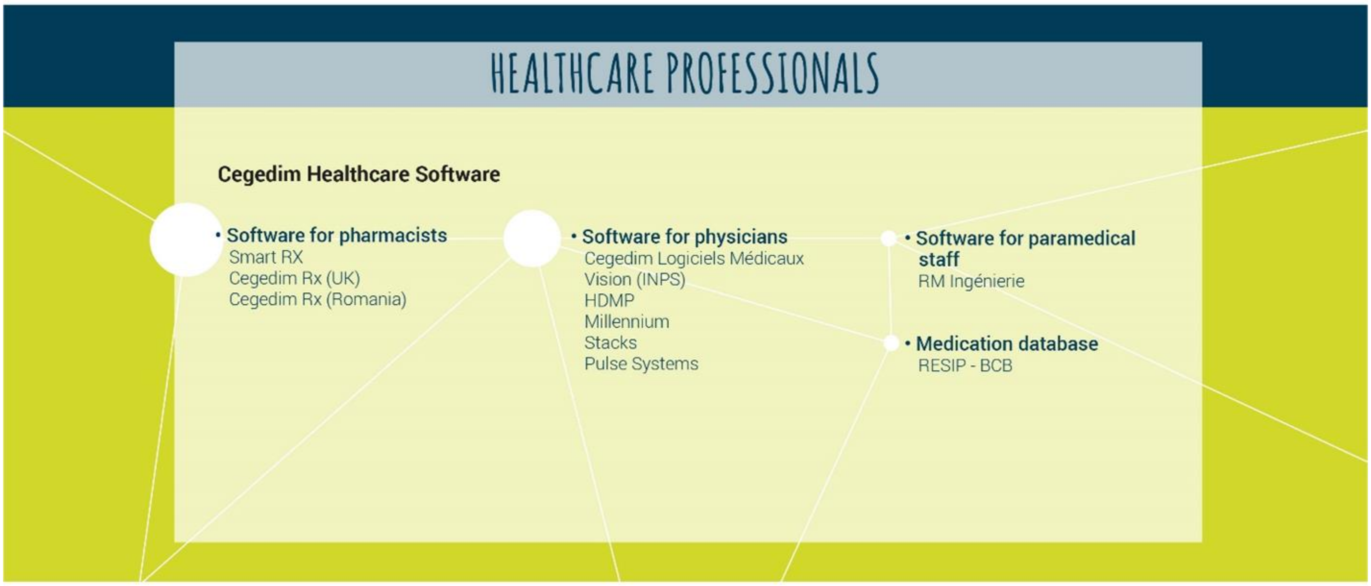


1.4.1 Main business activities

Given the customers targeted and services offered, *Cegedim*'s business is structured around two operating divisions:

- **Health Insurance, HR and e-services**
- **Healthcare Professionals**





Health insurance, HR and e-services

CEGEDIM INSURANCE SOLUTIONS

The *Cegedim Insurance Solutions* business unit includes all of the Group's solutions and services for insurers, supplemental insurers, provident institutions and intermediaries through its subsidiaries *Cegedim Activ*, *Cetip* and *Activus*. *Cegedim Insurance Solutions* brings together competencies across the chain of information sharing between healthcare professionals, insurance organizations and managers of compulsory and supplemental insurance plans. This entity offers expanded digital services, with innovative solutions in preventive healthcare based on managing well-being and health capital, hospitalization, home care and chronic illness.

IT for Healthcare Insurers

Cegedim Activ - France

With more than 43 million policyholders in France managed with its solutions, *Cegedim Activ* is now the leader[1] of software and services dedicated to personal insurance (supplementary health plans, mandatory health plans, and provident funds). Its products are intended for all market operators: insurance companies, supplemental health insurers, provident institutions, and intermediaries.

With its expertise in personal insurance, *Cegedim Activ* works closely with its customers to create innovative offers and help them optimize the profitability of their business. In this regard, *Cegedim Activ* has a unique combination of know-how: the expertise of its employees, the availability of technologies and an offer of consulting, integration, facilities management and healthcare flow management services.

Activus - United Kingdom

The 2015 acquisition of *Activus*, one of the leading[2] health and provident insurance software publishers in the United Kingdom, allowed *Cegedim Insurance Solution* to offer a range of services to domestic or non-French speaking IPMI[3] markets (Europe, United States, Middle East, Africa and Asia-Pacific), and four new client benchmarks implement the synergies of the new organizational structure following the acquisition.

It forms the international division of *Cegedim Insurance Solutions*.

Flows, Electronic Payment and Management Services

Cetip - France

In 2017, the *Cetip* consolidated its position as leader[4] in the management of third party payment through its brands *SP Santé* and *iSanté*, with over 190 million third-party healthcare payer invoices processed now for 22 million beneficiaries and over 3 billion benefits paid per year.

Under the *iGestion* trademark, *Cetip* offers management services on behalf of third parties, in supplemental health and provident insurance, to insurance companies, provident institutions, supplemental healthcare insurers, and intermediaries.

HR

Outsourced Payroll and Human Resources Management

Cegedim SRH - France and Switzerland

Cegedim SRH offers Human Resources Departments *TEAMS^{RH}*, a complete, modular HRIS platform via SaaS. The *TEAMS^{RH}* solution covers a wide range of functions: payroll, personnel administration, business activities, HR indicator management, career and skills management, HR analytics, digitization of HR processes and documents, etc.

This innovative solution can be coupled with a Business Process Outsourcing (BPO) service, locally (in Boulogne, Nantes, Lyon, Toulouse, Strasbourg and Montargis) or offshore (Morocco), with the aid of the *Cegedim Service Center* (Romania). Its clients can start off with a limited range of functions and add to its list of outsourced services as the collaboration progresses (BPO on Demand).

In 2017, *Cegedim SRH* opened its Lille office in response to the growing local market.

Cegedim SRH assists more than 250 clients, national and international businesses, in all business sectors, from large and mid-market accounts.

[1] *According to in-house estimates, Cegedim Activ's customers managed more than 43 million policyholders in 2017, thus establishing the company as market leader.*
[2] *Activus in one of the leading actors in terms of policyholders managed with its solutions, according to in-house estimates.*
[3] *IMPI: International Private Medical Insurance.*
[4] *According to in-house estimates, the Cetip handled more than 190 million of third-party payment flows in 2017, thus establishing the company as market leader (as in 2016, with 172 million).*

DIGITAL

e-promotion

MedExact – France

MedExact offers a variety of digital marketing tools to physicians, pharmacists and paramedics equipped with *Cegedim* software.

Digital displays in pharmacies

Cegedim-MEDIA - France

Cegedim-MEDIA (C-MEDIA), a leader[5] in pharmacy communication and brand pharmacy, is a subsidiary of the *Cegedim Group*. It was born from the merger of *RNP* and *Futuramedia*. *C-MEDIA* offers 360° solutions to create an innovative shopping experience.

C-MEDIA is a unique point-of-sale media process based on:

- An understanding of the media potential of each point of sale;
- Quality of execution;
- An objective measurement of campaign performance;
- An integrated design studio;
- A team who offer advice and support throughout the creation and production of the merchandising and display print and digital campaigns;
- On a production site of more than 4,500m2, dedicated to print element manufacturing and logistics uses printing and large-format digital cutout machines to ensure responsiveness and reliability.

On the ground, thanks to a network of more than 130 promoters, *C-MEDIA* carries out its missions at points of sale nationwide in under three weeks.

Futuramedia - France

Futuramedia develops digital communication solutions for the Group's BUs, pharmacy groups and independent pharmacies.

Futuramedia's pharmacies and target pharmacy groups, which represent 8,000 pharmacies in France and potentially 16,000 screens to install, are not eligible for advertising services.

Futuramedia offers turnkey solutions that include:

- Leasing of hardware and software: screens, mounting, wiring, furniture, players and programming software subscriptions;
- Installation of devices: project management, technical pre-visits, installation, purchasing management, onlining and testing;
- Maintenance and customer service: onsite maintenance, hardware after-sale service, distribution licenses, hosting and servers, hotline.

CEGEDIM E-BUSINESS

Specialized in electronic data since 1989, *Cegedim* designs, develops and markets invoice digitization, probative value filing offers and EDI through its *Cegedim e-business* business unit, which groups together the activities of *Cegedim EDI*, *CG Call*, *GIS (Global Information Services)*, *Cegedim*, *Global Payments*, *Hospitalis* and *Qualitrans-Telepharma*.

Digitalization

Cegedim EDI - France

Dedicated to Electronic Data Interchange (EDI), the *Cegedim EDI* department offers electronic management of all financial and supply chain documents circulating between companies, such as purchase orders, fulfillment records, invoices, contracts, catalogs, etc.). Born from the Edipharm system for pharmacies, wholesale distributors and laboratories, this division quickly spread beyond the healthcare market, particularly to mass retailing and services.

CG Call - France

With a multi-channel solution (telephone, platform, EDI, etc.) this division handles all the different direct-sales promotion transactions on behalf of pharmaceutical companies.

Global Information Services - Europe

Global Information Services (GIS) is an SaaS platform providing the digitization and management of all types of documents — papers, structured files, images — and of processes. The platform integrates natively with all information systems, both for flows in and for flows out. Whatever the size of the business, *GIS* handles all its digitization needs by offering a great many ancillary services.

[5] *C-MEDIA is leader in pharmacy communication and brand pharmacy in terms of number of pharmacies covered by its display network (in 2017 and in 2016), according to in-house estimates.*

The *GIS* platform combines all services for digitizing business documents and processes *GIS e-invoicing* (digitizing invoices to customers and from suppliers), *GIS EDI*, *GIS workflow*, *GIS sign&archive*, *GIS payments* and *GIS financing*.

The *KISS* portal made available to major suppliers offers very small, small and medium-size businesses the advantages of going paperless free of complications. Once uploaded to *KISS*, invoices can be marked up (accepted, to be paid, paid) and are accessible on the portal at all times.

Cegedim Global Payments - France

Cegedim Global Payments offers a set of solutions enabling the optimization of subscription and receivables processes on the one hand and, on the other hand, digitization and electronic signature for various types of documents, and in different areas of B2C or B2B activity (contracts, selling /management /rental mandates, payment orders, HR files, etc.):

- *MA€A*, the application for managing SEPA orders and associated payment flows;
- *CP Pass*, simple or biometric electronic signature server compliant with the European EiDAS regulations; and
- *CG Pay*, a new bank deposit process.

Hospitalis - France

Hospitalis is a Web portal that provides information and data exchanges between healthcare institutions and their suppliers, and digitizes all flows in managing the procurement of drugs, medical equipment, and laboratory reagents. *Hospitalis* is now present in more than 1,300 major healthcare institutions, 28 of which are university hospitals, and was used to transmit more than 2.6 million orders in 2017.

Qualitrans-Telepharma - France

Qualitrans-Telepharma is a centralizer of claims for reimbursement (electronic care sheets - Feuilles de Soins Électroniques – FSE) from pharmacies and allocates them to the appropriate mandatory and supplemental health insurers.

DATA

Sales Statistics for Healthcare products

GERS Data – France

For more than 40 years, *GERS Data* has offered data and analyses for the healthcare market from a single data collection system. The offer to cover the different healthcare professionals and the distribution channel for general practitioners and hospitals. The data range (Purchases & Sales) the geographic accuracy, France to the point of sale as well as modern visualization solutions meeting 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 with the health authorities and unions.

Cegedim Customer Information - Romania

Cegedim Customer Information Romania supplies sales statistics of pharmaceutical products in that country through a broad line of products and services for the pharmacy and hospital segments.

OTHER SERVICES

Management of Medical Samples and Promotional Material

Pharmastock - France

Pharmastock is a pharmaceutical depositary institution. Specialized in the distribution of healthcare products (drugs, medical devices, skin care, cosmetics, etc.), *Pharmastock* provides, in keeping with the BPDM[6], on behalf of different pharmaceutical and cosmetics laboratories, the Storage (under controlled temperature between 8 and 25°C in secured locations), Order preparation (based on the FEFO principle) and Shipping (daily shipments by appropriate certified shippers to medical sales representatives, doctors, pharmacies, healthcare institutions, conferences, etc.) activities.

Pharmastock also handles the storage and distribution of documentation for labs as well as various manual operations (making kits, making displays, etc.).

Pharmastock offers an online order site with direct access to the inventory based on pre-defined and customized parameters based on the different user profiles.

[6] *BPDM: Base de Données Publique des Médicaments or Public Drugs Database.*

Critical Applications and Health Data Hosting

Cegedim.cloud Services - France

Cegedim has extensive experience in facilities management for healthcare professionals, pharmaceutical companies and insurers and supplemental health insurers and in the management of financial flows and paperless exchange documents.

Because of their strategic and sensitive nature, these activities have led the Group's teams to develop expertise and deploy technical infrastructures that meet among the highest security requirements, which have been various approvals and certifications (ISO27001, ISAE3402, approval for Health Data Hosting)

Building on these strengths, *Cegedim* offers a complete range of cloud hosting services under the *Cegedim.cloud* trademark that gives users performance, security and availability levels adapted to the operation of critical applications and the processing of sensitive data.

Integration and Services

Cegedim Outsourcing - France and Morocco

Cegedim Outsourcing, specializing in the fields of IT infrastructure and Business Process Outsourcing (BPO), provides to businesses of all sizes services in two core areas of activity:

- "IT Services" includes the Integration of high added-value technological solutions (centralized management solutions for users, hyperconvergence, unified collaboration); the Information management and managed services (managing all or part of the infrastructure, Level 2/3 user support); and the Availability of IT resources. *Cegedim Outsourcing* provides services and innovative solutions with renowned partners such as IVANTI, SentinelOne, Nutanix, VMWare, Citrix, Microsoft, etc;

- "BPO-Customer Relations" incorporates Digitization, Contact center, and Back Office core activities. *Cegedim Outsourcing* proposes a multi-channel offer with its partner VOCALCOM that combines state-of-the-art technology, integration and highly secure hosting services.

Cegedim Service Center -Romania

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

- Data processing activities in back-office mode;
- Payroll management and administrative management;
- HR Information System IT Consultancy;
- Hotline-type advice;
- Helpdesk-type technical support.

Healthcare Professionals

CEGEDIM HEALTHCARE SOFTWARE (CHS)

This division contains all of the Group's computerization activities for healthcare professionals. It has over 178,000 physician workstations, 20,000 pharmacist workstations and 44,000 paramedical staff using its solutions in Europe, in the United-States and in South America.
In 2017, *CHS* continued to grow in web programs and developing the Patient ecosystem, a true exchange platform between patients and healthcare professionals.

CHS operates in the following areas:

- 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 Systems* in the US);
- Software for paramedical professions (*RM Ingénierie* in France);
- Medication database (*Resip*/ *BCB* Database in France).

Software for pharmacists

Smart Rx - France

Capitalizing on over 30 years of expertise in pharmacy IT, *Smart Rx*, *Cegedim's* French pharmacy division, develops and markets comprehensive, integrated software solutions, including the supply of appropriate computer hardware.

Smart Rx is at the forefront of the latest technological innovations, and is meeting its customers' occupational needs with high value-added and continuously updated solutions.

The new challenges related to the business model and to regulations such as the Pharmaceutical File, substitution goals, telemedicine, the electronic prescription of drugs, new pharmacist responsibilities from the HPST laws, etc. are some of the issues that encourage short or medium term changes in IT tools.

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 over 39% of the pharmacy market which incorporates in excess of 14,500 pharmacies across England, Scotland, Wales & Northern Ireland
Its product line includes *Nexphase* and *Pharmacy Manager Patient Medication Record* systems, which process over 650 million electronic prescriptions every year through spine connectivity using *Cegedim Rx MHS* accredited message broker.

Cegedim Rx is also a leading[8] supplier of Web-based systems to support the claims administration and performance management of locally commissioned pharmacy and optical services in the UK. The solutions are provided through two IT platforms: *ServicePact* for pharmacy services and *OptoManager* for optometry services.

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

Cegedim Rx - Romania

Cegedim Rx develops and provides software solutions and related services to the healthcare sector. On the local market, it is the leading[9] software provider for pharmacies, pharmacy chains and individual doctor offices.

Software for Doctors

Cegedim Logiciels Médicaux (CLM) - France

CLM offers solutions for office-based physicians, healthcare centers, multi-professional health structures and hospital practitioners:

- for private practitioners (generalists and specialists): *MLM* (*monLogicielMedical.com*), *Crossway and MediClick* software provide simple, high-performance management of patient charts, appointments and billing, and have the certifications required by the Healthcare Collective Agreement;
- for multi-professional health structures: the MSP *MLM* solution, certified Asip Santé e-health V2, offers healthcare professionals (physicians, paramedical staff and pharmacists) who work in unison of the management tools, information sharing and communication suited for that arrangement;
- for healthcare centers: the *Crossway* and *MLM* software, certified *Asip Santé e-health V2*, coupled with a third-party payment management solution, offers centers efficient medical, administrative and dental management;
- For hospital practitioners, *MLM FSE*, a fully online SESAM-Vitale approved solution, provides a care sheet management solution that is easy to use and easy to deploy under the private practitioner contracts in place in hospitals.

INPS (Vision) - United Kingdom

INPS is in the latter stages of its development plans, aimed at increasing its market share and establishing itself as the leading provider of APPs to the “Primary Care” sector in the United Kingdom with its latest *Vision* offer.

There are national IT projects, driven separately by the National Health Service in each of the four countries in the UK that require *INPS* to continually develop and adapt *Vision* to meet the requirements for interoperability between healthcare professionals and allow simpler interactions with patients.

The *Vision* clinical application is used by approximately 6,800 doctors at around 1,300 primary care centers in the United Kingdom.

HDMP - Belgium

The second[10] leading player on the Electronic Patient File market for general practitioners in Belgium with the *Health One*, solution, *HDMP* is also very active in the industrial medicine sector, out-of-hours services, prevention centers, healthcare centers, with more than 2,900 references.

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[7] *According to in-house estimates, Cegedim Rx equipped more than 39% of the 14,500 UK pharmacies in 2017, thus establishing the company as market leader (as in 2016, with 40% of the market estimated of 14,000 pharmacies, the target market was then reevaluated).*
[8] *Following the Webstar integration.*
[9] *According to in-house estimates, Cegedim Rx Romania equipped more than 35% of the pharmacists in this country in 2017, thus establishing the company as market leader (as in 2016, with the same market share).*
[10] *According to in-house estimates, HDMP is Belgium second-leading player in 2017 (as in 2016) in terms of the number of clients.*

Millennium - Italy

Millennium, 49% owned by *Cegedim*, is Italy's leading[11] medical software publisher, with *Millewin* installed on about 17,000 paying customers. Millennium strengthened its regional presence and is a strong shareholder of two other publishers, Mediatec focused on General Practitioners and Sosepe for Pediatricians.

Millennium and its and its subsidiaries hold more than 50% of the market.

Stacks - Spain and Chile

The leader[12] in physician software in Spain with more than 30,000 users, *Stacks* specializes in the analysis, design, and development of information systems dedicated to the healthcare sector.

Stacks also offers consulting and technical services for identification, adaptation, and integration of solutions in order to meet the needs of healthcare professionals. In this line, Stacks has collaborated with relevant organizations in technological transformation projects of high degree of difficulty.

Stacks has products for different market segments.

- Hospitals;
- Primary care centers;
- Insurance companies;
- Multi-specialty clinics.

The company has its own commercial network throughout the country. It is also present in South America through its establishment in Chile.

Pulse Systems - United States

Pulse is a Revenue Cycle Management ("RCM") company with advanced medical billing services and technologies that help physicians get paid, simply work and improve the delivery of patient services. In addition to technology enabled Revenue Cycle Management, *Pulse* provides SaaS and mobile empowered certified and integrated Electronic Health Records ("EHR"), population health, electronic prescription, practice management, medical billing clearing house, patient engagement, and payment technologies to physicians, medical service providers and patients. *Pulse* is a certified Quality Reporting Registry with the U.S. Health and Human Services Centers for Medicare & Medicaid Services ("CMS"), and helps physicians meet compliance requirements and report Quality and Meaningful Use data to the CMS.

More than 1,900 medical practices and 10,000 providers across the United States are part of the *Pulse* Network and use *Pulse* to ensure that they achieve the best possible financial and clinical outcomes.

Software for paramedical staff

RM Ingénierie - France

RM Ingénierie offers a full range of software (+4,000 line) for paramedical professions: nurses, physiotherapists, speech therapists, orthoptists, chiropodists, podiatrists, midwives, along with a complete solution for multi-disciplinary health structures.

Designer of France's first practice management software for physiotherapists in 1984, *RM Ingénierie* has positioned itself as the French leader in management software solutions for paramedical practices with approximately 46,000 users.

RM Ingénierie also develops innovative mobility solutions:

- The *Simply Vitale* solution, which is very popular among nurses, offers an all-in-one solution for mostly nomadic practices.
- *EKO4000* offers mobility to practitioners who use the historic *+4000* solution.

Medication Database

RESIP / BCB - France

RESIP (Research and Studies in Professional Information Systems) provides healthcare professionals with a scientific database to assist them in prescribing and issuing medications: the *Claude Bernard Database* (French acronym *BCB).*

The first medications and healthcare products database approved by France's Haute Autorité de Santé (HAS) in 2008, *BCB* is integrated into the various trade software which equips pharmacies, physicians and paramedical offices, and multi-disciplinary health structures (hospitals, clinics, assisted-living senior residences).

The *BCB* is also available to the general public for consultation on healthcare sites and portals as well as on Apple, Android and Windows smartphones and tablets.

[11] *According to in-house estimates, Millennium equipped more than 17,000 doctors' workstations in Italy in 2017, thus establishing the company as market leader (as in 2016).*

[12] *According to in-house estimates, Stacks equipped more than 30,000 HCPs in Spain in 2017, thus establishing the company as market leader (as in 2016).*

Overview of the Group's main products and services

HEALTH INSURANCE, HR AND E-SERVICES

Product/Service or Subsidiary/Subdivision	Type of Offering(s)	Purpose and Use	Main users	Revenue Generation	Geography
Cegedim Activ	Software for healthcare insurers	Facilitates policyholder management	Insurance companies, provident insurers, supplemental health insurers, and insurance brokers	Sales, administration and training fees and fees for subsequent upgrades and enhancements	France and French-speaking countries
Activus	Software for healthcare insurers	Facilitates policyholder management	Insurance companies, provident insurers, supplemental health insurers, and insurance brokers	Sales, administration and training fees and fees for subsequent upgrades and enhancements	International
Cetip	Software and services for electronic third-party payments (electronic reimbursements)	Processes electronic direct payments (electronic reimbursements) as well as aids regulatory compliance verification	Healthcare providers and healthcare insurers	Sales, administration and training fees and fees for subsequent upgrades and enhancements and pay per transaction fees	France
iGestion	Management services	Offers outsourced administrative and other back-office services	Insurance companies, provident insurers, supplemental healthcare insurers, and insurance brokers	Service fees	France
MyWellnessPartner MyHospiPartner	Digital solutions for preventive healthcare	Assists insureds throughout their healthcare pathway	Insurance companies, provident insurers, supplemental health insurers, and insurance brokers	Service fees	International
Cegedim SRH	Management services	Offers HR outsourced administrative services and other back-office services	Companies and organizations in various sectors	Service fees	France, Switzerland
C-MEDIA Futuramedia	Visibility and sell outs	Placing media campaigns in the pharmacy, merchandising and in-pharmacy turnkey promotional operations	Healthcare companies, including biotech and pharmaceutical companies, and Companies in various sectors	Access fees	France
MedExact	Promotional and practice assistance services	Dissemination of promotional information to software users connected to Cegedim servers and direct marketing services to prescribers, pharmacists and paramedical staff	Healthcare companies, including pharmaceutical and biotech companies, medical devices	Access fees	France
Cegedim EDI Global Information Services Cegedim Global Payments	e-Business software and services	Provides electronic data interchange, document digitization, digital filing and other services, as well as payment software for migration to SEPA DD	Companies in various sectors	Service fees	Europe
CG Call	Services	Sales subcontracting services (reception, customer service, setting appointments, B2B and B2C telemarketing, etc.)	Healthcare companies, including pharmaceutical and biotech companies	Service fees	Europe
GERS Data	Services	Processes and reports sales statistics for pharmaceutical and HABA products in France	GIE GERS, Healthcare regulators and healthcare companies, including pharmaceutical and biotech companies	Sales of statistics	France
Cegedim Customer Information	Services	Offers pharmaceutical products sales statistics	Healthcare companies, including biotechs and pharmaceuticals	Sales of statistics	Romania

Product/Service or Subsidiary/Subdivision	Type of Offering(s)	Purpose and Use	Main users	Revenue Generation	Geography
Pharmastock	Supply chain services	Healthcare products management services	Healthcare professionals and pharmaceutical companies	Storage and routing of products for the healthcare industries	France
Cegedim.cloud	Outsourced services	IT outsourcing services	Healthcare facilities, healthcare manufacturers and companies in all sectors that use health or critical data	Service fees	France
Cegedim Outsourcing	High value-added solutions and Outsourcing services	IT consulting and service, document digitization and customer relationship management	Companies and organizations in various sectors	Products sales and Services invoicing	France and North Africa
Cegedim Service Center	Outsourced services	BPO and customer relationship management	Healthcare professionals, insurers and companies in various sectors	Service fees	Romania

HEALTHCARE PROFESSIONALS

Product/Service or Subsidiary/Subdivision	Type of Offering(s)	Purpose and Use	Main users	Revenue Generation	Geography
Smart Rx **Cegedim Rx**	Software for pharmacists	Facilitates general business and operations management for pharmacies, including managing drug dispensing and facilitating intracompany communications	Independent pharmacists, SELs, pharmacist groups and partnerships and chains of pharmacies	Sales, administration and training fees, fees for subsequent upgrades and enhancements and service fees	France, United Kingdom, Romania
Cegedim Logiciels Médicaux **INPS** **HDMP** **Millennium** **Stacks** **Pulse Systems**	Software for Physicians and healthcare workers	Aids in practice management, E-prescription, electronic care sheet management Sharing secured data among healthcare professionals	Physicians, hospitals, centers for prevention and care	Sales, administration and training fees, fees for subsequent upgrades and enhancements and service fees Pay per transaction fees	France, United Kingdom, Belgium, Italy, Spain, Chile, United States
Cegedim Logiciels Médicaux **Stacks**	Patient portal	Facilitates communication between patients and physicians using a secure channel (sets appointments, alerts, and follows up on progress of treatment)	Patients and healthcare professionals	User subscriptions	France, Spain
RM Ingénierie	Software for paramedical professionals	Aids in practice management, E-prescriptions, electronic care sheet management), secure data sharing between healthcare professionals and electronic healthcare records	Nurses, physiotherapists, speech therapists, midwives and other paramedical professionals	Sales, administration and training fees, fees for subsequent upgrades and enhancements and service fees	France
RESIP (BCB)	Medication database	Contains information about medications (use, contraindications, etc.) to help with the prescription	Healthcare professionals in private practices or in hospitals	User subscriptions	Belgium, France, United Kingdom, Romania, Tunisia

1.4.2 Principal markets: trends by division

Health insurance, HR and e-services

MAJOR TRENDS IN THE INSURANCE MARKET IN FRANCE

Against a backdrop of continuing growth in the consumption of medical goods and an aging population, the health market remains an important strategic stake for insurance companies. Several trends have a particular impact on their products:

- the race for productivity gains through the use of digitization and robotization;
- the increase in the proportion of subsidized contracts (CMU CS/ACS);
- the growth and enrichment of digitalized exchanges between companies and AMC[13];
- unbridled competition that leads to overall negative technical results in the collective market;
- increasing interest in the provident market;
- the emergence of a non-mandatory and affinity collective market;
- growth the collective market, which should eventually reach 50%;
- a slow reorientation from "cure" to "care";
- a willingness on the part of stakeholders to diversify by offering services;
- a more mature big data approach in the service of risk management and customer knowledge.

Insurers rework their products with regard to targets, coverage and management fees while they supplement them with new services (personal assistance, prevention, childcare, etc.). The management delegation market benefits from the desire on the part of insurers to control management costs and focus on their products.

In an environment in which regulatory changes were limited by the presidential election, 2017 was marked largely by:

- the creation of the mutualist group VYV (merger of MGEN, Istya and Harmonie);
- the elimination of the security schemes for self-employed workers and students;
- preparations for the implementation of European personal data regulations (GDPR);
- preparing for the implementation of the Insurance Distribution Directive;
- the opening of borrowers' insurance to competition:
- the non-implementation of the generalization of RO direct payment to the whole population,
- the government's desire to develop telemedicine (PLFSS 2018);
- the increasing share of individualized compensation for private practitioners;
- the collective bargaining agreement with dispensary pharmacists, highlighting their role as the patient's "first resort".

MAJOR TRENDS IN THE INSURANCE MARKET INTERNATIONALLY

In 2017, 90% of healthcare executives interviewed by Accenture for their “Digital Health Technology Vision 2017” 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 2016-17” [15], where the European Re(Insurance) Federation stated that “digitalization 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 customers’ experiences of insurance, from the products on offer through to distribution, claims management and customer services.

[13] *Supplemental Health Insurance.*
[14] *Source: https://www.accenture.com/t20171213T060208Z__w__/us-en/_acnmedia/PDF-49/Accenture-Digital-Health-Technology-Vision-2017.pdf*
[15] *Source: https://www.insuranceeurope.eu/sites/default/files/attachments/WEB_Annual%20Report%202016-2017.pdf*

PRINCIPAL PAYROLL AND HR OUTSOURCING MARKET TRENDS IN FRANCE[16]

In 2017, the French HR solutions market was worth more than €2.6 billion, up 7% from 2016. Growth projections remain dynamic, with an average annual growth rate of 7.1% over the 2017-2019 period.

This is a market boosted by the digital transformation experienced by Human Resources Departments.

Many factors are contributing to the growth of the HR solutions market in France: a more optimistic economic climate conducive to HRIS investments, a legal and regulatory environment that is providing HR projects, some of which have deadlines in 2018-2019 (withholding tax, simplified pay slips, digital payroll, GDPR, etc.), strong societal changes that require the HR function to adapt, innovate and expand the employee experience.

The Software as a Service (SAAS) mode offered by *Cegedim SRH*'s *TEAMS^RH* solution accounted for nearly 26% of the HR solutions market in 2017 and its growth rate (+18.1%) between 2017 and 2019 remains high.

MAJOR TRENDS IN THE ELECTRONIC DATA PROCESSING MARKET IN FRANCE

The electronic data processing market continues to expand rapidly, driven by a major move towards the outsourcing of invoice processing, the increased targeting of rapid productivity gains, and the support of French and European public authorities.

Since January 1, 2017, big French companies are obligated to issue electronic invoices to the public sector (Order dated June 26, 2014).
Cegedim e-business largely contributed to this historic moment by connecting many customers to the new CHORUS PRO platform. By 2020 this obligation will radiate to other businesses (middle sized then small and then very small enterprises).

Moreover, large French customers have decided to completely eliminate paper and launch ambitious digitization projects for all critical processes to move all of their internal organization and commercial partners to zero paper for all documents exchanged. In parallel, the barriers are disappearing between the different segments of the exchange digitization market: e-invoicing, e-procurement, EDM (Electronic Document Management).

According to the results of a study carried out by the EESPA[17] (European E-Invoicing Service Providers Association) in 2017, 1,065 million "BtoB" and "BtoG" electronic invoices were processed by its members, representing significant growth of 19% in comparison to 2016.

In terms of payment, the disappearance of interbank payment instruments and of online payments on February 1, 2016, combined with the capabilities of the SEPA mechanisms, enable the emergence of new payment forms in B2C and B2B modes: cheaper, more secure, faster than checks, cards, or wire transfers. *Cegedim* is positioning itself as a major player in the implementation of SEPA 2.0 and integrating more and more online telepayment offers as part of the digitization of processes.

MAJOR TRENDS IN THE PHARMACEUTICAL MARKET IN FRANCE

According to the GERS data that serves as a reference[18] in this respect, the total pharmaceutical market grew by 2.0% in 2017 in revenue. Medications sold in pharmacies, the largest market segment in volume and revenue, has shown stable development (+0.2%). The growth of the global hospital market is slowing down (+5.3% in list price).

Like for the previous years, the revenue for reimbursable drugs, which represents 90% of the pharmacy market, is strongly impacted by price reduction measures. Their contribution on the market trend is estimated at -2.9 points.

The generics market represents €3.5 billion for a volume of 900 million boxes. The penetration rate was 80.7% or 1 point up from 2016.

In hospitals, growth was driven by non-GHS drugs, a segment marked by the arrival of new oncology treatments.

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[16] *Source: Markess 2017-2019.*
[17] *EESPA: European E-invoicing Service Providers Association.*
[18] *According to the framework agreement between LEEM and CEPS.*

Healthcare Professionals

Cegedim strives to provide all healthcare professionals with effective tools for managing their day-to-day practices. Physicians and pharmacists, particularly in France and the United Kingdom, constitute a prime example in this sector of activity. The number of staff employed in these professions gives a good estimate of *Cegedim*'s potential market. On the other hand, the constantly changing US market offers attractive growth prospects.

PHYSICIAN AND PHARMACISTS SOFTWARE IN THE UK MARKET

Whilst the United Kingdom Pharmacy market, on which Cegedim Rx operates, has grown steadily over the recent years the market is currently experiencing a reduction in dispensing funding from the NHS in England. In 2016-2017 this was equivalent to 6% or approximately £14,500 per pharmacy. In balance, additional funding is available to encourage Pharmacies to offer a greater range of clinical services to patients.

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

***INPS* operates in the GP market** across England, Scotland, Wales and Northern Ireland.

UK population

Number of physicians	Registered in the LRMP*	%	Licensed	%
Generalists	90,310	33.2	75,291	31.8
TOTAL	**281,440**	**100.0%**	**236,836**	**100.0%**

Source: General Medical Council – data July 2017.
** LRMP: List of Registered Medical Practitioners. Physicians that can be registered both as generalists and specialists*

In the UK, GPs work in medical practices that typically have 5 full-time GPs plus support staff. Every practice has to use a software solution provided by one of the four accredited throughout the United Kingdom. This National Health Service (NHS), runs a program of constant improvements and new requirements for suppliers to adhere to; the idea being to evolve gradually into a paper-free inter-connected ecosystem of suppliers aimed at improving the provision of patient care in the United Kingdom and administrative efficiency.

In England, the agency responsible for this program in England is called NHS Digital. It regulates the relationships with the principal GP Systems suppliers through a framework agreement known as GPSoC-R. This program allows GPs to choose an accredited clinical system developed by any of the core suppliers to this program, and enables innovation to be introduced into the market. The agreement which came into force in 2014 expires in March 2018 with a proposed extension to March 2019 and negotiations are underway to determine the future contractual arrangements.

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

In Scotland, the NHS National Services Scotland regulates the relationships with the principal GP Systems suppliers, the agreement for Scotland entered renegotiation in 2017 with and outcome expected in the spring of 2018 for a 5 year Agreement.

COMPUTERIZATION OF PHARMACISTS IN FRANCE

All French pharmacies are now computerized: the market for pharmacist software is therefore a replacement market. In keeping with the increasing need for performance from the pharmacies, this market is undergoing major changes and offers attractive growth prospects.

The economic challenges to the pharmacy in an increasingly regulated and competitive market oblige pharmacists to make the daily operation of their businesses more and more efficient. This is reflected in heavier information needs in monitoring and managing the business, in improvements in purchasing and in enhancing the point of sale.

At the same time, the market is structured around networks that strengthen their integration. This strategy translates into new specific needs with higher added value.

This creates needs for IT solutions offering increasingly sophisticated and useful statistics, for the ability to interconnect pharmacies while preserving the integrity of health data and for hardware solutions that add to the improvement of the point of sale. All of these factors have contributed to an evolution in computer resources in the short and the long term.

COMPUTERIZATION OF PHYSICIANS IN FRANCE

The large majority of French medical practices, almost 90% according to *Cegedim*'s estimates, are computerized. However, until now this level of computerization essentially concerned electronic care sheet management. With the new healthcare collective agreement, which incorporates compensation based on public health objectives (known in French as ROSP) and the structure fee, the electronic handling of patient records has become nearly obligatory in terms of diagnostics, prescriptions, pathologies, allergies, family history, test results, etc., as it is with the monitoring of complex pathologies and the digitization of exchanges with Health Insurance funds, which represents a market in revival.

Compensation of physicians is subject to certification levels and software use for many indicators, including the use of HAS-certified Prescription Support Software (LAP) with a drug database that has in turn been approved. So this is a time for the software market to tighten up.

Cegedim Logiciels Médicaux has seen its growth driven by this regulatory impetus, such that 80% of its sales involve recovering data from competing software.

The grouping of doctors and paramedical staff in healthcare centers, which has been observed with great frequency outside the Paris Region, is another major lever of growth for *Cegedim Logiciels Médicaux*, whose *MSP* solution is increasingly attractive in the context of this new multiprofessional mode of practice, with currently over 400 structures already equipped and an accelerating rate of market penetration.

On the Hospitals end, the development of private professional activity contracts also represents a source of new growth for historically "urban" software publishers.

Finally, with the launch of local telemedicine, which is a tool in the fight against medical deserts, *MLM* is also positioning itself on a new and promising niche market.

France population

Physicians	In regular practice(1)	In general medicine(1)	In general medicine and independent (1)	Generalists using electronic transmission(2)	Specialists using electronic transmission(2)
	197,859	88,137	49,641	55,467	53,289

Pharmacists	Practicing(3)	Holding a pharmacy license(3)	Assistant pharmacists(3)	Number of pharmacies(3)	Using electronic transmission(2)
	74,441	26,840	23,338	21,403	22,097

Physiotherapists	Practicing(4)	Individual practices(4)	Group practices(4)	Independent or mixed practices(4)	Using electronic transmission(2)
	86,459	39,337	29,065	69,006	63,287

Nurses	Practicing(4)	Individual practices(4)	Group practices(4)	Independent(4)	Using electronic transmission(2)
	660,611	65,800	40,647	116,800	83,717

(1) French National Council of Physicians – Atlas of Medical Demography – Situation as of January 1st, 2017. (2) GIE SESAM-Vitale, data as of December 31, 2017.
(3) Statistics from the French National Council of Pharmacists (l'Ordre National des Pharmaciens) as of January 1st, 2017. (4) DREES, 2016 data.

PHYSICIAN SOFTWARE IN THE UNITED STATES

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 poor financial performance is due to many medical practices' inability to adhere to changing claim submission and reimbursement criteria. The average number of claims denied due to inefficient RCM processes during a study revealed Blue Cross, Cigna, and MVP Health Care (Mohawk Valley Physicians) denied 7.6%, 21.0%, and 15.5% of claims respectively[19].
Additionally, transition from ICD-9 to ICD-10 medical classification codes in the U.S. has shown additional evidence that medical coders are not adequately equipped to manage the increased coding specificities of ICD-10, many cases resulted in impacts to productivity and revenue cycles due to inaccuracies[20].

The U.S. RCM market was valued at $9.52 billion USD in 2016 and is expected to grow at a compound annual growth rate of 11.6% between 2016 and 2022, reaching $18.44 billion USD by 2022 - a 93.6% increase in spend over a six-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.

Key drivers influencing the growth in the U.S. RCM market are: 1) Government compliance rules that emphasize clinical quality and the need to control practice cost for patient services; 2) Increasing enrollment of patients in high-deductible health plans and the poor collection from patients with co-pay and higher patient-pay responsibility; 3) Rapid changes and consolidation in business ownership of physician practices leading to a preference for more efficient RCM that can help to improve negotiations and contracts with payers and enable seamless communication between payers and physicians to identify gaps in revenue cycles, co-build risk-based premiums, and monitor contract compliance; and 4) Legacy RCM technology and staffing challenges related to cost, compliance, and productivity compel medical practices to rely on outsourced service vendors capable of driving shared-service arrangements through deployment of new RCM technologies and domestic and offshore personnel capabilities.

1.4.3 Main competitors

There is currently no global competition operating across the countries covered by *Cegedim*. Therefore, the analysis has been broken down by market and by country.

Health insurance, HR and e-services division

Cegedim Activ is the French leader[21] with over 43 million insureds managed by its solutions **in the personal insurance computerization market.**

On the French market for health and provident insurance management software suites, *Cegedim Activ*'s main competitors are DXC and ITN. In the same market but internationally, the main players are FADATA, DXC and Wyde.

As regards value-added services in the **management of third-party payment and adherence to public medical care systems,** Viamedis and Almerys are *Cetip's* main competitors, through its two brands (iSanté and SP santé).

In management delegation, *Cetip*'s *iGestion* trademark is competing with independent platforms such as Owliance, GFP and Almerys. Subsidiaries of brokers such as Baloo, GMC, GPS and Gestineose are also competitors. Finally, the market is also occupied by mutuals, joint ventures or brokers like Mercer, Pro BTP or Apria.

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[19] *Source: Wendell Potter, consultant. "The Higher Health Insurers' Claim Denial Rate, the Higher the CEO Pay". Huff Post Politics. April 23, 2013.*
[20] *Source: David Jensen, Elizabeth Ward and Lynda Starbuck. "A Year Later: ICD-10's Impact on Revenue Cycle Management". Health System Management. September 5, 2016. Erin Head. "A Study on the Impact of ICD-10 on Coding and Revenue Cycle". Hospital EMR & EHR. January 27, 2016. Kim Charland, BA, RHIT, CCS. "Measuring Coding Accuracy and Productivity in Today's Value-Based Payment World". Journal of AHIMA (American Health Information Management Association). Nov 3, 2017.*
[21] *According to in-house estimates, Cegedim Activ's customers managed more than 43 million policyholders in 2017, thus establishing the company as market leader.*

In terms of promotion, *Cegedim-MEDIA* is the French leader[22], both in terms of advertising at points of sale (POS) in pharmacies, through the numerous pharmacies covered by its display network. The acquisition of *Futuramedia* and the combination of its know-how with *RNP*'s strengthens the *Cegedim Group*'s positions on the point of sale media and opens new performance outlooks for partner brands.

"HR and e-Services" activities mainly cover a natural extension of the Group's expertise; notably with electronic data exchange, outsourced IT services, and outsourced payroll and human resources management. There are a large number of competitors in these different businesses.

The HR solutions market, moreover, is evolving between pure players who offer outsourced solutions on HRIS bricks (e.g. talent management) and competing ERP publishers with "comprehensive" solutions requiring partnerships to handle special local conditions. *Cegedim SRH* is unique in that it offers at the same time 360º functional coverage and advanced service levels in BPO. *Cegedim SRH* and ADP remain among the major players in 2017 in the market of services associated with payroll and HR management in France.

Regarding paperless exchanges: brought in particular by the CHORUS PRO project and the shutdown of the B-Process service platform, *Cegedim e-business* had many commercial successes in 2017 with a global growth rate further increasing from 2016. However, the competition is getting stiffer.
New providers in GED or e-procurement are attracted by the favorable regulatory context. Its competition includes in particular Docapost, Generix, Tessi, Esker, Tradeshift, and Edicom.

GERS Data is one of the French leaders[23] in **the domain of data and analyses of healthcare and pharmaceutical products**. *GERS* Data is now the benchmark of the framework agreement between LEEM and CEPS. It monitors over 800 markets at the most local level for over 190 companies marketing drugs or healthcare products.

Healthcare Professionals division

SOFTWARE FOR PHARMACISTS

In France:

Smart Rx and Pharmagest Interactive are the main actors[24] in the pharmacy computerization market in France.

In the UK:

Cegedim entered this market at the end of 2004, with the acquisition of the *NDC Health* and *Enigma Health* companies, which today are combined into one entity called *Cegedim Rx*. With approximately 39% of market share, and references such as the Walgreen Boots Alliance and Well Pharmacy Group (previously the Co-op Group) *Cegedim Rx* continues to occupy a leading[7] market position. Its Main Competitor in Dispensing Solutions is EMIS Health.

More than 3,400 pharmacies and ophthalmology centers now use *Cegedim Rx*'s *ServicePact, Optomanager & Healthi Services* solutions to share their patients' consultation data. Its main competitor in this area is PharmOutcomes.

In Romania:

Cegedim Rx is a leading[25] player with a market share estimated at 35%. Setrio, Softeh and HTSS are its major competitors in the pharmacy software market.

SOFTWARE FOR DOCTORS

In France:

Cegedim Logiciels Médicaux[26] *is* one of the market leaders. Its principal competitors are the German group CompuGroup (with in particular, the AxiSanté and HelloDoc software) and Prokov Editions (MédiStory software), and in the nursing home segment: WEDA and ICT.

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[22] *C-MEDIA is the French benchmark for on-site advertising in terms of number of pharmacies covered by its display network (in 2017 and in 2016), according to in-houses estimations.*
[23] *With more than 800 markets managed for over 190 companies (in 2017 and in 2016), GERS is, according to in-house estimates, one of the French leaders.*
[24] *Smart Rx and Pharmagest are the two main actors in terms of care sheets sent by pharmacists (source: GIE SESAM- Vitale, data as of December 2017).*
[25] *According to in-house estimates, Cegedim Rx's market share is estimated at 35% in 2017 (as in 2016).*
[26] *According to in-house estimates, Cegedim is one of the leading software publisher for healthcare professionals in terms of number of workstations installed in 2017 (and in 2016).*

In the UK:

Cegedim, with its *INPS* subsidiary, is one of three large suppliers in terms of user numbers (market share estimated at about 15%[27]), after EMIS (market share estimated at about 54%), and TPP (about 30%). Microtest is the 4th supplier with less than 1% market share in England.

In Belgium:

Cegedim is one of the three main healthcare software publishers[10] (with Corilus and CompuGroup Medical), at the forefront of this very rigid market The complexity and work load that came with the Roadmap eHealth (2015-2018), resulted in a decrease in the number of software programs on this market and the disappearance of very small regional players.

In Italy:

Millennium and its subsidiaries hold more than 50% of the market[11], and number the following among its competitors: CompuGroup (Profim, Phronesis, FPF, Venere, CCBasic), Koinè, Iatros, Atlas, Perseo.

In Spain:

With 35% of the estimated general practitioner market share, *Cegedim*, with its subsidiary, *Stacks*, is the leader[28] in this corner of the market. Indra and Cerner are among the main competitors in the healthcare field.

In Romania:

Cegedim Rx is a leading private player with a market share in GPs at 22%[29]. The main competitors are the public freeware SIUI and private players such as: Syonic, Setrio and Softeh.

In the United States:

EPIC, Cerner, Athenahealth, Allscripts, eClinicalWorks, CareCloud, NextGen, Greenway, CureMD, AdvancedMD, Aprima, and Kareo are companies in the market along with *Pulse*.

Some of the competitors focus on shared services business models while others primarily focus on delivering software. Many focus on different segments of the market. All the companies provide integrated solutions and core billing and collections shared services, but not necessarily comprehensive RCM services.

SOFTWARE FOR PARAMEDICAL STAFF

In France:

A leader[30] on the management software market for physical therapists, speech therapists, chiropodists, podiatrists, orthoptists and midwives, *RM Ingénierie* occupies a top position in France in the domain of computerization for the paramedical staff. Its main competitors are Epsilog and CBA (on the nurse market).

MEDICATION DATABASE

In the area of drug databases: *Cegedim's BCB* and its competitor Vidal are the principal players in this field in France.

Although there is no paper version of the *BCB*, its main competitor in the pharmacy, general practitioner practice and hospital sectors is Vidal. Then come two other competing databases, sold only on the hospital and clinics market, Thésorimed and Thériaque.

1.4.4 Major contracts

Significant contracts for 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. If these transactions are concluded and are likely to have a significant impact on the issuer's situation, they are published in a press release that can also be consulted at the Company's web site (www.cegedim.com). *Cf. note 12.2 and 12.3 of item 4.6 of this Registration Document* for a recap of these operations.

Any contract signed by any member of the Group that contains provisions conferring on any member of the Group a significant obligation or commitment for the entire Group on the date of this Registration Document is mentioned in the off-balance sheet commitments appearing in the *point 13.5 of the consolidated financial statements notes presented in item 4.6 of this Registration Document*.

[27] *According to in-house estimates Cegedim is one of the largest suppliers with a market share of around 15% in 2017 (and in 2016).*
[28] *According to in-house estimates, Stacks equipped more than 30,000 HCPs in Spain in 2017, thus establishing the company as market leader (as in 2016, with 30,000 HCPs).*
[29] *According to in-house estimates, Cegedim Rx's market share is estimated at 22% in 2017 (23% in 2016).*
[30] *RM Ingénierie boasts the highest number of electronic care sheets sent by physiotherapists, speech therapists, podiatrists, orthoptists and midwives (source: GIE SESAM-Vitale, data as of December 2017).*

1.4.5 Strategy

The year 2017 marks another important and positive step in the transformation of the Group. The transformation of the business model continues, our innovation capabilities have been strengthened and our organizational structure has been adapted to make it even more flexible. The sale of *Cegelease* at the end of February 2018 marks the end of the Group's refocusing process, which began in 2015.

The 2017 results reflect the good commercial momentum of the businesses combined with an improvement in profitability. The scope of the Group's offerings and their complementary nature, as well as geographical coverage, client diversity, capacity for innovation and the strength of an integrated Group should allow *Cegedim* to continue to grow based on its Cloud, SaaS, Big Data, Digital and BPO offers.

All of our business activities have tremendous growth potential based on the regulatory, demographic, technological and economic changes that affect our clients and markets.

In a rapidly changing healthcare environment in which there is a need for savings and greater efficiency in medical practice, *Cegedim* is at the heart of innovation and technologies that create a connected and open health ecosystem.

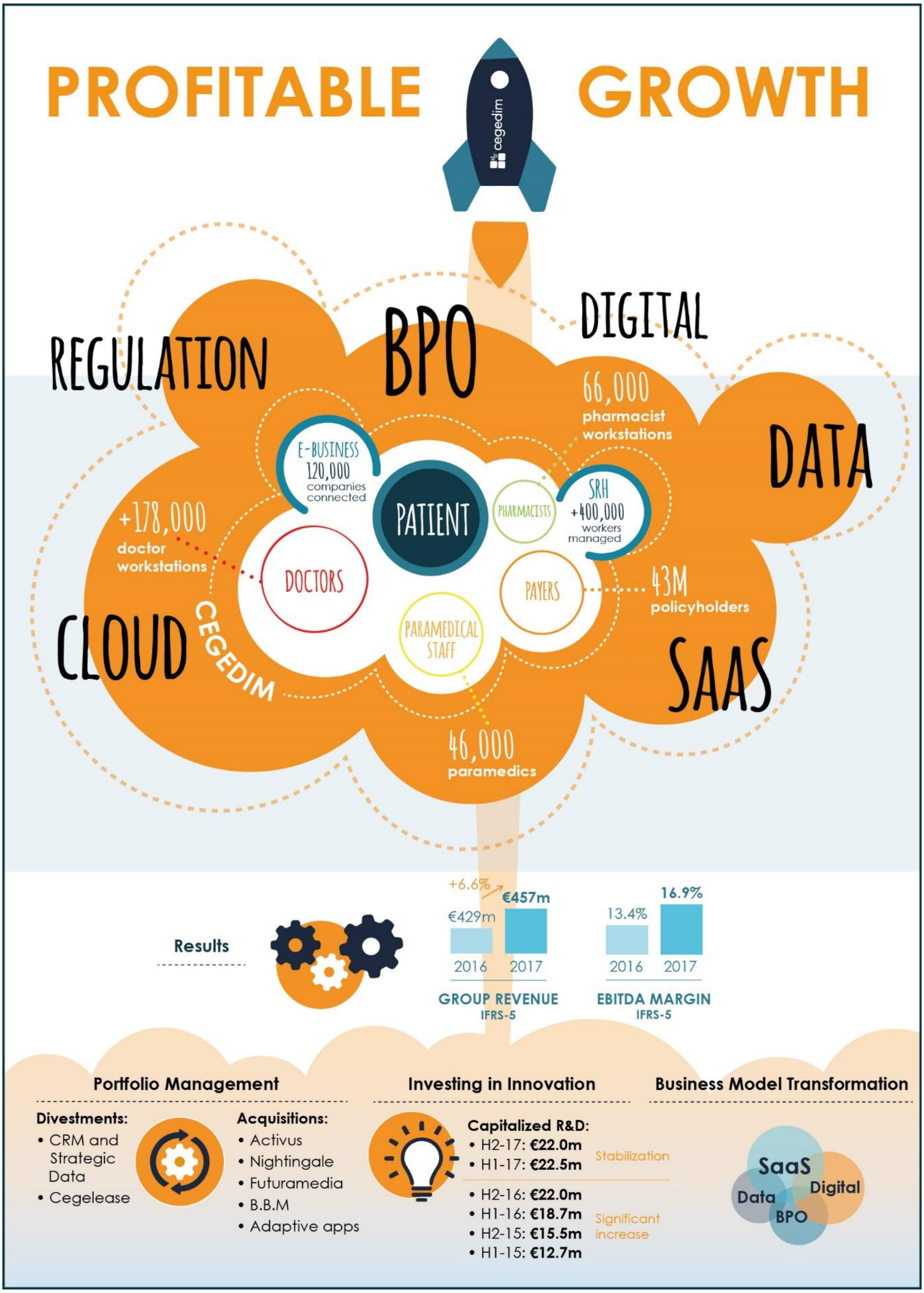
Cegedim supports healthcare professionals as they change the way they practice through integration of connected objects, telemedicine, expert systems, real-life medical data, knowledge bases for products, therapies and protocols. *Cegedim* is present at all stages of the care process, from diagnosis to prescribing and dispensing, especially in multidisciplinary health centers.

Among health insurers, *Cegedim* supports the implementation of new healthcare contracts (ACS, ANI, responsible contracts) and the generalization and automation of third-party payment processes (control of online rights, online invoicing and payment).

Cegedim is also present in the digital transformation of companies with its offers for the digitization of human resources management processes and flows, including the switch to automatic tax withholding. *Cegedim* is developing a whole range of digital offers dedicated to promotion, and it offers its clients the first digital display network in pharmacies.

Finally, all of the Group's offers are based on **its own hosting infrastructure for health data and critical applications.**

Cegedim is constantly at work improving its operating advantages and increasing its cash flow. ***Cegedim*** **should continue to benefit from the positive effects of its investments and reorganizations in 2019.**


PROFITABLE GROWTH
cegedim
REGULATION
BPO
DIGITAL
DATA
CLOUD
SAAS
CEGEDIM
66,000
pharmacist workstations
E-BUSINESS
120,000
companies connected
PATIENT
PHARMACISTS
SRH
+400,000
workers managed
+178,000
doctor workstations
DOCTORS
PAYERS
43M
policyholders
PARAMEDICAL STAFF
46,000
paramedics
Results
+6.6%
€429m
€457m
2016
2017
GROUP REVENUE
IFRS-5
13.4%
16.9%
2016
2017
EBITDA MARGIN
IFRS-5
Portfolio Management
Divestments:
• CRM and Strategic Data
• Cegelease
Acquisitions:
• Activus
• Nightingale
• Futuramedia
• B.B.M
• Adaptive apps
Investing in Innovation
Capitalized R&D:
• H2-17: €22.0m
• H1-17: €22.5m
Stabilization
• H2-16: €22.0m
• H1-16: €18.7m
• H2-15: €15.5m
• H1-15: €12.7m
Significant increase
Business Model Transformation
SaaS
Digital
Data
BPO

1.5 Research & development

1.5.1 Research and development activity at the Cegedim SA level

Cegedim SA brings together the pooled development teams assigned to projects using the Group's shared IT infrastructure. Development projects completed in FY2017 were capitalized in the parent company financial statements for 4.2 million euros, for all projects combined. This capitalization was carried out in the balance sheet, as the conditions set forth by the General Chart of Accounts were satisfied.

The Company continued and intensified the development of its *GIS* offering, a SaaS platform providing the digitization and management of all types of documents - papers, structured files, images - and of processes.

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

1.5.2 Research and development activity at the Cegedim Group level

Research expenses are recorded as expenses for the fiscal 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 recorded as expenses for the fiscal year during which they were incurred.

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

The development costs capitalized in the consolidated accounts in 2017 totaled 44.6 million euros.

The main projects are:

- *Activ'Infinite* with significant developments in order to reduce management costs of its clients in insurance.
- Offerings for US and UK doctors;
- The development of additional modules for *Cegedim SRH*;
- The pursuing and the reinforcement of offerings development for French pharmacists and doctors.

Cegedim SA brings together the pooled research and development teams assigned to projects using the Group's shared IT infrastructure. Certain regional R&D centers and some subsidiaries also have their own teams, and conduct their research and development activities under the coordination of the corporate headquarters.

The projects implemented by the Group involved divisions:

- *Health Insurance, HR and e-services* for 22.0 million euros;
- *Healthcare Professionals* for 22.1 million euros;
- *Corporate and others* for 0.5 million euros.

These specific development efforts are complemented by investments in software and hardware. The work of the dedicated IT teams performed routinely within the Group's different subsidiaries provides application maintenance for all of the solutions marketed (the cost is allocated to expenses for the year).

In all, the *Cegedim Group* has devoted about 12.1% of its sales revenues to research and development though this figure is not a target.

1.5.3 Innovations in 2017

In the Health insurance, HR and e-services division

IN TERMS OF IT FOR HEALTH INSURANCE COMPANIES AND SUPPLEMENTAL HEALTH INSURERS

In 2017, *Cegedim Activ* made structural changes to its software suites. Significant developments were thus made to the *ACTIV'Infinite* suite in order to reduce the solution's overall management costs and offer new functionalities to its clients in insurance. The new version 8.0 marks an important step towards the private practice market, with the option to use the PostgreSQL database. New modules have been added to the solution's functional scope. Among these, the Easy Collectif module, which operates natively on DSN exchanges, is dedicated to the management of collective bargaining agreements. It will be implemented very soon for the management of provident and health contracts at Klesia, a key player in the social protection market.

Adapting to changing consumer patterns, *Cegedim Activ* has developed the *MyDigitSale* solution, a full digital subscription platform for collective and individual agreements. This responsive design offer allows you to select offers and purchase and pay for them online. It uses a 100% secure payment tool and allows electronic signatures. The exchanged documents are archived in an electronic vault.

The international *Actisure* solution continued to grow with the launch of *Web Actisure* and the availability of the digital prevention solutions *MyWellness* and *MyHospiPartner*, which had their first client in the Middle East. The international offering will soon be equipped with a digital health platform to respond to market developments.

REGARDING FLOWS AND DIRECT PAYMENT

In 2017, for the broker AON, CETIP implemented a digitalized payment card for mobile telephones so that members can find their current rights in real time.

This year was also marked by the integration of the MERCER portfolio into third-party payment for 1.3 million policyholders.

Building on its work related to the generalization of third-party payments, *Cegedim Insurance Solutions* has been certified by the CNDA[31] for inter-AMC online services. This certification is for the iSanté and SP santé brands. It was obtained for the basic perimeter (DRE and online agreements) and the additional perimeter (IDB[32]/CLC[33] online services).

The year 2017 also saw the implementation of an offer to avoid potential fraud in the optical segment with the assistance of Humanis. The purpose of that offer is to avoid unjustified payments and eliminate all opticians with questionable practices from the *iSanté* agreement networking respect with the eligibility criteria for CNIL Authorization 39 and the GDPR. The agreements with the opticians were reviewed for that purpose and so the opticians with questionable practices could more easily have their agreements terminated. The fight against fraud relies on a business unit, data scientists and big data to centralize support requests as well as billing.

To streamline third-party payments with hospitals, *CETIP* has continued its developments related to the ROC project. As regards experimentation during phase 2 of the project, which integrates digitization of healthcare and pre-billing, iSanté has partnered with the MNH.

MANAGEMENT SERVICES

The year 2017 saw the final stages of the Klesia portfolio management integration and consolidation process. At the same time, *iGestion* made it possible for Istya Collectives to digitize the client process from the purchase of the agreement through its management.

Overflow management services have, for their part, expanded considerably.

The year 2017 also saw the extension of *iGestion*'s Type II ISAE 3402 certification to all of its business activities. This certification was obtained for all production sites (Marseille and Vélizy).

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[31] *CNDA: National Filing and Approval Center.*
[32] *IDB: Identification of Beneficiary Rights.*
[33] *CLC: Calculation of Rights.*

REGARDING OUTSOURCED PAYROLL AND HR

The digitization of HR processes is one of the areas most affected by the projects of the human resources departments. There are many challenges to be faced: increasing the quality of service for managers and employees, simplifying and securing exchanges (no re-keying of information), increasing productivity for low value added tasks.

On-Boarding is a natural part of this approach and a major concern for HR, and reception and integration of new employees now take place as part of digital processes. In this way, an innovative company's processes are made faster and recruitment costs are optimized. ***Cegedim SRH* meets this strong demand through the integration of signature modules and electronic vaults** for decentralized employment contracts with site managers, thus enabling human resources departments to get out of the drafting and mailing aspects of the hiring process.

As regards workforce monitoring, at the end of 2017 *Cegedim SRH* launched *SMART RH BI*, a "turnkey" reporting and HR management offer with key indicators. This web application enables deployment to top managers and provides dynamic and interactive charts for a practical analysis of results.

Along with workforce monitoring, *Cegedim SRH* created the *Smart Care, an* offering that goes beyond the production of regulatory studies (Social Report, BDES, gender equality reports) by providing occupations health indicators.
Thanks to the synergy of *Cegedim*'s Payroll and Healthcare businesses, *Smart Care* offers multi-source processing of workforce data such as HR data, absences, pathologies and healthcare consumption, thus enabling the development of proactive prevention actions that meet the challenges of corporate and financial performance.

The year 2018 is also marked by the implementation of the withholding tax on January 1, 2019. This major transformation project has already been anticipated by *Cegedim SRH*, a pilot publisher and signatory of the partnership charter with the public finance department. *Cegedim SRH* customers will have a comprehensive, standard, all-inclusive package. A support pack will include information notes, videos and explanations of calculations and offer access to a Chatbot specially designed and trained to answer many employee questions.

REGARDING DIGITAL DISPLAY

In 2017, *C-MEDIA* increased its digital development thanks to the merger of *RNP* with *Futuramedia* and continues its digital development in points of sale with the historical in-pharmacy network (8,000 Indoor and Outdoor media screens installed to date) and in shopping centers' drugstores and/or with new digital products such as: unstructured merchandising screens (digital tablets, linear, etc.) that integrate RFID or facial recognition.

REGARDING PAPERLESS EXCHANGES

During 2017, *Cegedim* continued the successful deployment of its new digitization of supplier invoices *KISS* (Keep Invoicing Smart and Simple). Similar to the CHORUS PRO portal, this modern user-friendly application lets any suppliers to *Cegedim* customers *upload their* invoices, simply and for free, on the *KISS* portal, digitizing them in compliance with the regulations.
New services were available in 2017 for subscribers *to KISS*, in particular a quick, digitized online financing service.

Prompted by the French government, which has made it mandatory to use electronic invoicing in government contracts from 2017 to 2020, *Hospitalis* has successfully accelerated the deployment of the connection with the Chorus portal for those laboratories starting to send invoices to healthcare institutions. The obligation to digitize brought about a high demand which also delayed the implementation of other projects around signing agreements or shipping notices.

The year 2017 also featured deployments of the digitization and electronic signature solution for all types of documents in accordance with the European eIDAS regulation. Successfully installed with *Cegedim* customers who are pharmaceutical companies, the *CG-PASS* solution was also implemented in the real estate sector to optimize administration of the property sales/rental/management cycle and in quite a few other B2B and B2C domains.

In addition, in collaboration with *Cegedim SRH*, it was adapted for signing HR documents as part of the digitization of on-boarding[34] processes (employment contacts, riders, etc.).

The *Arkevia Santé* solution, which offers a secure document archiving solution for healthcare professionals, has also experienced significant growth, particularly among pharmacies that can now digitalize

[34] *On-Boarding: integration of new employees.*

document exchanges between the pharmacy and its partners (suppliers, groupings, advisors, etc.).

Finally, many issuers of direct debits migrated to MA€A, the application for managing SEPA orders and associated payment flows,

REGARDING SALES DATA

Continuing to develop its Sell Out data range, *GERS Data* has adapted its range to self-medical labs, food supplements, medical and dermo-cosmetic devices.

In addition to its range of studies, *GERS Data* makes investments to reduce data production times. They are now instantly accessible on agile solutions.

In the Healthcare Professionals division

In 2017, *Cegedim Healthcare Software* continued to reinforce international synergies among its different entities as well as strengthen its leading position in health-related data exchange.

IN THE UNITED KINGDOM:

In 2017 *INPS* embarked on a major redevelopment program to transform its entire product suite into a series of modern Apps, which the group believes will establish *INPS* as the most technologically advanced supplier in the market with the best user experience characteristics. That work is ongoing but in 2017 the mobile versions of *Vision* gained NHS accreditation and revenue flows have commenced. Similarly the new Appointments app is now accredited for use and revenues begin to flow in 2018.

The new mobile versions of its core *Vision* software, are being used by more than 400 GP practices across the UK. It operates on all major tablets and smart phones, have gone from strength to strength, with the latest version including multi-practice capabilities for use in GP federations.

This 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.

The GP to patient consultation details are transmitted back to the "home" practice in a coded format, irrespective of which system the "Home" practice uses. In 2018, the company will be releasing versions of its new Tasks and Workflow app which has undergone extensive pilot trialing, followed by an app to simplify patient registration later in the year.

For England a significant development commenced in 2017 to replace READ Codes with SNOMED CT which is a structured clinical vocabulary embedded in clinical systems. It must be adopted by all GP systems used by general practice service providers from April 2018

In 2017, *Cegedim Rx* continues to deploy the government's Electronic Prescriptions scheme in England which now has nearly 99.4% of all pharmacies using the system. Development continues on the governments 'drive to deliver more clinical services through pharmacies with the introduction of a clinical portal called *Healthi Services* delivering a secure cloud based platform for the recording and management of such services. *Cegedim Rx* continues development of *Healthi platform* and *Healthi Hub* to underpin the release of its next generation dispensing applications and solutions.

During 2017 *Cegedim Rx* progressed the development of a new dispensing solution *Healthi Dispenser* which has entered the accreditation process with NHS Digital. *Healthi Dispenser* will be launched in England in Q3 2018 and will offer significant improvements in dispensing efficiency and clinical safety.

Cegedim Rx has continued its expansion and diversification in the primary care optometry services market working closely with LOCSU[35] in England, with the number of services being managed doubling in 2017. 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 *OptoManager*.

In 2017 following Webstar Integration the *OptoManager* and *ServicePact* products have undergone redevelopments to migrate both solutions to the *Healthi platform*. During 2018 both solutions will relaunched as *Healthi OptoManager* and *Healthi ServicePact*.

[35] *LOCSU: Local Optometry Community Support Unit.*

IN BELGIUM:

After electronic billing for third-party payers (2016), *HDMP* launched the *eAttest* service in early 2018. *eAttest* is electronic billing for normal patients (non-third party payers). The ultimate goal is to digitalize paper flows between physicians, patients and Mutual Companies (Insurance). With *eAttest*, physicians send an Electronic Care Certificate to the Patient's health insurer, which responds with a unique number if all of the conditions are OK. The patient receives a receipt from the physician and reimbursement is automatic without patient intervention.

HDMP also offered an online questionnaire for patients who are on a preventative path. With this questionnaire the patient completes a number of questions that are then integrated in the doctor's preventative module. This saves the doctor a lot of time.

Its solution for gatekeepers, the *HealthGuard* product integrated a web module to easily register home visits. Patient and medical information is *transferred from HealthGuard* to *WebGuard* and comes back after the home visit.

IN SPAIN AND IN CHILE:

In 2017, the most relevant projects in which *Stacks* has been involved are:

- Implementation of the *OMI360* solution in the whole network of Spanish Government penitentiary centers (1,700 users);
- Construction of a patient portal for the insurance group AXA. The solution allows, among other procedures, secure Video Conference;
- Technological renovation of the solution for primary care (GP's) in the region of Cantabria. During 2018 the solution will be deployed that will be used by more than 1,000 users for the total population of the region (+ 600,000);
- Technological renovation of the solution for the dental clinics of the Mapfre insurance group (400 users) and integration with their corporate systems.

IN THE UNITED STATES:

In 2017, *Pulse* continued to make significant investments in R&D supporting it key platforms and cloud operations as well as developed partnerships with third party vendors to strengthen its position in the U.S. market.

Pulse had investments in Practice Management and Revenue Cycle Management automation including: Updates for ICD-10, continued improvements to EDI and payment gateway services, interoperability and HL7 Interfaces, upgrades to security, updates to secure messaging, reporting and analytics, web services, and the introduction of new digital services (fax, patient engagement, and patient pay).

Pulse Complete EHR achieved ONC HIT Edition Complete EHR certification many years ago and remains compliant in accordance with the criteria adopted by the Secretary of Health and Human Services. *Pulse* also submitted 2016 quality data to the Center for Medicare and Medicaid Services (“CMS”) and is an officially recognized member of the Physician Quality Reporting System (“PQRS”) Registry. Electronic Health Records investments included updates for ICD-10 and next generation point of care – *Pulse Note* – which were introduced in 2017.

Next generation Integrated Cloud Practice Management and Electronic Health Records investments included: launch of *PulseCloud* with Practice Management & EHR capabilities.

Pulse also invested in successful partnerships with best-in-class providers such as MedAdvantage for Pulse Credentialing, InteliChart for patient portal, TSYS for payment transactions, Medicomp Systems for their clinical knowledge engine used in *Pulse Note* functionality, and Change Healthcare for advanced clearing house and RCM technologies.

Cloud infrastructure and data center investments were also made including: New North American global data center and new cloud infrastructure.

IN FRANCE:

In 2017, as a result of heavy investments in R&D, *Smart Rx* continued to deploy its innovative software solution to meet new needs and wants of the market. *Smart Rx* has expanded its range by creating two business lines: *Smart Rx Officine* and *Smart Rx Groupement*.

The first is based on the *Smart Rx* pharmacy management software, and includes new web-based modules such as a statistics tool and a purchasing management module.

The new line, *Smart Rx Groupement*, offers piloting tools dedicated to grouping issues, with such features as a powerful Business Intelligence solution and a management and administration tool for the deployed fleet in a pharmacy network.

As part of the digitalization projects carried out by the Health Insurance funds, *Cegedim Logiciels Médicaux* offers integrated ergonomic and easy access to teleservices (online declarations of work stoppages, Treating Physician information, etc.). The same is true for the DMP or MSSanté secure messaging. *Cegedim Logiciels Médicaux* is also the first publisher to have made an electronic prescription with a QR code between the physician and pharmacist for safe delivery of the prescription (PEM2D project being tested).

The integration of *Docavenue* in the medical software makes it possible, for example, to offer online appointment management with SMS reminders that are synchronized and open to new value-added services in the context of the doctor-patient relationship.

Cegedim Logiciels Médicaux is also positioning itself in the so-called digital healthcare territories, i.e. Ile-de-France and the Indian Ocean, with a web-based solution and information-sharing gateways that contribute to the patient's digital course of treatment.

Similarly, in partnership with Visiomed, *CLM* offers a powerful use of connected objects (stethoscopes, otoscopes, oximeters, and glucometers) to allow direct integration of measurements into the patient file, via Bluetooth, in the office or from the patient's home.

Finally, local teleconsultation clinics, at which patients receive care from a nurse, are the latest innovative high-quality concept in the fight against medical deserts.

Thanks to its touch-screen *Simply Vitale* system, *RM Ingénierie* continued to grow its market share among independent nurses in 2017.

RM Ingénierie launched the *EKO4000* system in October 2017. This product was very well received by the market, and it received the trophy for innovation in physiotherapy at the Rééduca trade show in 2017.

In *2017*, *RESIP* reinforced its positions on the medical software market. *BCB* has a growing presence on all of the computerized healthcare professionals' stations of the *Cegedim Group* in France, as well as on those of users of software publishers outside of the Group, which integrate it.

RESIP now has an offer targeted to the pharmaceutical industry.

The medicalization of the *BCB* is underway, with the production of pathology records and the proposal of therapeutic strategies.

BCB's digital offering continues to grow thanks to *BCB Dexther*'s mobile and web applications.

RESIP is also pursuing the development of the *BCB* internationally: after the United Kingdom (the base is called "*Gesmscript*") and Tunisia, Romania and Belgium are being finalized and several other projects should emerge, in particular in Italy.

Governance

2

1. Corporate governance of Cegedim

This section constitutes an integral part of the report on corporate governance referred to in Article L.225-37 of the French Commercial Code (Code de Commerce), as amended by Executive Order No. 2017-1162 of July 12, 2017. The report was reviewed by the Board of Directors at its meeting on March 20, 2018.

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

The Board still 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 so naturally acts in that capacity when he, like any core shareholder, helps define the strategic priorities that are in the Group's best interest.

The Group's organizational structure is particularly decentralized. This decentralized management approach has proven successful in business lines 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 competent 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. The most significant commitments are handled by the Group's Executive Management or, when required by the bylaws, by the Board itself. The Board notably oversees accounting and financial matters, and is also called upon to examine and approve transactions involving strategic issues or exceeding a certain threshold, which are submitted to the Board by Executive Management following its own review.

The result is that Cegedim's Executive Management and its 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. This being the case, combining the roles of Chairman of the Board and Chief Executive Officer 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, can still be considered particularly efficient.

At the Board of Directors meeting of March 22, 2010, Cegedim adopted a new set of bylaws. The bylaws notably govern the Group'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 Mr. 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 majority 6/10 vote must include at least one director representing Bpifrance Participations is no longer in force.

In carrying out its management duties, the Board of Directors is supported by the Audit committee, the Appointments committee, the Compensation committee, and the Strategy committee. The composition, functions, and activities of these committees are described in detail in point 1.1.7 of this chapter.

The Group is currently adopting the Middlenext Code of Governance.

1.1 Administration, senior management and supervisory bodies

The Board of directors is a collegial body. Members are collectively responsible for its decisions and must keep all deliberation confidential.

The Board of Directors may have a maximum of 18 members. Each member serves a six-year term.

1.1.1 Composition of the Board of Directors

As of this Registration Document's publication date , the Board of Directors has eight members, including one independent member, i.e. 13%. Before Anne-Sophie Hérelle and Marie Artaud-Dewitte resigned at the March 20, 2018, Board meeting, the level of independent members was 10%.

A member is independent if he or she has no direct or indirect relationship of any kind (other than non-substantial shareholding in the company) with the company, its Group or its management that could affect his or her independent judgement (as defined in the AFEP/MEDEF Code).

The Appointments committee regularly reviews the situation of Board members throughout their term of office and any changes to their situation that may call into question their continued independence.

For a description of conflicts of interest in administrative and management bodies and independence criteria, see section 1.1.6 of this chapter.

The Board of Directors has two female members (25%) as of the Registration Document's publication date. Before Anne-Sophie Hérelle and Marie Artaud-Dewitte resigned at the March 20, 2018, Board meeting, women represented 40% of directors. The Board will remedy this situation within the legal timeframe.

Jean-Claude Labrune is the father of Aude Labrune and Laurent Labrune. The business address given for the Directors is that of the Company's headquarters, c/o Cegedim, 129-137 Rue d'Aguesseau, 92100 Boulogne Billancourt.

1.1.2 Offices and experience

Jean-Claude Labrune

Date of first appointment

December 1, 1969

End date of term of office

AGMS 2022

Offices and positions held in all companies as of December 31, 2017

Offices held at French and international Cegedim subsidiaries

- **Chairman of the Board** of Cetip ;
- **Chairman** of SAS GERS and Hospitalis ;
- **Manage**r of Cegedim Média (former RNP);
- **Member of the board** at Cegedim since April 12, 1989 ;
- **Chairman of the Board and CEO** at Cegedim since August 18, 1994

Offices and positions held currently, excluding companies controlled by Cegedim

- **Chairman of Supervisory Board** of FCB since February 5, 2013;
- **Chairman** of Château de La Dauphine since November 26, 2015

Other positions and offices held, excluding companies controlled by Cegedim, over the past five years

- **Chairman** of FCB from June 24, 2005 to February 5, 2013
- **Manager** of JCL since November 30, 1994 to December 31, 2014

Experience

He graduat from the École Nationale Supérieure des Arts et Métiers. During his years of experience at IBM as a sales engineer, he worked primarily with the pharmaceutical industry. He was one of the promoters of professional discussion groups bringing together the IS Directors of pharmaceutical labs, such as Cedhys. It was out of his concern for resolving the issues the industry was bringing to his attention that in 1969 he created Cegedim.

Laurent Labrune

Date of first appointment

April 18, 2001

End date of term of office

AGMS 2019

Offices and positions held in all companies as of December 31, 2017

Offices held at French and international Cegedim subsidiaries

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

Offices and positions held currently, excluding 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

Other positions and offices held, excluding companies controlled by Cegedim, over the past five years

- **Director of the Board** and **Deputy Managing Director** of FCB from November 21, 2005 to February 5, 2013

Experience

He graduat from the École Nationale Supérieure des Arts et Métiers. In 1995 he joined Cegedim, where his responsibilities included coordinating the Group's IT development, before assuming the Directorship of the subsidiary Cegedim SRH. Laurent Labrune is Executive Chairman of the new entity Cegedim Relationship Management.

Aude Labrune

Date of first appointment

April 27, 2007

End date of term of office

AGMS 2019

Offices and positions held in all companies as of December 31, 2017

Offices held at French and international Cegedim subsidiaries

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

Offices and positions held currently, excluding companies controlled by Cegedim

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

Other positions and offices held, excluding companies controlled by Cegedim, over the past five years

- **Director of the Board** and **Deputy Managing Director** of FCB from November 21, 2005 to February 5, 2013

Experience

She has a master's degree in business law and a post-graduate degree in international tax law. She joined Cegedim in 1999; then took over the Directorship of Rosenwald, a Cegedim subsidiary, and held the position of Deputy General Manager for Legal Matters in the active holding company FCB.

GERS

Date of first appointment

GIE GERS since March 6, 1995

Philippe Tcheng since February 2012

End date of term of office

AGMS 2022

Represented by Philippe Tcheng

Offices and positions held in all companies as of December 31, 2017

Offices held at French and international Cegedim subsidiaries

- **Representative** of GIE GERS on the Board of Directors of Cegedim since February 10, 2012

Offices and positions held currently, excluding companies controlled by Cegedim(1)

- **Member of the Board of Directors** of LEEM since March 6, 2007
- **Member of the Office of the Board** of LEEM since December 11, 2009
- **Treasurer** of the LEEM since January 9, 2017
- **Chairman of the Scientific affairs committee** of LEEM since July 1, 2017
- **Chairman** of GIE-GERS since February 1, 2012
- **Director of the board** (as an individual) of Sanofi-Aventis France since May 3, 2012 then representative of SECIPE since 2016
- **Chairman of the Strategy Committee** of the Fondation Bordeaux Université since March 2015

Other positions and offices held, excluding companies controlled by Cegedim, over the past five years(1)

- **Member of the Board of Directors** of Fondation Bordeaux Université from April 1, 2013 to March 1, 2015
- **Member of the Board of Directors** of Fondation Paris-Diderot since January 31, 2012 to March 5, 2015
- **Chairman of the Strategy Committee** at Fonds Innobio from februiary 1, 2011 to January 1, 2012
- **Member of the Office of the Board and of the Board of Directors** of Paris & Co from September 2006 to December 19, 2017

Experience

The GERS GIE, as a pooling of our pharmaceutical laboratories operating in France, is an institutional Director with unsurpassed knowledge of the industry's needs. It pays especially close attention to the type and quality of services offered by Cegedim and provides a highly knowledgeable, creative voice within the Company.

(1) Position held by Philippe Tcheng

FCB

Date of first appointment

April 12, 1989

End date of term of office

AGMS 2022

Represented by Pierre Marucchi

Offices and positions held in all companies as of December 31, 2017

Offices held at French and international Cegedim subsidiaries

- **Representative** of FCB to the Board of Directors of Cegedim SA since April 12, 1989
- **Deputy Managing Director** of Cegedim since April 23, 2002
- **Director of the Board** of Cetip
- **Chairman of SAS:** Cegedim Ingénierie, Incams, RM Ingénierie, Cegedim Software, Cegedim IT, I-Assurances
- **Managing Director** of Cegedim SRH and Futuramedia
- **Manager** of Resip and Cegedim SRH Montargis
- **Co-Manager** of Cegedim Maroc
- **Chairman** of Croissance 2006 (Belgium), Stacks Consulting E Ingeniera de Software (Spain), Stacks Servicios Technologicos (Spain), Cegedim SRH Switzerland, Stacks Servicios Technologicos (Chili)
- **Deputy Director of** de Cegedim Belgium
- **Director** of, Millenium (Italy),Cegedim Service Center (Romania); Cegedim SRH (UK), Cegedim World Internal Services Ltd (UK), Compufile (UK), Cegedim Healthcare Software R&D (Irelande), Acrossduty Ltd (UK), Pembroke Fitzwilliam Investment (Irlande), Cegedim Data Services (UK), Activus Ltd (UK), Cegedim Holding Ireland Limited (Irelande), Cegedim Healthcare Services (UK)
- **Legal representative** of RESIP and CHS Russia

Offices and positions held currently, excluding companies controlled by Cegedim[(1)]

- **Chairman** of MARUCCHI SAS since November 2010
- **Chairman** of Laboratoires NYM
- **Member of the executive Board** of FCB since February 5, 2013
- **Manager** of IRIS since 1997
- **Managing Director** at Château de La Dauphine since November 26, 2015

Other positions and offices held, excluding companies controlled by Cegedim, over the past five years[(1)]

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

Experience

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

(1) Position held by Pierre Marucchi

Marcel Kahn

Date of first appointment

June 14, 2016

End date of term of office

AGMS 2022

Offices and positions held in all companies as of December 31, 2017

Offices held at French and international Cegedim subsidiaries

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

Offices and positions held currently, excluding companies controlled by Cegedim

- **Chairman** of the Financière d'Argenson SAS
- **Board Director** at Advanced Credit Solutions (ACS)

Other positions and offices held, excluding companies controlled by Cegedim, over the past five years

- Companies from the MACSF Group until June 2014

Experience

Graduate of ESSEC, chartered accountant and member of the Institute des Actuaires Français, has more than 27 years of financial experience and of general managers as well as a solid knowledge of the insurance companies and mutals.

After a career with AXA, PartnerRe and Scor, he was named Managing director of MACSF until May 2014. Actually, he has a consultancy and support activity dedicated to general managers.

Jean-Pierre Cassan

Date of first appointment

January 8, 2010

End date of term of office

AGMS 2022

Offices and positions held in all companies as of December 31, 2017

Offices held at French and international Cegedim subsidiaries

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

Offices and positions held currently, excluding companies controlled by Cegedim

- **Manager** of Eratos santé since May 25, 2004

Other positions and offices held, excluding companies controlled by Cegedim, over the past five years

- **Vice-President** of Inserm-Transfert
- **Director of the Boa**rd of Fondation Cœur et Recherche
- **Vice-President** of IFIS

Experience

An independent Board Director, Corresponding Member of the Société Française de Cardiologie, Manager of Eratos Santé SARL, Jean-Pierre Cassan is the Honorary Chairman of Companies du Médicament (LEEM) and of the Fédération Française des Industries de Santé (FEFIS), former Vice-Chairman of the Supervisory Committee of Inserm-Transfert, and Chairman of its Strategic Committee. Former Director of Fondation Cœur à Recherche. Former Chairman & CEO of Astra France, then of Astra Zeneca France. Former Director of Afssaps.Former Vice- President of the Institut de Formation des Industries de Santé (IFIS) [Health Industries Training Institute]. Honorable Member of the Collège des Pneumologues des Hôpitaux Généraux (CPHG) [College of Lung Specialists of General Hospitals].

Sandrine Debroise

Date of first appointment

June 14, 2016

End date of term of office

AGMS 2022

Offices and positions held in all companies as of December 31, 2017

Offices held at French and international Cegedim subsidiaries

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

Offices and positions held currently, excluding companies controlled by Cegedim

- None

Other positions and offices held, excluding companies controlled by Cegedim, over the past five years

- None

Experience

She holds an undergraduate degree in accounting and graduate degrees in Accounting and Financial Science and Techniques and a Master in Corporate Tax, which she earned 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 division. After serving in a variety of positions in that division, including Group CFO since 2010, she has now been named CFO of the family holding company, FCB.

1.1.3 Practices of the Board of Directors

1.1.3.1 Frequency of meetings

Article 13 of the bylaws of Cegedim SA states that the Board of Directors meets as often as the Company's interests dictate.

The Board of Directors met eight times in 2017.

In addition to the deliberations and decisions on the agenda as required by law (principally the shareholders' call to meeting and the preparation of the yearly Management Report), the Board of Directors worked in the main on the following areas:

- Authorization for the disposal of Cegelease and Eurofarmat;
- Adoption of the Audit Committee charter;
- Procedures of the Board of Directors;
- Creation of the Group Ethics Committee;
- Authorization to implement non-recourse factoring;
- The financial statements and the budget (approval of the 2016 annual consolidated financial statements, the half-year 2017 consolidated statements, and the provisional 2017 statements), and the five-year business plan. The Board was kept informed of the Group's financial position by Audit Committee reports and by the presentations given at each meeting by the Deputy Managing Director;
- Awards of free shares ;
- And the replacement of the Audit Committee chair and of one member of the Compensation Committee.

1.1.3.2 Convening of Directors

The Directors were convened by fax and e-mail in compliance with article 13 of the bylaws of Cegedim SA.

In accordance with article L. 225-238 of the French Commercial Code, the Statutory Auditors were convened to the Board of Directors' meetings during which the annual and interim financial statements were examined and approved.

1.1.3.3 Information provided to Directors

All documents and information necessary for the Directors to perform their duties were sent to them prior to each meeting of the Board of Directors.

At any time of the year, the Board of Directors may perform the checks and audits it deems advisable. In this respect, each Director may request the documents necessary to perform his duties from the Chairman of the Board of Directors.

1.1.3.4 Meeting location

Meetings of the Board of Directors are held at the Company's corporate headquarters.

1.1.3.5 Meeting minutes

Minutes of meetings of the Board of Directors are drawn up at the end of each meeting, sent to the Directors and validated by them at the next meeting.

1.1.3.6 Directors' compensation

The compensation paid to Directors is stipulated in the list of Directors of Cegedim SA appended to point 2.2 of this chapter. The Compensation Committee proposes the remuneration criteria for the Company's corporate officers to the Board. It examines the policies for allocations of free shares and all proposals for increases in the Company's capital reserved exclusively for employees.

1.1.3.7 Limitation of the powers of the Chairman & CEO and of the Deputy Managing Director

The Board of Directors has not imposed any limitations on the powers of Mr. Jean-Claude Labrune, Chairman & CEO or on those of Mr. Pierre Marucchi, Deputy Managing Director and Laurent Labrune. Deputy Managing Director.

1.1.4 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 entirely satisfactory and appropriate guarantees, with a view to ensuring that control is not exercised in an abusive manner. In 2010, the Group adopted the AFEP-MEDEF Code of Governance. Cegedim's governance code hasn't change since 2014; see the 2014 Registration Document. The Group is currently adopting the Middlenext Code of Governance, which will likely take effect in 2018.

1.1.5 Conflicts of interest in administrative and management bodies

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

Cegedim has commercial relationships with some of its shareholders and/or Directors and their respective groups. In particular, these relationships mainly involve GERS GIE (a consortium of pharmaceutical companies) and Financière d'Argenson, whose chairman, Mr. Marcel Kahn, serves on the Cegedim board of directors.

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

Contracts with GIE GERS groups and Financière d'Argenson were entered into under normal market conditions and represent respectively, revenue amounts less than 0.2% and 0.01% of the 2017 Company's consolidated revenue from continuing activities. The relationships between Cegedim and the above-mentioned entities do not therefore create any conflicts of interest.

In addition, Jean-Pierre Cassan, an independent board director, does not have any business relationship with the Cegedim Group.

Most of the companies belonging to the Cegedim Group rent the buildings in which they carry out their businesses.

In particular, Cegedim SA rents all of the facilities it occupies in Boulogne-Billancourt. Some rent amounts are paid to companies (managing holding company FCB or different real estate holding companies) that have common Directors with Cegedim SA, as indicated in the Auditors' Special Report reproduced in point 7.2 in chapter 7 of this Registration Document. In 2017, the total rent amounts involved (premises and car parks) amounted to €6.6 million, excluding occupancy expenses. Rents are established based on market conditions and will remain so.

1.1.6 Table of independence criteria

Board director	Not an employe or corporate officer	No cross-directorships	No business relationship	No family ties	Not the auditor or former auditor of the Company	Not a Director for more than 12 years	Not a shareholder holding over 10% of the share capital	Independent
Jean Claude Labrune					✓			
FCB représenté par Pierre Marucchi				✓	✓			
GERS, GIE représenté par Philippe Tcheng				✓	✓	✓	✓	
Marcel Khan	✓	✓		✓	✓	✓	✓	
Laurent Labrune					✓	✓		
Aude Labrune					✓	✓		
Sandrine Debroise		✓	✓	✓	✓	✓	✓	
Jean Pierre Cassan	✓	✓	✓	✓	✓	✓	✓	✓

1.1.7 Statements relating to corporate governance

During the last five years and to 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 acting in his capacity as a member of an administrative, management or supervisory body of an issuer or from taking part in the management and conduct of the issuer's business dealings

1.1.8 Committees of the Board of directors

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

- The Audit Committee;
- The Appointments Committee;
- The Compensation Committee;
- The Strategy Committee

1.1.8.1 The Audit Committee

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

Following her resignation, Valerie Roual-Desprez was replaced as Audit Committee chair by Marcel Kahn at the Board meeting of March 22, 2017.

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

The Financial Director and the Director of Investments are asked to participate in each meeting of the Audit Committee, as well as the Auditors of the Cegedim Group.

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. In particular, it is responsible for:

- Examining the annual and half-year financial statements;
- Monitoring the preparation process for financial information;
- Review of the five-year business plan and Cegedim SA forecasted statements;
- Examining and recommend the Cegelease and Eurofarmat disposal;
- Examining the draft of the waiver and amendment to the credit contract in conjunction with the operation detailed above;
- Review of the Group's financial strategy, especially in regard to factoring;
- Monitoring compliance with rules of independence and objectivity for Auditors;
- Perceive the European audit reform and the new audit reports;
- Design and adopt the charter of the Audit committee.

The Audit Committee meets at least twice each year, prior to the approval of the Company's interim and annual financial statements. The Audit Committee met six times during the course of the 2017 fiscal year, on the dates of March 20, 2017, April 26, 2017, July 12, 2017, September 18, 2017, October 25, 2017 and November 27, 2017.

1.1.8.2 The Appointments Committee

The Cegedim Appointments Committee is made up of three members of the Board of Directors, including one independent Director of the Board. The members of the Audit Committee are as follows: Mr. Jean-Claude Labrune, Chairman, Mr. Marcel Kahn and Mr. Jean-Pierre Cassan, as the independent Director of the Board.

The main duties of the Appointments Committee are to examine the following matters and to make proposals to the Board of Directors:

- Formulate proposals on the selection of Directors with regard to the composition of the Company's shareholder base and any changes thereto;

- Formulate proposals on the selection of independent Board Directors by carrying out its own research into potential candidates before making any approaches to the latter;
- Formulate a succession plan for executive officers so that proposals for succession can be made to the Board of Directors in the event of an unforeseen vacancy.

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

The Appointments Committee met once during the course of the past fiscal year, on March 22, 2017.

1.1.8.3 The Compensation Committee

The Compensation Committee is made up of three Directors. Mr. Jean-Pierre Cassan (Independent Director and Chairman of the Compensation Committee), Ms. Aude Labrune, and Mr. Marcel Kahn, assigned to the committee at the March 1, 2017, Board meeting.

The Compensation Committee proposes the remuneration criteria for the Company's corporate officers to the Board. Its mission is to review the remuneration of the Company's Directors, Chairman, Managing Director and Deputy Managing Director, and to make proposals to the Board in such regards, as well as to review the policies governing the allocation of free shares and variable compensation, and to review any proposal pertaining to a capital increase by the Company, in the form of an exclusive offer to its employees.

In the 2017 fiscal year, the Compensation Committee met twice, on March 22, 2017, and June 20, 2017, in order to rule on the plan to allocate free shares, the amount of Directors' fees, and the compensation of the Chairman and CEO, and the Deputy Managing Directors.

1.1.8.4 The Strategy Committee

The Strategy Committee is made up of three Directors. The Chairman of the Board chairs the Strategy Committee: Mr. Jean- Claude Labrune, Chairman, Mr. Laurent Labrune and Ms. Anne- Sophie Hérelle until her resignation recorded at the March 20, 2018 Board meeting). The Chairman of the Board chair the Strategy Committee.

The Strategy Committee proposes Company development priorities to the Board and identifies potential targets.

It usually meets twice a year. In the 2017 fiscal year, the Strategy Committee held no meetings.

1.1.9 Capital increase delegations, in validity and use

In accordance with Article L. 225-37-4 of the French Commercial Code, the table below presents the capital increase delegations in validity and use.

Decision		Purpose	Duration of authorization	Utilization
GM date	# Resolution			
		None		

2. Compensation and benefits of corporate officer

2.1 Principles governing the compensation of corporate officers

2.1.1 Compensation policy for corporate officers

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

The Company has made no commitments to its corporate officers involving compensation or benefits owed or that may be owed as a result of the assumption, cessation or change of these duties or subsequent to them.

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

There are no financial instruments giving access to the capital, nor other optional instruments of any kind, subscribed by the management or employees as part of reserved transactions. There are management fees agreements binding Cegedim to its holding company FCB with Directors in common. This is with reference to the agreements referred to in article L. 225-38 of the Code of Commerce corresponding to current agreements entered into on normal terms. Cegedim pays four quarterly payments on accounts based on the previous year's invoicing. At the end of the year, an adjustment is calculated based on the services utilized. For 2017, the annual invoicing amounts to 1.7 million euros. This amount corresponds to the re-invoicing of salary expenses and advisers' fees borne by FCB and attributable to Cegedim. The advisers' fees represent less than 10% of the total. The salary portion corresponds to the re-invoicing of a portion of the compensation of Jean-Claude Labrune, Laurent Labrune, Aude Labrune, Pierre Marucchi, Sandrine Debroise and Jan Eryk Umiastowski.

2.1.2 Pensions, retirement benefits and other benefits

There are no specific supplemental retirement plans set up for particular corporate officers.

All the pertinent information related to calculating the provision for retirement compensation is presented in the Accounting Principles and note 121.1 – Retirement Liabilities – of the Consolidated Financial in chapter 4.6 of this Registration Document.

2.1.3 Cegedim SA directors' fees

A proposal will be made to the General Meeting to decide upon the total amount of Directors' fees allocated to the Board of Directors for the current fiscal year, which could be set at 120,000 euros.

2.1.4 Stock-options

There are no stock-option plans in the Cegedim Group either for management or for any other category of employees. However, the Group implemented the allocation of free shares (see point 3.6 of this chapter for the description of the allocated free shares plan). This plan do not concerned Managing Directors.

2.2 Tables presented in accordance with AMF recommendations

The compensation and benefits of corporate officers includes the amounts paid by all the companies in the chain of control, in relation to the office held in the listed company, as stated by the article L.225-102-1 of the French Commercial Code.

The total gross compensation amounts paid to the Company's corporate officers are set out in the tables below.

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

In euros	2017	2016
Jean-Claude Labrune – Chairman of the Bord – CEO		
Compensation due for the fiscal year (see Table 2)	537,924	528,698
Value of options granted during the fiscal year (see Table 4)	-	-
Value of free shares granted during the fiscal year (see Table 6)	-	-
Total	**537,924**	**528,698**

In euros	2017	2016
Laurent Labrune – Deputy Managing Director		
Compensation due for the fiscal year (see Table 2)	515,253	605,643
Value of options granted during the fiscal year (see Table 4)	-	-
Value of free shares granted during the fiscal year (see Table 6)	-	-
Total	**515,253**	**605,643**

in euros	2017	2016
Pierre Marucchi - Deputy Managing Director		
Compensation due for the fiscal year (see Table 2)	575,763	540,015
Value of options granted during the fiscal year (see Table 4)	-	-
Value of free shares granted during the fiscal year (see Table 6)	-	-
Total	**575,763**	**540,015**

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

Jean Claude Labrune	Amounts for 2017		Amounts for 2016	
In euros	payable (1)	paid (2)	payable (1)	paid (2)
Fixed compensation	513,500	513,500	509,000	509,000
Variable compensation (3)	-	-	-	-
Foreign travel compenation	-	-	-	-
Special payments (4)	-	-	-	-
Attendance fees (5)	14,000	14,000	14,000	14,000
Benefits in kind (6)	10,424	10,424	5,698	5,698
Total	**537,924**	**537,924**	**528,698**	**528,698**

Laurent Labrune	Amounts for 2017		Amounts for 2016	
In euros	payable (1)	paid (2)	payable (1)	paid (2)
Fixed compensation	312,000	312,000	294,462	294,462
Variable compensation (3)	140,780	140,780	140,780	250,000
Foreign travel compenation	40,000	36,923	40,000	40,000
Special payments	-	-	-	-
Attendance fees (5)	14,000	14,000	14,000	14,000
Benefits in kind (6)	7,181	11,550	7,181	7,181
Total	**513,961**	**515,253**	**496,423**	**605,643**

Pierre Marucchi	Amounts for 2017		Amounts for 2016	
In euros	payable (1)	paid (2)	payable (1)	paid (2)
Fixed compensation	315,633	315,633	311,538	311,538
Variable compensation (3) (7)	97,117	169,117	97,117	37,463
Foreign travel compenation	-	-	-	-
Special payments (4)	50,000	50,000	50,000	150,000
Attendance fees (5)	35,671	35,671	35,671	35,671
Benefits in kind (6)	5,342	5,342	5,342	5,342
Total	**503,763**	**575,763**	**499,668**	**540,015**

For Jean-Claude Labrune, Laurent Labrune and Pierre Marucchi the fixed compensation are paid only by FCB and Cegedim SA. The variable compensation are paid only by Cegedim SA.

(1) Variable compensation payable in respect of a given year is paid in the next fiscal year.

(2) Variable compensation paid in a given fiscal year is that payable in respect of the previous fiscal year.

(3) The variable compensation of Pierre Marucchi and Laurent Labrune evolve in proportion to the change of the Group EBIT before special items.

(4) In 2016, the special payment is related to the disposal of the CRM and Strategic Data division to IMS Health on April 1st, 2015. The special payment was made in 2016 and decided in 2015 for Pierre Marucchi. In 2017, the Pierre Marucchi's special payment is related to the Futuramedia acquisition. It was decided in 2016 and paid in 2017.

(5) The attendances fees includes the attendances fees attributed from all the companies of the Group Cegedim. For Pierre Marucchi it include the attendance fees from Cegedim SRH Switzerland.

(6) Company car.

(7) Variable compensation payable in respect of a given year is paid by advance during the fiscal year and then rectify during the next fiscal year. In 2017, advance made on variable compensation related to 2017 came to €72,000 and were rectify in 2018.

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

Board member		Amount paid in 2017	Amount paid in 2016
Aude Labrune(1)	Attendance fees	14 000	14 000
	Other compensation (1)	341 982	322 711
Philippe Tcheng	Attendance fees	-	-
	Other compensation	-	-
Jean-Louis Mery(2)	Attendance fees	-	13 000
	Other compensation	-	-
Jean-Pierre Cassan	Attendance fees	18 000	18 000
	Other compensation	-	-
Valérie Raoul-Deprez(3)	Attendance fees	-	26 000
	Other compensation	-	-
Marie Arnaud-Dewitt (4)	Attendance fees	3 500	
	Other compensation		
Anne-Sophie Hérelle(4)	Attendance fees	3 500	7 000
	Other compensation	-	-
Sandrine Debroise(5)	Attendance fees	14 000	-
	Other compensation (5)	163 120	180 755
Marcel Kahn	Attendance fees	25 000	-
	Other compensation	-	-

(1) Compensation paid by FCB and includes the fixed and variable compensation, special payments and benefits in kind. Part of this compensation are re-invoiced to Cegedim in accordance with the management fees agreement binding Cegedim to its holding company FCB. This re-invoicing is done in consideration of services rendered in term of strategies, legal, marketing and HR to Cegedim.

(2) The terms of the Director Jean Louis Mery coming to an end on June 14, 2016.

(3) Ms. Valerie Raoul-Deprez resigned of the Board of directors during at the board of March 22, 2017.

(4) Attendance fees paid directly to Bpifrance participations.

(5) Compensation paid by FCB and includes the fixed and variable compensation, special payments and benefits in kind. Part of this compensation are re-invoiced to Cegedim in accordance with the management fees agreement binding Cegedim to its holding company FCB. This re-invoicing is done in consideration of her position as Cegedim CFO.

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

Name of the executive corporate officer	Plan number and date	Number of share that become available during the fiscal year	Vesting conditions	Year granted
None				

Table 8 – Historical date related to share subscription or purchase options granted (executive board members only)

	Plan number
Date of the General Meeting	None
Date of the Board meeting	
Total number of shares available for subscription or purchase	
Of which 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 the year-end	

Table 9 – Option granted to and exercised by the ten employees other than coportae officer holding the most options

Share subscription or purchases options granted to then ten non-corporate officer 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 potentially due because of leaving or changing office		Special allowance relative to 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	✓			✓		✓		✓

2.3 Interest held by corporate officers in the Company's share capital and transactions in the Company's shares by corporate officers

Here is a summary statement, to the best knowledge of the Company, of the share transactions of corporate officers over the period running from the 1st of January 2017 to December 31, 2017.

	Number of shares held on December 31, 2016	Number of free shares granted during the year	Number of shares bought	Number of shares sold	**Number of shares held on December 31, 2017**
Bpifrance participations	2,102,061	-	0	0	2,102,061
Jean-Pierre Cassan	0	-	0	0	0
Sandrine Debroise	3,807		0	0	3,807
FCB	7,375,891	-			7,375,891
GIE GERS	0	-	0	0	0
Anne-Sophie Hérelle	0	-	0	0	0
Marcel Kahn	0	-	0	0	0
Aude Labrune(1)	1	-	0	0	1
Jean-Claude Labrune(1)	0	-	0	0	0
Laurent Labrune(1)	1,601	00	0	0	1,601
Pierre Marucchi(2)	23,712	-	0	2,400	21,312
Marie Artaud-Dewitte	0	-	-	-	0
Phlippe Tcheng	0	-	0	0	0

– (1) Jean-Claude Labrune, Aude Labrune and Laurent Labrune are shareholders of FCB who own 52.7% of Cegedim SA capital.
– (2) Shares held directly and indirectly through the company called MARUCCHI SAS. Pierre Marucchi is also shareholder of FCB who own 52.7% of Cegedim SA capital.

To the Company's knowledge, between December 31, 2016 and the date of the publication of this Registration Document the following changes in the interest held by corporate officers in the company's share capital, including in registered shares, happened.

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 Mr. 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. Bpifrance Participations has committed in the context of the shareholders' agreement amendment for a lock-up on 3% of Cegedim's capital until 28 October 2019.

Mr. Pierre Marucchi sold 5,300 Cegedim shares and thus hold 16,012 Cegedim shares at the date of publication of this registration Document.

3. General information about the company

3.1 Information on the company

3.1.1 Registered company name and trade name of the issuer

The issuer's registered name is: Cegedim.

The issuer's trade name 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 et Cegedim Analytics.

3.1.2 Issuer's place of registration and number

Registered in the Nanterre Trade and Companies Register, under number: 350 422 622, code APE 6311Z.

3.1.3 Date of incorporation and term 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.

3.1.4 Issuer's corporate headquarters and legal name, laws 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 euros. Since March 26, 2015 its corporate headquarters are located at 127 rue d'Aguesseau, 92100 Boulogne-Billancourt, France. Formerly, the corporate headquarters were 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 Code of Commerce.

3.1.5 Corporate documents

All documents pertaining to the Company, in particular its Bylaws, financial statements and reports to Shareholders' Meetings presented by the Board of Directors or the Statutory Auditors may be consulted at the Company's registered office.

3.2 By laws

3.2.1 Cegedim's corporate purpose

According to article 2 of the bylaws, the Company's corporate purpose is:

- The acquisition of stakes or interests in all companies or enterprises that offer 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 company information by the most diverse means;
- Documentation through all means and in all fields, particularly the scientific, economic, social and statistical fields, etc.;
- Marketing, particularly the penetration of various markets with all the operations such increase in market share requires;
- All activities involving information and its processing, information technologies and machine processing in all their design and operational aspects in the various fields;
- All administrative, financial, accounting or management services for the Company's subsidiaries or all other companies in which it holds a stake or any other company;
- The acquisition, subscription and management of all securities;
- All industrial, commercial and financial, moveable and real property 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, contributions, general partnerships, the subscription or acquisition of shares or corporate rights, mergers, alliances or joint ventures or economic interest groups or lease management.

3.2.2 Provisions in the articles of incorporation and the bylaws concerning administrative and management bodies

The provisions of the Cegedim bylaws concerning the members of its administrative and management bodies comply with the laws in effect, with the exception of the following terms and conditions:

- Unless the French Code of Commerce exempts him from this obligation, each Director is required to own at least one share for his entire term of office;
- No-one over the age of 85 may be appointed as Chairman of the Board of Directors. If the Chairman in office exceeds this age, he is assumed to have resigned at the end of the next upcoming meeting of the Board of Directors;
- No one over the age of 85 may be appointed as Director;
- Decisions are made by the majority of members present or represented; each Director has one vote. In case 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 assumed to have resigned at the end of the next upcoming meeting of the Board of Directors.

3.2.3 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 General 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-up shares providing proof of registration for at least four years in the name of the same shareholder. This double voting right is reserved for shareholders with French nationality and for shareholders originating from a Member State of the European Union.

Furthermore, in case 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 allotted free of charge to a shareholder in the amount of the former shares that entitle him to this right.

The double voting right ceases for any share that has been converted into a bearer share or transferred, to the exclusion of any transfer of registered shares through 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"

3.2.4 Actions necessary to modify shareholder's rights

There are no stricter conditions than those set forth by law for modifying shareholders' rights.

3.2.5 Conditions under which Annual General Meetings and Extraordinary Shareholder's Meetings are called

General Meetings are called and transact business under the conditions set forth by law. They are held at the corporate headquarters or at any other location indicated in the notice of Meeting.

Any shareholder has the right to attend General Meetings and to take part in the votes in person or through a proxy regardless of the number of shares he owns, upon simple proof of his status as shareholder at least five days before the meeting. However, the Board of Directors has the right to reduce this time frame. All shareholders may vote by mail

3.2.6 Provisions of the articles of incorporation and the bylaws that may delay, defer or hinder a change of control in the Company

None.

3.2.7 Provisions of the articles of incorporation and the bylaws that set the threshold above which any investment must be disclosed

The bylaws contain no special provision for declaring threshold crossings. Only the legal provisions are applicable.

3.2.8 Conditions imposed by the articles of incorporation and the bylaws governing changes in the capital, where such conditions are more stringent than is required by law

None.

3.3 Information on the share capital

3.3.1 Number of share

Share capital as of December 31, 2017.

The Company has a share capital of €13,336,506.43, comprising 13,997,173 fully paid-up shares. The shares have a par value of €0.9528.

3.3.2 Shares not representing capital

There are no shares not representing capital.

3.3.3 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.

3.3.4 Information about and terms of any right of acquisition and/or any obligation attached to the capital subscribed but not paid up or an undertaking to increase share capital

None.

3.3.5 Information about any capital of any member of the Group which is under option or agreed conditionally or unconditionally to be put under option

None.

3.3.6 Changes in share capital

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 the 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 euros. 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.

3.4 Shareholding structure

3.4.1 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 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, 2017 are shown below.

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%
Sub-total concert FCB and 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 hold by Corporate Officers and Board Directors. The detail of the Corporate Officers and Boards directors holding are presented in section 2.3 of this chapter.

(2) Including the liquidity contract.

As of February 28, 2018

There was not significant change in the shareholder structure between February 28, 2017 and the date of the 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	7,375,891	52.70%	14,847	7,361,044	14,722,088	14,736,935	67.53%
Bpifrance participations	419,915	3.00%	0	419,915	839,830	839,830	3.85%
Free Float(1)	6,137,089	43.85%	6,093,915	43,174	86,348	6,180,263	28.32%
Cegedim(2)	64,278	0.46%	-	-	-	-	0.00%
Total	**13,997,173**	**100.00%**	**6,108,762**	**7,824,133**	**15,648,266**	**21,757,028**	**99.71%**

(1) The Free-Float includes the shares hold by Corporate Officers and Board Directors. The detail of the Corporate Officers and Boards directors holding are presented in section 2.3 of this chapter.
(2) Including the liquidity contract

3.4.2 Changes in the shareholding structure

To the best of the Company's knowledge as of December 31, 2017, the shareholders owning more than 5% of the capital or of voting rights are FCB, BPIfrance Participations and FMR LLC. FCB and BPIfrance Participations hold together 67.71% of Cegedim shares and 80.59% of voting rights.

To the best of the Company's knowledge as of this Registration Document, the shareholders owning more than 5% of the capital or of voting rights are FCB, FMR LLC and DNCA Investments. FCB hold 52.7% of Cegedim shares and 67.5% of voting rights.

- **FCB** is a Simplified Joint-Stock Company (SAS) with capital of 475,560 euros (Trade and Companies Register of Nanterre 340 651 132), the majority of which is held by Jean-Claude, Laurent and Aude Labrune. It is an active holding company;
- **FMR LLC** is a holding company of an independent group of portfolio management company commonly known as Fidelity Investments.
- **DNCA Investments** is a French independent portfolio management company.

The latest declared threshold crossings are as follows:

- **February 14, 2018:** *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* reported crossing to the downside the thresholds of 15%, 10%, and 5% of shares, and the thresholds of 15%, 10%, and 5% of voting rights as a result of the operation to divest 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* – reported that they crossed to the downside the threshold of 2/3 of shares and dissolved the agreement of October 28, 2009, following *Bpifrance Participations'* operation to sell 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 disappearance of double voting rights attached to the shares sold by *Bpifrance Participations* on February 13, 2018, the shareholders' agreement had crossed the threshold of individual voting rights to the downside and its own holding had crossed the threshold to the upside. In other words, the percentage of voting rights rose automatically. After the operation, FCB holds 52.7% of shares and 67.5% of voting rights.
- **June 18, 2015:** Alliance Healthcare France, indirectly controlled Walgreens Boots Alliance, Inc fell below the 5% threshold of capital and voting rights following the sale off-market of block to FMR LLC and is no longer shareholder.
- **June 18, 2015:** FMR LLC (245 Summer Street, Boston, USA) crossed the 5% threshold of capital and voting rights with 9.59% of shares and 5.73% of voting rights.
- **December 31, 2014:** Walgreens Boots Alliance, Inc. announced the crossing of the 5% threshold of Cegedim's capital and voting rights, indirectly through companies it controls. This crossing of the threshold is due to Walgreens Boots Alliance, Inc.'s indirect acquisition of Alliance Boots GmbH – which holds an indirect stake in Cegedim – through AB Acquisitions Holdings Ltd. At the same time, AB Acquisitions Holdings Limited announced that it had gone under these same thresholds, indirectly, through the companies it controls, and therefore no longer held any Cegedim shares.
- **April 22, 2014:** Bpifrance Participations crossed the 15% threshold of voting rights as a result of double voting rights attributed to shares held for over four years;

As of February 28, 2018

There was not significant change in the shareholder structure between February 28, 2018 and the date of the 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	7.375.891	52.70%	14.847	7.361.044	14.722.088	14.736.935	67.53%
Bpifrance participations	419.915	3.00%	0	419.915	839.830	839.830	3.85%
Free Float(1)	6.137.089	43.85%	6.093.915	43.174	86.348	6.180.263	28.32%
Cegedim(2)	64.278	0.46%	-	-	-	-	0.00%
Total	**13.997.173**	**100.00%**	**6.108.762**	**7.824.133**	**15.648.266**	**21.757.028**	**99.71%**

(1) The Free-Float includes the shares hold by Corporate Officers and Board Directors. The detail of the Corporate Officers and Boards directors holding are 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%
Sub-total concert FCB and 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 hold by Corporate Officers and Board Directors. The detail of the Corporate Officers and Boards directors holding are 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%
Sub-total concert FCB and Bpifrance participations	**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 hold by Corporate Officers and Board Directors. The detail of the Corporate Officers and Boards directors holding are presented in section 2.3 of this chapter.
(2) Including the liquidity contract

As of December 31, 2015

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%	25,845	7,350,046	14,700,092	14,725,937	62.79%
Bpifrance participations	2,102,061	15.02%	0	2,102,061	4,204,122	4,204,122	17.93%
Sub-total concert FCB and Bpifrance participations	**9,477,952**	**67.72%**	**28,845**	**9,452,107**	**18,904,214**	**18,930,059**	**80.72%**
Free Float[2]	4,476,752	31.98%	4,430,476	46,276	90,552	4,523,028	19.29%
Cegedim[1]	42,469	0.30%	-	-	-	-	0.00%
Total	**13,997,173**	**100.00%**	**4,456,321**	**9,498,383**	**18,996,766**	**23,453,087**	**100.00%**

(1) The Free-Float includes the shares hold by Corporate Officers and Board Directors. The detail of the Corporate Officers and Boards directors holding are presented in section 2.3 of this chapter.
(2) Including the liquidity contract

3.4.3 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 Mr. 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 majority 6/10 vote must include at least one director representing Bpifrance Participations is no longer in force.

3.4.4 Agreement which might at later date entail a change of control

At the date of the publication of this Registration Document and to the Company's knowledge, there are no agreements whose implementation could, at a later date, result in a change in its control.

3.5 Shareholders' agreements

On February 13, 2018 Bpifrance sold 12% of Cegedim shares on the capital market. In the context of the transaction, the shareholders' agreement dated 28 October 2009 between M. Jean-Claude Labrune, FCB (family holding controlled by M. Jean-Claude Labrune) and Bpifrance as well as the concert between the parties have been terminated.

3.6 Transactions in the company's shares

3.6.1 Treasury shares

At the end of fiscal year 2017, the Company own 12,406 treasury shares. During the fiscal year 2017 Cegedim do not acquired shares, excluding operation within the liquidity contract framework. The Company did not transferred shares in the framework of the free share plans. The Company did not proceed with any transaction for the assignment of treasury shares in 2017.

The Company has set up a liquidity contract with Kepler Cheuvreux of €500,000. At December 31, 2017, the contract involved 4,900 Cegedim shares and €279,701.77 in cash.

Between December 31, 2017 and the date of the publication of this Registration Document Cegedim acquired 67,392 shares on the on the market in relation with it free shares plan. The Company transferred, in theframework of the free share plans, 13,575 treasury shares. The Company did not proceed with any transaction for the assignment of treasury shares in 2016, apart from the allocation of free shares

3.6.2 Allocation of free shares

The Board of Directors meetings of June 4, 2013 was authorized by the Extraordinary Shareholders' Meeting of June 8, 2011 to award a total number of free shares not exceeding 10% of the total number of shares comprising the share capital to the Directors and employees of the Cegedim Group.

The Board of Directors of September 18, 2014 was authorized by the Extraordinary General Meeting of June 10, 2014, to grant a total of free shares, which were not to exceed 10% of the total number of shares making up the capital, to the Directors and employees of the Cegedim Group.

The Board of Directors of January 28, 2016 was authorized by the Extraordinary Shareholders' Meeting of November 16, 2015, to grant a total of free shares, which were not to exceed 10% of the total number of shares making up the capital, to the Directors and employees of the Cegedim Group.

The Board of Directors of June 21, 2017 was authorized by the Extraordinary Shareholders' Meeting of November 16, 2015, to grant a total of free shares, which were not to exceed 10% of the total number of shares making up the capital, to the Directors and employees of the Cegedim Group.

For more information see note 10.4 "Treasury shares" in the notes to the consolidated financial statement in Chapter 4 of this Reference Document.

	Plan of 06.04.2013	Plan of 09.18.2014	Plan of 01.28.2016	Plan of 06.21.2017
Date of the General Meeting	06.08.2011	06.08.2011	11.16.2015	11.16.2015
Number of shares authorized by the general Meeting	1,399,717	1,399,717	1,399,717	1,399,717
Date of the Board meeting	06.04.2013	09.18.2014	01.28.2016	06.21.2017
Total number of shares than can be allocated	48,870	19,280	28,038	19,540
Number of recipients	108	34	36	34
Date of allocation	06.04.2013	09.18.2014	01.28.2016	06.21.2017
Date of availability of free shares				
France	06.03.2015	09.17.2016	01.28.2018	06.21.2019
Aboard	06.03.2017	09.17.2018	01.28.2019	06.21.2020
End of retention period	06.03.2017	09.17.2018	01.28.2019	06.21.2020
Shares permanently allocated	18,530	18,780	17,017	18,440
Shares permanently acquired at 12.31.2017	13,950	0	0	0

3.7 Factors affecting a potential takeover bid

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;
- The rules applicable to appointing and replacing members of the Board of Directors and to amending the Company's bylaws;
- The powers of the Board of Directors, particularly with respect to issuing or buying back shares

Furthermore,

- The Company was not informed of any agreements pursuant to article L. 233-11;
- There are no holders of shares comprising special control rights (except for the double voting rights, the allotment of which is completely independent of the occurrence of a public offering);
- There is no special mechanism set forth in the employee shareholding plan when control rights are not exercised by employees
- The Company has no knowledge of agreements between shareholders that might result in restrictions on transferring shares and exercising voting rights;
- The agreements signed by the Company, which could be amended or terminated in the event of a change of control of the Company, are relatively few and are confidential in nature; the ability to amend or to terminate agreements is not systematic, and, in such an event, would only have a relatively immaterial impact on the Company;
- There are no agreements providing for compensation for the members of the Board of Directors or employees if they resign, if they are dismissed without real and serious cause, or if their employment ends due to a public offering.

Regarding contracts entered into by the Company that could be amended or end in the event of a change in control of the Company, Cegedim has no policy of engaging in such agreements. However, there are clauses protecting the intellectual property of the Group.

3.8 Policy toward employees

Payroll costs represent one of the most significant expenses. The Group's employees make up Cegedim's most valuable asset and main resource. Cegedim therefore adapts its compensation policy appropriately in order to motivate talent, ensure training and recruitment while maintaining salary costs within a reasonable growth level. For 2018, salary changes will be individualized.

3.8.1 Agreement providing for Cegedim employee profit-sharing plans

There are employee profit-sharing agreements in accordance with the legal provisions with application of the ordinary law calculation formula. Upon the employee's discretion, the profit-sharing may be paid into a Mutual Fund or deposited in a current account frozen in the corporate accounts.

At December 31, 2017, the Corporate Mutual Fund consisted of 83,520 Cegedim shares, representing 0.60% of the capital.

3.8.2 Allocation of free shares

See point 3.6.2 of this chapter.

4. Internal control and risk management

4.1 Internal control procedures

4.1.1 Purpose of the internal control procedures within the Cegedim Group

The purpose of internal control is to provide a reasonable assurance that the Company's strategic and financial objectives will be achieved and to faithfully and accurately reflect these impacts in the published figures. The Group is putting in place the conditions necessary for an efficient internal control, ensuring notably that management actions, operational execution, and employee conduct are consistent with the framework defined by the applicable laws and regulations and are performed in accordance with the values described in the Professional Conduct Charter and the Company's standards and internal rules. Furthermore, Internal Control efforts ensure that the accounting and financial information are in order and drawn up according to the standards and rules in force.

The purpose of internal control within the Cegedim Group are based on the following topics:

Coordination of its activities

Cegedim's growth relies particularly on its ability to anticipate its clients' needs and to satisfy them by combining a large number of "industry" skills.

From the standpoint of internal control, the success of this model requires the coordination of management actions and employee behavior. It means that these actions and this behavior must be consistent with the directions given to the Group's activities by its corporate bodies, by the laws and regulations in force, and by the Group's internal standards.

Control and transparency of its accounting andFInancial information

The internal control procedures govern the preparation and disclosure of the Group's accounting and financial information. This information is established in order to guarantee its availability, integrity, conformity, and auditability.

Support for its growth

The Cegedim Group's expansion, particularly through acquisitions, relies on its ability to identify the external growth opportunities. Here, the measures taken by Cegedim seek to accelerate the incorporation of new businesses, control the risks inherent to growth transactions, and track their performance.

In early 2008, the Group's General Management created an "Operational Excellence" unit (OPEX) in charge of optimizing the organization and information circuits as well as reinforcing the Group's customer-oriented culture in order to generate savings through synergy, rationalization of procedures and tools, and optimization of team productivity. OPEX is able to propose improvements to internal control and financial control, by placing systematic emphasis on the business activity component.

Security of its information processing operations

Leader in the sector of technologies and services relating to medical information, the Cegedim Group's priority is to provide its clients and partners with complete satisfaction concerning data security. The Cegedim Group complies with the data protection and privacy laws in all of the countries where it operates.

Acquisition of cutting edge skills

The Cegedim Group considers the training of its teams to be a key factor of success, making it possible to ensure client satisfaction and employee motivation.

The general training policy implemented at Cegedim consists primarily of continuously adapting the skills of its research and development teams and assisting its employees in acquiring new skills necessary for their work.

4.1.2 Organization of the Management bodies that play a role in internal control

Cegedim's internal control system involves a high level of interaction between the Board of Directors, the General Management and the Activity Divisions, thus encouraging the transparency of the strategies, risks and actions implemented in the Group.

Cegedim's General Management has central management and control bodies that include the Financial Division, the investment Division, Accounting Division, the Management Control Division, the Human Resources Division, the Legal Division, General Corporate Affairs, the IT Division, the Communication Division, 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.

Consistently, the Group has sought to strengthen its teams dedicated to controlling and coordinating international operations. Reporting to the General Management, OPEX and the Legal Division duty is to formalize then establish procedures that are common to the Group's subsidiaries, guaranteeing the uniformity of work methods.

The network of financial officers or controllers in each country or region is responsible for applying Headquarter policies at local level. At local level it ensure financial control of operations as part of routine management or during the operational revamping processes decided by headquarters.

In their respective fields, the mission of these management and control bodies is to regulate the Group's operation and, at the same time, put their specialized skills to use in carrying out operations.

4.1.3 Ad hoc inspections

General Management decides when ad hoc inspections will be made. Other control bodies help determine what entities to inspect and what areas they should cover. They are also involved in conducting such inspections. The Internal Control, Management Control and OPEX departments are most often called upon to perform these missions. The scope of these inspections covers all areas relating to internal control.

4.1.4 Control of the Group's legal activity

The Cegedim Group's procedures require that the Legal Department be consulted prior to signing contracts with third parties, depending on their purpose and the representations and warranties that they contain and, where relevant, the transnational nature of the transactions they govern. The Legal Department also centralizes information related to certain key contracts.

4.1.5 Control of internal security

Cegedim has a governance structure for security. This means that security of all the Company's activities is taken into account and that all appropriate protection measures are implemented.

A Compliance Department reports directly to the management. It includes the Head of Information Systems Security and defines the Group's security policy using risk analysis, as well as ensuring that the policy is applied consistently to the security requirements identified by the management through regular internal audits.

The Director of Information Systems ensures that the decisions to roll out IT systems, and in particular, procedures relating to data security, take into account Cegedim's strategic priorities.

The IT Operations Manager, the Information 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 level of security appropriate to Cegedim's strategic decisions, through daily monitoring.

The internal security policy for the information system is actively facilitated by General Management, and covers, in particular:

- Employee security (reducing the risks of human error, theft, fraud or abusive use of infrastructures);
- Physical security (controlling access, damage and disruptions relating to the Group's assets);
- IT access security (controlling access to information);
- Information security (ensuring an appropriate level of information protection);
- Systems administration and network security (ensuring that the information processing infrastructures operate correctly and reliably);
- The security of IT developments (incorporating security into the developments and ensuring the secure execution of support activities);
- Crisis prevention, detection, and management;
- Compliance with legislation.

The major customers of the Cegedim Group apply recognized international standards, adopting the most stringent requirements in terms of the auditing and control of their information systems.

Cegedim refers also to international standards such as ISO I27001 for its information security and ISO 20000/ ITIL standard for IT service management, ISO I9001 for quality management and CMMI for project management and software development. To gain recognition and validation of this high level of compliance, Cegedim, through its different affiliates, has obtained numerous accreditation or certification.

- ISO 27001 and ISAE 3402, Type 2 for Cegedim IT data hosting for the Boulogne-Billancourt and Toulouse (France) datacenter;
- ISO 27001, ISO 20000 et ISAE 3402 Type 2 for Cegedim Activ (France);
- Agreement for hosting personal health data (France);
- ISAE 3402 Type 2 for Cegedim SRH (France);
- ISAE 3402 Type 2 for Cetip (France);
- ISAE 3402 Type 2 for iGestion (France);
- ISO 27001 for Cegedim RX (UK);
- ISO 27001 for INPS (UK).

4.2 Risk monitoring and management and insurance

The risks stated 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 its earnings, or its capacity to achieve its objectives, and believes that it is not exposed to any other significant risks, apart 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 are attached to this Registration Document.

4.2.1 Financial risks

4.2.1.1 Cegedim indebtedness could adversely affect its financial situation and prevent it from fulfilling its obligations under the notes and with respect to its other indebtedness.

In May 2007, Cegedim raised 50.0 million euros, the FCB Loan, from its largest shareholder, FCB. The shareholder loan agreement between Cegedim SA and FCB was signed on May 7, 2007. The FCB Loan Agreement was amended on September 5, 2008, and September 21, 2011, to extend the maturity date and modify the applicable interest rate. During the December 2009 capital increase, FCB subscribed for 4.9 million euros equivalent in shares as a redemption of a portion of debt, which decreased the balance of the FCB Loan to 45.1 million euros. In January 14, 2016, the FCB Loa million euro revolving credit facility taken the same day and to extend the maturity date and modify the applicable interest rate.

On March 20, 2013, Cegedim issued a senior bond at 6.75%, maturing on April 1, 2020, for an amount of 300 million euros in accordance with the Reg. S and 144A rules. The bond is listed on the Luxembourg Stock Market with ISIN codes XS0906984272 and XS0906984355. The bonds have been priced at 100% of their face value.

On April 7, 2014, Cegedim issued 125 million euros in bonds in addition to its issue of 300 million euros at 6.75%, maturing in 2020. The issue price was 105.75%, plus interest accrued since April 1, 2014. Apart from the issue date and price, these new bonds were identical to those issued on March 20, 2013, under the 300 million euro bond issue with a coupon of 6.75% maturing in 2020. Between May 6, 2015, and February 25, 2016, Cegedim redeemed on the market its 6.75% bond, maturing April 1, 2020, ISIN code XS0906984272, for a total principal amount of 110.2 million euros. The company cancelled these bonds. As a result, a total principal amount of 314.8 million euros remained in circulation.

In January 2016, the Group took out from Cegedim's bankers a new five-year revolving credit facility (RCF) of 200 million euros maturing on January 14, 2021.

On April 1, 2016, Cegedim exercised its call option on the entire 6.75% 2020 bond, for a total principal amount of 314,814,000.00 euros and a price of 105.0625%, i.e. a total premium of 15,937,458.75 euros. The company then cancelled these securities. The transaction was financed by drawing the RCF obtained in January 2016 and using the proceeds of the sale to IMS Health. Following this transaction, the Group's debt comprised the 45.1 million euro FCB subordinated loan, the partially drawn 200 million euro RCF, and overdraft facilities.

It is worth noting that the net debt at December 31, 2017 do not include the debt and the cash from Cegelease and Eurofarmat following the application of IFRS 5.

THE STRUCTURE OF DEBT AT DECEMBER 31, 2017 WAS AS FOLLOWS:

- 200 million euro revolving credit, fully drawn as of December 31, 2017; maturing on January 14, 2021;
- 45.1 million euro FCB Loan maturing in January 2021;
- Estimated earn-out for €1.1 million;
- 24.0 million euro overdraft facility, of which 0.0 million euros was drawn as of December 30, 2017.

INTEREST RATE

The interest payable on the Credit Revolver 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 applies 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 below provides the schedule of applicable margins for the Revolving Credit Facility.

Leverage ratio	Applicable margin (% per year)
Ratio ≤ 1,00	0.70
1,00 < Ratio ≤ 1,50	0.90
1,50 < Ratio ≤ 2,00	1.10
Ratio > 2,00	1.40

In the first half of 2016 the applicable margin on amounts drawn under the Revolving Credit Facility was 0.90%. For the second half of 2016, the applicable margin on amount drawn under the Revolving Credit Facility is 1.40%. For 2017 the applicable margin on amount drawn under the Revolving Credit Facility was 1.40%.

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

REPAYMENT OF BORROWINGS

The RCF and the FCB loan mature January 14, 2021, without amortization.

Cegedim may be able to incur substantial additional debt from time to time to finance working capital, capital expenditures, investments or acquisitions, or for other purposes. If the Group does so, the risks related to its level of indebtedness could intensify. Specifically, a high level of indebtedness could have important consequences for the holders of the equity securities, including:

- Limiting the Group's ability to obtain additional financing to fund future working capital, capital expenditures, acquisitions or other general corporate requirements;
- Requiring a substantial portion of its cash flows to be dedicated to making debt service (principal and interest) payments instead of other purposes, thereby reducing the amount of cash flows available for working capital, capital expenditures, acquisitions and other general corporate purposes;
- Making it more difficult for the Group to satisfy its obligations with respect to its debt;
- Increasing the Group's vulnerability to general adverse economic and industry conditions;
- Exposing the Group to the risk of increased interest rates, as certain of its borrowings are at variable rates of interest;
- Limiting the Group's flexibility in planning for and reacting to changes in the industry in which it competes;
- Negatively impacting credit terms with its creditors;
- Placing the Group at a disadvantage relative to competitors that have lower leverage or greater financial resources;
- Increasing the Group's cost of borrowing.

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 the Company able to meet all its debt maturities in a timely fashion.

For a discussion of its cash flows and liquidity, see point 3.4 chapter 3, point 4.5 chapter 4 and note 8 from point 4.6 chapter 4 of this Registration Document.

4.2.1.2 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 that the Group uses 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. See in chapter 3, point 3.1, 3.4 and 3.5 of this Registration Document and other interest rate risk in this chapter for more information.

To limit the effects of rising interest rates on its financial expenses, the Group has implemented a risk hedging policy to limit the maximum 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 overall interest rate risk exposure and to control the market instruments used under hedging strategies in place.

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 revolver lines of credit and changes in the composition of its debt profile. Depending on the position to be managed and the benchmark rate upheld, a hedging strategy is implemented. The aim of such a strategy is to protect the benchmark rate and leverage, at least in part, on any positive changes. These hedging strategies mainly involve futures or forwards 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

On December 29, 2017, the two no premium one month Euribor pre-set receivers, fixed rate payer 4.57% and 4.58% on a notional hedged amount of €20.0 million each matured.

On February 17, 2017 and May 11, 2017, the Group carried out an interest rate swap on. Under the zero-premium swap agreement, Cegedim 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, 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.

The hedge is made up, as of December 31, 2017, of two no premium one month Euribor receivers, fixed rate if it exceeds 0%, receives nothing otherwise, payer as follows:

- 0.2680% for a notional amount of €50 million, maturing February 26, 2021.
- 0.2750% for a notional amount of €30 million, maturing December 31, 2020.

The notional amount hedged is €80.0 million.

ASSESSMENT OF THE INTEREST RATES RISK

At December 31, 2017, a 100 basis point increase in interest rates applied to the non-hedged debt would have an impact of approximately €1.7 million on the Group's earnings before income tax.

4.2.1.3 Restrictions imposed on Cegedim existing debt agreements may limit its ability to finance its capital needs or its external growth

The debt agreements contain a number of restrictive 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 are subject to a number of qualifications and exceptions. Complying with the restrictions contained in some of these covenants requires Cegedim meets certain ratios and tests. The requirement that the Group complies with these provisions may materially adversely affect its 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. From December 31, 2017, the minimal coverage ratio to be respected increase. The Group's ability to comply with this financial covenant can be affected by events beyond the Group control, and Cegedim may not be able to satisfy it.

A breach of the covenants under the existing debt agreements and future debt agreement could, from time to time, result in an event of default under the applicable indebtedness agreements. Such a default may allow the creditors to accelerate the related debt and may result in the acceleration of any other debt to which a cross-acceleration or cross-default provision applies. In the event holders of the Cegedim debt securities or other creditors accelerate the repayment of its borrowings, the Group and its subsidiaries may not have sufficient assets to repay that indebtedness.

As a result of these restrictions, the Group may be:

- Limited in how it conducts its business;
- Unable to raise additional debt or equity financing to operate during general economic or business downturns;
- Unable to compete effectively or to take advantage of new business opportunities.

These restrictions may affect the Group's ability to grow in accordance with its strategy.

The Group's liquidity risk is caused primarily by the maturity, amortization and payments of interest of the Revolving Credit Facility, the FCB Loan and the overdraft facilities. Borrowing is monitored centrally.

Net Financial Debt	In millions of euros
12.31.2015	167.6
06.30.2016	216.6
12.31.2016	226.8
06.30.2017	237.0
12.31.2017	236.2

REVOLVER CREDIT FACILITY

Structure

The Revolving Credit Facility Agreement consists of a euro revolving credit facility of 200.0 million euros.

The Revolving Credit Facility Agreement facilities are unsecured and not guaranteed by any subsidiaries of the Group. Its payment obligations under the Revolving Credit Facility Agreement is ranked pari passu with all of the Group's other unsecured and unsubordinated obligations.

Repayment

Each loan drawn under revolver credit facility is payable at the end of its interest period.

Financial covenants

Cegedim is subject to two maintenance covenants under the terms of the Revolving Credit Facility Agreement. Its 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 and its interest cover ratio does not fall below the ratios set forth below.

12-month period ending	Leverage ratio	Interest cover ratio
06.30.2016	2.50	1.50
12.31.2016	2.50	1.50
06.30.2017	2.50	1.50
12.31.2017	2.50	4.50
06.30.2018	2.50	4.50
12.31.2018	2.50	4.50
06.30.2019	2.50	4.50
12.31.2019	2.50	4.50
06.30.2020	2.50	4.50
12.31.2020	2.50	4.50

Net financial debt in the calculation does not include employee profit sharing debt or FCB's loan.

The EBITDA figure used to calculate the financial leverage ratio is restated for the impact of the accounting adjustment related to leasing activities due to the application of IAS 17 and due to the application of IFRS 5. Please see note 8.1 of point 4.6 chapter 4 of this Registration Document.

The Group complied with all its covenants as of December 31, 2017. The net debt on EBITDA ratio came to 1.92 and the EBITDA to financial interest came to 13.74.

Non-financial covenants and other provisions

Under the Revolving Credit Facility Agreement, 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 Revolving Credit Facility Agreement also includes provisions for standard affirmative covenants, representations and warranties and undertakings.

The Revolving Credit Facility Agreement also contains other standard events of default.

Governing law

The Revolving Credit Facility Agreement is governed by French law.

FCB LOAN

Structure

The FCB Loan is unsecured and not guaranteed by any of Cegedim's subsidiaries. The payment obligations under the FCB Loan Agreement are subordinated to the Revolving Credit Facility.

Non-financial covenants and other provisions

Under the terms of the Intercreditor Agreement, amended on January 26, 2018, the Group may only repay €20 million of the FCB Loan in advance of its maturity of January 2021.

Governing law

The FCB Loan Agreement is governed by French law.

OVERDRAFT FACILITIES

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, 2017, the Group had €0.0 million outstanding under these overdraft facilities.

PRINCIPAL FINANCING ARRANGEMENTS

The table below sets out Cegedim's principal financing arrangements as of December 31, 2017.

In millions of euros	Total	Less than 1 year	Between 1 and 5 years	More than 5 years
Revolving credit facility	200.0		200.0	
FCB Loan	45.1	-	45.1	
Overdraft facility	0.0	0.0	-	-
Total	**245.1**	**0.0**	**245.1**	**-**

As of December 31, 2017, the Group's confirmed credit lines amounted to €200.0 million, fully drawn and €24.0 million of undrawn overdraft facilities.

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

84.7% of the Group's activities are conducted by subsidiaries in the euro zone, Cegedim is then expose to foreign exchange risk. In fact, exchange rate effects impacted negatively revenue in 2017 by 0.9%. These effects come mainly from the pound sterling (10.9% of revenue). The Group has not established a policy for exchange rate hedging.

Because of the exposure to variations in currencies 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 that are part of the Group's consolidated scope at December 31, 2017, is as follows:

Consolidated Balance Sheet at 12.31.2017	EUR	GBP	Other currency	Total
Amount (in millions of euros)	638.3	95.3	12.7	**746.2**
Share in %	85.5%	12.8%	1.7%	**100.0%**

The table below allows the loss risk on the net global foreign currency position to be calculated on the basis of unfavorable currency effects or consistent 1% growth being experienced by a currency used to prepare financial statements in comparison to the total number of foreign currencies concerned. The impact of an unfavorable and consistent currency change of 1% of the Euro-sterling parity on the 2017 financial statements of the subsidiaries whose currency used in the preparation of their financial statements is the GBP would have a negative impact of €0.7 million on the Group's shareholders' equity.

In thousands of euros	GBP	USD
Total balance sheet	(972)	(387)
Off-balance sheet positions	-	-
Net position after management	(972)	(387)

Should the revenue/costs structure remain similar, any appreciation in the euro against the pound sterling would bring about a reduction in earnings expressed in euro. On the basis of the 2017 fiscal year, all other currencies remaining 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 €0.5 million on Cegedim's revenue, and €0.1 million on its operating income before special items.

Exchange rate effects had a negative impact of €4.1 million on 2017 revenue of continuing activities. It should be noted that the pound sterling had a negative impact of €3.7 million. The amount of exchange gains or losses on revenue is determined by recalculating the 2016 revenue based on the 2017 exchange rate. The currency exchange rates used are the average rates over the fiscal year.

4.2.1.5 In connection with the past and future acquisition, a significant amount of the acquisition price was and could be allocated to goodwill and to acquired brands. An unfavorable change in business activity forecasts it could lead to a recognition of impairment charges

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

Goodwill and indefinite useful life brands are not amortized. They are subject to an impairment test at least once a year and whenever events or circumstances indicate that a reduction in value might have occurred.

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

For more information, please see note 5.2 of the consolidated annexes (point 4.6), point 3.4.1 chapter 3 and to the Auditor's Report at point 4.7 presented in the present Registration Document.

4.2.2 Market risk

4.2.2.1 Since Cegedim has no pay regular dividends on its stock in the past, equity investors 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 dividend since 2011, it were based on 2010 earnings.

Any decision to distribute and pay dividends in the future will be made at the discretion of Cegedim Board and will depend on, among other things, the Group results of operations, financial condition, cash requirements, contractual restrictions and other factors that its Board may deem relevant. In addition, the Group ability to pay dividends is, and may be, limited by covenants of existing and any future outstanding indebtedness the Group or its subsidiaries incur.

Therefore, any return on investment in the Group stock is solely dependent upon the appreciation of the price of its stock on the open market, which may not occur. See point 3.6.1 chapter 3 "Dividend distribution policy" for more details.

4.2.2.2 Cegedim results may fluctuate significantly, which could adversely impact the value of its equity

Cegedim results of operations, 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 quarterly results should not be relied upon as an indication of future performance. Cegedim financial results may fluctuate as a result of a variety of factors, many 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 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 acquisitions or consolidations of such customers;
- The amount and timing of operating expenses related to the maintenance and expansion of the Group business, operations and infrastructure;
- Network outages or security breaches;
- Conditions within the healthcare sector;
- General economic, industry and market conditions;
- The Group ability to attract new customers;
- 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 solutions or pricing changes;
- Changes in the Group 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 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 potential future charges for impairment of goodwill from acquired companies.

4.2.2.3 In order to prepare the financial statement Cegedim has to make estimates, uses certain assumptions and methods that could adversely impact its financial results, and ineffective management controls could adversely impact its business and operating results

The methods, estimates and assumptions that Cegedim uses in applying accounting policies have a significant impact on its results. For more information, see note 13 to the Group consolidated financial statements included in chapter 4.6 of this Registration Document. These methods, estimates and assumptions are subject to significant risks, uncertainties and interpretations, and changes could affect the Group results. In addition, Cegedim Management Control over financial reporting may not prevent or detect misstatements because of the inherent limitations, including the possibility of human error, the circumvention or overriding of controls, or fraud. Even effective Management Controls can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements. If the Group fails to maintain the adequacy of its Management 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.

4.2.3 Legal Risk

Outside items indicated below in risks 4.2.3.1, 4.2.3.2 and 4.2.3.3., it doesn't exist other governmental, legal, administrative or arbitral procedure, including any stayed or known future procedures that the company is aware and that may have significant impact on its financial condition or on its profitability.

4.2.3.1 If Cegedim is deemed to infringe, misappropriate or violate the proprietary rights of third parties, the Group could incur unanticipated expense and be prevented from providing its products and services

Cegedim has been in the past and may become in the future subject to intellectual property infringement, misappropriation or other intellectual property violation claims as the functionality of its software overlaps with competitive products and third parties may claim that the Group does not own or have rights to use all intellectual property rights used in its software. It does not believe that it has infringed or is infringing on any valid or enforceable proprietary rights of third parties. However, claims are occasionally asserted against the Group, and management cannot assure that infringement, misappropriation or claims alleging intellectual property violations will not be successful, or that they would not be asserted against the Group in the future. Cegedim could incur substantial costs and diversion of management resources defending any such claims. Furthermore, a party making a claim against the Group could secure a judgment awarding substantial damages, as well as injunctive or other equitable relief that could effectively block its ability to provide products or services. In addition, it cannot assure that licenses for any intellectual property of third parties that might be required for its products or services will be available on commercially reasonable terms, or at all. Such claims also might 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 to significant liabilities, require the Group to seek licenses from others and otherwise materially and adversely affect its business, financial condition and results of operations.

4.2.3.2 Cegedim may face adverse judgments or settlements in legal disputes or government investigations

Cegedim has been and may become a party to a variety of claims and lawsuits that may arise in the ordinary course of its business or in the course of government inquiries, investigations or audits into its business. For example, on September 24, 2015, the Paris Court of Appeal rejected Cegedim's request and upheld the Competition Authority decision of July 8, 2014 concerning the allegation in the healthcare professionals' database market in France. The amount of the fine was €5.8 million. Cegedim has appealed this decision to the Court of Cassation.

On February 10. 2017. Cegedim was ordered to pay €4.636.000 to the Tessi company 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 impact the non-current results and was recorded has other non-financial debt. No provision was made and no additional provision are made.

Furthermore, Cegedim has received notification that it is being sued jointly with IMS Health by Euris for unfair competition. Cegedim has filed a motion claiming that 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.

The results of any proceedings brought against the Group are inherently uncertain and adverse judgments or settlements may result in materially adverse monetary damages or injunctive relief against it. 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 condition and results of operations.

4.2.3.3 Cegedim may face adverse judgments or settlements in commercial disputes

Cegedim has been and may become a party to a variety of commercial claims and lawsuits that may arise in the ordinary course of its business with its customers or suppliers. For example the Cegedim US subsidiary has an open conflict with a customer that uses undeclared licenses.

A friendly settlement was conclude that translate to a $3.7 million of impairment of receivables in the Group 2016 accounts.

The results of any proceedings brought against the Group are inherently uncertain and adverse judgments or settlements may result in materially adverse monetary damages or injunctive relief against it. 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 condition and results of operations.

4.2.4 Other risks

4.2.4.1 Cegedim may fail to expand its business with existing customers or lose one or more of its major customers

Maintaining existing customers is central to Cegedim business model across its divisions, and its success depends on its ability to continue selling its products and services, including follow-on and incremental products and services, to its existing customers. Certain of the Group existing customers initially purchase one or a limited number of its products and services. These customers might choose not to expand their use of, or purchase, additional modules or new software and services. If the Group fails to generate additional business from its current customers, its revenue could grow at a slower rate or even decrease.

The first, the top 5 and top 10 represented respectively 2.0%; 8.6% and 13.1% of the Group's revenue of continuing activities in the fiscal year ended December 31, 2017.

4.2.4.2 Cegedim may be unable to successfully introduce new products or services or fail to keep pace with advances in technology

The successful implementation of Cegedim business model depends on its ability to adapt to evolving technologies and increasingly demanding industry standards and introduce new products and services accordingly. The Group cannot assure 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 assure 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 competitive products that could be more successful than those of the Group and lead to a loss of market share. If it cannot adapt to changing technologies, its products and services may become obsolete, and its business could suffer. Because the health information technology market is characterized by rapid technological change, it may not be unable to anticipate changes in its current and potential customers' requirements that 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 increasingly sophisticated and varied 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 fail to develop new products in light of 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 condition and results of operations.

4.2.4.3 Cegedim business depends on the adequate and effective protection of its intellectual property rights

Cegedim business plan relies on technology products and its intellectual property rights in 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 limit access to its trade secrets and technology. Typically, its employment contracts also include clauses requiring its employees to assign all of the inventions and intellectual property rights they develop in the course of their employment and to agree not to disclose its 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 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 technology to be made available as open source code. The Group cannot assure 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 management's time and attention, its business, financial condition and results of operations could be materially and adversely affected.

4.2.4.4 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 arise from these incidents may be subject 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 delivery or handling of healthcare services or erroneous health information. Although Cegedim maintains product liability insurance coverage in an amount that management believe is sufficient for its business, the Group cannot assure that this coverage will prove to be adequate or will continue to be available, if at all, on acceptable terms. A claim that is brought against Cegedim that is uninsured or under-insured could harm its business, financial condition and results of operations and unsuccessful claims may still result in substantial costs and diversion of management resources.

4.2.4.5 Data processing errors, delays in delivering 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 irreparable 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 assure 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 condition and results of operations.

4.2.4.6 If Cegedim security is breached, the Group could be subject to liability, and customers could be deterred from using its products and services

Cegedim business relies on securely transmitting, storing and hosting sensitive information, including protected health information, financial information and other sensitive information relating to its customers, company and workforce. As a result, the Group faces the risk of unauthorized access to its computer systems, both deliberate and unintentional, that may disrupt its business, such as through misappropriation or loss of sensitive information and 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 Cegedim 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 engaging third-party 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 involving data security breaches by entities that transmit and store sensitive information. Lawsuits resulting from these security breaches have sought very significant monetary damages, although many of these suits 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 this 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 condition and results of operations could be materially and adversely affected.

4.2.4.7 Complex software may contain defects

Complex software may contain defects. The Group continually introduces new software, including enhancements 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 for an extended period of time and lose the revenue that it otherwise could earn, while it addresses the problem and incur additional costs. If Cegedim does not discover defects that affect its software until after they are deployed, it could suffer harm to its reputation, lost sales, delays in commercial releases, product liability claims, delays in or loss of market acceptance of its applications, license terminations or renegotiations, unexpected expenses and diversion of resources to remedy defects and privacy and/or security vulnerabilities.

Cegedim customers may also use its software together with products from other companies or those that they have developed internally. As a result, when problems occur, it may be difficult to identify the source of the problem. Even when Cegedim software does not cause these problems, the existence of these 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 condition and results of operations.

4.2.4.8 System disruptions and failures may result in customer dissatisfaction and customer loss

Cegedim systems may form an integral part of its customers’ business operations as they are used to manage customer data, plan marketing and sales strategies and process payments. The continued and uninterrupted performance of its systems is critical to the Group success, as its customers may become dissatisfied by any system failure that interrupts its ability to provide services to them. Cegedim continued ability to satisfy its customers depends on its ability to protect its computer systems against damage from fire, power loss, water, telecommunications failures, earthquake, terrorism 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 event could also harm the Group ability to conduct normal business operations. Although the Group maintain insurance that it believes is appropriate for its business and industry, such coverage may not be sufficient to compensate for any 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 delays its systems or sustained or repeated damage or failures could reduce the attractiveness of its services significantly and result in decreased demand for the Group products and services, which could materially and adversely affects its business, financial condition and results of operations.

4.2.4.9 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 from proprietary data and those derived from public record sources, 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 sufficient 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 condition and results of operations.

4.2.4.10 Cegedim is subject to a number of existing laws, regulations and industry initiatives in a changing regulatory environment

Cegedim business and the business of its customers 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 products must be capable of being used by its customers in a manner that complies with those laws and regulations. The inability of its customers to do so could affect the marketability of its products or its compliance with its customer contracts. In the case of regulations that apply only to its customers, Cegedim may nevertheless be subject to liability under the theory that it assisted its customers in a violation of healthcare laws or regulations.

Because the healthcare information technology industry as a whole is relatively young, the application of many regulations to its business and to the business of its customers is uncertain. There are laws in many jurisdictions that may apply directly or indirectly to its business and the business of its customers, including anti- kickback laws and limitations on physician 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 determination that could adversely affect the Group.

The healthcare regulatory environment may also change in a way that restricts Cegedim existing operations or its growth. For example, in France, pharmacy chains are not permitted, but the European Union is exerting pressure to change the law to allow pharmacy chains to operate. If the law does change, Cegedim negotiating power with the 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 business. If its negotiating power were reduced or if reduced operational costs were not sufficient to offset the negative impact on its negotiating power, its business, financial condition and results of operations 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 for 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 condition and results of operations could be materially and adversely affected.

4.2.4.11 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 and product standards, 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 situation and results of operations.

4.2.4.12 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 the healthcare industries. 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 has had, and the European sovereign debt crisis and the continuing uncertainty as to global economic recovery may have, 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 its new customer engagements and the size of initial spending commitments under those engagements, as well as decreasing the level of discretionary spending by existing customers. In addition, a longer buying decision-making may limit its ability to forecast its flow of new contracts. Any of these circumstances could have a material adverse impact on its business, financial condition and results of operations.

4.2.4.13 Engagements with 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 engagement and its expected costs to provide the contracted services, but such estimates and assumptions may differ from the actual nature of the engagement and costs. Any increased or unexpected costs or unanticipated delays in connection with the performance of these engagements, 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 increases generally in proportion to the scope 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. The Group failure to meet the expectations of a client in any type of contract may result in an unprofitable engagement.

The proportion of non-profitable contracts are virtually inexistent.

4.2.4.14 Cegedim business may be adversely affected by prolonged sales cycles

Cegedim business is directly affected by the length of its sales cycle, which is the amount of time it takes a customer to ultimately purchase a product or service. 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, with frequent delays in connection procurement procedures for large capital expenditures. The 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 the recognition of its revenues could be delayed. In periods of economic downturn, its typical sales cycle is particularly subject to prolongation. Any of these situations could have a material adverse effect on its business, financial condition and results of operations.

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

Cegedim Group is affected by risks associated with conducting business internationally. The Group operates in 10 countries mainly in Europe. Although more than 83% of its revenue of continuing activities for 2017 was derived from customers in France, it obtains significant revenue from customers in the European region, excluding France, and North and South America. Cegedim 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 lack of acceptance of non-localized products and competition from products already present;

- Legal and cultural differences in the conduct of business;
- Difficulties in staffing and managing foreign operations;
- Longer payment cycles;
- Difficulties in collecting accounts receivable and withholding taxes that limit the repatriation of earnings;
- Trade barriers;
- Fluctuations in foreign currency exchange rates;
- Difficulties in complying with varied legal and regulatory requirements across jurisdictions;
- Difficulties in complying with applicable sanctions regulations, antimony 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 in 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 condition and results of operations.

The Group has implemented an ethical and an anti-bribery charter and also an escalation rule. As of today, the Group has identified no problems.

4.2.4.16 Cegedim may seek to acquire companies or technologies that can be more difficult to integrate than initially estimated and require more attention of its management

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 years. In the future, Cegedim may acquire other companies that will advance its strategy. The Group cannot assure that suitable future acquisition candidates can be found, acquisitions can be consummated on favorable terms or otherwise favorable acquisitions may not be subject to antitrust or other regulatory concerns. Cegedim also cannot assure that the acquisitions that it has completed, or any future acquisitions that it may make, will be successful in realizing revenue improvements, cost savings and other intended benefits. The Group may face unexpected difficulties in incorporating the technology or systems of an acquired company with its own. It may also fail to identify all material issues relating to the integration of its acquisitions, such as significant defects in the Management Control policies and unknown liabilities associated with the acquired companies. Even if it obtains indemnification from the seller of an acquisition, the indemnification may be insufficient or unavailable for the particular liabilities that it incurs in association with the acquisition. Cegedim may also face difficulties in integrating acquired personnel and operations and in retaining and motivating key personnel from these businesses. Acquisitions may also disrupt its ongoing operations, divert management from day-to-day responsibilities, increase its expenses and harm its results of operations or financial condition. The occurrence of any of these events could have a material and adverse effect on its business, financial condition and results of operations.

4.2.4.17 The skilled and qualified workforce that Cegedim need to develop, implement and modify its products and services may be difficult to hire, train and retain, and the Group could face increased costs to attract and retain its skilled workforce

Cegedim 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 costs of replacing them. In addition, serving several new customers or implementing several new large-scale projects in a short period of time may require 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.

Its inability 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 could have a material adverse effect on its business, financial condition and results of operations.

For more information on the group employee turnover over the period please see point 6.2.1.1 in Chapter 6 " Cegedim's Corporate Social Responsibility".

4.2.4.18 Management and key employee turnover or failure to attract and retain qualified management could adversely affect Cegedim operations

Cegedim success depends on the skills, experience, efforts and policies of its management and the continued active participation of a relatively small group of senior management personnel, including its Chairman and Chief Executive Officer, Mr. Jean-Claude Labrune and its Deputy Managing Directors, Mr. Pierre Marucchi and Mr. Laurent Labrune. The loss of the services 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 attributes necessary to execute its strategy. Because competition for skilled employees is intense, and the process of finding qualified individuals can be lengthy and expensive, it believes that the loss of the services of key personnel could materially and adversely affect its business, financial condition and results of operations. The Group cannot assure that it will continue to retain such personnel.

4.2.5 Insurance

Cegedim has established an insurance program covering it and all the companies belonging to the Group against all professional and civil liability risks inherent in its operations. These contracts provide the following cover

- Civil liability for operations: 30 million euros per claim;
- Professional civil liability and civil liability after delivery: 20 million euros per claim, and per year insured.

Cegedim has also taken out with a notoriously solvent company a policy covering “intangible damage” covering operating losses and computer data resulting from a guaranteed event up to €15 million per year.

In June 2013, Cegedim established an insurance program for its risks related to employment, with a maximum limit of 10 million euros guarantee per year of insurance.

The US subsidiary Pulse has taken a US local 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.

The insurance program entered into by Cegedim SA comes into play when there are different conditions and as a complement to or after exhaustion of the US coverage.

5. Key procedures for financial and accounting information

5.1 Preparation of the Group's financial statements

The preparation of Cegedim Group's financial statements is based on the following components:

5.1.1 Centralized accounting of the companies of the Cegedim Group

The Cegedim Accounting Division prepares the statutory financial statements for the subsidiaries in the French scope of the Group and oversees the process for the preparation of the consolidated financial statements. For the newly-acquired companies and foreign subsidiaries, the Accounting Department established a standard reporting procedure so as to produce consolidation packages. At the same time, the Management Control Division reports key financial and operational data on a monthly basis. The two Divisions together routinely check the consistency of their data.

The creation in 2005 of a department dedicated specifically to international consolidation has made it possible for the Company to ensure that the financial information from foreign subsidiaries is reliable while at the same time adapting to the new accounting regulations. Furthermore, this centralized consolidation process made it possible to considerably reduce the time necessary to report international information.

The processes listed below help reinforce internal controls related to the processing of financial and accounting information disclosed 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 the impairment test of the assets held by the Company during each fiscal year, the assessment of the financial liquidity risk, the valuation of benefits granted to employees, the taxes and commitments not recognized 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, the consolidated revenue is published quarterly. The accounts are subject to an annual audit and a half-year limited review by the Statutory Auditors of the Group.

Budget, management control: every year, each operational entity submits its strategy and annual budget for the upcoming year and also a 3 years forecast to General Management. Once validated, this information is integrated into the business plan submitted to the Audit Committee and the Group's General Management. Quantitative and qualitative objectives, used as a basis to assess their annual performance, are then assigned to the operational entities' managers. The budget is subject to regular follow-up items.

Investments/Disposals: all investment and disposal transactions (equity investments, launch of new business activities as well as any other financial commitment, purchase rights, real estate contract, etc.) are subject to the General Management's prior authorization. Transactions exceeding 20 million euros are submitted to the Audit Committee. The file examination and reporting are carried out by the Financial and Investment Division.

5.1.2 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 this involves 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.

5.1.3 IT tools used to prepare FInancial and accounting information

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

In order to ensure the necessary internal consistency and meet the Group's guidance needs, new tools are regularly implemented under the direct responsibility of the Deputy Managing Director, assisted by a project manager ensuring the interface with the Accounting Department and the Management Control Department. The common tools to all Group entities are the statutory consolidation tool, the international reporting tool. They are supplemented by a business intelligence tool allowing analytic information to be analyzed in greater detail.

5.1.4 Key elements of the legal and operational control exercised by the parent company over the subsidiaries

Main disputes are directly followed up by the Group's Legal Department. General Management follow also 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.

5.1.5 Control of commitments

The General Corporate Affairs office of the Group's Legal Department handles the central supervision of authorizations and delegations and makes sure, when they are established, that they are limited in accordance with the Group's internal rules regarding commitments.

5.2 The annual budget preparation process

Each year, the Activity Directors present to the General Management the annual budget for the activities placed under their responsibility. To prepare these budgets, Management Control is responsible for providing all assistance necessary to the operational managers and for guiding their work in order to ensure overall consistency and to record the key assumptions to be able to track them during the year.

5.3 Operational management control

Management Control is responsible for preparing the monthly reporting for all of the Group's subsidiaries, including their annual forecasts and their budget tracking. Routinely presented to the Group's General Management, this reporting makes it possible to identify the basic performance trends for each entity and to chart any corrective measures to be taken.

5.4 Control of operations management

Control of the Group's operations management covers three areas:

- The annual budget preparation process;
- The monthly management reporting and the update of annual forecasts;
- The ad hoc inspection assignments performed at the Group's departments and subsidiaries.

These procedures concern all of the Group's departments and subsidiaries. Furthermore, when new acquisitions are made, a standardized integration process ensures that the operational synergies and information reporting necessary for management and Management Control in accordance with the current standards are implemented as quickly as possible.

5.5 Outlook

5.5.1 Cautiously optimistic for 2018

With a position in structurally buoyant markets and its strategic refocus complete, Cegedim boasts solid fundamentals, a balanced portfolio of complementary offerings, a diversified client-base, a widespread geographic footprint and the strength of an integrated group. This should enable it to continue its growth momentum and reach a new stage in its development, so it can deliver lasting, profitable growth.

To continue the initiatives it successfully implemented in 2017, Cegedim will maintain a strategy primarily focused on organic growth and driven by a robust innovation policy.

The Group is cautiously optimistic for 2018 and expects moderate organic revenue growth and a similar increase in EBITDA.

In 2018, the Group does not expect any significant acquisitions and is not issuing any earnings estimates or forecasts.

5.5.2 Potential impact of Brexit

In 2017, the UK accounted for 10.9% of consolidated Group revenues from continuing activities and 14.0% 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.

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 document is issued and naturally entails risks and uncertainty. For more information on the risks facing Cegedim, please refer to section 4.1, "Risk factors and insurance", on page 49 of this document.

3 Overview of the fiscal year

3.1 Activity and Highlights

3.1.1 Fiscal 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.

Non-recourse factoring agreement

On May 22, 2017, the Group signed a factoring agreement with a French bank. The non-recourse agreement covers aggregated total receivables of €38.0 million. The operating units involved in the arrangement are *Cegedim SA, Cegedim Activ*, *Cegedim SRH* and *CETIP*. 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 €28.9 million at December 31, 2017.

Partial interest rate hedging

To hedge part of its exposure to euro interest rate fluctuations arising from its RCF, the Group carried out an interest rate swap on February 17, 2017 and May 11, 2017. Under the zero-premium swap agreement, Cegedim receives the 1-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, 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.

GIE Isaklé

As part of the BPO contract Cegedim signed with the Klesia group in September 2016, the two companies created an economic interest group (GIE), held 50/50. In January 2017, Cegedim lent Isiaklé €9 million for a period of 10 years at an interest rate of 1m Euribor plus a margin of 1.1%. Isiaklé will use the loan to purchase from Klesia a €9 million software package necessary for it to perform its services. The GIE is accounted for in Cegedim's consolidated accounts using the equity method.

Tessi litigation

On February 10, 2017, Cegedim was ordered to pay €4,636,000 to the Tessi company for failing to meet certain obligations with respect to an asset sale made on July 2, 2007. Payment was made on July 21, 2017.

Cegedim has decided to appeal this decision. The appeal is currently under way.

Acquisition of B.B.M. Systems in the UK

On February 23, 2017, Cegedim acquired UK company B.B.M. Systems through its *Alliadis Europe Ltd* subsidiary. The deal strengthens the Group's expertise in developing cloud-based products for general practitioners.

B.B.M. Systems had 2016 revenues of around €0.7 million and earned a profit. It contributes to the Group's scope of consolidation from March 1, 2017.3.1.2 Information on major subsidiaries and affiliates.

Changes to Cegedim SA's Board of Directors

In March 2017, in keeping with the wishes of Bpifrance, Ms. Anne-Sophie Hérelle has been appointed to replace Ms. Valérie Raoul-Desprez on the Board of Directors. The permanent representative of Bpifrance, is now Ms. Marie Artaud-Dewitte, Deputy Head of Legal Affairs at Bpifrance Investissements. She replaces Ms. Anne-Sophie Hérelle.

Acquisition of Adaptive Apps in the UK

On May 3, 2017, Cegedim acquired UK company Adaptive Apps through its In Practice Systems Limited subsidiary. The deal strengthens the Group's expertise in developing cloud-based and mobile products for healthcare professionals.

Adaptive Apps had 2016 revenues of around €1.5 million and earned a profit. It contributes to the Group's scope of consolidation from May, 2017.

Euris litigation

Cegedim, jointly with IMS Health, is being sued by Euris for unfair competition. Cegedim has filed a motion claiming that IMS Health should be the sole defendant. After consulting with its external legal counsel, the Group has decided not to record any provisions.

Alliadis litigation

On October 20, 2017, the court of Nimes ordered Alliadis to pay a fine of €2 million as part of a case involving a pharmacist from Remoulins, France. Cegedim has asked for the case to be dismissed. A subsequent hearing on November 24 set the fine at €187,500.

3.1.2 Information on major subsidiaries and affiliates

Cegedim's equity investments are presented in the organizational chart in point 1.3.3, Chapter 1 of this Registration Document. They are taken into account in preparing the Group's consolidated financial statements in accordance with the methods presented in the accounting principles of the consolidated financial statements in point 4.6, note 14, Chapter 4

Below are specific comments about our principal subsidiaries whose separate revenues exceeded €30 million as at December 31, 2017.

Cegedim Activ

With more than 43 million policyholders in France managed with its solutions, Cegedim Activ is now the leader of software and services dedicated to personal insurance (supplementary health plans, mandatory health plans, and provident funds). Its products are intended for all market operators: insurance companies, supplemental health insurers, provident institutions, and intermediaries.

With its expertise in personal insurance, Cegedim Activ works closely with its customers to create innovative offers and help them optimize the profitability of their business. In this regard, Cegedim Activ has a unique combination of know-how: the expertise of its employees, the availability of technologies and an offer of consulting, integration, facilities management and healthcare flow management services.

Cegedim SRH

Cegedim SRH offers Human Resources Departments TEAMSRH, a complete, modular HRIS platform via SaaS. The TEAMSRH solution covers a wide range of functions: payroll, personnel administration, business activities, HR indicator management, career and skills management, HR analytics, digitization of HR processes and documents.

This innovative solution can be coupled with a Business Process Outsourcing (BPO) service, locally (in Boulogne, Nantes, Lyon, Toulouse, Strasbourg and Montargis) or offshore (Morocco), with the aid of the Cegedim Service Center (Romania). Its clients can start off with a limited range of functions and add to its list of outsourced services as the collaboration progresses (BPO on Demand).

In 2017, Cegedim SRH opened its Lille office in response to the growing local market.

Cegedim SRH assists more than 250 clients, national and international businesses, in all business sectors, from large and mid-market accounts.

Cegedim-Media

Cegedim-MEDIA (C-MEDIA), a leader in pharmacy communication and brand pharmacy, is a subsidiary of the Cegedim Group. It was born from the merger of RNP and Futuramedia. C-MEDIA offers 360° solutions to create an innovative shopping experience.

C-MEDIA is a unique point-of-sale media process based on: an understanding of the media potential of each point of sale; a quality of execution; an objective measurement of campaign performance; an integrated design studio; a team who offer advice and support throughout the creation and production of the merchandising and display print and digital campaigns; on a production site of more than 4,500m2, dedicated to print element manufacturing and logistics uses printing and large-format digital cutout machines to ensure responsiveness and reliability.

On the ground, thanks to a network of more than 130 promoters, C-MEDIA carries out its missions at points of sale nationwide in under three weeks.

Cetip

In 2017, the Cetip consolidated its position as leader in the management of third party payment through its brands SP Santé and iSanté, with over 190 million third-party healthcare payer invoices processed now for 22 million beneficiaries and over 3 billion benefits paid per year.

Under the iGestion trademark, Cetip offers management services on behalf of third parties, in supplemental health and provident insurance, to insurance companies, provident institutions, supplemental healthcare insurers, and intermediaries.

Gers

For more than 40 years, GERS Data has offered data and analyses for the healthcare market from a single data collection system. The offer to cover the different healthcare professionals and the distribution channel for general practitioners and hospitals. The data range (Purchases & Sales) the geographic accuracy, France to the point of sale as well as modern visualization solutions meeting the needs of the players in the self-medication drugs, food supplements, medical and dermo-cosmetic devices.

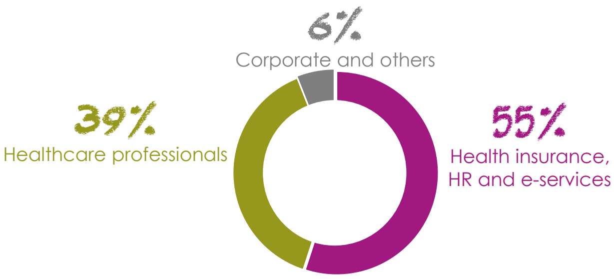
The reliability and accuracy of its data have made GERS Data highly recommended with the health authorities and unions.

3.1.3 Employees

On December 31, 2017, the Cegedim Group employed 4,230 people worldwide. Thus, the total number of employees increased by 194 people, or 4.8%, compared to the end of December 2016 (4,036 people).

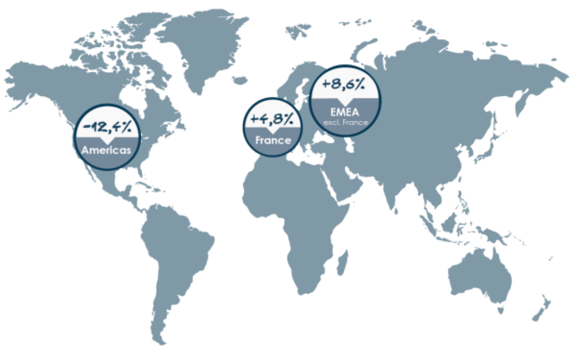
3.1.3.1 Employees by division

	31.12.2017	31.12.2016
Health Insurance, HR and e-services	2 306	2 072
Healthcare Professionals	1 666	1 727
Corporate and others	258	237
Cegedim Group	**4 230**	**4 036**



3.1.3.2 Employees by region

	31.12.2017	31.12.2016
France	2 853	2 723
EMEA excl. France	1 172	1 079
North Americas	200	230
Latine and South America	5	4
Cegedim Group	**4 230**	**4 036**



3.2 Crossing of ownership thresholds

3.2.1 Since December 31, 2017

Crossing of ownership thresholds since December 31, 2017 and the date of the publication of this Registration Document.

February 14, 2018: 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 reported crossing to the downside the thresholds of 15%, 10%, and 5% of shares, and the thresholds of 15%, 10%, and 5% of voting rights as a result of the operation to divest 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 – reported that they crossed to the downside the threshold of 2/3 of shares and dissolved the agreement of October 28, 2009, following *Bpifrance Participations'* operation to sell 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 disappearance of double voting rights attached to the shares sold by *Bpifrance Participations* on February 13, 2018, the shareholders' agreement had crossed the threshold of individual voting rights to the downside and its own holding had crossed the threshold to the upside. In other words, the percentage of voting rights rose automatically. After the operation, FCB holds 52.7% of shares and 67.5% of voting rights.

3.2.1 During FY 2017

To the best of the company's knowledge, there were no thresholds crossed during 2017.

3.2.2 During FY 2016

To the best of the company's knowledge, there were no thresholds crossed during 2016.

3.3 Events after December 31, 2017

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.

Sale of Cegedim shares held by Bpifrance

Bpifrance Participations sale of 1,682,146 shares in Cegedim via an accelerated bookbuilding process to French and international institutional investors at a price of 35 euros per share on February 13, 2018. In the context of the transaction, the shareholders' agreement dated 28 October 2009 between M. Jean-Claude Labrune, FCB (family holding controlled by M. Jean-Claude Labrune) and Bpifrance as well as the concert between the parties have been terminated. As a consequence Anne-Sophie Herelle and Bpifrance Participations represented by Marie Artaud-Dewitte have resigned from the board of directors on February 15, 2018.

Cegedim's free-float increases to reach now 44% of capital (vs. 32% before the transaction).

Completed disposal of the Cegelease and Eurofarmat

On February 28, 2018, Cegedim announces that it has completed the disposal of Cegelease and Eurofarmat to FRANFINANCE (Société Générale Group for an amount of €57.5 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.

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.

The selling price is €57.5 million, plus reimbursement of the shareholder's loan account, which amounted to

€13 million. Of this amount, Cegedim will use €30 million to pay down its debt.

The businesses revenue and consolidated EBITDA came to respectively to €12.5 million and €5.4 million in 2016 and €13.0 million and €5.8 million, in 2016.

Tax

On February 21, 2018, Cegedim received notice that French tax authorities would perform an audit of its accounts covering the period January 1, 2015, to December 31, 2016.

3.4 Analysis of the financial position of the Cegedim Group

3.4.1 Consolidated P&L

In € million		12.31.2017	12.31.2016	Change
Revenue	**€M**	**457.4**	**429.3**	**+6.6%**
Purchases used	€M	(33.8)	(35.3)	(4.2)%
External expenses	€M	(122.5)	(123.1)	(0.5)%
Payroll costs	€M	(215.4)	(202.7)	+6.3%
EBITDA	**€M**	**77.5**	**57.4**	**+35.0%**
EBITDA margin	*%*	*16.9%*	*13.4%*	*+357bps*
Depreciation	€M	(40.1)	(34.3)	+17.0%
EBIT before special items	**€M**	**37.4**	**23.1**	**+61.8%**
EBIT margin before special items	*%*	*8.2%*	*5.4%*	*+279bps*
Special items	€M	(18.9)	(24.1)	(21.8)%
EBIT	**€M**	**18.5**	**(1.0)**	**n.m.**
EBIT margin	*%*	*4.1%*	*(0.2)%*	*+429bps*
Cost of net financial debt	€M	(6.7)	(26.0)	(74.1)%
Total taxes	€M	(4.7)	(2.3)	+101.2%
Profit (loss) from continuing activities	**€M**	**7.1**	**(29.5)**	**n.m.**
Net profit (loss) from activities sold	€M	0.0	(1.1)	n.m.
Net profit (loss) from activities held for sale	€M	4.1	3.8	+6.8%
Net profit attributable to owners of the parent	€M	11.1	(26.7)	n.m.

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 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 point 4.6, Chapter 4.

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 below.

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

Revenue from continuing activities increased by €28.2 million, or 6.6%, to €457.4 million in 2017, compared to €429.3million for 2016. Excluding an unfavorable currency translation effect of 0.9% and a1.6% boost from acquisitions, revenues rose 5.9%.

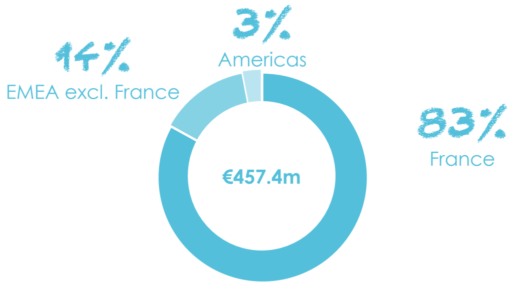
The negative impact of foreign currency translation was €4.1 million, or 0.9%, coming mainly from the negative impact of the pound sterling (10.9% of consolidated Group revenue) for €3.7 million.

The positive impact from acquisitions was €7.0 million, or 1.6%, coming mainly from the acquisition of *Futuramedia* in France in November 2016.

All of the divisions improved in like-for-like terms. *Health insurance, HR and e-services* division revenues rose by 8.5% and *Healthcare professionals* division revenues rose by 1.4%.

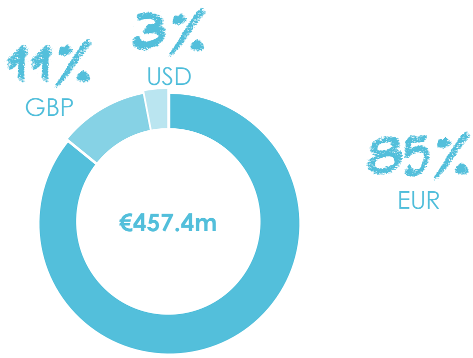
By geographic region, the relative contribution of France climbed by 2.3 points to 83.2%, whereas EMEA (excluding France) fell by 2.0 points to 13.5% and the Americas remained relatively stable at 3.3%.

Revenue breakdown by geography



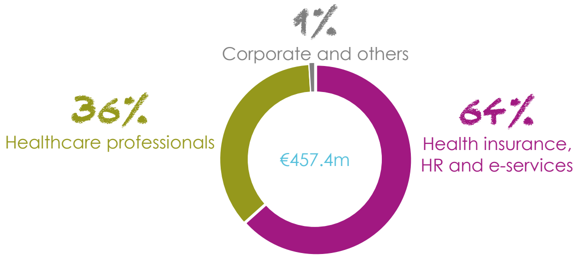
The breakdown of revenue by currency changed only marginally compared with the previous year: the euro climbed by 2.5 points to 84.7%, whereas the pound sterling fell by 2.2 points to 10.9%, and the US dollar and other currencies remained relatively stable at respectively 3.3% and 1.1%.

Revenue breakdown by currency



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 2.5 points to 63.6%, whereas that of the *Healthcare Professionals* division decreased by 2.6 points to 35.5%. The contribution of the *Activities not allocated* division remained relatively stable at 0.8%.

Revenue breakdown by division



Operational Charges

Purchases used decreased by €1.5 million, or 4.2%, to €33.8 million in 2017, compared to €35.3 million in 2016. The purchases used represented 7.4% of consolidated revenues in 2017, compared to 8.2% in 2016. This decrease in purchases used was primarily due to the trend at the computerization of UK physicians

External expenses decreased by €0.6 million, or 0.5%, to €122.5 million in 2017, compared to €123.1 million in 2016.The external expenses represented 26.8% of consolidated revenue in 2017, compared to 28.7% in 2016. This slightly decrease in external expenses was due to a lower use of temporary employees.

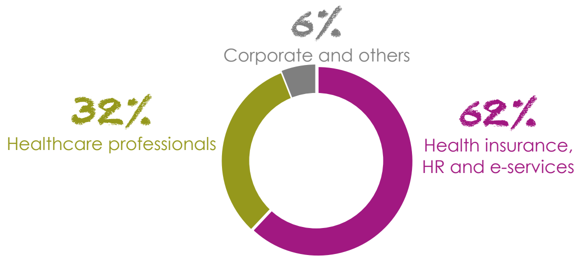
Payroll costs increased by €12.8 million, or 6.3%, to €215.4 million in 2017, compared to €202.7 million in 2016. The payroll costs represented 47.1% of consolidated revenue in 2017, compared to 47.2% in 2016. The increase in payroll costs mainly reflects an increase in number of employees primarily related to the launch of the BPO offering at *Cegedim Insurance Solutions* and the strengthening of the R&D team in order to ensure the transition to SaaS.

The introduction of the CICE ("Crédit d'impôt pour la compétitivité et l'emploi" -Tax credit for competitiveness and employment) in France in 2013 reduced the payroll cost in the P&L. At December 31, 2017, the impact on payroll cost and external expenses is a reduction of €3.7 million, compared with reduction of €2.9 million at December 31, 2016.

EBITDA increased by €20.1 million, or 35.0%, to €77.5 million in 2017, compared to €57.4 million in 2016. The EBITDA represented 16.9% of consolidated revenue in 2017, compared to 13.4% in 2016. This increase in EBITDA reflected the trends in revenue, purchases used, external expenses and payroll costs based on the factors set out above.

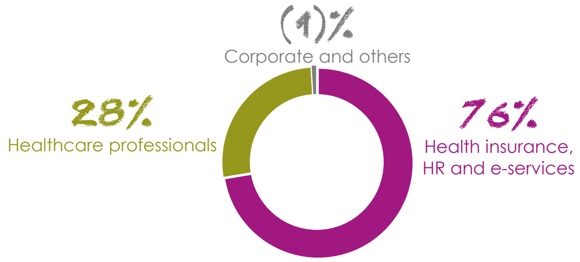
In 2017, the *Health Insurance, HR and e-services* division contributed to 62.1% of the consolidated EBITDA, compared to 32.2% for the *Healthcare Professionals* division, whereas the *Activities not allocated* division contributed negatively by 5.7%.

EBITDA breakdown by division



EBIT before special items (*operating income before special items*) increased by €14.3 million, or 61.8% to €37.4 million in 2017, compared to €23.1 million in 2016. The EBIT represented 8.2% of consolidated revenue in 2017, compared to 5.4% in 2016. This increase was due to an increase of €20.1million in EBITDA partially offset by an increase of €5.8 million in depreciation expenses, from €34.3 million in 2016, to €40.1 million in 2017. The major part of this €5.8 million increase results from a €4.2 million increase in R&D depreciation expenses that amounted to €25.9 million in 2017, compared to €21.7 million in 2016.

EBIT before special items breakdown by division



Special items amounted to a charge of €18.9 million over 2017 compared with a charge of €24.1 million over 20165. This decrease is chiefly due to the €3.1 million decline in restructuring costs over the period, to the fact that in 2017 there was no fine relating to the former activity sold in 2007, partially offset by a €1.8 million increase in the allowance for legacy software in the United States and France.

Breakdown of special items by nature

In € million	12.31.2017	12.31.2016
Restructuring costs	(6,4)	(9,5)
Allowance and deprecation on legacy software	(9,3)	(7,5)
Other non-recurring income and expenses	(3,2)	(2,5)
Financial penalties on 2007 business-disposal	-	(4,6)
Special items	**(18,9)**	**(24,1)**

Breakdown of special items by division

In € million	12.31.2017	12.31.2016
Health Insurance, HR, e-services	(2,4)	(0,3)
Healthcare professionals	(14,4)	(14,9)
Corporate and others	(2,1)	(9,0)
Special items	**(18,9)**	**(24,1)**

EBIT increased by 19.5 million to €18.5 million in 2017, compared to €1.0 million loss in 2016. The EBIT represented 4.1% of consolidated revenue in 2017, compared to 0.2% in 2016. This increase was due to the €14.3 million increase in EBIT before special items and in the €5.3 million decrease in special items.

Financial Charges

Total cost of net financial debt fell by €19.3 million, or 74.1%, to €6.7 million compared with €26.0 million in 2016. The cost of net financial debt represented 1.5% of consolidated revenue in 2017, compared to 6.1% in 2016. The decline reflects the positive impact of refinancing carried out in the first half of 2016.

Tax expense amounted to a charge of €4.7 million in 2017 compared with a charge of €2.3 million in 2016, an increase of €2.4 million, or 101.2%. The increase was chiefly due to an increase of €2.5 million at income taxes.

Net results

Consolidated net profit from continuing activities amounted to a €7.1 million profit in 2017 compared with a €29.5 million loss in 2016. This €36.5 million increase in consolidated net profit from continuing activities reflected trends in revenue, EBIT, special items, cost of net financial debt and tax expense based on the factors set out above.

Net profit from activities held for sell amounted to a €4.1 million profit at December 31, 2017, compared to a €3.8 million profit at December 31, 2016. The net profit form activities sold amounted to a €1.1 million loss. After taking into account minority interests, the **consolidated net profit attributable to the Group** amounted to a €11.1 million profit at December 31, 2017, compared to a €26.7 million loss at December 31, 2016.

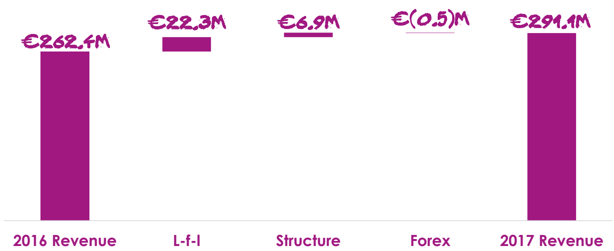
Earnings per share before special items amounted to a €0.9 profit for 2017, compared with a €1.5 loss for 2016. **Earnings per share** amounted to a €0.8 profit at December 31, 2017, compared to a €1.9 loss in 2016.

3.4.2 Analysis of the financial position by division

3.4.2.1 Health Insurance, HR and e-services

In € million	12.31.2017	12.31.2016	Change in %	Change in €M
Revenues	291.1	262.4	+10.9%	+28.7
EBITDA	48.1	43.9	+9.5%	+4.2
EBITDA margin	16.5%	16.7%	(22)bps	-
Depreciation	(19.7)	(15.3)	+29.0%	(4.4)
EBIT before special items	28.4	28.6	(0.9)%	(0.2)
EBIT margin	9.7%	10.9%	(116)bps	-
Special items	(2.4)	(0.3)	+792.1%	(2.1)
EBIT	26.0	28.4	(8.4)%	(2.4)

Revenue for the *Health Insurance, HR and e-services* division increased by €28.7 million, or 10.9%, to €291.1 million over 2017, compared to 262.4 million over 2016. The November 2016 acquisition of Futuramedia in France made a positive contribution of 2.6%. Currency effects made a negative contribution of 0.2%. Like-for-like revenues rose 8.5% over the period.

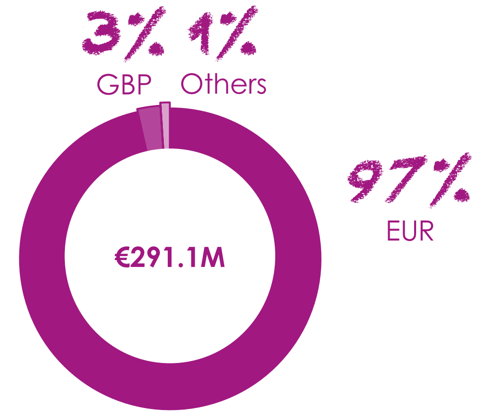


The *Health insurance, HR and e-services* division represented 63.6% of consolidated revenues over 2017, compared with 61.1% over 2016.

By geographic region, France and EMEA (excluding France) relative contribution were relatively stable at 96.5% and 3.5%.

The breakdown of revenue by currency has marginally changed since the previous year: the euro, the pound sterling and other were relatively stable at respectively 96.5%; 2.5% and 1.0%.

Revenue breakdown by currency



This significant 2017 revenue growth was chiefly attributable to:

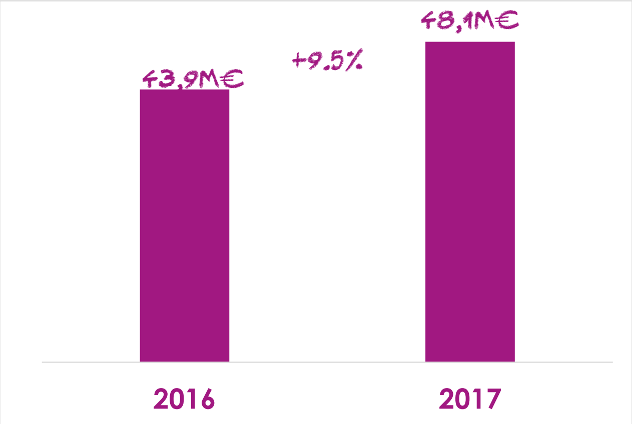
- Double-digit growth in point-of-sale advertising in pharmacies and health & wellness shops for *RNP*, which now has a stronger digital offering since acquiring *Futuramedia* in October 2016;
- Continued double-digit growth at *Cegedim SRH* following the start of work with several new clients of the SaaS platform for HR management;
- Double-digit growth in *iGestion* BPO activities for health insurers and mutuals;
- Strong sales momentum leading to the start of work with several new clients of the SaaS platform for electronic data exchange, Global Information Services, including payment and process digitalization platforms. For example, *Cegedim e-business* posted double-digit revenue growth throughout the year. Recent changes to the business' management and

organizational structure should help keep growth going strong;

- Brisk momentum in the business of pharmaceutical product sales statistics;
- Robust growth throughout the year in processing third-party payment flows.

The gains were marginally offset by a decline in software and services for the personal insurance market due to the impact of switching to the SaaS format.

EBITDA increased by €4.2 million, or 9.5%, to €48.1 million over 201, compared to €43.9 million in 2016. This figure represented 16.5% of 2017 revenues, compared with 16.7% in 2016.



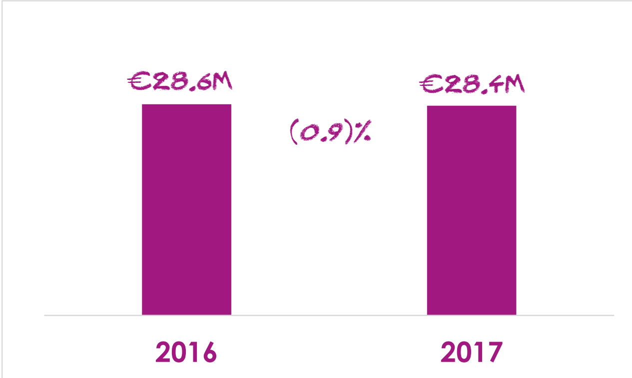
The increase in EBITDA is mainly attributable to the following activities:

- Point-of-sale advertising in pharmacies and health & wellness shops for *RNP*, which now has a stronger digital offering since acquiring *Futuramedia* in October 2016;
- *Cegedim SRH* following the start of work with several new clients of the SaaS platform for HR management;
- *Cegedim e-business* with the SaaS platform for electronic data exchange, Global Information Services, including payment and process digitalization platforms following the strong sales momentum that allow a significant increase in profitability;
- The business of pharmaceutical product sales statistics;
- The business of processing third-party payment flows.

The impact was partially offset by:

- The BPO activities for health insurers and mutual with *iGestion* that activities develop significantly but in short term have a negative impact on the profitability;
- software and services for the personal insurance market due to the impact of switching to the SaaS format.

EBIT before special items (*operating income from recurring operations*) felt a pinch by €0.2 million, or 0.9%, to €28.4 million over 2017, compared to €28.6 million over 2016. It represented 9.7% of consolidated revenue in 2017, compared to 10.9% in 2016.

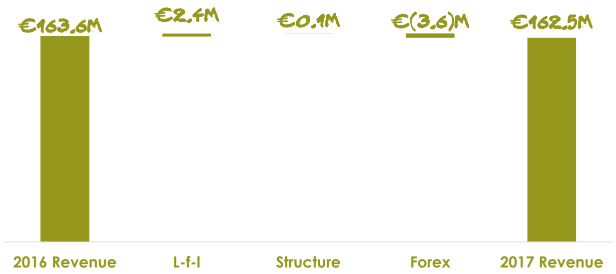


This slightly decrease in EBIT was due to the €4.4 million increase in depreciation partially offset by a €4.2 million increase in EBITDA.

3.4.2.2 Healthcare Professionals Division

In € million	12.31.2017	12.31.2016	Change in %	Change in €M
Revenues	**162.5**	**163.6**	**(0.7)%**	**(1.1)**
EBITDA	**25.0**	**12.8**	**+95.4%**	**+12.2**
EBITDA margin	*15.4%*	*7.8%*	*+756bps*	-
Depreciation	(14.6)	(13.5)	+7.8%	(1.1)
EBIT before special items	**10.4**	**(0.8)**	**n.m.**	**+11.1**
EBIT margin	*6.4%*	*(0.5)%*	*685bps*	-
Special items	(14.4)	(14.9)	(3.1)%	+0.5
EBIT	(4.0)	(15.6)	(74.3)%	+11.6

Revenue for the *Healthcare Professionals* division decreased by €1.1 million, or 0.7%, to 162.5 million over 2017, compared to €163.6 million over 2016. Currency effects made a negative contribution of 2.2%. There was virtually no impact from acquisitions or divestments. Like-for-like revenues rose 1.4% over the period.

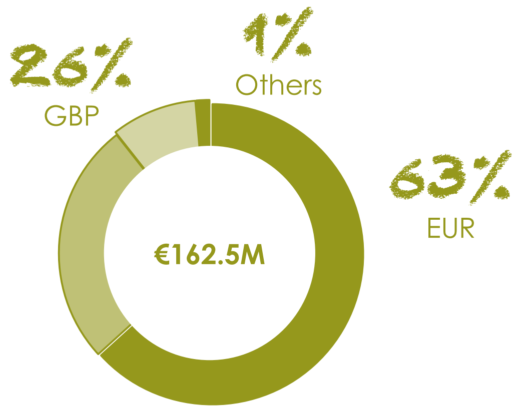


The *Healthcare professionals* division represented 35.5% of consolidated revenues over 2017, compared with 38.1% in 2016.

By geographic region, the relative contributions of France climbed by 3.0 points to 59.0%, whereas that of EMEA (excluding France) fell by 3.1 points to 31.7%, and the Americas were remains relatively stable at 9.3%.

The breakdown of revenue by currency has marginally changed since the previous year: the euro saw it share climb by 3.8 points to 63.3%, whereas that of the pound sterling fell by 4.0 points to 26.2%, and the US dollar and other currencies were relatively stable at respectively 9.2% and 1.4%.

Revenue breakdown by currency

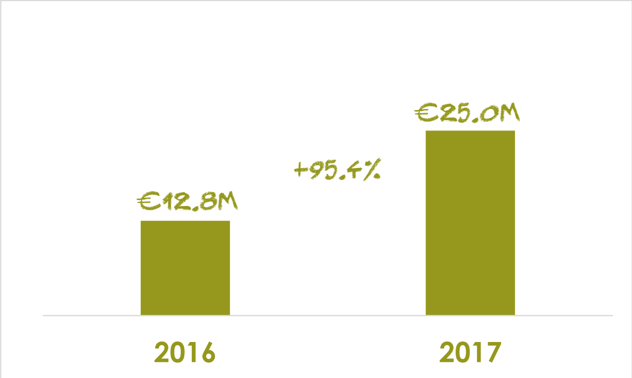


Growth over the full year was fueled by stronger sales in computerization for:

- Doctors in Belgium, France and the US;
- Doctors in the UK in the fourth quarter, following declines in the first three quarters. The full SaaS version of the solution will not be on the market until late June 2018;
- Pharmacists in France. The strong sales momentum that started in the second quarter continued in the fourth quarter;
- Nurses, physical therapists, speech therapists, orthoptists, midwives and podiatrists in France;

And accelerated growth in business related to the BCB database, an aid for prescribing and delivering medications and other healthcare products.

EBITDA increased by €12.2 million, or 95.4% to €25.0 million over 2017, compared to €12.8 million over 2016. It represented 15.4% of consolidated revenue over 2017, compared to 7.8% over 2016.

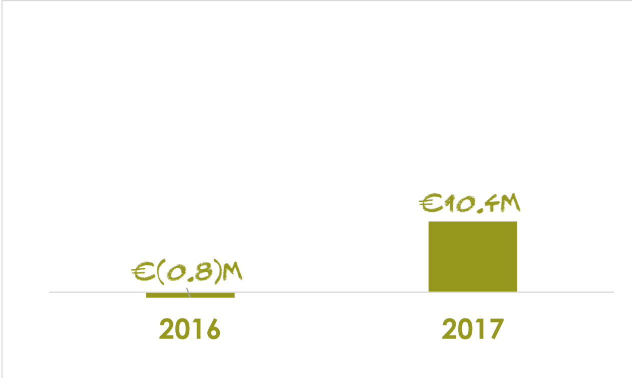


This significant increase in EBITDA in mainly due to:

- The Pulse doctor computerization and revenue cycle management (RCM) business in the US and growth in the computerization of doctors in Belgium whose EBITDA grew substantially reflects a favorable comparison;
- The computerization of doctors and pharmacists in France.

This performance was partly offset by a decline in EBITDA for the computerization of doctors in the UK pending the release of a full SaaS version of that product.

EBIT before special items (*operating income before special items*) increased by €11.1 million to €10.4 million profit in 2017, compared to €0.8 million loss in 2016. It represented 6.4% of consolidated revenue over 2017, compared to 0.5% over 2016.



This increase in EBIT was primarily due to the €12.2 million increased in EBITDA partially offset by a €1.1 million increase in depreciation expenses that amounted to €13.5 million in 2016, compared to €14.6 million in 2017

Special items decreased by €0.5 million to €14.4 million over 2017, compared to €14.9 million over 2016. This level of exceptional charges chiefly reflects a €9.3 million provision for intangible asset obsolescence and a €3.0 million charge for the division's restructuring.

3.4.2.3 Corporate and Others Division

In € million	12.31.2017	12.31.2016	Change in %	Change in M€
Revenues	**3.9**	**3.3**	**+17.2%**	**+0.6**
EBITDA	**4.4**	**0.7**	**+540.2%**	**+3.7**
EBITDA margin	*114.3%*	*20.9%*	*n.m.*	-
Depreciation	(5.8)	(5.4)	+6.1%	(0.3)
EBIT before special items	**(1.3)**	**(4.7)**	**(71.8)%**	**3.4**
EBIT margin	*(34.5)%*	*(143.4)%*	*n.s.*	-
Special items	(2.1)	(9.0)	(77.1)%	+6.9
EBIT	(3.4)	(13.7)	(75.3)%	+10.3

Revenue for *Corporate and Others* division increased by €0.6 million, or 17.2%, to €3.9 million over 2017, compared to €3.3 million over 2016. There were no divestments or acquisitions and there was no impact from foreign currency translations.

The *Activities not allocated* division represented 0.8% of consolidated revenues over 2017 and 2016.

This trend reflects a favorable comparison and significant growth in facilities management and hosting activities, including medical records hosting.

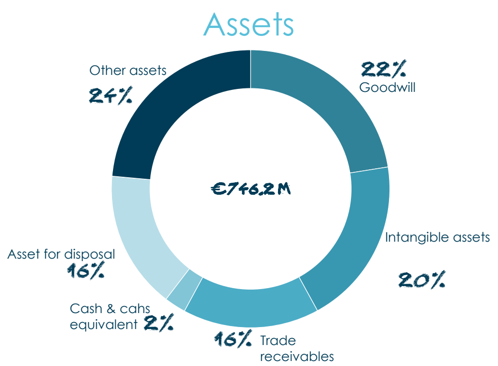
EBITDA increased by €3.7 million to a €4.4 million in 2017, compared to €0.7 million in 2016. It represented 114.3% of consolidated revenue over 2017, compared to 20.9% over 2016. This EBITDA growth reflects a favorable comparison and significant growth in facilities management and hosting activities, including medical records hosting.

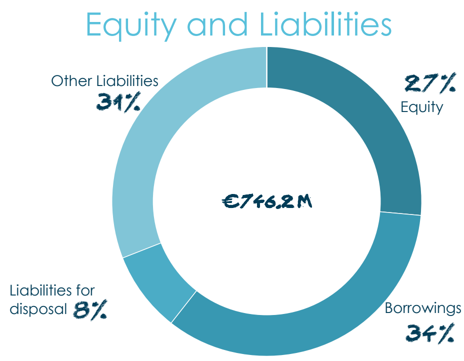
EBIT before special items (*operating income from recurring operations*) move positively by €3.4 million to €1.3 million loss in 2017, compare to €4.7 million loss in 2016. . It represented 34.5% of consolidated revenue over 2017, compared to 143.4% over 2016. This positive trend reflects the €3.7 million increase in EBTIDA slightly offset by a €0.3 million increase in depreciation expenses.

Special items decreased by €6.9 million to €2.1 million in 2017, compare to €€9.0 million in 2016 mainly du the recoding in 2017 of a €4.6 million fine related to the former activity sold in 2007.

3.4.3 Financial structure as of December 31, 2017

3.4.3.1 Simplified Consolidated Balance sheet

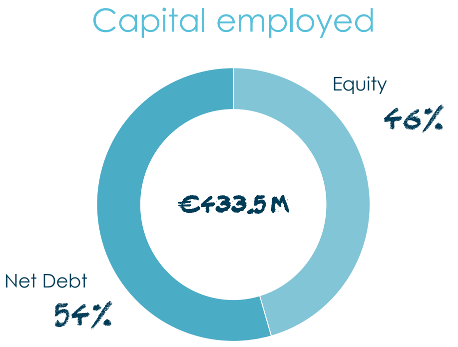




In € million	Note	06.30.2017	12.31.2016	Change
Assets				
Goodwill		167.8	199.0	(15.7)%
Intangible assets		145.8	139.4	+4.6%
Tangible assets		33.2	32.2	+2.9%
Financial assets	a	20.4	8.7	+133.1%
Other non-current assets	b	38.2	67.9	(43.7)%
Total non-current assets		**405.3**	**447.3**	**(9.4)%**
Trade receivables – Long-term portion		118.2	167.4	(29.4)%
Cash & cash equivalent		18.7	20.8	(9.9)%
Other current assets		84.2	73.7	+14.2%
Total current assets		**221.1**	**261.8**	**(15.6)%**
Assets of activities held for sale		119.8	0.0	n.m.
Total assets		**746.2**	**709.1**	**+5.2%**
Liabilities				
Long-term financial debt	c	250.8	244.0	+2.8%
Other non-current liabilities		32.8	45.1	(27.3)%
Total non-current liabilities		**283.6**	**289.1**	**(1.9)%**
Short-term financial debt	c	4.0	3.6	+12.8%
Other current liabilities	d	198.2	227.4	(12.8)%
Total current liabilities		**202.2**	**231.0**	**(12.4)%**
Total liabilities excluding Shareholders' equity		**485.9**	**520.1**	**(6.6)%**
Shareholders' equity	e	**197.3**	**188.9**	**+4.4%**
Liabilities of activities held for sale		63.0	0.0	n.m.
Total Liabilities and shareholders' equity		**746.2**	**709.1**	**+5.2%**

a) Excluding equity shares in equity method companies.
b) Including deferred tax of €27.3 million for December 31, 2017, and €28.8 million for December 31, 2016.
c) Long-term and short-term liabilities include liabilities under our employee profit sharing plans in the total amount of €7.3 million for December 31, 2017, and €7.5 million for December 31, 2016.
d) Including "tax and social liabilities" of €83.1 million for December 31, 2017, and €78.8 million for December 31, 2016. This includes VAT, French and US profit-sharing schemes, provisions for leave days, social security contributions in France, French health coverage and wage bonuses.
e) Including minority interests of €0.0 million for December 31, 2017, and €0.0 million for end-December 2016.

NET FINANCIAL DEBT



In € million	Note	06.30.2017	12.31.2016	Change
Long-term financial debt		250.8	244.0	+2.8%
Short-term financial debt		4.0	3.6	+12.8%
Gross debt		254.9	247.6	+2.9%
Cash and cash equivalent	f	18.7	20.8	-9.9%
Net financial debt		236.2	226.8	+4.1%
Equity		197.3	188.9	+4.4%
Gearing	g	1.2	1.2	-0.3%

f) note that 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.

The structure of debt at December 31, 2017 was as follows:

- 200 million euro revolving credit, of which 200 million euro was drawn ; maturing on January 14, 2021 ;
- 45.1 million euro FCB loan maturing in January 2021 ;
- €1.1 million planned earn-out
- 24.0 million euro overdraft facility, of which 0.0 million euro was drawn.

The table below sets out Cegedim's principal financing arrangements as of December 31, 2017.

In millions of euros	Total	Less than 1 year	Between 1 and 5 years	More than 5 years
Revolving credit facility	200.0	-	200.0	-
FCB Loan	45.1	-	45.1	-
Overdraft facility	0.0	0.0	-	-
Total	245.1	0.0	245.1	-

The Group also rely to non-recourse factoring agreement of which €29.9 million was drawn as of December 31, 2017.

Interest rate

In the first half of 2016, the applicable margin on amount drawn under the Revolving Credit Facility was 0.9%. In the second half of 2016, the applicable margin on amount drawn under the Revolving Credit Facility was 1.40%. In 2017, the applicable margin on amount drawn under the Revolving Credit Facility was 1.40%.

The FCB Loan bears interest at a rate of 200 basis points above the rate applicable under the Credit Revolver Facility Agreement. The interest is payable semiannually on June 30 and December 31 of each year.

COMMENTS ON THE CONSOLIDATED BALANCE SHEET

The Consolidated total balance sheet amounted to €746.2 million at December 31, 2017, a 5.2% increase over December 31, 2016.

Acquisition goodwill represented €167.8 million at December 31, 2017, compared with €199.0 million at end-2016. The €31.2 million decrease, equal to 15.7%, was mainly attributable to the classification as assets held for sale of €28.3 million in acquisition goodwill linked to the disposal of *Cegelease* and *Eurofarmat*. Acquisition goodwill represented 22.5% of the total balance sheet at December 31, 2017, compared with 28.1% on December 31, 2016.

Intangible assets increased by €6.4 million, or 4.6%, to €145.8 million at December 31, 2017, compared to €139.4 million at December 2016. This increase mainly reflect the fact that R&D depreciation expenses including the €7.4 million accelerated amortization of intangible fixed assets related to Pulse, knowing that R&D depreciation expenses compensate almost the increase of capitalized R&D. The intangible assets represented 19.5% of total assets at the end of December 2017 compared to €19.7% at end of December 2016.

Tangible assets increased by €0.9 million, or 2.9% to €33.2 million at December 31, 2017, compared to €32.2 million at December 2016. The tangible assets represented 4.4% of total assets at the end of December 2017 compared to 4.5% at December 31, 2016.

Trade receivables decreased by €78.6 million, or 39.9%, to €118.4 million at end of December 2017, compared to €196.9 million at end of December 2016.

- Long-term portion decreased by €29.4 million, or 99.3%, to €0.2 million at December 31, 2017, compared to €29.6 million at December 2016. This decrease was mainly attributable to the classification as assets held for sale of €30.9 million in trade receivables linked to the disposal of Cegelease. It represented 0.0% of total assets at December 31, 2017, compared to 4.2% at December 31, 2016.
- Short-term portion decreased by €49.2 million, or 29.4%, to €118.2 million, compared to €167.4 million at December 31, 2016. This decrease was mainly attributable to the classification as assets held for sale of €37.9 million in trade receivables linked to the disposal of Cegelease and to the implementation of the non-recourse factoring agreement in 2017. It represented 15.8% of total assets at December 31, 2017, compared to 23.6% at December 31, 2016.

The trade receivables represented 15.93% at December 2017, compared to 27.8% at December 2016.

Cash and equivalents decreased by €2.1 million, or 9.9% to €18.7 million at December 31, 2017, compared to €20.8 million at December 31, 2016. This drop was principally due to the classification as assets held for sale of €5.2 million in cash linked to the sale of Cegelease. For more details please see comments on the cash flow statement on point 3.4.4.2. Cash and equivalents represented 2.5% of the total balance sheet at December 31, 2017, compared with 2.9% at December 31, 2016.

Long-term financial liabilities increased by €6.8 million, or 2.8%, to €250.8 million at December 31, 2017, compared with €244.0 million at December 31, 2016. This increase stemmed mainly from the fact that during the first half of 2017, the Group drew €10.0 million from the Revolving Credit Facility in order to finance the €9 million loan Cegedim granted to a client, Klesia, for managing its BPO activity. This trend was partially offset by the payment of €2.3 million in earn-outs for *Activus* and *Nightingale*, and by a €0.7 million decrease in liabilities under Cegedim's employee profit-sharing plans. Long-term liabilities include liabilities under Cegedim's employee profit-sharing plans in the total amount of €5.2 million at the end of December 2017, compared to €5.9 million at December 31, 2016.

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 to €1.67 million one year ago.

Total financial liabilities increased by €7.3 million, or 2.9%, to €254.9 million at December 31, 2017, compared to €247.6 million at December 31, 2016. Total net financial liabilities amounted to €236.2 million, up €9.3 million compared with a year ago. They represented 119.7% of shareholders' equity at December 31, 2017, compared with 120.1% at December 31, 2016. Long- and short-term liabilities include €7.3 million for an employee profit-sharing plan, estimated earn-outs of €1.1 million, and €1.2 million of other debt at end-December 2017.

Shareholders' equity increased by €8.4 million, i.e. 4.4%, to €197.3 million at December 31, 2017, compared with €188.9 million at December 31, 2016. This increase was mostly the result of the €11.1 million of net attributable income partly offset by the €2.6 million decrease in the Group exchange gain/ loss.

Shareholders' equity represented 26.4% of the total balance sheet at end-December 2017, compared with 26.6% at end-December 2016.

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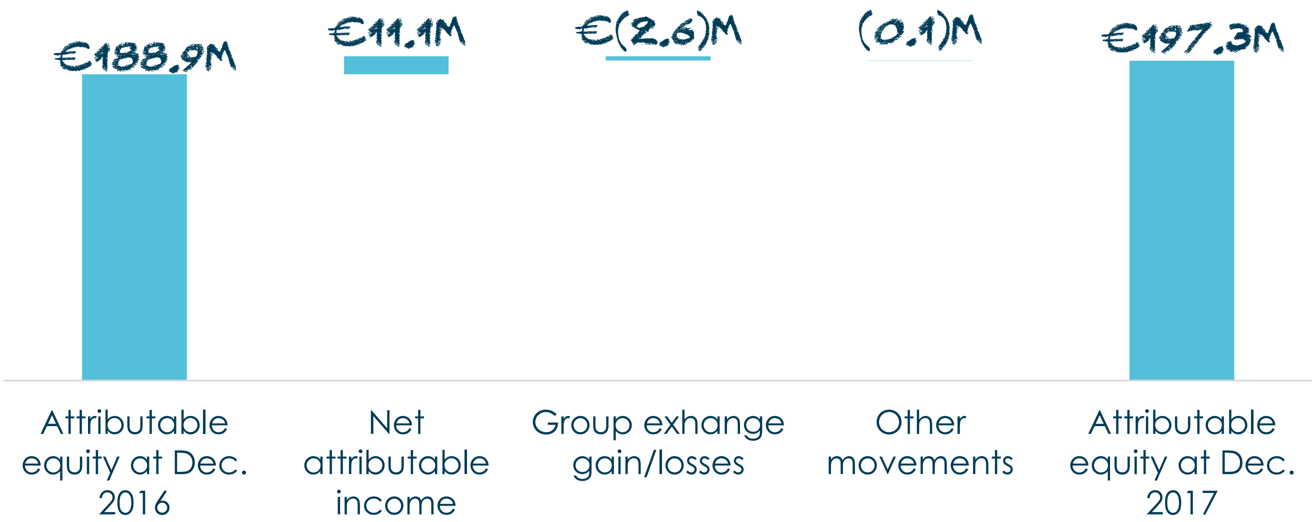
Change in shareholder's equity



Off-balance sheet commitments

Cegedim S.A. provides guarantees and securities on the operational or financing obligations of its subsidiaries in the ordinary course of business. See note 13.5 point 4.6, Chapter 4.

3.4.3.2 Consolidated cash flow sources and amounts

SUMMARIZED CONSOLIDATED CASH FLOW STATEMENT

In € million	12.30.2017	12.30.2016
Gross cash-flow	**85.9**	**57.5**
Tax paid	(1.8)	(5.7)
Change in working capital	(10.6)	+6.8
Net cash provided by (used in) operating activities	**73.5**	**58.6**
Of which net cash provided by (used in) operating activities held for sale	*4.3*	*4.0*
Net cash provided by (used in) investing activities	**(70.8)**	**(81.7)**
Of which net cash provided by (used in) investing activities held for sale	*(0.7)*	*(0.8)*
Net cash provided by (used in) financing activities	**0.4**	**(183.5)**
Of which net cash provided by (used in) financing activities	*0.3*	*0.0*
Total cash flows excluding currency impact	**+3.1**	**(206.6)**
Change due to exchange rate movements	(0.8)	(0.8)
Change in cash	**+2.3**	**(207.4)**
Net cash at the beginning of the period	*20.7*	*228.1*
Net cash at the end of the period	*23.0*	*20.7*

COMMENTS ON THE CASH FLOW STATEMENT

Net cash-flow from operating activities increased by €14.9 million, or 25.5% to €73.5 million at end of December 2017, compared to €58.6million at the end of December 2016. This improvement mainly reflects the €19.3 million decrease in cost of net debt, €3.9 million in tax paid and a significant increase in activities partly offset by a significant increase of €17.4 million in WCR.

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 requirement of €10.6 million at the end of December 2017, compared to an outflow of €6.8 million twelve months earlier. This €17.4 million increase of in WRC reflects mainly the €12.8 million increase in acquisition of tangible asset related to Cegelease and the payment of the €4.6 million of fine related to Tessi partly offset by the positive trend in trade receivables following the implantation of deconsolidated factoring arrangement.

Net cash from operating activities amounted to an outflow of €13.4 million, compared to requirement of €2.4 million. This €15.8 million improvement came mainly from an increase in gross cash-flow and a decrease in tax paid partly offset by an increase in WCR.

In € million	12.30.2017	12.30.2016
Cash flow from operating activities before tax and interest	85.9	57.5
Change in working capital requirement	(10.6)	+6.8
Corporate tax paid	(1.8)	(5.7)
Net cash from operating activities	73.5	58.6
Acquisitions of intangible assets	(48.4)	(46.6)
Acquisitions of tangible assets	(12.3)	(15.2)
Disposal of intangible and tangible assets	+0.5	0.8
Free cash flow from operations	**+13.4**	**(2.4)**

Net cash flow used in investing activities decreased by €10.9 million, or 13.3%, to an outflow of €70.8 million at end of December 2017, compared to an outflow of €81.7 million at end of December 2016. This trend reflects mainly the €3.0 million decrease in acquisition of tangible assets and €19.6 million in the change in consolidation scope partly offset by a €9.5 million change in loans made. It's basically the€9 million loan

Cegedim granted to a client, Klesia, for managing its BPO activity.

CAPITAL EXPENDITURES

Capital expenditures excluding acquisitions and divestments were up compared to previous years. Historically, they have primarily related to R&D, maintenance costs and to acquisition/disposal. There are no material capital expenditure commitments. Flexibility and discretion are maintained in order to adjust, from time to time, the level of capital expenditures to the needs of Cegedim's business.

In € million	12.30.2017	12.30.2016
Capitalized R&D	(44.6)	(40.6)
Maintenance Capex	(23.7)	(18.8)
Acquisition / Disposal	(1.9)	(21.4)
Investment in discontinuing activities	(0.7)	(0.8)
Total capital expenditures	**(70.8)**	**(81.7)**

At December 31, 2017, capital expenditures decreased by €10.9 million, or 13.3% to €70.8 million compared to €81.7 at December 2016. The capital expenditures breakdown was as follows: €44.6 million of capitalized R&D, €23.7 million in maintenance capex and €1.9 million on acquisitions net of disposal. The capital expenditures, excluding Cegelease, represented 15.3% of consolidated revenue over 2017, compared to 18.8% over 2016.

Payroll expenses for the R&D workforce represent around 12.1% of the last twelve months Group revenue. Although this percentage is not a targeted figure, it has increased compared to 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.

At the end of December 2017, €44.6 million of R&D costs were capitalized, an increase of €3.9 million compared to December 2016. It should be noted that this increase occurred only during the first half of 2017. This figure came from a reduction of payroll costs and external expenses. The remaining R&D costs are recorded as expenses for the period in which they were incurred.

Net cash flow used in financing activities decreased by €183.9 million, to an inflow of €0.4 million at the end of December 31, 2017, compare to an outflow of €183.5 million at December 31, 2016. This trend reflects mainly the impact from the debt refinancing conducted in the first half of 2016. The positive net cash flow from financing activities came mainly from the €10 million drawn from the €200 million revolver credit in order to finance the loan Cegedim granted to a client, Klesia, for managing its BPO activity.

The change in net cash from operations, from investment operations and from financing operations was an increase of €2.3 million at the end of December 2017, including a €0.8 million negative contribution from exchange rate movements.

3.4.4 Activities held for sale

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.

Revenue amounted to €13.0 million at December 31, 2017. EBITDA amounted to a €5.8 million and EBIT before special items came to €5.7 million at end of December 2017.

Net earnings of activities held for sale amounted to a €4.1 million loss at December 31, 2017.

3.5 Analysis of the financial position of Cegedim S.A.

The annual financial statements for the fiscal year ended December 31, 2017, 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 the regulations in force.

The presentation rules and valuation methods used are identical to those used for the previous fiscal year.

The key financial performance indicators for Cegedim SA are:

- Revenue generated within the Group and outside the Group;
- Dividends received;
- Investments;
- Financial structure.

Detailed comments on these are provided above.

In addition, with regard to the 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 handle their maintenance and security (physical security and security of access, information, systems administration and development).

Cegedim considers the training of its teams to be a key factor of success, ensuring client satisfaction and employee motivation. Cegedim's general training policy consists primarily of 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 external growth, depends on its ability to incorporate new activities. Here, the measures taken by Cegedim seek to accelerate the incorporation of new activities, control the risks inherent in growth operations, and track their performance.

Revenue

Cegedim SA's business climbed by 18.1%, with revenue increasing from €51.89 million in 2016 to €61.28 million in 2017. This increase reflects mainly the increase at 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 increased by 6.7%, from €61.6 million in 2016 to €65.8 million in 2017. Highlights included:

- A significant decrease in write-backs of depreciation, amortization and provisions of €5.3 million compared to 2016;
- A relative stability at capitalized production compared to 2016.

Operating expenses slightly increased by 0.9%, from €68.0 million in 20165 to €68.6million in 2017. Highlights included:

- An increase in other "external purchases and expenses" of €2.5 million compared to 2016;
- An increase of €0.3 million in depreciation of fixed assets;
- An increase in charged payroll and benefit-related expenses of €1.3 million during the period.

The impact in absolute terms of the few changes in **other operating income and expense items** was insignificant.

Operating earnings amounted to a loss of €2.8 million, a loss €3.5 million decline than that of 2016.

To the Company's knowledge, except for the developments presented in note 30, point 2.4, Chapter 5, there are no specific governmental, economic, budgetary, monetary or political strategies or factors capable of influencing Cegedim's operations directly or indirectly.

Accounts payable aging schedule

The Cegedim SA accounts payable aging schedule, broken down by internal and external suppliers, is as follows:

In euros	Total accounts payable at 12.31.2017	Accounts payable, current	Accounts payable, past due	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

In euros	Total accounts payable at 12.31.2016	Account payable, current	Accounts payable, past due	Past due < 30 days	Past due 31 – 60 days	Past due > 60 days
Internal suppliers	768,208	753,420	14,788	14,788	-	-
External suppliers	8,946,212	6,041,710	2,904,502	1,528,048	52,238	1,324,216
Total accounts payable	9,714,420	6,795,130	2,919,290	1,542,836	52,238	1,324,216

Payment period for receivables and payables

Payables and receivables unpaid and past due on December 31, 2017 (table provided in accordance with Article D.441-4 of the Commercial Code).

Article D. 441 I.-1°	Invoices **received** but unpaid and past due on December 31, 2017.						Invoices **sent** but unpaid and past due on December 31, 2017.					
	0 day	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more	0 day	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)
(A) Breakdown by late payment												
Numbers of invoices concerned	7					360	103					1,269
Amount with all taxes included for concerned invoices	756,600	57,068	659,176	63,636	243,941	1,023,821	350,724	1,106,617	1,025,473	959,117	3,517,889	6,609,96
Percentage of the total amount of purchases including tax for the year	2.15%	0.16%	1.87%	0.18%	0.69%	2.9%						
Percentage of the revenue (excluding taxes) for the year							0.57%	1.81%	1.67%	1.57%	5.75%	10.80%
(B) Invoices excluded in (A) (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 ou 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 814 invoices sold to FACTOR for a total of €2,930,534.

The financial result was a charge of €1.3 million in 2017, compared with a €7.1 million profit in 2016. This included €69.4 million in financial income and €70.6 million in financial expenses.

Financial income is break down in €58.6 million in financial income from equity interests, €7.6 million in write-backs on provisions and expense transfers, and €3.2 million euros in other interest and related income.

Financial expenses includes €62.2 in allocation to financial depreciation and provisions and €8.4 million in interest and related expenses.

Earnings before special items and tax amounted to a €4.1 million loss in 2017, compared to a profit of €0.8 million in 2016.

Net exceptional income in 2017 was a loss of €0.6 million, i.e. €6.4 million decline in loss compared to the loss in 2016.

Income taxes in 2017 amounted to a credit of €8.4 million.

Net profit for 2017 amounted to €3.3 million, compared to €4.4 million in 2016.

BALANCE SHEET

At December 31, 2017, the **total balance sheet** of Cegedim SA came to €397.8 million compared to €479.7 million for the previous fiscal year, which is a decrease of €81.9 million or 17.1%.

Shareholders' equity was €53.3 million at December 31, 2017, compared with €50.1 million at December 31, 2016. The increase reflects mainly the increase in earnings.

Financial liabilities decreased by €25.2 million to €308.7 million at the end of 2017, from €333.9 million at the end of 2016. Considering the cash position, net financial debt increased over the period and stood at €251.8 million at the end of 2017, compared to €220.7 million at the end of 2016.

3.6 Dividends paid in respect of the last three fiscal years

3.6.1 Dividend distribution policy

The Group paid no dividends in respect of 2015, 2016 and 2017.

The Group does not plan to pay regular cash dividends before it has completed the transformation of its business model. Any decision to distribute and pay dividends in the future will be made at the discretion of Cegedim Board 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 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.

3.6.2 Table of dividends paid in respect of the last three fiscal 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 fiscal years are as follows:

Fiscal year	Number of shares	Deductible income allowance			Non-deductible income allowance
		Dividend		Other income distributed	
		Per share	Overall		
2015	13,997,173	None	None	None	None
2016	13,997,173	None	None	None	None
2017	13,997,173	None	None	None	None

4 Consolidated Financial Statements

4.1 Consolidated balance sheet

4.1.1 Assets

In thousands of euros	Note	12.31.2017 Net	12.31.2016 Net
Goodwill on acquisition	**7.1**	**167,758**	**198,995**
Development costs		22,887	12,152
Other intangible fixed assets		122,962	127,293
Intangible fixed assets	**7.2**	**145,849**	**139,445**
Property		544	459
Buildings		4,127	4,712
Other tangible fixed assets		28,057	26,548
Construction work in progress		444	508
Tangible fixed assets	**7.3**	**33,172**	**32,227**
Equity investments		913	1,098
Loans		12,986	3,508
Other long-term investments		6,454	4,126
Financial assets excluding shares from equity method companies	**7.4**	**20,353**	**8,733**
Equity shares in equity method companies	2.4	10,072	9,492
Government - Deferred tax	9.1	27,271	28,784
Accounts receivable: Long-term portion(1)	5.5	210	29,584
Other receivables: Long-term portion	5.6	-	0
Financial instruments		622	-
Non-current assets		**405,308**	**447,260**
Services in progress	5.4	78	1,034
Goods	5.4	3,567	6,735
Advances and deposits received on orders		325	1,773
Accounts receivable: Short-term portion(1)	5.5	118,170	167,361
Other receivables: Short-term portion	5.6	71,220	53,890
Cash equivalents		8,000	8,000
Cash		10,718	12,771
Prepaid expenses		8,989	10,258
Current assets		**221,068**	**261,823**
Assets of activities held for sale	4.1	119,847	-
Total assets		**746,223**	**709,082**

(1) The decrease in accounts receivables is due to the IFRS 5 restatement.

4.1.2 Equity and liabilities

In thousands of euros	Note	12.31.2017	12.31.2016
Share capital		13,337	13,337
Group reserves		177,881	204,723
Group exchange gains/losses		(5,008)	(2,391)
Group earnings		11,147	(26,747)
Shareholders' equity, Group share		**197,357**	**188,921**
Minority interests (reserves)		(25)	9
Minority interests (earnings)		14	14
Minority interests		(11)	23
Shareholders' equity		**197,346**	**188,944**
Long-term financial liabilities	8.1	250,830	244,013
Long-term financial instruments		928	1,987
Deferred tax liabilities	9.1	6,362	6,453
Non-current provisions	5.8	25,445	23,441
Other non-current liabilities(1)	5.7	56	13,251
Non-current liabilities		**283,621**	**289,145**
Short-term financial liabilities	8.1	4,040	3,582
Short-term financial instruments		2	11
Accounts payable and related accounts(1)		46,954	62,419
Tax and social liabilities		83,118	78,810
Provisions	5.8	3,025	3,297
Other current liabilities(1)	5.7	65,098	82,874
Current liabilities		**202,236**	**230,993**
Liabilities of activities held for sale	4.1	63,020	-
Total Liabilities		**746,223**	**709,082**

(1) The decrease in accounts payable and other liabilities is due to the IFRS 5 restatement.

4.2 Consolidated income statement

In thousands of euros	Note	12.31.2017	12.31.2016	Change
Revenue		**457,441**	**429,251**	**6.6%**
Purchases used		(33,788)	(35,277)	(4.2)%
External expenses	5.1	(122,453)	(123,100)	(0.5)%
Taxes		(7,257)	(7,415)	(2.1)%
Payroll costs	6.1	(215,434)	(202,657)	6.3%
Allocations to and reversals of provisions		(2,684)	(4,545)	(40.9)%
Change in inventories of products in progress and finished products		0	1,034	(100.0)%
Other operating income and expenses		(621)	(1,276)	(51.3)%
Income of equity-accounted affiliates (1)		2,291	1,368	67.5%
EBITDA		**77,496**	**57,383**	**35.0%**
Depreciation expenses		(40,075)	(34,254)	17.0%
Operating income before special items		**37,420**	**23,129**	**61.8%**
Depreciation of goodwill		-	-	
Special items		(18,874)	(24,124)	(21.8)%
Other special items	5.2	(18,874)	(24,124)	(21.8)%
Operating income		18,547	(996)	**1,962.9%**
Income from cash and cash equivalents		631	1,094	(42.3)%
Gross cost of financial debt		(8,938)	(29,264)	(69.5)%
Other financial income and expenses		1,573	2,142	(26.6)%.
Cost of net financial debt	**8.2**	**(6,734)**	**(26,027)**	**(74.1)%**
Income taxes		(4,002)	(1,473)	171.6%
Deferred taxes		(699)	(863)	(19.0)%
Total taxes	**9.1**	**(4,701)**	**(2,336)**	**n.m.**
Share of profit (loss) of equity method companies	2.4	(51	(115)	(55.8)%
Profit (loss) from continuing activities		7,061	(29,473)	n.m.
Profit (loss) from discontinued activities	4.2	-	(1,096)	n.m.
Profit (loss) from activities held for sale	4.2	4,099	3,838	n.m.
Consolidated profit (loss)		11,160	(26,731)	n.m.
Group Share	**A**	**11,147**	**(26,746)**	**n.m.**
Minority interests		14	14	(5)%
Average number of shares excluding treasury stock	B	13,979,390	13,960,024	
Current Earnings Per Share (in euros)		**0.9**	**(1.5)**	
Earnings Per Share (in euros)	**A/B**	**0.8**	**(1.9)**	**n.m.**
Dilutive instruments		None	None	**n.m.**
Earning for recurring operation per share (in euros)		**0.8**	**(1.9)**	**n.m.**

(1) Restatement of the Income of equity-accounted affiliates

Restatement of the Income of equity-accounted affiliates

In thousands of euros	12.31.2017 reported	Income of equity-accounted affiliates	Activities held for sale	12.31.2016 restated
EBITDA	61,410	1,368	(5,395)	57,383
Operating income before special items	27,072	1,368	(5,311)	23,129
Operating income	2,948	1,368	(5,311)	(996)

4.3 Consolidated statement of other comprehensive income

In thousands of euros	Note	12.31.2017	12.31.2016	Change
Consolidated net profit (loss) for the period		**11,160**	**(26,731)**	**n.m.**
Other items included in total earnings				
Unrealized exchange gains / losses		(2,584)	(10,844)	(76.2)%
Free shares award plan		255	33	**n.m**
Hedging of financial instruments (net of tax)		487	379	28.5%
Hedging of net investments		0	0	
Actuarial differences relating to provisions for pensions		16	(1,528)	(101)%
Items recognized as shareholders' equity net of taxes		**(1,826)**	**(11,959)**	**(84.7)%**
Total earnings		**9,335**	**(38,690)**	**n.m.**
Minority interests' share		46	31	51.3%
Group share		**9,289**	**(38,722)**	**n.m.**

4.4 Consolidated statement of changes in equity

In thousands of euros	Equity	Reserves tied to capital	Conso. reserves and earnings	Unrealized exchange gains/losses	Total group share	Minority interests	Total
Balance as at 01.01.2015	**13,337**	**182,955**	**(43,166)**	**63,578**	**216,704**	**142**	**216,846**
Earnings for the fiscal year			66,957		66,957	41	66,998
Earnings recorded directly as shareholders' equity					0		0
• Transactions on shares			(904)		(904)		(904)
• Hedging of financial instruments			754		754		754
• Hedging of net investments					0		0
• Unrealized exchange gains/losses				(55,108)	(55,108)		(55,108)
• Actuarial differences relating to provisions for pensions			438		438		438
Total earnings for the fiscal year			**67,246**	**(55,108)**	**12,138**	**41**	**12,179**
Transactions with shareholders							
• Equity transactions						(33)	(33)
• Distribution of dividends [(1)]						(70)	(70)
• Treasury shares			(707)		(707)		(707)
Total transactions with shareholders	**0**	**0**	**(707)**	**0**	**(707)**	**(103)**	**(810)**
Other changes		(182,955)	182,871		(84)		(84)
Change in consolidated scope					0		0
Balance as at 12.31.2015	**13,337**	**0**	**206,244**	**8,469**	**228,051**	**80**	**228,131**
Earnings for the fiscal year			(26,747)		(26,747)	14	(26,733)
Earnings recorded directly as shareholders' equity					0		0
• Transactions on shares			33		33		33
• Hedging of financial instruments			379		379		379
• Hedging of net investments					0		0
• Unrealized exchange gains/losses				(10,860)	(10,860)	16	(10,844)
• Actuarial differences relating to provisions for pensions			(1,528)		(1,528)		(1,528)
Total earnings for the fiscal year			**(27,862)**	**(10,860)**	**(38,722)**	**31**	**(38,692)**
Transactions with shareholders							
• Equity transactions							0
• Distribution of dividends (1)						(87)	(87)
• Treasury shares			598		598		598
Total transactions with shareholders			**598**	**0**	**598**	**(87)**	**511**
Other changes			(1,005)		(1,005)		(1,005)
Change in consolidated scope					0		0
Balance as at 12.31.2016	**13,337**	**0**	**177,975**	**(2,391)**	**188,921**	**23**	**188,945**
Earnings for the fiscal year			11,147		11,147	14	11,160
Earnings recorded directly as shareholders' equity					0		0
• Transactions on shares			255		255		255
• Hedging of financial instruments			487		487		487
• Hedging of net investments							
• Unrealized exchange gains/losses				(2,617)	(2,617)	33	(2,584)
• Actuarial differences relating to provisions for pensions			16		16		16
Total earnings for the fiscal year			**11,905**	**(2,617)**	**9,289**	**46**	**9,335**
Transactions with shareholders							
• Equity transactions							
• Distribution of dividends [(1)]						(70)	(70)
• Treasury shares			166		166		166
Total transactions with shareholders			**166**		**166**	**(70**	**96**
Other changes			(1,019)		(1,019)	(11)	(1,030)
Change in consolidated scope					0		0
Balance as at 12.31.2017	**13,337**	**0**	**189,028**	**(5,008)**	**197,357**	**(11)**	**197,346**

(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 between 2014 and 2016, except for the shares acquired under the free share award plan.

4.5 Consolidated statement of cash flows

In thousands of euros	Note	12.31.2017	12.31.2016
Consolidated profit (loss) for the period		**11,160**	**(26,733)**
Share of earnings from equity method companies		(2,241)	(1,253)
Depreciation and provisions		64,435	56,133
Capital gains or losses on disposals		(534)	(548)
Cash flow after cost of net financial debt and taxes		**72,821**	**27,598**
Cost of net financial debt		6,427	25,772
Tax expenses		6,628	4,083
Operating cash flow before cost of net financial debt and taxes		**85,877**	**57,454**
Tax paid		(1,819)	(5,687)
Change in working capital requirements for operations: requirement(1)		(10,574)	-
Change in working capital requirements for operations: surplus		-	6,801
Cash flow generated from operating activities after tax paid and change in working capital requirements	A	**73,484**	**58,569**
Of which net cash flow from operating activities of discontinued operations		*4,299*	*4,021*
Acquisitions of intangible assets		(48,372)	(46,622)
Acquisitions of tangible assets		(12,251)	(15,209)
Acquisitions of long-term investments		-	-
Disposals of tangible and intangible assets		529	848
Disposals of long-term investments(2)		1,046	-
Change in loans made and cash advance(2)		(10,749)	(1,277)
Impact of changes in consolidation scope(1)		(1,855)	(21,425)
Dividends received from equity method companies		893	2,026
Net cash flows generated by investment operations	B	**(70,759)**	**(81,659)**
Of which net cash flow from investment opertaions of discontinued operations		*(674)*	*(828)*
Dividends paid to parent company shareholders		-	-
Dividends paid to the minority interests of consolidated companies		(70)	(87)
Capital increase through cash contribution		-	-
Loans issued		10,500	190,000
Loans repaid		(3,241)	(340,292)
Interest paid on loans		(5,996)	(33,029)
Other financial income and expenses paid or received		(821)	(112)
Net cash flows generated by financing operations	C	**372**	**(183,520)**
Of which net cash flow from financing operations of discontinued operations		*270*	*(16)*
Change In Cash without impact of change in foreign currency exchange rates	A+B+C	**3,098**	**(206,610)**
Impact of changes in foreign currency exchange rates		(821)	(787)
Change in cash		**2,276**	**(207,398)**
Opening cash		20,722	228,120
Closing cash		22,998	20,722

(1) *The change in WRC is positively impacted by the factoring and negatively by Cegeelase acquisition of intangible assets and by the Tessi's fine.*
(2) *Restatement*

Restatement

In thousands of euros	**12.31.2016**
Disposals of long-term investments released	(1,277)
Restatement	(1,277)
Disposals of long-term investments restated	**0**
Change in loans made and cash advance	0
Restatement	(1,277)
Change in loans made and cash advance restated	**(1,277)**

4.6 Notes to the consolidated financial statements

Note 1 General Principals

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, 2016 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 20, 2018, were reviewed by the Audit Committee on March 19, 2018 and will be submitted to the General Meeting for approval.

1.1 Basis of preparation of the consolidated financial statements

The financial statements are mainly prepared using the historical cost principle, with the exception of derivative instruments and financial assets available for sale, which are measured at fair value. Assets and liabilities related to business combination are also measured at fait value.

The new IFRS standards, interpretations and modifications, as adopted by the European Union for fiscal years beginning on or after January 1, 2017, were applied by the Company, and did not result in any significant changes in the valuation methods for the assets, liabilities, income and expenses.

NEW IFRS STANDARDS AND INTERPRETATIONS

The new accounting standards that took effect January 1, 2017 – notably amendments to IAS 7 dealing with information on financing activities and IAS 12 "Recognition of *deferred* tax assets for unrealized *losses"* – either have no impact on Group accounts or do not apply.

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, 2017. The most relevant standards and amendments are as follows:

- IFRS 15 "Revenue from contracts with customers";
- IFRS 16 "Leases";
- IFRS 9 "Financial instruments".
- Annual improvements, 2014-2016 cycle;
- IFRIC 22 "Foreign currency transactions and advance consideration".

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

IFRS 15 "REVENUE FROM CONTRACTS WITH CUSTOMERS".

– IFRS 15 lays out the rules for revenue recognition. It replaces earlier standards IAS 18 "Revenue recognition" 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 will apply IFRS 15 in its consolidated financial statements starting January 1, 2018. 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, representing 80% of consolidated revenues. It was assisted by independent experts and a team of representatives from sales & marketing, legal affairs, operations management, and accounting. The results of 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. As part of this assessment, we calculated how the various accounting treatments stipulated by IRFS 15 would impact the businesses determined to require adjustments under the new standard, which include the Healthcare professionals sector, Health insurance businesses, and certain Cegedim SRH activities. At this point, the Group does not expect material impacts on the consolidated revenue figure at December 31, 2017. The final calculations for potentially affected businesses and the overall impact will be completed by the end of the first half of 2018. To complement the calculations, the Group will set up tools and procedures to regularly monitor revenue recognition compliance with the aim of identifying any adjustments that need to be made between subsidiaries' local accounting practices and the IFRS 15 standard used for the consolidated accounts.

This work could uncover impacts regarding revenue recognition for contracts that contain multiple performance obligations. However, so far, our analysis has not identified any major change in the way revenue is recognized.

EQUITY-ACCOUNTED AFFILIATES

When it made the switch to equity accounting for HGL starting January 1, 2017, the Group decided to implement recommendation ANC 2013-03 of France's national accounting standards board, which allows companies to incorporate the group share of equity-accounted affiliates' income in the consolidated operating result.

HGL operates in the same market as some of Cegedim Group's fully consolidated operating subsidiaries, so we determined that the financial information disclosed in the consolidated financial statements would be more accurate if the impact of HGL's operating results were included in the consolidated scope. We performed the same analysis on the entire equity-accounted portfolio so that units with similar activities or regular business dealings with the Group could be included in the consolidated operating result.

Equity-accounted affiliates whose activities are not similar to those of the Group will continue to appear at the bottom of the consolidated income statement.

This distinction will be applied each time a new equity-accounted affiliate is added to the Group.

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 fiscal 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 obligations (assumptions described in note 12.1)
- Recognition of deferred tax assets (note 9.1)
- Capitalization of R&D cost (note 5.3)
- Impairment tests on goodwill (note 7.1)

Note 2 Consolidation scope

2.1 List of consolidated companies as of 12.31.2017

2.1.1 FRENCH FULLY CONSOLIDATED COMPANIES

Companies	Main establishment	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
ASP Line	13, rue Emile Decorps –Parc Atlantique	Villeurbanne	384121000	99.96%	99.96%	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 Outsourcing	15, rue Paul Dautier	Velizy	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
Cegelease	Rue de la Zamin	Capinghem	622018091	100.00%	100.00%	FC
Cetip	114, rue d'Aguesseau	Boulogne	410489165	99.88%	99.88%	FC
Eurofarmat	Rue de la Zamin Immeuble Guilaur	Capinghem	489278978	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
Hospitalis	137, rue d'Aguesseau	Boulogne	452121320	100.00%	100.00%	FC
I-Assurances	137, rue d'Aguesseau	Boulogne	790172225	100.00%	100.00%	FC
iGestion	114, rue d'Aguesseau	Boulogne	440367357	99.88%	99.88%	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	Montargis	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
Cegedim Media (RNP)	17 rue de l'Ancienne Mairie	Boulogne	602006306	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 FRENCH COMPANIES CONSOLIDATED USING THE EQUITY METHOD

Companies	Main establishment	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

2.1.3 INTERNATIONAL FULLY CONSOLIDATED COMPANIES

Companies	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
Bluubay 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 Healthcare Software R&D Limited	Ireland	Dublin	100.00%	100.00%	FC
Cegedim Holdings Ireland Limited	Irelande	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
CHS Russie	Russia	Moscow	100.00%	100.00%	FC
CHS Ukraine	Ukraine	Kiev	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
Health Data Management Partners	Belgium	Drogendos	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
Next Plus	Tunisia	Tunis	49.00%	49.00%	FC
Next Software	Tunisia	Tunis	100.00%	100.00%	FC
Oepo	Belgium	Drogendos	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

2.1.4 INTERNATIONALES CONSOLIDATES COMPANIES USING THE EQUITY METHOD

Companies	Country	City	% of control	% owned	Method
Healthcare Gateway	Great Britain	Leeds	50.00%	50.00%	EM
Millennium	Italy	Florence	49.22%	49.22%	EM
Tech Care Solutions	Île Maurice	Ebene	50.00%	50.00%	EM

2.2 Changes in consolidated companies

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
Adaptive Apps	100.00%	100.00%	-	FC		Acquisition
Bluebay Medical Systems	100.00%	100.00%	-	FC		Acquisition
Cegedim Service Center Srl	100.00%	100.00%	-	FC	-	Creation
Healthcare Gateway	50.00%	50.00%	-	EM	-	See page 119 section Consolidate companies using the equity method

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]
Cegedim Assurances	-	-	100%	-	FC	TUP in Cegedim SA
Cegedim Dynamic Framework	-	-	100%	-	FC	TUP in Cegedim SA
Cegedim RX South Africa	-	-	100%	-	FC	Liquidation
Decision Research Europe			100%	-	FC	TUP in Cegedim Dynamic Framework
Futuramedia SAS			100%	-	FC	TUP in Cegedim Media (former RNP)
Galaxysanté	-	-	49%	-	EM	Liquidation
SGBTIF	-	-	100%	-	FC	Liquidation

(1) TUP: Universal transfer of assets

2.3 Impact of change in consolidation scope

2.3.1 ON THE BALANCE SHEET AT THE CLOSING DATE

In thousands of euros	Consolidated before change at 12.31.2017	2017 Change	Consolidated after change at 12.31.2017
Goodwill	165,897	1,861	167,758
Other non-current assets (Excluding goodwill)	237,410	140	237,550
Current assets	220,653	415	221,068
Asset held for sale	119,847		119,847
Total balance sheet	**743,808**	**2,415**	**746,223**

The figures used do not refer to consolidation entry values but to the values approved as at December 31, 2017.

The impacts of companies entering the consolidated scope at the date of acquisition are:

- On the assets: 3,296 thousand of euros;
- On the liabilities: 2,406 thousand of euros.

2.3.2 ON THE INCOME STATEMENT AT THE CLOSING DATE

In thousands of euros	Consolidated before change at 12.31.2017	2017 Change	Consolidated after change at 12.31.2017
Revenue	457,343	98	457,441
Operating income	18,715	(169)	18,547
Consolidated profit (loss)	**10,539**	**621**	**11,160**

The figures used refer to creation and acquisition of companies at the date onf integration in the Group. Therefore they are not representatif of the full year impact.

2.3.3 FINANCING OF ACQUISITIONS

In 2017, acquisitions of companies, business assets and the earn-out were internally financed for a total amount of €1,855 thousands.

2.4 Equity method investments

2.4.1 VALUE OF SHARES IN COMPANIES ACCOUNTED BY THE EQUITY METHOD

Company	% owned as at 12.31.2016	Profit (loss) as at 12.31.2016	Group share of profit (loss) as at 12.31.2016	Group share of total net shareholders' equity as at 12.31.2016	Group share of total net shareholders' equity as at 12.31.2016	Goodwill	Provision for risks	Leaving the scope	Net value of shares in companies accounted for the equity method as at 12.31.2016
Edipharm	20.00%	148	30	217	43	-	-	-	43
Isiakle	50.00%	-	-	50	25	-	-	-	25
Millennium	49.22%	2,665	1,312	13,309	6,551	2,859	-	-	9,409
Tech Care Solutions	50.00%	50	25	15	8		-	-	8
Group share of equity-accounted affiliates to the operating income		**2,863**	**1,368**	**13,591**	**6,627**	**2,859**	**-**	-	**9,485**
Infodisk	34.00%	(332)	(113)	(396)	(135)		135	-	0
Galaxy Santé	49.00%	(3)	(2)	12	6			-	6
Total as of		**2,528**	**1,252**	**13,208**	**6,498**	**2,859**	**135**	**-**	**9,492**

Company	% owned as at 12.31.2017	Profit (loss) as at 12.31.2017	Group share of profit (loss) as at 12.31.2017	Group share of total net shareholders' equity as at 12.31.2017	Group share of total net shareholders' equity as at 12.31.2017	Goodwill	Provision for risks	Leaving the scope	Net value of shares in companies accounted for the equity method as 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 equity-accounted affiliates to the 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 as of		**4,620**	**2,241**	**14,302**	**7,035**	**2,859**	**184**	**(5)**	**10,072**

2.4.2 CHANGE IN THE VALUE OF SHARES IN COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD

The change in equity shares accounted for using equity method can be analyzed as follows:

In thousands of euros	
Shares accounted for using the equity method as at 01.01. 2017	9,492
Distribution of dividend	(1,014)
Capital increase	-
Share of profit (loss) as at 12.31.2017	2,241
Provision for risk	50
Entering the scope	(691)
Leaving the scope	(5)
Total	**10,072**

Following the implementation of recommendation ANC 2013-03, the income of equity-accounted affiliates contributed as follow to the consolidated operating result:

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

Note 3 Segment reporting

3.1 Segment reporting as of 2017

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, and personal protection insurers, and to insurance brokers, and 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 that supports the operating divisions.

3.1.1 INCOME STATEMENT ITEMS AS AT DECEMNBER 31, 2017

	In thousands of euros	Health Insurance, HR & e-services	Healthcare professionals	Corporate and others	Continuing activities as of 12.31.2017	Activity 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	**Revenue outside Group**	**291,077**	**162,486**	**3,878**	**457,441**	**13,001**	**(490)**	**469,952**	**393,187**	**76,765**
B	Inter-company 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 earnings									
C	**Operating income before special items**	**28,375**	**10,382**	**(1,336)**	**37,420**	**5,720**	**-**	**43,140**		
D	**EBITDA**	**48,091**	**24,970**	**4,434**	**77,496**	**5,764**	**-**	**83,260**		
C/A	Operating margin	9.7%	6.4%	(34.5)%	8.2%	44.0%		9.2%		
D/A	EBIDTA margin	16.5%	15.4%	114.3%	16.9%	44.3%		17.7%		
	Segment depreciation									
	Depreciation and amortization	19,717	14,588	5,770	40,075	44		40,119		

3.1.2 GEOGRAPHICAL REVENUE BREAKDOWN AS OF DECEMBER 31, 2017

In thousands of euros		France	Euro zone excluding France	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%**

3.1. BALANCE SHEET ITEMS AS AT DECEMBER 31, 2017

In thousands of euros	Health Insurance, HR & e-services	Healthcare professionals	Corporate and others	Continuing activities 12.31.2017	Activities held for sale	Total 12.31.2017	Total France	Total Rest of the world
							Segment assets	
Goodwill *(Note 6.1)*	70,899	96,859	-	167,758	28,266	196,024	116,855	79,169
Intangibles assets	67,108	73,273	5,469	145,849	0	145,849	85,664	60,185
Tangible assets	14,970	7,919	10,283	33,172	1,227	34,400	28,083	6,317
Equity shares accounted for using the equity method *(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
Intangibles assets	22,546	23,108	2,729	48,382	-	48,382	29,096	19,286
Tangible assets	6,773	1,687	2,783	11,243	1,096	12,339	10,715	1,624
Equity shares accounted for using the equity method *(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								
Accounts payable 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) Cegedim SA contribution to liabilities is still allocated by default to the Health Insurance, HR & e-services segment, with no segment breakdown.

3.2 Segment information as of 2016

3.2.1 INCOME STATEMENT ITEMS AS AT DECEMNBER 31, 2016

	In thousands of euros	Health Insurance, HR & e-services	Healthcare professionals	Corporate and others	Continuing activities as of 12.31.2016	Activities sold	Activities held for sale	IFRS 5 restatement	Total 12.31.2016	Total France	Total rest of the world
	Segment revenue										
	Total revenue (excluding revenue with activities held for sale)	262,325	163,588	3,295	429,208	1,925	11,638	-	442,771	361,064	81,708
	Revenue with activities held for sale	31		13	44	-	-	-44	-	-	-
	Revenue with continuing activities	-	-	-	-		898	-898	-	-	-
A	**Revenue HG**	**262,356**	**163,588**	**3,308**	**429,251**	**1,925**	**12,536**	**-942**	**442,771**	**361,064**	**81,708**
B	Inter-company revenue from continuing activities	3,495	4,668	34,495	42,658	-	-	-	42,658	40,696	1,962
A+B	**Revenue**	**265,851**	**168,256**	**37,803**	**471,909**	**1,925**	**12,536**	**-942**	**485,429**	**401,760**	**83,669**
	Segment earnings										
C	**Operating income before special items**	**28,624**	**(751)**	**(4,744)**	**23,129**	**(1,078)**	**5,311**	**-**	**27,362**		
D	**EBITDA before special items**	**43,912**	**12,779**	**693**	**57,383**	**(1,076)**	**5,395**	**-**	**61,702**		
C/A	Operating margin	10.9%	(0.5)%	(143.4)%	5.4%	(56.0)%	**42.4%**	-	6.2%		
D/A	EBIDTA margin	16.7%	7.8%	20.9%	13.4%	(55.9)%	**43.0%**	-	13.9%		
	Segment depreciation										
	Depreciation and amortization	15,288	13,530	5,436	34,254	2	**84**	-	34,340		

In thousands of euros	Health Insurance, HR & e-services	Healthcare professionals	Corporate and others	Activities held for sale	Activities sold	Total 12.31.2016
(1) Restatement						
12.31.2016 Operating income before special items reported	28,568	3,248	(4,744)	0	(1,078)	25,994
Restatement of activities held for sale		(5,311)		5,311		0
Group share of income of equity-accounted affiliates	56	1,312	-	-		1,368
31.12.2016 Operating income before special items restated	28,624	(751)	(4,744)	5,311	(1,078)	27,362
12.31.2016 EBITDA reported	43,856	16,862	693	0	(1,076)	60,334
Restatement of activities held for sale		(5,395)		5,395		0
Group share of income of equity-accounted affiliates	56	1,312	-	-		1,368
12.31.2016 EBITDA restated	43,912	12,779	693	5,395	(1,076)	61,702

3.2.2 GEOGRAPHICAL REVNUE BREAKDOWN AS OF DECEMBER 31, 2016

In thousands of euros		France	Euro zone excluding France	Pound sterling zone	Rest of the world	12.31.2016
Continuing activities	Geographical breakdown	347,544	5,692	55,995	20,020	429,251
	%	81%	1%	13%	5%	100%
Activities sold	Geographical breakdown	1,925				1,925
	%	100%	0%	0%	0%	100%
Activities held for sale	Geographical breakdown	11,595				11,595
	%	100%	0%	0%	0%	100%
Total	**Geographical breakdown e**	**361,064**	**5,692**	**55,995**	**20,020**	**442,771**
	%	**82%**	**1%**	**13%**	**5%**	**100%**

3.2.3 BALANCE SHEET ITEMS AS AT DECEMBER 31, 2016

In thousands of euros	Health Insurance, HR & e-services	Healthcare professionals	Corporate and others	Total 12.31.2016	Total France	Total Rest of the world
Segment assets						
Goodwill *(Note 6.1)*	74,242	124,752	-	198,994	120,255	78,739
Intangibles assets	58,102	76,468	4,875	139,445	78,060	61,385
Tangible assets	11,619	9,235	11,373	32,227	24,685	7,543
Equity shares accounted for using the equity method *(Note 2.4)*	77	9,415	-	9,492	75	9,417
Net total	**144,040**	**219,869**	**16,248**	**380,158**	**223,075**	**157,083**
Investments during the year (gross values)						
Goodwill *(Note 6.1)*	17,290	-	-	17,290	17,290	-
Intangibles assets	18,891	24,085	2,547	45,522	27,345	18,178
Tangible assets	5,238	4,018	5,992	15,247	11,156	4,091
Equity shares accounted for using the equity method *(Note 2.4)*	25	-	-	25	25	-
Gross total	**41,443**	**28,102**	**8,539**	**78,085**	**55,816**	**22,269**
Segment liabilities (1)						
Non-current liabilities						
Provisions	14,196	8,510	735	23,441	23,424	16
Other liabilities	-	13,251	-	13,251	13,159	92
Current liabilities						
Accounts payable and related accounts	38,049	21,694	2,676	62,419	51,416	11,004
Tax and social liabilities	56,646	20,083	2,082	78,810	72,302	6,509
Provisions	1,268	2,028	-	3,297	3,261	36
Other liabilities	40,083	36,646	6,445	82,874	73,880	8,993

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

Note 4 Non-current Assets Held for Sale and Discontinued Operations

Cegedim sold it Kadrige activity on November 9, 2016. 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 for a price of €57.5 million, plus reimbursement of the shareholder's loan account, which amounted to €13 million.

4.1 ASSETS AND LABILITIES OF ACTIVITIES HELD FOR SALE

As of December 31, 2017, the main indicators of the assets and liabilities classified as assets and liabilities held for sale were:

In thousands of euros	12.31.2017		12.31.2017
Assets		**Liabilities**	
Goodwill	28,266	Financial liabilities	927
Intangible assets	-	Deferred tax liabilities	251
Tangible assets	1,227	Provisions	518
Financial assets	86	Accounts payables and related accounts	14,614
Deferred tax	8	Tax and social liabilities	1,295
Account receivables : long-term portion	30,865	Other liabilities	45,416
Service in progress	-		
Goods	7,481		
Advances and deposits received on orders	2,412		
Account receivables : short-term portion	37,913		
Other receivables : Short-term portion	1,186		
Cash	5,252		
Prepaid expenses	5,150		
Assets of activities held for sale	**119,847**	**Liabilities of activities held for sale**	**63,021**

4.2 NOT CONTINUING ACTIVITIES

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

The main indicators of the consolidated income statement as at December 31, 2017 and December 31, 2016 in respect of discontinued operations are:

In thousands of euros	12.31.2017	12.31.2016[1]
Revenue[1]	**13,001**	**14,462**
Purchased used	(13)	(15)
External expenses [1]	(4,013)	(4,572)
Taxes	(398)	(413)
Payroll costs [1]	(2,502)	(5,183)
Allocation and reversals of provisions	(340)	215
Change in inventories of products in progress and finished products		
Other operating income and expenses	29	(173)
EBITDA[1]	**5,764**	**4,319**
Depreciation and amortization	(44)	(86)
Operating income before special items	**5,720**	**4,234**
Depreciation of goodwill		
Special items		
Other special items		
Operating income	**5,720**	**4,234**
Cost of net financial debt	306	254
Gain on disposal	-	
Income taxes	(2,019)	(1,835)
Deferred income taxes	92	88
Share of net profit (loss) for the period of equity method companies	-	
Net profit (loss) from activities held for sale	**4,099**	**3,838**
Net profit (loss) from activities sold		**(1,096)**

(1) Including for 2016, the revenue and EBITDA from the Kadrige activities for respectively €1,925 thousands and (1,076) thousands.

4.3 CASH FLOW FROM DISCONTINUED OPERATIONS

In thousands of euros	12.31.2017	12.31.2016
Net cash flow from operating activities	3,389	4,021
Net cash flow from investing activities	236	(828)
Net cash flow from financing activities	270	(16)

Note 5 Operating data

5.1 External expenses

In thousands of euros	12.31.2017	12.31.2016
Purchases of studies & services and unstocked goods	(38,565)	(36,623)
External services (leasing, maintenance, insurance)	(34,551)	(32,893)
Other: advertising, seconded personnel, entertainment expenses, postal expenses, etc.	(49,337)	(53,584)
Total external expenses	(122,453)	**(123,100)**

5.2 Other special items

Special items comprise the following:

In thousands of euros	12.31.2017	12.31.2016	
Operating income before special items	**37,420**	**23,129**	
Allowance for depreciation of intangible assets that become obsolete	**(9,288)**	**(7,500)**	
Restructuring costs	**(6,362)**	**(9,471)**	(1)
Capital gains or losses on disposals and price adjustment	-	-	
Financial penalties on 2007 business-divestment	**(3,223)**	**(2,517)**	
Other special items (including IMS Health transaction)	-	**(4,636)**	
Operating income	**18,547**	**(996)**	

(1) Including the cost of moving the headquarter

5.3 Capitalized production

Capitalized production has been reclassified to payroll costs and external expenses as shown in the table below.

In thousands of euros	12.31.2017	12.31.2016
Payroll costs	35,657	32,511
External expenses	8,914	8,128
Capitalized production	**44,571**	**40,639**

5.4 Inventory and work in progress

In thousands of euros	Gross values as of 12.31.2017	Provision	Net values as of 12.31.2017	Net values as of 12.31.2016
Services in progress	78	0	78	1,034
Inventories of goods	5,277	(1,709)	3,567	6,735
Total inventories and work-in-progress	**5,355**	**(1,709)**	**3,645**	**7,769**

5.5 Accounts receivable

In thousands of euros	Current customers	Non-current customers	12.31.2017 (2)	12.31.2016
French companies (1)	99,151	0	99,151	177,598
Foreign companies	25,559	210	25,769	25,922
Total gross value	**124,710**	**210**	**124,920**	**203,520**
Provisions	6,540	0	6,540	6,575
Total net value	**118,170**	**210**	**118,380**	**196,945**

(1) which the fair value of collected leases, Cegelease' restatement as of December 31, 2016
(2) The decrease in accounts receivables is due to the IFRS 5 restatement

A provision for impairment is recognized if the inventory value, based on the probability of collection, is less than the recorded value. Thus, customers undergoing reassessment or judicial liquidation are routinely impaired at 100% and receivables outstanding for more than six months are monitored on a case-by-case basis and, if necessary, impaired in the amount of the estimated risk of non-collection.

The share of past-due receivables (gross amount) was €23.6 million as at December 31, 2017.

AGING BALANCE

In thousands of euros	Total pas due receivables	Receivables < 1 month	Receivables 1 to 2 months	Receivables 2 to 3 months	Receivables 3 to 4 months	Receivables > 4 months
French companies	15,007	4,189	2,298	699	248	7,574
Foreign companies	8,634	3,088	617	506	264	4,160
Total	**23,641**	**7,276**	**2,915**	**1,205**	**511**	**11,734**

5.6 Other receivables

In thousands of euros	Socials debtors	Tax debtors	Other receivables	12.31.2017	12.31.2016
Current receivables					
French companies	738	21,097	46,342	68,176	51,863
Foreign companies	247	2,068	728	3,044	2,077
Total gross value	**985**	**23,165**	**47,070**	**71,220**	**53,940**
Provisions				-	49
Total current receivables (net values)	**985**	**23,165**	**47,070**	**71,220**	**53,890**
Non-current receivables					**-**
French companies					-
Foreign companies					-
Total gross value	**-**	**-**	**-**	**-**	
Provisions					-
Total non-current receivables (net value)	**0**	**0**	**0**	**0**	**0**

5.7 Other liabilities

In thousands of euros	Current		Non-current		Total	
	12.31.2017	12.31.2016	12.31.2017[2]	12.31.2016	12.31.2017[2]	12.31.2016
Advances and payment on account	**317**	**3,203**		**-**	**317**	**3,203**
Clients – Credits to be established		-		-		-
Expenses payable		-		-		-
Miscellaneous payables[1]	33,934	53,343		13,159	33,934	66,502
Other liabilities	**33,934**	**53,343**		**13,159**	**33,934**	**66,502**
Debts on acquisition of assets	**4**	**115**	**56**	**92**	**60**	**207**
Dividends payable		**-**		**-**		**-**
Deferred income	**30,844**	**26,212**		**-**	**30,844**	**26,212**
Total other liabilities	**65,098**	**82,874**	**56**	**13,251**	**65,154**	**96,125**

(1) which the fair value of collected leases, Cegelease' restatement as of December 31, 2016
(2) The decrease in other liabilities reflects the IFRS 5 restatement

5.8 Current and non-current provisions

Provisions are determined on the basis of estimated future costs for the Company.

The amounts involved are insignificant if taken individually.

In thousands of euros	12.31.2016	Reclassification	Change in consolidation	Allowances to additional provisions	Allowances to new provisions	Reversals provisions used	Reversals provisions not used	Change in rate	Assets held for sale	12.31.2017
Provisions for litigation with employees	3,261			389	642	(941)	(223)		(130)	2,997
Other provisions[1]	-									
Provisions for restructuring	36				32		(36)	(4)		28
Other provisions for expenses	-									
Current provisions	**3,297**			**389**	**673**	**(941)**	**(259)**	**(4)**	**(130)**	**3,025**
Provisions for restructuring	-									
Provisions for employee disputes	-									
Provisions for retirement	21,766				2,405	(411)	(355)		(388)	23,017
Provisions for litigation	6				1,417			(83)		1,340
Provisions for guaranties	-									
Other provisions for risks	215			60	145	(20)	(42)	(1)		357
Other provisions for expenses	1,455			253	138		(1,114)			732
Non-current provisions	**23,441**			**313**	**4,105**	**(431)**	**(1,511)**	**(84)**	**(388)**	**25,445**
Total current and non-current provisions	**26,739**			**701**	**4,779**	**(1,372)**	**(1,770)**	**(88)**	**(518)**	**28,471**

(1) Provisions for client risks, supplier risks and tax risks.

Note 6 Employees benefits expense and liabilities

6.1 Employees benefits expense

In thousands of euros	12.31.2017	12.31.2016
Wages	(210,175)	(198,284)
Profit-sharing	(4,973)	(4,333)
Free shares award plan	(286)	(41)
Payroll costs	**(215,434)**	**(202,657)**

6.2 Number of employees

In thousands of euros	12.31.2017	12.31.2016
France	**2,853**	**2,723**
International	1,377	1,313
Number of employees	**4,230**	**4,036**

6.3 Related parties

The purpose of the present note is to present the transactions that exist between the Group and its related parties. The compensation of key management personnel is presented in note 6.4.

IDENTITE OF CEGEDIM'S PARENT COMPANY: FCB

A limited company held mainly by Jean-Claude Labrune, Chairman and Chief Executive Officer of Cegedim SA, his family and by certain members of the Board of Directors of Cegedim SA.

FIGURES PERTAINING TO THE RELATED PARTIES

Certain transactions were carried out with companies who share a Cegedim SA Director.

The main subsidiaries (companies consolidated with the fully consolidated method) are listed in note 2. Only the significant transactions are described below:

– FCB re-invoices rent to some companies in the Cegedim Group in the amount of €1,646 thousands compare with 2,758 thousands in 2016 ;

– FCB invoiced €1,580 thousands for renting cars compare to €1,450 thousands in 2016 and fleet management fees for €324 thousands compare to €297 thousands in 2016;

– FCB re-invoiced headquarters costs in the amount of €1,721 thousand;

FCB granted a loan to Cegedim SA in the amount of 50 million euros in 2007. At the time of the Cegedim capital increase, FCB subscribed for 4,906 thousand euros to offset an outstanding debt owed them, resulting in a decrease of the debt owed them, from 50 million euros to 45,094 thousand euros. The interest resulting from this loan for 2017 was €1,533 thousand.

In thousands of euros	Companies under joint control or significant influence		FCB		Family SCI	
	12.31.2017	12.31.2016	12.31.2017	12.31.2016	12.31.2017	12.31.2016
Income	-	-	170	183	-	-
Expenses	-	-	6 867	7 950	5 661	1 419
Loans	-	-	45 094	45 094	-	-
Security deposits	-	-	493	627	1 307	1 307
Security received	-		9	11	-	-
Receivables	-	-	60	23	-	-
Provisions for receivables	-	-		-	-	-
Liabilities	-	-	921	1 557	199	1 600
Commitments given	-	-		-		-
Commitments received	-	-		-		-

6.4 Management compensation

Directors' fees paid to Board members came to 120 thousand euros at December 31, 2017, and are recorded in the "Other external purchases and expenses" item of the income statement. In compliance with the IAS 24 standard, Cegedim's "key managers" correspond to the people sitting on the Board of Directors with the authority and responsibility for planning, managing and controlling Cegedim's activities as well as those of any of the Group's companies, directly or indirectly. In accordance with IAS 24.17, in-kind benefits are recorded in the "Short-term benefits" item.

In thousands of euros – gross assets	12.31.2017	12.31.2016
Short term benefits (wages, bonuses, etc.)	1,985	2,011
Post-employment benefits	None	None
Severance pay	None	None
Other long-term benefits	None	None
Benefits recognized	1,985	2,011
Termination benefits	None	None
Benefits not recognized	None	None

The short term benefits include the variable and fixed portions of the manager's compensation.

Note 7 Intangible, tangible and Financial assets

7.1 Goodwill

At December 31, 2017, net goodwill amounted to €167 million, compared to €199 million at December 31, 2016. This decrease of €32 million is primarily due to (1) the acquisition of British company *B.B.M.Systems*, developing cloud-based and mobile products for healthcare professionals more than offset by (2) the reclassification of goodwill of activities held for sale to assets from activities held for sale, (32) the allocation of goodwill to specific assets (4) the impact of foreign currency translation on goodwill denominated in pounds sterling and dollar.

Division	31.12.2016	Reclassification	Goodwill allocation	Scope	Impairment	Translation gains or losses and other changes	Asset held for sale	12.31.2017
Health Insurance, HR & e-services	**74,243**		(3,400)			57		**70,899**
Healthcare professionals	**124,752**	(28,266)		1,767		(1,394)	-	**96,859**
Activities not allocated	**0**							**0**
Assets held for sale	**0**	28,266					(28,266)	**0**
Total goodwill	**198,995**	**0**	**(3,400)**	**1,767**	**0**	**(1,337)**	**(28,266)**	**167,758**

IAS 36.90 states that 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 CGU and its carrying amount. Recoverable value is defined (under IAS 36.18) as the highest 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 CGUs (including goodwill) does not exceed the recoverable amount thereof.

Impairment tests were carried out as part of the closure of the 2017 accounts, for both of the Group's operational CGUs, in the same way as for the previous financial year.

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

The tests consisted of updating the main assumptions used in the valuation of the assets allocated to the Group's CGUs. These tests are not performed for the sole purpose of verifying the amount of the goodwill (€168 million) but in fact of all assets essential to the operation of the business and allocated to the CGUs (i.e. €351 million tested at the end of 2017). As in previous years, the Group hired an independent firm to assist in the performance of these tests.

	12.31.2017	12.31.2016
Discount rate	8.50%	9.04%
Perpetual growth rate		
Health Insurance, HR & e-services	1.75%	1.75%
Healthcare professional	1.50%	1.50%

The trends amended in the business plans are as follows:

- The plans of the Health Insurance, HR & e-services CGU, thus hypotheses of expected flow were confirmed over the period 2018-2021, were globally extended by extending the observed growth;
- The plans Healthcare professional CGU were conform to 2017 forecasts, have been reviewed for the sake of cautions. The growth rates for 2018-2022 have been moderated in order to spread out over a longer period the impact of ramp-up of new product already launched or to be launched soon.
- The next phase of the plan reflects the increased market share of new products, the increasing share of recurring business activities as a result of the SaaS model, and the growth in BPO activity due to the positive effect on operating margins.
- The revenue growth assumptions used over the 6 years between 2016 and 2021 average at 7.3% for the Health insurance, HR and e-services businesses, and 5.1% for the business activities aimed at healthcare professionals.
- Perpetual growth rates remained unchanged this year since 2015.

Test sensitivity was assessed using the following parameters for both CGUs:

- change in discount rate of +/- 50 basis points;
- change in perpetual growth rate of +/- 50 basis points;
- possibility of a temporary margin reduction during the 2nd and 3rd years of the plan (50% reduction);
- possibility of a prolonged margin reduction (average terminal margin reduced by around 180 basis points);
- possibility of a one-year delay (with no subsequent recovery) in achieving the margins set out in the plan.

These sensitivity calculations would not result in the impairment of goodwill.

7.2 Intangible assets

In thousands of euros	12.31.2016	Opening reclassification and correction	Acquisitions	Change in scope	Decrease	Change in rates	Assets held for sale	12.31.2017
Development costs	12,152	(521)	11,755	0	0	(499)	-	22,887
Internal software[(1) (2)]	250,911	539	34,105	0	(2,208)	(5,366)		277,981
Other intangibles	60,933	3,382	2,523	0	(806)	(1,425)	(202)	64,405
Total gross value	**323,995**	**3,400**	**48,383**	**0**	**(3,014)**	**(7,290)**	**(202)**	**365,273**
Amortization and depreciation of Internal Software	140,860	0	35,111	0	(1,969)	(1,619)	-	172,384
Amortization and depreciation of other intangibles	43,690	0	4,656	0	(575)	(529)	(202)	47,040
Total depreciation and amortization	**184,550**	**0**	**39,767**	**0**	**(2,544)**	**(2,148)**	**(202)**	**219,424**
Total intangibles assets, net values	**139,445**	**3,400[(3)]**	**8,616**	**0**	**(470)**	**(5,142)**	**0**	**145,849**

(1) The projects that stem from internal development and are currently underway have an average amortization period of two to fiftyne years.
(2) The reclassification between Development Costs and Internal Software in the amount of €0.5 million corresponds to the projects entry into service.
(3) of which the impact of goodwill allocation

7.3 Tangible assets

In thousands of euros	12.31.2016	Opening reclassification and correction	Acquisitions	Change in scope	Decrease	Change in rates	Assets held for sale	12.31.2017
Land	459		85					544
Buildings	10,264		69			(119)	(0)	10,213
Other property, plant and equipment	79,922	410	11,835	125	(7,963)	(1,287)	(1,644)	81,398
Construction work in progress	508	(410)	351			(5)	(0)	444
Total gross value	**91,153**	**0**	**12,339**	**125**	**(7,963)**	**(1,411)**	**(1,644)**	**92,599**
Depreciation of land	0							
Depreciation of buildings	5,552		607			(73)	0	6,086
Depreciation of other tangible assets	53,373		8,873	106	(7,681)	(915)	(416)	53,340
Total depreciation	**58,925**		**9,480**	**106**	**(7,681)**	**(988)**	**(416)**	**59,426**
Total tangible assets, net values	**32,227**		**2,859**	**19**	**(282)**	**(424)**	**(1,227)**	**33,172**

7.4 Financial assets (excluding shares from equity method companies)

In thousands of euros	12.31.2016	Reclassification	Acquisitions / provisions	Change in scope	Reduction / Reversals	Change in rate	Assets held for sale	12.31.2017
Equity investments (2)	1,151			(153)				998
Loans	3,508		9,533(1)		(14)	(1)	(40)	12,986
Security deposits	3,962		4,635		(3,293)	(25)	(46)	5,233
Other financial assets	190		1,283		(162)	(47)		1,263
Total gross values	**8,812**		**15,451**	**(153)**	**(3,469)**	**(74)**	**(86)**	**20,480**
Provisions for equity investments	53		85		(53)			85
Provisions on loans	-							
Provisions on other financial assets	26		21			(4)		42
Total provisions	**79**		**106**		**(53)**	**(4)**		**127**
Total financial assets, net values	**8,733**	**0**	**15,346**	**(153)**	**(3,417)**	**(70)**	**(86)**	**20,353**

(1) Loan of €9 million to Isaklé related to the BPO contract signed with them.
(2) Information on non-consolidated companies

Subsidiaries	Share capital(1)	Shareholders' equity other than share capital(1)	% of control	Book value of shares owned Gross value	Provision for depreciation on shares	Net value of book value of shares owned	Revenue excluding VTA(2)	Profit (loss) for the period(2)	Dividends received
Netfective Technology	626	17 908	6.08%	899	0	899	6 398	668	0
Cegedim Algérie	85	n.c.	100%	85	(85)	0	n.c.	n.c.	n.c.
NEX & COM	500	252	20.00%	13	0	13	2 232	n.c.	n.c.
Resodom	10	n.c.	10.00%	1	0	1	n.c.	n.c.	n.c.
Total of non-consolidated equity investments				**998**	**(85)**	**913**	**8 630**	**668**	**0**

Note 8 Financing and financial instruments

8.1 Net debt

In thousands of euros	12.31.2017			12.31.2016
	Financial	Miscellaneous[1]	Total	
Long-term financial borrowing and liabilities (> 5 years)	0	0	0	-
Medium-term financial borrowing and liabilities (> 1 year, < 5 years)	244,706	6,123	250,830	244,013
Short-term financial borrowing and liabilities (> 6 months, < 1 year)	201	158	360	1,392
Short-term financial borrowing and liabilities (> 1 month, < 6 months)	182	3,354	3,536	2,086
Short-term financial borrowing and liabilities (< 1 month)	67	34	101	60
Current bank loans	43	0	43	44
Total financial liabilities	**245,200**	**9,669**	**254,869**	**247,595**
Positive cash	18,718	0	18,718	20,771
Net financial debt	**226,482**	**9,669**	**236,151**	**226,824**

(1) The miscellaneous item includes employee profit sharing plans in the amount of €7,022 thousand.

NET CASH

In thousands of euros	Financial	12.31.2017	12.31.2016
Current bank loans		43	44
Positive cash		18,718	20,771
Net cash		**18,675**	**20,727**

STATEMENT OF CHANGES IN NET DEBT

In thousands of euros		12.31.2017	12.31.201
Net debt at the beginning of the fiscal year	A	**226,824**	**167,638**
Operating cash flow before cost of net debt and taxes		(85,877)	(57,454)
Tax paid		1,819	5,687
Change in working capital requirement		10,574	(6,801)
Net cash flow from operating activities		**(73,484)**	**(58,568)**
Change from investment operations		69,797	62,260
Impact of changes in consolidation scope		1,855	21,425
Dividends		(823)	(1,939)
Increase in cash capital		-	-
Impact of changes in foreign currency exchange rates		821	787
Interest paid on loans		5,996	33,029
Other financial income and expenses paid or received		821	112
Other changes		19	(2,783)
Total net change for the fiscal year	B	**5,002**	**54,324**
Impact of assets joing the scope	C	-	1,685
Impact of assets sold	D	-	3,177
Impact of activities held for sale		4,325	0
Net debt at the end of the fiscal year	**A+B+C+D**	**236,151**	**226,824**

The bank loans have the following terms:

In thousands of euros	< 1 month	> 1 month < 6 months	> 6 months < 1 year	> 1 year < 5 years	> 5 years
1-month Euribor rate	67	182	201	244,706	-
Total	**67**	**182**	**201**	**244,706**	**-**

Cegedim subject to two maintenance covenants in relation with the Revolver Facility Agreement. Compliance with these financial commitments is determined in accordance with International Financial Reporting Standards (IFRS). It is a ratio of the level of net bank indebtedness in relation to consolidated gross operating income (or EBITDA) and a ratio of the level of gross operating income in relation to the level of bank financing costs.

For more information on the financial covenants and the way there are calculated see point 2.4.1.3 in the Chapter “Risk factors and insurance” of this Registration Document on page 43.

The EBITDA figure used to calculate leverage is restated for the impact of correcting the accounting treatment of the lease business in accordance with IAS 17.

In euro thousand	12.31.2017	Cegelease restatement	IFRS 5 restat ement	12.31.2017 restated
Revenue	457,441	104,390	12,511	574,342
EBITDA	77,496	12,660	5,764	95,919
EBIT before special items	37,420	(5)	5,720	43,135

INTEREST REATE HEDGES

In thousands of euros

Start date	End date	Par value	Rate paid	Rate received	Variable rate	2018 annual flow	2019 annual flow	2020 annual flow	2021 annual flow	Duration
12.31.2017	06.30.2018	,50,000	0.268%			(67)				
06.30.2018	12.31.2018	50,000	0.268%			(68)				
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 portion						**(136)**	**(136)**	**(136)**	**(21)**	

Start date	End date	Par value	Rate paid	Rate received	Variable rate	2018 annual flow	2019 annual flow	2020 annual flow	2021 annual flow	Duration
12.31.2017	06.30.2018	50,000		EUR 1 M	0%					
06.30.2018	12.31.2018	50,000		EUR 1 M	0%					
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 portion										

Start date	End date	Par value	Rate paid	Rate received	Variable rate	2018 annual flow	2019 annual flow	2020 annual flow	2021 annual flow	Duration
12.31.2017	06.30.2018	30,000	0.275%			(41)				
06.30.2018	12.31.2018	30,000	0.275%			(42)				
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 portion						**(84)**	**(84)**	**(84)**		

Start date	End date	Par value	Rate paid	Rate received	Variable rate	2018 annual flow	2019 annual flow	2020 annual flow	2021 annual flow	Duration
12.31.2017	06.30.2018	30,000		EUR 1 M						
06.30.2018	12.31.2018	30,000		EUR 1 M						
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 portion										

FINANCING

In May 2007, Cegedim raised 50.0 million euros, the FCB Loan, from its largest shareholder, FCB. The shareholder loan agreement between Cegedim SA and FCB was signed on May 7, 2007. The FCB Loan Agreement was amended on September 5, 2008, and September 21, 2011, to extend the maturity date and modify the applicable interest rate. During the December 2009 capital increase, FCB subscribed for 4.9 million euros equivalent in shares as a redemption of a portion of debt, which decreased the balance of the FCB Loan to 45.1 million euros. In January 14, 2016, the FCB Loan was amended in order to subordinate it to the 200 million euro revolving credit facility taken the same day and to extend the maturity date and modify the applicable interest rate.

On March 20, 2013, Cegedim issued a senior bond at 6.75%, maturing on April 1, 2020, for an amount of 300 million euros in accordance with the Reg. S and 144A rules. The bond is listed on the Luxembourg Stock Market with ISIN codes XS0906984272 and XS0906984355. The bonds have been priced at 100% of their face value.

On April 7, 2014, Cegedim issued 125 million euros in bonds in addition to its issue of 300 million euros at 6.75%, maturing in 2020. The issue price was 105.75%, plus interest accrued since April 1, 2014. Apart from the issue date and price, these new bonds are identical to those issued on March 20, 2013, under the 300 million euro bond issue with a coupon of 6.75% maturing in 2020. Between May 6, 2015, and February 25, 2016, Cegedim redeemed on the market its 6.75% bond, maturing April 1, 2020, for a total principal amount of 110.2 million euros. The company cancelled these bonds. As a result, a total principal amount of 314.8 million euros remains in circulation as of March 31, 2016.

In January 14, 2016, the Group took out from Cegedim's bankers a new five-year revolving credit facility (RCF) of 200 million euros maturing on January 14, 2021.

On April 1, 2016, Cegedim exercised its call option on the entire 6.75% 2020 bond for a total principal amount of 314,814,000.00 euros and a price of 105.0625%, i.e. a total premium of 15,937,458.75 euros. The company then cancelled these securities. The transaction was financed by drawing a portion of the RCF obtained in January 2016 and using the proceeds of the sale to IMS Health. Following this transaction, the Group's debt comprised the 45.1 million euro FCB subordinated loan, the partially drawn 200 million euro RCF, and overdraft facilities.

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

As at December 31, 2017, the debt was structured in the following manner:

- €200 million euro revolving credit, fully drawn as of December 31, 2017; maturing on January 14, 2021;
- 45.1 million euro FCB Loan maturing in January 2021;
- Estimated earn-out for €1.1 million;
- 24.0 million euro overdraft facility, of which 0.0 million euros was drawn as of December 31, 2017.

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

The Group sold in June 2015 a swap with a pre-set Euribor receiver rate and a fixed payer rate of 4.565% on a notional amount of €20 million maturing 12.29.2017 against cash payment.

On December 29, 2017, the two no premium one month Euribor pre-set receivers, fixed rate payer 4.57% and 4.58% on a notional hedged amount of €20.0 million each matured.

On February 17, 2017 and May 11, 2017, the Group carried out an interest rate swap on. Under the zero-premium swap agreement, Cegedim 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, 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.

The hedge is made up, as of December 31, 2017, of two no premium one month Euribor receivers, fixed rate if it exceeds 0%, receives nothing otherwise, payer as follows:

- 0.2680% for a notional amount of €50 million, maturing February 26, 2021.
- 0.2750% for a notional amount of €30 million, maturing December 31, 2020.

The notional amount hedged is €80.0 million.

Interest expense on bank loans, bonds, charges and commissions totaled €6 million as at December 31, 2017.

The interest related to the shareholder loan as at December 31, 2017, amounted to €1.56 million.

The change in fair value of these derivatives was recorded in shareholders' equity for the efficient part of those qualified as cash flow hedges (€0.7 million) and in profit or loss for their inefficient part and for the related counterparty risk taken into account in accordance with IFRS 13 (€0.9 million). The fair value at the closing date of hedging instruments amounts to 0.32 million.

LIQUIDITY RISK

Contractual cash flows are not discounted.

When there is a fixed rate, the rate is sued to calculate future interest payments.

Cash flows

In thousands of euros	< 1month	> 1 month < 6 months	> 6 months < 1 year	> 1 year < 5 years	> 5 years
Bank loans and interest	428	1,988	2,368	254,666	
Hedging instruments				-933	
Current bank loans	43				
Leasing	34	168	158	358	
Earn-out		1,127			
Equity investments		2,059		5,233	
Miscellaneous including deposits and bonds				532	

Cash-flow projections – Financial instruments

Assumptions:

Variable rates: EUR 1 month as of December 31, 2017: 0

In thousands of euros	Rate	2018	2019	2020	2021	Total
Swaps borrowers EUR						
Fixed paid	0.268%	(136)	(136)	(136)	(21)	(429)
Variable received						0
LT Swaps		(136)	(136)	(136)	**(21)**	**(429)**
Swaps borrowers EUR						
Fixed paid	0.275%	(84)	(84)	(84)		(252)
Variable received						0
LT Swaps		(84)	(84)	(84)	0	(252)
Total LT Swaps		**(220)**	**(220)**	**(220)**	**(21)**	**(681)**

8.2 Net financial expenses

In thousands of euros	12.31.2017	12.31.2016
Income or cash equivalent	**631**	**1,094**
Interest paid on loans (1)	(5,996)	(15,032)
Interest related to the bond buyback	-	(17,997)
Accrued interest on loans	-	5,900
Interest on financial liabilities	**(5,996)**	**(27,129)**
Other financial interest and expenses(2)	(2,942)	(2,134)
Cost of gross financial debt	**(8,938)**	**(29,263)**
Net currency exchange differences	(670)	(393)
Valuation of financial instruments(2)	948	1,230
Other financial income and expenses non cash(2)	1,294	1,305
Other financial income and expenses	**1,573**	**2,142**
Cost of net financial debt	**(6,734)**	**(26,027)**

In thousands of euros	12.31.2017	12.31.2016
(1) Including FCB interest	(1,533)	(1,550)
Interest on shareholding	(422)	(442)
Total	**(1,955)**	**(1,992)**

In thousands of euros	12.31.2016
(2) Restatement	
Valuation of financial instruments	(240)
Restatement	1,470
Valuation of financial instruments **restated**	**1,230**
Various financial interest and expenses reported	(2,775)
Restatement	(1,470)
Various financial interest and expenses **restated**	**1,305**

8.3 Risk management

The Group's activities remain subject to the usual risks involved in its lines of business as well as the political and geopolitical risks arising from its international presence for most of its activities, and to unexpected events of force majeure. The main identified financial risks are as follows:

INRETEST 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 protect a maximum annual finance rate for one year. Only Cegedim SA hedges borrowings as necessary. The total principal hedged amount was €80 million as at December 31, 2017. The amount of the loans exposed to the interest rate risk was €165.1 million as at December 31, 2017, as the whole Credit Revolver Facility and the FCB loan are at variable-rate i.e. a principal of €245.1 million.

EXCHANGE RATE RISK

The foreign currencies representing a significant percentage of consolidated revenues are the pound sterling (10.9%) and the dollar (3.3%). The Group has not established a policy for exchange rate hedging. This leaves the Group potentially exposed to a more or less significant exchange rate risk from year to year.

The table below shows the impact of exchange rate risk on the balance sheet:

In thousands of euros	GBP	USD
Total balance sheet	972	387
Off-balance-sheet position	-	-
Net position after management	**972**	**387**

This table allows the loss risk on the net global foreign currency position to be calculated on the assumption of an unfavorable and consistent change of 1% in the currency used to prepare financial statements in comparison to the total amount of foreign currencies involved. For information purposes, the impact of an unfavorable and consistent change of 1% in the euro-pound sterling exchange rate on the financial statements of subsidiaries whose operating currency for financial statements is the GBP would have a negative impact of €0.7 million on the Group's shareholders' equity.

Assuming the revenue/costs structure remain similar, any appreciation in the euro against the pound sterling would bring about a reduction in earnings expressed in euros. Based on the 2017 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 €492 thousand on Cegedim's revenue, and €49 thousand on its operating income.

Currency effects had a total negative impact of €4.1 million on revenue in 2017, almost due to the pound sterling for €3.7 million.

The amount of exchange gains or losses on revenue is determined by recalculating the 2016 revenue based on the 2017 exchange rate. The currency exchange rates used are the average rates over the fiscal year

Note 9 Income tax

9.1 Deferred tax

9.1.1 TAX BREAKDOWN

The tax charge recognized in the fiscal year earnings was €4,701 thousand, compared with a tax income of €2,336 thousand in December 2016. This comprised:

In thousands of euros	12.31.2017	12.31.2016
Tax paid		
France	(3,634)	(674)
Aboard	(368)	(799)
Total tax paid	**(4,002)**	**(1,473)**
Deferred taxes		
France	(296)	(352)
Aboard	(404)	(512)
Total deferred taxes	**(699)**	**(863)**
Total tax income recognized in the income statement	**(4,701)**	**(2,336)**

9.1.2 THERETICAL TAX EXPENSE AND RECOGNIZED TAX EXPENSE

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

In thousands of euros		12.31.2017	12.31.2016
Net profit (loss) from continuing activities		7,061	(29,474)
Group share of in companies accounted by equity method		(2,441)	(1,253)
Income taxes		4,701	2,336
Earnings before tax for consolidated companies	(a)	**9,521**	**(28,391)**
Of which French consolidated companies		*32,295*	*(2,506)*
Of which foreign consolidated companies		*(22,773)*	*(25,884)*
Standard tax rate in France	(b)	34.43%	34.43%
Theoretical tax expense	(c) = (a) x (b)	**(3,278)**	**9,775**
Impact of permanent differences		(1,951)	(5,999)
Impact of differences in tax rates on profits		2,314	2,922
Impact of differences in tax rates on capitalized losses		(1,697)	(503
Activation of tax losses		6,039	-
Uncapitalized tax on losses		(7,692)	(9,777)
Impact of tax credit		1,564	1,246
Tax expenses recognized in the income account		**(4,701)**	**(2,236)**
Effective tax rate		**n.a.**	**n.a.**

Calcuation of the standard tax rate in France

Base	33.33%
Contribution of 3.3% (Corporate tax above 763,000€)	1.10%
Standard tax rate in France	**34.43%**

The main countries contributing to the impact of differences in tax rates on profits are:

In thousands of euros	12.31.2017
UK	1,965
Ireland	215
Others	134
Total	**2,314**

9.1.3 DEFERRED TAX ASSETS AND LIABILITIES

Analysis by category of the temporal difference for the net deferred tax position recognized in the balance sheet (before compensation by fiscal entities for deferred tax assets and liabilities).

In thousands of euros	12.31.2016	Reallocation	Earnings	Change in consolidations scope	Other change in equity	Change in exchange rate	Restatement in assets/liabilities held for sale	12.31.2017
Tax loss carryforwards and tax credits	**20,000**	-	-	-	-	-	-	**20,000**
Pension plan commitments	**6,469**	-	(182)	-	(1,006)	-	**(96)**	**5,185**
Non-deductible provisions	**2,671**	-	(28)	-	-	-	**(61)**	**2,582**
Updating to fair value of financial instruments	**688**	-	(267)	-	(203)	-	-	**218**
Cancellation of internal capital gain	**139**	-	20	-	7	-	-	**167**
Restatement of R& margin	**303**	-	109	-	-	-	-	**412**
Other	**366**	-	100	-	(12)	-	-	**455**
Total deferred tax assets	**30,637**	**0**	**(247)**	**0**	**(1,213)**	**0**	**(157)**	**29,019**
Unrealized exchange gains/losses	**0**	-	(215)	-	-	215	-	**0**
Cancellation of accelerated depreciation	(566)	-	180	-	-	-	-	(386)
Cegelease restatement	**(484)**	-	-	-	-	-	484	**0**
Cancellation of depreciation on business goodwill	**(41)**	-	33	-	-	-	-	**(8)**
Updating to fair value of financial instruments	**1**	-	(80)	-	(52)	-	-	**(131)**
Finance lease	**(205)**	-	(20)	-	-	-	-	**(225)**
R&D capitalization	**(6,187)**	-	(352)	-	-	-	-	**(6,539)**
Restatement of the allowance for the R&D margin	**(18)**	-	(52)	-	-	-	-	**(70)**
Others	**(801)**	-	53	-	-	-	-	**(749)**
Total deferred tax liabilities	**(8,304)**	**0**	**(452)**	**0**	**(52)**	**215**	**484**	**(8,109)**
Net deferred tax	**22,333**	**0**	**(699)**	**0**	**(1,265)**	**215**	**327**	**20,910**

The deferred taxes activated for tax-loss carryforwards amount to € 20 million. Their recovery has been estimated over an average period of 4 years within the scope of integrated French companies.
€ 6 million of deferred taxes on previous deficits were used in the 2017 financial year, offset by the activation of € 6 million deferred taxes of the same nature.

The change in deferred taxes recognized in the consolidated balance sheet after compensation by fiscal entities for deferred tax assets and liabilities can be verified in the following way:

In thousands of euros	Assets	Liabilities	Net
As at December 31, 2016	**28,784**	**(6,453)**	**22,332**
Impact of earnings for the period	(247)	(452)	(699)
Impact shareholders' equity	(1,213)	163	(1,050)
Impact of net presentation by fiscal entity	104	(104)	0
Restatement on Assets/Liabilities held for sale	(157)	484	327
As at December 31, 2017	**27,271**	**(6,362)**	**20,909**

Tax corresponding to deferred taxes not activated from continuing activities as at December 31, 2017 amounts to €56,806 thousands for French companies and €15,816 thousands for foreign companies.

Note 10 Equity and earnings per share

10.1 Equity

As at December 31, 2017, the share capital was made up of 13,997,173 shares (including 23,583 treasury shares), each with a nominal value of 0.9528 euros, i.e. total share capital of 13,336,506 euros.

10.2 Earnings per share

Earnings per share are calculated by dividing Group earnings by the number of shares making up the capital, excluding treasury shares.

The number of shares must be the weighted average number of outstanding ordinary shares during the course of the period (i.e. 13,979,390 shares at December 31, 2017 and 13,960,024 shares at December 31, 20156).

Current earnings per share of continued operations amounted to a 0.9 euros in respect of fiscal 2017.

Earnings per share amounted to a 0.8 euros in respect of fiscal 2017.

	31.12.2017	31.12.2016
Weighted average number of outstanding ordinary Cegedim SA shares	13,997,173	13,997,173
Less average number of treasury shares held	(17,783)	(37,149)
Number of shares for the calculation of earnings per share	**13,979,390**	**13,960,024**,

10.3 Diluted earnings per share

Earnings per share are calculated by dividing Group earnings by the number of shares making up the capital, excluding treasury shares.

The number of shares must be the weighted average number of outstanding ordinary shares during the fiscal year (i.e., 13,979,390 shares at 12.31.20176 and 13,960,024 shares at 12.31.2016).

10.4 Treasury shares

ALLOCATION OF FREE SHARESES

The Board of Directors meeting of September 18, 2014 was authorized by the Extraordinary General Shareholders' Meeting of June 10, 2014 to award free shares in a total number not exceeding 10% of the total number of shares comprising the share capital to corporate officers and employees of the Cegedim Group.

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 corporate officers 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 corporate officers and employees of the Cegedim Group.

The main characteristics of the plans are the following:

- The free shares awarded will confer the right to dividends, the distribution of which will be determined as of the award date.
- The plan dated September 18, 2014 authorized a maximum allocation of 19,280 free shares.
- The plan dated January 28, 2016 authorized a maximum of 28,038 free shares.
- The plan dated June 21, 2017 authorized a maximum allocation of 19,540 free shares.
- For the plan 2014, the allocation of such shares to their beneficiaries will become final after a two-year vesting period for beneficiaries whose residence for tax purposes is in France as of the allocation date and four years for beneficiaries whose residence for tax purposes is not in France as of the allocation date.
- For the plan 2016 and 2017, the allocation of such shares to their beneficiaries will become final after a two-year vesting period for beneficiaries whose residence for tax purposes is in France beneficiaries whose residence for tax purposes is in France and three years for beneficiaries whose residence for tax purposes is not in France as of the allocation date
- The shares will be fully allocated 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 two years starting from the final award date for the 2014 plan and one year for the 2016 and 2017 plans.

In application of standard 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 THE FOLLOWING:

	Plan of 09.18.2014	Plan of 01.28.2016	Plan of 06.21.2017
Date of the General Meeting	06.10.2014	11.16.2015	11.16.2015
Date of the Board of Directors meeting	09.18.2014	01.28.2016	06.21.2017
Date of plan opening	09.18.2014	01.28.2016	06.21.2017
Total number of shares than can be allocated	19,280 shares	28,038 shares	19,540 shares
Initial subscription price	€27.11	€30.50	€29.02
Date of availability of free shares			
France	09.17.2016	01.28.2018	06.21.2019
Foreign	09.17.2018	01.28.2019	06.21.2020

POSITION OF PLANS AS AT DÉCEMBER 31, 2017

	Plan of 09.18.2014	Plan of 01.28.2016	Plan of 06.21.2017
Total number of shares allocated	18,780 shares	20,515 shares	18,590 shares
Total number of shares left to be acquired after recorded exercising of options and canceled options	0	20,479 shares	19,540 shares
Adjusted acquisition price of free share allotments			
France	€26.31	€29.61	€28.17
Forgien	€23.04	€25.93	€24.67

Note 11 Equity and dividendes

11.1 Breakdown of capital

Bearing in mind the transaction that occurred during the year, the closing position of the fiscal year under review is as follow:

Shareholders	No. Of shares held	% held	No. Of single votes	No. of votes with double voting rights shares	No. of votes with double voting rights votes	Total votes	% voting rights vote
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%
Free float	4,506,815	32.20%	4,462,931	43,884	87,768	4,550,699	19.36%
Cegedim(1)	12,406	0.09%	0	0	0	0	0.00%
TOTAL	**13,997,173**	**100.00%**	**4,477,778**	**9,506,989**	**19,013,978**	**23,491,756,**	**99.95%**

(1) Including the liquidity contract

Theoretical voting rights: 23,504,162

Exercisable voting rights: 23,491,756

11.2 Dividends

No dividend has been paid for fiscal 2016, in accordance with the decision of the Ordinary General Meeting held on June 15, 2017.

Note 12 Commitments

12.1 Retirement commitments

12.1.1 RETIREMENT COMMITMENTS: FRENCH COMPANIES

In thousands of euros	Through an insurance fund	Through a provision for expenses
Pension plan commitments	**2,170**	**23,017**

When employees retire, they receive retirement indemnity as defined in the collective bargaining agreements.

An actuarial valuation plan has been set up to fund the obligations resulting from this compensation. The total obligation comes to 25,187 thousand euros, including 2,170 thousand euros paid to an insurance company.

The amount of retirement contributions provisioned as expenses during the fiscal year was 2,257 thousand euros.

The Cegedim Group decided to apply the option under IAS 19 as amended, which allows the actuarial gains and losses relating to changes in assumptions occurring in calculating liabilities to be accounted for directly in equity.

The actuarial assumptions used are as follows:

Economic assumptions	2017	2016	2015
Net interest rate	1.4806%	1.483%	2.43%
Expected asset yield rate	1.4806%	1.483%	2.43%
Wage increases (including inflation)	1.40%	1.40%	1.40%

The discount rate applied for 2017 is 1.4806 % (the Bloomberg C66715Y Index BFV EUR Composite (AA) 15 Year) versus 1.483% in 2016.

Demographic assumptions

Mortality : Tables H/F Insee 2014 – 2016

Mobility : 7.5% per year up to 35 years
3.5% up to 45 years
1.8% up to 50 years
0.9% for 51 years and above

Retirement age: Voluntary retirement at 65 years of age

Sensitivity to the discount rate	1.2306%	1.4806%	1.7306%
	26,716	25,187	24,928

The Group's collective bargaining agreements are the following:

- National collective bargaining agreement for road salesmen, representatives, ushers;
- National collective bargaining agreement for the advertising industry;
- National collective bargaining agreement for the pharmaceutical industry;
- Syntec national collective bargaining agreement;
- French Labor Code.

12.1.2 RETIREMENT COMMITMENT: FOREIGN COMPANIES

The amount of retirement contributions reported as expenses and paid during the fiscal year was 1,276 thousand euros

12.1.3 COMPARAISON DES ENGAGEMENTS ACTUARIELS ET DES ACTIFS DE COUVERTURES

Economic assumptions	2017	2016	2015
Actuarial commitments	25,187	23,888	19,709
Hedge assets	(2,170)	(2,122)	(2,075)
Unrecognized prior service cost			
Recognized liabilities	**23,017**	**21,766**	**17,634**

Change in the cost of the services provided and in the fair value of the hedging instruments

In thousands of euros		12.31.2017		
		French companies	Foreign companies	Total
Opening actuarial liabilities	**1**	**23,888**		**23,888**
Assets half for sale		**(300)**		**(300)**
Cost of services rendered during the fiscal year		1,942		1,942
Financial cost for the fiscal year		346		346
Unrecognized prior service cost		-		-
Costs for the period	**2**	**2,288**		**2,288**
Benefits paid out	3	(633)		(633)
Actuarial losses (gains) generated during the fiscal year for the obligation	4	(56)		(56)
Newly consolidated companies	5	-		-
Companies non longer consolidated	6	-		-
Reclassification	7	-		-
Changes in exchange rate	8	-		-
Closing actuarial liabilities	**1+2+3+4+5+6+7+8**	**25,187**		**25,187**
Closing actuarial liabilities		**2,122**		**2,122**
Value of the hedge assets		31		31
Expected return on assets				
Contribution				
Benefits paid out				
Actuarial gains (losses) for the fiscal year generated on assets		16		16
Newly consolidated companies				
Companies no longer consolidated				
Closing value of the hedge assets		**2,170**	**-**	**2,170**

Amounts recorded in the balance sheet and the income statement

In thousands of euros	12.31.2017		
	French companies	Foreign companies	Total
Cost of services rendered at the closing date	25,187		25,187
Fair value of the hedge assets	(2,170)		(2,170)
Sub-total	**23,017**		**23,017**
Unrecognized prior service cost	-		-
Liabilities recognized on the balance sheet	**23,017**		**23,017**
Cost of services rendered during the fiscal year	1,942		1,942
Financial cost for the fiscal year	346		346
Return on assets	(31)		(31)
Effect of plan reduction or liquidation	-		-
Expenses recognized in the income statement	**2,257**		**2,257**

Change in net liabilities recorded in the balance sheet

In thousands of euros	12.31.2017		
	French companies	Foreign companies	Total
Opening net liabilities	21,766		21,766
Actuarial losses (gains)	(73)		(73)
Reclassification of recognized prior service cots – vested rights	-		-
Expenses recognized in the income statement	2,257		2,257
Benefits paid out	(633)		(633)
Contribution paid	-		-
Newly consolidated companies	-		-
Companies no longer consolidated	(300)		(300)
Reclassification	-		-
Change in exchange rate	-		-
Closing net liabilities	**23,017**		**23,017**

12.2 Lease commitments

FINANCE LEASES – CEGEDIM GROUP LESSEE

The Group lists various types id simples leases within thr Group:

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

The expense resulting from these leases was €19,251 thousand for the year 2017.

Real estate leases are renewable every three-six-nine years. The Group signs standard leasing agreements. The discount rate applied is 8.5%

SCHEDULE OF PAYMENTS TO BE RECEIVED AND PRESENT VALUE

In thousands of euros	Lease payments due	Present value of payments
Within one year	12,262	
Between 1 and 5 years	12,823	
More than 5 years	79	
Total	**25,165**	**22,884**

12.3 Restatement of finance lease

In thousands of euros	Depreciation period	Gross value	Cumulative amortization	Net book value
Equipment for pharmacies	3 to 5 years			
Total financial lease asset		**1,907**	**607**	**1,300**

In thousands of euros	Lease payments due	Present value of payment
Within one year	372	366
Between 1 and 5 years	605	579
More than 5 years		
TOTAL (A)	976	945
Financial charges (B)	31	
Payment present value (A) - (B)	**945**	**945**

Note 13 Other disclosures

13.1 Seasonality

The business activities of the Group are marked by certain seasonality effects due to its Software Publishing activity.

Over the year, the Group generate more revenue in the second half than in the first half.

% of the quarterly reported revenue	2017	2016
Q1	24.0%	24.1%
Q2	24.9%	24.8%
Q3	23.4%	23.4%
Q4	27.6%	27.7%
Year	100.0%	100.0%

The EBITDA generated in the second half of the year is generally much higher than the EBITDA generated during the first half of the year.

% of the half-year reported EBITDA	2017	2016
H1	38.4%	42.57%
H2	61.6%	57.5%
Year	100.0%	100.0%

This is largely due to the seasonal nature of the decision-making processes of the Cegedim customers. In particular, the Health Insurance, HR & e-services and Health Professionals divisions are characterized by a certain seasonality effect as some customers invest in the Group's end-of-year offers in order to spent their annual budgets.

13.2 Period 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.

NON-RECOURSE FACTORING AGREEMENT

On May 22, 2017, the Group signed a factoring agreement with a French bank. The non-recourse agreement covers aggregated total receivables of €38.0 million. The operating units involved in the arrangement are *Cegedim SA, Cegedim Activ*, *Cegedim SRH* and *CETIP*. 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 €28.9 million at December 31, 2017.

PARTIAL INTEREST RATE HEDGING

To hedge part of its exposure to euro interest rate fluctuations arising from its RCF, the Group carried out an interest rate swap on February 17, 2017 and May 11, 2017. Under the zero-premium swap agreement, Cegedim receives the 1-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, 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.

GIE ISAKLÉ

As part of the BPO contract Cegedim signed with the Klesia group in September 2016, the two companies created an economic interest group (GIE), held 50/50. In January 2017, Cegedim lent Isiaklé €9 million for a period of 10 years at an interest rate of 1m Euribor plus a margin of 1.1%. Isiaklé will use the loan to purchase from Klesia a €9 million software package necessary for it to perform its services. The GIE is accounted for in Cegedim's consolidated accounts using the equity method.

TESSI LITIGATION

On February 10, 2017, Cegedim was ordered to pay €4,636,000 to the Tessi company for failing to meet certain obligations with respect to an asset sale made on July 2, 2007. Payment was made on July 21, 2017.

Cegedim has decided to appeal this decision. The appeal is currently under way.

ACQUISITION OF B.B.M. SYSTEMS IN THE UK

On February 23, 2017, Cegedim acquired UK company B.B.M. Systems through its *Alliadis Europe Ltd* subsidiary. The deal strengthens the Group's expertise in developing cloud-based products for general practitioners.

B.B.M. Systems had 2016 revenues of around €0.7 million and earned a profit. It contributes to the Group's scope of consolidation from March 1, 2017.3.1.2 Information on major subsidiaries and affiliates.

CHANGES TO CEGEDIM SA'S BOARD OF DIRECTORS

In March 2017, in keeping with the wishes of Bpifrance, Ms. Anne-Sophie Hérelle has been appointed to replace Ms. Valérie Raoul-Desprez on the Board of Directors. The permanent representative of Bpifrance, is now Ms. Marie Artaud-Dewitte, Deputy Head of Legal Affairs at Bpifrance Investissements. She replaces Ms. Anne-Sophie Hérelle.

ACQUISITION OF ADAPTIVE APPS IN THE UK

On May 3, 2017, Cegedim acquired UK company Adaptive Apps through its In Practice Systems Limited subsidiary. The deal strengthens the Group's expertise in developing cloud-based and mobile products for healthcare professionals.

Adaptive Apps had 2016 revenues of around €1.5 million and earned a profit. It contributes to the Group's scope of consolidation from May, 2017.

EURIS LITIGATION

Cegedim, jointly with IMS Health, is being sued by Euris for unfair competition. Cegedim has filed a motion claiming that IMS Health should be the sole defendant. After consulting with its external legal counsel, the Group has decided not to record any provisions.

ALLIADIS LITIGATION

On October 20, 2017, the court of Nimes ordered Alliadis to pay a fine of €2 million as part of a case involving a pharmacist from Remoulins, France. Cegedim has asked for the case to be dismissed. A subsequent hearing on November 24 set the fine at €187,500.

13.3 Significant post-closing transactions and events

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.

SALE OF CEGEDIM SHARES HELD BY BPIFRANCE

Bpifrance Participations sale of 1,682,146 shares in Cegedim via an accelerated bookbuilding process to French and international institutional investors at a price of 35 euros per share on February 13, 2018. In the context of the transaction, the shareholders' agreement dated 28 October 2009 between M. Jean-Claude Labrune, FCB (family holding controlled by M. Jean-Claude Labrune) and Bpifrance as well as the concert between the parties have been terminated. As a consequence Anne-Sophie Herelle and Bpifrance Participations represented by Marie Artaud-Dewitte have resigned from the board of directors on February 15, 2018.

Cegedim's free-float increases to reach now 44% of capital (vs. 32% before the transaction).

COMPLETED DISPOSAL OF THE CEGELEASE AND EUROFARMAT

On February 28, 2018, Cegedim announces that it has completed the disposal of Cegelease and Eurofarmat to FRANFINANCE (Société Générale Group for an amount of €57.5 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.

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.

The selling price is €57.5 million, plus reimbursement of the shareholder's loan account, which amounted to €13 million. Of this amount, Cegedim will use €30 million to pay down its debt.

The businesses revenue and consolidated EBITDA came to respectively to €12.5 million and €5.4 million in 2016 and €13.0 million and €5.8 million, in 2016.

TAX

On February 21, 2018, Cegedim received notice that French tax authorities would perform an audit of its accounts covering the period January 1, 2015, to December 31, 2016.

13.4 Group audit fees

In thousands of euros	12.31.2017				12.31.2016			
	Mazars	%	Grant Thornton	%	Mazars	%	Grant Thornton	%
Auditing, certification, review of individual and consolidated financial statements								
Cegedim SA	176	43.91%	167	76.86%	143	32.57%	143	70.70%
Fully consolidated subsidiaries	225	56.09%	50	23.14%	296	67.43%	59	29.30%
Other services than certification of accounts								
Cegedim SA					-	-	-	-
Fully consolidated subsidiaries					-	-	-	-
Audit subtotal	**401**	**100%**	**218**	**100%**	**439**	**100.00%**	**202**	**100%**
Legal, fiscal, social					-	-	-	-
Others					-	-	-	-
Subtotal of other services provide by the networks to the fully consolidated subsidiaries					**-**	**-**	**-**	**-**
Total auditors' fees	**401**	**100%**	**218**	**100%**	**439**	**100.00%**	**202**	**100.00%**

13.5 Off-balance sheet commitments

GUARANTEES GIVEN BY CEGEDIM TO ITS SUBSIDIARIES

Cegedim IT subsidiary

- Guarantee of 3 million euros in favor of Microsoft Ireland Operations Limited for orders made by Cegedim IT and guarantee of 1.5 million euros in favor of Obiane for orders made by Cegedim IT.

Cegedim RX ltd subsidiary

- Authorization given to Cegedim SA to become a guarantor as part of a sub-lease contract between Cegedim RX ltd and Cegedim UK ltd (authorization of the Board of Directors on March 25, 2015)

All subsidiaries

- One-year authorization for all subsidiaries to provide a security, endorsements and other guarantees for a total amount of 5 million euros provided no single commitment exceeds 2 million euros (authorized by the Board of Directors on March 22, 2017.)

SUBSIDIARY GUARANTEES

Cegedim Activ subsidiary

- Guarantee in favor of CNOPS in the amount of 293 thousand euros.
- Guarantee in favor of Office National de l'Electricité in the amount of 181 thousand euros.
- Guarantees in favor of ANAM Maroc in the amount of 20 thousand Moroccan dirhams and 8 thousand euros.
- Guarantee in favor of the Kingdom of Morocco in the amount of 60 thousand Moroccan dirhams.
- Guarantee in favor of Caisse Nationale de Sécurité Sociale du Maroc in the amount of 645 thousand dirhams and 11 thousands euros.
- Guarantee in favor of Mutuelle Général du Personnel in the amount of 100 thousands dirhams.

iGestion subsidiary

- Guarantee in favor of La Poste for the amount of 80 thousand euros.

Note 14 Accounting principles and methods

14.1 Consolidated methods

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 sold are excluded from the consolidation scope on the date on which control is lost.

Subsidiaries over which the Group exercises exclusive control are consolidated using the full consolidation method, even if the percentage held is less than 50%. Exclusive control is deemed to exist if the parent company directly or indirectly has the power to dictate the financial and operational policies of a company so as to benefit from its activities.

- The full consolidation method used is the method by which the assets, liabilities, income and expenses are fully consolidated. The share in net assets and net earnings attributable to the minority shareholders is presented separately as minority interests in the consolidated balance sheet and the consolidated income statement.
- Equity investments over which the Group exercises joint control with a limited number of other shareholders, such as joint ventures, are consolidated using the proportional consolidation method.
- Equity investments over which the Group exercises significant influence are consolidated using the equity method. Significant influence is presumed if 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 net profit (loss) of companies consolidated using the equity method” 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.

14.2 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 acquisitions made by the Group correspond to acquisitions of market shares leading to limited allocations of 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 as negative goodwill in the income statement.

Goodwill on acquisition is recorded in the functional currency of the entity acquired. Standard IAS 21 (§ 47) requires that goodwill on acquisition in foreign currencies be recognized at the closing rate on each accounting closing date and not at the historical cost.

Goodwill on acquisition is not depreciated 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 non-recurring income and expenses from operations.”

If the recoverable value 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 sell and value in use of the assets (the sum of discounted cash flows expected by the company for this asset estimated based on the present and future profitability of the division concerned.

14.3 Intangible assets (IAS 38)

INTANGIBLE ASSETS ACQUIRED SEPARATELY OR IN CONNECTION WITH A BUSINESS COMBINATION

The intangible assets acquired separately (primarily software) are recorded initially at their historical cost. They are recognized at asset 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 of which the useful life is over are then assessed and recognized according to the cost model.

Intangible assets, with the exception of business assets, are depreciated using the straight-line method over their useful life (excluding goods with an indefinite life span). The value of depreciated intangible assets is tested if an impairment indicator is identified. If applicable, impairments are recorded as “Other non-recurring income and expenses from operations.”

The useful life of intangible assets is reviewed periodically. If necessary, resulting changes are recognized.

Also see the section 14.6 related to impairment tests.

RESEARCH AND DEVELOPMENT/INTERNALLY DEVELOPED SOFTWARE

Research costs are recorded as expenses for the fiscal 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 recorded as expenses for the fiscal year during which they were incurred.

Once in use, an asset whose development is complete is removed from the development costs item and recognized under the corresponding asset item (generally software).

Depreciation is calculated as of the moment the fixed asset is in use and is calculated over its foreseeable useful life. Project typology depends on life cycle and is as follows:

Project type	Duration	Mode	Number of projects
Structuring projects	15 years	Straight-line	Very limited number of projects
Strategic projects	8-10 years	Straight-line	Limited number
Current developments	5 years	Straight-line	Mainly Group’s projects
Targeted projects	2-4 years	Straight-line	Limited number

14.4 Tangible assets (IAS 16)

Tangible assets consist primarily of computer hardware and industrial equipment and are recorded at their acquisition cost, less accumulated depreciation and impairment losses.

Tangible assets are depreciated straight-line over their economically useful life, the depreciable basis used being the acquisition cost less any estimated residual value, if applicable

The useful lives of the fixed assets are revised periodically. If necessary, resulting changes are recognized.

Tangible assets are subject to impairment testing if an impairment indicator is identified.

If necessary, additional impairment is recorded in the income statement as “Other non-recurring income and expenses from operations”.

The following depreciation modalities (period and method) are used:

Project type	Duration	Mode
Computer hardware		
Microcomputers 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
Moveable property	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 plans have been established based on the useful life of the various components (structure, facades and waterproofing, general and technical facilities, fixtures, layout).

14.5 Finance 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 such lease agreements effectively transfer virtually all the risks and benefits inherent in ownership of this property to the Group. Lease payments are broken down into financial expense (recorded as “Cost of net financial debt”) and debt retirement.

Assets that are the object of financial leases are depreciated over the same periods as owned property of the same category.

14.6 Impairment of assets (IAS 36)

The Group evaluates the recoverability of its long-term assets as follows:

- amortized intangible assets (software, databases);
- although a depreciation was applied for those intangible assets, they are subject to individualized monitoring. This monitoring is based on indications that make it possible to detect a possible loss of value in, for example, the expected productivity of the asset or commercial outlets. If there is any indication of a loss of value, the Group performs an impairment test that may lead to the recognition of an additional impairment. This test is based on projections of future cash flows estimated according to the expected productivity of projects and their commercial outlets. The discount rate assumptions are identical to those for the CGUs.
- unamortized intangible assets (trademarks, goodwill on acquisition).

When impairment is indicated or at least once a year, the Group performs impairment tests to assess the possible loss of value for these assets.

Impairment tests are performed on the Cash Generating Units (CGUs) to which these assets may be allocated.

The recoverable amount of a CGU is the higher of its fair value less costs to sell and 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 on acquisition, the impairment is first allocated to this goodwill.

Impairment is recognized under “Other non-recurring income and expenses from operations” 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 perpetuity growth rate, the performance in term of EBITDA margin and Free Cash Flow growth.

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.

CGUs follow the divisions of the Group’s main sectors of activity, which are further divided themselves into separate industry components if they are relevant to the definition of the cash flows. Business activities were first separated into CGUs in 2007 with the assistance of an independent consulting firm. The separation was reviewed in the first half of 2013 and at end of 2015, with the same firm.

The Cegedim Group has 2 CGUs, corresponding to the first two sector of activities plus a «Corporate and others» division that was not intended to include operating activities.

The sectors of activity and CGUs are as follows:

- Health Insurance, HR and e-services: this sector is a CGU in itself. It brings together the know-how needed to develop services for insurance companies, mutuals and other organizations involved in the processing chain of healthcare flows as well as clients from the pharmaceutical industry or from multi-industry.
- Healthcare Professionals: this sector is a CGU in itself and includes all services provided to medical professionals: physicians, pharmacists and paramedics.

For impairment testing purposes, as of the acquisition date, goodwill acquired within a business combination is allocated to the CGU that is likely to benefit from the synergies of the combination. Such allocation is also consistent with the manner in which the Group's management monitors the performance of operations.

VALUE IN USE

The value in use of a CGU is determined using the discounted cash flows (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 the near historical years.

DISCOUNT RATE

The Group uses a single discount rate for all CGUs. The skills center, the R&D developments or the databases used to support to Group services are centralized and the distribution is local.

To comply with the requirements of paragraphs 55 and 56 of IAS 36, the discount rate used is calculated from a business segment's weighted average cost of capital before taxes. The rate is applied to operating cash flows before income taxes. The Group engages an independent firm of experts to calculate this discount rate. The calculations make use of sample comparable stocks and of 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 chosen is based on economic data that is weighted so as to reflect the specificities of the Cegedim Group.

14.7 Financial assets (IAS 32/IAS 39)

Equity investments in non-consolidated companies are classified as securities available for sale. They are initially recorded at the acquisition cost, and then subsequently valued at their fair value, if this 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 to be durable with regard to the circumstances, it is recognized in financial earnings.

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.

14.8 Deferred taxes (IAS 12)

Deferred taxes are calculated using the variable tax rate method for all temporal differences between the book value entered in the consolidated financial statements and the tax basis of the Group's assets and liabilities. Deferred tax assets and liabilities are valued at the tax rate expected to be applied for the fiscal year during which the asset will be realized or the liability paid, based on the tax rates approved on the closing date.

Deferred tax assets on deductible temporal 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 taxation authority on the same taxable entity.

14.9 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 inventory value (net realizable value).

SERVICES IN PROGRESS

The inventory 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.

14.10 Accounts receivable and other operating receivables

ACCOUNTS RECEIVABLE

Accounts receivable are initially valued at fair value then at amortized cost and are individually monitored. An impairment is established when the inventory value is less than the recorded value based on the probability of recovery.

OTHER RECEIVABLES

Receivables are accounted for at their discounted amount if they are payable in more than one year and if the effects of discounting are significant..

14.11 Cash and cash equivalents

Cash equivalents are valued at their market value on the closing date. Differences in value are recorded as financial earnings.

14.12 Treasury shares (IAS 32)

In accordance with IAS 32, treasury shares are accounted for at their purchase cost and are recorded against 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.

14.13 Provisions and contingent liabilities (IAS 37)

A provision is recorded if the Group has an obligation resulting from past events, whose settlement should correspond to an outflow with an economic benefit and whose amount can be reasonably measured. The provision ranking 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 lot 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.

14.14 Retirement benefits (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 shall have no legal or implied 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

The defined-benefit plans designate 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 the IAS 19, as amended, allowing the recognition directly in equity of actuarial gains and losses arising from changes in the assumptions in the calculation of such liabilities.

Cegedim SA applies the measures of ANC recommendation No. 2013-02 dated November 7, 2013, which regulates the valuation of retirement obligations and similar benefits.

In accordance with this recommendation, the unrecognized prior service cost unamortized as at December 31, 2012 has been amortized by shareholders' equity as at January 1, 2014.

Actuarial liabilities are calculated using the projected credit units method and are based on valuations specific to each country and to each company of the Group; these valuations include, in particular, assumptions concerning wage increases, inflation, life expectancy and employee turnover. The discount rate applied to retirement obligations is determined using the closing benchmark market rate based on first-class bonds. In countries where this type of market is not active, the Group uses the closing rate of government bonds.

Additionally, the impact of changes to the collective bargaining agreements on the valuation of the provision for retirement is spread over the residual length of the employees' working life.

Finally, if this obligation is partially or completely covered by funds paid by the companies of the Group to financial agencies, the amounts of these dedicated investments are deducted from the liability on the balance sheet.

14.15 Financial liabilities (IAS 32/IAS 39)

Share premiums and issue costs impact the value (fair value) at the recognition of financial liabilities, and are included in the calculation of the EIR (Effective Interest Rate) in compliance with IAS standards 32 and 39. Loans and other financial liabilities which carry interest are valued according to the depreciated cost method using the effective interest rate for the loan. The costs are thus spread out over the loan's life cycle via the EIR.

In the event of financial liabilities arising from finance leases, the financial liability recorded to offset the tangible asset is initially recorded at the fair value of the leased asset or, if latter value should be lower, at the present value of the minimum lease payments.

14.16 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 fluctuations in interest rates.

These derivative instruments are recorded in the balance sheet at market value. Changes in market value are recognized in the income statement excluding 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 hedging accounting principles which are of two types:

- fair value hedges;
- cash flow hedges.

For fair value hedges, the underlying financial liability of the derivative is revalued 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. As the financial expenses or income of the hedged element impact on the income statement for a given period, the financial expenses or income recorded under shareholders' equity in relation to the derivative for the same period are transferred to the income statement.

When a derivative does not meet the criteria for hedge accounting principles, changes in fair value are recognized in the income statement (other operating profit/losse).

14.17 Revenue recognition (IAS 18

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:

- access to the Group's databases is generally realized by subscription with periodic billing (monthly or yearly); sales revenues are then recognized on a prorated basis according to elapsed time;
- standard and specific studies supplied by the Group are recorded when they are delivered to clients;
- data processing performed for clients is recorded when the service is provided;
- support services (assistance, maintenance, etc.) are covered by a contract (generally annual) calculated on a lump sum basis in relation to the costs and resources committed by Cegedim to provide these services. Income from these contracts is recorded on a prorated basis over the duration of the contract and results, in this case, in the recognition of deferred income.

SOFTWARE AND HARDWARE SALES

These sales are recorded upon delivery, concurrent with installation at the professional's site. Any discounts and rebates are recorded as a subtraction from sales.

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) if there is an agreement with the client, if delivery and acceptance are completed, if the amount of revenue and the related costs can be measured reliably, and if the economic benefit connected to the transaction will come back to the Group.

If one of these four criteria is not fulfilled, the recognition of sales arising from the software license is deferred until all of these criteria are fulfilled.

14.18 Methods for translating items into foreign currencies (IAS 21)

TRANSACTIONS IN FOREIGN CURRENCIES

Transactions in foreign currencies are recorded using the exchange rate applicable 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 recorded as financial earnings. Such transactions are very limited in number. Therefore, there is no specific management of the exchange risk. The Group is also not covered for amortization of liabilities 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 euro using:

- the official closing rate for assets and liabilities;
- the average rate for the fiscal year ended for items of the income statement and the cash flow statement;
- the historic cost 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 fiscal year based on the closing rates are included as “Group translation gains and losses” under consolidated shareholders' equity.

Translation gains or losses on intra-Group loans are neutralized 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 may be, if applicable, transformed into capital increases.

14.19 Cash flow statement (IAS 7)

In accordance with the option offered by the IAS 7 “Statement of cash flows” standard, the consolidated cash flow statement is prepared by using the indirect method.

This shows the reconciliation of the net profit (loss) with the net cash generated by the transactions of the fiscal year. The opening and closing cash positions include cash and cash equivalents which are made up of investment instruments less overdrafts.

14.20 Segment reporting (IFRS 8)

Segment reporting is prepared according to the accounting methods used for the preparation and presentation of consolidated financial statements.

In application of the provisions in IFRS 8, the segment reporting presents operating segments that are comparable to the activity sectors previously identified according to IAS 14.

The segment reporting corresponds to the organization of the Group's internal reporting, which leads to the development of the management tools used by the Group's management. This is also the main line used for financial communication.

The Group's activities are divided into two operating sectors and one “Corporate and others” non-operational sector:

- Health Insurance, HR and e-Services. which brings together the know-how needed to develop services for insurance companies, mutuals and other organizations involved in the processing chain of healthcare flows as well as clients from the pharmaceutical industry or from multi-industry;
- Healthcare Professionals, which includes activities for medical professionals: physicians, pharmacists and paramedics;
- Corporate and others, combining activities inherent in the headquarters of a publicly traded corporation and support functions for the Group's two operating segments.

The Group continues to publish information by geographic area, which shows the France/outside France dichotomy. This analysis is refined for consolidated revenue in order to show the Group's exposure to the different currencies, to the extent this information is significant.

Intra-Group transfer prices are relative to standard agreements signed under normal terms.

4.7 Statutory auditors' report on the consolidated financial statements

CEGEDIM

Fiscal year ended December 31, 2017

At Cegedim's General Meeting,

Opinion

In performing the duty entrusted to us by your General Meeting, we have audited the consolidated financial statements of Cegedim SA for the fiscal year ended December 31, 2017, as appended to this report.

We certify, in accordance with the IFRS as adopted by the European Union, that the consolidated financial statements are reliable and truthful and give a true and fair view of the results of the operations of the past fiscal 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, 2017 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.

Justification for our assessments - Key audit matters

Pursuant to the provisions of Articles L. 823-9 and R. 823-7 of the French Code of Commerce relating to the justification of our assessments, we bring to your attention the key audit matters relating to the risks of material misstatement which, according to our professional judgement, were the most important for the audit of the consolidated financial statements for the fiscal year, as well as the answers we have provided to control these risks.

The assessments thus made are part of the audit approach of the consolidated financial statements taken as a whole and the formation of our opinion expressed above. We do not express an opinion on isolated points found in these consolidated financial statements.

Recognition and evaluation of development costs and internal software recorded as assets

(Notes 7.2, 14.3 and 14.6 of the notes to the consolidated financial statements)

Risk identified

At December 31, 2017, the net book value of development and internal software costs amounted to 128 million euros, compared with a balance sheet total of 746 million euros.

These intangible assets correspond to the development expenses of new internal projects that are capitalized when the criteria set out in Note 14.3 of the notes to the consolidated financial statements are met. Depreciation 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 ensures at each balance sheet date, or more frequently in the event of an indication of impairment, that the net book value of these assets does not exceed their recoverable amount. To this end, the Group implements impairment tests at the level of internal development projects to which a significant asset is attached. The terms and details of the assumptions used for these tests are presented in Note 14.6 to the consolidated financial statements.

We have considered the recognition and valuation of development and internal software costs as a key audit matter, given the assessment that must be made by Management to determine their recoverable value, which is mostly based on discounted cash flow projections, the realization of which is inherently uncertain.

Our Response

Our work included:

- evaluating, in accordance with the accounting standards in force, the procedures for examining the criteria for activating development costs;
- noting and comparing, on a test basis, the key controls put in place by the Group with regard to the internal control process relating to the activation and monitoring of development costs;
- checking, on a test basis that the amounts of development costs capitalized over the fiscal 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, including the expected productivity of the projects, their market opportunities and the discount rate, by consulting with Management;
- performing our own sensitivity calculations.

<u>Valuation of goodwill</u>

(Notes 7.1, 14.3 and 14.6 of the notes to the consolidated financial statements)

Risk identified

At December 31, 2017, the net book value of goodwill amounted to 168 million euros, compared with a balance sheet total of 746 million euros.

At least once a year, and whenever indicators of impairment are identified, Management performs impairment tests at the level of the Cash Generating Units (CGU) to which the goodwill has been allocated. An impairment loss is recognized when the recoverable amount of the CGU is lower than its net book value, provided that:

- the recoverable amount of a CGU is the higher value between its fair value less sales costs, or its value in use;
- the value in use of a CGU is the sum of the discounted cash flows expected by the Group for the CGU.

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 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.

<u>Valuation of provisions and contingent liabilities</u>

(Notes 5.8, 13.2 and 14.13 of the notes to the consolidated financial statements)

Risk identified

The Cegedim Group is exposed to social and tax risks and is involved in legal proceedings and litigation as part of its business activities.

The outcome of these proceedings, claims and/or legal actions and the positions taken by the group are inherently based on the use of assumptions, assessments or estimates by management.

The assessment of these risks by management has led the Cegedim Group to recognize provisions amounting to 5 million euros as of December 31, 2017, or, in certain cases, not to record a provision.

This topic is a key audit matter due to:

- uncertainty about the outcome of the risks, proceedings and legal actions taken;
- the high degree of evaluation and assessment performed by management;
- consequently, the potentially significant impact on earnings and consolidated equity if these estimates were to vary.

Our Response

Our work included:

- reviewing the procedures implemented by the Group to identify and catalog the risks to which it is exposed;
- conducting interviews with the Group's Legal Department to assess the reasonableness of the Group's risk analysis, obtaining relevant documentation and, where appropriate, reviewing the written consultations of its external advisors;
- interviewing the Group's lawyers to confirm our understanding of litigation that has been closed or is in progress and assessing the reasonableness of the assumptions used by Management to estimate the amount of provisions recognized.

Recognition and recoverability of deferred tax assets recognized in respect to tax loss carryforwards in France

(Notes 9.1 and 14.13 of the notes to the consolidated financial statements)

Risk identified

As at December 31, 2017, deferred tax assets and deferred tax liabilities are reported in the balance sheet for a total of 27.3 million euros (including 20 million euros relating to loss carryforwards) for 6.3 million euros.

As described in Note 14.8 of the notes to the consolidated financial statements, deferred tax assets on deductible temporary differences and on the carryforward of unused tax losses are recognized to the extent that it is probable that future taxable profits will allow the deduction of unused tax losses.

The Group's ability to recover these deferred tax assets relating to loss carryforwards is assessed by Management at the end of each fiscal year, based on its projection of future tax results. These projections of taxable profits, as assessed by Management, and are based primarily on the group's projections, which are also used to perform the goodwill impairment test.

We consider the recognition and recoverability of deferred tax assets recognized as tax loss carryforwards in France as a key audit matter, due to the importance of the assessments that must be made by Management for the recognition of these assets and the significant nature of their amounts.

Our Response

Our work included:

- obtaining the projections of future tax results of the entities in question;
- assessing the reasonableness of the main data and assumptions (earnings growth, sustainability of operations) upon which the taxable profit projections underlying the recognition and recoverability of the deferred tax assets relating to tax loss carryforwards are based, and, in particular, the ability of each concerned subsidiary to achieve the objectives defined in Management's plans, which are used for goodwill impairment testing.

Verification of the information on Group data provided in the Corporate Management Report

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.

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, 2017, Grant Thornton was in the twelfth consecutive year, and Mazars in the sixteenth 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 fiscal 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, 2018

Grant Thornton	Mazars
French Member of Grant Thornton International	
Solange Aïache	Jean-Philippe Mathorez
Partner	Partner

Company financial statements

5

5.1 Balance sheet

5.1.1 Assets

In thousands of euros	Gross amount	Depreciation and provision	12.31.2017 Net	12.31.2016 net
Intangible assets				
Development costs	4,233	0	4,233	2,219
Concessions, patents, and similar rights	495	409	86	98
Goodwill	5,071	160	4,911	4,911
Other intangible assets	25,351	18,939	6,412	6,674
Tangible assets			0	
Buildings	3,197	2,397	800	1,067
Technical facilities, tooling	3,323	2,415	908	760
Other tangible assets	463	434	29	14
Construction work in progress	0	0	0	14
Financial assets			0	
Other equity investments	286,885	96,853	190,032	246,992
Receivables from equity investments	0	0	0	0
Loans	146,685	6,852	139,832	113,250
Other financial assets	1,815		1,815	1,595
Fixed assets	**477,518**	**128,460**	**349,058**	**377,593**
Inventory and work in progress				
Inventory of goods and raw materials	0	0	0	0
Production of services in progress	0	0	0	0
Goods	0	0	0	0
Advances and deposits made on orders	49	0	49	30
Receivables				
Trade receivables	18,960	1,563	17,397	17,826
Other receivables	19,326		19,326	14,827
Subscribed and called capital not paid	0	0	0	0
Marketable securities	8,765	58	8,707	8,796
Cash and cash equivalents	1,785		1,785	58,579
Accruals				
Prepaid expenses	393		393	780
Current assets	**49,278**	**1,621**	**47,657**	**100,838**
Deferred bond issuing costs	923		923	1,207
Unrealized exchange losses	171		171	85
Total assets	**527,890**	**130,081**	**397,809**	**479,724**

5.1.2 Liabilities and shareholders' equity

In thousands of euros	12.31.2017	12.31.2016
Share capital	13,337	13,337
Share premiums, merger share premiums	29,992	29,992
Legal reserves	1,334	1,334
Regulated reserves	265	431
Other reserves	5,072	541
Retained earnings	-	-
Profit (loss) for the period	3,285	4,366
Regulated provisions	60	72
Shareholders' equity	**53,345**	**50,071**
Provisions for risk	171	615
Provisions for expenses	3,389	2,648
Minority interest	-	-
Provisions for risks and expenses	**3,560**	**3,263**
Financial liabilities		
Other bonds	-	-
Loans and liabilities from financial institutions	262,303	288,082
Miscellaneous loans and financial liabilities	46,392	45,781
Advances & payments on account received on orders in progress	210	193
Operating liabilities		
Account payable and related accounts	9,420	13,336
Tax and social liabilities	9,739	10,855
Miscellaneous liabilities		
Payables on fixed assets and associated accounts	-	-
Other liabilities	12,570	67,745
Deferred income	237	398
Liabilities	**340,870**	**426,389**
Unrealized exchange gains	34	1
TOTAL Liabilities	**397,809**	**479,724**

5.2 Income statement

5.2.1 Income statement part I

In thousands of euros	12.31.2017	12.31.2016
Sale of goods France	-	-
Sale of goods outside France	-	-
Production of goods sold France	59	79
Production of goods sold outside France	1	7
Production of services sold France	59,094	49,663
Production of services sold outside France	2,022	2,064
Net revenue	**61,176**	**51,813**
Stocked production	-	-
Capitalized production	2,721	2,605
Write-backs on depreciation, provisions and transferred expenses	1,453	6,782
Other income	405	405
Operating income	**65,755**	**61,605**
Purchase of goods	-	(3,990)
Variations in inventories of goods and raw materilas	-	-
Purchase of raw materials and supplies	(	-
Other external purchases and expenses	(35,190)	(32,670)
Taxes, duties, and similar payments	(1,358)	(1,436)
Wages and salaries	(18,518)	(17,565)
Payroll taxes	(8,275)	(7,919)
Depreciation of fixed assets	**(3,571)**	**(3,231)**
Provisions for current assets	(330)	203)
Provisions for risks and expenses	(983)	(758)
Other expenses	(375)	(217)
Operating expenses	**(68,600)**	**(67,989)**
Operating earnings	**(2,845)**	**(6,384)**

5.2.2 Income statement part II

In thousands of euros	12.31.2017	12.31.2016
Financial income from equity investments	58,603	64,432
Other interest and related income	3,193	2,961
Write-backs on provisions and transferred expenses	7,573	11,279
Foreign exchange gains	1	1
Net gain on disposal of short-term investments	0	0
Financial income	**69,370**	**78,673**
Financial depreciation and provisions	(62,228)	(37,122)
Interest and relqted expenses	(8,367)	(34,324)
Foreign exchange losses	(29)	(94)
Financial expenses	**(70,624)**	**(71,540)**
Financial result	**(1,254)**	**7,133**
Current earnings before tax	**(4,099)**	**749**
Non-recurring income on management operations	**0**	**0**
Non-recurring income on capital transactions	317	0
Write-backs on provisions and transferred expenses	25	230
Non-recurring income	**342**	**230**
Non-recurring expenses on management operations	-	(6,908)
Non-recurring expenses on capital transactions	(949)	(281)
Non-recurring expenses from depreciation and provisions	(13)	(23)
Non-recurring expenses	**(962)**	**(7,212)**
Net non-recurring income (loss)	(620)	(6,982)
Employee profit-sharing	(429)	(348)
Incoem taxes	8,433	10,946
Total income	**135,468**	**140,508**
Total expenses	**(132,183)**	**(136,142)**
Profit (loss)	**3,285**	**4,366**
Net earnings per share (in euro)	0.23	0.31
Earnings before tax per share (in euro)	(0.37)	(0.47)
Current earnings before tax per share (in euro)	(0.29)	0.05

5.3 Notes to the Company financial statements

5.3.1 General principles

The annual financial statements are prepared in accordance with French legal and regulatory provisions.

General accounting principles were applied in accordance with the principle of conservatism with the following basic assumptions:

- The going concern concept;
- The consistency of accounting methods from one fiscal year to another;
- Independence of fiscal years.

The basic method used to value the items included in the financial statements is the historical cost method.

5.3.2 Accounting methods

5.3.2.1 Intangible assets

Cegedim SA's intangible assets mainly consist of business assets, development costs and acquired software.

BUSINESS ASSETS

Business assets are recorded at acquisition cost and are tested annually for impairment.

DEVELOPMENT EXPENSES

Cegedim incurs costs in connection with project development operations.

Development costs for new projects are capitalized as long as 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 recognized as expenses for the fiscal year during which they were incurred.

Development costs include all expenses that can be directly related to the intangible asset and that are necessary to create it, produce it, and prepare it so that it operates in accordance with the use planned by the management.

Amortization is calculated using the straight-line method starting with the initial use of the underlying asset and is calculated over its foreseeable useful life.

External projects are recognized first in an expense account called "Studies and research" and at the end of the year, restated as intangible assets in progress offset by an external capitalized production account.

Other projects are recognized in the corresponding expense accounts during the year. At the closing date, they are transferred to development costs and offset by a capitalized production account.

Cegedim SA has capitalized 25,990 thousand euros in development cost and internal software, including 4,475 thousand euros for the 2017 fiscal year, including 4,233 thousand euros for software developed by Cegedim and its subsidiaries, the remaining part for development costs in "Construction work in progress". The capitalized amount of 2,721 thousand euros relates solely to software developed by Cegedim and its subsidiaries.

The main projects concern the "GIS" department in a total amount of 16,622 thousand euros. The projects concerning all of Cegedim SA's activity sectors are amortized over an average of five years.

ACQUIRED ASSETS

Acquired intangible assets are valued at their purchase cost and amortized using the straight-line method over their economic lifespan.

IMPAIRMENT TEST

Although a depreciation was applied for those intangible assets, they are subject to individualized monitoring. This monitoring is based on indications that make it possible to detect a possible loss of value in, for example, the expected productivity of the asset or commercial outlets. If there is any indication of a loss of value, the Group performs an impairment test that may lead to the recognition of an additional impairment. This test is based on projections of future cash flows estimated according to the expected productivity of projects and their commercial outlets.

5.3.2.2 Tangible assets

Tangible assets acquired are valued at their purchase cost and depreciated over their economic lifespan. The depreciable base used is the purchase cost. Lifespans are reviewed periodically and may be modified prospectively depending on the circumstances.

Cegedim SA's tangible assets consist essentially of computer hardware and fixtures, and facilities.

The depreciation periods and methods used are generally the following:

COMPUTER HARDWARE

- Microcomputers intended for office use: between three and four years; straight-line method.
- Server systems: between five and fifteen years; straight-line method.

FIXTURES AND FACILITIES

Fixtures and facilities have a lifespan of eight to fifteen years (usually being eight years). Fixtures and facilities are depreciated using the straight-line method.

5.3.2.3 Equity investments and other investments

Their gross value consists of the purchase cost, excluding ancillary acquisition expenses. Equity investments are subject to a provision for impairment, if necessary.

When events occur that could cause a lasting change in the value of the group's long-term financial investments, those assets are tested for impairment.

When the recoverable value of an asset is less than its net book value, an impairment is recorded in the amount of the difference.

An asset's recoverable value is defined as the greater of either its fair value minus selling costs or its value in use.

An asset's value in use is calculated using estimates of the present value of future cash inflows and outflows.

An asset's fair value is calculated using 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 an authorization granted by the General Meeting are valued at their purchase price and recognized as long-term investments or investment securities, depending on their type. A provision for impairment is included if the average price for the last month of the fiscal year is lower than the acquisition value. The provision is equal to this difference.

However, the existing treasury shares as at Wednesday, December 31, 2017 involve all of the treasury shares intended for the Cegedim Group's managers and employees (see note 23), therefore they are recorded as investment securities and there is no cause to record an impairment.

5.3.2.5 Accounts receivable

Receivables are valued at their face value. A provision for impairment is recognized if the inventory value, based on the probability of collection, is less than the recorded value. Thus, customers undergoing reassessment or judicial liquidation are routinely impaired at 100% and receivables outstanding for more than six months are monitored on a case- by-case basis and, if necessary, impaired in the amount of the estimated risk of non-collection.

5.3.2.6 Non-Recourse factoring agreement

On May 22, 2017, the Group signed a factoring agreement with a French bank. The non-recourse agreement covers aggregated total receivables of €38.0 million. The operating units involved in the arrangement are Cegedim SA, Cegedim Activ, Cegedim SRH and CETIP. 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 by Cegedim S.A. under the agreement came to €3.6 million at December 31, 2017.

5.3.2.7 Provisions and contingent liabilities

A provision is recorded if the Group has an obligation resulting from past events whose settlement will likely correspond to an outflow with an economic benefit whose amount can be reasonably measured. The obligation is classified as a provision as long as there is uncertainty regarding the due date and the amount of the outflow of resources.

Provisions are estimated on a case by case basis or based on statistics when they include a large number of items. Cegedim Group's main commitments (excluding retirement compensation) are intended to cover employee, client, and supplier litigation.

5.3.2.8 Retirement commitments

Cegedim SA applies the measures of the ANC recommendation No. 2013-02 dated November 7, 2013 which regulates the valuation of retirement commitments and similar benefits.

The Company's actuarial liabilities are calculated using the projected credit unit method and on the basis of measurements that include assumptions concerning wage increases, inflation, life expectancy, employee turnover, and return on dedicated investments. Changes tied to periodic modifications of the actuarial assumptions listed above under financial and economic situations or to demographic conditions are recorded in the income statement.

Retirement commitments are recognized as a provision for expenses and Cegedim SA has chosen to record actuarial differences in the income statement.

Cegedim SA's commitments are partially covered by funds paid to a financial agency; the amount 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, and if necessary, any sales of software and hardware.

SOFTAWARE AND HARDAWRE SALES

Sales arising from new software licenses with unlimited or limited length are accounted (under the condition that the Group does not have any other obligations) when there exists an agreement with the client, if the delivery and acceptance are completed, if the amount of sales and costs related can be measured properly, and if the economic benefits connected to the transaction will revert to the Group. If one of these four criteria is not fulfilled, the recognition of sales arising from the software license is deferred until all of these criteria are fulfilled..

SERVICE REVENUE

The main categories of services and the methods of revenue recognition are as follows:

- Access to Cegedim databases is generally subject to subscription with periodic billing (monthly or annually); sales revenue is then recognized on a prorated basis according to elapsed time;
- Standard and specific studies supplied by Cegedim are recognized upon delivery to clients;
- Data processing performed for clients is recorded when the service is provided;

– Support services (assistance, maintenance, etc.) are covered by a contract (generally annual) calculated on a lump sum basis in relation to the costs and resources committed by Cegedim to provide these services. Income from these contracts is recorded on a prorated basis over the duration of the contract and results in the recognition of deferred income.

5.3.2.10 Transactions in foreign currencies

Expenses and income in foreign currencies are recorded at their exchange value in euros on the date of the transaction.

Liabilities and receivables in foreign currencies appear in the balance sheet at their exchange value in euros at the end of the fiscal year. Differences resulting from the conversion of liabilities and receivables into foreign currencies at this last closing exchange rate are listed in the balance sheet as "unrealized conversion gains or losses". Unrealized, unhedged exchange losses are covered by a provision for risks.

5.3.2.11 Bond issue costs

Since 2013, issue expenses related to the 300,000 thousand euros bond (i.e. 7,608 thousand euros), were spread over the remaining period of the bond in accordance with the bond's maturity (i.e. March 19, 2020).

In 2014, issue expenses related to the 125,000 thousand euros bond (i.e. 1,428 thousand euros), were spread over the remaining period of the bond in accordance with the bond's maturity (i.e. March 19, 2020).

The amortization of borrowing costs was accelerated in 2015 owing to the early redemption of the 2020 bond on March 31, 2016.

In 2016, the cost of issuing the €200 million RCF – i.e. €1,422 thousand – was amortized over the remaining maturity of the debt in a manner consistent with the debt repayment terms, i.e. through March 30, 2021.

The amortization charge over fiscal year 2017, was €284 thousands.

5.3.2.12 Statutory Auditors' fees (Decree No. 2008-1487 dated December 30, 2008)

The information pertaining to the Statutory Auditors' fees is listed 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 amounts to 274 thousand euros for 2017.

5.3.3 Additional information

Note 1 Assets

In thousands of euros	12.31.2016	Reclassification peer-to-peer	Acquisitions / Contributions	Disposals Subtractions	12.31.2017
Establishment and development costs	2,219	(2,219)	4,750	(517)	4,233,
Other intangible assets (1)	28,058	2,605	12	0	30,675
Other intangible assets in progress	386	(386)	242	0	242
Gross intangible assets	30,663	**0**	**5,004**	**(517)**	35,150
Buildings on un-owned land	0	0	0	0	0
General buildings & facilities	3,197	0	0	0	3,197
Technical facilities, tooling	3,789	15	419	(899)	3,323
Office and IT equipment and furniture	436	0	26	0	463
Tangible assets under construction	15	(15)	0	0	0
Gross intangible assets	7,437	**0**	**445**	**(899)**	6,983
Other equity investments	295,361	5	8	(8,489)	286,885
Loans and other financial investments (2)	115,189	(5)	49,298	(15,982)	148,500
Gross financial assets	**410,550**	**0**	**49,306**	**(24,471)**	435,385
Total gross assets	**448,648**	0	**54,756,**	**(25,887)**	**477,518**

1/ The account “Other intangible assets” include mainly:

- €5,071 thousand of Business assets that are recorded at acquisition cost and are tested annually for impairment;
- 21,757 thousand of Internal Software
- 3,352 thousand of External Software

2/ The account “Loans, other long-term investments” is made up of security deposits in the amount of €1,815 thousand, €145,040 thousand in loans to subsidiaries, and €1,645 thousand in loans for construction efforts.

The typical features of loans granted to subsidiaries are:

- An annual interest rate of 2% for the new loans to French and foreign subsidiaries;
- Various duration ;
- The lack of an automatic renewal clause and other specific clauses.

Note 2 Depreciation and amortization

In thousands of euros	12.31.2016	Allowances	Reversals	12.31.2017
	0	0	0	0
Establishment and development costs	16,761	2,748	0	19,509
Other intangible assets[1]	0	0	0	0
Amortization of intangible assets	**16,761**	**2,748**	**0**	**19,509**
Buildings on un-owned land	0	0	0	0
General buildings & facilities	2,130	266	0	2,397
Technical facilities, tooling	3,028	261	-874	2,415
Office and computer equipment	423	11	0	434
Buildings on un-owned land	**5,581**	**538**	**-874**	**5,246**
Total depreciation	**22,342**	**3,286**	**-874**	**24,754**

In thousands of euros	Straight-line	Declining balance	Accelerated allowances	Accelerated reversals
Establishment and development costs				
Other intangible assets	2,748			
Other intangible assets in progress				
Other intangible assets	**2,748**	**0**	**0**	**0**
Buildings on un-owned land				
General buildings & facilities	266			
Technical facilities, tooling	261		13	25
Office and computer equipment	11			
Property, plant and equipment	**538**	**0**	**13**	**25**
TOTAL Allowances	**3,286**	**0**	**13**	**25**

(1) The amount of amortization on Internal Software is of €16,034 thousand at 12.31.2017

Note 3 Provisions

In thousands of euros	12.31.2016	Allowances	Reversals used	Reversals unused	12.31.2017
Accelerated depreciation	72	13		25	60
Regulated provisions	**72**	**13**		**25**	60
Provisions for litigation	183		115	69	0
Provision for exchange losses	85	171		85	171
Provisions for pensions and similar obligations	2,135	495	70	34	2,526
Provisions for shares allocated to employees	513	488		138	863
Other provisions for risks and expenses	0				0
Provisions for risks on equity investments	346			346	0
Total provisions for risks and expenses	**3,263**	**1,154**	**185**	**672**	3,560
Equity investments(1)	48,369	55,491		7,007	96,853
Other financial assets	344	6,508			6,852
Provisions on inventory and work in progress	0				0
Provisions for impairment of accounts receivable	1,538	330	218	87	1,563
Other provisions for impairment	135	58		135	58
Provisions for impairment of internally developed software	0				0
Provisions for impairment	**50,386**	**62,387**	**218**	**7,229**	105,326
Total provisions	53,721	63,554	403	7,926	108,946
Operating depreciation and reversals		1,313	403	328	
Financial depreciation and reversals		62,228	0	7,573	
Non-recurring depreciation and reversals	,	13	,	25	

(1) Most of the provisions for impairment of equity investments and other financial assets were related to French activities.

Note 4 Due dates for receivables and liabilities

In thousands of euros	Gross amount	At one year or less	At more than one year
Receivables from equity investments			
Loans	146,685		146,685
Other financial assets	1,815		1,815
Doubtful or litigious customer receivables	111	111	
Other accounts receivable	18,849	18,849	
Employees and related commitments	175	175	
Social Security and other social agencies	1	1	
Government: Corporate tax	7,650	7,650	
Government: Value added tax	887	887	
Government: Miscellaneous receivables	176	176	
Group and associates	10,410	10,410	
Miscellaneous debtors	27	27	
Prepaid expenses	393	393	
Total receivables	**187,179**	**38,679**	**148,500**
Loans granted during the fiscal year	48,656		
Repayments received during the fiscal year	15,565		

In thousands of euros	Gross amount	At one year or less	Between 1 and 5 years	At more than five years
Other bonds				
Current bank loans	62,269	62,269		
Loans initially due in more than 1 year	200,033	33	200,000	
Miscellaneous loans and financial liabilities	46,392	57	46,335	
Accounts payable	9,420	9,420		
Employees and related obligations	5,364	5,364		
Social Security and other social agencies	1,344	1,344		
Government: Value added tax	2,428	2,428		
Government: Other income tax, and other related taxes	603	603		
Group and associates	7,151	7,151		
Other liabilities(1)	5,419	5,419		
Deferred income	237	237		
Total financial liabilities	**340,660**	**94,325**	**246,335**	**0**
Loans taken out during the fiscal year	**10,967**			
Loans reimbursed during the fiscal year	342			

(1) *Of which 3,596 thousand euros related to the factoring*

Note 5 Financial debt

In thousands of euros	12.31.2017	12.31.2016
Long-term financial borrowing and liabilities (> 5 years)		
Medium-term financial borrowing and liabilities (> 1 year, < 5 years)	246,336	235,662
Short-term financial borrowing and liabilities (> 6 months, < 1 year)		
Short-term financial borrowing and liabilities (> 1 month, < 6 months)	90	139
Short-term financial borrowing and liabilities (< 1 month)		
Current bank loans	62,269	98,063
Total financial liabilities	**308,695**	**333,863**
Positive cash	10,550	67,375
Net financial debt	**298,145**	**266,488**

FINANCING

In May 2007, Cegedim raised 50.0 million euros, the FCB Loan, from its largest shareholder, FCB. The shareholder loan agreement between Cegedim SA and FCB was signed on May 7, 2007. The FCB Loan Agreement was amended on September 5, 2008, and September 21, 2011, to extend the maturity date and modify the applicable interest rate. During the December 2009 capital increase, FCB subscribed for 4.9 million euros equivalent in shares as a redemption of a portion of debt, which decreased the balance of the FCB Loan to 45.1 million euros. In January 14, 2016, the FCB Loan was amended in order to subordinate it to the 200 million euro revolving credit facility taken the same day and to extend the maturity date and modify the applicable interest rate.

On March 20, 2013, Cegedim issued a senior bond at 6.75%, maturing on April 1, 2020, for an amount of 300 million euros in accordance with the Reg. S and 144A rules. The bond is listed on the Luxembourg Stock Market with ISIN codes XS0906984272 and XS0906984355. The bonds have been priced at 100% of their face value.

On April 7, 2014, Cegedim issued 125 million euros in bonds in addition to its issue of 300 million euros at 6.75%, maturing in 2020. The issue price was 105.75%, plus interest accrued since April 1, 2014. Apart from the issue date and price, these new bonds are identical to those issued on March 20, 2013, under the 300 million euro bond issue with a coupon of 6.75% maturing in 2020. Between May 6, 2015, and February 25, 2016, Cegedim redeemed on the market its 6.75% bond, maturing April 1, 2020, for a total principal amount of 110.2 million euros. The company cancelled these bonds. As a result, a total principal amount of 314.8 million euros remains in circulation as of March 31, 2016.

In January 14, 2016, the Group took out from Cegedim's bankers a new five-year revolving credit facility (RCF) of 200 million euros maturing on January 14, 2021.

On April 1, 2016, Cegedim exercised its call option on the entire 6.75% 2020 bond for a total principal amount of 314,814,000.00 euros and a price of 105.0625%, i.e. a total premium of 15,937,458.75 euros. The company then cancelled these securities. The transaction was financed by drawing a portion of the RCF obtained in January 2016 and using the proceeds of the sale to IMS Health. Following this transaction, the Group's debt comprised the 45.1 million euro FCB subordinated loan, the partially drawn 200 million euro RCF, and overdraft facilities.

As at December 31, 2017, the debt was structured in the following manner:

- €200 million euro revolving credit, fully drawn as of December 31, 2017; maturing on January 14, 2021;
- 45.1 million euro FCB Loan maturing in January 2021;
- Estimated earn-out for €1.1 million;
- 24.0 million euro overdraft facility, of which 0.0 million euros was drawn as of December 31, 2017.

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

The Group sold in June 2015 a swap with a pre-set Euribor receiver rate and a fixed payer rate of 4.565% on a notional amount of €20 million maturing 12.29.2017 against cash payment.

On December 29, 2017, the two no premium one month Euribor pre-set receivers, fixed rate payer 4.57% and 4.58% on a notional hedged amount of €20.0 million each matured.

On February 17, 2017 and May 11, 2017, Cegedim carried out an interest rate swap on. Under the zero-premium swap agreement, Cegedim 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, 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.

The hedge is made up, as of December 31, 2017, of two no premium one month Euribor receivers, fixed rate if it exceeds 0%, receives nothing otherwise, payer as follows:

- 0.2680% for a notional amount of €50 million, maturing February 26, 2021.
- 0.2750% for a notional amount of €30 million, maturing December 31, 2020.

The notional amount hedged is €80.0 million.

Interest expense on bank loans, bonds, charges and commissions totaled €6 million as at December 31, 2017.

The interest related to the shareholder loan as at December 31, 2017, amounted to €1.56 million.

In accordance with ANC 2015-05 regulation of July 2, 2015, the hedging result is symmetrically recognized as being financial charge at the same rate as the interest flows generated by the hedged loan.

Note 6 Bond issue expense

In thousands of euros	12.31.2016	Increase	Allowances	12.31.2017
Bond issue costs	1,206		284	922

Since 2013, issue expenses related to the €300,000 thousand bond (i.e. €7,608 thousand), were spread over the remaining period of the bond in accordance with the loan's maturity (i.e. March 19, 2020).

In 2014, issue expenses related to the €125,000 thousand bond (i.e. €1,428 thousand), were spread over the remaining period of the loan in accordance with the bond's maturity (i.e. March 19, 2020).

The amortization of issuance expenses was accelerated given the early repayment on March 31, 2016 of the 2020 bond.

The amount spread over as of March 31, 2016 was €268 thousands.

In 2016, issue expenses related to the €200 million RCF, i.e. €1,422 thousands were amortized over the remaining maturity of the loan in line with the repayment terms (i.e. March 30, 2021).

As such, the amount spread over 2017 financial year amounts to €284 thousand.

Note 7 Retirement

In thousands of euros	Through an insurance fund	Through a provision for expenses
Pension plan commitments	1,784	2,526

When employees retire, they receive retirement indemnity as defined in the collective bargaining agreements.

An actuarial valuation plan has been set up to fund the obligations resulting from this compensation. The total obligation comes to €4,310,885 including €1,784,432 paid to an insurance company.

The actuarial assumptions used are as follows:

ECONOMIC ASSUMPTIONS

Net interest rate: 1.4806%
Wage increases: 1.4% including inflation

DEMOGRAPHIC ASSUMPTIONS

Mortality : Tables males/females used are from Insee 2014 – 2016

Mobility : 7.5% per year up to 35 years

3.5% up to 45 years

1.8% up to 50 years

0.9% for 51 years and above

Retirement age: Voluntary retirement at 65 years of age for non-management.

Retirement age: Voluntary retirement at 65 years of age for management.

COLLECTIVE BARGAINING AGREEMENT

Cegedim comes under the national collective bargaining agreement for the Pharmacy industry.

Note 8 Statement of changes in, shareholders' equity

In thousands of euros	Equity	Premiums	Legal reservces	Regulated reserves	Other reserves	Retained earnings	Profit (loss) for the period	Total regulated provisions	Total
At 12.31.2012[(1)]	**13,337**	**244,313**	**1,334**	**738**	**129,774**	**188**	**(82,251**	**2,226**	**309,656**
Capital increase									0
Decrease in capital									0
2012 earnings					(82,251)		82,251		0
Dividends									**0**
Retained earnings									0
Restated reserves				234	(234)				0
Unrecognized prior service cost					(1,146)				(1,146)
Regulated provisions								(381)	(381)
2013 earnings							(48,937)		(48,937)
At 12.31.2013[(1)]	**13,337**	**244,313**	**1,334**	**972**	**46,143**	**188**	**(48,937)**	**1,845**	**259,193**
Capital increase									0
Decrease in capital									0
2013 earnings		(2,606)			(46,143)	(188	48,937		0
Dividends									0
Retained earnings									0
Restated reserves				(650)	650				0
Unrecognized prior service cost									0
Regulated provisions								(628)	(628)
2014 earnings							(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
Decrease in capital									0
2014 earnings		(201,101)					201,101		0
Dividends									0
Retained earnings									0
Restated reserves				707	(707)				0
Unrecognized prior service cost									0
Regulated provisions								(1,137)	(1,137)
2015 earnings							(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
Decrease in capital									0
2015 earnings		(10,613)					10,613		0
Dividends									0
Retained earnings									0
Restated reserves				(598)	598				0
Unrecognized prior service cost									0
Regulated provisions								(8)	(8)
2016 earnings							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
Decrease in capital									0
2015 earnings					4,366		(4,366)		0
Dividends									0
Retained earnings									0
Restated reserves				(166)	166				0
Unrecognized prior service cost									0
Regulated provisions								(12)	(12)
2017 earnings							3,285		3,285
At 12.31.2017[(1)]	**13,337**	**29,992**	**1,334**	**265**	**5,072**	**0**	**3,285**	**60**	**53,345**

(1) Shareholders' equity before distribution.

Note 9 Data coming under several balance sheet and income statement items

In thousands of euros	Consolidated companies	Equity investments	Related companies
Fixed assets			
Dividends due			
Equity Investments	285,888	997	
Loans			
Current assets			
Accounts receivable and associated accounts	5,352	3,299	64
Other receivables	10,428		
Liabilities			
Financial liabilities	(806)		(45,094)
Trade payables and related accounts	(2,025)	(898)	(896)
Other liabilities	(7,446)		
Investments			
Financial expenses	(485)	(3)	(1,533)
Financial income	2,732		
Operations			
Management fees			(1,795)
Rent	(5)		(4,257)

Note 10 Revenue breakdown

In thousands of euros	Revenue France	Revenue outside France	Total revenue as of 12.31.2017
Sales of goods			
Production of goods	59	1	60
Production of services	59,094	2,022	61,116
Total revenue	**59,153**	**2,023**	**61,176**

Note 11 Breakdown of income receivables

In thousands of euros	12.31.2017
Dividends due	0
Receivables from equity investments	**0**
Clients, invoices to be prepared	1,798
Trade receivables	**1,798**
Suppliers, accrued credits	20
Receivables from employees	0
VTA and receivables from government	176
Subsidiaries, repayment of capital due	0
Other receivables	**183**
Total of income receivables	**1,981**

Note 12 Breakdown of expenses to be paid

In thousands of euros	12.31.2017
Accrued interest payable on loans	33
Accrued interest payable on equity investments	16
Borrowings and financial liabilities	**49**
Suppliers, accrued invoices	3,088
Accounts payable and related accounts	**3,088**
Provision for paid holidays	1,967
Reduced work time provision	436
Provision CET holidays	53
Other personnel expenses payable	2,558
Government, VAT and Expenses payable	276
Tax and social liabilities	**5,290**
Subsidiaries, capital repayment to be paid	**0**
Expenses to be paid	50
Clients – Credits to be established	54
Total	**8,531**

Note 13 Breakdown of deferred revenue and accrued expenses

In thousands of euros	12.31.2017
Tolling	12
Rent & rental expenses	123
Software royalties	34
Maintenance software	51
Subscriptions	20
Insurance	44
Fees	17
Recruitment costs	55
Others	37
Total prepaid expenses	**393**
Service revenue	237
Financial income	0
Total deferred income	**237**

Note 14 Non-recurring expenses and income

In thousands of euros	12.31.2017
Penalties, fiscal and criminal fines	
Book value of intangible assets sold	(517)
Book value of tangible assets sold	(24)
Book value of financial assets sold	(17)
Other non-recurring charges	(391)
Accelerated amortization and depreciation	(13)
Total non-recurring charges	**(962)**
Gain on disposal of intangible assets	302
Gain on disposal of tangible assets	
Gain on disposal of financial assets	15
Write-back of accelerated depreciation	25
Write-back of extraordinary depreciation	
Write-back of impairment and risks	
Total recurring income	342

(1) *Of which €341 thousand fine related to the Tessi litigation and €50 thousand of termination payment.*

Note 15 Financial earnings

In thousands of euros	12.31.2017	12.31.2016
Financial allowances/reversals	(54,655)	(25,843)
Financial interest expense and income	(4,762)	(26,769)
Dividends received	58,603	64,432
Other financial earnings (incl. foreign exchange gains and losses) (1)	(440)	(4,687)
Financial earnings	**(1,254)**	**7,133**

(1) *Of which in 2016, €4,594 thousand related to the Kadrige loss for asset transfert*

Note 16 Tax consolidation scope

Cegedim SA is the ultimate parent company of the Group. The following companies elected to form a consolidated tax group with cegedim SA:

- *Alliadis, Alliance Software, CLM, Cegedim Activ, Cegedim Ingénierie, Cegedim SRH, Cegelease, Cetip, Euroformat, Futuramedia Group, GERS SAS, Hospitalis, I gestion, Incams, Medexact, Cegedim Outsourcing, Pharmastock, Resip, C-Media, RMI, Sofiloca, Cegedim SRH Montargis, Cegedim Software, I-Assurances, Cegedim IT, Santestat.*

The tax consolidation group generated a total tax profit of €16,540 thousand as at December 31, 2017.

The Group's tax loss carryforwards are netted against this profit in the amount of €13,797 thousand.

The parent company Cegedim recorded a deferred tax income of €13,797 thousand corresponding to deferred tax income on loss-making consolidated subsidiaries, with a cap fixed at the tax burden of the companies posting profits.

Note 17 Breakdown of corporate tax

In thousands of euros	Earnings before tax	Tax due	Net earnings after tax
Income before non-recurring items	(4,099)	(5,364)	(9,463)
Deferred tax income		13,797	13,797
Short-term non-recurring income	(620)		(620)
Employee profit-sharing	(429)		(429)
Tax related to past financial years			
Source withholding			
Accounting earnings	**(5,148)**	**8,433**	**3,285**

Note 18 Deferred and latent tax situation

The 2017 fiscal year generated the following expenses deductible over future fiscal years:

- Organic: €67 thousand;
- Equity investments: €436 thousand;
- Retirement provision: €495 thousand;
- Other non-deductible provisions: €1,321 thousand.

Deferred taxes corresponding to €798 thousand (with a Corporate Tax Rate of 34.43%).

Note 19 Non-deductible expenses

Pursuant to the provisions of articles 223 quarter and 223d of the French General Tax Code, it should be noted that the financial statements for the year ended include an amount of €504,134 corresponding to non-deductible expenses. Consequently, the tax corresponding to said expenses and charges amounts to €173,573.

Note 20 Advances paid to management

In accordance with article L. 225-43 of the French Code of Commerce, no advances or loans were granted to the Company's management.

Note 21 Compensations of Directors' and management bodies

Directors' fees paid to Board members came to €120 thousand in 2017 and are recorded as "Other expenses" in the income statement.

In thousands of euros	12.31.2017	12.31.2016
Short-term benefits (wages, bonuses, etc.)	**(886)**	(947)
Post-employment benefits	None	None
Severance pay	None	None
Benefits recognized	**(886)**	**(947)**
Termination benefits	none	None
Benefits not recognized	**None**	**None**

Note 22 Share capital

Shareholders	No. Of shares held	% held	No. Of single votes	No. of votes with double voting rights shares	No. of votes with double voting rights votes	Total votes	% voting rights vote
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%
Free float	4,506,815	32.20%	4,462,931	43,884	87,768	4,550,699	19.36%
Cegedim(1)	12,406	0.09%	0	0	0	0	0.00%
TOTAL	**13,997,173**	**100.00%**	**4,477,778**	**9,506,989**	**19,013,978**	**23,491,756**	**99.95%**

(1) Including the liquidity contract

Categories of shares	Number off shares				Nominal value	
	Closing number of shares	Created during the fiscal year	Created by division of the par value	Opening number of shares	Closing number of shares	At the start of the fiscal year
Common shares	13,997,173			13,997,173	0.9528	0.9528

Note 23 Treasury shares

4,500 shares were definitively granted in June 2017, under the plan of June 4, 2013, amounting to €154 thousand.

10,230 shares were definitively granted in September 2016, under the plan of September 18, 2014, amounting to €351 thousand.

Note 24 Identity of Cegedim's parent company : FCB

137, Rue d'Aguesseau 92100 Boulogne-Billancourt

Siren 340 651 132

A business corporation (SA) held primarily by Mr. Labrune, his family, and by certain members of the Board of Directors of Cegedim SA.

Note 25 Allocation of free shares

Following a resolution of the Extraordinary Shareholders' Meeting of June 10, 2014, the Board of Directors, in their meetings of September 18, 2014, was authorized to award a total number of free shares, which were not to exceed 10% of the total number of shares making up the capital, to the Directors and employees of the Cegedim Group.

Following a resolution of the Extraordinary Shareholders' Meeting of November 16, 2015, the Board of Directors, in their meetings of January 28, 2016 was authorized to award a total number of free shares, which were not to exceed 10% of the total number of shares making up the capital, to the Directors and employees of the Cegedim Group.

Following a resolution of the Extraordinary Shareholders' Meeting of November 16, 2015, the Board of Directors, in their meetings of June 21, 2017 was authorized to award a total number of free shares, which were not to exceed 10% of the total number of shares making up the capital, to the Directors and employees of the Cegedim Group;

The main features are as follows:

- The free shares awarded will grant the right to dividends. Their distribution will be determined as of the award date.
    - The plan dated September 18, 2014 authorized a maximum allocation of 19,280 free shares.
    - 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.
- For the 2014 plan, the allocation of these shares to the beneficiaries will become final at the end of a lock-in period of two years for beneficiaries whose residence for tax purposes is in France as of the award date, and four years for beneficiaries whose residence for tax purposes is not in France as of the award date;
- For the plan 2016 and 2017, the allocation of these shares to the beneficiaries will become final at the end of a lock-in period of two years for beneficiaries whose residence for tax purposes is in France as of the award date, and three years for beneficiaries whose residence for tax purposes is not in France as of the award date;
- The shares will be permanently awarded to their beneficiaries on a single condition: no resignation, dismissal, or layoff;
- Starting from the final award date, beneficiaries whose residence for tax purposes is in France as of the award date must keep their shares for a term of two years for the 2014 plan and one year for the plan 2016 and 2017 starting from the final award date.

On the year-end date, December 31, 2017, Cegedim SA recognized a provision of €863 thousand in its financial statements.

Note 26 Workforce

	12.31.2017
Management	**181**
Non-management	95
Trainees	**13**
Corporate officers.	**3**
Total salaried staff	292

Note 27 Off-balance sheet commitments

GUARANTEES GIVEN BY CEGEDIM TO ITS SUBSIDIARIES

Cegedim IT subsidiary

Guarantee of 3 million euros in favor of Microsoft Ireland Operations Limited for orders made by Cegedim IT.

Guarantee of 1.5 million euros in favor of Obiane for orders made by Cegedim IT.

Cegedim RX ltd subsidiary

Authorization given to Cegedim SA to become a guarantor as part of a sub-lease contract between Cegedim RX ltd and Cegedim UK ltd (authorization of the Board of Directors on March 25, 2015).

All subsidiaries

One-year authorization for all subsidiaries to provide a security, endorsements and other guarantees for a total amount of 5 million euros provided no single commitment exceeds 2 million euros (authorized by the Board of Directors on March 22, 2017).

Note 28 Other incomes

Other income consists of €375,000 re-invoiced to subsidiaries related to the free shares plan and €30 thousand for miscellaneous current income.

Note 29 Charge transfer

Charges transfer amounting to €723 thousands consists mainly of charges re-invoiced to subsidiaries.

Note 30 Period highlights

NON-RECOURSE FACTORING AGREEMENT

On May 22, 2017, the Group signed a factoring agreement with a French bank. The non-recourse agreement covers aggregated total receivables of €38.0 million. The operating units involved in the arrangement are *Cegedim SA, Cegedim Activ*, *Cegedim SRH* and *CETIP*. 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 €28.9 million at December 31, 2017 and to €3.6 million for Cegedim SA.

PARTIAL INTEREST RATE HEDGING

To hedge part of its exposure to euro interest rate fluctuations arising from its RCF, the Group carried out an interest rate swap on February 17, 2017 and May 11, 2017. Under the zero-premium swap agreement, Cegedim receives the 1-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, 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.

GIE ISAKLÉ

As part of the BPO contract Cegedim signed with the Klesia group in September 2016, the two companies created an economic interest group (GIE), held 50/50. In January 2017, Cegedim lent Isiaklé €9 million for a period of 10 years at an interest rate of 1m Euribor plus a margin of 1.1%. Isiaklé will use the loan to purchase from Klesia a €9 million software package necessary for it to perform its services. The GIE is accounted for in Cegedim's consolidated accounts using the equity method.

TESSI LITIGATION

On February 10, 2017, Cegedim was ordered to pay €4,636,000 to the Tessi company for failing to meet certain obligations with respect to an asset sale made on July 2, 2007. Payment was made on July 21, 2017.

Cegedim has decided to appeal this decision. The appeal is currently under way.

CHANGES TO CEGEDIM SA'S BOARD OF DIRECTORS

In March 2017, in keeping with the wishes of Bpifrance, Ms. Anne-Sophie Hérelle has been appointed to replace Ms. Valérie Raoul-Desprez on the Board of Directors. The permanent representative of Bpifrance, is now Ms. Marie Artaud-Dewitte, Deputy Head of Legal Affairs at Bpifrance Investissements. She replaces Ms. Anne-Sophie Hérelle.

EURIS LITIGATION

Cegedim, jointly with IMS Health, is being sued by Euris for unfair competition. Cegedim has filed a motion claiming that IMS Health should be the sole defendant. After consulting with its external legal counsel, the Group has decided not to record any provisions.

Apart from the items cited above, 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

Note 31 Significant post-closing transactions and events

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.

SALE OF CEGEDIM SHARES HELD BY BPIFRANCE

Bpifrance Participations sale of 1,682,146 shares in Cegedim via an accelerated bookbuilding process to French and international institutional investors at a price of 35 euros per share on February 13, 2018.

In the context of the transaction, the shareholders' agreement dated 28 October 2009 between M. Jean-Claude Labrune, FCB (family holding controlled by M. Jean-Claude Labrune) and Bpifrance as well as the concert between the parties have been terminated.

As a consequence Anne-Sophie Herelle and Bpifrance Participations represented by Marie Artaud-Dewitte have resigned from the board of directors on February 15, 2018.

Cegedim's free-float increases to reach now 44% of capital (vs. 32% before the transaction). Refer to Chapter 2, section 3.4 Shareholding structure page 56 for the exact shareholder structure following this transaction.

COMPLETED DISPOSAL OF THE CEGELEASE AND EUROFARMAT

On February 28, 2018, Cegedim announces that it has completed the disposal of Cegelease and Eurofarmat to FRANFINANCE (Société Générale Group for an amount of €57.5 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.

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.

The selling price is €57.5 million, plus reimbursement of the shareholder’s loan account, which amounted to €13 million.

Of this amount, Cegedim will use €30 million to pay down its debt.

The businesses revenue and consolidated EBITDA came to respectively to €12.5 million and €5.4 million in 2016 and €13.0 million and €5.8 million, in 2016.

TAX

On February 21, 2018, Cegedim received notice that French tax authorities would perform an audit of its accounts covering the period January 1, 2015, to December 31, 2016.

5.3.4 List of shareholdings

As of December 31, 2017

Companies	Number of shares or units	% owned	Net asset value
French companies equity investments			
Alliadis	8,161	100.00.%	0
Alliance Software	102,500	100.00.%	0
Cegedim Activ	873,900	100.00.%	30,000,000
Cegedim IT	799,276	92.00%	7,000,100
Cegedim Logiciel Medicaux	1,000	100.00.%	14,672,998
Cegedim Outsourcing	25,000	100.00.%	4,527,351
Cegedim Software	193,000	100.00.%	19,300,000
Cegedim SRH	9,776,601	100.00.%	12,450,632
Cegelease	6,450	100.00.%	10,219,374
Cetip	39,340	99.74.%	1,215,767
Edipharm	200	20.00.%	3,049
GERS SAS	50	100.00.%	1,871,428
Hospitalis	1,000	100.00.%	37,000
I-assurances	10	100.00.%	5,100
Incams	2,500	100.00.%	7,725,279
Isiakle GIE	833	16.66.%	8,330
MedExact	6,549	100.00.%	654,900
Pharmastock	5,000	100.00.%	402,588
Resip	1,600	100.00.%	20,434,710
C-Media	26,000	100.00.%	2,429,694
Sofiloca	1,000	100.00.%	15,245
SCI 2000	159	68.83.%	846,739
Netfective Technology	130,725	6.08.%	898,888
Nex & Com	240	20.00.%	13,332
Total equity investments, net value			**134,732,504**
Activus	300	100.00.%	3,870,144
InPractice Systems (UK)	14,000,000	100.00.%	1
Thin (UK)	100	100.00.%	0
Cegedim World Internal Services Ltd	60,000,000	100.00.%	44,186,235
Croissance 2006 (Belgium)	13,781	100.00.%	6,242,793
Cegedim Belgique	2,999	99.97.%	999,768
Next Software (Tunisia)	34,424	94.51.%	0
Cegedim Outsourcing Morocco	1	0%	100
Total equity investments, net value			**190,031,545**

Companies		Number of shares or units	% owned	Net asset value
Other long-term securities	**II**			
French companies				
Listed securities				None
Foreign companies				None
Marketable securities	**III**			
Shares allocated to employees				264,902
Kepler Cheuvreux liquidity contract				500,000
Humanis savings account				8,000,000
Grand total	**I + II + III**			**198,796,447**

5.3.5 Table of subsidiaries and equity investments

5.3.5.1 Subsidiaries owned at more than 50%

Subsidiaries	Share capital(1)	Shareholders' equity other than share capital(1)	% of control	Book value of shares owned Gross value	Provision for depreciation on shares	Net value of book value of shares owned	Loans and advances granted not reimbursed	Provision for risk	Revenue excluding VTA(2)	Profit (loss) for the period(2)	Dividends received
Cegedim Outsourcing	2,500	1,050	100.00	5,553	1026	4,527			15,261	365	1,050
GERS SAS	50	2,544	100.00	1,871	0	1,871	2,329		32,598	2,150	
Cetip	749	17,919	99.74	1,216	0	1,216			36,008	1,709	826
SCI 2000	4	471	68.83	847	0	847			201	177	114
Incams	8,038	(313)	100.00	10,626	2,900	7,725			2,453	16	
Pharmastock	576	(172)	100.00	576	174	403			1,576	84	
Cegelease	10,000	14,520	100.00	10,219	0	10,219	13,000		143,534	3,710	
Cegedim Logiciels Médicaux	1,000	7,066	100.00	30,567	15,894	14,673	20,050		28,127	5,566	
Cegedim SRH	7,000	1,608	100.00	12,451	0	12,451			54,047	838	1,173
C-Media	495	1,274	100.00	2,430	0	2,430	28,035		31,393	375	
Sofiloca	15	(987)	100.00	15	0	15	600		72	(976)	
MedExact	37	2,875	100.00	655	0	655			6,193	1,070	462
Cegedim Activ	13,323	23,553	100.00	30,000	0	30,000	23,866		81,906	3,662	2,325
Hospitalis	37	3,335	100.00	37	0	37			4,621	1,373	
Resip	159	2,387	100.00	20,435	0	20,435			8,357	2,247	2,048
Alliadis	1,244	(8,254)	100.00	44,224	44,224	0			31,188	(2,906)	
Alliance Software	1,563	(1,064)	100.00	8,962	8,962	0	1,000		24,848	(1,603)	
Cegedim Software	19,300	(1,406)	100.00	19,300	0	19,300			7,544	7	
I-Assurances	5	(7)	100.00	5	0	5			0	(6)	
Cegedim IT	8,688	3,244	92	7,000	0	7,000			30,551	2,036	
Cegedim Belgique	1,000	981	99.97	1,000	0	1,000			20	14,298	50,576
Croissance 2006 Belgique	1,378	8,099	100.00	6,243	0	6,243			0	304	
Cegedim World Int.Services Ltd	60,000	4,485	100.00	60,000	15,814	44,186			222	864	
Cegedim Algérie	85		100.00	85	85	0					
Thin	1	(907)	100.00	188	188	0			619	(62)	
INPS	19,075	28,850	100.00	1	0	1			21,488	16,472	
Next Software	165	(487)	94.51	177	177	0			11	(221)	
Activus	0	3,870	100.00	11,279	7,409	3,870	1,223		9,235	597	
Subsidiaries owned at more than 50%				**285,962**	**96,853**	**189,109**	**90,103**		**572,073**	**52,146**	**58,574**

5.3.5.2 Subsidiaries owned at less than 50%

Subsidiaries	Share capital(1)	Shareholders' equity other than share capital(1)	% of control	Book value of shares owned Gross value	Provision for depreciation on shares	Net value of book value of shares owned	Loans and advances granted not reimbursed	Provision for risk	Revenue excluding VTA(2)	Profit (loss) for the period(2)	Dividends received
Edipharm	15	270	20,00	3	0	3			9,798	216	30
Netfective Technology	626	17,908	6,08	899	0	899			6,398	668	
Cegedim Outsourcing Maroc	111	213	0	0	0	0			2,711,	97	
NEX & COM(3)	500	252	20,00	13	0	13			2,232		
Total subsidiaies owned at les than 50%											
Total				**915**	**0**	**915**			**21,139**	**981**	**30**

(1) Capital and shareholders' equity of subsidiaries that not in the euro zone are given at their exchange value in thousands of euros in the historical dates.
(2) Revenues and net earnings for subsidiaries that are not in the euro zone are given at their exchange value in thousands of euros at the 2017 annual average exchange rate.
(3) Not disclosed, for reference the 2015 revenue amount to € 2,232 thousand.

5.4 Statutory auditors' report on the financial statements

CEGEDIM

Fiscal year ended December 31, 2017

At Cegedim's General Meeting,

Opinion

In performing the duty entrusted to us by your General Meeting, we have audited the annual financial statements of the company Cegedim SA for the fiscal year ended on December 31, 2017, as attached to this report.

We certify that with regard to French accounting rules and principles, the annual financial statements are reliable and faithfully reflect the result of the operations for the past fiscal year as well as the company's financial position and its assets and liabilities at the end of this fiscal year.

The opinion expressed above is consistent with the contents of our report to the audit committee.

Basis for 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 annual 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, 2017 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.

Justification for our assessments - Key audit matters

Pursuant to the provisions of Articles L. 823-9 and R. 823-7 of the French Code of Commerce relating to the justification of our assessments, we bring to your attention the key audit matters relating to the risks of material misstatement which, according to our professional judgement, were the most important for the audit of the annual financial statements for the fiscal year, as well as the answers we have provided to control these risks.

The assessments thus made are part of the audit approach of the annual financial statements taken as a whole and the formation of our opinion expressed above. We do not express an opinion on isolated points found in these annual financial statements.

Valuation of financial assets

(Paragraphs 5.3.2.3 and 5.3.3 - Note 1 of the notes to the annual financial statements)

Risk identified

As at December 31, 2017, the net book value of the company's fixed assets totals 322 million euros compared to a balance sheet total of 398 million euros, including 190 million euros of other interests and 140 million euros of loans.

As stated in paragraph 5.3.2.3 of the notes to the financial statement, equity investments are recognized at their purchase cost less incidental acquisition expenses and an impairment is recognized if their recoverable value is less than their net book value. The recoverable value is the higher value between its fair value less the costs to sell and its value in use:

- the value in use is calculated on the basis of the estimate of discounted future cash inflows and outflows;
- the fair value is calculated on the basis of the results of recent transactions involving comparable companies in the same business sector.

Given the significance of financial assets in the balance sheet and the management's judgment required for assessing the recoverable value, we considered the valuation of financial assets to be a key audit matter.

Our Response

Our works notably involved assessing the reasonable nature of the key assumptions used to calculate the estimated recoverable value, which included growth in the business activity, cash flow forecasts and the discount rate.

<u>Valuation of provisions and contingent liabilities</u>

(Paragraphs 5.3.2.6 and 5.3.3 - Note 3 of the notes to the annual financial statements)

Risk identified

Cegedim is exposed to social and tax risks and is involved in legal proceedings and litigation as part of its business activities.

The outcome of these proceedings, claims and/or legal actions and the positions taken by the company are inherently based on the use of assumptions, assessments or estimates by management.

The assessment of these risks by management has resulted in Cegedim recognizing provisions amounting to 1 million euros as at December 31, 2017, or not recording a provision in certain cases.

This topic is a key audit matter due to:

- uncertainty about the outcome of the risks, proceedings and legal actions taken;
- the high degree of evaluation and assessment performed by management;
- and, because of this, the potentially significant impact on earnings and consolidated equity if these estimates were to vary.

Our Response

Our work included:

- reviewing the procedures implemented by the company to identify and catalog the risks to which it is exposed;
- conducting interviews with the Legal Department to assess the reasonableness of the company's risk analysis, obtaining relevant documentation and, where appropriate, reviewing the written consultations of its external advisers;
- interviewing the company's lawyers to confirm our understanding of litigation that has been closed or is in progress and assessing the reasonableness of the assumptions used by Management to estimate the amount of provisions recognized.

<u>Assessment and recognition of development costs and internal software recorded as assets.</u>

(Paragraphs 5.1.2.1 and 5.3.3 - Note 3 of the notes to the annual financial statements)

Risk identified

At December 31, 2017, the net book value of development and internal software costs amounted to 10 million euros, compared to a balance sheet total of 398 million euros.

The development costs for new projects are only capitalized when the criteria stipulated by the Accounting Regulation Committee's regulation no. 2004-06 and presented in paragraph 5.3.2.1 of the notes to the financial statements have been met. Depreciation 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 company ensures, either at each closing or if an impairment indication has been identified, that the net book value for these assets is not higher than their recoverable value.

We have considered the assessment and recognition of the development costs recorded in the assets to be a key audit matter giving its importance to the balance sheet and the estimates and assumptions used to determine their recoverable value, which are most often based on discounted cash flow forecasts, the realization of which is by nature uncertain.

Our Response

Our work included:

- evaluating, in accordance with the accounting standards in force, the procedures for examining the criteria for activating development costs;
- noting and testing, on a test basis, the key controls put in place by the Group with regard to the internal control process relating to the activation and monitoring of costs of development and internal software;
- checking, on a test basis that the amounts of development costs capitalized over the fiscal year are consistent with the underlying documentary evidence;
- noting and assessing the reasonableness of the data and assumptions used by the management to establish the cash flow forecasts which, amongst others, included the commercialization time, the depreciation period, sales, the profit margin, and the discount rate by holding discussions with the Management and by comparing future cash flows with past performance ;
- performing our own sensitivity calculations.

Verification of the Corporate Management Report and other documents sent to shareholders

We also performed the specific verifications required by law in accordance with generally accepted professional standards in France.

The information given in the Management Report and in the other documents sent to shareholders on the financial position and the annual financial statements

We have no observations to make on the genuineness and concordance, with the financial statements, of the information given in the Board of Directors' management report and in the other documents sent to shareholders on the financial position and the annual financial statements.

Corporate governance report

We certify that the information required by articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code is stated in the Board of Director's report.

We checked that the information supplied pursuant to article L. 225-37-3 of the French Commercial Code on the compensation and benefits paid to corporate officers and the commitments made to them agreed with the financial statements or with the data used to prepare them and also, if appropriate, with the information gathered by our company from the companies which control your company or which are controlled by it. We certify, based on these works, that this information is accurate and genuine.

Other information

In accordance with the law, we checked that the Corporate Management Report disclosed the information on the holding of interests and control and the identity of the holders of equity or voting rights to you.

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 of April 23, 2002 for Mazars.

As at December 31, 2017, Grant Thornton was in the twelfth consecutive year and Mazars in the sixteenth consecutive year of their engagements.

Responsibilities of Management and Corporate Governance Officers in regards to the consolidated financial statements

The Management is responsible for preparing annual financial statements which give a true picture in accordance with French accounting principles and rules and for setting up the internal controls which it considers are necessary for preparing annual financial statements which are free of material misstatements, whether due to fraud or error.

When it prepares the annual 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 annual financial statements have been approved by the Board of Directors.

Responsibilities of the auditors with regards to 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 objective is to obtain reasonable assurance that the annual financial statements taken as a whole are free from material misstatements. 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 annual 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 annual 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 however pointed out that subsequent circumstances or events could compromise 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 annual 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 annual financial statements and assesses whether the annual financial statements reflect the underlying transactions and events so as to give a true and fair view of them.

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 annual financial statements for the fiscal 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, 2018

The Statutory Auditors

Grant Thornton	Mazars
French Member of Grant Thornton International	
Solange Aïache	Jean-Philippe Mathorez
Partner	Partner

5.5 Five-year financial summary

Reporting date	12.31.2017	12.31.2016	12.31.2015	12.31.2014	12.31.2013
Duration of the fiscal year (months)	**12**	**12**	**12**	**12**	**12**
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 share					
common	13,997,173	13,997,173	13,997,173	13,997,173	13,997,173
preference shares	-	-	-	-	-
Maximum number of shares to be created	-	-	-	-	-
Through bond conversions	-	-	-	-	-
Through subscription rights	-	-	-	-	-
Operations and earnings					
Revenue excluding taxes	61,176,229	51,812,477	60,862,440	192,358,195	190,974,709
Earnings before taxes, profit sharing, depreciation and provisions	(63,515,232)	22,657,316	(420,044,403)	972,566	39,909,091
Income taxes	(8,433,578)	(10,946,477)	(12,220,826)	(11,507,075)	(11,012,546)
Employee profit sharing	429,363	347,815	245,870	441,631	372,976
Depreciation and provisions	(58,796,615)	28,890,121	(397,455,908)	213,138,813	99,485,405
Profit (loss) for the period	3,285,598	4,365,856	(10,613,539)	(201,100,804)	(48,936,743)
Distributed earnings		-	-	-	-
Earnings per share					
Earnings after tax, profit sharing, and before allowances, depreciation, and provisions	(3,97)	2,38	(29,15)	0,86	3,61
Earnings after tax, profit sharing, allowances, depreciation, and provisions	0.23	0,31	(0,76)	(14,37)	(3,50)
Dividend allotted		-	-	-	-
Employees					
Number of employees as of December 31	292	279	266	1,006	1,018
Payroll	18,517,287	17,565,304	19,431,016	53,467,633	51,110,333
Sums paid for employee benefits (social security, welfare institutions, etc.)	8,275,316	7,918,830	8,497,931	25,298,555	24,527,369

6 Cegedim's Corporate Social Responsibility

6.1 Cegedim's core values

Cegedim's values aim at federating its employees around keys messages below:

6.2 Employment information

6.2.1 Employment

6.2.1.1 Employees

The Cegedim Group's total workforce as of December 31, 2017 was 4,230 employees versus 4,062 as of December 31, 2016. The number of employees related to assets held for sale are 27 as of December 31, 2017 and were excluded on this report from 2017 data, the disposal occurred on February 28, 2018. The 2016 data haven't been modified, they include 26 employees related to this activities.

Employees based in France represented 67% of the Cegedim Group's total workforce in 2017.

97% of employees are employed under open-ended contracts. The same rate in France and abroad.

In 2017, the Cegedim Group hired 1,128 employees. Among them, 842 were under open-ended contracts (of which 53% were in France), 286 were under temporary contracts (of which 84% were in France).13 employees joined the Group through acquisitions of entities.

	31.12.2016	31.12.2017
Total staff in the Group	4,062	4,230
Staff in France	2,749	2,853
Employees on open-ended contracts	3,936	4,088
As a % of total staff	97%	97%
As a % of staff in France	96%	97%
As a % of international staff	98%	97%
Additions	1,266	1,115
Of which new hires on open-ended contracts	966	843
Of which new hires on temporary contracts	300	286
Of which change in consolidation scope	16	13
Subtractions	943	934
Activities held for sale	-	26

In order to support the Company's plans and initiatives, Cegedim:

- Hires several hundred employees in France each year, with an ever-increasing effort to promote diversity among the Company's employees and to help persons with disabilities enter the workforce;
- Employs a large number of interns and young people under work-study contracts;
- Recruits employees internationally through its presence in over 10 countries around the world.
- The Group hires temporary employees when needed.

The breakdown of the workforce by region as of December 31, 2017 is as follows:

Zone	% of employees as of Dec. 31, 2017
France	67%
EMEA hors France	28%
America	5%

In 2017, based on legally available data, 58% of the Group's employees were men, with an average age of 41, and 42% were women, with an average age of 39.

In 2017, 934 Cegedim employees left the Group, 557 in France and 377 abroad. Reductions in staff include completed temporary employment contracts, completed assignments, completed trial periods, resignations, changes in consolidation (entities sold), mutually-agreed terminations, layoffs and deaths.

In France, layoffs accounted for 10% of all the 557 causes for staff departures. With regard to the procedures around staff departures in France, 23 disputes were initiated in 2017.

6.2.1.2 Compensation and evaluations

The Group's compensation policy aims to recognize talent by rewarding both individual and group wide performance, with greater weight accorded to individual performance.

A fixed and variable compensation policy is in place for certain employees to incentivize high performance:

- The variable portion of Operational Managers' compensation is objectives-based, reflecting the Company's overall strategic direction in terms of the Group's growth, profitability and cash flow;
- The compensation paid to salespeople, consultants, Project Directors, and certain operational employees includes a variable component. It is based on achieving yearly objectives established by senior management; these are for the most part individual and to a lesser degree group-wide.

Each year, the Cegedim Group's managers meet with their team members one-on-one for an individual assessment and to review target achievement. An assessment guide is provided to participants to ensure that discussions take place under the best possible conditions. In France in 2017, an online training course was mandaorty for all managers, in order to help them manage the annual assessment. The assessment takes place in the first quarter using the internal software tool known as *SmartRH*.

Semi-annual assessments are held as the case may be, and others are held systematically at the end of trial periods in order to examine the work done by employees.

Under the "generational contract" signed in 2014, the Group is committed to, inter alia, maintaining the employment of older workers, hiring more young people under 25 and managing the end of its employees' careers. The Group pursues the terms of the "generational contract" although it is not anymore a compulsory tool.

A Compensation Committee was formed in 2010. Its main duties are to review and make proposals to the Board of Directors on the compensation of Cegedim's Directors, Chairman & CEO and Deputy Managing Directors. The Committee also examines the policies relating to the attribution of free shares and variable compensation. It consists of three Directors of the Board, including one Independent Director. In the past fiscal year, the Compensation Committee met twice.

6.2.1.3 Payroll costs

Payroll costs include net salaries, benefits in kind, variable compensation, bonuses and incentives, as well as payroll taxes and contributions to social welfare programs for employees. The fluctuation in these costs over the past two years is as follows:

In thousands of euros	12.31.2016	12.31.2017
Payroll costs(*)	202,657	215,434

(*) excluding activities held for sale in 2016 and 2017.

Employees make up the Group's main resource and represent one of the most significant expenses. Cegedim adapts its wage policy appropriately in order to motivate talent, ensure training and recruiting while maintaining salary costs within a reasonable growth level.

There are employment benefits (at minimum health insurance, which can be supplemented with other benefits plans) and retirement benefits for employees in all countries where such are required by law. The Group intends to gradually broaden such plans into those countries where they are not required by law. As a practical matter nearly all Group employees have been offered health insurance.

6.2.2 Work organization

6.2.2.1 Organization of work hours

For employees in France, who represent 67% of the Cegedim Group's total workforce, work hours are organized based on an annual total of 216 work days with a contractual work week of 35 hours, in exchange for reduced work hour ("RTT" for working time containment) days. There are 13 RTT days per year.

Employees receive 25 days of paid annual vacation, plus certain paid vacation time for legal holidays or days off established under Company agreements.

The provisions applied for overtime comply with the collective bargaining agreements applied within each entity.

Outside of France, the local regulations governing work hours are observed in each respective country. If there are no regulations, the Cegedim Group applies work hour requirements that are considered reasonable by the Human Resources Department of that region, in consultation with the head office. In all countries where it operates, the Group respects the conventions of the International Labor Organization.

There were 115 employees working under part-time contracts in France and 43 part-time employees abroad.

In 2017, absenteeism (absence due to sickness, family events such as maternity, marriage, etc., and unjustified absences) totaled 12.7 days per employee in France (including 17% for maternity and 64% for sickness) and 11.3 days per employee for the Group. Paid leave and reduced work hour days are not included in the above absenteeism statistics.

6.2.2.2 Professional relations and collective bargaining agreements

The Cegedim Group works to maintain good relations with its employees and their representatives and fosters regular dialogue between the parties.

In the French subsidiaries and in the Group as a whole, there are a very large number of collective bargaining agreements in place. It is not possible to provide a detailed list of all of them. None of the agreements set up in France have yet been opposed by the employee or union representatives, which illustrates the relevance of the social dialogue.

In 2017 in France, collective bargaining agreements were negotiated on working time setting up part time work within the group and experimentation of teleworking. With these two major improvement, the Group continues its initiative to in order to allow employees to better balancee their personal and professional lives.

Since 2016 in France, the Group has gotten of a declarative tool in order to allow the control of employees' workloads and allowing to ensure that they get their mandatory rest time. This daily monitoring of working hours send immediate alert to the chain of command, and to the HR Department, in the event of an anomaly.

In the French subsidiaries, the major agreements include profit-sharing agreements (signed for 3 years) and an incentive plan agreement. They are reviewed annually with the staff representative bodies. 2017 highlights, a new profit-sharing agreement was negotiated at the Group level, encouraging the pooling of efforts to share added value within a single entity.

In the French entities and in the Group as a whole, there are employee representatives and Works Councils elected in the legal frameworks.

In 2017, the Group in France has 5 major divisions composed of: 2 UES (Economic and Social United) - UES Cegedim in Boulogne Billancourt and UES Alliadis in Niort, which have respectively a works council (EC), staff representatives and a committee of health and safety and working conditions (CHSCT) - 2 DUP (Unique Staff Delegations) including one CE and one CHSCT each, in Rodez and Marseille - and finally 1 EC, 1 CHSCT and staff delegates for the entity of Cegedim Activ.

In social matters, the 2018 challenge will consist to comply with the new legal provisions and to put in place the new ESCs (social and economic committees), the main innovation introduced by the Macron ordinances in France.

A member of top management regularly attends all mandatory meetings with the staff representatives. In addition, two members of the Works Council serve on Cegedim SA's Board of Directors.

For all entities combined, in France, there were about 176 meetings in 2017, or about 742 hours, with the elected representatives from the various bodies (Works Councils, Staff Delegates, Union Delegates, CHSCT, etc.).

The themes covered by social dialogue are not always the same based on the entities. The most frequent in particular have to do with working time, hygiene and safety, compensation, training, and investments and disposals.

The Group respects the obligations towards the various staff representation bodies around the world. It ensures that these bodies are created and monitors the frequency of meetings or the discussion themes (on the life of the company's employees, the organization, hours, safety, health, departures, etc.).

6.2.2.3 Works Committee

It is impossible to report the activities of all the Works Committees in the Group. It can be noted, however, that in 2017, no local Works Committee brought to the Group HR Department a major question that was not handled successfully at the local level.

With respect to the Works Committee at the parent company, Cegedim SA, it should be noted that this Works Committee made no comment on the Company's economic and employment situation in 2017.

In 2017, the Works Committee of the UES of Boulogne-Billancourt, France, met 12 times for Ordinary Meetings and 2 times for Extraordinary Meetings.

6.2.2.4 Information and communication

Within the Company, information is disseminated via the following communication tools:

- An Intranet, launched in 2013, one purpose of which is to collect a set of documents including: the welcome packet, which provides information specific to each country and what is available to employees there;
- An in-house newsletter;
- Intranet news messages for employees;
- A presentation at least once a year of the Group operations and key events by one of the Deputy CEOs for employees located in the Paris Region. This presentation is also relayed to the rest of the Group through internal media. The Head of Investor Relation takes the opportunity of his travels aboard during roasdhows, to visit subsidiaries and present the Group annual results to employees.
- Half-yearly individual interviews;
- The site of the UES of Boulogne-Billancourt, France, which disseminates a transcript to employees;
- The welcome packet given to every new hire, containing the Company rules, the Cegedim Group security charter, the business conduct charter, the ethical charter, the social media usage charter, together with documents about the schedule of benefits and France's 1% housing program;
- A personal, secure electronic lockbox (www.arkevia.com), where Group employees

can find their pay stubs and store personal documents without cost;

– Various other initiatives have been launched locally within different Group entities. For example in 2017, at the three Boulogne-Billancourt sites, a network of 21 screens was deployed in all buildings. It broadcast the Group's news as well as social, legal and business information messages, the list of available e-learnings,…

6.2.2.5 Health and safety

In France, health and safety conditions are addressed during meetings of the Health, Safety, and Working Conditions Committee (CHSCT). These meetings are held regularly in the Group's various entities.

In France in 2017 there were 60 job-related accidents which 30% of these accidents occurred during work-related travel. Such accidents did not result in any case of permanent disability. These statistics do not include potential accidents affecting temporary personnel or service providers. Further information about the measurement of workplace accidents is provided in the paragraph about methodological limits.

Additionally, in France the Accord National Interprofessionnel has since 2012 allowed supplementary private health insurance to be paid for former employees looking for a new job. The assumption of this cost by the Group, except in the case of resignation, is available for twelve months after the employee has left the Company.

After numerous negotiation meetings between the broker of the Group, employee representatives, and Management, the Cegedim Group came to an agreement in 2014 that established a new optics price list in compliance with the new French awareness contract decree.

Since 2015, the service company taking care of the French employees' medical claims, opened a secured intranet platform where the employees can manage their claims and exchange relating information.

In 2017, we noted a nominal operation of the services set up.

Both in France and abroad, the Group adheres to all local regulations in relation to health and safety conditions.

In general, the Group considers the situation regarding agreements relating to health and safety at work to be satisfactory.

6.2.2.6 Training

Training, which gives employees a foundation on which they build their skills and maximize their potential, is a cornerstone of the Cegedim strategy. The Group works to help employees define and achieve their individual development goals. Requests for training may be expressed during the annual evaluation meeting or at any other time. Requests may be placed through a central management system for employees connected to the Group Intranet.

In accordance with the new regulations in force since 2016, the HR Department set up the tools to conduct a professional interview, independent from the annual individual interviews. This professional meeting aims at discussing the employees' career, including their training needs. It will be repeated at least every two years.

In 2017, an e-learning platform was created and allows employees to follow many training modules during their working hours on a wide range of training courses. In the same way, a digital platform has been put online for research and development teams to update their knowledge of new technologies related to their jobs.

For the year 2017, 1% of the Cegedim Group's payroll was allocated to training, representing a total budget of 2,207 thousand euros.

The training budget went primarily toward outside training hours. Internal training was also organized for the employees of the Group.

In France 25% of employees received one or more training within the Company. This training represents a total of 23,095 hours.

Training costs are paid for either by each entity of the Cegedim Group or by collecting bodies, depending on the payments made.

Consolidation France	12.31.2017
Employees receiving training	709
Number of hours of training	23,095

6.2.2.7 Gender equality in the workplace

The Group does not discriminate when hiring and assigning positions. Job offers provide wages without discrimination; raises depend on criteria linked to the performance and experience of each worker.

Any person who is a victim of or a witness to discrimination has several means of calling attention to it. They can among other things contact the Group Ethics Committee (see following page) or any employee representative, who will act with complete independence.

6.2.2.8 Jobs and assignments given to workers with disabilities

The Cegedim Group aims to ease the way into the Company for workers with disabilities and to lessen instances of discrimination. The Group is making efforts to improve access to buildings for handicapped people. Furthermore, in France, special five-day paid leave is offered to employees with disabilities to allow them to take care of their medical and administrative needs.

In France in 2017, 78 handicapped persons, recognized as such by the MDHP (Departmental institute for persons with disabilities) were counted towards the contribution program for workers with disabilities.

A mediator handles, among other issues, the interface between occupational healthcare and workers with disabilities.

Both in France and abroad, the Group enforces the regulations in force with regard to the employment of people with disabilities and, in general, works to combat any form of discrimination

6.2.2.9 Ethical charter and Ethics Committee

Cegedim complies with the laws and regulations applicable to the economy and conducts all its business honestly and with integrity, in accordance with the highest ethical standards.

Cegedim has therefore made a commitment to comply with 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.

In addition to regulatory requirements and legal sanctions, compliance with the law has an ethical dimension. Ethics involves the behavior of all Cegedim Group employees around the world, at all levels of the company, with no exceptions. It also applies to all corporate officers and members of the executive and management committees of Cegedim Group and its subsidiaries worldwide.
The Code of Ethics, was updated by end of 2017, it reaffirms our ethical commitment and factors in new laws and regulations on business conduct. It is also meant to be easier to use and more educational as it now includes concrete examples. This Code aims to inform and protect Cegedim's Employees by setting out the Group's standards in these areas and the related codes of conduct.

"Every one of us needs to make a commitment to ethics to ensure lasting growth and balanced development." Jean-Claude Labrune Chairnman & CEO

This Code is provided to all new Cegedim employees. Updates to the Code of Ethics are sent electronically to each Employee in French and English and in hard copy to each Activity Director, to the members of Cegedim's Board of Directors and to the Group's senior executives.

These executives promote the values and commitments resulting from this Code among their Employees and monitor their implementation

Lastly, the Code is made available to the public online in French and English on the www.cegedim.fr and www.cegedim.com websites.

The Ethics Committee is composed of five permanent members:

- The Director of Group Communications: Aude Labrune, who chairs the committee;
- The Director of Group Human Resources: Anne-Louise Senne;
- The Chief Financial Officer of the Group: Sandrine Debroise;
- The General Counsel: Christelle Vivet;
- The Director of Financial Communications: Jan Eryk Umiastowski.

6.3 Environmental information

In keeping with the code of ethics described above, the Cegedim Group works to protect the environment. Nevertheless, it should be mentioned that the Group's activities do not, by nature, generate pollution, since its products are essentially intangible. Cegedim relies first and foremost on its human capital, as it provides service activities that do not directly require the use of industrial processes or raw materials.

Quality

Operating in the sector of technologies and services relating to information and databases, the Cegedim Group's priority is to satisfy its clients and partners concerning systems and data security. Cegedim with its affiliates Cegedim Assurance and Cegedim IT, is certified IDEA 3402 Type 2 and ISO 27001 for its data center located in Boulogne-Billancourt and in Toulouse, and its activities of hosting and IT outsourcing. Cegedim also has three approvals issued by ASIP (the Shared Healthcare Information Systems Agency) for the hosting of personal health data.

Protection

The best precautions are taken to guarantee that clients have the highest quality of service and that the data and data flows entrusted to Cegedim are protected.

Concerning the compliance with the General Data Protection Regulation (GDPR), the Cegedim Group began in 2017 a global review of treatments of processes and documentation in order to identify potential deviations from the requirements of the RGPD and treat them. Privacy Impact Assessments (PIAs) are also running. This project is managed by the Group General Management with the support of the Group Legal Department.

The goal of being in compliance on May 25, 2018 is therefore a Group priority. It is part of a continuity since under the current law, the Cegedim group has always been particularly vigilant about the security of personal data that have been at the heart of its business for many years.

Cegedim Group's General Management has requested that all Group employees or service providers be trained in the RGPD regulations. Online training has been created and must be followed in the first quarter of 2018 by each employee. It includes a mandatory evaluation, accessible only after having followed the entire training course.

Security

Thus, the reduction of risks and impacts that can affect the assets and the image of the Group, relating in particular to fire, floods or other natural disasters, power outages, computer viruses and sabotage is a constant and primary concern for the Group.

The Group implements strategies for activity and service continuity, drawing on the geographical distribution of its IT centers and the state of the art of information technologies. Some industrial risks are also covered by suitable insurance policies.

Environmental responsibility

The Group is careful to follow best practices and promotes processes that minimize its impact on the environment, especially as regards the day-to-day organization of work activities.

Given their essentially intangible nature, the activities of the Cegedim Group have no significant environmental impact.

The main levers for environmental responsibility are based on:

- Reducing energy consumption, mainly at the level of the data centers through the use of latest generation equipment;
- Purchasing recycled products;
- Optimizing the life cycle of manufactured goods by managing certain products' end of life (paper, cardboard, IT equipment, cartridges, etc.);
- Controlling the Group's vehicle fleet;
- Controlling travel;
- Controlling the printing of work documents (using black and white instead of color, shared printers rather than personal ones);
- Installing equipment which enable to reduce energy consumption (timer to turn off the lights, automatic hand dryer);
- The use of water fountains, which generate less waste than purchasing bottled water.

Within the framework of Cegedim Compact, the Cegedim Group has continued to develop global and local initiatives to reduce its environmental impact in accordance with local laws and regulations.

Cegedim Compact's main efforts are aimed at:

- The virtualization of the data centers and reducing their energy consumption;
- Equipping people with new generation computers that consume less;
- The drawing up of an ethics charter and a non-discrimination charter;
- The creation of an Ethics Committee ;
- The implementation of best HR practices for managing key positions, spreading the Group's values and carrying out employee awareness campaigns;
- Introducing a travel policy more respectful of the environment;
- Developing remote communication tools.

Additionally, the subsidiaries abide by local laws and regulations relating to hygiene, safety and the environment.

6.3.1 Considering the environmental impact in the day-to-day management of IT equipment

For over thirty years, Cegedim has designed, built and run its data centers and technological platforms with a view to optimizing energy efficiency, in order to respond to both the economic demands of a highly competitive market and the objectives of sustainable development.

When deploying its data centers, the Group has always considered environmental, energy and economic constraints throughout the design, deployment and operation stages. These constraints have been integrated into every dimension of information systems hosting.

In 2017, Cegedim's technical and IT teams further developed the ongoing improvement program related to energy efficiency within Group's IT hosting services. This program is structured around three main areas:

Optimizing the use of IT resources

Virtualization continues to bring about a series of significant optimizations. In 2017, the number of physical servers dropped by around 15%, while the number of virtual machines (which bring far more interesting performances per unit) was up by around 32%. Consequently, the ratio stands at 16 virtual servers for one physical server, this ratio stands at 9 in 2016.

The use of oversized virtual servers also increases the sharing rate of services and optimizes energy consumption during periods of low activity.

Reducing the energy consumption of servers and IT equipment

Cegedim renewed its main computer hardware between 2014 and 2015, without changing the overall level of services delivered by the Group, and with an ongoing focus on data and access security.

In 2016 this policy continued with the simplification of the topology of the network equipment.

The Group selects high energy efficiency equipment for equivalent or superior capabilities. The capacity of the network infrastructure thus increased tenfold at constant energy needs.

Synergies were implemented between the data centers of Toulouse and Boulogne-Billancourt, in order to optimize performance and use of these sites.

In 2017, these facilities have reached a nominal and satisfactory level.

Optimizing the efficiency of air conditioning systems at hosting centers

Construction of more environmentally-friendly air conditioning systems has successfully been carried out since 2014 in all data centers.

In 2016, partitions in the cold areas of the data centers in France were generalized and continued to deliver in 2017 the expected performance. The implementation of free cooling, a cost-effective method that uses the difference in temperature between the air of the computer hardware and the temperature of the outside air, on the Toulouse data center helped decrease consumption from air conditioning by about 15%.

6.3.2 Energy Consumption

The Group's carbon footprint regarding greenhouse gas is measured in terms of the electricity consumption necessary to carry out its business activities.

The figures below show the Group's annual electricity and gas consumption in kilowatt hours for its affiliates located in France and in the United-Kingdom, representing 80% of the Group's employees. These two countries accounted for 94% of the Group's consolidated revenue in 2017.

The Group has IT hosting centers in Boulogne-Billancourt and Toulouse. The figures given below include the electricity consumption required to operate these data centers and that attributable to other premises (offices, other administrative sites, etc).

Annual power consumption for France and the UK	12.31.2017
Electricity (in thousands kWh)	16,511
Gas (in thousands kWh)	1,220
Total (in thousands kWh)	17,731
Total of greenhouse gas emission (in tones CO_2 equivalent)	2,160

6.3.3 Considering the environmental impact in the business travel policy

The Company has been making a special effort to reduce work-related travel. This item represents a large expense, as well as a large source of CO2 emissions. The Group clearly encourages employees to cut back on their travel and use alternative solutions while maintaining the quality of the services offered to customers.

This encouragement to reduce travel was announced by the Chairman, when launched in 2012, and has been broadcast then after within the Cegedim Compact initiatives, which were described in the Employment information section of this document.

Regarding business travel policy, the Group measures its impact on CO2 emissions using annual air travel statements supplied by its travel agencies.

The data below indicate the annual emission of CO_2 in France in 2017.

(in tons - CO_2 equivalent)	31.12.2017
Annual CO_2 emissions	554

In France, Cegedim opts for categories with lower CO_2 emissions when renewing Company vehicles. In 2017, 73% of the French fleet consists of vehicles that emit less than 120 g of CO2 per kilometer (compared with 67 and 58% in the last two years), and 93% of this same fleet emits less than 140 g of CO2 per kilometer (compared to 89% and 86% in the past two years).

6.3.4 Considering the environmental impact in the day-to-day management of business activities

The Cegedim Group's sustainable development program, the Cegedim Compact, was launched on the initiative of Group Management and is based on the United Nations' Global Compact.

In most countries, Cegedim promotes and deploys actions regarding the items that have a large impact on the environment throughout the entire Group. Since the Group's activities do not generate pollution, there are no specific training in environmental protection. The Group however is implementing certain preventive initiatives in waste recycling and disposal.

The Group is taking care of the end of life of the computer equipment in its data centers, in order to ensure a waste processing respectful of the environment. Waste are in most cases handled by the supplier of the replacing equipment, otherwise, they are recycled by a specialized recycling company. The Group can also decide to convert certain equipment into spare parts, thus optimizing the life cycle of certain components with on-site recycling.

Reducing the number of documents printed by employees is an important goal for the Group. In all countries, on a day-to-day basis, teams are encouraged to consider whether or not they truly need to print out their work 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 less and less individual printers being used among employees, who instead send their documents to a shared printing station. This limits printouts made simply out of convenience and helps to save consumables by encouraging black-and-white printing over color printouts.

Regarding reducing printing, since 2007, the Group has promoted electronic dissemination of the information it is required to provide under French regulations. The Group has cut the number of printed copies of its Registration Documents from 1,200 to 200 copies between 2009 and 2017. Furthermore, electronic greeting cards sent to customers and providers have mostly replaced paper cards.

Other actions revolve around more responsible individual behaviors and various initiatives by local teams in charge of general services. For instance, ink cartridges are recycled throughout almost the entire Group, and the recycling of paper is increasing within many subsidiaries.

The purchase of green office supplies is encouraged when the price-to-quality ratio is reasonable ("Ecolabel" recycled paper or paper from sustainably managed plantations), especially for certain initiatives requiring mass printouts. For example, since 2007, the Group's Registration Document has been published on 100%-recycled, European Ecolabel-certified paper.

Simple ways to reduce energy use have been implemented on a case-by-case basis, such as automatically turning off lights and air conditioning in the offices after a certain time, encouraging car-pooling, etc.

6.4 Societal information

As part of its international presence, Cegedim is naturally involved in sustainable development, which puts human capital and, particularly, social equity for its employees as well as its communities, at the forefront of the Group's concerns.

6.4.1 Societal commitments to Group employees

In 2017, Cegedim's employment policy supported the Group's business activities. Cegedim considers human resources as the main asset of the Company and it is committed to strengthening this human capital. This year, the Group hired 1,128 employees, of which 75% had open-ended contracts.

The Group also sees to it that upcoming graduates are hired under apprenticeship contracts thanks to partnerships with schools and universities.

Expertise and potential for advancement are top priorities when hiring employees. The people hired as Managers all have advanced degrees. Most employees have a scientific or business-oriented educational background.

As an international service provider, Cegedim encourages its employees to work as a group-wide team and to collaborate with teams in other geographic regions. The Group aims to consistently provide high quality services to its international customers, wherever they are based.

For Cegedim, opportunities for internal promotion to different geographic areas allow employees to broaden their skills and their business knowledge and help the Group guarantee the transfer of knowledge among entities.

The Group applies an ambitious HR policy for training and internal mobility, and uses professional advancement as a tool to motivate employees and drive their success. To this end, an international mobility department serves managers, salespeople, and technicians to manage their requests for international placement (generally on assignments lasting three years), for transfer or for short-term assignments from France to abroad, or from abroad to France, or between different locations outside of France.

As a major proponent of the "win-win" principle, the Cegedim Group seeks to create an environment in which its employees are able to fully develop their talents while actively contributing to the Company's performance. The diversity of business activities and the international presence of Cegedim in more than 10 countries give employees opportunities to enrich their skills and personal experience with a view to taking on new responsibilities. When there is a vacancy, priority of consideration is given to the Group's employees.

6.4.2 Societal commitments to organizations interested in the Group's business

6.4.2.1 Impact on regional development and employment

Cegedim consistently bears in mind the regional impact of its activities, in terms of both employment and development. The Group is active in more than 10 countries. New employees are typically hired locally, which helps to boost the local economy.

The international mobility policy ensures that employees are able to retain their health and pension benefits and offers the necessary return and repatriation provisions.

Cegedim focuses on three goals for progress:

1. Take the full scope of the Company into consideration and treat human resources as the Company's most valuable asset;
2. Put a greater focus on people;
3. Continue efforts to support transparent, effective governance.

6.4.2.2 Subcontracting

Regarding sub-contracting in France, agreements are centralized. In other countries, it is a local responsibility. Cegedim also subcontracts part of its activities to its own subsidiaries, to guarantee the application of the quality and safety standards required by the Group. Certain specific computer support or back office tasks are thus covered in subsidiaries in Morocco or Romania.

Cegedim works with vendors who apply responsible practices and strives to apply the same treatment to the employees of external subcontractors as to Group employees.

As discussed in the context of the Ethics Charter (see the "Employment information" section), the Group aims to offer its suppliers, partners and subcontractors opportunities for success in a competitive, open and fair environment but also in the spirit of cooperation, partnership and mutual benefit.

In 2017, subcontracting represented 73,964 man-days worked person-days in France. This amount pertains to external vendors of the Cegedim Group.

6.4.2.3 General commitments regarding consumer health and safety

The Group is fully aware of the fact that it operates in a sensitive sector, that of life science industries, and it ensures the anonymization of health data, secure hosting and the carrying out of studies in line with standards that are regularly audited by customers.

The Group has extensive expertise in data management, as well as in the management of financial flows and electronic documents. Due to their highly strategic and sensitive nature, these activities have led the Group's IT teams to devise and implement resources and architectures with very high availability that meet the most stringent security requirements and, in particular, standards governing the hosting of personal health data. Cegedim thus offers its customers a complete private Cloud service, PaaS (Platform as a Service) mode or in SaaS (Software as a Service) mode, based on its hosting capacities and knowledge. These Tier III+ level sites make it possible to implement Service Continuity Plans (PCA – Plan de Continuité d'Activité) or Disaster Recovery Plans (PRA – Plan de Reprise d'Activité).

The Group offers a secure electronic safe service (www.arkevia. com) for storing personal documents.

As part of the Group's Ethics Charter described in the Employment information section, Cegedim seeks to ensure that its employees protect the confidentiality of the information and data to which they have access as part of their job.

6.4.2.4 Philanthropy and other initiatives of the Group

The Group commits to developing initiatives to support social causes around the world.

Several initiatives are organized at the discretion of Group subsidiaries. For example:

- The Aguesseau art gallery, located in the premises of the Group's headquarters, exhibits the works of about ten artists each year and regularly promotes young local artists;
- Since 2 years, Cegedim Insurance Solutions support the organization of the Foulées de l'Assurance, for the prevention of cardiovascular diseases;
- Pulse, the Group's American subsidiary, sponsors in each various actions in favor of the American Heart Association and work also with the Wichita's Littlest Heroes association, who supports young terminally ill patients, other punctual actions are carried out during the year in favor of people in need or in difficulty;
- in different initiatives collecting school supplies, or delivering meals with local organizations, or charities giving toys to children or helping impoverished families during the end-of-year holidays;
- The different offices of the Group's British subsidiaries encourage employees to support various charitable organizations, working in particular in neighborhood healthcare centers; employees are asked to participate in bake sales to support various causes; in addition to fight against cancer, in 2017 the association dealing with mental health that was selected;
- Cegedim SRH sponsor the participant of a sailing race, sporting the company's colors and values.
- Generally speaking, according to local customs, subsidies were granted to some employees for extra-curricular activities (sports, leisure, culture);
- actions have been undertaken in connection with the year-end holidays (gift vouchers, Christmas tree, etc.), school breaks (vacation vouchers) and for other important events.

6.4.2.5 Actions undertaken to prevent corruption

As mentioned in the Group's Ethics Charter (see the "Employment information" section), the Group is committed to act against corruption in all forms. In 2017, no evidence was submitted or reported to the Ethics Committee.

6.5 Going even further

6.5.1 Certification and quality system

Since 2012, Cegedim has started a certification process for type 2 (reviewed annually) ISAE 3402 (International Standard on Assurance Engagements No. 3402, which covers all countries except for the US) for both its hosting services delivered by Cegedim IT and for the Boulogne-Billancourt and Toulouse data centers for several of its activities. This certification stems from the US Sarbanes-Oxley Act (SOX) of 2002, which implies that suppliers of these companies must also be audited on financial risks. The assessment is conducted by an independent auditor recognized by the Auditing Standards Board of the American Institute of Certified Public Accountants (AICPA).

Cegedim also relies on international standards, such as ISO 27001 for informational security and ISO 20000/ ITIL on IT service management, ISO 9001 for quality management and CMMI for project management and software development.

To assert and validate this high level of compliance, Cegedim, through its various subsidiaries, obtained several accreditations or certifications:

- ISO 27001 and ISAE 3402 Type 2 for Cegedim IT's hosting services on the Boulogne-Billancourt and Toulouse data center (France);
- ISO 27001, ISO 20000 and ISAE 3402 Type 2 for Cegedim Activ (France);
- Personal Healthcare Data Hosting Agreement (France);
- ISAE 3402 Type 2 for Cegedim SRH (France);
- ISAE 3402 Type 2 for CETIP (France);
- ISAE 3402 Type 2 for iGestion (France);
- ISO 27001 pour Cegedim RX (UK) ;
- ISO 27001 for INPS (UK).

6.5.2 Useful links

Cegedim Group website links

- Sustainable development

https://www.cegedim.com/about-us/compliance/Pages/sustainable-development.aspx

- Group Ethics Charter

https://www.cegedim.com/about-us/compliance/Pages/sustainable-development.aspx

- Group Professional conduct Charter

https://www.cegedim.com/about-us/compliance/Pages/sustainable-development.aspx

6.6 Methodological note

6.6.1 Scope of consolidation

The information contained in the present report concerns the whole Cegedim Group, that is to say the parent company and all its consolidated subsidiaries using the full consolidation method, unless a different scope is expressly stipulated.

In general terms, the comments are more detailed and the illustrations more numerous for the French companies, which represent 67% of the total Group workforce.

The figures relating to employment information, unless otherwise specified, are consolidated for all fully consolidated companies worldwide, i.e. 63 companies.

The figures discussed in the Environmental Report relating to electricity and gas consumption in kilowatt hours concern the Group's subsidiaries present in France and in the United-Kingdom. Those two countries are considered to be the most representative for these indicators. The employees in these countries represent 80% of the Group's workforce.

The figures of the environmental balance on CO2 relating to travels include only France.

6.6.2 Information sources

In order to ensure the homogeneity and reliability of the indicators monitored in all its entities, the Group has developed common employment and environmental reporting tools. These are accompanied by methodological instructions and definitions that ensure the clarity of the questions asked and guarantee the comparability of the responses.

The collection of employment figures has been carried out by the Teams[RH] worldwide database, developed by the Group. This database enables workforce data as well as other employment information to be monitored in each country. It meets the security and confidentiality requirements and, more generally, the legal constraints specific to each country, which are systematically respected for data collection and processing.

It is updated on a daily basis by the Human Resources teams in the different regions where the Group operates.

The other quantitative data has been collected by means of 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 or invoices and annual report prepared by energy suppliers relating to the energy consumption expressed in kilowatt hours.

The qualitative information contained in this report results from interviews with the managers responsible for the matters dealt with, either at the Group's headquarters or in the Group subsidiaries (notably in the Human Resources, IT, OPEX and Finance Departments).

Most of these declarations have been corroborated by a survey sent to each country where the Group is established and completed under the responsibility of the local Financial Director. This survey, which is integrated in the consolidation software but follows a different procedure from the annual financial consolidation process, can be completed, on the basis of one survey per country, from the beginning of the fourth quarter until the closing of the annual financial statements. It aims to test the knowledge and application of the key measures contained in the Cegedim Compact charters, and also to report qualitative information on the practices or actions of foreign subsidiaries regarding social, environmental and societal issues.

6.6.3 Reporting period

The information contained in this report covers a period of 12 months, from January 2017 to December 2017. The exception is that a 12-month rolling calendar may have been used exclusively for the energy consumption indicator, with a maximum difference of two months with regard to the previous fiscal year.

6.6.4 Methodological precisions and limits

The methodologies relating to certain indicators can be limited by the following:

- The absence of definitions that are recognized at a national and/or international level (for example, concerning the different types of employment contracts);

- The need to make estimations, the relevance of the measurements carried out or the limited availability of the external data necessary to make calculations;
- Practical or legal methods for collecting and inputting data (for example, storing information regarding the age or gender of employees may be prohibited).

The reporting scope and coverage of the measurements relating to certain indicators have, if necessary, been adapted. This is indicated in the report, notably:

- Information pertaining to the calculation of the rates of frequency and severity of work accidents could not be collected across the Group. The number of work accidents is nonetheless provided;
- CO2 emissions only relate to emissions from work-related travel by plane in 2017 in France.
- Electricity consumption in kilowatt hours covers, in France and in the United-Kingdom, all the establishments for which the data is available. Certain premises have been excluded since bills are included in the rent, but these cases are minimal. The Group considers that these omissions do not significantly affect the published information;
- In view of the low polluting nature of its activities, waste prevention, recycling and elimination measures do only apply occasionally to the Group. Nonetheless, actions in favor of responsible environmental practices are being taken, and are detailed in the "Environmental information" chapter.

The Group intends to continue to expand the scope of these indicators to a greater number of countries and to other sources of emissions.

6.6.5 Non-applicable indicators

Considering the Group's activities, the following indicators are not considered to be applicable:

- Resources set aside for the prevention of environmental risks and pollution;
- Measures to prevent, reduce or repair air, water or soil pollution having a serious effect on the environment;
- The consideration of noise pollution and all other forms of pollution specific to an activity;
- The water supply in accordance with local constraints;
- Land use;
- The measures taken to preserve or develop biodiversity;
- Adapting to the consequences of climate change.

6.6.6 Consolidation and internal controls

The data is consolidated under the responsibility of the Human Resources and Finance Departments at the headquarters of the consolidating entity.

A preliminary validation of the data is carried out by the persons responsible for its collection. Coherence checks on the data are then carried out by the Human Resources and Finance Departments when consolidation takes place. These checks include comparisons with the data from previous fiscal years, with any differences considered to be significant being systematically analyzed. They 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.

6.6.7 External controls

In order to obtain an external opinion on the reliability of the data and the robustness of the reporting process, the Statutory Auditor of Cegedim SA has been asked to attest on the information required by article R. 225-105.1 of the French Code of Commerce, and issue an opinion on their fair presentation. In this context, specific checks have been carried out on certain information reported by the Company and considered to be key indicators of the Group's Employment and Environmental policy. It covers the workforce, CO2 emissions and energy consumption in kilowatt hours. The Statutory Auditor's Assurance Report detailing the work carried out together with his or her comments and conclusions is included in the Group's Registration Document.

6.7 Report one of the statutory auditors, appointed as independent third party parties, on the consolidated human resources, environmental and social information included in the management report

This is a free English translation of the statutory auditors' report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

For the year ended December 31st 2017

To the Shareholders,

In our capacity as statutory auditor of Cegedim Company, (the "Company"), appointed as independent third party and certified by COFRAC under number n° 3-1080[1] , we hereby report to you on the consolidated human resources, environmental and social information for the year ended December 31st 2017, included in the management report (hereinafter named "CSR Information"), pursuant to article L.225-102-1 of the French Commercial Code (*Code de commerce*).

Company's responsibility

The Board of directors is responsible for preparing a company's management report including the CSR Information required by article R.225-105-1 of the French Commercial Code in accordance with the procedures used by the Company (hereinafter the "Guidelines"), available on request from the company's head office and summarized in section 6.6 of the management report entitled "Methodological note".

Independence and quality control

Our independence is defined by regulatory texts, the French Code of ethics (*Code de déontologie*) of our profession and the requirements of article L.822-11 of the French Commercial Code. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements and applicable legal and regulatory requirements.

Statutory Auditor's responsibility

On the basis of our work, our responsibility is to:

- attest that the required CSR Information is included in the management report or, in the event of non-disclosure of a part or all of the CSR Information, that an explanation is provided in accordance with the third paragraph of article R.225-105 of the French Commercial Code (Attestation regarding the completeness of CSR Information);
- express a limited assurance conclusion that the CSR Information taken as a whole is, in all material respects, fairly presented in accordance with the Guidelines (Conclusion on the fairness of CSR Information).

Our work involved three persons and was conducted in March 2018 during approximately one week period. We were assisted in our work by our CSR experts.

[1] whose scope is available at www.cofrac.fr

We performed our work in accordance with the French professional standards and with the order dated 13 May 2013 defining the conditions under which the independent third party performs its engagement and with ISAE 3000[2] concerning our conclusion on the fairness of CSR Information.

1 Attestation regarding the completeness of CSR Information

Nature and scope of our work

On the basis of interviews with the individuals in charge of the relevant departments, we obtained an understanding of the Company's sustainability strategy regarding human resources and environmental impacts of its activities and its social commitments and, where applicable, any actions or programs arising from them.

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

For any consolidated information that is not disclosed, we verified that explanations were provided in accordance with article R.225-105, paragraph 3 of the French Commercial Code.

We verified that the CSR Information covers the scope of consolidation, i.e., the Company, its subsidiaries as defined by article L.233-1 and the controlled entities as defined by article L.233-3 of the French Commercial Code within the limitations presented in section 6.6 of the management report entitled "Methodological note".

Conclusion

Based on the work performed and given the limitations mentioned above, we attest that the required CSR Information has been disclosed in the management report.

2 Conclusion on the fairness of CSR Information

Nature and scope of our work

We conducted two interviews with the persons responsible for preparing the CSR Information in the departments in charge of collecting the information and, where appropriate, responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and understandability, and taking into account industry best practices where appropriate;

- verify the implementation of data-collection, compilation, processing and control process to reach completeness and consistency of the CSR Information and obtain an understanding of the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and scope of our tests and procedures based on the nature and importance of the CSR Information with respect to the characteristics of the Company, the human resources and environmental challenges of its activities, its sustainability strategy and industry best practices.

Regarding the CSR Information that we considered to be the most important[3]:

- at parent entity level, we referred to documentary sources and conducted interviews to corroborate the qualitative information (organization, policies, actions), performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data. We also verified that the information was consistent and in agreement with the other information in the management report;
- at the level of a representative sample of entities selected[4] by us on the basis of their activity, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to verify that procedures are properly applied, and we performed tests of details, using sampling techniques, in

[2] ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information

[3] Total headcount as of 12/31/2016; recruitment in permanent and fixed-term contracts; dismissals rates; departures; absenteeism; number of training hours; annual energy consumption; CO_2 emissions.

[4] France.

order to verify the calculations and reconcile the data with the supporting documents. The selected sample represents 68% of headcount and 86% of quantitative environmental data disclosed.

For the remaining consolidated CSR Information, we assessed its consistency based on our understanding of the company.

We also assessed the relevance of explanations provided for any information that was not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes we have used, based on our professional judgement, are sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures. Due to the use of sampling techniques and other limitations inherent to information and internal control systems, the risk of not detecting a material misstatement in the CSR information cannot be totally eliminated.

Conclusion

Based on the work performed, no material misstatement has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

Neuilly-sur-Seine, March 28th 2018

French original signed by one of the statutory auditors:

Grant Thornton

French Member of Grant Thornton International

Solange Aïache

Partner

7 Shareholder's meetings

7.1 Draft resolutions

7.1.1 Ordinary shareholders' meeting held on June 19, 2018

First resolution

The General Meeting, after having listened to the Board of Directors' management report and the Statutory Auditors' report on the annual financial statements, approved the annual financial statements for the fiscal year ended December 31, 2017 as they were presented, as well as the transactions reflected in those statements or summarized in those reports.

Accordingly, it full and unreservedly releases the directors from the execution of their duties for said fiscal year.

The General Meeting approves the amount of non-deductible expenses for corporate tax, set out in Article 39-4 of the French General Tax Code amounting to €504,134 as well as the corresponding tax amounting to €173,573.

Second resolution

The General Meeting decided to allocate the profit for the fiscal year amounting to €3,285,597.70 in full to the other reserves account.

The General Meeting takes note that no sums were distributed as dividends for the three previous fiscal years.

Third resolution

The General Meeting, after having listened to the Statutory Auditors' report on the consolidated financial statements as at December 31, 2017, approves the consolidated financial statements for said fiscal years, as well as the transactions posted in those statements or summarized in the report on the management of the group included in the Corporate Management Report.

Fourth resolution

The meeting committee then noted that for the approval of agreements falling under the scope of Article L 225-38 et seq. of the French Commercial Code, the quorum attained by the meeting is more than one fifth of the shares with voting rights, it being specified that the shares of the persons affected by such agreements are excluded from the calculation of the quorum and of the majority.

Accordingly, the meeting may deliberate on the application of these agreements.

Fifth resolution

The General Meeting, after having listened to the Statutory Auditors' special report on the agreements falling under Article L 225-38 and following of the French Commercial Code, approve the agreement mentioned within it.

Contracting: *SCI MAG*

Person*: Mr. Jean-Claude Labrune, Manager of SCI MAG.*

Nature and purpose: *Leasing of premises at 110-112 rue d'Aguesseau, Boulogne-Billancourt.*

Rent paid in 2017, excluding expenses: *€30,144.*

This resolution is subject to a voting right in which the related 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, after having listened to the Statutory Auditors' special report on the agreements falling under Article L 225-38 and following of the French Commercial Code, approve the agreement mentioned within it.

Contracting: *SCI BUR*

Person: *Mr. Jean-Claude Labrune, Manager of SCI BUR.*

Nature and purpose: *Leasing of premises at 112 rue d'Aguesseau, Boulogne-Billancourt.*

Rent paid in 2017, excluding expenses: *€86,416.*

This resolution is subject to a voting right in which the related 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, after having listened to the Statutory Auditors' special report on the agreements falling under Article L 225-38 and following of the French Commercial Code, approve the agreement mentioned within it.

Contracting: *Mr. Laurent Labrune, Deptuy Managing Director and Mrs. Aude Labrune, Board member.*

Nature and purpose: *Temporary assignment to Cegedim of the usufruct of shares in the SCI at 114 rue d'Aguesseau Bureau.*

This resolution is subject to a voting right in which the related 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, after having listened to the Statutory Auditors' special report on the agreements falling under Article L 225-38 and following of the French Commercial Code, approve the agreement mentioned within it.

Contracting: *SCI at 14 Rue d'Aguesseau Bureau*

Person: *Mr. Jean-Claude Labrune, Manager of DCI at 114 rue d'Aguesseau Bureau.*

Nature and purpose: *Under the first amendment of the lease in the future state of completion, the SCI at 114 rue d'Aguesseau Bureau has granted to the Company a commercial lease for the office building situated at 114-116 bis rue d'Aguesseau, Boulogne-Billancourt (Hauts de Seine) for a duration of twelve years, from January 1, 2009 to December 31, 2020, with waiver of the option to end the lease at the end of each three-year period and for a rent , excluding expenses, of €926,371.*

This resolution is subject to a voting right in which the related 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, after having listened to the Statutory Auditors' special report on the agreements falling under Article L 225-38 and following of the French Commercial Code, approve the agreement mentioned within it.

Contracting: *FCB, Board member and shareholder hording more than 10% of voting right.*

Nature and purpose: parking spaces at 104-106, rue d'Aguesseau, *Boulogne-Billancourt.*

Rent paid in 2017: *€5,671.*

This resolution is subject to a voting right in which the related shareholders do not participate, it being specified that their shares are excluded from the calculation of the quorum and the majority.

Tenth resolution

The General Meeting, after having listened to the Statutory Auditors' special report on the agreements falling under Article L 225-38 and following of the French Commercial Code, approve the agreement mentioned within it.

Contracting: *GERS SAS*

Person: *Mr. Jean-Claude Labrune, Chairman of GERS SAS*

Nature and purpose: Guarantee Agreement: *Cegedim is engaged jointly with its subsidiary GERS SAS to guarantee, to an unlimited amount, the payment of all sums of an indemnifying nature (such as penalties, indemnities, interest on late payments, etc) claimed from GIE GERS by Datapharm with respect to contractual obligations and/or any indemnification arising from the provision of data provided by Datapharm from GIE GERS for the benefit of the future GERS SAS.*

This resolution is subject to a voting right in which the related shareholders do not participate, it being specified that their shares are excluded from the calculation of the quorum and the majority.

Eleventh resolution

The General Meeting, after having listened to the Statutory Auditors' special report on the agreements falling under Article L 225-38 and following of the French Commercial Code, approve the agreement mentioned within it.

Contracting: *FCB*

Person: *Mr. Jean-Claude Labrune, Chairman of supervosiry board of FCB, mrs. Aude Labrune, Mr. Laurent Labrune and FCB, board memebers and sharholders golding more than 10% of voting rights, represented by Mr. Pierre Marucchi.*

Nature and purpose: *Subordination Agreement limiting the repayment to FCB of the principal amounts owing under the Subordinated Shareholder Loan following the setting up of a revolving credit facility.*

Motive: *Subordination Agreement limiting the repayment to FCB of the principal amounts owing under the Subordinated Shareholder Loan in order to improve the financing condition under the revolving credit facility.*

The banks unanimously agreed to amend the Subordination agreed in order raise the repayment limit to FCB from €5 million to €20 million.

At the Board of Directors meeting of March 20, 2018, Cegedim authorized this amendment.

Twelfth resolution

The General Meeting sets the amount for the directors' fees to be distributed among the directors for the current fiscal year at €120,000.

Thirteenth resolution

The General Meeting ratified the decision taken by the Board of Directors, at its meeting of November 29, 2016, to transfer the registered office from 127, rue d'Aguesseau 92100 Boulogne-Billancourt to 129-137, rue d'Aguesseau, 92100 Boulogne-Billancourt as of November 29, 2016.

Consequently, it also approves the statutory amendment and the formalities carried out by the Board.

Fourteenth resolution

The General Meeting, after having reviewed the report from the Board of Directors, authorizes the Board of Directors, in accordance with the provisions of Articles L. 225-209 of the French Commercial Code, to purchase shares of the Company.

The purchases of shares, which may not represent more than 10% of the share capital of the Company, may be made at any time and by any means on the market, except for a negotiated contact or by the use of optional mechanisms, potentially by any third party acting on behalf of the Company, including by an investment service provider acting on the shares of the Company, under a liquidity agreement in accordance with a Code of Ethics recognized by the Autorité des Marchés Financiers, in accordance with the provisions of the last subsection of Article L. 225-206 of the French Commercial Code.

This authorization made it possible to allocate shares of the Company to salaried staff members of the Groupe Cegedim 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 permanent reserves available, other than the legal reserve, in an amount at least equal to the value of all of the shares that it directly owns. The maximum unit purchase price is set at €75.

This authorization is given for a period of eighteen (18) months expiring December 19, 2019. It cancels and replaces the authorization granted by the Ordinary General Meeting on June 15, 2017 and shall become null and void upon a takeover bid.

The General Meeting gives all powers to the Board of Directors with the right of delegation, to implement this authorization, to approve any stock market order, enter into any agreement, including an AFEI liquidity agreement, to carry out all formalities and declarations with all bodies and, generally, do whatever is necessary to execute the decision that it has made under this authorization

Fifteenth resolution

The General Meeting, taking note that the compensation and benefits in kind paid to the corporate officers were proposed by the Compensation Committee to the Board of Directors who is submitting them with no change for a vote by the General Meeting, approving them as they appear in chapter "2.2 Compensation and benefits in kind of the corporate officers" of the Registration Document on page 46 to 50.

7.1.2 Resolutions under the authority of the extraordinary general meeting held on June 19, 2018

Sixteenth resolution

The General Meeting, after examining the Board of Directors' Report and the Auditors' Special Report pursuant to article L. 225-197- 1 of the French Code of Commerce, and having duly noted that the authorization granted during the Extraordinary General Shareholders' Meeting of November 16, 2015 will expire on January 15, 2019, decides it will renew the authorization granted to the Board of Directors in order to:

1. grant existing free Company shares that will be acquired in virtue of the authorizations given to buy back its own stock ;
2. decide that the total number of shares granted in virtue of the present authorization will not represent more than 1,399,713 shares, being precise that the number of shares granted to executives and corporate officers would not exceed 20% of the total number of shares granted;
3. decide that the beneficiaries of the allotment will continue to serve as members of the salaried employees and corporates officers referred to in article L.225-197-1 II of the French Code of Commerce, of the Company or the companies or groups that are affiliated to it directly or indirectly, in accordance with the conditions stipulated by articles. L. 225-197-1 and L. 225-197-2 of the Code or of certain categories within it;
4. duly note that all the conditions of the present renewal of authorization to grant free shares

will be strictly identical to those established by the Board of Directors during its session of January 28, 2016, notably to;

- establish the list(s) of the beneficiaries of the allotment of shares,
- set the financial terms, especially of presence and performance, and where applicable the criteria for awarding stock,
- set the holding period of the shares knowing that it will be for the Board of Directors for the shares that would, if applicable, be allocated to the executive officers referred to in Article L. 225-197-1, II para. 4 of the French Code of Commerce, either to decide that these shares may not be sold by the parties concerned before the termination of their duties, or to set the amount of such shares that they will be required to keep in registered form until the termination of their duties.
- adopt a free share plan by-law;
- decide, if necessary, in the event of transactions on the share capital that would occur during the acquisition period, of granted shares, to adjust the number of shares allocated in order to preserve the rights of the beneficiaries and, in this case, determine the modalities of this adjustment;
- assess, at the end of the acquisition period, that the conditions of definitive allocation and the criteria for the allocation of shares are matching;
- rule, when the acquisition period has expired, on the definitive nature of the allotments previously granted;
- more generally, perform all necessary formalities and do all that will be useful and necessary under the laws and regulations in force.

5. duly note that the rules governing the Company free share plan, established by the Board of Directors on January 28, 2016, will continue to apply in all their provisions, in particular: the definitive allocation at the end of the acquisition period under the following conditions: absence of resignation, dismissal or dismissal for gross or serious misconduct of the beneficiary, these notions being assessed in the light of the case law of French labor law

6. duly note that, in the event the Board of Directors uses the present authorization, it will report each year to the ordinary General Meeting on the transactions carried out, in virtue of the provisions of articles. L. 225-197-1 to L. 225-197-3 of the French Code of Commerce, in accordance with conditions stipulated by article L. 225-197-4 of said Code;

7. decide that the present authorization is given for a period of thirty-eight (38) months as of this date.

Seventeenth resolution

The Extraordinary General Shareholders Meeting, having heard the Report by the Board of Directors and the special Report of the Auditors, delegates to the Board of Directors full powers, in accordance with Articles L. 225-129-6 and L.225-138-1 of the French Code of Commerce, and Article L. 3332-18 of the French Labor Code, in order to increase, on one or more occasions and only its decisions, the share capital of a nominal amount which may not exceed €400,000 by the issue of shares reserved for members of the company savings plan.

The subscription price of the shares issued pursuant to this delegation will be determined by the Board of Directors at its decision setting the subscription opening date, in accordance with Article L. 3332-19 of the French Labor Code.

In the context of this delegation, the Extraordinary Shareholders' Meeting decides to cancel the preferential right of subscription to the shares to be issued to members of the Company's savings plan.

The present authorization is granted for a period of 26 months from today.

The General Meeting delegates to the Board full powers to implement this authorization, within the limits and under the conditions specified above, in particular to:

- set the seniority conditions to be met by the beneficiaries of new shares;
- set the deadline granted to subscribers for the release of the new shares;
- determine whether subscriptions to the new shares will be made directly or through a mutual fund;
- set the subscription price of the new shares;
- decide on the amount of the shares to be issued, the duration of the subscription period, the date of the new shares, and more generally all the terms and conditions of each issue;
- record the completion of each capital increase up to the amount of the shares actually subscribed;

- carry out the subsequent formalities and amend the bylaws accordingly;

and in general, take all measures to carry out the capital increases in accordance with the legal and regulatory provisions.

Eighteenth resolution

In accordance with the provisions of Article L 225-129-2, paragraph 2 of the French Commercial Code, the delegation of general powers granted under the above resolution cancels, as from this day, all the previous delegations having the same object.

Nineteenth resolution

The Board of Directors is required to report to the Shareholders' Meeting on the use it has made of the delegations granted by preparing a supplementary report to the annual general report, including the information required by the regulations in force as well as a summary table of the valid delegations at its disposal and the use made of them, attached to or annexed to the management report.

Twentieth resolution

The General Meeting gives all powers to the bearer of an original, copy or certified copy of the minutes of this Meeting to carry out all legally required formalities.

7.2 Auditors' special report on the regulated agreements and commitments

CEGEDIM

General Meeting called to approve the financial statements for the fiscal year ended December 31, 2017

At Cegedim's General Meeting,

In our capacity as Statutory Auditors of your 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 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 Code of Commerce, to assess the interest involved in respect of the conclusion of these agreements and commitments for the purpose of approving them.

We are also required, as necessary, to communicate to you information required by article R. 225-31 of the Code of Commerce relating to the application of agreements and commitments entered into prior to the past fiscal year, as approved by the General Assembly.

We carried out the tests that we deemed necessary pursuant to the professional doctrine of the French Institute of Statutory Auditors (Compagnie nationale des commissaires aux comptes) regarding this assignment. These standards require that we agree the information provided to us with the underlying documents.

1. Agreements and commitments submitted to the General Meeting for approval

Agreements and commitments authorized and concluded during the fiscal year

We inform you that we have not been given notice of any agreement or commitment authorized and concluded during the past financial year to be submitted to the General Meeting for approval in accordance with the provisions of Article L.225-38 of the French Commercial Code.

Agreement and commitments authorized and concluded since the end of the fiscal year

We have been informed about the following agreements and commitments authorized and concluded since the end of the fiscal year, which have been subject to the prior authorization of your Board of Directors on March 20, 2018.

With the company Next Software

<u>Nature and methods:</u> The Tunisian subsidiary has been sold, its activity no longer being part of the activities carried out by the group.

As part of this sale transaction, Cegedim proceeded to cancel its current account receivables amounting to €738,566 in favor of Next Software.

<u>Persons concerned:</u> Jean-Louis Lompré representing Cegedim and Talel Ben Ayed, both co-managers of Next Software.

<u>Reason justifying the interest of the agreement for the company:</u> As part of this sale and negotiation transaction between the parties, the Board of Directors considered it necessary to abandon current-account receivables.

With the company Next Plus

Nature and methods: The Tunisian subsidiary has been sold, its activity no longer being part of the activities carried out by the group.

As part of this sale transaction, Cegedim canceled its current account receivables for € 262,029.54 in favor of Next Plus.

Persons concerned: Jean-Louis Lompré and Talel Ben Ayed, co-managers of Next Software and Mourad Guediche, manager of Next Plus

Reason justifying the interest 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 abandon current-account receivables.

2. Agreements and commitments already approved by the General Meeting the performance of which continued in the past fiscal year

In accordance with article L. 225-30 of the Code of Commerce, we have been informed that the performance of the following agreements and commitments already approved by the General Meeting continued in the past fiscal year.

2.1 WITH SCI MAG

Nature and motive: Leasing of premises at 110-112 rue d'Aguesseau, Boulogne-Billancourt

Person: Mr. Jean-Claude LABRUNE, manager of SCI MAG.

Terms: Rent paid in 2017 (excluding expenses) of €30,144.

2.2 WITH FCB, administrator and shareholder holding more than 10 % of the voting rights, Mr. Jean-Claude Labrune, Chairmain of the supervisory board of FCB, Mrs. Aude Labrune and Mr. Laurent Labrune.

2.2.1 Premises and parking spaces at 104-106 rue d'Aguesseau

Nature and motive: Leasing of premises and parking spaces at 104-106 rue d'Aguesseau, Boulogne-Billancourt

Terms: Rent paid in 2017 (excluding expenses) of €5,671.

2.2.2 Service contracts

Nature and motive: Contract for strategic consulting, human resources, marketing, finance, budget, and internal information system services.

Terms: Services paid for in 2017 of €1,721,425.

2.2.3 Subordination agreement

Nature and methods: Subordination agreement limiting the repayment to FCB of the principal amounts owing under the Subordinated Shareholder Loan following the setting up of a revolving credit facility.

Reason: agreement between FCB and Cegedim limiting the repayment to FCB of the principal amounts owed by Cegedim under the Subordinated Shareholder Loan in order to improve the financing condition under the revolving credit facility.

2.3 With Mrs. Aude Labrune, Board director and Mr. Laurent Labrune, Deputy Managing Director and Boar director.

Nature and motive: Temporary assignment to Cegedim of the usufruct of shares in the SCI at 114 rue d'Aguesseau Bureau, under the following conditions, subject to the approval of Cegedim as a new partner:

198 stripped shares belonging in equal parts to Mrs. Aude Labrune and Mr. Laurent Labrune,

Term of the assignment of the usufruct: 18 years beginning October 9, 2006, until October 8, 2024.

2.4 With the SCI at 114 rue d'Aguesseau Bureau

Nature and motive: The SCI at 114 rue d'Aguesseau Bureau and your Company were appointed on December 23, 2008, to complete the building work relative to the construction of the office building located at 114-116 bis rue d'Aguesseau in Boulogne-Billancourt (Hauts de Seine), which is the subject of a lease for future completion signed between the two parties, authorized by the Board of Directors meeting on February14, 2007.

As a modification to the above lease for future completion, the SCI at 114 rue d'Aguesseau Bureau has granted your Company a commercial lease for the office building situated at 114-116 bis rue d'Aguesseau, Boulogne-Billancourt (Hauts de Seine) for a duration of twelve years, from January 1, 2009 to December 31, 2020, with waiver of the option to end the lease at the end of each three-year period.

Person: Mr. Jean-Claude LABRUNE, manager of SCI DU 114 RUE D'AGUESSEAU BUREAU

Terms: Rent paid in 2017 (excluding expenses) of €926,371.

2.5 WITH SCI BUR

Nature and purpose: Leasing of premises at 112 rue d'Aguesseau, Boulogne-Billancourt.

Person: Mr. Jean-Claude LABRUNE, manager of SCI BUR.

Terms: Rent paid in 2016 (excluding expenses) of €86,416.

2.6 With GERS SAS

Nature, motive and methodes: Cegedim is engaged jointly with its subsidiary GERS SAS to guarantee, to an unlimited amount, the payment of all sums of an indemnifying nature (such as penalties, indemnities, interest on late payments, etc) claimed from GIE GERS by Datapharm with respect to contractual obligations and/or any indemnification arising from the provision of data provided by Datapharm from GIE GERS for the benefit of the future GERS SAS

Person: Mr. Jean-Claude LABRUNE, Chairman of GERS SAS

Neuilly-Sur-Seine and Paris, March 28, 2018

The Statutory Auditors

Grant Thornton	Mazars
French Member of Grant Thornton International	
Solange Aïache	Jean-+Philippe Mathorez
Associate	Associate

Additional information

8

8.1 Contacts and available financial information

8.1.1 Person responsible for financial information

Jan Eryk Umiastowski, Chief Investment Officer & Head of Investor Relations, is the person responsible for investor relations.

To obtain any documents published by the Group, or for any other financial information, please contact:

Cegedim – Financial Communication Department

137, rue d'Aguesseau

92100 Boulogne-Billancourt, France

Telephone: + 33 (0)1 49 09 33 36

Fax: + 33 (0)1 46 03 45 95

email: janeryk.umiastowski@cegedim.com

8.1.2 Documents available to the public

The bylaws, deeds of incorporation, all reports, correspondence and other documents, historical financial information of Cegedim SA and of its subsidiaries for each of the two fiscal years prior to the publication of this Registration Document may be consulted, where necessary, at the corporate headquarters of Cegedim SA.

In particular, this Registration Document and financial releases are available on the Company's website (www.cegedim.com/finance).

8.1.3 Stock market indicators

8.1.3.1 Cegedim share

Cegedim is listed on Euronext paris, compartment B.

ISIN code: FR0000053506

Reuters ticker: CGDM.PA

Bloomberg ticker: CGM

The Cegedim share price is available delayed by few minutes on Cegedim's website: Cegedim.com.

8.1.3.2 Stock market performance as of December 31, 2017

Cegedim shares developed positively during 2017. The closing price at the end of December 2017 was up 26.6% at €33.18. The price reached their high of €34.00 on October 13, 18, 19 and 27 October 2017.

8.1.3.3 Stock market performance over the past four years

January - December	2014	2015	2016	2017
Share price at closing	29.18€	32.00€	26.20	33.18
Average for the period	26.05€	34.60€	25.09	29.67
High for the period	29.30€	42.69€	32.73	34.00
Low during period	22.00€	29.18€	20.56	23.90
Market capitalization	408.4	447.9	366.7	464.4
Outstanding shares	14.0M	14.0M	14.0M	14.0M

8.1.4 Relations with shareholders

Cegedim's financial communication policy is to deliver rapid, relevant and timely information on company performance to investors and the market.

One key element in communicating with the market is the publication of earnings in annual reports, interim reports and quarterly revenue reports.

Following the publication of financial media statements, Cegedim organizes a conference call. Cegedim has regular contact with institutional investors through meetings and road shows in Europe and the United States.

Policy in respect of financial disclosure

Simplicity, Transparency, Clarity.

Ramp-up of the roadshows program

The roadshow program, 33 days, was redirected this year to Europe with 17 days in Europe (Madrid, London, Paris, Amsterdam, Anvers, the Hague, Geneva, Frankfort, Lyon) and 13 days in the US compared with 34 a year ago and for the first time in Canada with 3 days.

8th Investors' day

Cegedim organized on December 11th, 2017, its 8th Investor Summit dedicated to investors. The topic was to present the Cegedim integrated and connected healthcare ecosystem. To notice the Group progress in digital with the virtual pharmacy, telehealth and the Cegedim vision on the medical connected devices. Finally, this was an opportunity to outline on one of the Cegedim's great assets: the data, which is essential to improve, transform and manage the care system.

Provisional financial agenda for 2018

April 26, 2018: 2018 first quarter revenue

June 19, 2018: Shareholders' meeting

July 26, 2017: 2018 first six months revenue

September, 2018: 2018 first six months earnings

October, 2018: 2018 third quarter 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 Financial Code and article 221-1-1 of the AMF General Regulations, the table below sets out all information published or made public by Cegedim during the 2016 fiscal year to fulfill its legislative 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)
01/03/2017	Half-year summary of the liquidity contract of Cegedim	✓		✓
01/04/2017	Disclosure of share capital and voting rights as of 12/31/2016			✓
01/26/2017	2016 Revenue	✓		✓
01/26/2017	Presentation of 2016 Revenue			✓
02/07/2017	Share Capital and Voting Rights as of 01/31/2017			✓
03/07/2017	Share Capital and Voting Rights as of 02/28/2017			✓
03/22/2017	2016 Results	✓		✓
03/22/2017	Presentation of 2016 Results			✓
03/29/2017	2016 Registration Document	✓		✓
03/29/2017	Release of 2016 Registration Document	✓		✓
04/21/2017	Share Capital and Voting Rights as of 03/31/2017			✓
04/27/2017	1st Quarter 2017 Revenues			✓
04/27/2017	Presentation of Q1 2017 Revenues			✓
05/10/2017	Convening note for 06/15/2017 Shareholder's meeting			✓
05/10/2017	Share Capital and Voting Rights as of 04/30/2017			✓
05/10/2017	Share Capital and Voting Rights as of 05/10/2017			✓

Date	Document name	AMF(1)	Greffe(2)	Cegedim Website(3)
12/05/2017	Directors' declarations	✓		
15/05/2017	Directors' declarations	✓		
05/31/2017	Proxy voting Form for 06/15/2017 Shareholder's meeting			✓
05/31/2017	Notice of convocation for 06/15/2017 Shareholder's meeting			✓
06/06/2017	Directors' declarations	✓		
06/08/2017	Share Capital and Voting Rights as of 05/31/2017			✓
06/14/2017	Directors' declarations	✓		
06/21/2017	Voting results following shareholder's meetings:			✓
07/05/2017	Half-year summary of the liquidity contract of Cegedim	✓		✓
07/05/2017	Share Capital and Voting Rights as of 06/30/2017			✓
07/13/2017	Cegedim plans to respond positively to any acquisition offer for its Cegelease business			✓
07/13/2017	2016 financial statements and legal appendices for Cegedim Group and Cegedim SA		✓	
07/27/2017	2nd Quarter 2017 revenues	✓		✓
07/27/2017	Presentation of Q2 2017 revenues			✓
08/17/2017	Share Capital and Voting Rights as of 07/31/2017			✓
09/06/2017	Share Capital and Voting Rights as of 08/31/2017			✓
09/21/2017	2017 H1 Financial Report	✓		✓
09/21/2017	Release of Financial Report – H1 2017	✓		✓
09/21/2017	Half Year 2017 Results			✓
09/21/2017	Presentation of Half Year 2017 Results			✓
10/04/2017	Share Capital and Voting Rights as of 09/30/2017			✓
10/26/2017	3rd Quarter 2017 revenues			✓
10/26/2017	Presentation of Q3 2017 Revenues			✓
11/08/2017	Share Capital and Voting Rights as of 10/31/2017			✓
12/08/2017	Share Capital and Voting Rights as of 11/30/2017			✓
12/11/2017	Press Release of 8th Annual Investor Summit	✓		✓
12/11/2017	Presentation of 8th Cegedim Investor Summit			✓
12/14/2017	Cegedim: Sale of Cegelease business			✓

(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 corporate headquarters.
(3) Available on www.cegedim.com (Finance heading) and at the Company's corporate headquarters.

8.3 Declaration by the person responsible for the registration document

8.3.1 Person responsible for the Registration Document

Jean-Claude Labrune, Chairman & CEO,

Cegedim SA.

8.3.2 Statement of the person responsible for the registration document

I hereby certify, after having taken all reasonable steps to this end, that to the best of my knowledge, the information contained in this Registration Document is consistent with reality and does not contain any omissions of such type as to alter its scope.

I hereby certify that, to the best of my knowledge, the financial statements have been established in accordance with applicable accounting standards and give a true and fair view of the assets, financial position and earnings of the Company and of all of the companies included in the consolidation. I hereby certify that, to the best of my knowledge, the Management Report items of this document present an accurate image of the changes in the business, earnings and financial position of the Company and of all of the companies included in the consolidation, as well as a description of the principal risks and uncertainties with which they are faced.

I received from the legal Auditors a letter of completion of their work, in which they indicated that they had 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 of fiscal year 2017 appears in point 5.4 of this Registration Document.

The Statutory Auditors' Report on the 2017 consolidated financial statements appears in point 4.7 of this Registration Document.

The Statutory Auditors' Report on the annual financial statements of fiscal year 2016 which appears in point 5.4 in 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 which appears in point 4.7 in 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 annual financial statements of fiscal year 2015 which appears in point 5.4 in the Registration Document filed with the Autorité des Marchés Financiers on March 31, 2016 under Number D.16-0246 contains the following commentary "without modifying the opinion expressed above, we draw your attention to note 1 "Assets", 2 "Depreciation and amortization", 3 "Provisions", 14 " Non-recurring expenses and income" and 28 "Period highlights" of the annual financial statements describing the accounting consequence as at December 31, 2015 of the disposal of the "CRM and Strategic Data Division" to IMS Health".

The Statutory Auditors' Report on the 2015 consolidated financial statements which appears in point 4.7 in the Registration Document filed with the Autorité des Marchés Financiers on March 31, 2016 under Number D.16-0246 contains the following commentary "without modifying the conclusion expressed above, we draw your attention to note 1.3 " Reconciliation between the 2014 financial statement as initially published and as presented on a like-for-like basis to 2015 , note 3.3 " Group of assets classified as held for sale "of the consolidated financial statements, setting out the accounting consequences to December 31, 2015 of the execution of the definitive purchase agreement for its CRM and strategic data division with IMS Health".

Done in Boulogne-Billancourt, on March 28, 2018.

Jean-Claude Labrune

Chairman & CEO

Cegedim SA

8.4 Parties responsible for the audit of the financial statements

8.4.1 Principal statutory auditors

Cabinet Mazars,

Represented by Mr. Jean-Philippe Mathorez,

Exaltis, 61, rue Henri-Regnault – 92400 Courbevoie.

Renewal 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 Ms. Solange Aïache,

29, rue du Pont– 92578 Neuilly-sur-Seine Cedex

Renewal 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.

9.4.2 Alternate Statutory Auditors

M. Thierry Colin

Exaltis, 61, rue Henri-Regnault – 92400 Courbevoie.

Renewal 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 represented by Mr. Victor Amselem

22, rue Garnier – 92200 Neuilly-sur-Seine

Renewal 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 Related-party transaction

The regulated agreements that were submitted for the prior authorization of the Board of Directors are detailed in the Auditors' Special Report contained in chapter 7 of this Registration Document on page 227 to 229.

The note 6.3 of the notes to the 2016 consolidated financial statements appearing in chapter 4.6 of this Registration Document also provides detailed figures for operations with related parties.

No new convention has been allowed to date.

8.6 Historical Financial Information

The statutory financial statements drawn up as at December 31, 2017 (and their comparative financial statements) and the consolidated financial statements drawn up as at December 31, 2017 (and their comparative financial statements drawn up in accordance with IFRS) were audited by the Statutory Auditors. The Statutory Auditors' reports concerning fiscal year 2017 are presented respectively in chapter 5.4 and 4.7 in this Registration Document.

The reports for fiscal year 2016 are presented in the Registration Document filed with the Autorité des Marchés Financiers on March 29, 2017, under Number D. 17-0255.

The reports for fiscal year 2015 are presented in the Registration Document filed with the Autorité des Marchés Financiers on March 31, 2016, under Number D. 16-0246.

These reports and the financial statements accompanying them are incorporated by reference in this Registration Document.

8.7 Registration document cross-reference table

Headings from Appendix 1 of EC Regulation no. 809/2004		Page number
Chapter number	Headings	
1	**Persons responsible**	**235**
2	**Statutory Auditors**	**236**
3	**Selected financial information**	
3.1	Historical financial information	90 to 107 ; 109 to 162 and 200
3.1	Interim financial information	n/a
4	**Risk factors**	**65 to 80**
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