



Universal Registration Document 2019

including the Annual Financial Report

A public limited company with capital of €2,693,780.80
Tour Gallieni II
36 Avenue du Général-de-Gaulle
93170 BAGNOLET



This Universal Registration Document was filed with the French Financial Markets Authority (AMF), as the competent authority in respect of regulation (EU) 2017/1129, on April 29, 2020, without prior approval in accordance with Article 9 of the said regulation. The Universal Registration Document may be used for the purposes of a public offering of securities or the admission of securities to trading on a regulated market if it is approved by the AMF as well as any amendments, and a note relating to the securities and the summary approved in accordance with regulation (EU) 2017/1129.

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MESSAGE FROM THE CHAIRMAN

Madam, Sir,
Dear stockholder,

In 2019, Infotel posted revenue of €248.4m, an increase of 7.2% compared to the €231.7m in 2018.

Revenue from the Services activity totalled €239.9m, up 7.4% due to numerous digital transformation projects in all areas of activity.

The Banking sector grew in value terms and is still the biggest contributor to revenue, accounting for 36.2%, followed by Manufacturing (28.2%), Services (21.2%) and Insurance & Retirement (12.5%). The international offices turned in a solid performance, with growth of 47% for Infotel UK (€3.6m) and 63% for Infotel Monaco (€4.8m).

Several new major contracts were signed in recent months with clients including Air France, BNP Paribas, BPCE, Airbus, ATR, Banque de France and COVEA.

Although the recruitment market remains tight, the Group added 425 new employees, taking the headcount to 2,589 at the end of December. The percentage of time spent between assignments remained very low at 1.9% for the year.

Software revenue was up 1.4%, with IBM royalties totalling €4.4m over the full year. For the Orlando software solution, new licences were signed with Allegiant (the first licence in the United States) and Spanish airlines Fly Level and Wamos Air.

Current operating income amounted to €22.4m vs. €22.7m one year earlier. The current operating margin stands at 9.0% vs. 9.8% in 2018, with the outsourcing rate increasing by +1.2 points to 39.4% of revenue (vs. 38.2% in 2018). Conversely, the relative share of personnel costs declined by -1.3 points compared to revenue.

Excluding the application of IFRS 2 (share-based payment), personnel costs would be reduced by €3.5m (after deducting the amount of free shares granted to the Group's key managers), current operating income would amount to €25.9m and the current operating margin would come to 10.4% of revenue.

Net income (Group share) was €13.0m, representing a net margin of 5.2% of revenue. Financial year results also resulted in an increase in cash resources: with a pre-tax cash flow of €30.7m, working capital requirement and investments under control, Infotel increased its cash by €1.8m in 2019. Infotel's financial situation as of December 31, 2019 is thus further strengthened with €92.7m of equity, no significant debt and cash of €74.6m at the end of the fiscal year. This enabled us to propose the payment of a dividend of €1.60 per share, representing just over half of the net income, at the Board of Directors' meeting on March 4.

However, the Covid-19 epidemic has radically changed the situation, which is evolving day by day. Clients are reviewing their expansion plans, with the priority becoming their survival, and therefore ours. With comfortable cash resources, the absence of debt and a strong positioning among its clients, Infotel has advantages with which to overcome this crisis.

In this context, the Board of Directors' meeting on April 22, 2020 decided to reduce the proposed dividend to €1.05.

Bernard Lafforet
Chairman

1. PERSONS RESPONSIBLE

1.1. PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

Michel Koutchouk,
Executive Officer.

1.2. STATEMENT OF THE PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

I hereby attest, having taken all reasonable measures to this end, that the information contained in this document is, to the best of my knowledge, accurate and free of omissions liable to alter the scope thereof.

I hereby declare that, to the best of my knowledge, all accounts have been prepared in accordance with applicable accounting standards and are an accurate reflection of the assets, financial position and profit or loss of the Company, and all the companies included in the consolidation, and the Management Report, (including the elements that appear in Chapters 4, 7, 8, 9, 11, 12, 17, 18 and 21) presents a true and fair view of the business developments, income and financial position of the Company and all the companies in the consolidation as well as a description of the main risks and uncertainties that they face.

I have received a letter of completion from the statutory auditors in which they confirm that they have verified the information regarding the financial position and the Financial Statements provided in this document and that they have read this Universal Registration Document in its entirety.

The historical financial information presented in this document was the subject of Statutory Auditors' reports, which appear on page 133.

2. STATUTORY AUDITORS

2.1. PRINCIPAL STATUTORY AUDITORS

Audit Consultants Associés
29 boulevard Malesherbes
75008 Paris
Represented by Mr. Sarkis Canli
First appointed on: December 7, 2011

Constantin Associés
6 place de la Pyramide
92908 Paris La Défense Cedex
Represented by Mrs. Cécile Rémy
First appointed on: May 26, 2010

2.2. ALTERNATE STATUTORY AUDITORS

RBB Business Advisors
133^{bis} rue de l'Université,
75007 Paris
Represented by Mr. Thierry Bretout
First appointed on: December 7, 2011

CISANE
6 place de la Pyramide
92908 Paris La Défense Cedex
Represented by Mr. José-Luis Garcia
First appointed on: May 26, 2010

2.3. STATUTORY AUDITORS' FEES

In €k	Audit Consultants Associés		Constantin Associés		Audit Consultants Associés		Constantin Associés	
	2019		2019		2018		2018	
	Amount (excl. taxes)	%	Amount (excl. taxes)	%	Amount (excl. taxes)	%	Amount (excl. taxes)	%
Audit								
- Statutory audit, certification and review of the individual and consolidated financial statements								
- Issuer	50	40	70	55	52	45	63	54
- Fully consolidated subsidiaries	74	60	46	36	63	55	43	37
- Services other than the statutory audit								
- Issuer								
- Fully consolidated subsidiaries								
<i>Sub-total</i>	124	100	116	91	115	100	106	91
Other Services Provided by the Networks to Fully Consolidated Subsidiaries								
- C.S.R			12	9			10	9
- Other (to be specified if > 10% of audit fees)								
<i>Sub-total</i>			12	9	0	0	10	9
TOTAL	124	100	128	100	115	100	116	100

3. SELECTED FINANCIAL INFORMATION

For each of the financial years ending December 31, 2017, 2018 and 2019, the annual financial information presented below was extracted from the Company's consolidated financial statements prepared in accordance with IFRS as adopted by the European Union, audited and included in this Universal Registration Document in chapter 20.

3.1. HISTORICAL INCOME STATEMENTS

In €k	2019	2018	2017
Revenue	248,388	231,697	209,316
Consumed purchases	(194)	(92)	(153)
Personnel expenses	(105,271)	(101,249)	(96,557)
External expenses	(110,345)	(99,820)	(81,577)
Tax	(3,896)	(4,665)	(4,105)
Depreciation and amortisation	(6,303)	(3,370)	(3,508)
Provisions	0	42	(76)
Other operating income and expenses	14	155	11
CURRENT OPERATING INCOME	22,393	22,698	23,351
Other operating income and expenses	(25)	329	(79)
NET OPERATING INCOME	22,368	23,027	23,272
Financial Income	208	98	107
Financial Expenses	(306)	(13)	(43)
FINANCIAL RESULT	(98)	85	64
Income tax expense	(8,988)	(7,852)	(7,349)
Share of profits of entities accounted for by the equity method	1	2	0
NET INCOME FOR THE PERIOD	13,283	15,262	15 988
Group share	12,964	15,087	15,800
Non-controlling interests	319	175	188
Basic earnings per share - Group share	1.95	2.27	2.37
Diluted earnings per share - Group share	1.93	2.27	2.37

3.2. FINANCIAL POSITION INDICATORS

Additional indicators in €k	2019	2018	2017
Stockholders' equity	92,749	87,426	81,585
Loans and other long-term financial debt	4	5	0
Cash	74,562	72,812	64,267
Cash flow before taxes	30,718	25,940	25,961
Working capital requirement	(6,854)	(9,128)	(4,789)
Investments	4,196	4,806	2,181

4. RISK FACTORS

Investors should take into account the risk factors described below, in addition to other information and the Company's consolidated financial statements, to assess **Infotel** and its activities before deciding to invest in **Infotel** shares.

Certain risk factors impacting the IT services sector also apply to **Infotel**. These factors include:

- Increased competition in services, with aggressive price strategies due to the appearance of competitors from emerging countries and increased growth on the part of fixed-price services with respect to revenue;
- The use by customers of new technologies to create their IT applications;
- New technology purchasing strategies based on free, open-source or cloud programs.

Each of these factors can have a negative impact on operating income and the financial position of the Company. There cannot be any guarantee that the risks described in this Universal Registration Document will not generate problems significantly affecting the financial situation of its activity or its share price. The Company has carried out a review of the risks listed above, which could have a significant negative effect on its activity, financial position, profit or loss or its ability to achieve its objectives and considers that there are no other significant risks other than those described. Additional risks or uncertainties not presently known to the Company or that it considers insignificant may also impair its business and operations.

In the 2018 Registration Document, **Infotel** had already taken into account the Delegated European Regulations of March 14, 2019 which supplement and clarify the "Prospectus 3" regulation, in order to modify its presentation of the risk factors in accordance with the information to be included in the Universal Registration Document.

Accordingly, the presentation of the risk factors in this chapter takes account of significant risks according to their probability of occurrence and their impact on the Group. Moreover, in order to prioritise the risks, the most important risks are presented at the beginning of each category. A risk matrix table is also presented in the chapter devoted to the extra-financial performance declaration. This table aims to provide a summary of them.

4.1. BUSINESS RISKS

4.1.1. Specific Business Risks (Including Reliance on Suppliers, Customers, Sub-contractors, Contracts, Manufacturing Processes, etc.)

Customers

Given the quality of the **Infotel** Group's corporate customers and the history of Infotel's relationship with its customers, there is little appreciable customer risk: **Infotel** works with the IT departments of major French and international groups, at times customers that date back more than 30 years, for whom IT is a strategic tool and who sub-contract to sustainable companies only.

Business clientele is broken down by economic sector in the paragraph "Distribution of Infotel's Activities" on page 33 of this document.

The Services revenue of the **Infotel** Group is made up of cost-plus services and fixed-price services. The breakdown of the revenue between these methods of service provision over the past three fiscal years is shown here:

(as a percentage)	2019	2018	2017
Cost-plus services	35.7	31.7	33.4
Fixed-rate services and service desks	64.3	68.3	66.6

During the financial year ending December 31, 2019, the risks related to client reliance are the same as those encountered last year. **Infotel's** largest customer accounts for 18.2% of consolidated revenue vs. 16.7% for the previous financial year. The second largest customer accounts for 10.1% of revenue vs. 11.0% in 2018. As for the five largest customers, they account for a total of 50.8% of consolidated revenue vs. 51.5% for the previous financial year. The majority of services provided for these customers are performed by service desks, subject to multi-year contracts.

Suppliers

There are no risks linked to suppliers that would have an impact on the execution of the financial or technical business activities of the **Infotel** Group. The Group's Quality charter, drawn up for its ISO 9001 certification, states its motto: "*Searching for excellence through what we do well and doing what we do well*": **Infotel** has always aimed to take responsibility for its technical choices, and relies only on its management skills and those of its internal teams, and never on external suppliers.

Dependence on Key Personnel

The Company is dependent on its Senior Managers, whose departure could impact its outlook. However, it is progressively implementing a middle management structure aimed at taking up Senior Management positions in the Company in the long term.

Sub-contracting

Sub-contracting represented 39.4% of revenue in 2019 (38.2% in 2018). The risk of reliance on sub-contractors is low given their high level of segmentation.

Fixed-Price Services

The services carried out by the Company are invoiced on a fixed-price or cost-plus basis.

For fixed-price invoicing, as the price is negotiated in advance with the customer, there is a risk of under-valuing costs, difficulties linked to the project and additional requests from the customer.

To manage this risk, the Group has implemented a managerial policy aimed at training and supporting its project managers in estimating costs and managing customers during the contractual period (ISO).

4.1.2. Technological Risks

The main technological risk faced by **Infotel** concerns changes in technological data on the market that could impact the Group's position in both of its business sectors.

It should be noted that the Group is specialized in management IT sectors related to digitization and using very large databases. Experts do not foresee their rapid disappearance in terms of a significant market. The Group has demonstrated that it can take on board other technologies adopted by its customers, while remaining their principal supplier and also winning new customers.

4.1.3. Fall in Prices

The Group may be subject to price pressure.

It must nonetheless be noted that the Group, in the past, has succeeded in avoiding this type of risk and that the type and quality of its services—with high added value and targeted to the vital IT activity of large companies to ensure their growth—is an important factor in reducing the impact of this risk.

4.1.4. Emergence of New Competitors

The Group may have to face the appearance of new competitors in a sector undergoing continual technological change. It should nonetheless be noted that:

- Its software publishing activity addresses a niche market occupied by companies that have acquired past specialization in z/OS and Db2; it has succeeded in renewing and expanding its range to regain market share from its competitors;
- The Group succeeded in the past in coping with the consequences of the frequent arrival of new competitors in its service provision activity, and is now a major player.

4.1.5. Difficulty in Managing Growth

Infotel predicts growth in the coming years, especially in exports.

Difficulties linked to this growth are likely to arise in the sales, technical and administrative sectors.

In the past, **Infotel** has successfully addressed this type of difficulty. It should be noted that international expansion takes place in conjunction with the growth of major customers.

4.2. INSURANCE – RISK COVERAGE

Insurance subscribed to by the **Infotel** Group with a view to covering any risks to which the issuer might be exposed concern:

- Civil liability;
- All tangible assets;
- Rented premises;
- Retirements;
- Senior managers.

All of these contracts were taken out with well-known insurance companies, in consultation and with the expertise of the broker in charge of the **Infotel** Group account.

The table below sets out the level of coverage of the main potential risks as of December 31, 2019 as well as the amount of premiums paid in 2019.

Risks	Level of coverage (€k)	Premium amount 2019 (€k)
General civil liability	10,000	48
Pensions	110	0
Tangible and intangible damages (all-inclusive)	4,277	16

All risks are reassessed every year by the Executive Management and each contract is updated according to inventories or revenue or other elements affecting the contracts.

Operating loss is not guaranteed, as an accident on its premises would result in almost no operating disturbance.

All critical data, such as software sources in particular, is subject to regular backups located in different physical venues and stored in fireproof cabinets.

There are no risks insured internally.

4.3. MARKET RISKS

4.3.1. Foreign Currency Exposure

In thousands USD	Amount
Assets	794
Liabilities	256
Net balance	538

In thousands GBP	Amount
Assets	1,316
Liabilities	669
Net balance	647

The net balance before management corresponds to the difference between foreign currency assets and liabilities.

The parent company assumes the currency risk on intra-group billing and IBM royalties. It has not taken steps to cover this risk until now.

Foreign **Infotel** subsidiaries invoice their services in local currency. They also bear commercial costs in local currency.

The share of 2019 revenue of the **Infotel** Group that may be affected by a fluctuation in the US dollar is €5,107k, or 2.1% of revenue (vs. €4,923k in 2018 representing 2.1% of global revenue). The revenue in sterling represents 1.5% of the revenue for 2019, or €3,613k (vs. 1.1% of revenue in 2018, or €2,555k).

A change in the US dollar rate of about 10% would impact the financial result by about €48k.

A change in the British pound of about 10% would impact the financial result by about €76k.

4.3.2. Interest Rate Risk

At this time, the Group has no significant financial debt, and does not hold financial assets other than cash mutual funds. Interest rate risk is therefore marginal.

The Company and the Group do not use financial instruments to address interest rate risk.

4.3.3. Liquidity Risk

Infotel has carried out a specific review of its liquidity risk, which it considers to be nil due to the lack of any loans and its excess cash resources. As a result, it considers itself able to deal with future obligations.

4.3.4. Equity Risk

The management policy of the Group's funds is extremely prudent: it consists of placing liquid assets into mutual funds and fixed term deposits, so that these sums attract payment and remain readily available. The exposure of the Company to equity risk is confined to money market mutual funds and treasury stock. The Company does not bear equity risks in unconsolidated entities because it does not invest in equity.

The portfolio of marketable securities and treasury stock, as it appears in the consolidated accounts of the **Infotel** Group, is broken down as follows:

- Treasury stock: €89k
- Mutual funds: €29,000k

No provisions are allocated to these assets.

4.3.5. Country Risk

As the activity of the Group is essentially carried out in Western Europe and the United States, country risk is considered marginal.

4.4. LEGAL RISKS

The legal risks management policy consists of allocating sums to certain disputes, up to the estimated risk amount for the Group. The amount of provisions for disputes totals €65k (this amount corresponds to a provision for employment tribunal risk for **Infotel Conseil**).

No allocation was made in 2019, the amount being identical to that in 2018.

The details of disputes are described in the notes to the consolidated accounts in section "Note 12 – Provisions for risks and charges" on page 111.

4.4.1. Specific Legislation

Infotel's activity is not contingent upon legal, legislative or administrative authorizations, or approval procedures.

4.4.2. Confidentiality

Almost all documents given to the Company by its customers are subject to confidentiality agreements. The risk exists of disclosure of confidential information by the Company concerning the projects of a corporate customer. The Company has, however, established ethical standards that apply to its personnel, with a view to avoiding this risk.

4.4.3. Reliance on Intellectual Property Rights

It should be noted that computer programs developed by **Infotel** are not patentable inventions. At this time, the Group has not commenced, nor is it a party to, any litigation in this domain. **Infotel** does not rely on software emanating from third parties; the sale of software, whether direct or indirect, concerns mainly software developed by **Infotel**, which does not lead to the payment of license fees.

4.4.4. Non-Compliance with Performance Obligations

The Group could face a risk of not meeting its performance obligations for its fixed-price contracts. It should be noted, however, that if this risk cannot be avoided, the Group has prior experience in managing this risk.

4.4.5. Exceptional Events and Disputes

The Company has no knowledge of any exceptional events or disputes that could have or have had, in the recent past, a significant impact on the activity, assets or financial position of **Infotel**.

4.4.6. Assets Used as Collateral

None of the assets of the **Infotel** Group are used as collateral security.

4.5. INDUSTRIAL AND ENVIRONMENTAL RISKS

Infotel performs an intellectual activity that is non-polluting. The Company has implemented a selective waste-collection system (mainly for printer ink cartridges and the collection of obsolete IT equipment) and makes all its personnel aware, from the time of their recruitment, of environmental values.

Even though the provision of Group services has little impact on the environment, **Infotel** nevertheless endeavours to limit the impact of its activity on the environment through the measures described in chapter "Report on Corporate Social and Environmental Responsibility (CSR) - Environmental Information" on page 42 of this document.

In particular, the **Infotel** Group has been ISO 14001 certified since July 29, 2011.

In the absence of any direct environmental and/or industrial risk, the Group's companies have not made any provision nor entered into any guarantee for pollution risk.

4.6. HEALTH RISKS

The Covid-19 pandemic in 2020 has revealed a new risk whose impact on **Infotel's** activity and performance may be significant when the pandemic shuts down or substantially reduces a customer's activity. This is true of the airline companies, such as Air France, which will experience the virtual shutdown of its activities during the lockdown period, with Airbus and Peugeot being partially impacted. Given the importance of these customers, a total or partial shutdown of their activity in 2020 will have an impact on **Infotel's** activity and performance. At the date of publication of this document, it is not possible to quantify this impact.

For its part, **Infotel** is conversant with all the technologies enabling it to adapt its activities to homeworking, videoconferencing or otherwise during this period of health crisis. Therefore, the risk is not related to **Infotel's** organisational structure.

4.7. INTERNAL CONTROLS

4.7.1. Definition and Goals of Internal Controls

Internal control procedures in effect at **Infotel** are designed to:

- Ensure that management procedures and operation execution, as well as the conduct of personnel, are in keeping with the corporate framework of Company activities, as defined by the Executive Management, by applicable laws and regulations and in keeping with the values, standards and internal rules of the Company;
- Ensure that the accounting, financial and management information communicated to Management accurately reflect the Company's operations and financial position;
- Monitor the effectiveness of the internal processes of the Company, especially those relating to preserving assets.

One objective of the internal control system is to prevent risks arising from company activities and risks of error or fraud, especially in the areas of accounting and finance.

As with all control systems, it cannot provide an absolute guarantee that these risks will be totally eradicated.

These objectives are compatible with the definition of C.O.S.O (Committee of Sponsoring Organizations of the Treadway Commission). C.O.S.O has defined internal control as a process implemented by the Corporate and Executive Management bodies of a company to obtain a reasonable assurance of achieving efficient and smooth operations and reliable financial reporting, in compliance with applicable laws and regulations.

4.7.2. Overall Organization of Internal Control Procedures

Infotel is the parent company of the group founded in 1979.

As of December 31, 2019, the Group was made up of its French subsidiaries, **Infotel** Conseil, Archive Data Software, Infotel Business Consulting and OAIO with 100%, 33.33%, 100% and 60% held by **Infotel** respectively. Infotel Conseil wholly owns Coach'IS, a company that wholly owns Collaboractif Portail Services.

The Infotel Group is also present internationally through its foreign subsidiaries in the United States, the UK, Germany and Monaco via the following companies: Infotel Corporation, Insoft Infotel Software GmbH and Infotel Monaco, with a 100% holding, and its UK subsidiary, Infotel UK Consulting Ltd with a 51% holding.

Internal Control Bodies

The Board of Directors is responsible for the Company policy for evaluating risks, implementing appropriate internal control and monitoring its effectiveness. This policy corresponds to legal and financial management controls and procedures.

As part of its Audit Committee responsibilities, the Board of Directors is responsible for preparing financial information, monitoring the effectiveness of internal control and risk management processes, monitoring the legal control of the annual and consolidated accounts by the auditors and monitoring the independence of the auditors.

Infotel's operational subsidiaries are wholly owned (except OAIO where Infotel owns 60%, Archive Data Software (33.33%) and Infotel UK Consulting Ltd. (51%)), and the internal control of the Group is carried out laterally across all entities.

Infotel is centrally organized. As a result, the subsidiaries are managed by the **Infotel** Chief Executive Officer or the Executive Officers who perform most operational control activities.

Management of Major Risks

The risk management policy consists of anticipating significant impacts of business activity on the assets and revenue of the Company. In the **Infotel** Group, these preventive actions are the responsibility of the Executive Management. A detailed study of the risk factors affecting **Infotel** was drawn up in **Infotel's** 2019 Universal Registration Document. Below is a summary of the main risk factors studied by **Infotel**.

Market Risks (Liquidity, Interest Rate, Currency, Stock Portfolio)

Interest Rate Risk

Exposure to currency rate risk is detailed in paragraph 4.3.2 of this Universal Registration Document.

Foreign Exchange Risks

Exposure to foreign exchange risks is detailed in paragraph 4.3.1 of this Universal Registration Document.

Liquidity Risks

Exposure to liquidity risks is detailed in paragraph 4.3.3 of this Universal Registration Document.

Equity Risks

Exposure to equity risks is detailed in paragraph 4.3.4 of this Universal Registration Document.

Clients

Exposure to client risks is detailed in paragraph 4.1.1 of this Universal Registration Document.

Suppliers

Exposure to supplier risks is detailed in paragraph 4.1.1 of this Universal Registration Document.

Dependence on Key Personnel

Exposure to reliance risks is detailed in paragraph 4.1.1 of this Universal Registration Document.

Technological Risks

Exposure to technological risks is detailed in paragraph 4.1.2 of this Universal Registration Document.

Fall in Prices

Exposure to risk of lower prices is detailed in paragraph 4.1.3 of this Universal Registration Document.

Emergence of New Competitors

Exposure to risk of arrival of new competitors is detailed in paragraph 4.1.4 of this Universal Registration Document.

Growth Management

Exposure to management difficulty risks is detailed in paragraph 4.1.5 of this Universal Registration Document.

Legal Risks

Exposure to all legal risks is detailed in paragraph 4.4 of this Universal Registration Document.

Specific Legislation

Exposure to specific regulation risks is detailed in paragraph 4.4.1 of this Universal Registration Document.

Confidentiality

Exposure to confidentiality risks is detailed in paragraph 4.4.2 of this Universal Registration Document.

Reliance on Intellectual Property Rights

Exposure to reliance risks with respect to intellectual property rights is detailed in paragraph 4.4.3 of this Universal Registration Document.

Non-Compliance with Performance Obligations

Exposure to non-compliance with performance obligation risks is detailed in paragraph 4.4.4 of this Universal Registration Document.

Exceptional Events and Disputes

Exposure to exceptional events and dispute risks is detailed in paragraph 4.4.5 of this Universal Registration Document.

Assets Used as Collateral

None of the fixed assets of the **Infotel** Group are used as collateral security.

Industrial and Environmental Risks

Infotel performs an intellectual activity that is non-polluting. The Company has implemented a selective waste-collection system (mainly for used printer ink cartridges and batteries) and makes all its personnel aware, from the time of their recruitment, of environmental values.

In the absence of any direct environmental and/or industrial risk, the Group's companies have not made any provision nor entered into any guarantee for pollution risk. Given the nature of the business of the Company and its subsidiaries, no environmental policy has been implemented.

Climate Risks

In compliance with Article 173 of the French Energy Transition law, as of the fiscal year 2016, **Infotel** is required to disclose financial risks linked to climate change and measures taken by the company to reduce them by implementing a low-carbon strategy in all areas of its activity.

Taking Climate Risks into Account

Given the location of its facilities, exclusively in Europe, the **Infotel** Group has low exposure to the risks linked to climate change, with respect to both its operation and in the performance of its activities.

Certain extreme climate phenomena are nonetheless likely to impact **Infotel's** premises in Europe (e.g. storms, heat waves, overflowing of the Seine, etc.).

Low Carbon Strategy

Infotel is committed to minimizing the negative impacts on the environment, in particular through a policy of limiting its CO₂ emissions. The Group's greenhouse emissions are essentially linked to **Infotel** employee travel. They are low due to employees mainly using public transportation systems for travelling to and from their place of work. In addition, most employee vehicles do not belong to the Group. The impact of business travel is thus, for the most part, indirect.

The Group has a fleet of vehicles that includes 29 cars and 8 motorcycles. Emissions are very low due to the small size of the fleet. The Group has also implemented a video conferencing system to limit business travel.

In spite of an increase in the number of employees, the change in CO₂ emissions is minimal, reflecting good management of electricity consumption.

Quality

Infotel has published a Group Quality Charter, which is the foundation for its commitments to its customers.

Infotel Conseil has obtained ISO 9001:2015 certification for activities concerning the design, execution, maintenance and support of software, with performance obligations, for the Paris (Neuilly-sur-Seine and Bagnole), Toulouse (Blagnac and Balma), Bordeaux (Pessac), Lyon (Ecully), Rennes, Nantes (Saint-Herblain), Le Mans, Brest, Niort, Aix-en-Provence, Mougins, Lille (Lezennes) sites.
Our certification number: 1998/10031.10.

Infotel Conseil has obtained ISO 14001:2015 certification for environmental activities renewed in 2017 for the Paris (Neuilly-sur-Seine, Bagnole and Nanterre), Toulouse (Blagnac and Balma), Bordeaux (Pessac), Lyon

(Ecully), Rennes, Nantes (Saint-Herblain), Le Mans, Brest, Niort, Aix-en-Provence, Mougins and Lille (Lezennes) sites.

Our certification number: 2001/40997.3.

Infotel Conseil has obtained ISO 27001:2013 certification for activities concerning the security of information for the **provision of IT services** in 2017 for the Rennes, Brest, Le Mans, Orléans, Bordeaux (Pessac), Niort, Mougins and Nantes (Saint Herblain) sites.

Our certification number: 2017/77710.1.

This certification was extended in 2019 to the Lezennes (Lille), Ecully (Lyon) and Newcastle (UK) sites.

The **Infotel** policy relating to the environment is described in chapter 8.2.1 “General Environmental Policy” on page 42 of this document.

Organisation of the Executive Authority

Major operations requiring the approval of the Executive Committee or Executive Management are as follows:

- Written offers relating to actions that carry a major risk are subject to the opinion of the Executive Committee;
- Important decisions concerning research and development;
- Actions affecting the IT system of the Group.

The integration of subsidiaries, on both the legal and operational levels, is described above. Subsidiaries are managed by the Executive Management.

Description of Internal Control Procedures

The internal control procedures are described below.

Infotel's operational subsidiaries are wholly owned (except OAIO where Infotel owns 60%, Archive Data Software (33.33%) and Infotel UK Consulting Ltd. (51%)), and the internal control of the Group is carried out laterally across all entities.

Moreover, Infotel Conseil wholly owns Coach'IS, a company that wholly owns Collaboractif Portail Services.

The Group is thus divided over a number of divisions, each of which provides their own level of specific controls.

An Executive Committee, under the authority of the Chairman and including the managers and regional division heads, is responsible for the operational management of the Group. It meets weekly.

1) Executive Management

The Executive Management of the Group is responsible for defining strategy, overall policy, objectives and action plans. It also directs organizational functions and special assignments not covered by operational management.

A number of meetings take place periodically to review the major objectives of the Group, the medium and long-term strategy and the values on which the Group relies to meet these objectives.

2) Operational Management

The operational department is responsible for designing, marketing and ensuring profitability for all fixed-price (service desks) and cost-plus based services, technical support and training adapted to customers' needs according to their geographical locations, and for the design, development, maintenance and technical support of the Software.

Two Executive Officers are responsible for this department.

3) *Financial Department*

The Financial Department is responsible, for the Group as a whole, for managing the cash resources, supervising the accounting management and producing the necessary information for management control, especially financial performance indicators and margin calculations.

It also coordinates financial communication and takes part in meetings along with the Executive Management in information meetings with financial analysts on the publication of bi-annual and annual reports.

This department is headed by an Executive Officer.

4) *HR Department*

The HR department is responsible for all the employees of the Group. Its duty is to define the standards and regulations, administer personnel, manage HR relations, participate in recruitment procedures and career decisions, set salaries, monitor the consistency of the pay policy and manage relations with bodies representing employees. This department reports to operational management under the leadership of an Executive Officer.

5) *Communications*

Executive Management is responsible for communications.

4.7.3. Internal Controls Relating to Financial and Accounting Information

As at the operational level, **Infotel's** financial information is centralized.

1) *Managing cash resources and delegating signing authority*

Expenditure in the French companies of the Group may only be instituted by or with the consent of the Chief Executive Officer or Executive Officers of **Infotel**.

For its foreign subsidiaries, only operational expenditure for a limited amount can be undertaken by the local managers. Customer payments take place exclusively via bank transfer to accounts dedicated to payments. Only the Chief Executive Officer or the Executive Officers are authorized to perform expenditures of funds from those accounts.

2) *Preparing corporate financial statements*

The accounts of all the Group's entities are held or monitored by chartered accountant firms, under the control of **Infotel's** Executive Management.

These firms also prepare the corporate financial statements.

The chartered accountant of the parent company holds the office of accounting manager for the Group.

3) *Preparing the consolidated financial statements*

The chartered accountant firm of the parent company prepares the bi-annual and annual consolidated financial reports under the control of **Infotel's** Executive Management.

The Executive Management also performs a follow-up of off-balance sheet items and assets.

Improving Internal Control Procedures

Infotel operates in a context of ongoing improvement of its internal control procedures.

The financial control system (budget/reporting), in place for a number of years, is operational. The tools on which it is based appear to be suitable to our needs but must be adapted in the event of the Group growing significantly.

Executive Management ensures the proper application of rules. Depending on how the company size evolves, **Infotel** will strengthen, in a pragmatic fashion, this function (strengthened management control, fine-tuning of the organization and systems).

Infotel will periodically audit its risk management procedures, either internally or externally, and formalize regular action plans for improvement.

Compliance with the Laws and Regulations in Effect

The **Infotel** organization is also centralized within the framework of compliance procedures with laws and regulations in effect, which fall under the authority of the Executive Management and the Executive Officers.

It is specified that in the preparation, implementation and description of its internal control and risk management system, the Company relies on a “*Reference Framework for Internal Control: Implementation Guide for Small Caps and Midcaps*” offered by the AMF and that the use of this guide did not lead to the identification of failures or inadequacies in the internal control system implemented in the **Infotel** Group.

5. INFORMATION ABOUT THE ISSUER

5.1. HISTORY AND GROWTH OF THE COMPANY

5.1.1. Corporate Name and Trade Name of the Company

Infotel

5.1.2. Address and Registration Number

RCS: Bobigny 317 480 135.

APE – NAF Code (French classification of activities): 5829A (software system and network publishing).

5.1.3. Date and Term of Incorporation

Infotel was incorporated on December 31, 1979, for an initial term of 99 years, i.e. until December 30, 2078 unless it is dissolved early or extended by law.

5.1.4. Headquarters, Legal Structure and Applicable Legislation

Infotel

36, Avenue du Général de Gaulle
Tour Gallieni II
93170 Bagnole
Telephone: +33 (0)1 48 97 38 38

French public limited company with a Board of Directors governed by the French Commercial Code.

5.1.5. History

5.1.5.1. **Creation of the Company: Database and Real-Time Experts (1979 – 1988)**

The **Infotel** Group was created at the end of 1979 by a team of experts: Bernard Lafforet, a mathematics researcher at CNRS and a renowned specialist in solving complex programming problems requiring the construction of sophisticated algorithms; Michel Koutchouk, head of applications development with the IT Department at Air France; and Alain Hallereau, Project Manager at Cap Gemini. They were subsequently joined by Josyane Muller, who had been Branch Manager at Cap Gemini.

They foresaw that databases and real-time movement were to become the two main pillars in the IT growth of major software accounts and decided that **Infotel** would specialize in these areas by offering services, training and software packages.

The services activity of the Group started with a number of large companies and spread to a range of customers attracted by the highly professional reputation of its founders.

The first projects were carried out on a fixed-price basis for major customers, and the Group's expertise and research led to innovative achievements, such as the first electronic document processing of incoming physical mail for a large insurance company.

With the increase in sales of its first software packages, the **Infotel** Group was organized into a number of entities, encouraging the legal separation between software publishing and service activities.

With the success of its software (and in particular, Infopak, a database compression software package) with an international clientele, the Group decided to open a branch office in the United States and bolster **Infotel's** reputation with respect to its growth capacity and software research.

5.1.5.2. **Growth of the Company: Grassroots Software and Services for Relational Databases (1989 – 1998)**

The services and training activity pursued its growth based on technologies used by major customers: **Infotel** became the specialist in relational databases with the appearance of DB2, and integrated customer techniques. Regional expansion started in 1989 with the opening of the Toulouse branch.

Infotel strengthened its investment policy in the services sector to meet a strong demand linked to the diversification of software technologies.

During this period, the Group also undertook the development and launching of new ranges of utility software for databases.

As of 1996, **Infotel** foresaw changes in large software systems, which would lead to the arrival of new technologies such as the Internet and Java.

The Group carried out its first external growth phase in 1998, and obtained its ISO 9001 certification the same year.

5.1.5.3. Web-To-Database Expansion (1999 – 2008)

On January 21, 1999, with the introduction of the New Market section of the Paris Stock Exchange, **Infotel** entered the next phase in its development and obtained the means to finance its own new growth projects. The Group then accelerated its acquisition policy by taking over SI2 in December 1999 and Sporen and Innovaco Formation the following year.

In 1999, **Infotel** took a strategic position: Web-To-Database, the concept of a global technological service offering to meet the needs of growth and assist companies in expanding their information systems. The Group then expanded and strengthened its sales force, both in its Services activity where **Infotel** put forward the results of its technological watch, notably in Java, and in its Software activity. Here the technical talents of the teams were put to use in developing in-house software ranges and developing and adapting DB2 utilities sold by IBM, after a first agreement was signed in 1999.

The Group then multiplied its service provision skills: in Services, with new activities such as TPAM (Third-party Application Maintenance), decision-making and archiving, in the Software sector with the development of High Performance Unload for DB2 for Linux, UNIX and Windows for IBM, which easily and rapidly optimizes data unloading onto distributed environments.

The Group based its strategy on three fronts: remaining close to large customers, achieving the growth to constantly maintain the size required to reply to calls for tender, and maintaining the quality of services and their added value. **Infotel** pursued its external growth strategy with the acquisition and subsequent integration, starting in 2006, of the Odaxys group, based in Rennes and Nantes, a major player in the IT software services in the Greater West area of France.

Regional expansion was pursued with the opening of local branch offices (Lyon, Bordeaux, Le Mans, Niort).

5.1.5.4. The “Ambitions 2012” plan (2009 – 2012)

The growth has confirmed the accuracy of **Infotel’s** positioning: in Software, where IBM royalties reflect the efficiency of fast database unloading utilities created by **Infotel**; in Services, where the rise in service desks and TPAM, fixed-price services and service provisions combining software and services, especially based on archiving and Arcsys software, show that customers consider **Infotel** to be a key partner.

The aim of becoming a world-class player on an equal footing with the major players on the French IT scene has been attained. The quality of the **Infotel** Group’s services and software means it is recognized as a major player by its customers, often making Infotel the first choice as their supplier.

In an increasingly difficult economic environment, **Infotel** persevered in its growth strategy. The “Ambitions 2012” plan defined two strategic avenues for growth:

- Service desks, where the software applications of our customers are developed, maintained and tested. Located close to customers and operating on a fixed-price basis, they will be key to future growth;
- Electronic document processing software that is at the heart of customer concerns.

The goals of the plan have been reached, despite the slowdown in the economy. Over this time, growth has exceeded 50% (for an annual average growth of over 9.2%, higher than the market).

The Group’s scope has expanded in three directions:

- Firstly, geographically: The acquisition of Addax at the start of 2010 created a presence in the Nice region (Sophia Antipolis), in Aix-Marseille and Monaco, and the acquisition of Empeiria at the start of 2012 created a presence in the Lille region;
- Secondly, core business-wise: Participation in the successive creations of Harwell Management and Infotel Business Consulting expanded the services of the Group to include consulting and project management;
- Last but not least, with respect to software: Investment in creating Archive Data Software added a new distribution channel for our Arcsys software, and the acquisition at the end of June 2011 of the German software firm Insoft Software GmbH added new software to our service offering.

5.1.5.5. The Performance 2016 Plan (2013 – 2016)

The **Infotel** Group continued its growth with the strategic “Performance 2016” plan, which is based on four main strategic directions:

- Pursuing a growth strategy with major accounts through the creation of service desks;
- Assisting the IT departments of major accounts in their path to mobility;
- Helping major accounts manage vast amounts of Big Data;
- Increasing its internationalization.

With this plan, **Infotel** aimed to grow and secure margins, with a revenue in the order of €200 million with acquisitions. The increases in revenue and margins were achieved. **Infotel** made it known on September 14, 2016 that the goal of €200 million in revenue could not be reached in 2016. Therefore, **Infotel's** performance which translates into a revenue of €190.5m in 2016, €209.3m in 2017 and €231.7m in 2018 is very good as it took place without external growth.

5.1.5.6. 2017: A New 5-year Strategic Plan

On March 15, 2017, **Infotel** announced a new strategic plan, described on page 27, setting out the goal of doubling the company size within five years by integrating acquisitions and continuing to outperform in the market, and maintaining a good level of operational profitability. This plan continued in 2019.

This document outlines how the **Infotel** offer has changed over time, both in services and software, to remain at the core of its customers' needs.

5.2. INVESTMENTS

The investment policy of the Group reconciles ambition and reason. Ambition, when it comes to developing the Group's services, especially in software, or when seizing opportunities for external growth. And Reason, because **Infotel**, always mindful of its profitability and independence, favors investments that offer a rapid return on capital investments.

5.2.1. Main Investments

Current investments of the Group are comprised of, for the most part, IT equipment, software, transport and office equipment, fixtures and fittings and facilities.

(In €k)	2019	2018	2017
Fixtures and fittings, facilities	590	508	305
IT and office equipment	649	841	527
Transport equipment	22	41	41
Construction work in progress	870	-	-

Construction work in progress concerns work on **Infotel's** future headquarters.

These investments are amortized on a straight-line basis according to the following terms:

Fixtures and fittings	4 to 10 years
Furniture and office equipment	3 to 8 years
IT equipment	3 years
Transport equipment	4 to 5 years

Current annual investment budgets represent, for the most part, the renewal of existing equipment and are in line with the growth of the Company.

Ongoing investments concern overall renewal of fixtures and fittings, facilities and IT and office equipment. These investments are self-financed, and no individual investment attracts any commentary.

Investments in research and development are described in chapter 11 on page 51.

5.2.2. Main Ongoing Investments

For fiscal year 2019, the Group pursued the renewal of its tangible assets in line with the growth of its activities.

The Group's main investment comprises research and development, as described in chapter 11 "Research and Development, Patents and Licenses" on page 51.

6. OVERVIEW OF ACTIVITIES

The change in revenue and earnings by operational sector are also outlined in the notes to the consolidated accounts, in section 20.2.6.9 “Segment reporting” on page 116.

6.1. OVERVIEW

Infotel is both an IT service company and a software publisher:

- With its consulting, analysis, IT system audit and TPAM (Third-party Application Maintenance) services, **Infotel** can design, create, maintain and update, as a fixed-price or cost-plus based service, within the service desks, projects implementing the most advanced methods and technical services, from terminals connected to the Web to large databases. With its personalized training, Infotel meets the changing needs of the skills of its IT engineers.
During the fiscal year, the IT services activity represented a revenue of €239,918k and a net profit of €11,137k;
- **Infotel** has developed software to assist companies in such areas as operational support for large relational databases (security, performance, and management), archiving, data management and application quality and performance. A recent development is the move towards functional software, Orlando being the first component.
During the fiscal year, the software publishing activity represented a revenue of €8,470k and a net profit of €2,147k.

6.2. Objectives and strategy

The **Infotel** Group was successful in its growth over the last four decades because it remained true to its basic values, while adapting them to an ever-changing context.

The **Infotel** values are embodied in a number of concepts:

- **Excellence:** Being among the best in its practices, in its core businesses, alongside its customers, in the technologies the Group has chosen to focus on, such as Web technologies and databases;
- **Proximity:** Remaining close to its customers, attentive to their concerns in order to provide the best solution for their issues; staying close to employees, ensuring the best growth possible;
- **Respect:** Showing respect for its customers and employees, respect for rules, deadlines, commitments and the environment;
- **Agility:** Knowing how to evolve, understanding new technologies, improving our core business, procedures and management and continuously adapting while remaining true to our other values (excellence, proximity, respect).

6.2.1. The Infotel model

6.2.1.1. Making IT a Powerful Tool...

Infotel's core business is to design, develop and maintain powerful and efficient IT systems, and market them within the context of service offerings and/or as autonomous software packages. **Infotel** builds IT applications for its users, above and beyond the compartmentalized notions of software publishers or IT service companies.

6.2.1.2. ... For its Biggest Users...

All of **Infotel's** customers base their growth on highly performing IT systems. For them, IT is key. It is often their production tool (this is the case for banks, insurance companies, pension institutions). Their IT systems also contribute to their competitive advantage, as is the case for companies in the transport or aeronautic sectors.

As it is not their core business, these companies look for specialists to manage their IT, particularly within service desks: **Infotel's** goal is to be a reliable and sustainable partner for these companies and administrations, from the design of program tools to development and maintenance.

6.2.1.3. ... In the Interest of Growth

It is through the growth of its customers and their IT needs that **Infotel** achieves its own growth.

This growth is multi-dimensional:

- Vertical growth, with expertise in customer core businesses and constraints and its continuous application from high-level consultancy to development and maintenance;
- Horizontal and geographical growth: Everywhere its customers are found, in France, in all its national and international branch offices, irrespective of their economic sector;
- Technical and functional growth, open to new techniques and new core businesses to develop the skills to ensure tomorrow's growth.

6.2.1.4. An Overview: The Quality Charter

To satisfy its customers' needs, **Infotel** undertakes to:

- Listen to their needs, and anticipate future requirements with ongoing R&D in leading-edge technologies;
- Manage their projects functionally and technically;
- Go beyond their expectations in terms of advice, deadlines and performance.

To satisfy its employees, **Infotel** undertakes to:

- Bring out their potential through basic and further training;
- Encourage development with ongoing coaching from management;
- Drive career advancement through rewarding tasks.

To respect its environment, **Infotel** undertakes to:

- Comply with regulations and internal guidelines;
- Continue its efforts to save resources;
- Encourage environmentally friendly behavior among its employees and subcontractors.

In summary: ***"Searching for excellence in what we do well, and doing what we do well"***.

6.2.2. 2017: A New 5-year Strategic Plan

To drive its growth, in 2017 **Infotel** defined a new 5-year growth plan.

This plan is based on three basic pillars:

- **Innovation:** since the creation of **Infotel**, innovation, whether technical, methodological or business-oriented, has always been a major part of the company's identity. Infotel has always remained at the cutting edge, integrating technologies and methods that did not exist at the time of its creation. With this new plan, **Infotel** intends to:
 - Direct the growth of the application assets of its customers;
 - Become a guiding force of IT transformation and their digitization;
 - Strengthen collaboration between the technical and business aspects of its customers;
 - Drive the switchover to the digital era;
 - Continually innovate by adapting to Agile methods and means;
- **Ambition:** remaining one of the leading partners for our customers ensures the growth of the Group and fulfilling careers for our employees;
- **Continuity:** as the results demonstrate, we have developed a winning model. Over the five years of this new plan, **Infotel** will:
 - Pursue a growth strategy with major accounts through the creation of service desks;
 - Assist the IT departments of major accounts in their path to mobility;
 - Help major accounts manage vast amounts of Big Data;
 - Increase internationalization.

This plan addresses three goals:

- Outperform the market;
- Maintain a good level of operating profitability;
- Double the size of the company in five years by integrating acquisitions.

The actions taken to achieve these goals will be discussed later on in this document.

6.2.2.1. Service Desks

The context of the relationship between major contractors and service companies has changed; they are no longer looking for resources, but a total commitment. **Infotel**, which was at the forefront of this change, wants to base its growth on fixed-price services in service desks.

The service desk consists of taking complete charge of a company's IT developments and maintenance, along with specific commitments (service quality, prices, deadlines, etc.).

These last few years were witness to the spread of this operating mode which now makes up almost all of **Infotel's** service provision offering in its various forms:

- Fixed-price services consist of taking complete charge of application development, from design to implementation. These can be unitary fixed-price services, obtained following a response to a call for tender for a new customer, or fixed-price services for development within the service desk of an existing customer. In any case, it is the technical culture of teams who know how to assess loads and risks, and follow deadlines, as well as the expertise in developments and tests that constitute **Infotel's** competitive advantage;
- TPAM and TPSV:
 - TPAM (Third-party Application Maintenance) consists of sub-contracting all upgrades of one or more applications or sub-systems;
 - TPSV (Third-party Software Validation) consists of sub-contracting, for one or more applications or sub-systems, all test and acceptance operations, functionally, technically, for performance, etc.
- The location of service desks: The service desk is efficient if it is close, geographically and culturally, to the customer. **Infotel** continues to give priority to this approach of proximity through its branch offices, rather than turn to distant offshore solutions that only offer short-term gains with respect to labour costs.

6.2.2.2. Mobility

The switch-over to mobility represents a major challenge in the digitization of IT systems for major accounts. Having integrated users connected to the Web via PC-type computers, we must now offer services and applications for these new types of terminals that include smartphones and tablets.

The smartphone market has now been declining for six consecutive quarters. The trend is continuing, with a further decline in global sales of 6.6% during the first three months of 2019.

Although Huawei smartphones are excluded from the US operator market, they are nevertheless experiencing strong growth. According to IDC figures for the first quarter, the Chinese manufacturer achieved astonishing sales growth of 50%, with 59.1 million units sold.

Huawei now has 19% of the smartphone market and is getting closer to the No. 1, Samsung, with 23%. As for Apple, whose sales have been flagging for two consecutive quarter, it has been largely supplanted, with a market share of 11.7%.

Samsung sales fell 8.1% in the first quarter, despite the launch of the Galaxy S10 series. 5G variants could give a boost to Samsung over the next few quarters. The Korean manufacturer is also focusing on its mid-range smartphones to resist the offensive from Chinese manufacturers.

Apple posted a decline of 30.2% compared to last year, whereas its market share fell from 15% to 11.7%. Apple will not launch a 5G iPhone before at least 2020. Apple sales will therefore remain stable or decline in 2019.

Mobile terminals will be an even greater driving force for growth in the coming years and **Infotel's** goal is to support key account IT departments in the switch to mobile communications. This requires technical and functional skills (capability to manage different platforms, operating with systems such as Android, and iOS), transforming all the applications on these platforms while remaining attentive to user demands.

Infotel's teams have already shown their skills (for example, by implementing iPad and Android banking applications) and are able to meet this new challenge. The creation of a digital subsidiary agency in 2018 to bring

the OAIO company into existence, has further asserted a determination to focus on the techniques and methods expected by key accounts (digitalization, user experience, Scrum, agility, etc.), an approach which has resulted in winning new contracts.

6.2.2.3. Big Data

According to an IDC study in 2018, the total amount of data stored on our planet will reach 175 zettabytes in 2025 or 5.3 times more than today. That same year, the total volume of information stored in computer systems around the world amounted to 33 Zo.

Still according to this study, the data are less and less concentrated in the United States. In 2018, the country of Uncle Sam was overtaken by China as the first global “datasphere”. This Asian country on its own is expected to overtake the entire EMEA zone in 2025.

Since its creation, **Infotel** has specialized in databases for large volumes, even before the term “Big Data” came into use. For this new plan, **Infotel’s** hope is to help major accounts in managing Big Data, and it has the advantage of in-depth knowledge of complex databases.

This consideration of big data covers a number of dimensions:

- Continuing and extending its relationship with IBM in marketing powerful utility software aimed at large databases;
- Developing Infotel software ranges for archiving, database management, quality and performance;
- Developing tools and associated services, such as e-vaults and business intelligence;
- Researching and developing new algorithms to create the software of the future.

6.2.2.4. Internationalization

During the period covered by this plan, **Infotel’s** goal is to increase the share of its business abroad by making the most of its global customers and software.

To achieve this objective, the Group will use a number of channels that:

- Cover the service needs of our customers abroad (such as, for example, Airbus, the European Patent Office, BNP Paribas, etc.);
- Expand the distribution of our software internationally, by using the skills of the Insoft Infotel Software GmbH subsidiary in Germany and its network of distributors, as well as those offered by our subsidiaries Infotel Corp in the USA and Infotel UK Consulting Ltd, in the UK;
- Develop references for our Arcsys software internationally, by continuing the work done in Belgium and Luxembourg, and growing the sales of our Orlando framework with airline companies the world over.

6.2.2.5. Impact of Covid-19

The beginning of 2020 has been marked by considerable uncertainty related to the coronavirus epidemic. **Infotel** is monitoring the development of the situation on a daily basis and the Group is doing all it can to protect the health of all its employees, while ensuring that the impact on its activity is as limited as possible.

The French government has adopted large-scale measures, in particular a lockdown and the closure of non-essential businesses due to the spread of Covid-19 on French territory. **Infotel** has therefore been obliged to adapt its organisational structure to these measures, in particular through massive use of homeworking. However, **Infotel** has observed that some of its customers have seen their activity significantly impacted.

At the date of drafting this Universal Registration Document, on account of the sudden arrival of the virus and the uncertainty surrounding the development of this pandemic, the Group is unable to commit itself with regard to the real impact, both on its activities and its financial position for fiscal year 2020, and on its future outlook.

6.3. SERVICES: CUSTOM SOLUTIONS FOR CUSTOMERS

In this activity, **Infotel’s** services consist of consulting, researching and carrying out the complex and innovative solutions integrating the most cutting-edge technologies.

Infotel has its own notion of service. To **Infotel**, service means:

- Becoming a privileged partner for companies wishing to upgrade their IT systems by offering them high-quality services based on our skills and the technical edge of our Group’s teams;

- Anticipating on an ongoing basis the demands and needs of our customers by remaining on the leading edge of emerging technologies to assist our customers in taking these technologies on board and using them to their best advantage;
- Consolidating and strengthening the loyalty of our major customers (**Infotel's** first customers are today among our biggest customers) by continuing to remain attentive to their needs and to market developments;
- Positioning ourselves, with our service desks, as a player close to our customers and their concerns, their problems, their culture, their geographical facilities, and their teams.

6.3.1. The Infotel Difference

Technical Skills

The **Infotel** expertise covers all company IT system layers, from workstations to central servers:

- At the client workstation level (front-end), with browsers, languages such as HTML, XML, JavaScript, Java, techniques such as Ajax and Rich Client, and the integration of mobile terminals (smartphones, tablets, etc.) and connected objects (watches, for example) as essential components for client-oriented IT systems;
- At the intermediate server level (middle-end), with expertise in middleware, network and firewall layers, operating systems such as Windows or Unix and variants such as Linux, application servers such as WebSphere or Tomcat, Java (JEE) and EJBs, etc.;
- At the central server level (back-end), with a recognized expertise in operating systems such as z/OS, real time monitors (CICS, IMS), relational database management systems (IMS, Db2, Oracle and Hadoop, etc.), languages and applications.

At **Infotel**, technical skills, whether they are well established or emerging, are at the heart of our core businesses.

Expertise in all Our IT Service Activities

Infotel covers the entire application lifecycle, from their initial design to their development and beyond deployment.

Infotel teams are present:

- During the analysis phase, at the level of architecture decisions, methodological choices, specifications and design;
- During the development phase, by taking partial or complete responsibility (on a fixed-price contract basis) for building applications and carrying out tests and third-party application acceptance;
- During operational functioning, ensuring application maintenance (in service desks with TPAM and TPSV activities), performance audits and optimization initiatives that make the most of investment.

For all phases in the application lifecycle, **Infotel's** experience is a guarantee of quality.

Client Proximity

Infotel has facilities that cover the needs of its customers:

- Offices in the Paris area, in Bagnole, Neuilly-sur-Seine and Nanterre;
- Coverage in the south west of France with its Toulouse agency;
- Offices in the west and in the centre, including Rennes, Nantes, Le Mans, Niort, Bordeaux, Orléans and Brest;
- Offices in the south east in Lyon, Dijon, Nice, Aix-Marseille;
- and in the north and east with Lille and Strasbourg.

An Adapted Organization and Resources

To best serve its customers, **Infotel** has human and equipment resources:

- The management team is made up of true professionals who have all worked in IT service;
- A R&D section whose goal is to maintain a technological watch on a permanent basis to guarantee technical excellence;
- Technical platforms with the hardware and software necessary to anticipate training needs for staff and project execution.

6.3.2. Some of the Infotel Group's World-Class References

In its service activity, **Infotel** operates in four key markets:

- **Banking/Finance:** Banque de France, Groupe BNP Paribas, Groupe Banques Populaires / Caisse d'Épargne, Natixis, Groupe Crédit Agricole, CACIB, Groupe Crédit Mutuel, Société Générale, Fortuneo, La Banque Postale, Oney, ProCapital, Boursorama, HSBC, CACF (Sofinco), Virgin Money, etc.
- **Insurance/Pensions:** Allianz, AGIRC ARRCO, AG2R, APB, Aviva, AXA, Europ Assistance, GENERALI, Groupama GAN, GMF, Humanis, KLESIA, Lybnet, MAAF, MAIF, MACIF, Malakoff Médéric, MGEN,

Covea, NOVALIS TAITBOUT, PRO BTP, SCOR, SMABTP, SMACL, Swiss Life, Systalians, Verspieren, etc.

- **Industry:** Airbus, Airbus Defence and Space, Airbus Helicopters, ATR, Safran, Groupe PSA (Peugeot, Citroën), Siemens, Groupe Total, Fromageries Bel, LDC, Daunat, Coopagri, Roquette, Sanders, Nissan, etc.
- **Transport / Services / Telecommunications / Distribution / Administration:** Air France KLM, Bouygues Télécom, CGEA, EDF, Éducation Nationale (CINES, CNOUS, CROUS, Rectorats), EPO (European Patent Office), Euroclear, ERDF, ENGIE, ENEDIS, Gefco, Groupe Accor, Groupe Leclerc, La Poste, Lyra Networks, Nouvelles Frontières, Orange, Semvat, SNCF, Sysmedia, Yves Rocher, Système U, Groupe Barrière, Veritas, Ouest France, Isocel, Cdiscount, Vinci Autoroutes, Cegedim, Virgin Atlantic, etc.

6.4. SOFTWARE: LARGE IT SYSTEM TOOLS

6.4.1. Designing and Marketing Leading Software

Databases are a vital resource for companies. Efficient tools are needed to best manage databases and ensure operational optimization and sustainability.

Since its inception, **Infotel** has developed software improving the operation of large IT systems, such as Infopak, the leader in database compression.

This software is developed by **Infotel** teams based in its laboratories in Paris and Toulouse.

It is marketed in France and in French-speaking Europe by **Infotel's** sales teams, and in the rest of the world by distributors or by IBM for software subject to distribution agreements.

6.4.2. Software that Meets the Needs of Large IT Sites

Infotel designs, develops, markets and maintains software, which is upgraded, added to and fine-tuned over time. The common area is big data management in all its dimensions.

Infotel software packages are divided into three product lines:

Digital archiving

Arcsys software provides a global solution to all organizations wishing to implement a sustainable and secure archiving platform for their electronic data. Arcsys guarantees the retention of all information and provides search and restore functions for data years later.

Intelligent Database Management

iDBA-Online is an intelligent management solution for administration and maintenance operations for Db2 databases. The software optimizes practical tasks such as reorganizations and back-ups, according to business constraints and their impact on application costs. iDBA-Online incorporates artificial intelligence techniques that make it a genuinely intelligent database administrator.

Quality Application Testing

Infoscope brings the global solution to any organization wishing to implement a quality control approach to its application portfolio. Based on modular architecture, the platform covers the entire software quality control process from source code verification to functional testing.

The Infoscope range has been restructured to be consistent with the functionality of the **DB/IQ** range, the SQL access quality control software developed by our German subsidiary Insoft Infotel Software GmbH.

Other Software

In addition to these three lines, **Infotel** continues to support its older software (such as InfoPak, InfoVic, and InfoUtil). It also develops new software, marketed directly or through its subsidiaries or partners and distributes software written by other partners (such as zCost, SQData, etc.) to complement their offering.

Orlando, new software developed by **Infotel**, has been designed to meet aircraft manufacturers' and airlines' needs to address their technical documentation problems. Currently in the commercial launch phase, Orlando has already gained some significant references, such as the aircraft manufacturer ATR, and companies such as Air France, Air Transat, Allegiant (the first licence in the United States) and Spanish airlines Fly Level and Wamos Air.

Infotel has also launched an initiative to create a new software: a "Tour de France of ideas" took place at the end of 2019, the initial phase of the creation process for which we expect results in 2021.

Agreements with IBM

In March 1999, **Infotel** and IBM signed the first global commercial distribution agreement. It allows IBM to sell “DB2 High Performance Unload for z/OS” under its own name. This is software for fast unloading DB2 mainframe databases developed by **Infotel**. A new agreement was signed at the beginning of 2002 for a software package delivering fast unloading of multi-platform databases, now known as “InfoSphere Optim High Performance Unload for DB2 for Linux, UNIX and Windows”.

In 2011, new backup data management software developed by **Infotel**, “Db2 Merge Backup for UNIX and Windows Linux”, was introduced to complete the range.

These agreements generate the payment of royalties which significantly contribute to the profitability of the Software activity.

6.4.3. Technical support

Infotel provides technical support 24/7 for customer questions. On product purchase, a direct telephone number is made available to customers to put them in contact with the support service, for technical assistance in French or English, at any time.

6.5. MAJOR MARKETS

6.5.1. The Market for Software and Services in France

Syntec Numérique, in its press release of December 10, 2019, analyzed the French software and services market as follows:

[2019 report and outlook for the digital sector in 2020

Consulting and Services, Software Publishing and Technology Consulting Still Growing in 2020

Syntec Numérique was right on 2019 growth: +4.2%

The expected growth in 2020 is +4.0%:

- *Consulting and services +2.9%;*
- *Software publishing +6.6%;*
- *Technology Consulting +4.4%;*
- *Sector +4.0%.*

(Source IDC / Syntec Numérique).

Growth is supported by digital transformation projects, including SMACS, which grew by +15.7% in 2019. In 2020, SMACS will reach €16.5 billion, with growth of +14.7%.

Companies in the sector are looking ahead positively to 2020: nearly two-thirds are forecasting growth in their turnover.

Software publishing: +6.6% in 2019, +6.6% in 2020

78% of software publishers are forecasting an increase in their turnover in 2020.

This is due to two fast-growing sub-segments:

- *Applications (+6.8%): which represents CRM, content management and collaborative software*
- *Software tools (+81%): which are analytical tools, those for data, development, integration, orchestration and quality management.*

SaaS is expected to increase by +20% in 2020 and account for 32% of the publishing market, i.e. €4.5 billion.

The “Industry”, “Banking - Insurance – Finance” and “Professional Services” sectors all contribute to the growth of the software sector.

- *Software tools: 2019 +7.7% 2020 +8.1%;*
- *Application software: 2019 +7.0% 2020 +6.8%;*
- *Infrastructure software: 2019 +4.4% 2020 +4.6%.*

(Source IDC / Syntec Numérique).

Consulting and services: +3.1% in 2019, +2.9% in 2020

78% of the Digital Services Companies (ESN) are forecasting growth in their turnover in 2020.

The development of new value-added service offerings (such as cybersecurity and Artificial Intelligence / Cognitive Systems) is driving the ESN market.

The development of cloud offerings is intensifying, amounting to 19.9% of the market, or growth of 19.4% in 2019. The "Banking - Insurance - Finance", "Utilities" and "Professional Services" sectors are generating growth in the Consulting and Services sector.

- Consulting: 2019 +5.6% 2020 +4.7%;
- Integration: 2019 +4.6% 2020 +4.1%;
- Development and technical assistance: 2019 +2.5% 2020 +2.2%;
- Training and support: 2019 +1.7% 2020 +1.8%;
- Application outsourcing: 2019 +4.8% 2020 +4.7%;
- Infrastructure outsourcing: 2019 +1.6% 2020 +1.7%.
- BPO: 2019 +1.5% 2020 +1.5%.

(Source IDC / Syntec Numérique).

Technology Consulting: +5.0% in 2019, +4.4% in 2020

60% of technology consulting companies are forecasting an increase in their turnover in 2020.

The factors driving growth for technology consulting companies are: accelerating services in the field of process engineering, supporting the transformation of industrial customers' business models towards the sale of solutions and the development of services in the field of connected objects (development, security, object management, data management, etc.).

The main client sectors involved in the development of technology consulting activities are aerospace and energy.]

Infotel's position

Infotel appears in 25th position among the TOP 2019 ranking of French digital service companies based on turnover achieved in France in 2018, published by i-Logiciels & Services on June 20, 2019.

6.5.2. Distribution of Infotel's Activities

More detailed information on the breakdown of Infotel's activity is provided below:

Breakdown by activity

€k	2019		2018		2017	
	Amount	%	Amount	%	Amount	%
Services	239,918	96.6	223,329	96.4	201,176	96.1
Software	8,470	3.4	8,368	3.6	8,140	3.9
including IBM royalties	4,407		4,343		4,600	
Total	248,388	100	231,697	100	209,316	100

Breakdown by geographical region

€k	2019		2018		2017	
	Amount	%	Amount	%	Amount	%
France	222,690	89.7	210,455	90.9	186,552	89.1
Europe (Excluding France)	20,591	8.3	16,319	7.0	17,547	8.4
United States	5,107	2.0	4,923	2.1	5,217	2.5
Total	248,388	100	231,697	100	209,316	100

Service activity breakdown by economic sector

	% revenue 2019	% revenue 2018	% revenue 2017
Banking, Finance	36.2%	38.2%	34.8%
Insurance/Pensions	12.5%	12.5%	13.1%
Industry	28.2%	26.2%	26.5%
Services/Transport/Telecommunications	21.2%	21.3%	23.8%
Administration	1.9%	1.8%	1.8%

Breakdown of the revenue of the ten largest customers of the Services activity

Revenue per Customer (€k)	2019	% revenue 2019	2018	% revenue 2018	2017	% revenue 2017
Client No. 1	45,236	18.2%	38,741	16.7%	35,359	16.9%
Client No. 2	24,997	10.1%	25,481	11.0%	22,350	10.7%
Client No. 3	23,662	9.5%	24,314	10.5%	16,448	7.9%
Client No. 4	16,795	6.8%	15,763	6.8%	14,635	7.0%
Client No. 5	15,534	6.3%	14,911	6.4%	14,212	6.8%
Client No. 6	14,746	5.9%	14,241	6.1%	12,517	6.0%
Client No. 7	11,847	4.8%	11,588	5.0%	11,219	5.4%
Client No. 8	9,196	3.7%	8,379	3.6%	9,983	4.8%
Client No. 9	5,064	2.0%	5,439	2.3%	5,421	2.6%
Client No. 10	4,363	1.8%	5,157	2.2%	4,536	2.2%

The difference in revenues and profit/loss by sector is described in section 20.2.6.9 “Segment reporting” on page 116.

Competition in Services

For its Service activities, **Infotel** encounters, according to contract type, a number of players:

- International players (such as Capgemini, Tata Consultancy Services, and Atos) for customers seeking suppliers that ensure them coverage that exceeds the territory; **Infotel** is able to address this competition by driving or participating in consortiums that can offer its customers business and territorial coverage meeting their needs;
- National players representing the largest service companies such as Sopra-Steria, GFI Informatique, etc.; **Infotel** is able to compete with these competitors in calls for tender that are often awarded to **Infotel** due to the relevance of its responses and the quality of its solutions;
- Local or specialized players with specific skills in software, solutions, functional domains or particular customers.

Infotel's wide ranging areas of activity mean that the Company does not always come up against the same competitors, and the professionalism of its teams often places **Infotel** at the top of customers' preferred suppliers.

Competition in Software

In its Software Publishing activity, **Infotel's** two main competitors are large American publishers: Computer Associates and BMC Software, who are also IBM adversaries in their strategy to conquer the utility software segment for relational databases. Their recent change in shareholders could affect their positioning.

For archiving and digitization, **Infotel** encounters both hardware suppliers and integrators, such as, for example, EMC, purchased by Dell (which bought out Documentum and Legato), and IBM (which bought out FileNet), and smaller companies seeking to take advantage of the dynamism of this market segment. **Infotel's** double skills set (software publishing and IT service provider) is an asset, as customers prefer a single point of contact capable of customizing and implementing solutions.

6.5.3. Infotel's Position as a Software Publisher

In the TOP 2019 ranking of French software publishers based on the turnover achieved in France in 2018, published by i-Logiciels & Services in June 2019, **Infotel** appears in 92nd position.

6.6. EXCEPTIONAL EVENTS

There have been no exceptional events during the year ending December 31, 2019.

6.7. INTELLECTUAL AND INDUSTRIAL COPYRIGHT

Infotel owns the industrial and intellectual copyright for its software. **Infotel** has implemented procedures aimed at protecting its rights, notably by imposing a confidentiality agreement on personnel with access to the Company's legacy information, and by restricting access to the Company's software source codes. **Infotel** complies with the regulations concerning commercial secrets and copyrights, which nonetheless provide limited protection to ensure the protection of its software products and documentation and miscellaneous written media. **Infotel** may take measures to protect its intellectual and industrial property rights based on copyright laws and trademark and product applications, commercial secrets, confidentiality agreements and contract terms and conditions.

The **Infotel** trademark and that of its products are registered in Europe, North America and in a number of Asian countries.

Infotel sells licenses and intellectual property in exchange for the payment of fees.

The software source codes have been filed in France with the Agency for the Protection of Programs.

6.8. COMPETITIVE POSITION

The competitive position of the **Infotel** Group is described in section 6.5 "Major Markets".

7. ORGANIZATION OF THE GROUP

As of December 31, 2019, **Infotel** directly held 100% of the capital stock of its French subsidiary **Infotel Conseil**, 33.33% of its French subsidiary **Archive Data Software**, 100% of its French subsidiary **Infotel Business Consulting**, 60% of its French subsidiary **OAIO**, 51% of its British subsidiary **Infotel UK Consulting Ltd** and 100% of its other foreign subsidiaries. **Infotel Conseil** wholly owns **Coach'IS**, a company that wholly owns **Collaboractif Portail Services**.

The scope of the Group, as well as the percentages of control and interest are described on page 105 in section 20.2.6.6 "Statement of facts and scope of consolidation".

7.1. INFOTEL'S POSITION WITHIN THE GROUP

Infotel is the lead holding company for the Group, and performs training, design and software sales activities. It also carries out software research and development for the Group. **Infotel** owns the intellectual copyright for its software.

The Executive Committee is shared by **Infotel** and its main IT service subsidiary **Infotel Conseil**, whose weight in the economic activity of the Group is the largest of all the subsidiaries.

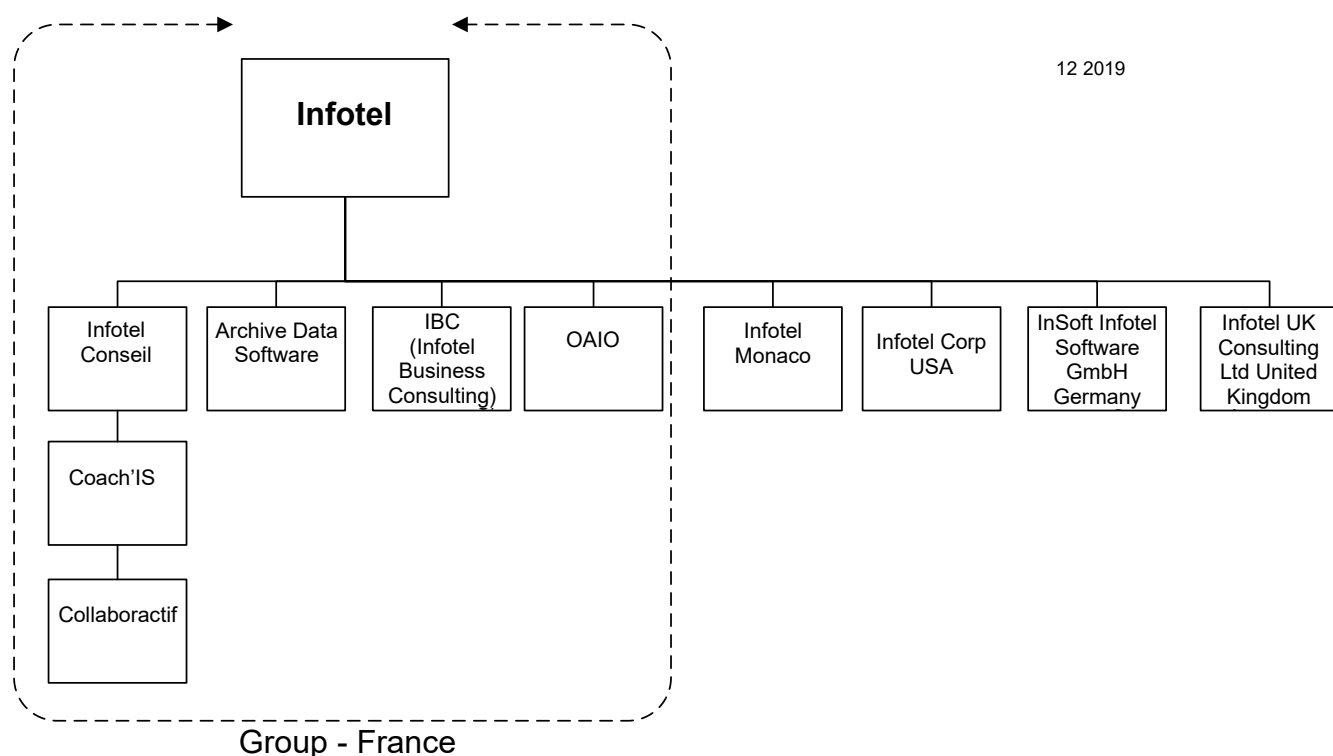
Infotel's own results can be found in section 20.3 "Annual financial statements" on page 120.

7.2. SUBSIDIARIES

7.2.1. Description and Activities of Subsidiaries

Infotel is the parent company of the Group including, as of December 31, 2019, the French subsidiaries **Infotel Conseil**, **Infotel Business Consulting**, **Archive Data Software**, **OAIO**, **Coach'IS** and **Collaboractif Portail Services** and four subsidiaries abroad.

The stockholders and the control of the Group is described in chapter 18 "Major Stockholders" on page 88.



Infotel Conseil performs the service provision activities of the Group. It is based in Neuilly-sur-Seine, and carries out its activity in the Paris area; in the west and center of France from its offices in Rennes, Nantes, Le Mans,

Orléans, Niort, Brest and Bordeaux; in the south west from its site in Toulouse; in the south east from its offices in Lyon, Dijon, Aix-Marseille and Nice; and in the north east from its offices in Lille and Strasbourg.

The company **Infotel Business Consulting** is based in Neuilly-sur-Seine and provides operational consultancy for companies in the financial, banking, insurance and industrial sectors.

The company **OAIO** is based in Neuilly-sur-Seine and operates as a consultant in the digital field. It covers sectors undergoing major transformation seeking innovation such as banking, insurance, the automotive industry and aeronautics.

The company **Archive Data Software** is based in the Lyon area and specializes in digital archiving.

The companies **Coach'IS** and **Collaboractif Portail Services** are based in the Lyon area and provide IT services.

The company **Infotel Monaco** based in the Principality of Monaco performs IT service activity.

The company **Infotel UK Consulting Ltd** (Newcastle) performs IT service consultancy activities in the UK.

Other subsidiaries abroad distribute software developed by **Infotel** for export:

- **Infotel Corp.** (Tampa - Florida) provides technical support in the United States and manages certain distributors;
- **Insoft Infotel Software GmbH** (Düsseldorf) designs, develops and markets technical software in the IBM Db2 sector.

The percentages of ownership interest and voting rights held by the issuer in its subsidiaries are set out in the paragraph of the notes to the consolidated financial statements in section 20.2.6.6 "Statement of facts and scope of consolidation" on page 105.

7.2.2. Infotel Conseil Activity

Revenue for Infotel Conseil, 100% owned, reached €231,765k for the fiscal year 2019 compared to €218,350k for the previous year, showing an increase of 6.14%.

Operating costs increased by 4.79%. They went from €203,122k in 2018 to €212,861k in 2019.

Operating income amounted to €20,134k, representing 8.69% of the revenue for 2019, while operating income for the previous fiscal year stood at €17,613k, accounting for 8.07% of the revenue.

The financial result showed a profit of €106k compared with €46k for the previous year.

After €5,869k of income tax (increase in tax related to the abolition of the French tax credit for competitiveness and employment (CICE) on January 1, 2019 and its replacement with a reduction of employer social security contributions, and decline in the research tax credit (CIR) related to the obtaining of approval) and after deducting employee profit sharing amounting to €2,927k, the net result amounts to €11,460k compared to €12,209k for the previous financial year.

7.2.3. Infotel Business Consulting Activity

Infotel Business Consulting, 100% owned by **Infotel**, achieved revenue of €4,865k for the fiscal year 2019 compared to €7,003k for the previous year, representing a decrease of 30.52%.

Operating costs fell by 27.55%. They went from €6,050k in 2018 to €4,384k in the last financial year.

Operating income was €508k, representing 10.44% of revenue for the fiscal year 2019, whereas operating income for 2018 stood at €1,015k and represented 14.50% of revenue.

After deducting income tax for an amount of €95k, plus employee profit sharing of €60k, the net result amounts to €353k compared to €530k for the previous fiscal year.

7.2.4. OAIO Activity

The OAIO company, 60% owned by **Infotel**, recorded turnover in 2019 of €3,475k over 12 months compared to €2,017k in 2018 over 10 months, representing an increase of 72.27%. The like-for-like growth is 43.56%. The operating profit of €592k accounts for 17.05% of the turnover for the 2019 fiscal year.

The operating profit of €592k accounts for 17.05% of the turnover for 2019, while the operating profit for the previous fiscal year stood at €301k, accounting for 14.93% of the turnover.

After deducting income tax for an amount of €168k, plus employee profit sharing of €123k, the net result amounts to €301k compared to €225k for the previous year.

7.2.5. Coach'IS Activity

Coach'IS, wholly owned by Infotel Conseil, generated revenue in 2019 of €2,172k and a loss of €60k.

7.2.6. Collaboractif Portail Services Activity

Collaboractif Portail Services, wholly owned by Coach'IS, generated revenue in 2019 of €72k and a net profit of €24k.

7.2.7. Archive Data Software Activity

Archive Data Software, 33% held by **Infotel**, generated revenue of €963k in 2019, an increase of 7.36%, and a net profit of €4k.

7.2.8. Infotel Corporation Activity (USA)

Infotel Corporation (USA), 100% owned, provides technical support for software in the United States and manages relations with certain distributors.

It generated revenue of €702k in 2019, up 6.04% (€662k in 2018) and a loss of €160k compared to €211k for the previous fiscal year.

7.2.9. Infotel Monaco Activity (Monaco)

Infotel Monaco (Monaco), 100% owned, generated revenue of €4,890k in 2019 compared to €2,956k for the previous year, showing an increase of 65.43%. Revenue from this activity showed a profit of €1,136k compared to €531k for the previous fiscal year.

7.2.10. Insoft Infotel Software GmbH Activity (Germany)

Insoft Software GmbH (Germany), 100% owned, generated revenue of €1,017k in 2019, up 7.96% (€942k in 2018). Revenue from this activity showed a profit of €348k compared to €226k for the previous fiscal year.

7.2.11. Infotel UK Consulting Ltd Activity

Infotel UK Consulting Ltd (United Kingdom), with a 51% holding, generated revenue of €3,613k, an increase of 41.41% (€2,555k during the 2018 fiscal year). Revenue from this activity showed a profit of €377k compared to €173k during the previous fiscal year.

7.2.12. Other Information Related to Subsidiaries

Additional information on the subsidiaries, in particular their revenue and profit/loss, is provided below.

€k	Infotel Conseil	Infotel Monaco	Infotel corporation	Infotel Business Consulting	OAI0	Coach'IS	Collaboratif Portail Services	Archive Data Software	Insoft Infotel Software GmbH	Infotel UK Consulting Ltd
Capital	20,000	150	0.87	60	100	300	8	150	50	0.057
Stockholders' equity (excluding capital stock and before earnings)	41,218	420	-47	846	228	366	22	6	380	274
Holding	100%	100%	100%	100%	60%	100%	100%	33%	100%	51%
Book value 12/31/2019	6,269	128	0.87	2,096	60	1,519	8	50	2,000	0.07
Loans and advances granted	0	0	0	0	200	0	118	0	0	235
Guarantees in favour of subsidiaries	0	0	0	0	0	0	0	0	0	0
Revenue before tax	231,765	4,890	702	4,865	3,475	2,172	72	963	1,017	3,613
Profit/Loss	11,460	1,136	(160)	353	301	(60)	24	4	348	377
Dividends received from the subsidiary	8,000	700	0	600	0	0	0	0	450	53.2

Financial flows existing between the Group's companies are as follows:

Management fees	€3,120k	Invoiced by Infotel to Infotel Conseil
Sub-contracting and personnel made available by Infotel Conseil to Infotel	€2,909k	Invoiced by Infotel Conseil to Infotel
Infotel Corporation royalties	€443k	Invoiced by Infotel to Infotel Corp.
Insoft Infotel Software GmbH costs	€7k	Invoiced by Insoft Infotel Software GmbH to Infotel Corp
Civil liability insurance costs	€48k	Invoiced by Infotel to Infotel Conseil, Infotel Business Consulting, and Infotel Monaco
Cash advance	€235k	Advance from Infotel to Infotel Consulting UK

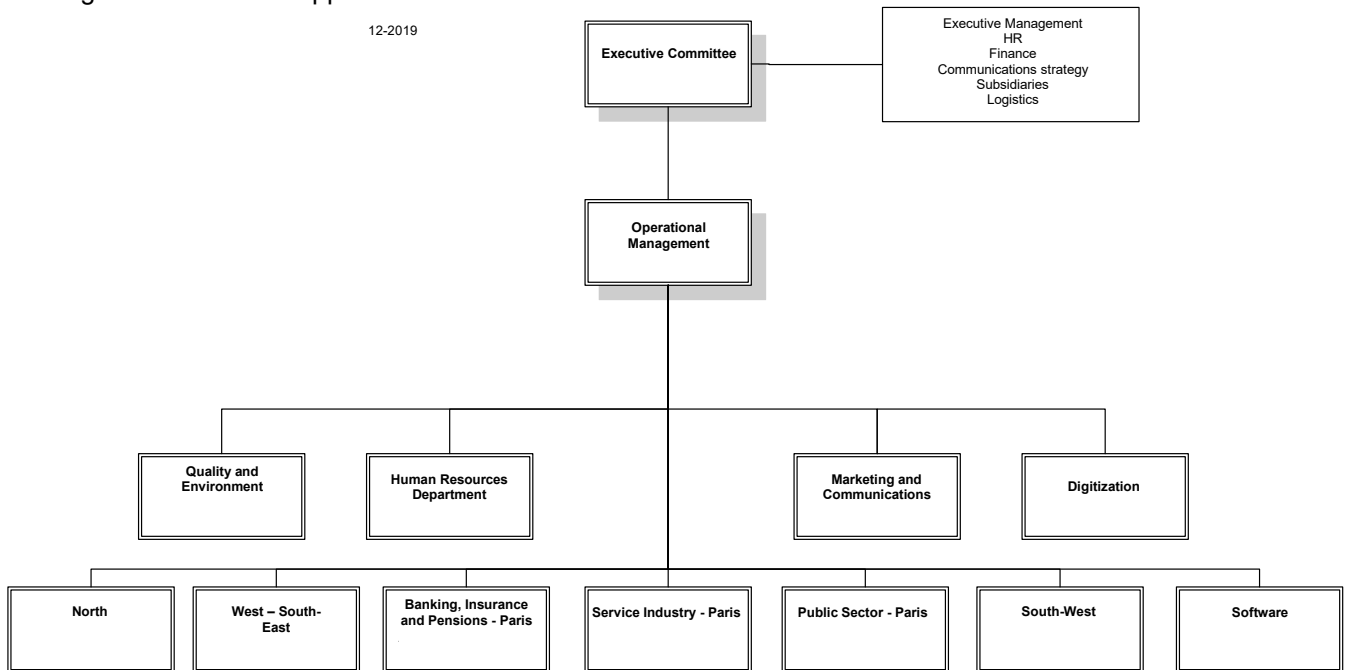
Overview of parent company-subsiidiary relationship				
Consolidated items (excluding dividends) in €k	Infotel Conseil	Other subsidiaries	Infotel	Consolidated total
Fixed assets (including goodwill)	31,654	2,673	6,076	40,403
Debt ex. group	4	0	0	4
Cash on balance sheet	59,003	5,001	10,558	74,562
Total net cash flow	(1,473)	1,678	1,545	1,750

7.3. FUNCTIONAL ORGANIZATIONAL AND HUMAN RESOURCES

The Group's organization note, an element of the **Infotel** Quality system, describes the Group's organization and operation. The management bodies of the Group carry out functional roles and Operational Management manages departments responsible for establishing and carrying out a set of operations in compliance with the defined strategy and objectives.

7.3.1. Organizational chart

The organizational chart appears here:



7.3.2. Operations

The Executive Committee

The Executive Committee is the decision-making body for the Group. Its major roles are to:

- Study the measures concerning the Group's operations and their application;
- Perform a monthly assessment of the summary activity report, a quarterly assessment of the detailed report of operational departments, and make decisions leading to the achievement of goals;
- Check the progression of decisions;
- Coordinate the actions of different entities;
- Summon, where appropriate, the persons necessary to manage dossiers and make decisions.

As of December 31, 2019, the Executive Committee for the Group is made up of five members, each with a functional activity:

- Bernard Lafforet, Chairman – Chief Executive Officer;
- Michel Koutchouk, Vice-President, Strategy, Communications and Quality;
- Ms. Josyane Muller, Vice-President, Finance;
- Éric Fabretti, Vice-President, Sales;
- Jean-François Castella, Vice-President, Software.

The members of the Executive Committee share Executive Management, Personnel Management, Financial, Strategy, Quality and Communications Management, Subsidiary Management and Logistics functions. Thus, it works closely with the Financial Department, which is responsible for managing the Group's accounting and cash resources, and performs a management control function. These tasks are performed directly or with the assistance of outside firms.

Operational Management

This management team is responsible, via the regional divisions that it coordinates, for designing, marketing and ensuring profitability for all services with a commitment to results (service desks), technical support and training adaptable to customer needs as well as software.

It is also responsible for implementing the sales policy for the Group, and ensuring that it is followed consistently by all relevant divisions.

It carries out functions that include managing personnel and recruitment as well as operations and subsidiaries. **Infotel's** management places special importance on human resources. In Services and an economic context noted for an increasingly demanding customer base, it is essential that **Infotel** carries out an ongoing recruitment strategy to attract high-quality and committed personnel. **Infotel** achieves this with a HR policy based on the following major elements:

- Motivation of its staff members to whom the Company provides the training necessary for their work with customers, and a career plan that allows them to grow within the Group and carve out a career path. This means the Group's employees stay on in the company longer than the employees of other players in the sector, thus preserving the most important investment for a service company: human investment;
- Technical skills required at all hierarchical levels to allow each staff member, whether beginner or advanced, to efficiently carry out assignments for the customer, under the Company's watchful eye;
- Accessibility of all managers, approachable by all employees for any technical, personal or working relationship issue.

Regional divisions and Software division

The regional divisions are the operational bodies of the Group. A regional division carries out, autonomously, all or part of the functions and core businesses of the Group. The overall goal of the regional division is to design, market, develop and ensure the profitability of all TPAM and TPSV, training and technical assistance services and adapt them to customers' needs in a specific territory. The Software division is responsible for the design, development, maintenance and technical support of Software.

There are currently seven divisions:

- The Paris Banking, Insurance & Pension division;
- The Paris Service Industry division;
- The Paris Public Sector division;
- The West - South-East division;
- The South-West division;
- The Northern division;
- Software.

The sales engineers are attached to the divisions.

8. PROPERTY, FACTORIES AND EQUIPMENT, ENVIRONMENT, SUSTAINABLE DEVELOPMENT

8.1. PREMISES USED BY THE GROUP

Premises	Surface in m ²	Type of premises	Annual rent €	Rent per m ²	Owner or Agent
Infotel 36, Avenue du Général de Gaulle 93170 Bagnole					
* Headquarters – 11 th floor	1,076	Offices	197,917	184	SCI NASTHEL II
* 7 th floor	1,076	Offices	170,192	158	SCI PAGESTI
Infotel Conseil 13 rue Madeleine Michelis 92200 Neuilly-sur-Seine					
* Headquarters – 1 st , 2 nd and 4 th floor	1,200	Offices	512,020	427	Société Michelis
* Rennes	844	Offices	146,863	174	SCI MABILAND
* Blagnac le Millénaire	4,930	Offices	628,009	127	BATIPART MDB
* Balma	1,209	Offices	230,601	191	BP Occitane
* Bordeaux – Pessac	326	Offices	46,683	143	SCI Physalis/ Segeinvest
* Nanterre	1,275	Offices	358,278	281	FONCIA 4 et 5
* Nantes-Saint Herblain	758	Offices	127,893	169	PFO2
* Lyon - Écully	566	Offices	85,841	152	SCI ImmoEternam
* Le Mans	762	Offices	96,894	127	Foncière Lelièvre
* Mougins	550	Offices	111,970	203	ODIM / SCI PFO2
* Aix-en-Provence	926	Offices	144,888	156	PFO
* Brest	548	Offices	82,500	151	Groupe Baraine
* Brest	100	Offices	16,200	162	SCI WYZ
* Lille-Lezennes	657	Offices	85,617	130	TOLEFI
* Lille-Lezennes	352	Offices	44,450	130	TOLEFI 2
* Niort	454	Offices	36,000	79	SC MK2
* Dijon	-	Physical address	1,140	-	LBA Business Centre
* Orléans	224	Offices	34,376	153	Durand Montouché

No equipment was acquired through capital lease arrangements as of December 31, 2019.

For subsidiaries abroad, premises are in business centers or not significant.

There is no direct or indirect capital-based link between the Company and its managers and the owners or agents of rented premises.

8.2. REPORT ON CORPORATE SOCIAL AND ENVIRONMENTAL RESPONSIBILITY (CSR) - ENVIRONMENTAL INFORMATION

Pursuant to the provisions of Article L. 225-102-1 paragraph 5 of the French Commercial Code, the stipulations relating to the way in which the **Infotel** Group takes into account the environmental consequences of its activity are described below.

Infotel's commitment to promoting sustainable development is also described.

8.2.1. General Environmental Policy

How the company takes environmental issues into account

Infotel performs an intellectual activity that is non-polluting.

Infotel is, nonetheless, aware of the impact of its activities on the environment. In this way, the Group endeavours to reduce the negative impact in the sectors that concern it, comply with environmental legislation and standards, and improve in an ongoing manner the environmental performance of its activities. The carbon footprint of the

Group is, for the most part, due to the energy consumption of its facilities and, in particular, its IT equipment.

In addition, the concern of the **Infotel** Group for the environment has been formalized in a structured procedure, which culminated in ISO 14001 certification on July 29, 2011 and its renewal on August 8, 2017.

In 2019, Infotel Conseil was assessed by the EcoVadis platform and was awarded the silver medal. This assessment is based on environmental, social and ethical issues.

Commitments towards a circular economy

One of **Infotel's** main challenges is to reduce its environmental footprint in its service provision. The Group's environmental policy is based on actions such as providing training, implementing means for reducing energy consumption, and establishing a selective waste collection system, as described below.

Employee training and information initiatives for environmental protection

On hiring, all employees are made aware of our environmental values. In addition to the company's welcome booklet that describes its values, guides are developed to raise the awareness of new employees: "Quality at Infotel", "Corporate and Environmental Responsibility Guide", "Recycling and Maintenance of Your Workplace". Within the framework of ISO 14001 certification, the Group asks each of its partners to adopt an eco-responsible approach and gives priority to relationships with suppliers with eco-labels.

Resources for preventing environmental risks and pollution

Within the framework of ISO 14001 certification, the Group has implemented an Environmental Management System (EMS) inspired by the requirements of the standard, which is aimed at continuously improving its environmental performance. The Group has implemented an environmental policy designed to reduce its paper and energy consumption. The objective is not to exceed the 2014 consumption rate for paper and energy in proportion to turnover. Given growth of 58.17% since 2014, it can be considered that this objective has been largely achieved.

Amount of Provisions and Guarantees for Environmental Risks

In the absence of any environmental risks, the Group companies have not made any provision for pollution risk.

No environmental issues impact the use made by the issuer of its tangible assets.

8.2.2. Pollution

Measures for Preventing, Reducing or Repairing Emissions in Air, Water and Soil that Seriously Impact the Environment

The activity of the companies in the **Infotel** Group does not represent a risk to the environment in a way that seriously impacts the air, water or ground, and is therefore not affected by any prevention or reduction measures to this effect.

8.2.3. Prevention and waste management

Measures for Preventing, Recycling and Eliminating Waste

The company has set up a system for the selective sorting of waste (paper and waste electronic and electrical equipment). The quantity of paper and cartons generated by our activity in 2019 was 6.5 tons compared to 6.6 tons in 2018. A new reporting system was implemented in 2019 to have a quicker and more comprehensive overview, particularly of waste electronic and electrical equipment. In 2019, the quantity of this type of waste totalled 0.98 tons, compared with 1.47 tons in 2018. The Monaco site was not included in these calculations for 2019 or previous years.

Sound pollution and any other type of pollution specific to an activity

Within the framework of its activities, the company does not emit sound pollution.

Generally speaking, **Infotel** is not affected by any form of pollution specific to its activity.

Measures for Food Waste Prevention

Initiatives against food waste have not been introduced, as the diversity of the facilities and their size prevented the installation of private company restaurants. Given the nature of **Infotel** activities, this topic is not deemed relevant. Similarly, **Infotel** is not concerned by the themes relating to combating food insecurity and commitments to respect animal welfare and responsible, fair and sustainable food.

8.2.4. Sustainable use of Resources

The Group measures the energy consumption in its offices and service desks on a daily basis and analyzes opportunities for increased efficiency.

All company departments are required to reduce their electrical consumption.

Each renovation or opening of new facilities must serve as an opportunity to plan for and adopt efficient technology systems for energy savings.

Environmental information	2019	2018	2017
Water consumption	5,068 m ³	4,254 m ³	2,679 m ³
Electricity consumption	1,396 MWh (79.7 T CO ²)	1,403 MWh (80.1 T CO ²)	1,288 MWh* (83 T CO ²) *
Consumption of raw materials	None	None	None
Consumption of other energy	None	None	None

* Data from the Le Mans site has not been taken into account

To evaluate the CO² equivalent in electricity consumption, it was decided that 1 kWh = 0.0571 kilograms of CO² equivalent (energy mix in France in 2018, source ADEME).

To explain the increase in water consumption in 2019, Infotel has changed methodology and uses a water consumption formula per m² and per year.

Given the nature of Infotel activities, the theme of the use of soil was not deemed relevant and is not discussed in this report.

8.2.5. Climate Change

The significant items of greenhouse gas emissions generated as a result of the company's activities, including the use of the goods and services it produces

The main direct sources of greenhouse emissions identified by **Infotel** are currently the energy of the buildings that the Group occupies, the energy used by the IT hardware required for the activity, and travel for professional reasons. However, as the fleet held by the Group is small (29 automobiles and 8 motorcycles), the impact of most travel is thus indirect (professional travel) and a video-conferencing system has been implemented to limit travel. In 2019, Infotel Conseil supplemented its video-conferencing system with collaborative platforms.

Greenhouse gas emissions linked to Group employee business travel are low due to the extensive use of public transportation systems from employees' homes to the customer site.

Given the Group's activities (mainly IT consultancy), Scope 3 emissions are not deemed to be very high. Scope 3 emissions were calculated by an external body, the CITEPA (French Interprofessional Technical Center for Studies on Air Pollution) in 2020, based on 2019 data for air and rail travel. The quantity of CO² was 194 tons in 2019 vs. 265 tons in 2018. This difference is partially due to the change in calculation methodology.

In spite of an increase in the number of employees, the change in CO² emissions was under control in 2019, reflecting good management of electricity consumption and the management of air and rail travel.

Adapting to the consequences of climate change

This theme is not deemed relevant given **Infotel's** activities.

8.2.6. Protecting Biodiversity

Given the nature of its activities, **Infotel** has not implemented a biodiversity plan.

8.3. REPORT (CSR) ON CORPORATE COMMITMENT TO SUSTAINABLE DEVELOPMENT

Infotel wants to contribute to the quality of life and the environment wherever the Group does business.

The Group places sustainable development at the heart of its strategy, and expresses this in its Quality Charter. The Group's policy is in line with a sustainable growth procedure that is based on the conviction that its long-term growth depends in part on the way in which **Infotel** accepts its responsibility in social and environmental areas.

Territorial, Economic and Social Impact of the Company's Activity

With respect to employment and regional growth, **Infotel** is highly committed to the local economy via its facilities throughout France:

- In the Paris region, via its sites in Neuilly-sur-Seine, Bagnolet and Nanterre;
- In the north east of France, via its sites in Lille and Strasbourg;
- In the west of France, via service desks in Rennes, Nantes, Le Mans, Orléans, Niort, Brest and Bordeaux;
- In the south west of France, via its service desk in Toulouse;
- In the south east of France, via service desks in Lyon, Dijon, Aix-Marseille and Nice.

In its capacity as a French company, **Infotel** is pursuing a grassroots strategy to remain close to its customers and also to provide quality of life for its employees.

With respect to the territorial, economic and social impact on the local population, the Group has made regional growth part of its strategy, thus contributing to the territorial impact of its activities with respect to employment. **Infotel** is very involved in the local economy and is generally committed to a "nearshore" policy, meaning national players (or nearby countries) as opposed to "offshore": **Infotel** therefore has no interest in the use of remote labour, even at low cost.

While **Infotel** may not have specific partnership projects with schools and universities, the Group is committed to a dynamic recruitment policy for young people: **Infotel** hires many young graduates without previous work experience, who benefit from in-house training. **Infotel** participates regularly in forums held by schools and universities.

Relations with persons or organizations interested in the company's activity

Given the nature of the Group's activity, **Infotel** does not undertake privileged relationships or sponsorship activities or partnerships with associations combating social exclusion, environmental defense, consumer protection or with local inhabitants.

Infotel is, however, particularly committed to training, and maintains close relationships with IT training establishments, and builds partnerships that lead to apprenticeships, internships and training programs.

In terms of governance, the Executive Management is responsible for implementing the Group's sustainable growth policy.

Sub-contracting and Suppliers

Infotel's use of sub-contractors outside of France is marginal. It represents less than 0.5% of total sub-contracting.

No specific action was taken to consider CSR criteria in relationships with suppliers and sub-contractors, as the risk was limited given the Group's activities and geographical presence (Europe and USA).

Fair Trade Practices

Infotel is not affected by provisions dealing with the health and safety of consumers given its IT service provision activities with companies. The Group does not house individual data belonging to its customers.

The Group has implemented anti-discrimination and equal opportunity initiatives.

Other Initiatives Undertaken to Promote Human Rights

Wherever it operates, **Infotel** conducts its development with regard to fundamental human and social rights while also respecting the environment.

None of the countries where **Infotel** operates breach human rights and fundamental freedom.

In terms of equality, **Infotel** takes care to have an equal number of women and men on its teams. As of January 1, 2017, the law relating to equal representation of women and men on Boards of Directors imposed representation of 40% of each sex on Boards of Directors (Law No. 2011-103 of January 27, 2011 called the “Copé-Zimmermann” law). Well before this date, **Infotel’s** Board of Directors already had an equal number of female and male directors.

On March 1, 2019, Infotel published on its website the results following the calculation of the equality index between men and women, resulting from law No. 2018-771 passed on September 5, 2018 for people’s freedom to choose their professional future and Decree No. 2019-15 of January 8, 2019. The overall rating for professional equality for 2019 is 89/100 points.

From now on, particular attention will be paid to the working conditions of all of the Group’s employees, as well as those of its sub-contractors. An article published in Capital magazine on February 18, 2019 ranked **Infotel** among the top 500 best employers in France and 23rd among High Tech companies, gaining a place compared to the February 2018 rankings for the quality of the working conditions in the company.

9. REVIEW OF THE COMPANY'S FINANCIAL POSITION AND PROFIT/LOSS

9.1. FINANCIAL POSITION

Over the last two fiscal years, the Group has financed its operational activity and its investments mainly using cash flow from operations.

As of December 31, 2018, and 2019, the Group held cash and cash equivalents amounting to €72.8m and €74.6m respectively. In 2019, cash and cash equivalents held were €383k in US Dollars, €731k in pounds sterling and €73,448k in euros.

The activity has generated a positive net cash flow of €20,826k due to an increase in revenue and good management. This cash flow was used to purchase fixed assets of €4,615k.

Cash flow linked to financing transactions concerns mainly the distribution of dividends for €10,646k after elimination of treasury stock.

9.2. PROFIT/LOSS

9.2.1. Group

Revenue for the Group reached €248,388k for the fiscal year 2019, compared to €231,697k for the previous year, showing an increase of 7.20%.

2019 was driven by strong growth in the Services activity (96.59% of revenue), which increased by 7.43% from €223,329k to €239,918k, and saw a rise in the Software activity of 1.22% (3.41% of revenue), from €8,368k to €8,470k.

Current operating costs increased by 8.13%. They rose from €208,999k in 2018 to €225,995k in 2019.

Current operating income amounted to €22,393k and represented 9.01% of revenue, whereas it stood at €22,698k in 2018 and represented 9.80% of revenue, a drop of 0.79 points.

Excluding the application of IFRS 2 (share-based payment), personnel costs would be reduced by €3.5m (after deducting the amount of free shares granted to the Group's key managers), current operating income would amount to €25.9m and the current operating margin would come to 10.4% of revenue.

The financial result showed a loss of -€98k compared to a profit of €85k for the previous fiscal year due to the application of IFRS 16 (leases).

After deducting income tax for an amount of €8,988k, the consolidated net income (Group share) comes to €12,964k, compared to €15,087k for the previous fiscal year.

9.2.2. Parent company

The **Infotel** parent company creates, develops and sells software in France and abroad.

As the lead holding company for the Group, it obtains its revenues in the form of the granting of software rights in accordance with its distribution agreement with IBM, dividends from its subsidiaries, and its share of financial income resulting from the Group's cash management.

Revenue for the fiscal year 2019 stands at €9,941k, down 3.83% compared to the €10,337k in 2018.

Operating costs declined by 9.71%. They fell from €10,022k in 2018 to €9,049k in 2019.

Operating income went from €2,145k to €2,267k, and financial income stands at €9,894k compared to €7,079k for the previous fiscal year.

Current income amounts to €12,161k compared to €9,224k for the previous fiscal year.

Exceptional income is nil in 2019, whereas it was positive (€82k) in 2018.

Income tax amounts to €327k, taking into account a research tax credit of €490k.

Finally, profit for the fiscal year ending December 31, 2019 amounts to €11,834k compared to €8,526k for the previous fiscal year.

Growth in the activity of the **Infotel** parent company, corresponding to software publishing, is described in section 6.5.2 “Distribution of Infotel’s Activities” on page 33, as well as in paragraph 20.2.6.9 “Segment reporting” on page 116.

9.2.3. Governmental Strategies or Factors

We are not aware of any governmental, economic, budgetary, monetary or political strategies or factors that could have a significant influence, directly or indirectly, on the operations of the Group.

9.3. STOCKHOLDERS’ EQUITY

Equity – Group share amount was €92,136k as of December 31, 2019.

A change in the Group’s equity position of €4,989k is explained by the following elements:

- Profit/loss 2019: +€12,964k;
- Dividend distribution - Stockholders’ Meeting of May 29, 2019: -€10,646k;
- Change in capital: none;
- Change in additional paid-in capital: none;
- Change in translation reserve: -€1k;
- Impact of movements on treasury stock: +€44k;
- Actuarial change: -€301k
- Free share awards: +€2,929k
- Other changes: none.

10. LIQUIDITY AND CAPITAL RESOURCES

The activity of the Group's companies generated positive cash flows that enabled the financing of acquisitions of fixed assets for €4,615k in 2019 compared with €4,888k in 2018, as well as the distribution of dividends to the shareholders of the parent company totalling €10,646k in 2019 compared to €7,651k in 2018.

The Group deems that it has enough working capital to meet its short-term commitments. The Company is not in debt and is not planning on incurring debts.

Detailed information on stockholders' equity and cash flow appear in chapter 20 "Financial Information regarding the Issuer's Holdings, Financial Position and Results" on page 91.

Information relating to payment deadlines for the company Infotel SA is outlined in the tables below:

Invoices received and issued unpaid on the closing date of the fiscal year that fell due (dedicated table in I of article D. 441-4 of the Commercial Code)

In euros	Article D. 441-4 I.-1°: Invoices <i>received</i> unpaid on the closing date of the fiscal year that fell due					
	0 day (for information purposes)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 or more days)
(A) Late payment ranges						
Number of invoices concerned						3
Total amount of invoices concerned (taxes included)					2,750	2,750
Percentage of the total amount of purchases for the fiscal year (taxes included)					0.03%	0.03%
(B) Invoices excluded from (A) relating to debts and contested and unrecorded claims						
Number of invoices excluded			0			
Total amount of excluded invoices (specify: before taxes or taxes included)			0			
C) Reference payment deadlines used (contractual or legal deadline - article L. 441-6 or article L. 443-1 of the commercial code)						
Payment deadlines used to calculate late payments	Contractual deadlines: Legal deadlines: 45 days					

	Article D. 441-4 I.-2°: Invoices <i>issued</i> unpaid on the closing date of the fiscal year that fell due					
	0 day (for information purposes)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 or more days)
(A) Late payment ranges						
Number of invoices concerned						6
Total amount of invoices concerned (taxes included)		0	115,455	0	331,831	447,286
Percentage of revenue for the fiscal year (taxes included)		0.00%	1.78%	0.00%	5.12%	6.91%
C) Reference payment deadlines used (contractual or legal deadline - article L. 441-6 or article L. 443-1 of the commercial code)						
Payment deadlines used to calculate late payments	Contractual deadlines: Legal deadlines: 60 days					

Invoices received and issued that experienced a delay in payment during the fiscal year (dedicated table in II of article D. 441-4 of the Commercial code)

In euros	Article D. 441-4 II: Invoices <i>received</i> that experienced a delay in payment during the fiscal year					
	0 day (for information purposes)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 or more days)
(A) Late payment ranges						
Total number of invoices concerned						35
Total amount of invoices concerned (taxes included)		147,450	6,416	0	84,472	238,338
Percentage of the total amount of invoices received in the year (taxes included)		1.84%	0.08%	0.00%	1.05%	2.97%
(B) Invoices excluded from (A) relating to debts and contested and unrecorded claims						
Number of invoices excluded						0
Total amount of excluded invoices (taxes included)						0
(C) Reference payment deadlines used (contractual or legal deadline - article L. 441-6 or article L. 443-1 of the commercial code)						
Payment deadlines used to calculate late payments	Contractual deadlines: Legal deadlines: 45 days					
	Article D. 441-4 II: Invoices <i>issued</i> that experienced a delay in payment during the fiscal year					
	0 day (for information purposes)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 or more days)
(A) Late payment ranges						
Total number of invoices concerned						15
Total amount of invoices concerned (taxes included)		772,456	47,185	518	0	820,160
Percentage of the total amount of invoices issued in the year (taxes included)		11.93%	0.73%	0.01%	0.00%	12.66%
(B) Invoices excluded from (A) relating to debts and contested and unrecorded claims						
Number of invoices excluded						0
Total amount of excluded invoices (taxes included)						0
(C) Reference payment deadlines used (contractual or legal deadline - article L. 441-6 or article L. 443-1 of the commercial code)						
Payment deadlines used to calculate late payments	Contractual deadlines: 60 days Legal deadlines:					

11. RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES

During 2019, the **Infotel** Group has engaged in research and development efforts for its Software and Services activities.

Spending on software research and development has been focused on innovative software:

- Arcsys (archiving technology platform), including:
 - the adaptation of encryption systems to products making it possible to only re-encrypt the “Encryption Key Scheme” during a change of algorithm;
 - the implementation of the cluster mode using API REST, with work on authentication (sharing of the authentication token and refresh operation in cluster mode), and the inclusion of upload constraints (footprint calculation issue);
 - optimization of the process for shutting down the transfer server;
- Further research and development on other products in the **Infotel** range, including:
 - the implementation of a unique authentication mechanism using a unique tool to federate the different SSO protocols (SAML2, OAuth2, OpenID, etc.);
 - the change in the architecture of the HPU zOS product enabling, amongst other things, new types of compression and the implementation of a template switch system according to the size of objects;
 - the study of solutions and the development of prototypes to take account of a change in behaviour of the z/OS 2.4 system that is incompatible with the current architecture of certain products;
 - research and development for a comprehensive solution to migrate data from a DB2 database to NoSQL and Hadoop environments, while supporting the encryption algorithms applied by DB2 to data storage;
 - ongoing research and development for new utilities in order to convert the data provided by the ODBC driver integrated in PostgreSQL, to the various exit formats offered by the product.

For this activity, development costs amounted to €1,370k in 2019, fully capitalized before the allocation of the CIR.

For Services, the research and development expenses covered various points among which we can mention:

- research in the area of automated data ontology with a project to analyze and extract the technical data of connected objects, in order to produce mind maps and ontology links;
- research in the area of the self-classification of patents ultimately enabling patents to be automatically classified based on their texts using Word2Vec and Doc2Vec methods, which are “monolayer” neuron networks;
- the development of algorithms in the area of the prediction of incidents on support platforms with machine learning techniques and tools;
- ongoing research related to the design of algorithms and non-textual information processing tools in unstructured PDF documents.

Research costs for these service activities totalled €1,145k, corresponding only to staff costs taken into account for calculating the CIR.

The table below summarizes expenses for research and development over the last three years:

In €k	2019	2018	2017
Capitalized development costs	1,370	1,826	1,802
Development costs of the Orlando software	1,162	1,997	0
Development costs recorded as expenses	1,145	1,449	1,638
Total cost of research and development	3,677	5,272	3,440

12. TRENDS

12.1. TRENDS SINCE THE END OF THE FISCAL YEAR 2019

The start of 2020 followed in the same vein as the end of 2019.

As Syntec Numérique announced in its press release of December 10, 2019, the “Technology Consultancy, Software Publishing, Consultancy and Services” sectors are expected to grow by 4.0% in 2020, with 4.4% growth for technology consultancy, 2.9% for consultancy and services, and 6.6% for software publishing.

Infotel has taken advantage of its position at the heart of strategic systems for major customers with its service desks, leading to a high level of recurring business from one year to the next, and of the movement to digitization leading to new developments in all sectors. The inter-contract rate remains very low (around 1.9%). Recruitment efforts continue, with an objective of 600 new hires at the next end of the fiscal year on December 31, 2020 (employees in the sector are estimated at 510,000 in 2018). Sales teams are in the field to consolidate our position with existing customers and convert prospective customers into new customers.

As described in the “Financial reporting calendar” section on page 152, the press release on sales and trends for the first quarter of 2020 will be released on the evening of May 20.

12.2. TRENDS FOR THE FISCAL YEAR 2020

Infotel has excellent assets in both of its business sectors, and the Group has begun the fiscal year 2020 with reasonable optimism in both its businesses: Services and software.

The first two months of 2020 were entirely satisfactory, confirming the soundness of the Group’s positioning. However, in March, the Covid-19 epidemic radically changed the environment: the economy at a standstill, whole sectors (such as the airline companies and automobile manufacturers) impacted, and considerable uncertainty for the global economy.

It is pointless to discuss micro-economic trends and forecasts when the greatest uncertainty remains at the macro-economic level.

With comfortable cash resources, the absence of debt and a strong positioning among its clients, **Infotel** has advantages with which to overcome this crisis. However, it will be necessary to wait until these clients unveil their new projects in light of the crisis in order to be able to reconstruct a development plan.

13. EARNINGS FORECASTS OR ESTIMATES

The Company does not provide a forecast or estimate of its future earnings.

14. ADMINISTRATIVE, MANAGEMENT, SUPERVISORY AND EXECUTIVE MANAGEMENT BODIES

14.1. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

14.1.1. Membership of Administrative and Management Bodies

The administration of the Company is entrusted to a Board of Directors currently consisting of five members. Directors are elected for a six-year term and may stand for re-election. The Board of Directors met a total of nine times over the fiscal year 2019. The attendance rate of those meetings was 100%, accounting for participants with the right to vote.

As of December 31, 2019, the Board of Directors was composed as follows:

First and last name of member	Date of first appointment	Expiry date of term	Main position held within the Company	Main position held outside the Company	Other terms of office and positions held in any company
Bernard Lafforet	December 31, 1979	Stockholders' Meeting called to approve the financial statements for fiscal year 2023	Chairman - Chief Executive Officer	None	"Chairman - Director" of Infotel Corp. "Chairman – Executive Officer" of Infotel Monaco
Michel Koutchouk	June 3, 1982	Stockholders' Meeting called to approve the financial statements for fiscal year 2023	Executive Officer	None	"Director" of Infotel Corp.
Josyane Muller	May 23, 2006	Stockholders' Meeting called to approve the financial statements for fiscal year 2023	Executive Officer	None	Chairperson of Infotel Conseil,
Hélène Kermorgant	May 20, 2015	Stockholders' Meeting called to approve the financial statements for fiscal year 2023	None	None	None
Alain Hallereau	May 29, 2019	Stockholders' Meeting called to approve the financial statements for fiscal year 2024	None	None	None

As of December 31, 2019, the Group's management team consists of four members:

- Bernard Lafforet, Chairman-Chief Executive Officer, graduated in mathematics from the French Ecole Normale Supérieure, founded Infotel after ten years in research with the CNRS; his term expires after the General Stockholders' Meeting called to approve the financial statements for the fiscal year ending December 31, 2023;
- Michel Koutchouk, Director and Executive Officer, graduated from IEP Paris and engineer of the Arts et Métiers, joined Mr. Lafforet to create Infotel after ten years with the IT Department at Air France; his term expires after the General Stockholders' Meeting called to approve the financial statements for the fiscal year ending December 31, 2023;
- Ms. Josyane Muller, Executive Officer, graduated from ISIN-ESSTIN in Nancy, joined Infotel in 1985 after 18 years with IT service companies including nine with Cap Gemini as Branch Manager; her term expires after the General Stockholders' Meeting called to approve the financial statements for the fiscal year ending December 31, 2023;
- Éric Fabretti, Executive Officer, with a Masters in IT from Paris V, joined Infotel in 1996 after 12 years in the IT service field, including two for Sopra and ten as a consultant; his term expires after the General Stockholders' Meeting called to approve the financial statements for the fiscal year ending December 31, 2023.

The experience and skills of H el ene Kermorgant are described in the chapter "The Board of Directors" on page 59.

All of these persons are domiciled at the Company's Headquarters.

The management expertise and experience of these individuals is a result of previous salaried positions and/or management positions previously held and/or still held in other companies or various bodies.

There are no family ties between the people in this list.

Over the past five years, none of the people mentioned in chapter 14 page 54 held offices in companies other than those of the Group which are, for some, no longer part of the Group or have been absorbed.

Bernard Lafforet acted as a permanent representative of **Infotel** in Infotel Conseil, before its transformation as a simplified joint stock company. He is also "Chairman-Executive Officer" of Infotel Monaco and "Chairman-Director" of Infotel Corporation.

Michel Koutchouk holds the office of "Director" with Infotel Corporation.

Josyane Muller holds the position of "Chairperson" of Infotel Conseil.

 ric Fabretti holds the position of Chairman of Infotel Business Consulting. He is "director" of Infotel UK Consulting Ltd, Chairman of OAI O, Chairman of Coach'IS and manager of Collaboratif Portail Services.

During the previous five years, no member of the Executive Committee has been convicted of fraudulent offences, has been involved in bankruptcy, receivership or liquidation proceedings, has been subject to a prohibition to manage, or has been subject to official public incrimination and/or sanctions imposed by other public authorities.

In view of the current composition of the board of directors made up of three founding members who are also operational directors of the company, it is difficult to provide for a phased renewal of their mandates. **Infotel** will study the possibility of organizing a staggered renewal of the directors' terms of office according to Middlednext Code Recommendation R9 or justify the non-application of this recommendation according to the principle of "comply or explain".

The appointment of a second independent director (Mr. Alain Hallereau), by the annual Stockholders' Meeting on May 29, 2019 called to approve the 2018 financial statements, made it possible to complete the Board of Directors with a member whose term of office has a different end date from that of the other directors, thus staggering the renewal of terms in the future.

14.2. CONFLICTS OF INTEREST

With the exception of a large number of shares held by the persons mentioned in paragraph 14.1.1, to the Company's best knowledge, there are no existing or potential conflicts of interest between it and these persons.

There are no service contracts linking the members of the administrative or management bodies to the Company or its subsidiaries and from which a member may derive economic benefits.

15. SALARIES AND PENSIONS

15.1. EXECUTIVE SALARIES

All remunerations paid during the past three accounting periods, to each company officer, are as follows, on a gross pre-tax basis:

In Euros	2019	2018	2017
Bernard Lafforet	216,000	216,000	216,000
Michel Koutchouk	196,064	196,064	196,064
Josyane Muller	192,000	192,000	192,000
Éric Fabretti	210,000	210,000	210,000

All above remunerations are allocated to a company officer.

Michel Koutchouk received, over the course of the last three accounting periods, a benefit in kind in the form of the use of a vehicle.

For accounts ending on December 31, 2017, 2018 and 2019, no proportional, variable or exceptional remuneration or fee was made to any executive.

It is noted that no company officer received any other remuneration or any sort of benefit in kind from the companies controlled by **Infotel**, as per Article L. 233-16 of the French Commercial Code.

No stock subscription or purchase options, or any instrument providing access to capital, were granted to the company officers.

No loans, nor any guarantees, were accorded in favour of the company officers.

There are no arrangements, of any kind, made by the Company in favor of the company officers, and which may correspond to any form of remuneration, provision of service, compensation or benefits due or liable to be due upon or after assuming, leaving or changing their position.

The "Special Report from the Statutory Auditors regarding the regulated agreements and commitments" covered in section 20.4.3 on page 141 does not mention any regulated agreements.

15.2. PENSIONS AND OTHER EMPLOYEE BENEFITS

Provisions are made for legal and contractual indemnities for each employee present from December 31, 2019 calculated according to how long, theoretically, they would have worked at the day of their retirement, and in accordance with the projected credit unit method.

The commitment to pay a bonus for ten years of service is also provided for under the same conditions as of January 1, 2004.

Pensions, including the seniority bonus, are calculated using the following criteria:

- Turnover of employees under 56 years:
 - 13% for employees of Infotel Conseil, IBC and OAIO (vs. 10% last year);
- Turnover of employees over 56 years:
 - 0.4% for the Group's entire workforce;
- Discount rate: 0.79% for pensions (1.63% in 2018) and 0.68% for the 10-year seniority bonus (1.33% in 2018);
- Retirement age: 65 years;
- Rate of increase in salaries for employees under 56 years: 2.5%;
- No increase in salaries is planned for employees over 56 years;
- Rate of employer's contribution: 45%.

As of December 31, 2018, and 2019, the total provisions for retirement bonuses for the Group had risen to €3,022k and €3,084k respectively, including social security taxes. As of December 31, 2018, and 2019, these commitments were subject to insurance cover for €75k and €110k respectively.

As of December 31, 2018 and 2019, the provisions relating to the ten-year service bonus had risen to €490k and €475k respectively.

16. OPERATION OF ADMINISTRATION AND MANAGEMENT BODIES

16.1. TERMS AND SERVICE CONTRACTS

The expiry dates of directors' terms are indicated in section 14.1.1 on page 54.

No service contracts connect the members of the administrative and management bodies with the issuer.

16.2. CORPORATE GOVERNANCE AND COMMITTEES

This information is described in section 16.5 "Board of Director's report on corporate governance" on page 58.

16.3. RESTRICTIONS TO THE POWERS OF THE CHIEF EXECUTIVE OFFICER

No restriction on the powers of the Chief Executive Officer is provided for, either in the Articles of Incorporation or by the Board of Directors. As a result, the Chief Executive Officer is invested with extensive powers, within the confines of the corporate purpose, to act in the name of the Company.

16.4. ADDITIONAL INFORMATION ON CORPORATE GOVERNANCE

In addition to the information above, the following details are added:

- Number of independent directors: 2.
- Number of directors elected by employees: none.
- Annual remuneration of directors (e.g. attendance fees): €3k was paid to independent administrators, in accordance with recommendation No. 10 of the Middenext Code. This was increased to €6k for 2019 due to the appointment of a second independent director.
- Audit committee: Board members carrying out the Audit Committee assignments.
- Remunerations committee: None.
- Gender equality: Two women and three men.

The Company complies with the corporate governance regime in force in France, as it refers to in the Middenext Code, for which the application procedures are laid out in the internal control report.

In accordance with Recommendation No. 3 of the Middenext Code, which recommends the appointment of two independent directors to the Board, a second independent director (Mr. Alain Hallereau) was appointed to the Board by the Combined Stockholders' Meeting on May 29, 2019.

16.5. BOARD OF DIRECTOR'S REPORT ON CORPORATE GOVERNANCE

Board of Director's report on corporate governance as provided for in Article L. 225-37 of the Commercial Code with respect to the fiscal year ending December 31, 2019

(Directive 2017-1162 of July 12, 2017 and decree 2017-1174 of July 18, 2017, pursuant to the law 2016-1691 of December 9, 2016 called the Sapin 2 law)

Introduction: Review of Legal Obligations

In accordance with the provisions of Article L. 225-37 (public limited company with a Board of Directors) or L. 225-68 (for public limited companies with Management and Supervisory Boards) of the French Commercial Code, the aim of this report is to document the preparation and organization conditions of the work of the board, as well as the limitations to the Chief Executive Officer's powers.

The purpose of this report is to replace the previous report of the Chairman on internal control procedures following the entry into force of the Sapin 2 law. The information in the former report relating to internal control procedures have been moved to the management report and to paragraph 4.7 of this document.

This report has been prepared with the support of the financial departments, and was approved by the Board of Directors at its meeting of March 4, 2020.

Infotel will henceforth refer to the December 2009 Middelnext Corporate Governance Code for small and mid-caps, available at the following website: http://www.middelnext.com/IMG/pdf/Code_de_gouvernance_site.pdf, hereinafter the Reference Code.

At its meeting of March 10, 2010, the Board of Directors decided to change the Reference Code for corporate governance and adopt the Middelnext Code, which is more in keeping with the Group's issues and size, the make-up of its management team and the high level of involvement of its members (managers-stockholders).

The Board took note of the contents of the Middelnext Code's "vigilance points".

Regarding the remuneration of its executive officers, an important point in the Reference Code, it should be noted that **Infotel** has always adopted an exemplary policy of remuneration and benefits for its officers-directors. Officers-directors do not benefit from either proportional, variable or exceptional remuneration, or advantages such as: annual remuneration of directors (e.g. attendance fees), stock-option purchases, instruments providing access to capital, free stock or severance pay.

Pursuant to the provisions of paragraph 7 of Article L.225-37 of the French Commercial Code, this report sets out the provisions of the Middelnext Code that have been omitted and the reasons why.

Corporate Governance

The Management Team

As of December 31, 2019, the Group management team consists of four members:

- Bernard Lafforet, Chairman – Chief Executive Officer, a graduate of the French Ecole Normale Supérieure in mathematics. He founded Infotel after 10 years of research at the CNRS;
- Michel Koutchouk, Director and Executive Officer, a graduate of the IEP Paris and engineer of the Arts et Métiers. He joined Mr. Lafforet to create Infotel after ten years with the IT department at Air France;
- Ms. Josyane Muller, Executive Officer, a graduate of the ISIN-ESSTIN in Nancy. She joined Infotel in 1985 after 18 years in the IT consulting industry, including nine at Cap Gemini as Branch Manager;
- Éric Fabretti, Executive Officer in charge of commercial activity, holder of a Masters in IT from Paris V, non-director.

The Board of Directors

The Board of Directors is comprised as follows:

- Bernard Lafforet, Chairman – Chief Executive Officer;
- Michel Koutchouk, Director and Executive Officer;
- Ms. Josyane Muller, Director and Executive Officer;
- Ms. Hélène Kermorgant, Director.
- Alain Hallereau, Director.

Graduate of the French École Supérieure de Gestion, Hélène Kermorgant is currently partner at RSM Paris, chartered accountant and statutory auditor. During her career, she has acted as Statutory Auditor and chartered accountant, notably as Financial Director for a mixed economy company from 1994 to 1999 and from then on as Director then partner at COREVISE -RSM Paris. She has lectured at the University Paris Dauphine and is a trainer at the French National Auditing Authority (Compagnie Nationale des Commissaires aux Comptes).

Alain Hallereau holds a postgraduate diploma in computer science. He joined the Management to set up Infotel after seven years in the IT departments of industrial companies and two at Cap Gemini. He ceased his duties as an employee and Director of Infotel in May 2012.

Minutes of the Board of Directors

During the fiscal year ending December 31, 2019, the Board of Directors of **Infotel** met on nine occasions (with an average attendance rate of 100%) with the following agendas and dates:

- January 23 2019, company strategy (No. 1), an overview of the stock and financial markets;
- January 23 2019: free share award, resignation of Mr. Jean-Marie Meyer from his position as executive officer, amendment of the *management fees* agreement (from €300,000 to €260,000);
- March 6 2019, closing of 2018 accounts and preparation for the Combined Stockholders' Meeting; Appointment of a Head of Compliance (Anti-corruption program resulting from the SAPIN II law), Mr. Geoffroy Noirfontaine;
- April 17 2019, company strategy (No. 2), an overview of the stock and financial markets;
- May 29 2019: launch of the repurchase program;
- May 29 2019: renewal of the independent third-party body for verification of CSR for 3 years, until the end of the Stockholders' Meeting to approve the accounts closed on December 31 2021;
- July 24 2019, company strategy (No. 3), an overview of the stock and financial markets;
- September 18 2019, closing of accounts of first half of 2019;
- October 23 2019, company strategy (No. 4), an overview of the stock and financial markets.

In any event, the Board of Directors meets whenever the Company requires.

Internal Rules of Procedure of the Board of Directors

On January 26, 2011, the **Infotel** Board of Directors opted for an Internal Regulation. This can be viewed on the Company's website.

These Rules of Procedure outline the various duties of the members of the **Infotel** Board of Directors and complete the legal, regulatory and statutory rules thus specifying the working methods of the Board of Directors, and integrating the five sections set out in recommendation R6 of the Middennext Code 2016:

- Role of the Board;
- Composition of the board/criterion for members' independence;
- Duties of members (ethics: loyalty, non-competition, disclosure of conflicts of interest and duties of abstention, confidentiality, etc.);
- Board operations (frequency, convening, member information, use of video-conferencing and telecommunications) and the audit committee;
- Rule for determining the remuneration of members.

The Internal regulations were updated at the board meeting of July 26, 2017 in compliance with the new Middennext Code.

Provisions Regarding Directors – Presence of an Independent Director

The qualities that should apply to a director are competence, experience and respect for the corporate interest of the company.

Although the size of the Group and the significant involvement of the three members of the board performing their executive functions (officers-stockholders)—highly involved in the key management processes of the Group, and concerned at all times for the corporate interest of the company—do not require the presence of an independent director, the Board of Directors of **Infotel** considers, in compliance with Recommendation R8 of the Middennext Code, that the fourth director, Ms H  l  ne Kermorgant, is independent for the following reasons:

- For the past five years, H  l  ne Kermorgant has not been an employee or executive officer of **Infotel** or a Group company.
- For the past two years, Ms. H  l  ne Kermorgant has not been a significant client, supplier, auditor, banker (business or financing) of Infotel or the Group, or for which **Infotel** or the Group represents a significant part of the activity.
- Ms. H  l  ne Kermorgant has no close family ties with a corporate officer or a reference shareholder.
- Ms. H  l  ne Kermorgant was not the company's auditor for the previous six years.
- Ms. H  l  ne Kermorgant is not a reference shareholder of **Infotel** and does not hold a significant percentage of voting rights.

In addition, Ms. H  l  ne Kermorgant is not subject to any commitment aimed at preserving the conditions of her qualification as independent director and does not maintain any business relationship with **Infotel**.

In accordance with Recommendation No. 3 of the Middennext Code, which recommends the appointment of two independent directors to the Board, a second independent director (Mr. Alain Hallereau) was appointed to the Board at the Annual Stockholders' Meeting on May 29, 2019 that approved the financial statements for fiscal year 2018.

Mr. Alain Hallereau is independent for the following reasons:

- He has not been an employee or executive officer of the company or a company in the Group for more than five (5) years (he was an employee and director until May 2012).
- Mr. Hallereau holds **Infotel** shares, without however being considered a reference shareholder or holding a significant percentage of voting rights within the meaning of the Middennext Code.
- He has no close family ties with a corporate officer or a reference shareholder that is likely to affect the independence of his judgement.
- Mr. Hallereau has not been a significant client, supplier, banker (business or financing) of **Infotel** or the Group, or for which **Infotel** or the Group represents a significant part of the activity, during the last two years.
- Mr. Hallereau was not the auditor of Infotel or a Group company during the previous five (5) years.

Conflicts of Interest

With a view to avoiding conflicts of interest, **Infotel** has adopted the MEDEF criteria (in its guide "preventing and managing conflicts of interest"), which identify such conflicts: a conflict of interest exists when a significant interest (be it sentimental, familial, financial, associative, cultural, sporting, political, charitable, religious, trade union,

philosophical, etc.) that is external to the company managed by the director may interfere in the positions or decisions he or she may take while carrying out his or her executive duties.

A conflict of interest is seen when an individual risks losing his or her objectivity and intellectual independence, and finds him/herself weakened in carrying out their responsibilities.

Managing conflicts of interest within the board relies on voluntary disclosure by each Director according to the internal regulation of the board. An absence of information is interpreted as an absence of any conflict of interest. Where a conflict of interest arises after a Director is appointed, he/she must inform the board, abstain from voting or participating in discussions and, if necessary, resign.

Board Relationships with Third Parties

In fulfilling their duties attributed by the law to the Audit Committee, the Board of Directors monitors the information provided to stockholders as well as to the market. It examines the press releases distributed by the Company to inform market players of key events concerning the **Infotel** Group.

Pursuant to Article L.225-238 of the French Commercial Code, auditors are summoned to board meetings that examine interim accounts (six-month consolidated financial statements) as well as annual accounts (company and consolidated).

Audit Committee

The Board of Directors, through Executive Management and the firm of internal chartered accountants that supports the Group in its work, performs the audit functions for the Group.

Infotel has elected to exempt itself from the obligation of setting up an Audit Committee as provided for in Article L 823-20 4° of the French Commercial Code regarding individuals and entities with a body fulfilling the functions of a specialist committee mentioned in Article L 823-19, provided that this body, which may be the administrative body, is identified.

Infotel's Board of Directors is identified, in the conditions laid down in the text, as the body responsible for performing audit committee functions as mentioned in the law.

In accordance with the duties of the audit committee, the Board of Directors, in fulfilling the functions of the audit committee, thus ensures the:

- Financial reporting processes;
- Efficiency of internal control and risk management systems;
- Legal control of annual and consolidated accounts by the auditors;
- Independence of the auditors.

At its meeting of January 26, 2011, the Board of Directors specified, in its Rules of Procedure, the working rules of the Board of Directors in its capacity of audit committee, and the responsibilities it will bear.

There is no requirement for the presence within the Board of a member competent in accounting and financial practices.

Nevertheless, Ms Kermorgant, the independent director, embodies all the financial expertise required to chair the Board when it meets as the Audit Committee:

Ms Kermorgant is Chair of the Board when it meets as the Audit Committee, as decided at the board meeting of May 20, 2015.

To promote efficient and frank debate, the Chairman – Chief Executive Officer, however, attends when the Board meets as the Audit Committee.

Assessment of the Board of Directors

In line with recommendation R 15 of the Middlednext Code of Governance and incorporated in Article 4 of the Rules of Procedure, once a year the members of the Board are asked by the Chair to give their views on Board of Directors operations and work preparation. This discussion is recorded in the minutes of the Board of Directors meeting.

It is also noted that the Company encourages self-monitoring by the Directors with respect to their capacity to assess the relevance of the operations of the Board of Directors, and the Directors are regularly asked to give their opinion on Board operations and work preparation.

At the last meeting of the Board on March 4, 2020 relating to the 2019 accounts, the Directors gave their views on the assessment of the work of the Board.

It emerged from this debate that the Directors consider that the Board is functioning in a satisfactory manner and in the best interests of the Company.

Further to the appointment of Ms Hélène Kermorgant as a Director, at the Stockholders' Meeting of May 20, 2015, the Board consists of two women and three men and hence, is in perfect compliance with the diversity principles of Law no. 2011-103 of January 27, 2011 on gender equality and boards of directors.

The Board has also improved on the independence criteria required by the Middledex Code and attributed to the independent director position, which is held both by Hélène Kermorgant, who has considerable ability in financial and accounting matters, and by Alain Hallereau.

Administration and Management Bodies

First name, last name of the Directors and Executive Officers	Positions occupied in other companies
Directors	
Bernard Lafforet, Chairman – Chief Executive Officer	“Chairman - Director” of Infotel Corp. “Chairman – Executive Officer” of Infotel Monaco
Michel Koutchouk	“Director” of Infotel Corp.
Josyane Muller	Chairperson - Chief Executive Officer of Infotel Conseil
Hélène Kermorgant	None
Alain Hallereau	None
Executive Officers	
Michel Koutchouk	See above
Josyane Muller	See above
Éric Fabretti	Executive Officer of Infotel Conseil Chairman of Infotel Business Consulting Director of Infotel UK Consulting Ltd Chairman of OAIO Chairman of Coach'IS Manager of Collaboratif Portail Services

Executive Committee

The Executive Committee consists of:

- Bernard Lafforet, Chairman – Chief Executive Officer;
- Michel Koutchouk, Executive Officer;
- Ms. Josyane Muller, Executive Officer;
- Éric Fabretti, Executive Officer;
- Jean-François Castella, Vice-President, Software.

This Committee falls under the authority of the Chief Executive Officer and consolidates the management and duties of department heads. The Executive Committee studies the forecasts and the revenue in terms of achievement for all entities of the Group on a monthly basis.

The Executive Committee studies the income for all parts of the Group, on the basis of quarterly statements.

Part 2: Restrictions to the Powers of the Chief Executive Officer

No restriction on the powers of the Chief Executive Officer is provided for, either in the Articles of Incorporation or by the Board of Directors. As a result, the Chief Executive Officer is invested with extensive powers, within the confines of the corporate purpose, to act in the name of the Company.

Part 3: Executive salaries

This section aims to present the remuneration policy for company officers, i.e. **Infotel's directors** and executives, in accordance with Ordinance No. 2019-1234 of November 27, 2019 adopted pursuant to law No. 2019-486 of May 22, 2019 relating to the growth and transformation of companies ("PACTE Law").

The report of the Board of Directors on corporate governance is also intended to present the remuneration elements for the Chairman – Chief Executive Officer and the Executive Officers and outline the draft resolutions established by the Board of Directors relating to the approval of this remuneration.

Infotel's remuneration policy has three components:

- Remuneration policy for directors;
- Remuneration policy for the Chairman-Chief Executive Officer;
- Remuneration policy for Executive Officers.

These three components must all be submitted to the General Stockholders' Meeting in accordance with Article L.225-37-2 II of the French Commercial Code.

Moreover, there is also a reminder of the reasons for the absence of a Compensation Committee. We also present here the equity ratio in accordance with the PACTE Law, as well as the draft resolutions established by the Board of Directors relating to the remuneration of company officers.

1.) Remuneration policy

Generally, Infotel has a responsible remuneration policy for company officers that is in keeping with the company's interests. It is adapted to the company's commercial strategy and the environment in which it operates. It is established in accordance with applicable legal and regulatory provisions and with the recommendations of the MiddleNext Code.

In accordance with the PACTE Law, the remuneration policy applicable to company officers (detailed below) will be the subject of a draft resolution submitted for the approval of the Combined Stockholders' Meeting on May 20, 2020, but also whenever there is a major amendment of this policy.

In addition, pursuant to Article L.225-100 III of the French Commercial Code, the same shall apply with regard to the fixed, variable and exceptional remuneration elements of each corporate officer, due or granted in respect of the 2019 financial year, that are to be presented at the next Combined Stockholders' Meeting and submitted for a consultative vote.

a.) Annual remuneration policy for directors:

The remuneration policy for directors is set and reviewed by **Infotel's** Board of Directors. It is intended to remunerate only the independent directors for their time and the investment they have made with regard to their contributions to the various Board of Directors' meetings.

The principles for setting the remuneration of directors are as follows:

- the principle of granting an annual remuneration to members of the Board of Directors depends on the director's profile since a distinction is made between executive directors and non-executive directors. Accordingly, executive directors and the director representing employees receive no annual remuneration in respect of their directorship, this being reserved solely for independent directors;
- in the case of the annual remuneration allocated to independent directors, it is only allocated as from expiry of the first year of the term of office;

- the remuneration of independent directors consists exclusively of a fixed component, no variable component being granted to the director;
- an identical remuneration is allocated to each of the independent directors.

With regard to the principles for setting the remuneration presented below, the remuneration policy for directors is in keeping with the company's interests and it contributes to the sustainability of the company, while being part of its commercial strategy.

In the case of remuneration elements allocated to independent directors:

- on May 29, 2019, Infotel's General Stockholders' Meeting allocated an amount of €3,000 for remuneration, in respect of the previous fiscal year 2018. This remuneration was allocated to Ms. H  l  ne Kermorgant, an independent director, by the Board of Directors on March 6, 2019, subject to being voted by the Meeting;
- it was proposed that this amount be set at the total sum of €6,000 in respect of the last fiscal year 2019. The Board of Directors meeting on March 4, 2020 decided to allocate each of the two independent directors, Ms. Kermorgant and Mr. Hallereau, the amount of €3,000, subject to being voted by the Meeting. The allocation of this amount will therefore be the subject of a resolution submitted for the approval of the Combined Stockholders' Meeting on May 20, 2020.

b.) Remuneration policy for the Chairman-Chief Executive Officer and Executive Officers

The remuneration policy for the Chairman-Chief Executive Officer is identical to the remuneration policy for Executive Officers. It is set by the Board of Directors.

The policy for determining executive remuneration is established on the basis of the following criteria:

- The level and difficulty of responsibilities;
- Experience in the position;
- Seniority in the Group and
- the practices identified in companies performing similar activities.

For accounts ending on December 31, 2017, 2018 and 2019, no proportional, variable or exceptional remuneration was made to any executive. Moreover, executives did not benefit from any remuneration in respect of their directorship.

It is noted that no company officer received any other remuneration or any sort of benefit in kind from the companies controlled by Infotel, as per Article L. 233-16 of the French Commercial Code.

No stock subscription or purchase options, or any instrument providing access to capital, were granted to the company officers.

No loans, nor any guarantees, were accorded in favour of the company officers.

There are no arrangements, of any kind, made by the Company in favour of the company officers, and which may correspond to any form of remuneration, provision of service, compensation or benefits due or liable to be due upon or after assuming, leaving or changing their position.

The table below and the explanations that follow provide an overview of the remuneration of the Executive Management of the Infotel group, with respect to the fiscal year ended for the opinion of stockholders within the framework of the "say on pay" policy.

All remunerations paid during the past three accounting periods, to each company officer, are as follows, on a gross pre-tax basis:

In Euros	2019	2018	2017
Bernard Lafforet	216,000	216,000	216,000
Michel Koutchouk	196,064	196,064	196,064
Josyane Muller	192,000	192,000	192,000
��ric Fabretti	210,000	210,000	210,000

All above remunerations are allocated to a company officer.

Michel Koutchouk received, over the course of the last three accounting periods, a benefit in kind in the form of the use of a vehicle.

We would point out that the payment of variable and exceptional remuneration elements is subject to a positive ex-post vote and the identification of these elements. It is nonetheless pointed out that the remunerations for the Infotel Chairman – Chief Executive Officer and the Executive Officers are made up of a fixed element.

2.) Compensation Committee

In accordance with AMF Position-Recommendation No. 2014-14, the reasons for the absence of a compensation committee, based on the “comply or explain” principle, are described below.

The remuneration of the Chairman-Chief Executive Officer and Executive Officers is composed exclusively of a fixed component and does not include any variable or exceptional components.

None of these corporate officers receives compensation or benefits in kind from companies controlled by **Infotel** within the meaning of Article L. 233-16 of the French Commercial Code.

No stock-option (subscription options or stock purchase options), or instruments giving access to the capital are granted to beneficiaries having the status of corporate officers at the time the grant is made.

No loans or guarantees are granted for corporate officers.

There is no commitment of any nature whatsoever, taken by the company for the benefit of its corporate officers, corresponding to elements of remuneration, indemnities or benefits due or likely to be due to the taking up, the cessation or change of these functions or subsequent thereto.

For these reasons, the existence of a compensation committee was not considered appropriate.

2.) Equity ratio between the levels of remuneration of executive corporate officers and the average and median remuneration of employees

This equity ratio is presented in accordance with Article L.225-37-3, I, 6° of the French Commercial Code following the entry into force of the aforementioned PACTE Law, and aims to transpose the European Directive of May 17, 2017 on long-term shareholder engagement (“SRD II”), while supplementing the system established by the “SAPIN II” law, in order to ensure compliance with the new requirements in terms of the transparency of executive remuneration.

It consists in presenting a ratio between the remuneration of each of Infotel’s executive corporate officers, and the average and median remuneration on a full-time equivalent basis of Infotel employees other than corporate officers.

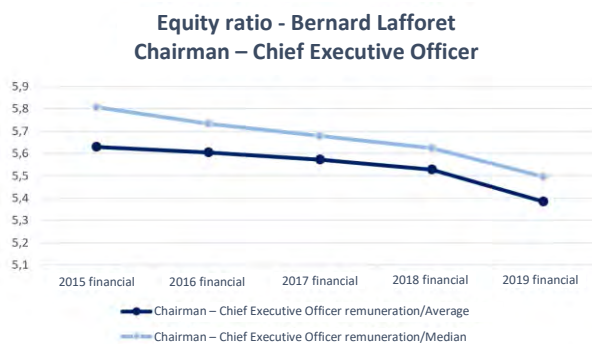
This presentation must be made over the last five fiscal years, in accordance with Article L.225-37-3, I, 7° of the French Commercial Code.

(i) Presentation of the calculation method for the equity ratio:

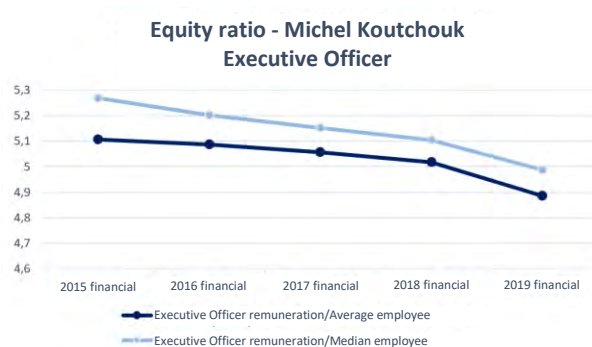
- Since the remuneration of Infotel employees may vary from one country to another due to disparities in the cost of living between these countries, in order to ensure consistency, executives being remunerated by Infotel SA, the French entity, the equity ratio is therefore calculated by taking into account the remuneration of employees of all the direct and indirect subsidiaries located in France, this French scope also covering 98% of the Group’s total wage bill;
- for employees, the remuneration taken into account in the calculation is the full-time equivalent remuneration of permanent employees, regardless of the level of seniority. Therefore this calculation does not take into account part-time employees, apprentices, interns or sub-contractors;
- in the case of free shares granted to employees, these are only taken into account in the calculation as from their definitive grant date. Fiscal year 2019 is not concerned (awards in 2020).

(ii) Presentation of the equity ratio for each of the corporate officers:

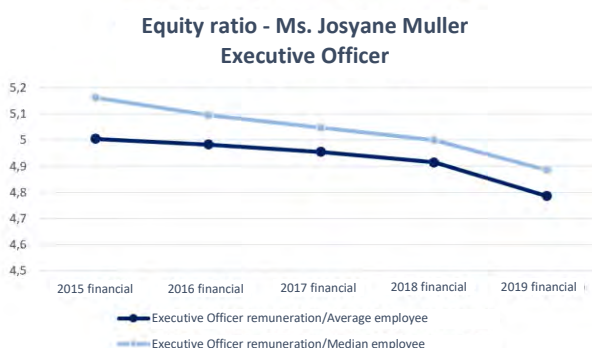
- Equity ratio relating to Bernard Lafforet, Chairman-Chief Executive Officer



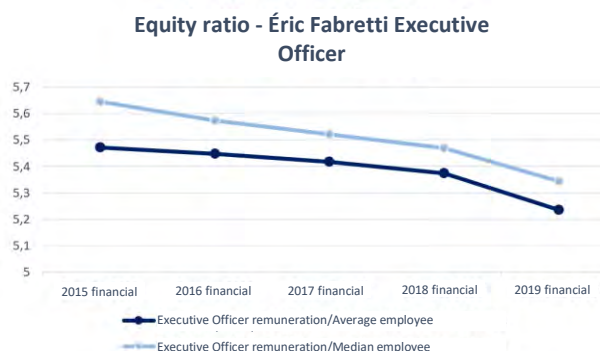
- Equity ratio relating to Michel Koutchouk, Executive Officer



- Equity ratio relating to Ms. Josyane Muller, Executive Officer



- Equity ratio relating to Éric Fabretti, Executive Officer



3.) Draft remuneration resolutions submitted to the General Stockholders' Meeting on May 20, 2020

- SIXTH RESOLUTION -

(Approval of the remuneration policy for company officers)

The Stockholders' Meeting, consulted in accordance with Article L. 225-37-2 of the French Commercial Code, hereby approves the remuneration policy applicable to company officers, as presented in the Board's report on corporate governance.

- SEVENTH RESOLUTION -

(Approval of the information specified in Article L.225-37-3, I of the French Commercial Code)

The Stockholders' Meeting, after considering the Board of Directors' report on corporate governance, more specifically section 3 relating to the remuneration of company officers, hereby approves, in accordance with Article L. 225-100, II of the French Commercial Code, the information specified in Article L.225-37-3, I of the French Commercial Code in respect of the fiscal year ending December 31, 2019.

- EIGHTH RESOLUTION -

(Opinion on the elements of the remuneration due or granted for the 2019 financial year to Bernard Lafforet, Chairman-Chief Executive Officer)

The Stockholders' Meeting, consulted in accordance with Article L. 225-100, III of the French Commercial Code, hereby issues a favourable opinion on the elements of the remuneration due or granted in respect of the 2019 financial year to Bernard Lafforet, Chairman - Chief Executive Officer, as presented in the Board's report on corporate governance.

- NINTH RESOLUTION -

(Opinion on the elements of the remuneration due or granted for the 2019 financial year to Michel Koutchouk, Director and Executive Officer)

The Stockholders' Meeting, consulted in accordance with Article L. 225-100, III of the French Commercial Code, hereby issues a favourable opinion on the elements of the remuneration due or granted in respect of the 2019 financial year to Michel Koutchouk, Director and Executive Officer, as presented in the Board's report on corporate governance.

- TENTH RESOLUTION -

(Opinion on the elements of the remuneration due or granted for the 2019 financial year to Josyane Muller, Director and Executive Officer)

The Stockholders' Meeting, consulted in accordance with Article L. 225-100, III of the French Commercial Code, hereby issues a favourable opinion on the elements of the remuneration due or granted in respect of the 2019 financial year to Josyane Muller, Director and Executive Officer, as presented in the Board's report on corporate governance.

- ELEVENTH RESOLUTION -

(Opinion on the elements of the remuneration due or granted for the 2019 financial year to Éric Fabretti, Executive Officer)

The Stockholders' Meeting, Consulted in accordance with Article L. 225-100, III of the French Commercial Code, hereby issues a favourable opinion on the elements of the remuneration due or granted in respect of the 2019 financial year to Éric Fabretti, Executive Officer, as presented in the Board's report on corporate governance.

- TWELFTH RESOLUTION -

(Setting the total amount of the annual remuneration for directors for the current financial year)

The Stockholders' Meeting, after considering the Board of Directors' report on corporate governance, hereby decides to set the total amount of the remuneration granted to directors for the current financial year at **six thousand (6,000) Euros**.

Part 4: Agreements concluded between an executive and a major shareholder and a subsidiary

(I) Agreements concluded between an executive and a major shareholder and a subsidiary

In application of articles L.225-37-4, 2, it is noted that no agreement took place, directly or by an intermediary person, between, on the one hand, one of the company officers or one of the stockholders with a fraction of voting rights greater than 10% for a company, and on the other hand, another company of which the first holds directly or indirectly more than half of the capital, with the exception of agreements dealing with current operations and concluded under normal conditions.

(ii) Procedure for assessing current agreements concluded under normal conditions

In accordance with Law No. 2019-486 of May 22, 2019 relating to the growth and transformation of companies (PACTE Law), **Infotel** has developed a procedure for assessing current agreements concluded under normal conditions. This procedure is also intended to follow AMF Recommendation No. 2012-05 of July 2, 2012, amended on October 5, 2018.

It reiterates the legislative and regulatory framework applicable to regulated agreements as well as the methodology applied internally to classify the different agreements concluded.

This procedure was approved at the Infotel Board of Directors' meeting on March 4, 2020.

Part 5: Table of delegations at December 31, 2019

AGM	Delegation type	Amount granted	Date	Amount exercised
May 29, 2019	Stock options and securities issued	1,300,000 Euros	July 29, 2021	0
May 29, 2019	Stock repurchase	10% of the capital of the Company calculated on the purchase decision date, less any shares resold as part of this authorization	November 28, 2020	0
May 31, 2018	Free shares awarded	5% of the share capital at the date when the Board of Directors decides to allocate them	July 31, 2021	1.16% of the company's share capital

Part 6: Elements likely to have an impact in the event of a takeover bid

1st The capital structure of the company

➔ This is outlined in chapter 18 of the Universal Registration Document.

2nd Statutory restrictions on exercising voting rights and share transfers or agreement clauses dealing with the knowledge of the company in application of Article L. 233-11

- These are set out in paragraphs 21.2.3 to 21.2.8 of the Universal Registration Document.

3rd Direct or indirect investments in the capital of the company of which it has knowledge in accordance with Articles L. 233-7 and L. 233-12

- These are outlined in chapter 18 and in paragraph 21.2.7 of the Universal Registration Document.

4th The list of stockholders of any securities with special control rights and their description

- There are no securities including special control rights, with the exception of a double voting right for the benefit of stockholders registered for at least two years (paragraph 21.2.3 of the Universal Registration Document).

5th The control mechanisms stipulated in a possible personnel share scheme, when the control rights are not exercised by the latter

- There are no control mechanisms foreseen in a possible personnel share scheme with control rights that are not exercised by the latter

6th The agreements between stockholders of which the company is aware and can result in restrictions in the transfer of shares and in the exercise of voting rights

- There are no agreements between stockholders of which the company is aware and that can result in restrictions in the transfer of shares and in the exercise of voting rights

7th The rules applicable to the nomination and the replacement of members of the Board of Directors as well as the modification of the company statutes

- The nomination and revocation rules of members of the Board of Directors are the legal and statutory rules set out in article 16 of the statutes. The modification of the Company statutes takes place in compliance with the legal and regulatory stipulations.

8th The powers of the Board of Directors, in particular with respect to the issuance or purchase of stock

- With respect to the Board of Directors, the delegations underway are described in the table of existing delegations, appearing in "Part 5: Table of delegations" of this report

9th The agreements concluded by the company that are modified or terminated in the event of a change of control of the company, except in the event of a legal obligation to divulge, would significantly impair its legal interests

- There are no agreements concluded between the Company that are modified or that are terminated in the event of a change of control of the Company.

10th Agreements setting out damages for the members of the Board of Directors or the employees, if they resign or are made redundant without real and serious cause or if their employment terminates due to a public takeover or swap bid

- There are no arrangements, of any kind, made by the Company in favor of the company officers, and which may correspond to any form of remuneration, provision of service, compensation or benefits due or liable to be due upon or after assuming, leaving or changing their position.

Tables Recommended by the Financial Markets Authority on the Remuneration of Corporate Officers

Table 1: Summary of remunerations and options and stock granted to each Corporate Officer

Bernard Lafforet, Chairman	2017 (Fiscal year N-2)	2018 (Fiscal year N-1)	2019 (Fiscal year N)
Remuneration due for the fiscal year <i>(as itemized in table 2)</i>	€216k	€216k	€216k
Valuation of the options granted during the fiscal year <i>(as itemized in table 4)</i>	None	None	None
Valuation of the performance stock granted during the fiscal year <i>(as itemized in table 6)</i>	None	None	None
TOTAL	€216k	€216k	€216k

Michel Koutchouk, Executive Officer	2017 (Fiscal year N-2)	2018 (Fiscal year N-1)	2019 (Fiscal year N)
Remuneration due for the fiscal year <i>(as itemized in table 2)</i>	€196k	€196k	€196k
Valuation of the options granted during the fiscal year <i>(as itemized in table 4)</i>	None	None	None
Valuation of the performance stock granted during the fiscal year <i>(as itemized in table 6)</i>	None	None	None
TOTAL	€196k	€196k	€196k

Josyane Muller, Executive Officer	2017 (Fiscal year N-2)	2018 (Fiscal year N-1)	2019 (Fiscal year N)
Remuneration due for the fiscal year <i>(as itemized in table 2)</i>	€192k	€192k	€192k
Valuation of the options granted during the fiscal year <i>(as itemized in table 4)</i>	None	None	None
Valuation of the performance stock granted during the fiscal year <i>(as itemized in table 6)</i>	None	None	None
TOTAL	€192k	€192k	€192k

Éric Fabretti, Executive Officer	2017 (Fiscal year N-2)	2018 (Fiscal year N-1)	2019 (Fiscal year N)
Remuneration due for the fiscal year <i>(as itemized in table 2)</i>	€210k	€210k	€210k
Valuation of the options granted during the fiscal year <i>(as itemized in table 4)</i>	None	None	None
Valuation of the performance stock granted during the fiscal year <i>(as itemized in table 6)</i>	None	None	None
TOTAL	€210k	€210k	€210k

Table 2: Overview of remuneration for each executive director

Bernard Lafforet, Chairman	2017 (Fiscal year N-2)		2018 (Fiscal year N-1)		2019 (Fiscal year N)	
	Amounts due	Amounts paid	Amounts due	Amounts paid	Amounts due	Amounts paid
Base remuneration	€216k	€216k	€216k	€216k	€216k	€216k
Annual variable remuneration	None	None	None	None	None	None
Multi-annual variable remuneration	None	None	None	None	None	None
Exceptional remuneration	None	None	None	None	None	None
Director remuneration	None	None	None	None	None	None
Benefits in kind	None	None	None	None	None	None
TOTAL	€216k	€216k	€216k	€216k	€216k	€216k

Michel Koutchouk, Executive Officer	2017 (Fiscal year N-2)		2018 (Fiscal year N-1)		2019 (Fiscal year N)	
	Amounts due	Amounts paid	Amounts due	Amounts paid	Amounts due	Amounts paid
Base remuneration	€192k	€192k	€192k	€192k	€192k	€192k
Annual variable remuneration	None	None	None	None	None	None
Multi-annual variable remuneration	None	None	None	None	None	None
Exceptional remuneration	None	None	None	None	None	None
Director remuneration	None	None	None	None	None	None
Benefits in kind	€4k	€4k	€4k	€4k	€4k	€4k
TOTAL	€196k	€196k	€196k	€196k	€196k	€196k

Josyane Muller, Executive Officer	2017 (Fiscal year N-2)		2018 (Fiscal year N-1)		2019 (Fiscal year N)	
	Amounts due	Amounts paid	Amounts due	Amounts paid	Amounts due	Amounts paid
Base remuneration	€192k	€192k	€192k	€192k	€192k	€192k
Annual variable remuneration	None	None	None	None	None	None
Multi-annual variable remuneration	None	None	None	None	None	None
Exceptional remuneration	None	None	None	None	None	None
Director remuneration	None	None	None	None	None	None
Benefits in kind	None	None	None	None	None	None
TOTAL	€192k	€192k	€192k	€192k	€192k	€192k

Éric Fabretti, Executive Officer	2017 (Fiscal year N-2)		2018 (Fiscal year N-1)		2019 (Fiscal year N)	
	Amounts due	Amounts paid	Amounts due	Amounts paid	Amounts due	Amounts paid
Base remuneration	€210k	€210k	€210k	€210k	€210k	€210k
Annual variable remuneration	None	None	None	None	None	None
Multi-annual variable remuneration	None	None	None	None	None	None
Exceptional remuneration	None	None	None	None	None	None
Director remuneration	None	None	None	None	None	None
Benefits in kind	None	None	None	None	None	None
TOTAL	€210k	€210k	€210k	€210k	€210k	€210k

Table 3: Table on the remuneration of directors

Board members	Amounts paid during the year N-2	Amounts paid during the year N-1	Amounts paid during the year N
Bernard Lafforet	None	None	None
Michel Koutchouk	None	None	None
Josyane Muller	None	None	None
Hélène Kermorgant	None	€3k	€3k
Alain Hallereau	x	x	None
TOTAL	None	€3k	€3k

Table 4: Stock options granted to each Executive Officer during the fiscal year by the issuer and any other Group company

Name of the Executive Corporate Officer	Plan no. and date	Type of options (purchase or subscription)	Valuation of the options according to the method selected for the consolidated financial statements	Number of options granted during the fiscal year	Exercise price	Fiscal year period
Bernard Lafforet	None	None	None	None	None	None
Michel Koutchouk	None	None	None	None	None	None
Josyane Muller	None	None	None	None	None	None
Éric Fabretti	None	None	None	None	None	None
TOTAL	None	None	None	None	None	None

Table 5: Stock options exercised during the fiscal year by each Executive Corporate Officer

Name of the Executive Corporate Officer	Plan no. and date	Number of options exercised during the fiscal year	Exercise price
Bernard Lafforet	None	None	None
Michel Koutchouk	None	None	None
Josyane Muller	None	None	None
Éric Fabretti	None	None	None
TOTAL	None	None	None

Table 6: Performance stocks granted to each Executive Corporate Officer

Performance stocks granted during the fiscal year to each Executive Corporate Officer by the issuer and any other Group company (list of names)	Plan no. and date	Number of options granted during the fiscal year	Valuation of the options according to the method selected for the consolidated financial statements	Acquisition date	Vesting date	Performance conditions
Bernard Lafforet	None	None	None	None	None	None
Michel Koutchouk	None	None	None	None	None	None
Josyane Muller	None	None	None	None	None	None
Éric Fabretti	None	None	None	None	None	None
TOTAL	None	None	None	None	None	None

Table 7: Performance stock vested for each Executive Corporate Officer

Performance stocks vested for each Executive Corporate Officer	Plan no. and date	Number of shares vested during the fiscal year	Acquisition date	Vesting date	Acquisition terms
Bernard Lafforet	None	None	None	None	None
Michel Koutchouk	None	None	None	None	None
Josyane Muller	None	None	None	None	None
Éric Fabretti	None	None	None	None	None
TOTAL	None	None	None	None	None

Table 8: Employment contracts, top-up pension schemes, benefits or payments due or likely to fall due owing to the termination of or change in an appointment, compensation under a non-compete clause

Executive Corporate Officers	Employment contract		Top-up pension scheme		Benefits or payments due or likely to fall due owing to the termination of or change in an appointment.		Compensation under a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Bernard Lafforet Chief Executive Officer		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
Michel Koutchouk Executive Officer		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
Josyane Muller Executive Officer		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
Éric Fabretti Executive Officer		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>

Table 9: History of stock options granted

INFORMATION ON STOCK OPTIONS	
Meeting date	Plan
Date of Board of Directors' Meeting	None
Total number of shares that can be taken up or purchased, including the number that can be taken up or purchased by the corporate officers - Bernard Lafforet, Chief Executive Officer - Michel Koutchouk, Executive Officer - Josyane Muller, Executive Officer - Éric Fabretti, Executive Officer	None None None None None
First stock option exercisable date	None
Expiration date	None
Issue or offer price	None
Terms of exercise (where the plan includes several tranches)	None
Number of shares taken up as of December 31, 2019	None
Total number of stock options cancelled or lapsed	None
Stock options remaining at the end of the fiscal year	None

Table 10: Stock options granted for the top 10 non-executive officer employees and options exercised

	Total number of stock options	Weighted average price	Plan
Stock options granted during the fiscal year by Infotel and any company within the scope of granting stock options, to the ten employees of Infotel and any company included in this scope, for which the number of options granted is the highest (global information)	None	None	None
Stock options held for Infotel and previously authorized companies, exercised during the fiscal year by the top Infotel employees, of which the number of options purchased or fully paid-up is the highest (global information)	None	None	None

Table 11: History of assignment of free shares

INFORMATION ON STOCK GRANTED FREELY	
	Plan
Meeting date	None
Date of Board of Directors' Meeting	None
Total number of shares that can be taken up or purchased, including the number that can be taken up or purchased by the corporate officers	None
- Bernard Lafforet, Chief Executive Officer	None
- Michel Koutchouk, Executive Officer	None
- Josyane Muller, Executive Officer	None
- Éric Fabretti, Executive Officer	None
Vesting date of shares	None
End of lock-in date for shares	None
Number of shares taken up as of December 31, 2019	None
Total number of shares cancelled or lapsed	None
Free shares remaining at the end of the fiscal year	None

17. EMPLOYEES AND WORKFORCE

17.1. WORKFORCE

The changes in the workforce are shown in the table below:

	2019	2018	2017
Voluntary departure rate (in %)	16.0	16.1	12.8
Average workforce in the Group	1,719	1,697	1,580
Average annual salary in the Group (€k)	42.1	42.9	41.2
Apprenticeships	0	1	1
Average permanent workforce	1,660	1,639	1,551
Executive management	4	5	6
Sales personnel	102	86	74
Administration personnel	43	28	28
Engineers	1,189*	1,468	1,406
Technicians	322*	56	41

(*): the difference stems from the professional training contracts

This table does not include subcontracting.

The inter-contract rate in the Service activity is defined in days with regard to the potential activity time (excluding vacations, unpaid leave and reduced working hours) of employees that is directly chargeable.

	2019	2018	2017
Inter-contract rate	1.9%	1.8%	1.7%

17.2. EMPLOYEE PROFIT-SHARING AND INCENTIVE PLANS

Fiscal Year	2019	2018	2017	2016	2015
Employee profit-sharing for the fiscal year of Infotel Conseil	€2,926,712	€1,834,898	€2,188,303	€1,813,961	€2,066,525

As Infotel Business Consulting exceeded the threshold of 50 employees during the 2017 fiscal year, profit-sharing was calculated according to the legal rules. This amounted to €124,648 in 2017, €197,719 in 2018 and €59,605 in 2019.

Employee profit-sharing was calculated at OAIO for the first time in respect of the 2019 financial year and amounted to €123,495.

17.3. EMPLOYEE SHARE OWNERSHIP

In accordance with the terms of Article L. 225-102 of the French Commercial Code, share ownership by Infotel Group employees as of January 17, 2020, through the company's saving plan, is 60,278 shares representing 0.91% of the capital stock of Infotel.

Pursuant to the same article, it should be noted that as of December 31, 2019 no employees of the **Infotel** Group hold registered shares issued in the following conditions;

- Acquired in accordance with profit sharing, including those that are no longer in a period of non-transferability;
- Acquired following a privatization operation;
- Resulting from free allocations within the context of Article L. 225-197-1 of the French Commercial Code;
- Taken up at the time of increases in capital reserved for employees within the context of Article L. 225-187 of the French Commercial Code before its repeal by the French law of February 20, 2001, on employee savings.

Share ownership among executive management is detailed in paragraph 18.1 “Changes in the Breakdown of Capital Stock over the Last Three Years” on page 88.

17.4. STOCK OPTION PLAN AND FREE SHARE PLAN

17.4.1. Stock Option Plan

There is currently no stock option plan implemented in the Company.

Allocations and options exercised in 2019 by the top 10 non-executive officer employees

Stock options granted for the top 10 non-executive officer employees and options exercised	Total number of stock options	Weighted average price	Plan
Stock options granted during the fiscal year by Infotel for which the number granted is the highest	None	None	None
Stock options held for Infotel and previously authorized companies, exercised during the fiscal year by the top Infotel employees, of which the number of options purchased or fully paid-up is the highest	None	None	None

17.4.2. Free share plan

17.4.2.1. History of free share plans

- Free share plan No. 1 (Board of Directors’ meeting on May 23, 2006)
- Free share plan No. 2 (Board of Directors’ meeting on October 10, 2007)
- Free share plan No. 3 (Board of Directors’ meeting on January 23, 2019)
- Free share plan No. 4 (Board of Directors’ meeting on January 23, 2020)

17.4.2.2. Current free share plans

- The Combined Stockholders’ Meeting of May 31, 2018 authorized the Board of Directors for a maximum period of 38 months, to allocate on one or more occasions free existing or new shares in Infotel, in order to ensure the sustainability of the company. It being specified that the number of free shares may not exceed 5% of the capital stock, at the date of the Board of Directors’ decision to grant them.
- Based on this authorization, the Board of Directors’ meeting on January 23, 2019 decided to provisionally allocate an initial tranche of 77,497 shares for 7 people, within the framework of “Free share plan No. 3”. These shares are subject to a vesting period of one (1) year as from their provisional allocation by the Board of Directors on January 23, 2019.
- The Board of Directors met on January 23, 2020 (post-balance sheet event), at the end of the 1-year vesting period, in order to proceed with the issue of shares through a deduction from reserves. As from this date, the beneficiaries of free shares must observe a minimum share retention period of three (3) years as from the definitive grant date of January 23, 2020.
- The same day, the Board of Directors also decided to provisionally allocate a second tranche of 86,823 shares for 7 people, within the framework of “Free share plan No. 4” (post-balance sheet event).

17.5. REPORT ON CORPORATE SOCIAL AND ENVIRONMENTAL RESPONSIBILITY (CSR) – CORPORATE SOCIAL INFORMATION

17.5.1. Summary

Corporate Social Information	2019	2018
Total workforce at December 31 ⁽¹⁾	1,674	1,677
Hires (permanent and professional training contracts)	390	441
Contract staff	0	0
Departures (permanent and professional training contracts)	388	423
Redundancies (economic and other reasons)	9	8
Additional contract hours	100 per year or 2.75 per week according to function	100 per year or 2.75 per week according to function
External labour	None	None
Staff restructuring plan	None	None
Work time organization	Annualization of working time at 90%	Annualization of working time at 90%
Work time duration	37.20 or 37.75 hours per week	37.20 or 37.75 hours per week
Part time duration (average)	30.1 hours per week	30.1 hours per week
Absenteeism reasons and rate	Sickness, maternity: 2.7%	Sickness, maternity: 2.6%
Average pay including bonuses (excluding executives)	€ 42,050/year	€ 42,891/year
Change in individual base pay during the year	+4% on average	+3.1% on average
Social security costs	43% of wages	43% of wages
Incentive plans	None	None
Profit sharing	4/7 coefficient	4/7 coefficient
Company savings plan	Yes, included in shareholding	Yes, included in shareholding
Gender equality: average salary ⁽²⁾	3.3% more for men	2.7% more for men
Equality: middle qualification (C2.2) salary	-0.8%	-1.5%
Collective bargaining agreements ⁽³⁾	Reduction of work time	Reduction of work time
Health and safety	1 health & safety committee, occup. illness: none	1 health & safety committee, occup. illness: none
Work accidents and commuting accidents with absence from work	9	9
Training	€1,919k for 1.8% of salaries	€3,423k for 3.4% of salaries
Disabled employees	9	9
Company welfare service	€178k (Works Committee)	€159k (Works Committee)
Sub-contracting	48.1% of total positions + subcontracting rate	46.6% of total positions + subcontracting rate
Territorial impact	None	None
Relationship with associations	None	None
Sub-contracting abroad	<0.5%	<0.5%
Impact on local development abroad	None	None

⁽¹⁾: The difference between the Group's employees in France and employees worldwide, less than 2%, is not significant and justifies their exclusion from the data mentioned in this chapter. The data included in this table includes France and Monaco in 2018, and in 2019 except for the "absenteeism reasons and rate" indicator, which covers the scope of Infotel Conseil only in 2019.

⁽²⁾: This very slight difference is deemed non-significant.

⁽³⁾: A company agreement relating to reducing and organizing work time was signed on March 3, 2009, with the Works Committee for an indeterminate period of time.

17.5.2. Combating Discrimination in the Workplace

Pursuant to the provisions of Articles L225-102-1 sub-paragraph 5 and R225-105-1 of the French Commercial Code, this section contains the Company's commitments to providing equal opportunities and promoting diversity in the workplace. They are in line with French legislation and concern 98% of the Group's employees: Thus, issues such as the freedom of association and the right to collective bargaining, the elimination of forced labour and the abolition of child labour, have not been dealt with as the Infotel Group is located in countries that represent little risk concerning these points.

As the table above illustrates, equality between men and women has been respected. Furthermore, the Group has defined an employment policy on age and implemented an action plan.

17.5.3. Training Policy

Following an assessment of individual interview reports for 2019, a training plan was set up for each site of the Group and validated by Management. This plan is reassessed every six months using performance indicators for each division

The number of internship hours fulfilled for 2019 was 44,754.

17.5.4. Health and Safety Policy

All employees are made aware of safety guidelines on their arrival and a dedicated notice is placed in the booklets given out on employee arrival and in the various documents displayed in the buildings.

No specific agreement relating to health and safety was signed in 2019.

With respect to occupational illness, the main risk factor identified concerns posture at employee workstations and the use of screens.

17.5.5. Organizing Social Dialogue, Particularly Employee Information and Consultation Procedures and Employee Negotiations

Social dialogue remains a major issue to support the Group's development.

In 2019, negotiations with employee representative organisations resulted in the signing of two company-wide agreements relating to:

- **the quality of working life and gender equality:** through this agreement, the stakeholders are committed to promoting the quality of working life (confirmation of the rollout of homeworking, right to disconnect, right of expression, etc.) and professional equality between women and men. In particular, they reaffirm their commitment to:
 - ensuring every employee benefit from quality working conditions;
 - complying with the principle of non-discrimination between women and men.Finally, they recognize that gender diversity in jobs at every level is a source of complementarity, social balance and economic efficiency.
- **Job and Career Path Management:** this agreement addresses in particular the subjects of recruitment, integration and retention of employees, skills development, career monitoring and maintaining senior employees in employment.

To promote the widest possible circulation of information in the company, the Social and Economic Committee (CSE) and the Health, Safety and Working Conditions Commission (CSSCT), are means of communication between the Management and employees, whether this is a bottom-up communication (from employees to the management) or top-down communication (from the management to employees).

This policy of organizing social dialogue is part of efforts to increase employees' sense of belonging to the company and to rally everybody around the Group's strategic development plan.

17.6. METHODOLOGICAL NOTE ON CORPORATE, ENVIRONMENTAL AND SOCIAL INFORMATION

17.6.1. Scope of CSR Reporting

The scope of corporate reporting covers the employees of the Infotel Group in France and Monaco registered as of December 31, 2019 with Infotel Conseil (93.4%), Infotel Business Consulting (3.8%), OAIO (0.9%) and Infotel Monaco (1.9%). For the indicator on the absenteeism rate, the scope covered corresponds to Infotel Conseil only. The scope of environmental reporting covers the sites in France and Monaco, representing 98% of the Group workforce.

Given that the employees of subsidiaries abroad represent less than 2% of the Group's total employees, their impact is deemed not significant and as a result they are not integrated in the reporting as both corporate and environmental in this report.

17.6.2. CSR Indicators

In accordance with Ordinance No. 2017-1162 of July 12, 2017 and its Implementing Decree No. 2017-1174 of July 18, 2017 (replacing the "Grenelle II" scheme on CSR by an extra-financial performance declaration) the Infotel Group has made a great effort to provide maximum transparency with regard to the information concerning its extra-financial information. In accordance with the rule of comply or explain provided by the law, the Infotel Group does acknowledge that a limited amount of information is not included in this document: freedom of association and the right to collective bargaining, elimination of forced labour and the abolition of child labour. The main reasons may be the absence of reliable indicators on these issues to date, or the lack of interest in certain issues with regard to the Group's activities, size and geographical location. The selected CSR indicators therefore meet a criterion of materiality and relevance in relation to the activities of the Infotel Group.

17.6.3. Specific Points by Indicator

Energy consumption: this is the quantity of energy bought directly by the entity.

Total workforce and distribution by gender, age and geography: this means all of the employees making up the workforce at the end of the fiscal year, irrespective of the type of work contract (excluding interns, temporary staff and sub-contractors).

Total intake: this is the total number of hires during the company's fiscal year. The eligible population is that used in the "total employees" indicator.

Total departures: this is the total number of departures during the company's fiscal year. The eligible population is that used in the "total employees" indicator.

Number of accidents: this is the total number of accidents:

- A work accident is considered to be any accident occurring suddenly from or during the course of work and giving rise to official justification;
- Accidents occurring during travel for business reasons or during the commute regularly used by the employee between home and work are recognized as "commuting accidents".

Absenteeism: this is the total number of working days of absence during the fiscal year for the following reasons:

- Absences for family or parental reasons: maternity leave, parental leave, leaves authorized for family events (marriages, funerals, etc.);
- Absence for personal reasons: company creation; sabbaticals, unpaid leave;
- Absence due to illness or non-work-related accidents;
- Absence for "occupational diseases" or "commuting accidents".

Internship hours: excluding training performed by Infotel employees for Infotel employees.

17.6.4. Verification of information

Pursuant to article L225-102-1 of the French Commercial Code, Infotel has appointed Deloitte et Associés as an independent third-party organization in charge of verifying the CSR information for 2019 published in the Management Report.

The report of the independent third party concerning the presence and sincerity of the CSR information will be published on Infotel's website.

17.7. EXTRA-FINANCIAL PERFORMANCE DECLARATION

In accordance with Article L. 225-102-1 of the French Commercial Code, we hereby present the Extra-Financial Performance Declaration, following the transposition of the European Directive 2014/95 / EU by Ordinance no. 2017-1162 of July 12th, 2017 and its Decree of application n° 2017-1174 of July 18th, 2017. This declaration replaces the CSR (Social, societal and environmental responsibility) report resulting from the "Grenelle II" procedure.

This Extra-Financial Performance Statement is intended to present a description of the business model, an analysis of the main risks and the reasonable policies and procedures implemented to better understand the identified risks.

Certain information that falls under the Extra-Financial Performance Statement is already presented in the CSR Universal Registration Document Management Report and the relevant paragraphs are therefore referred to below. For the sake of consistency for those reading this Universal Registration Document, the terms "Corporate Social Responsibility" or "CSR" have not been replaced by the "Statement of extra-financial performance" within these referenced paragraphs.

In addition, further information covering these areas is presented below in paragraph 17.7.:

- details of the measures taken for the benefit of disabled persons, following implementation of Law No. 2018-771 of September 5, 2018 defending the right to choose one's professional future;
- combating corruption following implementation of the so-called "Sapin II" Law;
- combating tax evasion following implementation of Law No. 2018-898 passed on October 23, 2018 concerning measures to combat tax, social and customs fraud.

17.7.1. Business model

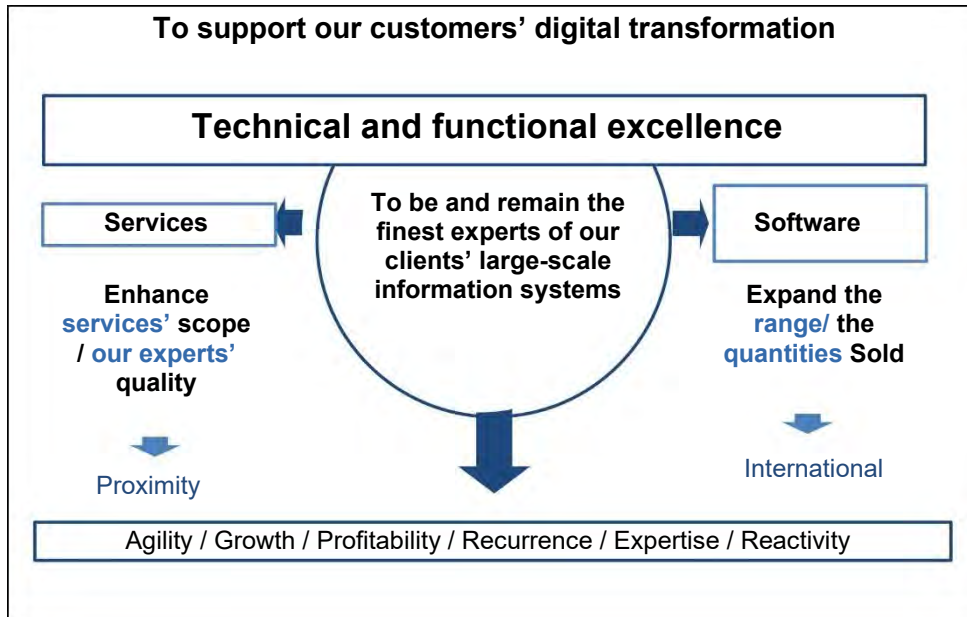
Infotel's business model information is presented in detail in paragraphs 6 (Business Overview) and 7 (Group Organization) of this Universal Registration Document. The following topics are covered:

- activity;
- business environment;
- organization and structure;
- resources;
- market on which Infotel operates;
- goal and value creation strategies;
- results;
- trends and future prospects.

Infotel's business model can be divided into three parts:

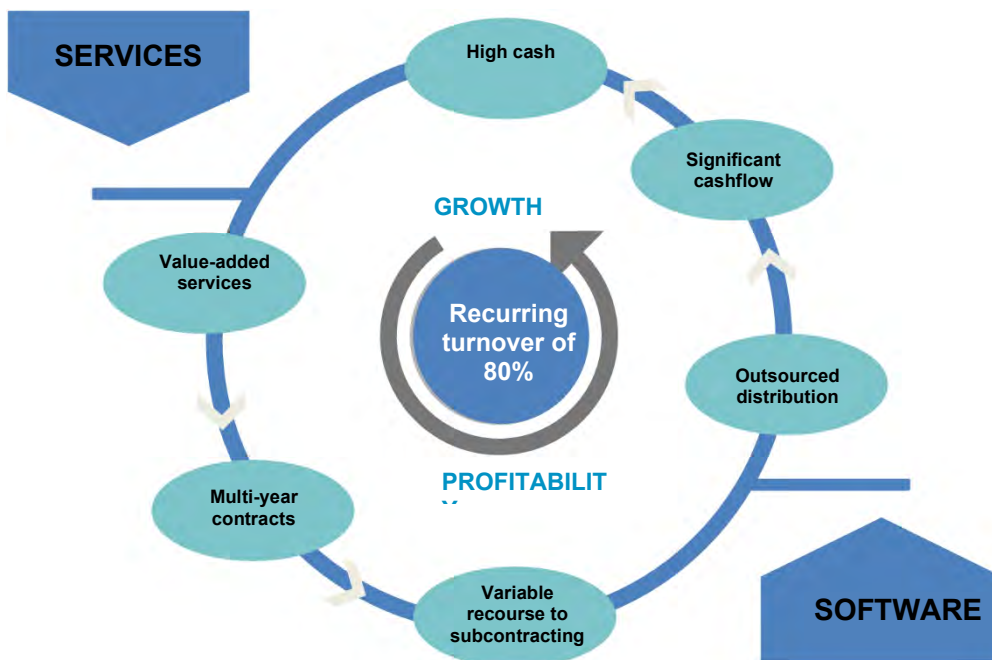
17.7.1.1. Operational Model

This shows how Services and Software, are related to the values of excellence on which customer transformation is built.



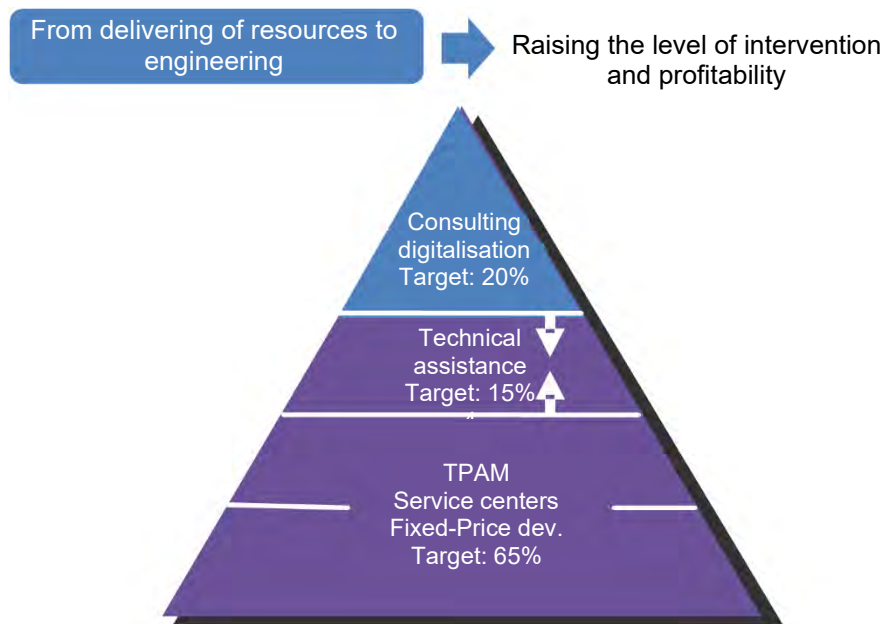
17.7.1.2. Economic model

It demonstrates how articulating the two activities contributes to the company's profitability and growth.



17.7.1.3. Business model

It demonstrates that evolving businesses ensure activities' sustainability and complementarity. The summit of the pyramid brings profitability while its base brings recurrent business.



17.7.2. Analysis of the main extra-financial risks and presentation of the policies and reasonable diligence implemented to offset these risks

The analysis of the main non-financial risks was based on working sessions and dialogue between the Group's governing body and its employees, in particular the Quality Manager. The analysis carried out made it possible to identify the risks inherent to its activity in several areas: social, societal and environmental.

All of these extra-financial risks are summarized in section 17.7.2.6 "Risk matrix", making it possible to swiftly identify these risks, which are detailed in the following paragraphs:

17.7.2.1. Social/Societal

The risks encountered by Infotel in the social / societal field are set out in sections 8.3 "Report (CSR) on Corporate Commitment to Sustainable Development" and 17.5 "Report on Corporate Social and Environmental Responsibility (CSR) – Corporate Social Information". The policies and reasonable diligence established to offset these risks are also discussed. The following topics are addressed: Gender equality, elimination of discrimination in employment and occupation, training policy, health and safety policy, organization of social dialogue, relationships with people or organizations interested in Infotel's activity, outsourcing / suppliers and loyalty of practices.

Infotel has approached **Agefiph** to share employment opportunities and offer career openings in the group. **Infotel** pays particular attention to employees with disabilities, adapting their workstation in consultation with the recommendations of occupational health and ergonomics practitioners.

Wherever it expands, **Infotel** makes sure the premises are accessible to people with disabilities.

17.7.2.2. Environment

The risks encountered by Infotel in the environmental field are set out in sections 4.5 "Industrial and Environmental Risks", 8.2 "Report on Corporate Social and Environmental Responsibility (CSR) - Environmental Information" and 8.3 "Report (CSR) on Corporate Commitment to Sustainable Development". The policies and reasonable diligence adopted to address these risks are also presented.

17.7.2.3. Human rights

Wherever it operates, **Infotel** conducts its development with regard to fundamental human and social rights while also respecting the environment.

None of the countries where **Infotel** operates breach human rights and fundamental freedom.

Nevertheless, particular attention is paid to the working conditions of the entire Group's staff, as well as those of its subcontractors. An article published in the February 2019 issue of Capital magazine rates **Infotel** among the top 500 employers in France and in 23rd position among High Tech companies, for the quality of its working conditions.

17.7.2.4. Anti-corruption

Following the entry into force of Law No. 2016-1691 of December 9, 2016 on Transparency, the fight against corruption and the modernization of economic life, known as "Sapin II", the governing body of **Infotel** was again sensitized on the risks of corruption and influence peddling to which its employees are exposed.

Infotel condemns corruption in all its forms and ensures that its leaders and employees are involved in upholding this principle. The aim is to reject any tolerance for corruption, an objective that must be shared by the Group, its employees and its stakeholders.

As such, **Infotel** has appointed one of its employees as Compliance Manager. The latter is in charge of setting up and deploying the anti-corruption system within the Group.

17.7.2.5. Combating tax evasion

In its drive to combat tax evasion, **Infotel** ensures its operations fully comply with current legislation and tax regulations. Furthermore, its subsidiaries transparently communicate their tax returns in those countries where they are subject to this obligation.

Tax evasion is not identified as being likely to put the Group's operations or reputation at any risk.

17.7.2.6. Risk matrix

Field	Type of extra-financial risks	Description	Policies and measures to address this risk (URD)	Key performance indicators (URD)
Social	Eliminating discrimination with regard to employment	Taking disability into account on two levels: - Recruitment - Access to infrastructure and the appropriate working conditions	17.7.2.1.	17.5.1
		Seeking equality between men and women: - Within the governing body - All staff members	8.3. 17.5.2.	8.3. 17.5.1.
	Social dialogue	Setting up representative staff bodies to provide social dialogue and information / consultation for negotiating with the Social and Economic Committee	17.5.5	17.5.5 17.5.1
	Accidents at work / employee safety	Taking into account the risks employees are subject to, namely: - occupational accidents (risk mainly concerns staff travel) - infrastructure / building risks at the place of work, posture adopted by staff members at the workstation and when screen working	17.5.4.	17.5.1.
	Absenteeism	Taking into account the risks related to absenteeism (maternity, paternity, sickness, etc.)	17.6.3	17.5.1 17.6.3
	Training / Skills Development	Monitoring employees' skills and training to ensure all staff members can improve their skills and make progress	17.5.3.	17.5.3.
	Working conditions Well-being of employees	Taking into account the working environment of all Group employees so they work under the best possible conditions	17.5.5	17.7.2.2.

Environment	Pollution	No risk	8.2.2.	8.2.2.
	Climate change	Environmental risks related to greenhouse gas emissions generated by Infotel's activity	8.2.5.	8.2.5
	Prevention and waste management	Preventive measures, recycling and waste disposal	8.2.3.	8.2.3.
	Food waste	No risk	8.2.3.	8.2.3.

Societal	Sustainable development	There are several types of risk associated with excessive consumption: <ul style="list-style-type: none"> - Excessive Group expenses resulting from overconsumption, but also - The environmental impact this overconsumption could cause 	8.2.4.	8.2.4
	Human rights	Not a significant risk, Infotel only operates in countries that do not breach human rights and fundamental freedoms	8.3.	8.3.

Anti-corruption	Risk of corruption and influence peddling	Here, there are several kinds of risk, including: <ul style="list-style-type: none"> - Criminal risk (fines and imprisonment) - Moreover, economic risks - Reputation 	17.7.2.4. Anti-corruption	17.7.2.4. Anti-corruption
Combating tax evasion	Risk of tax evasion	Here, there are several kinds of risk, including: <ul style="list-style-type: none"> - Criminal risk (fines and imprisonment) - Moreover, economic risks - Reputation 	17.7.2.5. Combating tax evasion	17.7.2.5. Combating tax evasion

17.8. THE INDEPENDENT THIRD-PARTY'S REPORT ON EXTRA-FINANCIAL PERFORMANCE DECLARATION

Report of one of the statutory auditors, designated an independent third party, on the consolidated extra-financial performance statement

Fiscal year ending December 31, 2019

To the shareholders,

In our capacity as statutory auditor of Infotel, designated an independent third party, accredited by COFRAC under number 3-1048 (scope of accreditation available on the website www.cofrac.fr), we present our report on the consolidated extra-financial performance statement for the year ended December 31, 2019 (hereinafter the "Statement"), included in the Group management report pursuant to the legal and regulatory provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code.

Corporate responsibility

The Board of Directors is responsible for drawing up a Declaration in compliance with the legal and regulatory provisions, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies applied with regard to these risks as well as the results of these policies, including key performance indicators. The Declaration has been established by applying the procedures of the company, (hereinafter the "Reference"), the significant elements of which are included in the Declaration and available on the website or upon request at the company's registered office.

Independence and quality control

Our independence is defined by the provisions of Article L. 822-11-3 of the French Commercial Code and the profession's Code of Ethics. Furthermore, we have set up a quality control system that includes documented policies and procedures to ensure compliance with ethical rules, professional doctrine and applicable laws and regulations.

Responsibility of the statutory auditor designated an independent third party

On the basis of the work we carry out, we are responsible for formulating a reasoned opinion expressing a conclusion of moderate assurance on:

- the compliance of the Declaration with the provisions of Article R. 225-105 of the French Commercial Code;
- the fairness of the information provided pursuant to paragraph 3 of I and II of Article R. 225-105 of the French Commercial Code, namely the results of the policies, including key performance indicators, and the actions relating to the main risks, hereinafter the "Information".

On the other hand, it is not for us to pronounce on compliance by the entity with other applicable legal and regulatory provisions, particularly with regard to the duty of vigilance, measures against corruption and taxation, compliance of products and services with applicable regulations.

Nature and extent of our work

Our work, described below, was carried out in accordance with the provisions of Articles A. 225-1 et seq. of the French Commercial Code establishing the procedures in which the independent third party performs its audit and according to the professional doctrine of the French National Institute of Auditors (CNCC) relating to its intervention as well as the international standard ISAE 3000 (*Assurance engagements other than audits or reviews of historical financial information*).

We conducted work enabling us to assess the conformity of the Declaration with the regulatory provisions and the sincerity of the Information:

- We took note of all the companies included in the scope of consolidation as well as the statement of the main risks.
- We have assessed the appropriateness of the Guidelines in terms of their relevance, comprehensiveness, reliability, neutrality and comprehensibility, taking into account, where applicable, the sector's best practices.

- We confirmed that the Declaration covers every category of information provided for in Article L. 225-102-1 III in respect of social and environmental issues as well as respect for human rights and the fight against corruption and tax evasion.
- We verified that the Declaration includes the information stipulated in Article R. 225-105 II when it is relevant with regard to the main risks and includes, where appropriate, an explanation of the reasons justifying the absence of the information required by the 2nd paragraph of Article L. 225-102-1 III.
- We confirmed that the Statement presents the business model and the main risks related to the activity of all the entities included in the consolidation, including, where relevant and proportionate, the risks created through its business relationships, products or services, as well as the policies, actions and results, including key performance indicators.
- We consulted the documentary sources and conducted interviews to:
 - assess the process of selecting and validating the main risks as well as the consistency of the results and the key performance indicators selected with regard to the main risks and policies presented; and
 - corroborate the qualitative information (actions and results) that we considered to be the most important¹ - for the qualitative information relating to certain risks (social dialogue, climate change), our work was carried out at the level of the consolidating entity, for others, at the level of the consolidating entity and in a selection of entities.
- We confirmed that the Declaration covers the consolidated field, namely all the companies included in the field of consolidation as defined in Article L. 233-16 in compliance with the limits specified by the Declaration.
- We reviewed the internal control and risk management procedures implemented by the entity and we assessed the collection process established by the entity for the comprehensive nature and fairness of the Information.
- We have implemented, for the key performance indicators and other quantitative results² that we considered to be most important:
 - Analytical procedures consisting of confirming the correct consolidation of the collected data as well as the coherence of subsequent changes;
 - Detailed tests based on surveys, consisting of checking the correct application of the definitions and procedures and matching the data with supporting documents. This work was carried out at Infotel SA's headquarters and covers all the consolidated data relating to the key performance indicators and results selected for these tests;
- We assessed the overall consistency of the Declaration with our knowledge of the entity.

We believe that the work we have carried out in exercising our professional judgment allows us to formulate a conclusion of moderate assurance; a higher level of assurance would have required more extensive auditing work.

Means and resources

Our work called upon the skills of three people between February 2020 and April 2020.

To help us in carrying out this work, we worked with our specialists in sustainable development and social responsibility. We conducted five interviews with those in charge of drawing up the Declaration.

Conclusion

Based on this work, we have not identified any significant misstatement that would call into question the fact that the extra-financial performance declaration complies with the applicable regulatory provisions and that the information, taken as a whole, is presented sincerely, as specified by the Guidelines.

Paris-La Défense, April 28, 2020

One of the statutory auditors,

Deloitte & Associés

Cécile Rémy
Partner, Audit

Eric Dugelay
Partner, Sustainable Development

¹ **Qualitative information:** Significant greenhouse gas emissions, Organization of social dialogue

² **Quantitative information:** Total workforce at December 31, Fixed-Term contract hires, Arrivals (Permanent contracts and professional training contracts), Redundancies (economic and for other reasons), Departures (Permanent contracts and professional training contracts), Absenteeism reason and rate, Number of training hours, Quantity of paper and cardboard generated, Quantity of EEEW generated, Electricity Consumption, Greenhouse gas emissions resulting from electricity consumption (scope 2), Greenhouse gas emissions resulting from employee plane and train travel (scope 3).

18. MAJOR STOCKHOLDERS

18.1. CHANGES IN THE BREAKDOWN OF CAPITAL STOCK OVER THE LAST THREE YEARS

To the Company's knowledge, the holders of **Infotel** common stock are:

Stockholder	Situation at 31/12/2017			Situation at 31/12/2018			Situation at 31/12/2019		
	Number of shares	% of capital stock	% voting rights	Number of shares	% of capital stock	% voting rights	Number of shares	% of capital stock	% voting rights
Bernard Lafforet	2,150,635	32.31	42.39	1,850,635	27.80	37.80	1,850,635	27.80	38.54
Michel Koutchouk	386,800	5.81	7.62	386,800	5.81	7.90	386,800	5.81	8.05
Josyane Muller	148,048	2.22	2.92	132,500	1.99	2.71	125,000	1.88	2.60
Jean-Marie Meyer	170,861	2.57	3.37	160,861	2.42	3.29	-	-	-
Éric Fabretti	166,298	2.50	3.28	147,500	2.22	2.92	129,011	1.94	2.59
Total Executives	3,022,642	45.41	59.57	2,678,296	40.23	54.61	2,491,446	37.43	51.78
Treasury stock	0	0	0	0	0	0	0	0	0
Liquidity agreement	2,950	0.04	0	3,431	0.05	0	2,315	0.03	0
Public	3,631,363	54.55	40.43	3,978,659	59.77	45.39	4,165,509	62.54	48.22
Total	6,656,955	100	100	6,656,955	100	100	6,656,955	100	100

In the absence of treasury stock at December 31, 2019 within the framework of the repurchase plan, the table above does not distinguish between theoretical voting rights and exercisable voting rights, which total 9,604,812.

Pursuant to the minutes of the Combined Stockholders' meeting on May 21, 2014, 1,331,391 shares at a par value of 2 euros of the Company's capital stock was divided into 6,656,955 shares of 0.40 euros. The shares were exchanged on the basis of five new shares for one old share.

The issuer's major stockholders, as well as all stockholders whose stock is registered nominatively for at least two years, have double voting rights according to statutory provisions.

To the Company's knowledge, the issuer is not held or more than 50% controlled by one individual or legal entity, taking into account the totality of the stock and voting rights making up the Company's capital stock, of which 62.54% and 48.22% of voting rights are held by the public.

However, it may be considered that Bernard Lafforet exercises de facto control of the Company in terms of the percentage of voting rights he holds, compared to the number of rights effectively exercised at the AGM. In this regard, no particular measures have been taken to ensure that this control is not exercised abusively.

To the Company's knowledge, there is no agreement whereby such implementation could, at a later date, involve a change in its control.

The nature of the leading stockholders of **Infotel** since its listing on the stock market in January 1999 shows great stability.

The executives, strongly involved in the Group's expansion, are majority stockholders. At December 31, 2019 they held 37.43% of the capital and 51.78% of voting rights.

On February 14, 2019, the Company was notified of a breach of the 5% threshold by Stadium Capital Management LLC.

At January 17, 2019, employee shareholding held 60,278 shares, or 0.91% of the share capital, through a company savings plan. Representing less than 3% of the share capital, this participation is not significant.

At December 31, 2019 there were no shares acquired by employee shareholding according to the conditions of Article L.225-102 of the French Commercial Code.

On January 17, 2020, **Infotel** carried out a TPI (identifiable bearer securities) inquiry, enabling it to determine the number of stockholders: there were 2,781 on this date, a slight increase compared with the 2,691 on January 17, 2019.

To the Company's knowledge, the breakdown of the capital stock and the voting rights has not changed significantly during the last three fiscal years. The executives still hold majority voting rights.

Infotel confirms its eligibility under the SME-Mid-tier share savings plan in compliance with Decree no. 2014-283 of March 4, 2014 taken for the application of Article 70 of the French Finance Law no. 2013-1278 of December 29, 2013 for 2014 and Decree no. 2016-1664 of December 5, 2016 concerning the application of Article 27 of the French Amended Finance Law no. 2015-1786 of December 29, 2015 for 2015. As a result, **Infotel** stock can still be fully integrated in PEA-PME accounts that benefit from the same fiscal advantage as a traditional stock savings plan (PEA).

On December 7, 2015, **Infotel** announced that its shares would be eligible for the French Deferred Settlement System (SRD) of Euronext Paris from December 29, 2016 in the segment "long only".

On January 29, 2016, the **Infotel** share was transferred from compartment C to compartment B of Euronext Paris. Compartment B contains listed companies with a market capitalization between 150 million and 1 billion euros.

19. RELATED PARTY TRANSACTIONS

These transactions are described in paragraph 7.2.12 “Other Information Related to Subsidiaries” on page 39.

The “Special Report from the Statutory Auditors regarding the regulated agreements and commitments” covered in section 20.4.3 on page 141 does not mention any regulated agreements.

There are no transactions with associated parties.

20. FINANCIAL INFORMATION REGARDING THE ISSUER'S HOLDINGS, FINANCIAL POSITION AND RESULTS

20.1. HISTORICAL FINANCIAL INFORMATION

The key financial information presented was verified and must be read in reference to the comments by the management board regarding the financial statements and financial position of the company, the consolidated accounts and their notes, as well as other financial information appearing in this universal registration document. Information on previous fiscal years is available in the registration documents for previous years that can be viewed on our website: www.infotel.com, in the section Investors > Registration documents. Pursuant to Article 19 of Regulation (EU) 2017/1129 of June 14, 2017, the following information is included for reference in this universal registration document:

- Consolidated accounts and audit reports for the year ending December 31, 2018 appear on pages 94 to 122 and 136 to 139 of the 2018 Registration Document, filed with the French Financial Markets Authority on April 26, 2019 under number D.19-0409; the corporate financial statements and audit reports for the year ending December 31, 2018, appear on pages 123 to 135 and 140 to 143 of the same document, the analysis of the financial position and results appear on pages 47 and 48, the investments on page 24 and 25, and the related party transactions on page 92 of this document;
- Consolidated accounts and audit reports for the year ending December 31, 2017, appear on pages 94 to 118 of the 2017 Registration Document, filed with the French Financial Markets Authority on April 28, 2018 under number D.18-0431; the corporate financial statements and audit reports for the year ending December 31, 2017, appear on pages 113 to 124 and 128 to 130 of the same document, the analysis of the financial position and results appear on pages 46 and 47, the investments on page 24, and the related party transactions on page 84 of this document;

The parts not included in these documents are either not applicable for the investor or covered in another part of the above-mentioned registration documents.

20.2. CONSOLIDATED FINANCIAL STATEMENTS

20.2.1. Consolidated Balance Sheet

20.2.1.1. Assets

ASSETS (in thousands of Euros)	Notes	31/12/2019	31/12/2018
Goodwill	1	11,404	10,973
Right-of-use assets	2	16,195	0
Intangible assets	2	7,540	7,084
Property, plant & equipment	3	3,972	2,916
Other financial assets	4	1,292	831
Equity-accounted securities	5	53	52
Deferred tax assets	15	2,157	1,555
NON-CURRENT ASSETS		42,613	23,411
Trade receivables	6	75,115	69,310
Other receivables	7	7,331	7,009
Current tax assets	10	2,683	3,913
Cash and cash equivalents	9	74,562	72,812
CURRENT ASSETS		159,691	153,044
TOTAL ASSETS		202,304	176,455

20.2.1.2. Liabilities

LIABILITIES (in thousands of Euros)	Notes	31/12/2019	31/12/2018
Capital	11	2,663	2,663
Capital reserves		7,581	7,581
Accumulated comprehensive income		81,981	77,036
Treasury stock	11	(89)	(133)
GROUP EQUITY		92,136	87,147
Non-controlling interests		613	279
STOCKHOLDERS' EQUITY		92,749	87,426
Loans and other long-term debts		4	5
Non-current lease liabilities	14	13,949	
Provisions	12	3,624	3,577
Deferred taxes	15	123	0
NON-CURRENT LIABILITIES		17,700	3,582
Current lease liabilities	13 - 14	2,554	
Trade payables	13 - 14	24,297	21,734
Other liabilities	13 - 14	65,004	63,713
Current tax liabilities			
CURRENT LIABILITIES		91,855	85,447
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		202,304	176,455

20.2.2. Income Statement and Statement of Comprehensive Income

<i>in thousands of euros</i>	Notes	31/12/2019	31/12/2018
Revenue	16	248,388	231,697
Consumed purchases		(194)	(92)
Personnel costs	18	(105,271)	(101,249)
External costs	17	(110,345)	(99,820)
Tax		(3,896)	(4,665)
Depreciation and amortization		(6,303)	(3,370)
Provisions		0	42
Other income from operations and expenses		14	155
CURRENT OPERATING INCOME		22,393	22,698
Other operating income and expenses		(25)	329
NET OPERATING INCOME		22,368	23,027
Financial Income	19	208	98
Financial Costs	19	(306)	(13)
FINANCIAL RESULT	19	(98)	85
Income tax	20	(8,988)	(7,852)
Share of profits of entities accounted for by the equity method		1	2
NET INCOME FOR THE PERIOD		13,283	15,262
Group share		12,964	15,087
Non-controlling interests	21	319	175

Basic earnings per share - Group share	22	1.95	2.27
Diluted earnings per share - Group share	22	1.93	2.27

NET INCOME FOR THE PERIOD		13,283	15,262
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<i>in thousands of euros</i>		31/12/2019	31/12/2018
NET INCOME FOR THE PERIOD		13,283	15,262
Gains and losses recognized directly in equity		(287)	(119)
COMPREHENSIVE INCOME FOR THE PERIOD		12,996	15,143
Group share		12,662	14,971
Non-controlling interests		334	172

20.2.3. Statement of Cash Flows

<i>in thousands of euros</i>	31/12/2019	31/12/2018
NET RESULT FOR THE PERIOD	13,283	15,262
Cost of benefits granted	2,929	
Depreciation/amortization and provisions for risks and charges	5,425	2,924
Gains or losses on disposals of assets	(4)	2
Share of income from companies accounted for by the equity method	(1)	2
Others		(17)
Deferred taxes		
CASH FLOW AFTER COST OF NET FINANCIAL DEBT AND TAXES	21,632	18,173
Cost of net financial debt	98	(85)
Tax expense (including deferred taxes)	8,988	7,852
CASH FLOW BEFORE COST OF NET FINANCIAL DEBT AND TAXES	30,718	25,940
Taxes paid	(7,838)	(7,673)
Change in WCR related to activities	(2,054)	4,339
NET CASH FLOW GENERATED BY ACTIVITIES	20,826	22,606
Acquisitions of property, plant and equipment and intangible assets	(4,196)	(4,806)
Acquisitions of financial fixed assets net of disposals		
Proceeds from sale of assets	37	2
Change in deposits and guarantees	(456)	(84)
Impact of changes in scope	(1,432)	(1,650)
NET CASH FLOW FROM INVESTMENT ACTIVITIES	(6,047)	(6,538)
Capital increase (including subscription of options)		40
Repurchase and resale of own shares (net of corporate tax)	44	(40)
Dividends paid to the shareholders of the parent company	(10,646)	(7,651)
Dividends paid to minority shareholders of subsidiaries		
Repayment of lease liabilities	(2,273)	
Loan repayment (including finance lease)	(1)	5
Net interest paid (including finance lease - note 19)	(98)	85
Other flows from financing activities	(54)	
NET CASH FLOW FROM FINANCING ACTIVITIES	(13,028)	(7,561)
Impact of exchange rate fluctuations	(1)	38
Change in net cash position	1,750	8,545
Opening cash position	72,812	64,267
Closing cash position	74,562	72,812

20.2.4. Consolidated Statement of Changes in Equity

<i>in thousands of Euros</i>	Capital	Capital reserves	Treasury stock	Reserves and consolidated results	Equity - group share	Non-controlling interests	Total stockholders' equity
Equity at December 31, 2017	2,663	7,581	(155)	71,032	81,121	464	81,585
Changes in capital stock and stock option plan						40	40
Treasury stock operations			22	(63)	(41)		(41)
Dividends				(7,651)	(7,651)		(7,651)
Net income for the fiscal year				15,087	15,087	175	15,262
Actuarial change				(157)	(157)		(157)
Translation adjustments				41	41	(3)	38
Repurchase of minority interests in IBC				(1,253)	(1,253)	(397)	(1,650)
<i>Sub-total Comprehensive income</i>				<i>14,971</i>	<i>14,971</i>	<i>172</i>	<i>15,143</i>
Changes in scope							
Equity at December 31, 2018	2,663	7,581	(133)	77,036	87,147	279	87,426
Changes in capital stock and stock option plan					0		0
Treasury stock operations			44	0	44		44
Dividends				(10,646)	(10,646)		(10,646)
Net income for the fiscal year				12,964	12,964	319	13,283
Actuarial change				(301)	(301)		(301)
Translation adjustments				(1)	(1)	15	14
<i>Sub-total Comprehensive income</i>				<i>12,662</i>	<i>12,662</i>	<i>334</i>	<i>12,996</i>
Free shares granted				2,929	2,929		2,929
Changes in scope					0		0
Equity at December 31, 2019	2,663	7,581	(89)	81,981	92,136	613	92,749

20.2.5. General Information

Infotel SA (“the Company”) is a corporation with a registered address in France.

Infotel primarily engages in software development, commercialization and maintenance activities through its subsidiaries: Infotel Corporation, Insoft Infotel Software GmbH and Archive Data Software. Its Infotel Conseil, Infotel Monaco, Infotel Business Consulting, OAI0, Coach’IS, Collaboratif and Infotel Consulting UK subsidiaries are engaged in IT service provision.

The Consolidated Financial Statements include the Company and its subsidiaries (collectively called “the Group”).

The information disclosed as part of the accounts is an integral part of these financial statements. Unless otherwise stated, these accounts are expressed in thousands of euros, the euro being the reporting currency of the Group.

The Consolidated Financial Statements were approved by the Board of Directors on April 22, 2020 in accordance with the going concern principle; they will be submitted for approval at the Ordinary General Stockholders’ Meeting on May 20, 2020.

20.2.6. Accounting Principles and Methods

20.2.6.1. Basis of preparation

In accordance with European Regulation EC no. 1606/2002 of the European Parliament dated July 19, 2002 on the application of international accounting standards, the Infotel Group’s consolidated financial statements for the year ending December 31, 2019 were prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

The accounting principles applied for the preparation of the annual consolidated financial statements as at December 31, 2019 are consistent with those applied for the annual consolidated financial statements as at December 31, 2018, with the exception of the standards and interpretations adopted in the European Union, applicable for the Group as from January 1, 2019.

20.2.6.2. Changes in accounting standards in 2019

IFRS, IFRIC interpretations or mandatory application amendments as at December 31, 2019

Texts adopted by the European Union:

IFRS 16 - Leases:

The entry into force on January 1, 2019 of IFRS 16 led the **Infotel** Group to update its accounting principles relating to leases. It replaces IAS 17 as well as the associated IFRIC and SIC interpretations. These principles are set out below, it being specified that the majority of lease contracts entered into by the Group concern office buildings, passenger vehicles and various equipment for which the Group is lessee.

Infotel recognizes a right-of-use asset and a lease liability in respect of all these contracts, with the exception of contracts relating to low-value assets and short-term contracts (12 months or less at the transition date). Payments in respect of these contracts not recognized in the balance sheet are recorded in operating expenses on a straight-line basis over the term of the contract.

At the start of the contract, the liability in respect of future rents is discounted using the incremental borrowing rate corresponding to a risk-free rate adjusted for a margin representative of the risk specific to each Group entity. Since rent payments are spread over the term of the contract, Infotel applies a discount rate based on the duration of these payments.

The payments included in the assessment of the liability in respect of future rents exclude non-lease components and include the fixed amounts that Infotel expects to pay to the lessor over the probable term of the contract (limited to the period for which Infotel has unilateral rights to extend the contract without the agreement of the lessor).

After the start of the lease contract, the liability in respect of future rents is reduced by the amount of payments made in respect of the rents and increased by the interest. The liability is reassessed, if necessary, to reflect a further increase or a modification in future rents.

After the start of the contract, the right-of-use asset, initially measured at cost, is depreciated on a straight-line basis over the term of the lease contract and is the subject, where appropriate, of an impairment test.

Impact of the first-time application of IFRS 16

The majority of lease contracts entered into by the Group were analyzed with regard to IAS 17 as operating leases in which Infotel was the lessee.

The application of IFRS 16 on January 1, 2019 resulted in the recognition on the balance sheet of a liability in respect of future rents and an asset in respect of the right-of-use asset for the majority of these contracts. IFRS 16 has also led to the following changes in presentation:

- On the balance sheet: Infotel now presents the right-of-use asset and lease liability on separate lines;
- On the income statement: the rental expense previously presented within operating income is now presented partly in depreciation and amortization (within operating income) and partly in financial costs;
- In the statement of cash flows: the rent payment previously presented within cash flow from operating activities is now presented in cash flow from financing activities for the amount allocated to the repayment of the lease liability.

Infotel has chosen the simplified retrospective method for the first-time application of the standard. This consists in recognizing the cumulative effect of the initial application as an adjustment to opening equity. Comparative periods are not restated according to this method. Consequently, for all contracts other than short-term contracts or contracts relating to low-value assets, a right-of-use has been booked to assets for an amount identical to the amount of the liability in respect of future rents adjusted, where appropriate, for advance payments or amounts provisioned in respect of rents payable.

Moreover, **Infotel** has applied the following simplifications offered by IFRS 16 on the transition date:

- Lease contracts expiring between January 1, 2019 and December 31, 2019 have been considered as short-term lease contracts and have not been capitalized;
- Initial direct costs and the costs of restoring sites at the end of the lease have been excluded from the initial valuation of the right-of-use asset.

The Group has chosen not to recognize deferred taxes on January 1, 2019.

On December 16, 2019, the IFRS IC published an agenda decision concerning the following subjects:

- The determination of the enforceable period of a lease contract renewable by tacit agreement, or a contract for an unspecified duration, that may be cancelled by one of the parties subject to a notice period. In particular, the issue was raised regarding the notion of penalties on which the definition of the enforceable period is based.
- The link between the depreciation period of fixtures and fittings that are indissociable from the leased asset, and the duration of the lease contract.

In its conclusions, the IFRS IC adopted a broad and economic notion of the penalties, going beyond contractual payments. The non-depreciated indissociable fixtures and fittings may constitute a penalty to be taken into account in order to determine the contract's enforceable period.

Given the late publication of this agenda decision and the practical difficulties of implementation for December 31, 2019, the Group is in the process of analysing the possible impacts. Its implementation could result in an extension of the lease term initially adopted and lead to a review of the lease liability and right-of-use asset related to the lease contracts concerned.

Finally, **Infotel** has not identified any significant incorporated lease contracts within the service and supply contracts.

Impact on the consolidated balance sheet

in thousands of euros	December 31, 2018	Initial recognition	January 1, 2019 (IFRS 16)
Right-of-use assets	-	14,555	14,555
Lease liability	-	14,555	14,555

As of December 31, 2019, the lease liability amounted to €16,503,000, including €2,554,000 (less than one year), and €9,546,000 (1-5 years).

Other mandatory application texts as of December 31, 2019

- Amendments to IAS 19: "Employee benefits: Plan Amendment, Curtailment or Settlement"
- Amendments to IAS 28: "Long-term interests in Associates and Joint Ventures"

- Amendments to IFRS 9: “Prepayment Features with Negative Compensation”
- Annual improvements to IFRS 2015-2017 cycle;
- IFRIC 23 – Uncertainty over Income Tax Treatments.

These amendments and interpretations do not have a material impact on the Group's consolidated financial statements at December 31, 2019.

Non-mandatory accounting standards or interpretations at December 31, 2019 and not adopted early by the Group.

Texts adopted by the European Union:

- Amendments to the conceptual framework in IFRS standards;
- Amendments to IAS 1 and IAS 8 – Change in the definition of the term “material”.

Texts not adopted by the European Union:

- IFRS 17 – Insurance contracts;
- Amendments to IFRS 3 – Definition of a business; and
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7).

The Group does not anticipate any material impact relating to the application of these new standards.

20.2.6.3. Accounting method

Rules of consolidation and scope

The companies over which Infotel has direct or indirect control are fully consolidated.

The companies over which Infotel has significant influence are accounted for using the equity method.

The financial statements of the subsidiaries are incorporated in the consolidated financial statements from the date on which control is obtained until the date on which such control ceases.

All companies of the Group have a year-end of December 31.

Intra-group transactions removed from the financial statements

Balances, underlying profit and loss, income and expenses from intra-group transactions have been removed during the preparation of the consolidated financial statements. Underlying losses have been removed in the same way as underlying profit, but only where they are not representative of a loss in value.

Foreign currency transactions

Foreign currency transactions are translated using the exchange rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currency at the end of the period are translated into euros by using the exchange rate prevailing at that date. Translation adjustments are accounted for in income or expenses. Non-monetary assets and liabilities in foreign currency that are valued at historical cost are translated into euros using the exchange rate prevailing at the transaction date.

Financial statements of foreign subsidiaries

Goodwill and fair value adjustments treated as assets and liabilities of the foreign entity are translated into euros by using the exchange rate prevailing the end of the fiscal year. Income and expenses of the foreign entity are translated into euros using the average rates that approximate the exchange rate at the dates of the transaction. Translation adjustments are recorded in a translation reserve, a separate component of stockholders' equity, and in non-controlling interests.

The exchange rates applied for the main currencies are as follows (currencies outside the Eurozone):

Indicative exchange rate against EUR		Average exchange rate 2019	Average exchange rate 2018	Rate at year-end 2019	Rate at year-end 2018
US dollar	USD	0.89319	0.86464	0.89015	0.87336
Pound sterling	GBP	1.13986	1.13027	1.17536	1.11790

Translation methods

In the application of IAS 21 “The Effects of Changes in Foreign Exchange Rates”, all subsidiaries of the Group express operations in the most representative currency of their economic environment, the functional currency. The reporting currency of Infotel Corporation is the US dollar, that of Infotel Consulting UK the pound sterling.

20.2.6.4. Use of estimates and assumptions

The preparation of the consolidated financial statements in accordance with IFRS standards requires certain accounting estimates and assumptions to be made that may affect the carrying amount of assets and liabilities, income and expenses, and the disclosures given in the notes.

The estimates and assumptions herein are carried out from prior experience and other factors considered as reasonable in view of the circumstances. They are also used to make the necessary judgments in determining the carrying amounts of assets and liabilities, which could not be obtained directly from other sources. The real values may be different from their estimated values.

Management has been required to exercise its judgment during the application of the Group accounting methods. The areas for which assumptions and estimates may be significant as regards the consolidated financial statements are primarily the assessment of goodwill, the recognition of revenue associated with IBM royalties, and the assessment of development costs.

20.2.6.5. Methods of valuation

Goodwill

The business combination is accounted for by applying the acquisition method in accordance with IFRS 3 R. According to this method, the acquirer purchases the net assets and recognizes the assets acquired and liabilities assumed at their fair value.

Goodwill represents the difference between the acquisition cost of securities (including the expected price complements that are recognized and the amounts that can be reliably measured) and the non-controlling interest's share of the fair value of the assets and liabilities and assumed liabilities identified at the acquisition date.

Therefore, in certain business combinations, when the nature of the client portfolio held by an entity and the nature of the activity performed must allow the entity to continue its commercial relations in order to create loyalty, relationships with customers are valued as intangible assets and amortized according to the average age of active customers.

Subsequently, goodwill is impacted by each cash-generating unit that is expected to benefit from the business combination. It is subjected to impairment testing (see accounting method described in note 1) annually or more regularly where there are indicators of impairment.

The Group assesses the non-controlling interests during a takeover either at fair value (full goodwill method) or on the basis of their proportional share in the net assets of the company acquired (partial goodwill method). The method is decided according to each acquisition.

Intangible assets

Separately acquired assets

These correspond to software packages acquired and recognized at acquisition cost and software packages, and customer relationships assessed at fair value as part of the reallocation of acquisition prices of entities as part of a business combination. These assets are amortized on a straight-line basis over three to seven years according to their estimated useful life.

Internally generated assets

In the application of IAS 38 *Intangible assets*:

- expenditure on research is recognized as an expense in the fiscal year in which it is incurred;
- software development expenses are recognized as intangible if, and only if, the following six criteria are met:
 - the technical feasibility of completing the intangible asset so that it will be available for use or sale,
 - the intention to complete the intangible asset and use or sell it,
 - the ability to use or sell the intangible asset,
 - how the intangible asset will generate probable future economic benefits,

- the availability of adequate technical, financial or other resources to complete the development and to use or sell the intangible asset,
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Expenses thus transferred to the asset include direct labour costs. Other development expenses are booked when they are incurred.

Development costs are amortized over the probable life span of the project, which is generally seven years.

Tangible assets

Tangible assets comprise fixtures and fittings, office furniture and equipment, and computer hardware.

Tangible assets are booked at acquisition cost, less cumulated amortization and expected loss in value. They are not subject to any reassessment.

The Group factors in the carrying amount of a tangible asset, for the cost of replacement of a component of the tangible asset when this cost is incurred if the economic benefits projected for the asset are for the Group and if its cost can be assessed reliably. All current upkeep and maintenance costs are recorded as expenses when they are incurred.

Depreciation is calculated on a straight-line basis, applying the expected useful life of the different asset categories:

Buildings, facilities	5 – 10 years
Fixtures and fittings	4 – 10 years
Office furniture, office equipment and IT equipment	3 – 8 years
Transport equipment	4 – 5 years

Depreciation is calculated on the acquisition cost, less any residual value. The residual value and the useful life are reviewed at the end of each fiscal year.

There are no leases that transfer substantially all the risks and benefits inherent in ownership of an asset. The lease agreements are simple operating leases.

Impairment of assets

IAS 36 *Impairment of Assets* requires the assessment at each reporting date of whether there is any indication that an asset may be impaired. If such indication exists, the entity must assess the recoverable value of the asset.

An entity must also, even in the absence of such impairment:

- test annually an intangible asset with an indefinite useful life;
- perform an impairment test on goodwill acquired in a business combination.

Impairment tests are performed at cash generating unit level (CGU) affecting the assets. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Impairment tests compare the carrying amount and the recoverable amount of cash generating units. The recoverable amount of a CGU represents the highest value between its fair value (generally market price) and its value in use.

The value in use of a CGU is determined according to the discounted future cash flow method:

- flows relating to a 3-year forecasting period;
- flows after this 3-year period calculated by applying an infinite growth rate.

If the carrying amount of the CGU exceeds its recoverable amount, the assets of the CGU must be reduced to their recoverable amount and an impairment loss must be recognized. The impairment loss is entered as goodwill and recognized in the income statement in the section *Other Operating Costs*.

CGU segmentation applied by the Group, and the calculation parameters used for the impairment tests, are given in note 1.

Cash and cash equivalents

Cash and cash equivalents include cash, demand deposits, and other investments held for the purpose of meeting short-term cash commitments.

IAS 7 defines cash equivalents as short-term, highly liquid investments that are easily convertible into a known amount of cash and subject to negligible risk of change in value.

Treasury shares and other equity instruments

Shares held by the Group are recognized as a deduction from equity at their acquisition cost. Any profits or losses related to the purchase, sale, issue or cancellation of treasury shares are recognized directly in equity without affecting the result.

In addition, in accordance with IAS 32, shareholders' equity includes subordinated perpetual securities that meet the definition of an equity instrument.

Employee benefits

For the defined contribution plans, the Group's payments are indicated as expenses in the fiscal year in which they are incurred.

For the defined contribution plans for post-employment benefits, the contribution costs are estimated using the projected credit unit method. According to this method, the contribution rights are allocated in the periods of service according to the acquisition formula for the plan rights, taking into account a straight-line effect when the rate of acquisition of rights is not uniform during future service periods.

The amounts of future payments corresponding to employee-agreed benefits are assessed on the assumption of future salary increase, end-of-career age, life expectancy, then brought to their current value on the basis of the interest rate of the long-term obligations of the first category issuers.

When the calculation assumptions are revised, the resulting actuarial gains and losses are fully recognized in reserves in accordance with IAS 19. The Group does not apply the corridor approach.

The cost for the fiscal year, corresponding to the sum of the cost of services rendered, of the discounted cost less the performance expected of the assets in the plan, is entirely recognized in "Personnel costs."

Stock-based payment

IFRS 2 "Stock-based payment" deals with transactions performed with employees or other third parties where payment is based on stock.

Its application in the Group concerns stock options granted to employees and free stock allocated to specific employees. According to the option offered by IFRS 1, only stock options allocated from November 7, 2002, and where the exercise date is after December 31, 2004 have been taken into account.

The cost of stock options and free stock plans is determined in relation to the fair value of the equity instruments granted, valued at the allocation date.

The fair value of free stock is determined in relation to the current market value at the allocation date, taking into account the potential dividends paid by the company between the allocation date and the vesting date.

The cost of transactions settled in stock is accounted as an expense, offsetting a corresponding increase in stockholders' equity, for the duration ending on the date on which the employee becomes fully entitled to the allocation. No expense has been recognized for benefits where the holders do not fulfil the conditions required to acquire a definitive claim.

This accounting is done by entry in "Personnel costs", offset directly in stockholders' equity under "Issue premiums".

Provisions

A provision is accounted for where there is an obligation to a third party arising before the end of the fiscal year and when the loss or liability is probable and can be assessed reliably.

Trade and other payables

Trade and other payables are assessed at their fair value during initial accounting, then at amortized cost.

Revenue recognition

“Software” activity

Software services include:

- the right to use (license) software and solutions;
- maintenance;
- associated services: installation, configuration, adaptation, training, etc.
- IBM royalties.

The license is accounted for upon delivery, which must be considered fulfilled when all the contractual obligations have been met, i.e., when the services still remaining to be provided are not significant and unlikely to compromise the client’s acceptance of the products delivered or services rendered.

Maintenance, usually billed in advance, is recognized on a pro rata basis.

The services are usually provided on an ongoing basis and are recorded after they are performed, i.e. generally at the time of billing.

The revenue is made up of IBM royalties where quarterly accounting is done during collection. A provision is recorded at the end of the period. In the absence of information from IBM on the date of publication of the revenue, this provision is determined, as a precautionary measure, by taking the lowest amount in dollars received during the last four quarters, adjusted for cancellations of royalties on sales cancelled from one quarter to the next.

“Services” activity

Technical assistance services, consulting, training and projects provided on an ongoing basis

They are recognized when the service is provided, i.e. generally at the time of billing.

The production is examined at each closing of accounts:

- services rendered but not yet or only partially invoiced are valued according to the contractual selling price and billable time spent. They are recorded as revenue and appear in the balance sheet in “Invoices to be prepared” under “Accounts receivable and related accounts”;
- Services billed but not yet fully performed are deducted from billed turnover and are recorded as liabilities on the balance sheet under “Deferred income” and “Other liabilities”.

Services provided under the terms of a fixed price contract

These contracts are characterized by a commitment in terms of price, compliance and time. Services corresponding to this type of contract are recorded according to the percentage of completion method, as follows:

- the turnover and the profit generated on the contract are recorded according to the estimate of progress made;
- the amount recognized at each closing of the accounts is obtained by the difference between the budget and the amount reserved to cover the total number of man-days remaining to be performed. It is recorded either in “Invoices to be prepared” in “Accounts receivable and related accounts” or under “Deferred income” in “Other liabilities” according to the billing carried out.

Subsidies

As part of the growth of its IT projects, the Group spends money on research and development and, as such, can benefit from a Research Tax Credit. IAS 20 requires companies to allocate government subsidies to the costs, charges or assets they are supposed to offset. The research tax credit is considered to be a public subsidy and must therefore be related either to development costs, which it partly offsets, or to decreasing personnel costs.

Income tax

Income tax (expense or income) includes the current tax expense or income and the deferred tax expense or income. Tax is recognized in profit or loss unless it relates to items that are recognized directly in equity in which case it is recognized in equity.

Current tax is the estimated amount of tax payable for taxable profit for a period, determined using tax rates that were enacted or substantively enacted at the balance sheet date, and any adjustment in the amount of tax payable for previous periods.

Deferred tax is determined using the liability method on the basis of the tax rates known at closing for all temporary differences between the carrying amount of assets and liabilities and their tax bases. The following items do not give rise to the recognition of deferred taxes:

- goodwill not tax deductible;
- the initial recognition of an asset or liability in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit;
- temporary differences related to investments in subsidiaries to the extent that they will not reverse in the foreseeable future.

The valuation of deferred tax assets and liabilities is based on the way in which the Group expects to recover or settle the carrying amount of assets and liabilities, using the tax rates that have been adopted or substantively enacted at the closing date.

A deferred tax asset is recognized only to the extent that it is probable that the Group will have future taxable profits against which this asset can be attributed.

The additional tax resulting from the distribution of dividends is recognized when the dividends payable is recognized as liabilities.

On January 14, 2010, the Accounting Standards Authority (ANC) issued a notification related to the accounting treatment of the Value-Added Contribution of Companies (CVAE), a component of the Territorial Economic Contribution. The ANC states that it is up to each company to exercise its judgment, given its own situation, to determine the qualification of the CVAE.

The **Infotel** Group considers that the CVAE recorded in its accounts falls within the scope of IAS 12.

As such, the consequences are the recognition of deferred income taxes for all temporary differences on all balance sheet assets and liabilities. It is specified that the depreciable assets representing at least future income taxable to the CVAE fall within the scope of IAS 12 for the recognition of deferred tax liabilities.

Earnings per share

Consolidated basic earnings per share is calculated based on the weighted average number of common shares outstanding during the year.

Consolidated diluted earnings per share is calculated based on the weighted average number of shares outstanding plus the number of shares that would result from the exercise of stock options and the number of bonus shares that may be granted.

Segment reporting

According to IFRS 8, segment reporting is based on the internal management data used by the company Management.

An operating segment is a component of the entity:

- corresponding to an activity that can generate revenue and for which expenses are incurred, even when these revenues and expenses relate to other components of the entity;
- whose operating results are regularly reviewed by the entity's chief operating decision-maker in order to allow the allocation of resources to the various segments and the assessment of their performance;
- for which separate financial information is available.

The two sectors identified are therefore "Services" and "Software" as previously described.

20.2.6.6. Statement of facts and scope of consolidation

Legal transactions

- On January 1, 2019, Infotel Conseil acquired all of the shares of Coach'IS, as well as Collaboratif itself wholly owned by Coach'IS.
- Infotel Conseil obtained approval for the Research Tax Credit.
- Infotel SA decided to allocate 77,497 free shares through a Board of Directors' decision on January 23, 2019. This was implemented in January 2020.
- The building housing Infotel SA's headquarters is to undergo a complete renovation. All the tenants and owners have been asked to vacate the building. The leases attached to the address of the headquarters have been cancelled. In H1 2019, Infotel SA made every effort to find new premises for 2020. This search was successful and new premises were found. The move will take place during H1 2020.

Audits

- Infotel Conseil underwent a tax audit in 2012 for the fiscal years 2009 to 2011, which was completed in the second quarter of 2013. An adjustment offer of €2,531k dealing essentially with the research tax credit (CIR) was received in July 2013 and challenged. The tax authorities replied to this challenge in January 2015 with a new adjustment offer of €588k. The amount requested is still in dispute. This debt was paid in 2018. The company filed an appeal and awaits a hearing for the appeal.

List of consolidated companies as of December 31, 2019

Company name	Headquarters	SIREN No.	Consolidation method	% control	% interest	Country of activity
Infotel SA	Tour Gallieni II - 36 av du Général de Gaulle - 93170 Bagnole	317 480 135	Parent company - Head of the group			France
Infotel Conseil SA	13 rue Madeleine Michelis 92200 Neuilly sur Seine	344 122 262	Full consolidation	100%	100%	France
Infotel Business Consulting SAS	13 rue Madeleine Michelis 92200 Neuilly sur Seine	530 823 020	Full consolidation	100%	100%	France
OAIO	13 rue Madeleine Michelis 92200 Neuilly sur Seine	838 059 152	Full consolidation	60%	60%	France
Coach'IS	129 Chemin du Moulin Carron 69130 Ecully	418 951 000	Full consolidation	100%	100%	France
Collaboratif	129 Chemin du Moulin Carron 69130 Ecully	539 038 731	Full consolidation	100%	100%	France
Archive Data Software	1, rue Claude Chappe 69370 Saint Didier au Mont d'Or	518 038 542	EM	33%	33%	France
Insoft Infotel Software GmbH	Sternstr. 9-11 40479 Düsseldorf	10357360260	Full consolidation	100%	100%	Germany
Infotel Corporation	PO Box 5158 Gulfport, FL 33737	592 644 116	Full consolidation	100%	100%	United States
Infotel Consulting UK	5 Jupiter Court Orion Business Park North Shields Tyne & Wear - NE29 7SE	09394161	Full consolidation	51%	51%	UK
Infotel Monaco	Panorama A-B 57 rue Grimaldi Monaco	01 S 03972	Full consolidation	100%	100%	Monaco

20.2.6.7. Notes on the financial position

Note 1 – Goodwill

Table showing changes in goodwill

The movements during 2019 are as follows:

<i>in thousands of euros</i>	31/12/2018	Changes in scope	Increase	Decrease	31/12/2019
Infotel Conseil	9,970				9,970
Insoft Software GmbH	1,003				1,003
Groupe Coach'IS		431			431
Total	10,973	431	-	-	11,404

Breakdown of goodwill by CGU

The Group is segmented in Cash-Generating Units (CGU) in line with the operating organization and the management and reporting system. The group is organized in such a way that each subsidiary represents a CGU. For impairment testing requirements, from the acquisition date, the goodwill acquired in a business combination must be allocated to each of the acquirer's CGUs or groups of CGUs that are expected to benefit from business combination synergies, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

Impairment tests

Impairment testing on goodwill is carried out annually on December 31, or more regularly if there are indications of impairment loss.

The CGU value in use is determined by the discounted future cash flow method (DCF) according to the following principles:

- Cash flows are issued with operating forecasts stated by management for the coming fiscal year with the growth forecasts for the following three years.
- The discount rate is 9%.
- The terminal value is calculated by summation in perpetuity of the discounted future cash flows, determined on the base of a normative cash flow and a perpetual growth rate. This growth rate is in line with the development potential of markets in which the entity operates, as well as its competitive position.
- The growth rate in perpetuity is 2%.

The resulting value in use is compared to the contributive value in the consolidated balance sheet of fixed assets, including goodwill. Impairment loss is recognized if this recoverable value is lower than the existing value entered in the accounts.

On December 31, 2019 the value test indicated that the goodwill is not overvalued and therefore, no impairment loss is allocated.

Reasonable changes in assumptions would not lead to any impairment.

Note 2 – Other intangible assets

<i>in thousands of euros</i>	31/12/2018	Changes in scope	Increase	Decrease	31/12/2019
Assets					
Right-of-use assets			18,775		18,775
Customer relationships	2,489		497		2,986
Development costs	15,524	118	880		16,522
Patents and licenses	972	23	28	4	1,019
Application software	1,997		1,162		3,159
Total	20,982	141	21,342	4	42,461
Amortizations					
Right-of-use assets			2,580		2,580
Customer relationships	2,489		71		2,560
Development costs	10,454	118	1,482		12,054
Patents and licenses	869	22	67	4	954
Application software	86		492		578
Total	13,898	140	4,692	4	18,726
NET ASSETS	7,084	1	16,650	0	23,735

The development costs recognized in the Group's assets during the fiscal year refer to Arcsys, HPU, Info Recovery, Merge Backup, iDBA, DB/IQ, InfoUnload projects and the Orlando application software. They are amortized over the probable life span of the project, which is generally seven years.

Note 3 – Tangible assets

<i>in thousands of euros</i>	31/12/2018	Changes in scope	Increase	Decrease	31/12/2019
Assets					
Buildings	31				31
Other assets	11,073	118	2,131	158	13,164
Total	11,104	118	2,131	158	13,195
Amortizations, Depreciations					
Buildings	31				31
Other assets	8,157	75	1,084	124	9,192
Total	8,188	75	1,084	124	9,223
NET ASSETS	2,916	43	1,047	34	3,972

Note 4 – Other financial assets

This includes mainly guarantee deposits.

Note 5 – Investments in companies accounted for using the equity method

<i>in thousands of euros</i>	Value at 31/12/2018	Dividends received	Income for the period	Others	Value at 31/12/2019
Archive Data Software	52		1		53
Total	52		1		53

Archive Data Software (100% share):

<i>(in thousands of euros)</i>	31/12/2019	31/12/2018
Revenue	963	897
Income for the year	4	5
Balance sheet total	584	679
Stockholders' equity	160	156

Note 6 – Accounts receivable

<i>(in thousands of euros)</i>	31/12/2019	31/12/2018
Accounts receivable	58,506	58,331
Doubtful debts	16	16
Invoices to be issued	16,687	11,056
Impairment	(94)	(93)
Net value	75,115	69,310

Changes in impairment break down as follows:

<i>(in thousands of euros)</i>	31/12/2018	Actuarial differences	Provisions	Use	Reversals	31/12/2019
Trade receivables	93		1			94
Provisions for impairment	93		1			94

Statement of accounts receivable at 31/12/2019

Statement of accounts receivable at 31/12/2019	Total	not due	due, less than 30 days	due, less than 60 days	due, less than 90 days	due, more than 91 days
Accounts receivable	75,115	64,006	6,690	2,211	1,177	1,031
%	100%	85%	9%	3%	2%	1%

Statement of accounts receivable at 31/12/2018

Statement of accounts receivable at 31/12/2018	Total	not due	due, less than 30 days	due, less than 60 days	due, less than 90 days	due, more than 91 days
Accounts receivable	69,310	58,816	7,186	1,599	693	1,016
%	100%	85%	10%	2%	1%	1%

Note 7 – Other receivables

<i>in thousands of euros</i>	31/12/2019	31/12/2018
Social security receivables and tax receivables (excluding deferred taxes)	4,731	4,589
Miscellaneous receivables		0
Prepaid expenses	2,567	2,406
Advances and advance payments	33	14
Total	7,331	7,009

Note 8 – Working capital requirement

<i>in thousands of euros</i>	31/12/2019	31/12/2018	Total change	Changes in scope	Change for the period
Accounts receivable	75,115	69,310	5,805	(628)	5,177
Accounts payable	(24,297)	(21,734)	(2,563)	239	(2,324)
Tax and social security receivables/payables	(31,853)	(31,618)	(235)	290	55
Other receivables/payables	(25,819)	(25,086)	(733)	(121)	(854)
Working Capital Requirement	(6,854)	(9,128)	2,274	(220)	2,054

Note 9 – Cash and cash equivalents

<i>in thousands of euros</i>	31/12/2019	31/12/2018
Term accounts	29,000	29,000
Cash on hand	45,562	43,812
Cash assets	74,562	72,812
Bank overdraft	0	0
Cash liabilities	0	0
Net cash	74,562	72,812

Note 10 – Financial instrument assets

<i>in thousands of euros</i>	31/12/2019		Analysis by instrument category			
	Value in balance sheet	Fair value	Fair value through profit or loss	Available-for-sale assets	Loans and receivables	Derivative instruments
Equity-accounted securities	53	53	53			
Non-current financial assets	1,292	1,292			1,292	
Accounts receivable	75,115	75,115			75,115	
Other receivables	7,331	7,331			7,331	
Current tax assets	2,683	2,683			2,683	
Cash	74,562	74,562	74,562			
Total Assets	161,036	161,036	74,615		86,421	

<i>in thousands of euros</i>	31/12/2018		Analysis by instrument category			
	Value in balance sheet	Fair value	Fair value through profit or loss	Available-for-sale assets	Loans and receivables	Derivative instruments
Equity-accounted securities	52	52	52			
Non-current financial assets	831	831			831	
Accounts receivable	69,310	69,310			69,310	
Other receivables	7,009	7,009			7,009	
Current tax assets	3,913	3,913			3,913	
Cash	72,812	72,812	72,812			
Total Assets	153,927	153,927	72,864		81,063	

Note 11 – Stockholders' Equity

Changes in capital

The capital stock of **Infotel** at December 31, 2019 was €2,663k. It comprised 6,656,955 fully paid-up shares with a par value of €0.40.

There were no movements during the 2019 fiscal year.

Infotel's Board of Directors' meeting on January 23, 2019 decided to allocate 77,497 shares. The fair value of the share measured according to the Black & Scholes model is €40.44 after taking into account the 3-year non-transferability period. The fair value of the plan is €3,134,000 (excluding employer contribution of €610,000), including €3,507,000 recognized in personnel costs in 2019 in accordance with IFRS 2 "Share-based payment".

Treasury stock

Movement in securities	31/12/2019	31/12/2018
Number of securities held at the beginning of the fiscal year	3,431	2 950
Number of securities bought	59,340	84,130
Number of securities sold	60,456	83,649
Number of securities held at the end of the fiscal year	2,315	3,431

Security value (in euros)	31/12/2019	31/12/2018
Security value at the beginning of the fiscal year	132,683	155,145
Purchases of securities	2,283,334	4,166,981
Transfer of securities during the fiscal year	2,326,881	4,189,442
Security value at the end of the fiscal year	89,136	132,683

Transfers are valued at the average price at the time of exit.

Dividends

The Combined Stockholders' Meeting on May 29, 2019 decided to pay a dividend of €1.60 per share, paid in June 2019. The payment of dividends to third parties amounts to €10,646,000 due to treasury stock.

Note 12 – Provisions for risks and charges

<i>(in thousands of euros)</i>	31/12/2018	Actuarial differences	Provisions	Use	Reversals	31/12/2019
Disputes	65					65
Retirement bonuses	3,022	388			326	3,084
Seniority bonuses	490	13			28	475
Translation differences						
Provisions for risks and charges	3,577	401			355	3,624

The provisions for disputes only include pay disputes.

The criteria applied to determine the amount for pensions are as follows:

- Turnover for employees under 56 years:
 - 13% for employees of Infotel Conseil, IBC and OAIO (vs. 10% last year)
- Turnover for employees over 56 years:
 - 0.4% for the Group's entire workforce
- Discount rate: 0.79% for pensions (1.63% in 2018) and 0.68% for the 10-year seniority bonus (1.33% in 2018)
- Retirement age: 65 years
- Rate of increase in salaries for employees under 56 years: 2.5%
- No increase in salaries is planned for employees over 56 years
- Employer contribution rate: 45%.

The Group has taken out an insurance contract for pensions with an external organization since January 1, 2004 for Infotel and Infotel Conseil. The amount covered at December 31, 2019 was €110k. The provision for severance pay on retirement was €3,084k corresponding to the difference between the total commitment calculated according to the criteria established above and the fair value of the assets of the plan at December 31, 2019.

No supplementary payments were made to insurance organizations during the fiscal year.

The company has chosen to offset actuarial differences directly in the consolidated reserves.

Note 13 – Accounts payable and other current liabilities

Accounts payable and other current liabilities are distributed as follows:

<i>in thousands of euros</i>	31/12/2019	31/12/2018
Current lease liabilities	2,554	
Accounts payable	24,297	21,734
Social security and tax liabilities	36,584	36,207
Other liabilities	364	11
Prepaid income	28,056	27,495
Total	91,855	85,447

All debts are less than one year old.

Note 14 – Financial instrument liabilities

<i>in thousands of euros</i>	31/12/2019		Analysis by instrument category			
	Value in balance sheet	Fair value	Fair value through profit or loss	Other liabilities	Debts at amortized cost	Derivative instruments
Non-current lease liabilities	13,949	13,949		13,949		
Current lease liabilities	2,554	2,554		2,554		
Accounts payable	24,297	24,297		24,297		
Other liabilities	65,004	65,004		65,004		
Current tax liabilities						
Total liabilities	105,804	105,804		105,804		

<i>in thousands of euros</i>	31/12/2018		Analysis by instrument category			
	Value in balance sheet	Fair value	Fair value through profit or loss	Other liabilities	Debts at amortized cost	Derivative instruments
Other non-current liabilities						
Accounts payable	21,734	21,734		21,734		
Other liabilities	63,713	63,713		63,713		
Current tax liabilities						
Total liabilities	85,447	85,447		85,447		

Note 15 – Deferred taxes

<i>in thousands of euros</i>	31/12/2018	Actuarial differences	Change for the period	31/12/2019
Deferred tax assets				
associated with employee benefits	878		11	889
associated with profit sharing	677		287	964
associated with tax loss carryforwards			304	304
Total	1,555		602	2,157
Deferred tax liabilities				
associated with offsetting of statutory provisions				
associated with customer relationships	0		123	123
associated with adjustment of the loss in value on the exchange of securities				
associated with temporary differences				
associated with CVAE				
Total	0		123	123

20.2.6.8. Notes on the Consolidated Income Statement

Note 16 – Revenue

The Group's revenue comprises two activities:

- IT services for companies,
- Software publishing.

The Services revenue of the **Infotel** Group is made up of cost-plus services and fixed-price services. The breakdown of the revenue between these modes of service provision is shown here:

(as a percentage)	2019	2018
Cost-plus services	35.7	31.7
Fixed-rate services and service desks	64.3	68.3
Total	100	100

Information regarding the revenue is given in section 20.2.6.9 "Segment reporting" on page 116.

Note 17 - External expenses

<i>in thousands of euros</i>	2019	2018
Sub-contracting	97,748	88,400
Other external expenses	12,597	11,420
Total	110,345	99,820

Note 18 – Staff costs and workforce

The average workforce of the Group for the year ending December 31, 2019 was 1,719 employees. For 2018, the average workforce for the Group was 1,703 employees. Given the nature of the activity, personnel is mainly made up of managers.

<i>in thousands of euros</i>	2019	2018
Remuneration	72,273	73,318
Social security costs	29,906	33,292
Free shares	3,507	
Profit sharing	3,110	2,033
Retirement bonuses	(355)	131
Provision for wage disputes	0	(25)
CICE	0	(2,887)
Capitalized development costs	(2,533)	(3,823)
CIR - Research tax credit for non-capitalized development projects	(25)	(115)
Amortization of research tax credit associated with development costs	(524)	(511)
CPAM and FAFIEC reimbursements	(88)	(164)
Total Personnel Costs	105,271	101,249

Note 19 – Financial result

<i>in thousands of euros</i>	2019	2018
Interest paid on term deposits	173	92
Capital gains on transfer of marketable securities		
Interest on current accounts		
Cash and cash equivalents	173	92
Foreign exchange gains	35	6
Foreign exchange losses	(25)	(13)
Interest - IFRS 16	(281)	
Other financial income/expenses	(271)	(7)
Financial result	(98)	85

Note 20 – Income tax

The income tax expense results from:

<i>in thousands of euros</i>	2019	2018
Tax payable for the year	7,222	5,804
Deferred corporate income taxes	(240)	(10)
CVAE	2,006	2,058
Income tax	8,988	7,852

The tax analysis is as follows:

<i>in thousands of euros</i>	2019	2018
Net profit before equity-accounted subsidiaries	13,284	15,264
Income tax	8,988	7,852
Profit before tax	22,272	23,116
Current corporate tax applicable to parent company	31.00%	33.33%
Theoretical income tax	6,904	7,705
Company vehicle tax and non-deductible amortizations	22	20
Non-deductible provision	0	0
Stock costs and expenses	19	38
Tax credits and tax subsidies	(8)	(1,171)
Monaco revenue	(351)	(177)
Groupe Coach'IS revenue	(9)	0
Infotel Corp revenue	50	70
Infotel UK Consulting Ltd revenue	(55)	(30)
Insoft Infotel Software revenue	(1)	(6)
Free shares awarded	910	0
Social security contribution on earnings (CSB)	132	145
CVAE net of corporate income tax	1,385	1,372
Corporate income tax rate variation	0	(69)
Others	(10)	(44)
Actual income tax	8,988	7,852

Note 21 – Non-controlling interests

The minority interests relate to OAIO, which is 60% owned by the Group, and to Infotel Consulting UK (51%).

Note 22 – Earnings per share

	2019	2018
Net income (Group share)	12,964	15,087
Number of shares comprising capital stock	6,656,955	6,656,955
o/w treasury stock	2,315	3,431
Average number of shares for the period	6,654,640	6,653,524
Basic earnings per share	1.95	2.27
Average number of outstanding potential dilutive stock options		
Average number of outstanding free shares	77,497	
Average number of dilutive shares of capital stock	77,497	
Diluted earnings per share	1.93	2.27

20.2.6.9. Segment reporting

The Infotel Group's activity is broken down into two segments: software and services.

Net income for the fiscal year by segment

<i>in thousands of euros</i>	2019			2018		
	Software	Services	Total	Software	Services	Total
Revenue	8,470	239,918	248,388	8,368	223,329	231,697
Net Operating Income	3,199	19,169	22,368	3,262	19,765	23,027
Net income	2,147	11,136	13,283	2,204	13,058	15,262

Breakdown of Software Products

<i>in thousands of euros</i>	2019	2018
IBM royalties	4,407	4,343
Sales - Software Rental	1,625	1,447
Maintenance and Services associated with sales and rentals	2,578	2,578
TOTAL	8,470	8,368

Breakdown of Services revenue

<i>in thousands of euros</i>	2019	2018
Cost-plus IT development services	85,771	70,795
Fixed-price IT development services and service centers	154,147	152,534
TOTAL	239,918	223,329

IT services include businesses providing contractor and project management support, as well as advice around digitization. The Group's commercial offering is primarily a comprehensive and cross-functional offering. The Group has focused on global monitoring of cost-plus or fixed-price contracts since the latter have a performance obligation.

Distribution of revenue by geographical region

<i>in thousands of euros</i>	2019	%	2018	%
France	222,690	89.7%	210,455	90.9%
Europe	20,591	8.3%	16,319	7.0%
United States	5,107	2.0%	4,923	2.1%
Total	248,388	100%	231,697	100%

Clients representing more than 10% of revenue

Only two clients represent more than 10% of consolidated revenue.

Distribution of assets by segment

<i>in thousands of euros</i>	31/12/2019		31/12/2018	
	Software	Services	Software	Services
Non-current assets	9,912	32,701	8,574	14,837
Current assets	14,353	145,338	17,053	135,991
Total	24,265	178,039	25,627	150,828

20.2.6.10. Supplementary Information

Financial risk factors

Credit risk

Regarding the credit risk for the Group's financial assets, notably customers, the Group's exposure is associated with the possible non-performance by third parties.

Customer accounts are continually monitored. The analysis of the maturity of these financial assets that are past-due and not written down is given in "Note 6 – Accounts receivable" on page 108.

Liquidity Risk

In accordance with the definition given by the French financial markets authority, AMF, the liquidity risk results from having an asset with a longer term than the liability, and translates to an inability to repay short-term debts in the event of being unable to mobilize assets or take out new credit lines.

The Group considers that it is not exposed to this risk, given the absence of borrowing and its surplus cash.

Market risks.

a. Interest rate risk

Since the Group has no financial debt, it is not exposed to changes in interest rates.

b. Foreign exchange risk

The foreign exchange risk affects primarily IBM royalties, which are issued in US dollars, and the billing of royalties by the Group to the US subsidiary. This risk is not subject to specific coverage.

At December 31, 2019, the net value of assets and liabilities recognized by the entities of the Group in currencies other than the Euro stood at:

- for the dollar, \$538k or €483k (\$795k or €694k as of December 31, 2018). It consists solely of the net assets of the US subsidiary and the IBM royalties for the fourth quarter of 2019;
- for pound sterling, £647k or €761k (£274k or €306k as of December 31, 2018). It consists solely of the net assets of the UK subsidiary.

c. Equity risk

The marketable securities held by the Group consist exclusively of money market UCITS. The risk associated with the change in financial markets is, as a result, limited.

Moreover, Infotel held 2,315 of its own shares at December 31, 2019 for a total amount of €89,136, representing an average purchase price of €38.50.

Off-balance sheet commitments

Real estate commitments are associated with leases (excluding IFRS 16) according to the French regulation on commercial leases, called "3-6-9". These commitments are valued at the maximum commitment.

	Less than a year	Between 1 and 5 years	More than 5 years
Commercial lease commitments (excluding IFRS 16)	187	5,161	5,814

To the Infotel Group's knowledge, no significant off-balance sheet commitments have been omitted from this list, in accordance with applicable accounting standards.

Statutory Auditors' fees

In €k	Audit Consultants Associés		Constantin Associés		Audit Consultants Associés		Constantin Associés	
	2019		2019		2018		2018	
	Amount (excl. taxes)	%	Amount (excl. taxes)	%	Amount (excl. taxes)	%	Amount (excl. taxes)	%
Audit								
- Statutory audit, certification and review of the individual and consolidated financial statements								
- Issuer	50	40	70	55	52	45	63	54
- Fully consolidated subsidiaries	74	60	46	36	63	55	43	37
- Services other than the statutory audit								
- Issuer								
- Fully consolidated subsidiaries								
<i>Sub-total</i>	124	100	116	91	115	100	106	91
Other Services Provided by the Networks to Fully Consolidated Subsidiaries								
- C.S.R			12	9			10	9
- Other (to be specified if > 10% of audit fees)								
<i>Sub-total</i>			12	9	0	0	10	9
TOTAL	124	100	128	100	115	100	116	100

Current liabilities

To our knowledge, there are no other liabilities that have had in the recent past, a significant impact on the activity, results, financial situation and holdings of the Infotel company and its subsidiaries.

Post-balance sheet events

On January 23, 2020, Infotel SA's Board of Directors recognized a capital increase involving 77,497 shares or €30,998.80 following the definitive allocation of free shares decided by the Board of Directors on January 23, 2019. The capital now amounts to €2,693,780.80 (6,734,452 shares with a par value of €0.40). Moreover, and at this same date, Infotel SA's Board of Directors decided on a new allocation of 86,823 free shares.

The beginning of 2020 has been marked by considerable uncertainty related to the Covid-19 pandemic. Infotel is monitoring the development of the situation on a daily basis and is doing all it can to protect the health of all its employees, while ensuring that the impact on its activity is as limited as possible.

Infotel has therefore been obliged to adapt its organisational structure to these measures, in particular through massive use of homeworking and short-time working for employees with no work.

However, Infotel has observed that some of its customers have seen their activity significantly impacted. The Group remains particularly vigilant regarding the development of the situation even if at this stage, due to the sudden arrival of the virus and the uncertainty surrounding the development of the pandemic, Infotel is unable to commit itself with regard to all the social, economic and financial consequences.

In this respect, and given our cash position, we consider that this post-balance sheet event does not undermine the assumption of the continuity of operations adopted in the preparation of the financial statements for fiscal year 2019 set out previously in the note to the sections relating to “General Information” and to the “Use of estimates and assumptions”.

Transactions with related parties

Executive compensation

The gross compensation allocated to management and for functions performed in the Infotel Group for 2019 was €814k.

The Group has not assumed any commitment regarding post-employment benefits for its directors (pensions, severance pay, etc.).

Other transactions

There are no other transactions with related parties.

20.3. ANNUAL FINANCIAL STATEMENTS

20.3.1. Balance Sheet – Assets

<i>Amounts in €</i>	Gross	Amortization/ depreciation	Net at 31/12/2019	Net at 31/12/2018
ASSETS				
Intangible assets				
Research and development costs	22,351,360	16,157,315	6,194,045	6,832,358
Concessions, patents and licenses	554,310	496,473	57,837	101,754
Tangible assets				
Buildings	31,278	31,278		
Other tangible assets	1,715,875	1,444,607	271,268	334,256
Construction work in progress	869,774		869,774	
Financial assets				
Investments and related receivables	10,603,448		10,603,448	10,603,448
Other financial assets	427,058		427,058	104,468
TOTAL FIXED ASSETS	36,553,103	18,129,673	18,423,430	17,976,285
Inventories				
Advances and prepayments on orders	1,000		1,000	
Receivables				
Accounts receivable	1,409,094		1,409,094	2,069,804
Receivables from suppliers	0		0	0
State, Income tax payable	2,603,588		2,603,588	3,946,273
State, Tax on revenue	561,310		561,310	330,604
Other receivables	533,548		533,548	200,000
Other				
Marketable securities	89,136		89,136	132,683
Cash on hand	10,559,300		10,559,300	9,013,939
Prepaid expenses	238,139		238,139	135,924
TOTAL CURRENT ASSETS	15,995,115		15,995,115	15,829,227
Translation adjustments - Assets				
ACCRUALS				
TOTAL ASSETS	52,548,217	18,129,673	34,418,545	33,805,511

20.3.2. Balance Sheet – Liabilities

<i>Amounts in €</i>	Net at 31/12/2019	Net at 31/12/2018
LIABILITIES		
Capital stock	2,662,782	2,662,782
Issue, merger, acquisition premiums, etc.	7,410,179	7,410,179
Statutory reserve	266,278	266,278
Other reserves	393,591	393,591
Retained earnings	6,566,349	8,686,806
Income for the year	11,834,175	8,525,991
TOTAL STOCKHOLDERS' EQUITY	29,133,354	27,945,627
TOTAL OTHER EQUITY		
TOTAL PROVISIONS FOR RISKS AND EXPENSES		
<i>Overdrafts and credit lines</i>	1,116	1,193
Loans and debts payable to credit institutions	1,116	1,193
Loans and other financial debts - Affiliates	3,447,680	4,059,829
Accounts payable	985,025	912,546
<i>Social security bodies</i>	44,840	54,731
<i>State, Tax on revenue</i>	23,948	113,850
<i>Other tax and social security liabilities</i>	23,928	28,434
Tax and social security liabilities	92,716	197,015
Secured liability on property		
Other liabilities	360,000	
Deferred income	386,966	689,300
TOTAL DEBT	5,273,504	5,859,884
Translation adjustments - Liabilities	11,686	
TOTAL LIABILITIES	34,418,545	33,805,511

20.3.3. Income statement

<i>Amounts in €</i>	31/12/2019	31/12/2018
Operating revenue		
Sale of commodities		
Production sold (goods)		
Production sold (services)	9,941,090	10,337,025
Net Revenue	9,941,090	10,337,025
Production left in stock		
Production capitalized		
Operating subsidies		
Write-backs of amortization and provisions, expenditure transfers	1,374,597	1,829,978
Other income	300	2
Total Operating Revenue (I)	11,315,987	12,167,005
Operating Expenses		
Purchase of commodities		
Change in stock		
Purchase of raw materials and other supplies		
Change in stock		
Other purchases and external expenses	5,509,884	6,105,604
Taxes and similar payments	173,083	193,780
Salaries	814,064	1,024,064
Social security costs	306,980	383,267
Operating costs:		
- On fixed assets: amortization	2,237,930	2,269,706
- On fixed assets: provisions		
- On current assets: provisions		
- For risks and charges: provisions		
Other expenses	6,919	45,102
Total operating expenses (II)	9,048,860	10,021,522
OPERATING INCOME (I - II)	2,267,126	1,723,119
Share of profit of shared operations		
Allocated gain or transferred loss (III)		
Sustained loss or transferred gain (IV)		
Financial Income		
Investments	9,803,199	7,100,000
Other securities and fixed asset receivables		
Other interest and similar income	67,149	41,335
Write-backs of provisions and expenditure transfers		
Foreign exchange gains	24,045	
Net income on disposal of short-term investment securities	28,571	31,418
Total financial income (V)	9,922,964	7,172,753
Financial Costs		
Depreciation, amortization and provisions		
Interest and similar costs		
Foreign exchange losses		
Net expenses on disposal of short-term investment securities	28,633	93,865
Total Financial Costs (VI)	28,633	93,865
FINANCIAL INCOME (V - IV)	9,894,332	7,078,888
CURRENT INCOME BEFORE TAX (I-II+III-IV+V-VI)	12,161,458	9,224,371

.../...

	31/12/2019	31/12/2018
Exceptional Revenue		
On management operations		81,953
On capital operations		
Write-backs of provisions and expenditure transfers		
Total Exceptional Revenue (VII)		81,953
Exceptional Costs		
Fines		
On management operations		
On capital operations		
Exceptional depreciation/amortization and provisions		
Total Exceptional Costs (VIII)		
EXCEPTIONAL INCOME (VII-VIII)		81,953
Profit sharing (IX)		
Income tax payable (X)	327,283	780,333
Total Revenue (I+III+V+VII)	21,238,951	19,421,712
Total Expenses (II+IV+VI+VIII+IX+X)	9,404,776	10,895,721
PROFIT OR LOSS	11,834,175	8,525,991

20.3.4. Notes to the Annual Accounts

1. Accounting principles

These annual accounts were prepared and presented in line with generally accepted accounting principles in France, with regards to the principles of prudence and independence of the fiscal years and assuming the principle of going concern. The assessment of the items accounted for was performed in reference to the historical cost method.

They were prepared in accordance with French Accounting Standards Authority (ANC) regulation No. 2014-03 of June 5, 2014 updated for the various additional regulations at the date of the preparation of the said annual accounts.

These annual accounts were approved by the Board of Directors on April 22, 2020.

The fiscal period covers the calendar year 2019. The notes and tables given above are an integrated part of the annual accounts.

Apart from the remuneration and dividends, there is no other relation with the directors. The information with the affiliated companies is specified at each individual level in the notes.

Change in method

There has been no change in accounting method during the fiscal year ending December 31, 2019.

Use of estimates

In order to prepare the financial statements in line with the accounting standards applied in France, management is required to make estimates and assumptions that may impact the amounts reported in these financial statements. The actual results may ultimately show significant differences to these estimates.

Development costs

Pursuant to the French Accounting Standards Authority (ANC) regulation no. 2014-03, Infotel records as intangible assets the development costs of software and amortizes them over the probable life span of the projects when they comply with activation criteria defined by Article 212-3:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale,
- the intention to complete the intangible asset and use or sell it,
- the ability to use or sell the intangible asset,
- how the intangible asset will generate probable future economic benefits,
- the availability of adequate resources to complete the development of the intangible asset,
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development costs are amortized over the probable life span of the project, which is generally seven years.

Development costs that do not meet the activation criteria and research costs are recognized directly in expenses.

Software

Software and usage rights acquired with full ownership are recorded as assets and amortized on a straight-line basis from 1 to 3 years if their useful life is greater than one year.

Tangible assets

Tangible assets are accounted for at their acquisition cost.

Depreciation is calculated on a straight-line basis for the expected useful life of the different categories.

The generally accepted depreciation period is:

- | | |
|----------------------------------|---------------|
| • Buildings, facilities | 10 years |
| • Fixtures and fittings | 4 to 10 years |
| • Furniture and office equipment | 3 to 8 years |
| • IT equipment | 3 years |
| • Transport equipment | 5 years |

Equity securities

Equity securities are recorded at acquisition cost. A provision for impairment is accounted for if this value is greater than the value in use. The value in use is reviewed according to medium-term development prospects for securities and an assessment on the basis of the expected discounted future cash flow of the companies concerned.

Receivables

Receivables are recognized at par value. On a case by case basis, they are assessed for provision if their recovery appears to be compromised.

Stock options

Stock option plans for Group employees are not accounted for at allocation date, rather they result, at the exercise date for their holders, in an increase in capital corresponding to the number of shares issued.

Given the conditions of issue of these options (option exercise period and exercise price), Infotel is not subject to social security contributions on stock options.

At December 31, 2019, there were no stock option plans in force.

Treasury stock

The treasury stock acquired by the company is accounted for as securities. It is subject to impairment when the inventory value (based on the average market price over the last month before the end of the fiscal year) is less than the purchase price.

Pensions and other employee benefits

The workforce of Infotel SA at December 31, 2019 comprised four people, all corporate officers.

According to the recommendations of the AFEP and the MEDEF, pensions and other employee benefits for company officers must be decided by the Board of Directors. Since the Board of Directors of Infotel SA has not made any decision on pensions or other benefits for company officers, no provision has been allocated.

Revenue Recognition

The rules for taking into account the turnover are as follows:

- Sale of software packages: the turnover is recorded during the installation and at the latest during the final acceptance.
- Maintenance of software packages: invoices issued for maintenance are recognized prorata temporis over the duration of the contract and give rise to the recognition of deferred revenue.
- IBM royalties: The revenue is made up of IBM royalties where quarterly accounting is done during collection. A provision is recorded at the end of the period. In the absence of information from IBM on the date of publication of the revenue, this provision is determined, as a precautionary measure, by taking into account the lowest amount of royalties received during the last four quarters, adjusted for cancellations of royalties on sales from one quarter to the next.

The Infotel Group does not have any revenue in countries with specific economic risks.

2. Statement of facts

- Infotel SA decided to allocate 77,497 free shares through a Board of Directors' decision on January 23, 2019. This was implemented in January 2020.
- The building housing Infotel SA's headquarters is to undergo a complete renovation. All the tenants and owners have been asked to vacate the building. The leases attached to the address of the headquarters have been cancelled. In H1 2019, Infotel SA made every effort to find new premises for 2020. This search was successful and new premises were found. The move will take place during H1 2020.

3. Notes to the accounts

a) Stockholders' equity

The changes in equity during the fiscal year were as follows:

<i>in €</i>	31/12/2018	Increase	Decrease	31/12/2019
Capital	2,662,782			2,662,782
Issue premium	7,410,179			7,410,179
Statutory reserve	266,278			266,278
Other reserves	393,591			393,591
Retained earnings	8,686,806	8,525,991	10,646,448	6,566,349
Income for the previous year	8,525,991		8,525,991	0
Income for the year		11,834,175		11,834,175
TOTAL	27,945,627	20,360,166	19,172,439	29,133,354

The changes in capital, premiums and reserves are attributed essentially to the following:

- Distribution of a dividend of €1.60 per share, (for 6,656,955 shares) for a total amount of €10,651,128 and €10,646,448 after removing dividends on treasury stock.

The capital stock, fully paid up, comprised on December 31, 2019, of 6,656,955 shares with a par value of €0.40, including 2,315 held by Infotel.

Stock options

No stock option plan has been issued since 2016.

b) Intangible assets

The changes in intangible assets, in gross values, are as follows:

<i>in €</i>	31/12/2018	Increase	Decrease	31/12/2019
Software acquired	554,310			554,310
Development costs	20,981,001	1,370,359		22,351,360
TOTAL	21,535,311	1,370,359	0	22,905,670

The development costs recognized in the Group's assets during the fiscal year refer mainly to the following projects: Arcsys, HPU, MP, IDBA, HPU Z/OS, Merge Backup. They are amortized over the probable life span of the project, which is generally seven years.

The changes in amortization are as follows:

<i>in €</i>	31/12/2018	Increase	Decrease	31/12/2019
Software acquired	452,556	43,917		496,473
Development costs	14,148,643	2,008,672		16,157,315
TOTAL	14,601,199	2,052,589	0	16,653,788

c) Property, plant and equipment

The changes in tangible assets, in gross values, are as follows:

<i>in €</i>	31/12/2018	Increase	Decrease	31/12/2019
Installations and facilities	31,278			31,278
Fixtures and fittings	738,432	57,728		796,161
Transport equipment	33,866			33,866
Office equipment	821,223	64,624		885,847
Construction work in progress	0	869,774		869,774
TOTAL	1,624,800	992,126	0	2,616,926

Construction work in progress of €869,774 corresponds to a down-payment invoice for work to be carried out at the beginning of 2020 with regard to the future headquarters in Paris.

The changes in depreciation are as follows:

<i>in €</i>	31/12/2018	Increase	Decrease	31/12/2019
Installations and facilities	31,278			31,278
Fixtures and fittings	522,996	107,893		630,889
Transport equipment	24,722	6,773		31,495
Office equipment	711,548	70,675		782,223
Construction work in progress	0			0
TOTAL	1,290,544	185,341	0	1,475,885

d) Financial assets

The changes in financial assets, in gross values, are as follows:

<i>in €</i>	31/12/2018	Increase	Decrease	31/12/2019
Equity securities	10,603,448			10,603,448
Treasury stock	0			0
Guarantee deposits	104,468	322,590		427,058
TOTAL	10,707,916	322,590	0	11,030,506

Increases in financial assets are related to the guarantee deposit paid to Valmy for Infotel's imminent move to Paris.

e) Accounts receivable

Accounts receivable of €1,409,094 correspond to invoices issued and unpaid at the end of the fiscal year; the latter corresponding to licenses delivered and maintenance services performed at the closing date of the fiscal year. They amounted to €2,069,804 at the end of the previous fiscal year.

Invoices to be issued totalled €682,228 at December 31, 2019, which corresponds in particular to royalties to be billed to IBM for sales during the last quarter of 2019, calculated according to the method described above. Accounts receivable due from affiliated companies stood at €719,623 at December 31, 2019.

f) Other receivables

<i>in €</i>	31/12/2019	31/12/2018
Corporate income tax	2,603,588	3,946,273
Value added tax	561,310	330,604
Other receivables	533,548	200,000
Tax consolidation current account		
TOTAL	3,698,446	4,476,877

The corporate income tax receivable is associated mainly with the impact of tax consolidation and tax credits. Other receivables of €533,548 correspond primarily to cash advances to our OAIO and Infotel UK Consulting subsidiaries.

g) Prepaid expenses

They stood at €238,139 at December 31, 2019. They only include operating expenses (rents, insurance, maintenance, etc.). They were higher this year since the rent and rental costs of the new premises were invoiced at the end of December. They were €135,924 at the end of the previous fiscal year.

h) Maturity of receivables

<i>in €</i>	Gross amount	Maturities less than one year	Maturities more than one year
Fixed asset receivables			
Receivables associated with investments	0		
Loans	0		
Other financial assets	427,058	104,372	322,686
Current asset receivables			
Accounts receivable	1,409,094	1,409,094	
Other receivables	3,698,446	3,698,446	0
Prepaid expenses	238,139	238,139	
TOTAL	5,772,737	5,450,051	322,686

i) Loans and other financial debts

The company does not have any loans.

Financial debt amounted to €3,447,680 at December 31, 2019 vs. €4,059,829 at December 31, 2018. This relates mainly to down payments made by French subsidiaries for tax consolidation purposes.

j) Accounts payable

Accounts payable amounted to €985,025 at December 31, 2019, vs. € 912,546 at the end of the previous fiscal year.

Invoices receivable totalled €391,691 at December 31, 2019.

They represent general costs, where the due date is less than one year.

Amounts due to affiliates totalled €344,799.

k) Tax and social security liabilities

Tax and social security liabilities (in €) are broken down as follows:

<i>In €</i>	2019	2018
Personnel	0	0
Social security bodies	44,840	54,731
VAT	23,948	113,850
Other taxes	23,928	28,434
TOTAL	92,716	197,015

Tax and social security liabilities all have a due date of less than one year.

l) Other liabilities

Other liabilities amounted to €360,000 at December 31, 2019. They correspond to the termination of a contract for which unearned revenue was recognized in 2018, with no impact on income for the fiscal year.

m) Unearned revenues

At December 31, 2019, unearned revenues represented €386,966, corresponding to the pro rata spread of lease and maintenance contracts and royalties paid by our subsidiary Infotel Corp. They amounted to €689,300 at the end of the previous fiscal year.

n) Maturity of payables

<i>In €</i>	Gross amount	Maturities less than one year	Maturities more than one year	Maturities more than five years
Bank loans and other financial debts	1,116	1,116		
Loans and other financial debts	3,447,680	3,447,680		
Accounts payable	985,025	985,025		
Tax and social security liabilities	92,716	92,716		
Fixed asset liabilities	0	0		
Other liabilities	360,000	360,000		
Unearned revenues	386,966	386,966		
TOTAL	5,273,503	5,273,503	-	-

o) Operating Revenue

The breakdown of revenue by geographical region is as follows:

<i>In €</i>	2019	2018
Non-group France	1,584,039	1,805,128
Non-group USA	4,407,183	4,342,788
Non-group Europe	339,026	191,664
Non-group Export (others)	0	0
SUB-TOTAL NON-GROUP	6,330,248	6,339,580
Group France	3,167,613	3,641,330
Group USA	443,229	356,115
Group Europe		
SUB-TOTAL GROUP	3,610,842	3,997,445
TOTAL	9,941,090	10,337,025

Infotel SA operates in a single activity segment, the commercialization of software packages. For their implementation, it may occasionally provide services. At December 31, 2019, these service provisions amounted to €99,892 vs. €99,696 in 2018.

Intra-group billing involves:

- in France, management fees of the Group and the rebilling of costs;
- in Europe and the USA, royalties associated with the sale of Infotel products abroad.

Provision write-backs and expenditure transfers of €1,374,598 concern the activation of research and development costs for €1,370,534 (vs. €1,825,914 in 2018).

p) Financial result

Financial income amounted to €9,922,964 vs. €7,172,753 in the previous fiscal year and consisted of dividends received, interest on term deposits in Euros or US Dollars, foreign exchange gains and capital gains on marketable securities or treasury stock.

In 2019, the company received €8,000,000 in dividends from Infotel Conseil, €600,000 from Infotel Business Consulting, €450,000 from Insoft Infotel Software GmbH, €700,000 from Infotel Monaco and €53,199 from Infotel UK.

Financial expenses amounted to €28,633 in 2019 vs. € 93,865 in 2018. They correspond mainly to capital losses on disposal of treasury stock.

q) Foreign exchange risks

The parent company assumes the currency risk on intra-group billing outside the Eurozone (essentially, Infotel Corporation) and on revenue with IBM. Foreign Infotel subsidiaries invoice their services in local currency.

The portion of the revenue that can be affected by a fluctuation in the US Dollar is about €4,850,412 or 49% of revenue (vs. 45% during the previous financial year).

r) Income tax

Infotel SA's net income tax expense was €327,283 in 2019 vs. €780,333 in 2018, determined pursuant to tax rules and the applicable rates. The variation can be attributed primarily to the recognition of a research tax credit relating to software amounting to €489,784.

Infotel SA is the head of a tax consolidation group consisting of Infotel Conseil and Infotel Business Consulting, which joined the group in this fiscal year. Tax consolidation generated an additional tax expense of €26,773 recognized in the Infotel SA accounts.

Increases and decreases in future tax liabilities

There are no increases or decreases in future tax liabilities.

3. Workforce at the end of the fiscal year

The workforce of Infotel at December 31, 2019 comprised a team of 4 people, all corporate officers.

4. Remuneration of management bodies

The gross compensation allocated to management and for functions performed in the Infotel Group was €814,064 for 2019.

No advance or credit was granted to the Company's officers during the 2019 financial year.

5. Statutory Auditors' fees

The fees of the statutory auditors for 2019 were €132,080, including €120,080 for the consolidated financial statements and €12,000 for verifying extra-financial information.

6. Commitments

Pensions and other employee benefits

No supplementary plans or differential plans were implemented that involve future supplementary pension payments for Infotel, either as defined benefits or defined contributions.

Financial commitments received or given (including leasing)

The company signed a lease taking effect on March 1, 2020 for its future headquarters.

7. Post-balance sheet events

On January 23, 2020, the Board of Directors recognized a capital increase involving 77,497 shares or €30,998.80 following the definitive allocation of free shares decided by the Board of Directors on January 23, 2019. The capital now amounts to €2,693,780.80 (6,734,452 shares with a par value of €0.40).

Moreover, and at this same date, the Board of Directors decided on a new allocation of 86,823 free shares.

The beginning of 2020 has been marked by considerable uncertainty related to the Covid-19 pandemic. Infotel is monitoring the development of the situation on a daily basis and is doing all it can to protect the health of all its employees, while ensuring that the impact on its activity is as limited as possible.

Infotel has therefore been obliged to adapt its organisational structure to these measures, in particular through massive use of homeworking and short-time working for employees with no work.

However, Infotel has observed that some of its customers have seen their activity significantly impacted. The Group remains particularly vigilant regarding the development of the situation even if at this stage, due to the sudden arrival of the virus and the uncertainty surrounding the development of the pandemic, Infotel is unable to commit itself with regard to all the social, economic and financial consequences.

In this respect, and given our cash position, we consider that this post-balance sheet event does not undermine the assumption of the continuity of operations adopted in the preparation of the financial statements for fiscal year 2019 set out previously in the note to the sections relating to “accounting principles” and to the “use of estimates”.

8. List of subsidiaries and investments

Infotel SA is the parent company of the Infotel Group.

<i>In €k</i>	Infotel Conseil	Infotel Monaco	Infotel Corp	Infotel Business Consulting	OAIO	Archive Data Software	Insoft Infotel Software	Infotel UK
Capital	20,000	150	0.87	60	100	150	50	0.057
Stockholders' equity (excluding capital stock and before earnings)	41,218	420	-47	846	228	6	380	274
Holding	100%	100%	100%	100%	60%	33%	100%	51%
Gross book value of treasury stock	6,269	128	0.87	2,096	60	50	2,000	0.07
Net book value of treasury stock	6,269	128	0.87	2,096	60	50	2,000	0.07
Loans and advances granted	0	0	0	0	200	0	0	235
Guarantees and surety provided by the company	0	0	0	0	0	0	0	0
Revenue (excl. taxes)	231,765	4,890	702	4,865	3,475	963	1,017	3,613
Profit/Loss	11,460	1,136	(160)	353	301	4	348	377
Dividends received by the company during the fiscal year	8,000	700	0	600	0	0	450	53.2

All of the companies close their annual accounts on December 31, 2019. All of the data presented is for 2019.

The data for Infotel Corp. was converted at the following exchange rates:

- Average exchange rate of \$1 = €0.89315 for the income statement and \$1 =€0.89015 for equity.

The data for Infotel UK was converted at the following exchange rates:

- Average exchange rate of £1 = €1.13986 for the income statement and £1 =€1.17536 for equity.

20.4. STATUTORY AUDITORS' REPORT

20.4.1. Statutory Auditors' Report on the Consolidated Accounts

Fiscal year ended December 31, 2019

At the General Meeting of Infotel,

Opinion

In execution of the mission entrusted to us by the general meeting, we have audited Infotel's consolidated financial statements for the year ended December 31, 2019, as attached to this report. These financial statements were approved by the Board of Directors on April 22, 2020 based on information available at that date against the backdrop of a changing environment related to the Covid-19 health crisis.

We certify that the consolidated financial statements are, in accordance with the IFRS as adopted in the European Union, regular and fair. They give a true and fair view of the results of the operations during the period as well as the financial position and assets of the group consisting of the persons and entities included in the consolidation at the end of the financial year.

The opinion formulated above is consistent with the content of our report to the board of directors exercising the missions of the specialized committee referred to in Article L.823-19 of the French Commercial Code.

Basis of opinion

Audit terms of reference

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

The responsibilities incumbent upon us with respect to these standards are specified in the "Responsibilities of statutory auditors relating to the audit of the consolidated financial statements" of this report.

Independence

We have performed our audit assignment in compliance with the independence rules that apply to us, for the period from January 1, 2019 to the issuance date of our report, and in particular we have not provided services prohibited by Article 5, paragraph 1, of the regulation (EU) No. 537/2014 or by the Code of Ethics for the profession of statutory auditor.

Observation

Without qualifying the opinion expressed above, we would draw your attention to the section "IFRS 16 – Leases" of 3.2.1 of the notes to the consolidated financial statements which sets out the change in accounting method relating to the first-time application of "IFRS 16 – Leases" on January 1, 2019.

Justification of the assessments - Key points of the audit

According to the provisions of articles L. 823-9 and R. 823-7 of the Commercial Code relating to the justification of our assessments, we hereby draw your attention to the key points of the audit relating to risks of material misstatement that, in our professional judgment, were the most important for the audit of the consolidated financial statements for the fiscal year, as well as the responses that we have provided with respect to these risks.

The assessments were performed in the context of our audit of the consolidated financial statements, taken as a whole and established in the conditions reiterated previously, and thus contribute to the expression of our opinion given above. We provide no opinion on the elements of these consolidated financial statements taken in isolation.

Revenue accounting on fixed-price services

Identified risk

As outlined in the section "Revenue recognition" of 3.5 of the notes to the consolidated financial statements, the group performs its "Services" activity primarily via fixed-price contracts, which are generally broken down into a succession of short-term tasks and work, with a commitment in terms of price, compliance and deadline (service desks in particular).

The services rendered are recorded according to the percentage-of-completion method. For multi-year fixed price contracts, including Service Centers, revenue is recognized in accordance with IFRS 15 "Revenue from Contracts with Customers". Transfer of control of the performed service is carried out as and when applicable.

For multi-element service contracts, which may be a combination of different services, revenue is recognized separately for each performance obligation and identified when the control of the services is transferred to the client. The revenue recognized depends on the estimated total price of the transaction and its allocation to the different elements of the contract.

A contract's percentage of completion is regularly monitored and estimated by the Operational Managers who compare the amount of costs incurred to the total estimated costs of the project. An incorrect estimate of the estimated costs and the progress of the contracts would be likely to distort the amounts of revenue and margin recognized.

We considered that measuring the progress on fixed-price contracts was a key aspect of the audit in that (i) these contracts represent a very significant portion of consolidated revenue, (ii) the estimated progress and costs on these contracts are based on operational assumptions, and (iii) their estimation has a direct impact on the level of revenue and margin recognized in the consolidated financial statements.

Our audit approach

We reviewed the internal control system relating to contract accounting. We tested the effectiveness of the key controls implemented by the Operations Managers and the Management (including validation of the time spent and verification of billing in subsequent periods of all outstanding amounts related to the services provided).

For a sample of randomly selected contracts from the Contract Operational Tracking Application:

- We compared the data from the operational monitoring application with the accounting;
- We had a meeting with the Operational Managers to understand how they determined what remained to be completed and the stage of the contract on which the revenue and margin would be calculated;
- We reconciled the key data used with the contractual data and obtained, when required, the confirmation of the progress of the contract validated by the clients.

Finally, we assessed whether the section "Revenue recognition" of 3.5 of the notes to the consolidated financial statements provides appropriate information.

Exhaustiveness of lease contracts to be restated in accordance with IFRS 16

Identified risk

As set out in section "IFRS 16 – Leases" of 3.2.1 of the notes to the consolidated financial statements, the Group implemented IFRS 16 as of January 1, 2019. The impact on the consolidated balance sheet amounts to €16.2m on assets and €16.5m on liabilities as at December 31, 2019.

The Group is the lessee of a significant number of leases for the leasing of offices for its different branches, which in the majority of cases are the subject of amendments and modifications, complicating the recording of contractual clauses applicable as of January 1, 2019.

The exhaustiveness of lease contracts to be restated represented a key point of the audit insofar as (i) the validity of the contractual clauses to be included was complicated by the volume and numerous related amendments and (ii) this issue was the subject of major exchanges during the audit with the Board of Directors carrying out the missions of the specialized committee referred to in Article L.823-19 of the French Commercial Code.

Our response

Our work in respect of validating the exhaustiveness of lease contracts to be restated in accordance with IFRS 16 comprises:

- A review of the options and assumptions applied by the Group in terms of the duration of contracts to be included;
- An inventory of the Group's lease contracts and a review of contractual clauses in order to obtain assurance regarding the accuracy and exhaustiveness of the data used;
- The rationalization of rental charges not restated in accordance with IFRS 16;
- A review of information presented in the notes.

Specific verifications

In line with the professional standards applicable in France, we also carried out the specific verifications required by law of the information relating to the group given in the Board of Directors' management report dated April 22, 2020. In the case of post-balance sheet events and information relating to the effects of the Covid-19 crisis, the

management has informed us that they will be the subject of a communication to the General Meeting called to approve the financial statements.

We have no comments to make as to their fairness and consistency with the consolidated financial statements.

We certify that the consolidated non-financial performance declaration provided for by Article L. 225-102-1 of the French Commercial Code is included in the information relating to the Group given in the management report, it being specified that, in accordance with the provisions of Article L. 823-10 of this code, the information contained in this declaration has not been the subject of verification by us with regard to fairness or consistency with the consolidated financial statements and must be the subject of a report by an independent third party.

Information resulting from other legal and regulatory requirements

Appointment of auditors

We were appointed auditors of INFOTEL by the general meeting of May 26, 2010 for Constantin & Associés and by that of December 7, 2011 for Audit Consultants Associés.

As of December 31, 2019, Constantin & Associés was in the 10th year of its uninterrupted mission and Audit Consultants Associés in its 9th year.

Responsibilities of Management and Corporate Governance Officers in the Consolidated Financial Statements

It is the management's responsibility to prepare consolidated financial statements that present a true and fair view in line with IFRS requirements as adopted in the European Union, as well as to implement the internal control that it deems necessary for the preparation of consolidated financial statements and that there is no material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, to present in these accounts, as appropriate, the necessary information relating to the continuity of operations and apply the going concern accounting policy unless it is intended to wind up the company or cease trading.

The board of directors exercising the missions of the specialized committee referred to in Article L.823-19 of the Commercial Code is responsible for following the process of preparing financial information and monitoring the effectiveness of the internal control systems and risk management, as well as, where appropriate, an internal audit, with regard to the procedures relating to the preparation and processing of accounting and financial information.

The consolidated financial statements were approved by the Board of Directors.

Responsibilities of the Statutory Auditors Relating to the Audit of the Consolidated Financial Statements

Audit objective and approach

It is our responsibility to prepare a report on the consolidated financial statements. Our objective is to obtain reasonable assurance that the consolidated financial statements taken as a whole are free from material misstatements. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit performed in accordance with professional standards will systematically detect any material misstatement. Anomalies may arise from fraud or error and are considered significant when it can reasonably be expected that they, taken individually or in combination, may influence the economic decisions that account users take in their business if based on these.

As specified in article L. 823-10-1 of the Commercial Code, our account certification mission is not to guarantee 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 statutory auditors exercise their professional judgment throughout this audit. Furthermore:

- The statutory auditors identify and assess the risks that the consolidated financial statements include material misstatements, whether they arise from fraud or error, define and implement the audit procedures given these risks, and gather the elements they deem sufficient and appropriate in order to form an opinion. The risk of not detecting a significant anomaly from fraud is higher than that of a significant misstatement resulting from an error, as the fraud may involve collusion, forgery, voluntary omissions, misrepresentation or circumventing internal control;
- They obtain an understanding of the internal control relevant to the audit to define the suitable audit procedures in the circumstances, and not with a view to expressing an opinion on the efficiency of the internal controls;
- They assess the suitability of the accounting methods used and the reasonable nature of the accounting estimations made by the Executive Management, as well as the information concerning them provided in the consolidated financial statements;

- They evaluate the suitable nature of application by the Executive Management of the accounting policy concerning the ability to continue as a going concern and, according to the elements collected, the existence or otherwise of a significant uncertainty linked to events or circumstances likely to jeopardize the company's ability to continue as a going concern. This assessment is based on the information collected up to the date of their report, although it should be noted that subsequent circumstances or events could jeopardize the continuity of operations. If they conclude that a significant uncertainty exists, they draw the attention of the readers of the report to the information provided in the consolidated financial statements with respect to this uncertainty, or, if this information is not provided or not relevant, they formulate another certificate with qualifications or refuse to certify;
- They evaluate the presentation of the consolidated financial statements as a whole and assess whether the consolidated financial statements reflect the underlying operations and events so as to give a true and fair representation;
- Concerning the financial information of the persons or entities included in the scope of consolidation, they collect information that they deem sufficient and appropriate to express an opinion on the consolidated financial statements. They are responsible for the management, supervision and performance of the audit of the consolidated financial statements and the opinion expressed on these statements.

Report to the Board of Directors exercising the missions of the specialized committee referred to in Article L.823-19 of the French Commercial Code

We submit a report to the board of directors exercising the missions of the specialized committee referred to in Article L.823-19 of the Commercial Code, which sets out in particular the scope of the auditing work and the working program implemented, as well as conclusions we draw from our work. We also indicate, where appropriate, 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 items disclosed in the report to the Board of Directors exercising the tasks of the specialized committee referred to in Article L.823-19 of the French Commercial Code, are the risks of material misstatements that we consider to have been the most important for the audit of the consolidated financial statements for the financial year. These are therefore the key points of the audit and it is our responsibility to describe them in this report.

We also provide the board of directors carrying out the tasks of the specialized committee referred to in Article L.823-19 of the Commercial Code with the declaration provided for by Article 6 of Regulation (EU) No 537-2014 confirming our independence within the meaning of the rules applicable in France as laid down in particular by Articles L.822-10 to L.822-14 of the French Commercial Code and in the Code of Ethics of the profession of statutory auditor. Where appropriate, we discuss with the Board of Directors fulfilling the functions of the Audit Committee the risks to our independence and the safeguards applied.

Paris and Paris-La-Défense, April 28, 2020

The Statutory Auditors

Audit Consultants Associés

Constantin Associés

Sarkis Canli

Cécile Rémy

20.4.2. Statutory Auditors' report on the annual accounts

Fiscal year ended December 31, 2019

At the General Meeting of Infotel,

Opinion

In execution of the mission entrusted to us by the general meeting, we have audited the financial statements of **Infotel** for the year ended December 31, 2019, as attached to this report. These financial statements were approved by the Board of Directors on April 22, 2020 based on information available at that date against the backdrop of a changing environment related to the Covid-19 health crisis.

We certify that, in accordance with French accounting rules and principles, the annual accounts give a true and fair view of the results which reflect the operations of the past financial year as well as the company's financial position and assets at the end of the financial year.

The opinion formulated above is consistent with the content of our report to the board of directors exercising the missions of the specialized committee referred to in Article L.823-19 of the French Commercial Code.

Basis of opinion

Audit terms of reference

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

The responsibilities incumbent upon us according to these standards are set out in the section "Auditors' responsibilities for auditing the annual accounts" in this report.

Independence

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

Justification of the assessments - Key points of the audit

Pursuant to the provisions of Articles L.823-9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, we draw your attention to the key points of the audit relating to the risks of material misstatement which, according to our professional judgment, were of greatest importance for the audit of the annual accounts of the year, as well as the responses we have provided to manage these risks.

The assessments were performed in the context of our audit of the annual financial statements, taken as a whole and established in the conditions reiterated previously, and thus contribute to the expression of our opinion given above. We do not express an opinion on individual items contained in these separate annual accounts.

Valuation of equity securities

Identified risk

As explained in the note entitled "Equity securities" in the accounting principles of the appendix, equity investments are recorded in the balance sheet at their acquisition cost. A provision is recognized if this value is greater than the value in use. The value in use is assessed according to the medium-term development prospects of the investments and a discounting of the estimated operating cash flows of the companies concerned, adjusted by the amount of the net cash position at the closure.

Equity securities represent a significant amount of the balance sheet and the determination of their value in use requires the exercise of management's judgment in determining the parameters taken into account, particularly cash flow forecasts and discount rates used.

We therefore considered the assessment of the value used for equity securities to be a key aspect of our audit.

Our audit approach

We have taken note of the work relating to the impairment tests implemented by the Company.

Our work consisted of assessing the reasonableness of the estimate of the value in use of the equity securities, based on the information provided to us. Our work consisted mainly of:

- taking note of the methods for calculating the value in use, and in particular the net cash flow forecasts;
- assessing and reviewing the reasonableness of the assumptions of sales, operating income, working capital requirements and investment expenditures used for these forecasts of net cash flow by conducting interviews with management, by comparing the forecasts retained for previous periods with the achievements, and an assessment of the assumptions used in the projections considered in the business plans approved by the General Management;
- analyzing the main assumptions with regard to available market data;
- reviewing the discount rates used by the company, with the support of our specialists.

Finally, we assessed whether the section "Equity securities" of note "1. Accounting principles" of the notes to the annual accounts provides appropriate information.

Specific verifications

In accordance with the professional standards applicable in France, we have also performed the specific verifications required by the legal and regulatory texts.

Information provided in the management report and the other documents on the financial position and annual accounts addressed to the shareholders

We have no issues to report as to the fair presentation and consistency with the financial statements of the information provided in the board of directors' management report dated April 22 and other documents on the financial position and annual accounts addressed to the shareholders. In the case of post-balance sheet events and information relating to the effects of the Covid-19 crisis, the management has informed us that they will be the subject of a communication to the General Meeting called to approve the financial statements.

We certify the fairness and consistency with the financial statements of the information relating to the payment periods mentioned in Article D.441-4 of the French Commercial Code.

We certify that the non-financial performance declaration provided for by Article L. 225-102-1 of the French Commercial Code is included in the management report, it being specified that, in accordance with the provisions of Article L. 823-10 of this code, the information contained in this declaration has not been the subject of verification by us with regard to fairness or consistency with the annual accounts and must be the subject of a report by an independent third party.

Corporate governance information

We certify that the Board of Directors' report on corporate governance includes all the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code.

With regard to the information provided in application of the provisions of Article L. 225-37-3 of the French Commercial Code on compensation and benefits paid to corporate officers as well as on the commitments made in their favor, we verified their agreement with the financial statements or with the data used to draw up these accounts and, where applicable, with the information collected by your company from companies controlled by your company which are included in the consolidation scope. On the basis of this work, we certify the accuracy and sincerity of this information.

Concerning information that your company considered likely to have an impact in the event of a takeover bid or public exchange offer, provided in accordance with the provisions of Article L.225-37-5 of the French Commercial Code, we verified its compliance with the documents from which it originated and which were communicated to us. Based on this work, we have no observation to make on this information.

Other information

In accordance with the law, we have ensured that the various items of information relating to the identity of the holders of the capital or the voting rights and to reciprocal shareholdings were communicated to you in the management report.

Information resulting from other legal and regulatory requirements

Appointment of auditors

We were appointed auditors of Infotel by the general meeting of May 25, 2010 for Constantin & Associés and by that of December 7, 2011 for Audit Consultants & Associés.

As of December 31, 2019, Constantin & Associés was in the 10th year of its mission without interruption and the firm Audit Consultant & Associés in its 9th year.

Responsibilities of the management and Corporate Governance Officers with regard to the annual accounts

The management is responsible for preparing annual accounts that present a true and fair view in accordance with French accounting rules and principles and for setting up the internal control it deems necessary for the preparation of annual accounts that do not contain any significant anomalies, whether they are the result of fraud or errors.

When preparing the annual accounts, it is the responsibility of management to assess the ability of the company 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 intended to wind up the company or cease trading.

The board of directors exercising the missions of the specialized committee referred to in Article L.823-19 of the Commercial Code is responsible for following the process of preparing financial information and monitoring the effectiveness of the internal control systems and risk management, as well as, where appropriate, an internal audit, with regard to the procedures relating to the preparation and processing of accounting and financial information.

The annual accounts have been approved by the Board of Directors.

Responsibilities of the Statutory Auditors relating to the audit of the annual accounts

Audit objective and approach

It is our responsibility to prepare a report on the annual accounts. Our objective is to obtain reasonable assurance that the financial statements taken as a whole do not contain any material misstatements. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit performed in accordance with professional standards will systematically detect any material misstatement. Anomalies may arise from fraud or error and are considered significant when it can reasonably be expected that they, taken individually or in combination, may influence the economic decisions that account users take in their business if based on these.

As specified by Article L.823-10-1 of the French Commercial Code, our mission to certify accounts is not to guarantee 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 statutory auditor exercises his professional judgment throughout this audit. Furthermore:

- he identifies and assesses the risks that the annual accounts contain material misstatements, whether due to fraud or error, defines and implements audit procedures to address these risks and collects evidence that he considers sufficient and appropriate on which to base his opinion. The risk of not detecting a significant anomaly from fraud is higher than that of a significant misstatement resulting from an error, as the fraud may involve collusion, forgery, voluntary omissions, misrepresentation or circumventing internal control;
- he obtains an understanding of the internal control relevant to the audit to define the suitable audit procedures in the circumstances, and not with a view to expressing an opinion on the efficiency of the internal controls;
- he assesses the suitability of the accounting methods used and the reasonable nature of the accounting estimations made by the Executive Management, as well as the information concerning them provided in the annual accounts;
- he assesses the appropriateness of management's application of the going concern accounting policy and, depending on the evidence gathered, the existence or otherwise of significant uncertainty related to events or circumstances that could compromise the company's ability to continue as a going concern. This assessment is based on the information collected up to the date of his report, although it should be noted that subsequent circumstances or events could jeopardize the continuity of operations. If he concludes that there is significant uncertainty, he draws the attention of the readers of his report to the information provided in the annual accounts concerning this uncertainty or, if this information is not provided or is not relevant, he formulates a qualified certification or a refusal to certify;
- he assesses the overall presentation of the annual accounts and assesses whether they reflect the underlying transactions and events in a way that accurately gives a true and fair view of them.

Report to the Board of Directors exercising the missions of the specialized committee referred to in Article L.823-19 of the French Commercial Code

We submit a report to the board of directors exercising the missions of the specialized committee referred to in Article L.823-19 of the Commercial Code, which sets out in particular the scope of the auditing work and the working program implemented, as well as conclusions we draw from our work. We also indicate, where appropriate, 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 items disclosed in the report to the Board of Directors exercising the tasks of the specialized committee referred to in Article L.823-19 of the French Commercial Code, are the risks of material misstatements that we

consider to have been the most important for the audit of the annual accounts for the financial year. These are therefore the key points of the audit and it is our responsibility to describe them in this report.

We also provide the board of directors carrying out the tasks of the specialized committee referred to in Article L.823-19 of the Commercial Code with the declaration provided for by Article 6 of Regulation (EU) No 537-2014 confirming our independence within the meaning of the rules applicable in France as laid down in particular by Articles L.822-10 to L.822-14 of the French Commercial Code and in the Code of Ethics of the profession of statutory auditor. If necessary, we discuss with the board of directors exercising the missions of the specialized committee referred to in Article L.823-19 of the Code of Commerce, any risks to our independence and the safeguard measures therefore applied.

Paris and Paris-La-Défense, April 28, 2020

The Statutory Auditors

Audit Consultants Associés

Constantin Associés

Member of Deloitte Touche Tohmatsu Limited

Sarkis Canli

Cécile Rémy

20.4.3. Special Report from the Statutory Auditors regarding the regulated agreements and commitments

Fiscal year ended December 31, 2019

At the General Meeting of Infotel,

In our capacity as Statutory Auditors of your company, we present to you our report on regulated agreements and commitments.

It is our responsibility to communicate to you, on the basis of the information given to us, the characteristics, the essential terms and the reasons justifying the interest of the Company in the agreements and commitments of which we have been informed or that we have discovered during our mission, without having to pronounce on their usefulness and their merits or to seek the existence of other agreements and commitments. It is your responsibility, pursuant to article R.225-31 of the French Commercial Code, to assess the benefits arising from the conclusion of these agreements and commitments with a view to their approval.

Furthermore, it is our responsibility, if applicable, to provide you with the information stipulated in Article R.225-31 of the French Commercial Code relating to the execution, during the past financial year, of the agreements and commitments already approved by the general meeting.

We performed the due diligence that we considered necessary in accordance with the professional standards of the National Company of Auditors for this mission.

Agreements and commitments submitted to the General Meeting for approval

Agreements and commitments authorized during the past financial year

We inform you that we have not been given notice of any agreement or commitment authorized during the past financial year to be submitted for the approval of the general meeting pursuant to the provisions of Article L. 225-38 of the French Commercial Code.

Agreements and commitments already approved by the General Meeting

We inform you that we have not been given notice of any agreement or commitment already approved by the general meeting whose execution would have continued during the past financial year.

Paris and Paris-La-Défense, April 28, 2020

The Statutory Auditors

Audit Consultants Associés

Constantin Associés

Member of Deloitte Touche Tohmatsu Limited

Sarkis Canli

Cécile Rémy

20.5. DATE OF LAST FINANCIAL DISCLOSURE

The last year for which financial information was verified is the fiscal year ending December 31,2019.

20.6. INTERMEDIATE FINANCIAL INFORMATION

The Company publishes its financial information each quarter. The last disclosure was for the results for the 2019 financial year, published on March 4, 2020. This information was assessed and audited by the statutory auditors.

20.7. DIVIDEND POLICY

It is the Company's desire to pay dividends, although it has not implemented a strict policy for the distribution of profits between dividends and financing its activities.

Since its listing on the stock market, **Infotel** has always issued a dividend.

In previous years, these dividends amounted to:

- 2016: €1 dividend per share;
- 2017: €1.15 dividend per share;
- 2018: €1.6 dividend per share.

The Board of Directors' meeting on March 4, 2020 proposed the payment of a dividend of €1.6 per share at the Annual Stockholders' Meeting on May 20, 2020. In the context of the Covid-19 pandemic, the Board of Directors' meeting on April 22, 2020 decided to reduce the proposed dividend to €1.05.

Dividends not claimed within 5 years of the date of payment are paid over to the State (Article 2277 of the French Civil Code).

20.8. LEGAL PROCEEDINGS AND ARBITRATION

To date, there are no governmental or legal proceedings or arbitration, including any proceedings that the Company is aware of, that are pending or are threatened, which may have or have had over the last 12 months a significant impact on the financial position or profitability of the Company.

20.9. MAJOR CHANGES IN THE FINANCIAL OR COMMERCIAL POSITION

The beginning of 2020 has been marked by considerable uncertainty related to the coronavirus epidemic. **Infotel** is monitoring the development of the situation on a daily basis and the Group is doing all it can to protect the health of all its employees, while ensuring that the impact on its activity is as limited as possible.

The French government has adopted large-scale measures, in particular a lockdown and the closure of non-essential businesses due to the spread of Covid-19 on French territory. **Infotel** has therefore been obliged to adapt its organisational structure to these measures, in particular through massive use of homeworking. However, **Infotel** has observed that some of its customers have seen their activity significantly impacted.

At the date of drafting this Universal Registration Document, on account of the sudden arrival of the virus and the uncertainty surrounding the development of this pandemic, the Group is unable to commit itself with regard to the real impact, both on its activities and its financial situation for fiscal year 2020, and on its future outlook.

21. SUPPLEMENTARY INFORMATION

21.1. CAPITAL STOCK

At December 31, 2019, the capital stock was €2,662,782 divided into 6,656,955 shares with a par value of €0.40.

21.1.1. Changes in capital stock since the incorporation of the Company

Date	Transaction nature	Increase in capital	Contribution / issue premium	Total number of shares	Par value	Capital amount
December 31, 1979	Incorporation	FF150,000	0	1,500	FF100	FF150,000
June 3, 1982	Capitalization of reserves	FF450,000	0	1,500	FF400	FF600,000
June 7, 1983	Capitalization of reserves	FF1,800,000	0	1,500	FF1,600	FF2,400,000
June 17, 1987	Capitalization of reserves	FF900,000	0	1,500	FF2,200	FF3,300,000
June 17, 1987	Par value split by 22		0	33,000	FF100	FF3,300,000
May 30, 1988	Capitalization of reserves	FF1,200,000	0	45,000	FF100	FF4,500,000
December 31, 1992	Contributions in cash (1)	FF14,800	FF525	45,148	FF100	FF4,514,800
December 31, 1995	Contributions in cash (1)	FF33,200	FF525	45,480	FF100	FF4,548,000
July 8, 1998	Capitalization of reserves	FF4,548,000	0	90,960	FF100	FF9,096,000
July 8, 1998	Par value split by 10		0	909,600	FF10	FF9,096,000
January 21, 1999	Contributions in cash	FF2,550,000	FF165.99	1,164,600	FF10	FF11,646,000
May 31, 2001	Capitalization of reserves	FF3,632,550	0	1,164,600	FF13.11	FF15,278,550
December 31, 2003	Contributions in cash (1)	€4,000	€7.91	1,166,600	€2	€2,233,200
December 31, 2004	Contributions in cash (1)	€17,000	€7.91	1,175,100	€2	€2,350,200
December 31, 2005	Contributions in cash (1)	€22,160	€24.58	1,186,180	€2	€2,372,360
December 31, 2006	Contributions in cash (1)	€7,876	€28.46	1,204,140	€2	€2,408,280
December 31, 2007	Contributions in cash (1)	€30,040	€24.75	1,219,160	€2	€2,438,320
May 23, 2008	Capitalization of reserves (2)	€70,480	0	1,254,400	€2	€2,508,800
December 31, 2008	Contributions in cash (1)	€33,760	€28.34	1,271,280	€2	€2,542,560
October 12, 2009	Capitalization of reserves (2)	€106,770	0	1,324,665	€2	€2,649,330
October 12, 2009	Contributions in cash (1)	€252	€28	1,324,791	€2	€2,649,582
December 31, 2009	Contributions in cash (1)	€200	€33.50	1,324,891	€2	€2,649,782
December 31, 2010	Contributions in cash (1)	€9,400	€21.94	1,329,591	€2	€2,659,182
December 31, 2011	Contributions in cash (1)	€2,200	€35.91	1,330,691	€2	€2,661,382
December 31, 2012	Contributions in cash (1)	€1,400	€37.30	1,331,391	€2	€2,662,782
May 21, 2014	Shares split by five		0	6,656,955	€0.4	€2,662,782

(1) employee subscription as part of a stock option plan.

(2) allocation of free stock.

The stock and assets of the Company were not subject to any collateralization.

21.1.2. Granted, Outstanding Stock

AGM	Delegation type	Amount granted	Date	Amount exercised
May 29, 2019	Stock options and securities issued	€1,300,000	July 29, 2021	0
May 29, 2019	Stock repurchase	10% of the capital of the Company calculated on the purchase decision date, less any shares resold as part of this authorization	November 28, 2020	0
May 31, 2018	Free shares awarded	5% of the share capital at the date when the Board of Directors decides to allocate them	July 31, 2021	1.16% of the company's share capital

At December 31, 2019, there was no outstanding diluted stock that may represent a potential dilution of the capital stock at that date.

21.1.3. Non-Equity Stock

There are no non-equity stocks.

21.1.4. Treasury Stock

Pursuant to Article 225-209 of the French Commercial Code, the Annual General Stockholders' Meeting may authorize the Company to purchase treasury stock on the market, to a maximum amount of 10% of the capital stock, in order to stimulate the market or the liquidity of the share, through an investment partner, perform external growth operations, cancel shares acquired, allocate them to holders of securities providing access to the capital or allocate them to employees or corporate officers as part of a stock options plan, free share allocations or a company savings plan.

All authorizations by the General Stockholders' Meeting must establish the conditions for the operation and notably, the maximum purchase price and the timeframe in which the acquisition may be made, not exceeding eighteen months.

In this respect, the Annual General Stockholders' Meeting called to approve the financial statements for the years 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017 and 2018 agreed to such authorizations.

The General Stockholders' Meeting of May 29, 2019 authorized the Board of Directors to acquire on the stock market a maximum number of shares corresponding to 10% of the share capital of the company calculated on the day of the purchase decision, less any shares resold during the period of authorization, in accordance with the provisions of Article L. 225-209 of the French Commercial Code and set the maximum purchase price at €110.

This authorization is valid for a period of eighteen months. It cancels and replaces the the authorization given by the General Meeting of May 31, 2018.

No purchase of treasury shares was carried out under the repurchase program between January 1 and December 31, 2019. As of December 31, 2019, the Company held 2,315 treasury shares repurchased under the liquidity contract. As of December 31, 2019, the Company did not hold any treasury shares purchased under previous buyback programs.

The transactions carried out under the liquidity contract entered into with Gilbert Dupont between January 1, 2019 and December 31, 2019 are as follows:

	Quantity	Weighted average unit cost	Gross amount
Purchase	59,340	€38.4788	€2,283,334
Sale	60,456	€38.4888	€2,326,881

21.1.5. Complex Securities

There are no convertible or exchangeable securities or securities with warrants.

21.1.6. Acquisition and/or Bond Rights in respect of unpaid capital

There are no acquisition and/or bond rights attached to subscribed capital that is not paid up.

21.1.7. Options or Conditional Agreements for Group Members

There are no capital shares belonging to a Group member subject to an option or a conditional or unconditional agreement.

21.1.8. History of Capital Stock

See table above in section 21.1.1 "Changes in capital stock since the incorporation of the Company" on page 143.

21.2. MEMORANDUM AND ARTICLES OF INCORPORATION

21.2.1. Corporate Purpose

Article 3 of the Articles of Incorporation defines the corporate purpose as:

"The Company's purpose, both in France and abroad, and in the following domains, is:

- consulting and provision of IT and telematics services;
- analysis, programming, execution and sale of software;
- advisory consulting, expertise and auditing regarding IT hardware purchase, the development of application programs or systems, and the organization of IT departments;
- support in the implementation of teletransmission networks;
- staff training;
- hire, sale of electronic equipment or for its partial use;
- and in general, all industrial, commercial, tangible and intangible property, and financial operations associated directly or indirectly in their entirety or in part with any of the purposes specified above and similar or related purposes."

21.2.2. Members of the Administration and Management Bodies

Articles 16, 17 and 20 of the Articles of Incorporation respectively define the composition of the Board of Directors, its organization and its management and Executive Management as:

Article 16 – BOARD OF DIRECTORS

1 - Unless otherwise stipulated by legal exemptions, the Company shall be managed by a Board of Directors with three members at least, and eighteen members at most.

2 - During the course of the Company's existence, the directors shall be appointed or reappointed by ordinary General Stockholders' Meeting. In any case, in the event of merger, directors may be nominated during the extraordinary General Stockholders' Meeting on the operation.

3 - The term of office for directors shall be SIX years.

This term shall end following the ordinary General Stockholders' Meeting called to approve the financial statements for the past financial year and held in the year during which the term of office of the director expires.

The directors may be reappointed. Their appointment may be revoked at any stage by ordinary General Stockholders' Meeting.

4 - Individuals over 90 years of age may not be appointed as director if their nomination means that more than a third of the members of the Board are over this age. If this proportion is exceeded, the oldest director is deemed to have withdrawn from office following the ordinary General Stockholders' Meeting called to approve the financial statements for the financial year in which this proportion is exceeded.

5 - The directors may be individuals or legal entities. Legal entities, on their nomination, must designate a permanent representative who is subject to the same conditions and obligations and who incurs the same liabilities as if they were a director themselves, without prejudice to the joint and several liability of the legal entity they represent.

When the legal entity decides to terminate the mandate of its permanent representative, it must notify the Company immediately, by registered mail, of its decision and the identity of the new permanent representative. The above is also applicable in the event of death or resignation of the permanent representative.

6 - In the event of vacancy due to death or resignation of one or more directors, the Board of Directors may, between two Annual General Stockholders' Meetings, proceed to appoint a director or directors temporarily in order to complete the positions of the Board. These appointments must take place within three months of the vacancy, where the number of directors falls below the minimum set by the articles of incorporation, without however falling below the legal minimum.

Temporary appointments made by the Board are subject to ratification at the next ordinary General Stockholders' Meeting. In the absence of such ratification, the deliberations taken and the actions accomplished remain, however, valid.

When the number of directors falls below the legal minimum, the directors in office must immediately convene the ordinary General Stockholders' Meeting in order to complete the Board.

The director appointed to replace another director may only remain in office for the duration remaining to cover the term of their predecessor.

7 - Individuals may not simultaneously hold a position on more than five Board of Directors or Supervisory Boards of public limited companies with their corporate address in mainland France, except in those cases stipulated by law.

8 - A Company employee may only be appointed as director if their contract corresponds to an actual job position. They shall not lose the benefits of this employment contract. The number of directors who have an employment contract with the Company may not exceed a third of the directors in office.

Article 17 – ORGANIZATION AND MANAGEMENT OF THE BOARD OF DIRECTORS

1 – The Board of Directors shall elect a chairman from among its individual members and set the chairman's remuneration. The Board shall set the term of office of the chairman, which may not exceed that of his term as director.

2 – The age limit for the chairman of the Board of Directors is 90 years. If the chairman in office exceeds that age, he is deemed to have withdrawn from office.

3 – The chairman represents the Board of Directors. He shall organize and manage the work of the Board, reporting back at the General Stockholders' Meeting. He shall be responsible for the proper operation of the Company's bodies and for ensuring, in particular, that the directors are able to fulfil their tasks.

4 – If the chairman is absent or unable to attend, the Board of Directors shall nominate the chairman of the meeting.

5. The Board of Directors shall appoint a secretary who may be chosen from among or outside its members. The secretary shall be replaced by simple decision of the Board.

Article 20 – EXECUTIVE MANAGEMENT

Forms of exercise

Pursuant to Article L.225-51-1 of the French Commercial Code, Executive Management of the company shall be assumed either by the chairman of the Board of Directors or another individual appointed by the Board of Directors who takes on the role of Chief Executive Officer.

The choice between these two forms of exercise of Executive Management is made by the Board of Directors. The decision of the Board regarding the form of exercise shall be taken by majority ruling of the directors present or represented. The Board of Directors' decision shall be communicated to stockholders and third parties according to the terms and conditions stipulated by applicable regulations.

The option chosen by the Board of Directors shall remain valid while the Board of Directors does not make any changes in the form of exercise.

Any change in the form of exercise of Executive Management shall not require a change in the Articles of Incorporation.

Executive Management

According to the form of exercise chosen by the Board of Directors, the Chairman or Chief Executive Officer shall be responsible for the executive management of the Company.

The Chief Executive Officer is appointed by the Board of Directors which sets his term of office, remuneration and, where appropriate, the limitations of his powers.

To carry out his duties, the Chief Executive Officer must be under 90 years of age. If this age limit is reached during his term of office, the Chief Executive Officer shall be deemed to have withdrawn from office and a new Chief Executive Officer shall be appointed.

The position of Chief Executive Officer can be revoked at any time by the Board of Directors. The dismissal of a non-chairman Chief Executive Officer may result in damages if it is deemed to be without reasonable grounds.

Powers of the Chief Executive Officer

The Chief Executive Officer has the broadest powers to act in all circumstances on behalf of the Company. He exercises these powers within the corporate purpose, and subject to the powers expressly allocated by law to General Stockholders' Meetings and to the Board of Directors.

He shall represent the Company in all its dealings with third parties. The Company is also bound by the actions of the Chief Executive Officer that are not relevant to the company's purpose, unless the Company can prove that the third party knew that the action surpassed this purpose or it should have been aware of the fact given the circumstances, although it should be clarified that simply publishing the Articles of Incorporation does not constitute as proof.

Executive Officers

Based on a proposal of the Chief Executive Officer, where this function is assumed by the chairman of the Board of Directors or another person, the Board of Directors may appoint one or more individuals responsible for assisting the Chief Executive Officer with the title of Executive Officers.

The maximum number of Executive Officers is five.

In agreement with the Chief Executive Officer, the Board of Directors shall determine the scope and term of these powers granted to Executive Officers and their remuneration.

As regards third parties, the Executive Officer or Officers hold the same powers as the Chief Executive Officer.

In the event that the Chief Executive Officer ceases or is unable to perform his duties, the Executive Officers retain, unless otherwise decided by the Board of Directors, their functions and powers until a new Chief Executive Officer is appointed.

The positions of Executive Officers may be revoked at any time, on the proposal of the Chief Executive Officer. The dismissal of an Executive Officer may result in damages if it is deemed to be without reasonable grounds.

21.2.3. Rights, Privileges and Restrictions Associated with Stock

Each share shall confer the right to a share of the profits and corporate assets proportional to the amount of the capital that it represents. Stockholders are only liable for losses up to the amount of their capital contributions. The rights and obligations associated with the stock shall be transferred to any owner thereof. The ownership of stock automatically entails full acceptance of the Articles of Incorporation and the resolutions of the General Stockholders' Meetings.

The heirs, creditors, beneficiaries or other representatives of a stockholder may not demand for the Company's assets or valuables to be sealed or call for the division or sale by auction thereof. The stockholders may not interfere in any manner whatsoever in the actions of its administration. To exercise their rights, the stockholders shall be bound by the statements of corporate assets and liabilities and the resolutions of the General Stockholders' Meetings.

Whenever a certain number of shares is required for the exercising of any particular right, for an exchange, pooling or allocation of stock, or for a capital increase or decrease, merger or any other operation, the holders of individual shares or a number under the limit required to exercise that right shall personally see to the pooling and, where applicable, purchasing or selling the stock necessary.

Unless forbidden by law, during the Company's existence or its liquidation, all stock shall be jointly beneficiary and liable for tax exemptions and charges as well as any taxation likely to be borne by the Company, before any distribution or reimbursement, in such a way that, taking into account par value and dividend date, the stock of the same category receive the same net sum.

Double voting rights

However, there are also shares with double voting rights. At the General Stockholders' Meeting of July 8, 1998, it was decided to confer double voting rights on all fully paid-up shares, which are justified as having been registered for two years in the name of the same stockholder, as well as to those issued shares allocated to a stockholder in the event of capital increase by capitalization of reserves, profits or issue premiums, where his or her previous shares already benefited from double voting right. In this decision, the holding period allows the allocation of a double voting right with retroactive status from the General Stockholders' Meeting of July 8, 1998. This double voting right ceases automatically with any share converted to bearer shares or whose ownership is transferred. The double voting right can be abolished by resolution of the extraordinary General Stockholders' Meeting and following the ratification of the special Stockholders' Meeting for owners of the shares in this category.

As of December 31, 2019, the number of shares with double voting rights was 2,947,857.

21.2.4. Change in Stockholder Rights

Any change in possible stockholder rights is associated with the acquisition of double voting rights (see paragraph 21.2.3 above).

21.2.5. Notification of Ordinary and Extraordinary General Stockholders' Meetings

The convening, holding and voting in General Stockholders' Meetings shall be performed in accordance with law. The General Stockholders' Meeting includes all stockholders of at least one share, who exercise their voting right according to the terms and conditions stipulated by the Articles of Incorporation. The right to attend or be represented at the General Stockholders' Meeting depends on the registration of the stockholder in the Company's register two working days before the date of the meeting.

The General Stockholders' Meeting is presided over by the chairman of the Board of Directors or by a member of the Board of Directors appointed by the Board for this purpose, or alternatively, by a person appointed by the General Stockholders' Meeting. The duties of the scrutineers shall be performed by two members of the General

Stockholders' Meeting with the highest number of votes who accept the duties. The officers appoint a secretary who can be chosen from outside the stockholders.

The resolutions of the General Stockholders' Meeting are recorded in the minutes in accordance with law. Ordinary and extraordinary General Stockholders' Meetings, held with the quorum and majority legally applicable to each, shall exercise the powers vested in them by law.

In the event of a public offering of securities, a notice of meeting containing the indications stipulated by Article R 225-73 of the French Commercial Code is published in BALO, the French Official Legal Notices Bulletin, at least 30 days before the date of the General Stockholders' Meeting.

It should be noted that the concept of an "appel public à l'épargne" (public offering) was replaced by that of an "offre au public de titres financiers" (public offering of securities) since the ruling of January 22, 2009 relating to the "appel public à l'épargne", and which included diverse provisions for financial matters.

21.2.6. Changes in the Control

The Articles of Incorporation do not contain any provision that may delay, defer or prevent a change in the Company's control.

21.2.7. Stockholding Thresholds

The Company's Articles of Incorporation do not anticipate any additional declaration of shareholding thresholds other than those stipulated by applicable legal provisions. It should be noted that the threshold of 30% was added to the legal thresholds by French Law no. 2010-1249 of October 22, 2010, on the banking and finance regulation. As a result, pursuant to the provision of Article L 233-7 of the French Commercial Code, all stockholders who come to hold directly or indirectly a number of shares that represent a shareholding percentage of at least equal to the following legal thresholds: 5%, 10%, 15%, 20%, 25%, 30%, 33.33%, 50%, 66.66%, 90%, 95% of the capital stock, must disclose to the Company the number of shares held within fifteen days from exceeding one of the threshold limits.

In the event of failure to comply with this obligation, the shares exceeding the portion that should be disclosed shall be disqualified from voting according to the terms and limits established by law.

Any stockholder whose holding falls below one of these thresholds is also obliged to disclose this fact to the Company within the same fifteen-day period.

21.2.8. Changes in the Capital Stock

The Articles of Incorporation do not contemplate any stricter conditions for changes in capital stock, whether an increase or a decrease, than those applicable by law.

Therefore the conditions stipulated by law must be respected.

22. SIGNIFICANT CONTRACTS

Significant contracts were concluded in the normal course of business (Article 22 of Regulation 809/2004).

23. DISCLOSURES FROM THIRD PARTIES, EXPERT DECLARATIONS AND DECLARATIONS OF INTERESTS

Not applicable

24. DOCUMENTS AVAILABLE TO THE PUBLIC

Legal documents on the Company can be viewed at its corporate headquarters:
Tour Gallieni II
36, Avenue du Général de Gaulle
93170 Bagnole

Corporate information is available on the company's website at: www.infotel.com.
More specially, you will find information on:

- Financial reporting calendar;
- Press releases;
- Annual reports;
- Analysis notes;
- Stockholders' questions.

24.1. FINANCIAL REPORTING CALENDAR

For information purposes, the financial reporting calendar for 2020 is as follows:

- | | |
|--------------------------------|--|
| • January 22, 2020 | Q4 2019 revenue |
| • March 4, 2020 | Audited 2019 full-year results |
| • March 5, 2020 (morning) | Analysts' meeting |
| • April 29, 2020 | Publication of the Universal Registration Document |
| • May 20, 2020 (afternoon) | General Stockholders' Meeting |
| • May 20, 2020 (evening) | Q1 2020 revenue |
| • July 29, 2020 | Q2 2020 revenue |
| • September 16, 2020 | Audited H1 2020 results + H1 financial report |
| • September 17, 2020 (morning) | Analysts' meeting |
| • October 21, 2020 | Q3 2020 revenue |
| • January 27, 2021 | Q4 2020 revenue |

25. INVESTMENT INFORMATION

Paragraph 7.2.12 on page 39 provides information on investments.

26. NON-FINANCIAL INFORMATION

Not applicable

27. CSR REPORT - CROSS-REFERENCE

17.5 Report on Corporate Social and Environmental Responsibility (CSR) – Corporate Social Information	77
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