REGISTRATION DOCUMENT 2018

PHARMAGEST

Technologies for health

AUTORITÉ
DES MARCHÉS FINANCIERS

PHARMAGEST INTERACTIVE

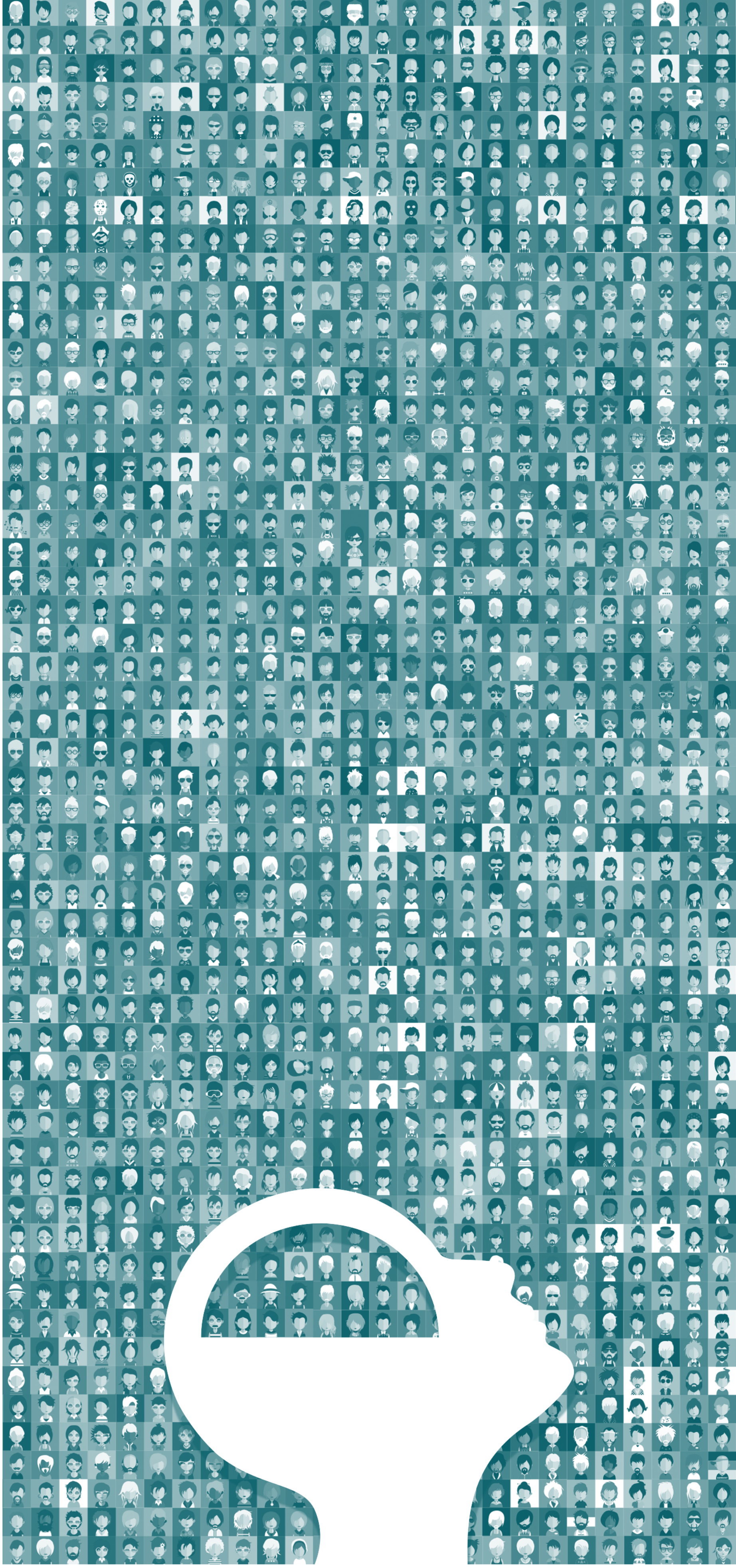
A French public limited company *(société anonyme)* with share capital of €3,034,825
Registered office: 5, allée de Saint Cloud
54 600 VILLERS-LES-NANCY.

The original French version of this Registration Document was filed with the French financial markets authority, the *Autorité des Marchés Financiers* (AMF), on 30 April 2019, in accordance with Article 212-13 of the AMF General Regulation.

It was prepared by the issuer and its signatories are liable for its content. It may not be used in connection with any financial transaction unless it is supplemented by a securities note approved by the AMF.

The following documents are incorporated in this Registration Document by reference: the consolidated financial statements, management reports and audit reports for the financial years ended on 31 December 2016 and 31 December 2017, which are contained respectively in the 2016 Registration Document filed with the AMF on 28 April 2017 (D. 17-0462), and the 2017 Registration Document filed on 26 April 2018 (D.18-0414).

Translation disclaimer: This document is a free translation of the original "document de référence" or registration document issued in French for the year ended 31 December 2018 filed with the AMF on 30 April 2019. As such, the English version has not been registered by this Authority. The English version of this document has not been audited by our Statutory Auditors and the English translations of their reports included herein are provided for information only. In the event of any ambiguity or conflict between corresponding statements or other items contained in these documents and the original French version, the relevant statement or item of the French version shall prevail and only the original version of the document in French is legally binding. As such, this translation may not be relied upon to sustain any legal claim, nor be used as the basis of any legal opinion and PHARMAGEST INTERACTIVE expressly disclaims all liability for any inaccuracy herein.



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1 RESPONSIBILITY FOR THE FRENCH VERSION OF THE REGISTRATION DOCUMENT

1.1 Person responsible for information given in the French version of the registration document

Mr. Dominique PAUTRAT
Managing Director and Member of the Board of Directors of PHARMAGEST INTERACTIVE

5 Allée de Saint Cloud
54 600 VILLERS-LES-NANCY
Tél : 03 83 15 95 95

This Registration Document also includes our 2018 annual report and as such all items required for the annual financial report by article 222-3 of the AMF General Regulation.

1.2 Responsibility statement

After having taken every reasonable measure for this purpose, I hereby certify that to the best of my knowledge the information contained in this Registration Document complies with the facts and does not contain any omissions liable to alter the contents thereof.

I hereby certify that, to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and that they give a true and fair view of the assets, the financial position and the results of the company and the undertakings included therein taken as a whole, and that the management report included in Section 24.1 of the 2018 Registration Document presents a faithful picture of the business trends, results and financial position of the company and the undertakings included therein taken as a whole with a description of the main risks and uncertainties they face.

I received a completion of work letter from the Statutory Auditors confirming that they have verified the information relating to the financial position and the financial statements set out in this Registration Document and read the whole Registration Document.

The historical information for the year ended 31 December 2018 covering the financial years financial years ended on 31 December 2016 and 31 December 2017, presented in section 20.4, and incorporated herein by reference has been audited by the statutory auditors.

Dominique PAUTRAT, Managing Director, PHARMAGEST INTERACTIVE

2 STATUTORY AUDITORS

2.1 Name and addresses of the auditors

Principal Statutory Auditors

SA BATT AUDIT
25 rue du Bois de la Champelle
54 500 VANDOEUVRE-LES-NANCY
Member of the Regional Association of Statutory Auditors of Nancy
First appointed on 30 May 2002 and renewed on 27 June 2014 until the Annual General Meeting called to approve the financial statements for the financial year ending on 31 December 2019.
Represented by Ms. Isabelle SAGOT since 2018.

DELOITTE & ASSOCIES
185 C avenue Charles de Gaulle
92 200 NEUILLY-SUR-SEINE
Member of the Regional Association of Statutory Auditors of Versailles
First appointed on 27 June 2017 until the Annual General Meeting called to approve the financial statements for the financial year ending on 31 December 2022.
Represented by Ms. Anne PHILIPONA-HINTZY since 2017.

Deputy Statutory Auditors

REVILEC AUDIT ET ASSOCIES
25 rue du Bois de la Champelle
54 500 VANDOEUVRE-LES-NANCY
First appointed on 27 June 2014 until the Annual General Meeting called to approve the financial statements for the financial year ending on 31 December 2019.

2.2 Statutory auditors who resigned or were not reappointed

None.

3 SELECTED FINANCIAL INFORMATION

3.1 Consolidated financial information relative to past years

€m	2018	2017	2017**	2016**
Net revenue	148.48	129.67	146.81	128.38
Current operating income	38.89	34.30	34.52	31.39
Operating profit	38.89	34.30	34.52	31.39
Net income attributable to Group equity holders	25.43	23.20	23.14	20.57
Equity attributable to equity holders of the parent	113.85	102.48	113.25	101.95
Net cash (1)	94.42	72.68	72.68	63.72
Net cash (2)	61.11	60.25	60.25	60.69
Fixed assets net of depreciation, amortisation/provisions	114.29	83.68	83.68	66.36
Total assets	**223.81**	**178.16**	**174.53**	**150.70**
Gearing (3)	-44.68%	-54.60%	-49.45%	-57.34%
ROE (4)	22%	20%	22%	20%
Group full-time headcount	1,012	935	904	892
Dividend (5)	**0.85**	**0.75**	**0.75**	**0.65**
Basic earnings per share	**1.70**	**1.55**	**1.55**	**1.37**

** Except for the dividend and the basic earnings per share (in euros).*
*** Data excluding IFRS 15 and 9 restatements.*
(1) Net cash includes the cash advance granted to MARQUE VERTE SANTE minus short-term facilities).
(2) Cash net of bank borrowings.
(3) Net debt to equity ratio.
(4) Net profit to equity ratio.
(5) The dividend per share given for the 2018 financial year is the dividend that will be proposed to the AGM on 27 June 2019.

3.2 Parent company (French GAAP) financial information relative to past years

The main historical data for the separate financial statements of PHARMAGEST INTERACTIVE is presented in the financial table appended to the Management Report in Section 24.1 of this Registration Document.

4 RISK FACTORS

After reviewing risks potentially having a material adverse effect on its business, financial position or results (or its ability to meet its targets), Pharmagest Group considers that there are no other risks than those presented below:

4.1 Operating risks inherent to the business

The operating risks linked to PHARMAGEST Group's business include:

- Competition;
- The economic environment - indirect risks related to governmental decisions;
- Information systems and network security;
- Social risks;
- Risk of fraud and error;
- Insurance risks;
- Risks related to the Group's diversification strategy;
- Risks related to external growth and international development.

Detailed information about operating risks inherent to the business is provided in the management report in Section 24.1 of this Registration Document (See Part 2 - Key risks and uncertainties - Internal control).

4.2 Regulatory and legal risks

Because of PHARMAGEST Group's multi-professional healthcare sector positioning, the main regulatory and legal risks are as follows:

- Loss of the SESAM-Vitale accreditation;
- Risk of losing the personal health data host accreditation;
- Technological risks at the level of intellectual property.

Detailed information about the regulatory and legal risks is provided in the management report in Section 24.1 of this Registration Document (See Part 2 - Key risks and uncertainties - Internal control).

4.3 Financial risks

PHARMAGEST Group conducted a review of its main financial risks which are as follows:

- Liquidity risk;
- Interest rate risk;
- Foreign exchange risk;
- Risks on equities and other financial instruments;
- Credit or counterparty risk.

Detailed information about the financial risks is provided in the management report in Section 24.1 of this Registration Document (See Part 2 - Key risks and uncertainties - Internal control). A quantitative assessment of the financial risk is presented in the notes to the consolidated financial statements in Section 20.3.1.5 - Note 6.6 of this Registration Document.

5 INFORMATION ABOUT THE ISSUER

5.1 History and development of PHARMAGEST INTERACTIVE

5.1.1 Company name and trade name

The legal name of the company is: PHARMAGEST INTERACTIVE.

5.1.2 Place of registration and registration number

PHARMAGEST INTERACTIVE is registered in NANCY (RCS No. B 403 561 137) - French industry code (NAF): 62.02B.

5.1.3 Date and duration of incorporation

PHARMAGEST INTERACTIVE was incorporated by virtue of the private agreement dated 25 January 1996, under the trading name "ROUSSEAU CPI" for a period of 99 years from the date of registration in the NANCY Trade and Companies Register, i.e. until 24 January 2095, unless extended or terminated in advance by a decision of the Extraordinary General Meeting of Shareholders.

Its financial year runs from 1 January to 31 December.

5.1.4 Registered office, legal form and applicable law

The Company has its registered office at 5 allée de Saint Cloud, VILLERS-LES-NANCY (54 600), FRANCE.
Tel.: + 33 (0)3 83 15 95 95

PHARMAGEST INTERACTIVE is a French limited company (société anonyme) governed by French law and incorporated in France Accordingly, the main texts applicable to it are the provisions of the French commercial code (Code de Commerce) relative to commercial companies and subsequent texts.

5.1.5 Significant events in the development of the Group's activities

5.1.5.1 History and milestones

1996: Creation of ROUSSEAU CPI.

- Creation by Thierry CHAPUSOT, Thierry PONNELLE and Vincent PONNELLE. They developed the PHARMAGEST® software suite and built a distribution network in the eastern region of France. ROUSSEAU CPI thereupon became PHARMAGEST INTERACTIVE.

1998: Equity backing of pharmaceutical distributor CERP Lorraine.

- PHARMAGEST INTERACTIVE's operations were merged with those of its IT subsidiary, MIRABEL. CERP Lorraine was renamed WELCOOP GROUP in 2008, then in 2017 became LA COOPERATIVE WELCOOP.

2000: Initial public offering.

- On 20 October, PHARMAGEST INTERACTIVE was listed on the *Nouveau Marché* of the PARIS stock exchange.

2003: Market leader for pharmacy information systems.

- Following a series of acquisitions in the domestic French market, the largest of which was CIP, PHARMAGEST Group became the French pharmacy information technology leader.

2007: First stage of European expansion.

- In September 2007, PHARMAGEST INTERACTIVE acquired the Luxembourg-based SABCO and its ATS subsidiary in Belgium (renamed SABCO Services in 2009).

2008 / 2009: New expertise: IT systems for elderly residential care homes (French acronym of EHPAD).

- Following an initial strategic acquisition of the software publisher MALTA INFORMATIQUE, the Group extended its expertise to care homes. In April 2019, it further strengthened its footprint in this sector by acquiring the business of AZUR SOFTWARE.

2010 / 2012: Equity investments to expand the line-up of products and services.

- **March 2010:** Creation of HEALTHLEASE, in which PHARMAGEST INTERACTIVE has a 35% equity stake. The company leases equipment under long-term leases to operators in the pharmaceutical industry, and to pharmacies in particular;

- **September 2010:** Acquisition of a 41.6% stake in DIATELIC, providing it with complementary expertise in telemedicine and expert systems for home monitoring of patients;

- **December 2010:** Acquisition by PHARMAGEST INTERACTIVE of a 49% equity stake in INTECUM. PHARMAGEST Group completed its offering to pharmacies with the addition of the SELLEN automated dispensing system;

- **May 2011:** PHARMAGEST INTERACTIVE acquired 35% of the Canadian DOMEDIC Group, which develops and markets a smart electronic pill dispenser. It granted exclusive distribution rights in Europe (extended to China and Japan in 2015) and a trademark licence for the dispenser to the French company, DOMEDIC EUROPE, 65%-held by PHARMAGEST INTERACTIVE.

2013: Strengthening of e-Health and financing solutions.

- Bolstered the Personal Health Data Host accreditations received between January 2012 and December 2013 and the creation of a datacentre, PHARMAGEST Group merged two operational subsidiaries DIATELIC and DOMEDIC EUROPE into a new e-Health Division and created a new subsidiary, KAPELSE, a designer of smart e-Health solutions for remote patient monitoring;

- Acquisition of 100% of HEALTHLEASE by acquiring 65% of Holding Lease France's capital.

2014: Acquisitions, restructuring and equity investments.

- Creation of CPSI - CARAIBES PHARMA SERVICES INFORMATIQUES, a limited liability company with capital of €100,000, and with its registered office in Guadeloupe. It is engaged in the sale and marketing, installation and maintenance of hardware and software for pharmacies located in the French Antilles and Guyana;

- Acquisition of additional equity in DIATELIC, bringing PHARMAGEST INTERACTIVE's share in the capital to 95.29% from 68.58%.

2014: Derecognition and equity divestments.

- Reduction in the equity stake and QUALITY FLUX from 21.98% to 15.5%, following a capital increase and the admission of three new shareholders; PHARMAGEST INTERACTIVE decided not to participate in this capital increase. Because this transaction resulted in the loss of significant influence, QUALITY FLUX was derecognised based on a fair value of zero;

- Disposal of 30% of KAPELSE securities without loss of control.

2015: Acquisitions, restructuring and equity investments.

- Creation of NANCEO, a simplified French joint stock company *(société par actions simplifiée)* with capital of €1,000,000 with its registered office in Paris, offering financing solutions for leased assets in the services sector;

- Acquisition of additional shares in INTECUM, increasing PHARMAGEST INTERACTIVE's stake in the capital from 63.99% to 100%.

5.1.5.2 Recent events (2016 - 2018)

2016: Acquisitions, restructuring and equity investments.

- Acquisition by MALTA INFORMATIQUE of DICSIT INFORMATIQUE. PHARMAGEST Group in this way acquired additional expertise in information systems for HADs (Hospitals at Home), SSIADs (Home-based nursing services) and CLIC networks (Local Information and Coordination Centres for the Elderly);

- PHARMAGEST INTERACTIVE and its subsidiary KAPELSE jointly acquired, on the basis of equal stakes, 80% of NOVIATEK and its subsidiary NOVIA SEARCH, a start-up specialising in the design of innovative systems for assisting people with specific needs (Alzheimer's, older people living alone, dependent people, people living with disabilities, etc.);

- PHARMAGEST INTERACTIVE acquired a 70% equity stake in SAILENDRA, a provider of consulting services for IT systems and software applications.

2016: Derecognition and equity divestments.

- GROUPE DOMEDIC, a subsidiary of PHARMAGEST INTERACTIVE, signed a strategic partnership agreement with TELUS Health that is to gradually increase its equity stake in GROUPE DOMEDIC over an 18-month period;

- Absorption of DCI by PHARMAGEST INTERACTIVE by a simplified merger procedure entailing the company's dissolution and the global transfer of its assets and liabilities *(transmission universelle de patrimoine)* effective on 30 June 2016.

2017: Acquisitions, restructuring and equity investments.

- PHARMAGEST INTERACTIVE acquired a 51.82% equity stake in CAREMEDS Ltd., an English company, itself controlling 100% of MEDICATION SYSTEMS, an English company. This equity investment was accompanied by the acquisition of a 51%-stake by PHARMAGEST INTERACTIVE in MULTIMEDS Ltd., an Irish company. These companies are specialised in developing innovative medication adherence management technologies:

  - MULTIMEDS has developed manual dispensing systems with a comprehensive and innovative patent-protected pill dispenser;
  - CAREMEDS has developed a secure cloud-based platform for tracking the medication cycle using pill dispensers. This product provides pharmacists in dispensing pharmacies and elderly residential care homes(EHPAD) with secure medication management and batch traceability for prescription drugs prepared in pill dispensers.

- PHARMAGEST INTERACTIVE acquired an initial 80% equity stake in the capital of WELFINITY GROUP, a Luxembourg company, producing healthcare sector market studies;

- Acquisition by MALTA INFORMATIQUE of AXIGATE, specialised in new technologies and a French leader in the Hospital Information Systems (HIS) sector. PHARMAGEST Group in this way gained access to the complementary market of the hospital sector.

2017: Derecognition and equity divestments.

- Completion of the final phase of TELUS Santé's integration within GROUPE DOMEDIC, decreasing PHARMAGEST INTERACTIVE's stake from 29.60% to 28.32%.

2018: Acquisitions, restructuring and equity investments.

- PHARMAGEST INTERACTIVE expanded into Italy by acquiring a 79% majority stake in MACROSOFT HOLDING, the country's market leader in IT equipment and services for pharmacy wholesalers-distributors which is also marketing an innovative new software offering for Italian pharmacies. To promote PHARMAGEST Group's strategy for building a dedicated global ecosystem at the European level, MACROSOFT HOLDING becomes PHARMAGEST ITALIA, a subsidiary of the Pharmacy Europe Solutions Division;

- Acquisition of additional equity in SAILENDRA, bringing PHARMAGEST INTERACTIVE's share in the capital to 75.09% from 70.01%;

- PHARMAGEST INTERACTIVE acquired a 100% equity stake in UK PHARMA, an English company, a provider of business services.

2018: Derecognition and equity divestments.

- PHARMAGEST Group carried out a simplified merger *(transmission universelle de patrimoine)* entailing the dissolution of CPSI and the global transfer of its assets and liabilities to PHARMAGEST INTERACTIVE;

- PHARMAGEST Group carried out a simplified merger *(transmission universelle de patrimoine)* entailing the dissolution of MEDICATION SYSTEMS and the global transfer of its assets and liabilities to CAREMEDS;

- QUALITY FLUX, deconsolidated in 2014 as a result of PHARMAGEST Group's limited shareholding (15.15%) and its non-material nature, was wound up in the 2018 first half.

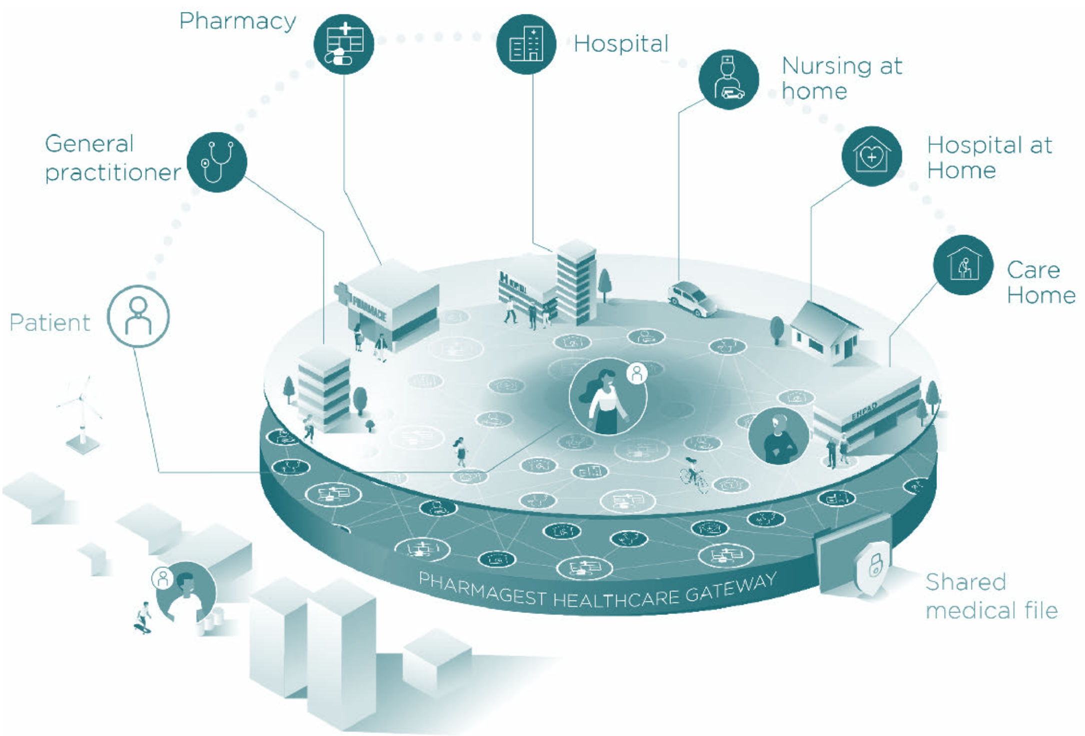
5.1.5.3 Strategic developments and external growth

PHARMAGEST Group's motto is *"More Technology for more Humanity"*.

After initially focusing on addressing the needs of pharmacists and pharmacy management solutions, PHARMAGEST Group gradually adapted its business model by introducing a "patient-centred" approach while continuing to strengthen its historical customer base.

Convinced that in the future health professionals will become increasingly interconnected and coordinated around the patient, PHARMAGEST Group has been gradually expanding its expertise to cover all advanced information technologies in health and related sectors.

Through its products and solutions, PHARMAGEST Group seeks strengthen to different building blocks of the healthcare ecosystem with the patient at the centre.



Through this patient-centred innovation strategy, PHARMAGEST Group is establishing a position as a key contributor to the market transformation for pharmacists, healthcare professionals, private payers and public authorities.

5.2 Investments

5.2.1 Description of the issuer's principal investments for the periods covered by the historical financial information up to the date of issue of the registration document

5.2.1.1 Capital expenditures for property, plant and equipment and intangible assets

The table below summarises capital expenditures during the past three years:

In € thousands	2018	2017	2016
Intangible investments	16,431	14,550	6,917
o/w goodwill	*8,186*	*8,364*	*2,711*
Investments in tangible assets	2,827	1,519	1,813
TOTAL	**19,258**	**16,069**	**8,730**

Research and development and innovation are the primary focus of PHARMAGEST Group's intangible investments in order ensure that the Group's companies remain at the cutting edge across a range of products through all Divisions.

Capital expenditure on tangible assets primarily concern mainly the construction of PHARMAGEST Group's headquarters, infrastructure acquisitions, renewal and investments to strengthen their security.

The Group's acquisitions and renewals of assets are self-funded.

5.2.1.2 Capital expenditures (2016-2018)

PHARMAGEST Group in general adopts an opportunistic approach to external growth by proceeding with block acquisitions in line with its patient-centred strategy. These investments are financed from equity which may be refinanced according to market opportunities. PHARMAGEST Group's external growth transactions over the past three years:

- Initial equity stakes:
  - **March 2016**: 100% in DICSIT INFORMATIQUE - DEVELOPPEMENT INGENIERIE & CONCEPTION DE SYSTEMES D'INFORMATION EN INFORMATIQUE (share capital: €50,000);
  - **June 2016**: 80% in NOVIATEK (share capital: €250,100 after the investment). NOVIATEK wholly-owns NOVIA SEARCH (share capital: €33,000);
  - **Decembre 2016**: 70% in SAILENDRA (share capital: €403,500 after the investment);
  - **February 2017**: 51.82% in the English company, CAREMEDS (share capital: £247) CAREMEDS wholly-owns the English company MEDICATION SYSTEMS (share capital: £100);
  - **February 2017**: 51% in the Irish company MULTIMEDS (share capital: €100);
  - **February 2017**: 80% in the Luxembourg company, WELFINITY GROUP (share capital: €300,000);
  - **July 2017**: 100% in AXIGATE (share capital: €58,421);
  - **March 2018:** 60% in the Italian company MACROSOFT HOLDING (share capital: €10,000) MACROSOFT HOLDING's corporate name was changed to PHARMAGEST ITALIA. It controls:
    . 100% of the Italian company MACROSOFT (share capital: €52,000).
    . 100% of the Italian company INFARMA (share capital: €102,000), with 20% directly held by PHARMAGEST ITALIA and 80% by MACROSOFT.
    . 100% of the Italian company TEKNEMA (share capital: €10,000).
    . 100% of the Italian company INSERVICE (share capital: €10,000).
    . 100% of the Italian company MACROSOFT BUILDING (share capital: €10,000).

    In October 2018, PHARMAGEST INTERACTIVE increased its stake in PHARMAGEST ITALIA to 79% by acquiring additional shares;
  - **November 2018:** 100% in the English company, UK PHARMA (share capital: £20,000).

• Increased equity stakes:
  - **2016/2017 :** Execution of three phases of the capital increases of GROUPE DOMEDIC with TELUS Health becoming a shareholder. These capital increases were taken up by PHARMAGEST Group resulting in a dilution in its position (28.32%);
  - **May 2018:** Acquisition of an additional equity stake in DIATELIC, bringing PHARMAGEST INTERACTIVE's share in the capital to 75.09% from 70.01%.

For the period covered by historical financial information, financial investments totalled €36 million.

5.2.2 Principal ongoing investments

Current capital expenditure primarily concerns innovation Research & Development costs both inside the company and for contracting experienced partners in areas requiring specific expertise.

PHARMAGEST Group is also maintaining the pace of investments in:

• Its recent accreditations as a Personal Medical Data Host;
• National and regional calls for E-health projects in France in which the Group is a participant;
• The development of its subsidiaries in their respective fields;
• Its expanded headquarters are located in VILLERS-LES-NANCY.

In addition, the Group is continuing to pursue its acquisition strategy, examining opportunities for external growth in international markets, but also in France, with priority given to innovative Health-related services and technologies.

5.2.3 Main future capital expenditures

PHARMAGEST Group is expanding its headquarters located at VILLERS-LES-NANCY, with the work expected to be completed at the end of 2019, for a total estimated cost of €9 million.

PHARMAGEST Group's senior management has no other firm investment commitments as of the date of filing of this Registration Document.

5.3 Financial reporting

Information policy

PHARMAGEST INTERACTIVE is committed to holding two information meetings every year for analysts, investors and journalists.

Press releases may be issued to provide information about significant developments.

In addition, for the duration of the Registration Document's validity, the deed of incorporation, Statutory Auditors' reports, and historic financial information for the issuer and its subsidiaries for each of the two financial years prior to the document's publication, will be available at the issuer's registered office.

Financial information is also available on www.pharmagest.com.

GILBERT DUPONT (the market maker) produces financial studies on PHARMAGEST INTERACTIVE on a periodic basis.

This market making agreement with GILBERT DUPONT initially implemented on 20 October 2003 remained in force in 2018.

In addition to its collaboration with GILBERT DUPONT, PHARMAGEST Group has retained the services of GREENSOME FINANCE to assure coverage of the PHARMAGEST share and produce financial analysis in accordance with market standards.

6 BUSINESS OVERVIEW

6.1 PHARMAGEST Group

PHARMAGEST Group consists of PHARMAGEST INTERACTIVE and its subsidiaries. The Group has expertise in advanced information technologies in health and related specialist sectors.

Membership of a Pharmacists' Cooperative

PHARMAGEST INTERACTIVE is majority held by LA COOPERATIVE WELCOOP (formerly WELCOOP GROUP), a pharmacists' cooperative. As a result of this specific structure, LA COOPERATIVE WELCOOP's customers may also be shareholders in this company. These close ties with the pharmacy profession provide the Group with an excellent understanding of the pharmacist's' ecosystem in particular and the healthcare sector in general. This helps it anticipate changes to the healthcare system and develop the necessary tools to support its customers and their patients.

6.1.1 Description of the issuer's operations and main business lines

To provide a more relevant understanding of its businesses and strategies, PHARMAGEST group is divided into Divisions which are in turn organised into Business Lines:

- The Pharmacy Europe Solutions Division, which includes the Pharmacy France, Belgium and Luxembourg, and Italy Business Units;
- The e-Health Solutions Division, which includes the e-Patient, e-Connect and e-Pharma business lines;
- The Health and Social Care Facilities Solutions Division includes operations of MALTA INFORMATIQUE, DICSIT INFORMATIQUE and AXIGATE;
- The Fintech Division represents the business of NANCEO.

Revenue by business and region (IFRS)

	2018		2017	
Divisions	Revenues	Attributable to the Group	Revenues	Attributable to the Group
Pharmacy Europe Solutions Division *- of which France* *- of which Belgium and Luxembourg* *- of which Italy*	€114.72 million *€105.29 million* *€4.21 million* *€5.23 million*	77.26% *70.91%* *2.84%* *3.52%*	€101.82 million *€98.64 million* *€3.18 million* */*	78.52% *76.07%* *2.45%* */*
e-Health Solutions Division (France)	€12.82 million	8.63%	€11.46 million	8.84%
Health and Social Care Facilities Solutions Division (France)	€19.27 million	12.98%	€14.86 million	11.46%
Fintech Division (France)	€1.67 million	1.12%	€1.53 million	1.18%

For more information on the main financial aggregates by business, readers are invited to refer to the notes to the consolidated financial statements in Section 20.3.1.5 - Note 7.2 of this Registration Document.

Internal skills base

As a developer of IT solutions, PHARMAGEST Group delivers comprehensive expertise in pharmacy information technology. Its business is structured into:

- Independent software vendor: software design, development, maintenance and upgrades;
- Product distribution or solutions: direct marketing through the Group's network of agencies and subsidiaries;
- Integration and training: systems integration (hardware and software), data recovery and management, training and support for pharmacy users;
- Maintenance: monitoring and maintenance of the pharmacy's IT environment.

6.1.1.1 Pharmacy Europe Solutions Division

The Group's historical business, the Solutions for Pharmacy Europe Solutions Division contributed 77.26% of total revenue (IFRS) in 2018.

This division has three business units covering France, Belgium-Luxembourg and Italy respectively.

Pharmacy France Business Unit

Its flagship product, **LGPI Global Services®**, is the French market leader, equipping more than 9,000 pharmacies or 42% of the market. This pharmacy management software solution includes a range of functionalities which are necessary to operate and manage pharmacies: it controls purchases, optimises pricing and efficiently runs the business. Additional solutions and satellite products can be added on to LGPI Global Services®. This product is not only a pharmacy management tool. It also enables pharmacists to remain up-to-date about developments in their profession and provides efficient options for advising and supporting patients inside and outside the pharmacy.

LGPI Global Services®, a comprehensive pharmacy management application

In addition to the basic sales, billing and inventory management functions, a drug database, LGPI Global Services® also provides pharmacists with tools making it possible to optimise their profitability and track business volumes:

- **My Pilot®:** this intuitive high-performance statistical tool helps users to manage every aspect of their business using the clear, interactive dashboards and graphs covering both front and back office;

- **OffiCentral®:** is the ideal system for pharmacies seeking new profit drivers, notably by allowing them to optimise grouped orders and harmonise their sales policies;

- **Offizzy®:** as a bankcard pharmacy payment solution, Offizzy® through its connection to the LGPI Global Services® suite, prevents data entry errors, saves time and optimises patient service and adapts to different payment methods (contactless or American Express);

- **Officonnect®:** a platform for exchanges between pharmacy websites and LGPI Global Services® for sales integration and inventory synchronisation between the two systems;

- **OffiTag:** an innovative labelling solution providing e-paper electronic labels, real-time updating of all labels in the pharmacy, compliance with legal obligations in terms of the display of information, optimised merchandising and simplified back-office management.

LGPI Global Services®, a safety optimisation tool for pharmacies

- **OffiMSS:** to help pharmacists in adapting to developments affecting their profession, PHARMAGEST Group has become a secure health messaging system operator (MSSanté), with its OffiMSS messaging services system integrated in its LGPI, guaranteeing the security of dematerialised healthcare data exchange, between healthcare professionals;

- **OffiPass:** a contactless authentication solution guaranteeing rigorous access management for LGPI Global Services® reducing data entry errors, securing transactions at the counter and respecting the confidentiality of patient data;

- **OffiProtect**, a professional security solution combining anti-virus and spyware protection with automatic daily updates. Data and information system security requires that computers are protected by powerful antivirus capabilities specifically adapted to pharmacies;

- **OffiCash®** offers speed, simplicity and security at all stages of the cash management process. The closed-circuit payment terminal reduces costs (by eliminating errors, forged notes, etc.) and saves time for both customers and staff, while optimising security;

- **OffiSecure®** offers professional broadband Internet access, designed specifically for pharmacies, as well as an unlimited professional telephone service and a 3G back-up service. The tool is configured for optimum security of pharmacies' local IT infrastructure;

- **OffiSeen® :** this video protection system is integrated into the pharmacy software suite and provides protection against unauthorised markdowns by flagging videos related to events in the LGPI Global Services®. It also optimises security in the pharmacy and provides a secure environment for customers and staff.

A range of solutions to strengthen patient support and advice

PHARMAGEST Group tailors its solutions to support the pharmacists' critical position the healthcare ecosystem as a provider of information and patient education, a role that will be further expanded by the introduction of new laws in France (the Hospital, Patients, Health and Territories Act - HPST):

- **LSO:** exemplifying pharmacists' evolving role, the compliance monitoring software *(Logiciel de Suivi d'Observance* or LSO) makes it easier to assist patients in their care pathway. LSO is an interconnected and secure application offering multiple functionalities such as enhanced patient record oversight, patient case detection during the dispensing process according to predefined criteria, monitoring patient vitals integrating multimedia tools or maintaining an agenda shared within the pharmacy team;

- **OffiLearning®:** an e-learning tool offering an easy, rapid interactive playful and economic resource for acquiring knowledge about pathologies advice, serious disorders and pharmacy management. e-learning represents the ideal means to provide training to all the pharmacy's teams in the most cost-effective and efficient manner.

A range of solutions for enhanced in-pharmacy performances

- **OffiTouch®:** the digital retail display designed for patients and pharmacists alike. Patients can in this way, and in complete independence, in the pharmacy, gain time, benefit from the best offers, find their products more easily and obtain advice, while benefiting from an optimal customer experience. For the pharmacist, OffiTouch® represents a real springboard for improving its attractiveness and image while increasing sales and measuring the impact of the system through its full integration with the pharmacy management application (LGPI Global Services®);

- **OffiMédia®** is a point-of-sale marketing and communication system for pharmacies. The tool analyses patient data, prescriptions and inventory to send accurate messages. Pharmacies equipped with LGPI Global Services® can also automatically relay the promotions created in their management software to the OffiMédia® screens;

- **SELLEN and SELLEN TWIST robots:** developed by its INTECUM subsidiary, PHARMAGEST Group offers automated dispensing systems. Located within the pharmacy, the robots optimise the space available and free up the pharmacies team to advise customers, instead of spending time searching through drawers for medicines.

PHARMAGEST Consulting, new high value added service offering

PHARMAGEST helps pharmacists adapt to the transformations in their profession and exploit all available growth drivers. With this goal, a team of consultants has been tasked by the Group to provide support to pharmacists by applying a structured approach: reviewing the pharmacy's current position, preparing action plans, follow-up and support, and results measurement.

PHARMAGEST Consulting is backed by **My Pilot®**, a software package available in SaaS. This analytics and management tool uses dashboards that are updated each day to facilitate devising action plans in many areas, such as the pharmacy's financials, profitability of products by category and by range, price policy, customer knowledge and point-of-sale organisation.

Equipment financing solutions

PHARMAGEST Group introduced a range of financing services for computer and other professional equipment through its HEALTHLEASE subsidiary.

Belgium and Luxembourg Pharmacy Business Unit

In Belgium

Since 1977, SABCO has been developing innovative cutting-edge software and IT solutions in the healthcare market addressing market developments by providing increased efficiencies in patients and pharmacy management alike. Its SABCO® ULTIMATE solution is suited for all types of pharmacies and available in the country's two main languages, French and Dutch.

SABCO® ULTIMATE is an efficient easy to use system combining optimised pharmacy management and improved patient support. It is the market reference for comprehensive pharmacy management software applications in Dutch and French-speaking Belgium, both for the management component and functionalities like unit pricing (TàU, TUH, PMI). SABCO® ULTIMATE with its OffiHome andOffiDistri offer a fully integrated management solution adapted for other independent pharmacies and pharmacy groups alike.

Integrating the use of exclusive technology, it features powerful analytics and smart dashboard functions leveraging all key pharmacy data, this solution offers pharmacists the ability to boost their decision-making capabilities and negotiating power while supporting their health expert role with patients.

PHARMAGEST Group teams are constantly upgrading their applications to anticipate market developments, adapt to new legislative requirements for the pharmaceutical sector, and to meet the growing and expanding needs of Belgian pharmacists.

Development teams in France and Belgium work closely on adapting applications to satellite solutions developed by PHARMAGEST Group (OffiCentral®, OffiMédia®, FarmaMobile®, OffiSeen®, OffiCash®, OffiTouch®, etc.), in order to propose a comprehensive offering to Belgian pharmacies.

In Luxembourg

SABCO's **OFFICINE 2016** application has a 10% market share in the Grand Duchy of Luxembourg. In addition to the usual functions of a pharmacy management software package, OFFICINE 2016 also includes management of compound solutions, direct orders and billing of veterinary customers. This product is a communications application providing access to an information portal and the DelphiCare database. Other features include a robot interface option, document scanning, an SMS function, an interface with electronic labelling, and financial order functions to calculate margins.

Pharmacy Italy Business Unit

In 2018, the Group expanded into Italy by acquiring a majority stake in MACROSOFT HOLDING, the country's leading provider of automation solutions for distributors of pharmaceutical products (wholesale distributors). Created in 1985 and with five subsidiaries, MACROSOFT HOLDING was renamed PHARMAGEST ITALIA.

PHARMAGEST ITALIA is specialised in providing IT equipment and services to wholesale distributors (purchasing, consulting, logistics, invoicing, sales and marketing). The company is notably the developer of FARMACLICK, a specific protocol for communications between pharmacies and wholesalers-distributors which is now the standard for software companies operating in Italy. In a country counting around 50 pharmacy wholesalers-distributors, PHARMAGEST ITALIA currently holds a market share of more than 60%.

To achieve full integration and provide a comprehensive service, PHARMAGEST ITALIA decided to make available its offering to pharmacies via an innovative pharmacy management application: SOPHIA. This new pharmacy management suite offers an integrated management solution covering the entire value chain of the pharmacy. This innovation has allowed PHARMAGEST ITALIA to create a completely unique offering adapted to the specific characteristics of the Italian market.

PHARMAGEST ITALIA's range of software solutions for distributors and pharmacies is supplemented by the development of innovative solutions and patient therapy adherence, communication systems and e-commerce solutions.

6.1.1.2 e-Health Solutions Division

New businesses to meet emerging healthcare needs

PHARMAGEST Group anticipated the digital revolution which is becoming a daily fixture in the life of both healthcare professionals and patients.

PHARMAGEST Group's growth strategy focuses on improving patient health and treatment delivery and, in this way, reducing healthcare costs.

The objectives of the Solutions for e-Health Division are to design and roll out new services and systems and measure the savings generated for the national health insurance system.

The added value created by this Division resides in the relevance of its role in setting direction for pharmacy industry stakeholders, and its organisational and functional expertise in all aspects of health. The e-Health Solutions Division combines the excellence and expertise of PHARMAGEST INTERACTIVE, DIATELIC, KAPELSE, SAILENDRA, NOVIATEK, NOVIA SEARCH, CAREMEDS and MULTIMEDS, as well as technology suppliers with substantial experience in health and the ability to deliver services to meet the demand from healthcare professionals for improved care for patients.

Following a phase of intensive investment, the Solutions for e-Health Division contributed 8.63% of total PHARMAGEST Group revenue in 2018.

To achieve its objectives, the Division proposes three core competencies: e-Health, e-Connect and e-Pharma.

E-Patient Business Unit

To maintain its capability to offer innovative services to pharmacists to help fulfil various aspects of their role under the French healthcare reform act (HPST - Hospitals, Patients, Health and Territory Act), the Group continues to invest to develop the tools to help pharmacies consolidate their position in the healthcare ecosystem and cooperate effectively with other healthcare professionals in this patient-centred environment.

Improved patient treatment monitoring

- **Multimeds:** PHARMAGEST Group designed the Multimeds pill dispensers because the security of the medication dispensing process represents a key priority.
  Prepared upstream by the pharmacist, the pill dispenser is a manual device including weekly or monthly doses (7 or 28 days) based on detachable blisters. Each pill dispenser includes the patient's name, the name of the medication, the dosage, the best number and expiration date, ensuring complete traceability. The Multimeds pill dispenser thus ensures

right medication, at the right dosage, administered in the right manner to the right patient. The caregiver or patient do not have direct contact with the medication with considerably reduces the risk of contamination;

- **OffiDose 2.0®:** under the terms of agreements with elderly residential care homes, pharmacies prepare medication doses for administration to patients, and are investing in automated packaging systems to prepare the sachets with the dosage times. This management application for the Preparation of Doses to be Administered (PDA) prepares the pill dispensers for a medical treatment prescribed by the doctor and automate information flows between the LGPI Global Services®, elderly residential care homes (notably through the TITAN application of the subsidiary MALTA INFORMATIQUE) and automated PDA systems;

- **DO-Pill SecuR™:** This smart electronic pill dispenser reminds patients to take the right medication at the right time with a visual and audible alert. DO-Pill SecuR™ completes PHARMAGEST Group's service offering by providing pharmacists with reliable and accurate treatment compliance summaries for patients with chronic illnesses or seniors which in turn helps improve quality of life for both patients and families.

Artificial intelligence and expert systems enhancing medical monitoring and diagnostic tools

The e-Patient line offers powerful AI-based patient telemonitoring and medication compliance solutions. The expert systems developed by PHARMAGEST Group generate automatic alerts and sophisticated diagnostic aids for use by healthcare professionals as part of the therapeutic monitoring of patients. Its range of software covers a wide range of pathologies, from renal failure (medical tele-monitoring of home dialysis) or and respiratory insufficiency. This offering provides a relevant response to the crucial issue of how to handle the growing volume of health data generated by telemedicine or e-health systems.

To ensure continuity in the patient relationship, the e-Health Solutions Division is contributing to its digital transformation by means of a number of concrete measures:

- Improving the treatment of seniors still living independently, by supporting the coordination of doctors, nurses and pharmacists through a secure medication delivery program - *PAERPA Project (Elderly Persons at Risk of the Loss of Independence)* in place in the Lorraine region;

- Providing early detection and secure the treatment process for patients with serious chronic illnesses by using Artificial Intelligence, improving patient health and quality of life and reducing the cost of care (hospitalisations and unscheduled consultations) - *eNephro Project: 635 patients and the participation of 30 nephrologists. This project has been deployed in three regions in France since 2016;*

- Secure senior housing (individual or collective) through our Silver Economy approach with solutions that respect the lifestyle habits of both the residents and home caregivers - *the "36 more months at home" program with 150 residences to be equipped thanks to the support of CARSAT Nord-Est and the Regional Council of Grand Est;*

- Simplifying the management and sharing of patient education programs (PEPs) by facilitating coordination with the healthcare structures on the front line of treatment (coordinating and validating their PEP pathways) and productivity and traceability (financing based on a fixed rate and/or per intervention) - *PHARMAGEST INTERACTIVE was selected for the regional telehealth organisation (Groupement de Coopération Sanitaire Télésanté Lorraine) for the patient education project and is applying its pilot PEP solution at two networks representing 1,700 patients;*

- Supporting patients in the treatment of their pathologies. More than 150,000 patients are or have been monitored by PHARMAGEST Group's e-Patient Business Unit.

Optimised sharing and protection of personal healthcare data

PHARMAGEST Group's core mission from the outset has been to provide its customers with innovative applications built on tried and tested technology. Continuity of service and ongoing smooth operation of both the technical infrastructure and enterprise applications call for ever greater security for data and the pharmacy management package (LMO - *Logiciel Métier d'Officine*).

Health professionals in general—and dispensing pharmacies in particular—must have the new tools to fulfil emerging needs for dispensing safety, traceability and personal health data security.

The Group reinforced its structure and was granted hosting of health data (HHD) accreditation by the French Ministry of Social Affairs and Health in 2012 for hosting applications with direct access by patients to their information. The TELE100T®-APS *(Accès Patient Sécurisé - Secure Patient Access)* provides a hosting solution for applications managed and administered by its healthcare professional customers. Based on this accreditation, these applications containing personal healthcare data intended for medical follow-up will be directly accessible by patients.

Because the needs of the healthcare sector cannot be met by conventional data centres (operating according to a completely different business model), PHARMAGEST Group established a proprietary **Data Centre** in 2012. This strategic tool guarantees robust quality and strict data security to offer high added-value services to healthcare professionals, pharmacists and healthcare establishments.

E-Connect Business Unit

The e-Connect Business Unit designs, develops, produces, installs and operates innovative e-Health solutions to on the one hand, secure monitoring of patients at their place of residence and, on the other hand, optimise care pathways.

Its main markets are:

- Tele-health, which includes medical tele-monitoring, tele-assistance and medical-social tele-assistance;
- Digitisation and enhanced security of administration for health professionals, robust authentication protocols to access tele-services and shared records, and patient monitoring.

KAPELSE Solutions

Smart, user-friendly and efficient, KAPELSE solutions improve in-home monitoring of at-risk patients suffering from chronic conditions or impaired autonomy.
Engineered with robust authentication protocols and integrated in an extremely secure environment (Kap&Network), KAPELSE's solutions offer a range of functionalities, with the highest degree of security:

- Automatic recording and secure storage of healthcare data at the patient's place of residence;
- Recording and secure storage information on in-home medical procedures by Healthcare Professionals;
- Robust authentication features for both the Healthcare Professional and the patient;
- Secure and automatic transfer of data to dedicated servers managed by certified health data hosting service providers;
- Sharing healthcare data with data processing applications facilitating automated monitoring (warning systems, patient-health professional dialogue, communication between professionals,…).

KAPELSE had four devices for **healthcare professionals** as at 31 December 2018:

- **KAP&CARE®:** An e-Health (SATEBOX) box installed in pharmacies and healthcare establishments as a self-service terminal that allows customers to update their health insurance cards *(Cartes Vitale)* and consult drug prices. KAP&CARE® is provided as part of the comprehensive service contract named Kap&Maj 2.0;

- **KAP&GO®:** A mobile device;

- **KAP&LINK®:** A card reader suitable for all pharmacies based on innovated patented technology for remote transmission, updating SESAM-Vitale cards and more;

- **eS-KAP-Ad®:** A mobile device with pre-loaded software and a SESAM-Vitale billing programme to create and sign electronic healthcare data sheets during home calls to patients.

In 2018, KAPELSE obtained certification and enhanced its platforms with the addition of new features such as the creation of SMR (Shared Medical Record) and a secure patient consent service. These latest additions met with considerable success (more than 50,000 services deployed in the 2018 in third-quarter) and strengthened the technological choices in terms of platform intelligence and infrastructure developed and industrialised by KAPELSE.

KAPELSE also contributes to projects led by the e-Patient Business Unit by offering comprehensive, simple and secure systems for remote patient monitoring, as well as functionalities that are critical to treatment compliance and optimising the care pathway. On this basis, the KAPELSE offering of **at-home patient monitoring solutions** includes four systems:

- **KAP&CARE®:** an e-Health box (SATEBOX) specially designed for in-home patient monitoring, it facilitates tele-monitoring and medical tele-assistance. Patient authentication and data security are guaranteed; SATEBOX completes the range with a solution specifically adapted for patients at senior assisted living facilities;

- **AUTHENTIFICATEUR®:** A patented patient authentication system for home readings;

- **KAP'TEUR by KAPELSE®:** A patented universal sensor, including several presence, environment and movement sensors. With embedded intelligence, it can be used for multiple profiles adapted according to its location and purpose. In this way, it is able to deliver precise and relevant information, optimise exchanges and preserve its autonomy. The KAP'TEUR by KAPELSE® is integrated in the CARELIB and NOVIACARE offerings;

- **KAPWELLBOX®:** A new generation of the e-Health box range delivering even more performance, specifically designed for improved monitoring, coaching and combating the isolation of the patient in his or her place of residence. KAPWELLBOX® is the cornerstone of the CARELIB offering.

NOVIATEK Solutions

Working closely with partners from the medical-social field, NOVIATEK developed NOVIACARE®, an assistance system designed for people with Alzheimer's and older people living alone.
The system, using carefully placed sensors and a central router, measures the person's life at home, analyses behaviour and works preventively to reassure the persons themselves, as well as their family and carers, with a report sent on a daily basis.
Also equipped with a speech synthesis system, **NOVIACARE** can provide the person with advice on taking medication, meal frequency, hydration levels and space-time guidance.
The device is not intrusive, does not require an Internet connection and is easy to install in the home (wireless, plug and play). This device can be distributed through specialised channels, B2C channels and by the pharmacist.

E-Pharma Business Unit

PHARMAGEST Group has a 30-year track record in providing software services and solutions to pharmacies. Its information technology expertise is supplemented by a deep knowledge and expertise in issues relating to the pharmaceutical industry. This unique combination makes it an ideal partner for pharmacists at every project stage.

PHARMAGEST Group is also the provider of choice for pharmaceutical companies keen to establish a customer/patient-focused marketing model. By creating new bridges between pharmaceutical companies and pharmacies and developing multi-dimensional links in both their interests, PHARMAGEST Group is a key partner for the pharmaceutical sector.

PHARMAGEST proposes solutions for the general public, the pharmaceutical industry, public authorities and private payers servicing the general public

PHARMAGEST Group's **health observatories, prevention and information campaigns** are another means of demonstrating its public health expertise and its ability to mobilise pharmacy teams. Since 2010, 48 awareness campaigns were organised, nearly 69,500 people were surveyed and more than 13,000 patients received advice leaflets. In 2018, pharmacies equipped with LGPI Global Services® were able to participate in several initiatives: chronic kidney failure, Parkinson's disease, diabetes, supporting women with breast cancer, Alzheimer's disease and psoriasis.

In response to the trend of increasing mobility, PHARMAGEST Group created **Ma Pharmacie Mobile®**. This free app, available on iPhone™ and Android™, enables patients to find the nearest open pharmacy, send a scan of their prescription, access their medication history or receive reminders to take their medication. Ma Pharmacie Mobile® gives pharmacists more opportunity to offer support for patients. At the end of 2018, there were more than 200,000 downloads of this application and more than 195,000 prescriptions were transmitted to pharmacies by patients.

The Group's offering for pharmaceutical companies includes solutions to facilitate pharmacists to fulfil their new roles on the front line of patient care

Poor medication compliance results in health risks for the patient. However, experience has shown that patient information and training measures improves their compliance and commitment to treatment. PHARMAGEST Group develops services for pharmaceutical companies and pharmacists promoting patient education, through interviews conducted by pharmacists, information sheets and advice specifically adapted to the patient profile. Pharmaceutical companies have shifted the focus of their marketing from the product to the patient. Today, it is no longer the drug which is the focus of the pharmaceutical industry but rather personalised therapeutic solutions. This trend is leading to the development of new relations between healthcare professionals and the patient, solutions creating added value around their innovative drugs.

By way of example, the CAREVITAE solution contributes to patient adherence to their treatment with the objective of improving compliance. Pharmacists propose ongoing support to patients with chronic illnesses and follow a treatment protocol defined through pharmaceutical interviews, advice and recommendations according to the patient's profile and stage of treatment.

PHARMAGEST Group proposes training solutions and services, information and communications initiatives adapted to the pharmacies' needs

Pharmaceutical companies have become keenly aware of the vital role played by pharmacists in the healthcare landscape and are now including them in their promotional and marketing strategy. The LGPI Global Services® portal is a crucial and interactive information channel through which the pharmaceutical company can provide the specific information the pharmacy team needs to fulfil their role. Pharma companies can present targeted information on new products, specific information on medicines, promotions and its support solutions to patients and healthcare professionals.

The **OffiMédia®** POS display, supplementing other promotional channels, represents a new growth driver designed to trigger the act of purchase, excluding prescription medication, at the ideal moment. Pharmacists leverage the powerful potential of on-screen advertising technology to modernise their image, enhance the retail environment and increase sales.

For pharmaceutical laboratories, PHARMAGEST Group also is able to convey the institutional audio-visual campaigns or stage the display of their products to capture customers' attention.

6.1.1.3 Health and Social Care Facilities Solutions Division

The Health and Social Care Facilities Solutions Division driven by MALTA INFORMATIQUE includes two direct subsidiaries, DICSIT INFORMATIQUE and AXIGATE. With nearly 120 employees and €19.27 million in revenue (12.98 % of PHARMAGEST Group's IFRS revenue), the scope covered by the Division includes software application for Hospitals, Hospital at Home programs, Home-based Nursing Services (SSIAD), elderly residential care homes (EHPAD) and Local Information and Coordination Centres for Older Persons) (CLIC), representing an installed base of approximately 3,000 establishments in France and the French Overseas Departments and Territories.

MALTA INFORMATIQUE

A subsidiary of PHARMAGEST Group, MALTA INFORMATIQUE is a specialised independent software vendor providing applications for elderly residential care homes, day care and sheltered housing facilities for persons with disabilities. It has a high level of expertise in automated Electronic Medical Records (EMR) management for residents, the management of therapeutic and occupational activities, invoice and accounts receivable management. The company's integrated and modular software packages provide an effective and differentiating solution within the evolving health and social care landscape.

Its TITAN application, today the only solution in the market covering the entire medication chain for senior assisted living facilities, consists of a number of modules for:

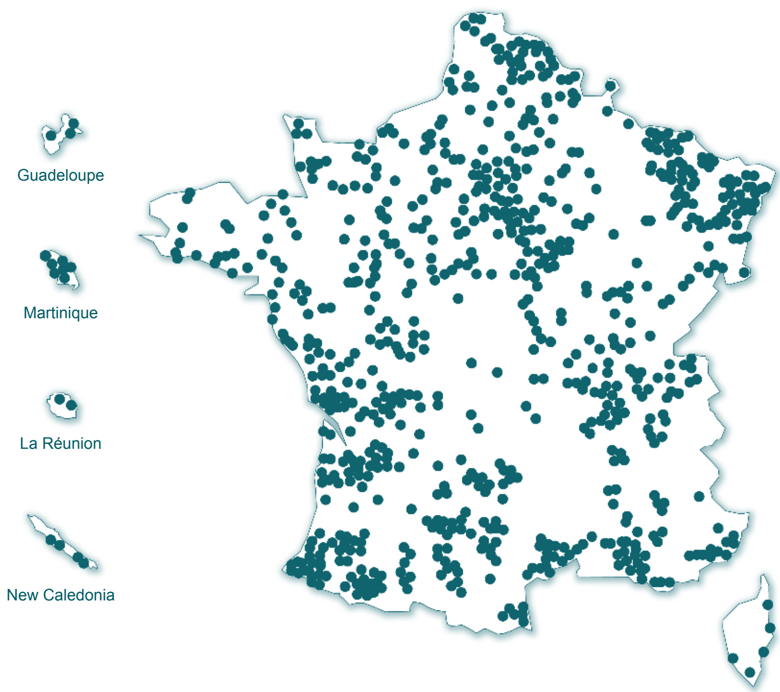
- Managing waiting periods, admissions and the administration of residents;
- Tracking therapeutic and occupational activities;
- Very accurate and integrated management of residents' personal care and support plan;
- Electronic Medical Records including the various components of the care and medication pathways;
- Mobile treatment record and traceability on touch-screen tablets;
- Invoicing, tracking receipts and their recognition in the accounts;
- Managing support staff;
- Personnel scheduling;
- Traceability using barcodes;
- Coordination with local and in-house pharmacies;
- Management of groups of healthcare facilities with a unified database and centralised management, TITAN GROUPE module;
- Digital management for elderly residential facilities: the Internet site, an e-confidence space for families, a multi-device social network connecting residents with their family members;
- Computerised management of the resident pathway across different structures: Hospital at Home programs, elderly residential facilities, home-based nursing care and hospitals.

A focus on R&D is a defining characteristic of MALTA INFORMATIQUE's culture. All software modules are upgraded on a regular basis providing the basis for a mature standard offering:

- In 2016, MALTA INFORMATIQUE continued to focus on developing the **TITAN WEB ENTOURAGE** module. This tool offers the residential care facility with a website portal to provide information to relevant persons (family members, caregivers and other designated persons) about the establishment and patient care.
- In 2017, MALTA INFORMATIQUE introduced a new innovation with a smartphone app for managing alerts and events for elderly residential homes. Available with TITAN version 4.2.2 , it can be downloaded for free from Apple Store and Google Play;
- In 2018, MALTA INFORMATIQUE strengthened its offering with the addition of a new module, **TITAN CONSULTATION**. Integrating this solution into patient file of the senior assisted living facility resident, makes it possible to rapidly perform teleconsultations (in the case of verifications or consultations with general practitioners and specialists).

MALTA INFORMATIQUE, based on its strategy of offering a high degree of specialisation, has become a key player in the sector of residential care homes for dependent seniors. The company's accelerated pace of organic growth once again confirms the market interest in TITAN solutions.

At 31 December 2018, 2,003 senior assisted living facilities were equipped with MALTA INFORMATIQUE software.



DICSIT INFORMATIQUE

In 2016, MALTA INFORMATIQUE acquired DICSIT INFORMATIQUE, a market leader in IT solutions for home-care healthcare professionals.
This acquisition will enhance the portfolio of services offered by MALTA INFORMATIQUE and strengthen its position as a key provider of IT solutions for Health and Social Care Facilities by ultimately offering a genuine pathway management for the user.

The DICSIT INFORMATIQUE offering covers three sectors:

- Hospitalisation at Home (HAD) with the ANTHADINE software and MOBISOINS mobility tool. AntHADine is a comprehensive software package that enables healthcare professionals to manage treatment and invoicing but also secure the medication cycle. MOBISOINS provides comprehensive tracking from the initial consultation with the patient to at home follow-up and validation;
- SSIADs (Home-based nursing services) with the MicroSOINS software and MOBISOINS mobility tool. MicroSOINS covers all needs of home-based nursing services through a complete patient care file (planning, targeted transmissions, validation of care, treatment plan, etc.), electronic data management and management tools;
- Local Information and Coordination Centres for older people (CLIC) with LogiCLIC, the market benchmark in this sector and gerontological coordination.

This range is supplemented by other tools like MEMORIALIS™, a tool designed to support Alzheimer's monitoring teams including a treatment file and follow-up information of treatment sessions.

AXIGATE

A subsidiary of MALTA INFORMATIQUE, AXIGATE joined PHARMAGEST Group in 2017. AXIGATE develops information system solutions for healthcare establishments and patient care networks. The AXIGATE system makes it possible to manage the entire patient care workflow: medical consultation, ER, hospitalisation, operating room, intensive care (resuscitation). It covers the full range of the needs of healthcare professionals (doctors, surgeons, nursing, pharmacists, medical secretaries) and is fully interoperable with other Hospital Information System (HIS) applications. Its functional scope makes it possible to monitor the patient over an extended period and includes a common patient record, the treatment file, the medication pathway, medical office automation, medical consultations and planning, activity coding, quality indicators, etc.

AXIGATE is a full web solution, guaranteeing accessibility, ease-of-use for all media, operating flexibility and scalability; this is why it interests public hospital centres, particularly territorial hospital groups *(Groupements Hospitaliers de Territoire or GHT)*.

6.1.1.4 Fintech Division

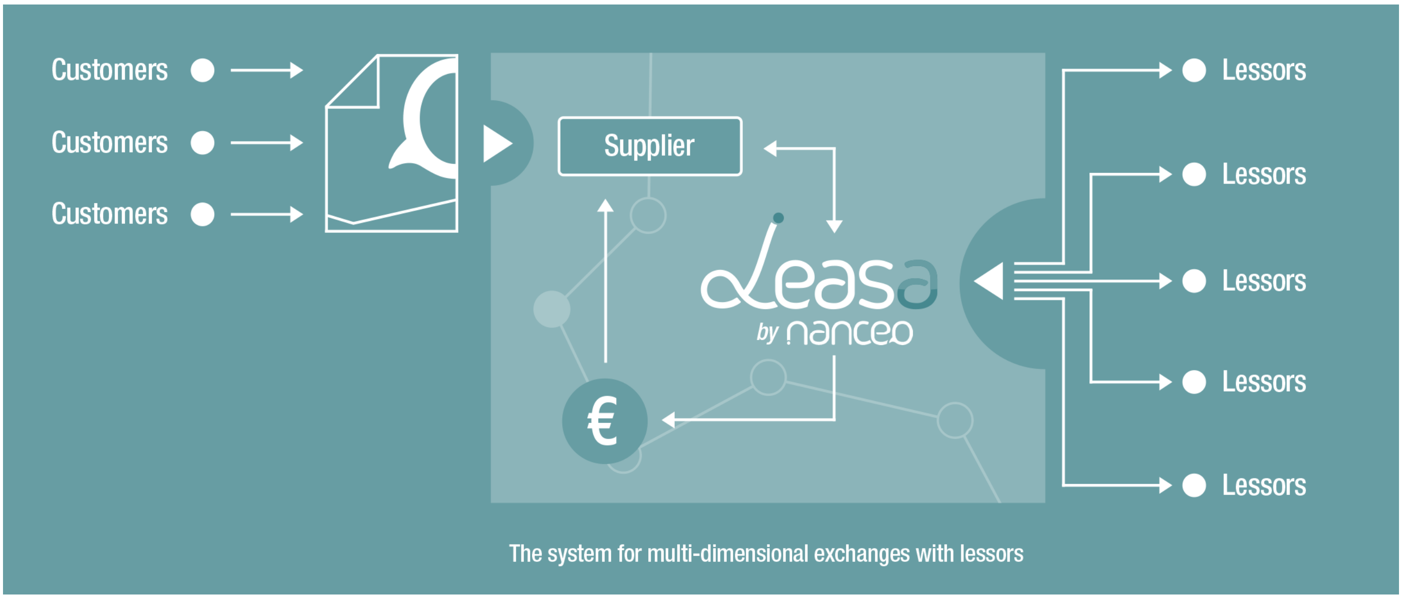
This Fintech Division contributed 1.12 % of PHARMAGEST Group's revenue for 2018.

NANCEO is a provider of equipment lease financing solutions in the services sector, addressing all companies selling products through lease arrangements, i.e. involving the payment of periodic instalments.

NANCEO created *Leasa by Nanceo*, an online marketplace operating like a hub making it possible:

- For dealers or distributors to easily submit their financing applications;
- To provide easy one-click access to the main lease financing providers on the market;
- To manage all sales financing processes automatically;
- To manage one's portfolio of customer "lessees", from the lease's inception to the end of its term.

The *Leasa by Nanceo* online platform
The partner (customer) submits a financing request through the dedicated web portal which then consults the specialised lease financing providers to obtain a financing agreement. Exchanges with lessors are instantaneous. *Leasa by Nanceo* selects and delivers the most relevant financing solution, irrespective of the lessor. Invoices are sent to NANCEO who ensures their management.



The entire process from receiving applications to their transfer to the lesser "transferee" is managed by *Leasa by Nanceo*. This ensures simple and rapid execution, accelerating the payment process for equipment suppliers.
NANCEO purchases equipment from suppliers destined for rental by end-lessees while concomitantly reselling this same equipment through a leasing contract to the lesser who bears the customer risk.

The equipment leasing markets
Leasa by Nanceo addresses companies distributing products and services through leasing arrangements. In this way, NANCEO provides financing for all types of equipment. Today, focused mainly on office, computer, telephony, security, printing, software publishing or medical equipment, NANCEO's services are constantly being expanded into new areas: energy savings, imaging, electronic document management systems (DMS), etc.

The different markets addressed by NANCEO are valued at several hundred million euros. The size and the nature of these markets are evolving with the pay-per-use invoicing model which encourages the use of rental solutions over capital investments. Leasing thus represents a simpler, more flexible and profitable solution than purchasing equipment for use.

Business model
The tools developed by NANCEO are agile and capable of taking into account the specific needs of each partner and propose custom-design solutions.
NANCEO's offering covers the full scope of vendor financing from simple partnership solutions to exclusive partnerships and the creation of captive financing solutions.
These three models provide additional earnings streams for PHARMAGEST Group's partners.

Highly proficient resources
NANCEO's team members (management, trade and support services) all come from the financing sector. They have recognised expertise in financing, and particularly in leasing.
The developments of the *Leasa by Nanceo* platform are spearheaded by an ad hoc team of developers at PHARMAGEST with substantial Web-service and API expertise.

Investments
All developments products for *Leasa by Nanceo* are financed from equity.

6.1.2 New products and/or services

6.1.2.1 Pharmacy Europe Solutions Division

Pharmacy France Business Unit

OffiTag: e-paper electronic labels
OffiTag is an innovative and simple labelling management solution for pharmacies. Through its e-paper technology, this solution is able to update pharmacy labels in real-time from the global pharmacy services application, comply with legal obligations on the display of prices and digital merchandising. OffiTag proposes different labelling models adapted to all pharmacies and types of shelving.
With OffiTag, updating prices is no longer a low value-added, time-consuming and tedious task, but is replaced by a simple and highly dynamic tool for implementing the pharmacy's pricing strategy and increasing the margin and profitability.

AFNOR NF525 certification
To guarantee compliance of its LGPI Global Services® application with French law (and notably the Finance Act effective as of 2018), PHARMAGEST INTERACTIVE has opted in favour of NF525 certification issued by INFOCERT, an organisation licensed by AFNOR, the French standardisation body. This certificate can be consulted at the website https://services.infocert.org/certificats/CERTIF-17-0106-R1.pdf
The Group's choice for NF525 certification, beyond the objective of ensuring compliance of the application, highlights a new engagement in terms of service quality, based on the ISO 9001 international standard.
The software assistance team has the NF Services quality label since 2015. In 2018, PHARMAGEST INTERACTIVE expanded the scope of this certification to its technical hotline department based in the regional agencies as well as Quéven (Brittany).

Rollout of the compliance monitoring software (LSO)
The Group continued to roll out the compliance monitoring software in 2018. This application helps pharmacists in performing their new roles (in particular as a tool for monitoring in-pharmacy patient interviews) and offers the first steps in tackling the public health challenge of compliance.
LSO is a comprehensive module integrated into the pharmacy management software. Its functions include appointment scheduling, connections with solutions and devices to monitor vitals, and secure data storage using the Group's Personal Health Data Host infrastructure. The development and deployment of LSO establishes PHARMAGEST Group as the only software company able to offer comprehensive software solutions for pharmacists.

Synergies with the Group's other business lines and subsidiaries
The Group's long-established Pharmacy France Business Unit continues to provide momentum to business development and ensures that investments of other Group subsidiaries remain consistent with the overall objectives. The Pharmacy France Business Unit's products for pharmacists include:

- KAPELSE's SESAM-Vitale card readers and the KAP&CARE terminal to update the cards;
- The HEALTHLEASE's financing solution is managed by the *Leasa by Nanceo* platform.

Belgium and Luxembourg Pharmacy Business Unit

In Belgium

PHARMAGEST Group's teams are constantly upgrading its product line-up in response to the transformation of the healthcare market, new legislative requirements for the pharmaceutical sector, and to meet the growing and expanding needs of Belgian pharmacists. The main upgrades to the software in Belgium in 2018 were:

- The launch of a major version of the **OffiHome**, solution to help pharmacy groups and independent pharmacies to better address the challenges linked preparing packaged individualised treatment prescriptions in Belgium.
- QlikSense' integration as a BI tool in **OffiCentral**. This powerful statistical tool gives pharmacy group's improved control over the data of their pharmacies.
- The deployment of two major versions of **SABCO® ULTIMATE** in 2018 in this way strengthening its position as the management software leader in Wallonia and Flanders.

In Luxembourg

SABCO launched **OFFICINE 2016** in the Grand Duchy of Luxembourg, a solution providing a high level of performance and connectivity and introducing new features and modules in the Luxembourg market: integrated mobile apps, statistics, care home management, preparation of individual medication, supplier relations and patient monitoring.

Starting in 2017, SABCO and PHARMAGEST INTERACTIVE teams combined their efforts around a new "Patient-Centred" European healthcare platform. This platform based on the latest web and IA technologies will offer pharmacists tools enabling them to provide even more services to their patients while optimising the management of their pharmacies. As part of this project, SABCO and PHARMAGEST INTERACTIVE teams are actively cooperating with Luxembourg pharmacies-partners in order to propose a solution that is fully adapted to the current and future requirements of the pharmacist's business.

In Belgium and Luxembourg

The development teams in France, Belgium/ Luxembourg work closely together on adapting satellite solutions (OffiTouch®, OffiCash®, OffiCentral®, OffiMédia®, OffiDose, OffiSeen®, OffiTag…) developed by PHARMAGEST Group, to offer a comprehensive line-up to pharmacies in Belgium and Luxembourg. By way of example, the development of a free app, **FarmaMobile®** to find the nearest open pharmacy, check opening hours, send a scanned prescription and receive reminders of dosage instructions and times

Pharmacy Italy Business Unit

In 2018, PHARMAGEST INTERACTIVE added new solutions to PHARMAGEST Group by acquiring a majority shareholding in MACROSOFT HOLDING, renamed PHARMAGEST ITALIA. The main products are:

FARMACLICK 2.0: the standard communication protocol for the drug supply chain in Italy
With more than 12,800 active pharmacies, FARMACLICK has been the market standard for communications between pharmacies and pharmaceutical product wholesalers for a number of years, representing the most widely used means for exchanging data online in the sector. Managing orders, requests for availability, verification of prices, document consultation, managing returns and claims,… FARMACLICK services have significantly contributed to modernising pharmacy management in Italy, offering real-time responses and improved security for all players of the sector by shortening distances between pharmacies and their suppliers. Recent developments (FARMACLICK 2.0) integrate the issues of pharmacy chains for more rapid bidirectional communications.

SOPHIA: the latest generation pharmacy management suite
Designed to address the new technology needs of Italian pharmacies, SOPHIA introduces innovative management concepts that simplify pharmacy operations, providing technological advances based on simple, efficient and modern operating principles.
Introducing the latest information technologies, SOPHIA offers all criteria, structures and specific functionalities for the management of an individual pharmacy within a network.

PHARE: the software solution for managing pharmacies belonging to a network
The result of extensive experience acquired in the pharmaceutical distribution sector and studying the strategies of store chains, PHARE is an ideal retail management tool. The product provides a solution to all those seeking to adopt centralised management for pharmacy groups, regardless of the type of aggregation: distribution channels, distribution franchises, privately owned pharmacies, consortiums, real or virtual networks, simple purchasing groups, etc.

6.1.2.2 e-Health Solutions Division

E-Patient Business Unit

To ensure continuity in the patient relationship, the e-Patient Business Unit is contributing to its digital transformation by means of a number of concrete measures and different experimentations in an operational phase:

Project	Project objectives
Hospital-at-Home programme 58	Provide connected DO-Pill SecuR® pill dispensers through an agreement with pharmacists of Nivernais region (FSPF 58) and the HAD Croix-Rouge Française - Hospital-at-Home programme 58.
ECHRONIC / ENEPHRO	Provide detection and secure the treatment process for patients with serious disorders such as kidney disease by using Artificial Intelligence with the goal of: • improving patient health and quality of life; • reducing the cost of care (hospitalisations and unscheduled consultations). The eNephro project which is undertaken with the support of the French Ministry of Industry involves 635 patients and the participation of 30 nephrologists. The eNephro system is validated by the French ETAPES programme (experimental telemedicine solutions for improving health care pathways) The French Social Security Financing Act of 2014 adopted measures promoting the development of telemedicine at the national level. Today, PHARMAGEST INTERACTIVE is supporting the Nancy Regional and University Hospital (CHRU) to implement the ETAPES programme for patients with chronic kidney disease. In 2018, 35 transplant patients were included in the programme.
The "36 MORE MONTHS AT HOME" (*"36 mois de plus à domicile"*) programme	Supporting persons facing the impairment and loss of autonomy at home through new technologies (equipment and software). Contributing to prevention through expert systems and Artificial Intelligence. This project encompasses: • a first subproject supported by the regional social security agency, CARSAT Nord-Est, completed on 31 December 2018 enabling 60 elderly persons to remain in their homes for an additional year; • a second subproject supported by the Grand-Est Region to be completed at the end of 2020, designed to equip 100 people with the NOVIACARE® box (external housing, senior assisted living facilities, private senior residential housing facilities, new housing); • the partnership between PHARMAGEST INTERACTIVE and KORIAN Group to co-create an innovative multi-service offering care and support for vulnerable persons both at home and in assisted living facilities for the elderly (Box Korian powered by CARELIB). This platform for home-based connected objects provides elderly persons with impaired autonomy with innovative services for prevention, telecare and maintaining social ties by allowing them to remain their homes as long as possible.
ETP PILOT	Simplify the management and sharing of programmes for the Therapeutic Patient Education (TPE) by facilitating the coordination of structures faced with a twofold requirement: • Quality care (coordinating and evaluating their TPE pathway); • productivity and traceability (financing based on fixed prices and/or procedure-based). The TPE-Pilot project is organised through two regional healthcare networks (NSM and AVRS) comprising an active file of 1,700 patients.

PHARMAGEST Group is actively committed to developing innovative solutions to contributing to the autonomy of older persons and maintaining them in their homes. Its investments both of the human and industrial level establish PHARMAGEST Group as a major player in France in this area. Through the "36 more months at home" offering, PHARMAGEST Group continues to focus on developing home care solutions for elderly persons faced with the risk of a loss of autonomy.

In addition, in September 2018, PHARMAGEST Group entered into a major partnership with KORIAN, the European expert in providing care and support services for seniors. The purpose of this partnership is to co-develop a platform for home-based connected objects, providing elderly persons with impaired autonomy with innovative services for prevention, telecare and maintaining social ties by allowing them to remain in their homes as long as possible.

With PHARMAGEST Group's acquisition of an equity stake in SAILENDRA, the e-Health Solutions Division has reinforced its range of expertise by the addition of AI-based behavioural analysis solutions. SAILENDRA designs and develops technologies for life course optimisation through AI products, in particular by generating recommendations when using applications and websites. The excellence of its know-how is highlighted by the scalable algorithms that can be easily updated.

E-Connect Business Unit

KAPELSE continued to invest in R&D in 2018 to develop improved monitoring patient capabilities, in addition to telehealth, and introduce services designed to combat isolation and delay the loss of autonomy. NOVIACARE's offering integration into "36 more months at home" programme has completed the SATEBOX, CARELIB EPHAD and CARELIB offering which is now able to propose a large range of solutions adapted to the persons being monitored.

E-Pharma Business Unit

In 2017, after acquiring equity stakes in CAREMEDS and MULTIMEDS, the e-Health Solutions Division expanded its commercial offering by creating a medication adherence range with a dedicated sales force tasked with promoting these new offerings:

- DOMEDIC EUROPE's DO-Pill SecuR™ smart pill dispenser;
- CAREMEDS's Multimeds manual pill dispenser;
- The OffiDose 2.0 application to manage and schedule PDA (preparation of doses to be administered).

In 2018, the e-Pharma Business Unit formed a partnership with the Japanese company YUYAMA with the purpose of offering its customers an automated packaging system compatible with the Multimeds pill dispenser. This new reliable and secure technology facilitates and increases the production of pill dispensers. Adapted for patients both under non-hospital and community care, the Multimeds robot contributes to the security of the pathway and proper usage of the drug.

YUYAMA, a Japanese company founded in 1964 is the world's largest pharmacy automation equipment manufacturer. Its pharmaceutical equipment is designed to offer sustainable improvements in pharmacy services and efficiencies. YUYAMA possesses the experience necessary to understand and address pharmacy needs in the area of automation.

Introduced 2019, the robot will offer optimal productivity:

- A new pharmacy service for patients under non-hospital and community care;
- A single application to manage the entire business cycle: invoicing, inventories, planning, production, traceability and deliveries;
- Increased productivity and reliability: 2 minutes to prepare the pill dispenser instead of 7 minutes, while reducing the risks of human error;
- Different production modes with the robot able to handle 88 preparation units simultaneously.

The robot packages the medication in secure blister packs, automating the repetitive tasks and securing the manufacturing process.

6.1.2.3 Health and Social Care Facilities Solutions Division

MALTA INFORMATIQUE

In 2018, the Health and Social Care Facilities Solutions Division spearheaded by MALTA INFORMATIQUE worked on a new pathway management project for:

- The transfer of the files of residents in care between the different structures (elderly residential homes, Hospital at Home programs, home-based nursing programs);
- Managing pathways within larger systems such as Territorial Hospital Groups or multi-activity groups in the healthcare and social care universe.

At the end of 2018, MALTA INFORMATIQUE launched a teleconsultation solution fully integrated with the TITAN application. An innovation for the sector, compliant with French health authority prerequisites and designed to improve the care of residents of senior assisted living facilities.

DICSIT INFORMATIQUE

Growth in the sector has allowed DICSIT INFORMATIQUE to develop significant new bases to support its hospital-at-home solutions.

In addition, DICSIT INFORMATIQUE has revamped its "MOBISOINS" smartphone mobility module to introduce major functionality enhancements and Android and iOS compatibility. These combined developments will contribute to efficiently equipping healthcare professionals and private practitioners intervening in Hospital at Home and home-based nursing programs. This new model provides unrivalled traceability and further improvements in managing the invoicing process for private practitioners working with establishments equipped with the Group's solutions.

Finally, DICSIT INFORMATIQUE now proposes as a new complementary solution, a dedicated online platform which enables its partner hospital-at-home healthcare professionals to monitor their patient files and billings.

AXIGATE

Through its integrated 100% cloud-based and web responsive Hospital Information System (HIS) across multiple devices (tablets, smartphones, PCs, ...) providing complete traceability and management of the patient care cycle, in 2018 AXIGATE was awarded the call for tenders for the Armor territorial hospital group.

AXIGATE, as a subsidiary of MALTA INFORMATIQUE paves the way for major functional, technical and operational synergies for PHARMAGEST Group for ensuring continuity between hospital and non-hospital care pathways and pooling IT resources with the creation of territorial hospital groups (*Groupements Hospitaliers de Territoire* or GHT) in France.

6.1.2.4 Fintech Division

The Fintech Division has continued to roll out its application reserved for NANCEO certified partners offering mobile capabilities for its *Leasa by Nanceo* financing platform. Available on Android and iOS (telephones and tablets), this application revolutionises exchanges between lessors, sellers and end-customers. Where previously long and fastidious procedures were required, this application makes it possible to obtain immediate financing approval, without the hassle of excessive formalities.

6.2 Our main markets

6.2.1 The French pharmacy market

Background: French national health strategy

The world has changed and we no longer live the same way people did decades ago. That is why we must invent new solutions so that that our healthcare system is able meet major new challenges:

- French people are living longer: their life expectancy is one of the highest in Europe and their healthcare system must be capable of providing appropriate care;
- Increase in chronic conditions: while French people are living longer, the number of chronic conditions is also increasing;
- Persistent health inequalities: social inequalities continue to have a significant impact on health.

In response to these three priorities, on 23 September 2013, the French Minister of Social Affairs and Health launched a vast overhaul of the French health system, the National Health Strategy to define the public health framework for the next decade. Prevention is now a priority. Injustices and inequalities in health and access to the health system will be tackled. France's national health system will pivot to centre on patients' needs and adapt to the major societal transformations (population ageing, the increase in chronic illnesses, increased demand for information, denser regional coverage,…).
(Source : https://www.gouvernement.fr/action/la-loi-de-sante)

These ambitions naturally have an impact on pharmacists' market, profession and roles.

Impact on the French pharmacy market

The ecosystem and business model of dispensing pharmacies are continuing their transformation with the growth of forms of remuneration: dispensing reimbursable medicines integrating a dispensing fee, the authorisation of e-pharmacies, remuneration linked to the introduction of in-pharmacy consultations and the development of services such as the creation of Electronic Health Records (EHR) (*Dossiers Médicaux Partagés* or DMP) or teleconsultation. etc. These will bring opportunities for growth by expansion into new activities and services for patients.

- **Overview:** at the end of 2018, there were close to 21,800 pharmacies in France and in the French Overseas Departments. *(Source: SESAM-Vitale)*

- **Revenue:** Following several years of decline or relative stability the revenue of pharmacies grew marginally in the period (+1.2%). Changes in the pharmacy revenue structure benefited from new types of compensation integrating dispensing fees as well as remuneration for pharmacy services and meeting French healthcare pay-for-performance objectives. *(Source: KPMG 2018 study)*

- **Margin:** pharmacies' earnings are less and less dependent on the activity consisting of the "purchase and sale of reimbursable products". For that reason, one must now look at gross margin defined as the combined total of the sales margin plus fees and services. This new indicator which corresponds to the official compensation received by pharmacies has declined marginally (-0.35%, representing an average loss for pharmacy of €4,000). Another trend observed in previous years has been the continuing decline in revenue by small pharmacies (< €1 million in sales) of 1.53% compared to an increase by larger pharmacies (> €2 million in sales) of 1.58%. *(Source: Fiducial)*

- **Growth outlook:** growth drivers of French pharmacies include the market for medical devices and pharmacy-related products, as well as the introduction of new services such as PDA (Preparation of Doses to be Administered) and in-pharmacy teleconsultation. In addition, the adoption of digital solutions is calling into question the existing business model. This transformation, at times perceived as a threatening disruption, may in fact prove to be an extraordinary growth driver for pharmacists who are successful in navigating this digital revolution.

6.2.2 The Belgium and Luxembourg market

6.2.2.1 Belgium

At 31 December 2018, there were 4,841 pharmacies in Belgium, with 54% in Flanders, 35% in Wallonia and 11% in Brussels.
(Sources: Belgian Pharmaceutical Association - APB and SABCO)

The country has one of the densest pharmacy networks in Europe.
Due to the situation of "excess capacity", a moratorium on opening new pharmacies due to expire in December 2014 was extended to the end of 2019. On that basis, the number of pharmacies is gradually declining: faced with the requirement of obtaining an authorisation issued by the Council of State *(Conseil d'État)*, the number of new pharmacies created is not sufficient to offset the number of closures and mergers. In addition, Belgian pharmacies face competition from the parapharmacy giants.

For that reason, 750 pharmacies could close within the next 10 years: 130 in Brussels, 230 in Flanders and 390 in Wallonia. *(Source: lesoir.be)*

In Belgium, the pharmacy market includes independent pharmacies and pharmacy groups. These groups which vary in size (from 2 to 300 pharmacies) are occupying an increasingly important place in this market. In 2018, approximately 15% to 20% of pharmacies were part of a group *(SABCO estimates).* This trend is likely to gain momentum in the coming years in response to the external growth strategy of large-scale groups.

Pharmacists' remuneration includes a fee for the provision of pharmaceutical care accounting for 80% of their income (75% of basic fees and 5% of specific fees) plus a margin on the pharmaceutical product (20%). *(Source: Belgian Pharmaceutical Association - APB)*

In contrast to France, pharmacies cannot be opened in commercial shopping centres. Also, Belgium does not require the owner of a pharmacy to be a pharmacist.

6.2.2.2 Luxembourg

The Luxembourg market counts 97 pharmacies.
(*Source : https://www.pharmacie.lu/pharmacies*)

Competition in this market is limited by high barriers to entry. The number of pharmacies is strictly controlled by the Minister of Health with less than 100 pharmacies open to the public.
A pharmacy is managed by a registered pharmacist practising as an independent professional.

There are two options for obtaining a pharmacy concession:

- Pharmacists may apply for a State concession, which is the case for more than two-thirds of pharmacies in Luxembourg. The application is placed on a list classified according to years of work experience, the date of the diploma and number of years of study;
- Or they purchase a private concession, which requires substantial funding.

(Source : Syndicat des Pharmaciens luxembourgeois)

6.2.3 The Italian market of software vendors for distributors and pharmacies

The pharmaceutical distributor is the intermediary between the pharmaceutical companies and pharmacies. It is a key link in the drug distribution channel which manages the major share of the pharmacy supply chain in addition to several tens of thousands of drug product references.
Through its IT solutions, PHARMAGEST ITALIA has partnerships with more than 60% of the wholesale distributors in Italy.

In 2018, the Italian market had 19,000 pharmacies, including publicly financed 1,500 community pharmacies. With the recent opening up of the capital of pharmacies in Italy to outside investors, the market of pharmacy networks is organising into integrated chains and/or independent networks. This process is expected to continue in the years ahead, with the development of pharmacy chains representing one of the major strategic priorities of Europe's leading pharmaceutical distribution groups.
The market of software vendors specialised in application for pharmacies is dominated by two players accounting for 70% of the market. However, in light of the regionalisation of the Italian healthcare system, there exists a number of specialised local software vendors to meet the needs of pharmacies within a specific territory.

In 2018, with SOPHIA's introduction, PHARMAGEST ITALIA is seeking to develop this new market with a target of equipping 20% of pharmacies within five years. The first 32 installations completed in the last quarter of 2018 points to a positive growth trend for 2019.

6.2.4 The e-Health market

The e-Health market encompasses several aspects of the patient care pathway: shared medical information system (the medical file), telemedicine (teleconsultation, telecare, remote surveillance etc.), services provided to patients, self-monitoring, support and teaching good practices for patients with chronic illnesses, personal care services for dependent persons, or training for healthcare professionals.

E-Health is a genuine societal and economic priority that has the potential to meet three of the most pressing challenges for our health systems:

- The challenge of the providing quality care in conjunction with the trend of aging population (including healthcare personnel): by optimising medical time or the structure of care focused on the patient or the elderly person (the care pathway);
- The public health challenge in the face of acute health crises: through the ability to gather health data that can be used to formulate effective prevention campaigns, the emergence of connected health devices and self-monitoring practices (quantified self);
- The challenge of managing health insurance accounts and the need for substantial savings through multiple efficiency gains (e.g. avoiding duplication in medical interventions).

E-Health is a fast-growing trend on a global scale. According to the Berg Insight study, the number of remotely monitored patients worldwide grew by 44% to 7.1 million in 2016. This number includes all patients enrolled in e-Health care programmes in which connected medical devices are used as a part of the care regimen. Berg Insight estimates that the number of remotely monitored patients will reach 50.2 million by 2021.

Revenues for remote patient monitoring (RPM) solutions reached € 7.5 billion in 2016 and will gradually rise between now and 2021 to €32.4 billion.
Connected medical devices accounted for 67.5% of total RPM revenues in 2016. However, the study noted that revenues for mHealth connectivity solutions, care delivery platforms and mHealth care programs are growing at a faster rate and will account for 51.3% of total revenues in 2021.

(*Source : Etude Berg Insight of 8 February 2017*)

The e-Patient Business Unit

The e-Patient Business Unit may be attached to the homecare segment which has been growing significantly since 2010. This sector continues to offer genuine growth opportunities based on positive underlying factors like population ageing and proactive policies of public authorities (notably the "36 more months at home" project) to streamline health care pathways for elderly persons faced with the risk of a loss of autonomy.

This sector is attracting many market participants such as elderly residential home groups, managers of clinics or major providers of home care services. This market which remains fragmented will be restructured as market players possessing both expertise in managing dependency, an upstream presence and sufficient financial resources acquire minor players leading to market consolidation.

The e-Connect Business Unit

Given the importance of population ageing and the growing importance of homecare solutions for the elderly PHARMAGEST Group is focused on developing solutions to maintain people in their homes as long as possible. This involves facilitating early detection of the loss of autonomy by implementing innovative technological solutions and ultimately, contributing to effective management of dependency in the future.

For that reason, the e-Patient and e-Connect business lines of the e-Health Solutions Division are fully focused on different projects in which PHARMAGEST Group is participating and which require following joint initiatives and resources:

- Its network of pharmacies throughout France;
- SATEBOX (e-Health box) developed by KAPELSE;
- NOVIACARE (plug & play solution) developed by NOVIATEK;
- CARELIB and CARELIB EHPAD;
- Expert systems developed by DIATELIC (a PHARMAGEST Group subsidiary specialising in artificial intelligence and expert systems to predict the evolution of patients' health);
- Hosting personal healthcare data at its dedicated Datacentre with the authorisation by the French Minister of Social Affairs and Health since 2012.

The concrete implementation of these projects is twofold:

- Changes to existing systems involving adjustments at the patient's homes by introducing technical improvements and telemonitoring solutions; The objective here is to improve the environment of elderly persons and contribute to the coordination of healthcare delivery;
- Building a senior housing facility equipped with innovative solutions.

In this way, PHARMAGEST Group intends to expand the scope of its intervention in the new market sector of the Silver Economy, and establish its position in this market as a driving force.

The solutions proposed by KAPELSE also address a large number of healthcare professionals in France (medical auxiliaries, medical and pharmacy professions). KAPELSE's solutions are especially designed for private practice healthcare professionals filing online declarations which numbered nearly 328,375 in 2018 according to the GIE SESAM-Vitale consortium.

(Sources : http://www.vie-publique.fr and https://www.sesam-vitale.fr)

NOVIATEK and NOVIA SEARCH have completed the SATEBOX and CARELIB range addressing the market of connected objects which is gradually evolving into a new healthcare market segment valued at several hundred billion euros worldwide.

This new fast-growing market is driven by the "quantified self" movement and increasing use of smartphones. While not yet clearly defined, there is no doubt that its development will have a major impact on the organisation of healthcare and the role of the different players within the healthcare system.

The NOVIATEK and NOVIA SEARCH solutions have been integrated in the e-Patient Business Unit offering of the e-Health Solutions Division. On this basis, they are an integral part of the "36 more months at home" program designed to maintain elderly persons in their homes for an additional 36 months and facilitate early detection of the loss of autonomy.

The e-Pharma Business Unit

As the historic business of the e-Health Solutions Division, the e-Pharma Business Unit supports its partners in the pharmaceutical industry in building their digital communications addressing pharmacies or patients, representing a niche market in digital advertising.

The e-Pharma Business Unit also provides interactive platforms and mobile applications to monitor and assist patients which are among the many solutions designed to improve patient medication adherence.

The PDA (Preparation of Doses to be Administered) systems (OffiDose 2.0, Multimeds' manual pill dispenser; and the DO-Pill SecuR™) address markets in which PHARMAGEST Group represents the challenger in relation to the number of established players.

The diversity of its offering gives the e-Pharma Business Unit the ability to propose customise solutions to all its partners.

6.2.5 The Health and Social Care Facilities market in France

The French market for elderly assisted living facilities and day care facilities

The French market for elderly residential care homes and day care facilities consists of over 10,000 establishments, of which 75% are retirement homes, elderly residential care homes (EHPAD) or long-term care facilities (USLD), and 25% assisted living retirement homes (for non-dependent people).
(Source: MALTA INFORMATIQUE)

The market is characterised by steady growth in response to the growing need for appropriate housing solutions as the French population ages. The growth in the number of beds at elderly residential care facilities is linked mainly to medicalization of these facilities, and in so doing, modifying their status into assisted living facilities for dependent persons known as EPHAD (approximately 10% of the new beds created between 2006 and 2014 reflect this transformation). Today, these facilities count approximately 600,000 beds.

France has enacted a number of significant reforms for residential facilities since 2002-2003 with the introduction of the first tripartite agreements (EHPAD/DASS then ARS/Conseil Général), followed by the reinstatement of medical devices in their operating budgets in 2008, not to mention the inclusion of medicines currently being trialled. Since 2016, these facilities (EHPAD) have been subject to new contractual obligations (*contrat pluriannuel d'objectifs et de moyens* / CPOM) with the regional health boards (ARS) providing for the adoption of a new budget planning system (*Etat Prévisionnel des Recettes et des Dépenses* or EPRD).

All these developments will lead the market to adopt specialised and high performance software solutions.
(Source: MALTA INFORMATIQUE)

The market for IT solutions for home-care healthcare professionals

The Hospital at Home remains dynamic with the number of establishments stable (at around 300), representing significant capacity for providing care to around 116,000 patients.

There are nearly 2,000 home-based nursing services (SSIAD) representing nearly 112,000 places.

As organisations revamp their practices for ensuring care, and in particular in the hospital universe, the structures providing home-based services are benefiting from a very positive transfer of activity in turn driving growth in the number of places and facilities.

The French Hospital Information Systems market

The emergence of new territorial hospital groups (*Groupements Hospitaliers Territoriaux* or GHT) is driving major transformations in the hospital sector. 135 such groups have been formed with the purpose of providing a new form of cooperation between hospital structures within a single territory.
At the level of information systems this has led to the redesign of the Information Technology Master Plan driven by the main territorial hospital tasked with achieving convergence of the different hospitals' systems. These master plans were developed as at 31 December 2017 for deployment by 2022.
These changes represent exceptional opportunities for specialised independent software vendors for hospitals. With its strong multi-establishment focus and high-level technological quality, AXIGATE is ideally positioned to address extremely demanding projects in terms of specifications and volume in this area.

6.2.6 The equipment lease financing market for the services sector

Lease financing solutions are available for virtually every type of equipment. The equipment must be durable, identifiable and suitable for depreciation. Financing is most commonly used for vehicles, computer hardware, building and agricultural machinery.

The business equipment financing market is dominated by banks which benefit from a legal monopoly on bank loans. Banks are also active in the lease financing and rental sectors through specialist subsidiaries, where many companies are active, including carmakers, large computer groups, industrial conglomerates, as well as independent players like NANCEO.

New market players are emerging relying heavily on new technologies, a disruptive financing approach and their technological expertise, particularly by creating a marketplace providing wide and easy access to financing solutions. These new players included under the term of Fintech are significantly challenging operating methods and accelerating change.

NANCEO is contributing to this business trend through its financing platform that typically operates as a marketplace.

The business and professional equipment financing market by specialist companies represented more than €33 billion in 2018, up nearly 5.4% from 2017.
(Source: the French Association of Finance Companies (ASF - Association française des sociétés financières), report on the activities of specialised establishments - 2018)

In the next decade, PHARMAGEST is expecting an acceleration in the pace of digitisation introducing even more simplification and administrative processes: digital contracts, the emergence of the electronic signature (already prevalent in the B2C segment, contract portfolio management, invoice flows.
The sales financing industry is also in transformation, driving the modernisation of market players (bankers, brokers, manufactures, start-ups, consultants) to facilitate and accelerate processes.

6.3 Exceptional factors influencing the business during the year

None.

6.4 Dependence with regard to patents, licences, contracts or manufacturing processes

PHARMAGEST Group conducted a review of these risks, which are detailed and presented in the report on corporate governance included in Section 24.1 of this Registration Document. Specific information on Research and Development, patents and licences is given in Section 11 herein.

6.5 Competition

LA COOPERATIVE WELCOOP's backing represents one of PHARMAGEST Group greatest strengths. The cooperative model represents a virtuous circle of proven value: the pooling of human resources, means and expertise so that all can benefit from the resources made available by the cooperative. This model allows PHARMAGEST Group to:

- Support its customers in an environment undergoing profound change, through boldness, innovation and sense of engagement, in defending pharmacies and the role of the pharmacist at the heart of healthcare system;
- Preserving the financial health of LA COOPERATIVE WELCOOP's co-op members from the lower prices of generic drugs through the cooperative's proprietary model which makes it possible to offset these losses with cooperative dividends in conjunction with tools to optimise pharmacy management.

6.5.1 The European pharmacy market

France

The French market for pharmacy software solutions is dominated by three main players:

- PHARMAGEST INTERACTIVE is the French market leader with a market share of nearly 42%. Its flagship software suite LGPI Global Services® equips its customer base;
- The Group's main competitor, SMART-Rx, a CEGEDIM Group subsidiary, markets a number of pharmacy software programmes through its subsidiaries, ALLIANCE, LOGIPHAR, PERIPHAR, DATA and OPUS;
- The third significant market operator is the independent company EVERYS.
  (Source: PHARMAGEST INTERACTIVE estimates)

PHARMAGEST INTERACTIVE's main strengths are based on:

- A unique **global offering** based on the leading pharmacy application on the market, supplemented by a suite of specialised business line solutions (payment, merchandising, security, e-commerce, management, etc.) and a focus on patient-centred service approach;
- **Ongoing innovations** in software, equipment and services;
- A **certified quality** level in terms of products (NF 525 certification) and services (NF Service assistance certification) or technical compliance (as a government licensed personal health data hosting services provider);
- **Local service** covering all of France through 31 competency centres in France and French overseas territories and departments;
- A "key account" approach and team organisation targeting **groupings of establishments**;
- **High-level assistance** from 8 a.m. to 8 p.m., with PHARMAGEST Group's 109 experts and a dedicated portal seven days a week.

Belgium

SABCO operates nationwide and its SABCO® ULTIMATE software solution has a 16.5% market share. This market share registered significant growth since 2016 (12%) driven by partnerships with the COOP and MULTIPHARMA cooperatives.
(Source: SABCO estimates)

Its main competitors are CORILUS, FARMAD and NEXTPHARM.

SABCO operates as a partner of independent Belgian pharmacies or members of pharmacy groups. SABCO develops unique IT solutions adapted to evolving healthcare market developments. By leveraging its front-line knowledge of pharmacists and market players, SABCO introduces innovation to support the pharmacists in the management of their pharmacies, assisting them in their mission of providing patient advice and as a healthcare coordinator.

Luxembourg

In 2018, SABCO, with its OFFICINE 2016 solution, had a market share in the pharmacy software sector of 10%.
(Source: SABCO estimates)

SABCO is the only specialised pharmacy industry independent software vendor in Luxembourg with its OFFICINE 2016 suite, offering pharmacists multiple information and communications channels like the integrated portal, the FarmaMobile® or OffiMédia® solutions.

PROPHALUX is its main competitor.

Italy

With respect to the new activities of PHARMAGEST Group in Italy, competition is analysed in the markets for distribution and pharmacy management software solutions.

In the Italian distribution market, PHARMAGEST ITALIA is a partner of more than 60% of wholesale distributors and its IT solutions are used by more than 76% of warehouses. In the area of communications, PHARMAGEST ITALIA is the owner of FARMACLICK, the industry standard, used by more than 12,800 pharmacies (out of 19,000), representing more than 665,000 transactions per day and providing access to a price catalogue (tailored to each pharmacy).

In 2018, PHARMAGEST ITALIA entered the pharmacy management software market by launching its first solution SOPHIA. At the end of 2018, 32 pharmacies were equipped with SOPHIA, including 25 in the last 45 days of the year.

COMPUGROUP MEDICAL and PHARMASERVICE are the main market players in Italy with a combined market share of 70% in this segment.

6.5.2 In the e-Health market

E-Patient Business Unit

The complex make-up of the market which makes it difficult to define includes:

- Start-ups trying to gain a foothold in a market where prior recognition by healthcare professionals is a critical success factor;
- Suppliers of software to healthcare professionals that have expanded into this segment;
- Subsidiaries of leading companies (such as telecoms, the pharmaceutical industry, telemonitoring companies, etc.).

The e-Patient Business Unit, in synergy with the Health and Social Care Facilities Solutions Division and D'MEDICA, a LA COOPERATIVE WELCOOP subsidiary, has a number of strengths:

- Full command over information systems to address the need to coordinate multiple players, guarantee operational efficiencies and ensure the quality and safety of care;
- Expertise covering the entire care pathway in order to steer patients to the best solutions;
- Professional teams fully focused on patient well-being and health.

E-Connect Business Unit

Created in 2013, in 2018 KAPELSE occupied the position of challenger in this market.

KAPELSE's strength resides in its ability to regularly propose solutions adapted to the needs of professionals (product ergonomics; miniaturisation, etc.) and their increased mobility (KAP&NETWORK infrastructure), while addressing the stakes of data security and homecare solutions for maintaining elderly persons with impaired autonomy in their homes.

By way of example, KAPELSE's e-Health box, **KAP&CARE®**, was selected, under the name of SATEBOX, for the SATELOR project. The SATEBOX centralises patient data and provides secure transfer to the processing systems of its different partners. Through its many functionalities, SATEBOX represents a highly efficient and ergonomic interface between the patient and the different data processing centres.

The market of connected health objects is rapidly growing with a multitude of market players.
NOVIATEK and NOVIA SEARCH, building on experimentations carried out by the combined entities of PHARMAGEST Group and LA COOPERATIVE WELCOOP, have gradually acquired an experience and legitimacy to propose turnkey solutions for elderly and persons at risk of impaired autonomy.

E-Pharma Business Unit

The e-Pharma Business Unit proposes a unique global offering. The Business Unit offers solutions in markets covering a range of different specialist operators (information for the general public or patients, studies and observatories, recruitment and training of pharmacy staff, patient inclusion in monitoring programmes, etc.).

6.5.3 In the IT market for Health and Social Care Facilities

MALTA INFORMATIQUE was the second-largest player in this market and holds almost 26% of the market for elderly residential care homes. *(Source: MALTA INFORMATIQUE estimates)*

Its main competitors include the BERGER LEVRAULT Group with its MAGNUS and PROGOR solutions, TERANGA SOFTWARE and SOLWARE SANTE.

DICSIT INFORMATIQUE is an independent software vendor specialised since 1995 in business applications for professionals providing home care to vulnerable individuals: HAD (Hospital at Home), SSIAD (home-based nursing services), SAD (home-based assistance), CLIC (Local Information and Coordination Centres for older people), ESA (Specialised Alzheimer's Teams), CSI (Nursing Home Facility).

DICSIT INFORMATIQUE is a major player it its market with nearly 900 customers in Metropolitan France and Overseas Territories:

- More than 400 CLIC (No. 1 of the sector with and 86% market and no direct specialised competitor);
- 370 SSIAD and ESA, or a 15% market share. This market is dominated by APOLOGIC and MEDISYS;
- 110 Hospital-at-Home programmes, with a 32% market share held by the market leader. C2SI and ARCAN share second place with 30% each, with the rest of the market held by smaller players.

Created in 2002, **AXIGATE** rapidly succeeded in becoming a key player in the hospital information systems market. Today, it has a bit more than 48 hospitals including France's second largest teaching hospital (CHU), the Marseille Public Hospital. AXIGATE is an approved supplier of solutions of the UNI.HA hospital purchasing group, providing its members simplified access to AXIGATEs offering.

Generally speaking, based on its complementary range of health and social care offerings, it is able to propose very comprehensive connected information systems. The Health and Social Care Facilities Solutions Division is the only player on the market which proposes such a diversified, expert and networked solution.

6.5.4 The equipment lease financing market

Set up in 2015, NANCEO is a challenger in the equipment leasing market for professionals. This market is in large part dominated by banks or their specialised equipment and finance leasing companies.

NANCEO operates according to a "Vendor" model, which involves financing the sale of professional equipment sold by partners to their customers. This includes primarily high-tech equipment that quickly becomes obsolete, such as printers, document management, telephony, security and medical equipment. NANCEO increases its own volumes by facilitating these sales.

NANCEO's major strength lays in the simplification of exchanges between partners and lessors:

- A single financing request;
- A single contract regardless of the lessor supplier;
- Simplified invoicing;
- Highly efficient contract management.

Its "multi-lessor" approach (assignment to different lessors) increases its ability to rapidly accept requests, promotes independence in relation to lessors and develops its resiliency "to vendor financing" i.e. the withdrawal from the market or disappearance of one or more lessors.

7 ORGANISATIONAL STRUCTURE

7.1 Description of LA COOPERATIVE WELCOOP and PHARMAGEST INTERACTIVE's position within the Group

At 31 December 2018, MARQUE VERTE SANTE was the majority shareholder with 60.51% of the capital of PHARMAGEST INTERACTIVE. LA COOPERATIVE WELCOOP, MARQUE VERTE SANTE's parent, holds 6.12% of PHARMAGEST INTERACTIVE's capital directly.

Through the diverse nature of its businesses and subsidiaries, LA COOPERATIVE WELCOOP enables each patient, each customer of the pharmacy find everything they need in terms of products and services, while preserving the independence of the pharmacists' activity.

LA COOPERATIVE WELCOOP and its subsidiaries increase access to health for all by supporting pharmacists' mission as healthcare coordinator. Indeed, it offers the most extensive back office system available in France, according to three priorities:

- An economic focus with generics, OTC (over-the-counter) medicines, medical devices, pharmacy-related products, and access to European medicines;
- A service focus with Home Care products and sales support solutions (merchandising, referencing, etc.);
- A technology focus enabling pharmacists to fulfil a healthcare coordinator role backed by efficient information systems. PHARMAGEST Group represents one of its pillars.

This pharmacists' cooperative goes even farther: its true mission is ensuring the health, comfort and well-being of patients and consumers and do everything possible to strengthen the efficiency of the model for health economics.

This cooperative spirit transcends the traditional divisions between customers and suppliers in favour of a civic engagement where every employee and cooperative member of LA COOPERATIVE WELCOOP, intervenes as a genuine **"corporate citizen in the service of health and well-being"**.

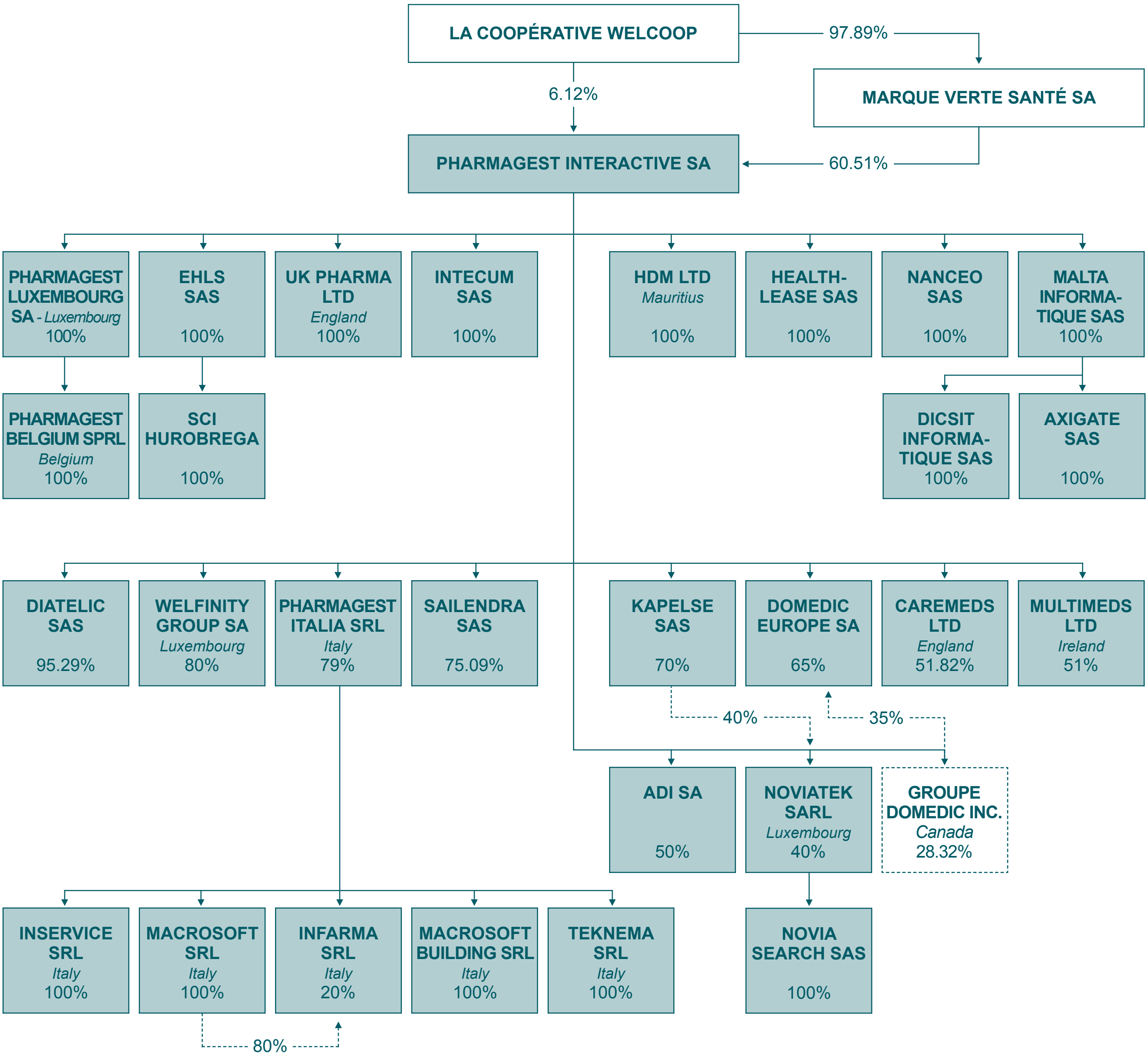
LA COOPERATIVE WELCOOP and its subsidiaries are present primarily in France and Europe.

MARQUE VERTE SANTE's registered office is at 7 allée de Vincennes, Technopole de Nancy Brabois, 54 500 VANDOEUVRE-LES-NANCY, FRANCE.

With consolidated equity capital of €173 million as at 31 December 2018, MARQUE VERTE SANTE posted €296 million in consolidated sales for 2018 (French GAAP).

For more information about LA COOPERATIVE WELCOOP and its subsidiaries: http://www.welcoop.com/

7.2 Significant subsidiaries at 31 March 2019



** White background: Parent companies;*
Green background: fully consolidated subsidiaries;
Dotted outline with white background: equity-accounted subsidiaries.

The percentage of voting rights held by PHARMAGEST INTERACTIVE in each of its subsidiaries is equal to the percentage of its equity holding in these subsidiaries.

Changes in the scope of consolidation since 31 December 2018:

- PHARMAGEST Group carried out a simplified merger *(transmission universelle de patrimoine)* entailing the dissolution of CP INTERACTIVE and the global transfer of its assets and liabilities to PHARMAGEST INTERACTIVE;
- Company name change from SABCO to PHARMAGEST LUXEMBOURG;
- Company name change from SABCO SERVICES to PHARMAGEST BELGIUM;
- PHARMAGEST INTERACTIVE acquires a 15% stake in the Franco-American company EMBLEEMA, registered in the United States in the state of Delaware (Division of Corporations) under No. 6743178. The company is developing a blockchain-based digital platform for sharing health data.

30 companies were fully consolidated in PHARMAGEST Group in 2018, including PHARMAGEST INTERACTIVE:

ADI, a 50%-owned subsidiary of PHARMAGEST INTERACTIVE, a French company registered in EVRY (RCS No. 387 882 038). The company is the exclusive distributor of PHARMAGEST INTERACTIVE products in the Ile de France region.

AXIGATE, a French company and wholly-owned subsidiary of MALTA INFORMATIQUE, registered in PARIS (RCS No. 490 301 991), a specialised independent application software vendor for the hospital sector.

CAREMEDS, an English company and wholly-owned subsidiary of PHARMAGEST INTERACTIVE, registered in the Companies House of CARDIFF (No. 07 990 372), a specialised independent application software vendor.

CP INTERACTIVE, a French company and wholly-owned subsidiary of PHARMAGEST INTERACTIVE, registered in DIJON (RCS No. 341 984 508), providing turnkey IT solutions to SMEs originating from various software companies.

DIATELIC, a French company and 95.29%-owned subsidiary of PHARMAGEST INTERACTIVE, registered in NANCY (RCS No. 443 656 350), providing and selling tele-monitoring services and diagnostic aids.

DICSIT INFORMATIQUE, a French company and wholly-owned subsidiary of PHARMAGEST INTERACTIVE, registered in the NANCY (RCS No. 400 504 387), a specialised independent application software vendor.

DOMEDIC EUROPE, a French company and 65%-owned subsidiary of PHARMAGEST INTERACTIVE, registered in NANCY (RCS No. 533 081 360). It is the exclusive distributor of the "DO-Pill SecuR™" smart pill dispenser and related products in Europe, China and Japan.

EHLS, a French company and wholly-owned subsidiary of PHARMAGEST INTERACTIVE, registered in NANCY (RCS No. 333 434 157), a central purchasing entity for IT hardware.

HDM, a wholly-owned subsidiary of PHARMAGEST INTERACTIVE, is a private Company limited by shares incorporated under Mauritian law with its registered office in PORT LOUIS (Mauritius), specialised in providing IT services.

HEALTHLEASE, a French company and wholly-owned subsidiary of PHARMAGEST INTERACTIVE, registered in PARIS (RCS No. 522 381 441). The company's primary activity is long-term lease of hardware and other assets.

SCI HUROBREGA, a French company and wholly-owned subsidiary of EHLS, registered in LORIENT (RCS No. 320 201 575) which owns the premises located at ZAC (joint development zone) of Mourillon in QUEVEN.

INFARMA, an Italian company registered in BOLOGNA, Italy (REA No. BO 414 859), 20%-owned by PHARMAGEST ITALIA, and 80%-owned by MACROSOFT, specialised in software development, sale and maintenance.

INSERVICE, an Italian company and wholly-owned subsidiary PHARMAGEST ITALIA, registered in MACERATA, Italy (REA No. MC 142 975), specialised in software consulting, maintenance and assistance services.

INTECUM, a French company and wholly-owned subsidiary of PHARMAGEST INTERACTIVE, registered in NANCY (RCS No. 507 906 329), which designs, manufacturers and markets automated systems.

KAPELSE, a French company and a 70%-owned subsidiary of PHARMAGEST INTERACTIVE, registered in NANCY (RCS No. 790 359 079) which designs innovative health products.

MACROSOFT, an Italian company and wholly-owned subsidiary of PHARMAGEST INTERACTIVE, registered in MACERATA (REA No. MC 103 315), specialised in software programming and selling software and hardware.

MACROSOFT BUILDING, an Italian company and wholly-owned subsidiary of PHARMAGEST INTERACTIVE, registered in MACERATA (REA No. MC 165 201), whose business consists in the rental of owned and/or leased properties.

MALTA INFORMATIQUE, a French company and wholly-owned subsidiary of PHARMAGEST INTERACTIVE, registered in BORDEAUX (RCS No. 444 587 356), specialised in the research, design and marketing of software and related products for senior assisted living facilities.

MULTIMEDS, an Irish company and 51%-owned subsidiary of PHARMAGEST INTERACTIVE, registered in the Companies Registration Office of DUBLIN (No. 533 817), specialised in the marketing of manual pill dispensers.

NANCEO, a French company and wholly-owned subsidiary of PHARMAGEST INTERACTIVE, registered in PARIS (RCS No. 809 217 748), providing equipment lease financing solutions for the services sector.

NOVIA SEARCH, a French company and wholly-owned subsidiary of EHLS, registered in THIONVILLE (RCS No. 791 200 918), specialised in technical engineering services and studies.

NOVIATEK, a Luxembourg company and subsidiary, 40%-owned by PHARMAGEST INTERACTIVE and 40%-owned by KAPELSE, registered in LUXEMBOURG (RCS No. B 186.323), which designs and manufactures automated systems

PHARMAGEST ITALIA (formerly MACROSOFT HOLDING) an Italian company and 79%-owned subsidiary of PHARMAGEST INTERACTIVE, registered in MACERATA (REA No. MC 165 033). The company is specialised in IT equipment and services for pharmacy wholesalers-distributors and the sale of innovative software solutions for Italian pharmacies.

SABCO, a Luxembourg company and wholly-owned subsidiary of PHARMAGEST INTERACTIVE, registered in LUXEMBOURG (RCS No. B 15.220), which sells computer installations and various IT services to customers.

SABCO SERVICES, a Belgian company and wholly-owned subsidiary of PHARMAGEST INTERACTIVE, registered in BRUSSELS (RCS No. 0476 626 524). which markets and sells products including, amongst others, IT hardware and software.

SAILENDRA, a French company and 75.09%-owned subsidiary of PHARMAGEST INTERACTIVE, registered in NANCY (RCS No. 502 040 900). SAILENDRA provides consulting services and designs and develops behavioural analysis-based systems and software solutions using Artificial Intelligence.

TEKNEMA, an Italian company and wholly-owned subsidiary of PHARMAGEST INTERACTIVE, registered in MACERATA (REA No. MC 123 781) which provides software consulting services.

UK PHARMA, an English company and wholly-owned subsidiary of PHARMAGEST INTERACTIVE, registered in the Companies House of LONDON (No. 03 513 400) which provides business services.

WELFINITY GROUP, a Luxembourg company and wholly-owned subsidiary of PHARMAGEST INTERACTIVE, registered in LUXEMBOURG (RCS No. B 212.759) which conducts market studies in the Health sector.

And one company accounted for using the equity method:

GROUPE DOMEDIC, a 28.32%-owned subsidiary of PHARMAGEST INTERACTIVE, a Canadian company registered in QUEBEC (No. 659696-7). The company develops and markets medical devices, particularly the DO-Pill Secure™ smart pill dispenser and its accessories.

8. PROPERTY, PLANT AND EQUIPMENTS

8.1 Real estate assets

The main real estate assets are based around the registered offices and sales agencies.

REGISTERED OFFICES:

Regional organisation	Regions PHARMAGEST	Registered offices		
		Municipalities	Companies	Status of real estate assets
Metropolitan France	East	VILLERS-LES-NANCY	PHARMAGEST INTERACTIVE	Owner
			DIATELIC, DOMEDIC EUROPE, KAPELSE, EHLS, INTECUM	Tenants of PHARMAGEST INTERACTIVE, the owner
		NANCY	SAILENDRA	Tenant
		DIJON	CP INTERACTIVE	Tenant
		FLORANGE	NOVIA SEARCH	Tenant
		BEZAUMONT	DICSIT INFORMATIQUE	Tenant
	West	QUÉVEN	SCI HUROBREGA	Owner
	Ile-de-France	SACLAY	ADI	Tenant
		PARIS	NANCEO, AXIGATE, HEALTHLEASE	Tenants
	Southwest	MÉRIGNAC	MALTA INFORMATIQUE	Owner
England	/	EASTLEIGH	CAREMEDS	Tenant
		LONDRES	UK PHARMA	Tenant
Belgium	Belux	GOSSELIES	SABCO SERVICES	Tenant
Luxembourg	Belux	WINDHOF	SABCO, WELFINITY GROUP	Tenants
		SCHIFFLANGE	NOVIATEK	Tenant
Mauritius	/	PORT LOUIS	HDM	Tenant
Ireland	/	BRAY	MULTIMEDS	Tenant
Italy	/	BOLOGNA	INFARMA	Tenant
		MACERATA	MACROSOFT BUILDING	Owner
			INSERVICE, MACROSOFT, PHARMAGEST ITALIA, TEKNEMA	Tenants of MACROSOFT BUILDING, the owner

PHARMAGEST SALES AGENCIES:

Regional organisation	Regions PHARMAGEST	PHARMAGEST sales agencies	
		Municipalities	Status of real estate assets
Metropolitan France	East	LUDRES, DIJON, REIMS, SCHILTIGHEIM et BESANCON	Tenants
	West	QUEVEN	Rented from SCI HUROBREGA, the owner
		NANTES, RENNES, SAINT-LO et TREGUEUX	Tenants
	Ile-de-France	RUNGIS, CLICHY-LA-GARENNE et SAINT-CLOUD	Tenants
	North	ROUEN et CUINCY	Tenants
	Rhône-Alpes	VILLEFRANCHE-SUR-SAONE	Tenant
	Centre	BOURGES, POITIERS, LIMOGES et CLERMONT FERRAND	Tenants
	Southwest	TOULOUSE, ANGOULEME, LONS et PESSAC	Tenants
	South-East	MEYREUIL, ANTIBES et MONTPELLIER	Tenants
French Overseas Departments	French Overseas Depart-ments and Territories	LE LAMENTIN (Martinique), BAIE MAHAULT (Guadeloupe)	Tenants
Belgium	Belux	GAND (Flanders)	Tenant
Italy	Italy	ANAGNI	Tenant and owner

Wholly-owned premises represent 34% of the area of premises used by PHARMAGEST Group. Rented premises are covered by operating leases and (like all operating leases) are not restated under intangible assets (see 20.3.1.5 - Note 4.3).

In addition, in 2018 a project was initiated to expand the PHARMAGEST Group headquarters located at VILLERS-LES-NANCY which is scheduled for completion in 2019 and represents an estimated expense of €9 million.

8.2 The environment

PHARMAGEST Group sites are not subject to any environmental constraints (see the Non-Financial Statement in Section 24.1.2 of this Registration Document).

9 OPERATING AND FINANCIAL REVIEW

Information disclosed herein is based on data and explanations provided in:

- Section 20.3.1 - Consolidated financial statements of PHARMAGEST Group of this Registration Document;
- Section 24.1.1 - Part 1 of the Management report included in this Registration Document.

9.1 Financial position

Balance sheet highlights

Balance sheet items - In € thousands	2018	2017	Change
Non-current assets	117,062	88,006	33.0%
Current assets	106,746	90,155	18.4%
Share capital	117,051	104,921	11.6%
Non-current liabilities	42,079	21,213	98.4%
Current liabilities	64,678	52,027	24.3%

The increase in non-current assets reflects mainly the net increase in intangible assets (+€5,189 thousand) and goodwill (+€7,186 thousand) and non-current financial assets (+ €15,774 thousand).

The change in current assets reflects changes in "inventory and work in progress" (+€2,327 thousand), "trade receivables and related accounts" (+€9,025 thousand) and "cash and cash equivalents" (+€4,992 thousand) attributable to changes in the consolidation scope.

Changes in non-current liabilities represent changes in long-term financial liabilities (+€22,751 thousand) and other long-term financial liabilities (+€2,164 thousand).

The rise in current liabilities reflects increases in the current portion of financial liabilities (+€3,559 thousand), trade payables (+€2,349 thousand) and other current debt (+€6,881 thousand).

This data is to be considered in relation to the different acquisitions made by the PHARMAGEST Group in 2018.

9.2 Operating profit

Changes in key P&L items

P&L highlights (€ thousands)	2018	2017	Change
Total operating income	148,480	129,669	14.5%
Total operating expenses	-109,595	-95,366	14.9%
Current operating income	38,886	34,304	13.4%
Net profit (loss) of the period	27,038	24,290	11.3%

The change in operating income is directly linked to the growth in revenue in relation to 2017 (+ €18,811 thousand). Key changes in expense line items included the cost of sales/costs of supplies (+ €3,198 thousand), external charges (+ €4,133 thousand) and staff costs (+ €5,835 thousand).

9.2.1 Factors having an impact on operating revenue

The main factors having an impact on operating revenue concern the level of sales for:

- Equipment sales linked to the normal renewal of the installed base of customers for hardware;
- Software license sales;
- Hardware or software maintenance services;
- Financing sales, up significantly, with a dilutive effect on Group earnings.

9.2.2 Material changes in net sales or revenues

No material changes were observed by PHARMAGEST Group in the structure of its net sales or revenues.

9.2.3 Policies or risk factors that have materially affected, or could materially affect, directly or indirectly, the issuer's operations

PHARMAGEST Group is not aware of any risk factors that could materially affect, directly or indirectly its operations other than those listed in section 4 of this Registration Document.

10 CAPITAL RESOURCES

10.1 Information on the issuer's capital (both short and long-term)

The data with respect to PHARMAGEST Group's capital is included in the presentation of the consolidated financial statements in Section 20.3.1. of this Registration Document.

PHARMAGEST's share capital is made up of 15,174,125 shares, with each share carrying one voting right. The number of shares outstanding remains unchanged in fiscal 2018.

PHARMAGEST Group reserves stand at €85,380 thousand, of which €13,207 thousand in issue premium, €(50) thousand in translation adjustment, €511 thousand in legal reserve and €71,712 thousand in other reserves.

10.2 Sources and amounts of cash flows

Consolidated cash flow highlights - In € thousands	2018	2017	Change
Net cash flows from operating and investing activities	18,441	19,251	-4.2%
Net cash flows from operating activities	*28,741*	*27,186*	*5.7%*
Capital expenditures	*-10,300*	*-7,936*	*29.8%*
Net cash flows from (used in) financial investments	-9,117	-10,540	-13.5%
Net cash from (used in) capital transactions	-11,703	-11,055	5.9%
Net cash from financing activities	7,772	7,021	10.7%
Impact of translation adjustments/financial instruments and other financial income and expenses	10	-23	-143.5%
Change in net cash	**5,403**	**4,653**	**16.1%**

Operating cash flow was decreased 4% from 2017 to €18,441 thousand, reflecting the change in cash flow, offset by the changes in working capital requirements between the two periods plus the change in capital expenditures.

Changes in cash flows from investing activities are linked to the acquisition of consolidated equity interests net of cash.

Changes in cash flows from capital transactions is linked to dividends paid by PHARMAGEST INTERACTIVE and its subsidiaries in 2018 for the 2017 fiscal year.

Changes in cash flows from financing activities represent mainly inflows from new borrowings, the repayment of borrowings and financial liabilities and financial investments.

Net cash increased by €5,403 thousand.

10.3 Borrowing requirements and funding structure

PHARMAGEST Group's financing and cash management policy is focused on aligning the different sources of funding with capital flows. As with all companies PHARMAGEST Group's cash flow obligations are both of a short-term and also a relatively long-term in nature. This policy accordingly seeks to ensure the Group's has sufficient capital resources to meet its obligations.

The short-term obligations include expenditures for day-to-day operations. For this type of cash flow, PHARMAGEST Group' policy is to make use of credit lines (bank overdraft facilities) negotiated with the Group's different banking partners.

The long-term obligations generally include medium and long-term projects, for which PHARMAGEST gives priority to long-term borrowings, primarily at fixed rates. PHARMAGEST Group is particularly vigilant in the area of compliance with covenants that may be requested by banks.

The data with respect to PHARMAGEST Group's borrowing is included in the presentation of the consolidated financial statements in Section 20.3.1.5. - Note 6.4 of this Registration Document.

10.4 Restrictions on the use of capital resources

There are no restrictions on the use of capital resources that have materially affected or could materially affect, directly or indirectly, PHARMAGEST Group's operations.

10.5 Anticipated sources of funds needed to fulfil future commitments

The work for the expansion of its headquarters is financed by PHARMAGEST Group by means of a 8-year fixed-rate €9 million loan.

Other investments, working capital requirements and dividend payments will be financed from operating cash flow and, as applicable, the sale of assets or net issuances of debt.

11 RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES

11.1 Research and Development (R&D)

PHARMAGEST Group's **R&D policy** aims to design innovative software and satellite solutions, to offer new products, to maintain and upgrade existing solutions, and to meet internal development needs.

This policy is at the heart of PHARMAGEST Group's business and underpinned by a thorough knowledge of the needs and expectations of its customer base, which is reflected in:

- Continuous upgrades to systems and user support at all stages of the chain, from initial consulting, through to sales, ordering and management;
- Taking into account the complexity of the billing-related functionalities (to include direct payment, third-party payers, mutual insurance companies, etc.).

PHARMAGEST Group's R&D is based on synergies between PHARMAGEST INTERACTIVE and its different subsidiaries including AXIGATE, DIATELIC, DICSIT INFORMATIQUE, GROUPE DOMEDIC, SAILENDRA, HDM, INTECUM, KAPELSE, MALTA INFORMATIQUE, NANCEO, NOVIA SEARCH, NOVIATEK, SABCO and PHARMAGEST ITALIA.

To support its strategy of integrating new know-how and countries, adapting to changes in its environment, adjusting to unforeseen developments and promoting a convergence of efforts for the beneficiaries of it solutions, PHARMAGEST Group has adopted an agile European, multi-professional health sector organisation, capable of being replicated, homogeneous and extendable.

Conscious of the need to create closer relations between the operating teams and the research and development teams, R&D is now integrated within PHARMAGEST Group's different divisions.

Under the responsibility of the Programme Managers in the Divisions, each project is headed by a project manager who leads the teams of business application analysts (engineering department), development analysts and testers tasked with ensuring the functionality of the components developed.

This Division-based R&D organisation supported by a cross-corporate Technical Department covering the entire Group ensures coherence in the developments produced.

The total expenditure for Research and Development posted to the IFRS consolidated financial statements is presented in Section 20.3.1.5, Note 3.

11.2 Patents

The Group owns the patent for the LGPI Global Services® software in France.

The Group subsidiaries (AXIGATE, CAREMEDS, DIATELIC, DICSIT INFORMATIQUE, GROUPE DOMEDIC, INTECUM, KAPELSE, MALTA INFORMATIQUE, MULTIMEDS, NOVIA SEARCH, NOVIATEK and PHARMAGEST ITALIA) hold the patents for systems having been developed.

12 TREND INFORMATION

12.1 Most significant trends

12.1.1 Revenue by Division

The Pharmacy Europe Solutions Division accounted for 77.26% of PHARMAGEST Group's total revenue, or €114.72 million as of 31 December 2018, up 12.7% from revenue act 31 December 2017 restated for IFRS 15 and 9.

- Revenue for the Pharmacy France Business Unit grew 6.7% from 2017 to €105.29 million, and was driven by revenue from renewals;
- The Pharmacy Belgium and Luxembourg Business Unit had €4.21 million in revenue, up 32.4% from the previous period;
- The Pharmacy Italy Business Unit has €5.23 million since March 2018.

The e-Health Division reported €12.82 million in revenue as of 31 December 2018, a 11.9% increase from one year earlier. This division is driven by the sale of new CAREMEDS and MULTIMEDS products as well as connected devices developed by PHARMAGEST Group whose built-in intelligence addresses the needs and expectations of healthcare professionals. Solutions for e-Health contributed 8.63% to PHARMAGEST Group's total revenue in 2016.

The Health and Social Care Facilities Solutions Division registered continuing commercial momentum. The buoyancy of this segment and its expanded offering from the successive acquisitions of DICSIT INFORMATIQUE and AXIGATE contributed to strong growth for this Division with revenue of €19.27 million at 31 December 2018, up 29.7% from one year earlier. The Health and Social Care Facilities Solutions Division accounted for 12.98% of Group revenue at the end of 2018.

The Fintech Division had revenue of €1.67 million at 31 December 2018, up from one year earlier. The Fintech Division accounted for 1.12% to PHARMAGEST Group's total revenue in 2018.

12.1.2 2018 operating highlights

PHARMAGEST Group presents its solutions at the Consumer Electronics Show (CES) in Las Vegas - Using Artificial Intelligence to allow vulnerable persons remain in their homes

From 9 to 12 January 2018, PHARMAGEST Group demonstrated the potential of its NOVIACARE and CARELIB solutions in helping vulnerable persons remain in their homes as long as possible.

PHARMAGEST Group enters Italy with the acquisition of market leader

Continuing its European expansion, PHARMAGEST Group entered Italy by acquiring a 79% majority stake in the capital of MACROSOFT HOLDING, renamed PHARMAGEST ITALIA. In 2018, the country's market leader in IT equipment and services for pharmacy wholesalers-distributors rolled its innovative new software offering for Italian pharmacies. The goal of PHARMAGEST ITALIA, now part of the Pharmacy Europe Solutions Division is to equip 20% of the Italian pharmacy market within five years. This acquisition reflects the Group's strategy for building a dedicated global ecosystem at the European level.

AXIGATE wins the call for tenders for the Armor territorial hospital group

AXIGATE, a subsidiary of PHARMAGEST Group's Health and Social Care Facilities Solutions Division, was selected for its innovative 100% cloud-based solution for patient care management for hospitals, in partnership with GFI. The Armor territorial hospital group (*Groupement Hospitalier de Territoire* or GHT) includes five establishments. This success highlights the relevance of AXIGATE's innovative market positioning as a French hospital information systems leader.

Partnership between PHARMAGEST Group and Korian Group

PHARMAGEST Group, the European expert in providing care and support services for seniors, announces a partnership with KORIAN (Euronext Paris - A - FR0010386334) to co-create an innovative multi-service offering care and support for vulnerable people both at home and in assisted living facilities for the elderly. This major partnership strengthens the Group's position as a key provider of innovative technological telecare solutions. The aim of this collaboration is to co-develop a platform for home-based connected objects, providing elderly persons with impaired autonomy with innovative services for prevention, telecare and maintaining social ties to remain in their homes as long as possible.

This partnership is based on PHARMAGEST Group's CARELIB offering and the co-construction of a Box Korian powered by CARELIB to be distributed as a white label product by KORIAN to customers of its French network for extended stays at after-care and rehabilitation facilities or senior assisted living facilities.

ENephro telemonitoring - Eligibility for reimbursement by the French national health insurance and partnership with the Nancy Regional and University Hospital (CHRU)

PHARMAGEST Group announces that eNephro, its home telemonitoring solution for chronic kidney disease patients developed since 2013, has qualified for the French ETAPES program (experimental telemedicine solutions for improving health care pathways) and will be eligible for reimbursement by French health insurance for its monitoring modules for patients in certain dialysis units (UAD / autonomous dialysis units), (UDM - medical supervised dialysis) and for post-transplantation monitoring. eNephro becomes the first solution for patients with chronic renal failure at different stages of their illness covered by the French health insurance system for monitoring dialysis in autonomous and medically supervised dialysis units and for post-transplantation monitoring.

PHARMAGEST Group also announced a partnership with the Nancy Regional and University Hospital (CHRU) focusing on this innovative technological solution.

MALTA INFORMATIQUE launches a teleconsultation solution for senior assisted living facilities

TITAN TELECONSULTATION is a new module destined exclusively for senior assisted living facilities for the elderly and persons with disabilities. This solution will be proposed to 2,000 elderly assisted living facilities that MALTA INFORMATIQUE also equips with its TITAN software applications. TITAN TELECONSULTATION is among the most technically comprehensive solutions on the market and the only teleconsultation solution for doctors fully integrated with the TITAN patient file at senior assisted living facilities.

TITAN CONSULTATION complies with all teleconsultation prerequisites of the French National Authority for Health (HAS - *Haute Autorité de Santé*).

NOVIATEK obtains the Product of the Year and Gold Award of the Hong Kong Electronic Industries Association (HKEIA)

The Hong Kong Electronic Industries Association (HKEIA) awarded NOVIATEK the prestigious Product of the Year and Gold Award on 15 October 2018 at its fall edition of the Hong Kong Electronics Fair.

This award for outstanding innovation and technology was given to NOVIATEK for its AI driven health box for seniors (Santé Senior NOVIACARE® by PHARMAGEST), in the categories of "*Innovation and Technology*" categories as well as the general category of "*Product of the year*". This award was given to NOVIATEK during the 2018 HKTDC Hong Kong Electronics Fair (Fall Edition), the world's second largest electronics show which recognises and rewards excellence in product design, technology, reliability and innovation.

CEGEDIM and PHARMAGEST - a strategic technological partnership in France

CEGEDIM, an innovative technology and services company, and PHARMAGEST INTERACTIVE, the French pharmacy information technology leader, announced a partnership in France to streamline patient health care pathways and relations between non-hospital and hospital segments by leveraging their software expertise as a solution for addressing low physician density and population ageing in France.

CEGEDIM and PHARMAGEST are major sources of efficiencies for improving healthcare pathways in France. On that basis, the interoperability and process for exchanging information between the solutions of the two groups concerns relations between senior assisted living facilities (EHPAD), hospital at home programmes, hospitals and pharmacies on the one hand and non-hospital physicians, health centres, multi-professional and paramedical healthcare providers on the other hand;

This strong strategic partnership will enable the two partners to widely deploy in both non-hospital and hospital segments their innovative teleconsultation and remote medical monitoring solutions.

12.2 Potential developments

Outlook for the Pharmacy Europe Solutions Division

The Pharmacy France Business Unit

Through its proven business models and dynamic sales teams, the Pharmacy France Business Unit is expected to maintain good momentum through organic growth by introducing improved functionalities to its pharmacy management application (LGPI).

The Pharmacy France Business Unit in 2019 will introduce new offerings which are expected to provide growth drivers. As an example, the new OffiLocker solution, a pharmacy locker system, will enable patients and healthcare professionals to retrieve selected products ordered outside of pharmacy business hours, round-the-clock. This will offer a significant time savings for the patient while increasing the availability of the pharmacist. Another example, OffiTéléconsult will enable patients to consult a doctor remotely from pharmacies equipped with this solution.

The Belgium and Luxembourg Pharmacy Business Unit

On 1 January 2019, SABCO and SABCO SERVICES were renamed respectively PHARMAGEST LUXEMBOURG and PHARMAGEST BELGIUM. This strategic choice of unifying the subsidiaries of PHARMAGEST Group under a single name highlights its commitment to reinforce its leadership position in Europe as a provider of software solutions for pharmacies.

The Pharmacy Belgium and Luxembourg Business Unit is aiming for continued growth throughout Belgium and Luxembourg and forecasts an increase in the number of pharmacies running its software.
In 2019, the commercial efforts of PHARMAGEST BELGIUM and LUXEMBOURG will continue to focus on pharmacy groups and independent pharmacists. The new solutions developed or under development will provide them with an undisputed competitive advantage, based on state-of-the-art technologies and will address new requirements resulting from commercial and regulatory developments of the sector.
In parallel, the Group's Belgian and Luxembourg companies are seeking to solidify their existing customer base by optimising services offered an expanding their offering of software training. These efforts are destined to increase the satisfaction rate and promote the long-term retention of customers.
Key developments expected in 2019 include:

- **OffiTag:** the e-paper electronic labelling solution, 100% compatible with the pharmacy business application, ULTIMATE. The OffiTag labels help pharmacist gain time, modernise their merchandising displays while ensuring that its customers are always offered the right price.
- Through the **new information portal**, Belgian pharmacists are offered access to consult general articles about the pharmaceutical world and articles focusing on their profession through a web interface as easy to use as a web browser.
- The integration of the **FMD Module** (Falsified Medicines Directive) into the ULTIMATE application insurance compliance with European regulation governing the traceability of drugs from their manufacture to their sale to the patient.
- The **Bandagist Module** which can be integrated in the ULTIMATE application facilitates the reimbursement of small medical devices (pads, bags, bandages, etc.).

The Pharmacy Italy Business Unit

The Pharmacy Italy Business Unit will focus its efforts on deploying its new software management solution for Italian pharmacies, SOPHIA. To achieve its goal of a 20% market share by 2024, this business unit intends to accelerate the development of its commercial networks and develop lasting positions in Italy's different regions.
This development will also be supported by the shared expertise and international product range of the Group.

More generally, the Pharmacy Europe Solutions Division is continuing to focus on developing more global solutions exemplified by its comprehensive pharmacy management software (*LMO - Logiciel Métier d'Officine*). These programs will handle management tasks (Pharmacy Management Software such as LGPI), in addition to offering solutions for a specific pharmacy applications such as medication adherence monitoring software (*Logiciel de Suivi d'Observance or LSO*) or dispensing systems.

Outlook for the e-Health Solutions Division

The e-Patient Business Unit

The e-Patient Business Unit will continue to deploy its solutions in the framework of national and regional calls for projects for which PHARMAGEST Group was selected.

The "36 more months at home" project is a promising industry growth driver for the Group. Currently being tested in Lorraine, the project is destined to be extended across France, and includes the construction of fully equipped retirement homes.

The e-Patient Business Unit will also benefit from the commercial rollout of its NOVIACARETM solution within the consumer segment in both France and international markets.

As part of the ETAPES Programme, the qualification for coverage by the France health insurance agency for the eNephro platform also opens up promising prospects.

The E-Connect Business Unit

The outlook for the E-Connect Business Unit can be summarised as follows:

- Rollout the new telehealth solutions developed in 2018;
- Roll out new innovative services to equip its installed product base;
- Maintain growth levels;
- Be selected for new telehealth projects;
- Address new markets both for healthcare professionals and e-Health.

To these are added for all future projects, implementing synergies among the companies included in this Business Unit, i.e. KAPELSE, NOVIATEK and NOVIA SEARCH, and the other subsidiaries of PHARMAGEST Group and LA COOPERATIVE WELCOOP.

The E-Pharma Business Unit

The e-pharma Business Unit intends to develop sales through the digital communication solutions deployed by PHARMAGEST Group. The OffiMédia® and OffiTouch® solutions make it possible to package turnkey services for pharmaceutical companies and mutual insurers but also develop new services adapted to requirements for market access and market maintenance.

Following the acquisition of CAREMEDS and MULTIMEDS and the recent partnership formed with the Japanese company YUYAMA, growth of this Business Unit will also be driven by the development of global medication adherence monitoring solutions integrating both the technological and manual components such as PDA (preparation of doses to be administered).

The growth prospects for the e-Health Solutions Division are also linked to the partnership between DOMEDIC GROUP and TELUS SANTE for improving medication adherence in Canada Through this partnership, the PHARMAGEST Group hopes to deploy its e-Health solutions in the North American market. The first products originating from this partnership should be tested and then introduced on the market in 2019.

Outlook for the Health and Social Care Facilities Solutions Division

MALTA INFORMATIQUE's continuing growth in 2019 will be supported by reinforced sales teams and in particular the creation of positions of sales engineers specifically devoted to senior assisted living facilities groups.

In 2019, this reinforced team will continue to market all offerings of MALTA INFORMATIQUE and DICSIT INFORMATIQUE and, by leveraging the high level of knowledge of decision-makers, will generate new opportunities in regional markets. The successful merger of MALTA INFORMATIQUE and DICSIT INFORMATIQUE initiated in 2018 will also provide improved synergies and opportunities for growth.

DICSIT INFORMATIQUE is launching its new MOBISOINS solution for patients and private practitioners as well as the portal designed for healthcare professionals.

AXIGATE will continue to focus on a strategy to develop its commercial offering for territorial hospital groups and its installed base of customers.

MALTA INFORMATIQUE, DICSIT INFORMATIQUE and AXIGATE will continue to develop their joint offering (PATIENT PATHWAY and FILE TRANSFER) in connection with the provision of secure personal health data hosting services.

Outlook for the Fintech Division

The Fintech Division's performance for its first three years confirms the relevance of its business model and sets the stage for the development by NANCEO of a marketplace for equipment sales financing and services going beyond the healthcare sector, both in France and international markets.

External growth strategy

PHARMAGEST Group will continue to explore external growth opportunities both in France and international markets in the following development areas:

- Services and technologies it could offer to its pharmacist customers to help them in their new advisory role;
- The technological areas that are promising for the development of new products or services to enhance the profitability of pharmacies and/or the efficiency of health systems.

To support this strategy, PHARMAGEST Group established an International Development Department which in 2018 spearheaded the different acquisitions and partnerships completed. In 2019, PHARMAGEST Group hopes to develop new collaborations.

13 PROFIT FORECASTS OR ESTIMATES

As in previous financial years, the PHARMAGEST INTERACTIVE does not disclose any profit forecasts or estimates in its Registration Document.

14 CORPORATE GOVERNANCE

14.1 Composition and operation of the administrative, management and supervisory bodies

14.1.1 Composition of the Board of Directors at 31 December 2018

Member's full name or Company Name and their functions	Term expiration date [1]
Mr. Thierry CHAPUSOT *Chair of the Board of Directors*	31 December 2019
Mr. Dominique PAUTRAT *Managing Director and Director*	31 December 2019 (MD) 31 December 2020 (Director)
Mr. Thierry PONNELLE *Deputy Managing Director and Director*	31 December 2019 (DMD) 31 December 2019 (Director)
Mr. Denis SUPPLISSON *Deputy Managing Director and Director*	31 December 2019 (DMD) 31 December 2020 (Director)
Mr. Daniel ANTOINE *Director*	31 December 2019
Ms. Marie-Louise LIGER *Independent Director*	31 December 2020
Mr. François JACQUEL *Director*	31 December 2019
Ms. Anne LHOTE *Director*	31 December 2022
Ms. Sophie MAYEUX *Independent Director*	31 December 2023
Ms. Céline GRIS *Independent Director*	31 December 2022
Ms. Emilie LECOMTE *Director*	31 December 2022
LA COOPERATIVE WELCOOP *(formerly named GROUPE WELCOOP)* *represented by Mr. Hugues MOREAUX, Director*	31 December 2019

[1] The term of office ends at the close of the Annual General Meeting called to approve the financial statements for the financial year indicated.

14.1.2 Biographical information for members of the administrative, management, and supervisory bodies and executive management

DIRECTORS

Mr. Thierry CHAPUSOT : Born on 29 April 1959 in NANCY (FRANCE).
He has an engineering degree from Polytech Nancy (ex-ESSTIN) and a post-master's degree (DESS) in Biomedical Engineering obtained in 1982.
He began his career in 1983 as a micro-electronics design engineer with TEXET Corporation in Dallas, USA.
On his return to France, he founded CP INFORMATIQUE in 1986 in DIJON, a company specialising in information systems for pharmacists.
1996 marked a new phase of his career when he founded PHARMAGEST INTERACTIVE with Thierry PONNELLE and Vincent PONNELLE. He held the position of Managing Director of the company until 31 December 2009.
In 1998 PHARMAGEST INTERACTIVE joined LA COOPERATIVE WELCOOP (formerly GROUPE WELCOOP). He has served as a member of the Management Boards of LA COOPERATIVE WELCOOP since 2006 and MARQUE VERTE SANTE since 2008.
On 1 January 2010, he was appointed Chair of the Management Board of LA COOPERATIVE WELCOOP and MARQUE VERTE SANTE and Chair of the Board of Directors of PHARMAGEST INTERACTIVE.

Mr. Dominique PAUTRAT : Born on 2 March 1965 in NEVERS (FRANCE).
Brevet de Technicien Supérieur in information technology.
1987: He held the position of sales representative at CP INFORMATIQUE DIJON (now part of PHARMAGEST INTERACTIVE).
1990-1999: Founded and headed up CP INFORMATIQUE CENTRE (now part of PHARMAGEST INTERACTIVE).
2000-2007: Founded and headed up PHARMAGEST INTERACTIVE's Pharmaceutical Companies business.
2008 to 2009: Deputy Managing Director (non-Board Member) in charge of PHARMAGEST INTERACTIVE's Pharmacy France business.
2009: Deputy Managing Director and Director of PHARMAGEST INTERACTIVE.
Appointed to the office of Managing Director and Director of PHARMAGEST INTERACTIVE on 1 January 2010.
As of 1 January 2013: Member of the Management Boards of LA COOPERATIVE WELCOOP and MARQUE VERTE SANTE.

Mr. Thierry PONNELLE : Born on 22 May 1960 in NANCY (FRANCE).
Thierry PONNELLE began his career in 1982 at ROUSSEAU INFORMATIQUE, the independent software vendor (ISV) that developed of PHARMAGEST® software.
He promoted sales of the PHARMAGEST® software package in the eastern region of France and managed a national distribution network for France.
In 1996, he founded PHARMAGEST INTERACTIVE with Thierry CHAPUSOT and Vincent PONNELLE
PHARMAGEST INTERACTIVE joined the LA COOPERATIVE WELCOOP in 1998 and Thierry PONNELLE was appointed to the position of Sales and Marketing Director of PHARMAGEST INTERACTIVE.
He is currently Deputy Managing Director of PHARMAGEST INTERACTIVE and Head of Sales and Marketing Strategy.

Mr. Denis SUPPLISSON : Born on 19 March 1969 in LUÇON (FRANCE).
He began his career in 1991 with PHARMAGEST INTERACTIVE first as a Technical Manager and then becoming Customer Services Manager for the Centre region.
2002: Head of Customer Services for France.
2010: Head of the Pharmacy France business.
November 2010: Appointed Deputy Managing Director (non-Board Member) of PHARMAGEST INTERACTIVE.
As of 1 January 2013: Deputy Managing Director and Director of PHARMAGEST INTERACTIVE and President of the Pharmacy Europe Solutions Division.

Mr. Daniel ANTOINE : Born on 26 March 1952 in BLAMONT (FRANCE).
He qualified as a Pharmacist from the University of Nancy in 1977 A dispensing pharmacist with a pharmacy located at CHARMES (88) since 1978.
Vice-Chair of the Supervisory Board of LA COOPERATIVE WELCOOP.
Member of the MARQUE VERTE SANTE Supervisory Board from 2008 to 2010, then permanent representative of LA COOPERATIVE WELCOOP and member of the MARQUE VERTE SANTE Supervisory Board from 1 January 2011.
Member of the Board of Directors of PHARMAGEST INTERACTIVE.
Member of the Audit Committee of PHARMAGEST INTERACTIVE.
Chair of Syndicat des Pharmaciens des Vosges (member of the French federation of pharmacy unions - FSPF) since 1996.
Member of the Board of Directors of the FSPF since 2001.

Ms. Marie-Louise LIGER, Independent Director: Born on 24 January 1952 in BAGNEUX (FRANCE).
Graduated from Institut Commercial de Nancy in 1973.
1979 to 2012: Chartered accountant, Statutory Auditor (managing partner in accounting firm SECEF) until 31/12/2012 – Honorary managing partner since 01/01/2013.
Since1982: Legal expert accredited by the NANCY Appeal Court, registered on the *Cour de Cassation*'s national list of legal experts from 2005. Expert at the NANCY Administrative Appeal Court from 2015.
1994 to 1996: Regional advisor to the LORRAINE Institute of Chartered Accountants
Since 1996: Member of the Board of Directors of the *Compagnie des Experts Judiciaires* at the NANCY Court of Appeals, Treasurer and then Chairperson from 2003 to 2006 - Honorary Chairperson since 2007.
1999 to 2015: Chair of the *Compagnie des Experts-Comptables Judiciaires*, NANCY-METZ section.
2005 to 2015: Member of the Board of Directors of the Conseil National des Experts de Justice (French national council of legal experts), Treasurer from 2007 to 2015, and Treasurer of the MOSELLE inter-company mediation centre (CMIM - *Centre de Médiation Inter-Entreprises de Moselle*).
2007 to 2012: Member of France's social housing committee, the Commission HLM and CIL at the national auditing body, *Compagnie Nationale des Commissaires aux Comptes*.
As of 26 June 2015: Member of PHARMAGEST INTERACTIVE's Board of Directors and member of the Audit Committee, Chairperson of the Audit Committee since 1 July 2015.

Mr. François JACQUEL : Born on 26 December 1958 in PERPIGNAN (FRANCE).
He qualified as a Pharmacist from the University of Nancy in 1985.
Graduated in veterinary pharmacy from Lyon University in 1998.
1987 to 1988: Commercial pharmacist at CERP NANCY.
1989 to 1991: Director of the CERP TROYES branch.
1992 to 1994: Director of Liège Pharma, a subsidiary of the Belgium-based CERP LORRAINE Group.
1995 to 2001: Director of the CERP TROYES branch.
Since 2001: Practising pharmacist at MUSSY-SUR-SEINE (FRANCE).
Member of the Board of Directors of PHARMAGEST INTERACTIVE effective on 1 January 2011.
Member of the Audit Committee of PHARMAGEST INTERACTIVE effective on 1 January 2011.
Member of the Supervisory Board of LA COOPERATIVE WELCOOP.

Ms. Anne LHOTE : Born on 12 August 1968 in LAXOU (FRANCE).
Master's Degree in Accounting and Finance (MSTCF).
1991 to 1996: Employed in a regional accounting firm.
In 1997: qualified as a chartered accountant.
1997 to 2003: Chartered accountant, managing partner of a regional accounting firm, with responsibility for the LA COOPERATIVE WELCOOP account.
In 2003: joined LA COOPERATIVE WELCOOP as Chief Administrative and Financial Officer. Since April 2017, she has served as its Secretary General.
Member of the Management Board of MARQUE VERTE SANTE since September 2005.
Member of the Management Board of LA COOPERATIVE WELCOOP since 1 January 2010.
Member of the Board of PHARMAGEST INTERACTIVE since 16 June 2011.

Ms. Sophie MAYEUX (Independent Director): Born on 28 June 1957 in REIMS (FRANCE).
A postgraduate degree in business administration (DESS CAAE) from the Institute of Business Administration (IAE) (NANCY) in 1983.
In 1981, she created the S.D.I.C.CONSEIL business communications consultancy as a private practice in NANCY. This business is on-going.
Since 1988: Design, organisation and management of the Excelsior Breakfast Meetings in Nancy, and then the Flo Breakfast Meetings in Metz.
From October 1995 to October 2000: Managing Director of the publication, Est Eco, a subsidiary of the Est Républicain Group.
From November 2000 to April 2001: Project manager for the Est Républicain group.
Deputy Mayor of NANCY since March 2001.
General Councillor for Meurthe et Moselle (Nancy-Ouest canton) since October 2011.
Since 2002: Member of the *"Femmes débats et Société"* (FDS - Women, Debate and Society) Association.
As of 22 June 2012: Director of PHARMAGEST INTERACTIVE.

Ms. Céline GRIS (Independent Director): Born on 14 July 1977 in TOURS (FRANCE).
1997-2000: A graduate of the EFAP Image School of Communications and Media Relations.
1999-2000: Communications manager and sales engineer in a Paris-based company (B2B event organiser).
2000-2003: Communications manager, partnerships and media relations for a Paris-based company for Internet wine sales.
2004-2005: Project manager - event communications for a municipality in Brittany, France.
2005-2010: Communications manager for a family-owned company.
2010-2011: Executive assistant at a family-owned company.
2015-2016: Master's degree in Law, Economics and Management, specialty in SMEs and intermediate sized companies.
Since 2012: Managing Director of a family-owned company.
As of 27 June 2017: Director of PHARMAGEST INTERACTIVE.

Ms. Emilie LECOMTE: Born on 15 November 1978 in NANCY (FRANCE).
Doctorate in Pharmacy from the University of NANCY in 2004.
2005: Creation of PHARMACIE LECOMTE – DALLA COSTA (Pharmacie Patton) in HETTANGE GRANDE of which she is co-manager.
Since 2014: Member of the Supervisory Board of LA COOPERATIVE WELCOOP.
As of 27 June 2017: Director of PHARMAGEST INTERACTIVE.

Mr. Hugues MOREAUX: Born on 10 June 1953 in CANDERAN (FRANCE).
Doctor in Pharmacy, community Pharmacist, graduated from Bordeaux University, and established in Capbreton (FRANCE) since 1987.
Chair of the Supervisory Board of LA COOPERATIVE WELCOOP as of 1 January 2011.
Chair of the Supervisory Board of MARQUE VERTE SANTE as of 1 January 2011.
Member of the Board of Directors of PHARMAGEST INTERACTIVE, then with effect from 1 January 2011, permanent representative of LA COOPERATIVE WELCOOP, Director of PHARMAGEST INTERACTIVE.
Secretary General of the Regional Council of the Order of Pharmacists (CROP) of Aquitaine.

14.1.3 List of offices held during the past five years

Mr. Thierry CHAPUSOT

Companies	Office/Directorship
PHARMAGEST INTERACTIVE*	As of 01/01/2010: Chair of the Board of Directors
LA COOPERATIVE WELCOOP *(formerly named GROUPE WELCOOP)*	Management Board member as from April 2006 As of 01/01/2010: Chair of the Management Board
MARQUE VERTE SANTE	Management Board member as of 28/07/2008 As of 01/01/2010: Chair of the Management Board
D'MEDICA	Director from 13/05/2009 to 31/12/2012, then Chairman of the Board of Directors as of 01/01/2013
OBJECTIF PHARMA	Chair and Director from 05/10/2010
DEVELOPPEMENT PROMOTION CRISTERS *(a company wound up by the simplified merger procedure entailing the company's dissolution and the global transfer of its assets and liabilities on 11/04/2018)*	Chair from 22/11/2013 to 11/04/2018 *(following the simplified merger procedure)*
LABORATOIRE MARQUE VERTE	Representative of LA COOPERATIVE WELCOOP, Director from 01/01/2010
SCI CERP IMMO 2	Representative of LA COOPERATIVE WELCOOP, Manager from 01/01/2010
DIATELIC	Director from 08/09/2010 to 14/05/2014
SOCIETE CIVILE DE L'ERMITAGE SAINT JOSEPH	Manager
SARL DUVAL DE VITRIMONT	Manager as from March 2011
SCI JAMERAI	Manager since 2006
GROUPE DOMEDIC *(Canadian company)*	Director from 05/05/2011
DOMEDIC EUROPE	Chairman of the Board of Directors until 23/05/2012, then Director
PLANT ADVANCED TECHNOLOGIES - PAT*	Director from 30/06/2015
UK PHARMA *(English company)*	Director appointed as from 01/06/2016
WELFINITY GROUP *(Luxembourg company)*	Director since 22/02/2017
HENRI POINCARE *(a French joint stock company or Société Anonyme and semi-public entity)*	Director representing the committee of minority shareholders as from 19/06/2018

* *Listed company*

Mr. Dominique PAUTRAT

Companies	Office/Directorship
PHARMAGEST INTERACTIVE	Managing Director and Director from 01/01/2010
ADI - APPLICATIONS ET DEVELOPPEMENTS INFORMATIQUES	Board representative of CP INTERACTIVE from 01/01/2010
DC INFORMATIQUE *(company wound up by the merger procedure entailing the company's dissolution and the global transfer of its assets and liabilities on 28/06/2016)*	Managing Partner from 01/01/2010 to 28/06/2016
CP INTERACTIVE	Manager as of 01/01/2010
EUROPEAN HEALTH LOGISTIC SOURCING - EHLS	Representative of the Chair of PHARMAGEST INTERACTIVE from 01/01/2010
SCI HUROBREGA	Manager as of 01/01/2010
HDM *(Mauritius)*	Director as from 02/01/2010
SABCO *(Luxembourg company)*	Chairman and Director from 24/12/2009
SABCO SERVICES *(Belgian company)*	Manager as of 09/09/2009
SCI MESSIRE JACQUES	Manager
SC CHANOINE JACOB	Manager as of 21/12/2013
DIATELIC	Director until 30/01/2012, Chairman of the Board of Directors until 14/05/2014 then representative of the Chairman of PHARMAGEST INTERACTIVE
QUALITY FLUX *(Belgian company) (wound up in the 2018 first half)*	Director from 2011 to 2015
GROUPE DOMEDIC *(Canadian company)*	Director from 05/05/2011
DOMEDIC EUROPE	Managing Director and Director until 23/05/2012 then Chair of the Board of Directors
KAPELSE	Representative of the Chair of PHARMAGEST INTERACTIVE from 18/12/2012
LA COOPERATIVE WELCOOP *(formerly named GROUPE WELCOOP)*	Membre du Directoire à compter du 01/01/2013
MARQUE VERTE SANTE	Management Board member as of 01/01/2013
LABORATOIRE MARQUE VERTE	Chair of the Board of Directors from 01/01/2013
UK PHARMA *(English company)*	Director as from 01/12/2016
WELFINITY GROUP *(Luxembourg company)*	Managing Director from 22/02/2017
PHARMAGEST ITALIA (formerly named MACROSOFT HOLDING) (an Italian company)	Member of the Board of Directors from 14/09/2018

Mr. Thierry PONNELLE

Companies	Office/Directorship
PHARMAGEST INTERACTIVE	Deputy Managing Director and Director from 30/05/2002
ADI - APPLICATIONS ET DEVELOPPEMENTS INFORMATIQUES	Board representative of PHARMAGEST INTERACTIVE

Mr. Denis SUPPLISSON

Companies	Office/Directorship
PHARMAGEST INTERACTIVE	Deputy Managing Director (non-Board Member) from 09/11/2010 to 31/12/2012, then Deputy Managing Director and Director from 01/01/2013
DOMEDIC EUROPE	Director from 10/06/2011, then Managing Director and Director as of 24/01/2014
SABCO *(Luxembourg company)*	Director from 11/06/2012, then Managing Director as of 28/04/2016
INTECUM	Chair from 01/01/2013
CAREMEDS *(English company)*	Director as from 29/01/2017
MULTIMEDS *(English company)*	Director as from 29/01/2017
CPSI *(wound through a simplified merger procedure)*	Manager from 30/01/2014 to 08/01/2018
PHARMAGEST ITALIA *(formerly named MACROSOFT HOLDING) (Italian company)*	Chair of the Board of Directors from 14/09/2018

Mr. Daniel ANTOINE

Companies	Office/Directorship
PHARMAGEST INTERACTIVE	Director from 30/05/2002
LA COOPERATIVE WELCOOP *(formerly named GROUPE WELCOOP)*	Vice-Chair of the Supervisory Board
MARQUE VERTE SANTE	Representative of the Member of the Supervisory Board, LA COOPERATIVE WELCOOP, from 01/01/2011
OBJECTIF PHARMA	Supervisory Board member from 05/10/2010
INVESTIPHARM FRANCE	Director
SCI JADD	Manager

Ms. Marie-Louise LIGER

Company	Office
PHARMAGEST INTERACTIVE	Independent Director from 26/06/2015

Mr. François JACQUEL

Companies	Office
PHARMAGEST INTERACTIVE	Director from 01/01/2011
LA COOPERATIVE WELCOOP *(formerly named GROUPE WELCOOP)*	Supervisory Board member
SELARL FRANCOIS JACQUEL	Manager
SA PHARMA 10	Supervisory Board member until 31/03/2014
SCI CRAPAUDINE	Co-Manager

Ms. Anne LHOTE

Companies	Office/Directorship
PHARMAGEST INTERACTIVE	Director from 16/06/2011
LA COOPERATVE WELCOOP *(formerly named GROUPE WELCOOP)*	Management Board member as of 01/01/2010
MARQUE VERTE SANTE	Management Board member since September 2005
INVESTIPHARM FRANCE	Chair of the Board of Directors from 01/01/2010
D'MEDICA	Director
UK PHARMA *(English company)*	Manager until 30/11/2016
ESPAFARMED *(Spanish company)*	Director until 02/05/2017
ITAFARM *(Italian company)*	Director
SOFAREX *(Belgian company)*	Managing Director
INVESTIPHARM BELGIUM *(Belgian company)*	Managing Director
ALPHA FINANCE REPARTITION *(Belgian company)*	Managing Director
ALPHA REPARTITION *(Belgian company)*	Managing Director from 20/06/2017
BELGIUM INVESTMENT DISTRIBUTION *(Belgian company)*	Board representative of STALLION MANAGEMENT until 09/12/2014
STALLION MANAGEMENT *(Luxembourg company)*	Director until 09/12/2014
OBJECTIF PHARMA	Member of the Management Board since 25/06/2009
AUXI EXPORT *(Belgian company)*	Manager until 28/02/2017
PHARMALAB INTERNATIONAL *(Hong Kong)*	Director as from 28/11/2014

Ms. Sophie MAYEUX

Company	Office
PHARMAGEST INTERACTIVE	Independent Director from 22/06/2012

Ms. Céline GRIS

Companies	Office
PHARMAGEST INTERACTIVE	Independent Director from 27/06/2017
GRIS DECOUPAGE	Managing Director as from 01/01/2013
GRIS INVEST INDUSTRIES - G 21	Managing Director as from 01/01/2012
ESKARCEL	Co-manager as from 10/12/2013
STAMPEO *(revoked company)*	Manager from 01/01/2013 to 28/05/2016

Ms. Emilie LECOMTE

Companies	Office
PHARMAGEST INTERACTIVE	Director from 27/06/2017
PHARMACIE LECOMTE DALLA COSTA	Co-manager sine 2005
SARL LECOMTE DALLA-COSTA	Co-manager sine 2014
OBJECTIF PHARMA	Supervisory Board member since 05/06/2014
LA COOPERATIVE WELCOOP *(formerly named GROUPE WELCOOP)*	Supervisory Board member since 06/06/2014

Mr. Hugues MOREAUX

Companies	Office/Directorship
PHARMAGEST INTERACTIVE	Board representative of LA COOPERATIVE WELCOOP as from 01/01/2011
LA COOPERATIVE WELCOOP *(formerly named GROUPE WELCOOP)*	Chair of the Supervisory Board as from 01/01/2011
MARQUE VERTE SANTE	Chair of the Supervisory Board as from 01/01/2011
D'MEDICA	Board representative of LA COOPERATIVE WELCOOP as from 26/06/2009
OBJECTIF PHARMA	Supervisory Board member from 25/06/2009 Vice Chair of the Supervisory Board from 01/01/2011 to 07/06/2018, then Supervisory Board member
LABORATOIRE MARQUE VERTE	Director from 01/01/2011
INVESTIPHARM FRANCE	Board representative of LA COOPERATIVE WELCOOP as from 01/01/2011
SNC MOREAUX DUCASSOU	Co-manager until 30/11/2017
SCI DU FRONTON	Manager

14.2 Absence of convictions and conflicts of interests concerning the members of the administrative, management and supervisory bodies and senior management

Absence of convictions for fraud by members of the Board of Directors

To the best of PHARMAGEST INTERACTIVE's knowledge, none of the company's corporate officers or managing directors has:

- been convicted of fraud during at least the last five years;
- declared bankruptcy, been in receivership or liquidation during at least the last five years;
- been the subject of an accusation and/or official public sanction ordered by statutory or regulatory authorities during at least the last five years.

Conflicts of interest involving the members of the board of directors, supervisory board and other corporate governance bodies

To the best of PHARMAGEST INTERACTIVE's knowledge and on the date of this Registration Document, there are no potential conflicts of interest with regards to PHARMAGEST INTERACTIVE between the duties of the corporate officers and the managing directors (*directeurs généraux*) and their private interests or other duties.

To the best of PHARMAGEST INTERACTIVE's knowledge, there is no arrangement or agreement concluded with shareholders, customers, suppliers or others by virtue of which a member of the Board of Directors was appointed to the Board or as Managing Director.

None of the corporate officers has contracts providing for benefits upon termination.

The issuer complies with the rules of corporate governance regime applicable in France.

The Board of Directors has three independent directors compared to a minimum of two recommended by the Middlenext corporate governance code to which PHARMAGEST INTERACTIVE refers.

Board expertise

The Board's members possess knowledge of the business sector, specific business line expertise, technical experience and/or management expertise, in human resources and financial areas.

15 COMPENSATION AND BENEFITS

The compensation paid by PHARMAGEST INTERACTIVE and the methods for determining compensation are set out in the report on corporate governance in Section 24.3 of this Registration Document.

The compensation paid by MARQUE VERTE SANTE and LA COOPERATIVE WELCOOP is also given in the report on corporate governance in Section 24.3 of this Registration Document.

16 BOARD AND MANAGEMENT PRACTICES

16.1 Terms of office of directors and officers

All information on the directors' offices, and notably the expiration dates of their terms, are included in the report on corporate governance presented in Section 24.3 - Subsection 2.3 of this Registration Document.

16.2 Service contracts

To the PHARMAGEST Group’s knowledge, there are no service agreements between directors or officers of PHARMAGEST INTERACTIVE or one of its subsidiaries providing for the grant of benefits under their terms.

16.3 Special committees

Audit Committee
In 2018, the Audit Committee comprised:

- Mr. Daniel ANTOINE, Director;
- Ms. Marie-Louise LIGER, Independent Director;
- Mr. François JACQUEL, Director.

Ms. Marie-Louise LIGER was appointed Chair of the Audit Committee as of 1 July 2015 and reappointed in 2018.

The operating methods for the Audit Committee are set out in the report on corporate governance included under Section 24.3 - Subsection 3.5.2 of this Registration Document.

Compensation Committee
A Compensation Committee does not exist.

16.4 Corporate governance regime

As of 2010, the Board of Directors of PHARMAGEST INTERACTIVE has adopted the MiddleNext Corporate Governance Code which it considers to be best adapted to its profile in light of its size and shareholder structure.

PHARMAGEST INTERACTIVE applies all the MiddleNext code's recommendations. The methods for applying these recommendations are set out in the report on corporate governance included under Section 24.3 – Subsections 1 to 4 of this Registration Document.

17 EMPLOYEES

17.1 Description of human resources

Human resources and the labour relations environment are described in the Non-Financial Statement presented in Section 24.1.2 of this Registration Document.

17.2 Shareholdings and stock options

Equity ownership
Employees do not own more than 3% of the share capital within the framework of the employee savings scheme.

Stock options
A stock option plan was implemented on 5 December 2014. The beneficiaries may exercise their options as from 5 December 2018. Corporate officers and the members of the Finance and Personnel Management Committee are not eligible for stock options.

17.3 Agreements and arrangements

Optional profit-sharing agreement
A profit-sharing agreement covering the scope of the PHARMAGEST Economic and Social Unit (ESU) was signed on 29 June 2017.
A profit-sharing agreement covering employees of the Health and Social Care Facilities Solutions Division was signed on 1 June 2016.
PHARMAGEST Group recorded an expense of €1,032,293 in fiscal 2018, compared to €1,495,289 in 2017.

Statutory profit-sharing agreement
In accordance with articles L 442-1 et seq. of the French labour code covering companies with at least 50 employees, PHARMAGEST INTERACTIVE is required to offer a statutory profit-sharing plan for its employees.
In accordance with this legal requirement, a profit-sharing agreement was executed on 29 June 2009 (without an employer contribution) for the PHARMAGEST ESU, in addition to an agreement modifying the company savings plan (*plan d'épargne d'entreprise* or PEE).

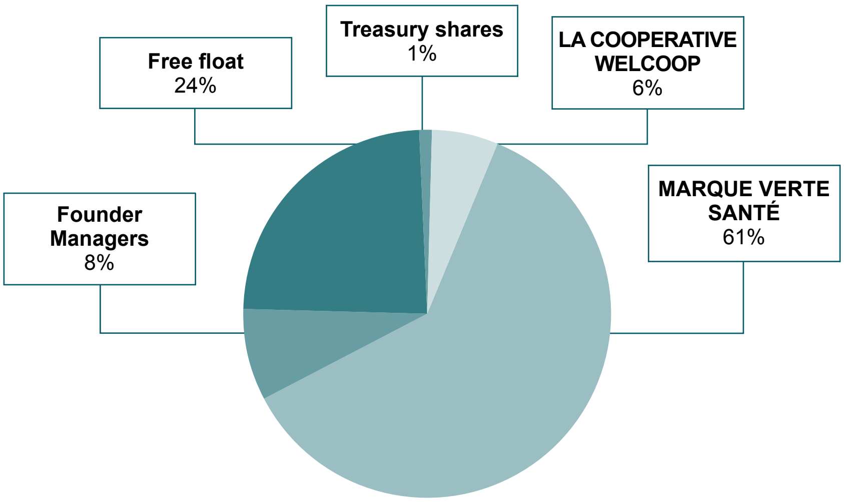
The amounts constituting the profit-sharing reserve are paid into the company mutual fund (*fonds commun de placement d'entreprise* or FCPE). "Perspective Monétaire A", "Perspective Obligations MT A", "Perspective Confiance 90 A", "Avenir Tempéré", "Avenir Equilibre", "Perspective Actions Europe A" and "Social Active Solidaire", which are managed by INTERSEM, 12 rue Gaillon 75002 PARIS in accordance with the said funds' rules of procedure and with current laws and regulations. The custodians of the funds' assets are Crédit Industriel et Commercial and Banque Promotrice CIC-EST.

Statutory profit-sharing payments in the second quarter of 2019 by PHARMAGEST Group amounted to €1,617,093 for fiscal 2018 and €1,809,222 for fiscal 2017.

18 MAJOR SHAREHOLDERS

18.1 Current capital ownership structure

Capital breakdown as at 31 March 2019:



MARQUE VERTE SANTE is 97.89%-held by LA COOPERATIVE WELCOOP (see the Organisation Chart presented in Section 7.2 of this Registration Document).

LA COOPERATIVE WELCOOP is a cooperative with a corporate structure based on the principle of cooperation, whose mission is to best serve the economic interests of its participants (cooperative members). At 31 December 2018, LA COOPERATIVE WELCOOP had 2,567 legal entity members and 1,449 individual members.

Voting rights at 31 December 2018

Shareholder	Number of shares held	Capital (%)	Theoretical voting rights	Voting rights exercisable in General Meetings	Voting rights (%)
SC Ermitage Saint Joseph *(Thierry CHAPUSOT)**	772,200	5.09%	772,200	772,200	5.16%
Thierry PONNELLE*	407,950	2.69%	407,950	407,950	2.73%
Executive founders subtotal	**1,180,150**	**7.78%**	**1,180,150**	**1,180,150**	**7.88%**
MARQUE VERTE SANTE	9,182,595	60.51%	9,182,595	9,182,595	61.35%
LA COOPERATIVE WELCOOP *(formerly named GROUPE WELCOOP)*	929,260	6.12%	929,260	929,260	6.21%
Sub-total LA COOPERATIVE WELCOOP	**10,111,855**	**66.64%**	**10,111,855**	**10,111,855**	**67.55%**
Treasury shares	205,479	1.35%	205,479	0	0.00%
Free float	3,676,641	24.23%	3,676,641	3,676,641	24.56%
TOTAL	**15,174,125**	**100%**	**15,174,125**	**14,968,646**	**100%**

** Founder shareholders*

The executive shareholders are Messrs. Thierry CHAPUSOT and Thierry PONNELLE.

Mr. Thierry CHAPUSOT is Chairman of the Board of Directors and former Managing Director.
Mr. Thierry PONNELLE is a member of the Board of Directors and Deputy Managing Director.

To the best of PHARMAGEST INTERACTIVE's knowledge, no other shareholder holds more than 5% of the capital or voting rights, directly or indirectly, alone or in concert.

In the past three years, PHARMAGEST INTERACTIVE is aware of the following significant transactions:

- In 2016, Mr. Thierry PONNELLE, Deputy Managing Director, sold:
  - 3 October 2016: 30,000 shares at an average price of €31.26,
  - 10 October 2016: 20,000 shares at an average price of €31.50.
- There were no significant disposals in 2017 resulting in the crossing of a threshold subject to disclosure requirements to the AMF.
- There were no significant disposals in 2018 resulting in the crossing of a threshold subject to disclosure requirements to the AMF.

All transactions in 2016 were duly reported to the AMF in accordance with disclosure requirements.

PHARMAGEST INTERACTIVE had no knowledge of significant transaction between 31 December 2018 and the publication date of this Registration Document.

Voting rights at 31 December 2017

Shareholder	Number of shares held	Capital (%)	Theoretical voting rights	Voting rights exercisable in General Meetings	Voting rights (%)
SC Ermitage Saint Joseph *(Thierry CHAPUSOT)*	772,200	5.09%	772,200	772,200	5.17%
Thierry PONNELLE	407,950	2.69%	407,950	407,950	2.73%
Executive founders subtotal	**1,180,150**	**7.78%**	**1,180,150**	**1,180,150**	**7.89%**
MARQUE VERTE SANTE	9,182,595	60.51%	9,182,595	9,182,595	61.43%
LA COOPERATIVE WELCOOP *(formerly named GROUPE WELCOOP)*	929,260	6.12%	929,260	929,260	6.22%
Sub-total LA COOPERATIVE WELCOOP	**10,111,855**	**66.64%**	**10,111,855**	**10,111,855**	**67.64%**
Treasury shares	225,209	1.48%	225,209	0	0.00%
Free float	3,656,911	24.10%	3,656,911	3,656,911	24.46%
TOTAL	**15,174,125**	**100%**	**15,174,125**	**14,948,916**	**100%**

Voting rights at 31 December 2016

Shareholder	Number of shares held	Capital (%)	Theoretical voting rights	Voting rights exercisable in General Meetings	Voting rights (%)
SC Ermitage Saint Joseph *(Thierry CHAPUSOT)*	772,200	5.09 %	772,200	772,200	5.16 %
Thierry PONNELLE	407,950	2.69 %	407,950	407,950	2.72 %
Executive founders subtotal	**1,180,150**	**7.78 %**	**1,180,150**	**1,180,150**	**7.88 %**
MARQUE VERTE SANTE	9,182,595	60.51 %	9,182,595	9,182,595	61.33 %
LA COOPERATIVE WELCOOP *(formerly named GROUPE WELCOOP)*	929,260	6.12 %	929,260	929,260	6.21 %
Sub-total LA COOPERATIVE WELCOOP	**10,111,855**	**66.64 %**	**10,111,855**	**10,111,855**	**67.54 %**
Treasury shares	202,021	1.33 %	202,021	0	0.00 %
Free float	3,680,099	24.25 %	3,680,099	3,680,099	24.58 %
TOTAL	**15,174,125**	**100 %**	**15,174,125**	**14,972,104**	**100 %**

18.2 Controlling interests

LA COOPERATIVE WELCOOP (formerly GROUPE WELCOOP) holds, directly and indirectly, 66.64% of the capital of PHARMAGEST INTERACTIVE.

The LA COOPERATIVE WELCOOP representative on PHARMAGEST INTERACTIVE's Board of Directors exercises all due diligence and care to ensure compliance with PHARMAGEST INTERACTIVE's financial and legal guidelines, in line with LA COOPERATIVE WELCOOP's overall policy.

The presence of independent Board Members and the separation of the functions of the Chairman of the Board and Managing Director serve to ensure that control is not exercised abusively.

The main shareholders do not have different voting rights.

LA COOPERATIVE WELCOOP's general policy

LA COOPERATIVE WELCOOP and its teams are committed to serving pharmacists, their customers and patients. LA COOPERATIVE WELCOOP is a unique professional community, a genuine laboratory of ideas, services and solutions, covering a number of specialised business areas addressing all the needs of pharmacists and patients alike. Innovation is at the heart of its DNA, both for products and services. Every cooperative member, every employee is committed to making healthcare more accessible, more connected, and more efficient.

By creating the pharmacy of tomorrow, by continuously innovating with new offerings, LA COOPERATIVE WELCOOP is more than a just group of healthcare professionals focussed on optimising its members' economic performances, it is also a key stakeholder in the health ecosystem. The cooperative spirit is by definition one of sharing based on a common goal of contributing to the greater good. Those that share this spirit are motivated by a shared goal: being useful to all. The core mission of a cooperative of pharmacists is to ensure that each patient and consumer is able to find the products and services they require for their health and well-being, while at the same time maintaining the profession’s independence.

LA COOPERATIVE WELCOOP proposes pharmacists, through its different subsidiaries, an offering of products and services that are indispensable to the sustainability of pharmacies. The seven subsidiaries forming the WELCOOP pharmacists cooperative are organised into two divisions: The product division (LABORATOIRE MARQUE VERTE, CRISTERS and PHARMA LAB), and the services division (PHARMAGEST INTERACTIVE, D’MEDICA, PHARMACAP and OBJECTIF PHARMA).

LA COOPERATIVE WELCOOP's ambition is to empower each cooperative member and each employee as a genuine "Corporate Citizen in the Service of Health and well-being".

18.3 Shareholders' agreement

There are no shareholder agreements to which PHARMAGEST INTERACTIVE is a party and which could have a material impact on the share price. There are no shareholders' agreements and no voting agreements between shareholders.

18.4 Agreements whose subsequent implementation could result in a change of control of PHARMAGEST INTERACTIVE

None.

19 RELATED PARTY TRANSACTIONS

19.1 Regulated agreements and commitments

All information on agreements and commitments is provided in the Auditors' special report in Section 20.4.3 of this Registration Document. The main related-party transactions were as follows:

With MARQUE VERTE SANTE;

Nature and purpose: Financial advance

A maximum financial advance of €20,000,000 granted by PHARMAGEST INTERACTIVE to the parent company MARQUE VERTE SANTE.

Terms:

MARQUE VERTE SANTÉ has given a firm undertaking to repay the advance in whole or in part, on PHARMAGEST INTERACTIVE's request, within a maximum of three months from the date of the request.
The advance carries interest at a minimum guaranteed rate of 1.5%. Interest is calculated quarterly and due on receipt of invoice in cash. This rate may be revised upwards in line with market rates.
On that basis, PHARMAGEST INTERACTIVE recognised €108 thousand in interest under financial income in 2018. At 31 December 2018 the financial advance amounted to €7.1 million.

This agreement was initially concluded for the period from the date of its execution to 31 December 2016, and is subject to annual renewal by tacit agreement.

Justification of its interest for the company:

This agreement guarantees the level of interest offered by MARQUE VERTE SANTÉ that is 1.5% higher than the level available on the market for short-term capital-guaranteed investments.

It should also be noted that PHARMAGEST INTERACTIVE incurs no collection risk because repayment of this advance is subject to simple request on its part.

With INTECUM, DIATELIC and CP INTERACTIVE;

Nature and purpose: Tax consolidation agreement

Authorisation of PHARMAGEST INTERACTIVE to include INTECUM, DIATELIC and CP INTERACTIVE in the French tax sharing agreement governed by Articles 223-A to 223-U of the French General Tax Code.

Terms:

The principle of neutrality has been retained: the parent company alone is liable for the tax expense and charges its subsidiary for the tax as if there was no tax sharing agreement.

19.2 Other related party transactions

With LA COOPERATIVE WELCOOP companies;

PHARMAGEST Group is fully consolidated by LA COOPERATIVE WELCOOP (formerly named GROUPE WELCOOP) (54 500 VANDOEUVRE-LES-NANCY).

The nature of the relations between LA COOPERATIVE WELCOOP and its subsidiary MARQUE VERTE SANTE, are primarily amounts invoiced for:

- Management fees which include: strategic assistance, marketing and communications assistance, administrative, accounting and tax assistance, HR assistance and IT assistance. Services are invoiced at cost plus a mark-up of 3%;
- Share of Group insurance policies;
- Share of network contracts;
- Personnel in work-sharing arrangements;
- Sales, IT, marketing and administrative services.

On that basis, PHARMAGEST Group recognised the amount of €1,151 thousand in payment to LA COOPERATIVE WELCOOP.

Details of financial flows between PHARMAGEST Group and related parties are detailed in Section 20.3.1.5 - Note 12, Transactions with related parties, to the consolidated financial statements in this Registration Document.

With PHARMAGEST Group companies;

No material related-party transactions (other than those with wholly-owned subsidiaries) exist that have not been entered into on an arm's length basis.

Details of financial flows between PHARMAGEST INTERACTIVE and its subsidiaries are presented in Section 20.3.2.3 - Note 15.2, Information on related party transactions, to the separate parent company financial statements in this Registration Document.

20 FINANCIAL INFORMATION CONCERNING THE ASSETS, FINANCIAL POSITION AND RESULTS OF THE ISSUER

20.1 Historical financial information

Incorporated in this Registration Document by reference are: the consolidated financial statements, management reports and audit reports for the financial years ended on 31 December 2016 and 31 December 2017 contained respectively in the 2016 Registration Document filed on 28 April 2017 (No. D.17-0462) and the 2017 Registration Document filed on 26 April 2018 (No. D.18-0414).

20.2 Restated financial information

In light of the retrospective application of IFRS 9 and 15, the financial statements for 2017 presented herein have been restated. These restatements concern changes in scope which were not considered significant and in consequence do not justify the production of pro forma financial statements.

20.3 Financial statements

20.3.1 Consolidated financial statements of PHARMAGEST Group

20.3.1.1 Consolidated statement of Financial Position (IFRS)

Statement of Financial Position - Assets - In € thousands	Notes	31/12/2018	31/12/2017
Non-current assets			
Intangible assets	3.4.1/2	24,182	18,993
Goodwill	3.4.1/2	46,005	38,819
Property, plant and equipment	4.1/2	8,511	5,880
Non-current financial assets	6.1	34,857	19,083
Equity-accounted investments	2.1.2	730	900
Deferred tax assets	9.2.2	2,777	4,331
Total non-current assets		**117,062**	**88,006**
Current assets			
Inventory and work-in-progress	7.5	5,108	2,781
Trade receivables	7.4	31,962	22,937
Other receivables	7.4	8,382	8,727
Current financial assets	6.2	28,725	28,134
Cash and cash equivalents	6.3	32,569	27,577
Total current assets		**106,746**	**90,155**
TOTAL		**223,808**	**178,161**

Statement of Financial Position - Equity and Liabilities - In € thousands	Notes	31/12/2018	31/12/2017
Share capital			
Share capital		3,035	3,035
Consolidated reserves		85,380	76,249
Profit for the year		25,432	23,196
Equity attributable to equity holders of the parent		**113,847**	**102 480**
Reserves attributable to non-controlling interests		1,599	1,347
Net income attributable to non-controlling interests		1,606	1,094
Non-controlling interests		**3,204**	**2,442**
Total shareholders' equity (consolidated group)	**10**	**117,051**	**104,921**
Non-current liabilities			
Non-current provisions	11.1	4,070	3,441
Bank and other long-term borrowings	6.4	36,948	14,197
Deferred tax liabilities	9.2.2	538	887
Other long-term financial liabilities	7.6	524	2,688
Total non-current liabilities		**42,079**	**21,213**
Current liabilities			
Short-term provisions	11.1	75	152
Current portion of long-term debt	6.4	6,240	2,681
Trade payables	7.6	11,909	9,560
Current tax	7.6	594	655
Other current borrowings	7.6	45,860	38,979
Total current liabilities		**64,678**	**52,027**
TOTAL		**223,808**	**178,161**

20.3.1.2 Consolidated Statement of profit or loss (IFRS)

Statement of profit or loss - In € thousands	Notes	31/12/2018	31/12/2017
Revenue	7.1	148,480	129,669
Other revenue from ordinary activities		0	0
Operating income subtotal		**148,480**	**129,669**
Cost of sales		-26,676	-23,478
Staff costs		-52,980	-47,144
Purchases and external costs		-21,608	-17,475
Taxes other than on income		-3,081	-2,749
Allowances for depreciation and amortisation	7.7	-5,235	-4,236
Allowances for provisions	7.7	-218	-322
Other income and expenses		203	39
Operating expenses subtotal		**-109,595**	**-95,366**
Current operating income		**38,886**	**34,304**
Other operating income		0	0
Other operating expenses		0	0
Operating profit		**38,886**	**34,304**
Income from cash and cash equivalents		1,147	1,350
Cost of gross financial debt	6.5	-294	-218
Cost of net financial debt	6.5	**853**	**1,132**
Other financial income and expenses		153	-340
Income tax expense	6.5	-12,722	-10,692
Negative goodwill		30	0
Share of net income (loss) of equity-accounted investees		-162	-114
Profit/(loss) from continuing operations		**27,038**	**24,290**
Profit/(loss) from discontinued operations		**0**	**0**
Net profit (loss) of the period		**27,038**	**24,290**
Attributable to equity holders of the parent		**25,432**	**23,196**
Attributable to non-controlling shareholders		**1,606**	**1,094**
Basic earnings per share attributable to equity holders of the parent	10.4	1.70	1.55
Diluted earnings per share attributable to equity holders of the parent	10.4	1.68	1.53

Statement of net profit/(loss) and gains and losses recognised directly in equity In € thousands	Notes	31/12/2018	31/12/2017
Net Profit		**27,038**	**24,290**
Items that will be subsequently recycled through profit or loss			
Translation differences Remeasurement of hedging instruments Remeasurement of available-for-sale financial assets Related taxes		-1 0 0 0	1 0 0 0
Other comprehensive income items that cannot be reclassified into net profit or loss			
Remeasurement of fixed assets Remeasurement/actuarial gains and losses from defined benefit plans Stock-option expenses in the period Related taxes		0 -574 116 143	0 -279 125 70
Net gains and loss recognised directly in equity		**-315**	**-83**
Net profit/(loss) and gains and losses recognised directly in equity		**26,723**	**24,207**
Net profit/(loss) and gains and losses recognised directly in equity - Attributable to shareholders		**25,116**	**23,113**
Net profit/(loss) and total gains and losses recorded directly in equity - Attributable to non-controlling interests		**1,606**	**1,094**
Net income and gains and losses recognised directly in equity (attributable to the equity holders of the parent) - diluted earnings per share - basic earnings per share		1.68	1.55
Net income and gains and losses recognised directly in equity (attributable to the equity holders of the parent) - diluted earnings per share		1.66	1.52

20.3.1.3 Consolidated Statement of Cash Flows (IFRS)

Consolidated cash flow statement - In € thousands	31/12/2018	31/12/2017
I. Operating and investing activities		
Operating profit	**38,886**	**34,304**
Net amortisation, depreciation and provisions excluding tax and financial items	5,173	4,581
Other estimated expenses, excluding financial items	116	125
Capital gains or losses on disposals of fixed assets	101	-43
Other adjustments	0	0
Operating cash flows	**44,276**	**38,967**
Cost of gross financial debt, interest payments	-294	-218
Taxes payments	-10,933	-10,725
Cash flow after interest and taxes	**33,049**	**28,024**
Change in inventories	-2,204	-155
Change in trade receivables	-7,711	-913
Change in trade payables	905	827
Change in other receivables and payables	4,703	-598
Change in working capital	**-4,308**	**-839**
Net cash flows from operating activities	**28,741**	**27,186**
Acquisitions of intangible assets and property, plant and equipment	-11,072	-7,704
Disposals of intangible assets and property, plant and equipment	323	39
Deposit guarantees and other operating cash flows	448	-270
Capital expenditures	**-10,300**	**-7,936**
Net cash flows from operating and investing activities	**18,441**	**19,251**
II. Financial investments		
Acquisitions of financial investments	0	0
Disposals of financial investments	0	0
Impact of acquisitions and disposals of investments in non-consolidated companies (1)	-9,117	-10,540
Net cash flows from (used in) financial investments	**-9,117**	**-10,540**
III. Equity capital transactions		
PHARMAGEST INTERACTIVE capital increases	0	0
Capital increases subscribed by minority shareholders	0	0
Purchases and disposals of PHARMAGEST INTERACTIVE shares (treasury shares)	171	-1,012
Dividends received from equity-accounted investees	0	0
Dividends paid by PHARMAGEST INTERACTIVE	-11,213	-9,731
Dividends paid by consolidated subsidiaries to minority shareholders	-661	-310
Acquisitions and disposals of non-controlling interests	0	0
Net cash from (used in) capital transactions	**-11,703**	**-11,055**
IV. Cash flow from financing activities		
Issuance or subscription of borrowings and financial debt	21,571	10,572
Repayment of borrowings and other financial debt	-3,998	-931
Acquisition and disposal of financial investments (available-for-sale securities/other financial assets)	-10,693	-4,060
Income from cash and cash equivalents	892	1,440
Net cash from financing activities	**7,772**	**7,021**
V. Impact of translation adjustments/financial instruments and other financial income/ expenses	**10**	**-23**
Bank and cash	4,992	8
Short-term bank facilities and overdrafts	-410	-4,646
Change in net cash	**5,403**	**4,653**

(1) *The line item "Impact of acquisitions and disposals of investments in consolidated companies" includes cash contributions of €14,261 thousand from acquisitions completed in the period (investments are accordingly presented net of acquired cash), including capital increases.*

Closing cash flow statement - In € thousands	31/12/2018	31/12/2017	Change in consolidation scope	Change
Bank and cash	32,569	27,577	9,234	4,992
Short-term bank facilities and overdrafts	1,071	1,482	0	-410
Change in net cash	**31,498**	**26,095**	**9,234**	**5,403**

20.3.1.4 Statement of changes in equity (IFRS)

Statement of Changes in Equity In € thousands	Equity attributable to the equity holders of the parent					Equity attributable to non-controlling interests	Total shareholders' equity
	Share capital	Reserves and consolidated income	Treasury shares	Gains and losses recognised directly in equity	Shareholders' equity attributable to equity holders of the parent		
Shareholders' equity at 01/01/2017	**3,035**	**103,651**	**-4,059**	**-676**	**101,951**	**1,698**	**103,649**
Changes in accounting methods		**-10,830**			**-10,830**	**-116**	**-10,946**
Equity at 01/01/2017	**3,035**	**92,821**	**-4,059**	**-676**	**91,121**	**1,582**	**92,703**
Equity capital transactions							
Share-based payments							
Transactions in own shares			-1,012		-1,012		-1,012
Dividends		-9,731			-9,731	-310	-10,041
Net profit (loss) of the period		23,196			23,196	1,094	24,290
Income and expense recognised directly in equity				-83	-83		-83
Net profit/(loss) and gains and losses recognised directly in equity		**23,196**		**-83**	**23,313**	**1,094**	**24,207**
Other		**-1,213**		**200**	**-1,013**	**-305**	**-1,318**
Changes in Group structure						**381**	**381**
Changes in holdings of subsidiaries without loss of control							
Shareholders' equity at 31/12/2017	**3,035**	**105,073**	**-5,071**	**-559**	**102,480**	**2,442**	**104,921**
Changes in accounting methods							
Shareholders' equity at 01/01/2018	**3,035**	**105,073**	**-5,071**	**-559**	**102,480**	**2,442**	**104,921**
Equity capital transactions							
Share-based payments							
Transactions in own shares			171		171		171
Dividends		-11,213			-11,213	-661	-11,874
Net Profit of the period		25,432			25,432	1,606	27,038
Income and expense recognised directly in equity				-316	-316		-316
Net profit/(loss) and gains and losses recognised directly in equity		**25,432**		**-316**	**25,116**	**1,606**	**26,722**
Other		**-2,705**			**-2,705**	**-2,661**	**-5,366**
Changes in Group structure						**2,479**	**2,479**
Changes in holdings of subsidiaries without loss of control							
Shareholders' equity at 31/12/2018	**3,035**	**116,587**	**-4,900**	**-875**	**113,847**	**3,204**	**117,051**

20.3.1.5 Notes to the consolidated financial statements

The statement of financial position shows total assets of €223,808 thousand and net comprehensive income of €26,723 thousand.

NOTE 1 - Accounting principles

1.1 Applicable texts

1.1.1 Changes in accounting standards in 2018

PHARMAGEST Group's annual consolidated financial statements at 31 December 2018 have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations as published by the IASB and approved by the European Union (published in the OJEU).

The accounting principles applied are identical to those applied by PHARMAGEST Group to prepare the financial statements at 31 December 2017, with the exception of the following standards, amendments and interpretations mandatory as of 1 January 2018:

- **IFRS 9** - Financial Instruments;
- **IFRS 15 and its amendments** - Revenue recognition;
- **Amendments to IFRS 4** - Insurance contracts;
- **Amendments to IFRS 2** - The classification and measurement of share based payment transactions;
- **Annual improvements:** Annual improvements (cycle 2014-2016);
- **Amendments to IAS 40** - Transfers of investment property;
- **IFRIC 22** - Foreign currency transactions and advanced consideration.

The Group is not concerned by the new standards or amendments thereto issued and applicable as from 1 January 2018, with the exception of IFRS 9 "Financial instruments" and IFRS 15 "Revenue from contracts with customers".

IFRS 9

IFRS 9 defines new principles for the classification and measurement of financial instruments, the impairment for credit risks of financial assets and general hedge accounting. For this standard, PHARMAGEST Group has applied the full retrospective method with marginally significant impacts on its financial position and without applying hedge accounting.
The main impact concerned the classification of unit linked capital redemption contracts and, in consequence, changes in their corresponding fair values. Under IAS 39, these contracts were classified as "Available-for-sale securities" (AFS) and changes in fair value recognised under "Other comprehensive income) (OCI).
Under IFRS 9, these contracts are classified as "Non-current financial assets" with changes in fair value recognised under net financial income or expenses. The impact of this new accounting method on earnings for comparable periods is not significant.
The analysis of the risk of default for trade receivables by the finance department did not detect a significant impact in relation to the method for impairment currently used.

IFRS 15

IFRS 15 "Revenue from contracts with customers", effective for periods beginning on or after 1 January 2018 replaces IAS 18 "Revenue".

IFRS 15 is based on a core principle for the recognition of revenue whereby an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

In line with the preparatory work carried out by PHARMAGEST Group, IFRS 15 will impact amounts recognised and disclosures given in the notes to the consolidated income statements on the following revenue streams:

- Impacts on the schedule for revenue recognition:
  - *Contracts for the supply of equipment and/or licenses including maintenance services.*

    IFRS 15 has replaced IAS 18 applied by PHARMAGEST for license sales.

    Application of IFRS 15 concerns all contracts for the provision of equipment and licenses for which customers opted for a financing solution including periods of maintenance for no additional consideration (free). Maintenance is considered as invoiced in advance and corresponds to the periods of free maintenance.

    The method of measurement is based on the proportion of method for the allocation of sales and maintenance services using a standard purchasing assumption for a maintenance contract at catalogue prices.

  - *Contracts for the sale of equipment including a warranty component.*

    Application of the standard concerns all equipment proposed for sale covered by an extended warranty exceeding the legal warranty. This application does not concern equipment made available to users through a global offering of services that includes a warranty for continuity of service for which revenue is recognised upon the performance of the service. The warranty is considered as invoiced in advance and covers the warranty period.

    The measurement method used is based on an analysis of the historic rates of returns for equipment covered by this warranty to which an average sales margin is added. Each replacement of equipment under the warranty is considered as a new sale according to the applicable rate for the probability of return.

- Impacts of the presentation of revenues from the sale of financing files:
  - *The equipment financing offers in which PHARMAGEST Group intervenes as an agent rather than a principal within the meaning of IFRS 15.*

    The principle adopted is to recognise revenue from the service of developing relations, intermediation.

    The revenue recognition used involves deducting from the sale of files, the cost of their purchase so as to present only the agency margin.

To measure the effects of FRS 15, the Group has opted for the full retrospective method with an impact on shareholders' equity at 1 January 2017:

Revenue recognition - In € thousands	Impacts on Shareholders' equity (01/01/2018)	Impacts on Revenue (31/12/2017)	Impacts on Net Profit (31/12/2017)	Impacts on Revenue (31/12/2018)	Impacts on Net Profit (31/12/2018)
Contracts with a maintenance service component	-10,448	-132		172	140
Contract with a warranty component	-457	-119	-90	-34	2
Contracts for financing solutions	0	-16,885	-71	-22,635	0
TOTAL	**-10,906**	**-17,136**	**-161**	**-22,496**	**142**

Restatements of the balance sheet at 31/12/2017

Statement of Financial Position - Assets - In € thousands	31/12/2017	Restatements	31/12/2017 With restatements
Non-current assets			
Intangible assets	18,993	-	18,993
Goodwill	38,819	-	38,819
Property, plant and equipment	5,880	-	5,880
Non-current financial assets	19,083	-	19,083
Equity-accounted investments	900	-	900
Deferred tax assets	696	3,635 (1)	4,331
Total non-current assets	**84,371**	**3,635**	**88,006**
Current assets			
Inventory and work-in-progress	2,781	-	2,781
Trade receivables	22,937	-	22,937
Other receivables	8,727	-	8,727
Available-for-sale securities	28,134	-	28,134
Other financial assets	0	-	0
Cash and cash equivalents	27,577	-	27 577
Total current assets	**90,155**	**-**	**90,155**
TOTAL	**174,526**	**3,635**	**178,161**

Statement of Financial Situation - Equity and Liabilities - In € thousands	31/12/2017	Restatements	31/12/2017 With restatements
Share capital			
Share capital	3,035	-	3,035
Consolidated reserves	87,078	-10,829 (1)	76,249
Profit for the year	23,135	61	23,196
Equity attributable to equity holders of the parent	**113,248**	**-10,768**	**102,480**
Reserves attributable to non-controlling interests	1,463	-116	1,347
Net income attributable to non-controlling interests	1,116	-22	1,094
Non-controlling interests	**2,579**	**-137**	**2,442**
Total shareholders' equity (consolidated group)	**115,827**	**-10,906**	**104,921**
Non-current liabilities			
Non-current provisions	4,184	-743	3,441
Bank and other long-term borrowings	14,197	-	14,197
Deferred tax liabilities	887	-	887
Other long-term financial liabilities	2,688	-	2,688
Total non-current liabilities	**21,955**	**-743**	**21,213**
Current liabilities			
Short-term provisions	152	-	152
Current portion of long-term debt	2,681	-	2,681
Trade payables	9,560	-	9,560
Current tax	655	-	655
Other current borrowings	23,696	15,283 (1)	38,979
Total current liabilities	**36,743**	**15,283**	**52,027**
TOTAL	**174,526**	**3,635**	**178,161**

(1) Impact of IAS 15: Restatements of deferred revenue generating on the one hand a reduction of consolidated reserves and, on the other hand, a deferred tax asset;

Restatements of the statement of profit or loss at 31/12/2017

Statement of profit or loss - In € thousands	31/12/2017	Restatements	31/12/2017 With restatements
Revenue Other revenue from ordinary activities	146,806 0	-17,137 -	129,669 0
Operating income subtotal	**146,806**	**-17,137**	**129,669**
Cost of sales Staff costs Purchases and external costs Taxes other than on income Allowances for depreciation and amortisation Allowances for provisions Other income and expenses	-40,363 -47,144 -17,475 -2,749 -4,236 -358 39	16,885 (1) - - - - 36 -	-23,478 -47,144 -17,475 -2,749 -4,236 -322 39
Operating expenses subtotal	**-112,287**	**16,921**	**-95,366**
Current operating income	**34,519**	**-215**	**34,304**
Other operating income Other operating expenses	0 0	- -	0 0
Operating profit	**34 519**	**-215**	**34,304**
Income from cash and cash equivalents Cost of gross financial debt **Cost of net financial debt** Other financial income and expenses	1,149 -218 **931** -340	201 - **201** -	1,350 -218 **1,132** -340
Income tax expense Share of net income (loss) of equity-accounted investees	-10,745 -114	53 -	-10,692 -114
Profit/(loss) from continuing operations **Profit/(loss) from discontinued operations**	**24,251** **0**	**39** **-**	**24,290** **0**
Net profit (loss) of the period	**24,251**	**39**	**24,290**
Net income (Group share)	**23,135**	**61**	**23,196**
Attributable to non-controlling shareholders	**1,116**	**-22**	**1,094**
Basic earnings per share attributable to equity holders of the parent	1.55	-	1.55
Diluted earnings per share attributable to equity holders of the parent	1.52	-	1.53

(1) Impacts of IFRS 15: Cost of purchasing files financed with the agency business

Adjustments to the Statement of net profit/(loss) and gains and losses recognised directly in equity at 31/12/2017

Statement of net profit/(loss) and gains and losses recognised directly in equity - In € thousands	31/12/2017	Restatements	31/12/2017 With restatements
Net Profit	**24,251**	**39**	**24,290**
Items that will not be subsequently recycled through profit or loss			
Translation differences Remeasurement of hedging instruments Remeasurement of available-for-sale financial assets Related taxes	1 0 201 0	- - -201 -	1 0 0 0
Other comprehensive income items that cannot be reclassified into net profit or loss			
Remeasurement of fixed assets Remeasurement/actuarial gains and losses from defined benefit plans Stock-option expenses in the period Related taxes	0 -279 125 70	- - - -	0 -279 125 70
Net gains and loss recognised directly in equity	**117**	**-201**	**-83**
Net profit/(loss) and gains and losses recognised directly in equity	**24,368**	**-161**	**24,207**
Net profit/(loss) and gains and losses recognised directly in equity - Attributable to equity holders of the parent	**23,253**	**-140**	**23,113**
Net profit/(loss) and total gains and losses recorded directly in equity - Attributable to non-controlling interests	**1,116**	**-22**	**1,094**
Net income and gains and losses recognised directly in equity (attributable to the equity holders of the parent) - diluted earnings per share - basic earnings per share	1.56	-	1.55
Net income and gains and losses recognised directly in equity (attributable to the equity holders of the parent) - diluted earnings per share	1.53	-	1.52

Cash flow restatements at 31/12/2017

Consolidated cash flow statement - In € thousands	31/12/2017	Restatements	31/12/2017 With restatements
I. Operating and investing activities			
Operating profit	**34,519**	**-215**	**34,304**
Net amortisation, depreciation and provisions excluding tax and financial items	4,618	-37	4,581
Other estimated expenses, excluding financial items	125	-	125
Capital gains or losses on disposals of fixed assets	-43	-	-43
Other adjustments	291	-291	0
Operating cash flows	**39,510**	**-543**	**38,967**
Cost of gross financial debt, interest payments	-218	-	-218
Taxes payments	-10,725	-	-10,725
Cash flow after interest and taxes	**28,567**	**-543**	**28,024**
Change in inventories	-155	-	-155
Change in trade receivables	-913	-	-913
Change in trade payables	827	-	827
Change in other receivables and payables	-849	252	-598
Change in working capital	**-1,090**	**252**	**-839**
Net cash flows from operating activities	**27,477**	**-291**	**27,186**
Acquisitions of intangible assets and property, plant and equipment	-7,704	-	-7,704
Disposals of intangible assets and property, plant and equipment	39	-	39
Deposit guarantees and other operating cash flows	-270	-	-270
Capital expenditures	**-7,936**	**-**	**-7,936**
Net cash flows from operating and investing activities	**19,542**	**-291**	**19,251**
II. Financial investments			
Acquisitions of financial investments	0	-	0
Disposals of financial investments	0	-	0
Impact of acquisitions and disposals of investments in non-consolidated companies	-10,540	-	-10,540
Net cash flows from (used in) financial investments	**-10,540**	**-**	**-10,540**
III. Equity capital transactions			
PHARMAGEST INTERACTIVE capital increases	0	-	0
Capital increases subscribed by minority shareholders	0	-	0
Purchases and disposals of PHARMAGEST INTERACTIVE shares (treasury shares)	-1,012	-	-1,012
Dividends received from equity-accounted investees	0	-	0
Dividends paid by PHARMAGEST INTERACTIVE	-9,731	-	-9,731
Dividends paid by consolidated subsidiaries to minority shareholders	-310	-	-310
Acquisitions and disposals of non-controlling interests	0	-	0
Net cash from (used in) capital transactions	**-11,055**	**-**	**-11,055**
IV. Financing activities			
Issuance or subscription of borrowings and financial debt	10,572	-	10,572
Repayment of borrowings and other financial debt	-931	-	-931
Acquisition and disposal of financial investments (available-for-sale securities/other financial assets)	-4,060	-	-4,060
Income from cash and cash equivalents	1,149	291	1,440
Net cash from financing activities	**6,729**	**291**	**7,021**
V. Impact of translation adjustments/financial instruments and other financial income/expenses	**-23**	**-**	**-23**
Bank and cash	8	-	8
Short-term bank facilities and overdrafts	-4,646	-	-4,646
Change in net cash	**4,653**	**-**	**4,653**

1.1.2 Standards, amendments and interpretations with mandatory application as at 1 January 2019

The standards applicable to PHARMAGEST Group as of 1 January 2019 are:

- **Amendments to IFRS 9** - Prepayment features with negative compensation;
- **IFRS 16** - Leases;
- **Annual improvements:** Annual improvements (cycle 2015-2017);
- **Amendments to IAS 28** regarding long-term interests in associates and joint ventures;
- **Amendments to IAS 19** - Plan amendment, curtailment or settlement;
- **IFRIC 23** - Uncertainty over income tax treatments.

These texts were not early-applied at 31 December 2018, where authorised by the texts.

Application of these standards had no material impact on PHARMAGEST Group's consolidated financial statements with the exception of IFRS 16 for leases. The Group does not anticipate a significant impact on tax expenses as a consequence of IFRIC 23 on "Uncertainty over income tax treatments" applicable starting 1 January 2019.

IFRS 16

The Group will apply the new IFRS 16 " Leases" starting on 1 January 2019. This standard replaces the previous standard IAS 17 and the corresponding IFRIC and SIC interpretations. IFRS 16 applies a single lease accounting model which requires lessees to recognise a lease liability (the total present value of future lease payments) and a right-of-use asset; The right-of-use asset is then amortised over the lease period. The new standard will be implemented according to the simplified "modified retrospective" method starting on 1 January 2019, in light of the limited impact of the lease liability accretion. On that basis, the comparative 2018 financial statements to be presented in the 2019 financial statements will not be restated. After completing the documentation measurement phase, the majority of the leases concern those for the agencies and offices as well as the vehicle fleet.
The impact of IFRS 16 on the Group's financial statements will depend on the composition of the portfolio of leases, interest rates applied to discount future payments as well as estimates of the length of each of these leases (including options for cancellation or renewal when it is greatly certain they will be exercised). At constant structure and exchange rates (like-for-like) the Group expects the following:

- a non-significant impact on the main aggregates of the 2019 statement of profit or loss;
- an estimated lease liability of €1.5 million for vehicle leases and €7.5 million for property leases with a transition date of 1 January 2019 and an intangible asset for a comparable amount;
- a favourable impact on the cash flow from operating activities, offset by a decrease in net cash flows from financing activities (with an outflow for the repayment of the capital of the lease liability).

Note 7.8 of the consolidated financial statements on operating leases discloses the amount of commitments not discounted to present value and including tax in the amount of €11.1 million.

1.1.3 Other changes to standards effective after 1 January 2019

PHARMAGEST Group formed working groups in 2019 and will continue to assess the impacts of application of the following standards:

- **Amendments to IFRS 3** regarding the definition of a business;
- **Amendments to IFRS 1 and IAS 8** regarding the definition of "material";
- **Amendments to the conceptual framework for IFRS.**

1.2 Presentation of the financial statements

1.2.1 Income statement

PHARMAGEST Group's main activity is the design of specialised management software for dispensing pharmacies and the distribution of turnkey computer solutions. Operating profit for the period was generated by our recurring and non-recurring, main and accessory business.

"Other operating income and expenditure" includes items of profit/(loss) which, by their nature, amount or frequency, may not be considered as part of PHARMAGEST Group's activities and operating profit. Specifically, these items are impairments of brands and goodwill. This line also includes, if they are significant and non-recurring, the effects of changes in scope, capital gains or losses on disposals of fixed assets, restructuring costs, legal fees incurred for disputes, or any other non-current income or expenditure liable to affect operating profit comparisons between one period and another.

1.2.2 Cash flow statement

Changes in cash flow arising from operating activities are determined on the basis of operating profit, adjusted for transactions with no impact on cash.

Note that repayable advances received for R&D projects are presented on aggregate under "Other receivables and payables" in net cash generated by (used in) operating activities.

1.3 Basis for valuation, judgements and use of estimates

The financial statements were prepared according to the historical cost method, with the exception of some financial instruments measured at fair value.

The preparation of the financial statements requires the use of estimates and assumptions to determine the value of assets and liabilities, to assess positive and negative contingencies on the closing date and income and expenses for the year.

Significant estimates made by PHARMAGEST Group when preparing its financial statements relate to the recoverable amount of intangible assets, including development expenditures and goodwill as indicated in Note 5 to the consolidated financial statements.

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

In addition to using estimates, PHARMAGEST Group management exercised its judgement to define the appropriate accounting treatment of certain activities and transactions where the IFRS standards and interpretations in force do not specifically deal with the relevant accounting issues.

NOTE 2 - Information on consolidation

2.1 Basis of consolidation

PHARMAGEST Group applies the full consolidation method and the equity method:

Full consolidation

This method is used for companies in which it is exposed or entitled to variable returns and in which it has the capacity to influence these returns because of the Group's decision-making rights (in terms of financial and operating policies) in these companies.

All PHARMAGEST Group transactions and inter-company positions are eliminated in full on consolidation for fully consolidated companies.

Equity method of accounting

The equity method applies to associates in which PHARMAGEST Group exercises significant influence, which is presumed where the percentage of voting rights is higher than or equal to 20%. According to this method, PHARMAGEST Group recognises the "share of net profit/(loss) from equity-accounted entities" on a specific line in the consolidated profit and loss statement.

The fiscal year of all consolidated companies coincides with their calendar year except for those created or acquired in the period. The balance sheets and income statements of PHARMAGEST Group companies used are those available at 31 December 2018.

2.1.1 Fully consolidated companies

Companies	Address	Controlling interest (%)	Ownership interest (%)
PHARMAGEST INTERACTIVE	Villers-lès-Nancy (54)	Consolidating company	Consolidating company
ADI [(1)]	Saclay (91)	50	50
AXIGATE	Paris (75)	100	100
CAREMEDS	Eastleigh (England)	51.82	51.82
CP INTERACTIVE	Dijon (21)	100	100
DIATELIC	Villers-lès-Nancy (54)	95.29	95.29
DICSIT INFORMATIQUE	Bezaumont (54)	100	100
DOMEDIC EUROPE	Villers-lès-Nancy (54)	65	65
EHLS	Villers-lès-Nancy (54)	100	100
HDM	Port Louis (Mauritius)	100	100
HEALTHLEASE	Paris (75)	100	100
INFARMA	Bologna (Italy)	100	79
INSERVICE	Macerata (Italy)	100	79
INTECUM	Villers-lès-Nancy (54)	100	100
KAPELSE	Villers-lès-Nancy (54)	70	70
MACROSOFT	Macerata (Italy)	100	79
MACROSOFT BUILDING	Macerata (Italy)	100	79
MALTA INFORMATIQUE	Mérignac (33)	100	100
MULTIMEDS	Bray (Ireland)	51	51
NANCEO	Paris (75)	100	100
NOVIA SEARCH	Florange (57)	100	67.97
NOVIATEK	Schifflange (Luxembourg)	79.97	67.97
PHARMAGEST ITALIA *(formerly MACROSOFT HOLDING)*	Macerata (Italy)	79	79
SABCO	Windhof (Luxembourg)	100	100
SABCO SERVICES	Gosselies (Belgium)	100	100
SAILENDRA	Nancy (54)	75.09	75.09
SCI HUROBREGA	Quéven (56)	100	100
TEKNEMA	Macerata (Italy)	100	79
UK PHARMA	Londres (England)	100	100
WELFINITY GROUP	Windhof (Luxembourg)	80	80

[(1)] Given the economic and contractual relationship between PHARMAGEST INTERACTIVE and ADI (which distributes LGPI Global Services® products), and the control of the company (equal distribution of Board members, Chairman's appointment subject to the express agreement of PHARMAGEST Group), ADI which is 50%-owned, is fully consolidated.

2.1.2 Equity-accounted subsidiaries

Companies	Address	Controlling interest (%)	Ownership interest (%)
GROUPE DOMEDIC	Québec (Canada)	28.32	28.32

GROUPE DOMEDIC's corporate purpose is to improve the quality of life of people with health problems requiring regular medical treatment. GROUPE DOMEDIC develops products to support people who are aware of the importance for their health of closely monitoring their medical treatments.

As at 31 December 2018, it reported a loss of CAD 623 thousand with a positive net equity of CAD 451 thousand.

PHARMAGEST Group considers that it does not have significant influence.

Balance sheet line items In € thousands	Gross value at 31/12/2017	Increases	Decreases	Reclassifications	Change in consolidation scope	Gross value at 31/12/2018
Equity-accounted investments [1]	900		170			730

[1] *Equity-accounted investments are measured In reference to restated equity and goodwill.*

In € thousands	Shareholders' equity	Restated shareholders' equity	Equity attributable to the Group	Net goodwill	Equity method of accounting
DOMEDIC GROUP	270	450	127	603	730

2.1.3 Non-controlling interests

Pursuant to IFRS 12, please note that subsidiaries with non-controlling interests are not material relative to the Group's financial aggregates. As a result, their financial data is not presented in the notes to PHARMAGEST Group's financial statements.

PHARMAGEST Group has not identified material restrictions on interests held in its subsidiaries.

2.1.4 Non-consolidated companies

There are no ad hoc entities in PHARMAGEST Group.

2.2 Changes in the scope of consolidation

2.2.1 Changes in scope in the period

- PHARMAGEST INTERACTIVE acquired a majority equity stake (79%) in the Italian company MACROSOFT HOLDING, an Italian limited liability company with capital of €10,000 registered in MACERATA, Italy (REA No. MC 165 033). The company is specialised in IT equipment and services for pharmacy wholesalers-distributors and the sale of innovative software solutions for Italian pharmacies. MACROSOFT HOLDING's corporate name was changed to PHARMAGEST ITALIA. It controls:
  - 100% of the capital of MACROSOFT, an Italian limited liability company with capital of €52,000 registered in MACERATA (REA No. MC 103 315).
  - 100% of the capital of INFARMA, an Italian limited liability company with capital of €102,000 registered in BOLOGNA (REA No. BO 414 859), with 20% directly held by PHARMAGEST ITALIA and 80% by MACROSOFT.
  - 100% of the capital of TEKNEMA, an Italian limited liability company with capital of €10,000 registered in MACERATA (REA No. MC 123 781).
  - 100% of the capital of INSERVICE, an Italian limited liability company with capital of €10,000 registered in MACERATA (REA No. MC 142 975).
  - 100% of the capital of MACROSOFT BUILDING, an Italian limited liability company with capital of €10,000 registered in MACERATA (REA No. MC 165 201).
- PHARMAGEST increased its stake in SAILENDRA from 70.01% to 75.09%.
- PHARMAGEST Group carried out a simplified merger *(transmission universelle de patrimoine)* entailing the dissolution of CPSI and the global transfer of its assets and liabilities to PHARMAGEST INTERACTIVE.
- PHARMAGEST Group carried out a simplified merger *(transmission universelle de patrimoine)* entailing the dissolution of CPSI and the global transfer of its assets and liabilities to PHARMAGEST INTERACTIVE.
- QUALITY FLUX, deconsolidated in 2014 as a result of PHARMAGEST Group's limited shareholding (15.15%) and its non-material nature, was wound up in the 2018 first half.
- PHARMAGEST INTERACTIVE acquired a majority equity stake (100%) in UK PHARMA, an English limited liability company with capital of £20,000 registered in the Companies House of London (No. 03 513 400) which provides services to businesses.

These combinations were recognised on a definitive basis.

Due to the limited impact of changes in scope and the application of new standards, no pro forma financial statements were produced.

2.2.2 Changes in scope in the previous period

- PHARMAGEST INTERACTIVE acquired a 51.82% equity stake in CAREMEDS, an English company registered in the Companies House of CARDIFF (No. 07 990 372). CAREMEDS controls 100% of MEDICATION SYSTEMS, an English company registered in the Companies House of CARDIFF (No. 07 971 144).
- PHARMAGEST INTERACTIVE acquired a 51% equity stake in MULTIMEDS, an Irish company registered in the Companies Registration Office of DUBLIN (No. 533 817).
- PHARMAGEST INTERACTIVE acquired an initial 80% equity stake in the capital of WELFINITY GROUP S.A., a Luxembourg company, registered in LUXEMBOURG (No. B 212 759).
- Completion of the final phase of TELUS' integration within GROUPE DOMEDIC, increasing PHARMAGEST INTERACTIVE's stake to 28.32%.
- MALTA INFORMATIQUE acquired all capital of AXIGATE, a French company registered in PARIS (RCS No. 490 301 991).

These combinations were recognised on a definitive basis.

Due to the limited impact of changes in scope and the application of new standards, no pro forma financial statements were produced.

NOTE 3 - Intangible assets

3.1 Goodwill

When a company is acquired, its assets, liabilities and contingent liabilities are measured at fair value on the acquisition date.

Fair value adjustments of assets and liabilities must be made within 12 months of the acquisition date.

The difference between the cost of acquisition whereby control is acquired and PHARMAGEST Group's share in the fair value of these assets, liabilities and contingent liabilities is recognised under goodwill.

The takeover cost is the price paid by PHARMAGEST Group for the acquisition, or an estimate of this price if the transaction does not involve any payment in cash, excluding acquisition costs, which are posted under operating expenses.

IFRS 3 (revised) introduced an obligation to take account of the fair value of contingent payments in the cost of the price paid.

When a company is acquired via successive transactions, fair value adjustments are made to shares held prior to the takeover and the change in value is booked as income.

From 1 January 2010, pursuant to IAS 27 (revised), (material) transactions with non-controlling interests after the acquisition-date only affect equity as if they were transactions between shareholders.

Goodwill is not amortised but tested for impairment at the end of the year, or more often where there is evidence of losses of value.
The procedures used for conducting impairment tests are describe in Note 5.1 to the consolidated financial statements.
Negative goodwill is automatically recorded under operating profit, when not material.

3.2 Research and development costs

In accordance with IAS 38 "Intangible Assets", research and development expenditure is expensed in the period incurred, with the exception of development costs when all of the following conditions have been met:

- The project is clearly defined and the corresponding expenditure is separately identifiable;
- The technical feasibility of the project has been demonstrated;
- PHARMAGEST Group has the intention to complete the project and use or sell the asset;
- There is a potential market for developments resulting from the project or its usefulness in-house has been demonstrated. Thus, where a new module is developed on an existing software, its development costs are recognised as assets, provided that it makes it possible to address new customers not currently covered or address a new need;
- There are resources available to complete the project.

See note 3.4.1 of the consolidated financial statements for the measurement on 31 December 2018.

Capitalised development expenditures are amortised over the estimated useful life of the corresponding projects and tested for impairment when there is an indication of loss.
Development expenditures in progress (not yet amortised) are tested for impairment at the end of the reporting period.
The procedures used for conducting impairment tests are describe in Note 5.2 to the consolidated financial statements.

3.3 Other intangible assets

An intangible asset is a non-monetary asset without physical substance that must be simultaneously identifiable and controlled by the company as a result of past events and must provide an expectation of future financial benefits. An asset can be identified as intangible if it is separable from the acquired entity or if it arises from legal or contractual rights.

Intangible assets with determinable useful lives are amortised on a straight-line basis over periods that correspond to their expected useful life.

Intangible assets	Useful life	Amortisation method
Customer relations Software acquired	According to contract features 1 to 5 years	Straight-line Straight-line

3.4 Value of intangible assets and goodwill

3.4.1 Gross value of intangible assets

Balance sheet line items - In € thousands	Gross value at 31/12/2017	Increase	Decrease	Reclassification	Change in consolidation scope	Gross value at 31/12/2018
Development expenditures [1]	34,350	7,787	-1,562	-88	1,581[2]	42,069
Customer relations [3]	1,493				0	1,493
Other intangible assets	7,726	458	-235	88	266	8,303
Goodwill	38,819	8,186	-1,000			46,005
TOTAL	**82,388**	**16,431**	**- 2,797**	**0**	**1,848**	**97,870**

[1] Of which €10,604 thousand in unamortised development expenditures in progress at 31/12/2018.
[2] Development expenditures of PHARMAGEST ITALIA and its subsidiaries.
[3] Recognition of a client relationship following the acquisition of SABCO.

Business combinations are recognised according to the purchase method of accounting. Assets, liabilities and contingent liabilities of the acquired company are measured at fair value on the date of acquisition. Goodwill identified at the time of an acquisition is recognised under the corresponding assets and liabilities.

The residual difference between the fair value of consideration given and the net fair value of identifiable assets and liabilities is accounted for as goodwill and allocated to Cash Generating Units from which benefits or synergies resulting from the acquisition are expected.

A Cash Generating Unit (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.
The goodwill is allocated to the CGUs or CGU groups corresponding to the Group's businesses.

Analysis of recoverable amount of goodwill by CGU (in € thousands):

Pharmacy Europe Solutions Division			Health and Social Care Facilities Solutions Division	e-Health Solutions Division	Total PHARMAGEST Group
Pharmacy France Business Unit	Pharmacy Belux Business Unit	Pharmacy Italy Business Unit			
24,796	2,164	8,164	9,055	1,826	46,005

3.4.2 Amortisation of intangible assets

Balance sheet items - In € thousands	Value at 31/12/2017	Increase	Decrease	Reclassification	Change in consolidation scope	Value at 31/12/2018
Development expenditures	19,288	3,043	-1,481	-88	969	21,730
Customer relations	1,493					1,493
Other intangible assets	3,796	526	-169	88	219	4,460
TOTAL	**24,577**	**3,569**	**-1,650**	**0**	**1,187**	**27,683**

No impairment charges were recorded for goodwill and development expenditures based on impairment tests performed in 2018.

NOTE 4 - Property, plant and equipment

4.1 Initial measurement and subsequent measurement

Property, plant and equipment are stated at their historical acquisition cost, production cost or entry cost in PHARMAGEST Group, less cumulative depreciation and impairment losses recognised.

The carrying amount of property, plant and equipment is not remeasured as PHARMAGEST Group has not chosen the alternative method of regularly revaluing one or more categories of property, plant and equipment.

Borrowing costs incurred in order to finance the acquisition and the construction of installations during the construction period are recorded as an expense in the period to which they relate.

Grant payments received for depreciable assets are written down according to the same rate of depreciation as the fixed assets to which they relate presented under other liabilities.

Balance sheet items - In € thousands	Value at 31/12/2017	Increase	Decrease	Reclassification	Change in consolidation scope	Translation difference	Gross value at 31/12/2018
Land	585						585
Buildings	6,073	250	-60		789		7,052
Buildings - Leasing					905		905
Equipment	1,364	412			222		1,998
Other property, plant and equipment	7,967	2,165	-695		1,532		10,969
TOTAL	**15,989**	**2,827**	**-755**		**3,449**		**21,509**

4.2 Amortisation and depreciation

In accordance with the component method, PHARMAGEST Group uses different depreciation periods for each significant component of the same asset where one of these components has a useful life that is different from the main asset to which they relate. The main depreciation methods and periods retained are as follows:

Property, plant and equipment	Useful life	Depreciation method
Buildings Fittings General fixtures Office and computer equipment Transportation equipment Furniture	15 to 30 years 8 to 30 years 5 to 10 years 3 to 5 years 1 to 5 years 5 to 10 years	Straight-line Straight-line Straight-line Straight-line Straight-line Straight-line

In € thousands	Gross value at 31/12/2017	Increase	Decrease	Reclassification	Change in consolidation scope	Gross value at 31/12/2018
Property, plant and equipment	10,110	1,666	-611		1,834	12,999

4.3 Leases

As part of its various activities, PHARMAGEST Group uses assets made available under leases.

These leases are analysed in reference to the situations described and indicators provided in IAS 17 to determine whether they are operating leases or finance leases:

- Operating leases: payments under operating leases (other than service costs such as for insurance and maintenance) are expensed on a straight-line basis over the term of the lease;
- Finance leases, as lessee: PHARMAGEST Group has no material finance leases;
- Finance leases as a supplier: finance leases arranged by PHARMAGEST Group with its customers are automatically assigned to the partner-lessors HEALTHLEASE and NANCEO from the moment of purchase. PHARMAGEST Group does not incur any risks linked to these leases.

See Note 7.8 to the consolidated financial statements for related off-balance sheet commitments.

NOTE 5 - Procedures for testing non-financial assets for impairment

5.1 Impairment tests of goodwill and intangible assets

IAS 36 requires that goodwill and intangible assets with indefinite useful lives (trademarks) be tested for impairment (at least once a year and whenever any indicators of impairment arise) as are other finite life long-term assets where there is evidence of a loss in value.

Such evidence may include:

- A major decline in the market value of the asset;
- A material change in the technological, economic or legal environment.

An asset is recognised as impaired when its actual value falls below that of its net carrying value. The recoverable amount of an asset is the higher of fair value less costs to sell and its value in use. Fair value is the amount that can be obtained from the sale of an asset (or group of assets) in an arm's length transaction between knowledgeable, willing parties. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or group of assets being tested. The discounted future cash flow method was used where comparable market information was unavailable.

Impairment losses of a CGU or CGU group are allocated in priority to goodwill. Impairment losses for goodwill are not reversible. Impairment losses for intangible assets and property, plant and equipment may be reversed subsequently if the recoverable amount rises again above their net carrying value.

Impairment losses are recognised under "Other operating income and expenses".

Goodwill is allocated/tested for impairment at the lowest CGU level of the operating sector concerned which shall not be larger than the PHARMAGEST Group's operating segments.

On that basis, all intangible assets not subject to amortisation and not generating independent cash flows and goodwill are allocated to each CGU (see Note 3.4 to the consolidated financial statements) within the framework of these impairment tests.

The discounted cash flow method (DCF) is used for the years 2019 to 2022 based on the business plan forecasts drawn up by the Group according to its development strategy within its current competitive environment.

The discount rate adopted is that used by financial analysts with knowledge of the business sector. This discount rate is applied as is to mature business and adjusted for developing business by integrating the corresponding risk premium.

Present value is determined the addition of on the one hand the discounted value by CGU of discounted cash flows for the explicit period of 2019 to 2022 and on the other hand the terminal value defined as the value of the economic asset estimated for the last year of the explicit horizon. This terminal value is measured by the net present value of normative free cash extrapolated from the end of the explicit period until infinity by CGU based on the last year of the explicit period. The perpetuity growth rate is applied to infinity based on our perception of market trends.

Assumptions:

	Pharmacy Europe Solutions Division			Health and Social Care Facilities Solutions Division	e-Health Solutions Division
	Pharmacy France Business Unit	Pharmacy Belux Business Unit	Pharmacy Italy Business Unit		
Discount rate	6.08%	5.88%	6.30%	6.25%	11.76%
Perpetuity growth rate	1.80%	1.80%	2.30%	2.30%	2.50%

The measurement obtained from our impairment tests in 2018 indicated that the recoverable value of assets tested by CGU did not incur a loss in value.

Sensitivity analysis

The sensitivity analysis was measured in reference to the following parameters for the different CGUs:

- A change in the discount rate of +/- 0.5 bp;
- A change in the perpetuity growth rate of +/- 0.5 bp;
- Changes in the assumptions used by management in its five-year business plan of -15% and -30%.

	Sensitivity test	Values of assets, normalised to 100
Changes in the discount rate	-0.5 point +0.5 point	111.2 91.2
Changes in the perpetuity growth rate	-0.5 point +0.5 point	92.2 109.9
Forecasts of the 5-Year Business Plan	-15% -30%	86.8 73.6

The 100 base is defined as the recoverable amount of assets tested per CGU.

Based on the above parameters, the sensitivity analysis did not identify any discounted items with a recoverable value lower than the carrying value of the assets tested.

5.2 Impairment tests of development expenditures

IAS 36 "Impairment of assets" requires impairment tests to be performed and documented by project:

- When there is an indication of loss in value for development expenditures in the process of amortisation;
- Annually for development expenditures not yet commissioned.

The recoverable value of projects is estimated according to the discounted cash flow method. These measurements are performed over the life of each project in order to take into account the market in question. PHARMAGEST Group did not identify any evidence of impairment.

NOTE 6 - Financing and financial instruments

6.1 Non-current financial assets

Gross value of non-current financial assets

In € thousands	Value at 31/12/2017	Increase	Decrease	Reclassification	Variation de périmètre	Value at 31/12/2018
Deposits, guarantees and loans Investments [1] Other investments [2]	629 18,454 0	47 10,693	-27		5 5,046 115	654 34,192 115
TOTAL	**19,083**	**10,740**	**-27**		**5,166**	**34,962**

[1] In December 2016, the allocation of the capital redemption contract previously in euros was shifted to a new unit-linked real estate investment fund (based on shares of a SPPICAV investment vehicle – société de placement à prépondérance immobilière à capital variable).
The Group invested in unit-linked capital redemption contracts in the 2018 first half.
At 31 December 2018, the balance of the investments broke down as follows:
- *Unit-linked capital redemption contract: €25,443 thousand;*
- *Capital-guaranteed US dollar denominated structured products: €3,493 thousand;*
- *Life insurance investments: €5,256 thousand.*

At year-end, the investments were measured at fair value (surrender value) per result.
[2] Amortised in the amount of €106 thousand.

6.2 Current financial assets

Unrealised capital gains and losses in reference to the purchase price of investments in euro funds are systematically recognised in profit or loss until the asset is sold.

Net values - In € thousands	31/12/2018	Of which change in consolidation scope	31/12/2017
Capital redemption contracts [1] Other financial assets	28,725 0		28,134 0
TOTAL	**28,725**		**28,134**

[1] Investment contract for the AXA Euro Fund with an investment profile comparable to French fungible treasury bonds (Obligations Assimilables du Trésor or OAT) with a guarantee of net capital invested and accrued interest. The fair value of the contract is the net asset value at any time, i.e. the carrying amount. The yield was confirmed based on a guaranteed return.

6.3 Cash and cash equivalents

Cash is kept on hand to meet short-term cash commitments and includes cash in bank current accounts and demand deposits. Cash equivalents refer to investments with a maturity of less than three months readily convertible to known amounts of cash and subject to an insignificant risk of change in value held for the purpose of meeting short-term cash commitments.

Gross values - In € thousands	31/12/2018	Of which change in consolidation scope	31/12/2017
SICAV open-ended investment funds / Term deposit accounts	7,378	0	9,811
Bank and cash	18,091	9,234	10,665
Financial advance [(1)]	7,100	0	7,100
TOTAL	**32,569**	**9,234**	**27,577**

[(1)] PHARMAGEST Group provided an advance to MARQUE VERTE SANTE, the parent company, which was authorised by its governance bodies. PHARMAGEST Group considers the financial advance granted by MARQUE VERTE SANTÉ as cash equivalents as the latter has given a firm undertaking to repay the advance in whole or in part, on PHARMAGEST INTERACTIVE's request, within a maximum of three months from the date of the request.

6.4 Financial liabilities

Borrowings and other interest-bearing financial liabilities are measured at amortised cost using the effective interest rate of the borrowings. Incremental and directly attributable costs and issue premiums are amortised, as applicable, according to the effective interest rate method over the term of the borrowing.

These amounts are measured by using the discounted floor value of the indexes for contractual revisions.

In € thousands	31/12/2018				Of which change in consolidation scope	31/12/2017 Gross amount
	Gross amount	Less than 1 year	1 to 5 years	More than 5 years		
Bank overdrafts	1,071	1,071			191	1,482
Bank borrowings [(1)]	32,994	5,096	21,652	6,246	3,001	12,413
Sureties [(2)]	1,986		1,986			1,498
Liabilities linked to put options on non-controlling interests [(3)] [(4)]	6,823		6,823		5,357	1,466
Lease liabilities	302	62	240		346	0
Borrowings / financial liabilities	11	11				18
TOTAL	**43,188**	**6,240**	**30,701**	**6,246**	**8,895**	**16,878**

[(1)] Borrowings which are not subject to bank covenants consist mainly of fixed rate debt.
[(2)] These non-current liabilities consist of sureties received under the SESAM-Vitale update service, a service provided for a term of 36 months subject to tacit renewal.
[(3)] The minority shareholders of CAREMEDS and MULTIMEDS hold a put option on PHARMAGEST INTERACTIVE with a 6 year maturity as from the acquisition date of the majority stake by PHARMAGEST Group.
[(4)] The minority shareholders of PHARMAGEST ITALIA hold a put option on PHARMAGEST INTERACTIVE with a 5 year maturity as from the acquisition date of the majority stake by PHARMAGEST Group.

Analysis of bank borrowings by maturity and rate type:

In € thousands	Financial debt		
Term	Fixed rate	Variable rate	Total
Less than 1 year	4,958	138	5,096
1 to 5 years	21,533	119	21,652
More than 5 years	6,246	0	6,246
TOTAL	**32,737**	**257**	**32,994**

6.5 Net financial income/(expense)

In € thousands	31/12/2018	31/12/2017
Income from cash flow	**1,147**	**1,350**
Cost of gross debt	294	218
Currency gains and losses	153	-340

Income from cash is presented net of fund management fees and provisions of unrealised capital losses, as applicable, as well as changes in fair value of financial instruments.

Foreign exchange gains and losses originated primarily from structured products in US dollars.

6.6 Financial risk management and control

6.6.1 Liquidity risk

PHARMAGEST Group conducted a specific review of its liquidity risk and on that basis considers it has the resources to honour its obligations for future payments.

At 31 December 2018, PHARMAGEST Group had different types of cash assets with the following maturities:

- Cash investments of a very short-term nature amounting to €32.6 million in addition to €14 million in undrawn bank overdraft facilities. Cash and cash equivalents included the cash advance of €7.1 million of PHARMAGEST Group to its parent company MARQUE VERTE SANTE;
- As short-term resources, PHARMAGEST Group has access to euro funds in the amount of 28.7 million;
- To meet additional needs over the medium term, PHARMAGEST Group may make use of its non-current financial investments (see Note 6.1 to the consolidated financial statements) in the amount of €34.2 million.

With €110 million in net cash, the Group has sufficient financial resources to fund current operations, make the investments necessary for its future development, and address exceptional events that may arise.

Maturities for borrowings are detailed in Note 6.4 to the consolidated financial statements.

PHARMAGEST Group's sources of financing include bank overdraft facilities, medium- and long-term borrowings.

It has secured the option to access credit in the event substantial capital expenditure is required.

Management of liquidity risk also aims to secure resources at the lowest cost and to ensure they can be accessed at any time.

The Group assesses its liquidity risk to ensure it is in a position to honour its future payment obligations.

6.6.2 Market risk

6.6.2.1 Interest rate risk

PHARMAGEST Group's exposure to interest rate risk relates to floating-rate loans (sensitivity to rate increases).

Analysis of gross debt by maturity and type of rate:

In € thousands	Fixed rate				Variable rate
Term	Carrying value	Less than 2%	3%-4%	More than 4%	
2019	5,096	4,951	7		138
2020	5,444	5,382	5		57
2021	5,439	5,382			57
2022	5,387	5,382			5
2023	5,382	5,382			
Thereafter	6,246	6,246			
TOTAL	**32,994**	**32,725**	**12**		**257**

6.6.2.2 Exchange rate risk

The Group's business has very little exposure to foreign exchange risk as its purchases and sales are in very large part in euros.

6.6.2.3 Risks on equities and other financial instruments

As PHARMAGEST Group has opted in favour of unit-linked vehicles in order to obtain a better return from cash investments, it considers its exposure to this risk as limited.

Nonetheless, we closely monitor the financial position of AXA, responsible for managing the capital redemption contract.

6.6.3 Credit / counterparty risk

Based on a regularly updated analysis of counterparty risk, no material impairment has been recorded for receivables from the main debtors, namely the leasing companies operating in the pharmacy sector (the vast majority of amounts due are paid within two months). Invoices financed by leasing companies accounted for 29% of consolidated sales in 2018, with 99% of this through leasing companies working with HEALTHLEASE and NANCEO.

Trade receivables not written down at 31 December 2018 were analysed individually and the majority were settled after the balance sheet date (see Note 7.4 to the consolidated financial statements).

6.6.4 Risk associated with the effects of climate change

In light of the nature of its activities, PHARMAGEST Group does not have a specific exposure to risks resulting from the effects of climate change.

6.7 Off balance-sheet commitments relating to Group financing

In € thousands	31/12/2018	31/12/2017
Pledges, mortgages and security interests on property [1]	11,158	12,317
Unmatured receivables assigned	0	0
Other financial commitments given	0	0
TOTAL	**11,158**	**12,317**

[1] *All pledges were given in connection with bank loans. The amount shown corresponds to the balance of relevant borrowings at 31 December 2018.*

PHARMAGEST Group has no off-balance sheet commitments received (apart from €14 million in undrawn credit lines) that could have a material financial impact on PHARMAGEST Group's financing.

As at the reporting date of 31 December 2018, PHARMAGEST Group is unaware of any material off-balance sheet commitments other than those set out above.

NOTE 7 - Operating highlights

7.1 Revenue

PHARMAGEST Group's revenue is primarily derived from the following:

- Sales of configurations and hardware,
- Maintenance and sale of databases,
- Training and new product services,
- Other services.

Income from the sale of configurations and hardware is recognised when the risks and rewards of ownership of the goods are transferred to the buyer.

Maintenance services are recognised on a straight-line basis over the contract term.

Training services and new products are recognised at the time the service is rendered and the disposal of the right-of-use asset.

The other services are recognised upon completion of the service.

Net sales:

In € thousands	31/12/2018	31/12/2017
Sales of configurations and hardware	64,257	56,517
Maintenance and sale of databases	54,650	49,971
Training and new product services	27,953	21,554
Other services	1,620	1,628
TOTAL	**148,480**	**129,669**

7.2 Segment information

PHARMAGEST Group's operations are organised into three Divisions:

- **Pharmacy Europe Solutions Division:** Essentially computer systems for pharmacies.
- **e-Health Solutions Division** Combines innovative technological infrastructures for e-Health, including applications for medical telemetry monitoring and services to the pharmaceutical industry.
- **Health and Social Care Facilities Solutions Division:** This division corresponds to the segment for retirement homes and hospitals covered by the expertise of MALTA INFORMATIQUE, DICSIT INFORMATIQUE and AXIGATE.
- **FinTech Division:** Equipment lease financing solutions for the services sector offered by NANCEO.

These Divisions group together departments, business units, agencies and legal entities engaged in the same business.

31/12/2018 - € thousands	Divisions			Total
	Pharmacy Europe Solutions	HSCF [(1)]	Other [(2)]	
Revenue	114,723 *77%*	19,273 *13%*	14,483 *10%*	148,480
Depreciation and amortisation of tangible and intangible assets	-2,775 *53%*	-946 *18%*	-1,513 *20%*	-5,234
Current operating income	27,138 *70%*	8,583 *22%*	3,165 *8%*	38,886
Current operating income / Sales	**23.65%**	**44.53%**	**21.85%**	**26.19%**

[(1)] *Health and Social Care Facilities Solutions Division.*
[(2)] *The heading "Other" corresponds to the e-Health Solutions and Fintech Divisions.*

31/12/2017 - € thousands	Divisions			Total
	Pharmacy Europe Solutions	HSCF [(1)]	Other [(2)]	
Revenue	101,821 *79%*	14,863 *11%*	12,986 *10%*	129,669
Depreciation and amortisation of tangible and intangible assets	-2,469 *58%*	-403 *10%*	-1,364 *32%*	-4,236
Current operating income	23,879 *70%*	6,578 *19%*	3,847 *11%*	34,304
Current operating income / Sales	**23.45%**	**44.26%**	**29.63%**	**26.46%**

[(1)] *Health and Social Care Facilities Solutions Division.*
[(2)] *The heading "Other" corresponds to the e-Health Solutions and Fintech Divisions.*

The figures by business are derived from internal reporting drawn up in accordance with French GAAP for consolidated financial statements, completed by reclassifications and adjustments linked to IFRS.

7.3 Seasonal nature of business

The business lines are neither seasonal nor cyclical in nature.

7.4 Trade receivables

Les créances clients sont comptabilisées au coût amorti. Une dépréciation est constituée lorsque l'encours comptable est supérieur au montant recouvrable.

In € thousands	31/12/2018			Of which change in consolidation scope	31/12/2017
	Net amount	Less than 1 year	More than 1 year		Net amount
Trade receivables [1] Other receivables	31,962 8,382	31,962 8,382		1,200 1,506	22,937 8,727
TOTAL	**40,344**	**40,344**		**2,706**	**31,665**

[1] All trade receivables included in the consolidated aged trial balance below have been individually examined and a provision is recorded based on individual assessments of a manifest collection risk and application of the following rules:

Receivables < 180 days: Receivables between 180 and 360 days: Receivables > 360 days:	Provision N/S Provision of 50% Provision of 100%

The provision recorded at 31 December 2008 amounted to €581 thousand compared to €593 thousand one year earlier.

The trade receivables balance breaks down as follows (in € thousands):

Net amount	Not yet due	< 60 days	60<X<180 days	> 180 days
31,962	15,474	14,130	1,206	1,152

Given the fact that receivables are short-term and in the absence of any material change in the creditworthiness of counterparties, the fair value of receivables is close to their carrying amount.

In € thousands	31/12/2017	First-time consolidation	Increase	Reversal used	Reversal (provisions unused in the period)	31/12/2018
Provision for impairment of trade accounts receivable	593	18	301	-331		581

7.5 Inventories

Inventories and work in progress are recognised at the cost: serialised equipment is measured according to the individual cost method, and low-value non-serialised repairable equipment is measured at the weighted average unit cost.
On each closing date, they are valued at either the historical cost or the net realisable value, whichever is the lower.

Net realisable value is defined as the expected selling price in the ordinary course of business minus costs necessary for completion and disposal.

In € thousands	31/12/2018			Of which change in consolidation scope	31/12/2017
	Gross amount	Impairment	Net amount		Net amount
Components	117	0	117		61
Equipment	3,307	-545	2,762	123	2,296
Supplies	240	-38	202		214
Parts and after-sales service	2,151	-125	2,026		211
In progress					
TOTAL	**5,815**	**-708**	**5,108**	**123**	**2,781**

7.6 Trade and other payables

In € thousands	31/12/2018				Of which change in consolidation scope	31/12/2017
	Gross amount	Less than 1 year	1 to 5 years	More than 5 years		Gross amount
Trade payables	11,909	11,909			1,415	9,560
Other payables	46,977	46,453	524		1,760	42,321
TOTAL	**58,886**	**58,362**	**524**		**3,175**	**51,881**

7.7 Net allowances for depreciation, amortisation and reserves

In € thousands	31/12/2018	31/12/2017
Allowances for depreciation and amortisation	5,235	4,236
Provisions for fixed assets	0	0
Provisions for current assets	279	-24
Provisions for contingencies and expenses	-61	346
TOTAL	**5,453**	**4,558**

The reversals of provision are presented net of allowances.

7.8 Off balance-sheet commitments relating to the operating activities of PHARMAGEST Group

En K€	31/12/2018	31/12/2017
Contractual obligation / property lease financing	0	0
Contractual obligation / equipment operating lease [(1)]	1,770	2,064
Contractual obligation / property operating lease [(1)]	9,360	9,880
Irrecoverable purchasing obligation	0	0
Other contractual obligations	0	0
Commitments given in relation to business development	0	0
Tax commitments	0	0
TOTAL	**11,130**	**11,944**

[(1)] *Amounts presented including VAT correspond to lease payments due.*

PHARMAGEST Group has no off-balance sheet asset commitments likely to have a material financial impact on the operating activities of PHARMAGEST Group.

As at the reporting date of 31 December 2018, PHARMAGEST Group is unaware of any material off-balance sheet commitments other than those set out above.

NOTE 8 - Staff costs and employee benefits

8.1 Workforce and payroll

PHARMAGEST Group had 607 full-time equivalent (FTE) non-management employees and 405 management employees.
Staff costs consist primarily of gross salaries, social charges and wage-based contributions amounting to €51,363 thousand and profit-sharing expenses amounting to €1,617 thousand.

8.2 Employee benefits

Pension plans, similar compensation and other employee benefits which are analysed as defined benefit plans (whereby PHARMAGEST Group undertakes to guarantee a defined amount or benefit level), are recognised on the balance sheet on the basis of an actuarial assessment of pension obligations on the closing date, less the fair value of the corresponding plant assets. Contributions paid in respect of plans analysed as defined contribution plans, i.e. where PHARMAGEST Group's sole commitment is to pay contributions, are recognised as expenses for the financial year.

The provision presented in the consolidated financial statements is valued using the projected unit credit method and takes into account the related social charges.

For the discount rate, the iBoxx corporate AA10+ at year-end is used (1.57%).

Actuarial differences arise from discrepancies between the assumptions used and actual experience or changes to the assumptions used to calculate obligations and the corresponding plan assets. In accordance with the amendments to IAS 19, actuarial differences are recognised immediately in equity.

See Note 11 to the consolidated financial statements for the commitment on the closing date.

8.3 Stock-options

One consequence of the application of IFRS 2 is the recognition of an expense corresponding to employee benefits in the form of share-based payments.

The options are measured by PHARMAGEST Group by reference to the value of the equity interests granted on the grant date using a mathematical model. This model takes into account the plan features (exercise price, exercise period), market data at time of grants (risk-free rate, share price, volatility, projected dividends) and assumptions with respect to the behaviour of beneficiaries.

This value is recognised in personnel expenses over the vesting period, with a corresponding adjustment to equity.

Since 16 October 2007, there is an employers' contribution to stock option plans collected by the URSSAF. The contribution rate is 30% for options awarded and grants made as of 11 July 2012.
Pursuant to applicable law and regulations, the basis for the calculation chosen by the Group is the fair value of options under IFRS 2. A provision was recorded in the Group's 2014 financial statement for this contribution, the year to which it relates, and it will not be spread over the vesting period in accordance with IFRS 2.

The total remuneration cost amounts to €500 thousand and the amount recognised in FY 2018 is €116 thousand.

8.3.1 FY 2014 stock option plan

Information on stock options	Pro forma financial information
Board meeting date	05/12/2014
Total number of shares that may be subscribed or purchased Of which the number that may be subscribed or purchased by: *- Corporate officers, Directors and Finance and Personnel Management Committee members.* *- Top ten employee grantees (other than corporate officers)*	239,780 *0* *25,000*
First day on which options may be exercised Expiry date Subscription price	05/12/2018 04/12/2022 20.11 €
Number of shares subscribed as at 31/12/2018	27,245
Number of shares forfeited as at 31/12/2018	-36,060
Remaining stock options	176,475

8.3.1.1 Beneficiaries

Plan beneficiaries include the employees of PHARMAGEST INTERACTIVE, CP INTERACTIVE, EHLS, MALTA INFORMATIQUE, DIATELIC, INTECUM and CPSI, with the exception of PHARMAGEST INTERACTIVE's Finance and Personnel Management Committee members, the directors and corporate officers of that company and its subsidiaries, insofar as they meet the following criteria:

- Were employees on 5 December 2014;
- Have two years' service as at 5 December 2014;
- Be employed under permanent contracts as at 5 December 2014.

8.3.1.2 Information on share-based payments

The Black & Scholes method is used to measure stock options, based on the following assumptions:

Maturity	6 years
Volatility [1]	20.00%
Risk free rate	0.45%
Expected dividends	2.61%
Turnover	5.00%
Fair value of the option [2]	€12.83

[1] *Estimated from historic volatility based on the PHARMAGEST INTERACTIVE share price.*
[2] *Valuation in 2014, before the 5-for-1 stock split.*

8.4 Management compensation

Corporate governance bodies received gross compensation in the amount of €554 thousand in 2018. The amounts received include PHARMAGEST INTERACTIVE and controlled companies. There is no pension commitment outside those accounted for. The amount paid pursuant to Article 83 for managers totalled €39 thousand. No advances or loans were granted to members of management bodies by PHARMAGEST INTERACTIVE and controlled companies.

Furthermore, the provision for retirement severance benefits includes €239 thousand for members of governing bodies.

NOTE 9 - Corporate income tax

9.1 Corporate income tax

PHARMAGEST Group calculates its tax on earnings in accordance with the tax laws in force in the countries where earnings are taxable.

9.1.1 The regional business tax (CET)

PHARMAGEST Group considers that the contribution based on added value (*cutisation sur la valeur ajoutée des entreprises* or CVAE) of 1.5% has the same characteristics as the calculation for the minimum contribution of the previous local business tax (*Taxe Professionnelle* or TP) that is also capped on this basis (added value). For that reason the CVAE is recognised in the income statement as the previous regional business tax (TP) and consequently does not generate any deferred tax liability (see the statement by the French standard setter, the *Conseil National de la Comptabilité*, renamed *Autorité des Normes Comptables*, dated 14 January 2010).

9.1.2 The CICE *(Crédit d'Impôt pour la Compétitivité et l'Emploi)* wage tax credit

In 2018, the CICE wage tax credit equals 6% of gross remuneration paid to employees during the calendar year not exceeding 2.5 times the French minimum wage and used as the basis for calculating employers' social security contributions;
The CICE is classified by PHARMAGEST Group as a compensation item subject to IAS 19. It is therefore recognised as a reduction from staff costs (€1,275 thousand at 31 December 2018).
The CICE tax credit income for fiscal 2017 was applied in accordance with the aims of the measure, i.e. to improve the Group's competitiveness.

9.1.3 Tax expense

The tax expense breaks down as:

In € thousands	31/12/2018
Current tax Contribution on dividends Deferred tax	11,545 0 1,177
Total tax expense	**12,722**

9.2 Deferred taxes

In accordance with IAS 12, deferred taxes are recorded on all temporary differences between the carrying amounts of assets and liabilities and their tax values using the liability method. They are measured on the basis of the tax rate expected for the period during which the asset will be realised or the liability settled. The effects of changes in tax rates from one year to another are recorded in the income statement for the year in which the change is recognised.

PHARMAGEST Group applied a rate of 25% to calculate deferred tax which corresponds to the most probable rate applicable at the time of the tax's recovery.

Deferred taxes relating to items recognised directly in equity are also recognised in equity.

Deferred tax assets arising from temporary differences, tax deficits and tax assets that can be carried forward are limited to the estimated recoverable tax. This is valued at the end of the year based on projected income for the relevant tax entities.

9.2.1 Theoretical and actual tax reconciliation

In € thousands	31/12/2018
Net income of consolidated companies	27,038
Income tax expense	12,722
Pre-tax earnings from consolidated companies	**39,759**
Theoretical tax expense at the statutory corporate income tax rate (33.33%)	**13,253**
Permanent differences Rate differences Tax deficits not capitalised Company consolidated under the equity method Additional contribution CICE wage tax credit Contribution on dividends	106 -435 162 54 - -429 12
Actual tax expense	**12,722**
Effective tax rate	32.00%

9.2.2 Deferred tax assets and liabilities

The breakdown of deferred tax assets and liabilities is presented in the table below:

In € thousands	Deferred tax assets	Deferred tax liabilities	Total net deferred taxes
Changes impacting 2017	308	254	54
As at 31 December 2017	**696**	**887**	**-190**
As at 31 December 2017 [(1)]	**4,331**	**887**	**3,445**
Changes impacting 2018	-1,554	-349	-1,206
As at 31 December 2018	**2,777**	**538**	**2,239**

[(1)] Amounts with IFRS 15 and IFRS 9 restatements

Deferred taxes are recognised by company in equity.

The main deferred tax assets and liabilities are as follows:

In € thousands	31/12/2017	Change	Change in consolidation scope	31/12/2018
Impact of loss carryforwards [(1)]	**516**	**-286**		**230**
Tax effect of timing differences related to:				
Provisions for pensions	884	133		1,017
Employee-related payables	452	-48		404
Tax payables (other than income tax)	7	-4		3
Stock margin adjustment	26	8		34
Other timing differences	2	-25	-6	-29
Revaluation adjustment	0			
Sales adjustment	79	-169		-90
R&D activation	-2,159	-904		-3,063
Leasing	0	-3	-31	-34
Deferred revenue [(2)]	0	3,766		3,766
Total temporary differences	**-707**	**2,754**	**-37**	**2,010**
Gross deferred tax assets (liabilities)	**-190**	**2,468**	**-37**	**2,240**
Provision for impairment				
Net deferred tax assets (liabilities)	**-190**	**2,468**	**-37**	**2,240**

[(1)] Capitalised tax deficits relate mainly to tax losses for DIATELIC, SABCO and SABCO SERVICES. The decision to capitalise these losses is based on the likelihood of using them in the short to medium term.
[(2)] For IFRS 15 impacts, see Note 11.1.1 to the consolidated financial statements.

Pursuant to the Board of Directors' authorisation of 5 December 2014, the tax consolidation group was formed on 1 January 2015, with PHARMAGEST INTERACTIVE as the parent. The other companies included in this tax sharing agreement are DIATELIC, CP INTERACTIVE and INTECUM. Under the French tax consolidation agreement, the tax is calculated in each subsidiary as if no tax consolidation existed, in accordance with the principle of neutrality, and the profits and losses of the tax consolidation are recognised by the parent company, PHARMAGEST INTERACTIVE. Total tax losses generated in this framework amounted to €504 thousand.

PHARMAGEST Group decided to not capitalise the losses of INTECUM amounting to €2,662 thousand representing €666 thousand in potential deferred tax assets and also the recently acquired subsidiaries SAILENDRA, NOVIA SEARCH, WELFINITY GROUP and DOMEDIC with a loss of €2,427 thousand generating an additional deferred tax asset of €607 thousand, or total deferred tax assets of €1,272 thousand.

NOTE 10 - Equity and earnings per share

10.1 Share capital and reserves

PHARMAGEST INTERACTIVE's share capital consists of 15,174,125 shares with a par value of €0.20. There is only one class of shares, with each share carrying one voting right. The number of shares outstanding remained unchanged in the period.
PHARMAGEST Group reserves stand at €85,380 thousand, of which €13,207 thousand in issue premium, €(50) thousand in translation adjustments, €511 thousand in the legal reserve and €71,712 thousand in other reserves.

10.2 Treasury shares held by PHARMAGEST INTERACTIVE

10.2.1 Treasury shares

This line item includes 205,479 PHARMAGEST INTERACTIVE shares, wholly owned by the company.
The share price of PHARMAGEST INTERACTIVE was €51.10 at 31 December 2018.

10.2.1.1 Liquidity contract

The market-making contract is wholly owned by PHARMAGEST INTERACTIVE and is managed by GILBERT DUPONT.

Contract features:

- The market maker intervenes solely for the purpose of ensuring the liquidity and orderly trading of the shares, and to prevent price swings not justified by market trends;
- The contract does not contain a provision for securities or liquid assets reserved for the operation of the contract. Nevertheless, where the cash or securities balance credited to the liquidity agreement appear insufficient for the market maker to continue trading in the share and ensure the share's liquidity under the contract, the market maker and the issuer will work together to remedy this situation;
- The contract is for a 12-month term. It may be renewed by tacit agreement and may be cancelled without notice by the issuer and with a 30 days' notice if at the market maker's initiative situation;
- Purchases made are framed by the annual authorisation given by the General Meeting on the redemption programme.

In 2018, the following transactions were carried out under the liquidity contract:

- Purchases: 41,584 shares at an average price of €53.70;
- Disposals: 42,033 shares at an average price of €53.43.

Valuations are calculated using the weighted average price.

At 31 December 2018, 1,999 shares were listed in the liquidity account and the cash balance was €103 thousand.

10.2.1.2 Share buyback programme (outside the liquidity contract)

In 2014, PHARMAGEST INTERACTIVE acquired 39,102 shares at an average price of €99.45, giving a pro forma amount of 195,510 shares at an average price of €19.89. This purchase volume must be seen in light of the stock option plan introduced in 2014 (c.f. Note 8.3.1 to the consolidated financial statements).

PHARMAGEST INTERACTIVE acquired:

- In 2017, 27,251 additional shares for an average price of €39.46 per share.
- In 2018, 7,964 additional shares for an average price of €49.89 per share.

10.3 Dividends

The dividend paid in 2018 on 2017 earnings amounted to 11,212 thousand or €0.75 per share.

A dividend of €0.85 per share will be proposed to the next Annual General Meeting.
The distribution of dividends to non-Group shareholders amounting to €365 thousand was recognised in ADI's annual statement and €270 thousand in KAPELSE's annual statement and respectively €16 thousand and €10 thousand for CAREMEDS and MULTIMEDS.

10.4 Earnings per share

Basic earnings per share correspond to PHARMAGEST Group's net income for the year attributable to ordinary shares as a ratio of the weighted average number of outstanding shares during the year. The average number of ordinary shares outstanding for the period is the number of ordinary shares outstanding at the beginning of the period, adjusted by the number of ordinary shares bought back or issued during the period.

To calculate diluted earnings per share, the average number of outstanding shares is adjusted to reflect the effect of dilution from equity instruments issued by the company that might increase the number of outstanding shares.

Earnings per share - Group share	31/12/2018	31/12/2017
Net profit of the period (in €)	**25,432,013**	**23,195,626**
Number of shares Number of treasury shares Weighted average number of ordinary shares to calculate basic earnings per share	**15,174,125** 205,479 14,968,646	**15,174,125** 225,209 14,948,916
Basic earnings per share (in €)	**1.70**	**1.55**
Number of stock options outstanding Weighted average number of ordinary shares to calculate diluted earnings per share	0 15,174,125	0 15,174,125
Diluted earnings per share (in €)	**1.68**	**1.53**

NOTE 11 - Provisions and contingent liabilities

11.1 Provisions

A provision is recognised when PHARMAGEST Group is likely to have an obligation arising from past events which will result in an outflow of PHARMAGEST Group resources with no expectation of a counter-payment at least equivalent and which can be reliably estimated. Where settlement of this obligation is likely to be deferred by more than one year, the provision is discounted with the effects recognised in net financial income/expense.

Provisions for contingencies and expenses

In € thousands	Value at 31/12/2017	Increase	Reversal (provisions used in the period)*	Reversal (unused provisions)	Other movements	Change in consolidation scope	Value at 31/12/2018
Provisions for litigation [(1)] Provisions for contingencies [(2)] Provision for expenses Provisions for retirement severance benefits [(3)]	57 0 0 3,537	72 533	-14	-40			75 0 0 4,070
Provisions for contingencies for equity-accounted securities	0						0
TOTAL	**3,593**	**605**	**-14**	**-40**			**4,145**

** Reversals (provisions used in the period) are presented less allowances in the same way as those for unused provisions.*

[(1)] Provisions for litigation: €75 thousand of which:
- Provisions for ongoing labour disputes: 72 thousand;
- Provisions for ongoing client disputes: 3 thousand.

[(2)] Provisions for contingencies restated in connection with the application of IFRS 15.
This concerns mainly a provision for warranties for technical support after the sale of Rentpharm contracts (hardware maintenance) and the warranty for connected products.

[(3)] Provision for retirement severance benefits: €4,070 thousand.
Under the amendments to IAS 19, actuarial gains or losses must be recognised immediately in equity and the return on plan assets calculated according to the discount rate used to measure the obligation and no longer according to expected returns on plan assets.
As PHARMAGEST Group does not use the use a corridor approach entailing the partial recognition of actuarial gains and losses, their amounts were recognised in full in profit or loss of prior periods.

The impact of calculating returns on plan assets according to the discount rate used to measure the obligation rather than expected returns on plan assets was found to be insignificant and consequently not restated for 2018 as in prior periods.

In € thousands	31/12/2018	31/12/2017
Pension obligations at opening	**4,516**	**3,828**
Service costs Financial cost Cost of past services and change of method Actuarial gains (+)/Actuarial losses (-) generated during the financial year	292 57 0 592	249 74 86 279
Actual obligations at closing	**5,457**	**4,516**
Fair value of plan assets at opening	**981**	**1,062**
Expected return on plan assets Contributions Benefits paid Actuarial gains (+)/Actuarial losses (-)	0 496 -108 17	0 0 -94 14
Fair value of plan assets at closing **Provision at opening** **Provision at closing**	**1,387** **3,537** **4,070**	**981** **2,767** **3,537**

The funds invested include a capital guarantee with a minimum guaranteed return of 60% the average return on French government bonds (*TME or Taux Moyen d'Emprunt*).

The provision for retirement severance benefits is determined using the retrospective projected unit credit method with end-of-career salary and taking into account the following assumptions:

- Voluntary departure by the employee (application of employer's social charges);
- Retirement age: 60-67;
- Turnover: depending on age bracket;
- Discount rate: 1.57%;
  For the discount rate, the iBoxx corporate AA10+ at year-end is used.
- Salary escalation rate: 2%;
- Recognition of a contingent annuity.

PHARMAGEST Group conducted an evaluation of the sensitivity of the provision for retirement severance benefits to changes in the discount rate and wage growth rate. A change of +/- 0.5 points in the discount rate or the salary escalation rate would have an impact of +/-9% on the obligation.

The impact of the financial expense in service costs and expected return on plan assets are shown under financial items.

11.2 Contingent liabilities

PHARMAGEST Group is not aware of any dispute or circumstance of an exceptional nature likely to have any material impact on its revenue, earnings, financial position or assets or to have had any such impact in the recent past.

NOTE 12 - Related-party transactions

PHARMAGEST Group has not carried out any material transactions under abnormal market conditions with related parties.
No guarantee has been given or received in connection with transactions with related parties.

12.1 Nature of relations with equity-accounted investees

In € thousands	31/12/2018	31/12/2017
Trade payables	-28	0
Current account	33	0
Operating expenses of the period	0	0
Trade receivables	0	0
Operating income of the period	0	0

12.2 Nature of relations with other LA COOPERATIVE WELCOOP companies

PHARMAGEST Group is fully consolidated by LA COOPERATIVE WELCOOP (formerly named GROUPE WELCOOP) (54 500 VANDOEUVRE-LES-NANCY).

The nature of the relations between LA COOPERATIVE WELCOOP and its subsidiary MARQUE VERTE SANTE, are primarily amounts invoiced for:

- Management fees which include: strategic assistance, marketing and communications assistance, administrative, accounting and tax assistance, HR assistance and IT assistance. Services are invoiced at cost plus a mark-up of 3%;
- Share of Group insurance policies;
- Share of network contracts;
- Personnel in work-sharing arrangements;
- Sales, IT, marketing and administrative services;
- Financial advances.

Since 2015, PHARMAGEST Group has provided an advance to MARQUE VERTE SANTE, which was authorised by its governance bodies.

In € thousands	31/12/2018	31/12/2017
Trade payables	295	243
Other payables	5	0
Operating expenses of the period	876	865
Trade receivables	442	338
Operating income of the period	727	842
Finance income	107	107
MARQUE VERTE SANTE financial advance	7,100	7,100

NOTE 13 - Other information

13.1 Auditors' fees

Amount in € thousands	BATT		DELOITTE		Other firms	
	2018	2017	2018	2017	2018	2017
Certification of accounts	**66**	**73**	**44**	**35**	**47**	**28**
For the Issuer Subsidiaries	39 27	38 35	44 0	35 0	0 47	0 28
Other services	**0**	**1**	**0**	**5**	**0**	**0**
For the Issuer Subsidiaries	0 0	1 0	0 0	5 0	0 0	0 0
TOTAL	**66**	**74**	**44**	**40**	**47**	**28**

NOTE 14 - Subsequent events

- PHARMAGEST Group carried out a simplified merger *(transmission universelle de patrimoine)* entailing the dissolution of CP INTERACTIVE and the global transfer of its assets and liabilities to PHARMAGEST INTERACTIVE;
- Company name change from SABCO to PHARMAGEST LUXEMBOURG;
- Company name change from SABCO SERVICES to PHARMAGEST BELGIUM;
- PHARMAGEST INTERACTIVE acquires a 15% stake in the Franco-American company EMBLEEMA, registered in the United States in the state of Delaware (Division of Corporations) under No. 6743178. The company is developing a blockchain-based digital platform for sharing health data.

20.3.2 PHARMAGEST INTERACTIVE separate financial statements

20.3.2.1 Balance sheet

Balance sheet assets - In € thousands	Notes	31/12/2018			31/12/2017
		Gross value	Amortisation, depreciation and provisions	Net	Net
Non-current assets					
Intangible assets Property, plant and equipment Financial assets	1.4/5 1.4/5 2.3/4	19,845 12,030 35,978	2,500 7,220 1,494	17,344 4,810 34,484	17,457 3,867 17,138
Total		**67,853**	**11,214**	**56,639**	**38,462**
Current assets					
Inventory and work-in-progress Trade receivables Other receivables Marketable securities Bank and cash	3 4 and 5 4 and 5 6.1 6.1	1,416 15,734 16,110 62,597 2,013	157 220 782 0 0	1,258 15,514 15,328 62,597 2,013	1,057 13,271 15,551 51,369 2,782
Total		**97,870**	**1,159**	**96,710**	**84,030**
Prepaid expenses	4	690	0	690	645
Unrealised foreign exchange losses		176	0	176	334
TOTAL ASSETS		**166,588**	**12,373**	**154,215**	**123,472**

Balance sheet liabilities - In € thousands	Notes	31/12/2018	31/12/2017
Share capital	7		
Share capital Reserves and retained earnings Investment grants Profit for the year		3,035 70,606 11 16,683	3,035 67,852 19 13,920
Total		**90,335**	**84,826**
Provisions for contingencies and expenses	**8**	**4,334**	**4,092**
Payables			
Borrowings and financial liabilities Trade payables and equivalent Other payables	9.1 9.1 9.1	36,963 8,693 13,513	13,594 7,927 12,659
Total		**59,169**	**34,180**
Deferred revenue	9.1/3	378	374
TOTAL LIABILITIES		**154,215**	**123,472**

20.3.2.2 Statement of profit or loss

In € thousands	Notes	2018	2017
Operating income			
Net revenue	10	97,741	91,423
Expense reclassifications	11	2,788	2,457
Capitalised production	11	4	0
Investment grants	11	194	462
Other operating income	11	1,752	1,316
Reversals of depreciation, amortisation and provisions	11	814	595
Total		**103,293**	**96,253**
Operating expenses			
Cost of sales		21,392	18,980
Purchases and external costs		18,462	16,953
Taxes other than on income		2,157	2,088
Staff costs	12.1	40,030	35,657
Allowances for depreciation and amortisation		1,266	1,109
Allowances for provisions		1,180	1,358
Other operating expenses		146	91
Total		**84,633**	**76,235**
Operating profit		**18,660**	**20,018**
Current financial income		7,250	1,539
Current financial expenses		1,772	420
Net financial income/(expense)		**5,479**	**1,119**
Operating profit before exceptional items		**24,138**	**21,137**
Exceptional income	13	213	20
Exceptional expenses	13	319	24
Net exceptional items		**-106**	**-5**
Income tax expense	14.2	5,831	5,517
Employee profit-sharing		1,517	1,695
Profit/(loss) for the period		**16,683**	**13,920**

20.3.2.3 Notes to the separate parent company financial statements

Total balance sheet before appropriation: €154,215,170. Net profit: €16,683,081.

The financial period runs for twelve months from 01/01/2018 to 31/12/2018.

The notes provided below form an integral part of the annual financial statements adopted by the Board Directors on 29 March 2019.

Annual highlights:

- PHARMAGEST INTERACTIVE acquired a majority equity stake (79%) in MACROSOFT HOLDING, an Italian limited liability company with capital of €10,000 registered in MACERATA, Italy (REA No. MC 165 033). The company is specialised in IT equipment and services for pharmacy wholesalers-distributors and the sale of innovative software solutions for Italian pharmacies. MACROSOFT HOLDING's corporate name was changed to PHARMAGEST ITALIA. It controls:
  - 100% of the capital of MACROSOFT, an Italian limited liability company with capital of €52,000 registered in MACERATA (REA No. MC 03 315).
  - 100% of the capital of INFARMA, an Italian limited liability company with capital of €102,000 registered in BOLOGNA (REA No. BO 414 859), with 20% directly held by PHARMAGEST ITALIA and 80% by MACROSOFT.
  - 100% of the capital of TEKNEMA, an Italian limited liability company with capital of €10,000 registered in MACERATA (REA No. MC 123 781).
  - 100% of the capital of INSERVICE, an Italian limited liability company with capital of €10,000 registered in MACERATA (REA No. MC 142 975).
  - 100% of the capital of MACROSOFT BUILDING, an Italian limited liability company with capital of €10,000 registered in MACERATA (REA No. MC 165 201).

- PHARMAGEST INTERACTIVE increased its stake in SAILENDRA from 70.01% to 75.09%.
- PHARMAGEST INTERACTIVE carried out a simplified merger *(transmission universelle de patrimoine)* entailing the dissolution of CPSI and the global transfer to it of the latter's assets and liabilities.
- QUALITY FLUX, deconsolidated in 2014 as a result of PHARMAGEST Group's limited shareholding (15.15%) and its non-material nature, was wound up in the 2018 first half.
- PHARMAGEST INTERACTIVE acquired a majority equity stake (100%) in UK PHARMA, an English limited liability company with capital of £20,000 registered in the Companies House of London (No. 03 513 400) which provides services to businesses.

Significant accounting policies:

Generally accepted accounting principles have been applied in compliance with the principle of conservatism and in accordance with the following underlying assumptions:

- Going concern;
- The consistency principle;
- The time period concept.

and in accordance with the general rules for preparing and presenting financial statements.

For the recognition and measurement of balance sheet items, the historical cost method has been applied.

The financial statements have been prepared according to French generally accepted accounting standards, and namely the 2014 French General Chart of Accounts *(Plan Comptable Général)* adopted by the French national standard setter, the ANC *(Autorité des Normes Comptables)* on 5 June 2014 and approved by the ministerial decree of 8 September 2014, amended by ANC regulation 2016-07 of 4 November 2016.

Note 1 - Intangible assets and property, plant and equipment

1.1 Measurement of intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are valued at their acquisition cost (purchase price and associated expenses) or production cost.

PHARMAGEST INTERACTIVE does not capitalise research and development costs in its French GAAP parent company financial statements as provided by Article R. 123-186 of the French commercial code and article 311-2.2 of the French General Chart of Accounts (PCG). In consequence, these costs are expensed as incurred.

Total research and development costs relating to development teams, including tests, maintenance and training in particular, amounted to €6,969 thousand in 2018, of which €1,504 thousand for subcontracting.

1.2 Amortisation and depreciation of intangible assets and property, plant and equipment

These are calculated by applying the straight-line or diminishing balance method over their estimated useful lives:

Software acquired:	1 to 5 years;
Buildings:	15 to 30 years;
Leasehold improvements, fixtures and fittings:	8 to 30 years;
Plant, machinery and equipment:	5 years;
Fixtures and fittings:	5 to 10 years;
Transport equipment:	1 to 5 years;
Office equipment and furniture, computer equipment:	3 to 10 years.

1.3 Measurement of non-depreciable assets

If there is any indication that an asset may be impaired, and at least once a year, the recoverable amount is remeasured.
The recoverable amount of goodwill and other similar intangible assets is estimated based on future DCF (discounted cash flows) per business area. If the recoverable amount is lower than the carrying amount, an impairment is recognised on the difference.

1.4 Changes in the period

Gross values - In € thousands	Opening balance	Increase	Decrease	Closing balance
Intangible assets	**19,734**	**213**	**-102**	**19,845**
Property, plant and equipment	**10,589**	**1,551**	**-111**	**12,030**
Land Fittings and improvements to buildings Machinery and equipment General fixtures Transport equipment Office furniture and equipment Tangible assets under construction Other property, plant and equipment	423 3,561 29 1,018 277 5,126 150 6	0 15 1 8 107 0 1,420 0	0 -7 -15 -2 -56 -31 0 0	423 3,569 15 1,024 329 5,095 1,570 6
Total amortisation and depreciation of intangible assets and property, plant and equipment	**30,325**	**1,764**	**-213**	**31,876**

Goodwill (excluding leasehold rights) amounted to €13,996 thousand and included:

Purchased assets Remeasured assets Contributed assets Capital loss on transferred assets (mali de confusion)	€5,464 thousand €0 €1,704 thousand €6,828 thousand

1.5 Amortisation, depreciation and provisions for intangible assets and property, plant and equipment

Depreciation and provisions - In € thousands	Opening balance	Increases	Decreases	Closing balance
Amortisations of intangible assets	2,257	325	-102	2,480
Provisions for intangible assets	21	0	0	21
Accumulated amortisation and provisions of intangible assets	**2,278**	**325**	**-102**	**2,500**
Depreciation of property, plant and equipment: *- Fittings and improvements to buildings* *- Machinery and equipment* *- Fixtures, improvements, fittings* *- Transport equipment* *- Office furniture and equipment*	 *2,309* *25* *924* *189* *3,276*	 *99* *2* *17* *43* *726*	 *0* *-15* *-2* *-41* *-331*	 *2,408* *12* *939* *190* *3,671*
Accumulated depreciation and provisions for property, plant and equipment	**6,722**	**887**	**-389**	**7,220**
Total amortisation, depreciation and provisions for intangible assets and property, plant and equipment	**9,000**	**1,212**	**-491**	**9,721**

Note 2 - Financial assets

2.1 Measurement of financial assets

Gross value corresponds to the purchase price excluding incidental expenses.

2.2 Amortisation of financial assets

Equity interests are not subject to amortisation though tested for impairment at the end of the reporting period.

Their value in use is assessed in reference to their value of equity, measured on the basis of discounted cash flows, taking into account the outlook for each subsidiary or group of subsidiaries and net debt.

If the recoverable amount is lower than the carrying amount, an impairment is recognised on the difference.

2.3 Movements in the period are as follows

Gross values - In € thousands	Opening balance	Increase	Decrease	Closing balance
Equity securities *(see details below)*	17,646	18,269	-260	35,657
Bond debt	0	0	0	0
Security deposits and guarantees	291	42	-10	323
Total financial assets	**17,938**	**18,311**	**-270**	**35,978**

Breakdown of equity investments:

Companies	Gross amount of securities - In € thousands	Percentage of ownership
ADI	352	50.00%
CAREMEDS	1,214	51.82%
CP INTERACTIVE	137	100.00%
DIATELIC	467	95.29%
DOMEDIC EUROPE	78	65.00%
EHLS	4,690	100.00%
GROUPE DOMEDIC	1,389	28.32%
HDM	30	100.00%
HEALTHLEASE	1,407	100.00%
INTECUM	1,115	100.00%
KAPELSE	700	70.00%
MALTA INFORMATIQUE	186	100.00%
MULTIMEDS	510	51.00%
NANCEO	1,000	100.00%
NOVIATEK	100	40.00%
PHARMAGEST ITALIA *(formerly MACROSOFT HOLDING)*	18,248	79.00%
SABCO	3,490	100.00%
SAILENDRA	303	75.09%
UK PHARMA	0	100.00%
WELFINITY GROUP	240	80.00%
TOTAL	**35,657**	

For more information on PHARMAGEST Group's equity investments in subsidiaries, please see the table of subsidiaries in Note 15.5 of the separate parent company financial statements.

2.4 Amortisation/provisions for securities and other financial assets

Amortisation and provisions In € thousands	Opening balance	Increase	Decrease	Closing balance
Amortisation of financial assets	0	0	0	0
Provisions for financial assets	799	855	-160	1,494
Accumulated amortisation and provisions for financial assets	**799**	**855**	**-160**	**1,494**

After conducting tests, impairment losses were recognised in the following amounts:

- €639 thousand for SABCO securities;
- €615 thousand for INTECUM securities;
- €240 thousand for WELFINITY GROUP securities.

Note 3 - Trade goods inventory

3.1 Inventory valuation

At the end of each period, a physical stock-take is carried out and checked against the permanent inventory:

- Serialised inventories are measured according to the individual cost principle;
- Low-value repairable non-serialised inventories are valued at the weighted average unit cost.

In € thousands	31/12/2018			31/12/2017
	Gross amount	Impairment	Net amount	Net amount
Serialised equipment	1,144	-53	1,091	1,003
Non-serialised equipment	155	-104	51	8
Raw materials	117	0	117	46
TOTAL	**1,416**	**-157**	**1,258**	**1,057**

3.2 Impairment of inventory

Serialised inventory is subject to impairment when still in stock over six months after the date of purchase by PHARMAGEST INTERACTIVE.

Impairment losses are recorded for repairable non-serialised inventories according to the stock turnover rates.

In € thousands	Opening balance	Increase	Decrease	Closing balance
Provisions for inventory losses	141	20	-3	157

Note 4 - Trade receivables

4.1 Measurement of trade receivables

Trade receivables are recognised at face value.

In € thousands	31/12/2018			31/12/2017
	Gross amount	Less than 1 year	More than 1 year	Gross amount
Trade receivables	15,734	15 734	0	13,531
Other receivables	16,110	16,110[1]	0	15,551
Deferred charges	690	690	0	645

[1] *of which a current account advance of €7,100 thousand to MARQUE VERTE SANTE compared to €7,100 thousand in 2017. This company is PHARMAGEST INTERACTIVE's parent company. This cash advance falls within the scope of a regulated agreement in the mutual interest of the parties.*

4.2 Impairment of trade receivables

A provision for impairment is recognised when the current value is less than the face value.

All trade receivables have been individually examined and a provision is recorded based on individual assessments of a manifest collection risks and application of the following rules:

Receivables < 180 days: Receivables between 180 and 360 days: Receivables > 360 days:	Provision N/S Provision of 50% Provision of 100%

In € thousands	Opening balance	Increase	Decrease	Closing balance
Provisions for receivables	259	125	-165	220

All receivables that are the subject of collective proceedings and/or main proceedings are depreciated by 100%.

Note 5 - Accrued income on balance sheet items

Accrued income - In € thousands	2018	2017
Financial assets	0	0
Trade payables and equivalent	19	30
Trade receivables	1,401	1,890
Other receivables	108	2,314
Bank and cash	0	0

Note 6 - Marketable securities and cash

6.1 Marketable securities and cash

Gross values - In € thousands	31/12/2018	31/12/2017
Treasury shares - liquidity contract (1)	1,575	1,183
Treasury shares - stock option plan (1)	3,325	3,889
Capital redemption contracts (2)	57,697	46,297
Marketable securities subtotal	**62,597**	**51,369**
Bank and cash	2,013	2,782
TOTAL	**64,610**	**54,151**

(1) *Valuations are based on the weighted average price.*
(2) *Includes capital-guaranteed structured products with 3 year maturities (05/2020) plus the performance of the underlying assets.*

6.2 Treasury shares

This account includes 205,479 treasury shares of which:

- 1,999 PHARMAGEST INTERACTIVE treasury shares held under the liquidity contract managed by Gilbert DUPONT;
- 168,265 treasury shares at an average price of €19.89, held under the stock option plan set up by the Board of Directors on 5 December 2014.
- 27,251 PHARMAGEST INTERACTIVE treasury shares held through a share buyback agreement authorised by the Combined General Meeting of 26 June 2015.
- 7,964 PHARMAGEST INTERACTIVE treasury shares held through a share buyback agreement authorised by the Ordinary General Meeting of 27 June 2017.

6.3 Liquidity contract

Movements in 2018 relating to the liquidity contract, held solely by PHARMAGEST INTERACTIVE, were as follows:

- Purchases: 41,584 shares at an average price of €53.70;
- Disposals: 42,033 shares at an average price of €53.42.

No shares were purchased under the stock option plan.

6.4 Capital redemption contract

This is a euro fund investment contract subscribed with AXA with an investment profile comparable to French fungible treasury bonds (Obligations Assimilables du Trésor or OAT) with a guarantee of net capital invested and accrued interest. The yield was confirmed based on a guaranteed return.

Note 7 - Share capital

7.1 Statement of changes in shareholders' equity

Balance sheet items - In € thousands	Value at 31/12/2017	Increase	Decrease	Value at 31/12/2018
Share capital	3,035	0	0	3,035
Share premium	13,207	0	0	13,207
Merger premium	9	0	0	9
Legal reserves	309	0	0	309
Other reserves	6,502	0	0	6,502
Profit for the period	13,920	16,683	-13,920	16,683
Dividends	*0*	*0*	*0*	*0*
Retained earnings	47,815	2,707	0	50,522
Equipment grants	23	0	-1	22
Equipment credit financing grants	-4	-7	0	-11
Accelerated tax depreciations and amortisations	10	47	0	57
TOTAL	**84,826**	**19,430**	**-13,921**	**90,335**

7.2 Share capital

	Number	Nominal value in €
Opening balance	15,174,125	0.20
Securities issued	0	/
Securities reimbursed or cancelled	0	/
Closing balance	15,174,125	0.20

Each share is entitled to one vote.

Note 8 : Provisions for contingencies and expenses

In € thousands	Value at 31/12/2017	Increase	Reversal (provisions used in the period)	Reversal (unused provisions)	Change of method	Change in consolidation scope / Other	Value at 31/12/2018
Provisions for litigation	48	35	-45	0	0	0	38
Provision for contingencies	740	613	-601	0	0	0	753
Provisions for retirement severance benefits	2,970	387	0	0	0	10	3,367
Provisions for foreign exchange losses	334	0	-158	0	0	0	176
TOTAL	**4,092**	**1,035**	**-804**	**0**	**0**	**10**	**4,334**
Operating provisions	3,758	1,035	-646	0	0	10	4,158
Provisions for financial assets	334	0	-158	0	0	0	176
Provisions for exceptional items	0	0	0	0	0	0	0

8.1 Provisions for contingencies

Provisions for contingencies comprise mainly:

- Provisions for specific equipment maintenance contracts for the Pharmacy business in the amount of €416 thousand;
- Provisions relating to the marketing of e-business licenses and LGPI Global Services® with free software maintenance for up to 30 months. This corresponds to the cost of software support for the period amounting to €337 thousand.

Contingent liabilities

PHARMAGEST INTERACTIVE is not aware of any dispute or circumstance of an exceptional nature likely to have any material impact on its revenue, earnings, financial position or assets or to have had any such impact in the recent past.

Environmental aspects

PHARMAGEST INTERACTIVE's main activity is publishing software. Hence no classified environmental facilities are operated by the Group that could have a significant impact on the environment. Therefore it is not materially exposed to environmental risks, insofar as it recycles all the equipment it takes back through its EHLS subsidiary.

Please refer to Section 24.1.1 - subsection 2.2 of the Registration Document for the analysis of the industrial and environmental risks to which PHARMAGEST Group is exposed.

8.2 Provisions for retirement severance benefits

The provision for retirement severance benefits amounted to € 3,367 thousand. This is calculated by applying the retrospective projected unit credit method to the end-of-career salary based on the following assumptions:

- Voluntary departure by the employee (application of employer's social charges);
- Retirement age: 60-67;
- Turnover: depending on age bracket;
- Discount rate: 1.57%;
  For the discount rate, the iBoxx corporate AA10+ at year-end is used.
- Salary escalation rate: 2%;
- Recognition of a contingent annuity.

In 2003, PHARMAGEST INTERACTIVE decided to partially outsource contingencies for retirement severance benefits. The amount of the provision represents the remaining contingency (gross commitments less hedged assets, which amounted to €1,354 thousand at 31/12/2018).

The variation and sensitivity tests are in Section 20.3.1.5 – Note 11.1 of the Registration Document.

Length of service awards

No provision was recorded in the separate parent company financial statements of PHARMAGEST INTERACTIVE as the company's collective bargaining agreement does not provide for this award to employees.

Stock options

PHARMAGEST INTERACTIVE does not recognise a provision for stock options. It acquired 195,510 treasury shares at an average price of €19.89 in 2014. This number of shares represents the actual exercise of options under the plan. Accordingly, PHARMAGEST INTERACTIVE considers it reasonable not to set aside provisions for this item. For further information, please see Note 10.2.1.2. to the consolidated financial statements.

Note 9 - Payables

9.1 Statement of payables

In € thousands	31/12/2018				31/12/2017
	Gross amount	Less than 1 year	More than 1 year	More than 5 years	Gross amount
Bank borrowings [1]	1,008	1,008	0	0	3
Miscellaneous financial liabilities	19,899	2,864	11,993	5,042	0
Advances and prepayments, credit notes payable	242	242	0	0	291
Trade payables	8,693	8,693	0	0	7,927
Tax and social security payables	12,944	12,944	0	0	12,105
Amounts due to Group companies and shareholders [2]	16,056	16,056	0	0	13,591
Other payables	326	326	0	0	264
Deferred revenue	378	378	0	0	374
TOTAL	**59,546**	**42,511**	**11,993**	**5,042**	**34,555**

[1] *Bank credit balances.*
[2] *Since 2015, PHARMAGEST INTERACTIVE has implemented cash pooling agreements with its main banks to optimise cash flow.*

PHARMAGEST has no debt represented by commercial paper.

9.2 Accrued expenses included in balance sheet items

Accrued expenses - In € thousands	2018	2017
Bank borrowings	2	3
Other borrowings and financial liabilities	0	0
Trade payables	2,413	2,037
Tax and social security payables	10,172	9,912
Other payables	326	264

9.3 Deferred revenue

This section contains only ordinary prepaid income relating to the normal operations of the company. This concerns mainly training sessions billed to customers at 31 December 2018 not yet completed on this date. Their amount increased from €374 thousand in 2017 to €378 thousand in 2018.

Note 10 - Revenue

Breakdown of revenue - In € thousands	2018	2017
Revenue from configurations	31,172	30,594
Revenue from maintenance and services	1,417	1,431
Revenue from training services and new products	54,579	48,959
Revenue from other services, including e-advertising	10,573	10,439
TOTAL	**97,741**	**91,423**
Revenue in France	97,174	91,058
Exports and intra-Community supplies	566	365

Note 11 - Other operating income

In € thousands	2018	2017
Subsidies	194	462
Capitalised production	4	0
Reversals of amortisation, depreciation and provisions	814	595
Expense reclassifications (1)	2,788	2,457
Other income	1,752	1,316
TOTAL	**5,551**	**4,830**

(1) Expense reclassifications relate to:

- *Rebilling staff costs to PHARMAGEST Group and WELCOOP GROUP companies in the amount of €671 thousand.*
- *Rebilling services to other PHARMAGEST Group and WELCOOP GROUP companies in the amount of €1,664 thousand.*
- *Reimbursement of staff costs (including vehicle expenses) in the amount of €360 thousand.*
- *Repayment of structural expenditures in the amount of €148 thousand.*

Note 12 - Staff costs

12.1 Breakdown of staff costs

In € thousands	31/12/2018	31/12/2017
Salaries and wages	26,990	24,238
Social security contributions	11,751	10,579
Other staff costs	2,281	1,929
The CICE (Crédit d'Impôt pour la Compétitivité et l'Emploi) wage tax credit [1]	-992	-1,089
TOTAL	**40,030**	**35,657**

[1] PHARMAGEST INTERACTIVE treats CICE (Crédit d'Impôt pour la Compétitivité et l'Emploi) wage tax credit as a component of compensation. It is therefore recognised as a reduction from staff costs.

Individual training account

As of 1 January 2015, the French Act no. 2014-288 of 5 March 2014 on occupational training provides for the transfer of the balance of the individual training entitlement to a new individual training account (*"Compte Personnel de Formation"* or CPF).

This individual training account enables each employee or jobseeker to receive training at their own initiative. The benefits accruing in this account follow are retained by these persons throughout working life until retirement.

Training hours under the company's collective bargaining agreement are credited to the employee's account as follows: each employee is credited with 24 hours of training per year on a full-time basis (for the first five years) up to 120 hours. After this, they are credited with 12 hours per year full-time (for the next three years), with the overall total capped at 150 hours. Some periods of absence are taken into account in their entirety to calculate the individual training account: these include maternity, adoption, parental, family support, parental education and paternity leave, as well as time off due to occupational illness or occupational accident. If an employee has not worked full-time hours during the year, the training credit is calculated pro rata to the hours worked.

12.2 Compensation of directors and officers

Corporate governance bodies received gross compensation in the amount of €517 thousand in 2018. The amounts received include PHARMAGEST INTERACTIVE and controlled companies. There is no pension commitment outside those accounted for. The amount paid pursuant to Article 83 for managers totalled €36 thousand. No advances or loans were granted to members of management bodies by PHARMAGEST INTERACTIVE and controlled companies.

Furthermore, the provision for retirement severance benefits includes €239 thousand for members of governing bodies.

12.3 Workforce (full-time equivalent - FTE)

31/12/2018	Salaried employees	Seconded personnel*
Managers	302	0
Supervisors / Senior technicians	38	0
Employees	398	0
TOTAL	**738**	**0**

** Personnel are seconded to PHARMAGEST INTERACTIVE.*

Note 13 - Net exceptional items

In € thousands	31/12/2018	31/12/2017
Exceptional income	**213**	**20**
Income from non-capital transactions	0	0
Net proceeds from disposals	52	20
Allowances for provisions	0	0
Other exceptional income	160	0
Exceptional expenses	**319**	**24**
Income from non-capital transactions	0	0
Net proceeds from disposals	272	15
Allowances for provisions	0	0
Other exceptional expenses	47	10

Net exceptional items concern mainly the disposal of fixed assets. These were not material.

A provision was recorded in the amount of €80 thousand for a recently introduced tax-exempt year-end bonus ("Macron" bonus) to be paid in 2019.

Note 14 - Taxes

14.1 French tax consolidation

A tax consolidation group was formed on 1 January 2015, with PHARMAGEST INTERACTIVE as the parent. The other companies included in this tax sharing agreement are DIATELIC, CP INTERACTIVE and INTECUM. Under the French tax consolidation agreement, the tax is calculated in each subsidiary as if no tax consolidation existed, in accordance with the principle of neutrality, and the profits and losses of the tax consolidation are recognised by the parent company, PHARMAGEST INTERACTIVE.

14.2 Breakdown of income tax payable by PHARMAGEST INTERACTIVE companies

In € thousands	Profit before tax	Tax	Net profit after tax
Current operating income	24,138	-6,460	17,678
Net exceptional items	-106	62	-44
Employee profit-sharing	-1,517	537	-980
Tax credit	0	3	3
Social contribution	0	-168	-168
Contribution on dividends	0		
Settlement of corporate income tax N-1	0	53	53
Tax group	0	141	141
Accounting profit	**22,515**	**-5,831**	**16,683**

14.3 Impact of exceptional tax assessments (In € thousands)

Net profit (loss) of the period	16,683
Corporate income tax	5,831
Income before tax	22,514
Change in tax-based provisions [1]	-47
Earnings before tax, excluding exceptional tax assessments	22,467

[1] Accelerated depreciations of acquisition-related costs.

14.4 Increases and reductions in future tax liabilities

Type - In € thousands	31/12/2017		Change		31/12/2018	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Provisions not deductible in the year of recognition	**0**	**1,827**	**1,827**	**1,650**	**0**	**1,650**
Employee profit-sharing	*0*	*1,695*	*1,695*	*1,522*	*0*	*1,522*
Social solidarity contribution	*0*	*116*	*116*	*128*	*0*	*128*
Non-deductible provisions	*0*	*16*	*16*	*0*	*0*	*0*
Provisions for retirement severance payments	**0**	**2,970**	**0**	**397**	**0**	**3,367**
TOTAL	**0**	**4,797**	**1,827**	**2,047**	**0**	**5,017**

In € thousands	Amount	Taxes
Increases: Tax-driven provisions Grants to be added back in income	 0 0	 0 0
Decreases: Provisions not deductible in the year of recognition Provisions for retirement severance payments Total operating losses carried forward Total deferred amortisation and depreciation expenses Total long-term capital losses	 1,650 3,367 0 0 0	 550 1,122 0 0 0

Note 15 - Other information

15.1 Identity of the parent company consolidating the accounts of PHARMAGEST INTERACTIVE

LA COOPERATIVE WELCOOP (formerly GROUPE WELCOOP) - 7 allée de Vincennes - 54 500 VANDOEUVRE-LES-NANCY (SIREN No: 754 801 348).

15.2 Information concerning affiliates

There were no transactions with related parties (other than wholly owned subsidiaries) with a significant impact that were not concluded under normal market conditions, with the exception of the specific regulated agreement between MARQUE VERTE SANTE, PHARMAGEST INTERACTIVE's parent company, and PHARMAGEST INTERACTIVE covering the cash advance granted by the latter to the parent.

PHARMAGEST INTERACTIVE and its subsidiaries do not discount trade receivables.

15.3 Off-balance sheet commitments

In € thousands	31/12/2018	31/12/2017
Counter-guarantees on contracts Unmatured receivables assigned Pledges, mortgages and security interests on property Endorsements, surety and guarantees given Other commitments given (incl. tax)	0 0 0 0 7,459	0 0 0 0 8,025
TOTAL	**7,459**	**8,025**

Off-balance sheet commitments do not concern directors, subsidiaries, companies in which PHARMAGEST INTERACTIVE has an interest, and other related companies.

Contractual obligations - In € thousands	Total incl. tax	Payments due by period		
		Less than 1 year	1 to 5 years	More than 5 years
Long-term financial liabilities	0	0	0	0
Finance leases	0	0	0	0
Operating leases	1,408	826	581	0
Property leases	6,051	1,694	3,381	976
Other long-term obligations	0	0	0	0
TOTAL	**7,459**	**2,520**	**3,962**	**976**

Other commercial commitments	Total	Total commitments per period		
		Less than 1 year	1 to 5 years	More than 5 years
Credit lines	None			
Letters of credit	None			
Guarantees	None			
Redemption obligations	None			
Other commercial commitments	None			
TOTAL	None			

As at the reporting date of 31 December 2018, PHARMAGEST Group is not aware of any significant off-balance sheet commitments other than those set out above.

15.4 Subsequent events

- PHARMAGEST Group carried out a simplified merger *(transmission universelle de patrimoine)* entailing the dissolution of CP INTERACTIVE and the global transfer of its assets and liabilities to PHARMAGEST INTERACTIVE;
- Company name change from SABCO to PHARMAGEST LUXEMBOURG;
- Company name change from SABCO SERVICES to PHARMAGEST BELGIUM;
- PHARMAGEST INTERACTIVE acquires a 15% stake in the Franco-American company EMBLEEMA, registered in the United States in the state of Delaware (Division of Corporations) under No. 6743178. The company is developing a blockchain-based digital platform for sharing health data.

15.5 Subsidiaries and associates

SUBSIDIARIES AND ASSOCIATES									
Companies Amount in € thousands	Share capital	Equity other than share capital (excluding profit of the period)	Percentage of capital held	Gross value of securities held (net value)	Outstanding loans and advances	Guarantees and sureties given by the Company	Sales in past financial year	Net profit or loss in past financial year	Dividends received by the Company during the year
1. Detailed information on affiliates whose carrying amounts exceeds 1% of the capital of the Company required to publish its financial statements									
A. Subsidiaries (at least 50% owned)									
ADI 4 rue René Razel Le Diamant 91 400 SACLAY	48	350	50.00%	352			5,976	789	362
CAREMEDS Unit 5 Brickfield Trading Estate, Brickfield Lane, Chandlers Ford, EASTLEIGH *(England)*		571	51.82%	1,214			739	75	17
CP INTERACTIVE 25 Bd Champ aux Métiers 21 800 QUETIGNY	8	-336	100.00%	137			1,029	191	
DIATELIC 5 allée de Saint Cloud 54 600 VILLERS-LES-NANCY	37	-672	95.29%	467	2,503		261	-435	
DOMEDIC EUROPE 5 allée de Saint Cloud 54 600 VILLERS-LES-NANCY	120	-63	65.00%	78			0	-3	
EHLS 5 allée de Saint Cloud 54 600 VILLERS-LES-NANCY	144	4,788	100.00%	4,690			22,745	1,092	1,700
HDM (1) President John Kennedy Street PORT LOUIS *(Mauritius)*	30	94	100.00%	30			549	93	120
HEALTHLEASE 1 bis rue de Havre 75 008 PARIS	1,000	1,430	100.00%	1,407			43,379	1,585	3,000
INTECUM 5 allée de Saint Cloud 54 600 VILLERS-LES-NANCY	464	-2,311	100.00%	1,115	1,839		300	223	
KAPELSE 5 allée de Saint Cloud 54 600 VILLERS-LES-NANCY	1,000	4,566	70.00%	700			11,065	3,504	630

SUBSIDIARIES AND ASSOCIATES									
Companies Amount in € thousands	Share capital	Equity other than share capital (excluding profit of the period)	Percentage of capital held	Gross value of securities held (net value)	Outstanding loans and advances	Guarantees and sureties given by the Company	Sales in past financial year	Net profit or loss in past financial year	Dividends received by the Company during the year
1. Detailed information on affiliates whose carrying amounts exceeds 1% of the capital of the Company required to publish its financial statements									
MALTA INFORMATIQUE 9 rue de Montgolfier 33 700 MERIGNAC	200	8,776	100.00%	186			10,681	3,086	
MULTIMEDS 1C Quinnsboro Rd, BRAY, Co. Wicklow *(Ireland)*		101	51.00%	510			649	160	8
NANCEO 1 bis rue de Havre 75 008 PARIS	1,000	271	100.00%	1,000	350		24,752	260	
PHARMAGEST ITALIA 26 Strada Cluentina 62 100 MACERATA *(Italy)*	14	12,511	79.00%	18,248				-239	
SABCO Rue d'Arlon 2 L-8399 WINDHOF *(Luxembourg)*	39	733	100.00%	3,490	248		4,267	163	
SAILENDRA 2 rue Jacques Villermaux 54 000 NANCY	404	-336	75.09%	303			117	-279	
UK PHARMA Wilberforce House, Station Road, LONDON, NW4 4QE *(England)*	32	-2	100.00%				54	-5	
WELFINITY GROUP Rue d'Arlon 2 L-8399 WINDHOF *(Luxembourg)*	300	-519	80.00%	240				-528	
B. Equity interests (10% to 50%-held by the company)									
GROUPE DOMEDIC 102-3236 chemin St-Louis QUEBEC (QC) G1W 1S2 *(Canada)*	4,876	-3,938	28.32%	1,389			213	-526	
NOVIATEK Rue de la Paix 13 L-3871 SCHIFFLANGE *(Luxembourg)*	250	-65	40.00%	100			149	25	

SUBSIDIARIES AND ASSOCIATES									
Companies Amount in € thousands	Share capital	Equity other than share capital (excluding profit of the period)	Percentage of capital held	Gross value of securities held (net value)	Outstanding loans and advances	Guarantees and sureties given by the Company	Sales in past financial year	Net profit or loss in past financial year	Dividends received by the Company during the year
2° General information on subsidiaries or equity interests									
A. Subsidiaries not listed in paragraph 1: a) French subsidiaries (total) b) Foreign subsidiaries (total)									
B. Equity interests not listed in paragraph 1: a) In French companies (total) b) In foreign companies (total)									
TOTAL	**9,966**	**25,949**		**35,656**	**4,940**	**0**	**126,925**	**9,231**	**5,837**

(1) *Operating income*
(2) *Accounts at 31/12/2013 after being put in liquidation*

20.4 Auditing of financial information

20.4.1 Statutory auditors' report on the consolidated financial statements (Year ended 31 December 2018)

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether qualified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures. This report also includes information relating to the specific verification of information given in the Group management report and in the documents addressed to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the PHARMAGEST INTERACTIVE's general meeting:

Opinion

In accordance with the terms of our engagement as auditors entrusted to us by the consolidated general meeting, we have audited the accompanying annual financial statements of PHARMAGEST INTERACTIVE for the year ended December 31, 2018.

In our opinion, the consolidated financial statements give a true and fair view of the results of the operations of the Group for the year then ended and of its financial position and its assets and liabilities as at December 31, 2018 in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the audit committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' responsibilities for the audit of the consolidated financial statements" section of our report.

Independence

We conducted our audit in compliance with independence rules applicable to us, for the period from January 1, 2018 to the issue date of our report and in particular we did not provide any prohibited non-audit services referred to in Article 5 (1) of Regulation (EU) No 537/2014 or in the French Code of ethics for statutory auditors.

Observation

Without qualifying the opinion expressed above, we draw your attention as an emphasis of matter to note 1.1.1 "Changes in accounting standards in 2018" of the notes presenting notably the impacts of the application of IFRS 9 and IFRS 15.

Justification of assessments - Key audit matters

In accordance with the requirements of articles L.823-9 and R.823-7 of the French commercial code ("code de commerce") relating to the justification of our assessments, we bring your attention to the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period, as well as our responses to those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific elements, accounts or items of the consolidated financial statements.

Valuation of development expenditures

As specified in notes 3.2 and 3.4 to the consolidated financial statements, development expenditures are recognised as intangible assets on the basis of costs incurred, for a gross amount of €42,069 thousand (of which €10,604 thousand in progress) and a net amortisation value of €20,339 thousand at 31 December 2018, when the following conditions are met: the project is clearly defined and the corresponding expenditure is separately identifiable; the technical feasibility of the project has been demonstrated; PHARMAGEST Group has the intention to complete the project and use or sell the asset; there is a potential market for developments resulting from the project or its usefulness in-house has been demonstrated; there are resources available to complete the project.

Notes 1.3 and 5.2 to the consolidated financial statements indicated that estimates of recoverable value of these intangible assets represent a material estimate by the Group based on the discounted cash flow method. Development expenditures of project not yet put into service are tested for impairment annually as indicated in note 5.2 to the consolidated financial statements.

We have considered the valuation of capitalised development projects to be a key audit matter as the prospects described above and the analysis resulting thereof are by nature dependent on assumptions, estimates and assessments by made by management.

As part of our engagement, we have notably:

- obtained an understanding from the interview with R&D management, of the commercial prospects of the different projects whose development expenditures have already been capitalised and not yet put into service;
- verified the consistency of estimated future cash flows with the assumptions used in the budget building process and approved by the Board of Directors;
- verified in particular the consistency of cash flow projections used when conducting impairment tests of developments of prior periods with the actual cash flows for the period ended 31 December 2018;
- assessed the justifications of discount rates and perpetuity growth rates used to calculate the recoverable values of intangible assets by comparing them with observable market inputs in the company's business sector.

Finally we have assessed the appropriate nature of the information given in notes 3.2, 3.4 and 5.2 of the consolidated financial statements.

Measurement of goodwill

As part of its development, PHARMAGEST Group has made acquisitions and recognised goodwill from these different business combinations (for an amount totalling €46,005 thousand at 31 December 2018). No impairment losses were recognised in response to tests conducted by the company in 2018. This goodwill, corresponds to the excess cost of the business combination over the Group's share of the net fair value of the acquiree's assets and liabilities allocated to Cash Generating Units (CGUs) or CGU groups from which benefits or synergies resulting from the acquisition are expected, in accordance with notes 3.4.1 and 5.1 of the consolidated financial statements.

Management verifies each year, as specified in note 5.1 to the consolidated financial statements, that the recoverable value of goodwill is not greater than net carrying value and does not require recognition of impairment. However, an adverse trend in expected returns from the CGU or CGU groups to which the goodwill was allocated, due to internal or external factors, for example linked to the economic and financial environment in which the CGU or CGU groups operate, could significantly impact the recoverable value and require the recognition of an impairment charge, either annually following the mandatory annual impairment tests or during the year when there is evidence of a loss in value. A change of this nature would require a reassessment of the relevance of all assumptions used to determine this value as well as the reasonable and coherent nature of the calculation parameters.

Note 5.1 to the consolidated financial statements furthermore specifies that the recoverable value of each CGU or CGU group was determined in reference to value in use calculated from the present value of estimated future cash flows expected to arise from the group of assets making up the CGU, whereby the latter were derived from forecasts of Group management. The determination of the recoverable value is largely based on the use of management judgments (note 1.3 to the consolidated financial statements), consisting notably of budget data, the rate of growth used to estimate future cash flows and the corresponding discount rate applied.

For that reason we considered the valuation of goodwill to be a key audit matter.

We have examined the consistency of the methodology applied by the company with International Financial Reporting Standards (IFRS) and obtained an understanding of the applicable internal control system. We also reviewed the procedures for implementing this methodology and verified in particular:

- the correct allocation of goodwill to CGUs and the exhaustive nature of the asset values to be tested;
- the reasonable nature of the estimated future cash flows in relation to the economic and financial environment in which the CGUs operate and their consistency with the forecasts of Group management, notably by comparing the cash flow forecasts made for the year ended with actual cash flows;
- the consistency of the perpetuity growth rate used for the estimated future cash flows with analysis of the market and consensus of the main market players;
- the consistency of the discount rate applied to estimated cash flows, by verifying on the one hand that the benchmark adopted by financial analysts with a knowledge of the business sector is consistent with the rate adopted for mature businesses, and on the other hand, that this rate is adjusted to developing businesses in order to integrate the corresponding notion of risk premium;
- the analysis of the sensitivity of value in use made by management to a change in the main assumptions applied.

We have furthermore examined the reasonableness of the information disclosed in notes 3.4.1 and 5.1 of the consolidated financial statements.

Specific procedures

As required by French law and regulations, we also performed the specific verifications, in accordance with professional standards applicable in France, of the information provided on the group presented in the Board of Directors' management report.

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

We attest that the consolidated non-financial statement required by article L.225-102-1 of the French commercial code is included in the information pertaining to the Group presented in the management report, it being specified that, in accordance with the provisions of article L.823-10 of the code, we have not verified the fair presentation and the consistency with the consolidated financial statements of the information contained therein which should be reported on by an independent assurance services provider.

Report on other legal and regulatory requirements

Appointment of the auditors

We were appointed as statutory auditors of PHARMAGEST INTERACTIVE by the general meetings of 27 June 2017 for Deloitte & Associés and of 30 May 2002 for Batt Audit.

As at December 31, 2018, Deloitte & Associés was in its 2nd period of total uninterrupted engagement and Batt Audit in its 17th period.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease its operations.

The audit committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and, where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements have been approved by the Board of Directors.

Statutory auditors' responsibilities for the audit of the consolidated financial statements

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified by article L. 823-10-1 of the French commercial code ("code de commerce"), the scope of our statutory audit does not include assurance on the future viability of the Company or the quality with which Company's management has conducted or will conduct the affairs of the entity.

As part of an audit in accordance with professional standards applicable in France, we exercise professional judgment throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If we conclude that a material uncertainty exists, we draw attention in our audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, we modify our opinion;

- Evaluate the overall presentation of the consolidated financial statements and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities included in the consolidation scope to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

Report to the audit committee

We submit a report to the audit committee which includes in particular a description of the scope of the audit and the audit programme implemented, as well as significant audit findings. We also bring to its attention, if need be, any significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the audit committee includes information about the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters. We describe these matters in the audit report.

We also provide the audit committee with the declaration referred to in Article 6 of Regulation (EU) N°537-2014, confirming our independence within the meaning of the rules applicable in France as defined in particular by articles L. 822-10 to L. 822-14 of the French commercial code ("code de commerce") and in the French Code of ethics for statutory auditors. Where appropriate, we discuss with the audit committee the risks that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

Nancy, 29 April 2019
The Statutory Auditors

French original signed by:

Batt Audit	Deloitte & Associés
Isabelle Sagot	**Anne Philipona-Hintzy**

20.4.2 Statutory Auditors' report on the annual financial statements (Year ended 31 December 2018)

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether qualified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures. This report also includes information relating to the specific verification of information given in the Group management report and in the documents addressed to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the PHARMAGEST INTERACTIVE's general meeting:

Opinion

In accordance with the terms of our engagement as auditors entrusted to us by the annual general meeting, we have audited the accompanying annual financial statements of PHARMAGEST INTERACTIVE for the year ended December 31, 2018.

In our opinion, the annual financial statements give a true and fair view of the financial position and the assets and liabilities of the company as at 31 December 2018 and the results of its operations for the year ended in accordance with French accounting standards.

The audit opinion expressed above is consistent with our report to the audit committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' responsibilities for the audit of the annual financial statements" section of our report.

Indépendance

We conducted our audit in compliance with independence rules applicable to us, for the period from January 1, 2018 to the issue date of our report and in particular we did not provide any prohibited non-audit services referred to in Article 5 (1) of Regulation (EU) No. 537/2014 or in the French Code of ethics for statutory auditors.

Justification of assessments - Key audit matters

In accordance with the requirements of articles L.823-9 and R.823-7 of the French commercial code *("code de commerce")* relating to the justification of our assessments, we bring your attention to the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in the audit of the annual financial statements of the current period, as well as our responses to those risks.

These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific elements, accounts or items of the annual financial statements.

Measurement of equity interests

Risks identified

PHARMAGEST INTERACTIVE's equity interests have a carrying value of €34,163 thousand (or 22% of total assets). As indicated in note 2 to the separate parent company financial statements, on initial recognition they are recorded at acquisition cost excluding expenses incidental to the purchase and subsequently subject to impairment based on their value in use.

As indicated in note 2.2 to the separate parent company financial statements, their value in use is measured for each period based on discounted cash flows, taking into account the outlook for each subsidiary and net debt.

The estimated value in use of the equity interests is based on estimations for discounted future cash flows requiring the use of assumptions and estimates by company management. In consequence, competition and the economic and geopolitical environment facing certain subsidiaries may result in a decline in their business and a deterioration in their operating performance.

In this context and in light of the inherent uncertainties associated with certain items and notably the likelihood of meeting forecasts, we have considered the correct valuation of equity interests to be key audit point.

Audit procedures implemented

To assess the reasonableness of the estimated value in use of equity securities, based on the information communicated to us, our work mainly consisted in verifying that the estimate of these values, as determined by management, is based on an appropriate justification of the valuation method used. For that purpose, our work consisted of:

- obtaining cash flow and operating forecasts for the activities of the entities concerned produced by their operational divisions and approved by the Board of Directors;
- verifying the consistency of the assumptions adopted with the economic environment on the dates the accounts were prepared and closed, and in particular assess the reasonableness of cash flow forecasts and their consistency with the forecasts of Group management, the consistency of the discount rate applied to estimated cash flows and the perpetuity growth rate used for cash flow forecasts with market analyses and consensus established by key players;
- comparing the forecasts adopted for preceding periods with the corresponding realisations in order to assess the achievement of past objective;
- verifying the adjustment linked to the amount of net debt;
- Finally, we have examined the reasonableness of the information disclosed in notes 2 and 15.5 of the annual financial statements.

Specific procedures

We have also performed the other specific procedures required by French law and regulations, in accordance with professional practice standards applicable in France.

Information given in the management report and other documents addressed to shareholders with respect to the financial position and the financial statements

We have no matters to report regarding the fair presentation and consistency with the financial statements of the information given in the management report of the Board of Directors and the other documents addressed to the shareholders in respect of the financial position and the annual financial statements.

We attest to the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in article D.441-4 of the French commercial code.

We attest that the non-financial statement required 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 the code, we have not verified its fair presentation and the consistency with the annual financial statements.

Report on corporate governance

We certify that the Board of Directors' report on corporate governance includes the information required by articles L. 225-37-3 and L .225-37-4 of the French commercial code.

As regards the information provided pursuant to the provisions of Article L. 225-37-3 of the French Commercial Code relating to the compensation and benefits paid to corporate officers as well as the commitments made in their favour, we have verified their consistency with the financial statements or with the information used to prepare these financial statements and, where appropriate, with the information obtained by your Company from companies controlling your company or controlled by it. Based on this work, we attest to the accuracy and fairness of this information.

Concerning the information relating to items that your company considers may have an impact in the case of a takeover bid or a public exchange offer provided in application of the provisions of L.225-37-5 of the French commercial code, we have verified their consistency with relevant source documents. Based on this work, we have no matters to report in connection with the information given.

Other information

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Report on other legal and regulatory requirements

Appointment of the auditors

We were appointed as statutory auditors of PHARMAGEST INTERACTIVE by the general meetings of 27 June 2017 for Deloitte & Associés and of 30 May 2002 for Batt Audit.

As at December 31, 2018, Deloitte & Associés was in its 2nd period of total uninterrupted engagement and Batt Audit in its 17th period.

Responsibilities of management and those charged with governance for the annual financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease its operations.

The audit committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and, where applicable, its internal audit, regarding the accounting and financial reporting procedures.
These annual financial statements have been approved by the Board of Directors.

Statutory auditors' responsibilities for the audit of the annual financial statements

Objective and audit approach

Our role is to issue a report on the annual financial statements. Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified by article L.823-10-1 of the French commercial code ("code de commerce"), the scope of our statutory audit does not include assurance on the future viability of the Company or the quality with which Company's management has conducted or will conduct the affairs of the entity.

As part of an audit in accordance with professional standards applicable in France, we exercise professional judgment throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the annual financial statements;

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If we conclude that a material uncertainty exists, we draw attention in our audit report to the related disclosures in the annual financial statements or, if such disclosures are not provided or inadequate, we issue a qualified opinion or no opinion at all;

- Evaluate the overall presentation of the annual financial statements and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the audit committee

We submit a report to the audit committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as significant audit findings. We also bring to its attention, if need be, any significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the audit committee includes information about the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the annual financial statements of the current period and which are therefore the key audit matters. We describe these matters in the audit report.

We also provide the Audit Committee with the declaration referred to in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France as defined in particular by articles L.822-10 to L.822-14 of the French commercial code ("code de commerce") and in the French Code of ethics for statutory auditors. Where appropriate, we discuss with the audit committee the risks that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

Nancy, 29 April 2019
The Statutory Auditors

French original signed by:

Batt Audit	**Deloitte & Associés**
Isabelle Sagot	**Anne Philipona-Hintzy**

20.4.3 Statutory auditors' special report on regulated agreements and commitments

This is a free translation into English of the Statutory Auditors' special report on regulated agreements and commitments with third parties that is issued in the French language and provided solely for the convenience of English speaking readers. This report on regulated agreements and commitments should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French commercial code and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.

To the PHARMAGEST INTERACTIVE's general meeting:

In our capacity as statutory auditors of your company, we hereby report to you on regulated agreements and commitments with related parties.

We are required to inform you, on the basis of the information provided to us, of the main characteristics and provisions and also the reasons justifying the interest to the company, of those agreements and commitments brought to our attention or discovered in the performance of our engagement, without expressing an opinion on their merits, or identifying such other agreements and commitments, if any. It is your responsibility, pursuant to Article R. 225-31 of the French Commercial Code, to assess the Company's interest in entering into these agreements and commitments, with a view to their approval.

In addition, we are required to inform you in accordance with Article R.225-31 of the French commercial code *(Code de Commerce)* regarding the execution, during the past year, of the agreements and commitments already approved by the shareholders' meeting, if any.

We performed procedures that we considered necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors *(Compagnie nationale des Commissaires aux Comptes)* relating to this engagement. These standards require that we ensure that the information provided to us is consistent with the relevant source documents.

Agreements and commitments submitted for approval by the General Meeting

Agreements and commitments approved and entered into the period ended

Pursuant to Article R.225-40 of the French commercial code, we have been informed of the following agreements and commitments entered into in the period ended subject to prior authorisation by your Board of Directors.

• With Mr. Dominique Pautrat

Modification of the employment contract

Related party:

Dominique Pautrat, Managing Director and Director, PHARMAGEST INTERACTIVE.

Nature and purpose:

On 29 March 2018, the Board of Directors authorised the modification of the employment contract of Mr. Dominique Pautrat effective as from 1 April 2018.

Terms and conditions:

His fixed annual gross compensation was increased from €146,000 to a €172,000. His performance bonus (base 100 %) was increased from a gross amount of €40,000 to €50,000.

The company's justifications for the agreement:

This agreement was concluded in light of Mr. Pautrat's seniority in the company for the purpose of providing him retention incentives in the form of social protection and compensation in relation to actual risks incurred. This decision complies with the principles of MiddleNext Code recommendation R13 for determining compensation of corporate officers, and namely, comprehensiveness, balance, benchmarking, consistency, understandability, proportionality and transparency.

• With Mr. Denis Supplisson

Modification of the employment contract

Related party:

Mr. Denis Supplisson, Deputy Managing Director.

Nature and purpose:

On 29 March 2018, the Board of Directors authorised the modification of the employment contract of Mr. Denis Supplisson effective as from 1 April 2018.

Terms and conditions:

His fixed annual gross compensation was increased from €114,000 to a €133,200. His performance bonus (base 100 %) was increased from a gross amount of €34,000 to €60,000, breaking down as follows:
- €40,000 based on the results of the Pharmacy Europe Solutions Division.
- €20,000 based on 2018 external growth.

The company's justifications for the agreement:

This agreement was concluded in light of Mr. Supplisson's seniority in the company for the purpose of providing him retention incentives in the form of social protection and compensation in relation to actual risks incurred. This decision complies with the principles of MiddleNext Code recommendation R13 for determining compensation of corporate officers, and namely, comprehensiveness, balance, benchmarking, consistency, understandability, proportionality and transparency.

• With Mr. Thierry Ponnelle

Modification of the employment contract

Related party:

Mr. Thierry Ponnelle, Deputy Managing Director.

Nature and purpose:

The Board of Directors authorised the modification of the employment contract of Mr. Denis Supplisson on 7 December 2018 as of February 2018.

Terms and conditions:

Allocation of in-kind benefits in the form of private use of the company car.

The company's justifications for the agreement:

This agreement was concluded in light of Mr. Ponnelle's seniority in the company for the purpose of providing him a retention incentive in the form of social protection and compensation in relation to actual risks incurred. This decision complies with the principles of MiddleNext Code recommendation R13 for determining compensation of corporate officers, and namely, comprehensiveness, balance, benchmarking, consistency, understandability, proportionality and transparency.

• With MARQUE VERTE SANTE

Financial advance

Related parties:

- Mr. Thierry CHAPUSOT, Chair of the Board of Directors of PHARMAGEST INTERACTIVE and Chair of the Management Board of MARQUE VERTE SANTE;
- Mr. Dominique PAUTRAT, Managing Director of PHARMAGEST INTERACTIVE and member of the Management Board of MARQUE VERTE SANTE;
- Ms. Anne LHOTE, Director of PHARMAGEST INTERACTIVE and member of the Management Board of MARQUE VERTE SANTE;
- Mr.Daniel ANTOINE, Director of PHARMAGEST INTERACTIVE and permanent representative of LA COOPERATIVE WELCOOP on the Supervisory Board of MARQUE VERTE SANTE;
- Mr. Hugues MOREAUX, Board representative of LA COOPERATIVE WELCOOP on the PHARMAGEST INTERACTIVE Board of Directors and Chairman of the Supervisory Board of MARQUE VERTE SANTE.

Nature and purpose:

The Board of Directors' meeting of 10 December 2015 authorised PHARMAGEST INTERACTIVE to grant an advance in the amount of €4 million to MARQUE VERTE SANTÉ.

Terms and conditions:

MARQUE VERTE SANTÉ has given a firm undertaking to repay the advance in whole or in part, on PHARMAGEST INTERACTIVE's request, within a maximum of three months from the date of the request.
The advance carries interest at a minimum guaranteed rate of 1.5%. Interest is calculated quarterly and due on receipt of invoice in cash. This rate may be revised upwards in line with market rates.
This agreement was concluded for the period from the date of its execution to 31 December 2016, and may be renewed annually by tacit agreement. On 1 April 2016, the Board of Directors authorised the signature of an amendment to this agreement, increasing the financial advance from €4 million to €20 million.
With Pharmagest Interactive's interest intact and the remaining terms and conditions unchanged, on 9 December 2016, 4 December 2017 and 7 December 2018, the Board of Directors confirmed the adoption of this clause of tacit renewal for this current account advance agreement on 1 January 2017, 1 January 2018 and 1 January 2019 respectively.
On 31 December 2018 PHARMAGEST INTERACTIVE's recognised a cash advance in the amount of €7.1 million. Interest income from this cash advance in the amount of €107,979 was recognised by Pharmagest Interactive under financial income.

The company's justifications for the agreement:

This agreement provides a guaranteed level of remuneration provided by MARQUE VERTE SANTÉ that is 1.5% higher than the level available on the market for short-term capital-guaranteed investments.

Agreements and commitments already approved in prior periods that remained in force during the period ended

Pursuant to article 225-30 of the French commercial code, we have been informed that the following agreements and commitments, previously approved by shareholders' meetings of prior years, remained in force during the year.

• With Mr. Dominique Pautrat and Mr. Denis Supplisson

Long-term bonus agreement

Related parties:

- Mr. Dominique Pautrat, Managing Director;
- Mr. Denis Supplisson, Deputy Managing Director.

Nature and purpose:

The Board of Directors, meeting on 29 March 2018, decided to award bonuses to Messrs. Dominique Pautrat and Denis Supplisson, in connection with their employment contracts and subject to achieving the objectives set over a four-year period, from 2017 to 2020.
These bonuses which are to be paid on 31 March 2021 are also linked, in addition to achieving objectives, to conditions of presence by the beneficiaries in their current functions within the Company.

Financial terms and conditions:

- For Mr. Dominique Pautrat:
  A long-term incentive bonus bearing, according to the level of objectives achieved, of between €0 and a gross amount of €350,000, with such objectives linked to the PHARMAGEST Group business plan, excluding health and social care facilities and upon the consolidation of business plans at the WELCOOP Group level.

- For Mr. Supplisson:
  A long-term incentive bonus bearing, according to the level of objectives achieved, of between €0 and a gross amount of €180,000, with such objectives linked to the business plan of the Pharmacy Europe Solutions Division and the business plan of PHARMAGEST Group business, excluding Health and Social Care Facilities.

  Provisions are made in the financial statements for the incentive bonuses each financial year on a pro-rata basis, according to progress towards achieving the targets over the four-year period.
  On 31 December 2018, the amounts accrued for this purpose represented gross amounts of €64,334 for Mr. Pautrat and €65,802 for Mr. Supplisson.

The company's justifications for the agreement:

This agreement was concluded in light of the seniority of Messrs. Dominique Pautrat et Denis Supplisson in the company for the purpose of providing them retention incentives in the form of social protection and compensation in relation to actual risks incurred. This decision complies with the principles of MiddleNext Code recommendation R13 for determining compensation of corporate officers, and namely, comprehensiveness, balance, benchmarking, consistency, understandability, proportionality and transparency.

• With DIATELIC, CP INTER@CTIVE and INTECUM

Tax consolidation agreement

Related parties:

- Dominique Pautrat, Managing Director and Director of Pharmagest Interactive, representing Pharmagest Interactive, Chairman of Diatelic and Managing Partner of CP Inter@ctive.

- Mr. Denis Supplisson, deputy managing director and director of Pharmagest Interactive and chair of Intecum.

Nature and purpose:

On 5 December 2014 and 1 April 2016, the Board of Directors authorised Pharmagest Interactive to include Diatelic, CP Inter@ctive and Intecum in the French tax sharing agreement governed by Articles 223-A to 223-U of the French General Tax Code.

Terms and conditions:

The principle of neutrality has been retained: the parent company alone is liable for the tax expense and charges its subsidiary for the tax as if there was no tax sharing agreement.

Nancy, 29 April 2019
The Statutory Auditors

French original signed by:

Batt Audit	Deloitte & Associés
Isabelle Sagot	**Anne Philipona-Hintzy**

20.5 Age of latest financial information

The last financial year for which financial information was audited was 2018, ending on 31 December 2018.

20.6 Interim and other financial information

PHARMAGEST Group has not published any quarterly or half-yearly financial information since the date of the last audited financial statements.

20.7 Dividend policy

20.7.1 Dividend policy

The Ordinary General Meeting of PHARMAGEST INTERACTIVE on 27 June 2019 will be asked to approve a dividend distribution of €0.85 per share.

The same distribution policy will be applied for future financial years subject to compliance with the above-mentioned criteria.

20.7.2 Total dividend per share for the last three financial years

Year	Dividend per share	Dividend eligible for the 40% tax credit (paid to individuals)	Dividend not eligible for the 40% tax credit (paid to legal entities)
31/12/2015	€0.60	€0.60	€0.60
31/12/2016	€0.65	€0.65	€0.65
31/12/2017	€0.75	€0.75	€0.75

20.7.3 Time limit after which dividend entitlement lapses

Dividends unclaimed within five years after the payment date shall be deemed time-barred and in accordance with article R-48 of the French State Property Code *(Code du Domaine de L'État)* revert to the French Treasury.

20.7.4 Tax treatment

Dividends in France are subject to flat tax *(prélèvement forfaitaire unique)* on investment income of 30% which are deducted by the company or subject to withholding taxes as follows:

- a compulsory social security contribution *(prélèvement social obligatoire)* of 17.2 %;
- a withholding tax of 12.8 % for individuals persons who are tax residents in France (Article 117 quater (new) of the French General Tax Code). The calculation of this amount is based on gross income. However, individuals belonging to a tax household where the reference tax income of the year before last, as defined in 1 of IV of Article 1417 is less than €50,000 for single, divorced or widowed taxpayers and less than €75,000 for taxpayers subject to joint taxation, can apply for an exemption, under the conditions provided in Article 242 *quater*. This withholding is applied to income tax for the year in which the dividends were paid. If it is higher than the amount of tax due, the difference is refunded.

Natural persons retain the option when filing the income tax statement for the application of progressive income tax scale to their combined earnings and capitals gains of the year after applying, if applicable, the 40% reduction on dividend payments (2° of 3 of article 158 of the French general tax code *(code général des impôts)*.

20.8 Litigation and arbitration

There are no state or legal proceedings or arbitration of which PHARMAGEST Group is aware to date that could have a material impact on its financial position or profitability.

Without calling into question the items mentioned above, PHARMAGEST Group indicates for information purposes that total provisions for contingencies and expenses at 31 December 2018 amounted to €4,145 thousand and included:

The provision for retirement severance payments	€4,070 thousand
Provisions for litigation	€75 thousand

20.9 Material change in financial or commercial condition

PHARMAGEST Group is not aware of any significant changes in its financial or commercial situation since the end of the last financial year for which the financial statements were published and audited.

21 ADDITIONAL INFORMATION

21.1 Issued capital

Subscribed share capital
As at 31 December 2018, the company's share capital amounted to €3,034,025 and has not changed in the period covered by the historical financial information.
It is divided into 15,174,125 shares with a par value of €0.20, all fully paid-up and of the same class.

Non-equity shares
There are no shares that are not representative of the capital.

Shares in the issuer held by or on behalf of the issuer itself or by subsidiaries of the issuer
The balance of treasury shares held at 31 December 2018 is presented in Section 20.3.1.5 - Note 10.2 of the consolidated financial statements in this Registration Document.

Marketable securities
There are no convertible securities, exchangeable securities or securities with warrants.

Acquisition rights and/or obligations over authorised capital
The Articles of Association do not impose specific conditions governing changes in the capital or voting rights attaching to the shares that comprise the capital.

Under the Articles of Association, changes to the capital are not subject to more restrictive conditions than those imposed by law.
At 31 December 2018, in the absence of a decision by the shareholders with respect to a capital increase, it is duly noted that no financial authorities were voted or in force.

Capital under option or agreed conditionally or unconditionally to be put under option
Other than the stock option plan for employees, there are no options or conditional or unconditional agreements for the share capital to be put under an option.

All procedures relating to this stock option plan are presented in the notes to the consolidated financial statements in Section 20.3.1.5 - Note 8.3.1 of this Registration Document.

History of the share capital
PHARMAGEST INTERACTIVE's shares are traded on Euronext PARIS™. The ISIN code is FR 0012882389.
PHARMAGEST INTERACTIVE securities were transferred to compartment B of NYSE Euronext PARIS™ with effect from 17 January 2013, as its market capitalisation rose to €182.08 million. Compartment B covers listed companies with a market capitalisation of €150 million to €1 billion.

There have been no changes to the share capital since market listing.

Share price trends since April 2018

Month	Low (€)	High (€)	Trading volume (shares)	Trading volume (€)
April 2018	53.50	59.20	70,759	3,536,509
May 2018	55.00	63.00	61,265	3,339,575
Jun. 2018	57.00	60.50	51,101	2,400,013
July 2018	52.20	59.90	55,358	2,694,267
August 2018	58.00	65.80	69,412	4,210,012
September 2018	56.20	62.00	164,247	9,805,450
October 2018	47.50	61.60	114,578	5,802,543
November 2018	49.10	53.80	93,688	4,834,053
December 2018	48.10	57.00	99,379	4,921,595
January 2019	50.00	60.30	101,000	5,434,344
February 2019	52.10	58.30	70,037	3,881,706
March 2019	52.40	57.90	56,407	3,099,725

(Source: GILBERT DUPONT)

Pledges
PHARMAGEST Group's capital is not subject to any share pledges.

21.2 Memorandum and Articles of Association

21.2.1 Corporate purpose (article 2 of the Company's Articles)

PHARMAGEST INTERACTIVE's corporate purpose is:

- The purchase, sale and representation of all office and IT equipment; consultancy in all technical organisations with a view to applying this equipment to industrial, commercial, administrative companies, whether public or private;
- Assistance and training in management, primarily in the context of office automation and IT techniques, research into the development of concepts and software development;
- Equity investments and interests by contribution, subscription, purchase of securities, shares, bonds and all company rights and other legal means in all companies or businesses related in particular to the industrial, commercial and services activities;
- The management, control, administration and maximisation of the value of these holdings, with a view to controlling the business of the companies, providing financial management and maintaining control of a group of companies, by establishing or taking over new companies, mergers and other legal means allowed by company law;
- The provision of financial, administrative and management control and engineering services;
- And, in general, to conduct any and all commercial, industrial and financial transactions related directly or indirectly to any of the above purposes or any other similar or related purpose that contributes to the development or expansion of the Company’s business.

21.2.2 Directors (article 14 of the Company's articles)

There are no specific provisions regarding the appointment or roles and responsibilities of Board Members and the Board of Directors.

The articles of association strictly adhere to the applicable legal texts.

21.2.3 Share class

There is one class of shares (Article 7).

One voting right is attached to each share. Under the terms of the fifteenth resolution to the Extraordinary General Meeting on 26 June 2015, it was resolved not to introduce double voting rights as provided by Law 2014-384 of 29 March 2014 to the holders of those shares indicated in Article L. 225-123, subsection 3 of the French commercial code.

21.2.4 Actions necessary to change the rights of shareholders

An extraordinary general meeting of shareholders is required to change the rights of shareholders.

21.2.5 General Meetings

Article 20 of the Articles of Association - General Meetings
General Meetings are called and held in accordance with the provisions of French law.
Collective decisions of shareholders are adopted in Ordinary, Extraordinary or Special General Meetings depending on the nature of the decisions involved.
Special shareholders' meetings are called for holders of a specific class of shares to decide on any change to the rights attaching to shares of this class. These meetings are called and conduct proceedings according to the same conditions as extraordinary shareholders' meetings.
The decisions of General Meetings are binding on all shareholders.

Article 20-1 - Notice and venue of General Meetings

General Meetings are called either by the Board of Directors, or by the Auditors, or by a legally appointed representative under the conditions provided by law.

Meetings are held at the Company's registered office or at any other venue indicated in the notice of meeting.

Notification is provided 15 days before the Meeting date by placing a notice in a legal notices journal of the region in which the registered office is located, and by placing a notice in the official and legal notices bulletin (BALO in France). However, if all shares are registered, this publication may be replaced by a notice sent by ordinary or registered mail within the same time period at the Company's expense to each shareholder.

Shareholders who have held registered shares for at least one month from the meeting notice's publication will be called to attend any meeting by ordinary mail. They can request to receive notice by registered letter on condition of sending the Company the corresponding costs.

All owners of undivided shares are called to meetings in the same manner when their rights are recorded within the time frame provided in the previous paragraph for shares in registered form.

The Company publishes the notice provided in Article R 225-73 of the French commercial code in the official and legal notices bulletin (BALO in France), at least 35 days before the date of the Meeting.

When the Meeting was unable to conduct proceedings due to the absence of the required quorum, the second meeting, and where applicable, the postponed second meeting, is called at least ten days in advance according to the same procedure as for the first Meeting. The notice of and letters calling the second meeting shall repeat the date and the agenda of the first meeting notice. If the Meeting is adjourned as a result of a legal decision, the judge may set a different deadline.

Notices and notification letters must include the information required by law.

Article 20-2 - Agenda

The agenda for Meetings is prepared by the party convening the meeting.

One or more shareholders may request draft resolutions to be included on the agenda of the Meetings under the legal and regulatory conditions.

The Meeting may only discuss items on the agenda. However, it can in all circumstances rescind the appointment of one or more Board Members and replace them.

Article 20-3 - Access to Meetings - powers

The right to participate in meetings is subject to registration of the shares in the name of the shareholder or the registered intermediary acting on the shareholder' behalf, on the second business day prior to the meeting at midnight, Paris time, either in the registered share account maintained by the company or in the bearer share account maintained by a financial intermediary.

If attending the Meeting in person,

- For bearer shares, the shareholder must show the certification of attendance *(attestation de participation)* issued by the authorised intermediary;
- Owners of registered shares will be admitted to Meetings on providing proof of identity.

Shareholders may choose to be represented by another shareholder, their spouse or civil law partner or by another individual or legal entity of their choice. To this purpose parties representing shareholders must possess a proxy.

Legal representatives of shareholders without legal capacity and natural persons representing legal entities may participate in the Meetings, regardless of whether or not they are shareholders themselves.

When shareholders are represented by a person other than their spouse or civil law partner, they must be informed by the proxy of all relevant facts to enable them to assess the risk of the latter acting in interests other those of the shareholder. Information on appointing or revoking the proxy must be provided in accordance with current legal and regulatory provisions.

All those actively soliciting proxies must publish their voting policy in accordance with current law and regulations.

Any shareholder may vote by mail using a form completed and sent to the company under the conditions provided for by law and regulations and that must be received by the Company no later than three days before the meeting date to be taken into account.

Votes submitted remotely using an electronic voting form or by proxy granted using electronic signature, must comply with the current regulations, either in the form of a secure electronic signature, under the meaning of Decree 2001-272 of 30 March 2001, or in the form of a reliable identification process that guarantees the link with the document to which it is attached.

Article 20-4 - Shareholders' rights to information
All shareholders are entitled to receive the documents required to make informed decisions about the management and operation of the company.
The nature of these documents and the conditions according to which they are sent or made available are set by law and regulations.

Article 20-5 - Attendance sheet - committee - minutes
An attendance sheet, duly signed by the shareholders present and representatives, to which is appended the proxies granted to each representative and, where applicable, the remote votes, is certified as correct by the Meeting committee.
Meetings are chaired by the Chair of the Board of Directors, or, in his/her absence, by a Director specifically chosen for such purpose by the Board. Failing this, the Meeting itself elects its Chair.
Vote counting shall be performed by the two shareholders who are present and accept such duties, representing, either on their own behalf or as proxies, the greatest number of votes.
The officers of the Meeting shall appoint a secretary who is not required to be a shareholder.
The minutes shall be prepared, and copies or excerpts of the proceedings shall be issued and certified as required by law.

Article 20-6 - Ordinary General Meetings
The ordinary general meeting makes all decisions that do not amend the Articles of Association.
It is convened at least once a year, within the legally prescribed periods and in accordance with applicable regulations, to vote on the financial statements of the year ended.
Its deliberations are valid only if shareholders present, represented or voting by mail hold at least one-fifth of the shares with voting rights, on the first notice of meeting. No quorum is required on the second notice of meeting.
Decisions are made by a majority of votes held by the shareholders present or represented, including by shareholders voting by mail.

Article 20-7 - Extraordinary General Meetings
Only the extraordinary general meeting of the shareholders has the authority to make any changes in the provisions of the articles of association. It may not, however, increase shareholder commitments, except on the occasion of a legally executed reverse share split.
Extraordinary shareholders' meeting may validly conduct business only if shareholders present, represented by proxy or voting by mail hold at least, on the first notice of meeting, one-fourth and, on the second notice of meeting, one-fifth of the shares with voting rights. If the latter quorum is not reached, the second meeting may be postponed to a date no later than two months after the date for which it was called.
Decisions are made on the basis of a two thirds majority of shareholders present or represented including shareholders having voted by mail.

21.2.6 Provisions of the Articles of Association that may delay, defer or prevent a change of control

Article 9 of the Company's articles - Capital increase, reduction or redemption

1. (…) Shareholders will have, in proportion to the number of shares they hold, a preferential right to subscribe to shares for cash, issued to increase the share capital. They may waive this right on an individual basis. They also have a right to subscribe for excess amounts of shares on a non-preferential basis subject to reduction *(à titre réductible)* if explicitly decided by the general meeting (…).

2. The extraordinary general meeting may also, subject to the rights of creditors, authorise or resolve to reduce the share capital for whatever reason and by whatever means, but in no event shall the capital reduction affect the equal treatment of shareholders.

The reduction in share capital to an amount below the legal minimum may only be decided under the condition precedent of a capital increase to restore the capital to an amount at least equal to the legal minimum, unless the company is being converted to another company form.

Failing this, any interested party may apply to the courts to have the company wound up. This may not however be decided if on the date the ruling on the merits is rendered by the Court the issue has been corrected (…).

21.2.7 Provisions in the Articles of Association setting ownership disclosure thresholds.

Article 12-3 of the Company's articles - Transfer of shares - legal thresholds
Any individual or legal entity that holds or exceeds, in any manner whatsoever, under the meaning of Article L 233-7 of the French commercial code, a fraction of the company's share capital specified in this Article is required to make the relevant statutory and regulatory disclosures.
In the event of failure to comply with the requirement to report crossing statutory thresholds, the shareholder or shareholders in question shall be deprived of voting rights for the portion in excess of said thresholds in accordance with provisions of article L. 233-14 of the French commercial code.

21.2.8 Provisions relating to changes in share capital, when such conditions are stricter than those laid down by law

The share capital may be changed, subject to compliance with applicable law (see Article 9 of the Articles of Association). There are no provisions in the Articles that are stricter than those laid down by law.

21.2.9 Appropriation and distribution of earnings, payment of dividends

Earnings are appropriated and distributed as follows:

Article 23 of the Articles of Association
The income statement, which summarises the income and expenses for the financial year, shows, after deduction of depreciation and amortisation and provisions, the profit or loss for the year. From this profit for the year, less, if applicable, any previous year's losses, at least 5% is set aside to fund the legal reserve. This deduction is no longer required once the amount of the legal reserve is equal to one-tenth of the share capital.
Distributable income consists of the profit for the financial year, reduced by any previous loss and amounts to be set aside as reserves pursuant to the law or the articles of association, and increased by previous retained earnings.
From this profit the General Meeting then deducts amounts it deems appropriate to be allocated to discretionary, ordinary or extraordinary reserves or carried forward, or to retained earnings.
The balance, when it exists, is distributed to shareholders in proportion to the number of shares they each own.
Moreover, the shareholders' meeting may decide to distribute amounts taken from reserves at its disposal, expressly indicating the reserves against which the charges are to be made. As a priority, dividends are taken from the earnings for the year.
Except for capital reductions, no distribution may be made to shareholders, when shareholders' equity is, or could fall below as a result thereof, the amount of share capital plus the reserves for which distribution is prohibited by law or under the articles of association.
The revaluation reserve or "écart de réévaluation" (the French GAAP equity account which records the excess of restated assets over historical cost) may not be distributed though may be added back in full or in part to the share capital.
Following approval of the financial statements by the general meeting, losses, if any, are carried forward to be charged against the profits of subsequent fiscal years until extinguished.

Article 24 of the Articles of Association
Interim dividends may be distributed before the approval of the financial statements for the year when the balance sheet established during or at the end of a financial year and certified by the Statutory Auditors, shows that the Company has made a profit since the close of the last financial year, after recognising the necessary depreciation and provisions and after deducting prior losses, if any, and the sums to be allocated to reserves, as required by law or the articles of association. The amount of such interim dividends may not exceed the amount of the profit so defined
The general meeting may grant shareholders the choice of receiving a dividend in cash or in shares for all or part of the dividend or interim dividend to be distributed, subject to the applicable legal provisions.
The terms and conditions for payment of cash dividends are decided by the General Meeting or, failing that, by the Board of Directors. Cash dividends must be paid no later than 9 months after the financial year-end, unless this period is extended by a court authorisation.
The repayment of dividends may be claimed from the shareholders except when the distribution was made in violation of legal provisions and the Company has demonstrated that the beneficiaries were aware of the irregular nature of this distribution at that time or could not have been unaware of this fact in light of the circumstances. As applicable, claims for repayment are time-barred three years after the payment of the dividends. Dividends not claimed within five years after the payment date shall be deemed time-barred.

21.2.10 Share buybacks

At the General Meeting of Shareholders on 28 June 2018, shareholders authorised the Board of Directors to trade in its own shares on the market, in accordance with Articles L. 225-209 to L. 225-214 of the French commercial code and AMF regulations. This authorisation is valid for a period of 18 months starting on 28 June 2018.

As at 31 March 2019, the April 1 2018 programme resulted in:

- Purchases: 48,188 shares at an average price of €56.00;
- Sales: 46,281 shares at an average price of €56.08.

At the next Ordinary General Meeting on 27 June 2019, a new programme for a further 18-month period will be submitted for the approval of shareholders in the tenth resolution.
The features of this programme are described in the Management Report of the Board of Directors presented to the Ordinary General Meeting on 27 June 2019.

21.2.11 Pledging of the issuer's securities and pledging of assets

No such pledges exist.

22 MATERIAL CONTRACTS

PHARMAGEST INTERACTIVE has no major contracts imposing a material obligation or commitment on any member of PHARMAGEST Group for the whole of the Group, on the date of filing of this Registration Document, apart from bank loans with pledges or covenants detailed under Section 20.3.1.5 - Note 6.4 to the consolidated financial statements herein.

23 INFORMATION PROVIDED BY THIRD PARTIES, STATEMENTS FROM EXPERTS AND DECLARATIONS OF SPECIAL INTERESTS

There are no reports or declarations attributed to a person acting in the capacity of expert with a significant interest.

24 DOCUMENTS ON DISPLAY

PHARMAGEST Group certifies that the following documents (or copies thereof) can be, as applicable, consulted at its website (www.pharmagest.com):

- Memorandum and Articles of Association of PHARMAGEST INTERACTIVE;
- All reports, correspondences and other documents, historical financial information, assessments and statements made by an expert at the request of the PHARMAGEST Group, a part of which is included or referred to in this Registration Document;
- The historical financial information of the PHARMAGEST INTERACTIVE and its subsidiaries for each of the two financial years preceding the publication of the registration document.

24.1 Annual management report

24.1.1 Management report

PHARMAGEST INTERACTIVE
A FRENCH PUBLIC LIMITED COMPANY (SOCIÉTÉ ANONYME) WITH SHARE CAPITAL OF €3,034,825
REGISTERED OFFICE: TECHNOPOLE DE NANCY BRABOIS
05 ALLEE DE SAINT CLOUD 54600 VILLERS LES NANCY
NANCY COMPANIES REGISTER (RCS) NO. 403 561 137

MANAGEMENT REPORT
TO THE ORDINARY ANNUAL GENERAL MEETING
ON 27 JUNE 2019

Dear Shareholders,

Pursuant to applicable law and regulations, this General Meeting is held today for the purpose of asking you to approve the individual and consolidated annual financial statements and the appropriation of earnings for the financial year ended on 31 December 2018, approved by the Board of Directors at its meeting of 29 March 2019.

The required meeting notices were properly sent and all information provided for by articles L. 225-115 and R. 225-83 of the French commercial code were made available to you at the registered office within the legally prescribed periods and made available online at the Company's website by the 21st day preceding the Meeting.

Part 1 - Financial position and operations of the Company and its subsidiaries for the year ended

1.1. Presentation of PHARMAGEST Group

Basis of presentation and compliance statement

The basis of presentation and valuation methods used to prepare the documents submitted for your review are based on applicable regulations. The consolidated financial statements have been prepared according to IFRS and the separate parent company financial statements according to French GAAP.

Fully consolidated companies

Companies	Address	Controlling interest (%)	Ownership interest (%)
PHARMAGEST INTERACTIVE	Villers-lès-Nancy (54)	Consolidating company	Consolidating company
ADI [(1)]	Saclay (91)	50	50
AXIGATE	Paris (75)	100	100
CAREMEDS	Eastleigh (England)	51.82	51.82
CP INTERACTIVE	Dijon (21)	100	100
DIATELIC	Villers-lès-Nancy (54)	95.29	95.29
DICSIT INFORMATIQUE	Bezaumont (54)	100	100
DOMEDIC EUROPE	Villers-lès-Nancy (54)	65	65
EHLS	Villers-lès-Nancy (54)	100	100
HDM	Port Louis (Mauritius)	100	100
HEALTHLEASE	Paris (75)	100	100
INFARMA	Bologna (Italy)	100	79
INSERVICE	Macerata (Italy)	100	79
INTECUM	Villers-lès-Nancy (54)	100	100
KAPELSE	Villers-lès-Nancy (54)	70	70
MACROSOFT	Macerata (Italy)	100	79
MACROSOFT BUILDING	Macerata (Italy)	100	79
MALTA INFORMATIQUE	Mérignac (33)	100	100
MULTIMEDS	Bray (Ireland)	51	51
NANCEO	Paris (75)	100	100
NOVIA SEARCH	Florange (57)	100	67.97
NOVIATEK	Schifflange (Luxembourg)	79.97	67.97
PHARMAGEST ITALIA *(formerly MACROSOFT HOLDING)*	Macerata (Italy)	79	79
SABCO	Windhof (Luxembourg)	100	100
SABCO SERVICES	Gosselies (Belgium)	100	100
SAILENDRA	Nancy (54)	75.09	75.09
SCI HUROBREGA	Quéven (56)	100	100
TEKNEMA	Macerata (Italy)	100	79
UK PHARMA	Londres (England)	100	100
WELFINITY GROUP	Windhof (Luxembourg)	80	80

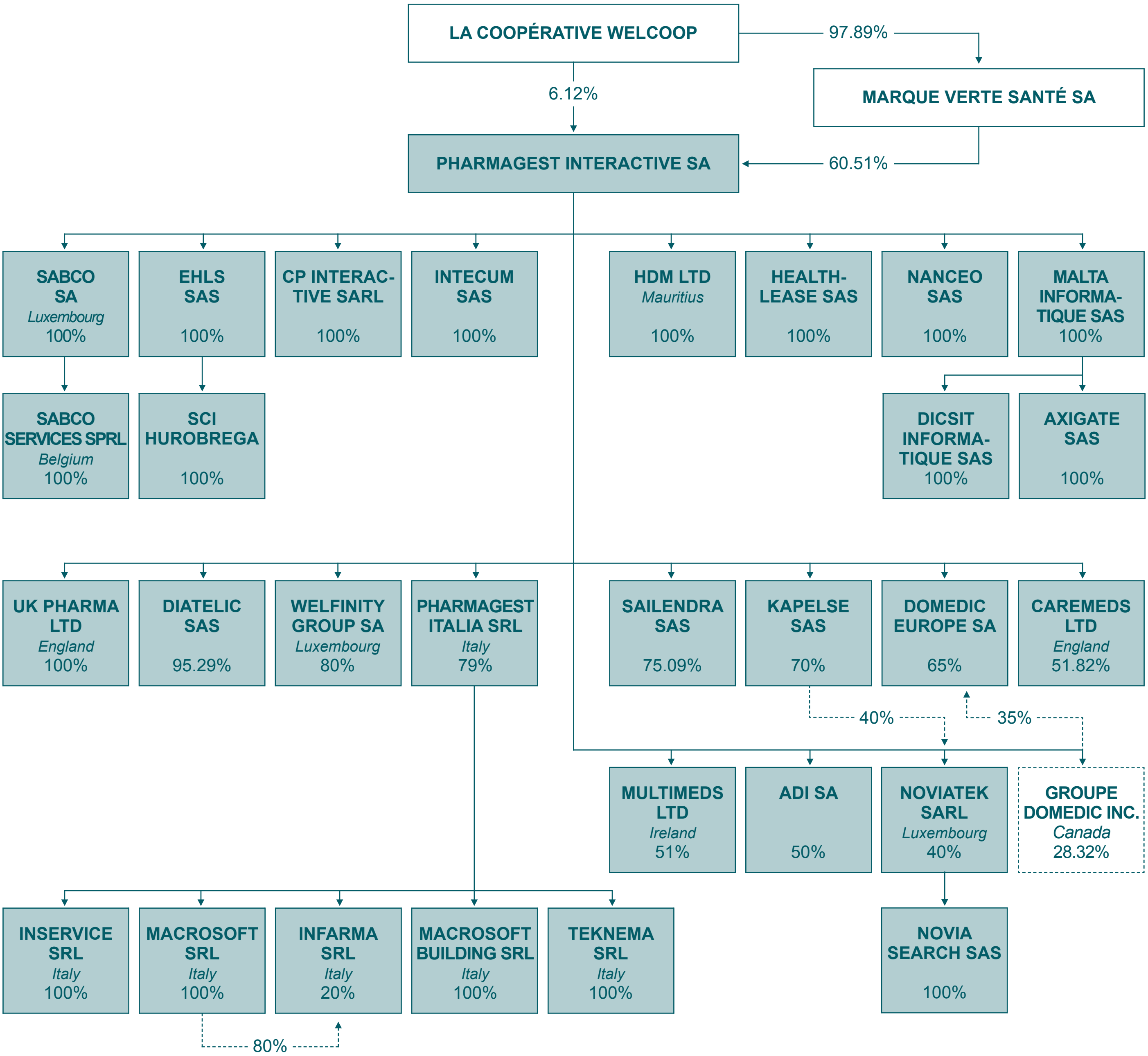
[(1)] Given the economic and contractual relationship between PHARMAGEST INTERACTIVE and ADI (which distributes LGPI Global Services® products), and the control of the company (equal distribution of Board members, Chairman's appointment subject to the express agreement of PHARMAGEST Group), ADI which is 50%-owned, is fully consolidated.

Equity-accounted subsidiaries

Companies	Address	Controlling interest (%)	Ownership interest (%)
GROUPE DOMEDIC	Québec (Canada)	28.32	28.32

PHARMAGEST Group Organisation Chart

As at the end of the financial year (31 December 2018), PHARMAGEST Group's organisation chart was as follows:



White background: Parent companies;
Green background: Fully consolidated subsidiaries;
Dotted outline with white background: Equity-accounted subsidiaries.

The percentage of voting rights held by PHARMAGEST INTERACTIVE in each of its subsidiaries is equal to the percentage of its equity holding in these subsidiaries.

Changes in consolidation scope in 2018

- PHARMAGEST INTERACTIVE acquired a majority equity stake (79%) in the Italian company MACROSOFT HOLDING, an Italian limited liability company with capital of €10,000 registered in MACERATA, Italy (REA No. MC 165 033). The company is specialised in IT equipment and services for pharmacy wholesalers-distributors and the sale of innovative software solutions for Italian pharmacies. MACROSOFT HOLDING's corporate name was changed to PHARMAGEST ITALIA. It controls:
    - 100% of the capital of MACROSOFT, an Italian limited liability company with capital of €52,000 registered in MACERATA, Italy (REA No. MC 103 315).
    - 100% of the capital of INFARMA, an Italian limited liability company with capital of €102,000 registered in BOLOGNA (REA No. BO 414 859), with 20% directly held by PHARMAGEST ITALIA and 80% by MACROSOFT.
    - 100% of the capital of TEKNEMA, an Italian limited liability company with capital of €10,000 registered in MACERATA, Italy (REA No. MC 123 781).
    - 100% of the capital of INSERVICE, an Italian limited liability company with capital of €10,000 registered in MACERATA, Italy (REA No. MC 142 975).
    - 100% of the capital of MACROSOFT BUILDING, an Italian limited liability company with capital of €10,000 registered in MACERATA, Italy (REA No. MC 165 201).
- PHARMAGEST increased its stake in SAILENDRA from 70.01% to 75.09%.
- PHARMAGEST Group carried out a simplified merger *(transmission universelle de patrimoine)* entailing the dissolution of CPSI and the global transfer of its assets and liabilities to PHARMAGEST INTERACTIVE.
- PHARMAGEST Group carried out a simplified merger *(transmission universelle de patrimoine)* entailing the dissolution of CPSI and the global transfer of its assets and liabilities to PHARMAGEST INTERACTIVE.
- QUALITY FLUX, deconsolidated in 2014 as a result of PHARMAGEST Group's limited shareholding (15.15%) and its non-material nature, was wound up in the 2018 first half.
- PHARMAGEST INTERACTIVE acquired a majority equity stake (100%) in UK PHARMA, an English limited liability company with capital of £20,000 registered in the Companies House of London (No. 03 513 400). This company is a provider of business services and was a subsidiary of MARQUE VERTE SANTE.

In view of the non-material impact of these changes in scope, no pro forma accounts have been prepared for the consolidated financial statements.

1.2. PHARMAGEST Group's business

1.2.1. Presentation of the PHARMAGEST Group's businesses in 2018

Description of the PHARMAGEST Group's businesses

PHARMAGEST Group's primary activity is the design of specialised management software for dispensing pharmacies and the distribution of turnkey computer solutions.

- ***Pharmacy Europe Solutions Division:***
    - Distribution of pharmacy management software and related offerings;
    - Distribution of IT equipment, turnkey installation and training;
    - After sales services: hotline support and maintenance;
    - Data back-up.

- ***e-Health Solutions Division:***
    - In the e-Patient Business Unit:
        . Solutions for monitoring treatment compliance for the chronically ill or the elderly;
        . Medical tele-monitoring system to prevent deterioration in the state of health of chronic and dependent patients treated at home;
        . Data back-up and application hosting with direct patient access.

- In the e-Connect Business Unit:
  . Solutions for securely monitoring patients in the home and optimising their care pathway.

- In the e-Pharma Business Unit:
  . Solutions addressing the general public (health observatories, prevention and information initiatives, a mobile app for pharmacy customers, *Ma Pharmacie Mobile*®);
  . Digital Patient communication solutions for pharmaceutical companies to support pharmacists in fulfilling their new roles on the front line of patient care;
  . Training solutions and services, information and communications initiatives adapted to the pharmacies' needs.

• ***Health and Social Care Facilities Solutions Division:***
- Distribution of IT equipment, turnkey installation and training;
- Distribution of new-generation software to the customers of MALTA INFORMATIQUE, DICSIT INFORMATIQUE and AXIGATE;
- After sales services: hotline support and maintenance.

• ***FinTech Division:***
- Provision of a financing platform to facilitate the management of multiple lessors.

1.2.2. Analysis of revenue trends

Key figures for the consolidated group - IFRS

Activities and results of PHARMAGEST Group, its subsidiaries and companies it controls.

Amounts - In € thousands	2018	2017	Change
Sales of configurations and hardware	64,257	56,517	13.69%
Maintenance and sale of databases	54,650	49,971	9.36%
Training and new product services	27,953	21,554	29.69%
Other services	1,620	1,628	-0.49%
Total revenue	148,480	129,669	14.51%
Current operating income	38,886	34,304	13.36%
Operating profit	38,886	34,304	13.36%
Net profit	27,038	24,290	11.31%
Net profit attributable to equity holders of the parent	25,432	23,196	9.64%
Basic earnings per share attributable to equity holders of the parent	1.70	1.55	9.68%

Under IFRS, consolidated revenue for fiscal 2018 rose 14.51% year-on-year, after restating 2017 to eliminate the impacts of applying IFRS15 and 9. Gross sales came to €121,804 thousand in 2018, up from €106,190 thousand in 2017.

Material software maintenance and the renewal of the installed base of equipment under contract account for approximately 58.5% of PHARMAGEST Group revenue. These activities represent significant indicators for annual revenue.

Operating expenses (staff costs + general expenses + taxes) amounted to €77,669 thousand. The 15% increase in relation to 2017 is largely due to the increase in staff costs (+€5,835 thousand) and general expenses (+€4,133 thousand).

Operating profit was up in consequence 13.36% to €38,886 thousand from the previous year.

Net financial income amounted to €1,006 thousand based on €1,300 thousand in financial income and €293 thousand in financial expenses.

Consolidated net profit amounted to €27,038 thousand with €25,432 thousand attributable to equity holders of the parent and €1,606 thousand attributable to non-controlling interests. The increase in net profit attributable to equity holders of the parent was 9.64%.

In 2018, PHARMAGEST Group registered growth in net cash flow of €4,992 thousand after an increase and financial investments of €10,657 thousand and cash flows from operating activities of €28,874 thousand (IFRS).

The Group has a very solid financial structure. At year-end, equity attributable to equity holders of the parent amounted to €113,847 thousand compared to €102,480 thousand at 31 December 2017 in light of the application of IFRS 15 and 19 and net cash (i.e. available-for-sale securities, current financial assets and cash and cash equivalents minus short-term and long-term facilities) amounted to €61,109 thousand. Cash net of current financial liabilities totalled €55,054 thousand.

PHARMAGEST INTERACTIVE (separate financial statements)

Amounts - In € thousands	2018	2017	Change
Sales of configurations and hardware	54,579	48,959	11.48%
Maintenance and sale of databases	31,172	30,594	1.89%
Training and new product services	10,573	10,439	1.28%
Other services	1,417	1,431	-0.98%
Total revenue	**97,741**	**91,423**	**6.91%**
Operating profit	18,660	20,018	-6.78%
Net profit	16,683	13,920	19.85%

Main subsidiaries (separate financial statements)

In € thousands	Revenues	Operating profit	Operating income before tax	Net profit
HEALTHLEASE	43,379	2,324	2,336	1,585
NANCEO	24,752	370	366	260
EHLS	22,745	1,083	1,530	1,092
KAPELSE	11,065	5,078	5,082	3,504
MALTA INFORMATIQUE	10,681	4,732	4,669	3,086
ADI	5,976	1,172	1,175	789
AXIGATE	5,958	2,297	2,297	2,105
SABCO	4,267	160	158	163
MACROSOFT (1)	3,483	922	922	691
DICSIT INFORMATIQUE	2,866	859	859	601

(1) *Data for the period as from the date of the company's consolidation by PHARMAGEST Group of 1 April 2018.*

Branch offices

PHARMAGEST Group operates through a network of 53 sites described in the Registration Document under section 8.1. PHARMAGEST INTERACTIVE's operations are conducted at its principal place of business in VILLERS-LES-NANCY and its 28 secondary sites.

Research and development

The Research & Development Department has 172 employees for the entire Group.

Pursuant to IAS 38, we identified development projects meeting all criteria required to record expenses on the balance sheet. In 2018, the total amount capitalised under this standard for projects expected to contribute revenue from the sale of products and services in the future is:

- €3,419 thousand capitalised in the separate financial statements of AXIGATE, DIATELIC, INTECUM, KAPELSE, NOVIATEK, NANCEO, INFARMA and SAILENDRA;
- €4,466 thousand restated according to IAS 38 for PHARMAGEST INTERACTIVE, MALTA INFORMATIQUE, DICSIT INFORMATIQUE, CAREMEDS and INFARMA including €1,085 thousand for outsourced expenditures.

Annual highlights

PHARMAGEST Group presents its solutions at the Consumer Electronics Show (CES) in Las Vegas - Using Artificial Intelligence to allow vulnerable persons remain in their homes
From 9 to 12 January 2018, PHARMAGEST Group demonstrated the potential of its NOVIACARE® and CARELIB® solutions in helping vulnerable persons remain in their homes as long as possible.

PHARMAGEST Group enters Italy with the acquisition of market leader
Continuing its European expansion, PHARMAGEST Group entered Italy by acquiring a 79% majority stake in the capital of MACROSOFT Holding, renamed PHARMAGEST ITALIA. In 2018, the country's market leader in IT equipment and services for pharmacy wholesalers-distributors rolled its innovative new software offering for Italian pharmacies. The goal of PHARMAGEST ITALIA, now part of the Pharmacy Europe Solutions Division is to equip 20% of the Italian pharmacy market within five years. This acquisition reflects the Group's strategy for building a dedicated global ecosystem at the European level.

AXIGATE wins the call for tenders for the Armor territorial hospital group
AXIGATE, a subsidiary of PHARMAGEST Group's Health and Social Care Facilities Solutions Division, was selected for its innovative 100% cloud-based solution for patient care management for hospitals, in partnership with GFI. The Armor territorial hospital group *(Groupement Hospitalier de Territoire or GHT)* includes five establishments. This success highlights the relevance of AXIGATE's innovative market positioning as a French hospital information systems leader.

Partnership between PHARMAGEST Group and Korian Group
PHARMAGEST Group, the European expert in providing care and support services for seniors, announces a partnership with KORIAN (Euronext Paris - A - FR0010386334) to co-create an innovative multi-service offering care and support for vulnerable people both at home and in assisted living facilities for the elderly. This major partnership strengthens the Group's position as a key provider of innovative technological telecare solutions. The aim of this collaboration is to co-develop a platform for home-based connected objects, providing elderly persons with impaired autonomy with innovative services for prevention, telecare and maintaining social ties to remain in their homes as long as possible.
This partnership is based on PHARMAGEST Group's CARELIB® offering and the co-construction of a Box Korian powered by CARELIB® to be distributed as a white label product by KORIAN to customers of its French network for extended stays at after-care and rehabilitation facilities or senior assisted living facilities.

ENephro telemonitoring - Eligibility for reimbursement by the French national health insurance and partnership with Nancy Regional and University Hospital (CHRU)
PHARMAGEST Group announces that eNephro, its home telemonitoring solution for chronic kidney disease patients developed since 2013, has qualified for the French ETAPES program (experimental telemedicine solutions for improving health care pathways) and will be eligible for reimbursement French health insurance for its monitoring modules for patients in certain dialysis units (UAD / autonomous dialysis units), (UDM - medical supervised dialysis) and for post-transplantation monitoring. eNephro becomes the first solution for patients with chronic renal failure at different stages of their illness covered by the French health insurance system for monitoring dialysis in autonomous and medically supervised dialysis units and for post-transplantation monitoring.

PHARMAGEST Group also announced a partnership with the Nancy Regional and University Hospital (CHRU) focusing on this innovative technological solution.

MALTA INFORMATIQUE launches a teleconsultation solution for senior assisted living facilities
TITAN TELECONSULTATION is a new module destined exclusively for senior assisted living facilities for the elderly and persons with disabilities. This solution will be proposed to 2,000 elderly assisted living facilities that MALTA INFORMATIQUE also equips with its TITAN software applications. TITAN TELECONSULTATION is among the most technically comprehensive solutions on the market and the only teleconsultation solution for doctors fully integrated with the TITAN patient file at senior assisted living facilities.

TITAN CONSULTATION complies with all teleconsultation prerequisites of the French National Authority for Health (HAS - *Haute Autorité de Santé*).

NOVIATEK obtains the Product of the Year and Gold Award of the Hong Kong Electronic Industries Association (HKEIA)
The Hong Kong Electronic Industries Association (HKEIA) awarded NOVIATEK the prestigious Product of the Year and Gold Award on 15 October 2018 at its fall edition of the Hong Kong Electronics Fair.
This award for outstanding innovation and technology was given to Noviacare for its AI driven health box for seniors (Santé Senior NOVIACARE®), in the categories of *"Innovation and Technology"* categories as well as the general category of *"Product of the year"*. This award was given to NOVIATEK during the 2018 HKTDC Hong Kong Electronics Fair (Fall Edition), the world's second largest electronics show which recognises and rewards excellence in product design, technology, reliability and innovation.

CEGEDIM and PHARMAGEST - a strategic technological partnership in France
CEGEDIM, an innovative technology and services company, and PHARMAGEST INTERACTIVE, the French pharmacy information technology leader, announce a partnership in France to streamline patient health care pathways and relations between non-hospital and hospital segments by leveraging their software expertise as a solution for addressing low physician density and population ageing in France.

CEGEDIM and PHARMAGEST are major contributors to efficiencies the healthcare pathways in France. On that basis, the interoperability and process for exchanging information between the solutions of the two groups concerns relations between senior assisted living facilities (EHPAD), hospital at home programmes, hospitals and pharmacies on the one hand and non-hospital physicians, health centres, multi-professional and paramedical healthcare providers on the other hand;
This strong strategic partnership will enable the two partners to widely deploy in both non-hospital and hospital segments their innovative tele-consultation and remote medical monitoring solutions.

1.2.3. Statutory aged trial balance information for payables and receivables

As required by French law (articles L. 441-6-1 et D. 441-4 du Code de commerce), aged trial balance information for payables and receivables is provided below, including a breakdown of invoices received and issued unpaid at year-end and past due.

Invoices received (in €)

	Article D. 441-4, I , 1° of the French commercial code: Received invoices unpaid at the end of the reporting period past due				
	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day or more)
(A) Late payment date ranges					
Number of invoices concerned	Not applicable				99
Amount of invoices concerned incl. VAT	98,602	61,346	19,811	59,525	239,284
Percentage of the total purchases of the period incl. VAT	0.19%	0.12%	0.04%	0.11%	0.46%
Percentage of revenue of the period	Not applicable				
(B) Invoices excluded from (A) relating to disputed or unrecognised payables					
Number of invoices excluded	2				
Total amount of invoices excluded incl. VAT	5,331				
(C) Applicable payment period of reference (contractual or legal- article L. 441-6 or article L. 443-1 of the French commercial code)					
Payment periods applied for the calculation of late payment charges	Contractual payment periods: 30 days from the invoice date Legal payment period: Undisclosed				

Invoices issued (in €)

	Article D. 441-4, I , 2° of the French commercial code: Issued invoices unpaid at the end of the reporting period that are past due				
	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day or more)
(A) Late payment date ranges					
Number of invoices concerned	Not applicable				4,334
Amount of invoices concerned incl. VAT	4,990,769	1,459,435	483,667	1,049,697	7,983,567
Percentage of total purchases of the period	Not applicable				
Percentage of revenue of the period	4.36%	1.27%	0.42%	0.92%	6.97%
(B) Invoices excluded from (A) relating to disputed or unrecognised receivables					
Number of invoices excluded	687				
Total amount of invoices excluded incl. VAT	189,507				
(C) Applicable payment period of reference (contractual or legal- article L. 441-6 or article L. 443-1 of the French commercial code)					
Payment periods applied for the calculation of late payment charges	Contractual payment periods: 30 days from the invoice date Legal payment period: Undisclosed				

1.2.4. Fees paid to auditors

Audit - in €	BATT AUDIT				DELOITTE			
	Amount (before tax)		%		Amount (before tax)		%	
	2018	2017	2018	2017	2018	2017	2018	2017
Statutory auditing:								
PHARMAGEST INTERACTIVE	39,190	38,250	59%	52%	43,810	34,500	100%	86%
Consolidated subsidiaries	27,150	34,500	41%	47%	0	0	0%	0%
Other audit-related services	0	0	0%	0%	0	0	0%	0%
Subtotal	**66,340**	**72 750**	**100%**	**99%**	**43,810**	**34,500**	**100%**	**86%**
Other services rendered by members of the auditor’s network to fully consolidated subsidiaries	0	0	0%	0%	0	0	0%	0%
Legal, tax and employee-related services	0	0	0%	0%	0	0	0%	0%
Information technology	0	0	0%	0%	0	0	0%	0%
Internal audit	0	0	0%	0%	0	0	0%	0%
Other (indicate if > 10% of audit fees)	0	1,000	0%	1%	0	5,500	0%	14%
Subtotal	**0**	**1,000**	**0%**	**1%**	**0**	**5,500**	**0%**	**14%**
TOTAL	**66,340**	**73,750**	**100%**	**100%**	**43,810**	**40,000**	**100%**	**100%**

1.3. Subsequent events

The main subsequent events occurring after the end of the 2018 reporting period were as follows:

- PHARMAGEST Group carried out a simplified merger *(transmission universelle de patrimoine)* entailing the dissolution of CP INTERACTIVE and the global transfer of its assets and liabilities to PHARMAGEST INTERACTIVE;
- Company name change from SABCO to PHARMAGEST LUXEMBOURG;
- Company name change from SABCO SERVICES to PHARMAGEST BELGIUM;
- PHARMAGEST INTERACTIVE acquires a 15% stake in the Franco-American company EMBLEEMA, registered in the United States in the state of Delaware (Division of Corporations) under No. 6743178. The company is developing a blockchain-based digital platform for sharing health data.

1.4. Outlook and strategic guidelines set by the Board of Directors

PHARMAGEST Group implemented its two-pronged strategy in 2018 focused on adopting a patient-centred approach and pursuing international expansion. Key achievements on this basis included:

- The implementation of a strategic partnerships with KORIAN to co-create an innovative multi-service offering care and support for vulnerable persons both at home and in assisted living facilities for the elderly (EHPAD);
- A technological partnership with CEGEDIM to streamline patient health care pathways and relations between non-hospital and hospital segments by leveraging their software expertise;
- MALTA INFORMATIQUE's launch of a teleconsultation solution for senior assisted living facilities;
- Acquisition of a stake in MACROSOFT HOLDING, renamed PHARMAGEST ITALIA, reflecting the Group's strategy for building a dedicated global ecosystem at the European level.

PHARMAGEST Group will continue in 2019 to both deploy its patient-centred strategy and support pharmacists' in exercising their mission as healthcare coordinator.
Historically focused on IT solutions for healthcare professionals, PHARMAGEST Group and its employees are engaged in promoting the ambitions and values of its lead shareholder, LA COOPERATIVE WELCOOP. As a "corporate citizen in the service of Health and well-being", by focusing its strategy on the patient and becoming a valuable contributor to the healthcare system, PHARMAGEST Group provides solutions for improved, more effective and cost-efficient patient care. Every new project initiated by PHARMAGEST Group answers positively to two key questions:

- Will it provide benefits for the patient?
- Will it make the healthcare system more efficient?

PHARMAGEST Group is contributing to building a global healthcare ecosystem designed to achieve the following objectives:

- Propose the first cloud-based healthcare platform, providing healthcare professionals with the right information for the right patient at the right time, and in this way contributing to a safer and more effective treatment process. Through its software solutions for Pharmacies, Elderly Residential Care Facilities, Hospitals at Home, and Hospitals, its partnerships with vendors of software for physicians and its experience in artificial intelligence, PHARMAGEST Group possesses unique know-how for integrating this information into the specialised business applications for healthcare professionals and paramedical services.

- Contribute to improved medication adherence. PHARMAGEST Group's solutions help patients follow their treatment while reducing the cost of noncompliance. The emergence of new technologies in the health sector and the digital revolution is dramatically transforming the health care system and its economy. PHARMAGEST Group has for a long time been anticipating these transformations by understanding that the challenge for connected health laid above all in the computer processing of the data collected, notably through connected objects to conduct analysis and anticipate changes in the patient health through artificial intelligence.

  - Enhancing the security of home-based care solutions for patients or elderly persons At the present time, while patients benefit from a care pathway as soon as they enter the universe of the healthcare professional (medical practice, pharmacy, etc.), they are left to their own devices when they return home. This also applies to the non-dependent elderly. PHARMAGEST Group's goal is to develop home-based care solutions which allow patients to remain in their home for as long as possible with complete autonomy.

These solutions may be technological in nature, for example with NOVIACARE®, CARELIB®, or DO-Pill SecuR™, but also in the form of services like the audits conducted by D'MEDICA, PHARMAGEST INTERACTIVE's sister company;

- Strengthening the network of pharmacies through synergies with other LA COOPERATIVE WELCOOP subsidiaries. Specifically, by organising the efficient flow of patient information across the care pathway phases, PHARMAGEST Group provides pharmacists with a technology which gives them a greater knowledge of the patient.

By perpetuating this forward-looking and innovative-based strategy in developing healthcare IT solutions and by investing and acquiring unique comprehensive know-how, PHARMAGEST Group will remain a key contributor for addressing the new challenges for achieving greater healthcare system efficiencies in Europe, while continuing to guarantee the quality of patient care at the heart of these systems.

Part 2 - Key risks and uncertainties: Internal control

2.1. Internal controls and risk management procedures implemented by the company

2.1.1. Principles of risk management and internal control

Inside information

In essence, the risks to which the Group is exposed are potential vulnerabilities. By their nature, this is sensitive information. Pursuant to Article 223-2-II of the AMF General Regulation, issuers can legitimately defer publication of sensitive information, provided they can ensure the confidentiality of this information. Hence, PHARMAGEST Group seeks to achieve a fair balance between providing accurate information to the markets and investors and potential damage to its legitimate interests through the disclosure of some sensitive information.

Governance for risk management and internal control

The risk management and internal control systems apply to all companies of PHARMAGEST Group. On that basis, consistency checks and ad hoc controls are performed on subsidiaries controlled by PHARMAGEST INTERACTIVE, as well as equity-consolidated companies, according to the instructions of the Group's Management.

With regards to PHARMAGEST Group, risks assumed are a reflection of efforts to identify opportunities and a commitment to grow its business in an environment by nature subject to uncertainties, and as such are not considered as a source of concern.

Limits of risk management and internal control

The situation inside and outside the Company may change. Therefore, the information on risks reflects risks at a particular point in time. We do not claim that the information provided in this report is exhaustive. It does not cover all the risks to which the Company may be exposed in conducting its business, but only what are considered to be the specific most sensitive risks.

Risk management and internal control procedures provide further control over the activities of the Group and aims to ensure that all risks are understood. Like any control system, however, it can only provide a reasonable guarantee that risks are eliminated.

Objectives of risk management and internal control

System	Objectives
Risk management	• Create and safeguard the company's value, assets and reputation; • Establish secure decision-making and corporate processes to achieve its objectives; • Promote actions that reflect the company's values; • Mobilise personnel around a shared vision of the main risks.
Internal control	• Ensure compliance with law and regulations; • Ensure the implementation of compliance with executive management guidelines; • Ensure efficient internal processes, particularly those that help to safeguard the Company's assets; • Ensure that the Group's accounting, financial and management information communicated to management bodies is reliable and fairly stated.

2.1.2. Governance for risk management and internal control

The role of governance

PHARMAGEST Group's system of governance for overseeing risk management and internal control procedures consists of the following:

Missions:	Stakeholders
Risk identification and management	• Internal audit; • Management control; • Line managers according to their areas of intervention; • The Finance and Personnel Management Committee; • The Management Committees for the businesses and the Steering Committees operating in project mode.
Supervision of risk management	• Administration and Finance.
Risk review	• The Audit Committee; • Executive management; • The Board of Directors.

Internal control and risk management

PHARMAGEST Group is equipped with a dedicated service devoted to internal control whose primary activity is to prepare the risk mapping and implement internal guidelines. This department reports to PHARMAGEST Group's Executive Management.

Risk mapping

The risk management process focuses on identifying risks in each operating and functional department which are then mapped; The Internal Audit Department maps risks at least every three years and updates may be performed at any time, in response to business developments, the environment, or changes in management organisation, which could lead to a change in how risk is identified.

The risk maps are presented and commented on to general management and the Audit Committee.

The approach to addressing risk is then analysed in order to select the most appropriate action programmes for the Group. To contain risks within acceptable limits for departments, measures may be initiated to reduce, transfer, eliminate or indeed accept the risk. An internal control process is established to deal with the risks identified.

Internal procedures

PHARMAGEST Group continues to work on a manual of internal procedures. The manual is provided to all personnel with access rights to be implemented as required. The aim of the manual is to improve our operations and in particular to describe:

- PHARMAGEST Group's main activities are executed according to the following steps;
- Determining the conditions for conducting operations;
- The responsibilities assigned to personnel for each stage of operations;
- The tools provided to participants;
- Performing controls to ensure that operations are properly carried out (self-assessment, management checks, internal and external audits, etc.).

The procedures manual is not limited only to procedures for increasing the reliability of accounting and financial information (operating cycle, investment cycle, financing cycle and cash cycle, amongst others) or extra-financial information (CSR : Corporate Social Responsability) and includes the various processes identified by the Group, such as:

- Purchasing and logistics services;
- Sales, business development and marketing;
- Customer service (installation, training, telephone help line, after-sales service);
- Information systems and network security;
- Human resources management;
- Protection of assets (brands, programmes, etc.).

The Administration and Finance Department ensures compliance with internal procedures using existing controls and procedures, and carries out random checks in the event of failure to keep to budgets.

No material anomalies or issues were detected during the checks carried out in fiscal 2018.

Improvement process

Risk management and internal control is supported by a process of continuous improvement. It aims to continually identify and assess new risks, measure the control system's ability to effectively contain these risks, introduce necessary improvements and monitor their effectiveness.

In 2018, the main actions in this regard included:

- Ongoing controls of risks of fraud and errors by random checks on procedural compliance;
- Ongoing critical analysis of the relevance and correct application of existing provisions relating to the organisation, procedures and information systems;
- Reinforcing financial risk management tools in the subsidiaries;
- Monitoring priority action programmes by the Audit Committee;
- Evaluation and management of the risks of newly consolidated or newly formed companies;
- Strengthening measures to combat corruption (the "Sapin II" law);
- Implementation of the EU General Data Protection Regulation (GDPR).

In 2019, the main actions to be carried out will include:

- Ongoing controls of risks of fraud and errors by random checks on procedural compliance;
- Ongoing critical analysis of the relevance and correct application of existing provisions relating to the organisation, procedures and information systems;
- Reinforcing tools for financial and trade receivables risk management in the subsidiaries;
- Strengthening measures to combat corruption (the "Sapin II" law);
- Implementation of internal audits for ISO 27001 certification.

PHARMAGEST Group will continue to gradually adapt its internal control and risk management system to the reference framework proposed by the AMF in order to continue to focus on the management of risks, processes and control processes and activities and permanent oversight.

Preparation and control of financial and accounting information for shareholders

The general management team and the Administration and Finance Department are responsible for the preparation of accounting and financial information for shareholders. Through the Audit Committee, the Board of Directors exercises permanent oversight of the financial information and the procedures used to compile it.

The Audit Committee and the Board of Directors use the analytic information provided by management control and Internal Audit.

The procedures for the preparation of the consolidated financial statements are primarily based on:

- Ensuring harmonisation of rules and methods;
- Continuous information on accounting developments and changes in IFRS based on accounting and financial documentation and meetings organised by MiddleNext and the AMF focusing on specific topics;
- Use of a specific consolidation system;
- Audit of the main changes and operations in Group companies to clarify restatements.

The consolidated financial statements are prepared quarterly and submitted for approval to the Board of Directors.

Relations with Statutory Auditors

The true and fair view of the separate annual financial statements of INTERACTIVE, and PHARMAGEST Group, and the information provided to shareholders are subject to certification by two Statutory Auditors who present the conclusions of their audit engagements to the Audit Committee.

2.2. Analysis of risks and the use of financial instruments

In accordance with article L.225-100-1 of the French commercial code, PHARMAGEST Group management presents the main risks and uncertainties that it considers may pose a risk to the company as a going concern or have a material effect on the company's business and/or development.

Operating risks inherent to the Group's business

Risks	Description of the risk	Preventive measures and remedial actions
Competition	Loss of market share, arrival of a disruptive competitor.	PHARMAGEST Group is the leader in its market and therefore exposed to fierce competition. This risk is monitored by the Management Committees for the different businesses which report directly to general management.
Economic environment	Impacts related to government decisions that directly affect PHARMAGEST Group's customers.	PHARMAGEST Group protects itself against this risk through its strong capacity for anticipation and continuing innovation in developing solutions to help pharmacists meet the challenges of the constantly evolving healthcare universe. This risk is monitored by the Management Committees with responsibility for legal intelligence for the different businesses and reporting directly to general management. The diversification of its customer base and international coverage reduces exposure to this risk.
Information systems and network security	• Data irretrievably lost or altered rendering them unusable; • Data or processing unavailable for a long period of time, leading to shutdown of a service; • Disclosure of confidential or mistaken information that could benefit competing companies or damage the Group's image.	PHARMAGEST Group introduced three completely separate architectures: one for its internal needs, one for customer products and services, and one for customers of its personal health data hosting services. Each architecture incorporates tried-and-tested security methods and firewall systems. Services are hosted on two sites in separate locations and on servers with redundancy. A business continuity plan, a back-up and archive plan and a disaster recovery plan were introduced in 2013 in the departments considered to be the most critical. These risks are monitored by general management within the Finance and Personnel Management Committee.
Employment-related risks	Labour movements, strikes as a result of a deterioration of the labour relations environment that could degrade PHARMAGEST Group's image in the media.	It has a very dynamic earnings distribution policy as well as a statutory profit-sharing scheme. In addition, the ESU has a voluntary profit-sharing plan (intéressement). Other Group companies that are not party to this agreement have their own incentive-based systems. PHARMAGEST Group has established a stock option plan for its employees. This risk is monitored by the Human Resources Department within the Finance and Personnel Management Committee which reports to general management.
Risk of fraud and error	Financial impact as a result of failure to detect fraud or error.	This risk is monitored by the Administration and Finance Department within the Finance and Personnel Management Committee which reports to general management.
Insurance risks	Insurance risks linked to an event whose occurrence might result in material or consequential losses.	All risks are covered and policies include no major excess. PHARMAGEST Group is fully covered by the insurance policies subscribed by LA COOPERATIVE WELCOOP and considers that these insurance policies provide reasonable cover for all the major risks inherent to its business and that its insurance strategy is in line with industry standards.
Risks relating to management of the organic growth of the Group	A strategy that is not adequately defined leads to: • Investment errors, • A lack of understanding of the company's strategy, objectives and ambitions.	In developing its new activities, PHARMAGEST Group regularly communicates about its strategy and objectives to ensure that every employee has an understanding of its business or geographical diversification and remains informed about the Group's development over the medium term. This risk is monitored by the Management Committees for the different businesses and Executive Management.
Risks related to external growth and international development	New risks associated with the integration of entities, establishing operations in new markets and the international development of PHARMAGEST Group's solutions.	In connection with external growth (international or not) PHARMAGEST Group may be assisted by outside firms to identify potential targets and validate projects. To support this international development, PHARMAGEST Group has: • Implemented in 2017 an organisation capable of being replicated within its Divisions, • Strengthened the language skills of top and middle management, • Systematically given priority to ensuring a local presence with the implementation of Steering Committees and reporting tools. This risk is monitored by the Management Committees for the different businesses which report directly to general management.

Regulatory and legal risks

PHARMAGEST Group's main activity of pharmacy management software publishing is not subject to specific regulations and requires no particular legal, regulatory or government authorisations. However, a certain number of legal and regulatory factors are closely monitored.

Risks	Description of the risk	Preventive measures and remedial actions
Loss of the SESAM-Vitale accreditation	Inability to offer pharmacy solutions that are compatible with the French Health and Social Security Network (sending e-forms, etc.).	This risk is monitored by the Technical Department with responsibility for R&D in the Financial and Personnel Management Committee, which reports to general management.
Loss of the personal health data host accreditation	Inability to offer pharmacy solutions requiring personal health data hosting to ensure: secure processing, protection and confidentiality of the data to guarantee data protection, system availability and continuity of services.	The department responsible for hosting personal health data adopted the ITIL (Information Technology Infrastructure Library) Version 3 approach since the end of 2010 with ITIL-certified employees. ITIL is a set of best practices for the management of information systems aimed, amongst others, at reducing risks. Since 2017, PHARMAGEST Group has been engaged in ISO 27001 certification process (information security management systems).
Lack of intellectual property protection	Introduction of a strategy to protect intellectual property that is not suitable for the Group's markets.	The Group owns the patent for the LGPI Global Services® software in France. The Group's subsidiaries hold patents for developed systems. All the brands and domain names used by PHARMAGEST Group and its subsidiaries are registered in France and some of them are also registered in Europe. The Group systematically files the copyright to the sources and new versions of its software with the Agency for the Protection of Programs (APP).

PHARMAGEST Group has no concession contract, marketing or distribution licence that would expose it to a legal risk.
PHARMAGEST INTERACTIVE holds all the assets required for its operation and is not subject to specific tax conditions.

There are no administrative, governmental, judicial or arbitration proceedings, including any proceedings of which PHARMAGEST Group is aware, whether pending or threatened, that are liable to have, or have had in the last 12 months, a material impact on the financial position or profitability of the Company or the Group.

Financial risks

PHARMAGEST Group conducted a study of its main financial risks, and namely:

Risks	Description of the risk	Preventive measures and remedial actions
Liquidity risk	The risk of inadequate liquidity to cover daily requirements or the risk incurred by PHARMAGEST Group if obliged to rapidly obtain funds entailing an excessively high premium in a difficult market context.	PHARMAGEST Group's different sources of financing are: • For short term needs, PHARMAGEST Group makes use of available cash as well as bank overdraft facilities and funds in euros; • To meet additional needs over the medium term, PHARMAGEST Group may draw from unit-linked investments; • Bank overdraft facilities and medium- and long-term borrowings. It has secured the option to access credit in the event substantial capital expenditure is required. To optimise management of financial flows, a centralised coordination of cash flow is in place at two of the Group's major banks and with the main PHARMAGEST Group companies. This risk is monitored by the Administration and Finance Department within the Finance and Personnel Management Committee which reports to general management.
Interest rate risk	PHARMAGEST Group's exposure to interest rate risk relates to floating-rate loans (sensitivity to rate increases).	PHARMAGEST Group gives priority to fixed-rate borrowings. This risk is monitored by the Administration and Finance Department within the Finance and Personnel Management Committee which reports to general management.
Exchange rate risk	Uncertainties with respect to exchange rates for a given currency in relation to another in the short or medium turn. • Commercial exchange rate risk: import/ export transactions invoiced in a foreign currency. • Financial exchange rate risk: borrowing transactions or loans denominated in a foreign currency. • Economic exchange rate risk: an improvement or deterioration in the company's competitive position in relation to its competitors located in another country use another currency.	Because the majority of PHARMAGEST Group's purchases and sales are in euros, its exposure to this risk is very limited. However, as a result of its international development, the Group pays particular attention on the choice of the invoicing currency defined by contract with third parties or the implementation of investment strategies factoring in exchange rate risks. This risk is monitored by the Administration and Finance Department within the Finance and Personnel Management Committee which reports to general management.
Risks on equities and other financial instruments	Unfavourable fluctuations in the share price negatively impacting the value of financial instruments.	Having opted in favour of unit-linked vehicles in order to obtain a better return from cash investments, PHARMAGEST Group considers its exposure to this risk as limited. Nonetheless, we closely monitor the financial position of AXA, responsible for managing the capital redemption contract. This risk is monitored by the Administration and Finance Department within the Finance and Personnel Management Committee which reports to general management.
Credit or counterparty risk	The risk of losses resulting from a counterparty's failure to respect its financial obligations.	PHARMAGEST Group conducts regular reviews of its main debtors and trade receivable accounts. This risk is monitored by the Administration and Finance Department within the Finance and Personnel Management Committee which reports to general management.

Industrial and environmental risks

Because PHARMAGEST Group does not have any industrial activities, it does not have any particular exposure to industrial risks or risks related to the effects of climate change (see the Non-Financial Statement, included in this annual management report).

Part 3 - Shareholders

3.1. PHARMAGEST INTERACTIVE share buyback authorisation

Summary of the share repurchase programme

The Annual General Meeting of 28 June 2018, authorised the Board of Directors to trade in the Company's own shares, in accordance with Articles L 225-209 et seq. of the French commercial code and statute and regulations in force at the time of the transaction.

This authorisation was granted for a maximum of eighteen months starting on 28 June 2018 until 27 December 2019.

At 31 December 2018, PHARMAGEST INTERACTIVE held the following treasury shares, directly or indirectly:

- 37,214 under a liquidity contract;
- 168,265 under a share buyback programme;

or a total of 205,479 shares representing 1.35% of the current share capital..

At 31 December 2018, under this programme, used via the liquidity contract, 41,584 shares were purchased for an average share price of €53.70, and 42,033 were sold for an average price of €53.43.

PHARMAGEST INTERACTIVE holds 100% of the current liquidity contract.

The Board of Directors reports to you on the completion of the share buyback programme authorised by the General Meeting on 28 June 2018 for the period from 1 April 2018 to 31 March 2019.

As at 31 March 2019, the April 1 2018 programme resulted in:

- Purchases: 48,188 shares at an average price of €56.00;
- Sales: 46,281 shares at an average price of €56.08.

As at 31 March 2019, the company directly or indirectly holds 178,653 shares.

Renewal of the share buyback authorisation

The shareholders are asked to renew this authorisation and vote on the new programme.

The purpose of the current share buyback programme was as follows:

- To maintain an orderly market or the liquidity of the PHARMAGEST share by an investment services provider through a liquidity agreement that complies with an ethics charter recognised by the Autorité des Marchés Financiers;
- Purchasing shares for future use, to be tendered in exchange or payment for acquisitions;
- Granting shares to the employees or corporate officers of PHARMAGEST INTERACTIVE or PHARMAGEST Group, in accordance with the terms and conditions provided by law, notably as part of a profit-sharing plan, to cover stock options, as part of a company savings plan or to be used to grant performance-based bonus shares to employees pursuant to the provisions of Articles L. 225-197-1 et seq. of the French commercial code.

It was considered advisable by the Board of Directors to submit for your approval the new programme to replace the share buyback programme established by the General Meeting of 28 June 2018, to enter into effect on 27 June 2019. The General Meeting will accordingly authorise PHARMAGEST INTERACTIVE continue to purchase its own shares for up to 10% of the share capital or an amount not exceeding 1,517,412 shares.

The aims of the new share buyback programme will be the following:

- To maintain an orderly market or the liquidity of the PHARMAGEST share by an investment services provider through a liquidity agreement that complies with an ethics charter recognised by the Autorité des Marchés Financiers;
- Purchasing shares for future use, to be tendered in exchange or payment for acquisitions;
- Granting shares to the employees or corporate officers of PHARMAGEST INTERACTIVE or PHARMAGEST Group, in accordance with the terms and conditions provided by law, notably as part of a profit-sharing plan, to cover stock options, as part of a company savings plan or to be used to grant performance-based bonus shares to employees pursuant to the provisions of Articles L. 225-197-1 et seq. of the French commercial code.

The term of the new programme will be 18 months, i.e. until 26 December 2020.

The Ordinary General Meeting is to grant the Board of Directors the powers to determine the condition and procedures for the share buyback programme (maximum and minimum price per share).

3.2. Ownership of share capital as at 31 December 2018

3.2.1. Information on the holders of capital or voting rights

In compliance with the provisions of article 233-13 of the French commercial code, we hereby disclose the identity of the persons that hold, either directly or indirectly, on the balance sheet date, more than one-twentieth, one-tenth, three-twentieths, one-fifth, one-quarter, one-third, one-half, two-thirds, eighteen-twentieths or nineteen-twentieths of the share capital or voting rights at General Meetings.

Name	Ownership interest (%)
MARQUE VERTE SANTE	More than 50% and less than 66.66%
LA COOPERATIVE WELCOOP *(formerly named GROUPE WELCOOP)*	More than 20% and less than 10%
SC "ERMITAGE SAINT JOSEPH" *(Mr. Thierry CHAPUSOT)*	More than 20% and less than 10%

PHARMAGEST INTERACTIVE does not hold any PHARMAGEST INTERACTIVE shares (apart from treasury shares) nor does any of the companies it controls under the meaning of Article L. 233-3 of the French commercial code.

To the best of PHARMAGEST INTERACTIVE's knowledge, no other shareholder holds more than 5% of the capital or voting rights, directly or indirectly, alone or in concert.

3.2.2. Information on dealings in the Company's shares by executive officers, senior managers and persons with whom they are closely related

Pursuant to Article L. 223-26 of the General Regulations issued by the Autorité des Marchés Financiers (the "AMF"), no dealings in PHARMAGEST INTERACTIVE securities in the period ended covered by article L.621-18-2 of the French Monetary and Financial Code were reported to the AMF.

3.2.3. Statement of employee shareholdings

In accordance with the provisions of article L. 225-102 of the French commercial code, we inform you that shareholdings by employees of PHARMAGEST INTERACTIVE as well as those of related companies within the meaning of Article L. 225-180 of the French commercial code at the balance sheet date of 31 December 2018 were less than 3%.

3.3. Stock options

Pursuant to articles L. 225-177 to L. 225-186 of the French commercial code, the Combined General Shareholders' Meeting on 27 June 2014 authorised the Board of Directors to grant stock options within the limit of 10% of the share capital, i.e. a total of 303,482 shares. Following the 5-for-1 share split approved by the Extraordinary General Meeting of 26 June 2015, 1,517,410 is the maximum number of stock options.

On 5 December 2014, the Board of Directors adopted the stock option plan rules that were sent to the beneficiaries by letter dated 15 January 2015.

In 2018, 27,245 shares were granted pursuant to the exercise of stock options.

Pursuant to Article L. 225-184 of the French commercial code, the Board of Directors reports to you in its Special Report ,on the transactions carried out by virtue of Articles L. 225-177 to L. 225-186 of said Code.

Part 4 - Human resources and environmental information

For greater clarity, this area is presented in the Non-Financial Statement included herein (articles L. 225-102-1 and R. 225-105 et seq. of the French commercial code).

Part 5 - Miscellaneous information

5.1. Intercompany loans

None.

5.2 Information on disallowed deductions

In accordance with Article 223 Quater of the French General Tax Code *(Code Général des Impôts)*, we hereby inform you that during the financial year ended on 31 December 2018, PHARMAGEST INTERACTIVE incurred €114,556 in expenses non-deductible from income tax under Article 39-4 of said Code and resulting in a tax of €38,185.

5.3 Five-year financial summary

In compliance with the provisions of article R. 225-102 of the French commercial code, the five-year financial summary for the PHARMAGEST INTERACTIVE is attached to this report.

Five-year financial summary (€)	31/12/2018	31/12/2017	31/12/2016	31/12/2015	31/12/2014
Issued capital	3,034,825	3,034,825	3,034,825	3,034,825	3,034,825
Number of ordinary shares	15,174,125	15,174,125	15,174,125	15,174,125	3,034,825
Number of shares with priority dividends (without voting rights)	0	0	0	0	0
Maximum number of future shares to be issued	0	0	0	0	0
- By convertible bonds	*0*	*0*	*0*	*0*	*0*
- By exercising subscription rights	*0*	*0*	*0*	*0*	*0*
Revenue excluding VAT	**97,740,759**	**91,422,775**	**88,063,884**	**87,485,500**	**96,227,680**
Income before tax, employee participation and allowances	25,657,777	23,347,042	23,423,851	26,098,235	27,679,445
Income tax expense	5,831,882	5,517,520	6,662,263	7,238,280	7,244,003
Employee profit-sharing	1,517,497	1,694,523	1,697,092	1,865,738	1,847,404
Earnings after tax, employee profit-sharing and provisions	16,683,081	13,920,141	13,781,091	16,152,017	18,041,507
Distribution of earnings decided by the General Meeting [(1)]	12,898,006	11,380,593	9,863,181	9,104,475	8,800,993
Earnings per share after tax and before provisions	1.20	1.06	0.99	1.12	6.13
Earnings per share after tax and provisions	1.10	0.92	0.91	1.06	5.94
Dividend per share [(1)]	**0.85**	0.75	0.65	0.60	2.90
Average workforce for the financial year	709	672	657	627	619
Total payroll	26,990,379	24,237,655	23,276,389	21,990,893	21,649,914
Social security contributions and benefits	13,039,797	11,418,753	10,912,422	10,656,424	10,942,075

[(1)] *Proposal to the AGM of 27 June 2019 for the financial year ended on 31 December 2018.*

Part 6 - Appropriation of earnings

The Board of Directors has proposed an appropriation of earnings that is in accordance with the law and the Articles of Association.

We propose that you appropriate the profit of the year in the amount of €16,683,080.69 as follows:

Profit of the period	€16,683,080.69
Retained earnings	€50,522,316.77
Amount available to shareholders	**€67,205,397.46**
Dividend (€0.85 per share)	**€12,898,006.25**
The balance: is appropriated to "retained earnings"	€54,307,391.21

Shareholders' equity, including investments grants net of amortisation, stood at €77,436,802.06.

Dividends paid to natural persons who are tax residents in France are taxed as follows:

- Dividends in France are subject to flat tax *(prélèvement forfaitaire unique)* on investment income of 30% which are deducted by the company or subject to withholding taxes as follows:

  - a compulsory social security contribution *(prélèvement social obligatoire)* of 17.2 %;
  - a withholding tax of 12.8 % for individuals persons who are tax residents in France (Article 117 quater (new) of the French General Tax Code). The calculation of this amount is based on gross income. However, individuals belonging to a tax household where the reference tax income of the year before last, as defined in 1 of IV of Article

1417 is less than €50,000 for single, divorced or widowed taxpayers and less than €75,000 for taxpayers subject to joint taxation, can apply for an exemption, under the conditions provided in Article *242 quater*. This withholding is applied to income tax for the year in which the dividends were paid. If it is higher than the amount of tax due, the difference is refunded.

- Natural persons retain the option when filing the income tax statement for the application of progressive income tax scale to their combined earnings and capitals gains of the year after applying, if applicable, the 40% reduction on dividend payments (2° of 3 of article 158 of the French general tax code *(code général des impôts))*.

The dividend will have a payment date of 3 July 2019 and be distributed by BNP PARIBAS Bank as the paying agent and security services provider.

In accordance with Article 243 *bis* of the French General Tax Code dividend distributions for the past three financial years are reported below:

Year	Dividend per share	Dividend eligible for the 40% allowance (paid to individuals)	Dividend not eligible for the 40% allowance (paid to legal entities)
31/12/2015	€0.60	€0.60	€0.60
31/12/2016	€0.65	€0.65	€0.65
31/12/2017	€0.75	€0.75	€0.75

Part 7 - Other matters presented to the Shareholder's Meeting

7.1 Information on directorships

We inform you that no directorships expire at the end of the next Ordinary Annual General Meeting.

However, we inform you that Mr. Thierry PONNELLE who is leaving the company wishes to resign from his offices as Deputy Managing Director and Director.
On 29 March 2019, the Board of Directors thanked Mr. Thierry PONNELLE for the performance of his duties over the years he exercised these offices and decided not to proceed with his replacement.

7.2 Information on the Statutory Auditors' appointments

For information, none of the appointments are reaching the end of their term.

7.3 Regulated agreements

Three new agreements were executed and one agreement was renewed, constituting as such a new agreement. These agreements duly authorised by your Board of Directors are described in the Auditors' special report on regulated agreements.
This report will also detail prior agreements that continue to be in force and for which the Board of Directors conducted its annual review and concluded that they should be continued without any amendments to the original conditions.

7.4 Directors' attendance fees

You are also asked to approve Directors' fees of €33,000 for fiscal 2019.

We will now present Part 4 of this report, and namely the Non-Financial Statement, prepared in accordance with Articles L. 225-102-1 and R. 225-105 et seq. of the French commercial code, as well as the report on this social and environmental information issued by RSM, the firm appointed by the Managing Director as independent third-party provider of assurance services.

We will then report to you on:

- The Board of Director's report on corporate governance, provided in accordance with Article L. 225-37 of the French commercial code.
- The Board of Director's Special Report, provided in accordance with Article L. 225-184 of the French Commercial Code.

After considering the Auditors' reports issued by the firms BATT AUDIT and DELOITTE & ASSOCIES, we will answer any questions you might have.

Following this discussion, the text of the resolutions will be read out and we encourage you to approve them and all their provisions.

The Board of Directors.

24.1.2 Non-Financial Statement

PHARMAGEST INTERACTIVE
A FRENCH PUBLIC LIMITED COMPANY *(SOCIÉTÉ ANONYME)* WITH SHARE CAPITAL OF €3,034,825
REGISTERED OFFICE: TECHNOPOLE DE NANCY BRABOIS
05 ALLEE DE SAINT CLOUD 54600 VILLERS LES NANCY
NANCY COMPANIES REGISTER (RCS) NO. 403 561 137

PRESENTATION OF THE NON-FINANCIAL STATEMENT
TO THE ORDINARY ANNUAL GENERAL MEETING
OF 27 JUNE 2019

In accordance with French Law no. 2012-387 of 22 March 2012, on the simplification of the law and the reduction of administrative procedures (known as the Warsmann Law) and its implementing Decree of 24 April 2012, we hereby present the Non-Financial Statement of PHARMAGEST Group. This report is an appendix to and forms an integral part of the Management Report.

This statement covers the main employment-related, environmental and social priorities of PHARMAGEST Group, combating corruption and respecting Human Rights.

The information in this Non-Financial Statement was prepared on the basis of contributions from PHARMAGEST Group's internal network for data on 2018 and for prior years. The report is overseen by Executive Management. The list of indicators has been defined:

- In compliance with Order No. 2017-1180 du 19 of July 2017 on non-financial information to be published by certain large companies and groups of companies, which has modified the nature of employment-related, environmental and social information that companies are required to disclose.
- With regards to the significant priorities for PHARMAGEST Group.
- Based on the French Decree number 2012-557 of 24 April 2012, on corporate transparency requirements in relation to human resources and environmental issues, and in particular, on Article R. 225-105-1 of the French commercial code.

The Non-Financial Statement was audited by an independent third party, which issued a report (attached) that includes a certificate of completeness and a substantiated opinion on the fair presentation of the information.

1. Background and business model

Current context

Demographic context:

- An aging and increasingly dependent population

Medical context:

- Medical desertification
- Inefficient healthcare pathways

Our resources

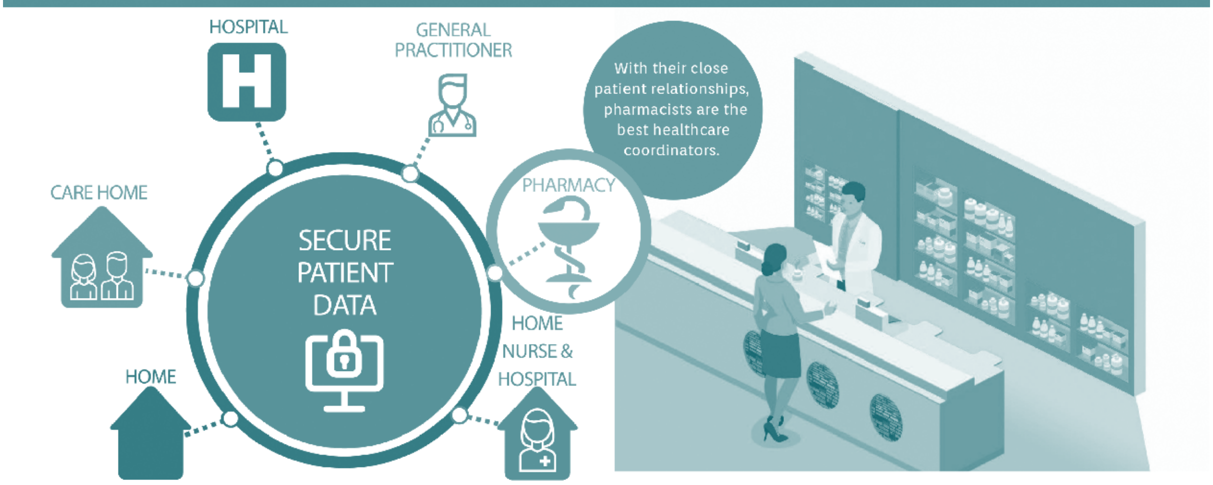
Expertise

- IT solutions for Healthcare:
  - Management solutions for retail pharmacists
  - For Care Homes, Nurse and Hospital at Home, Help Centers for the Elderly, and Hospitals
  - eHealth solutions and connected objects
- Preferred partnerships with key players in the healthcare industry
- Accredited Healthcare Data Host
- Synergy with the other subsidiaries of THE WELCOOP COOPERATIVE

Closeness

- + 1 000 employees, of which nearly 70% are in contact with healthcare professionals or healthcare facilities via a network of agencies and a sales coverage throughout all of France
- Present in 5 countries in Europe
- Logistic platforms (+2 200 m²) capable of delivering directly to healthcare professionals and healthcare facilities

Our business model : Technology for a more human experience



With our "Patient-Centric" strategy and a strong belief in technology-human compatibility, our ambition is to become the leading European healthcare platform. A secure platform that allows the collection and provision of patient data to different healthcare professionals, thus streamlining the patient healthcare journey. Given the regular contact between patients and pharmacists, the latter are best suited for the role as healthcare coordinator.

Citizens for

and opportunities

Economic context:

- Sustainable solutions are needed to ensure efficient medical coverage

Technological context:

- General propensity to connected objects
- eHealth developing rapidly
- Protection of patient data

and our values

Foresight

- Entrepreneurial DNA geared towards innovation and new products:
  - Participation at most important technological conferences
  - + 170 IT developers
- Acquisition of core competencies (Artificial Intelligence, eHealth, Blockchain)

Optimism

- Subsidiary of a cooperative with more than 3 800 cooperative members-pharmacists united in cooperative values and principles
- A sound financial situation annually recognized with a high credit rating from the Bank of France

How we create value

For the patient

- Improve medication adherence to treat illness
- Encourage independent living through preventive measures (making the home safer)
- Extended quality of life
- A smoother patient healthcare journey
- Support research and finding cures
- Allow patients to take back their data

For the state and public health

- Two key watchwords: efficiency and effectiveness
- Medication adherence, independent living = cost savings for a more efficient and effective healthcare system
- Solutions to alleviate medical desertification and keep pharmacies in rural areas (example : teleconsultation)
- Coordination of healthcare professionals
- Support research and finding cures

For health professionals and facilities

- Support for Healthcare Professionals as the pharmacy's economic model evolves, by providing tools, data, and solutions to improve patient care
- Coordination of information between healthcare professionals (town/hospital)
- Pharmacy networks: specialized know-how for pharmacists

Health and Well-being

2. Our non-financial priorities

Positioning as a **« Corporate citizen in the service of health and well-being »**

Employment-related issues

- Attracting talent and reinforcing skills
- Being a responsible employer

Combating corruption

- Preventing the risks of corruptions in all subsidiaries wherever they are based in the world

Environmental issues

- Minimising greenhouse gas emissions and reducing energy consumption
- Promoting the circular economy and recycling

Respect of Human Rights

- Respecting and ensuring the respect of the principles of Human Rights and the ILO's core conventions within the Group

Employment-related issues

- Developing a culture of cooperation
- Improving the efficacy of the healthcare system
- Promoting short supply chains, local operations and minimising the use of intermediaries
- Being a responsible partner

3. Our non-financial objectives and indicators (risks)

3.1 Employment: innovation driving our development

Whether for our employees or cooperative members, all pharmacy owners of LA COOPERATIVE WELCOOP are driven by a single priority: promoting health. The PHARMAGEST Group seeks to exercise an active role as "a corporate citizen in the service of health and well-being", a genuine profession of faith in the service of the greater number which transcends traditional world of work.

Proud to exercise a role within an alternative business model successfully combining both economic and human bodies, the GROUP must remain faithful to its DNA by personifying a commitment to transform the world of health. This profoundly social raison d'être is exemplified by our engagement as a corporate citizen representing the largest existing health network through pharmacies. As stakeholders in the service of health and well-being, our engagement goes far beyond a simple signature. Each of our members is driven by a noble ambition to serve the greater good.

For that reason, human capital represents the PHARMAGEST Group's greatest asset which contributes decisively to the creation of value by the Group.

Reflecting the nature of its geographical coverage, the larger part of its workforce is located in France.

Attracting talent and reinforcing skills

Attracting and integrating talent

Our approach to recruitment

Becoming a Corporate Citizen in the Service of Health and well-being requires expertise to address the priorities of PHARMAGEST Group's strategy as well as strong human qualities.

For PHARMAGEST Group, no reproduction of existing profiles or elitism but rather a rigorous selection of candidates who share its corporate culture and values. For that reason, PHARMAGEST Group seeks to attract to its teams employees distinguished by very diverse profiles, professional background and training while sharing its values.

This mix of expertise and profiles represents a genuine asset for PHARMAGEST Group and its customers.

Initiatives for attracting high potential candidates

To attract new talent, PHARMAGEST Group has defined two main lines of action: referral recruitment programs and reinforcing its visibility.

The Citizens' Network: attracting new employees through referrals

PHARMAGEST Group regularly has recourse to referral recruitment, a method in which employees are involved in the recruitment process by recommending a candidate from their network for a position within LA COOPERATIVE WELCOOP.
Indeed, PHARMAGEST Group is convinced that everyone is concerned by recruitment and that its employees represent the best possible ambassadors to reach potential candidates.
For this reason, PHARMAGEST Group wishes the referral recruitment method ("Citizens' Network") to become the preferred focus of its recruitment policy in the upcoming years.

Selected referral recruitment figures:

	PHARMAGEST Group			
	Since 2012	2016	2017	2018
Number of CVs received Number of CVs recruited	**373** **61**	**35** **8**	**46** **10**	**103** **14**

Since being implemented in 2012, the referral recruitment approach providing a means to promote the corporate culture has expanded significantly.

Raising its visibility

Improving its digital presence as a recruiter

Digital communications is today essential and the Group is working on adapting its tools (corporate site, recruitment site,…) to communicate more broadly about its corporate culture and job opportunities, training and career development.
Particular attention is given to the "HR advice" and "HR blog" sections designed to guide candidates in their job search by offering informative content. This was already the case in 2018 by deploying bimonthly publications on social media.

Developing pragmatic relations with schools

For a number of years PHARMAGEST Group has developed relations with schools with programmes related to our strategic businesses and for those profiles subject to strong demand (sales, IT,…) with key partnerships, internships and work-study programmes proposed to students who share its values of Optimism, Anticipation, Expertise and Proximity.
The objective is above all to propose versatile and challenging missions and projects supervised by mentors assisting them to ensure a high quality training. This is why instead of overly relying on the use of interns, PHARMAGEST Group has decided to recruit a limited number of interns and work-study candidates, with a priority given to quality over quantity, and in this way, ultimately propose, where possible, a job opportunity after completing this training program.

Being present at major professional events

To attract the attention of industry experts, PHARMAGEST Group regularly participates in major professional events in the universe of healthcare and technology with the objective of raising its name recognition.
For example, the Group is a participant at the Consumer Electronics Show (CES) in Las Vegas as well as the HKTDC Hong Kong Electronics Fair, two leading global exhibitions for technological innovations.
It also participate on occasion in HACKATHON events at which teams comprised of developers as well as designers and project heads develop an IT project (in general a software or app) organised over short and limited periods.

Offering our candidates a positive experience

Within an environment where competition for talent is fierce, where the number of websites rating companies are increasing and representing an increasing volume of recruitment, PHARMAGEST Group is committed to offering a "candidate experience" as rewarding and respectful as possible.

In this way, each candidate, whether for an internship, a work-study program, a fixed-term or permanent employment contract, for a management or non-management position, must meet with the same hospitality, the same shows of attention from the Group.

Since 2018, the Group harmonised the responses and communications between candidates throughout the recruitment process.

These developments will accelerate in 2019. For example, PHARMAGEST Group has adopted a "candidate experience kit" (consisting of a guide and a video) to be deployed in the 2019 first half with all managers, highlighting all its engagements vis-à-vis candidates designed to ensure they are offered a different and unique experience.

With respect to the singularity of its values, PHARMAGEST Group is studying ways to strengthen its employer brand and improve its recruitment process.

Promoting integration

In addition to being required to assimilate a large quantity of new information, the new employees must find their place within a new team and adapt to a new corporate culture. A failure to successfully manage the integration phase can have a very negative impact on the employer image and employee well-being.

For that reason, from the very beginning of the relation, it is vital to provide for a phase of acculturation and operational integration, a genuine investment for the future for the employee and company like.

This is why in 2018 PHARMAGEST Group developed the "Cultural and Operational Integration Kit" consisting of a guide and a video, designed to assist each manager ensure the successful integration of his or her new employees.

This kit lays down markers for the first six months of the new employee in the form of operational milestones and cultural rituals such as: sending a message of welcome before their arrival, providing them with "Group" products on the day of their arrival, a discovery report to be produced by the employee after a period of in number of months, a message of congratulations from the Chair of our Management Board after six months,…

This approach makes it possible to harmonise the integration process for all PHARMAGEST Group entities, transmit the corporate culture, develop a feeling of belonging and company loyalty and enabling the new employees to become in turn ambassadors of our company.

Developing employee expertise and employability

Managing skills

PHARMAGEST Group is committed to implementing a skills management system which is adapted to its medium and long-term vision of the needs and tools it will require to manage evolving skills and expertise.

Monitoring employees on an individual basis

All subsidiaries of PHARMAGEST Group have a platform specifically devoted to Annual and Professional Performance Meetings that, in order to integrate the specific characteristics of our values and corporate culture, were designed by their own teams.
This general practice is synonymous with innovation and constitutes a genuine advance in conducting performance evaluations, the co-construction of the future and integrating the Group's cultural approach.
PHARMAGEST Group has in this way undertaken studies with its parent company designed to:

- Strengthen the role of each employee as an ambassador of the cooperative and its values;
- Develop programmes for the management of high potential profiles.

Training policy

PHARMAGEST Group is committed to the professional development of its men and women. Advancement within the company and career development for all employees, regardless of their level of training, is one of the Group's employment-related priorities and the focus of its strategy in this area.
With this objective, training plans have been adopted by PHARMAGEST Group aligned with its strategic vision. The priorities defined in this area address:

- Management: supporting Managers in leading their teams, supporting new Managers in the integration of their functions with a significant communications component;
- Project management at all levels (key contributors, project managers and sponsors);
- The improvement in language skills linked to the international development strategy;
- Commercial development: supporting the sales forces increase their effectiveness and expertise and sales techniques;
- Technical and IT skills: assisting teams to upgrade their skills in line with organisational and technological developments;
- Workplace quality and safety: supporting the deployment of the continuous improvement plans in the areas of quality and safety.

Two types of training are proposed:

- Off-the-job training, intended to develop management skills, sales techniques and IT development skills and English language proficiency;
- In-house training focused on business knowledge and the line-up of products and services. These training programs may be supported by e-learning modules (through our internal solution: My Campus) which are designed to inform all employees about the different business line or regulatory developments.

In addition, all subsidiaries of the Group also comply with their statutory training obligations.

Summary of training in the year	Number of employees trained	Total training hours	Of which internal training	Of which external training
PHARMAGEST Group	**346**	**8,976.00**	**3,156.50**	**5,819.50**

Tools designed to help employees pool their knowledge and increase synergies

LA COOPERATIVE WELCOOP has implemented for all its subsidiaries (of which PHARMAGEST Group):

- A corporate social networking service, Yammer, to reinforce synergies, increase knowledge about its businesses and new developments, build stronger communities of interest by sharing best practices and ideas to promote initiatives. Promoting collaborative and dynamic communications within the company provides a vehicle enabling everyone to get involved, improving existing processes, promoting innovation and exploiting knowledge to be collected throughout the company.
- Business line commissions. Groupe WELCOOP has created several commissions focusing on different cross-functional areas (Business Operations, Cash Management, Marketing, Communications, HR, General Expenses). These commissions are designed to promote exchanges between employees exercising similar functions and the LA COOPERATIVE WELCOOP's different subsidiaries, harmonise tools and practices, exchange information on regulatory or business developments, etc.
- Inter-company seminars to promote the emergence and implementation of cross-corporate projects;

- Managerial events: events bringing together all executive management and local management to review results and possible areas for improvement. This event also provides a way of illustrating the Group's strategy and a vehicle to help managers to promote the corporate culture.
- The focus of internal communications provides each manager with a means to structure its exchanges about subjects of strategic importance for PHARMAGEST or Groupe WELCOOP.

Being a responsible employer

Promoting health and safety

Employee health and well-being

As part of the project of building its new headquarters, PHARMAGEST Group has included a gym for employees offering group courses to promote sports activities and the well-being of its employees in order to combat sedentary lifestyles, promote well-being at work and reinforcing team spirit. Building on the same dynamic, the Group is considering to create a sports association in order to transmit this impetus to all its employees.

Employee safety

The health and safety policy which has been in place at PHARMAGEST Group for a number of years is integrated within all its activities. It ensures that all are aware of the importance of prevention and safety measures.

As part of this policy, since 2015 it has been continually improving its global management system for Occupational Health and Safety, based on the OHSAS 18001 standard (Occupational Health and Safety Assessment Series).

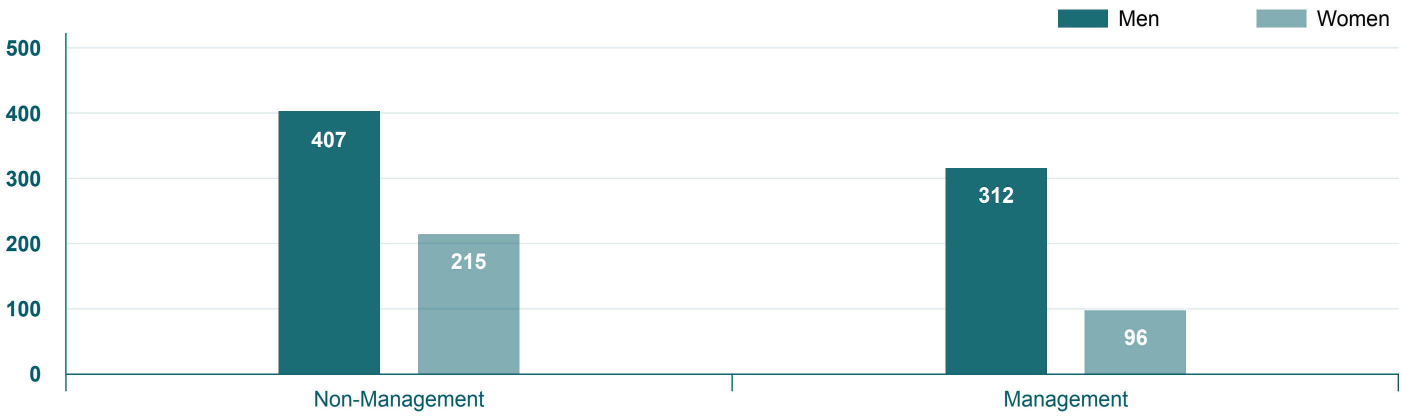
To support this policy, a security steering committee meets annually. Its members include security managers of the Group's subsidiaries and the external service provider assisting the Group in this area.

Promoting equal treatment of men and women

Workforce by gender and status

At 31 December 2018 PHARMAGEST Group had **1,030** employees (**1,012** employees on a Full-Time Equivalent basis – FTE). There are two employee categories: non-management (employees, technicians, supervisors/senior technicians) and management employees.

Breakdown by gender and status Pharmagest:



Women accounting for 31.90% of its workforce or 311 employees (remaining stable in relation to the prior year). This rate is in line with the standard for the business sector (information technology, research and development).

Gender equality action plan

Convinced that gender balance and diversity positively contribute to social balance and economic efficiency, management has decided to implement a gender equality action plan providing for medium-term objectives and results in the following areas:

- Access to employment:
  - A neutral and equal opportunity hiring process;
  - Mixed recruitment of employee/technician and supervisor categories;
  - Increasing the number of women in management positions and rebalancing the promotion ratios.

- Training:
  - Access to training for men and women at a rate equivalent to their representation in the workforce;
  - Work-life balance, taking family obligations into account and flexible working hours where relevant, measures in favour of local and regional training, exoneration from departing for training programs on Sunday evenings, development of e-learning, implementation or specific training programs to facilitate the return to the workforce.

- Compensation and career development:
  - Compensation based on skills, experience, responsibilities, results and expertise in the position;
  - Ensure that pay gaps do not arise as a result of personal life events;
  - Promotion based solely on skills and results, etc.

- Work-life balance:
  - Working hours and organisation (whenever possible opt for teleconferencing during working hours, flexible working hours, teleworking, etc.);
  - Commitment to ensuring that parental leave does not hinder career advancement, etc.;
  - Specific measures for pregnant women (reduced working hours and counting time off for mandatory medical examinations as working hours);
  - Family leave (four days paid leave to look after sick or hospitalised children, adaptation of working hours to back-to-school periods).

- Professional mobility.

To monitor achievement of these objectives, PHARMAGEST Group has established a pilot site equipped with tools and formal indicators and is assisted for the process of negotiating a diversity agreement and monitoring regulatory developments by a not-for-profit association promoting equal opportunity employment for women (FETE), recognised by the Regional Directorate for Enterprises, Competition Policy, Consumer Affairs, Labour and Employment (DIRECCTE).

Strengthening measures for the employment and integration of disabled people

Integrating employees with disabilities has for a number of years been an integral part of our diversity policy, going far beyond the purely financial and regulatory requirements based on quotas.

In addition, in 2016 the Group participated in a job fair specifically devoted to applicants with disabilities, which unfortunately however did not result in recruitments, due to the insufficient level of awareness about the management of disabilities.

Reflecting its commitment as a Corporate Citizen in the Service of Health, PHARMAGEST Group is determined to adapt recruitment policy for the benefit of persons with disabilities as one of its priorities in the area of employment.
PHARMAGEST Group is continuing its measures to promote the employment and integration of disabled people:

- The development of partnerships with AGEFIPH (Association for managing funds for the employment of disabled persons) and Occupational Health authorities in order to better take into account the adaptations that must be made to the workstations for disabled workers. For example, the Human Resources Department worked with the Health, Safety and Working Conditions Committee to develop a standard for furniture and a type of chair adapted to the specific needs of disabled employees. PHARMAGEST Group is assisted by an occupational ergonomist when adapting workstations and uses specialised suppliers for the purchase of equipment.
- A portion of the activity of managing network incidents and telephony has been outsourced to sub-contracting company authorised for the integration of disabled workers and representing a work unit.

In this same way, in line with the previous measures initiated by PHARMAGEST Group in partnership with the AGEFIPH, and with the support of the Quality of Working Life (QWL) consulting firm, JLO, has carried out a global project to audit the company, provide comprehensive analysis to develop action plans in the areas of awareness-raising, recruitment, training and adapting workstations… and formalising the basis for an enterprise agreement. This has led to the development of a genuine disability policy for the Group. The objective is to ultimately extend this policy to all entities of LA COOPERATIVE WELCOOP.

The next steps of this process will consist in:

- Raising the awareness of managers and employees about disabilities, by removing potential obstacles,
- Increasingly integrate the constraints of the positions in the job task definitions and then the job announcements (travel, computer monitor work, working hours, handling heavy loads, etc.),
- Contacting the main disability stakeholders (AGEFIPH, Cap Emploi, Sameth, Workers Rehabilitation Centre of Mulhouse…) to develop a network of experts capable of understanding all the different challenges associated with this subject,
- Identify schools able to partner with the Group addressing this area and common actions to be taken to promote the employment of persons with disabilities and internships for disabled workers, notably in those areas subject to high demand,
- Use the referral recruitment channel to convey the message that the Group actively encourages referrals for the recruitment of disabled workers.

Combating economic insecurity

Groupe PHARMAGEST's businesses require by nature highly-trained personnel with an in-depth knowledge of specialised areas but also the professional and regulatory environment of its customers. These factors explain the low rate of fixed-term employment contracts: **990 permanent employment** contracts compared to only **30 fixed-term contracts** and 10 skills acquisition contracts or apprenticeship contracts. Or a percentage of permanent contracts for PHARMAGEST Group of **96.12%** out of the total number. This rate is largely identical for both men (96.11%) and women (96.14%).

The average level of seniority of **10 years** remained stable in relation to the prior year.

PHARMAGEST Group may continue to use temporary workers to address business operating requirements (for example: logistics activities or temporary replacements).

3.2 Environment: reducing the environmental footprint of our products and solution

The impacts of PHARMAGEST Group's main activities on the environment and climate change are limited. However, protecting the environment constitutes a civic duty which is naturally integrated in PHARMAGEST Group's culture as a "Corporate Citizen in the Service of Health and well-being". The Group's mission is to develop healthy products and solutions with lifecycles minimising their carbon footprint.

Minimising greenhouse gas emissions and reducing energy consumption

Monitoring and combating the main causes of greenhouse gas emission

Vehicles

Its strategy of promoting proximity with healthcare professionals and patients requires PHARMAGEST Group entities to possess a significant lead of vehicles (utility vehicles and passenger cars).

In consequence, with nearly **450 vehicles** and **15 million** kilometres travelled in 2018, vehicles represent the primary direct source of greenhouse gas emissions of the Group.

To minimise the environmental and regulatory (constraints associated with technical standards for vehicles) and economic impacts (fuel price increases), PHARMAGEST Group is working on several action plans:

- Developing and distributing to relevant employees a charter of good eco-driving practices;
- An ongoing approach seeking to renew the automobile fleet (with an average age of vehicles of less than 3 years) in order to select increasingly efficient vehicle in terms of CO2 emissions;
- With a fleet consisting nearly exclusively of diesel vehicles, PHARMAGEST Group initiated a study in in 2019 for the energy transition of its fleet in order to reduce the weight of diesel vehicles by adapting its different car policies.

In addition, PHARMAGEST Group is attentive to the carbon footprint generated by its employees who do not possess a vehicle in connection with their different professional travel (including for home-to-work commutes). In consequence, at the Technopôle de NANCY-BRABOIS where many of the Group's employees are based and which at the end of 2019 will be the home of its new headquarters, PHARMAGEST Group has adhered to the intercompany programme designed to encourage carpooling and improve public transit.

On this basis, where possible, preference is given to business travel by train;

PHARMAGEST Group estimates emissions from its vehicle fleet at 2,400 tonnes CO^2 eq.

Carriers

At the heart of the management of logistics flows between its sites, its logistics platforms and customers, the transportation of products represents a strategic factor for the quality of the Group's services.

Fully aware that transportation is an important source of greenhouse gas emissions and pollutants, PHARMAGEST Group is pursuing an approach to contain the environmental impact of its activities and combat climate change through the following measures:

- Giving preference to national suppliers to reduce the number of intermediaries for its imports;
- Giving preference to boats for direct imports from Asia and rail transport for its logistics platforms (with emissions 10 times lower than road transport);
- Optimising deliveries to or from the agencies and logistics platforms;
- Giving preference to partnerships with transportation service providers publicly engaged in a CSR process.

In light of the absence of the harmonisation of data provided by carriers, it is not possible to calculate and consolidate greenhouse gas emissions data, directly or indirectly relating to the transporters.

Server rooms

PHARMAGEST Group possesses two data centres. The purpose of these data centres is to host customer data and a portion of the services necessary for the proper functioning of PHARMAGEST Group's operations. The total area of these server rooms does not exceed than 115 m².

Different ideas are under study to better evaluate and reduce the electricity consumption of these data centres. By way of example, server virtualisation and/or deep renewal of a portion of the infrastructure could partially reduce GHG emissions per server.

Promoting the circular economy and recycling

Applying measures for the prevention, recycling, reuse and other types of recovery and the elimination of waste

The principles of the circular economy

Circular economy combines environmental and economic priorities by proposing a new societal model using and optimising inventories, energy and material inputs and waste to achieve resource efficiencies.

Circular economy is based upon several principles:

- Eco-design: consider and integrates in its conception the environmental impacts throughout the life cycle of a product.
- Industrial and territorial ecology: establishment of an industrial organisational method in a territory characterised by an optimised management of stocks and flows of materials, energy and services.
- "Functionality" economy: favour the use versus possession, the sale of a service versus a good.
- Second use: reintroduce in the economic circuit those products that no longer correspond to the initial consumer needs.
- Reuse: reuse certain products or parts of those products that still work to elaborate new products.
- Reparation: find damaged products a second life.
- Recycle: make use of materials founded in waste.

PHARMAGEST Group applies a circular economy approach

The Group has successfully established a process for the recovery of computer hardware from customers at the end of their contracts. As a result, the main category of waste generated by PHARMAGEST Group's activity, besides ordinary industrial waste is IT equipment.

A portion of the equipment recovered can be repaired in the after-sale services phase, be reused by the Group's factory partners or sold to brokers for reuse.

The portion that is not fed into the recycling sector is earmarked for destruction by service providers specialising in the disposal of waste electronic and electronic equipment (WEEE). Quantity of WEEE:

In tonnes	2016	2017	2018	Change 2017/2018
Recycled WEEE	**29.66**	**24.30**	**22.48**	**-8.10%**

PHARMAGEST Group's headquarters has launched local initiatives for recycling used batteries and paper.

3.3 Social: a group committed to supporting healthcare systems and territories

PHARMAGEST Group is engaged in regular dialogue with all stakeholders which, in addition to employees and customers, includes its "shareholders", suppliers and subcontractors, patients and voluntary sector organisations, with the ongoing objective of supporting fair practices and continuing improvements in healthcare systems.

Developing a culture of cooperation

Cooperative culture

As a subsidiary of Groupe WELCOOP, PHARMAGEST Group is fully a committed stakeholder in promoting the social solidarity economy whose internal operations and activities are based on the principle of social solidarity and usefulness.

This social priority is an integral part of the cooperative's DNA which through its principles and values unites the cooperative members and employees in a common goal in the interest of the patient and the future of healthcare.

LA COOPERATIVE WELCOOP's governance is based on the principle of a democratic and participative management with a Management Board representing the operating functions and a Supervisory Board made up of cooperative members.

Fairness is also a strong value among cooperative members, with each possessing a right to vote, regardless of the percentage of capital they hold. The right to vote is based on the principle of one person, one vote.

While the activity of cooperative is exercised directly and indirectly through its subsidiaries that have an independent legal status, the entire entity constitutes a "cooperative group", which even without legal personality as such, constitutes a common entity promoting and sharing the values of the cooperative.

LA COOPERATIVE WELCOOP's new partners:

Year	2016	2017	2018
Number of new cooperative members	**152**	**186**	**235**

Improving the efficacy of the healthcare system

Proposing products and services for the benefit of the healthcare system and patients

Through its different business lines, PHARMAGEST Group can legitimately claim to be one of the few organisations possessing a global vision of the real-life world of health. That is why, with its long-term vision, its goal is to positively contribute to increasing efficiencies in the healthcare ecosystem. The sustainability of its strategy is based on its commitment to positively answer these two questions for everything we do:

- Does this provide benefits for the patient;
- Does this increase the efficiency of the healthcare system.

« being a corporate citizen in the service of health and well-being » means acting in the interest of patients and the future of healthcare, for which the activities of our different businesses already offer the first illustrations:

- As a software vendor of specialised solutions for pharmacies, we provide pharmacists and their teams:
  - A software suite that is maintained and regularly updated, as well as services designed to ensure dispensing to the highest safety standards,
  - Databases providing information to offer advice to customers (travel, vaccinations, etc.),
  - Training tools (e-learning).

  It has also developed the free app for the general public, Ma Pharmacie Mobile®, to find the nearest open pharmacy, send a scan of their prescription, access their medication history or receive reminders to take their medication.
- The Health and Social Care Facilities Solutions Division develops software designed to improve the care of dependent or frail persons;

- The e-Health Solutions Division contributes to improvements in healthcare systems:
  - The e-Pharma Business Unit positions the Group in the public health sector through the establishment of health observatories, prevention and screening surveys. All content made available to pharmacists and patients by PHARMAGEST INTERACTIVE is checked by a qualified pharmacist;
  - The e-Patient Business Unit deploys the new technologies in its software and products to maintain the elderly and chronically ill in their home and improve outcomes by increasing compliance.

And more generally, by associating all its activities with the creation of the first European healthcare platform fully combining both the technology and human resources to optimise benefits for patients.

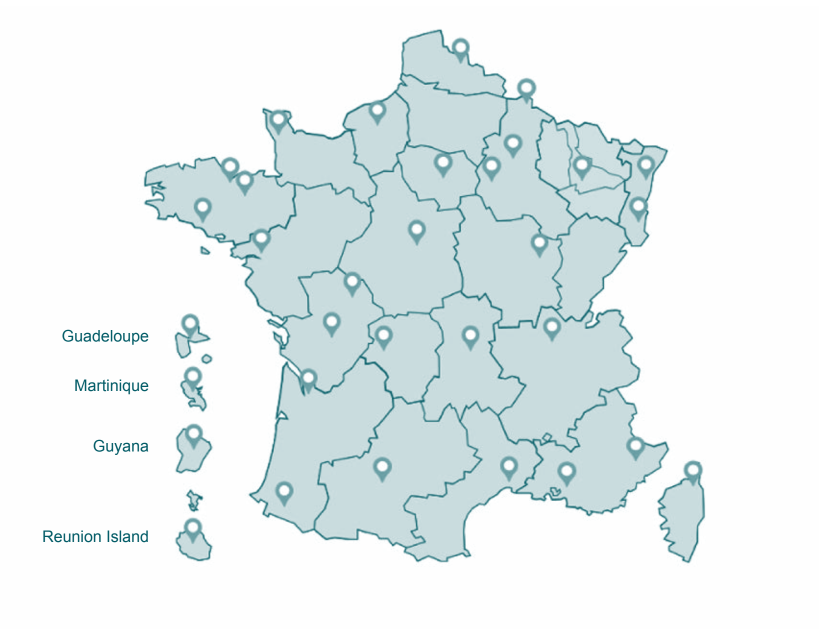
Promoting short supply chains, local operations and minimising the use of intermediaries

Territorial, economic and social impact of our business on employment and regional development

Through its focus on developing close relations with its customers, healthcare professionals and patients, PHARMAGEST Group seeks to ensure an optimal coverage of its territories. This strategy is largely based on the development of agencies, its logistics network, commercial presence and the development of pharmacy chains.

Therefore, the Group's regional economic and social impact is multiple:

- PHARMAGEST Group gives preference to local recruitment;
- PHARMAGEST Group gives preference to regional companies when selecting its different service providers;
- PHARMAGEST Group is an engaged stakeholder seeking to reduce low physician density through its different solutions (including teleconsultation and teleassistance) and by promoting the role of pharmacist as THE healthcare coordinator.



Geographical coverage: a significant local network in France

The breakdown in 2018 of the workforce by region was as follows:

- France: **93.3%**;
- Belgium: **3.3%**;
- Mauritius: **2.1%**;
- England: **0.7%**;
- Luxembourg: **0.6%**.

Being a responsible partner

Supplier and subcontractors

For the selection of its partners, suppliers and service providers, PHARMAGEST Group is increasingly integrating selection criteria based on shared engagements in addressing environmental, social and ethical challenges.

These actions are defined mainly by:

- Reducing the number of our intermediaries with the goal of increasing transparency and traceability;
- Contractual clauses (example: protecting personal data and anticorruption provisions) and on-site audits of our suppliers;
- Regular reporting by our third parties on CSR policies.

To strengthen this positioning, PHARMAGEST Group is considering the possibility of implementing a Group Purchasing Charter to provide the basis for a profitable and responsible customer-supplier relationship.

Donations and sponsorship

Through its actions and goals to support the healthcare system, PHARMAGEST Group is seeking to strengthen its relations with voluntary sector organisations and patients.

In addition, PHARMAGEST Group is a stakeholder determined to play an important local role in its territories by supporting the voluntary sector through actions for heritage preservation and developing cultural, sports and humanitarian actions.

By way of example, PHARMAGEST INTERACTIVE is a member of the "Meurthe-et-Moselle heritage preservation sponsors" club. The foundation works to protect and to enhance the French heritage. Through this label, public donations and corporate patronage, it supports individuals, regional governments and voluntary sector organisations in heritage restoration projects.

Combating food wastage

Even though it is not active in the food industry and distribution sector, PHARMAGEST Group is very attentive to the importance of combating food waste. In consequence, by way of illustration, in 2014 PHARMAGEST INTERACTIVE, in partnership with other companies in the Lorraine region established an endowment fund ("MESA Mirabelle") to facilitate donations by companies of all sizes to the food bank.
In this same spirit, PHARMAGEST Group has fully integrated this priority its own plans for the organisation of the food service solution to be adopted for its future headquarters.

Assisting start-ups

Reflecting its own history and ambitions, PHARMAGEST Group has always promoted entrepreneurship and creativity by supporting start-ups.

This collaboration takes several forms:

- Sponsoring and mentoring with an approach placing an emphasis on dialogue and understanding for the management of the start-ups;
- Financing and acquiring control of start-ups for the purpose of accelerating their development, while remaining attentive about respecting the identity and spirit of independence specific to the start-up;
- Promoting "intrapreneurship" by employees;
- Integrating in plans for its new headquarters, the idea of creating a business incubator to house start-ups specialised in the healthcare universe.

3.4 Human Rights

Respecting and ensuring the respect of Human Rights and the ILO's core conventions within the Group

Implementing the principles of Human Rights and ILO's core conventions: The principles

PHARMAGEST Group is largely present exclusively in France and Europe and applies the applicable laws and regulations of these different countries.

Nonetheless, the Group acknowledges and reaffirms its strong commitment to the values of the Universal Declaration of Human Rights, the principles of the ILO's core conventions, as well as its commitment to respecting national and international laws, principles, standards and regulations.

In consequence, any measures with the aim of limiting freedom of opinion, expression, association, collective negotiation, demonstration or thought are prohibited by PHARMAGEST Group. PHARMAGEST Group does not apply any form of discrimination including with respect to employment, occupation, religion or gender. No Group subsidiary has recourse to forced or compulsory labour or child labour.

Focus of entities outside the EU: Mauritius

The nature of this subsidiary's business as an independent software vendor requires highly trained personnel and excludes all forms of child labour. In addition, fully associated with the IT development activities of the Group, this company is fully integrated in the operating procedures of our French entities, regardless of the aspects of personal, legal, financial or directional management.

3.5 Combating corruption

Preventing the risk of corruption within the Group

Implementing measures to combat corruption

In 2017 PHARMAGEST Group implemented an anti-corruption system in accordance with the new French legislative provisions ("Sapin II" law). This system provides for the implementation of:

- A code of conduct;
- An internal whistleblowing system;
- Risk mapping which analyses and prioritises risks to which the company is exposed;
- Risk assessment procedures for customers, major suppliers and intermediaries;
- Procedures for accounting control, internal or external, to prevent the concealment of acts of corruption or influence peddling;
- A training procedure for those managers and key personnel most exposed to the risk of corruption and influence peddling;
- A sanctions framework for cases of violations in the company's code of conduct;
- A system for the monitoring and internal assessment of measures implemented.

PHARMAGEST Group is attentive to this issue and integrating the provisions of the French anticorruption law ("Sapin II" law) at all its subsidiaries. The Group greatly monitors the country rankings by transparency.org of the perceived level of public-sector corruption (Corruption Perceptions Index). The results of the countries in which the Group or significant partners operate are as follows:

Country	Score	World ranking
France	72/100	21/180
Belgium	75/100	17/180
Luxembourg	81/100	9/180
Ireland	73/100	18/180
United Kingdom	80/100	11/180
Mauritius	51/100	56/180
China	39/100	87/180

PHARMAGEST Group's main activities are located in France and Europe and in consequence its exposure to the risk of corruption is more limited.

4. Methodology, scope and definition of indicators

In accordance with the recommendations of the AMF report on social and environmental responsibility information published by listed companies, dated 5 November 2013, PHARMAGEST Group presents information to facilitate understanding of the information reported.

4.1 Methodology note

General management, and particularly the Human Resources Department and Administration and Finance Department, have specific responsibility for oversight of the process of gathering, validating and consolidating CSR information in the Group. This review helps to continuously improve internal data collection procedures.

To the extent possible, parties responsible for each data perform the verifications. Such verifications may take different forms: consistency checks, request for supporting data for qualitative information, internal audits, detailed testing. More comprehensive controls are performed when data is consolidated.

4.2 Scope

Quantitative or qualitative data disclosed in the Non-Financial Statement are largely defined in reference to the following two reporting boundaries:

- PHARMAGEST Group which includes the following entities: PHARMAGEST INTERACTIVE, CP INTERACTIVE (CPI), DIATELIC, EUROPEAN HEALTH LOGISTIC SOURCING (EHLS), APPLICATIONS ET DEVELOPPEMENTS INFORMATIQUES (ADI), AXIGATE, DICSIT INFORMATIQUE, DOMEDIC EUROPE, HEALTHLEASE, INTECUM, KAPELSE, MALTA INFORMATIQUE, NANCEO, NOVIA SEARCH, SAILENDRA, SCI HUROBREGA, CAREMEDS, HDM, MULTIMEDS, NOVIATEK, SABCO, SABCO SERVICES, UK PHARMA and WELFINITY GROUP.

- Groupe WELCOOP includes the entities of PHARMAGEST Group as well as LA COOPERATIVE WELCOOP, ALPHA FINANCE REPARTITION, ALPHA REPARTITION, CRISTERS, D'MEDICA, DMS, WELCOOP LOGISTIQUE, GLOBAL SANTE, INVESTIPHARM BELGIUM, INVESTIPHARM FRANCE, ITAFARM, LABORATOIRE MARQUE VERTE, MARQUE VERTE SANTE, OBJECTIF PHARMA, PHARMA LAB, PHARMA LAB INTERNATIONAL, PHARMALPA, PHARNAT CREATIONS, SCI CERP IMMO, SOFAREX, WELCOOP SOLUTION PRODUITS.

The companies in which equity stakes were acquired in 2018 (INFARMA, INSERVICE, MACROSOFT, MACROSOFT BUILDING, PHARMAGEST ITALIA, TEKNEMA) are not included in the PHARMAGEST Group reporting boundary.
If no information is available for one or more of these entities, this fact is there noted (e.g. PHARMAGEST Group, excluding ADI).

4.3 Indicators

Data displayed in **boldface and blue** correspond to Key Performance Indicators (KPI) verified by the Independent Third-Party.

Specific definitions and calculations have been used to construct PHARMAGEST Group's indicators. The following covers only those indicators for which information is required in addition to that provided by the Non-Financial Statement:

- **CVs received:** Total number of CVs transmitted by employees of Groupe WELCOOP in relation to the total number of job openings in Groupe WELCOOP;

- **CVs recruited:** Total number of actual employees were recruited (for all types of contracts) following recruitment referral;

- **Training hours:** This indicator covers all training hours relating to a training plan and used in the period, whether through an internal or external training programme.
  Training is considered provided the following criteria are included for external training and when three of the criteria listed are included in the case of internal training:
    - Training organisation with an authorisation number,
    - Training organisation providing a training convention,
    - Training organisation providing a training programme,
    - Organisation providing a document certifying the employee's presence.

- **Total workforce:** All employees with permanent and fixed-term employment contracts, temporary employees, skills-acquisition and apprenticeship contracts, i.e. the total number of persons physically present at 31 December 2018. Other types of contracts (interns, temporary employees) and corporate officers are excluded;

- **FTE:** full time equivalent, monthly, as at 31 December 2018;

- **Total workforce by type of employment contract, status and gender:** Breakdown of total workforce by gender and status. Two categories (or the equivalent) are used within PHARMAGEST Group: non-management (Employees, Technicians, Supervisors and Senior Technicians) and management employees;

- **Percentage of women in the Group:** Ratio of the percentage of women employees to the total workforce (all statuses and contracts);

- **Percentage of permanent employees:** Ratios at 31 December 2018:
    - Employees with permanent contracts divided by the total number of employees,
    - Number of women with permanent contracts divided by the total number of women employees,
    - Number of men with permanent contracts divided by the total number of male employees.

- **Average seniority:** Seniority is calculated from the date of the first contract, restated to eliminate periods of absence between contracts. Periods of internships, work-study programmes and fixed-term contracts leading to a permanent employment contract are included in the calculation of seniority. Average seniority equals the average seniority of each employee included in the number of employees at 31 December.

- **Circular economy:** Economy founded on reduced and responsible consumption of natural resources and primary raw materials and, in order of priority, on preventing waste generation, especially by reusing products, and, in accordance with the hierarchy of waste processing methods, on recycling or energy recovery from waste (Article L. 110-1-1 of the French Energy Code *(code de l'énergie)*, based on the law of 17-8-2015);

- **Number of vehicles:** Total number of company vehicles leased belonging to one of the PHARMAGEST Group's subsidiaries. Private vehicles for which Group employees receive kilometric allowances are excluded;

- **Kilometres travelled by car:** The number of kilometres travelled by staff using a company car on a quarterly basis;

- **Transport:** Deliveries of goods and merchandise from the logistics platforms and/or agencies to end-users. The company uses specialised carrier service providers;

- **Calculation of GHG emissions:** GHG car emissions were calculated on the basis of 7 litres of fuel consumed per 100 km. The ADEME (French environment and energy management agency) V7 BC factor was applied to the total estimated fuel consumption.

- **WEEE:** Quantity of Waste From Electrical And Electronic Equipment collected or retrieved by specialised service providers for destruction;

- **Number of new cooperative members:** Total number of new associated cooperative members having joined LA COOPERATIVE WELCOOP in the period;

- **Geographical breakdown of total workforce :** Breakdown of the total workforce by country. PHARMAGEST Group's workforce is present in five countries: France, Belgium, Mauritius, Luxembourg and England.

In light of the absence of risks with respect to PHARMAGEST Group's activities, no policy has been implemented for the purpose to:

- combat food insecurity, respecting animal well-being, sustainable and fair practices;
- combat tax evasion.

24.2 Independent third-party assurance statement on the consolidated non-financial statement included in the management report of the Group

Fiscal year ended 31 December 2018

To the PHARMAGEST INTERACTIVE's general meeting:

As the accounting expert professional designated as the independent third-party assurance service provider of PHARMAGEST INTERACTIVE, certified by COFRAC, the French National Accreditation Body, under No. 3-1594 (for details on the scope refer to www.cofrac.fr), we hereby present our report on the consolidated non-financial statement (hereafter the "Statement") presented in the management report prepared for the period ended 31 December 2018 in accordance with the provisions of article L. 225 102-1, R. 225-105 and R. 225-105-1 of the French commercial code.

The entity's responsibility

The Board of Directors is responsible for issuing a Statement in accordance with the legal and regulatory provisions that includes 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 and the results of these policies, including key performance indicators.
The Statement was prepared by applying the company's procedures (hereinafter the "Guidelines"), the significant elements of which are presented in the Statement.

Independence and quality control

Our independence is defined by the regulations and codes of ethics of the profession provided for by the French decree of 30 March 2012 on chartered accounting practices. We have also implemented a quality control system comprising documented policies and procedures for ensuring compliance with the codes of ethics, professional guidance and applicable legal and regulatory texts.

Responsibility of the Independent Third-Party

Based on our work, our role is to formulate a reasoned opinion expressing moderate assurance as to:

- the Statement's compliance with the provisions of Article R. 225-105 of the French commercial code;
- the truthfulness and fairness of the information provided in application of paragraph 3 of section 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").

However, it is not our responsibility to express an opinion on:

- the entity's compliance with any other applicable legal and regulatory provisions, particularly those concerning the combating of corruption and tax evasion;
- the conformity of products and services with applicable regulations.

Nature and scope of the work

Our work described above was carried out in compliance with the provisions of articles A. 225 -1 et seq. of the French commercial code determining the procedures according to which the independent third-party assurance service provider performs its engagement. We carried out checks allowing us to assess the Statement's compliance with the legal and regulatory provisions and the fair presentation of the Information:

- we took due note of the activity of all the businesses included in the consolidation scope, their exposure to the main social and environmental risks associated with this activity, and, where applicable, its effects as regards respect for human rights and the combating of corruption and tax evasion as well as of the policies deriving from them and their results;

- we assessed the appropriateness of the Guidelines regarding their relevance, exhaustiveness, reliability, neutrality and comprehensibility, taking into account, where applicable, best practices in the sector;

- we verified that the Statement covers each category of information provided for in section III of Article L. 225-102-1 on social and environmental matters as well as respect for human rights and the combating of corruption and tax evasion;

- we verified that the Statement includes an explanation for the absence of the information required under Article L.225-102-1 III, 2;

- we verified that the Statement presents the business model and the main risks related to the activity of all the entities included within the scope of consolidation, including, whenever relevant and proportionate, the risks engendered by business relations, products or services as well as the policies, reasonable diligence procedures and results, including key performance indicators;

- we verified, whenever relevant to the main risks or policies presented, that the Statement presents the information provided for in section II of Article R. 225-105;

- we assessed the processes used for identifying, ranking and validating the main risks;

- we enquired as to the existence of procedures for internal control and risk management implemented by the entity;

- we verified that the Statement includes a clear and reasoned explanation of the reasons justifying the absence of policy with regard to one or more of these risks;

- we verified that the Statement covers the consolidated scope, i.e. all the companies included in the scope of consolidation in compliance with article L. 233-16 of the French commercial code, with the limits specified in the Statement;

- we assessed the collection process implemented by the Company aimed at ensuring completeness and fair presentation of the Information;

- for the key performance indicators and the other quantitative results that we considered to be the most significant, we implemented:

  - analytical procedures consisting in verifying the correct consolidation of collected data as well as the consistency of changes in them;
  - detailed tests based on sampling, consisting in verifying the proper application of definitions and procedures, and in reconciling data with supporting documents. This work was conducted with a selection of contributing entities chosen at random from within PHARMAGEST Group which covers 100 % of the consolidated data of the key performance indicators and results selected for these tests;

- we consulted documentary sources and conducted interviews to corroborate the qualitative information (actions and results) that we considered most significant and listed in an appendix;

- We assessed the overall consistency of the Statement in relation to our knowledge of the companies included in the scope of consolidation.

We consider that the work we carried out by exercising our professional judgement allows us formulate a conclusion of moderate assurance; a higher level of assurance would have required more extensive verification work.

Means and resources

Our work made use of the expertise of three people between February and March 2019 for a total period of approximately one week.

In the performance of this engagement, we were assisted by our sustainable development and social responsibility specialists. We conducted around ten meetings with persons responsible for preparing the Statement.

Conclusion

Based on our work, and bearing in mind the scope of our responsibility, we did not observe any significant misstatement likely to call into question the consolidated non-financial statement's conformity with the applicable regulatory provisions or the fair presentation of the Information, taken as a whole, in accordance with the Guidelines.

Paris, 22/03/2019

RSM Paris
The Statutory Auditors

Martine Leconte
Partner

Annex: List of information we considered to be the most important

Selective qualitative and quantitative information associated with the policies, actions and results relating to the main priorities indemnified for PHARMAGEST's business, presented in the following sections of the management report:

Main priorities identified	Headings of the management report covering the policies, actions and associated result covered by our review
Attracting talent and reinforcing skills	Attracting talent and reinforcing skills ***KPI:*** *Number of CVs received, number of CVs recruited, number of employees trained, total training hours*
Being a responsible employer	Being a responsible employer ***KPI:*** *Workforce, number of permanent contracts, number of fixed-term contracts, percentage of permanent contracts, average seniority*
Minimising greenhouse gas emissions and reducing energy consumption	Minimising greenhouse gas emissions and reducing energy consumption ***KPI:*** *Number of vehicles, millions of kilometres travelled*
Promoting the circular economy and recycling	Promoting the circular economy and recycling ***KPI:*** *Quantity of WEEE recycled*
Developing a culture of cooperation	Developing a culture of cooperation ***KPI:*** *Number of new cooperative members*
Improving the efficacy of the healthcare system	Improving the efficacy of the healthcare system
Promoting short supply chains, local operations and minimising the use of intermediaries	Promoting short supply chains, local operations and minimising the use of intermediaries ***KPI:*** *Headcount by region*
Being a responsible partner	Being a responsible partner
Preventing the risks of corruptions in all subsidiaries wherever they are based in the world	Preventing the risks of corruptions in all subsidiaries wherever they are based in the world

24.3 Report on corporate governance

PHARMAGEST INTERACTIVE
A FRENCH PUBLIC LIMITED COMPANY (SOCIÉTÉ ANONYME) WITH SHARE CAPITAL OF €3,034,825
REGISTERED OFFICE: TECHNOPOLE DE NANCY BRABOIS
05 ALLEE DE SAINT CLOUD 54600 VILLERS LES NANCY
NANCY COMPANIES REGISTER (RCS) NO. 403 561 137

BOARD OF DIRECTORS' REPORT
ON CORPORATE GOVERNANCE TO
THE ANNUAL ORDINARY GENERAL SHAREHOLDERS' MEETING
ON 27 JUNE 2019

Pursuant to the provisions of article L. 225-37 of the French commercial code the Board of Directors hereby reports to you the report on corporate governance enclosed with the management report.

1. Corporate governance

At its meeting of 25 March 2010, the Board of Directors of PHARMAGEST INTERACTIVE voted to adopt the MiddleNext Corporate Governance Code of December 2009 as the most appropriate corporate governance framework in light of its size and shareholder structure.

The MiddleNext corporate governance code, available on the MiddleNext website (www.middlenext.com), contains recommendations to be applied and points to be watched by the Board of Directors to promote good governance.

PHARMAGEST INTERACTIVE applies all recommendations of the MiddleNext corporate governance code and in accordance with recommendation R19 therein, PHARMAGEST INTERACTIVE's Board of Directors duly noted these points to be watched which are monitored regularly.

2. The Board of Directors

2.1. Procedures for exercising Executive Management including information, as applicable, on limitations imposed by the Board of Directors on the Managing Director's powers

The Company is governed by a Board of Directors with a separation of the functions of Chair *(Président)* and Managing Director *(Directeur Général)* main roles are as follows:

- The Chair of the Board of Directors organises and directs the Board's work and reports thereon to the general meeting of the shareholders. The Chair ensures the correct functioning of the company's corporate governance bodies, and in particular that the Directors are able to fulfil their duties.
- The Managing Director, in accordance with Article L.225-56 of the French commercial code, is vested with all powers to act in the name of the company under all circumstances. He/she exercises his/her authority within the limits of the Company's purposes and subject to those expressly reserved to the shareholders and the Board of Directors. The Articles of Association and/or the rules of procedure contain no provisions limiting the powers of the Managing Director and the Board of Directors made no decision to limit these powers during the financial year.

2.2. Succession for the manager

The separation of the functions between the Chair of the Board of Directors and the Managing Director, assisted in 2018 by two Deputy Managing Directors, effectively addresses the issue raised by recommendation of R14 of the MiddleNext code designed to ensure the company's sustainability. The Board of Directors if it considers, appropriate, may take all additional actions such as creating a special committee or strengthening the recovery or business continuity plans.

2.3. Composition of the Board of Directors and committees

As at 31 December 2018, the Board of Directors comprised 12 members of French nationality, three of whom are independent.

Member's full name or Company Name and their roles	Independent Director	Year of first appointment	Office expiry date [1]	Audit Committee	Expertise and background [2]
Mr. Thierry CHAPUSOT *Chair of the Board of Directors*	No	2002 (Director) 2010 (Chair of the Board)	31/12/2019	/	Chair of the Management Board of LA COOPERATIVE WELCOOP *(formerly named GROUPE WELCOOP)*
Mr. Dominique PAUTRAT *Managing Director and Director*	No	2009 (Director) 2010 (CEO)	31/12/2020 (Director) 31/12/2019 (MD)	/	National and international development
Mr. Thierry PONNELLE *Deputy Managing Director and Director*	No	2002 (DMD) 2002 (Director)	31/12/2019 (DMD) 31/12/2019 (Director)	/	Development of the Marketing and Business Development Strategy
Mr. Denis SUPPLISSON *Deputy Managing Director and Director*	No	2010 (DMD) 2013 (Director)	31/12/2019 (DMD) 31/12/2020 (Director)	/	National and international development of the Pharmacy Division
Mr. Daniel ANTOINE *Director*	No	2002	31/12/2019	Member	Knowledge of the business of pharmacists
Ms. Marie-Louise LIGER *Independent Director*	Yes	2015	31/12/2020	Chair	Accounting
Mr. François JACQUEL *Director*	No	2011	31/12/2019	Member	Knowledge of the business of pharmacists
Ms. Anne LHOTE *Director*	No	2011	31/12/2022	/	Experience in finance and accounting expertise
Ms. Sophie MAYEUX *Independent Director*	Yes	2012	31/12/2023	/	Communications
Ms. Céline GRIS *Independent Director*	Yes	2017	31/12/2022	/	International development and communications
Ms. Emilie LECOMTE *Director*	No	2017	31/12/2022	/	Knowledge of the business of pharmacists
LA COOPERATIVE WELCOOP *(formerly named GROUPE WELCOOP)* **represented by Mr. Hugues MOREAUX,** *Director*	No	2002	31/12/2019	/	Knowledge of the business of pharmacists

[1] *The term of office ends at the close of the Annual General Meeting called to approve the financial statements for the financial year indicated.*
[2] *Information on the professional background and roles of Directors is given in section 14.1.2 of this Registration Document.*

2.4. Changes in the Board membership in 2018

The composition of the Board at 31 December 2018 is unchanged in relation to 31 December 2017.

2.5. List of offices and functions exercised in any company by each corporate officer in the period ended

In accordance with recommendation R1 of the MiddleNext Code, Executive Directors do not hold more than two other offices in other listed companies, including in foreign companies or companies outside the Group.

In accordance with the provisions of Article L. 225-37-4 of the French commercial code, offices and functions exercised in any company by corporate officers of the company are listed below:

PHARMAGEST INTERACTIVE
A FRENCH PUBLIC LIMITED COMPANY *(SOCIÉTÉ ANONYME)* WITH SHARE CAPITAL OF €3,034,825
"REGISTERED OFFICE: TECHNOPOLE DE NANCY BRABOIS - 05 ALLEE DE SAINT CLOUD
54600 VILLERS LES NANCY"
NANCY COMPANIES REGISTER (RCS) NO. 403 561 137

ANNUAL ORDINARY GENERAL MEETING OF 27 JUNE 2019

LIST OF DIRECTORSHIPS AND POSITIONS HELD BY THE COMPANY'S CORPORATE OFFICERS
IN OTHER COMPANIES IN 2018

(Article L 225-37-4 of the French Commercial Code)

Companies	Thierry CHAPUSOT	Dominique PAUTRAT	Thierry PONNELLE	Denis SUPPLISSON	Daniel ANTOINE
* **PHARMAGEST INTERACTIVE (SA)** listed company	Chair of the Board of Directors	Managing Director and Director (holds an employment contract)	Deputy Managing Director and Director (holds an employment contract until 23/01/2019)	Deputy Managing Director and Director (holds an employment contract)	Director
* **LA COOPERATIVE WELCOOP (SA)**	Chair of the Executive Committee (holds an employment contract)	Executive Committee member			Vice-Chair of the Supervisory Board
* **MARQUE VERTE SANTE (SA)**	Chair of the Executive Committee	Executive Committee member			Board representative of LA COOPERATIVE WELCOOP, Supervisory Board member
* **EUROPEAN HEALTH LOGISTIC SOURCING - EHLS (SAS)**		Representing the Chair of PHARMAGEST INTERACTIVE			
* **APPLICATIONS ET DEVELOPPEMENTS INFORMATIQUES - ADI (SA)**		Board representative of CP INTERACTIVE until 21/01/2019	Board representative of PHARMAGEST INTERACTIVE		
* **DIATELIC (SAS)**		Representing the Chair of PHARMAGEST INTERACTIVE			
* **DOMEDIC EUROPE (SA)**	Director	Chair of the Board of Directors		Managing Director and Director	
* **CP INTERACTIVE (SARL)**		Manager until 21/01/2019 following transfer of all assets (TUP)			
* **SABCO** renamed **PHARMAGEST LUXEMBOURG** from 01/01/2019 **(SA)** (LUXEMBOURG)		Chair & Director		Managing Director	
* **HDM (LTD)** (MAURITIUS)		Manager			
* **SABCO SERVICES** renamed **PHARMAGEST BELGIUM** from 01/01/2019 **(SPRL)** (BELGIUM)		Manager until 15/01/2019			
* **INVESTIPHARM FRANCE (SA)**					Director
* **GROUPE DOMEDIC (INC)** (CANADA)	Director	Director			
* **INTECUM (SAS)**				Chair	
* **SOFAREX (SA)** (BELGIUM)					
* **INVESTIPHARM BELGIUM (SA)** (BELGIUM)					
* **PHARMALAB INTERNATIONAL (LTD)** (HONG KONG)					
* **UK PHARMA (LTD)** (GREAT BRITAIN)	Director	Director			

Hugues MOREAUX	Francois JACQUEL	Anne LHOTE	Sophie MAYEUX	Marie-Louise LIGER	Emilie LECOMTE	Céline GRIS
Board representative of LA COOPERATIVE WELCOOP	Director	Director	Independent Director	Independent Director	Director	Independent Director
Chair of the Supervisory Board	Supervisory Board member	Executive Committee member (holds an employment contract)			Supervisory Board member	
Chair of the Supervisory Board		Executive Committee member				
Board representative of LA COOPERATIVE WELCOOP		Chair of the Board of Directors				
		Managing Director				
		Managing Director				
		Director				

Companies	Thierry CHAPUSOT	Dominique PAUTRAT	Thierry PONNELLE	Denis SUPPLISSON	Daniel ANTOINE
* **CAREMEDS (LTD)** (GREAT BRITAIN)				Director	
* **MULTIMEDS (LTD)** (GREAT BRITAIN)				Director	
* **ITAFARM (SRL)** (ITALY)					
* **ALPHA REPARTITION (SA)** (BELGIUM)					
* **ALPHA FINANCE REPARTITION (SA)** (BELGIUM)					
* **WELFINITY GROUP (SA)** (LUXEMBOURG)	Director	Managing Director			
* **LABORATOIRE MARQUE VERTE (SA)**	Board representative of LA COOPERATIVE WELCOOP	Chair of the Board of Directors			
* **D'MEDICA (SA)**	Chair of the Board of Directors				
* **DEVELOPPEMENT PROMOTION CRISTERS (SAS)**	Chair until 11/04/2018 following transfer of all assets (TUP)				
* **OBJECTIF PHARMA (SA)**	Chair of the Executive Committee				Supervisory Board member
HENRI POINCARE (SA and semi-public entity)	Director representing the minority shareholders' committee as from 19/06/2018				
* **KAPELSE (SAS)**		Representing the Chair of PHARMAGEST INTERACTIVE			
SC ERMITAGE SAINT JOSEPH	Manager				
* **SCI HUROBREGA**		Manager			
SCI JADD					Manager
* **SCI CERP IMMO 2**	Board representative of LA COOPERATIVE WELCOOP, Manager				
PLANT ADVANCED TECHNOLOGIES - PAT (SA) listed company	Director				
SCI MESSIRE JACQUES		Manager			
SOCIETE CIVILE CHANOINE JACOB		Manager			

Hugues MOREAUX	Francois JACQUEL	Anne LHOTE	Sophie MAYEUX	Marie-Louise LIGER	Emilie LECOMTE	Céline GRIS
		Director				
		Managing Director				
		Managing Director				
Director						
Board representative of LA COOPERATIVE WELCOOP		Director				
Vice-Chairman of the Supervisory Board until 07/06/2018 then Member of the Supervisory Board		Executive Committee member			Supervisory Board member	

Companies	Thierry CHAPUSOT	Dominique PAUTRAT	Thierry PONNELLE	Denis SUPPLISSON	Daniel ANTOINE
SCI DU FRONTON					
SCI JAMERAI	Manager				
SARL DUVAL DE VITRIMONT	Manager				
*** CARAIBES PHARMA SERVICES INFORMATIQUES - CPSI (SARL)**				Manager until 08/01/2018 following transfer of all assets (TUP)	
*** PHARMAGEST ITALIA (SRL)** (formerly named MACROSOFT HOLDING) (ITALY)		Board Member as from 14/09/2018		Chair of the Board of Directors as from 14/09/2018	
SELARL FRANCOIS JACQUEL					
SCI CRAPAUDINE					
PHARMACIE LECOMTE DALLA-COSTA (SELARL)					
SARL LECOMTE DALLA COSTA (SPFPL)					
GRIS DECOUPAGE (SAS)					
GRIS INVEST INDUSTRIES - G 21 (SASU)					
ESKARCEL (SOCIÉTÉ CIVILE)					

** WELCOOP GROUP's member companies*

Hugues MOREAUX	Francois JACQUEL	Anne LHOTE	Sophie MAYEUX	Marie-Louise LIGER	Emilie LECOMTE	Céline GRIS
Manager						
	Manager					
	Joint Manager					
					Joint Manager	
					Joint Manager	
						Managing Director
						Managing Director
						Joint Manager

2.6. Board diversity policy

In accordance with Article L. 225-37-4, 6°of the French commercial code, the Board seeks to determine the desirable balance of its membership and that of the Board committees, particularly in terms of diversity (gender representation, age, qualifications, professional experience, etc.).

2.6.1. Objectives

The Board considers that to achieve this balance, the profiles of its members must be diverse, notably in terms of age, length of service (historical knowledge of the Company), qualifications and professional experience, independence as a Director and gender diversity in Board membership (percentage of men and women on the Board).

2.6.2. Procedures implemented and results

Age and seniority of Directors

Under the Company's Articles of Association, Directors may not be older than 75. The Chair of the Board of Directors must be less than 75 years old. The Chief Executive Officer *(Directeur Général)* of the Board must be less than 65.
Efforts are made to ensure a generational balance beyond the limits imposed by the company's articles.

After the last two women directors joined in 2017, the age of directors was between 40 and 67 with an average of 56.

The age and seniority pyramids are follows:

Number of Directors by age bracket:
- 60 to 67: 6
- 50 to 59: 4
- 40 to 49: 2

Number of Directors by seniority:
- 1 to 6 years: 4
- 7 to 9 years: 4
- 10 years or more: 4

Average seniority at 31 December 2018 was 9.5 years;

The Board considers that its membership is balanced between Directors possessing an historical knowledge of the Company and the Group, Directors having joined in the last ten years and Directors who recently joined. The policy of ensuring a generational balance will be implemented over time.

Qualifications and professional experience

The Board ensures that it is composed of members who possess a complementary and diverse range of expertise and professional experience: Directors with a knowledge of the Group, Directors with a knowledge of the profession of pharmacist, Directors with expertise in finance or accounting or international development.

In addition, all Directors share a common set of values: a commitment to the interests of the Company, the Director contributes to the Board the quality of his or her judgment, ethics, openness to innovation and international markets and strategic vision. They possess a knowledge of the operations of the corporate governance bodies and are subject to the rules governing conflicts of interest (see paragraphs 2.11 and 2.12).

The table in 2.3 summarises the expertise contributed by each Director.

The Board considers that the common values described above, the diverse range of qualifications and professional experiences of the Directors is consistent with this policy of diversity.

Gender equality - representation of women and men

The Board ensures that the obligation of gender balance of the Board of Directors established by article L.225-18-1 of the French commercial code is respected. At 31 December 2018 the percentage of women serving on the Board of Directors was 42%. To date, the percentage of women on the Board continues to be about 40%.
It considers that the 40% quota (reached in 2017) corresponds to a balanced representation of men and women on the Board.

The Audit Committee with three members is chaired by a woman (see paragraph 3.5.2 above).

Independent Directors

See paragraph 2.7 above.

2.6.3. Policy of non-discrimination and the representation of men and women within governance bodies

Convinced that gender balance and diversity positively contribute to social balance and economic efficiency, management has decided to implement a gender equality action plan providing for medium-term objectives and results. These points are developed in the Non-Financial Statement.

The Finance and Personnel Management Committee

This committee has five members, none of whom are women.

Gender diversity in top 10% category of high-level management positions

Gender diversity in the 10% category of high-level management positions of PHARMAGEST INTERACTIVE is equal to 19%.

Management continues to apply its antidiscrimination and gender balance policy which may impact its results over time.

2.7. Independent Directors

The criteria for independence as defined in MiddleNext code recommendation R3 has been met for each independent director. These criteria are as follows:

- they must not have been during the last five years an employee or executive officer of the company or a company in its group;
- they must not have had any material business relationship with the company or its group for the last two years (as a client, supplier, competitor, service provider, creditor, banker, etc.);
- they must not be a reference shareholder of the company or hold a significant percentage of voting rights;
- they must not have a close relationship or close family ties with a corporate officer or a reference shareholder;
- they must not have been an auditor of the company in the course of the previous six years.

The status of independence is determined at the time of the director's first appointment and each year thereafter when the report on corporate governance is written and approved.

The Board has three independent directors (see above the Table on the composition of the Board of Directors and committees). The MiddleNext code recommends the presence of at least two Independent Directors.

2.8. Appointment of Board members by personnel

The Company's articles of association do not provide for the appointment of one or more Directors representing employees. There are no Directors representing employees serving on the Board.

In addition, the number of employees of the Company and its subsidiaries was below the threshold provided for by article L. 225-27-1 of the French commercial code at the end of both 2017 and 2018. In consequence, the obligation to appoint Directors representing the employees under this article is not applicable to the Company.

2.9. Appointment of Board Members representing employee shareholders by the General Meeting of Shareholders

Since the Company does not meet the conditions in Article L 225-23-1 of the French commercial code (shares held by the employees representing more than 3% of the company's share capital), a Director representing employee shareholders has not been appointed.

2.10. Terms of office - Minimum number of shares to be held

Directors serve for a term of six years, as permitted by law and the Company's Articles.

In accordance with recommendation R9 of the MiddleNext Code, the Board ensures that the terms of office defined by the articles of association are adapted to the Company's specific needs, within the limits set by law. In view of the size and composition of its Board, PHARMAGEST INTERACTIVE considers that six-year terms make it possible to take advantage of the Directors' experience and knowledge of the Company, its markets and businesses when making decisions.

To guarantee the Board of Directors' stability, the appointment of directors is staggered over time.

In accordance with the Company's articles of association and the Board of Directors' rules of procedure, each director must hold at least one share.

2.11. Director ethics

In accordance with recommendation R1 of the MiddleNext Code, each Director, both existing and newly appointed, received information on Group governance and their responsibilities.

The Board of Directors has adapted its internal rules of procedure to comply with the new wording of the MiddleNext recommendation to ensure that each Director respects the following rules of ethical conduct:

- Exemplary conduct entailing at all times, a behaviour reflecting consistency between words and acts, a guarantee of credibility and confidence;
- Before taking up their appointment, they must be informed of their general or specific obligations. They must ensure they have read all the relevant legal or regulatory texts, the articles of associations and rules of procedure, as well as any additions to same by the Board;
- Although Directors are themselves shareholders, they represent the shareholders as a whole and must act in the corporate interest in all circumstances;
- Directors are required to inform the Board of any existing (customer, supplier, competitor, consultant, etc.) or potential (other offices) conflicts of interest and depending on its nature, Directors in question shall abstain from voting or taking part in the proceedings, and, in extreme circumstances, will resign. The absence of disclosure constitutes recognition that there is no conflict of interest;
- Directors must devote to their duties the necessary time and attention. When Directors hold an executive position, they should not in principle accept more than two other directorships in listed companies, including in foreign companies or companies outside the Group;
- They should have good attendance records and should take part in all meetings of the Board and committees on which they sit;
- They are obliged to ensure they are properly informed. To this end, they must obtain the information they need to address the subjects on the agenda for meetings from the Chairman within reasonable time frames;
- With respect to non-public information acquired in connection with their duties, each member of the board shall be considered subject to an obligation of strict professional confidentiality that exceeds the legal obligation of discretion;

- The Director must:
  - Refrain from all dealings in the Company's securities, including derivatives, about which they possess based on their positions insider information not yet available to the public;
  - Declare transactions on the company's shares, pursuant to applicable law and regulations. The Company is subject to the legal obligation to disclose all securities transactions by Board Members and related parties to the French financial markets authority (AMF). As such Board Members undertake to inform the Board Secretary of any such transactions within 30 days therefrom.
- Finally, except under exceptional circumstances, Board members must attend shareholders' general meetings.

2.12. Conflicts of interest

PHARMAGEST Group's Board of Directors considers that it has a decisive role in handling conflict of interest and ensuring that decisions are made by managers in the Company's corporate interest. In compliance with recommendation R2 and all regulations governing regulated agreements, the Board reviews on an annual basis these agreements and potential conflicts of interest that might arise between the duties with regards to PHARMAGEST INTERACTIVE, Board members and their private interests. In accordance with the Board of Directors' rules of procedure, any director is required to inform the Board of any existing or potential conflict of interest and must abstain from voting or taking part in the deliberations relating thereto, or take part in meeting of the Board in which the director has conflicts of interest, and, in extreme circumstances, resign.
In exercising its oversight, the Board of Director seeks to improve procedures for identifying and managing conflicts of interest and, if it considers appropriate, may seek to obtain an independent opinion.

In 2018, PHARMAGEST INTERACTIVE's Board of Directors did not identify any potential conflicts of interest with regards to PHARMAGEST INTERACTIVE between the duties of the corporate officers and managing directors and their private interests.

2.13. 2.13. Choice of Directors

In accordance with the recommendation R8 of the MiddleNext code and Article R. 225-73-1 of the French commercial code, when a Director is appointed or reappointed, information on their background and expertise is made available on PHARMAGEST INTERACTIVE's website (www.pharmagest.com) in the section for Corporate Governance under Investor Relations. In accordance with article R. 225-83 of the French commercial code, this information may be sent to shareholders on request.

The appointment of each Director and the renewal of their terms of office are the subject of a distinct resolution.

2.14. Relations with shareholders

Other than LA COOPERATIVE WELCOOP (formerly GROUPE WELCOOP) and the executive founders, PHARMAGEST INTERACTIVE has no other significant shareholders. In compliance with recommendation R12, managers of PHARMAGEST Group have opportunities outside General Meetings for exchanges between significant shareholders. In addition, managers are committed to organising the General Meeting in a manner that provides general access to all.

3. Preparation and organisation of the Board's work

3.1. Rules of procedure

The Board of Directors adopted rules of procedure 16 June 2011, which define:

- The role and powers of the Board of Directors and limits to the powers of the Managing Director;
- The rules governing the composition of the Board and the independence criteria applicable to Directors;
- Directors' duties and the rules of ethical conduct to which they are subject;
- Board practices;
- Rules for determining the compensation of Audit Committee members.

In compliance with recommendation R7 of the MiddleNext code, the Board rules of procedures include the following:

- The definition of the role of specialised committees that may be set up;
- The protection provided to directors and officers: directors and officers liability insurance (D&O insurance);
- Changes with regard to the code of ethics.

The Board's rules of procedure are available to the public and are published on the PHARMAGEST INTERACTIVE website (www.pharmagest.com) under Investor Relations / Corporate Governance.

3.2. Board member information

The Board Members consider that they received sufficient information to perform their duties. In order to facilitate preparation for meetings, the Chair endeavour to send the documentation and information required at least eight days in advance.

Moreover, whenever appropriate in light of developments in the company, Directors are regularly updated between meetings in accordance with recommendation R4 of the MiddleNext Code.

Finally, Directors may, at their request (as was the case in 2017) be eligible to receive specific training to reinforce their expertise associated with their function of Director.

3.3. Board meetings

Board practices (convening, meetings, quorum and information provided to its members) are in line with the provisions of applicable law and the Company's Articles of Association. These provisions have been included in and supplemented in the rules of procedure.

The mission of the Board of Directors is to determine the strategy of the company and ensure that this strategy is implemented. Subject to those powers expressly granted to General Shareholders' Meetings and within the limits of the Company's corporate purpose, the Board of Directors addresses all issues relating to the Company's operations and handles all its affairs (Article L. 225-35, paragraph 1 of the French commercial code).

Moreover, in accordance with the rules of procedure, the Board of Directors may refer matters to the General Shareholders' Meeting if they concern a large majority of the Group's assets or activities.

The Board meets at least four times a year, in compliance with recommendation R5 of the MiddleNext Code.

The members of the Board of Directors and the Works Council were given sufficient advance notification to arrange to attend meetings and were provided with the documents they needed to ensure the efficient working of the Board.

The Statutory Auditors were invited to all meetings of the Board of Directors.

Board meetings are held as often as the interests of the Company require.
Minutes are drawn up at the end of each Board meeting, indicating the issues raised and any reservations expressed. Minutes are approved at the following Board meeting.

The Board of Directors met six times in 2018, including two working meetings, with an attendance rate of 85%. The table below indicates Directors' attendance at meetings.

Meeting date	Nature of the meeting	Number of participants	Attendance rate
29/03/2018	Board of Directors	11	92%
28/06/2018	Working meeting	10	83%
	Board of Directors	10	83%
21/09/2018	Board of Directors	9	75%
07/12/2018	Working meeting	11	92%
	Board of Directors	10	83%

The two working meetings provided board members an opportunity to learn about different projects for products and services developed by the Company and its subsidiaries.
The Board meetings addressed oversight of the Group's day-to-day operations and priorities relating to significant points. At each Board meeting, the Chair provided an update of items of business in progress. At the four Board meetings the main items of business discussed were as follows:

- Review and approval of the separate parent company and consolidated financial statements as at 31 December 2017;
- Review of the interim financial statements and report, quarterly positions and forward-planning documents;
- A regular review of the Group's financial position and investment projects;
- Setting the share price in connection with a share buyback programme;
- Preparation of the Ordinary and Extraordinary Annual General Meeting; proposal for the appropriation of earnings, review of the Directors and Auditors' offices, proposal for the amount of directors' attendance fees, proposal for a capital increase reserved for employees in connection with the employee stock ownership law, adopting the draft resolutions, the annual management report, including the corporate social responsibility (CSR) report, the report on Corporate governance, the report of the Extraordinary General Meeting, update on the executive compensation policy ("say on pay");
- Definition of strategic priorities for information and consultation with the Works Council;
- Modification of the Board rules of procedure;
- Authorisation for simplified merger procedure entailing the company's dissolution and the global transfer of its assets and liabilities *(transmission universelle de patrimoine or TUP)*;
- Discussion of the policy on gender equality and equal pay;
- Annual review and authorisation of regulated agreements.

3.4. Board assessment

PHARMAGEST Group's Board of Directors complies with the requirements of recommendation R11. In the opinion of the Board of Directors, a formal self-assessment (on the basis of questionnaires) every three years is sufficient and any anomalies detected are addressed by the Directors at each meeting (miscellaneous questions) without the need to update the agenda. Points raised in Board meetings are recorded in the minutes. Otherwise, the Chair formulates the question orally to ensure in order to ensure that no dysfunction in the conduct of the meeting was recognised.

The most recent formal assessment was carried out during the meeting of 9 December 2016, by means of an individual questionnaire sent to each Director. The next assessment will take place no later than December 2019.

3.5. Creation of committees

3.5.1. Principles

In accordance with recommendation R6 of the MiddleNext Code, information on PHARMAGEST INTERACTIVE's choice of ad hoc committees is provided below.

In light of its size and structure, PHARMAGEST INTERACTIVE's Board of Directors does not consider it necessary to create ad hoc committees such as a Compensation Committee, a Nominating Committee or a Strategic Committee.

PHARMAGEST Group's main business is publishing and marketing pharmacy management software in France, which does not generate significant impacts on the environment or on society. For that reason, it also does not consider it necessary to establish a CSR Oversight Committee, with the responsibility of monitoring these issues assigned to the Managing Director.

3.5.2. The Audit Committee

Pursuant to applicable regulations, PHARMAGEST INTERACTIVE's formed an Audit Committee in 2006.

The main tasks of the Audit Committee and their performance are in line with the final report of the working group on audit committees, issued on 22 July 2010 by the AMF.

In 2018, the members of the Audit Committee, appointed by the Board of Directors, were as follows:

- Mr. Daniel ANTOINE, Director;
- Ms. Marie-Louise LIGER, Independent Director;
- Mr. François JACQUEL, Director.

Ms. Marie-Louise LIGER, Independent Director according to the criteria of the MiddleNext code and possessing the requisite financial and accounting expertise, has chaired the Audit Committee since 1 July 2015 and In accordance with the rules of procedure of the Board of Directors, the office of Ms. LIGER was renewed on 28 June 2018 for a term of three years.

The Chair of the Audit Committee assures the role of committee secretary for its work.

The Audit Committee met four times in 2016 with an attendance rate of 100%.

The Audit Committee's rules of procedure were drawn up and approved in 2008. These rules were incorporated as part of the Board's rules of procedure during the Board meeting on 16 June 2011.

The Audit Committee's main tasks are to monitor:

- The process for producing accounting and financial information;
- The effectiveness of internal control and risk management systems;
- The statutory audit of the Company’s annual financial statements and the Group’s consolidated financial statements;
- The independence of the statutory auditors.

In addition, the Board of Directors may assign any other responsibilities it deems appropriate to the Audit Committee, in line with the Board's duties.

Scope of the Audit Committee's work:

- The Committee is not limited solely to financial and accounting aspects and covers all areas of the company. It is the Audit Committee's responsibility to ensure that the Group has a process for identifying and analysing risks likely to have a material impact on the accounting and financial information.
- It must include in its review the risks that are reflected in accounting terms (including information in the notes to the financial statements) and the risks identified by the internal control and risk management systems established by general management and which may have an impact on the financial statements.

In light of the above, based on the recommendations of the AMF working group, the Audit Committee:

- Conducts quarterly, half-yearly and annual reviews of the financial statements with the Finance Department and the Statutory Auditors to ensure that all material events or complex transactions are correctly reflected in the accounts;
- Reviews in advance the publication of the registration document and interim report;
- Ensures that the internal control and risk management systems are in keeping with the reference framework for internal control: *Implementation guide for small and mid caps, issued by the AMF;*
- Requests the Auditors' participation during Audit Committee meetings;
- Requests the Statutory Auditors to provide an annual statement of independence;
- Monitors the performance by the Auditors of their missions and takes into account, as applicable, the observations and conclusions of the French auditors supervisory body *(Haut Conseil du Commissariat aux Comptes)* pursuant to audits performed in accordance with regulations;
- Approves, as applicable, the provision of services other than account certification in compliance with applicable regulations;
- Issues a recommendation on the Statutory Auditors proposed for appointment to the Annual General Meeting;
- Reports to the Board of Directors on the performance of its duties and promptly reports about any difficulties encountered.

During the 2018 financial year, the Audit Committee:

- Review of the annual and interim financial information;
- Review the Statutory Auditors' presentation of their work and conclusions on the annual and interim consolidated financial statements;
- Monitored the financial position and structure of the Group's foreign and French subsidiaries;
- Analysed subsidiaries' equity holdings;
- Studies the presentation by members of the Executive Management growth projects and the main contracts;
- Updated internal audit procedures;
- Monitored priority technology action programmes;
- Analysed offers received in connection with the call for tender for the renewal of one of the statutory auditors.

Information was provided orally during these meetings and the Board of Directors was also informed about the work of the Audit Committee by a report given to the Chair and the Managing Director at each of the meeting.

In addition to ongoing missions (financial information, Statutory Auditors' conclusions and independence), the main subjects to be addressed during the 2019 financial year are summarised below:

- Review of the quarterly, half-yearly and annual financial information;
- Review the Statutory Auditors' presentation of their work and conclusions on the annual and interim consolidated financial statements;
- Examination of the financial position and structure of the Group's French and foreign subsidiaries as at the start of the financial year, as well as any that are added to the scope of consolidation during the year.

A number of specific "operating" committees also report to Executive Management. The Finance and Personnel Management Committee or certain members thereof may be directly solicited by the Board of Directors or the Audit Committee to address specific topics.

4. Compensation of corporate officers

4.1. Compensation policy for non-executive officers

Non-executive Board Members receive director's fees, set in accordance with recommendation R10 of the MiddleNext Code as follows:

- Directors' fees are paid to those Directors not occupying operating positions in LA COOPERATIVE WELCOOP (formerly GROUPE WELCOOP) and on that basis do not receive compensation;
- The allocation of directors' fees also takes into account distance to be travelled, record of attendance and the amount of time Directors spend in the performance of their duties. In addition, attendance at Audit Committee meetings and the nature of the function within said Committee are also taken into account.

In 2018, directors' attendance fees were allocated to:

- Directors not exercising operational functions within LA COOPERATIVE WELCOOP for amounts per meeting of up to €150 for those near the venue and €250 for those coming from a farther distance requiring them to be absent for a full day;
- To Directors who are Audit Committee members, a flat annual amount of €4,000. Ms. Marie-Louise LIGER received additional attendance fees of €10,000 for the performance of specific missions relating to her particular financial and accounting expertise.

Attendance fees for 2018 were paid on 31 December 2018.

The total amount of attendance fees proposed for 2019 submitted for approval by the Annual General Meeting of 27 June 2019 is €33,000.

4.2. Executive officer compensation policy

4.2.1. Compensation policy for executive officers on the basis of their office (based on ex-ante say-on-pay)

In application of article L. 225-37-2 of the French commercial code, information on the compensation policy for executive officers in reference to payments made on the basis of their offices is provided below. Parties concerned:

- The Chair of the Board of Directors,
- The Managing Director,
- The Deputy Managing Director(s).

Compensation paid on the basis of corporate offices is comprised exclusively of fixed compensation. On that basis, the corporate officers do not received any other components of compensation referred to in article R. 225-29-1 of the French commercial code.

The Board of Directors also complies with the principles of recommendation R13 of the MiddleNext Code in determining compensation of corporate officers, and namely, comprehensiveness, balance, benchmarking, consistency, understandability, proportionality and transparency.

A policy has been adopted providing for the stability in the fixed compensation paid to executive officers with respect to their offices. On that basis, the executive officers receive the following compensation:

Mr. Thierry CHAPUSOT

The compensation of Mr. Thierry CHAPUSOT for his office as Chair of the Board of Directors was set at the time of his appointment by decision of the Board of Directors of 5 November 2009 and entering into effect as from 1 January 2010 at a gross annual amount of €24,000. There have been no changes since this date. It is specified that this compensation was the same that Mr. CHAPUSOT has received since 2008 as Managing Director.

Mr. Dominique PAUTRAT

The compensation of Mr. Dominique PAUTRAT for his office as Managing Director was set at the time of his appointment by decision of the Board of Directors held on 5 November 2009 and entering into effect as from 1 January 2010 at a gross annual amount of €24,000. Since this date, there have been no changes to this amount.

Mr. Denis SUPPLISSON

The compensation of Mr. Denis SUPPLISSON for his office of Deputy Managing Director was set by the Board of Directors on 24 March 2011 for a gross annual amount of €2,400 as from 1 January 2011. This amount was increased to a gross annual amount of €12,000 as from 1 January 2013 under the terms of a decision by the Board of Directors on 14 December 2012. No change has been made to this compensation since.

The Board of Directors proposes that this compensation be maintained and asks the Annual Ordinary General Meeting to approve the above principles and procedures on an ex-ante vote basis, by approving the "ex-ante vote" resolutions submitted to your vote.

4.2.2. Holding employment contracts in conjunction with corporate office

In accordance with its compensation policy for executive officers and recommendation R15 of the MiddleNext Code, the Board of Directors authorised Messrs. Dominique PAUTRAT and Denis SUPPLISSON to hold an employment contract concurrent with their corporate offices. In 2018, this provision concerned Mr. Thierry PONNELLE who resigned at 31 January 2019.

This decision is based on the executive's length of service with the company (since they already held employment contracts when appointed to the Board), the executive retention benefits and low compensation for their offices in relation to the actual risks incurred.

In addition, the Board of Directors also complies with the principles of recommendation R13 of the MiddleNext Code in determining compensation of corporate officers, and namely, comprehensiveness, balance, benchmarking, consistency, understandability, proportionality and transparency.

In general terms, compensation paid to the Managing Director and Deputy Managing Directors consists, in addition to the fixed compensation in respect of their corporate office and fixed compensation in respect of their employment contract, a benefit in kind (a company car, where applicable) and a bonus, established on the basis of results achieved, which are assessed based on the sector, Group-wide performance targets and factors related to each financial year.

Fixed salaries may be increased in line with general trend for wage increases or according to changes in the scope of responsibilities. If a material change is made to an employment contract, fixed salaries are amended accordingly, once authorised by the Board of Directors.

Bonuses are recognised in the year they are calculated, even if paid during the next or subsequent financial years.

Compensation is set according to the following principles:

In 2018, the provisions defined for employment contracts were applied to those directors having employment contract with PHARMAGEST INTERACTIVE.
The variable performance of compensation takes into key performance indicators within the scope of responsibilities associated with the beneficiaries. Procedures for its calculation are as follows:

The guidelines are based on internal reporting according to ARC regulation 99.02.

- For Mr. Dominique PAUTRAT: based on the target for PHARMAGEST Group's earnings before tax (EBT). This compensation may evolve according to the percentage of achievement of meeting the EBT target;

- For Mr. Thierry PONNELLE: according to quantitative PHARMAGEST Group targets based on EBT (subject to change depending on the percentage of achievement for the EBT target) and the gross operating profit or EBITDA for the Pharmacy France business (subject to change according to the percentage of achievement of the of the EBITDA target), but also qualitative objectives (management of PHARMAGEST Consulting and the Internal Communications Plan subject to changes according to the percentage of completion of these objectives);

- For Mr. Denis SUPPLISSON: based on the target earnings before tax (EBT) for the Pharmacy Europe Solutions business (subject to change depending on the percentage of achievement of this target) and an objective linked to targets for completing acquisitions within the scope of this business;

- In addition, by authorisation of the Board of Directors on 29 March 2018, it was decided to grant Messrs. Dominique PAUTRAT and Denis SUPPLISSON within the framework of their employment contracts, subject to achievement of objectives defined for a four-year period (2017-2020):

  - For Mr. Dominique PAUTRAT, a long-term incentive bonus bearing, according to the level of objectives achieved, between €0 and a gross maximum amount of €350,000, with such objectives linked to the PHARMAGEST Group business plan, excluding Health and Social Care Facilities and upon the consolidation of business plans at the WELCOOP Group level.
  - For Mr. Denis SUPPLISSON, a long-term incentive bonus bearing, according to the level of objectives achieved, between €0 and a maximum gross amount of €180,000, with such objectives linked to the business plan of the Pharmacy Europe business and the business plan of PHARMAGEST Group business, excluding Health and Social Care Facilities.

  Provisions are made in the financial statements for the incentive bonuses each financial year on a pro-rata basis, according to progress towards achieving the targets over the four-year period.

PHARMAGEST Group does not wish to disclose certain qualitative criteria, whereby it is specified that this criteria has been previously established and precisely defined but not disclose for reasons of confidentiality.

The executive officers are beneficiaries under a defined-benefit plan ("Article 83 plan") with the cost fully assumed by PHARMAGEST INTERACTIVE based on an amount equal to 8% of their total compensation within the limit of tranche C.

4.2.3. Special indemnities

Executive officers do not receive indemnities (with the exception of financial consideration in exchange for the non-compete clause in Mr. Dominique PAUTRAT's employment contract), severance pay, or advantages under defined benefit supplementary pension schemes in accordance with recommendations R16 and R17 of the MiddleNext Code.

4.2.4. Policy for restricted stock units or stock option plans

PHARMAGEST INTERACTIVE does not have restricted share plans. A new stock option plan authorised by the EGM on 27 June 2014, was established by the Board Directors at its meeting of 5 December 2014. Pursuant to recommendation R18 of the MiddleNext Code, the executive officers, Managing Directors, Deputy Managing Directors, Managing Partners and Directors of PHARMAGEST INTERACTIVE and its Subsidiaries, as well as the members of PHARMAGEST INTERACTIVE's Finance and Personnel Management Committee are not eligible for the plan.

4.3. Compensation paid to PHARMAGEST INTERACTIVE executive officers

The company complies with the standard presentation of compensation of corporate officers proposed in the AMF recommendation.

Any heading not included in the following tables is considered not applicable.

Table 1: Summary of compensation, stock options and restricted shares granted to corporate officers (in €)

	2018	2017
CHAPUSOT Thierry - Chair of the Board of Directors		
Compensation due for the year	24,000	24,000
TOTAL	**24,000**	**24,000**

	2018	2017
PAUTRAT Dominique - Managing Director/Director [(1) (2)]		
Compensation due for the year Valuation of multi-year compensation granted in the period	234,496 32,683	214,962 31,651
TOTAL	**267,179**	**246,613**

	2018	2017
PONNELLE Thierry - Deputy Managing Director/Director [(1) (2)]		
Compensation due for the year Value of multi-year compensation granted in the period	111,570 0	124,002 0
TOTAL	**111,570**	**124,002**

	2018	2017
SUPPLISSON Denis - Deputy Managing Director/Director [(1) (2)]		
Compensation due for the year Value of multi-year compensation granted in the period	183,703 40,175	163,287 25,627
TOTAL	**223,878**	**188,914**

[(1)] *Messrs. Dominique PAUTRAT, Thierry PONNELLE and Denis SUPPLISSON were beneficiaries of a defined contribution plan (known as the "Article 83 plan" in reference to article 83 of the French General Tax Code), where PHARMAGEST INTERACTIVE pays contributions equal to 8% calculated in reference to their total compensation within the limit of tranche C. PHARMAGEST INTERACTIVE pays all costs and contributions under this plan to Swiss Life.*

[(2)] *It was furthermore decided to establish a long-term incentive plan (2017-2020) for Messrs. Dominique PAUTRAT and Denis SUPPLISSON, by authorisation of the Board of Directors of 29 March 2018, within the framework of their employment contracts. The objectives to be met under this long-term incentive plan for Dominique PAUTRAT are linked to the business plan for PHARMAGEST Group's business excluding Health and Social Care Facilities and the consolidation of the business plans at the level of WELCOOP Group, and for Denis SUPPLISSON to the business plans of the Pharmacy Europe Solutions Division and the business plan for PHARMAGEST Group's business, excluding Health and Social Care Facilities. Payment of these incentive bonuses shall be subject to meeting the targets for the four-year period in 2021, whereby it is specified that payment is contingent on meeting the condition of presence for the above-named individuals in their positions at the time the bonuses paid. Provisions for the bonuses have been recorded each year in the financial statements pro rata based on the progress achieved in meeting the targets for the year in question.*

Table 2: Summary of compensation paid to each corporate officer (in €)

CHAPUSOT Thierry Chairman of the Board of Directors	2018		2017	
	Amounts owed	Amounts paid	Amounts owed	Amounts paid
Corporate office [(1)]	24,000	24,000	24,000	24,000
TOTAL	**24,000**	**24,000**	**24,000**	**24,000**

PAUTRAT Dominique Managing Director /Director	2018		2017	
	Amounts owed	Amounts paid	Amounts owed	Amounts paid
Fixed compensation	165,501	165,501	146,004	146,004
Annual performance-based compensation	40,000	34,000	40,000	40,000
Multi-yearly variable compensation [(2)]	32,683	0	31,651	82,000
Special compensation	0	6,000	0	0
Corporate office [(1)]	24,000	24,000	24,000	24,000
Benefit in kind (car)	4,995	4,995	4,958	4,958
TOTAL	**267,179**	**234,496**	**246,613**	**296,962**

PONNELLE Thierry Deputy Managing Director /Director	2018		2017	
	Amounts owed	Amounts paid	Amounts owed	Amounts paid
Fixed compensation	78,908	78,908	93,252	93,252
Annual performance-based compensation	16,750	16,750	18,750	18,750
Multi-yearly variable compensation [(2)]	0	0	0	44,000
Corporate office [(1)]	12,000	12,000	12,000	12,000
Benefit in kind (car)	3,912	3,912	0	0
TOTAL	**111,570**	**111,570**	**124,002**	**168,002**

SUPPLISSON Denis Deputy Managing Director /Director	2018		2017	
	Amounts owed	Amounts paid	Amounts owed	Amounts paid
Fixed compensation	128,400	128,400	114,000	114,000
Annual performance-based compensation	26,000	26,000	25,500	25,500
Multi-yearly variable compensation [(2)]	40,175	0	25,627	97,000
Special compensation	12,800	12,800	7,300	10,500
Corporate office [(1)]	12,000	12,000	12,000	12,000
Benefit in kind (car)	4,503	4,503	4,487	4,487
TOTAL	**223,878**	**183,703**	**188,914**	**263,487**

[(1)] *With respect to the "ex-post" vote, it is specified that amounts paid to executive officers in 2018 on the basis of their offices comply with the decisions of the Annual Ordinary General Meeting of 28 June 2018 within the framework of the "ex-ante" vote.*

[(2)] *Concerning the amount paid in 2017, acting on the authorisation of the Board of Directors meeting on 13 December 2013, it was decided to grant Messrs. Dominique PAUTRAT, Thierry PONNELLE and Denis SUPPLISSON a long-term (2013-2016) incentive bonus in line with the objectives of the Group's business plan, and an acquisitions incentive bonus covering the activities of PHARMAGEST Group for the period 2013-2016 and concerning investments in 2013/2014, as part of their employment contracts. Payment of these incentive bonuses was contingent on meeting the targets set in 2017 for a period of four years, where this payment is subject to condition of presence of the above-named individuals in their positions. Provisions for the bonuses have been recorded each year in the financial statements pro rata based on the progress achieved in meeting the targets for the year in question.*

Table 3: Directors' attendance fees and other compensation received by non-executive directors (in €)

MOREAUX Hugues - Board representative of LA COOPERATIVE WELCOOP *(formerly GROUPE WELCOOP)*	2018	2017
Directors' attendance fees Other compensation	0 0	0 0
TOTAL	**0**	**0**

ANTOINE Daniel	2018	2017
Directors' attendance fees Other compensation	900 4,000	900 4,000
TOTAL	**4,900**	**4,900**

LIGER Marie-Louise - Independent Director	2018	2017
Directors' attendance fees Other compensation	900 14,000	900 14,000
TOTAL	**14,900**	**14,900**

JACQUEL François	2018	2017
Directors' attendance fees Other compensation	1,000 4,000	1,500 4,000
TOTAL	**5,000**	**5,500**

LHOTE Anne	2018	2017
Directors' attendance fees Other compensation	0 0	0 0
TOTAL	**0**	**0**

MAYEUX Sophie - Independent Director	2018	2017
Directors' attendance fees Other compensation	900 0	900 0
TOTAL	**900**	**900**

LECOMTE Emilie	2018	2017
Directors' attendance fees Other compensation	750 0	750 0
TOTAL	**750**	**750**

GRIS Céline - Independent Director	2018	2017
Directors' attendance fees Other compensation	300 0	750 0
TOTAL	**300**	**750**

Table 4: Executive Directors

	Employment contract		Supplementary pension plan		Compensation or benefits due or likely to be due upon termination or change of duties		Payments relating to non-compete clauses	
	Yes	No	Yes	No	Yes	No	Yes	No
CHAPUSOT Thierry								
Chair of the Board of Directors **Beginning of term of office:** Appointed Managing Director and Board Member on 30/05/2002, then Chairman of the Board of Directors on 05/11/2009 with effect from 01/01/2010 **Term of office expires on:** 31/12/2019		X		X		X		X
PAUTRAT Dominique								
Chief Executive Officer Director **Beginning of term of office:** Appointed Director on 19/06/2009 and Managing Director and Director on 05/11/2009 with effect from 01/01/2010 **Term of office expires on:** 31/12/2019	X		X			X	X[1]	
PONNELLE Thierry								
Deputy Managing Director and Director **Beginning of term of office:** Appointed Deputy Managing Director and Director on 30/05/2002 **Term of office expires on:** 31/12/2019	X		X			X		X
SUPPLISSON Denis								
Deputy Managing Director and Director **Beginning of term of office:** Appointed Deputy Managing Director (non-Director) on 09/11/2010 and Deputy Managing Director and Director on 01/01/2013 **Term of office expires on:** 31/12/2019	X		X			X		X

[1] *Non-compete clause with financial compensation amounting to 50% of monthly salary for 12 months, calculated based on average salary for the last 12 months.*

PHARMAGEST INTERACTIVE considered that it is justified in maintaining the employment contracts of Messrs. Dominique PAUTRAT, Thierry PONNELLE and Denis SUPPLISSON (all of whom already had employment contracts at the time of their appointment as corporate officers) due to their length of service in the company, their employment benefit intended to retain them in their functions within the company and the low compensation paid for their role as corporate officers in view of the actual risks incurred.

4.4 Compensation paid to corporate officers of companies controlling PHARMAGEST INTERACTIVE

Any heading not included in the following tables is considered not applicable.

4.4.1 Compensation paid to corporate officers of MARQUE VERTE SANTE, the parent company of PHARMAGEST INTERACTIVE

No compensation is paid to executive directors of MARQUE VERTE SANTE. The persons concerned by executive offices of MARQUE VERTE SANTE are:

- CHAPUSOT Thierry - Chair of the Management Board;
- PAUTRAT Dominique - Management Board member;
- LHOTE Anne - Management Board member;
- MOREAUX Hugues - Chair of the Supervisory Board;
- ANTOINE Daniel - Representing LA COOPERATIVE WELCOOP - Supervisory Board member.

4.4.2 Compensation paid to corporate officers of LA COOPERATIVE WELCOOP the parent company of MARQUE VERTE SANTE

Compensation paid to each executive officer (in €)

CHAPUSOT Thierry - Chair of the Management Board (1) (2)	2018	2017
Fixed compensation	267,000	243,000
Annual performance-based compensation	50,000	75,000
Multi-year variable compensation	0	160,000
Special compensation	0	0
Corporate office	54,000	54,000
Benefit in kind (car)	8,358	7,824
TOTAL	**379,358**	**539,824**

PAUTRAT Dominique - Management Board member	2018	2017
Fixed compensation	0	0
Annual performance-based compensation	0	0
Multi-year variable compensation	0	0
Special compensation	0	0
Corporate office	24,000	24,000
Benefit in kind (car)	0	0
TOTAL	**24,000**	**24,000**

LHOTE Anne – Management Board member (1) (2)	2018	2017
Fixed compensation	170,000	170,000
Annual performance-based compensation	40,000	54,000
Multi-year variable compensation	0	56,000
Special compensation	0	70,000
Corporate office	24,000	24,000
Benefit in kind (car)	2,360	2,360
TOTAL	**236,360**	**376,360**

(1) Mr. Thierry CHAPUSOT (since 2010) and Ms. Anne LHOTE hold employment contracts and are the beneficiaries of a defined contribution plan (the "Article 83 plan" in reference to article 83 of the French General Tax Code), where LA COOPERATIVE WELCOOP pays all costs and the total contributions to Swiss Life, based on an amount equal to 8% of their total compensation within the limit of tranche C.

(2) Concerning the multi-yearly variable compensation paid in 2017, acting on the authorisation of the Supervisory Board of 29 March 2013, it was decided to grant Mr. Thierry CHAPUSOT and Ms. LHOTE a long-term (2013-2016) signing bonus, in line with the objectives of the Groupe WELCOOP's four-year business plan. These bonuses were paid on 30 April 2017 based on meeting objectives set for a four year period.
In line with Groupe WELCOOP's payroll policy, a new a long-term incentive bonus plan was established based on objectives linked to its business plan for the financial period from 2017 to 2020.
PHARMAGEST Group does not wish to disclose certain qualitative criteria, whereby it is specified that this criteria has been previously established and precisely defined but not disclose for reasons of confidentiality.

Attendance fees and other compensation received by non-executive corporate officers (in €)

MOREAUX Hugues - Chair of the Supervisory Board	2018	2017
Directors' attendance fees Other compensation (office of Chair)	0 113,784	0 113,784
TOTAL	**113,784**	**113,784**

ANTOINE Daniel - Vice-Chair of the Supervisory Board	2018	2017
Directors' attendance fees Other compensation (compensatory payments)	0 993	0 1,091
TOTAL	**993**	**1,091**

JACQUEL François - Supervisory Board member	2018	2017
Directors' attendance fees Other compensation (compensatory payments)	0 1,305	0 1,299
TOTAL	**1,305**	**1,299**

LECOMTE Emilie - Supervisory Board member	2018	2017
Directors' attendance fees Other compensation (compensatory payments)	0 836	0 1,091
TOTAL	**836**	**1,091**

5. Agreements executed by an executive of significant shareholder of the parent company with a subsidiary

In accordance with article L.225-37-4, paragraph 2 of the French commercial code, we are required to inform you of agreements (except where these relate to current operations and are transacted under normal conditions), that took place, directly or through an intermediary, between, as relevant, the Managing Director, one of the Deputy Managing Directors, one of the Directors or one of the shareholders with more than 10% of the voting rights of a company and another company in which the latter owns more than 50% of the capital, either directly or indirectly. To the Company's knowledge, there were no agreements of this type.

6. Special arrangements for shareholder attendance at general meetings or the provisions providing for such arrangements.

The methods of participation in Annual General Meetings are specified in Article 20.3 of the Articles of Association and are governed by Article R. 225-85 of the French commercial code.

7. Items having a potential impact in the event of public offerings

In application of article L. 225-37-5 of the French commercial code, items that could have an impact in the event of a public offering concern the capital structure presented in the management report.

8. Delegations of powers currently in force granted by the General Meeting in the case of capital increases

No delegation of authorities granted by the General Meeting are currently in force.

24.4 Draft resolutions

PHARMAGEST INTERACTIVE
A FRENCH PUBLIC LIMITED COMPANY *(SOCIÉTÉ ANONYME)* WITH SHARE CAPITAL OF €3,034,825
REGISTERED OFFICE: TECHNOPOLE DE NANCY BRABOIS
05 ALLEE DE SAINT CLOUD 54600 VILLERS LES NANCY
NANCY COMPANIES REGISTER (RCS) NO. 403 561 137

THE ANNUAL ORDINARY GENERAL SHAREHOLDERS' MEETING
OF 27 JUNE 2019

DRAFT RESOLUTIONS

RESOLUTION ONE

Approval of the separate parent company financial statements

The shareholders, acting in accordance with the quorum and majority requirements applicable to Ordinary General Meetings, after considering:

- The management report of the Board of Directors on the activities and results of PHARMAGEST INTERACTIVE and its subsidiaries during the financial year ended on 31 December 2018 and on the financial statements for this period, the non-financial statement and the Board of Director's report on corporate governance in accordance with Article L. 225-37 of the French commercial code,
- The Statutory Auditors' report on the annual financial statements,

Hereby approve the annual financial statements as presented showing a profit of €16,683,080.69.

In accordance with Article 223 *quater* of the French General Tax Code, the Annual General Meeting approves the expenditure and charges provided for by Article 39-4 totalling €114,556 and resulting in tax of €38,185.

RESOLUTION TWO

Discharge to Directors

The shareholders, acting in accordance with the quorum and majority requirements applicable to Ordinary General Meetings, discharge the members of the Board of Directors for the performance of their duties and discharge the Statutory Auditors for the performance of their engagement.

RESOLUTION THREE

Approval of the consolidated financial statements

The shareholders, acting in accordance with the quorum and majority requirements applicable to Ordinary General Meetings, after considering the Management Report of PHARMAGEST Group and the report of the Statutory Auditors, approve the consolidated financial statements as at 31 December 2018, as presented.

RESOLUTION FOUR

Net income appropriation

The shareholders, acting in accordance with the quorum and majority requirements applicable to Ordinary General Meetings, on the proposal of the Board of Directors, decide to appropriate profit for the year of €16,683,080.69 as follows:

Profit of the period Retained earnings	€16,683,080.69 €50,522,316.77
Amount available to shareholders	**€67,205,397.46**
Dividend (€0.85 per share) The balance is appropriated to retained earnings	**€12,898,006.25** €54,307,391.21

The dividend per share on that basis is €0.85.

The dividend will have a payment date of 3 July 2019 and be distributed by BNP PARIBAS Bank as the paying agent and security services provider.

If PHARMAGEST INTERACTIVE holds shares in treasury at the time of the dividend payment (under a liquidity contract), the amount of unpaid dividends as a result will be appropriated to retained earnings.

Dividends in France are subject to flat tax *(prélèvement forfaitaire unique)* on investment income of 30% which are deducted by the company or subject to withholding taxes as follows:

- a compulsory social security contribution *(prélèvement social obligatoire)* of 17.2 %;
- a withholding tax of 12.8 % for individuals persons who are tax residents in France (Article 117 quater (new) of the French General Tax Code). The calculation of this amount is based on gross income. However, individuals belonging to a tax household where the reference tax income of the year before last, as defined in 1 of IV of Article 1417 is less than €50,000 for single, divorced or widowed taxpayers and less than €75,000 for taxpayers subject to joint taxation, can apply for an exemption, under the conditions provided in Article 242 *quater*. This withholding is applied to income tax for the year in which the dividends were paid. If it is higher than the amount of tax due, the difference is refunded.

Natural persons retain the option when filing the income tax statement for the application of progressive income tax scale to their combined earnings and capitals gains of the year after applying, if applicable, the 40% reduction on dividend payments (2° of 3 of article 158 of the French general tax code *(code général des impôts)*.

As required by law, the General Meeting duly notes dividends payments for the last three financial years were as follows:

Year	Dividend per share	Dividend eligible for the 40% allowance (paid to individuals)	Dividend not eligible for the 40% allowance (paid to legal entities)
31/12/2015	€0.60	€0.60	€0.60
31/12/2016	€0.65	€0.65	€0.65
31/12/2017	€0.75	€0.75	€0.75

RESOLUTION FIVE

New agreement covered by article L. 225-38 of the French Commercial Code (with Dominique PAUTRAT)

The shareholders, acting in accordance with the quorum and majority voting requirements applicable to Ordinary General Meetings, having considered the Statutory Auditors special report on regulated agreements subject to the provisions of articles L. 225-38 et *seq*, approve the new agreement, duly authorised by the Board of Directors, entered into with Mr. Dominique PAUTRAT, concerning the modification of his employment contract as this agreement is described in this report.

RESOLUTION SIX

New agreement covered by article L. 225-38 of the French Commercial Code (with Denis SUPPLISSON)

The shareholders, acting in accordance with the quorum and majority voting requirements applicable to Ordinary General Meetings, having considered the Statutory Auditors special report on regulated agreements subject to the provisions of articles L. 225-38 et *seq*, approve the new agreement, duly authorised by the Board of Directors, entered into with Mr. Denis SUPPLISSON, concerning the modification of his employment contract as this agreement is described in this report.

RESOLUTION SEVEN

New agreement covered by article L. 225-38 of the French Commercial Code (with Thierry PONNELLE)

The shareholders, acting in accordance with the quorum and majority voting requirements applicable to Ordinary General Meetings, having considered the Statutory Auditors special report on regulated agreements subject to the provisions of articles L. 225-38 et *seq*, approve the new agreement, authorised by the Board of Directors, entered into with Mr. Thierry PONNELLE, concerning the modification of his employment contract as this agreement is described in this report.

RESOLUTION EIGHT

New agreement covered by article L. 225-38 of the French Commercial Code (with MARQUE VERTE SANTE)

The shareholders, acting in accordance with the quorum and majority voting requirements applicable to Ordinary General Meetings, having considered the Statutory Auditors special report on regulated agreements subject to the provisions of articles L. 225-38 et *seq*, approve the renewal of the current account advance agreement with MARQUE VERTE SANTE, duly authorised by the Board of Directors, as presented in this report.

RESOLUTION NINE

Prior related party agreements covered by article L. 225-38 of the French commercial code remaining in force

The shareholders, acting in accordance with the quorum and majority requirements applicable to Ordinary General Meetings, after considering the Statutory Auditors' report on regulated agreements provided for articles L. 225-38 et *seq*. of the French commercial code, duly note that the agreements previously approved by the Ordinary General Meeting of the shareholders remain in force.

RESOLUTION TEN

Share buyback authorisation

The shareholders, acting in accordance with the quorum and majority requirements applicable to Ordinary General Meetings, after considering the Board of Directors' report in accordance with provisions of articles 225-209 et seq. of the French commercial code, hereby authorise the Board, which the latter may further delegate in accordance with the law and regulations applicable at the time of the transaction, and in particular, in accordance with the conditions provided for under articles L. 225-209 et seq., by European Commussion Regulation no. 596/2014 of 16 April 2014, by European Commission Regulation 2016/1052 of 8 March 2016, and by the AMF General Regulation, to proceed, on one or more occasions, with the purchase by PHARMAGEST INTERACTIVE of its own shares within the limit of 10% of the share capital, i.e. up to a maximum of 1,517,412 shares.

The General Meeting resolves that the Board of Directors has the authority, with the option of subdelegation under the conditions laid down by law, to buy back shares for the following purposes:

- Maintaining an orderly market or the liquidity of the Pharmagest share by an investment services provider through a liquidity agreement that complies with an ethics charter recognised by the AMF *(Autorité des Marchés Financiers)*, the French financial market authority;
- Purchasing shares for future use, to be tendered in exchange or payment for acquisitions;
- Granting shares to the employees or corporate officers of PHARMAGEST INTERACTIVE or its Group, in accordance with the terms and conditions provided by law, notably as part of a profit-sharing plan, to cover stock options, as part of a company savings plan or to be used to award performance shares to employees pursuant to the provisions of Articles L. 225-197-1 et seq. of the French commercial code.

The General Meeting decided that the maximum funds destined for this share repurchase programme, excluding costs, shall be €75,000,000.

The purchase, sale or transfer of shares may be carried out by any means authorised by applicable regulations, in the market, by mutual agreement and including through block purchases, at any time, including while a public tender offer is in progress.

The shareholders grant authority to the Board of Directors, in the case of a modification of the nominal value of the share, to proceed with capital increases through the capitalisation of reserves, distribution of stock dividends, stock splits or reverse splits, distribution of reserves or other assets, amortisation of capital, or any other transaction having an impact on the company's shareholders' equity, to adjust the purchase and sale price mentioned above to take into account the impact of these corporate actions on the value of the share. More generally, the maximum size of this buyback and the maximum number of shares repurchased will, as required, be adjusted to take into account subsequent corporate actions of the Company or decisions affecting the share capital.

The shareholders grant all powers to the Board of Directors that may, in accordance with the law and regulations, in turn delegate such authority in order to:

- Implement this authorisation if it deems appropriate;
- Determine the conditions and procedures for the share buyback programme including notably the purchase price of the shares (maximum and minimum price per share);
- Set and adjusting the number of shares included in the share buyback programme, and the maximum purchase price defined under this programme;
- Acquire, sell or transfer these shares by any means; place all market orders;
- Allocate or re-allocate the shares thus acquired to the various objectives pursued, in compliance with the applicable legal and regulatory provisions;
- Enter into any agreement, and notably the liquidity contract, make all representations to any body and notable the French financial market regulator, the Autorité des Marchés Financiers, in compliance with article L. 225-212 of the French commercial code;
- And in general, do everything that is required for the application of this resolution.

The shareholders decide that this authorisation is granted for a period of eighteen (18) months from the date of this Meeting or until 26 December 2020 and cancels and supersedes any prior authorisation having the same purpose.

In its Management Report, the Board of Directors will report to the General Meeting each year on the transactions carried out under this authorisation.

RESOLUTION ELEVEN

Compensation of the Chair of the Board of Directors, Thierry CHAPUSOT (ex-post vote)

The shareholders, acting in accordance with the quorum and majority requirements applicable to Ordinary General Meetings, in application of article L. 225-100 of the French commercial code and after considering the report on corporate governance, approve the components of total compensation paid to Mr. Thierry CHAPUSOT for fiscal 2018, on the basis of his office as Chair of the Board of Directors.

RESOLUTION TWELVE

Compensation of the Managing Director, Dominique PAUTRAT (ex-post vote)

The shareholders, acting in accordance with the quorum and majority requirements applicable to Ordinary General Meetings, in application of article L. 225-100 of the French commercial code and after considering the report on corporate governance, approve the components of total compensation paid to Mr. Dominique PAUTRAT for fiscal 2018, on the basis of his office as Managing Director.

RESOLUTION THIRTEEN

Compensation of the Deputy Managing Director, Denis SUPPLISSON(ex-post vote)

The shareholders, acting in accordance with the quorum and majority requirements applicable to Ordinary General Meetings, in application of article L. 225-100 of the French commercial code and after considering the report on corporate governance, approve the components of total compensation paid to Mr. Denis SUPPLISSON for fiscal 2018, on the basis of his office as Deputy Managing Director.

RESOLUTION FOURTEEN

Compensation of the Deputy Managing Director, Thierry PONNELLE (ex-post vote)

The shareholders, acting in accordance with the quorum and majority requirements applicable to Ordinary General Meetings, in application of article L. 225-100 of the French commercial code and after considering the report on corporate governance, approve the components of total compensation paid to Mr. Thierry PONNELLE for fiscal 2018, on the basis of his office as Deputy Managing Director.

RESOLUTION FIFTEEN

Compensation of executive officers (ex-ante vote)

The shareholders, acting in accordance with the quorum and majority requirements applicable to Ordinary General Meetings, after considering the report on corporate governance, approve in accordance with article L. 225-37-2 of the French commercial code, approve the principles and criteria for setting, allocating and granting fixed, variable and exceptional components of total compensation and benefits of any nature attributable on the basis of their offices, to the Chair of the Board of Directors, the Managing Director and Deputy Managing Director, as presented in section 4.2 of this report, entitled "compensation policy for executive officers".

RESOLUTIONS SIXTEEN

Directors' attendance fees

The shareholders, acting in accordance with the quorum and majority voting requirements applicable to Ordinary General Meetings, decide to set the total annual amount for attendance fees for Directors at €33,000 in 2019.

RESOLUTION SEVENTEEN

Powers for formalities

The shareholders, acting in accordance with the quorum and majority voting requirements applicable to Ordinary General Meetings, grant all powers to the holder of an original or a copy of these minutes to perform all formalities required by law.

24.5 Upcoming financial communications

Q1 2019 revenue	16 May 2019
H1 2019 revenue	2 August 2019
H1 2019 results	20 September 2019
Q3 2019 revenue	15 November 2019
2019 annual revenue	14 February 2020
2019 annual results	No later than 30 April 2020

25 INFORMATION ON HOLDINGS

PHARMAGEST INTERACTIVE's subsidiaries and equity holdings are presented in the notes to the separate parent company financial statements in Section 20.3.2.3. - Note 15.5 of this Registration Document.

PHARMAGEST

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