URD - UNIVERSAL REGISTRATION DOCUMENT **2019**

PHARMAGEST

Technology for a more human experience

2019
Universal Registration Document

AUTORITÉ
DES MARCHÉS FINANCIERS
AMF

The original French version of this Universal Registration Document Was filed on le 30 April 2020 with the AMF *(Autorité des Marché Financiers)*, the French financial market regulator, as the competent authority under regulation (UE) 2017/1129, without prior approval pursuant to Article 9 of said regulation.

The original French version of this document may be used for the purposes of an offer to the public of securities or admission of securities to trading on a regulated market if it is supplemented by a securities note and, if applicable, a summary together with any amendments to the Universal Registration Document. It has thus been approved in its entirety by the AMF in accordance with Regulation (EU) 2017/1129.

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1 PERSONS RESPONSIBLE, THIRD PARTY INFORMATION, EXPERTS' REPORTS AND COMPETENT AUTHORITY APPROVAL

1.1 Person responsible for information given in the french version of the Universel Registration Document

Monsieur Dominique PAUTRAT
Managing Director and Member of the Board of Directors of PHARMAGEST INTERACTIVE
5 allée de Saint-Cloud
54600 VILLERS-LES-NANCY
Tel. : 03 83 15 95 95

This Registration Document also includes our 2019 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

I declare, after having taken all reasonable measures in this regard that to the best of my knowledge the information in this Universal Registration Document is accurate and there are no omissions likely to alter its import.

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 21.2 of the 2019 Universal 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 2019 covering the financial years ended on 31 December 2017 and 31 December 2018, presented in section 18.3, has been audited by the statutory auditors and has been incorporated by reference herein.

Dominique PAUTRAT, Managing Director, PHARMAGEST INTERACTIVE

1.3 Certification of the experts

No report or representation attributed to a person acting in the capacity of expert with a material interest has been produced.

1.4 Certification that information source from a third-party has been reproduced accurately

Where information has been sourced from a third party, this information is accurately reproduced and as far as PHARMAGEST INTERACTIVE is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. In addition, when information sourced from third parties is reproduced, the source of this information is indicated by PHARMAGEST INTERACTIVE.

1.5 Certification of filing

The original French version of this Universal Registration Document (URD) was filed on 30 April 2020 with the AMF *(Autorité des Marché Financiers)*, the French financial market regulator, as the competent authority under regulation (UE) 2017/1129, without prior approval pursuant to Article 9 of said regulation.

The Universal Registration Document may be used for the purposes of an offer to the public of securities or admission of securities to trading on a regulated market if it is supplemented by a securities note and, if applicable, a summary together with any amendments to the Universal Registration Document. It has been approved in its entirety by the AMF in accordance with Regulation (EU) 2017/1129.

Incorporated in this Universal Registration Document by reference are: the consolidated financial statements, management reports and audit reports for the financial years ended on 31 December 2017 and 31 December 2018 contained in the 2017 Registration Document filed with the AMF on 26 April 2018 (No. D.18-0414) and the 2018 Registration Document filed on 30 April 2019 (No. D. 16-0443).

2 AUDITORS

2.1 Name and addresses of the auditors

Principal Statutory Auditors

SA BATT AUDIT
58 boulevard d'Austrasie
54000 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 ended on 31 December 2019,
Represented by Ms. Isabelle SAGOT since 2018.

DELOITTE & ASSOCIES
185 C avenue Charles de Gaulle
92200 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 Mr. Loïc MULLER since 2019.

Deputy Statutory Auditors

REVILEC AUDIT ET ASSOCIES
58 boulevard d'Austrasie
54000 NANCY
Member of the Regional Association of Statutory Auditors of 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 having resigned or been removed

None.

3 RISK FACTORS

3.1 Risk factors of the issuer

PHARMAGEST Group conducted a review of those risks which could have a material adverse effect on its business, financial position or results (or its ability to meet its targets).

The assessment of risks entails evaluating the seriousness and degree of probability of a given risk.

- The degree of seriousness takes into account different criteria such as the financial impact, impacts on the company as a going concern, the consequences on the brand image, the safety or security of the customers, consumers and employees. The scale of severity adopted by PHARMAGEST Group is as follows: Non-Significant, Minor, Moderate, Major, Very Important.
- The level of probability includes the likelihood of the risk's occurrence. The scale of probability adopted by PHARMAGEST Group is as follows: Rare, Unlikely, Possible, Very Likely and Virtually Certain.

The following risks are presented as net risks, i.e. excluding residual risk resulting from measures adopted for the purposes of prevention and corrective measures.

Risks are organised by category and presented under each category in decreasing order of importance. Risk categories are not prioritised within their respective groups.

PHARMAGEST Group considers that there exist no significant risks other than those presented in the following three categories:

- PHARMAGEST Group's strategic risks

Risks	Description of risks	Preventive measures and remedial actions	Severity	Probability
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: - Since 2017, implemented an organisation able to be duplicated within its Divisions, - Reinforced the linguistic skills up top and middle management, - Given preference to local presence with the implementation of Steering Committees and reporting tools. Committees for the different businesses which report directly to general management.	Major	Possible
Risks relating to the strategy of diversification	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.	Moderate	Possible

• Operating risks inherent to the Group's business

Risks	Description of risks	Preventive measures and remedial actions	Severity	Probability
Risk relating to 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.	Very significant	Possible
Health risks	Risk related to an epidemic or pandemic resulting in a decrease in the Group’s activity.	PHARMAGEST Group is equipped with a Business Continuity Plan and a Business Recovery Plan designed for the purpose of preserving all or part of the Group's resources and effectively responding to the different crisis scenarios.	Very significant	Rare
Risk related to the quality of products and solutions	Risk related to the quality of products and solutions leading to customer dissatisfaction.	PHARMAGEST Group is equipped with a Quality Management System (QMS) defining the level of control and quality expected before introducing the Group’s products and solutions on the market. This risk is monitored by the Technical Department within the framework of the Finance and Personnel Management Committee which reports to general management.	Major	Possible

• Regulatory and legal risks

Risks	Description of risks	Preventive measures and remedial actions	Severity	Probability
The economic environment - indirect risks related to governmental decisions	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.	Major	Possible
Risks related to authorisations and certifications	Risks relating to failure to obtain or losing authorisations (authorisation to operate as a health data hosting service provider) or certifications (SESAM Vitale, ISO 27001, NF 525, LAD, Addendum).	According to the agreements and certifications, PHARMAGEST Group has adopted management systems integrating requirements imposed by these different normative standards and modified its working practices. The application of these standard requirements are subject to regular internal and external audits. Obtaining or renewing authorisations and certifications is subject to specific oversight within the framework of the Finance and Personnel Management Committee which reports to general management.	Major	Possible
Risks relating to the protection of intellectual property	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).	Major	Unlikely

While not significant in nature, a quantitative estimate of the financial risk is presented in the notes to the consolidated financial statements in Section 18.1.6.6 - Note 6.6 of this Universal Registration Document.

4 INFORMATION ABOUT THE ISSUER

4.1 Legal and commercial name

The company's legal and commercial name is: Pharmagest Interactive

4.2 Place of registration and registration number

PHARMAGEST INTERACTIVE is registered in Nancy (RCS No. B 403 561 137) – Legal Entity Identifier (LEI): 96950066I7XVFGZI8L92. The NAF code (France business classification code) is 62.02B.

4.3 Date of incorporation and length of life of the issuer

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.

4.4 Domicile and legal form and legislation under which the issuer operates

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
Website: https://pharmagest.com

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.

Information presented on PHARMAGEST INTERACTIVE's website is not part of this universal registration document.

5 BUSINESS OVERVIEW

5.1 Principal activities

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, 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.

5.1.1 Nature of its operations

As a developer of IT solutions, the purpose of PHARMAGEST Group's is to provide a complete range of software solutions to meet the needs of pharmacies and its ecosystem. In this framework, its operations are around the activities of:

- An independent software vendor (ISV): 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.

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 Solutions for Pharmacy Division - Europe, which includes the Pharmacy France, Belgium and Luxembourg, and Italy Business Units;
- The e-Health Solutions Division which includes the Digital Communications, Telemedicine, Prevention and e-Connect Business Units;
- The Health and Social Care Facilities Solutions Division which includes the following business units: the Dependent Seniors Business Unit, the In-Home Nursing Care (SSIAD) Business Unit, the Hospital Business Unit and the Office-Based Private Practice Business Unit;
- The Fintech Division which represents the business of NANCEO.

Pharmacy - Europe Solutions Division

Pharmacy France Business Unit

Solution for managing pharmacies and their networks

- **LGPI Global Services®**, the flagship product of the Pharmacy France Business Unit, is a comprehensive all-in-one pharmacy software suite (LMO - *Logiciel Métier d'Officine*). This tool may be accompanied by additional satellite solutions which make it possible to propose all functionalities needed to manage a pharmacy. This comprehensive software suite makes it possible to manage purchasing, optimise the pricing policy, and effectively manage the pharmacy's activities. 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;
- **OffiCentral® :** as the number of strategic mergers between pharmacies grows, these modules contribute to identifying new sources of profit, notably by making it possible to optimise grouped orders and harmonise their sales policies.

Solutions ensuring the security of pharmacists' business processes

- **OffiMSS :** A secure health messaging system included in the comprehensive software suite, providing a dematerialised exchanges of health data between healthcare professionals in a fully secured manner.
- **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. The **DomiSecure** offering completes this service by allowing the pharmacist to connect to the management application of his or her pharmacy from home.
- **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.
- **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;
- **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.
- **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.
- **Offizzy®** : as a bankcard pharmacy payment solution, through its connection to the LGPI Global Services® suite, Offizzy® prevents data entry errors, saves time and optimises patient service and adapts to different payment methods (contactless or American Express®).

Solutions for energising the customer relationship with pharmacists

- **OffiTag :** through its innovative e-paper electronic labelling technology, this solution is able to update real time all labels in the pharmacy, ensure compliance with legal obligations in terms of the display of information, optimise merchandising and simplify back-office management;
- **OffiTouch® :** the digital retail display designed for patients and pharmacists alike. Patients in the pharmacy can in this way, in complete independence gain time, benefit from the best offers, find their products more easily and obtain advice, while benefiting from an positive 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;
- **OffiConnect®** : a platform for exchanges between pharmacy websites and LGPI Global Services® for sales integration and inventory synchronisation between the two systems;
- **Automation systems (SELLEN®, SELLEN TWIST and SINTESI robots)** : installed in a central location in pharmacies, these robots optimise the available space and free up the pharmacies team to advise customers;
- **Customer loyalty programmes** managing the patient loyalty cards for groups of pharmacies.

Solutions for developing the pharmacy's business

- **PHARMAGEST Consulting** 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.
- The Consulting offering is supported by the, **My Pilot®**, software solution, an analytics and management tool equipped with dashboards updated daily facilitating the development of action plans in many areas including the pharmacy's financial situation, product profitability by category and range, price policy, knowledge of customers and point-of-sale promotional activities.
- **OffiLearning®** : an e-learning tool offering an easy, rapid interactive playful and economic resource for pharmacy management and a tool for how to provide information about pathologies and serious disorders.

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 has been 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.
- **Pharmaceutical Record (PR) and Shared Medical Record (SMR):** free services, highly confidential and secure grouping health information about a patient and facilitating the coordination, quality and continuity of care between office-based private practitioners and hospitals.
- **Ma Pharmacie Mobile® :** a free and secure app enabling patients locate the nearest open pharmacy, find the business hours of any pharmacy, send a photo subscription to their pharmacist, receive reminder notices for taking medication and information about the dosage or request advice from their pharmacist.
- **Multimeds :** 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.
- **Automeds :** 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 Automeds robot contributes to the security of the pathway and proper usage of the drug.
- **OffiTéléconsult® :** the OffiTéléconsult® pharmacy solution simplifies the patients' connection with their doctor at the pharmacy and when at home. OffiTéléconsult® is connected to a network of more than 500 doctors throughout France. By proposing a medical teleconsultation service, the pharmacist confirms its critical role as a frontline provider in the healthcare ecosystem reinforcing patient loyalty by means of new services. Each patient can teleconsult with the pharmacy, obtaining assistance from the pharmacist or teleconsulting from his or her smartphone; In both cases, at the end of the teleconsultation, the pharmacist of reference will remain informed and a may receive a copy of the subscription.

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

Belgium

PHARMAGEST BELGIUM (formally SABCO SERVICES) proposes innovative cutting-edge software and IT solutions in the healthcare market addressing market developments by providing increased efficiencies for both patient and pharmacy management. Its ULTIMATE solution is suited for all types of pharmacies and available in the country's two main languages, French and Dutch.

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). ULTIMATE with its OffiHome and OffiDistri options offers a fully integrated management solution adapted for both independent pharmacies and pharmacy groups.

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®, OffiTag, OffiPDA, etc.), in order to propose a comprehensive offering to Belgian pharmacies.

Luxembourg

PHARMAGEST BELGIUM (formally SABCO SERVICES) present in the Luxembourg market, with **OFFICINE 2016** which, in addition to providing the traditional features of a pharmacy software management suite, also includes functionality for managing compound solutions, direct orders and billing veterinary customers. Work initiated in 2017 to redesign this solution continued in 2019, with deployment scheduled for 2020.

Pharmacy Italy Business Unit

PHARMAGEST ITALIA is historically 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 has a market share of more than 60%.

DIFARM is a modular solution designed for wholesalers-distributors, providing operational benefits by reducing management costs, increasing production efficiencies and improving productivity and also strategic benefits based on its “business process” logic focusing on developing close and privileged relationships with customers and suppliers.

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.

To achieve full integration and provide a comprehensive service, PHARMAGEST ITALY decided to make available its offering to pharmacies via an innovative pharmacy management application: **SOPHIA**. This 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 (Multimeds), communication systems (Pharmaweb, TsGatePro) and e-commerce solutions while also adapting the solutions derived from the know-how of the Pharmacy France Business Unit: OffiCentral®, OffiTag, OffiTouch®, OffiCash®…

e-Health Solutions Division

New businesses to meet emerging healthcare needs

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.

To achieve these targets, the e-Health Solutions Division has organised its different activities into four business units.

Digital Communications Business Unit

The Digital Communications Business Unit covers all solutions designed to help the pharmacist in providing advice to patients, and notably, training and information for pharmacy teams, supervising the delivery of advice, the promotion of products in the pharmacy, and proposing home care solutions for the pharmacy's patient.

Digital Communications for the General Public Business Unit

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

PHARMAGEST Group's **health observatories** and **prevention and information campaigns** are another means of demonstrating its public health expertise and its ability to mobilise pharmacy teams. In 2019, pharmacies equipped with the LGPI Global Services® software suite participated in several information about chronic kidney failure, Parkinson's disease, diabetes, psoriasis and support for women with breast cancer.

Patient Digital Communications Business Unit

Failure to correctly take medication can sometimes have irreversible consequences on the patient's state of health and quality of life. The assistance and dispensing advice provided by pharmacists has been shown to improve compliance and strengthen the commitment of patients to following their treatment. PHARMAGEST Group develops services to support pharmacists in the role of educating patients, through **interviews conducted by pharmacists, information sheets and regularly updated advice adapted to the patient profile**. Pharmaceutical companies have also 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.

Healthcare Professionals Relationship Marketing

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. Pharmaceutical companies can present targeted information on new products, specific information on medicines, promotions and its support solutions destined for patients and healthcare professionals.

The **OffiMédia®** POS display, supplementing other promotional channels, represents a 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.

The Telemedicine Business Unit

The Telemedicine Business Unit 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. They provide in this way an effective response to the crucial issue of how to handle the growing volume of health data.

The **eNephro®** solution is designed to enhance the care of chronic renal failure patients at all stages of the illness by using Artificial Intelligence, improve patient health and quality of life and reduce the cost of care (hospitalisations and unscheduled consultations).

The **TPE Pilot** is a web-based application which simplifies 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).

Protecting personal healthcare data

The dematerialisation and exchange of data between professional require the organisation of the storage and conservation of healthcare data under conditions that guarantee their long-term security and confidentiality, making them available to authorised persons according to the procedures defined by contract and their restitution upon the contract's termination; The watchwords underlining this priority are availability, integrity, confidentiality of data and traceability of actions.

Equipped with its own **Data Center**, PHARMAGEST Group has been accredited by the French Ministry of Social Affairs and Health since 2013 to provide hosting services for personal healthcare data for applications with direct access by patients. On that basis, the TELE100T®-APS (*Accès Patient Sécurisé* - Secure Patient Access) service is offered by PHARMAGEST Group to its healthcare professional customers. This offer provides hosting solutions for applications managed and administered by its customers. Based on this accreditation, these applications containing personal healthcare data intended for medical follow-up are directly accessible by patients.

The Prevention Business Unit

The Prevention Business Unit proposes solutions with a focus on prevention with the goal of providing long-term assistance to seniors or vulnerable persons.

The NOVIACARE® solution is a compact Plug & Play all-in-one AI companion consisting of a main router and sensors installed in each room of the home. The system learns the person's daily routines and issues an alert in the case of divergences from these routines. NOVIACARE® provides a means of prevention, by indicating non-urgent anomalies and reacting based on algorithms when a fall is suspected. Data collected is analysed by expert systems which send notifications and alerts. NOVIACARE® is the perfect in-home companion for elderly persons in their home environment and provides a means to reassure their loved ones. NOVIACARE® operates without an Internet connection and is linked to a telecare platform available 24/7.

The CARELIB® Domicile offering is a precision solution consisting of a main box (with a touchscreen panel), a precision sensor (measuring the walking speed among other things) and sensors installed in each room of the home. This solution ensures personalised monitoring and improved coordination among the different care providers at home. It also provides a way to maintain links with the family and caregivers through its dedicated social network. The installed sensors learn the living habits in order to identify the anomalies in relation to normal behaviour with the ability to detect in real time falls at home based on its artificial intelligence features. The CARELIB® solution is equipped with a 2G/3G connection and is also linked to a tele-care platform available 24/7.

The CARELIB® EHPAD offering for senior assisted living facilities is derived from the CARELIB® Domicile home care solution. CARELIB® EHPAD is supported by a team of healthcare providers for day-to-day care, and with its detection system for falls, nocturnal rises, intrusions or persons leaving the bedroom, alerts are sent in real time. The alarm acknowledgement is sent from the bedroom by means of a touch screen panel. The caregivers receive a mail every day, including access to the record of events occurring the preceding night or previous day. CARELIB® EHPAD optimises the interventions of caregivers and security of the ALF residents.

The E-Connect Business Unit

The e-Health Division designs, develops, produces, installs and operates innovative solutions to both securely monitor patients at their place of residence and optimise care pathways.

Equipment for Healthcare Professionals

The KAPELSE solutions automate and enhance the security of administrative acts for health professionals based on robust authentication protocols required to access tele-services and shared records and for patient monitoring.

The KAPELSE offering for the equipment of **healthcare professionals** includes four different systems:

- **KAP&CARE® :** An e-Health 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 visits to patients.

Telehealth

This concept includes medical tele-monitoring, tele-assistance and medical-social tele-assistance. KAPELSE proposes 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 specially designed for in-home patient monitoring, it facilitates tele-monitoring and medical tele-assistance. Patient authentication and data security are guaranteed; This box 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. KAP'TEUR by KAPELSE® is integrated in the NOVIACARE® and CARELIB® 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.

The Health and Social Care Facilities Solutions Division

This division consists of MALTA INFORMATIQUE and its subsidiaries. The scope covered by the Division includes software application for Hospitals, hospital-at-home programmes, in-home nursing care (SSIAD), elderly assisted living facilities (EHPAD) and local information and coordination centres for older persons (CLIC). Health centres and facilities housing multiple disciplines represent more than 5,300 establishments, doctors and healthcare assistants in France and the French Overseas Departments and Territories.

The Dependent Seniors Business Unit

MALTA INFORMATIQUE is specialised developing and providing applications for elderly residential care homes, day care and sheltered housing facilities for persons with disabilities (ALFs for the elderly and persons with disabilities).

TITAN provides models through a single database of all resident care processes: administrative, organisational, financial and medical.

Comprised of many application building blocks including the administrative management of residents, attendance, the management of social aid, the medical file, the nursing care file, prescriptions, but also the agenda, internal messaging, personnel planning, TITAN is the only system able to be installed either as a module or on a fully equipped and integrated basis. This software suite provide an effective and differentiating solution within the evolving health and social care landscape.

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 2019, 2,150 senior assisted living facilities were equipped with MALTA INFORMATIQUE software.

The In-Home Nursing Services and Hospital-At-Home Business Unit

DICSIT INFORMATIQUE, a MALTA INFORMATIQUE subsidiary, is a market leader for Hospital-at-Home solutions, In-Home Nursing Care and Services for Local Information and Coordination Centres.

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;
- Home-based Nursing Services (SSIAD) with the **MICROSOINS** software application. The MOBISOINS mobility tool is also available and compatible. MICROSOINS covers all needs of in-home nursing care 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.

Hospital Business Unit

AXIGATE, a MALTA INFORMATIQUE subsidiary, develops information system solutions for healthcare establishments. The **AXIGATE** solution is able to manage the entire patient care pathway: medical consultation, ER, hospitalisation, operating room, intensive care units. 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).

Private Practice Establishments Business Unit

In October 2019, MALTA INFORMATIQUE acquired a majority stake in ICT Group. This group includes the companies: INTERNATIONAL CROSS TALK (ICT), HAPPY HEALTH ORGANIZER (H2O) and SOPHIA SANTE. Leader in its market, ICT Group develops and hosts online solutions for health centres grouping multi-professional teams and private practitioners.

- The **CHORUS®** platform, an ISO certified personal health data hosting services provider, combined with a comprehensive suite of services, is able to meet the needs of all frontline healthcare professionals, working independently or within facilities grouping professionals from different disciplines (*maisons de santé, centres de santé* and *pôles de santé*).
- Medical telesecretarial services for healthcare professionals (**C'CALL**), online scheduling of doctors' appointments (**DOCTO DISPO**) or SMS patient appointment reminders (**C'CIEL**).

Fintech Division

NANCEO is a provider of equipment lease financing solutions in the services sector. On this basis, NANCEO addresses 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.

To this purpose, 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 system for multi-dimensional exchanges with lessors

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 reselling this same equipment through a leasing contract to the lesser that bears the customer risk.

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.

5.1.2 New products and services

Pharmacy - Europe Solutions Division

Pharmacy France Business Unit

OffiTéléconsult®: facilitating patient communications with their doctor when at the pharmacy or at home

A comprehensive solution combining IT equipment, a teleconsultation application, connected objects and a communications kit, OffiTéléconsult® optimises the patient care process by connecting to a network of more than 500 doctors throughout France. Each patient can teleconsult with the pharmacy, obtaining assistance from the pharmacist or teleconsulting from his or her smartphone.
By proposing a medical teleconsultation service, the pharmacist establishes its critical role as a frontline provider in the healthcare ecosystem reinforcing patient loyalty by means of new services.
At the end of each teleconsultation, the subscription can be sent to the patient's pharmacy of record. This enables the pharmacist to assist the patient throughout his or her care pathway, and contribute to ensuring medication compliance.

SINTESI: an automation solution capable of meeting all requirements

After PHARMAGEST Group acquired a stake in PHARMATHEK's capital, the Pharmacy France Business Unit's portfolio was strengthened by the addition of pharmacy automation solutions. Through this partnership, PHARMAGEST Group is now able to offer its customers the SINTESI robot addressing the needs of medium and large pharmacies and the SELLEN robot for small pharmacies. The SINTESI robot frees up time for pharmacy staff, optimises management and space, benefiting from the integration of high added value with LGPI Global Services® and adapting to the technical and aesthetic needs of each pharmacy. The SINTESI robot enables the pharmacy team to refocus on their core business: advise and assist patients while benefiting from a lasting and innovative solution adapting to the changes in their business.

OffiLocker facilitates the process for depositing and retrieving patients' products

OffiLocker, a pharmacy locker system, enables patients and healthcare professionals to retrieve selected products ordered outside of pharmacy business hours, round-the-clock. This offers a significant time savings for the patient while increasing the availability of the pharmacist.

Belgium and Luxembourg Pharmacy Business Unit

The development teams in France, Belgium/ Luxembourg work closely together on adapting satellite solutions (OffiTouch®, OffiCash®, OffiCentral®, OffiMédia®, OffiDose, OffiSeen®, OffiTag, OffiPDA,...) developed by PHARMAGEST Group, to offer a complete range of solutions to pharmacies in Belgium and Luxembourg. In addition, the Pharmacy BELGIUM and LUXEMBOURG Business Unit also sells products and solutions which address its markets.

Belgium

The teams of PHARMAGEST BELGIUM (formally SABCO SERVICES) are constantly upgrading their 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 2019 were:

- The deployment of **OffiTag**: electronic labelling. 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 for digital merchandising.
- The integration of the **FMD Module** (Falsified Medicines Directive) into the ULTIMATE application insurance ensures compliance with European regulation governing the traceability of drugs from their manufacture to their sale to the patient.

Luxembourg

Starting in 2017, PHARMAGEST LUXEMBOURG 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, PHARMAGEST LUXEMBOURG 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.

Pharmacy Italy Business Unit

The PHARMAGEST ITALIA offering was enhanced following the acquisition of a majority stake in SVEMU INFORMATICA FARMACEUTICA with its EasyPharma application whose tested and high-performance technology is perfectly adapted to both the configuration of the Italian market and developments in the Italian healthcare market. This comprehensive solution reinforces the technological and technical building blocks of Pharmagest Italia's Sophia software suite.

The development teams in Italy also adapted satellite solutions such as OffiTouch®, OffiCash®, OffiCentral®, or OffiTag...

e-Health Solutions Division

Digital Communications Business Unit

In 2019, the Digital Communications Business unit focused on strengthening its existing offering of solutions and for that reason did not introduce new solutions in the period.

The Telemedicine Business Unit

The Marseille Public University Hospital (AP-HM) project: the digital healthcare platform connecting office-based private practice care and hospitals

Building on the expertise of software developers, AXIGATE, PHARMAGEST INTERACTIVE, MALTA INFORMATIQUE, DICSIT INFORMATIQUE and CEGEDIM, in October 2019 the Marseille Public Hospital (AP-HM) introduced a new healthcare gateway platform for the Marseille region.
This gateway reflects shared goals focusing on a single objective: effectively coordinating the healthcare pathway across the office-based private practice and hospital spectrum. This digital gateway facilitates the sharing of healthcare information between hospitals, healthcare establishments and healthcare professionals. This major innovation designed to be deployed over the entire territory reflects policies for improving quality across the entire care pathway from the patient's home to residential health and social care facilities.

The Prevention Business Unit

The NOVIACARE® solution was selected as the product of the year in 2018 at the Hong Kong International Fair and presented at the Global Stage for Innovation (CES) in Las Vegas in 2018 and 2019. A tele-care solution inspired by beneficiaries and incorporating the most recent technical innovations. NOVIACARE® is an approved product at more than 300 pharmacies in France.

The "36 more months at home" ("36 mois de plus à domicile") project initiated in 2015 with the support of the Région Grand Est continued in 2020 with the installation of CARELIB® Domicile in the Résidences Vertes de Pulnoy senior homes (Bouygues Bâtiment Nord Est, Linkcity, City of PULNOY, OMH, OHS).
The CARELIB® EHPAD ALF solution has been deployed at the three major players of the health and social care sector.

E-Connect Business Unit

KAPELSE continued to invest in R&D in 2019 to develop improved monitoring of patient capabilities, in addition to telehealth solutions and services designed to combat isolation and delay the loss of autonomy. The integration of the NOVIACARE® offering has completed the initial In-Home Care offering through CARELIB® Domicile and CARELIB® EHPAD, by proposing a range of solutions adapted to people being monitored.

Health and Social Care Facilities Solutions Division

The Dependent Seniors Business Unit

TITAN TELECONSULTATION: a major innovation for all senior assisted living facilities

Initiated at the end of 2018, MALTA INFORMATIQUE launched TITAN TÉLÉCONSULTATION, a solution providing medical teleconsultations with private practice or hospital healthcare professionals and designed for all ALFs whether or not they are equipped with TITAN. This healthcare sector innovation complies with the prerequisites of the French health authority based on an authentication process using the doctor's health professional card (HPC) to logon from a simple webpage. This enables the doctor to conduct a secure tele-consultation by videoconference assisted by connected medical devices (stethoscope and otoscope) and, in this way, improve the patient care of ALF residents.

The medication cycle : paper free, 100% secure

MALTA INFORMATIQUE continues to innovate with its software solutions **TITAN WEB PHARMA** and **TITAN WEB MEDECIN**, a 100% secure paperless medication cycle with prescriptions signed by the doctor's HPC converted to electronic form, automatically transmitted to pharmacies for validation and dispensing and with distribution by the establishment verified using a tablet or a remote barcode reader.

The In-Home Nursing Services and Hospital-At-Home Business Unit

In 2019, DICSIT INFORMATIQUE continued to roll out its new MOBISOINS V2 solution for patients and private practitioners as well as its portal designed for healthcare professionals. The business line suite including three applications (**ANTHADINE** or **MICROSOINS**) combined with the mobility (**MOBISOINS**) tool and the portal (**PORTAIL PS**) provides a solution covering the entire prescription cycle from the commencement of treatment to monitoring the patient at home.

Hospital Business Unit

Reflex®, the new Mobile-Web-Based Electronic Medical Records (EMR) solution

Developed as a responsive technology, REFLEX® offers all the functions of an EMR for tablets and smartphones using any operating system (iOS, Android,...). REFLEX® ensures mobility and continuous accessibility to the EMR within regional hospital groups.

WELCOME®, a platform for ensuring integration, interoperability and navigation for regional hospital networks

Through its server for multi-facility identifiers, its unique patient base, and its identity matching engine, WELCOME® is the cornerstone of the regional hospital network's information system. WELCOME® manages the unique identifiers of the regional Hospital network, provides a unique patient database for the network (document server and structured data), manages the structure of the networks and movements, and permits the integration of multiple patient administration applications (gestion administrative du patient or GAP). WELCOME® makes it possible for support teams of the regional hospital network to work with its partner establishments when implementing convergent IT solutions to manage their health care pathways, welcome and monitor patients within their respective territories.
When installing the complete EMR, WELCOME® serves as the platform for the AXIGATE modules providing an integrated solution.
WELCOME® consists of three modules: WELCOME IDENTITES, WELCOME PASS (a digital healthcare gateway), and WELCOME DOC (a document storage and sharing system).

LOOKUP®, Big Data technologies integrated in your EMR

The integration of a noSQL, LOOKUP® database automatically indexing all patient data of the establishment or regional hospital network, facilitates instantaneous full-text searches, structured or not (letters, reports, etc.) for a given patient or for the entire database. This makes it possible to build dynamic dashboards for all the establishment's indicators.
LOOKUP® consists of three modules: MONITORING, TRACABILITE, and INDICATORS.

The WELCOME® and LOOKUP® technologies enable instantaneous browsing in the regional hospital network in two modes: timeline browsing and full-text search browsing.

Private Practice Establishments Business Unit

After MALTA INFORMATIQUE acquired a majority stake in October 2019, all the pre-existing solutions of ICT Group's entities are now integrated into PHARMAGEST Group's catalogue, including notably, CHORUS®, the leading online patient management solution for all healthcare professionals.

In 2019, ICT Group launched *Chorus Community*, the leading social network platform for healthcare professionals. This platform improves coordination of the patient care pathway by creating a space for the care teams, health centres grouping multiple professionals and territorial health professional communities, making possible to directly share, invite other professionals, regardless of their business line application, and integrate the patient data within his or her healthcare project.

Fintech Division

The Fintech Division has continued to deploy its mobile solution Leasa by Nanceo while reinforcing its functionalities.

5.2 Principal markets

Revenue by business and region (IFRS)

	2019		2018	
Divisions - In € millions	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*	121.19 *110.22* *3.80* *7.17*	76.43% *69.51%* *2.40%* *4.52%*	114.72 *105.29* *4.21* *5.23*	77.26% *70.91%* *2.84%* *3.52%*
e-Health Solutions Division (France)	16.12	10.17%	12.82	8.63%
Health and Social Care Facilities Solutions Division (France)	19.51	12.30%	19.27	12.98%
Fintech Division (Health and Social Care Facilities Solutions Division)	1.74	1.10%	1.67	1.12%

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 18.1.6.6 - Note 7.2 of this Universal Registration Document.

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. The French healthcare system is changing and is faced with major challenges in the years ahead such as:

- 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, in 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 to adapt to new 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)*, teleconsultation. etc. This will offer opportunities for growth by expansion into new activities and services for patients.

- **Overview:** at the end of 2019, there were close to 21,550 pharmacies in France and in the French Overseas Departments. *(Source: SESAM-Vitale)*
- **Revenue:** after five years of marginal fluctuations in revenue, pharmacies registered a renewed uptrend with an increase of 2.28%. This growth in revenue is largely due to the share the increase of their sales in addition to dispensing fees and pay-for-performance -based compensation set by the French healthcare system. *(Source: Le quotidien du pharmacien.fr)*
- **Margin:** the compensation pharmacists receive is comprised of a commercial margin on sales, dispensing fees and other services. The total gross margin increased marginally (1.29% in relation to 2018). *(Source: Le quotidien du pharmacien.fr)*
- **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.

The BELGIUM and LUXEMBOURG market

Belgium

At 31 December 2019, there were nearly 4,800 pharmacies in Belgium, with 54% in Flanders, 35% in Wallonia and 11% in Brussels. *(Source: PHARMAGEST BELGIUM estimates)*

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.

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 2019, approximately 20% of pharmacies were part of a group. (Source: PHARMAGEST BELGIUM 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.

Luxembourg

The Luxembourg market counts 96 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 ways to obtain 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)

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.

In 2019, the Italian market had more than 19,000 pharmacies, including publicly financed 1,600 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.

Two players dominate the sector for specialised software solutions for pharmacies with a combined market share of 70%. 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.

The e-Health solutions 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).

The Digital Communications Business Unit market

Introduced more than 15 years ago, the Digital Communications activity helps its partners in the pharmaceutical industry to build their digital communications to address pharmacies or patients, representing a niche market in digital advertising.

The Digital Communications 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 diversity of its offering gives the Digital Communications Business Unit the ability to propose customised solutions to all its partners.

The Digital Communications Business Unit has a customer base of nearly 80 pharmaceutical companies out of the French market total of 240. *(Source https://fr.statista.com/)*

The Telemedicine Business Unit

The Telemedicine Business Unit's activities cover the fields of telemedicine and telecare sector including remote consultations, remote medical monitoring, tele-expertise, teleradiology, medical teleassistance, medical regulation, connected devices and equipment, etc.

The expert systems developed by DIATELIC, a PHARMAGEST Group subsidiary, uses artificial intelligence to anticipate the patient's health condition and in that way contribute to improved homecare.

Hospital structures are looking for turnkey solutions to manage all chronic illnesses they treat while meeting increased requirements in terms of interoperability with re-existing information systems. For chronic kidney disease alone, France counts more than 87,000 dialysis or transplanted patients.
(Source : https://www.agence-biomedecine.fr)

The Prevention Business Unit

The Prevention Business Unit operates in the teleassistance segment providing solutions that integrate connected objects or IoT type tools.

This sector has been growing significantly since 2010 and continues to offer genuine growth opportunities based on positive underlying factors like population ageing (more than 6 million seniors older than 75 in France) and proactive policies by public authorities.
(Source : https://www.insee.fr)

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 is starting to organise itself around 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 market

The e-Connect Business Unit of the e-Health Solutions Division, focusing on the industrial sector, supports projects and solutions originating from the Telemedicine or Prevention Business Units.

The concrete implementation of these projects is twofold:

- Changes to existing systems involving adjustments at the patient's homes by introducing technical improvements and tele-monitoring solutions through the deployment of the NOVIACARE® (plug-and-play solution) solution developed by NOVIATEK. 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 with the industrial scale up of the CARELIB® Domicile and CARELIB® EHPAD offering.

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.

In addition, solutions proposed by KAPELSE meet the needs of a large number of healthcare professionals in France (medical assistants, paramedics and pharmaceuticals) and in particular office-based private practitioners submitting online declarations. The GIE SESAM-Vitale health card consortium recorded nearly 372,441 online declarations in 2019.
(Sources : https://www.sesam-vitale.fr)

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

The French market for elderly residential care homes, senior assisted living facilities (ALFs) and day care facilities consists of over 10,000 establishments, of which 75% are senior ALFs or long-term care facilities, and 25% independent senior housing facilities. *(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 for seniors is linked mainly to medicalization of these facilities, and in so doing, modifying their status into assisted living facilities for dependent seniors (EPHAD) 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 elderly assisted living 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 330), representing significant capacity for providing care to around 116,000 patients.

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

As organisations revamp their practices for ensuring care, and in particular in the hospital universe, the structures providing in-home nursing 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 capable of addressing the needs of extremely demanding projects in terms of specifications and volume in this area.

The Health Business Unit market

In response to the challenge of low physician density in certain regions, different types of community health centres are being deployed throughout France (more than 730 in France). These structures provide a solution for creating geographical and functional networks for health professional networks. Public authorities have recently moved to further expand the healthcare offering at the level of local communities through the pending creation of territorial health professional communities. The purpose of these communities will be to facilitate coordination of outpatient care and improve the conditions for private practice health professionals to exercise their profession within each territory.

The equipment lease financing market for the services sector

Leasa by Nanceo addresses companies distributing products and services through leasing arrangements. In this way, 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. Specialised in particular in office, computer, telephony, security, printing, software publishing or medical equipment, NANCEO is constantly expanding into new areas: energy savings, imaging, electronic document management systems (DMS), etc.

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 market for business and professional equipment financing of specialist companies represented more than €36 billion in 2019 with growth of nearly 8.6% from the prior year.
(Source: the French Association of Finance Companies (ASF - Association française des sociétés financières), report on the activities of specialised establishments - 2019)

PHARMAGEST Group is expecting an acceleration in the pace of digitisation introducing even more simplification in 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.

5.3 Important events

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 subsidiary ATS in Belgium (renamed respectively PHARMAGEST LUXEMBOURG and PHARMAGEST BELGIUM in 2019).

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.

2013 / 2014: Creation of the e-Health Solutions Division.

- PHARMAGEST INTERACTIVE acquired a 95.29% equity stake in DIATELIC.
- Creation of KAPELSE, 70%-held by PHARMAGEST INTERACTIVE.

2015: Creation of the Fintech Division.

- 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.

2016: Creation of the Health and Social Care Facilities Solutions Division.

- 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).

2016: Changes in the e-Health Solutions Division's scope.

- 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.

Recent events (2017 - 2019)

2017: Acquisitions, restructuring and equity investments.

- PHARMAGEST INTERACTIVE acquired a 51.82% equity stake in CAREMEDS Ltd., 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 sells a manual dispensing solution 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.

- 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.

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.

2019: Acquisitions, restructuring and equity investments.

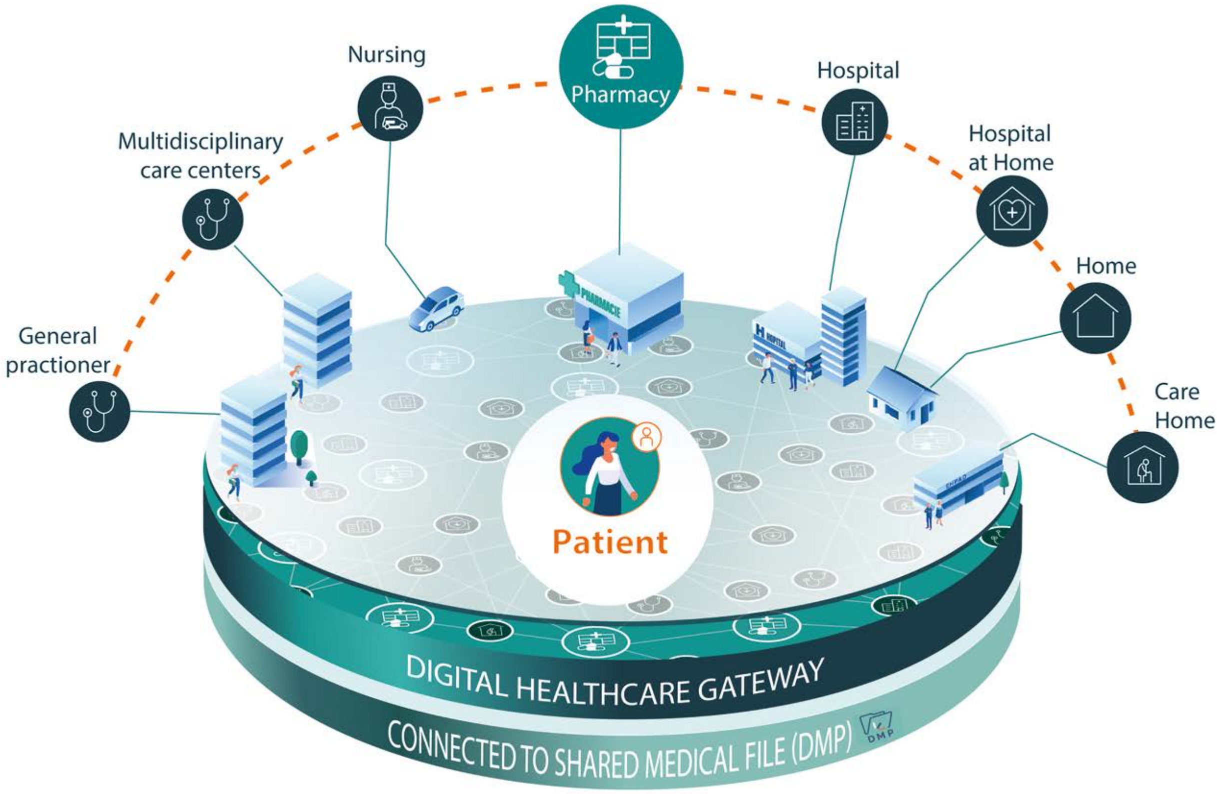
- Completion of a simplified merger *(transmission universelle de patrimoine)* entailing the dissolution of CP INTERACTIVE and the global transfer of its assets and liabilities to PHARMAGEST INTERACTIVE;
- Company name change from SABCO to PHARMAGEST LUXEMBOURG;
- Company name change from SABCO SERVICES to PHARMAGEST BELGIUM;
- PHARMAGEST INTERACTIVE acquired a 49% equity stake in the Italian company, PHARMATHEK, specialised in the development and production of computer-managed automation solutions for sales and industrial applications;
- Completion of the murders of INFARMA, INSERVICE, MACROSOFT, MACROSOFT BUILDING and TEKNEMA with PHARMAGEST ITALIA;
- Acquisition of a majority stake by PHARMAGEST INTERACTIVE of 80% in the capital of the Italian company, SVEMU INFORMATICA FARMACEUTICA. The company develops software products in addition to operating as a wholesaler of hardware and software;
- Acquisition of additional shares of PHARMAGEST ITALIA, bringing PHARMAGEST INTERACTIVE's share in the capital to 82.5% from 79%;
- Acquisitions of majority stakes by MALTA INFORMATIQUE of 70% in the capital of NTERNATIONAL CROSS TALK, specialised in the development and hosting of online applications for health centres grouping multi-professional teams and outpatient care private practitioners;
- This acquisition was accompanied the acquisition of 100% of the capital of HAPPY HEALTH ORGANIZER and SOPHIA SANTE, French companies specialised in preparing documents and other office support and consulting services for IT systems and software;
- Acquisition by CAREMEDS of 60% in the capital of the German company I-MEDS, a wholesaler and distributor of equipment and accessories for supplying drugs to patients and pharmacies;
- Creation of MALTA BELGIUM, a wholly-owned Belgian subsidiary of MALTA INFORMATIQUE, a provider of computer programming services for retirement homes.

2019: Derecognition and equity divestments.

- Sale of INTECUM by PHARMAGEST INTERACTIVE to PHARMATHEK;
- WELFINTY GROUP was liquidated in the second half of 2019;
- DOMEDIC EUROPE was liquidated in the second half of 2019.

5.4 Strategy and objectives

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



After initially focusing on the needs of pharmacists and pharmacy management solutions, PHARMAGEST Group is continuing to evolve its "patient-centred" business model while strengthening its market position with 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 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.

PHARMAGEST Group’s goals are to:

- Develop its businesses or establish partnerships to reinforce its presence over the entire patient pathway including outpatient office-based private practitioners, hospitals and in-home care;
- Promoting the convergence of all its products and solutions to streamline and optimise the performance of healthcare systems;
- Strengthen its international position by developing the first European healthcare platform providing the basis of a truly patient-centred healthcare ecosystem;
- Giving patients control over their securely stored healthcare data;
- Promoting advances in medical research by accelerating the transmission of anonymous data and, in so doing, contributing to the improvement in patient health.

To achieve these goals, PHARMAGEST Group must meet a number of challenges, adapt its expertise, build closer ties with new healthcare professionals and in new countries, anticipate the trends of different healthcare systems in which the Group is a contributor, while maintaining its optimism about the prospects for improving healthcare systems, a genuine social priority for all stakeholders patients and healthcare professionals, healthcare establishments and governments.

5.5 Patents and licenses

As an independent software developer and vendor, PHARMAGEST Group attaches a particular importance to protecting its intellectual and industrial property.

On that basis, PHARMAGEST INTERACTIVE notably holds the patent for the LGPI Global Services® software suite in France and its subsidiaries hold the patents, licenses and trademarks for the systems developed.

PHARMAGES Group conducted a review of these risks which are presented under Sections 3 and 21.2.1 - Subsection 2.2 of this Universal Registration Document.

Research and Development expenditures recognised under assets in the IFRS consolidated financial statements are presented under Section 18.1.6.6 - Note 3 of this Universal Registration Document.

5.6 Competitive position

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.

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 an installed base of 8,900 pharmacies or a market share of nearly 43%. 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 Alliance, Logiphar, Periphar, Data and Opus offerings;
- 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 certified hosting services provider for personal health data);
- **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 experts and a dedicated portal seven days a week.

Belgium

PHARMAGEST BELGIUM operates nationwide and its ULTIMATE software solution has a 15% market share. This market share has been registering steady growth since 2016 (12%) driven by partnerships with the COOP and MULTIPHARMA cooperatives.
(Source: PHARMAGEST BELGIUM estimates)

Its main competitors are CORILUS, FARMAD, NEXTPHARM and PHARMONY.

PHARMAGEST BELGIUM operates as a partner of independent Belgian pharmacies or members of pharmacy groups. PHARMAGEST BELGIUM markets unique IT solutions designed to meet evolving needs in the healthcare market. By leveraging its front-line knowledge of pharmacists and market players, PHARMAGEST BELGIUM 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 2019, PHARMAGEST LUXEMBOURG, with its OFFICINE 2016 solution, had a market share in the pharmacy software sector of 4%. PROPHALUX is its main competitor.
(Source: PHARMAGEST LUXEMBOURG estimates)

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 wholesalers-distributors that use its IT solutions. In the area of communications, PHARMAGEST ITALIA is the owner of FARMACLICK, the industry standard, used by more than 16,800 pharmacies (out of 19,000), representing more than 1,360,000 transactions per day and providing access to a price catalogue (tailored to each pharmacy).

In the pharmacy management software market, PHARMAGEST ITALIA is currently a new market entrant. PHARMAGEST ITALIA' efforts to deploy SOPHIA, combined with its majority stake in the software developer, SVEMU INFORMATICA FARMACEUTICA with its EASYPHARMA application, made it possible to equip 900 pharmacies by the end of 2019 with the PHARMAGEST ITALIA solutions or approximately 4.5% of the Italian market.

COMPUGROUP MEDICAL and PHARMASERVICE are the main market players in Italy with a combined market share of 75% in this segment.

In the e-Health market

Digital Communications Business Unit

The Digital Communications Business Unit has a unique global offering whose solutions are found in markets with operators representing diverse fields of expertise (information for the general public or patients, studies and observatories, recruitment and training of pharmacy staff, patient inclusion in monitoring programs, etc.).

The main competitors are the same independent software vendors as those indicated for the pharmacy market in France. Even though other comprehensive pharmacy management suites propose similar services, they are not considered as direct competitors. The solutions are rather complementary, and in that way a laboratory is able to address all pharmacies in France.

The Telemedicine Business Unit

The solutions proposed by the Telemedicine Business Unit have two categories of competitors:
- Solutions developed internally by hospitals, healthcare structures or networks;
- Solutions developed by other independent software vendors such as TMM SOFTWARE, SANTELYS or MAINCARE.

Currently a challenger in this market, the Telemedicine Business Unit is pursuing opportunities with patient associations in order to integrate regional telehealth agencies (GRADeS), notably by contributing to the regional telehealth agencies by participating in Therapeutic Patient Education (TPE) programmes.

The Prevention 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 companies, telemonitoring companies, etc.).

The Prevention 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.

The market of connected health objects is rapidly growing with a multitude of market players such as SENIORADOM or TELEGRAFIK (Solution Otono-me).
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-Connect Business Unit

In 2019 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 for the SATELOR project. KAP&CARE® centralises patient data and provides secure transfer to the processing systems of its different partners. Through its many functionalities, KAP&CARE® represents a highly efficient and ergonomic interface between the patient and the different data processing centres.

In the IT market for Health and Social Care Facilities

The Dependent Seniors Business Unit

MALTA INFORMATIQUE was the second-largest player in this market and holds almost 28% 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.

The In-Home Nursing Services and Hospital-At-Home Business Unit

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 (In-Home Nursing Care), SAD (In-Home Nursing Assistance), CLIC (Local Information and Coordination Centres for Seniors).), ESA (Specialised Alzheimer's Teams), CSI (Nursing Home Facility).

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

- More than 400 Local Information and Coordination Centres for older people (CLIC) (No. 1 of the sector with an 86% market share and no direct specialised competitor);
- 370 SSIAD and ESA, or a 15% market share. This market is dominated by APOLOGIC and MEDISYS;
- 140 Hospital-at-Home programmes, with a 42% market share held by the market leader. C2SI and ARCAN share second place with 20% to 30% each, with the rest of the market held by smaller players.

Hospital Business Unit

AXIGATE is 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 Marseilles Public Hospital. AXIGATE is an approved supplier of solutions of the UNI.HA hospital purchasing group, providing its members simplified access to AXIGATEs offering.

Private Practice Establishments Business Unit

INTERNATIONAL CROSS TALK, HAPPY HEALTH ORGANIZER and SOPHIA SANTE are leaders in their market for online applications for health centres grouping multi-professional teams and outpatient office-based private practitioners. These companies, through the flagship software solution, ICT Chorus®, equip 170 health centres of the 735 signatories of the agreement with the French health insurance authorities *(accord Conventionnel Interprofessionnel avec l'Assurance Maladie)* or 23% of those equipped with a qualifying software platform (ASIP V2).

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.

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, medical equipment etc. By facilitating these sales, NANCEO increases its own business volume.

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.

5.7 Capital expenditures

5.7.1 Important investments in the period

Capital expenditures for property, plant and equipment and intangible assets

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

In € thousands	2019	2018	2017
Intangible investments	14,173	16,431	14,550
o/w goodwill	*5,420*	*8,186*	*8,364*
Investments in tangible assets	8,256	2,827	1,519
TOTAL	**22,429**	**19,258**	**16,069**

PHARMAGEST Group's capital investments are largely focused on research and development and innovation. This enables Group companies to be innovative contributors to numerous projects for all Divisions.

Capital expenditures on tangible assets concern mainly the expansion 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.

Capital expenditures (2017-2019)

PHARMAGEST Group in general adopts an opportunistic approach to external growth by proceeding with block acquisitions in line with its patient-centred strategy. PHARMAGEST Group's external growth transactions over the past three years were as follows:

• Initial equity stakes:

- **February 2017:** 51.82% in the English company, CAREMEDS (share capital: £247).
- **February 2017:** 51% in the Irish company MULTIMEDS (share capital: €100).
- **July 2017:** 100% of the capital of 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).
- **June 2019:** PHARMAGEST INTERACTIVE acquired a 49% equity stake in the Italian company, PHARMATHEK (share capital: €20,000).
- **October 2019:** Majority acquisitions:
  . PHARMAGEST ITALIA acquired 80% in the capital of the Italian company, SVEMU INFORMATICA FARMACEUTICA (share capital: €10,000).
  . MALTA INFORMATIQUE acquired 70% in the capital of INTERNATIONAL CROSS TALK (share capital: €300,000).
  . MALTA INFORMATIQUE acquired 100% of the capital of HAPPY HEALTH ORGANIZER and SOPHIA SANTE (each with share capital of €5,000).
- **November 2019:** Acquisition by CAREMEDS of 60% in the capital of the German company I-MEDS (share capital: €25,000).
- **December 2019:** Creation by MALTA INFORMATIQUE of MALTA BELGIUM (share capital: €61,500).

• Increased equity stakes:

- **2016 / 2017:** Completion of a series of three capital increases of the Canadian DOMEDIC Group enabling TELUS Health to become a shareholder. These capital increases were taken up by PHARMAGEST Group resulting in a dilution in its position (28.32%).
- **May 2018:** Acquisition of additional equity in SAILENDRA, bringing PHARMAGEST INTERACTIVE's share in the capital to 75.09% from 70.01%.
- **December 2019:** Acquisition of an additional equity stake in PHARMAGEST ITALIA, bringing PHARMAGEST INTERACTIVE's share in the capital to 82.50% from 79%.

For the period covered by historical financial information, financial investments totalled €48 million.

5.7.2 Important investments in progress

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:

• Certifications as a Hosting Services Provider for Personal Health Data;
• National and regional calls for E-health projects in France in which the Group is a participant;
• The development of its subsidiaries in France or international markets in their respective fields;
• The expansion of its headquarters located at VILLERS-LES-NANCY, with work expected to be completed in 2020 for a total estimated cost of €9 million.

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.

These investments are evaluated by PHARMAGEST Group Executive Management either on the basis of the Group's own funds or external financing according to the market opportunities.

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

5.7.3 Information on joint ventures

PHARMAGEST Group consolidates the following companies using the equity method:

• PHARMATHEK, a 49% Group held Italian company specialised in designing, developing, manufacturing and installing robotic solutions for every type of pharmacy.
• GROUPE DOMEDIC, a 28.32%-held Canadian company specialised in designing technological products to improve medical compliance and treatment.

PHARMAGEST Group considers however that these items do not represent material risks for the measurement of its assets or liabilities, financial position or earnings.

5.7.4 Intangible assets and property, plant and equipment

The exposure of the different sites of PHARMAGEST Group to any environmental constraints is relatively limited (see the Non-Financial Statement in Section 21.2.2 of this Universal Registration Document).

6 ORGANISATIONAL STRUCTURE

6.1 Description of LA COOPERATIVE WELCOOP, its subsidiaries and PHARMAGEST INTERACTIVE's position within the group

At 31 December 2019, MARQUE VERTE SANTÉ was the majority shareholder with 60.51% of the capital of PHARMAGEST INTERACTIVE. LA COOPERATIVE WELCOOP, MARQUE VERTE SANTÉ's parent, holds 6.12% of PHARMAGEST INTERACTIVE's capital directly.

LA COOPERATIVE WELCOOP brings together a diverse range of business lines that share a common objective: make positive contributions to patient health and well-being.

Through its subsidiaries, LA COOPERATIVE WELCOOP proposes a range of solutions to healthcare professionals in a number of environments (pharmacies, ALFs for dependent seniors, hospitals, hospital-at-home programmes, in-home nursing care, health centres grouping multiple professionals, territorial health professional communities, etc.) and including in-home services for frail or elderly persons.

The pharmacist, as a front-line contact for patients, occupies an ideal position for coordinating healthcare. A cooperative of pharmacists since 1935, LA COOPERATIVE WELCOOP is committed to promoting the interests of the profession by supporting both its day-to-day activities and its new missions. Reflecting this culture of innovation and differentiation, its subsidiaries offer a vast range of solutions to assist dispensing pharmacies.

PHARMAGEST INTERACTIVE, a leading provider of technological solutions for pharmacies, contributes significantly by proposing innovative solutions in response to evolving trends in this sector. Providing pharmacists the ability to securely process data reinforces their pivotal role as a coordinator at the heart of the healthcare ecosystem.

LA COOPERATIVE WELCOOP and its subsidiaries offer exclusive products and services specifically designed for pharmacies:

- Generic drugs and OTC;
- An offering of European originator drugs complying with French requirements and authorised by the ANSM, the French National Agency for Medicines and Health Products Safety;
- Medical devices and services adapted for in-home patient care;
- A large range of exclusive products free of undesirable substances for sale in pharmacies.

In order to pool resources, better leverage purchasing conditions, and set itself apart within an increasing competitive market LA COOPERATIVE WELCOOP has developed four networks for pharmacist proposing differentiating concepts:

- LA COOPERATIVE WELCOOP, wholly-owned by a community of pharmacists comprising more than 4,000 cooperative members and promoting the convergence of technological innovation, the evolving role of the pharmacist and contributing to a more cost-effective healthcare;
- A grouping of pharmacists (OBJECTIF PHARMA), providing access to a purchasing hub, while offering training and daily support services;
- As well as two pharmacy networks operating under national brand names (WELLPHARMA and ANTON & WILLEM).

People will be led to regularly consult a number of healthcare professionals in different locations: in the pharmacy, the hospital, the ALF for dependent seniors, at the doctors' office and even at home. The solutions of LA COOPERATIVE WELCOOP and its subsidiaries include software applications and systems to help manage all procedures performed in healthcare establishments. Coordinating the patient’s health data among all professionals makes it possible to optimise and securely monitor patient care.

LA COOPERATIVE WELCOOP, by its subsidiaries PHARMAGEST INTERACTIVE, is a certified healthcare data hosting services provider, offering a guarantee of the security of patient data. The centralisation and coordination of data and ensuring its security improve the quality of care provided to the patient. In this way, patient medication compliance and the treatment is improved, contributing to increased savings and greater efficiencies and effectiveness for the healthcare system. Through all its entities, LA COOPERATIVE WELCOOP continues to deploy its strategy at an international level while proposing the first digital health care gateway.

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

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

With consolidated equity capital of €183 million as at 31 December 2019, MARQUE VERTE SANTÉ posted €307 million in consolidated sales for 2019 (French GAAP).

For more information about LA COOPERATIVE WELCOOP and its subsidiaries: https://www.lacooperativewelcoop.com/

6.2 List of significant PHARMAGEST Group subsidiaries

An organisation chart of PHARMAGEST Group is presented in the management report provided in Section 21.2.1 – Subsection 1 of this Universal Registration Document.

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.

Consolidated companies at 31 December 2019

27 companies were fully consolidated in PHARMAGEST Group in 2019, including PHARMAGEST INTERACTIVE:

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

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

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

DIATELIC, a 95.29%-owned subsidiary of PHARMAGEST INTERACTIVE, a French company registered in Nancy (No. 443 656 350). The company's business is the provision and sales of tele-monitoring services and diagnostic aids.

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

EHLS, a wholly-owned subsidiary of PHARMAGEST INTERACTIVE, a French company registered in Nancy (No. 333 434 157). EHLS is a central purchasing service 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 at PORT LOUIS (Mauritius) (No. 076077 CI/GBL). The company provides IT services.

HAPPY HEALTH ORGANIZER, a wholly-owned French subsidiary of PHARMAGEST INTERACTIVE, registered in Clermont-Ferrand (No. 821 596 020) specialised in preparing documents and other office support and consulting services for IT systems and software.

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

HUROBREGA (SCI), a wholly-owned subsidiary of EHLS, a French company registered in Lorient (No. 330 201 575). The company is the owner of the premises located at ZAC (joint development zone) of Mourillon in Queven.

I-MEDS, a 60%-held German subsidiary of CAREMEDS, registered in "Handelsregister des Amtsgerichts" of Würzburg (No. HRB 12 473), a wholesaler and distributor of equipment and accessories for supplying drugs to patients and pharmacies.

INTERNATIONAL CROSS TALK, a 70%-held subsidiary of MALTA INFORMATIQUE, a French company registered in the Clermont-Ferrand (No. 479 913 832). The company is specialised in the development and hosting of online applications for health centres grouping multi-professional teams and private practitioners.

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

MALTA INFORMATIQUE, a wholly-owned subsidiary of PHARMAGEST INTERACTIVE, a French company registered in Bordeaux (No. 444 587 356). The company researches, designs and markets software and related products for elderly residential care homes.

MALTA BELGIUM, a wholly-owned Belgian subsidiary of MALTA INFORMATIQUE registered in Liege (No. 0739 865 421), specialised in computer programming services.

MULTIMEDS, a 51%-owned Irish 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 wholly-owned subsidiary of PHARMAGEST INTERACTIVE, a French company registered in Paris (No. 809 217 748). The company offers equipment lease financing solutions for the services sector.

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

NOVIATEK, a subsidiary 40%-owned by PHARMAGEST INTERACTIVE, and 40%-owned by KAPELSE, a Luxembourg company registered in Luxembourg (No. B 186 323). The company designs and manufacturers automated systems.

PHARMAGEST BELGIUM (formally SABCO SERVICES), a wholly-owned subsidiary of PHARMAGEST LUXEMBOURG, a Belgian company registered in the Brussels (No. 0476 626 524). The company markets and sells products which include, amongst others, IT hardware and software.

PHARMAGEST ITALIA (formerly MACROSOFT HOLDING) an Italian company and 82.50%-owned subsidiary of PHARMAGEST INTERACTIVE, registered in Macerata (REA No. MC 165 201). The company is specialised in IT equipment and services for pharmacy wholesalers-distributors and the sale of innovative software solutions for Italian pharmacies.

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

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

SOPHIA SANTE, a wholly-owned French subsidiary of PHARMAGEST INTERACTIVE, registered in the Paris (RCS No. 07 990 372), a provider of consulting services for IT systems and software applications.

SVEMU INFORMATICA FARMACEUTICA, an 80%-owned Italian subsidiary of PHARMAGEST ITALIA registered in Macerata (REA No. BN 142 975), a specialised software developer and a wholesaler of IP equipment and software.

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

And two companies 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), specialised in developing and marketing medical devices.

PHARMATHEK, a 49%-owned Italian subsidiary of PHARMAGEST INTERACTIVE registered in Verona (REA No. VR 142 975), specialised in the development and production of computer-managed automation solutions for sales and industrial applications.

Changes in the scope of consolidation since 31 December 2019:

Since the end of the reporting period, changes in the consolidation scope were as follows:

- Acquisition by PHARMAGEST INTERACTIVE of the shares of a minority shareholder KAPELSE, increasing the shareholding of PHARMAGEST INTERACTIVE to 75%.
- Acquisition by MALTA INFORMATIQUE of a 56.27% majority stake in PANDALAB, a French company registered in Nancy (RCS No. 820 708 055), specialised in secure and instant messaging solutions for healthcare professionals.

7 OPERATING AND FINANCIAL REVIEW

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

- Section 18.1.6 - Consolidated financial statements of PHARMAGEST Group of this Universal Registration Document;
- Section 21.2.1 - Part 1 of the management report included in this Universal Registration Document.

7.1 Financial position

7.1.1 Analysis of the financial position

There have been no significant changes in the PHARMAGEST Group's activities in relation to prior periods.

Changes in the main balance sheet aggregates were as follows:

Balance sheet items (€ thousands)	2019	2018	Change
Non-current assets	160,527	117,062	37.1%
Current assets	97,573	106,746	-8.6%
Shareholders' equity	131,911	117,051	12.7%
Non-current liabilities	54,040	42,079	28.4%
Current liabilities	72,149	64,678	11.6%

The increase in non-current assets reflects mainly the net increase in equity-accounted securities (+€7,033 thousand) and goodwill (+€10,980 thousand) and non-current financial assets (+ €15,866 thousand).

The change in current assets reflects changes in "trade receivables and related accounts" (+€2,603 thousand) and "cash and cash equivalents" (-€11,203 thousand).

Changes in non-current liabilities represent changes in long-term financial liabilities (+€10,532 thousand).

The rise in current liabilities reflects increases in the current portion of financial liabilities (+€3,756 thousand), trade payables (+€1,454 thousand) and other current debt (+1,725 thousand).

This data is to be considered in relation to the different acquisitions made by the PHARMAGEST Group in 2019.

7.1.2 Future trends

7.1.2.1 The issuer's likely future development

PHARMAGEST Group will continue to explore opportunities for development through external growth 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;
- Strengthening its "patient-centred" strategy in order to optimise patient care pathways and the efficient interactions between healthcare professionals.

Outlook for the Pharmacy - Europe Solutions Division

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 functionality and regulatory compliance improvements to its pharmacy management application (LGPI).

The Pharmacy France Business Unit in 2020 will introduce new offerings expected to provide new sources of growth (examples: e-prescription and teleconsultation solutions). The Group will also continue to work on developing and adapting its existing solutions such as OffiTag, OffiTouch®, OffiPDA, OffiCentral®, OffiMédia®, OffiSecure®, Multimeds, the secure electronic messaging system (MSS), the Pharmaceutical Record (PR) and the Shared Medical Record (SMR).

The Group will strengthen its ties with PHARMATHEK to offer increasingly effective pharmacists automation and robotic solutions.

Belgium and Luxembourg Pharmacy Business Unit

The Pharmacy BELGIUM and LUXEMBOURG Business Unit will continue to pursue growth in BELGIUM and LUXEMBOURG by maintaining its focus on developing business with 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.

Key developments expected in 2020 include:

- The Bandagist Module which can be integrated in the ULTIMATE application facilitates the reimbursement of small medical devices (pads, bags, bandages, etc),
- The adaptation of the MULTIMEDS range and the automated packaging system Automeds for the Belgium and Luxembourg market,
- Addition of the SINTESI robot to the catalogue of Belgian solutions,
- The launch in the Luxembourg market of the solution destined to replace the OFFICINE 2016 solution.

Pharmacy Italy Business Unit

The Pharmacy Italy Business Unit will continue to roll out its SOPHIA and EASY PHARMA management solutions for Italian pharmacies, PHARMA. 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 Solutions for Pharmacy Division - Europe 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 Global Services®), in addition to offering solutions for specific pharmacy applications such as the medication adherence monitoring software (*Logiciel de Suivi d'Observance* or LSO) or dispensing systems.

The Outlook for the e-Health Solutions Division

Digital Communications Business Unit

The Digital Communications Business Unit intends to maintain sales by deploying PHARMAGEST Group's digital communication solutions. The combination of 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.

The Telemedicine Business Unit

The Telemedicine Business Unit will continue to deploy its TPE (Therapeutic Patient Education) PILOT and eNephro solutions in the framework of national and regional calls for projects for which PHARMAGEST Group was selected.

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

The Business Unit is also pursuing the marketing of a new solution, **eNephro Pré-greffe**, designed to optimise the post-transplant pathway for patients with chronic kidney failure, improving access to kidney transplants and facilitating the team's work This requires the use of an information system with healthcare pathway management and coordination functionalities, meeting the recommendations of the French health authority of 2015. The eNephro Pre-transplant solution also addresses these issues and covers the patient's pathway without interruption with the post-transplant file remote monitoring functionality.

The Prevention Business Unit

The Prevention Business Unit is counting on the distribution of its NOVIACARE® solution to the general public in France and in international markets as well as the deployment of its CARELIB® EHPAD and CARELIB® Domicile solutions.
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.

E-Connect Business Unit

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

- Rollout the new telehealth solutions developed in 2019;
- 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;
- Launching new connective product ranges developed for health care professionals.

To these are added for all future projects, the implementation of future synergies between subsidiaries of PHARMAGEST Group and LA COOPERATIVE WELCOOP.

Outlook for the Health and Social Care Facilities Solutions Division

The Dependent Seniors Business Unit will maintain its growth in 2020 with the launch of TITAN WEB which will offer customers a new fully compatible solution that is even more powerful and ergonomic.

The In-Home Nursing Care and Hospital-At-Home Business Unit will continue its success with hospital-at-home solutions based on the relevant functionalities of the ANTHADINE, MOBISOINS and the PORTAIL PS offering and will launch a new dynamic with in-home nursing services by bolstering its commercial presence in this segment.

The Hospital Business Unit will continue to focus on a strategy to develop its commercial offering for territorial hospital groups and its installed base of customers. Corporate governance was strengthened by the arrival of a Managing Director with considerable experience in hospital information systems which will further contribute to the development.

The creation of territorial health professional communities (*Professionnelles Territoriales de Santé* or CPTS) will represent for the Private Practice Establishments Business Unit a genuine opportunity for growth in this market. The purpose of these communities will be to facilitate coordination of outpatient care and improve the conditions for private practice health professionals to exercise their profession within each territory. The purpose of each territorial health professional community will be to bring together first and second-line health professionals (general practitioners and specialists, nurses, etc.), and, as applicable, social care professionals and social workers who will intervene together to optimise the patient care pathways.

Through the recent creation of MALTA BELGIUM, the Health and Social Care Facilities Division will focus on continuing with growth in 2020 and pursuing its international development which began in Belgium. By acquiring activities for developing software solutions for nursing homes and specialised establishments of the Belgian company, CARE SOLUTIONS and the signature of a strategic European partnership agreement with Colisée to assist them in developing software solutions for all their establishments, MALTA INFORMATIQUE will benefit from new growth drivers to become the market leader in the Belgian market in the nursing home segment (with a market share of +30%).

Outlook for the Fintech Division

Convinced of the relevance of this business model, the Fintech Division will continue to develop its activity to become a marketplace for equipment sales financing and services, and by expanding beyond the healthcare sector, both in France and international markets.

7.1.2.2 Research and development

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 leverages synergies between PHARMAGEST INTERACTIVE and its different subsidiaries.

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

7.2 Operating profit

Changes in the main income statement aggregates were as follows:

Income statement highlights (€ thousands)	2019	2018	Change
Total operating income	158,569	148,480	6.8%
Total operating expenses	-117,719	-109,595	7.4%
Current operating income	40,849	38,886	5.0%
Net profit (loss) of the period	30,361	27,038	12.3%

The change in operating income is directly linked to the growth in revenue in relation to 2018 (+ €10,089 thousand). Key changes in expense line items included the cost of sales/costs of supplies (+3,245 thousand) and staff costs (+ €3,329 thousand).

7.2.1 Factors having an impact on results

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

- Equipment sales linked notably to the normal renewal of hardware by the installed base of customers;
- Software license sales;
- Hardware or software maintenance services;
- Financing solutions.

However, the multiplication of customer segment profiles and the geographical diversification of PHARMAGEST Group’s activities reduce its exposure to changes to all or part of these factors in a given market.

7.2.2 Material changes in net sales or revenues

No material changes were observed in 2019 by PHARMAGEST Group in the structure of its net sales or revenues.

8 CAPITAL RESOURCES

8.1 Information on the issuer's capital

The data with respect to PHARMAGEST Group's capital is included in the presentation of the consolidated financial statements in Section 18.1.6. of this Universal 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 2019.

Group reserves stand at €96,175 thousand. This includes issue premium of €13,207 thousand, translation adjustments of €(26) thousand, the legal reserve of €309 thousand and in other reserves of €82,685 thousand.

8.2 Sources and amounts of cash flow

The data with respect to PHARMAGEST Group's cash flow is included in the presentation of the consolidated financial statements in Section 18.1.6. of this Universal Registration Document.

Consolidated cash flow highlights (€ thousands)	2019	2018	Change
Net cash flows from operating and investing activities	24,329	18,441	31.9%
Net cash flows from operating activities	*40,665*	*28,741*	*41.5%*
Capital expenditures	*-16,336*	*-10,300*	*58.6%*
Net cash flows from (used in) financial investments	-16,768	-9,117	83.9%
Net cash from (used in) capital transactions	-13,254	-11,703	13.3%
Net cash from financing activities	-4,752	7,772	-161.1%
Impact of translation adjustments/financial instruments and other financial income and expenses	-31	10	-410%
Change in net cash	**-10,476**	**5,403**	**-293.9%**

Operating cash flow was decreased 31.9% from 2018 to €24,329 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 2019 for the 2018 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 €10,476 thousand.

8.3 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 financial liabilities is included in the presentation of the consolidated financial statements in Section 18.1.6.6. - Note 6.4 of this Universal Registration Document.

8.4 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.

8.5 Information regarding the 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 cash flow generation from investing an operating activities and, as applicable, the sale of assets or net issuances of debt.

9 REGULATORY ENVIRONMENT

9.1 Description of the regulatory environment

Insofar as PHARMAGEST Group knows, it is not particularly exposed to any governmental, economic, fiscal, monetary or political policies or factors that have materially affected, or could materially affect, directly or indirectly, its operations.

PHARMAGEST Group nevertheless pays particular attention to changes in European and national regulations, notably those relating to health care law and any other legal text which could affect PHARMAGEST Group directly by its application or indirectly by its application on its customers.

To this purpose, PHARMAGEST Group ensures that its solutions comply with applicable laws and that they cannot be circumvented. These include, for example:

- LGPI Global Services® is required to be certified or authorised with respect to requirements relating to the SESAM-Vitale national health insurance smart card or procedures relating to the receipt of payments (NF 525);
- Providing hosting services for health data requires ISO 27001 certification in addition to a certification by the French Digital Health Agency, ASIP Santé.

In addition, because the regulatory environment may vary from one country to another, PHARMAGEST Group's solutions are adapted in order to comply with the legal provisions of each country.

Like any commercial entity, PHARMAGEST Group also operates within a legal framework based on compliance with corporate law (mainly B2B), intellectual property protection, data protection (GDPR) and labour law, etc.

For any information relating to regulatory and legal risks, refer to Section 3 - Risk factors.

10 TREND INFORMATION

10.1 Recent trends

In the context of the current health crisis linked to the Covid-19 pandemic, PHARMAGEST has been focused on safeguarding the health and safety of its employees and its customers consisting of healthcare professionals. Within the framework of its prevention and business continuity plan deployed by Management, procedures are being continually adapted and strengthened in line with instructions issued by public authorities and governmental bodies.

Within the framework of its IT service continuity plan, since the beginning of March PHARMAGEST Group has been preparing for the COVID-19 PHASE 3 confinement plan by strengthening its IT measures, and notably deploying secure remote access capabilities and implementing solutions for virtual meetings. At 31 March 2020, 86% of its employees were actively mobilised in providing assistance on a daily basis to pharmacists, either on-site, through teleworking or in the field.

At this stage of the pandemic, it is difficult to evaluate the consequences on the Group's revenue, profitability or other items such as the level of production, orders, inventory as well as the cost and sales prices since the emergence of the health crisis and the filing date of the universal registration document.

However, PHARMAGEST Group's business model is resilient. Its recurrent revenue streams (66%) and gross sales (68%), its excellent balance sheet combined a diverse portfolio of health-related activities, represent major strengths that may be expected to limit the impact of this health crisis on the growth of its sales and margins.

PHARMAGEST will probably experience a slowdown in its financial performance in the first half though, in light of the strength of its recurrent revenue, it hopes to recover the momentum of 2018 and 2019 as the lockdown measures are lifted.

PHARMAGEST Group will keep the market informed of any significant developments of this health crisis impacting its activity.

10.2 Trends concerning potential developments

Other than the recent items mentioned above, PHARMAGEST Group has no knowledge of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on its prospects for the current financial year.

11 PROFIT FORECASTS OR ESTIMATES

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

12 ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND SENIOR MANAGEMENT

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

Composition of the Board of Directors at 31 December 2019

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. 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 *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.*

The professional address of all members of the Board of Directors and Executive Management is 5 allée de Saint-Cloud, 54600 VILLERS-LES-NANCY.

PHARMAGEST Group has no knowledge of the existence of family ties between corporate officers.

Personal information concerning Administrative, Management, Supervisory Bodies and Senior 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.
PHARMAGEST INTERACTIVE joined LA COOPERATIVE WELCOOP in 1998.
Since 2006: Member of the Management Board of LA COOPERATIVE WELCOOP and since 2008 the Management Board of MARQUE VERTE SANTÉ.
Chair of the Management Board of LA COOPERATIVE WELCOOP and MARQUE VERTE SANTÉ 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 de 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 SANTÉ.

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 Solutions for Pharmacy Division - Europe.

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 SANTÉ Supervisory Board from 2008 to 2010, then permanent representative of LA COOPERATIVE WELCOOP and member of the MARQUE VERTE SANTÉ 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 the Syndicat des Pharmaciens des Vosges (member of the French federation of pharmacy unions - FSPF) from 1996 to 2018.
Member of the Board of Directors of the FSPF) from 2001 to 2018.

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.
Since 1982: 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 SANTÉ 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.
"Conseillère Départementale" for the 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 GRIS DECOUPAGE, 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.
January 2012: Managing Director of a family-owned company.
As of 27 June 2017: Director of PHARMAGEST INTERACTIVE.
April 2018: Chair in the family company.

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 BORDEAUX (33)(FRANCE).
Doctor in Pharmacy, community Pharmacist, graduated from Bordeaux University, and established in Capbreton (France) since 1987.
Secretary General of the Regional Council of the Order of Pharmacists (CROP) of Aquitaine until 2010.
Chair of the Supervisory Board of LA COOPERATIVE WELCOOP as of 1 January 2011.
Chair of the Supervisory Board of MARQUE VERTE SANTÉ 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.

List of offices held during the past five years

Only those offices external to the PHARMAGEST Group or within its subsidiaries which are not wholly-owned are presented below. The list of offices and functions in any company by each corporate officer in the period ended are presented in Section 21.4 - Subsection 2.5 of this Universal Registration Document.

Mr. Thierry CHAPUSOT

Offices and functions in progress

- PHARMAGEST INTERACTIVE (listed company): Chair of the Board of Directors
- GROUPE DOMEDIC (Canadian company): Director
- LA COOPERATIVE WELCOOP: Chair of the Management Board
- MARQUE VERTE SANTÉ: Chair of the Management Board
- LABORATOIRE MARQUE VERTE: Representing La Coopérative WELCOOP, Director
- SCI CERP IMMO 2: Board representative of LA WELCOOP, Manager
- SOCIETE CIVILE DE L'ERMITAGE SAINT JOSEPH: Manager
- SARL DUVAL DE VITRIMONT: Manager
- SCI JAMERAI: Manager
- OBJECTIF PHARMA: Chair of the Management Board
- PLANT ADVANCED TECHNOLOGIES - PAT (listed company): Director
- HENRI POINCARE (a French joint stock company or Société Anonyme and semi-public entity): Director representing the committee of minority shareholders

Offices and functions having expired in the last five years

- DEVELOPPEMENT PROMOTION CRISTERS: Chair until 11/04/2018
- PHARMAGEST ITALIA (tying company): Member of the Board of Directors until 17/10/2018
- D'MEDICA: Chairman of the Board of Directors until 21/08/2019
- DOMEDIC EUROPE: Director until 19/06/2019
- WELFINITY GROUP (Luxembourg company): Director until 22/07/2019

Mr. Dominique PAUTRAT

Offices and functions in progress

- PHARMAGEST INTERACTIVE: Managing Director and Director
- ADI - APPLICATIONS ET DEVELOPPEMENTS INFORMATIQUES: Permanent representative of PHARMAGEST INTERACTIVE
- DIATELIC: Representing the Chair of PHARMAGEST INTERACTIVE
- GROUPE DOMEDIC (Canadian company): Director
- KAPELSE: Representing the Chair of PHARMAGEST INTERACTIVE
- PHARMAGEST ITALIA (tying company): Member of the Board of Directors
- LA COOPERATIVE WELCOOP: Management Committee member
- MARQUE VERTE SANTÉ: Management Committee member

- LABORATOIRE MARQUE VERTE: Chair of the Board of Directors
- SCI MESSIRE JACQUES: Manager
- SC CHANOINE JACOB: Manager

Offices and functions having expired in the last five years

- QUALITY FLUX (Belgian company): Director until 2015
- WELFINITY GROUP (Luxembourg company,): Managing Director until 22/07/2019

Mr. Denis SUPPLISSON

Offices and functions in progress

- PHARMAGEST INTERACTIVE: Deputy Managing Director and Director
- CAREMEDS (English company): Manager
- MULTIMEDS (English company): Manager
- PHARMAGEST ITALIA (tying company): Chair of the Board of Directors
- ADI - APPLICATIONS ET DEVELOPPEMENTS INFORMATIQUES: Director

Offices and functions having expired in the last five years

- DOMEDIC EUROPE: Managing Director and Director until 19/06/2019 then the liquidator until 30/12/2019

Mr. Daniel ANTOINE

Offices and functions in progress

- PHARMAGEST INTERACTIVE: Director
- LA COOPERATIVE WELCOOP: Vice-Chair of the Supervisory Board
- MARQUE VERTE SANTÉ: Representative of the Member of the Supervisory Board of LA COOPERATIVE WELCOOP
- OBJECTIF PHARMA: Supervisory Board member
- INVESTIPHARM FRANCE: Director
- SCI JADD: Manager

Offices and functions having expired in the last five years

- None

Ms. Marie-Louise LIGER

Offices and functions in progress

- PHARMAGEST INTERACTIVE: Independent director

Offices and functions having expired in the last five years

- None

Mr. François JACQUEL

Offices and functions in progress

- PHARMAGEST INTERACTIVE: Director
- LA COOPERATIVE WELCOOP: Supervisory Board member
- SELARL FRANCOIS JACQUEL: Manager
- SCI CRAPAUDINE: Co-Manager

Offices and functions having expired in the last five years

- None

Ms. Anne LHOTE

Offices and functions in progress

- PHARMAGEST INTERACTIVE: Director
- LA COOPERATVE WELCOOP: Management Committee member
- MARQUE VERTE SANTÉ: Management Committee member
- INVESTIPHARM FRANCE: Chair of the Board of Directors
- D'MEDICA: Director
- 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
- OBJECTIF PHARMA: Management Committee member
- PHARMALAB INTERNATIONAL (Hong Kong) Manager

Offices and functions having expired in the last five years

- AUXI EXPORT (Belgian company): Manager until 28/02/2017
- ESPAFARMED (Spanish company): Director until 02/05/2017

Ms. Sophie MAYEUX

Offices and functions in progress

- PHARMAGEST INTERACTIVE: Independent director

Offices and functions having expired in the last five years

- None

Ms. Céline GRIS

Offices and functions in progress

- PHARMAGEST INTERACTIVE: Independent director
- GRIS DECOUPAGE: Chair
- GRIS GROUP: Chair
- ESKARCEL: Co-Manager

Offices and functions having expired in the last five years

- STAMPEO (revoked company): Manager until 28/05/2016
- GRIS INVEST INDUSTRIES – G 21: Managing Director until 31/03/2018

Ms. Emilie LECOMTE

Offices and functions in progress

- PHARMAGEST INTERACTIVE: Director
- PHARMACIE LECOMTE DALLA COSTA: Co-Manager
- PHARMACIE LECOMTE DALLA COSTA: Co-Manager
- OBJECTIF PHARMA: Supervisory Board member
- LA COOPERATVE WELCOOP: Supervisory Board member

Offices and functions having expired in the last five years

- None

Mr. Hugues MOREAUX

Offices and functions in progress

- PHARMAGEST INTERACTIVE: Board representative of LA COOPERATIVE WELCOOP
- LA COOPERATIVE WELCOOP: Chair of the Supervisory Board
- MARQUE VERTE SANTÉ: Chair of the Supervisory Board
- D'MEDICA: Board representative of LA COOPERATIVE WELCOOP
- OBJECTIF PHARMA: Supervisory Board member
- LABORATOIRE MARQUE VERTE: Director
- INVESTIPHARM FRANCE: Board representative of LA COOPERATIVE WELCOOP
- SCI DU FRONTON: Manager

Offices and functions having expired in the last five years

- SNC MOREAUX DUCASSOU: Co-manager until 30/11/2017

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.

Absence of convictions of 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, receivership, liquidation placed under judicial administration;
- Been charged with infractions and/or subject to an official public sanction ordered by statutory or regulatory authorities during at least the last five years;
- Been legally disqualified from serving as members of a board of directors, executive management the supervisory board of the issuer.

12.2 Absence ofconflicts 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 Universal 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:

- No arrangement or agreement has been 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.
- No restrictions have been accepted by members of the board of directors and executive management concerning the disposal, over a certain period of time, of the securities of the issuer which they hold.

13 COMPENSATION AND BENEFITS

13.1 Compensation

The compensation paid by PHARMAGEST INTERACTIVE and the methods for determining compensation are set out in the report on corporate governance in Section 21.4 of this Universal Registration Document.

The compensation paid by MARQUE VERTE SANTÉ and LA COOPERATIVE WELCOOP is also given in the report on corporate governance in Section 21.4 of this Universal Registration Document.

13.2 Provisions

The total amounts set aside or accrued by the issuer or its subsidiaries to provide for pension, retirement or similar benefits are presented in the report on corporate governance included in Section 21.4 of this Universal Registration Document.

14 BOARD AND MANAGEMENT PRACTICES

14.1 14.1Offices of members of the Board of Directors

All information on the directors' offices, and notably the expiration dates of their terms, is included in the report on corporate governance presented in Section 21.4 - Subsection 2.3 of this Universal Registration Document.

14.2 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.

14.3 Special committees

Audit Committee

In 2019, the Audit Committee comprised:

- Ms. Marie-Louise LIGER, Independent Director;
- Mr. Daniel ANTOINE, 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 21.4 - Subsection 3.5.2 of this Universal Registration Document.

Compensation Committee

A Compensation Committee does not exist.

14.4 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 21.4 - Subsections 1 to 4 of this Universal Registration Document.

14.5 Potential material impacts on the corporate governance

No decisions have been rendered by the board of directors, executive management or the General Meeting which could have a material impact on the corporate governance.

15 EMPLOYEES

15.1 Description of human resources

Human resources and the labour relations environment are described in the Non-Financial Statement (NFS) presented in Section 21.2.2 of this Universal Registration Document.

15.2 Employee stock ownership and stock options

Employee stock 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 members of the Finance and Personnel Management Committee are excluded from this stock option plan.

Capital held directly and indirectly by members of the Board of Directors

Member's full name or Company Name and their functions	Number of shares
Mr. Thierry CHAPUSOT *Chair of the Board of Directors*	777,200
Mr. Dominique PAUTRAT *Managing Director and Director*	29,900
Mr. Denis SUPPLISSON *Deputy Managing Director and Director*	10
Mr. Daniel ANTOINE *Director*	1 ,070
Ms. Marie-Louise LIGER *Independent Director*	97
Mr. François JACQUEL *Director*	400
Ms. Anne LHOTE *Director*	100
Ms. Sophie MAYEUX *Independent Director*	25
Ms. Céline GRIS *Independent Director*	20
Ms. Emilie LECOMTE *Director*	12
LA COOPERATIVE WELCOOP *represented by Mr. Hugues MOREAUX, Director*	10,111,855

15.3 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 €1,586,289 in fiscal 2019, compared to €1,323,556 in 2018.

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 funds (*fonds commun de placement d'entreprise* or FCPE) "Perspective Monétaire A", "Perspective Obli MT A", "*Social Active Tempéré Solidaire*", " *Perspective Certitude*", "*Stratégie Equilibre International (P)*"», "Perspective Conviction Monde A", 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 2020 by PHARMAGEST Group amounted to €2,627,496 for fiscal 2019 and €1,617,093 for fiscal 2018.

16 MAJOR SHAREHOLDERS

16.1 Shareholders who are not members of the board of directors or executive management subject to ownership disclosure requirements

MARQUE VERTE SANTÉ, holding 60.51% of the capital of PHARMAGEST INTERACTIVE is itself 98.07%-held y LA COOPERATIVE WELCOOP (See the Organisation Chart presented in Section 21.2.1 – Subsection 1 of this Universal 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 2019, LA COOPERATIVE WELCOOP had 2,751 legal entity members and 1,433 individual members.

SC ERMITAGE SAINT JOSEPH holds 5.09% of the capital of PHARMAGEST INTERACTIVE.

To the best of PHARMAGEST INTERACTIVE's knowledge, no other shareholder who are not members of the board of directors or executive management holds more than 5% of the capital or voting rights, directly or indirectly, alone or in concert.

PHARMAGEST INTERACTIVE had no knowledge of significant transaction between 31 December 2019 and the publication date of this Universal Registration Document.

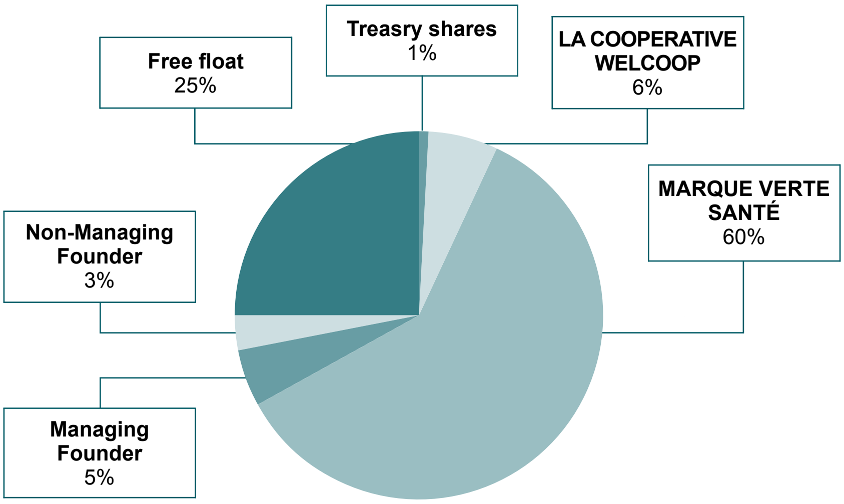
16.2 Voting rights

In accordance with the articles of association, there is only one class of shares. One voting right is attached to each share. On that basis, voting rights at 31 December 2019 broke down as follows:

Shareholder	Number of shares held at 31/12/2019	Capital (%)	Theoretical voting rights	Voting rights exercisable in General Meetings	Voting rights (%)
MARQUE VERTE SANTÉ	9,182,595	60.51%	9,182,595	9,182,595	61.11%
LA COOPERATIVE WELCOOP	929,260	6.12%	929,260	929,260	6.18%
Sub-total WELCOOP GROUP	**10,111,855**	**66.64%**	**10,111,855**	**10,111,855**	**67.30%**
Founding manager*	777,200	5.12%	777,200	777,200	5.17%
Founding non-manager	407,950	2.69%	407,950	407,950	2.72%
Treasury shares	148,810	0.98%	148,810	0	0.00%
Free float	3,728,310	24.57%	3,728,310	3,728,310	24.81%
TOTAL	**15,174,125**	**100%**	**15,174,125**	**15,025,315**	**100%**

** Mr Thierry CHAPUSOT (SC ERMITAGE SAINT JOSEPH and own shares).*

Voting rights as at 31/12/2019:



16.3 Control

LA COOPERATIVE WELCOOP holds 66.64% of PHARMAGEST INTERACTIVE'S capital, directly and indirectly.

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.

16.4 Arrangements which may result in a change in control

PHARMAGEST INTERACTIVE had no knowledge of any arrangements the operation of which may at a subsequent date result in a change in control.

17 RELATED PARTY TRANSACTIONS

17.1 Regulated agreements and commitments

All information on agreements and commitments is provided in the Auditors' special report in Section 18.3.2 of this Universal Registration Document. The main related-party transactions were as follows:

With MARQUE VERTE SANTÉ;

Nature and purpose: Financial advance

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

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.

At 31 December 2019, this advance was paid back in full. Interest income for 2019 amounted to €59 thousand.

The Board of Directors, meeting of 6 December 2019 based on the unanimous vote of those directors eligible to participate, decided to not renew the financial advance agreement, expiring in consequence on 31 December 2019.

The company's justifications for the agreement:

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

With DIATELIC

Nature and purpose: Tax consolidation agreement

Authorisation of PHARMAGEST INTERACTIVE to include DIATELIC 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.

17.2 Other related party transactions

With WELCOOP Group companies

PHARMAGEST Group is fully consolidated by LA COOPERATIVE WELCOOP (54500 VANDOEUVRE-LES-NANCY).

The nature of the relations between LA COOPERATIVE WELCOOP and its subsidiary MARQUE VERTE SANTÉ, 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 an operating income of €1,588 thousand and operating expenses of €895 thousand with LA COOPERATIVE WELCOOP and its subsidiaries.

Information on financial flows between PHARMAGEST Group and related parties is presented in Section 18.1.6.6 - Note 12, Transactions with related parties, to the consolidated financial statements in this Universal 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 18.1.5.5 - Note 15.2, Information on related party transactions, to the separate parent company financial statements in this Universal Registration Document.

18 FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION, AND PROFITS AND LOSSES

18.1 Historical financial information

18.1.1 Audited historical financial information

Documents incorporated by reference in this Universal Registration Document include the consolidated financial statements, management reports and audit reports for the financial years ended on 31 December 2017 and 31 December 2018 contained respectively in the 2017 Registration Document filed on 26 April 2018 (No. D.18-0414) and the 2018 Registration Document filed on 30 April 2019 (No. D.19-0443).

18.1.2 Change in the accounting reference date

PHARMAGEST Group has not modified its accounting reference date during the period in which historical financial information is required. The audited historical financial information covers a period of 36 months. The reference period for the separate parent company and consolidated financial statements is the 1st of January to 31st of December.

18.1.3 Basis of presentation and compliance statement

The separate parent company financial statements of PHARMAGEST INTERACTIVE have been prepared in accordance with French accounting standards (FR GAAP) and Directive No. 2013/34/EU. For further information, refer to Section 18.1.5.5 - Note "Significant Accounting Policies" of this Universal Registration Document.

The consolidated financial statements of PHARMAGEST Group were prepared in accordance with international financial reporting standards (IFRS), as adopted by the European Union in accordance with Regulation (EC) No. 1606/2002. For further information, refer to Section 18.1.6.6 - Note 1 of this Universal Registration Document.

18.1.4 Change in accounting framework

PHARMAGEST Group has not made and nor does it intend to make significant changes to its accounting framework.

18.1.5 PHARMAGEST INTERACTIVE separate financial statements

18.1.5.1 Balance sheet

Balance sheet assets - In € thousands	Notes	31/12/2019			31/12/2018
		Gross value	Amortisation, depreciation and provisions	Net	Net
Non-current assets					
Intangible assets	1.4/5	20,569	2,786	17,783	17,344
Property, plant and equipment	1.4/5	18,092	7,711	10,381	4,810
Financial assets	2.3/4	45,095	639	44,456	34,484
Total		**83,756**	**11,136**	**72,620**	**56,639**
Current assets					
Inventory and work-in-progress	3	1,699	173	1,526	1,258
Trade receivables	4 & 5	17,000	240	16,760	15,514
Other receivables	4 & 5	7,835	0	7,835	15,329
Marketable securities	6.1	80,417	0	80,417	62,597
Bank and cash	6.1	843	0	843	2,013
Total		**107,794**	**414**	**107,379**	**96,711**
Prepaid expenses	4	463	0	463	690
Unrealised losses on foreign exchange		109	0	109	176
TOTAL ASSETS		**192,122**	**11,551**	**180,571**	**154,215**

Balance sheet liabilities - In € thousands	Notes	31/12/2019	31/12/2018
Shareholders' equity			
Share capital	7	3,035	3,035
Reserves and retained earnings		74,607	70,606
Investment grants		4	11
Profit for the year		17,953	16,683
Total		**95,599**	**90,335**
Provisions for contingencies and expenses	**8**	**4,718**	**4,334**
Payables			
Borrowings and financial liabilities	9.1	52,667	36,963
Trade payables and equivalent	9.1	10,418	8,693
Other payables	9.1	16,764	13,513
Total		**79,850**	**59,169**
Deferred revenue	9.1/3	404	378
TOTAL LIABILITIES		**180,571**	**154,215**

18.1.5.2 Income statement

In € thousands	Notes	2019	2018
Operating income			
Net revenue	10	102,926	97,741
Operating grants	11	142	194
Capitalised production	11	0	4
Reversals of depreciation, amortisation and provisions	11	845	814
Expense reclassifications	11	3,249	2,788
Other operating income	11	2,212	1,752
Total		**109,375**	**103,293**
Operating expenses			
Cost of sales		23,384	21,392
Purchases and external costs		18,283	18,462
Taxes other than on income		2,115	2,157
Staff costs	12.1	41,239	40,030
Allowances for depreciation and amortisation		1,239	1,266
Allowances for provisions		1,304	1,180
Other operating expenses		448	146
Total		**88,011**	**84,633**
Operating profit		**21,364**	**18,660**
Current financial income		6,829	7,250
Current financial expenses		1,331	1,772
Net financial income/(expense)		**5,498**	**5,479**
Current operating income		**26,863**	**24,138**
Exceptional income	13	1,132	213
Exceptional expenses	13	1,298	319
Net exceptional items		**-166**	**-106**
Income tax expense	14.2	6,690	5,831
Employee profit-sharing		2,054	1,517
Net profit		**17,953**	**16,683**

18.1.5.3 Statement of changes in shareholders' equity

Balance sheet items - In € thousands	Value at 31/12/2019	Increase	Decrease	Value at 31/12/2019
Share capital	3,035	0	0	3,035
Share premium	13,207	0	0	13,207
Additional paid-in capital (merger premium)	9	0	0	9
Legal reserves	309	0	0	309
Other reserves	6,502	0	0	6,502
Profit for the period	16,683	17,953	16,683	17,953
Dividends	*0*	*12,761*	*12,761*	*0*
Retained earnings	50,522	3,920	0	54,442
Equipment grants	22	0	0	22
Equipment credit financing grants	-11	-7	0	-18
Accelerated tax depreciations and amortisations	57	82	0	138
TOTAL	**90,335**	**34,709**	**29,444**	**95,599**

18.1.5.4 Consolidated cash flow statement

Consolidated cash flow statement - In € thousands	31/12/2019	31/12/2018
I. Operating and non-operating activities		
Net Profit	**17,953**	**16,683**
Allowances for depreciation and amortisation, provisions	2,485	3,984
Reversals of amortisation, depreciation and provisions	-795	-964
Gains and losses on disposals of fixed assets	44	150
Grants to be transferred to income	-7	-7
Operating cash flows	**19,679**	**19,846**
Change in financial expenses	3	0
Net change in cash flows from operating activities	2,789	491
Net change in cash flows from non-operating activities	19,063	828
Change in working capital	**21,855**	**1,319**
Net cash provided by (used in) operating activities	**41,534**	**21,165**
II. Cash flows from investing activities		
Outflows from the acquisition of intangible assets	-717	-213
Outflows from the acquisition of property, plant and equipment	-6,580	-1,878
Inflows from disposals of tangible and intangible assets	10	28
Investment grants received	0	0
Capital expenditures	**-7,287**	**-2,063**
Outflows from the acquisition of financial assets	-9	-34
Inflows from disposals of financial assets	527	10
Net cash flows from the acquisition and disposal of subsidiaries	-11,031	-18,308
Financial investments	**-10,513**	**-18,332**
Net cash flows provided by (used in) investing activities	**-17,801**	**-20,395**
III. Equity capital transactions		
PHARMAGEST INTERACTIVE capital increases	0	0
Dividends received from equity-accounted investees	0	0
Dividends paid by PHARMAGEST INTERACTIVE	-12,761	-11,213
Net cash from (used in) capital transactions	**-12,761**	**-11,213**
IV. Cash flow from financing activities		
Issuance or subscription of borrowings and financial debt	10,400	21,450
Repayment of borrowings and other financial debt	-3,988	-1,551
Net cash from financing activities	**6,412**	**19,899**
Bank and cash	16,650	10,459
Short-term bank facilities and overdrafts	-732	1,005
Change in net cash	**17,382**	**9,454**

Cash reconciliation - In € thousands	2019	2018
Marketable securities	80,417	62,597
Bank balances - assets	843	2,013
Bank balances - liabilities	-276	-1,008
TOTAL	**80,984**	**63,602**

18.1.5.5 Notes to the separate financial statements

Total balance sheet before appropriation: €180,571,123. Net profit: € 17,953,104.

The financial period runs for twelve months from 01/01/2019 to 31/12/2019.

The notes provided below form an integral part of the annual financial statements adopted by the Board Directors on 27 March 2020.

Annual highlights:

- Completion of 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;
- PHARMAGEST INTERACTIVE acquired a 13.89% minority equity stake in EMBLEEMA;
- Sale (100%) of INTECUM by PHARMAGEST INTERACTIVE to PHARMATHEK;
- Subscription by PHARMAGEST INTERACTIVE to a capital increase of the Italian company PHARMATHEK in the amount of 49%;
- Acquisition of additional shares of PHARMAGEST ITALIA, bringing PHARMAGEST INTERACTIVE's share in the capital to 82.50% from 79%;
- Creation of WELFINTY GROUP;
- Creation of DOMEDIC EUROPE.

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 €7,879 thousand in 2019, of which €1,657 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	**19,845**	**724**	**0**	**20,569**
Property, plant and equipment	**12,030**	**6,593**	**532**	**18,092**
Land	423	0	0	423
Fittings and improvements to buildings	3,569	251	331	3,489
Industrial equipment and tools	15	0	0	15
General fixtures	1,024	28	134	918
Transportation equipment	329	63	46	346
Office equipment and furniture	5,095	772	22	5,845
Intangible fixed assets under construction	1,570	5,480	0	7,050
Other property, plant and equipment	6	0	0	6
Total amortisation and depreciation of intangible assets and property, plant and equipment	**31,876**	**7,317**	**532**	**38,661**

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

Amortisation, depreciation and provisions In € thousands	Opening balance	Increases	Decreases	Closing balance
Amortisations of intangible assets Provisions for intangible assets	2,480 21		0 0	2,765 21
Accumulated amortisation and provisions of intangible assets	**2,500**	**285**	**0**	**2,786**
Depreciation of property, plant and equipment: *Fittings and improvements to buildings* *Industrial equipment and tools* *General fixtures* *Transportation equipment* *Office equipment and furniture*	 *2,408* *12* *939* *190* *3,671*	 *158* *1* *16* *51* *745*	 *282* *0* *130* *46* *21*	 *2,284* *13* *825* *195* *4,395*
Accumulated depreciation and provisions for property, plant and equipment	**7,220**	**971**	**479**	**7,711**
Total amortisation, depreciation and provisions for intangible assets and property, plant and equipment	**9,721**	**1,255**	**479**	**10,498**

NOTE 2 - Financial assets

2.1 Measurement of financial assets

The gross value of financial assets is their acquisition price, net of acquisition 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 Changes in the period

Gross values - In € thousands	Opening balance	Increase	Decrease	Closing balance
Equity securities (see details below)	35,657	10,704	1,570	44,790
Bond debt	0	0	0	0
Security deposits and guarantees	323	0	17	306
Total financial assets	**35,978**	**10,704**	**1,587**	**45,095**

Breakdown of equity investments:

Companies - In € thousands	Gross amount of securities - In € thousands	Percentage of ownership
ADI	352	50.00%
CAREMEDS	1,214	51.82%
DIATELIC	467	95.29%
EHLS	4,690	100.00%
GROUPE DOMEDIC	1,389	28.32%
HDM	30	100.00%
HEALTHLEASE	1,407	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	19,162	82.50%
PHARMAGEST LUXEMBOURG	3,490	100.00%
PHARMATHEK	7,140	49.00%
SAILENDRA	303	75.09%
EMBLEEMA	2,649	13.89%
UK PHARMA	0	100.00%
TOTAL	**44,790**	

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	1,494	0	855	639
Accumulated amortisation and provisions for financial assets	**1,494**	**0**	**855**	**639**

Impairment tests were not performed to recognise the additional impairment of PHARMAGEST LUXEMBOURG securities which were written down in the amount of €639 thousand. The reversal of impairment charges for financial assets concerned the disposal of INTECUM (615 thousand) and the liquidation of WELFINITY GROUP (€240 thousand).

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	31/12/2019			31/12/2018
	Gross amount	Impairment	Net amount	Net amount
Serialised equipment	1,425	62	1,363	1,091
Non-serialised equipment	274	111	163	51
Raw materials	0	0	0	117
TOTAL	**1,699**	**173**	**1,526**	**1,258**

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	157	24	8	173

NOTE 4 - Trade receivables

4.1 Measurement of trade receivables

Trade receivables are recognised at face value.

In € thousands	31/12/2019			31/12/2018
	Gross amount	Less than 1 year	More than 1 year	Gross amount
Trade receivables	17,000	16,815	184	15,734
Other receivables [1]	7,835	7,835	0	16,110
Deferred charges	463	463	0	690

[1] *July 2019. This cash advance corresponded to an advance made 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	220	130	109	240

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	2019	2018
Financial assets	0	0
Trade payables and equivalent	105	19
Trade receivables	1,699	1,401
Other receivables	161	108
Bank and cash	0	0

NOTE 6 - Marketable securities and cash

6.1 Marketable securities and cash

Gross values - In € thousands	31/12/2019	31/12/2018
Treasury shares - liquidity contract (1)	3,000	1,575
Treasury shares - stock option plan (1)	1,657	3 325
Capital redemption contracts (2)	75,760	57,697
Marketable securities subtotal	***80,417***	***62,597***
Bank and cash	843	2,013
TOTAL	**81 260**	**64,610**

(1) *Valuations are based on the weighted average price.*
(2) *Includes capital-guaranteed structured products with 3-year maturities (05/2020).*

6.2 Treasury shares

This account includes 148,810 treasury shares of which:

- 3,016 PHARMAGEST INTERACTIVE treasury shares held under the liquidity contract managed by Gilbert DUPONT.
- 86,438 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.
- 24,141 PHARMAGEST INTERACTIVE treasury shares held through a share buyback agreement authorised by the Ordinary General Meeting of 27 June 2019.

6.3 Liquidity contract

Movements in 2019 relating to the liquidity contract, held solely by PHARMAGEST INTERACTIVE, were as follows:

- Purchases: 83,524 shares at an average price of € 57.03;
- Disposals: 82,507 shares at an average price of € 56.78.

No shares were purchased under the stock option plan.

6.4 Capital redemption contract

This investment contract includes a unit-linked OPCI property investment mutual fund (48%) and an AXA Euro Fund (52%) 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 of the euro fund was confirmed based on a guaranteed return.

In addition, a capital redemption contract with Natixis also includes two types of investments, a conventional euro fund and a unit-linked fund covered by a term deposit account.

NOTE 7 - 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 31/12/2018	Increase	Reversal (provisions used in the period)	Change in Group structure / Other	Value at 31/12/2019
Provisions for litigation	38	84	116	0	6
Provision for contingencies	753	666	612	0	806
Provisions for retirement severance benefits	3,367	431	0	0	3,798
Provisions for foreign exchange losses	176	0	68	0	108
TOTAL	**4,334**	**1,181**	**796**	**0**	**4,718**
Operating provisions	4,158	1,181	728	0	4,609
Provisions for financial assets	176	0	67	0	109
Provisions for exceptional items	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 €423 thousand;
- Provisions relating to the marketing of LGPI Global Services® licenses with free software maintenance for up to 30 months. This corresponds to the cost of software support for the period amounting to €383 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 21.2.1 - Subsection 2.2 of the Universal 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 €3,798 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: 0.77%;
  For the discount rate, the iBoxx corporate AA10+ at year-end is used.
- Salary escalation rate: 1.5%;
- 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 €1,301 thousand at 31/12/2019).

The variation and sensitivity tests are in Section 18.1.6.6 – Note 11.1 of the Universal Registration Document.

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 Section 18.1.6.6 - Note 10.2.1.2. to the consolidated financial statements.

NOTE 9 - Payables

9.1 Statement of payables

In € thousands	31/12/2019				31/12/2018
	Gross amount	Less than 1 year	More than 1 year	More than 5 years	Gross amount
Bank borrowings [1]	276	276	0	0	1,008
Miscellaneous financial liabilities	26,314	4,636	20,758	921	19,899
Advances and prepayments, credit notes payable	366	366	0	0	242
Trade payables	10,418	10,418	0	0	8,693
Tax and social security payables	15,217	15,180	38	0	12,944
Amounts due to Group companies and shareholders [2]	26,077	26,077	0	0	16,056
Other payables	1,181	1,181	0	0	326
Deferred revenue	404	404	0	0	378
TOTAL	**80,253**	**58,536**	**20,795**	**921**	**59,546**

[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	2019	2018
Bank borrowings	2	2
Other borrowings and financial liabilities	0	0
Trade payables	2,077	2,413
Tax and social security payables	10,913	10,172
Other payables	1,149	326

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 2019 not yet completed on this date. Their amount increased from €378 thousand in 2018 to €404 thousand in 2019.

NOTE 10 - Revenue

Breakdown of revenue - In € thousands	2019	2018
Revenue from configurations	57,790	54,579
Revenue from maintenance and services	32,056	31,172
Revenue from training services and new products	11,189	10 573
Revenue from other services, including e-advertising	1,891	1,417
TOTAL	**102,926**	**97,741**
Revenue in FRANCE	102,146	97,174
Exports and intra-Community supplies	780	566

NOTE 11 - Other operating income

In € thousands	2019	2018
Subsidies	142	194
Capitalised production	0	4
Reversals of amortisation, depreciation and provisions	845	814
Expense reclassifications (1)	3,249	2,788
Other income	2,212	1,752
TOTAL	**6,449**	**5,551**

(1) Expense reclassifications relate to:

- *Rebilling staff costs to other PHARMAGEST Group and WELCOOP GROUP companies in the amount of €885 thousand.*
- *Rebilling services to other PHARMAGEST Group and WELCOOP GROUP companies in the amount of €1,881 thousand.*
- *Reimbursement of staff costs (including vehicle expenses) in the amount of €367 thousand.*
- *Repayment of structural expenditures in the amount of €117 thousand.*

NOTE 12 - Staff costs

12.1 Breakdown of staff costs

In € thousands	31/12/2019	31/12/2018
Salaries and wages	28,152	26,990
Social security contributions	11,006	11,751
Other staff costs	2,079	2,281
The CICE *(Crédit d'Impôt pour la Compétitivité et l'Emploi)* wage tax credit [1]	0	-992
TOTAL	**41,239**	**40,030**

[1] In 2018 PHARMAGEST INTERACTIVE accounted for the CICE (Crédit d'Impôt pour la Compétitivité et l'Emploi) wage tax credit as a component of compensation. As such it was recognised as a reduction from staff costs. The CICE was replaced in 2019 by lower employer's social contributions as of 1 January 2019 (the 2019 French Finance Act).

12.2 Compensation of directors and officers

Corporate governance bodies received gross compensation in the amount of €506 thousand in 2019. 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 €174 thousand for members of governing bodies.

12.3 Workforce (full-time equivalent - FTE)

31/12/2019	Salaried employees	Seconded personnel [1]
Management employees	325	0
Supervisors / Senior technicians	30	0
Employees	402	0
TOTAL	**757**	**0**

[1] Personnel seconded to PHARMAGEST INTERACTIVE.

Note 13 - Net exceptional items

In € thousands	31/12/2019	31/12/2018
Exceptional income	**1,132**	**213**
Income from non-capital transactions	0	0
Net proceeds from disposals	518	52
Allowances for provisions	0	0
Other exceptional income	614	160
Exceptional expenses	**1,298**	**319**
Income from non-capital transactions	1	0
Net proceeds from disposals	1,216	272
Allowances for provisions	0	0
Other exceptional expenses	82	47

Net exceptional items concern mainly the disposal of fixed assets. These were not material.

NOTE 14 - Taxes

14.1 French tax consolidation

A tax consolidation group was formed on 1 January 2015, with PHARMAGEST INTERACTIVE as the parent. This French tax group includes PHARMAGEST INTERACTIVE as the parent company and its subsidiary, DIATELIC. 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	26,863	-7,390	19,473
Net exceptional items	-166	46	-119
Employee profit-sharing	-2,054	494	-1,560
Tax credit	0	48	48
Social contribution	0	-193	-193
Contribution on dividends	0	0	0
Settlement of corporate income tax N-1	0	87	87
Tax group	0	218	218
Accounting profit	**24,643**	**-6,690**	**17,953**

14.3 Impact of exceptional tax assessments (€ thousands)

Net profit (loss) of the period	17,953
Corporate income tax	6,690
Income before tax	24,643
Change in tax-based provisions [1]	-82
Earnings before tax, excluding exceptional tax assessments	24,725

[1] Accelerated depreciations of acquisition-related costs.

14.4 Increases and reductions in future tax liabilities

Type - In € thousands	31/12/2018		Change		31/12/2019	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Provisions not deductible in the year of recognition	**0**	**1,650**	**1,650** [1]	**2,187**	**0**	**2,188**
Employee profit-sharing	0	1,522	1,522 [1]	2,050	0	2,050
Social solidarity contribution	0	128	128	137	0	137
Non-deductible provisions	0	0	0	0	0	0
Provisions for retirement severance payments	**0**	**3,367**	**0**	**431**	**0**	**3,798**
TOTAL	**0**	**5,017**	**1,650**	**2,617**	**0**	**5,984**

[1] Excluding the integration of CP through a simplified merger procedure (TUP) in the amount of €20 thousand.

In € thousands	Amount	Taxes
Increases:		
Tax-driven provisions	0	0
Grants to be added back in income	0	0
Decreases:		
Provisions not deductible in the year of recognition	2,188	678
Provisions for retirement severance payments	3,798	1,177
Total operating losses carried forward	0	0
Total deferred amortisation and depreciation expenses	0	0
Total long-term capital losses	0	0

NOTE 15 - Other information

15.1 Identity of the parent company consolidating the accounts of PHARMAGEST INTERACTIVE

LA COOPERATIVE WELCOOP - 7 allée de Vincennes - 54 500 VANDOEUVRE-LES-NANCY (SIREN : 754 801 348).

15.2 Information concerning affiliates

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.

PHARMAGEST INTERACTIVE and its subsidiaries do not discount trade receivables.

15.3 Off-balance sheet commitments

In € thousands	31/12/2019	31/12/2018
Counter -guarantees on contracts	0	0
Unmatured receivables assigned	0	0
Pledges, mortgages and security interests on property	0	0
Endorsements, surety and guarantees given	0	0
Other commitments given (incl. tax)	8,079	7,459
TOTAL	**8,079**	**7,459**

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	811	597	0
Property leases	6,671	1,516	3,705	1,450
Other long-term obligations	0	0	0	0
TOTAL	**8,079**	**2,327**	**4,302**	**1,450**

Other commercial commitments	Total	Total commitments per period		
		Less than 1 year	1 to 5 years	More than 5 years
Credit lines Letters of credit Guarantees Redemption obligations Other commercial commitments	None None None None None			
TOTAL	**None**			

As at the reporting date of 31 December 2019, PHARMAGEST Group is not aware of any significant off-balance sheet commitments other than those set out above.

15.4 Post-closing events

- Acquisition by PHARMAGEST INTERACTIVE of the shares of a minority shareholder KAPELSE, increasing the shareholding of PHARMAGEST INTERACTIVE to 75%.
- In response to the risks caused by the Covid-19 pandemic, PHARMAGEST Group's management implemented a prevention plan and a business continuity plan designed both to protect the employees according to the directives issued by public authorities and guaranteeing business continuity with professional healthcare customers and patients.

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 91400 SACLAY	48	350	50.00%	352			5,826	731	395
CAREMEDS Unit 5 Brickfield Trading Estate, Brickfield Lane, Chandlers Ford, EASTLEIGH *(England)*	/	649	51.82%	1,214			1,432	341	15
DIATELIC 5 allée de Saint-Cloud 54600 VILLERS-LES-NANCY	37	-1,107	95.29%	467	2,997		233	-706	
EHLS 5 allée de Saint-Cloud 54600 VILLERS-LES-NANCY	144	4,800	100.00%	4,690			24,905	939	1,080
HDM (1) 33 Edith Cavell Street PORT LOUIS *(Mauritius)*	30	98	100.00%	30			0	1	90
HEALTHLEASE 1 bis rue de Havre 75008 PARIS	1,000	1,016	100.00%	1,407			45,957	1,833	2,000
KAPELSE 5 allée de Saint-Cloud 54600 VILLERS-LES-NANCY	1,000	7,070	70.00%	700			13,092	4,321	700
MALTA INFORMATIQUE 9 rue de Montgolfier 33700 MERIGNAC	200	11,863	100.00%	186			11,606	3,164	
MULTIMEDS 1C Quinsboro Road, BRAY, Co. Wicklow *(Ireland)*	/	179	51.00%	510			649	160	31
NANCEO 1 bis rue de Havre 75008 PARIS	1,000	531	100.00%	1,000	255		26,378	130	

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									
PHARMAGEST ITALIA 26 Strada Cluentina 62 100 MACERATA *(Italy)*	1,000	12,717	82.50%	19,163			7,071	80	
PHARMAGEST LUXEMBOURG Rue d'Arlon 2 L-8399 WINDHOF *(Luxembourg)*	39	896	100.00%	3,490			90	214	
PHARMATHEK 43 via Enrico Fermi 37136 VERONA *(Italy)*	39	7,433	49.00 %	7,140			12,099	275	
SAILENDRA 2 rue Jacques Villermaux 54000 NANCY	404	-616	75.09%	303			78	-294	
UK PHARMA Wilberforce House, Station Road, LONDON, NW4 4QE *(England)*	32	7	100.00%				54	-5	
B. Equity interests (10% to 50%-held by the company)									
GROUPE DOMEDIC 102-3236 chemin St-Louis QUEBEC (QC) G1W 1S2 *(Canada)*	3,624	-3,380	28.32%	1,389			109	-624	
NOVIATEK Rue de la Paix 13 L-3871 SCHIFFLANGE *(Luxembourg)*	250	-40	40.00%	100			149	25	
EMBLEEMA 214 W29 ST 3 RD Fl 10001 NEW YORK	3,438	-782	13.89 %	2,650			88	-1,693	
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)									
TOTAL	**12,285**	**41,684**		**44,790**	**3,252**	**0**	**149,816**	**8,892**	**4,311**

[(1)] *Operating income*

18.1.6 PHARMAGEST consolidated financial statements (IFRS)

18.1.6.1 Balance sheet (IFRS)

Statement of Financial Position - Assets - In € thousands	Notes	31/12/2019	31/12/2018
Non-current assets			
Intangible assets	3.4.1/2	29,964	24,182
Goodwill	3.4.1/2	49,790	46,005
Property, plant and equipment	4.1/2	19,491	8,511
Non-current financial assets	6.1	50,723	34,857
Equity-accounted investments	2.1.2	7,763	730
Deferred tax assets	9.2.2	2,795	2,777
Total non-current assets		**160,527**	**117,062**
Current assets			
Inventory and work-in-progress	7.5	4,441	5,108
Trade receivables	7.4	34,565	31,962
Other receivables	7.4	7,959	8,382
Current financial assets	6.2	29,242	28,725
Cash and cash equivalents	6.3	21 366	32,569
Total current assets		**97,573**	**106,746**
TOTAL		**258,100**	**223,808**

Statement of Financial Position - Equity and Liabilities - In € thousands	Notes	31/12/2019	31/12/2018
Shareholders' equity			
Share capital		3,035	3,035
Consolidated reserves		96,175	85,380
Profit for the year		28,403	25,432
Equity attributable to equity holders of the parent		**127,613**	**113,847**
Reserves attributable to non-controlling interests		2,341	1,599
Net income attributable to non-controlling interests		1,958	1,606
Non-controlling interests		**4,299**	**3,204**
Total shareholders' equity (consolidated group)	**10**	**131,911**	**117,051**
Non-current liabilities			
Non-current provisions	11.1	4,577	4,070
Long-term financial liabilities	6.4	47,480	36,948
Deferred tax liabilities	9.2.2	635	538
Other long-term financial liabilities	7.6	1,347	524
Total non-current liabilities		**54,040**	**42,079**
Current liabilities			
Short-term provisions	11.1	338	75
Current portion of long-term debt	6.4	9,996	6,240
Trade payables	7.6	13,363	11,909
Current taxes	7.6	867	594
Other current borrowings	7.6	47,585	45,860
Total current liabilities		**72,149**	**64,678**
TOTAL		**258,100**	**223,808**

18.1.6.2 Consolidated income statement (IFRS)

Income statement - In € thousands	Notes	31/12/2019	31/12/2018
Revenue	7.1	158,569	148,480
Other revenue from ordinary activities		0	0
Operating income subtotal		**158,569**	**148,480**
Cost of sales		-29,921	-26,676
Staff costs		-56,309	-52,980
Purchases and external costs		-20,401	-21,608
Taxes other than on income		-2,983	-3,081
Allowances for depreciation and amortisation	7.7	-7,444	-5,235
Allowances for provisions	7.7	-654	-218
Other income and expenses		-8	203
Operating expenses subtotal		**-117,719**	**-109,595**
Current operating income		**40,849**	**38,886**
Other operating income		0	0
Other operating expenses		0	0
Operating profit		**40,849**	**38,886**
Income from cash and cash equivalents	6.5	1,934	1,147
Interest and similar expenses	6.5	-414	-294
Cost of net financial debt		**1,520**	**853**
Other financial income and expenses	6.5	-27	153
Income tax expense		-13,307	-12,722
Negative goodwill		0	30
Share of profits and losses of equity-accounted investments		-63	-162
Profit/(loss) from continuing operations		**28,972**	**27,038**
Profit/(loss) from discontinued operations		**1,389**	**0**
Net profit (loss) of the period		**30,361**	**27,038**
Attributable to equity holders of the parent		**28,403**	**25,432**
Attributable to non-controlling shareholders		**1,958**	**1,606**
Basic earnings per share attributable to equity holders of the parent	10.4	1.89	1.70
Diluted earnings per share attributable to equity holders of the parent	10.4	1.87	1.68

18.1.6.3 Statement of net profit/(loss) and gains and losses recognised directly in equity

Statement of comprehensive income - In € thousands	31/12/2019	31/12/2018
Net Profit	**30,361**	**27,038**
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	44 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 -7 0 2	0 -574 116 143
Total gains and losses recognised directly in equity	**39**	**-315**
Net profit/(loss) and gains and losses recognised directly in equity	**30,400**	**26,723**
Net profit/(loss) and gains and losses recognised directly in equity - Attributable to equity holders of the parent	**28,427**	**25,116**
Net profit/(loss) and total gains and losses recorded directly in equity - Attributable to non-controlling interests	**1,973**	**1,606**
Net income and gains and losses recognised directly in equity (attributable to the equity holders of the parent) - basic earnings per share	1.89	1.68
Net profit/(loss) and gains and losses recognised directly in equity (attributable to the equity holders of the parent) - diluted earnings per share	1.87	1.66

18.1.6.4 Consolidated statement of cash flows (IFRS)

Consolidated cash flow statement - In € thousands	31/12/2019	31/12/2018
I. Operating and investing activities		
Operating profit	**40,849**	**38,886**
Net amortisation, depreciation and provisions excluding tax and financial items	7,938	5,173
Other estimated expenses, excluding financial items	0	116
Capital gains or losses on disposals of fixed assets	114	101
Other adjustments	0	0
Operating cash flows	**48,902**	**44,276**
Cost of gross financial debt, interest payments	-414	-294
Taxes payments	-12,728	-10,933
Cash flow after interest and taxes	**35,759**	**33,049**
Change in inventories	762	-2,204
Change in trade receivables	-1,992	- 7,711
Change in trade payables	966	905
Change in other receivables and payables	5,170	4,703
Change in working capital	**4,906**	**-4,308**
Net cash flows from operating activities	**40,665**	**28,741**
Acquisitions of intangible assets and property, plant and equipment	-17,008	-11,072
Disposals of intangible assets and property, plant and equipment	524	323
Deposit guarantees and other operating cash flows	148	448
Capital expenditures	**-16,336**	**-10,300**
Net cash flows from operating and investing activities	**24,329**	**18,441**
II. Financial investments		
Acquisitions of financial investments	-2,650	0
Disposals of financial investments	0	0
Impact of acquisitions and disposals of investments in non-consolidated companies (1)	-14,118	-9,117
Net cash flows from (used in) financial investments	**-16,768**	**-9,117**
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)	243	171
Dividends received from equity-accounted investees	0	0
Dividends paid by PHARMAGEST INTERACTIVE	-12,761	-11,213
Dividends paid by consolidated subsidiaries to minority shareholders	-736	-661
Acquisitions and disposals of non-controlling interests	0	0
Net cash from (used in) capital transactions	**-13,254**	**-11,703**
IV. Cash flow from financing activities		
Issuance or subscription of borrowings and financial debt	15,350	21,571
Repayment of borrowings and other financial debt	-8,836	-3,998
Acquisition and disposal of financial investments (available-for-sale securities/other financial assets)	-13,200	-10,693
Income from cash and cash equivalents	1,934	892
Net cash from financing activities	**-4,752**	**7,772**
V. Impact of translation adjustments/financial instruments and other financial income/expenses	**-31**	**10**
Bank and cash	-11,203	4,992
Short-term bank facilities and overdrafts	-727	-410
Change in net cash	**-10,476**	**5,403**

(1) *The line item "Impact of acquisitions and disposals of investments in consolidated companies" includes cash contributions of €243 thousand from acquisitions completed in the period (investments are accordingly presented net of acquired cash), including capital increases.*

Reconciliation of net cash - In € thousands	31/12/2019	31/12/2018	Change in consolidation scope	Change
Bank and cash	21,366	32,569	0	-11,203
Short-term bank facilities and overdrafts	344	1,071	0	-727
Change in net cash	**21,022**	**31,498**	**0**	**-10,476**

18.1.6.5 Statement of changes in equity (IFRS)

Statement of Changes in Equity In € thousands	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 01/01/2018	**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 (loss) 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 consolidated 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**
Changes in accounting methods		**-12**			**-12**		**-12**
Shareholders' equity at 01/01/2019	**3,035**	**116,575**	**-4,900**	**-875**	**113,835**	**3,204**	**117,039**
Equity capital transactions		-452			-452		-452
Share-based payments							
Transactions in own shares			243		243		243
Dividends		-12,761			-12,761	-827	-13,588
Net Profit of the period		28,403			28,403	1,958	30,361
Income and expense recognised directly in equity				24	24	15	39
Net profit/(loss) and gains and losses recognised directly in equity		**28,403**		**24**	**28,427**	**1,973**	**30,400**
Other		**-1,679**			**-1,679**	**-52**	**-1,731**
Changes in consolidated Group structure							
Changes in holdings of subsidiaries without loss of control							
Shareholders' equity at 31/12/2019	**3,035**	**130,086**	**-4,657**	**-851**	**127,613**	**4,299**	**131,911**

18.1.6.6 Notes to the consolidated financial statements

The statement of financial position shows total assets of €258,100 thousand and net comprehensive income of €30,400 thousand.

NOTE 1 - Accounting principles

1.1 Applicable texts

1.1.1 Changes in accounting standards in 2019

PHARMAGEST Group's annual consolidated financial statements at 31 December 2019 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 2018, with the exception of the following standards, amendments and interpretations mandatory as of 1 January 2019:

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

The Group is not concerned by the new standards or amendments thereto issued and applicable as from 1 January 2019, with the exception of IFRS 16 "Leases".

IFRS 16

IFRS 16 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 are not restated. 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 PHARMAGEST Group's financial statements depends 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).

The main assumptions used are as follows:

- Lease term: For buildings lease terms are generally signed for 9 years and for vehicles, 3 years.
- Discount rate: For vehicles, PHARMAGEST Group applies the lease rate provided by the lesser. For buildings, the Group uses the incremental borrowing rate.

The impact on the annual financial statements of this new standard were as follows:

- For operating income, a decrease in €2,025 thousand in these expenses was offset by an increase in allowances for amortisation of €1,986 thousand.
- For net financial income, an €88 thousand increase in financial expenses.
- Under assets, right-of-use assets for the vehicles and property were recognised for respectively €1,172 thousand and €4,355 thousand net allowances (See Note 4).
- Under liabilities, lease liabilities in the amount of €1,188 thousand for vehicle leases and €4,376 thousand for property leases.
- 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).

1.1.2 Standards, amendments and interpretations with mandatory application as at 1 January 2020

The standards applicable to PHARMAGEST Group as of 1 January 2020 are:

- **Amendments to IFRS 3** regarding the definition of a business;
- **Amendments to IFRS 1 and IAS 8** regarding the definition of "material";
- **Amendments to IFRS 9, IAS 39 and IFRS 7** relating to the interest rate benchmark reform.

These texts were not early-adopted at 31 December 2019, where authorised by the texts.

Application of these standards had no material impact on PHARMAGEST Group's consolidated financial statements.

1.1.3 Other changes to standards effective after 1 January 2020

PHARMAGEST Group formed working groups in 2020 and will continue to assess the impacts of application of the following standards:

- **IFRS 17** relating to insurance policies;
- **Amendments to IFRS 10 and IAS 28** on sales or contributions of assets between the Group and its equity-accounted entities.

1.2 Presentation of the financial statements

1.2.1 Income statement

PHARMAGEST Group's primary activity is the design of specialised management software for dispensing pharmacies and the turnkey distribution of its 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 valuations, 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 - Consolidated companies

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 2019.

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
DIATELIC	Villers-lès-Nancy (54)	95.29	95.29
DICSIT INFORMATIQUE	Bezaumont (54)	100	100
EHLS	Villers-lès-Nancy (54)	100	100
HAPPY HEALTH ORGANIZER	Aubière (63)	100	100
HDM	Port Louis (Mauritius)	100	100
HEALTHLEASE	Paris (75)	100	100
I-MEDS	Schwarzach am Main (Germany)	60	31.09
INTERNATIONAL CROSS TALK	Aubière (63)	70	70
KAPELSE	Villers-lès-Nancy (54)	70	70
MALTA INFORMATIQUE	Mérignac (33)	100	100
MALTA BELGIUM	Gosselies (Belgium)	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 BELGIUM (formally SABCO SERVICES)	Gosselies (Belgium)	100	100
PHARMAGEST ITALIA	Macerata (Italy)	82.50	82.50
PHARMAGEST LUXEMBOURG (formally SABCO)	Windhof (Luxembourg)	100	100
SAILENDRA	Nancy (54)	75.09	75.09
SCI HUROBREGA	Quéven (56)	100	100
SOPHIA SANTE	Paris (75)	100	100
SVEMU INFORMATICA FARMACEUTICA	San Marco dei Cavoti (Italy)	80	66
UK PHARMA	London (England)	100	100

[(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	Quebec (Canada)	28.32	28.32
PHARMATHEK	Verona (Italy)	49.00	49.00

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 2019, it reported a loss of CAD 962 thousand with a negative net equity of CAD 586 thousand.
PHARMAGEST Group considers that it does not have significant influence.

PHARMATHEK is specialised in designing, developing and installing pharmacy automation systems.
As at 31 December 2019, it showed a profit of €275 thousand with a positive net equity of €6,920 thousand.
PHARMAGEST Group considers that it does not have significant influence. This is because the rules of governance specify that decisions relating to ordinary operations are made on the basis of a simple majority (i.e. are possible without the agreement of the Directors), and on that basis, in particular the Chairman is selected on the basis of a simple majority. PHARMAGEST INTERACTIVE does not possess veto power except with respect to strategic decisions.

Balance sheet line items In € thousands	Gross value at 31/12/2018	Increase	Decrease	Reclassifications	Change in consolidation scope	Gross value at 31/12/2019
Equity-accounted investments [1]	730	7,033	0	0	0	7,763

[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
GROUPE DOMEDIC PHARMATHEK	-401 6,920	-227 6,920	0 3,391	603 3,769	603 7,160

2.1.3 Non-controlling interests

Pursuant to IFRS 12, please note that subsidiaries with non-controlling interests are not significant 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

- Completion of 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 acquired a 13.89% minority equity stake in EMBLEEMA;
- Sale (100%) of INTECUM by PHARMAGEST INTERACTIVE to PHARMATHEK;
- Subscription by PHARMAGEST INTERACTIVE to a capital increase of the Italian company PHARMATHEK in the amount of 49%;
- Completion of the murders of INFARMA, INSERVICE, MACROSOFT, MACROSOFT BUILDING and TEKNEMA with PHARMAGEST ITALIA;
- Acquisition of additional shares of PHARMAGEST ITALIA, bringing PHARMAGEST INTERACTIVE's share in the capital to 82.5% from 79%;
- Acquisitions of majority stakes by MALTA INFORMATIQUE of 70% in the capital of NTERNATIONAL CROSS TALK, 100% in HAPPY HEALTH ORGANIZER and 100% in SOPHIA SANTE;
- Acquisition by CAREMEDS of 60% in the capital of the German company I-MEDS;
- Creation of MALTA BELGIUM, a wholly-owned subsidiary of MALTA INFORMATIQUE;
- Liquidation of WELFINITY GROUP;
- Liquidation of DOMEDIC EUROPE;
- Acquisition of a majority stake by PHARMAGEST INTERACTIVE of 80% in the capital of the Italian company, SVEMU INFORMATICA FARMACEUTICA.

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 majority equity stake (79%) in MACROSOFT HOLDING, an Italian limited liability company with capital of €10,000 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. 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 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.

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.

Went not material, goodwill is automatically reversed and written back to operating income.

3.2 Research and development expenditures

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 3.4.1of the consolidated financial statements for the measurement on 31 December 2019.

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 an identifiable non-monetary asset without physical substance that must be both 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 31/12/2018	Increase	Decrease	Reclassification	Change in consolidation scope	Gross value at 31/12/2019
Development expenditures [1]	42,069	7,833	-125	0	-931 [2]	48,846
Customer relations [3]	1,493	0	0	0	0	1,493
Other intangible assets	8,303	920	0	0	1,002	10,225
Goodwill	46,005	5,420	-1,635	0	0	49,790
TOTAL	**97,870**	**14,173**	**-1,760**	**0**	**71**	**110,354**

[1] Of which €12,704 thousand in unamortised development expenditures in progress at 31/12/2019.
[2] Development expenditures of INTECUM.
[3] Recognition of a client relationship following the acquisition of PHARMAGEST LUXEMBOURG.

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 (€ thousands):

Pharmacy - Europe Solutions Division			Health and Social Care Facilities Solutions Division	Pharmacy Europe e-Santé	Total PHARMAGEST Group
Pharmacy France Business Unit	Pharmacy Belux Business Unit	Pharmacy Italy Business Unit			
24,161	2,164	10,031	11,213	2,220	49,790

3.4.2 Amortisation of intangible assets

Balance sheet items In € thousands	Value at 31/12/2018	Increase	Decrease	Reclassification	Change in Group structure	Value at 31/12/2019
Development expenditures	21,730	3,141	0	0	-816 [1]	24,055
Customer relations	1,493	0	0	0	0	1,493
Other intangible assets	4,460	472	0	0	120	5,052
TOTAL	**27,683**	**3,613**	**0**	**0**	**-696**	**30,600**

[1] Development expenditures of INTECUM.

No impairment charges were recorded for goodwill and development expenditures based on impairment tests performed in 2019.

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	Gross value at 31/12/2018	Increase	Decrease	Reclassification	Change in Group structure	Translation adjustments	Gross value at 31/12/2019
Land	585	0	0	0	0	0	585
Buildings	7,052	256	-326	0	0	0	6,982
Buildings - Leasing	905	0	0	0	0	0	905
Buildings - IFRS 16	0	179	0	0	5,321	0	5 500
Equipment	1,998	179	-11	0	0	7	2,173
Vehicles - IFRS 16	0	787	0	0	1,226	0	2,013
Other property, plant and equipment	10,969	6,855	-280	5	0	196	17,745
TOTAL	**21,509**	**8,256**	**-617**	**5**	**6,547**	**203**	**35,903**

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	Amortisation method
Buildings	15 to 30 years	Straight-line
Leasehold improvements, fixtures and fittings	8 to 30 years	Straight-line
General fixtures	5 to 10 years	Straight-line
Office and computer equipment	3 to 5 years	Straight-line
Transportation equipment	1 to 5 years	Straight-line
Furniture	5 to 10 years	Straight-line

In € thousands	Gross value at 31/12/2018	Increase	Decrease	Reclassification	Change in Group structure	Gross value at 31/12/2019
Property, plant and equipment	12,999	1,845	-551	0	131	14,426
Tangible assets - IFRS 16	0	1,986	0	0	0	1,986
TOTAL	**12,999**	**3,831**	**-551**	**0**	**131**	**16,412**

4.3 Leases

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

With IFRS 16 entering into effect on 1 January 2019 IFRS 16, PHARMAGEST Group has:

- Applied the simplified retrospective method by recognising the cumulative effect of the initial application of the standard of the date of first-time application, without restating prior periods.
- Used the following measures of simplification provided for by the standard under the transition provisions:
    - exclusion of contracts that the Group did not previously identify as containing a lease agreement application of IAS 17 and IFRIC 4;
    - exclusion of lease contracts expiring in 12 months following the date of first-time application;
    - application of the two exemptions of the standard relating to short-term leases and leases involving low unit values.

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 2020 to 2023 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 2020 to 2023 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	6.03%	9.50%	5.54%	8.13%	9.92%
Perpetuity growth rate	1.80%	1.80%	2.30%	2.30%	2.50%

The measurement obtained from our impairment tests in 2019 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
Change in the discount rate	-0,5 point +0,5 point	112.0 90.4
Change in the perpetuity growth rate	-0,5 point +0,5 point	91.6 110.6
5-Year Business Plan forecasts	-15% -30%	87.7 75.4

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.

The nature of PHARMAGEST group's business model offers a high degree of resilience based on its level of recurrent sales (>66%) within the health sector.

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 31/12/2018	Increase	Decrease	Reclassification	Change in Group structure	Value at 31/12/2019
Deposits, guarantees and loans	654	12	-72	0	77	671
Investments (1)	34,192	13,200	0	0	0	47,392
Other investments (2)	115	2,650 (3)	0	0	0	2,765
TOTAL	**34,962**	**15,862**	**-72**	**0**	**77**	**50,828**

(1) At 31 December 2019, the balance of the investments broke down as follows:
- *Unit-linked capital redemption contract: €38,464 thousand;*
- *Capital-guaranteed US dollar denominated structured products: €3,717 thousand;*
- *Life insurance investments: €5,211 thousand.*

The increase of €13,200 thousand corresponds mainly to the capital redemption contract with Natixis which includes two types of investments, a conventional euro fund and a unit-linked fund covered by a term deposit account.
At year-end, the investments were measured at fair value (surrender value) per result.
(2) Amortised in the amount of €105 thousand.
(3) Acquisition of a 13.89% equity interest by PHARMAGEST INTERACTIVE in the capital of EMBLEEMA. With respect to the profile of the investor PHARMAGEST INTERACTIVE and the absence of the participation of PHARMAGEST Group in the entity's management, PHARMAGEST INTERACTIVE considers that it does not have a significant influence in EMBLEEMA. For that reason, the entity is not consolidated.

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	31/12/2019	Of which change in consolidation scope	31/12/2018
Capital redemption contracts (1)	29,242	0	28,725
Other financial assets	0	0	0
TOTAL	**29,242**	**0**	**28,725**

(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 maintained for the purpose of meeting short-term cash commitments and includes cash current account balances 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	31/12/2019	Of which change in consolidation scop	31/12/2018
SICAV money market funds, time deposit accounts	11,775	0	7,378
Bank and cash	9,591	257	18,091
Financial advance [1]	0	0	7,100
TOTAL	**21,366**	**257**	**32,569**

[1] PHARMAGEST Group provided an advance to MARQUE VERTE SANTÉ, the parent company, which was authorised by its governance bodies. This financial advance was repaid in July 2019.

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	31/12/2019				Of which change in consolidation scope	31/12/2018 Gross amount
	Gross amount	Less than 1 year	1 to 5 years	More than 5 years		
Bank overdrafts	344	344	0	0	4	1,071
Bank borrowings	40,599	7,821	29,428	3,350	57	32,994
Sureties [2]	2,174	0	2,174	0	0	1,986
Liabilities linked to put options on non-controlling interests [3] [4] [5]	8,502	0	8,502	0	0	6,823
Lease liabilities	239	32	207	0	0	302
IFRS 16 debt	5,564	1,786	3,778	0	0	0
Borrowings / financial liabilities	53	13	40	0	40	11
TOTAL	**57,475**	**9,996**	**44,130**	**3,350**	**101**	**43,188**

[1] Borrowings which are not subject to bank covenants consist exclusively 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.
[5] The minority shareholders of ICT and SVEMU hold a put option on PHARMAGEST INTERACTIVE with maturities of respectively 15 months and 5 years as from the acquisition date of the majority stake by PHARMAGEST Group.

Analysis of bank borrowings by maturity and rate type:

In € thousands	Financial liabilities		
Term	Fixed rate	Floating rate	Total
Less than 1 year	7,821	0	7,821
1 to 5 years	29,428	0	29,428
More than 5 years	3,350	0	3,350
TOTAL	**40,599**	**0**	**40,599**

6.5 Net financial income (expense)

In € thousands	31/12/2019	31/12/2018
Income from cash flow	1,934	1,147
Cost of gross debt	-414	-294
Currency gains and losses	-27	153

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 2019, PHARMAGEST Group had different types of cash assets with the following maturities:

- Cash investments of a very short-term nature amounting to €21.3 million in addition to €14.6 million in undrawn bank overdraft facilities.
- As short-term resources, PHARMAGEST Group has access to euro funds in the amount of 29.2 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 €47.4 million.

With €112 million in net cash, PHARMAGEST 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 the level of the rates:

In € thousands	Fixed rate				Floating rate
Term	Carrying value	Less than 2%	3%-4%	More than 4%	
2020	7,821	7,821	0	0	0
2021	7,866	7,866	0	0	0
2022	7,707	7 707	0	0	0
2023	7,499	7,499	0	0	0
2024	6,356	6,356	0	0	0
Thereafter	3,350	3,350	0	0	0
TOTAL	**40,599**	**40,599**	**0**	**0**	**0**

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 past due are paid within two months). Invoices financed by leasing companies accounted for 29% of consolidated sales in 2019, with 99% of this through leasing companies working with HEALTHLEASE and NANCEO.

Trade receivables which are not written down on an individual basis at 31 December 2019 were analysed. Payments were received after the end of the reporting period for most of these trade receivables (refer to Note 7.4 of 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	31/12/2019	31/12/2018
Pledges, mortgages and security interests on property [1]	8,974	11,158
Unmatured receivables assigned	0	0
Other financial commitments given	0	0
TOTAL	**8,974**	**11,158**

[1] *All pledges were given in connection with bank loans. The amount shown corresponds to the balance of relevant borrowings at 31 December 2019.*

PHARMAGEST Group has no off-balance sheet commitments received (apart from €14.6 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 2019, 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	31/12/2019	31/12/2018
Sales of configurations and hardware	71,317	64,257
Maintenance and sale of databases	57,593	54,650
Training and new product services	27,558	27,953
Other services	2,101	1,620
TOTAL	**158,569**	**148,480**

7.2 Segment information

PHARMAGEST Group's operations are organised into Divisions:

- **Solutions for Pharmacy Division - Europe:** 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 corresponds to the segment of IT for retirement homes, hospitals and care homes.
- **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.

31/12/2019 - In € thousands	Divisions			Total
	Pharmacy - Europe	HSCF [1]	Other [2]	
Revenue	121,193 *76%*	19,507 *12%*	17,869 *11%*	158,569
Depreciation and amortisation of tangible and intangible assets	-4,596 *62%*	-1,092 *15%*	-1,756 *24%*	-7,444
Current operating income	28,351 *69%*	7,347 *18%*	5,151 *13%*	40,849
Current operating income / Sales	**23.39%**	**37.66%**	**28.83%**	**25.76%**

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

31/12/2018 - In € thousands	Divisions			Total
	Pharmacy - Europe	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] "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 not subject to significant seasonal or cyclical effects.

7.4 Trade receivables

Trade receivables are stated at their amortised cost. An impairment charge is recognised if the carrying value is higher than the recoverable amount.

In € thousands	31/12/2019			Of which change in consolidation scope	31/12/2018
	Net amount	Less than 1 year	More than 1 year		Net amount
Trade receivables [(1)] Other receivables	34,565 7,959	34,565 7,959	0 0	611 616	31,962 8,382
TOTAL	**42,524**	**42,524**	**0**	**1,227**	**40,344**

[(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 2019 amounted to €645 thousand compared to €581 thousand one year earlier.

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

Net amount	Not yet due	< 60 days	60<X<180 days	> 180 days
34,565	14,710	16,406	2,071	1,378

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	31/12/2018	First-time consolidation	Increase	Reversal used	Reversal (provisions unused in the period)	31/12/2019
Provision for impairment of trade accounts receivable	581	45	300	-281	0	645

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	31/12/2019			Of which change in consolidation scope	31/12/2018
	Gross amount	Impairment	Net amount		Net amount
Components Equipment Supplies Parts and after-sales service In progress	0 3,980 291 960 0	0 583 60 146 0	0 3,397 231 813 0	0 95 0 0 0	117 2,762 202 2,026 0
TOTAL	**5,230**	**789**	**4,441**	**95**	**5,108**

7.6 Trade and other payables

In € thousands	31/12/2019				Dont variation de périmètre	31/12/2018
	Gross amount	Less than 1 year	1 to 5 years	More than 5 years		Gross amount
Trade payables	13,363	13,363	0	0	458	11,909
Other payables	49,799	48,452	1,347	0	315	46,977
TOTAL	**63,162**	**61,815**	**1,347**	**0**	**773**	**58,886**

7.7 Net allowances for depreciation, amortisation and reserves

In € thousands	31/12/2019	31/12/2018
Allowances for depreciation and amortisation	7,444	5,235
Provisions for fixed assets	0	0
Provisions for current assets	101	279
Provisions for contingencies and expenses	552	-61
TOTAL	**8,097**	**5,453**

The reversals of provision are presented net of allowances.

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

In € thousands	31/12/2019	31/12/2018 [2]
Contractual obligation / property lease financing	0	0
Contractual obligation / equipment operating lease [1]	24	1,770
Contractual obligation / property operating lease [2]	0	9,360
Irrecoverable purchasing obligation	0	0
Other contractual obligations	0	0
Commitments given in relation to business development	0	0
Tax commitments	0	0
TOTAL	**24**	**11,130**

[1] *Amounts presented including VAT correspond to lease payments due.*
[2] *Data excl. the application of IFRS 16.*

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 2019, 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 615 full-time equivalent (FTE) non-management employees and 442 management employees.
Staff costs consist primarily of gross salaries, social charges and wage-based contributions amounting to €53,684 thousand and profit-sharing expenses amounting to €2,625 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 (0.77%).

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 11.1 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 for the contribution and the financial statements of 2014 of PHARMAGEST Group, the year to which it relates.

The total amount of the compensation amounted to €500 thousand, amortised over the vesting period from December 2014 to December 2018.

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 Expiration date Subscription price	05/12/2018 04/12/2022 € 20.11
Number of shares subscribed as at 31/12/2019	109,072
Number of shares forfeited as at 31/12/2019	-38,420
Remaining stock options	92,288

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, subject to meeting 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 Volatility [1] Risk free rate Expected dividends Turnover Fair value of the option [2]	6 20.00% 0.45% 2.61% 5.00% € 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 €506 thousand in 2019. 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 €174 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 Local business taxes on added value

PHARMAGEST Group considers that the contribution based on added value *(cotisation 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 Tax expense

The tax expense breaks down as:

In € thousands	31/12/2019
Current tax	12,666
Contribution on dividends	0
Deferred taxes	641
TOTAL TAX EXPENSE	**13,307**

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	31/12/2019
Net income of consolidated companies	30,361
Income tax expense	13,307
Pre-tax earnings from consolidated companies	**43,668**
Theoretical tax expense at the statutory corporate income tax rate (31%)	**13,537**
Permanent differences Rate differences Tax deficits not capitalised Company consolidated under the equity method Social contribution and allowance Contribution on dividends	-229 -275 -28 283 20 0
Actual tax expense	**13,307**
Effective tax rate	30.48%

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 tax
As at 31 December 2018	**2,777**	**-538**	**2,240**
Changes impacting 2019	18	-98	-80
As at 31 December 2019	**2,795**	**-635**	**2,160**

Deferred taxes are recognised by company in equity.

The main deferred tax assets and liabilities are as follows:

In € thousands	31/12/2018	Change	Change in Group structure	31/12/2019
Impact of loss carryforwards [1]	**230**	**-68**	**533**	**695**
Tax effect of timing differences related to: Provisions for pensions Employee-related payables Tax payables (other than income tax) Stock margin adjustment Other temporary differences Revaluation adjustment Sales adjustment R&D activation Leasing Deferred revenue [2]	 1,017 404 3 34 -29 0 -90 -3,063 -34 3,766	 114 250 0 0 97 0 -8 -650 -4 -370	 27 0 0 0 0 0 0 0 0 0	 1,158 654 3 34 68 0 -98 -3,713 -38 3,396
Total temporary differences	**2,010**	**-573**	**27**	**1,464**
Gross deferred tax assets (liabilities)	**2,240**	**-641**	**560**	**2,160**
Provision for impairment	0	0	0	0
Net deferred tax assets (liabilities)	**2,240**	**-641**	**560**	**2,160**

[1] Capitalised tax deficits relate mainly to tax losses for DIATELIC, PHARMAGEST LUXEMBOURG, PHARMAGEST BELGIUM and INTERNATIONAL CROSS TALK. The decision to capitalise these losses is based on the likelihood of using them in the short to medium term.
[2] Impact of IFRS 15.

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. This French tax group includes PHARMAGEST INTERACTIVE as the parent company and its subsidiary, DIATELIC. 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 €751 thousand.

PHARMAGEST Group decided not to capitalise the losses of the subsidiaries SAILENDRA and NOVIA SEARCH amounting to €1,661 thousand representing total deferred assets of €415 thousand.

NOTE 10 - Shareholders' 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 €96,175 thousand, of which €13,207 thousand in issue premium, (€26) thousand in translation adjustments, €511 thousand in the legal reserve and €82,685 thousand in other reserves.

10.2 Treasury shares held by PHARMAGEST INTERACTIVE

This line item includes 148,810 PHARMAGEST INTERACTIVE shares, wholly owned by the company.
The share price of PHARMAGEST INTERACTIVE was € 60.60 at 31 December 2019.

10.2.1 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.
- Purchases made are framed by the annual authorisation given by the General Meeting on the redemption programme.

In 2019, the following transactions were carried out under the liquidity contract:

- Purchases: 83,524 shares at an average price of € 57.03;
- Disposals: 82,507 shares at an average price of € 56.78.

Valuations are calculated using the weighted average price.

At 31 December 2019, 3,016 shares were listed in the liquidity account and the cash balance was €181 thousand.

10.2.2 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.
- In 2019, 24,141 additional shares for an average price of € 55.80 per share.

10.3 Dividends

The dividend paid in 2019 on 2018 earnings amounted to 12,761 thousand or € 0.85 per share.

The distribution of dividends to non-Group shareholders amounting to €395 thousand was recognised in ADI's annual statement and €300 thousand in KAPELSE's annual statement and respectively €14 thousand and €28 thousand for CAREMEDS and MULTIMEDS.

A dividend of € 0.90 per share will be proposed to the next Annual General Meeting.

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	31/12/2019	31/12/2018
Net profit of the year (in €)	**28,393,379**	**25,432,013**
Number of shares Number of treasury shares Weighted average number of ordinary shares to calculate basic earnings per share	**15,174,125** 148,810 15,025,315	**15,174,125** 205,479 14,968,646
Basic earnings per share (in €)	**1.89**	**1.70**
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 €)	**1.87**	**1.68**

NOTE 11 - Provisions and contingent liabilities

11.1 Provisions

A provision is recognised when the PHARMAGEST Group has a probable obligation resulting past event that is expected to result in an outflow of resources embodying economic benefits without receiving equivalent consideration in exchange and the amount 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 31/12/2018	Increase	Reversal (provisions used in the period)*	Reversal (unused provisions)	Other movements	Change in consolidation scope	Value at 31/12/2019
Provisions for litigation [(1)] Provisions for contingencies [(2)] Provision for expenses Provisions for retirement severance benefits [(3)]	75 0 0 4,070	234 0 65 701	-116 0 0 -194	0 0 0 0	0 0 0 0	24 0 0 56	216 0 65 4,633
Provisions for contingencies for equity-accounted ecurities	0	0	0	0	0	0	0
TOTAL	**4,145**	**1,000**	**-310**	**0**	**0**	**80**	**4,914**

** Reversals (provisions used in the period) are presented less allowances in the same way as those for unused provisions.*

[(1)] Provisions for ongoing labour disputes: €216 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: €4,633 thousand.
Under IAS 19, actuarial gains or losses are 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.

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 2019 as in prior periods.

In € thousands	31/12/2019	31/12/2018
Pension obligations at opening	**5,457**	**4,516**
Service costs Financial cost First-time consolidation Cost of past services and change of method Actuarial gains (+)/Actuarial losses (-) generated during the financial year	361 86 56 0 7	292 57 0 0 592
Actual obligations at closing	***5,967***	***5,457***
Fair value of plan assets at opening	***1,387***	***981***
Expected return on plan assets Contributions Benefits paid Actuarial gains (+)/Actuarial losses (-)	0 0 -69 16	0 496 -108 17
Fair value of plan assets at closing	***1,334***	***1,387***
Provision at opening	**4,070**	**3,537**
Provision at closing	**4,633**	**4,070**

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: 0.77%;
  For the discount rate, the iBoxx corporate AA10+ at year-end is used.
- Salary escalation rate: 1.5%;
- 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. On that basis, the impact of a +/- 0.5 point change in the discount rate or the salary escalation rate would be as follows.

	Change	Impact of the provision for retirement severance benefits
Discount rate	+ 0.5 pts.	-6.2 %
	+ 0.5 pts.	+7.4 %
Rate of salary increases	+ 0.5 pts.	+10.0 %
	+ 0.5 pts.	-6.4%

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	31/12/2019	31/12/2018
Trade payables	-17	-28
Current account	43	33
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 (54500 VANDOEUVRE-LES-NANCY).

The nature of the relations between LA COOPERATIVE WELCOOP and its subsidiary MARQUE VERTE SANTÉ, 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.

In 2015, PHARMAGEST Group provided an advance to MARQUE VERTE SANTÉ which was authorised by its governance bodies. On 15 July 2019, this financial advance was paid back in full to PHARMAGEST Group.

In € thousands	31/12/2019	31/12/2018
Trade payables	555	295
Other payables	0	5
Operating expenses of the period	895	876
Trade receivables	631	442
Operating income of the period	1,588	1,198
Financial income	59	107
MARQUE VERTE SANTÉ financial advance	0	7,100

NOTE 13 - Other information

13.1 Auditors' fees

In € thousands	BATT		DELOITTE	
	2019	2018	2019	2018
Certification of accounts	**68**	**66**	**44**	**44**
For the Issuer Subsidiaries	40 28	39 27	44 0	44 0
Other services	**0**	**0**	**0**	**0**
For the Issuer Subsidiaries	0 0	0 0	0 4	0 0
TOTAL	**68**	**66**	**48**	**44**

NOTE 14 - Subsequent events

- MALTA INFORMATIQUE is continuing to develop in Europe by acquiring the activities for developing software solutions for nursing homes and specialised establishments of the Belgian company, Care Solutions and creating Malta Belgium. This acquisition provides access to more than 630 ALFs for seniors in Belgium out of the country's total of 1,540 retirement homes. Concurrently, MALTA INFORMATIQUE signed a strategic partnership with Colisée, Europe's fourth-largest provider of solutions for elderly care and well-being.
- AXIGATE, a subsidiary of MALTA INFORMATIQUE, was selected by the French hospital purchasing network, RESAH *(Réseau des acheteurs hospitaliers)* for its new Electronic Medical Records programme for French regional hospital groups with 6 other independent health sector software vendors.
- Acquisition by PHARMAGEST INTERACTIVE of the shares of a minority shareholder KAPELSE, increasing the shareholding of PHARMAGEST INTERACTIVE to 75%.
- In response to the risks caused by the Covid-19 pandemic, PHARMAGEST Group’s management implemented a prevention plan and a business continuity plan designed both to protect the employees according to the directors issued by public authorities and guaranteeing business continuity with professional healthcare customers and patients.
- Acquisition of a 56.27% majority stake by MALTA INFORMATIQUE in PANDALAB, a company specialised in secure and instant messaging solutions for healthcare professionals.

18.1.7 Age of latest financial information

The last financial year for which financial information was audited was 2019, ending on 31 December 2019.

18.2 Half yearly and other financial information

18.2.1 Quarterly and half-yearly information

PHARMAGEST Group has not published any quarterly or half-yearly financial information since the date of the last audited financial statements.

18.3 Auditing of historical annual financial information

18.3.1 Statutory auditors' report on the separate parent company and consolidated financial statements

18.3.1.1 Statutory auditors' report on the annual financial statements (year ended 31 december 2019)

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, 2019. These financial statements were adopted by the Board of Directors on 27 March 2020 based on information available on that date within the evolving context of the health crisis linked to Covid-19.

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 2016 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.

Independence

We conducted our audit in compliance with independence rules applicable to us, for the period from January 1, 2019 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, adopted under the conditions previously described, 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 €44,152 thousand (or 24% 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 assessed 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 adopted on 27 March 2020 and the other documents addressed to the shareholders in respect of the financial position and the annual financial statements. With respect to events and information known after the closing date of the financial statements relating to the crisis linked to Covid-19, management indicated that the information on this subject will be provided to the general meeting called to approve the 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.

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.

Regarding the information provided in accordance with the provisions of article L. 225-37-3 of the French Commercial Code on compensation and benefits paid to corporate officers as well as commitments incurred in their favour, we have verified their consistency with the accounts or with the data used to prepare these accounts, and when necessary, obtained by your company from companies controlled by it which are included in the consolidation scope. 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, 2019, Deloitte & Associés was in its 3rd period of total uninterrupted engagement and Batt Audit in its 18th 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 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 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 2020
The Statutory Auditors,
French original signed by:

Batt Audit	Deloitte & Associés
Isabelle SAGOT	Loïc MULLER

18.3.1.2 Statutory auditors' report on the consolidated financial statements (Year ended 31 December 2019)

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, 2019. These financial statements were adopted by the Board of Directors on 27 March 2020 based on information available on that date within the evolving context of the health crisis linked to Covid-19.

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, 2017 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, 2019 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 2019" of the notes to the consolidated financial statements presenting the impacts of the application of IFRS 16 "Leases" as from 1 January 2019.

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, adopted under the conditions previously described, 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 €48,846 thousand (of which €10,604 thousand in progress) and a net amortisation value of €24,791 thousand at 31 December 2019, 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 2019;

- 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 €49,790 thousand at 31 December 2019). No impairment losses were recognised in response to tests conducted by the company in 2019. 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 note 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 16, 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 adopted on 27 March 2020. With respect to events and information known after the closing date of the financial statements relating to the crisis linked to Covid-19, management indicated that the information on this subject will be provided to the general meeting called to approve the financial statements.

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, 2019, Deloitte & Associés was in its 3rd period of total uninterrupted engagement and Batt Audit in its 18th 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 2020
The Statutory Auditors
French original signed by:

Batt Audit	Deloitte & Associés
Isabelle SAGOT	**Loïc MULLER**

18.3.2 Other information subject to control by statutory auditors

Auditors' Special Report on regulated agreements and commitments

In our capacity as statutory auditors of your company, we hereby report on certain related party agreements and commitments.

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 MARQUE VERTE SANTÉ**

Renewal of the financial advance

Related parties:

- Thierry CHAPUSOT, Chair of the Board of Directors of PHARMAGEST INTERACTIVE and Chair of the Management Board of MARQUE VERTE SANTÉ;
- Dominique PAUTRAT, Managing Director of PHARMAGEST INTERACTIVE and member of the Management Board of MARQUE VERTE SANTÉ;
- Anne LHOTE, Director of PHARMAGEST INTERACTIVE and member of the Management Board of MARQUE VERTE SANTÉ;
- Daniel ANTOINE, Director of PHARMAGEST INTERACTIVE and permanent representative of LA COOPERATIVE WELCOOP on the Supervisory Board of MARQUE VERTE SANTÉ;
- Hugues MOREAUX, Board representative of LA COOPERATIVE WELCOOP on the PHARMAGEST INTERACTIVE Board of Directors and Chairman of the Supervisory Board of MARQUE VERTE SANTÉ.

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.
At 31 December 2019, this advance was paid back in full. Interest income for 2019 amounted to €58,874.83.

The company's justifications for the agreement:

On 6 December 2019, the Board of Directors decided not to renew for 2020 this financial advance agreement between PHARMAGEST INTERACTIVE, the Lender and MARQUE VERTE SANTÉ, the Borrower, which in consequence expired on 31 December 2019.

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. Denis 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 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.
On 31 December 2019, the amounts accrued for this purpose represented gross amounts of €51,063 for Mr. Pautrat and €64,696 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 INTERACTIVE and INTECUM

Tax consolidation agreement

Related parties:

Dominique Pautrat, Managing Director and Director of Pharmagest Interactive, representing Pharmagest Interactive, Chairman of Diatelic.

Nature and purpose:

On 5 December 2014 and 1 April 2016, the Board of Directors authorised Pharmagest Interactive to include Diatelic, CP Interactive and Intecum in the French tax sharing agreement governed by Articles 223-A to 223-U of the French General Tax Code.

CP Interactive was merged into Pharmagest Interactive on 1 January 2019.
INTECUM (currently named PHARMATHEK FRANCE) was removed from the tax consolidation on 1 January 2019 following the disposal of 100% of the company.

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.

The company's justifications for the agreement:

The tax group agreement remained in force in 2019 and the duration of the option expires at 31 December 2019. On 6 December 2019, the Board of Directors decided to renew the tax sharing agreement for a new period of five years from 1 January 2020, subject to tacit renewal, unless expressly terminated, under the same conditions as the previous agreement. The scope of the tax consolidation will remain unchanged:

• Consolidating company: Pharmagest Interactive
• Consolidated company: Diatelic

The renewal of this tax sharing agreement from 1 January 2020 will constitute a new agreement for the 2020 financial period.

Nancy, 29 April 2020
The Statutory Auditors
French original signed by:

Batt Audit	**Deloitte & Associés**
Isabelle SAGOT	**Loïc MULLER**

18.3.3 Unaudited financial information about the issuer

All financial information included in this Universal Registration Document were derived from the audited financial statements.

18.4 Pro forma financial information

18.4.1 Restated financial information

Given that changes in scope and application of new standards had little impact, no pro forma financial statements were prepared.

18.5 Dividend policy

18.5.1 Policy of the issuer with respect to the distribution of dividends

PHARMAGEST Group does not have a formal policy with respect to the distribution of dividends.

PHARMAGEST INTERACTIVE distributes dividends to shareholders in the form of cash payments.

The Ordinary General Meeting of PHARMAGEST INTERACTIVE on 29 June 2020 will be asked to approve a dividend distribution of € 0.90 per share.

18.5.2 Dividend per share

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)
31/12/2016	€ 0.65	€ 0.65	€ 0.65
31/12/2017	€ 0.75	€ 0.75	€ 0.75
31/12/2018	€ 0.85	€ 0.85	€ 0.85

18.6 Legal and arbitration proceedings

18.6.1 Administrative, judicial or arbitration proceedings

There are no administrative, legal or arbitration proceedings 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 2019 amounted to €4,914 thousand and included:

The provision for retirement severance payments	€4,633 thousand
Provisions for litigation	€216 thousand
Total provisions for expenses	€65 thousand

18.7 Significant change in the issuer's financial position

18.7.1 Significant change in the financial position of the group having occurred since the end of the last financial period

PHARMAGEST Group is not aware of any significant changes in its financial situation since the end of the last financial year for which the financial statements were published and audited.

19 ADDITIONAL INFORMATION

19.1 Capital stock

19.1.1 Subscribed share capital

As at 31 December 2019, 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.
The free float of PHARMAGEST INTERACTIVE's shares held by the public amounted to 3,728,310 shares at 31 December 2019 compared to 3,676,641 shares one year earlier.
No capital was paid up during the period covered by the historical financial information.

19.1.2 Shares not representing capital

No shares exist not representing capital.

19.1.3 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 2019 is presented in Section 18.1.6.6 - Note 10.2 of the consolidated financial statements in this Universal Registration Document. The nominal value of treasury shares is €0.20 per share.

19.1.4 Marketable securities

There are no convertible securities, exchangeable securities or securities with warrants.

19.1.5 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 2019, 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.

19.1.6 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 18.1.6.6 - Note 8.3.1 of this Universal Registration Document.

19.1.7 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 2019

Month	Low (in €)	High (in €)	Trading volume (in number of shares)	Trading volume (in €)
April 2019	54.30	59.80	72,692	4,173,492
May 2019	52.40	59.10	56,259	3,161,445
June 2019	56.20	59.80	54,427	3,180,274
July 2019	55.20	61.90	84,057	4,878,533
August 2019	51.90	58.70	77,875	4,217,673
September 2019	52.30	58.80	109,969	6,191,200
October 2019	54.50	62.40	122,277	7,110,079
November 2019	56.50	63.40	104,641	6,187,519
December 2019	58.20	61.00	84,209	5,044,339
January 2020	59.60	65.90	107,300	6,725,447
February 2020	54.90	65.40	113,540	7,056,193
March 2020	41.25	61.10	175,261	9,210,388

(Source : GILBERT DUPONT)

Pledges

Insofar as it is aware, PHARMAGEST Group's capital is not subject to any share pledges.

19.2 Memorandum and articles of association

All Memorandums and Articles of Association are available in the section on corporate governance of the PHARMAGEST INTERACTIVE's website: https://pharmagest.com/

19.2.1 Objects and purposes

PHARMAGEST INTERACTIVE has been registered in the NANCY Trade and Companies Register (RCS No. 403 561 137) since 25 January 1996.

PHARMAGEST INTERACTIVE has been registered in the NANCY Trade and Companies Register (RCS No. 403 561 137) since 25 January 1996:

- 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.

19.2.2 Share class

There is one class of shares (Article 7).

One voting right is attached to each share. Under the terms of the 15th 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.

19.2.3 Provision of the articles of association that would have an effect of delaying, deferring or preventing a change in 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 (…).

20 MATERIAL CONTRACTS

20.1 Material contracts of the group

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 Universal Registration Document, apart from bank loans with pledges or covenants detailed under Section 18.1.6.6 - Note 6.4 to the consolidated financial statements herein.

21 DOCUMENTS ON DISPLAY

21.1 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 PHARMAGEST Group, a part of which is included or referred to in this Universal Registration Document;
- The historical financial information of PHARMAGEST INTERACTIVE and its subsidiaries for each of the two financial years preceding the publication of this Universal Registration Document.

21.2 Annual management report

21.2.1 Management report

PHARMAGEST INTERACTIVE
A FRENCH PUBLIC LIMITED COMPANY *(SOCIÉTÉ ANONYME)* WITH SHARE CAPITAL OF €3,034,825
REGISTERED OFFICE: TECHNOPOLE DE NANCY BRABOIS
5 ALLEE DE SAINT-CLOUD 54600 VILLERS LES NANCY
NANCY COMPANIES REGISTER (RCS) NO. 403 561 137

MANAGEMENT REPORT
TO THE ORDINARY ANNUAL GENERAL MEETING
OF 29 JUNE 2020

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 2019, approved by the Board of Directors at its meeting of 27 March 2020.

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
DIATELIC	Villers-lès-Nancy (54)	95.29	95.29
DICSIT INFORMATIQUE	Bezaumont (54)	100	100
EHLS	Villers-lès-Nancy (54)	100	100
HAPPY HEALTH ORGANIZER	Aubière (63)	100	100
HDM	Port Louis (Mauritius)	100	100
HEALTHLEASE	Paris (75)	100	100
I-MEDS	Schwarzach am Main (Germany)	60	31.09
INTERNATIONAL CROSS TALK	Aubière (63)	70	70
KAPELSE	Villers-lès-Nancy (54)	70	70
MALTA INFORMATIQUE	Mérignac (33)	100	100
MALTA BELGIUM	Gosselies (Belgium)	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 BELGIUM (formally SABCO SERVICES)	Gosselies (Belgium)	100	100
PHARMAGEST ITALIA	Macerata (Italy)	82.50	82.50
PHARMAGEST LUXEMBOURG (formally SABCO)	Windhof (Luxembourg)	100	100
SAILENDRA	Nancy (54)	75.09	75.09
SCI HUROBREGA	Quéven (56)	100	100
SOPHIA SANTE	Paris (75)	100	100
SVEMU INFORMATICA FARMACEUTICA	San Marco dei Cavoti (Italy)	80	66
UK PHARMA	London (England)	100	100

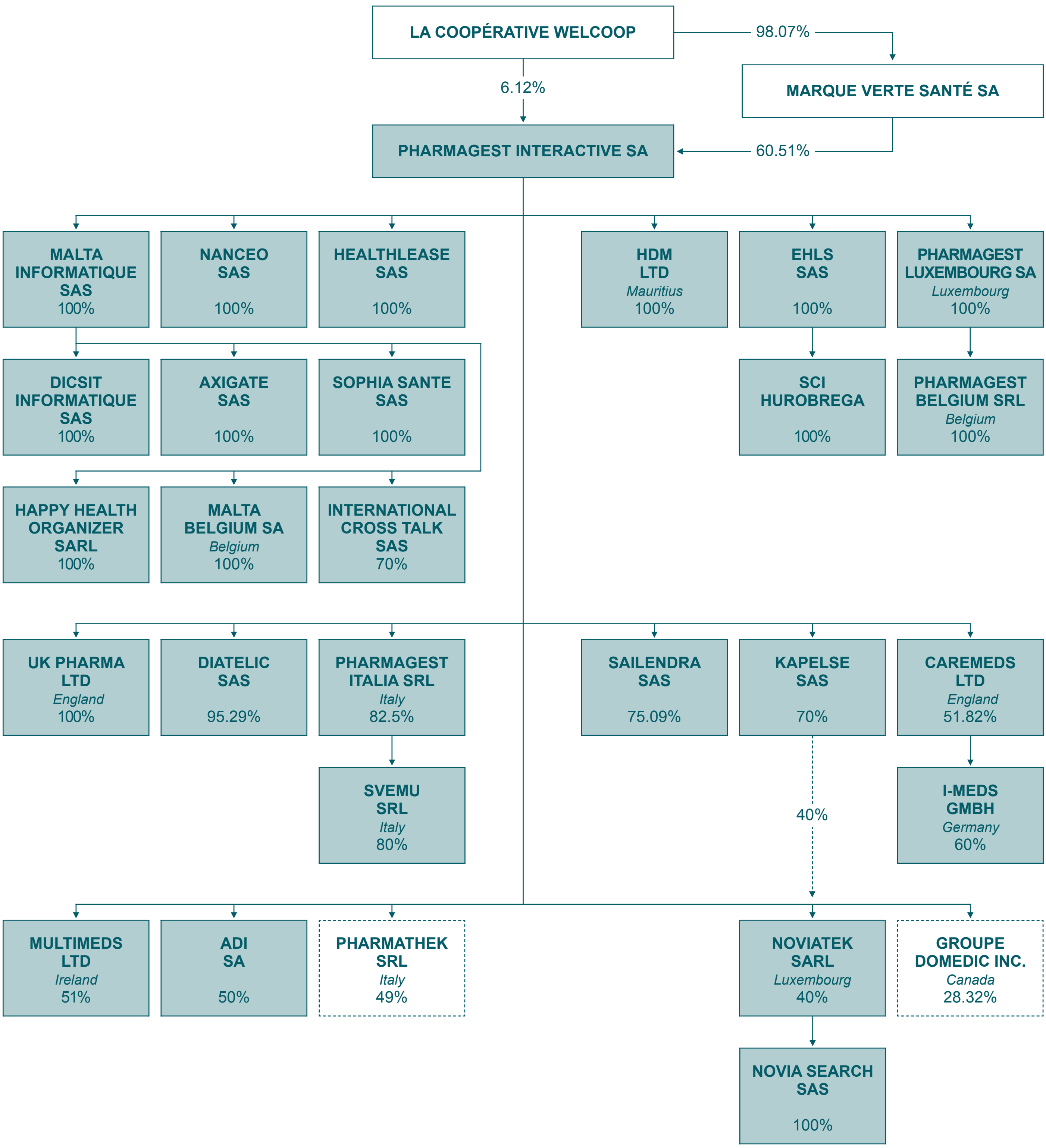
[(1)] Given the economic and contractual relationship between PHARMAGEST INTERACTIVE and ADI (which distributes LGPI Global Services® products), and the control of the company (equal distribution of Board members, Chairman's appointment subject to the express agreement of PHARMAGEST Group), ADI which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

Equity-accounted subsidiaries

Companies	Address	Controlling interest (%)	Ownership interest (%)
GROUPE DOMEDIC	Quebec (Canada)	28.32	28.32
PHARMATHEK	Verona (Italy)	49.00	49.00

PHARMAGEST Group Organisation Chart

As at the end of the financial year (31 December 2019), PHARMAGEST Group's organisation chart was as follows:



White background: Parent companies;
Blue background: Fully consolidated subsidiaries;
White background with dotted lines: 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 2019

- Completion of 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 acquired a 13.89% minority equity stake in EMBLEEMA;
- Sale (100%) of INTECUM by PHARMAGEST INTERACTIVE to PHARMATHEK;
- Subscription by PHARMAGEST INTERACTIVE to a capital increase of the Italian company PHARMATHEK in the amount of 49%;
- Completion of the murders of INFARMA, INSERVICE, MACROSOFT, MACROSOFT BUILDING and TEKNEMA with PHARMAGEST ITALIA;
- Acquisition of additional shares of PHARMAGEST ITALIA, bringing PHARMAGEST INTERACTIVE's share in the capital to 82.5% from 79%;
- Acquisitions of majority stakes by MALTA INFORMATIQUE of 70% in the capital of NTERNATIONAL CROSS TALK, 100% in HAPPY HEALTH ORGANIZER and 100% in SOPHIA SANTE;
- Acquisition by CAREMEDS of 60% in the capital of the German company I-MEDS;
- Creation of MALTA BELGIUM, a wholly-owned subsidiary of MALTA INFORMATIQUE;
- Creation of WELFINTY GROUP;
- Liquidation of DOMEDIC EUROPE;
- Acquisition of a majority stake by PHARMAGEST INTERACTIVE of 80% in the capital of the Italian company, SVEMU INFORMATICA FARMACEUTICA.

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 2019

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:***
  - The sale of digital communication solutions for pharmaceutical companies to support pharmacists in fulfilling their new roles on the front line of patient care;
  - 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;
  - Solutions for monitoring treatment compliance for the chronically ill or the elderly;
  - Solutions for securely monitoring patients in the home and optimising their care pathway.

• ***Health and Social Care Facilities Solutions Division:***
  - Distribution of IT equipment, turnkey installation and training;
  - The distribution of new generation software solutions for healthcare professionals and facilities for seniors and dependent persons, in-home nursing services, hospitals and office-based private practitioners;
  - 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	2019	2018	Change
Sales of configurations and hardware	71,317	64,257	10.99%
Maintenance and sale of databases	57,593	54,650	5.39%
Training and new product services	27,558	27,953	-1.41%
Other services	2,101	1,620	29.71%
Total revenue	**158,569**	**148,480**	**6.79%**
Current operating income	40,849	38,886	5.05%
Profit/(loss) from continuing operations	28,972	27,038	7.15%
Net profit	30,361	27,038	12.29%
Net profit attributable to equity holders of the parent	28,403	25,432	11.68%
Basic earnings per share attributable to equity holders of the parent	**1.89**	**1.70**	**11.26%**

On an IFRS basis, consolidated revenue for fiscal 2019 rose 6.79% year-on-year. Gross sales came to €128,648 thousand in 2018, up from €121,804 thousand in 2016.

Material software maintenance and the renewal of the installed base of equipment under contract account for approximately 66% of PHARMAGEST Group revenue. These activities represent significant indicators for annual revenue.

Operating expenses (staff costs + general expenses + taxes) amounted to €79,693 thousand. Up 2.61% in relation to 2018, this development reflects mainly the increase in staff costs (+6.28% largely reflecting the increase in the number of personnel in the period) and the relative decrease in general expenses after adjusting for the impact of IFRS 16 of €2,025 thousand.

Operating profit was up in consequence 5.05% to €40,849 thousand from the previous year.

Net financial income amounted to €1,493 thousand based on €1,907 thousand in financial income and €414 thousand in financial expenses.

Consolidated net profit amounted to €30,361 thousand with €28,403 thousand attributable to equity holders of the parent and €1,958 thousand attributable to non-controlling interests. The increase in net profit attributable to equity holders of the parent was 11.68%.

In 2019, PHARMAGEST Group registered a decline in net cash flow of €10,476 thousand after an increase in financial investments of €13,200thousand and cash flows from operating activities of €40,665 thousand (IFRS).

The Group has a very solid financial structure. At year-end, shareholders' equity stood at €127,613 thousand (attributable to equity holders of the parent) compared to €113,847 thousand at 31 December 2018. Net cash (i.e. available-for-sale securities, other financial assets cash and cash equivalents minus short-term and long-term facilities) amounted to €51,201 thousand. Cash net of current financial liabilities totalled €40,612 thousand.

PHARMAGEST INTERACTIVE (individual financial statements):

Amounts - In € thousands	2019	2018	Change
Sales of configurations and hardware Maintenance and sale of databases Training and new product services Other services	57,790 32,056 11,189 1,891	54,579 31,172 10,573 1,417	5.88% 2.84% 5.83% 33.45%
Total revenue	**102,926**	**97,741**	**5.30%**
Operating profit Net profit	21,365 17,953	18,660 16,683	14.50% 7.61%

Main subsidiaries (separate financial statements)

In € thousands	Revenues	Operating profit	Operating income before tax	Net profit
HEALTHLEASE	45,958	2,629	2,639	1,833
EHLS	24,905	1,234	1,435	939
KAPELSE	13,092	5,998	6,009	4,322
MALTA INFORMATIQUE	11,606	5,258	5,304	3,164

Branch offices

PHARMAGEST Group’s activities are exercised at 56 sites. PHARMAGEST INTERACTIVE's operations are conducted at its principal place of business in VILLERS-LES-NANCY and its 27 secondary sites.

Research and development

The Research and Development Department has nearly 230 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 2019, the total amount capitalised under this standard for projects expected to contribute revenue from the sale of products and services in the future is:

- €3,940 thousand capitalised in the separate financial statements of AXIGATE, DIATELIC, KAPELSE, NANCEO, NOVIATEK, PHARMAGEST ITALIA and SAILENDRA;
- €3,892 thousand restated according to IAS 38 for PHARMAGEST INTERACTIVE, CAREMEDS, DICSIT INFORMATIQUE, MALTA INFORMATIQUE and PHARMAGEST ITALIA including €1,085 thousand for outsourced expenditures.

Annual highlights

Blockchain-based sharing of medical data
PHARMAGEST Group became the lead industrial shareholder of the company by acquiring a significant stake of 13.89% through a reserved capital increase. EMBLEEMA is developing a Blockchain-based digital platform for sharing health data This investment will enable PHARMAGEST Group to develop innovative Healthcare solutions in Europe based on a transparent and secure Blockchain technology.
This platform developed by EMBLEEMA allows patients to regain control over their health data and how it is used. This strategic partnership will contribute to putting the patient at the heart of the healthcare system and giving patients the ability to participate in medical research.

Subscription to the capital increase of in the Italian company, PHARMATHEK
PHARMAGEST Group announced the closing of the acquisition of its equity stake in PHARMATHEK. Under the terms of the agreement, PHARMAGEST Group sold 100% of its subsidiary INTECUM to PHARMATHEK while increasing its stake in PHARMATHEK to 49% by subscribing to a capital increase.
PHARMATHEK, an Italian company, is specialised in designing, developing and installing automated warehouses for pharmacies. To date, PHARMATHEK has already installed more than 300 robots in Europe. PHARMATHEK, the market leader in Italy, has equipped nearly 60 pharmacies in France. PHARMATHEK is also present in Germany, Switzerland and Spain. PHARMATHEK's offering which addresses medium-sized and large pharmacies, thus complements the offering of INTECUM, renamed PHARMATHEK FRANCE, marketing the SELLEN robotic system designed for small pharmacies. PHARMAGEST Group now has a full-fledged robotics division with solutions adapted for all sizes of pharmacies in France and Europe.

PHARMAGEST ITALIA accelerates its geographical expansion in Italy through the acquisition of SVEMU
PHARMAGEST GROUP announced the completion of the acquisition by PHARMAGEST ITALIA of an 80% majority stake in the capital of SVEMUINFORMATICA FARMACEUTICA, an Italian company specialised in IT solutions for pharmacies in the Italian market.
Created in June 2008, SVEMU is an independent software vendor known for its innovative pharmacy management solutions. Its EASYPHARMA application equips more than 800 of Italy's 19,000 pharmacies in 13 regions of the country.
This acquisition reinforces the technological and technical building blocks of Pharmagest Italia's Sophia software suite. As a new market entrant, PHARMAGEST ITALIA will be able to build on SVEMU's installed base and consolidate its market positions by rapidly completing its territorial coverage in Italy in order to reach its goal of equipping nearly 20% of Italian pharmacies within five years.

MALTA INFORMATIQUE expands its services to the different types of community health centres *(maisons de santé, centres de santé and pôles de santé)* by acquiring a majority stake in ICT Group
PHARMAGEST Group announced the strategic diversification for its Solutions for Health And Medical-Social Institutions Division which now addresses community health facilities *(maisons de santé, centres de santé and pôles de santé)* as well as office-based private practitioners after acquiring a 70% stake in the ICT Group which develops and hosts online solutions for health centres grouping multi-professional teams and private practitioners.
The ICT Group, the leader in this market, through its flagship software solution, ICT CHORUS®, equips 170 health centres of the 735 signatories of the agreement with the French health insurance authorities *(Accord Conventionnel Interprofessionnel avec l'Assurance Maladie)* or 23% of those equipped with a qualifying software platform (ASIP V2).
This represents a key strategic advance for the Health and Social Care Facilities Solutions Division operating through MALTA INFORMATIQUE whose newly acquired critical size will support the continuing promotion of the Group's new services such as the Digital Healthcare Gateway for the exchange of data between private practitioners and hospitals.

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 (€ thousands)

	Article D. 441-4, I , 1° of the French commercial code: Invoices received not settled 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				77
Amount of invoices concerned incl. VAT	185	12	10	33	240
Percentage of the total purchases of the period incl. VAT	0.37%	0.02%	0.02%	0.06%	0.47%
Percentage of revenue of the period	Not applicable				
(B) Invoices excluded from (A) relating to disputed or unrecognised payables					
Number of invoices excluded	33				
Total amount of invoices excluded with VAT included	72				
(C) Applicable payment period of reference (contractual or lega)l - 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 (€ thousands)

	Article D. 441-4, I , 2° of the French commercial code: Invoices received and not settled 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				5,845
Amount of invoices concerned incl. VAT	4,624	1,674	231	1,252	7,781
Percentage of total purchases of the period	Not applicable				
Percentage of revenue of the period	3.72%	1.35%	0.18%	1.01%	6.27%
(B) Invoices excluded from (A) relating to disputed or unrecognised receivables					
Number of invoices excluded	868				
Total amount of invoices excluded with VAT included	185				
(C) Applicable payment period of reference (contractual or lega)l - 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)		%	
	2019	2018	2019	2018	2019	2018	2019	2018
Statutory auditing:								
PHARMAGEST INTERACTIVE	39,850	39,190	59%	59%	44,000	43,810	91%	100%
Consolidated subsidiaries	27,660	27,150	41%	41%	0	0	0%	0%
Other audit-related services	0	0	0%	0%	0	0	0%	0%
Subtotal	**67,510**	**66,340**	**100%**	**100%**	**44,000**	**43,810**	**91%**	**100%**
Other services rendered by members of the auditor's network to fully consolidated subsidiaries	0	0	0%	0%	4,500	0	9%	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	0	0%	0%	0	0	0%	0%
Subtotal	**0**	**0**	**0%**	**0%**	**4,500**	**0**	**9%**	**0%**
TOTAL	**67,510**	**66,340**	**100%**	**100%**	**48,500**	**43,810**	**100%**	**100%**

1.3. Subsequent events

The main subsequent events occurring after the end of the 2019 reporting period were as follows:

- MALTA INFORMATIQUE is continuing to develop in Europe by acquiring the activities for developing software solutions for nursing homes and specialised establishments of the Belgian company, Care Solutions and creating Malta Belgium. This acquisition provides access to more than 630 ALFs for seniors in Belgium out of the country's total of 1,540 retirement homes. Concurrently, MALTA INFORMATIQUE signed a strategic partnership with Colisée, Europe's fourth-largest provider of solutions for elderly care and well-being.
- AXIGATE, a subsidiary of MALTA INFORMATIQUE, was selected by the French hospital purchasing network, RESAH *(Réseau des acheteurs hospitaliers)* for its new Electronic Medical Records programme for French regional hospital groups with 6 other independent health sector software vendors.
- Acquisition by PHARMAGEST INTERACTIVE of the shares of a minority shareholder KAPELSE, increasing the shareholding of PHARMAGEST INTERACTIVE to 75%.
- In response to the risks caused by the Covid-19 pandemic, PHARMAGEST Group's management implemented a prevention plan and a business continuity plan designed both to protect the employees according to the directors issued by public authorities and guaranteeing business continuity with professional healthcare customers and patients.
- Acquisition of a 56.27% majority stake by MALTA INFORMATIQUE in PANDALAB, a company specialised in secure and instant messaging solutions for healthcare professionals.

1.4. Outlook and strategic guidelines set by the Board of Directors

PHARMAGEST Group maintained its patient-centred strategy in 2019 seeking to improve patient care by intervening throughout the care pathway (from the patient's home to residential health and social care facilities) and by improving the coordination between healthcare professionals to achieve healthcare system of efficiencies.

This service innovation reflects policies for improving quality across the entire patient care pathway, a common priority of interest to all European countries.

Key achievements on this basis included:

- The deployment of the Marseille Public University Hospital (AP-HM) project through the digital healthcare platform to achieve increased efficiencies across the patient care pathway.
- Expanding the scope of the Health and Social Care Facilities Solutions Division to address the needs of new communities (health centres grouping multi-professional teams and territorial health professional communities).
- The increased presence of PHARMAGEST ITALIA in the Italian market through the majority acquisition of SVEMU.
- MALTA INFORMATIQUE's expansion into Belgium through the creation of MALTA BELGIUM.
- CAREMEDS' acquisition of an equity stake in its distributor I-MEDS in Germany.

PHARMAGEST Group will continue in 2020 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 Stakeholder in 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:

- Deploying the first cloud-based European healthcare platform for information sharing between healthcare professionals based on secure digital and interoperable services and contributing to safely and efficiently improve patient care Through its software solutions for Pharmacies, Hospital-at-Home programmes, ALFs, In-Home Nursing Care, health centres grouping multiple professionals and territorial health professional communities, hospitals and French regional hospital groups its partnerships with vendors of software for physicians and its experience in artificial intelligence, PHARMAGEST Group possesses unique know-how and expertise for integrating this information into the specialised business applications for all healthcare professionals;

- Enhancing the security of in-home care solutions and improving treatment compliance for elderly persons. PHARMAGEST Group's solutions help patients follow their treatment while reducing the cost of noncompliance. 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 develops in-home 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 as for example with NOVIACARE® , CARELIB® 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.

The development of new technologies in the health sector and the digital revolution is dramatically transforming the health care system and its economy. PHARMAGEST Group has been anticipating for these transformations for some time. It understands that the challenge for the development of connected health must involve not only patients regaining control of their medical data but also computer processing of the data collected for the purposes of analysis, anticipating the evolution of their state of health through artificial intelligence, and finally contributing to medical research.

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 France and 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 (RSE) 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 2019.

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 2019, 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 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.

In 2020, 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 financial risk management tools in the subsidiaries;
- Review of the corruption risk map;
- Evaluation and management of the risks of newly consolidated or newly formed companies;
- Strengthening measures to combat corruption (the "Sapin II" law);
- Continuation of the 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 PHARMAGEST 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.

PHARMAGEST Group’s strategic risks

- Risks associated with external growth and international development resulting from difficulties in integrating entities, establishing operations in new markets and the international development of PHARMAGEST Group's solutions.
- A failure to adequately define the risk relating to the Group’s diversification strategy would result in investment decision errors and a misunderstanding of the company’s strategy, objectives and ambitions.

Operating risks inherent to the businesses

- Risks relating to the security of information systems and networks could result in the loss or alteration of data, the unavailability of data or the disclosure of confidential or erroneous information which could potentially benefit competitors or adversely affect the company’s image.
- Risk relating to the quality of products and solutions leading to customer dissatisfaction.
- Health risks relating to an epidemic or pandemic resulting in a decrease in the Group’s activity It should be noted that the assumptions of the impairment test conducted by PHARMAGEST INTERACTIVE were based on normal operating conditions and as such to not take into account the potential impacts of the COVID-19 epidemic.

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:

- Economic environment - indirect risks related to government decisions directly affecting PHARMAGEST Group's customers.
- Risks relating to authorisations and certifications and in particular failure to obtain or loss thereof (certification as a health data hosting service provider or certifications HDS Vitale health insurance smart card, ISO 27001, NF 525, LAD, Addendum).
- Risks relating to the protection of intellectual property that is not adapted to the Group's markets.

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

Based on a review of its financial risk, PHARMAGEST Group considers that it is not subject to particular exposures in this area. PHARMAGEST Group has an investment charter providing guidelines on its financial investments and has adopted an organisation and tools designed to optimise and secure its cash flows.

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 management report).

Part 3 - Shareholders

3.1. PHARMAGEST INTERACTIVE share buyback authorisation

Summary of the share repurchase programme

The Annual General Meeting of 27 June 2019, 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 27 June 2019 until 26 December 2020.

At 31 December 2019, PHARMAGEST INTERACTIVE held the following treasury shares, directly or indirectly:

- 3,016 under a liquidity contract;
- 86,438 under a stock option plan;
- 59,356 under share buyback programmes;

or a total of 148,810 shares representing 0.98% of the current share capital.

At 31 December 2019, under this liquidity agreement, 83,524 shares were purchased for an average share price of €57.03 , and 82,507 shares were sold for an average price of €56,78.

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 27 June 2019 for the period from 1 April 2019 to 31 March 2020.

As at 31 March 2020, the April 1 2019 programme resulted in:

- Purchases: 92,703 shares at an average price of € 58.22;
- Sales: 91,348 shares at an average price of € 58.20;

As at 31 March 2020, the company directly or indirectly holds 137,107 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 is 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 27 June 2019, to enter into effect on 29 June 2020. 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 28 December 2021.

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 2019

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 SANTÉ	More than 50% and less than 66.66%
LA COOPERATIVE WELCOOP *(formerly known as GROUPE WELCOOP)*	More than 20% and less than 10%
La 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 2019 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 2019, 81,827 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 2019, 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 (€)	31/12/2019	31/12/2018	31/12/2017	31/12/2016	31/12/2015
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	15,174,125
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	**102,926,290**	**97,740,759**	**91,422 775**	**88,063,884**	**87,485,500**
Income before tax, employee participation and allowances	26,773,334	25,657,777	23,347,042	23,423,851	26,098,235
Income tax expense	6,690,214	5,831,882	5,517,520	6,662,263	7,238,280
Employee profit-sharing	2,053,722	1,517,497	1,694,523	1,697,092	1,865,738
Earnings after tax, employee profit-sharing and provisions	17,953,104	16,683,081	13,920,141	13,781,091	16,152,017
Distribution of earnings decided by the General Meeting [1]	13,656,713	12,898,006	11,380,593	9,863,181	9,104,475
Earnings per share after tax and before provisions	1.19	1.20	1.06	0.99	1.12
Earnings per share after tax and provisions	1.18	1.10	0.92	0.91	1.06
Dividend per share [1]	**0.90**	**0.85**	**0.75**	**0.65**	**0.60**
Average workforce for the financial year	738	709	672	657	627
Total payroll	28,151,569	26,990,379	24,237,655	23,276,389	21,990,893
Social security contributions and benefits	13,085,233	13,039,797	11,418,753	10,912,422	10,656,424

[1] *Proposal to the AGM of 29 June 2020 for the financial year ended on 31 December 2019.*

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 € 17,953,104.44 as follows:

Profit of the period Retained earnings	€ 17,953,104.44 € 54,442,446.86
Amount available to shareholders	**€72,395,551.30**
Dividend (€0.90 per share) The balance is appropriated to "retained earnings"	**€13,656,712.50** € 58,738,838.80

Shareholders' equity, including investments grants net of amortisation, stood at € 81,942,472.14.

The dividend will have a payment date of 3 July 2020 and be distributed by BNP PARIBAS Bank as the paying agent and security services provider.

This dividend, when paid to natural persons having their tax residence in France, is subject to a 12.8% flat tax *(prélèvement forfaitaire unique)* to which is added French social contributions of 17.2%, i.e. a total tax of 30%.

This flat tax is automatically applied ipso jure except where the option of applying the progressive income tax scale is expressly selected.

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)
31/12/2016	€ 0.65	€ 0.65	€ 0.65
31/12/2017	€ 0.75	€ 0.75	€ 0.75
31/12/2018	€ 0.85	€ 0.85	€ 0.85

Part 7 - Other matters presented to the Shareholder's Meeting

7.1 Information on directorships

Renewal of offices

The offices of the Deputy Managing Director and Director of Mr. Thierry PONNELLE expired on 23 January 2019 and he has not been replaced.

As the directorships of Messrs. Thierry CHAPUSOT, Daniel ANTOINE, Francois JACQUEL and LA COOPERATIVE WELCOOP expire at the end of this General Meeting, we propose that their offices be renewed for a new six-year term or until the end of the ordinary Annual General Meeting to be called in 2026 for the purpose of approving the financial statements for the period ending 31 December 2025.

Appointment of a new Director

We propose that you appoint:

- Mr. Grégoire DE ROTALIER
  residing at 12, Avenue Roger Chaumet, 33600 PESSAC, FRANCE

as a new director, joining the members of the Board of Directors currently serving for a term of six (6) years expiring at the end of the annual general meeting that will be called in 2026 to approve the financial statements for the fiscal year ended.

7.2 Information on the Statutory Auditors' appointments

We inform you that the offices of the principal statutory auditors of the firm BATT AUDIT and the deputy statutory auditor of REVILEC AUDIT ET ASSOCIES expire at the end of this General Meeting.

For that reason, your Board, pursuant to the recommendations of the Audit Committee proposes that you:

- Renew the appointment as principal statutory auditor of BATT AUDIT, 58 Boulevard d'Austrasie, 54000 NANCY for a six-year term or until the end of the ordinary Annual General Meeting that will be called or the purpose of approving the financial statements for the period ending 31 December 2025.
- Do not replace REVILEC AUDIT ET ASSOCIES, the Deputy Statutory Auditor, in accordance with the provisions of Article L. 823-1, as amended, of the French commercial code.

The Audit Committee declares that this decision was not imposed by any third party and that no contractual provision restricted its choice resulting in the issuance of its recommendations to the Board.

7.3 Regulated agreements

We inform you that one new agreement was entered into and two regulated agreements previously authorised and approved remained in force in 2019.

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 Compensation granted to members of the Board of Directors

You are also asked to approve the amount of compensation to be granted to Directors set at €33,000 for fiscal 2020.

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. R 225-105 225-105 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. 225-2 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.

21.2.2 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
5 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
29 JUNE 2020

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 2019 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

Needs and

Demographic context:

- An aging and dependent population

Medical context:

- Low physician density
- Care pathway inefficiencies

Our resources

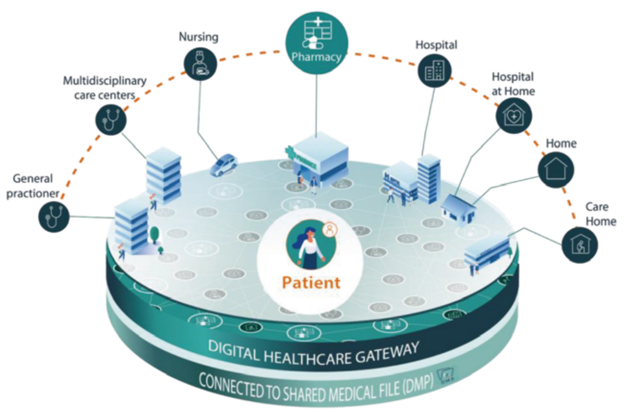
Expertise

- IT solutions for Health:
  - For pharmacy management solutions
  - For healthcare professionals and establishments to improve their interoperability
  - e-Health solutions for connected objects
- Partnerships with key healthcare sector stakeholders
- A certified provider of health data hosting
- services
- Synergies with other LA COOPERATIVE WELCOOP subsidiaries

Proximity

- + 1,000 employees with nearly 70% in direct contact with healthcare professionals or establishments through a network of agencies and a commercial presence covering our territories
- A presence in 6 countries in Europe
- Platforms (+2,200 m²) capable of delivering directly to healthcare professionals and establishments

Our business model: More technology for more humanity



With our Patient-Centred strategy and conviction in the benefits of combining technology and human values, our goal is to become the first European healthcare platform. A secure platform for collecting data and making it accessible to different healthcare professionals, increasing the efficiencies in the patient care pathway. And who is more ideally positioned than pharmacists with their unique proximity to patients to be **THE** healthcare system coordinator

Corporate citizens in the service

opportunities

Economic context:

- Lasting solutions for ensuring an effective healthcare coverage

Technological context:

- Interest in connected objects
- Rapid development of e-Health
- Patient data protection

and our values

Anticipation

- An entrepreneurial DNA focused on innovation and new products:
  - Participation in leading technology exhibitions
  - + 170 computer software developers
- Acquisition of key competencies (Artificial Intelligence, e-Health, Blockchain)

Optimism

- A subsidiary of a cooperative with more than 3,200 cooperative members united around cooperative values and principles
- A solid financial position annually recognise by the Banque de France's highest rating

Our value creation

For the patient

- Improving medication compliance for the treatment of illnesses
- Promoting independence through preventive measures (home safety solutions)
- Contributing to living longer in comfort
- Increasing care pathway efficiencies
- Contributing to research & the path to recovery
- Empowering patients to regain control of their data

For the State & the public health system

- Two key priorities: efficiency and effectiveness
- Medication compliance, home safety solutions = savings, hence a more efficient and effective health care system
- Solutions for addressing low physician density and maintaining the presence of pharmacists in rural environments (example: teleconsultations)
- Coordination of healthcare professionals
- Contributing to research & the path to recovery

For healthcare professionals and establishments

- Supporting healthcare professionals and adapting to the transformation of the pharmacy business model by providing tools, data and solutions to strengthen the pharmacist's role in supporting the patient
- The coordination of information between healthcare professionals (office-based private practitioners/hospitals)
- Networks of pharmacies: know-how creating differentiation for the pharmacist

of Health and Well-Being

2. Our non-financial priorities

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

Market postion:
"A Resonsible Stakeholder in the service of health and well-being"

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 A growth strategy built on human values

Whether for our employees or cooperative members, all pharmacy owners of LA COOPERATIVE WELCOOP are driven by a single priority: promoting health. PHARMAGEST Group seeks to exercise an active role as "a Corporate Citizen in the service of Health and Well-Being" extending far beyond the traditional world of work for the benefit of the greatest number.

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. 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 genuine desire 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.

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.
In consequence, in 2019 the WELCOOP Group created an Employee Attraction, Recruitment and Development centre staffed with four people, tasked with supporting the Group's strategy in the area of employment and employee attraction by insourcing and improving the management of the recruitment process.

Solutions for attracting talent

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 WELCOOP Group.

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 by developing a communications kit and system of incentives. .

Raising its visibility

Improving its digital presence as a recruiter

With digital communications having come to occupy a critical role, the Group has adapted its digital tools in 2019 (corporate site, recruitment site, etc.) to expand the reach of its communications about its corporate culture and job opportunities, training and career development.
Particular attention is given to the "job candidate guide” section designed to assist candidates in their job search by offering informative content. This was already the case with 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 to help them get the very most from 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.

PHARMAGEST Group is studying the merits of strengthening this relation by means of more regular interventions at schools.

Being present at major professional events

To attract the attention of industry experts, WELCOOP Group regularly participates in major professional events in the universe of healthcare and technology with the objective of raising its name recognition.

On this basis, the Group regularly participates in world-class exhibitions for technology innovations (the Las Vegas Consumer Electronics Show, HKEIA, etc.).

It also participate on occasion in HACKATHON events at which teams comprised of developers as well as designers and project heads work on developing an IT project over a short period (in general and software or app). On this basis, in early 2020, a development team of PHARMAGEST INTERACTIVE was ranked 59th worldwide by #HASHCODE GOOGLE 2020. These events provide opportunities to promote the considerable expertise of the Group’s development teams.

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.

In 2019, PHARMAGEST Group has adopted a "candidate experience kit" (consisting of a guide and a video), describing all its engagements vis-à-vis candidates destined to ensure they are offered a different and unique experience. This kit will be deployed in 2020.

Promoting successful 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 PHARMAGEST Group is equipped with a "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 few months of presence,…

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 French subsidiaries of PHARMAGEST Group have a platform devoted to Annual and Professional Performance Meetings that, in order to integrate the specific characteristics of its values and corporate culture, was designed by its own teams.
This general practice constitutes a genuine advance in conducting performance evaluations, the co-construction of the future and integrating the Group's cultural approach.

PHARMAGEST Group engages in 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 the acquisition of skills by 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: increasing the efficiencies of business development teams, effectively managing sales techniques, supporting new sales engineers and new Compliance teams and the Robotisation and Digital Equipment Project Leaders;
- Technical and IT skills: helping R&D and customer services teams upgrade their skills in order to adapt to organisational and technological developments. Business line certifications;
- Workplace quality and safety: supporting the deployment of the continuous improvement plans in the areas of quality and safety (SMS - GDPR - ISSO project);
- Recognition and assessment of skills transfer initiatives: distance-learning, webinars, tutorials, pair working, e-learning, etc.

Two types of training are proposed:

- Off-the-job training, intended to develop management skills, sales techniques and IT development skills (new technologies, agility, infrastructure, hosting services) 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	**392**	**8,022.12**	**3,083.50**	**4,938.62**

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 the company's collective knowledge;
- 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 construction of the WELCOOP Campus, a facility destined for employees coming from different activities, pooling knowledge resources and strengthening synergies.

Being a responsible employer

Promoting health and safety

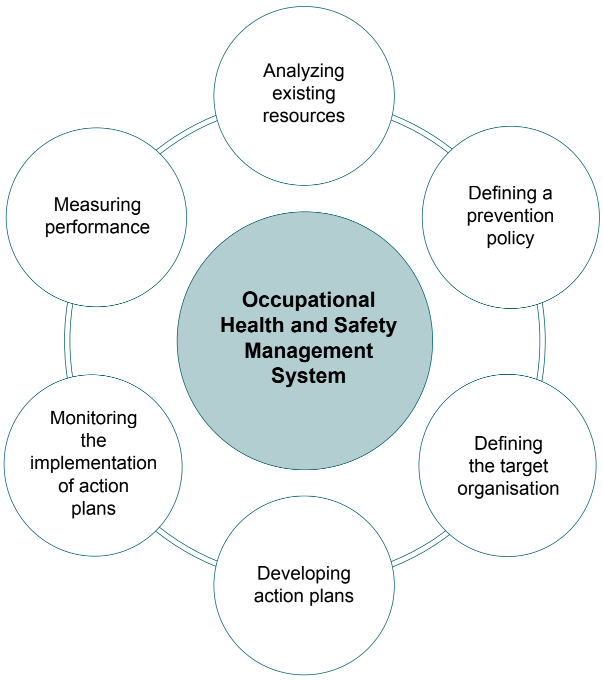
Employee health and well-being

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 the idea of creating an in-house sports association in order to transmit this energy 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).



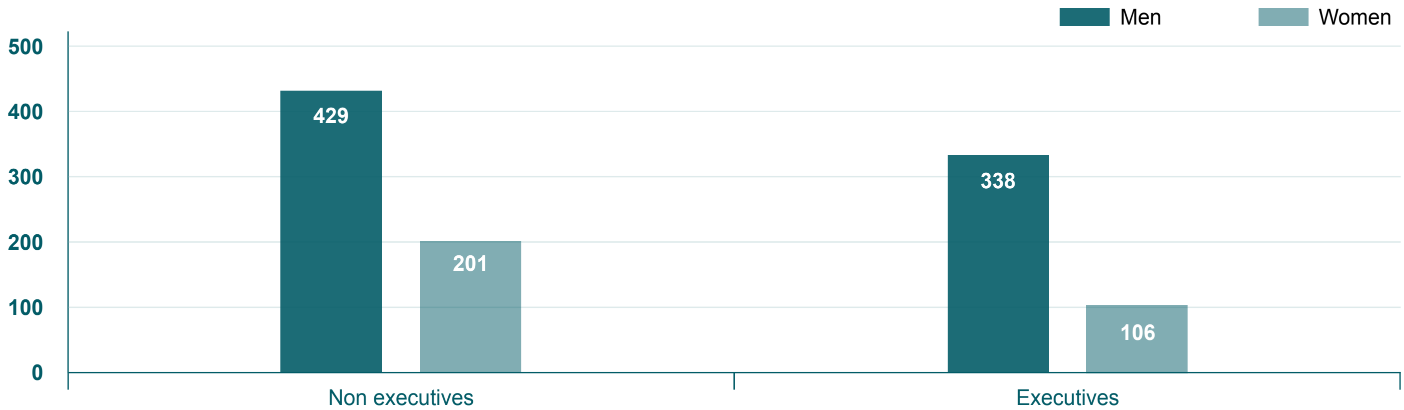
To support this policy, a security steering committee meets annually. Its members include security managers of the Group's subsidiaries and the external service provider assisting the Group in this area.

Promoting equal treatment of men and women

Workforce by gender and status

At 31 December 2019 PHARMAGEST Group had **1,074** employees (**1,057** 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:



Women accounting for 28.58% of its workforce or 307 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

In 2018-2019, the Occupational Gender Equality Commission met for the purposes of laying the groundwork for a company-level agreement, with the assistance of FETE, an organisation promoting equal employment opportunities for women and partner of the French governmental agency, DIRECCTE.

Convinced that gender balance and diversity positively contribute to social balance and economic efficiency, the Group has decided to implement a gender equality action plan providing for medium-term objectives and results in the following areas:

- Access to employment:
  - Implementing a neutral and equal opportunity recruitment process combating gender stereotypes and gender discrimination in hiring processes;
  - 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;
  - Neutralising the impact of part-time on future pension benefits;
  - 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);
  - Payment for time set allocated for breast-feeding or breast milk expression in the workplace and providing a specific room / office for that purpose;
  - Confirming the right to disconnect from digital services;
  - Combating harassment and promoting general neutral behaviour in the workplace.

- Professional mobility.

The purpose of this action plan is to confirm the Group's commitments and formalise new concrete commitments (preventive and corrective measures) to promote diversity and gender parity in the recruitment process but also throughout the employees' career development, compensation, achieving an optimal work-like balance, etc.) by gradually preventing and correcting any inequalities that may be identified.

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 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 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.

In 2019, the Group conducted an awareness raising campaign on disabilities addressing all employees.

In 2020, the Group will maintain its efforts to:

- Raise 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.);
- Contact 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

PHARMAGEST Group'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: **1,038 permanent employment contracts** compared to only **24 fixed-term contracts** and **12 skills acquisition contracts or apprenticeship contracts**. Or a percentage of permanent contracts for PHARMAGEST Group of **96.65%** out of the total number. This rate is largely identical for both men (96.87%) and women (96.09%).

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 solutions.

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 emissions

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 **500 vehicles** and **15.5 million** kilometres travelled in 2019, 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 related regulations) and economic impacts (fuel price increases, vehicles and taxation), 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;
- Reduce the number of kilometres travelled by encouraging the use of the train for business travel but above all by using new technologies (example: all Group sites in 2020 will be equipped with a videoconferencing system);
- Contributing to the energy transition by adapting the fleet management process integrating the activity of drivers thus providing a combination of relevant technological solutions.

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 is the home of its new headquarters, PHARMAGEST Group has adhered to a multi-company mobility plan designed to encourage carpooling and improve public transit.

PHARMAGEST Group estimates emissions from its vehicle fleet at 2,700 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 maritime transport for direct imports from Asia and rail transport for its logistics platforms;
- Optimising deliveries to or from the agencies and logistics platforms.

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 165 m².

Different ideas are under study to better evaluate and reduce the electricity consumption of these data centres. By way of example, the installation of sensors, server virtualisation and/or the 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 implemented a process to recover 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	2017	2018	2019	Change 2018/2019
Recycled WEEE	**24.30**	**22.48**	**27.72**	**23.29%**

3.3 Social: a group committed to supporting healthcare systems and territories

PHARMAGEST Group is engaged in regular dialogue with all stakeholders who, 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 WELCOOP Group, PHARMAGEST Group is an engaged stakeholder in the socially responsible economy whose internal operations and activities are based on the principle of social solidarity and utility.

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 member, 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	2017	2018	2019
Number of new cooperative members	**186**	**235**	**275**

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 it undertakes:

- 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-Pharma Business Unit contributes to the evolution of healthcare systems by establishing health observatories, prevention and screening surveys.
  - All content made available to pharmacists and patients by PHARMAGEST INTERACTIVE is checked by a qualified pharmacist;
  - Through its software and products helping 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.

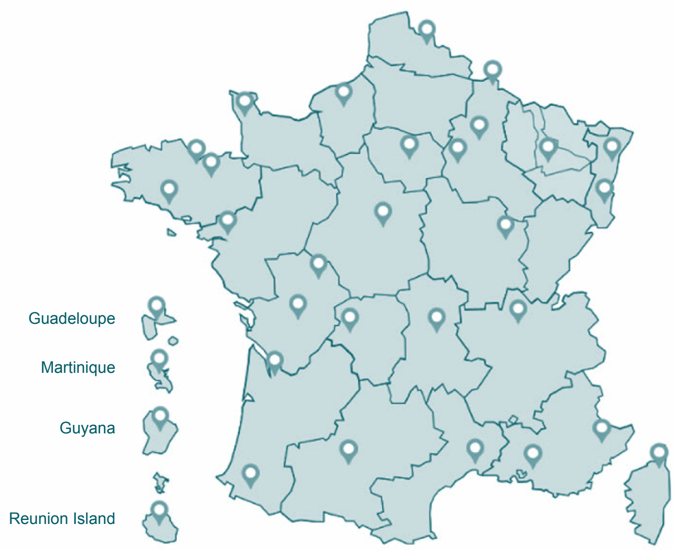
Promoting short supply chains, local operations and minimising the use of intermediaries

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 2019 of the workforce by region was as follows:

- France: **90.5%**
- Italy: **04.1%**
- Belgium: **02.6%**
- Mauritius: **01.8%**
- England: **00.6%**
- Luxembourg: **00.5%**

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 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 engaged in a reflection on 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 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 French Heritage Foundation *(La Fondation du patrimoine œuvre à la sauvegarde et la valorisation du patrimoine français)*. 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 new 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 employee intrapreneurship.
- Integrating a business incubator to house start-ups specialised in the healthcare universe in its new headquarters.

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

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, all measures seeking to limit 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 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 regularly 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 scale: 0 (very clean) to 100 (highly corrupt)	World ranking
France	69	23/180
Belgium	75	17/180
Luxembourg	80	9/180
Italy	53	51/180
Ireland	74	18/180
United Kingdom	77	12/180
Mauritius	52	56/180
China	41	80/180

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, DIATELIC, EUROPEAN HEALTH LOGISTIC SOURCING (EHLS), APPLICATIONS ET DEVELOPPEMENTS INFORMATIQUES (ADI), AXIGATE, DICSIT INFORMATIQUE, HEALTHLEASE, KAPELSE, MALTA INFORMATIQUE, NANCEO, NOVIA SEARCH, SAILENDRA, SCI HUROBREGA, CAREMEDS, HDM, MULTIMEDS, NOVIATEK, PHARMAGEST LUXEMBOURG, PHARMAGEST BELGIUM, PHARMAGEST ITALIA, UK PHARMA.

- WELCOOP Group includes the entities of PHARMAGEST Group as well as LA COOPERATIVE WELCOOP, ALPHA FINANCE REPARTITION, ALPHA REPARTITION, CRISTERS, D'MEDICA, DMS, WELCOOP LOGISTIQUE, GLOBAL SANTÉ, INVESTIPHARM BELGIUM, INVESTIPHARM FRANCE, LABORATOIRE MARQUE VERTE, MARQUE VERTE SANTÉ, OBJECTIF PHARMA, PHARMA LAB, PHARMA LAB INTERNATIONAL, PHARNAT CREATIONS, SCI CERP IMMO, SOFAREX, WELCOOP SOLUTION PRODUITS.

Companies for which equity interest were acquired in 2019 (HAPPY HEALTH ORGANIZER (H2O), I-MEDS, INTERNATIONAL CROSS TALK (ICT), MALTA BELGIUM, SOPHIA SANTE, SVEMU INFORMATICA FARMACEUTICA) are not included in the PHARMAGEST Group consolidation scope.

If no information is available for one or more of these entities, the reduction of the scope is specified in consequence (e.g. PHARMAGEST Group, excluding ADI).

4.3 Indicators

Data displayed in ***boldface and italics*** 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:

- **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.

Data excluding PHARMAGEST ITALIA and CAREMEDS.

- **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 2019. Other types of contracts (interns, temporary employees) and corporate officers are excluded;

- **FTE:** full time equivalent, monthly, as at 31 December 2019;

- **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 2019:
  - 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 WELCOOP Group's subsidiaries. Private vehicles for which Group employees receive kilometric allowances are excluded. Data rounded up to the nearest ten;

- **Kilometres travelled by car:** The number of kilometres travelled by staff using a company car on a quarterly basis; Data expressed in hundred thousand kilometres;

- **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. Data rounded up to the nearest hundred;

- **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 six countries: France, Italy, 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.

21.3 Independent third-party assurance statement on the consolidated non-financial statement included in the management report of the group

This is a free translation into English of a report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Period ended 31 december 2019

To PHARMAGEST INTERACTIVE's general meeting:

As the accounting firm 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 2019 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 a limited assurance conclusion 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 employment related 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 are 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 two people between December 2019 and March 2020 for a total period of approximately two weeks.

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 statement of non-financial performance' conformity with the applicable regulatory provisions or the fair presentation of the Information, taken as a whole, in accordance with the Guidelines.

Paris, 20/03/2020

RSM Paris
The independent third-party

Martine Leconte
Partner

Appendix: List of information we considered to be the most important

Qualitative and quantitative information (including key performance indicators):

- “Attracting talent and strengthening skills”: key performance indicators for this priority include the number of employees trained (internal and external and number of training hours with a breakdown between internal and external training Verification of qualitative statements.
- “Being a responsible employer”: key performance indicators for this priority include the workforce and break down by gender and socio-occupational categories, number of permanent employment contract, number of fixed term employment contracts, percentage of permanent contracts and average seniority. Verification of qualitative statements.
- Minimising greenhouse gas emissions and reducing energy consumption: key performance indicators include the number of vehicles, millions of kilometres travelled and an estimate of GHG emissions of the vehicle fleet. Verification of qualitative statements.
- Promoting the circular economy and recycling: the key performance indicator is the quantity of recycled WEEE. Verification of qualitative statements.
- “Developing a culture of cooperation: the key performance indicators include the number of employees. Verification of qualitative statements.
- Improving the efficacy of the healthcare system: verification of qualitative statements.
- “Being a responsible partner”: verification of qualitative statements.

21.4 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
5 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
OF 29 JUNE 2020

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 the separation of the functions of Chair *(Président)* and Managing Director *(Directeur Général)*.
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 on 31 December 2019 by a Deputy Managing Director, 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 2019, the Board of Directors comprised eleven 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 Executive Board of LA COOPERATIVE 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. 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 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 12.1 of this Universal Registration Document.*

2.4. Changes in the Board membership in 2019

Mr. Thierry PONNELLE resigned from his offices as some Deputy Managing Director and Director effective 23 January 2019.
On that date, the Board of Directors thanked Mr. Thierry PONNELLE for the performance of his duties over the years he exercised these offices.

2.5. List of offices and functions exercised in any company by each corporate officer in the period ended

CIn 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
5 ALLEE DE SAINT- CLOUD 54600 VILLERS LES NANCY
NANCY COMPANIES REGISTER (RCS) NO. 403 561 137

ANNUAL ORDINARY GENERAL MEETING OF 29 JUNE 2020
APPOINTMENTS AND FUNCTIONS EXERCISED
BY EXECUTIVE OFFICERS IN ALL COMPANIES IN 2019

(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 with an employment contract	Deputy Managing Director and Director with an employment contract until 23/01/2019	Deputy Managing Director and Director with an employment contract	Director
* **LA COOPERATIVE WELCOOP (SA)**	Chair of the Executive Committee with an employment contract	Management Committee member			Vice-Chair of the Supervisory Board
* **MARQUE VERTE SANTÉ (SA)**	Chair of the Management Board	Management Committee member			Board representative of LA WELCOOP, Supervisory Board member
* **EUROPEAN HEALTH LOGISTIC SOURCING - EHLS (SAS)**		Representing the Chair of PHARMAGEST INTERACTIVE			
* **A.D.I. APPLICATIONS ET DEVELOPPEMENTS INFORMATIQUES (SA)**		Board representative of PHARMAGEST INTERACTIVE as of 23/01/2019	Board representative of PHARMAGEST INTERACTIVE until 23/01/2019	Director from 26/06/2019	
* **DIATELIC (SAS)**		Representing the Chair of PHARMAGEST INTERACTIVE			
* **PHARMAGEST LUXEMBOURG (SA)** (LUXEMBOURG)		Chair & Director		Managing Director	
* **HDM (LTD)** (MAURITIUS)		Manager			
* **PHARMAGEST BELGIUM (SRL)** (BELGIUM)		Manager until 15/01/2019		Manager as from 15/01/2019	
* **INVESTIPHARM FRANCE (SA)**					Director
* **GROUPE DOMEDIC INC.** (CANADA)	Director	Director			
* **SOFAREX (SA)** (BELGIUM)					
* **INVESTIPHARM BELGIUM (SA)** (BELGIUM)					
* **PHARMALAB INTERNATIONAL (LTD)** (HONG KONG)					
* **UK PHARMA (LTD)** (ENGLAND)	Director	Director			
* **CAREMEDS (LTD)** (ENGLAND)				Director	
* **MULTIMEDS (LTD)** (ENGLAND)				Director	
* **ITAFARM (SRL)** (ITALY)					

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 with an employment contract			Supervisory Board member	
Chair of the Supervisory Board		Management Committee member				
Board representative of LA COOPERATIVE WELCOOP		Chair of the Board of Directors				
		Managing Director				
		Managing Director				
		Director				
		Director				

Sociétés	Thierry CHAPUSOT	Dominique PAUTRAT	Thierry PONNELLE	Denis SUPPLISSON	Daniel ANTOINE
* **ALPHA REPARTITION (SA)** (BELGIUM)					
* **ALPHA FINANCE REPARTITION (SA)** (BELGIUM)					
* **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 until 21/08/2019				
* **OBJECTIF PHARMA (SA)**	Chair of the Management Board				Supervisory Board member
HENRI POINCARE (a French joint stock company or Société Anonyme and semi-public entity)	Director representing the committee of minority shareholders				
* **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			
SCI DU FRONTON					
SCI JAMERAI	Manager				
SARL DUVAL DE VITRIMONT	Manager				
* **PHARMAGEST ITALIA** (ITALY) (previously named **MACROSOFT HOLDING**)		Member of the Board of Directors		Chair of the Board of Directors	
SELARL FRANCOIS JACQUEL					
SCI CRAPAUDINE					
PHARMACIE LECOMTE - DALLA COSTA (SELARL)					

Hugues MOREAUX	Francois JACQUEL	Anne LHOTE	Sophie MAYEUX	Marie-Louise LIGER	Emilie LECOMTE	Céline GRIS
		Managing Director				
		Managing Director				
Director						
Board representative of LA COOPERATIVE WELCOOP		Director				
Supervisory Board member		Management Committee member			Supervisory Board member	
Manager						
	Manager					
	Co-Manager					
					Co-Manager	

Companies	Thierry CHAPUSOT	Dominique PAUTRAT	Thierry PONNELLE	Denis SUPPLISSON	Daniel ANTOINE
SARL LECOMTE - DALLA COSTA (SPFPL)					
GRIS DECOUPAGE (SAS)					
GRIS GROUP (SAS)					
ESKARCEL (a non-commercial partnership or SOCIÉTÉ CIVILE)					

** "WELCOOP GROUP" member companies*

Hugues MOREAUX	Francois JACQUEL	Anne LHOTE	Sophie MAYEUX	Marie-Louise LIGER	Emilie LECOMTE	Céline GRIS
					Co-Manager	
						Chair
						Chair
						Co-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 its 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.

Following the departure of Mr. Thierry PONNELLE, the age of directors was between 41 and 67 with an average of 56.5.

The age and seniority pyramid is as follows:

Number of Directors by age bracket:
- 60 to 69: 6
- 50 to 59: 3
- 40 to 49: 2

Number of Directors by seniority:
- 1 to 6 years: 3
- 7 to 12 years: 5
- 12 years or more: 3

Average seniority at 31 December 2019 was 9.1 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 core values described above, the diverse range of qualifications and professional experiences of the Directors are 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 2019 the percentage of women serving on the Board of Directors was 45.5%. 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 six members, one of whom is a woman.

Gender diversity in top 10% category of high-level management positions

Gender diversity in the 18% category of high-level management positions of PHARMAGEST INTERACTIVE.

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 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 2018 and 2019. 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;
- The director is 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, the director 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 and ordinary agreement entered into under normal conditions, 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, all Directors are required to inform the Board of any existing or potential conflict of interest and must abstain from participating in the vote or taking part in the deliberations relating thereto, 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 2019, 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 their private interests.

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 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 Chairman endeavours to send the documentation and information required within an appropriate period before the meetings.

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 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 five times in the year, which included one working meeting. The rate of meeting attendance of the Directors was 96%. The table below indicates Directors' participation at meetings five date.

Meeting date	Nature of the meeting	Number of participants		Rate of attendance (present and represented)
		Present	Present and Represented	
29/03/2019	Board of Directors	9	10	91%
27/06/2019	Working meeting	10	10	91%
	Board of Directors	11	11	100%
20/09/2019	Board of Directors	9	11	100%
06/12/2019	Board of Directors	9	11	100%

The working meeting offered 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:

- The resignation of Mr. Thierry PONNELLE from his offices as Deputy Managing Director and Director; powers for formalities;
- Review and approval of the separate parent company and consolidated financial statements as at 31 December 2018;
- 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 Annual General Meeting: proposal for the appropriation of earnings, review of the Directors and Auditors' offices, proposal for the total amount of compensation for members of the Board of Directors and its allocation, setting the agenda and calling the meeting, adopting the draft resolutions, the annual management report, including the Non-Financial Statement (NFS) report, approval of the report by the Chair, update on the compensation policy for executive officers ("say on pay");
- Definition of strategic priorities for information and consultation with the Works Council;
- Review of the proposal for the grant of stock options;
- Discussion of the policy on gender equality and equal pay;
- Self-assessment of the Board of Directors (Board practices and preparation of their work);
- 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 6 December 2019, by means of an individual questionnaire sent to each Director. The next assessment will take place no later than December 2022.

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 (Corporate Social Responsibility) Committee, with the responsibility of monitoring CSR issues with this task 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 2019, 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 2019. The rate of meeting attendance was 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 Universal 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 2019 financial year, the Audit Committee:

- 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;
- 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;
- Update of internal audit procedures;
- Monitoring of priority technology action programmes.

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 2020 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;
- Review of ordinary agreements.

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.

3.6. Board procedures for evaluating ordinary agreements entered into under normal conditions

In accordance with article L. 225-39, subsection of the French commercial code, on 27 March 2020, the Board of Directors implemented a procedure for the annual review by the Audit Committee of ordinary agreements entered into under normal conditions.

The missions of this Committee which meets annually for this review include:

- Reviewing the criteria for determining ordinary agreements entered unto normal conditions to ensure that they remain appropriate;
- Analysing in particular the ordinary nature of the financial conditions;
- Submitting for authorisation by the Board those agreements not responding to set criteria.

The Audit Committee may obtain the recommendation of the Statutory Auditors in the event of doubt concerning the qualification of an agreement submitted to its evaluation.

The list of all agreements reviewed by the Audit Committee as well as the results of the evaluation and, as applicable, the proposals for revising the criteria of these agreements are presented each year to the Board of Directors organised for the purpose of reviewing the annual accounts, with the exception of ordinary agreements of 2019, which will be considered by the Board of Directors of June 2020.

This evaluation procedure has been implemented since this date.

4. Compensation of corporate officers

4.1. Compensation policy - For officers considered as a whole

The compensation policy for executive officers is set by the Board of Directors and subject to annual review.

This policy was established in compliance with the recommendations of the Middlenext code.

Corporate interests and objectives of the compensation policy

The purpose of the PHARMAGEST INTERACTIVE is to guarantee the sustainability of the company by aligning the interests of all corporate officers to ensure the successful execution of its projects and commercial strategy while safeguarding the general interest of the other stakeholders.

The compensation policy applied to executive officers, directly linked to the Group's strategy, supports its business model.
It in that way contributes to a harmonious, steady and sustainable growth both over the short term and long-term.
The Board of Directors continuing objective is to encourage the Executive Management to maximise annual performances for each year while at the same time ensuring recurrent and study results from one year to the next.
These objectives are strictly applied by the Board of Directors within the framework of its work, both when developing the compensation policy for executive officers and when proposing their respective amounts of compensation.

Compensation policy decision-making process

The compensation policy is established and revived by PHARMAGEST INTERACTIVE's Board of Directors and presented to the shareholders in its report on corporate governance.

The adoption of this policy is subject to a vote of by the Ordinary General Meeting on a resolution submitted each year and in the event of each important modification (**ex-ante vote**).

Should this resolution be rejected, the compensation policy previously approved in that case continues to apply.

If no compensation policy has been previously approved, it shall then be based on the compensation granted in the period ended.

If no compensation was granted in the period ended, the compensation is determined in accordance with practices existing in the company.

This refusal requires the Board of Directors to present to the next capital Meeting a revised compensation policy, indicating the manner in which the shareholders' vote has been taken into account and, as applicable, the views expressed at the meeting.

A second vote (**ex-post vote**) is carried out for compensation granted or received in the period ended. This vote is divided into two parts:

- The **first ex-post vote** concerns the total compensation and benefits of any nature paid or granted to executives on the basis of their office during the period ended, presented in the report on corporate governance. The annual Ordinary General Meeting must vote on the information provided concerning the compensation of all corporate officers.

  If this draft resolution was rejected, the Board of Directors must submit for approval a revised compensation policy to the next General Meeting. Pending the new vote, payments to Directors will be suspended.

  If the resolution for the new compensation policy is rejected, the suspension of the payments to Directors will be rendered definitive.

- The **second ex-post vote** concerns the individual compensation of each executive for the office in question.

  The Ordinary General Meeting votes on the fixed, variable or exceptional components of total compensation and benefits of any nature paid or granted during the period ended on the basis of distinct resolutions for each officer.

  In the event of the rejection of the resolution, the fixed compensation remains acquired by the executive whereas the variable and exceptional compensation will not be paid.

The prevention and management of conflicts of interest with respect to compensation adhere to good practices and rules of good conduct mentioned in sections 2.11 and 2.12 of this report.

PHARMAGEST INTERACTIVE's Board of Directors has not created a special Compensation Committee.

Procedures for taking into account employee compensation

As part of the process for determining and revising compensation, the Board of Directors takes into account the conditions of compensation and employment of the company's employees, in order to ensure the reasonable nature of the compensation of corporate officers and its coherence with respect to the company's performances.

Method for evaluating the criteria of performance for variable compensation

To determine to what extent the performance criteria provided for variable compensation have been met, at least once a year the Board of Directors conducts an individual review of the performance criteria entirely based on quantifiable criteria.

Criteria for allocating the annual amount compensation granted to Directors by the capital Meeting

Non-executive directors receive compensation granted to members of the Board by the Ordinary General Meeting.

The principles for setting the amount of compensation granted to members of the Board established in accordance with recommendation R10 of the MiddleNext Code are as follows:

- Directors who natural persons are holding employment contracts with one of the companies of WELCOOP Group as well as legal entity Directors do not receive compensation as a Director.
- Compensation granted to other Directors takes into account the distance to be travelled, the 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.

Procedures for modifying the compensation policy

When the compensation policy is modified, a description and presentation of the reasons for all modifications as well as the manner the most recent votes of the shareholders are taken into account and, as applicable, the views expressed at the last General Meeting are considered by the Board of Directors and expressly mentioned in the report on corporate governance, followed by a specific resolution to be submitted to the Ordinary General Meeting for approval.

PHARMAGEST INTERACTIVE did not significantly modify its compensation policy in 2019 and considered, with respect to the vote expressed at the last General Meeting that the compensation policy was aligned with the company's corporate interest.

Procedures for applying the compensation policy for corporate officers, newly appointed or renewed

The procedures for applying the provisions of the compensation policy to newly appointed corporate officers whose offices having been renewed are identical with those applicable, mutatis mutandis, to currently serving officers.

Exemptions to the application of the compensation policy

In the event of exceptional circumstances, the Board of Directors may derogate the application of the compensation policy provided this derogation is temporary, in the corporate interest and necessary to guarantee the Company's sustainability and viability.

This derogation may granted only following a decision justified by the Board on the basis of a two thirds qualified majority, after an opinion provided by the Company's Statutory Auditors.

All components of the composition policy may be subject to such derogations.

4.2. Compensation policy - For officers considered individually

4.2.1. Compensation policy for non-executive officers

- Directors who are natural persons not receiving compensation under an employment contract with a company of WELCOOP Group in the amount of:
  - €250 per meeting for Directors for those coming from a farther distance (requiring them to be absent for a full day). This provision is applicable to Mr. François JACQUEL.
  - €150 per meeting for directors near the venue. This provision is applicable to Mr. Daniel ANTOINE, Ms. Marie-Louise LIGER, Ms. Sophie MAYEUX, Ms. Emilie LECOMTE, Ms. Céline GRIS.

- A flat annual amount of €4,000 is allocated to Directors who are Audit Committee members. Additional annual compensation of €10,000 is granted to Ms. Marie-Louise LIGER for serving as Chair of the Audit Committee.

Compensation allocated to members of the Board for 2019 was paid in full at 31 December of the same year.

The total amount of compensation granted to members of the Board for 2020 submitted for approval by the Annual General Meeting of 29 June 2020 is € 33,000.

4.2.2. Compensation policy for non-executive officers, on the basis of the office in question

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 receive to date 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 providing for stability in fixed compensation paid to executive officers with respect to their offices is adopted.

On that basis, the compensation of executive officers is as follows:

- **Mr. Thierry CHAPUSOT, Chairman of the Board of Directors**

  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.

  Since that date, no changes have been made, it being specified that this compensation is identical to the compensation received since 2008 by Mr. Thierry CHAPUSOT in his capacity as Managing Director.

- **Mr. Dominique PAUTRAT, Managing Director**

  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, Deputy Managing Director**

  The compensation of Mr. Denis SUPPLISSON, for his corporate office as Deputy Managing Director, has been set at a gross amount of €12,000 since January 1, 2013 under the terms of a decision by the Board of Directors on 14 December 2012.

  Since this date, there have been no changes to this amount.

In 2019, the executive officers did not receive share-based compensation.

The compensation policy and components of compensation of executive officers with respect to their offices in 2020

- **Mr. Thierry CHAPUSOT, Chairman of the Board of Directors**

  The compensation of Mr. Thierry CHAPUSOT for his corporate office as Chairman of the Board of Directors will remain unchanged in 2020.

• Mr. Dominique PAUTRAT, Managing Director

The compensation of Mr. Dominique PAUTRAT, for his corporate office as Managing Director will remain unchanged in 2020, with the exception of a possible stock option grant being under consideration by the Company.

• Mr. Denis SUPPLISSON, Deputy Managing Director

For 2020, the Board of Directors will be asked to increase the compensation of Mr. Denis SUPPLISSON, with respect to his functions as Deputy Managing Director, to €16,800, in compensation for his expanded international responsibilities. In addition, Mr. Denis SUPPLISSON may benefit from a possible stock option grant by the company as presented below.

Proposal for the grant of stock options of the Company

In 2020, a plan for a stock option grant by the company for the benefit of three executive officers of the Company and affiliated companies under the conditions referred to in article L. 225-180of the French commercial code will be submitted to a vote by the Extraordinary General Meeting of the shareholders.

The purpose of these grants is to encourage the achievement of the Group's medium and long-term objectives and create value for the shareholders.

It will be recalled that in 2014, executive officers were excluded from the previous plan that was reserved exclusively for the Group's salaried employees, whereby the proposed grant of FIFTEEN THOUSAND (15,000) stock options of the Company to each will reinforce the engagement of these key executives who have contributed to building and developing PHARMAGEST Group and its results for more than 20 years, and namely:

- Mr. Dominique PAUTRAT, who joined the Group in 1988;
- Mr. Denis SUPPLISSON, who joined the Group in 1991;
- Mr. Grégoire DE ROTALIER, who joined the Group in 1994;

The purchase price for the shares will be set by the Board of Directors on the day the options are granted, in compliance with the provisions of:

- article L. 225-177 of the French commercial code, with the exception of any discount;
- article L. 225-179 of the French commercial code.

The shares will become fully vested only after a period of 4 years from the grant date and the options' period of validity may not exceed 8 years from their grant date.

Periods may not be extended or it is not possible to reclaim variable compensation with respect to corporate officers .

No variable compensation has been paid to executive officers with respect to their offices.

4.2.3. Compensation policy for non-executive officers, on the basis of the combination of a corporate office with an employment contract

In accordance with recommendation R15 of the Middlenext Code, the Board of Directors considered the merits and authorised the combination of permanent employment contracts of Messrs. Dominique PAUTRAT and Denis SUPPLISSON with their corporate offices.

This provision also concerned Mr. Thierry PONNELLE who resigned at 31 January 2019.

This decision is based on the executive's length of service with the company, the existence of an employment contract before their appointment as corporate officers, the social protection benefits provided for the purpose of ensuring their retention within the company and low compensation for their offices in relation to the actual risks incurred.

In addition to the fixed compensation mentioned above relating to the corporate office, in accordance with the objectives of the compensation policy for executive offices established by the Board of Directors, the Company grants the Managing Director and Deputy Managing Directors compensation under an employment contract including:

- **Fixed compensation**

  The fixed compensation must reflect the responsibilities of the executive officer, with respect to his employment contract, level of experience and expertise.
  The amounts are presented in the tables included in paragraph 4.5 of this report on corporate governance.

- **A company car** subject to consideration as a corresponding benefit in kind

- **Supplementary social protection benefits**

  The executive office continues to be considered as a senior executive entitling him to continue to benefit from the social protection and healthcare plan which cover the company's employees.
  The amounts are presented in the tables included in paragraph 4.5 of this report on corporate governance.

- **Profit-sharing benefits** calculated according to the same procedures which apply to the company's employees.
  The amounts are presented in the tables included in paragraph 4.5 of this report on corporate governance.

- **A supplemental pension scheme (article 83 of the French General Tax Code)** with SWISS LIFE calculated at the rate of 8% to the gross annual salary (limited to "Tranche C").
  The amounts are presented in the tables included in paragraph 4.5 of this report on corporate governance.

- **Severance and retirement benefits, monetary compensation for the non-compete clause**

  In the event of a departure and according to the causes thereof, the executive officer will be entitled to receive only severance benefits, except in the case of gross negligence (*"faute grave"*) or wilful misconduct (*"faute lourde"*) or departure or retirement under the terms of the employment contract, and excluding any compensation payable with respect to the corporate office.

  These indemnities, being taxed exclusively to termination of the employment contract and in strict application of the industry collective agreement *(Convention Collective Nationale SYNTEC)* are payable in any case by application of the rules of public policy of French labour law.

  They will not be subject to any other conditions provided for by the national collective bargaining agreement or the aforementioned agreements.

  In the event of the employment contract's termination, the monetary compensation of the non-compete clause will be paid under the terms of the employment contract, in accordance with the provisions of the applicable industry collective bargaining agreement, except if the corporate officer has been released from the application of this clause.

  This clause is not applicable in the case of departure or retirement in which case no non-compete compensation will be paid.

  With the exception of the non-compete clause providing for compensation granted for the benefit of Mr. Dominique PAUTRAT, and notably financial consideration corresponding to ½ month of salary during 12 months calculated on the basis of the average salary for the last 12 months.

- **Annual variable compensation**

  Annual variable compensation as an incentive for executive officers, under their employment contracts, to achieve the annual performance targets set by the Chairman of the Board of Directors in coherence with the company's strategy.

  This compensation is based on precise criteria for evaluating performance defined at the beginning of the year by the Chairman of the Board of Directors, directly correlated with the company's performance indicators within the scope of the beneficiaries' corresponding responsibilities.

The guidelines are based on internal reporting in accordance with Regulation 99-02 of the French accounting rules committee (*Comité de la Réglementation Comptable* or CRC):

- 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. 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 2019, the procedures defined in the employment contracts for executives were applied.
The amounts are presented in the tables included in paragraph 4.5 of this report on corporate governance.

In 2020, the procedures for the annual variable compensation presented above will continue to apply, without changes.

The amount of annual variable compensation cannot exceed the amount of fixed compensation.

• Long-term bonus

The long-term bonus of executive officers is directly linked to the medium and long-term trends for the Company's performance and achievement of objectives measured with respect to the targets of the Group business plan for 2017-2020.

The Board of Directors considers that achieving these objectives, assessed over a long period and renewed over several business plans, offers an assurance of balanced and continuing growth by the Group, profitable both for employees and shareholders.

The long-term variable compensation authorised by the Board of Directors on 29 March 2018, allocated to Messrs. Dominique PAUTRAT and Denis SUPPLISSON within the framework of their employment contracts according to the achievement of objectives defined for a four-year period (2017-2020):

- For Mr. Dominique PAUTRAT, a long-term incentive bonus varying, 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 varying, 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 for the Pharmacy Europe business and the business plan for the 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.

The amounts are presented in the tables included in paragraph 4.5 of this report on corporate governance.

In 2020, the procedures for the long-term bonus presented above will continue to apply, without changes.

• Exceptional compensation

When justified by particular circumstances, the Board of Directors, on the proposal of its Chairman, reserves the right to decide to pay, to one or more executive officers, exceptional compensation, under their employment contracts.

This proposal by the Chairman must be justified.

The Board of Directors analyses and decides the different components of this compensation, item by item, then more generally, in order to achieve the appropriate balance between the fixed and variable and the short and long-term components of compensation.

4.2.4. Terms of offices and employment contracts

The terms of the offices are as follows:

- **For the Chairman of the Board of Directors:**

  Mr. Thierry CHAPUSOT is appointed Chairman of the Board of Directors for a period corresponding to his term as Director (6 years) which will expire in 2020, with the approval of the financial statements for the period ended 31 December 2019. The Board of Directors may terminate the Chairman's appointment at any time.

- **The Managing Director:**

  Mr. Dominique PAUTRAT is appointed Managing Director for a period corresponding to the term of the Chairman of the Board of Directors of Mr. Thierry CHAPUSOT.
  He may be removed at any time by the Board of Directors.
  To the extent that Mr. PAUTRAT does not exercise the functions of Chairman of the Board of Directors, if his removal is decided without cause, it may result in an award of damages.

- **The Deputy Managing Director(s):**

  Mr. Denis SUPPLISSON is appointed Deputy Managing Director for the period corresponding to the term of Director of Mr. Thierry CHAPUSOT.
  He may be removed at any time by the Board of Directors on the proposal of the Managing Director.
  If his removal is decided without cause, it may result in an award of damages.

- **For all other Directors:**

  The term of the office is set at 6 years. Each Director may be removed at any time by decision of the Ordinary General Meeting.

The employment contract of Messrs. PAUTRAT and SUPPLISSON are for unlimited periods.
The conditions for terminating employment contracts shall comply with the provisions of the French labour law.

4.2.5. Undertakings of the company

Executive officers do not benefit from:

- Undertakings by the Company (or by a company that it controls or controlling it) corresponding to components of compensation, severance payments or other benefits likely to be payable pursuant to the commencement, termination or change of their duties or subsequent thereto, with the exception of those provided for by articles 83 of the French general tax code and the aforementioned non-compete clause in favour of Mr. Dominique PAUTRAT.
- Contingent rights granted in connection with defined benefit retirement obligations meeting the characteristics of regimes mentioned in articles L. 137-11 and L. 137-11-2of the French social security code.

4.2.6 Contingent undertakings and rights

The company does not grant contingent undertakings and rights.

4.3. Non-compete payments

When the compensation policy provides for indemnities representing consideration for a clause preventing the beneficiary, after terminating his or her functions in the company, to exercise a competing professional activity detrimental to the company’s interests, its payment is excluded when the beneficiary exercises his pension rights.

4.4. Disclosure of the compensation policy

The compensation policy submitted to the shareholders' General Meeting, as well as the date and result of the last vote of the General Meeting on the resolutions mentioned in article L. 225-180 of the French commercial code may be consulted at the Company's website:https://pharmagest.com.

4.5. 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 €)

	2019	2018
CHAPUSOT Thierry - Chair of the Board of Directors		
Compensation due for the year	24,000	24,000
TOTAL	**24,000**	**24,000**

	2019	2018
PAUTRAT Dominique - Managing Director / Director (1) (2)		
Compensation due for the year Valuation of multi-year compensation granted in the period	269,253 0	253,813 0
TOTAL	**269,253**	**253,813**

	2019	2018
PONNELLE Thierry - Deputy Managing Director / Director (1) (2)		
Compensation due for the year Valuation of multi-year compensation granted in the period	35,256 0	125,520 0
TOTAL	**35,256**	**125,520**

	2019	2018
SUPPLISSON Denis - Deputy Managing Director / Director (1) (2)		
Compensation due for the year Valuation of multi-year compensation granted in the period	225,237 0	208,317 0
TOTAL	**225,237**	**208,317**

(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. Or a total amount paid in 2019 of :

- *€17,792 for the benefit of Mr. Dominique PAUTRAT,*
- *€ 1,848 for the benefit of Mr. Thierry PONNELLE,*
- *€ 15,976 for the benefit of Mr. Denis SUPPLISSON.*

(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 plan of the Pharmacy Europe 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. Only compensation payable to executive officers in the period and for which the amounts are not subject to changes are disclosed irrespective of the date of payment.

Table 2: Summary of compensation paid to each corporate officer (€)

CHAPUSOT Thierry Chairman of the Board of Directors	2019		2018	
	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	2019		2018	
	Amounts owed	Amounts paid	Amounts owed	Amounts paid
Fixed compensation (2)	172,000	172,000	165,501	165,501
Annual performance-based compensation (3)	50,000	45,000	40,000	34,000
Multi-yearly variable compensation (4)	0	0	0	0
Special compensation	0	0	0	6 000
Corporate office (1)	24,000	24,000	24,000	24,000
Profit-sharing benefits	12,946	12 946	14,904	14,904
Personal protection and healthcare benefits	4,908	4,908	4,413	4 413
Benefit in kind (car)	5,399	5,399	4,995	4,995
TOTAL	**269,253**	**264,253**	**253,813**	**253,813**

PONNELLE Thierry Deputy Managing Director/Director	2019		2018	
	Amounts owed	Amounts paid	Amounts owed	Amounts paid
Fixed compensation (2)	15,542	11,386	78,908	78,908
Annual performance-based compensation (3)	11,000	11,000	16,750	16,750
Multi-yearly variable compensation (4)	0	0	0	0
Corporate office (1)	1,000	1,000	12,000	12,000
Profit-sharing benefits	6,525	6,525	11,871	11,871
Personal protection and healthcare benefits	478	478	2,079	2,079
Benefit in kind (car)	711	711	3,912	3,912
TOTAL	**35,256**	**31,100**	**125,520**	**125,520**

SUPPLISSON Denis Deputy Managing Director / Director	2019		2018	
	Amounts owed	Amounts paid	Amounts owed	Amounts paid
Fixed compensation (2)	133,200	133,200	128,400	128,400
Annual performance-based compensation (3)	60,000	62,000	34,000	26,000
Multi-yearly variable compensation (4)	0	0	0	0
Special compensation	0	0	12,800	12,800
Corporate office (1)	12,000	12,000	12,000	12,000
Profit-sharing benefits	11,318	11,318	13,083	13,083
Personal protection and healthcare benefits	4,216	4,216	3,531	3,531
Benefit in kind (car)	4,503	4,503	4,503	4,503
TOTAL	**225,237**	**227,237**	**208,317**	**200,317**

(1) With respect to the "ex-post" vote, it is specified that amounts paid to executive officers in 2019 on the basis of their corporate officers comply with the decisions of the Annual Ordinary General Meeting of 29 June 2019 within the framework of the "ex-ante" vote.

(2) The share of variable compensation payable to Messrs. Dominique PAUTRAT, Thierry PONNELLE and Denis SUPPLISSON amount to respectively17%, 35% and 27% of their total compensation for the period.

(3) Amounts payable for annual variable compensation correspond to the amount provided for reaching 100% of the objectives. The amounts paid correspond to the amount calculated with respect to the percentage of achievement of the objective.

(4) It is noted for the record that on 29 March 2018 the Board of Directors decided to allocate Messrs. Dominique PAUTRAT and Denis SUPPLISSON, a long-term bonus (2017-2020) in connection with their employment contracts. Payment of these incentive bonuses will be contingent on meeting the targets set in 2021 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. In 2019, the provision in favour of Messrs. PAUTRAT and SUPPLISSON amounted to respectively €51,063 and €94,696.

PHARMAGEST INTERACTIVE does not make use of the option of requesting the variable compensation to be returned.

Table 3: Compensation granted to members of the Board and other compensation received by non-executive officers (in €)

MOREAUX Hugues - Board representative of LA COOPERATIVE WELCOOP	2019	2018
Compensation granted to the member of the Board Other compensation	0 0	0 0
TOTAL	**0**	**0**

ANTOINE Daniel	2019	2018
Compensation granted to the member of the Board Other compensation	750 4,000	900 4,000
TOTAL	**4,750**	**4,900**

LIGER Marie-Louise - Independent Director	2019	2018
Compensation granted to the member of the Board Other compensation	750 14,000	900 14,000
TOTAL	**14,750**	**14,900**

JACQUEL François	2019	2018
Compensation granted to the member of the Board Other compensation	750 4,000	1,000 4,000
TOTAL	**4,750**	**5,000**

LHOTE Anne	2019	2018
Compensation granted to the member of the Board Other compensation	0 0	0 0
TOTAL	**0**	**0**

MAYEUX Sophie - Independent Director	2019	2018
Compensation granted to the member of the Board Other compensation	600 0	900 0
TOTAL	**600**	**900**

LECOMTE Emilie	2019	2018
Compensation granted to the member of the Board Other compensation	600 0	750 0
TOTAL	**600**	**750**

GRIS Céline - Independent Director	2019	2018
Compensation granted to the member of the Board Other compensation	450 0	300 0
TOTAL	**450**	**300**

Table 4: Executive Directors

	Employment contract		Supplementary pension plan		Compensation or benefits owed or potentially due on termination or a change in functions		Compensation resulting from a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
CHAPUSOT Thierry								
Chair of the Board of Directors **Beginning of the 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								
Managing Director Director **Beginning of the 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 the term of office:** Appointed Deputy Managing Director and Director on 30/05/2002 **Term of office expires on:** 23/01/2019	X		X			X		X
SUPPLISSON Denis								
Deputy Managing Director and Director **Beginning of the term of office:** Appointed Deputy Managing Director (non-Director) on 09/11/2010 and Deputy Managing Director and Director on 1/1/2013 **Term of office expires on:** 31/12/2019	X		X			X		X

(1) *The non-compete clause financial consideration corresponding to ½ month of salary during 12 months calculated on the basis of the 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.

4.6 Additional disclosures referred to in I of article L. 225-37-3 of the French commercial code *(code de commerce)*

Ratios of executive compensation in relation to the average compensation (1)	2019	2018	2017	2016	2015
Thierry CHAPUSOT	0.63	0.66	0.67	0.70	0.69
Dominique PAUTRAT	6.49	6.42	6.03	6.07	6.04
Denis SUPPLISSON	5.58	5.03	4.67	4.56	4.56
Thierry PONNELLE	NA	3.45	3.48	3.68	3.54

Ratios of executive compensation in relation to the median compensation (1)	2019	2018	2017	2016	2015
Thierry CHAPUSOT	0.77	0.79	0.81	0.84	0.84
Dominique PAUTRAT	7.87	7.69	7.28	7.30	7.31
Denis SUPPLISSON	6.76	6.03	5.64	5.49	5.52
Thierry PONNELLE	NA	4.13	4.20	4.43	4.29

(1) The calculation of the average and median compensation takes into account the gross annual compensation on a Full-Time Equivalent basis for the portion corresponding to the base salary, increased by daily allowances for social security and welfare benefits received and minus the retirement severance benefit. Employees include those present for the entire year, excluding interns, work-study programme participants and executive officers.
Management compensation takes into account compensation paid in the period: fixed portion, variable portion paid in N for N-1, corporate offices and benefits in kind. Profit-sharing and multi-year variable performance based compensation is not included.

	2019	2018	2017	2016	2015
Change in annual compensation of the Chairman-CE (1)	-15.14%	7.30%	2.49%	0.79%	2.00%
Changes in the Group's performances (2)	7.15%	11.31%	13.17%	12.99%	11.97%
Changes in employee compensation (3)	3.86%	2.51%	3.55%	-0.31%	1.17%

(1) Compensation takes into account compensation paid in the period: fixed portion, variable portion paid in N for N-1, corporate offices and benefits in kind. Excluding profit-sharing and multi-year variable performance based compensation. Information relating to 2019 takes into account the departure of Mr. T. PONNELLE.
(2) Changes and the company's performance based on the change in the percentage of consolidated net profit from continuing operations (IFRS).
(3) Change in average compensation on a full-time equivalent basis for employees of the company, other than managers.

Total compensation of corporate officers respects the compensation policy adopted and contributes to the company's long-term performances by ensuring the stability of senior management. The performance criteria were applied in accordance with the procedures provided for by the compensation policy.

PHARMAGEST INTERACTIVE has not identified any divergences with respect to its procedure for implementing the compensation policy.

4.7 Compensation paid to corporate officers of companies controlling PHARMAGEST INTERACTIVE

Any heading not included in the following tables is considered not applicable.

4.7.1 Compensation paid to corporate officers of MARQUE VERTE SANTÉ, the parent company of PHARMAGEST INTERACTIVE

No compensation is paid to executive directors of MARQUE VERTE SANTÉ. The persons concerned by executive offices of MARQUE VERTE SANTÉ 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.

4.7.2 Compensation paid to corporate officers of LA COOPERATIVE WELCOOP the parent company of MARQUE VERTE SANTÉ

Compensation paid to each executive officer (€)

CHAPUSOT Thierry - Chair of the Management Board (1) (2)	2019	2018
Fixed compensation	275,000	267,000
Annual performance-based compensation	42,500	50,000
Multi-year variable compensation	0	0
Special compensation	0	0
Corporate office	54,000	54,000
Benefit in kind (car)	8,892	8,358
TOTAL	**380,392**	**379,358**

PAUTRAT Dominique - Management Board member	2019	2018
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)	2019	2018
Fixed compensation	170,000	170,000
Annual performance-based compensation	35,800	40,000
Multi-year variable compensation	0	0
Special compensation	0	0
Corporate office	24,000	24,000
Benefit in kind (car)	2,696	2,360
TOTAL	**232,496**	**236,360**

(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, acting on the authorisation of the Supervisory Board of 30 March 2018, it was decided to grant Mr. Thierry CHAPUSOT and Ms. LHOTE a long-term (2017-2020) signing bonus, in line with the objectives of the WELCOOP Group's four-year business plan.
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.

Compensation granted to members of the Board and other compensation received by non-executive officers (in €)

MOREAUX Hugues - Vice-Chair of the Supervisory Board	2019	2018
Compensation granted to the member of the Board Other compensation (office of Chair)	0 113,784	0 113,784
TOTAL	**113,784**	**113,784**

ANTOINE Daniel - Vice-Chair of the Supervisory Board	2019	2018
Compensation granted to the member of the Board Other compensation (compensatory payments)	0 1,484	0 993
TOTAL	**1,484**	**993**

JACQUEL François - Supervisory Board member	2019	2018
Compensation granted to the member of the Board Other compensation (compensatory payments)	0 2,939	0 1,305
TOTAL	**2,939**	**1,305**

LECOMTE Emilie - Supervisory Board member	2019	2018
Compensation granted to the member of the Board Other compensation (compensatory payments)	0 905	0 836
TOTAL	**905**	**836**

5. Agreements executed by an executive of significant shareholder of the parent company with a subsidiary

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 reportv.

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.

21.5 Draft resolutions

PHARMAGEST INTERACTIVE
A FRENCH PUBLIC LIMITED COMPANY *(SOCIÉTÉ ANONYME)* WITH SHARE CAPITAL OF €3,034,825
REGISTERED OFFICE: TECHNOPOLE DE NANCY BRABOIS
5 ALLEE DE SAINT-CLOUD 54600 VILLERS LES NANCY
NANCY COMPANIES REGISTER (RCS) NO. 403 561 137

ANNUAL ORDINARY AND EXTRAORDINARY GENERAL MEETING
OF 29 JUNE 2020

DRAFT RESOLUTIONS SUBMITTED TO THE GENERAL MEETING

ORDINARY RESOLUTIONS

RESOLUTION ONE

Approval of the annual financial statements for the period ended 31 December 2019

The shareholders, acting in accordance with the quorum and majority requirements applicable to Ordinary General Meetings, after having considered the reports of the Board of Directors and the statutory auditors, approve the consolidated financial statements for the period ended 31 December 2019, as presented, as well as the operations reflected in the financial statements or summarised in the reports showing a net profit of €17,953,104.44.

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 of directors and discharge of the Statutory Auditors for the performance of their engagement

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 for the period ended 31 December 2019

The shareholders, acting in accordance with the quorum and majority requirements applicable to Ordinary General Meetings, after having considered the reports of the Board of Directors and the statutory auditors, approve the consolidated financial statements for the period ended 31 December 2019, as presented, as well as the operations reflected in the financial statements or summarised in the reports.

RESOLUTION FOUR

Appropriation of earnings, setting the dividend

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 € 17,953,104.44 as follows:

Profit of the period Retained earnings	€ 17,953,104.44 € 54,442,446.86
Amount available to shareholders	**€ 72,395,551.30**
Dividend (€ 0.90 per share) The balance is appropriated to retained earnings	**€ 13,656,712.50** € 58,738,838.80

The dividend per share on that basis is € 0.90.

The dividend will have a payment date of 3 July 2020 and be distributed by BNP PARIBAS Bank as the paying agent and security services provider.

In accordance with the provisions of article L. 225-210 of the French commercial code, the General Meeting decides that the amount corresponding to treasury shares held on the date of the dividend distribution will be allocated to “Retained earnings”.

For natural persons having their tax residence in France this dividend is subject to a 12.8% flat tax *(prélèvement forfaitaire unique)* to which is added French social contributions of 17.2%, i.e. a total tax of 30%. Alternatively, the shareholder has the option for applying the progressive income tax scale. In this latter case, the dividend is eligible for the rebate available under article158-3-2° of the French general tax code.

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)
31/12/2016	€ 0.65	€ 0.65	€ 0.65
31/12/2017	€ 0.75	€ 0.75	€ 0.75
31/12/2018	€ 0.85	€ 0.85	€ 0.85

RESOLUTION FIVE

Agreements and commitments governed by articles L. 225-38 of the French commercial code

The shareholders, acting in accordance with the quorum and majority requirements applicable to Ordinary General Meetings, after having considered the Statutory Auditors’ special report on agreements and commitments to which articles L. 225-38 et seq. of the French commercial code are applicable, approve this report and the agreement with MARQUE VERTE SANTÉ mentioned therein and duly note the information noted in this same report on the agreements and commitments previously approved and which remained in force in the period.

RESOLUTION SIX

Renewal of Mr. Daniel ANTOINE’s term of office as Director

The shareholders, acting in accordance with the quorum and majority requirements applicable to Ordinary General Meetings, after having considered the Board of Directors’ report, renew Daniel ANTOINE’s term of office for six years.

His term of office will expire at the end of the AGM to be held in 2026 called for the purpose of approving the financial statements for the period ended.

RESOLUTION SEVEN

Renewal of Mr. Thierry CHAPUSOT's term of office as Director

The shareholders, acting in accordance with the quorum and majority requirements applicable to Ordinary General Meetings, after having considered the Board of Directors' report, renew Thierry CHAPUSOT's term of office for six years.
His term of office will expire at the end of the AGM to be held in 2026 called for the purpose of approving the financial statements for the period ended.

RESOLUTION EIGHT

Renewal of Mr. François JACQUEL's term of office as director

The shareholders, acting in accordance with the quorum and majority requirements applicable to Ordinary General Meetings, after having considered the Board of Directors' report, renew François JACQUEL's term of office for six years.
His term of office will expire at the end of the AGM to be held in 2026 called for the purpose of approving the financial statements for the period ended.

RESOLUTION NINE

Renewal of LA COOPERATIVE WELCOOP's term of office as director

The shareholders, acting in accordance with the quorum and majority requirements applicable to Ordinary General Meetings, after having considered the Board of Directors' report, renew LA COOPERATIVE WELCOOP's term of office for six years.
Its term of office will expire at the end of the AGM to be held in 2026 called for the purpose of approving the financial statements for the period ended

RESOLUTION TEN

Appointment of Mr. Grégoire DE ROTALIER as Director

The shareholders, acting in accordance with the quorum and majority requirements applicable to Ordinary General Meetings, after having considered the Board of Directors' report, appoint Mr. Grégoire DE ROTALIER residing at PESSAC (33600) 12, Avenue Roger Chaumet as Director for a term of six years

Its term of office will expire at the end of the AGM to be held in 2026 called for the purpose of approving the financial statements for the period ended.

RESOLUTION ELEVEN

Renewal of the term of the Statutory Auditor and non-replacement of the Deputy Statutory Auditor

The appointments of BATT AUDIT, a French public limited company *(société anonyme)* Statutory Auditors, and REVILEC AUDIT & ASSOCIES, the Alternate Auditors, expiring on the date of this General Meeting, the General Meeting acting in accordance with the quorum and majority requirements applicable to Ordinary General Meetings:

- d'Austrasie, as Statutory Auditors for a new term of six years or until the end of the Ordinary General Meeting of the shareholders called for the purpose of approving the financial statements for the period ending 31 December 2025.
- decides to not renew the appointment of the Alternate Statutory Auditors of the company REVILEC AUDIT & ASSOCIES and to be unable to replace them in application of the provisions of article L. 823-1 of the French commercial code.

RESOLUTION TWELVE

Approval of information on the compensation of each corporate officer of PHARMAGEST INTERACTIVE required by article L.225-37-3 of the French commercial code

In application of article L. 225-100 II of the French commercial code, the shareholders, acting in accordance with the quorum and majority requirements applicable to Ordinary General Meetings, approve the information mentioned in I of article L. 225-37-3 of the French commercial code as presented in “Section 4 – Compensation of corporate officers” of the report on corporate governance.

RESOLUTION THIRTEEN

Approval of the components of compensation paid in 2019 to Mr. Thierry CHAPUSOT, Chairman of the Board of Directors

In application with article L. 225-100 III of the French commercial code, the shareholders, acting in accordance with the quorum and majority requirements applicable to Ordinary General Meetings, having considered the report on corporate governance, approve the fixed, variable and exceptional components of total compensation and benefits of any nature paid or granted in the period ended 31 December 2019 to Mr. Thierry CHAPUSOT, Chairman of the Board of Directors, as presented in “Section 4 – Compensation of corporate officers” of the report on corporate governance.

RESOLUTION FOURTEEN

Approval of the components of compensation paid in 2019 to Mr. Dominique PAUTRAT, Managing Director

In application with article L. 225-100 III of the French commercial code, the shareholders, acting in accordance with the quorum and majority requirements applicable to Ordinary General Meetings, having considered the report on corporate governance, approve the fixed, variable and exceptional components of total compensation and benefits of any nature paid or granted in the period ended 31 December 2019 to Mr. Dominique PAUTRAT, Managing Director, as presented in “Section 4 – Compensation of corporate officers” of the report on corporate governance.

RESOLUTION FIFTEEN

Approval of the components of compensation paid in 2019 to Mr. Denis SUPPLISSON, Deputy Managing Director

In application with article L. 225-100 III of the French commercial code, the shareholders, acting in accordance with the quorum and majority requirements applicable to Ordinary General Meetings, having considered the report on corporate governance, approve the fixed, variable and exceptional components of total compensation and benefits of any nature paid or granted in the period ended 31 December 2019 to Mr. Denis SUPPLISSON, Deputy Managing Director, as presented in “Section 4 – Compensation of corporate officers” of the report on corporate governance.

RESOLUTIONS SIXTEEN

Approval of the components of compensation paid in 2019 to Mr. Thierry PONNELLE, Deputy Managing Director

In application with article L. 225-100 III of the French commercial code, the shareholders, acting in accordance with the quorum and majority requirements applicable to Ordinary General Meetings, having considered the report on corporate governance, approve the fixed, variable and exceptional components of total compensation and benefits of any nature paid or granted in the period ended 31 December 2019 to Mr. Thierry PONNELLE, Deputy Managing Director until 23 January 2019, as presented in “Section 4 – Compensation of corporate officers” of the report on corporate governance.

RESOLUTION SEVENTEEN

Approval of the compensation policy for corporate officers

The shareholders, acting in accordance with the quorum and majority requirements applicable to Ordinary General Meetings, after having considered the Board of Directors' report established in application of article L. 225-37-2 of the French commercial code, approve the compensation policy for corporate officers of PHARMAGEST INTERACTIVE, i.e. for the Chairman of the Board of Directors, the Managing Director, the Deputy Managing Director(s) and the Directors, as presented in "Section 4 – Compensation of corporate officers" of the report on corporate governance..

RESOLUTION EIGHTEEN

Compensation of Directors

The shareholders, acting in accordance with the quorum and majority voting requirements applicable to Ordinary General Meetings, decide to set the total annual amount of compensation for Directors serving on the Board at €33,000 in 2020.

RESOLUTION NINETEEN

Authorisation by the Company to repurchase of its own shares

The shareholders, acting in accordance with the quorum and majority requirements applicable to Ordinary General Meetings, after considering the Board of Directors' report, hereby authorise the Board, which the latter may further delegate in accordance with the law and the articles of association, in accordance with the conditions provided for under articles L. 225-209 et seq. and by European Commission Regulation no. 596/2014 of 16 April 2014, 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 decide that the maximum funds destined for this share repurchase programme, excluding costs, shall be €80,000,000.

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 28 December 2021 and cancels and supersedes any prior authorisation having the same purpose.

EXTRAORDINARY RESOLUTIONS

RESOLUTION TWENTY

Authorisation given to the Board of Directors to grant stock options to employees and executive officers

The shareholders, in accordance with the conditions of quorum and majority that apply at extraordinary shareholders meetings, after having reviewed the Board of Directors' report and the special report of the Auditors:

- authorise the Board of Directors, in connection with the provisions of articles L. 225-179 to L. 225-186-1 of the French commercial code, to grant for the benefit of three executive officers of the Company and a companies affiliated thereto, under the conditions provided for in article L. 225-180 of the French commercial code, and namely:
    - Mr. Dominique PAUTRAT, who joined the Group in 1988;
    - Mr. Denis SUPPLISSON, who joined the Group in 1991;
    - Mr. Grégoire DE ROTALIER, who joined the Group in 1994;

  stock options conferring a right to acquire existing shares of the Company originating from shares repurchased in accordance with conditions provided for by law;

- decide that each will benefit from FIFTEEN THOUSAND (15,000) stock options of the Company;

- decide that the options will become fully vested by virtue of this authorisation only after a period of 4 years from the grant date and that the options' period of validity may not exceed 8 years from their grant date;

- decide that the price to be paid for exercising the stock options will be set by the Board of Directors on the day the options are granted, in compliance with the provisions provided for by:
    - article L. 225-177 of the French commercial code, though excluding any discount;
    - article L. 225-179 of the French commercial code.

The shareholders grant all powers to the Board of Directors, within the limits provided for by law and the articles of association, to set the other terms and conditions for granting the stock options and notably for:

- determining the procedures for the grant and setting the conditions according to which these options will be granted;
- deciding on the possible restrictions for the resale of all or part of the securities.

The Board of Directors will report to the shareholders on the use made of this authorisation under the conditions provided for in article L. 225-184, subsection 1 of the French commercial code.
This delegation of authority thus given to the Board of Directors will be valid for a period of twenty-six (38) months from the date of this General Meeting.

RESOLUTION TWENTY-ONE

Powers for formalities

The General Meeting grants all powers to the holder of a copy or short-form certificate of the minutes of this Meeting for all formalities required by law.

21.6 Upcoming financial communications

Q1 2020 revenue	14 May 2020
H1 2020 revenue	5 August 2020
H1 2020 results	25 September 2020
Q3 2020 revenue	18 November 2020
2020 annual revenue	4 February 2021
2020 annual results	No later than 30 April 2021

PHARMAGEST

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