2017

REGISTRATION DOCUMENT

including the annual financial report

ingenico GROUP

Contents

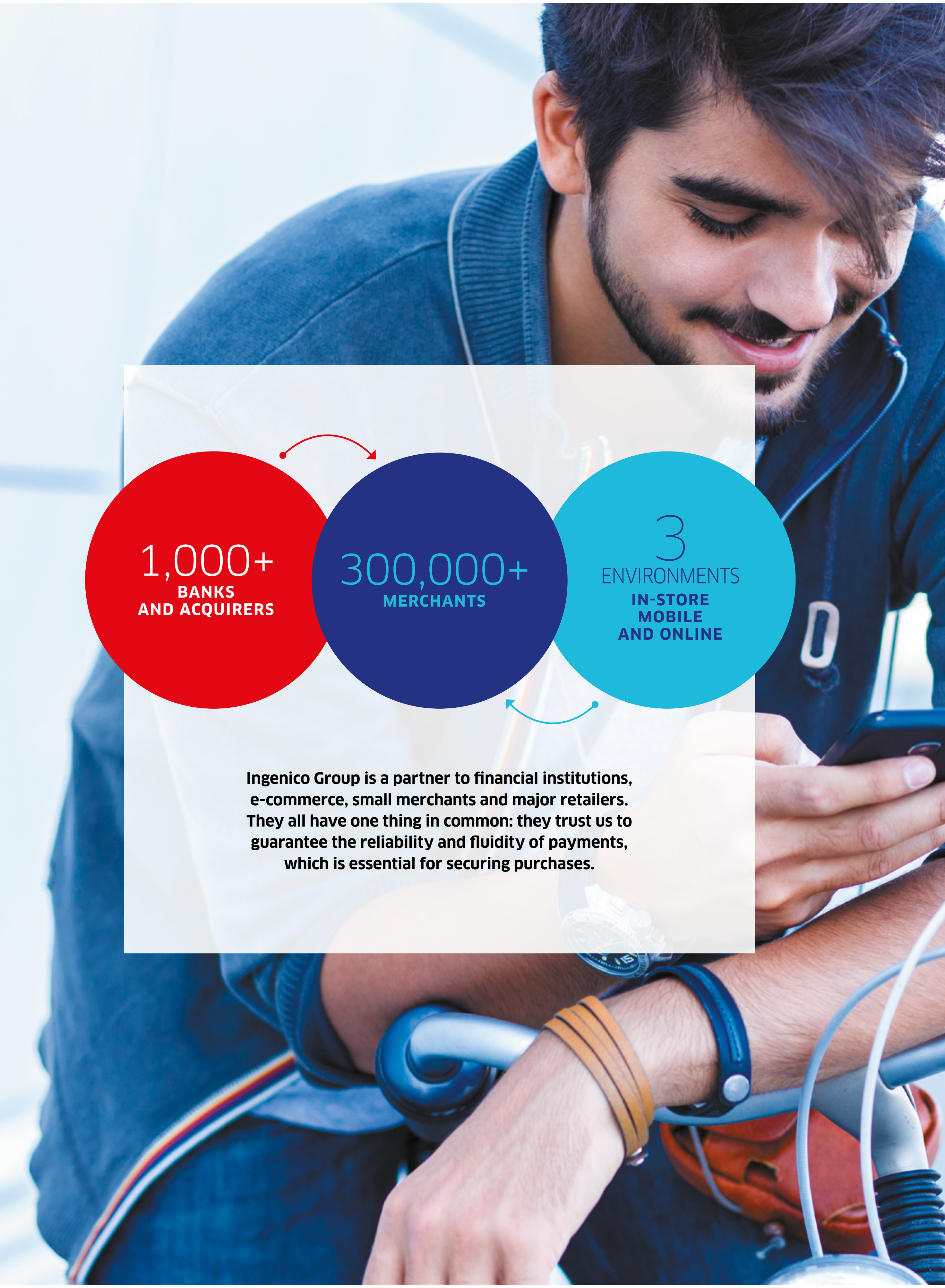
All financial information
is available on our website
www.ingenico.com

2017

REGISTRATION DOCUMENT

Including the annual financial report

AUTORITÉ DES MARCHÉS FINANCIERS
AMF



1,000+
BANKS AND ACQUIRERS

300,000+
MERCHANTS

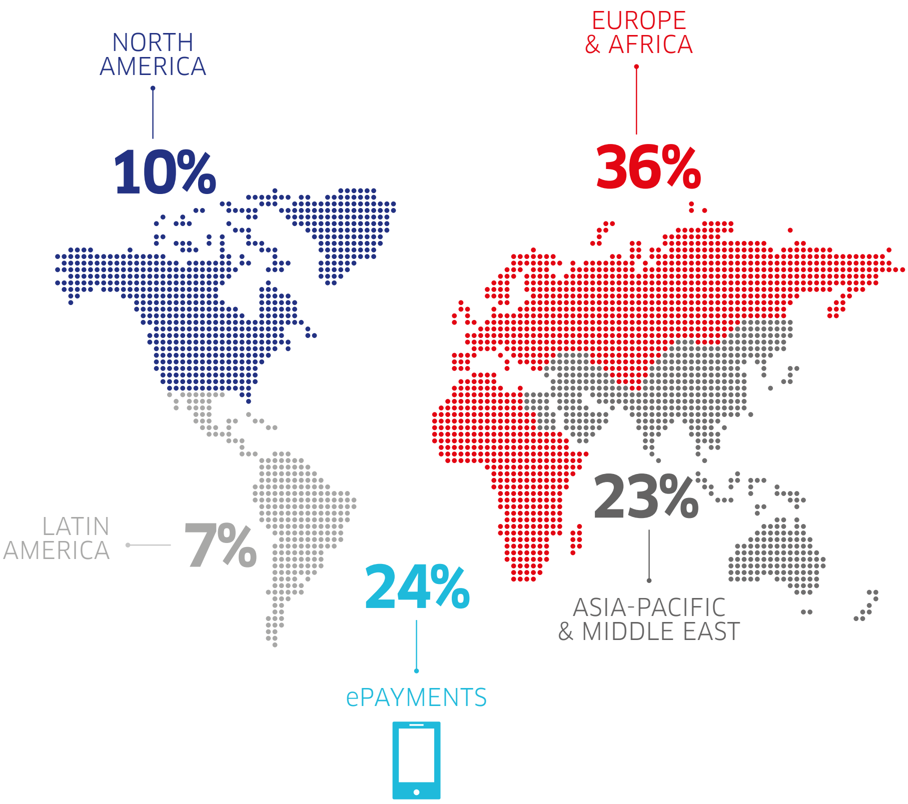
3
ENVIRONMENTS
IN-STORE MOBILE AND ONLINE

Ingenico Group is a partner to financial institutions, e-commerce, small merchants and major retailers. They all have one thing in common: they trust us to guarantee the reliability and fluidity of payments, which is essential for securing purchases.

Ingenico Group, global leader in seamless payment

For almost 40 years, Ingenico Group has supported the evolution of commerce through a comprehensive offering of payment acceptance solutions and services. Our solutions cover the whole payment value chain and all sales channels, and are suited to our customers' local requirements and international ambitions. Ingenico is at the heart of commerce, and its goal is to help merchants to develop their business.

BREAKDOWN OF REVENUE BY REGION IN 2017



8,000+
employees

170
countries

€2.5 BILLION
IN REVENUE

+50%(1)
of income generated by services

(1) Pro forma 2017 including acquisitions

PHILIPPE LAZARE
Chairman and Chief Executive Officer

"

The digital transformation of the Group is no longer an ambition, but a reality

ALMOST
50%(1)
OF OUR
INCOME
generated by services

We expect double-digit average annual growth in EBITDA by 2020

In just a few years, Ingenico has transformed its business model with the aim, on the one hand, of establishing a presence in all sales channels and, on the other, of offering its customers payment services and business solutions that go beyond mere payment acceptance. Thanks to our capacity for innovation and external growth, we now offer a full range of products and services that create value for merchants as well as for banks and acquirers. We have been able to revise our business model and turn the corner toward payment transactions. Today, almost 50% of our income is generated by services. The digital transformation of the group is, therefore, no longer an ambition, but a reality.

At the beginning of 2017, we restructured the business into two global business units: one specifically dedicated to "Banks and Acquirers"; the other dedicated to "Retail" (distributors and e-merchants), to enable us to better address the different needs of these customers. At the same time, and also through some key acquisitions, we expanded our management teams, recruiting and welcoming to our ranks some experienced leaders from the world of payments.

MORE THAN
7%
of our revenue dedicated to R&D expenses

In terms of Banks and Acquirers, we have increased our range of solutions and services, thanks to Axium, our new Android-based services platform. We also further strengthened our geographical presence with two acquisitions; SST in Ukraine and Airlink in Taiwan.

On the Retail side, our acquisitions of IECISA (Spain), TechProcess (India) and Bambora (Sweden) have complemented our geographical and technological positioning. The acquisition of Bambora means we can provide end-to-end solutions for small- and medium-sized merchants, further increasing our internal acquiring capacity for payment transactions, over and above our existing partnerships. These will be of benefit to major distributors.

I am convinced that Ingenico will continue to extend its leadership, by combining secure payment acceptance points with value creation for merchants. We have an efficient organizational structure and a coherent offering to successfully achieve this. We can count on the absolute commitment of our management and our teams, who are all fully invested in building the Ingenico of tomorrow.

(1) Proforma 2017 including acquisitions.

A complete offer that creates value for our customers

Ingenico addresses the needs of all types of merchants, whether directly or indirectly: small and medium-sized merchants, major retailers, digital players, etc.

An organization focused on the customer

BANKS AND ACQUIRERS

Indirect distribution channel

Enable our partners to differentiate themselves through a comprehensive offering that combines innovation and value-added services

Crédit Agricole, Barclays, Crédit Mutuel, Bank of China, Bank of America, Cielo, Redecard, Elavon, First Data...

RETAIL

Direct distribution channel

Support merchants in the development of their businesses and their performance

> SMB: Small and medium-sized businesses
> Global Online: Digital players
> Enterprise: Large-scale distribution and organized retail

An accelerated technological transformation

Ingenico embarked upon its technological transformation in 2006. Until 2014, the Group focused on the acquisition of technology linked to in-store and online transaction management. In 2014, a major shift occurred with the development of a comprehensive, cross-border online offering – a strategic move that places the Group at the heart of commerce digitalization.

In 2017, the acquisitions of Bambora and TechProcess added to this technological transformation by enabling Ingenico to cover the entire payment process from the point of acceptance to the acquiring of transactions while strengthening its direct access to small and medium-sized businesses.

8,000+
EMPLOYEES
involved in the Group's transformation

88
SITES WORLDWIDE

A LAB
DEDICATED TO INNOVATION
and the future of commerce

Our ambitions

Enable payments everywhere

Enhance merchant and consumer experiences

Deliver an end-to-end full service offer

2018-2020

Our priorities

> Maintain leadership in acceptance solutions across all customer segments and channels

> Introduce our next-generation Open Android payment platform

> Expand direct-to-merchant access with our unique Blueprint and repeatable business model

Financial outlook

> EBITDA Double-digit CAGR

> EBITDA over €700 million at constant scope and exchange rate in 2020

> Adjusted free cash flow(1) conversion to EBITDA over 45%

> Payout ratio over 35%

(1) Free cash flow adjusted from non-recurring items (acquisition and restructuring costs).

1,000
PEOPLE
have joined the Group through external growth transactions

Acquisitions to cover the whole value chain

Major acquisitions in 2017 have allowed the Group to expand its geographical reach and its offering to customers. The Banks & Acquirers Business Unit now has a direct presence in Ukraine thanks to the acquisition of SST and, in Taiwan, it has a direct presence through the acquisition of Airlink. Regarding the Retail Business Unit, it has increased its offer and presence in three customer segments: e-commerce players, through the acquisition of TechProcess in India, major distributors, via IECISA in Spain and small- and medium-sized merchants, through the acquisition of Swedish Bambora. In total, more than 1,000 people have joined the Group through these external growth transactions.

A new customer-focused organization

At the beginning of 2017, Ingenico set up a new customer-focused organization. It created two business units to meet the different needs of distributors, e-merchants, and banks and acquirers.
The Retail BU will help wholesale distribution and e-merchants to support consumers in their omnichannel purchasing journey, to develop their cross-border business and increase their conversion rate. The Banks and Acquirers BU allows its clients to reduce the complexity of payment management and differentiate their offering for merchants.

Acquisition of Bambora

The acquisition of Bambora marks a major stage in Ingenico's strategic plan, allowing it to offer omnichannel solutions and more fully integrated customer solutions. Based in Stockholm, Bambora employs more than 700 people across Europe, North America and Australia. The company provides a "one-stop shop" offer to both major enterprises and small-to-medium-sized merchants. Bambora delivers in-store, mobile and online services through end-to-end payment solutions for over 110,000 merchants and major enterprises worldwide. Its offers are based on a transaction-acquisition platform and a customer-centric approach. The latter revolves around full-service expertise and value-added services including digital onboarding and data analytics.

BAMBORA EMPLOYS MORE THAN

700

PEOPLE

across Europe, North America and Australia

Extension of the Alipay partnership

Alipay is a payment method used widely in China. Being able to offer this payment method to Chinese visitors in Europe is therefore essential for merchants. Thanks to a partnership between the two companies, Ingenico has added Alipay to its portfolio of payment methods available to shoppers in Europe. Ingenico has also rolled out Alipay for many merchants, including Lagardère Travel Retail.

WOMEN IN payments®
CONNECT, LEAD, ACHIEVE

Ingenico a partner of Women in Payments

An association working in Canada, the United States, the UK and Australia, Women in Payments promotes and develops female leadership in the payments industry. In 2017, Women in Payments launched a global mentoring program of which Ingenico is one of the active sponsors. Suzan Denoncourt, Managing Director of Ingenico Canada, also sits on the Canadian Symposium of Women in Payments.

Ingenico RETAIL

To offer merchants of all sizes solutions to accompany their growth

NICOLAS HUSS
EVP Retail

Faced with ever greater demands from ultra-connected customers and heightened competition between traditional trade and online platforms, merchants of all sizes are transforming their operations to create specific purchasing experiences that respond to the new demands of their customers. Our mission within the Retail Business Unit is to provide these merchants, regardless their size and business, with payment services that accompany this transformation.

Our Retail business is the result of strategic acquisitions made by Ingenico in the area of payment platforms, in particular Easycash, Ogone, Global Collect, and, more recently, Techprocess in India and Bambora in Sweden. With the acquisition of Bambora, Ingenico's Retail business has taken a step further, focusing on integration and the optimization of our platforms, the extension of our merchant services portfolio, and the development of our direct offering for small and medium-sized businesses (SMB). Thanks to the acquiring capacities of Bambora, we now also cover the entire value chain, from acceptance solutions to domestic and international acquiring services. This coverage allows us to build solutions end-to-end or full service, and to provide our customers with simplified management of their payments, while optimizing the total cost of their infrastructure.

Strengthened by the work carried out in 2017, the Retail teams are now fully committed to our priorities, which are to propose a complete and differentiated range of services to all merchants, to extend our customer-base in all segments, and to take advantage of opportunities for growth in new regions.

SMB
300,000+
merchants in 15 countries

GLOBAL ONLINE
€45 billion in processed transactions

ENTERPRISE
5 billion annual transactions

In order to better address the specific needs of each segment, our operations are structured around three specialized divisions: SMB, Global Online and Enterprise. These are responsible for the definition and the marketing of our offerings. This structure enables us to provide all our customers with a tailored offering that combines Ingenico's payment expertise with an in-depth understanding of the challenges of their business.

Ingenico

BANKS & ACQUIRERS

“

Converging business and payment

PATRICE LE MARRE
EVP Banks & Acquirers

Created in 2017, the Banks & Acquirers Business Unit indirectly targets the merchant market. Some years ago, Ingenico set about transforming its offering into solutions with greater added value, which are now essential to support the digitalization of the point of sale.
To improve performance, merchants need to increase the number and efficiency of their points of interaction with consumers, specifically by combining payment and business services.

Following on from Telium Tetra, the first range on the market to combine payment and web applications, Ingenico launched Axium, a new Android-based services platform, centralizing all the services merchants need. In addition to this new offering, we continued to improve our range of terminal management and upgrade services (remote maintenance, business applications marketplace, connectivity, acceptance of new payment methods, etc.). The Business Unit currently has a comprehensive array of solutions that enables banks and acquirers to differentiate their offering for small merchants.

1,000+
banks and acquirers

30 MILLION
terminals installed

2,000+
payment applications

Axium, a new, Android-based services platform

In 2017, the Banks & Acquirers Business Unit developed the Axium services platform, which is based on Android and Ingenico’s Telium Tetra operating systems. It brings trade and payment together, and offers access to a whole ecosystem of cloud-based services for commerce. In partnership with ECR vendors, we have developed the market’s most comprehensive offering for small merchants, which, in addition to payment services, includes services for managing stores, stock and staff, loyalty programs, and accounting. Thanks to our partnerships and to the technological progress that Axium represents, we offer the first services ecosystem supporting banks and acquirers in digitalizing in-store commerce.

ingenico LABS

Integrated payment into tomorrow's usages

MICHEL LÉGER
EVP Innovation

In 2017, Ingenico Labs continued its work in the areas of the IoT, Artificial Intelligence (AI) and conversational commerce, on its own and in partnership with companies and start-ups interested in the connection between payments and the consumer experience. In terms of the IoT, Labs has integrated payment into new connected items: Pepper the host robot from Softbank Robotics and autonomous cars from Navya. Artificial intelligence, robotics, and autonomous cars – which combine both AI and robotics – were also some of the technological areas that were a key feature of 2017.

In terms of conversational commerce, Ingenico Labs finalized the integration of payment into chatbots, in collaboration with JoinedApp, a Californian start-up in which Ingenico Group invested in June.

Ingenico Labs expanded its partnerships with some of the major players in the digital world, as they are now helping to shape new payment practices. We agreed a partnership with Google in relation to its Google Pay Smart Tap loyalty services.

Catalyst of payment innovation

In our ecosystem, technological changes (IoT, AI, or robotics) and behavioural changes are powerful drivers of innovation. Consumers are now sensitive to immediacy and personalization issues: merchants are therefore contextualizing their offer and seeking to encourage impulse buying, which means payment must be available in the consumer's natural environment. Ingenico Labs observes these trends to determine tomorrow's usages and the most appropriate technological solutions.

Embedded payments

While two basic trends are converging – the adoption of driverless vehicles and the advent of the sharing economy – Ingenico Labs has developed an embedded payment solution for Navya's driverless taxis in just a few months. A clear demonstration of its flexibility!

Chatbots

Ingenico Group is backing conversational commerce and for this reason has invested in JoinedApp; and has modified the start-up's e-commerce chatbot solution to include payment. Consumers can now purchase goods using messaging apps.

Human challenges, a key component of transformation

MARTINE BIROT
EVP Human Resources and Communications

With five external growth transactions completed in 2017, more than 1,000 people joined the Group through these acquisitions, mainly in Europe and India, but also in Australia, Canada, and Taiwan. This means that the integration process is now even more important than it has ever been. The process has become more formal and it has allowed Ingenico's human resources procedures to develop by adopting the best practices of the companies it has acquired.

The growing diversity of our business lines and geographic reach has increased the need to strengthen cohesion within the Group, and to standardize our collaborative working tools. Working together efficiently, worldwide, with shared objectives: for this reason, we developed and implemented Skyway, the Group's digitized work space, launched in 2017, which brings together our internal communication and collaborative work tools.

Skyway, a new collaborative space

In today's world, work is digital and mobility is the norm, so in 2017, Ingenico launched a new internal communication and collaboration tool. Skyway is both an intranet that pools all Ingenico's news and a collaborative work space with many applications, including the sharing and joint drafting of documents.

Ingenico University

Digitizing training was also an area of expansion. Ingenico University, the Group's e-learning platform, expanded to include new modules in 2017, allowing employees to learn about the culture and business activities of the Group, and improve their knowledge of technology and products.

In 2017, the Group achieved strong results consistent with expectations, demonstrating its robust cash generation capacity.

REVENUE

€2,510M

NET PROFIT GROUP SHARE

€256M

EBITDA (1)

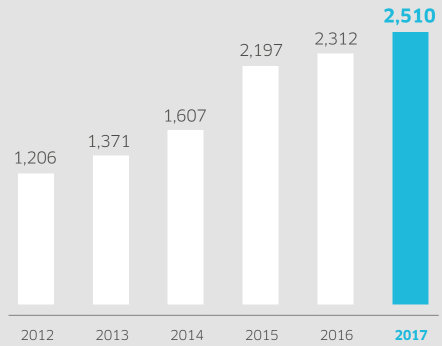
€526M

FREE CASH FLOW ADJUSTED

€269M

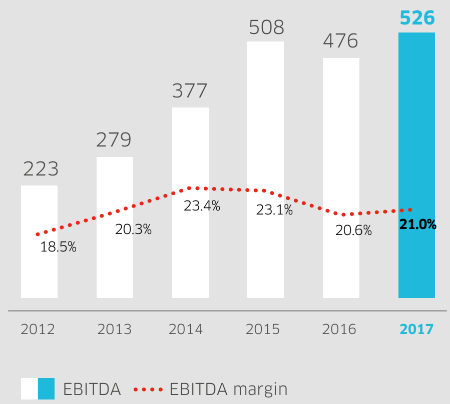
REVENUE EVOLUTION

In millions of euros



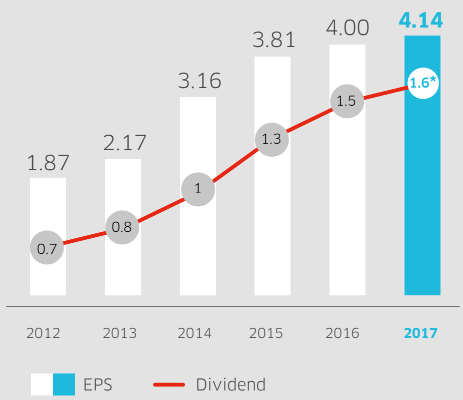
EBITDA(1)

In millions of euros



NET PROFIT AND DIVIDEND PER SHARE

In euros



* *Dividend proposed at the AGM of May 16, 2018*

(1) As defined on page 132 of this Registration Document.

BANKS & ACQUIRERS

€1,428M
Revenue

€371M
EBITDA (1)

RETAIL*

€1,286M
Revenue

€178M
EBITDA (1)

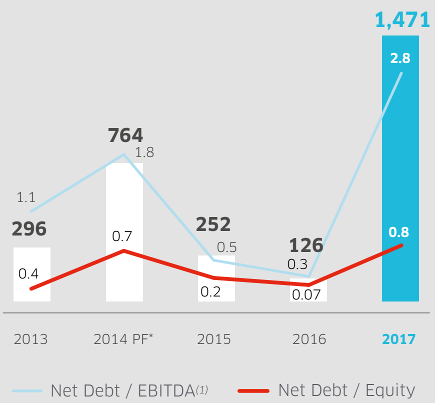
* *Pro forma 2017 including acquisitions at January 1st, 2017*

NET PROFIT, ATTRIBUTABLE TO SHAREHOLDERS

In millions of euros

NET DEBT

In millions of euros



* *Including GlobalCollect's contribution over the entire year.*

CORPORATE SOCIAL RESPONSIBILITY

80,000+ HOURS
of training carried out in 2017, equivalent to 12.5 hours per employee

48% OF WOMEN
in corporate functions

85
nationalities

LISTED IN 4 LEADING SRI* INDICES

FTSE4Good

ETHIBEL SUSTAINABILITY INDEX EXCELLENCE Global

EURONEXT vigeo eiris INDICES

MEMBER OF Dow Jones Sustainability Indices In Collaboration with RobecoSAM

2020 OBJECTIVE
-10%
GHG emissions per terminal installed**

* *SRI: Socially Responsible Investment.*
** *Greenhouse gas.*

BOARD OF DIRECTORS

Philippe Lazare
Chairman and Chief Executive Officer

Bernard Bourigeaud
Independent Director

Jean-Louis Constanza
Independent Director

Diaa Elyaacoubi
Independent Director

Colette Lewiner
Independent Director

Xavier Moreno
Independent Director

Caroline Parot
Independent Director

Élie Vannier
Independent Director

Sophie Stabile
Independent Director*

William Nahum
Independent Advisor

9 DIRECTORS
including 4 women

89%
independence rate

1 INDEPENDENT ADVISOR

10 MEETINGS
of the Board of Directors in 2017

93.8%
average attendance rate of directors at Board meetings

3 SPECIALIZED COMMITTEES

predominantly consisting of independent directors

1 ANNUAL SEMINAR
dedicated to the strategy with an attendance rate of 100%

Audit and Finance Committee
7 MEETINGS IN 2017
Attendance rate of 96.4%

Compensation, Appointments and Governance Committee
4 MEETINGS IN 2017
Attendance rate of 93.8%

Strategic Committee
6 MEETINGS IN 2017
Attendance rate of 85.7%

* *Temporary appointment which will be subject to ratification by the Annual General Shareholders' Meeting of May 16, 2018.*

EXECUTIVE COMMITTEE

COMPOSITION OF THE EXECUTIVE COMMITTEE

1 - Philippe Lazare
Chairman and Chief Executive Officer

Operational functions:

2 - Nicolas Huss
EVP Retail

3 - Patrice Le Marre
EVP Banks & Acquirers

4 - Jennifer Miles
EVP North America

Retail:

5 - Jacques Behr
EVP Enterprise

6 - Johan Tjärnberg
EVP Small & Medium Business

7 - Gabriel de Montessus
SVP Global Online

Banks & Acquirers:

8 - Jose Luis Arias
EVP Latin America

9 - Luciano Cavazzana
EVP Europe Middle East & Africa

10 - Patrice Le Marre
EVP Asia Pacific

Corporate functions:

11 - Martine Birot
EVP Human Resources & Communications

12 - Jacques Guérin
EVP Strategy & Performance

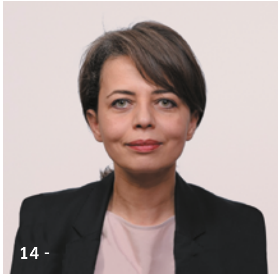
13 - Michel Léger
EVP Innovation

14 - Nathalie Lomon
EVP Finance, Legal & Governance

15 - Églantine Delmas
SVP Internal Audit and Controls

16 - Régis Demaria
SVP Operational Excellence

17 - Grégory Lambertie
SVP Strategy and M&A



Driven by Philippe Lazare, Chairman and Chief Executive Officer of Ingenico Group, the Executive Committee brings together the heads of operational entities and functional divisions of the Group.

Its composition was expanded in 2017. It reflects the implementation of the Group's new structure in two business units (Retail and Banks & Acquirers) and four functional divisions.

Presentation of the Group

1.1 ACTIVITY & STRATEGY

1.1.1 Ingenico Group, global leader in seamless payment services

Founded in 1980 by Jean-Jacques Poutrel and Michel Malhouitre, Ingenico Group offers secure payment services across all sales channels. The global leader in seamless payment services, the Group keeps in step with the future of commerce by relying on the largest acceptance network in the world, with solutions that adapt to both the local needs and international ambitions of its customers.

Following the merger with Sagem Monetel in March 2008 and entering the Chinese market with the acquisition of Landi in June 2008, Ingenico Group became the leader in the payment terminals market, which is estimated to be worth €3 billion worldwide. Since then, the Group has continued to expand the geographical presence of its traditional business by expanding its commercial network, in particular through acquisitions of distributors in emerging markets such as Japan, Russia and, more recently, Ukraine and Taiwan.

In 2008, the Group decided to build on its market-leading position and address merchants' changing needs by expanding its offering, in order to cover the whole of the payment value chain, irrespective of the sales channel. Ingenico Group began laying the groundwork for this expansion by acquiring easycash, a leading German in-store payment services provider. Then, in 2012, the Group strengthened its position in mPOS solutions through the takeover of Roam Data Inc. With the acquisition in 2013 of Ogone, the European leader in online payment services, followed by that of Global Collect, the world leader in fully integrated online payment services, in 2014, the Group accelerated the transformation of its business model towards services on a global scale, simplifying payment for merchants across all channels: in-store, online, and mobile. Finally, in 2017, Ingenico Group took a major step forward in progressing its strategy with the acquisition of Bambora, a fast-growing payment services company, meaning the Group can interact directly with small and medium-sized European merchants and offer a full range of services, including acquiring transactions.

Today, the Group, global leader in seamless payment services, boasts a network of over 1,000 banks and acquirers, a presence in 170 countries, acceptance of more than 300 payment methods, with more than 300,000 merchants connected to its platforms.

Ingenico Group has established a customer-focused organizational structure by creating two Business Units, Banks & Acquirers (indirect) and Retail (direct).

1.1.2 A comprehensive payment services offering across all channels

At a time when consumers are constantly switching between channels in order to find the right product at the right price, merchants need flexible payment services to offer the best purchase experience. Payment channels are becoming increasingly interconnected and complex and, as a result, require new expertise. The payment environment is therefore also becoming more complex, with more methods of payment and points of interaction between merchants and consumers (in-store, online and mobile).

In this complex ecosystem, the Group's combined expertise in payment terminals, the management of in-store transactions, and online payment services, allows it to provide a comprehensive global offering – a key differentiating factor.

1.1.2.1 In-store

Ingenico Group offers all its customers (banks, merchants and payment service providers) comprehensive, secure, centralized management of their electronic payments (acceptance, transactions and services), so that they can optimize payment system operating costs, efficiently manage payment flows, address ever-tightening security requirements, and generate new revenue streams. The Group is responsible for the end-to-end security, control, and surveillance of the entire payment process.

Ingenico Group therefore promotes centralized transaction flow management to ensure optimal service quality and integrity from payment terminal to acquirer.

A pioneer in the payment terminals industry for nearly 40 years, Ingenico Group offers applications and secure solutions based on a unique proprietary operating system (Telium) for merchants of all sizes. The Group provides its customers with a broad portfolio of 2,500 applications and accepts more than 300 payment methods.

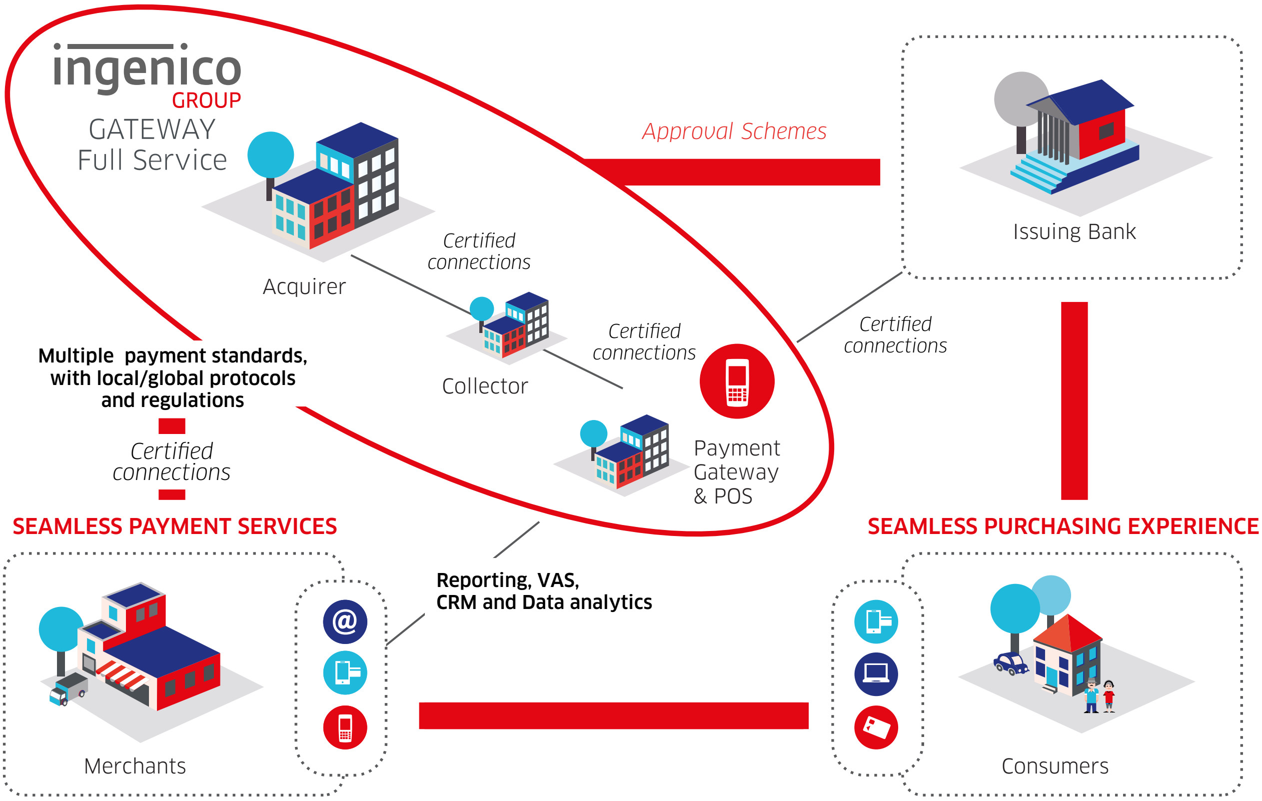
Ingenico Group's in-store solutions revolve around the following services:

- payment terminals and applications;
- the management of installed terminals, including security application updates;
- connectivity, ensuring the terminal-to-bank host connection;
- comprehensive, 24/7 after-sales service supporting every phase in the life cycle of terminals and software, from installation to upgrades and maintenance;
- centralization of transactions (Axis);
- end-to-end security – from terminal to bank or processor; and
- value-added services.

What differentiates the Group is its ability to meet its banking, retail and small & medium-sized merchant customers' need for optimized, cross-border and international solutions through its presence in many countries, and its payment service offering supported by the payment services expertise offered by easycash, Axis or Bambora and its PCI DSS-certified international platform.

In addition, the Group also has a full range of customer loyalty solutions that aim to increase merchants' revenues, including: loyalty card and loyalty program management, prepaid card and gift card management, customer data analysis and marketing campaign management. These marketing solutions are available in eight European countries and are being used to manage over 140 card programs.

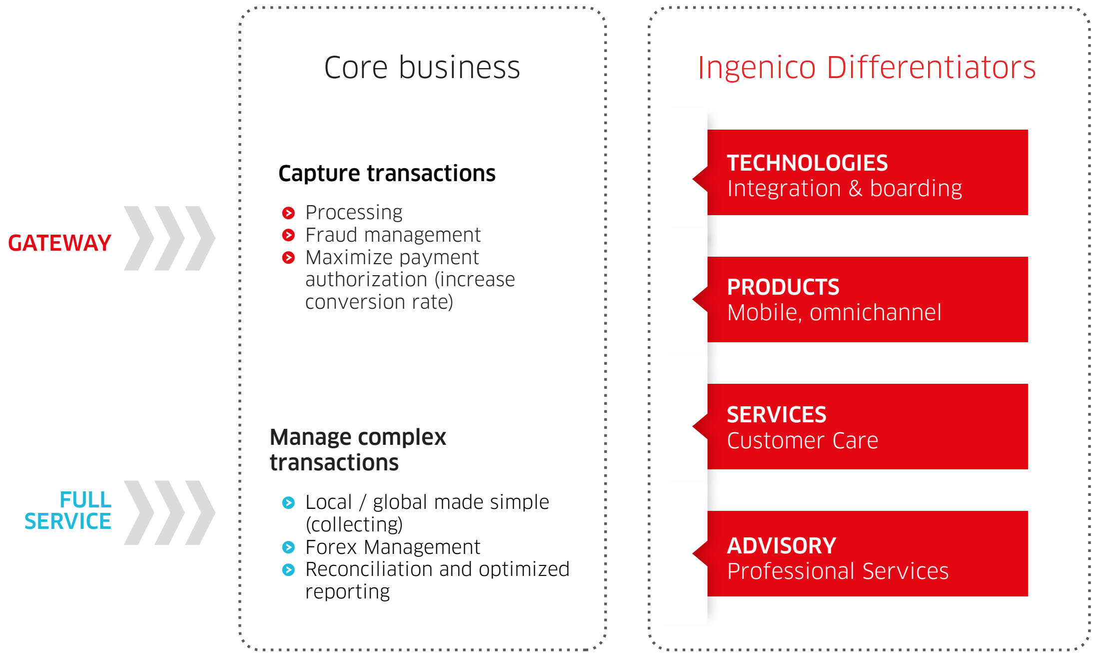
Ingenico Group / at the center of the payment process



1.1.2.2 Online

While the Internet is by definition borderless, global eCommerce is by no means uniform: many factors determine the success or failure of cross-border trade. The different regulatory environments, Internet access, consumer preferences and local payment methods contribute to the complexity of international commerce. Thanks to Ingenico Group's online offering, which combines Ingenico eCommerce Solutions, Global Collect, TechProcess and Bambora's online assets, the Group offers e-payment services to merchants of all sizes.

The online offering



Online payment services for small and mediumsized merchants

With more than 150 international and local payment methods, the Group's online payment services allow merchants to manage and secure their online payment processes and digital transactions. Accessible online or *via* a mobile device, this solution enables acceptance of any form of payment quickly and securely: as such, merchants can increase their sales, reach more consumers, and protect their businesses from online fraud.

Ingenico Group works directly with large merchants, as well as with banks, acquirers, and payment institutions. It also offers white-label solutions such as those provided for Barclaycard and BNP Paribas.

The Group's online offering revolves around three services:

- transaction capture (gateway):
  - processing online transactions,
  - offering an advanced fraud management system,
  - maximizing payment authorizations;
- complex transaction management (full service):
  - processing cross-border transactions,
  - collection and FX conversion services,
  - integrated reporting;
- acquiring transactions (acquiring):
  - rapid platform integration,
  - maximizing conversion rates,
  - comprehensive end-to-end offering.

Comprehensive payment services for large multinational companies

Ingenico Group now offers comprehensive payment services for large multinational companies and companies with a strong online presence looking to expand into new regions. The offering of outsourced payment services removes complexity with a single commercial and technical interface that takes care of risk management, FX management, settlement of funds against approved orders, reporting and remittance of collected funds.

With a presence in 170 countries and boasting acceptance of 150 local payment methods, Ingenico Group has developed recognized expertise in payment services, especially in cross-border e-commerce, enabling major brands to sell their products online and worldwide.

1.1.2.3 Mobile payments

By accepting payments anywhere in a store, pop-up shop or on board a plane, merchants with mobile payment solutions can adapt to mobile consumers and ensure their loyalty. Ingenico Group has developed an agnostic, white-label mobile platform that enables customers of any size to offer secure m-POS solutions quickly, easily and at lower cost. This wide range of mobile payment services meets the specific needs of all types of merchant, including the world's largest brands, such as the iSMP deployed in Apple Stores. At the same time, white-label solutions let acquirers, processors and telecoms operators offer mobile services to smaller merchants. Ingenico Group's offering revolves around the following services:

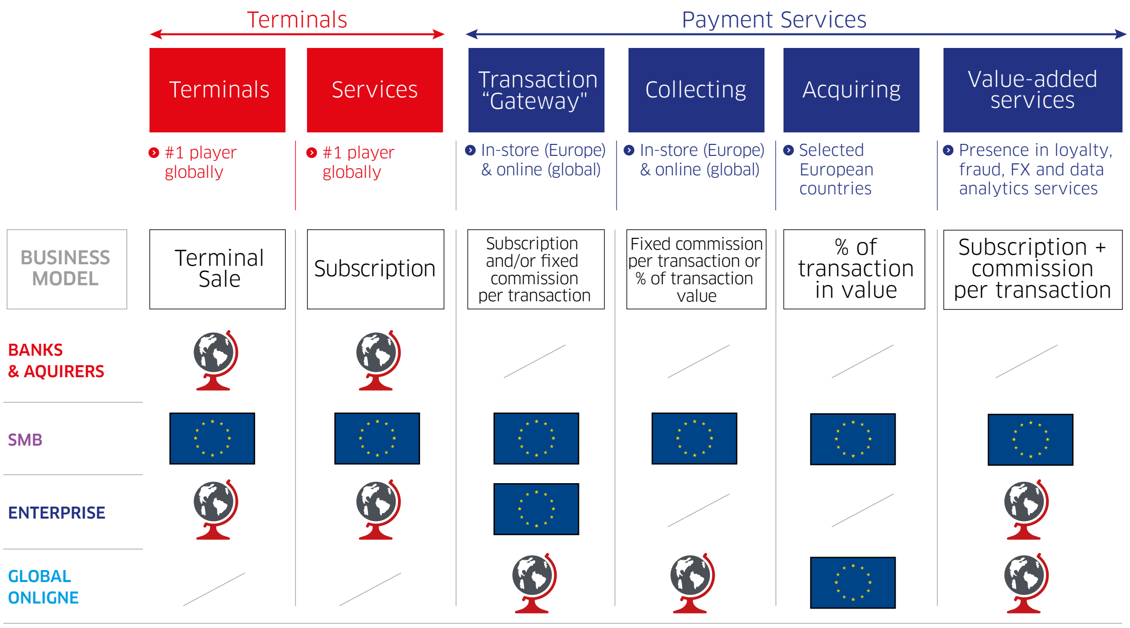
- mobile payment terminals for all markets (Chip & Pin, Swipe & Sign, etc.);
- mobile applications for the merchant;
- security management;
- third platform interface;
- mobile payment gateway (connecting payment and pre-processing);
- fleet management;
- loyalty programs.

1.1.2.4 A comprehensive offering to easily address merchants' concerns

An integrated position throughout the entire payment value chain

Ingenico Group's recent acquisitions, of Bambora for instance, have helped to position the Group across the entire payment value chain. Historically speaking, the Group has been a major player in the sale of terminals, and so it has gradually diversified into payment services and is now able to offer its customers a full range of services. The Group's offerings start at the point of interaction (terminal or online platform) and extend as far as merchant acquiring, including transaction management, the provision of terminals and value-added services that enable the merchant to increase their commercial and management performance.

This integration of the payment value chain therefore means that Ingenico Group can now offer its customers turnkey solutions with clear pricing, while reducing the number of contracts and suppliers to just one, thereby simplifying the management of the merchant's e-payment requirements. This simplification and single point of contact now makes it possible for Ingenico Group to interact directly with most merchants, of all sizes.



Omnichannel

The Group's "multichannel" offering is enabled by its combination of expertise across a variety of services and solutions: terminals, in-store transaction management (Axis), transaction processing (Ingenico Payment Services), online payment services (Ingenico ePayments – formerly Ogone and GlobalCollect), and mobile payment solutions.

Moreover, the consumer purchasing journey is becoming increasingly diverse; the different stages of a single purchase can take place on several sales channels. Thus, the number of interactions between consumers and merchants is growing, with these interactions crossing from one sales channel to another. Equipped with its expertise and solutions for each sales channel, the Group is also able to offer merchants omnichannel payment services, further improving the fluidity, speed, and ease of the shopping experience for consumers.

The deployment of omnichannel solutions has accelerated, in particular with major retail players like Picard, Club Med, SPAR (Casino Group), and Carrefour.

1.1.3 A global presence

1.1.3.1 Multi-local solutions

Payment processes are based on national protocols as well as variable local parameters such as the "banked" percentage of the population, the quality of telecommunications infrastructure, the number and type of credit and debit cards in circulation, growth of chain-store retail, etc. It is therefore essential for the Group to develop a standard, generic offering that can be tailored to national specificities.

Accordingly, Ingenico Group has a strong presence throughout the world, across five continents and in 170 countries. This multi-local approach is a major differentiating factor: it allows the Group to work very closely with an extensive network of local partners, providing the most appropriate expertise, solutions, and services for their markets.

Finally, this international expertise enables the Group to support its customers in implementing cross-border solutions, by leveraging its global management systems.

1.1.3.2 A global organization and a strong regional presence

At the end of 2017, Ingenico Group employed some 8,000 people worldwide, a 17% increase compared to 2016.

As well as creating two Business Units to focus on its customers' needs, the Group also takes a geographical approach to address the challenges of an international company and to bring it closer to the developments and specific features of each region in which the Group has a presence. The Group is structured around four geographical areas:

- North America;
- Latin America;
- Asia-Pacific;
- Europe, Middle East & Africa.

1.1.3.3 Outsourced production

Since 2006, Ingenico Group's business has been based on a "fabless" model, with the manufacturing of terminals fully outsourced (except for the Chinese market) to top-tier industry partners: the Group works with two of the world's five largest electronic sub-assembly subcontractors, Flex and Jabil. The Group regularly and rigorously audits the plants and includes social data in its audit process.

Ingenico Group is constantly striving to streamline its manufacturing process: today most plants are located in Asia (global market) and Brazil (Brazilian market). This manufacturing flexibility enables the Group to increase or decrease production to meet demand and to ensure an effective procurement policy.

1.1.4 Group strategy

1.1.4.1 Ingenico Group's strategy in a fast-changing environment

The electronic payments market is constantly evolving as consumer usage grows and commercial needs multiply. At the same time, the complexity of e-payments is increasing as it expands geographically and sales channels proliferate. Consequently, while terminals are still a key element of the value proposition, they are no longer the be all and end all of merchants' needs. The value, therefore, extends beyond simple payment acceptance to business solutions that lie at the very heart of the points of interaction with consumers, and which are growing in number (cash desks, mobile merchants, vending machines, etc.). In this climate, a few years ago Ingenico Group launched a transformation plan to take it from being simply a supplier of payment acceptance points to a partner who makes it possible for merchants to improve their performance.

The Group's growth in recent years has been organic, through numerous acquisitions which have enabled it to combine the right assets and skills to be able to offer the solutions, products and services to make merchants' customer experience that much easier. The Group has enhanced its offering with transactional services such as acquiring, a full online service, or the processing of in-store or online transactions, to offer comprehensive, integrated payment services.

In parallel with this transformation, Ingenico Group has set itself three priorities for 2018-2020 with the aim of extending the acceptance of e-payments as far as possible, enhancing the experience of merchants and consumers and offering comprehensive, integrated payment services. The strategic priorities for the upcoming period are:

- to maintain our leading position in payment acceptance solutions across all market segments and distribution channels;
- to develop a comprehensive, integrated service offering in parallel with direct access to merchants;
- to introduce a new generation of open Android platform with the launch of Axium.

These priorities, which will be rolled out within our two business units, will help Ingenico Group to create value for all stakeholders.

1.1.4.2 A customer-focused structure to provide value across all distribution channels

Today, the business landscape is changing radically, with the rapid growth in the use of mobile devices and e-commerce. Ingenico Group supports merchants, directly or indirectly through acquirers, financial institutions or intermediaries, by enabling their customers to pay using today's or tomorrow's technologies. With over 300,000 merchants connected to its platforms (in-store, online, and mobile), Ingenico Group optimizes payment services for all merchants, whatever their challenges.

Ingenico Group positions itself in the center of the merchant-consumer relationship as a facilitator for the development of payment solutions, building new sources of revenue for merchants, while also ensuring a personalized, seamless and differentiated customer experience.

The Group also directly or indirectly serves many other vertical market segments, with dedicated solutions to meet their specific needs:

- transportation: travel agencies, ticketing kiosks, car parks, etc.;
- petroleum: self-service pumps and stores at service stations;
- digital: digital products and services (music, cinema, social networks, etc.);
- hotels and restaurants;
- automated distribution.

By establishing partnerships with newcomers to the payment services market, Ingenico Group demonstrates its ability to develop cutting-edge innovations and new payment methods. The most innovative companies (Apple, Google, PayPal, Samsung, Intel, etc.) work in partnership with Ingenico Group to design and develop new and ever more ground-breaking customer experiences by leveraging the Group's vast acceptance network.

The Group's customer-focused organizational structure helps to address the requirements of all merchants, from small and medium-sized merchants to major organized distributors through digital players. This structure also allows us to address the requirements of merchants indirectly through the Banks & Acquirers Business Unit and directly through the Retail Business Unit.

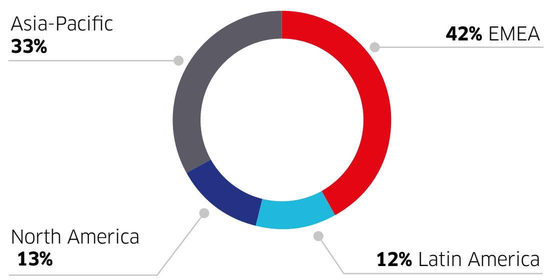
Banks & Acquirers (Indirect)

Allowing partners to differentiate through innovation and value-added services

2017PF FIGURES*

- **€1,428m revenues**
- **€371m EBITDA**

Revenues by geographies (%)



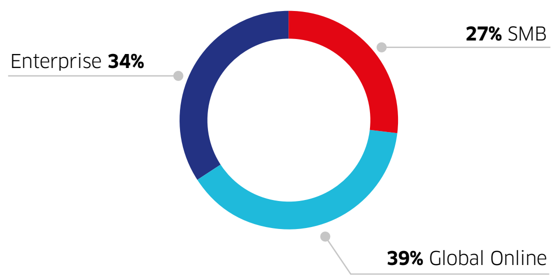
Retail (Direct)

Delivering value directly to all merchant segments

2017PF FIGURES*

- **€1,286m revenues**
- **€940m net revenues**
- **€178m EBITDA**

Revenues by business line (%)



* *2017 pro-forma figures including acquisitions since January 1st, 2017.*

Banks & Acquirers: allowing our partners to differentiate themselves through innovation and our value-added services.

The financial institution / acquirer market

Acquirers are companies that manage payment service contracts with merchants: banks, electronic transaction management companies working on behalf of banks, telephone operators, processors, and solutions distributors.

Ingenico Group has therefore created a Business Unit to address the specific requirements of this indirect distribution channel. The Banks & Acquirers offering allows our partners to offer merchants secure payment solutions and services by reducing the complexity of payment management whilst differentiating their offering from the competition. To achieve this, the Business Unit relies on the capacity for innovation of Ingenico and Landi, the Group's Chinese subsidiary, to offer an optimized range of terminals as well as value-added solutions for the merchant. Its business activities therefore cover the complete scope from design of the offering to after-sales service.

Ingenico Group now works with the major financial institutions, with an acceptance network of more than 1,000 banks and acquirers.

Some of the world's biggest banks place their trust in Ingenico Group, including Barclays, Crédit Agricole, Crédit Mutuel, Bank of China, Garanti Bank and Bank of America. Ingenico Group also works with major acquirers such as Cielo, Redecard, Elavon, First Data, etc.

Retail: supporting merchants to enhance their performance

The e-payment market is evolving very rapidly as consumer usage expands. For merchants, this leads to growing complexity between geographical expansion, multiple distribution channels and services that must be available without interruption. They therefore have many specific requirements and their consumer experience must be frictionless and as straightforward as possible.

The Retail Business Unit helps large-scale distributors, small and medium-sized merchants, and e-merchants to support consumers in their omnichannel purchasing journey, to develop their cross-border activities and to increase their conversion rate. It combines a product offering comprising terminals and integrated in-store and online payment services with omnichannel payment solutions, to offer its customers free-flowing, unified services. The Retail Business Unit handles the full scope of activities, encompassing the design, preparation, marketing and operation of online and omnichannel payment services. It relies on its regional sales teams to develop its sales worldwide.

The Business Unit was recently organized into three divisions addressing the separate requirements of the various market segments:

- SMBs (small and medium-sized businesses) : 306,000 merchants/15 markets;
- Global Online (digital players) : 497 millions transaction volume/€45 billions transaction value;
- Enterprise (large-scale distribution and organized trade) : 4.7 billions transaction value/€197 billions transactions value.

Key priorities : delivering value whatever the channel

BANKS & ACQUIRERS

- **BRING** payments in every touchpoints, from desk to IoT
- **DELIVER** innovative solutions to banks and acquirers through tools and technology
- **DEEPEN** the relationship with our partners
- **ADAPT** our solutions according to markets maturity

RETAIL

- **DELIVER** differentiated value proposition to all merchants
- **DEPLOY** full service offering across all segments
- **EXPAND** our merchant base
- **LEVERAGE** geographical growth opportunities

SMBs

Building on the acquisition of Bambora, the division helps its merchants to take advantage of clear, fully integrated offerings, to streamline the management of their e-payment solutions with transparent pricing. The goal of this division is to provide offerings that are simple to integrate with the existing infrastructure, omnichannel solutions to improve the consumer experience, and offerings that create value for the merchant in addition to e-payment alone, *via* business-focused value-added services.

The division uses the Group's assets by combining terminals and transactional services up to acquiring, and incorporating a full installation and maintenance service, including software updates.

In 2017, the division had more than 300,000 merchant customers in 15 markets.

Global Online

The e-commerce market is expanding rapidly and online players aim to take full advantage of sector trends. Their goal is to offer customers the best possible environment for conducting a transaction and so maximize the conversion rate (number of purchases completed compared to number of purchases started). With this in mind, the entire customer experience must be controlled, from the homepage to the transaction management page and from a visual as well as a technical point of view.

It is in this context that the division offers online payment services that allow major online merchants to maximize their performance without having to worry about the technical side, whatever the complexity of transactions made and whether they are domestic or cross-border. In addition to technical matters, Global Online helps its customers to optimize their e-commerce websites and makes recommendations with regard to the payment methods needed to maximize their performance.

In 2017, the division's activities billed €45 billion of transactions, or a unit volume of 497 million transactions.

Enterprise

The customer relationship is evolving rapidly: consumers are now well-informed and seek the best product, at the best price, with the most comprehensive service package available. At the same time, the diversification of sales channels (in-store, e-commerce, mobile platform, connected commerce) creates new opportunities for retailers, who are thus reinventing the shopping experience and enhancing their brand promise.

Ingenico Group is leveraging its strong historical position in the payment terminals market, which it has expanded to incorporate in-store, online and mobile payment services, to provide merchants with innovative, omnichannel, secure and seamless solutions to meet the needs of a new generation of consumers.

The Group partners with many of the world's largest retailers and major multi-site brands, and counts among its customers: Ikea, Walmart, Starbucks, Home Depot, Best Buy, Tesco, Fnac, Coles, McDonalds, Burger King, Crate & Barrel, Staples, and Picard, etc.

In 2017, the division's activities billed €197 billion of transactions, or a unit volume of nearly 5 billion transactions.

1.1.4.3 Innovation at the heart of the strategy

Innovation is required to stay ahead and to continue to help merchants in the constantly changing world of commerce. It allows the Group to better respond to changing consumer lifestyles and changing interactions between merchants and their customers, whatever the sales channel of the product or service.

Ingenico Group's innovation strategy is based on:

- internal R&D;
- selective partnerships;
- targeted acquisitions.

The dynamic internal R&D team is the backbone of the Group's technological advances, and is bolstered by innovative resources stemming from the Group's partnerships. Together, they generate the fast turnaround required to respond to the evolving market. In 2015, Ingenico Labs was created to support innovation across the Group.

Ingenico Labs

An organization dedicated to innovation, Ingenico Labs was created to research future solutions for the Group. Composed of marketing experts, engineers, researchers, as well as decision-makers of strategic partners, this unit works closely with all Group entities to define the merchant practices of tomorrow.

To accomplish this, the Group has developed partnerships with major players in the digital world for the deployment of new contactless payment methods. These include Apple, Samsung, Google, and Intel.

In 2017, Ingenico Labs continued its work in the areas of the Internet of Things (IoT), Artificial Intelligence and conversational trade. In terms of IoT, Ingenico Labs integrated payment into new connected objects such as Pepper, Softbank Robotics' robot hostess.

A major trend in coming years concerns messaging platforms, widely used by new generations of consumers, that enhance the customer experience. To meet new challenges, Ingenico Labs worked with messaging platforms, mobile network operators, and start-up companies to create several proof-of-concepts such as the BuyButton for a website. As a result of this work, Ingenico Group invested in the Joinedapp start-up, whose e-commerce solution it has developed based on chatbots to incorporate payment. Consumers can thus complete their purchases from their preferred messaging app.

Finally, while two basic trends are converging – the adoption of driverless vehicles and the advent of the sharing economy – Ingenico Labs has developed an embedded payment solution for Navya's driverless taxis in just a few months.

Internal R&D

Research and development (R&D) lies at the heart of the Group's work on innovation and improvement of its products and services.

The Group dedicates considerable resources to innovation and R&D in order to maintain its leading position in the payment services market, where technological and regulatory changes occur constantly, but also to develop seamless payment services for merchants looking to simplify payment methods while facilitating the payment experience for consumers. In 2017, the Group continued to invest significantly in R&D, spending over 7% of its revenue and dedicating 26% of its workforce to this area.

The Group holds patents for all of the technologies essential to its business lines, in particular related to terminals, software, and security. The patent development policy combines in-house R&D with intellectual property rights acquired from third parties.

With multiple interaction points between the corporate and local R&D teams, the Group ensures that each region develops applications tailored to the specific requirements of its market. This has enabled the Group, for instance, to:

- deploy iSMP for Apple, a multiple payment solution (for EMV chip & PIN cards, magnetic stripe cards and contactless cards) that works with an iPhone® or an iPod Touch®. This solution combines the sale and payment in one transaction, increasing cash-out capabilities, and significantly reducing payment transaction time;
- work towards financial inclusion in South-East Asia and Africa, and more specifically in India with Fino, to enable the unbanked population to access financial services and start small businesses;
- launch a new terminal in Turkey, in early 2014, that combines payment, cash register and fiscal memory functions, in response to the market reorganization required by the Turkish state;
- install nearly 50,000 Tetra terminals in Australia, enabling acquirers to provide innovative offers combining payment and value-added services to their merchant customers;
- deploy over 20,000 integrated POS solutions in Italy which allow merchants to seamlessly combine mPOS tablet solutions with payment services. Based on an innovative API offer, Integrated POS reduces complexity for merchants and helps them to better run their businesses;
- launch APOS worldwide in 2016, after its successful introduction in China. APOS is the first Android terminal compatible with Ingenico payment services.

Selective partnerships

The Group's internal R&D, combined with selective technological partnerships, accelerate the penetration of certain markets or technologies. That is why the Group has partnered with:

- Atmel for the silicon in secure processor cores;
- Morpho to integrate biometric identification into our terminals;
- other partners for non-payment technologies such as color touch screens, secure keypads, communication modules, etc.

The Group has also worked alongside specialist investor Partech to launch Partech Growth, a venture capital fund for future giants of the technology and digital worlds. The aim of this investment is to foster the sharing of ideas, experience, and expertise. It is also likely to lead to new partnerships. Finally, Ingenico Group signed a partnership in 2017 with European accelerator The Family, to offer its online services to start-ups as part of the benefits offered by the incubator and to further the Group's expertise in the field.

1.1.4.4 Technology and security expertise

Ingenico Group's ambition is to reduce the ecosystem's growing complexity while allowing merchants to increase their sales, whatever the channel, through smart and secure payment services.

Security, enshrined in the Group's DNA

Security is a key factor in terminal design and a priority in every service offered. Payments are being made in new ways, becoming digitized, and making the role of security ever more important. Ingenico Group's R&D Department and its Research Division, Ingenico Labs, include teams that are dedicated exclusively to security and tasked with anticipating changes in standards. The Group continuously monitors compliance with the latest international and local standards, but it is also involved in creating them – whether for card services (*e.g.*, PCI SSC, EMVco, etc.) or digital solutions (W3C).

Always at the cutting edge of secure payments, and regularly obtaining new certifications reinforcing requirements related to security, Ingenico Group offers its customers an unparalleled level of security. In November 2016, the Group became the first payment services provider to obtain PCI-PIN Transaction Security version 5.0 approval – the highest security standard in the industry. In addition, in 2014, the Group was one of the first players to obtain PCI DSS end-to-end encryption certification.

Meanwhile, since May 2013, the Group has been a member of the Board of Advisors of the PCI Security Standards Council, a forum for the development of payment card security standards, and has recently joined the new Web Payments Interest Group (W3C) in order to profit from the unique ability of the Web to bridge ecosystem diversity and reach users anywhere, in any channel.

For the Group's online business, ensuring the security of data transfers and online merchants' electronic payment transactions is a key part of its offering. Dedicated teams work daily to manage all the risks related to transactions, in accordance with current laws and regulations.

All solutions have PCI DSS Level 1 certification. In addition, Ingenico Group is a member of the PCI Security Standards Council and so contributes to new developments in the PCI Data Security Standard (DSS) and other payment card data protection standards. The division is in compliance with ISAE 3402 Type II for the processing of all payment products.

EMV, historical expertise

Ingenico Group was founded nearly 40 years ago in France, the country that invented the chip card. All aspects of the payment and secured transactions management culture associated with the EMV standard are in the Group's DNA. This standard has been widely adopted throughout the world. Beyond its leading position in EMV Chip & Pin payment services, Ingenico Group is also involved in EMV migration as a technical associate member on EMVCo's Board of Advisors.

1.1.5 Payment: a competitive market

1.1.5.1 In-store

A concentrated payment terminal market

Market consolidation

The payment terminal market has been consolidated in recent years, mainly through five major business deals:

- Verifone's buyout of Lipman in April 2006;
- Ingenico and Sagem Monétel's merger in March 2008;
- Hypercom's buyout of the Thales e-Transactions unit in April 2008;
- Verifone's buyout of Gemalto's payment terminal business in December 2010;
- Verifone's buyout of Hypercom's business (excluding the US, Spain and the UK) in August 2011.

Following these transactions, the market is consolidated around two key players. The Group also competes with more local players such as Pax.

In 2017, Ingenico Group consolidated its leading position, with an estimated market share of around 40%(1) of the payment terminals market and over 30 million terminals installed worldwide.

High barriers to entry

Ingenico Group operates in a local and global ecosystem: its payment terminals and secure transaction systems must not only be certified to meet global standards – mainly those defined by the Payment Council Industry – but must also obtain the mandatory local certifications for the various applications used in each country.

In addition to these regulatory constraints, other obstacles include regional differences regarding payment customs and specific demands among banks/acquirers in terms of applications.

Ingenico Group's large portfolio of applications is a significant asset: it manages over 2,500 applications for its customers.

Mobile payment services market expanding the traditional market

The development of intelligent mobile platforms (smartphones and tablets) has given rise to the emergence of new suppliers of solutions (such as SumUp, iZettle and Square in North America). These suppliers' solutions enable payment transactions *via* smartphones and tablets, targeting what, until now, was essentially an underdeveloped market consisting of self-employed entrepreneurs, pop-up retailers, mobile business owners and artisans.

The solutions currently available are not always in line with global and local regulatory requirements, especially in relation to security. Nevertheless, these new methods of payment have revitalized the electronic payment market and provided a boost to the micro-business sector for which the Group provides solutions through its Mobile Solutions offering.

A local and fragmented payment processing market

The in-store electronic payment processing market is a key market, but it is local, fragmented, and has strict barriers to entry. Indeed, each country has its own payment protocols and applications, every type of merchant has different needs and consumers also have different payment habits (for instance: local credit cards or debit cards). In addition, payment processing is generally integrated into a global IT infrastructure and requires specific developments.

Many local players coexist, such as Nets or Point (Verifone) for small merchants in the Nordic countries, Worldline in France and Logic Group in the UK for the largest retailers, in parallel with Ingenico Group's presence in the Nordic countries (Bambora), in France (Axis) and in Germany (easycash).

With regulatory changes and the implementation of the new European payment market (SEPA), large retailers need to standardize and manage their card payments based on European standards. Consequently, it is increasingly important for a payment platform to be able to manage cross-border transactions.

The size of this market is increasing around the world as the electronic payment industry matures, and it is driven by two main pillars: the development of electronic transactions in emerging countries and the expansion of payment infrastructure outsourcing in more mature countries. This phenomenon is fostered by the growing complexity of the payment ecosystem and increasing security requirements, which are pushing merchants to work more and more with suppliers like Ingenico Group.

1.1.5.2 Online payment, a growing market

The strong organic growth registered by the online payment processing market is related to the expansion in e-commerce.

The online payment market is also local and fragmented, for the same reasons as the in-store payment market, as described above. Whether it is the gateways or full service segment, markets in which Ingenico Group is positioned, they are driven by purchases from mobile phones and digital tablets, which already account for more than 50% of online retail transactions and whose growth already exceeds that of traditional e-commerce. To meet this growing consumer need, the Group has developed a unique solution called "Ingenico Connect". In addition to offering a wide range of local payment methods, Ingenico Connect offers new APIs for an optimal payment experience on any device.

Finally, although the online payment market is still very fragmented, some global players have emerged in recent years, such as WorldPay, Wirecard, Adyen, and Ingenico Group.

(1) Market share calculated based on the number of terminals delivered in 2017.

1.1.5.3 Unique omnichannel payment services

The interaction of all three payment channels (in-store, online, and mobile) is now a key challenge for all merchants, regardless of their size.

Currently, there are very few omnichannel solutions. Indeed, few players from the physical world are present in the online payments market, while few online payment players have a presence in the physical market. When this offering exists, it tends to be limited to a very small number of countries.

Thanks to its historical expertise in in-store electronic payments and its acquisitions in online payment, Ingenico Group is very well positioned to meet these new challenges.

1.2 RISKS FACTORS

Ingenico Group conducts its business in a changing environment and is exposed to risks which, if they were to materialize, could have a significant adverse effect on its activities, its financial position, its assets and liabilities, its results, its outlook, or on the Company's share price.

This section presents the significant risks to which the Group believes that it is exposed as at the date of this Registration Document. However, other risks that the Group is not aware of or whose realization is not considered, at this date, as likely to have a material adverse effect on its activities, its financial position, its assets and liabilities, its results, its outlook, or on the Company's share price, may exist or occur.

The Audit and Finance Committee periodically reviews and conducts assessments of potential risks that could adversely affect the work carried out within the Group, as well as the suitability of the procedures in place. The committee conveys its main findings to the Board of Directors.

1.2.1 Business and strategic risks

Risk of not meeting targets

The Group's financial performance depends on a variety of factors, and specifically on its ability to do the following:

- increase revenue from the Group's traditional payment terminals business while maintaining the margin level;
- increase revenue from the Group's services business, in particular *via* the development of online payment and mobile payment transaction management services and the sales of these value-added services;
- streamline and effectively leverage the technical infrastructure and platforms used for Transaction Services;
- control operating costs and costs associated with the development of services and software solutions.

The Group's financial management carries out monthly performance analysis and regular earnings forecasts and regularly informs the Board of Directors of results and any changes.

However, the Group's business, results and financial position could be affected:

1) if the Group were to fail to achieve all or some of its targets;
2) if prices in the payment terminals market were to fall significantly and continuously;
3) if the growth in demand for payment terminals slowed significantly or if the volume of business in Transaction Services decreased significantly due, for example, to unfavorable economic conditions which could result in a major decline in consumption.

The Group's 2018 objectives are described in section 4 of this Registration Document.

Risk that additional financing will be needed

The Group could require additional financing, for example:

- if the Group maintains its policy of expanding through acquisitions in order to develop synergies with its businesses, to acquire installed terminal populations to accelerate the implementation of its service strategy, or to purchase payment technologies that complement payment terminals (*e.g.* online and mobile technologies);
- if technological changes compel the Group to invest substantially in new technology and new terminal and service offerings;
- if revenue and margins contract as a result of events over which the Group has no control;
- or, more generally, if the electronic payment market undergoes major change.

The Group cannot always be sure that it has adequate financing in place at the right time, and without it, its ability to grow could be adversely affected. The Group does have unused sources of financing as described in Note 9.e. "Financial risk management" to the consolidated financial statements as at December 31, 2017, and has also introduced a decision-making process designed to anticipate future needs.

Risk related to the Group's dependence on specific suppliers

The Group has entirely outsourced the production of its payment terminals to specialized leading electronic assembly companies known as EMS (External Manufacturing Services). The Group currently works with two of the world's five largest electronic sub-assembly subcontractors, Flex and Jabil, which handle the bulk of its production work at sites in Brazil, Malaysia, Russia, and Vietnam. Most of the payment terminals are produced at several sites, so that production could be shifted from one EMS to another in the event one of them fails. As part of business continuity plans, Flex and Jabil have identified alternative production sites, and would be able if necessary to turn to new suppliers within a reasonable period. Although the geographical spread of the various EMS production facilities, takes geopolitical and natural risks into account, the Group cannot guarantee that in the event of major political problems, a shift in production site would not generate temporary hardware manufacturing difficulties.

As part of its payment services activities across all sales channels (in-store, online, and mobile), the Group engages in partnerships with a variety of Tier 1 acquirers. In the event of failure of one of its partners, the Group would turn to new suppliers identified within reasonable timeframes. However, the failure of several partners could affect the Group's ability to exercise its payment services activities.

Risk related to the Group's dependence on specific customers

Although the Group sells to a large number of customers, some generate a significant portion of its revenue. The Group's top customers, top five customers and top ten customers accounted for 2.3%, 9.5% and 15.4% of its revenue, respectively, in the year ended December 31, 2017. A loss of, or decrease in, business with one or more of these customers could result in a proportional reduction in total revenue.

	2017		2016	
	In millions of euros	% Revenue	In millions of euros	% Revenue
Revenue derived from the top customer	56.5	2.3%	50.3	2.2%
Revenue derived from the top five customers	237.8	9.5%	218.2	9.4%
Revenue derived from the top ten customers	386.4	15.4%	386.2	16.7%
GROUP REVENUE	**2,510.4**		**2,311.9**	

Component sourcing risk

The Group is dependent on adequate component sourcing from its EMS payment terminal manufacturers. Because component shortages are a clearly identified risk in the electronics industry, the Group takes all due care to monitor industry forecasts, and the Operations Department checks those forecasts against the Group's sales forecasts in order to anticipate the risk of component shortages. To better anticipate sourcing disruption risks caused by shortages, supplier failures or natural risks, a multi-sourcing policy is consistently applied where possible and, in certain cases, security stocks are created for critical components. Moreover, some key suppliers are required to have two production sites for sensitive components. These preventive measures introduced by the Group cannot, however, entirely eliminate the risk of component shortages.

At December 31, 2017, the Group had placed approximately €89.5 million in firm price orders with its manufacturers (see Note 13 "Off-balance sheet commitments" to the consolidated financial statements as at December 31, 2017).

In addition, as part of the outsourcing of the production and assembly of its payment terminals to EMS (external manufacturing services), the Group has made several inventory buyout commitments to its suppliers. The Group recognizes a provision for supplier inventory buyout commitments to cover the risks associated with these agreements, particularly the risk that components held by suppliers may become obsolete and the risk that supplies may exceed planned output. A provision for the full value of components declared obsolete is recognized. The Group estimates excess supplies by comparing the procurement and production plans. The provision recorded in the consolidated financial statements as at December 31, 2017 for supplier inventory buyback commitments came to €4.1 million (see Note 8 "Other provisions" to the consolidated financial statements as at December 31, 2017).

Risk related to hardware manufacturing

A single operating or manufacturing defect or the use of faulty components in any of the Group's products and systems could result in product liability lawsuits of varying size which could damage its reputation and adversely affect its business, results of operations, financial position, and ability to meet its objectives.

The Group has implemented a quality control procedure designed to reduce risks *in situ* at EMS sites.

In this respect, a provision for warranties is recognized by the Group when the corresponding goods or services are sold. As at December 31, 2017, the provision for warranties recorded in the consolidated financial statements amounted to €16.0 million (see Note 8 "Other provisions" to the consolidated financial statements as at December 31, 2017).

Moreover, a provision for product quality risk is recognized when this risk is not covered by the provision for warranties. As at December 31, 2017, the provision for product quality risks recognized in the consolidated financial statements amounted to €5.9 million.

Risk related to transaction service provision and service availability

In the context of developing its Transaction Services activities, Ingenico Group makes increasing use of several service providers for its platforms.

Providers are selected through competitive bidding on the basis of Ingenico's operational and financial specifications. The Group's relations with its service providers are contractually stipulated. However, any failure on their part to provide the services regularly required by the Group's operations, particularly with respect to online and point-of-sale payment capabilities, could affect Ingenico Group's service business and its customer relationships.

Counterparty risk

The acquisition and collection businesses expose the Group to counterparty risk. If a merchant defaults and is unable to meet its service obligations to end customers, the Group might be required to reimburse those customers for certain payments to the merchant, with no guarantee of recovery from the latter.

The Group has developed a methodology for conducting a detailed analysis of the risks associated with each type of service it offers in order to improve risk monitoring and be able, if necessary, to calibrate the guarantees demanded of counterparties more effectively. The primary purpose of this approach is to limit the impact of counterparty risk on the Group (see Note 9.e. "Financial risk management" to the consolidated financial statements as at December 31, 2017).

Risk related to a global business

The Group markets its products and services in more than 170 countries around the world, and intends to grow its business.

The primary risks associated with its international business operations are the following:

- local economic and political conditions;
- exchange rate fluctuations;
- restrictions on capital repatriation;
- unexpected changes in the regulatory environment;
- a variety of tax regimes that may adversely affect the outcome of the Group's business or its cash flow, particularly regulations on transfer pricing, and withholding taxes on remittances and on other payments made by the Group's associates and subsidiaries;
- import restrictions;
- customs duties, controls on exports of products and services and other trade barriers.

The Group carries out an in-depth review of each country, studying the local market and assessing the possibilities for starting up operations. Consistently strict terms of payment are applied, especially in countries in Africa, the Middle East, Southeast Asia, and Eastern Europe.

Despite the procedures introduced by the Group, it cannot fully guard against or provide coverage for these risks, and may experience difficulties in any one of the countries where it does business. This could adversely affect its overseas employees and/or its results.

Risk related to the Group's expansion

The Group's development strategy involves both external growth worldwide and the expansion of its existing businesses. Although the Group examines and investigates any investment project under a very stringent procedure involving the participation of a number of key functions, it is still possible that:

- assumptions underlying the profitability of investment projects are not verified;
- certain elements are not identified during the acquisition process and could subsequently have a negative impact;
- it does not successfully integrate acquired or merged companies.

As a consequence, the expected benefits from any future or completed external or internal growth efforts might not be realized within the expected periods or at the predicted levels, thus impacting the financial position of the Group.

The Group must also maintain an ability to adapt its structures swiftly in order to adjust to changing technology, payment methods and customer demand. The Group might fail to invest in products and services that respond to demand at competitive prices or to adjust its products and services, costs and organizational structure in a timely fashion and might have trouble completing specific critical projects. Such a development could adversely affect its business, financial performance and ability to meet its objectives.

Human resources risks related to the Group's development

Operating in a business sector governed by major technological changes and competitive pressures, Ingenico faces significant challenges in attracting, developing and retaining the skills necessary for its growth. By not having timely access to these skills, quantitatively and qualitatively, the Company could run a risk of slowing down the implementation of its strategy. The Group must therefore ensure that it:

- has the necessary skills at all times, particularly in the field of software engineering, which is central to the design of the payment services offering;
- develops managerial skills at all levels to drive its continued transformation;
- effectively integrates new employees, especially in the case of acquisitions;
- becomes a benchmark employer in the Fintech sector.

Several programs and initiatives have, therefore, been implemented to prevent this risk. These mainly cover the following areas:

- using a "strategic workforce planning" approach to clearly define changes in the needed skills and manage the transition between skills;
- developing an employer brand and bolstering its appeal in terms of recruitment (through increased use of social networks, for example);
- training all employees, particularly with increased use of its e-learning platform;
- engaging employees through the use of worldwide digital tools for internal communication and collaborative working;
- retaining key talent, including through long-term Group compensation plans and specific plans in the case of acquisitions.

Ingenico Group thus has a proactive and multi-faceted approach so as to ensure that it has the talent and skills necessary for its future success – but with uncertainty about the level of impact these actions will have on recruiting the resources needed for its development, at the right time or under satisfactory conditions.

1.2.2 Environmental and social risks

The main environmental risks to which Ingenico Group is exposed derive from increasingly stringent environmental laws and regulations. However, the Group has not identified any environmental litigation or environmental situations that may negatively impact its assets or its results or affect the use of its property, plant and equipment. Consequently, no provision for environmental risks was recorded for the 2017 fiscal year.

The environmental and social risks for Ingenico Group are within its supply chain.

Actions taken to address these risks are set out in Sections 2.5.5 "Compliance with applicable environmental regulations" and 2.4.6 "Supply chain management" of this Registration Document.

Risks related to changes in legal environmental requirements

Ingenico Group undertakes to apply the various environmental regulations in force. Given that they are constantly changing, the risk of non-compliance cannot be totally ruled out. In this case, Ingenico Group could be required to pay fines and the authorities could even prohibit the communication of its products.

To address such risks that could adversely affect the Group's reputation or its results, Ingenico Group has devised and developed a prevention policy for environmental risks as part of an environmental management system that is certified to ISO 14001:2015. This policy includes an environmental monitoring mechanism to help it anticipate regulatory changes that affect the way it does business.

Ingenico Group has implemented contractual measures to prevent the use by its suppliers of six substances deemed hazardous to human health and the environment by the EU's Restriction of Hazardous Substances Directive (RoHS 2).

Under REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) rules, Ingenico Group requires that its suppliers do not deliver components that contain substances identified as "Substances of Very High Concern" (SVHC) by the European Chemicals Agency (ECHA).

Suppliers are asked to provide supporting documents and laboratory analyses are conducted on certain components or products.

In accordance with the Waste Electrical and Electronic Equipment (WEEE) directive, the Group provides collection and recycling programs for Ingenico products end-of-life for its customers in Europe. Programs of this type are also established on a voluntary basis, outside the European Union.

Financial risks connected with climate change effects

Ingenico Group has not identified any financial risks connected with climate change effects that may directly impact its activities. However, the Group has voluntarily committed to a low-carbon strategy (for more details please refer to section 2.5.3.1 "Analysis of greenhouse gas emissions").

Risks related to the social and environmental practices of suppliers and subcontractors

Ingenico Group requires its suppliers to abide by the rules set out in its Code of Ethics and Business Conduct, such as respect for human rights and protection of the environment.

In order to identify the social and environmental risks within its supply chain and implement suitable procedures, in 2017 Ingenico Group launched a mapping initiative for its suppliers and subcontractors.

Subcontractors responsible for the assembly of terminals (excluding Landi and Healthcare) are signatories to the RBA (Responsible Business Alliance, formerly EICC) code of conduct and all of the Group's terminals (including Landi and Healthcare) are assembled on industrial sites certified to ISO 14001, thus ensuring that social and environmental aspects are taken into account in the processes for assembling Ingenico products. The Group also has dedicated teams at key production sites who monitor the assembly lines on a daily basis, and ensure that subcontractors conduct their business activities in accordance with the practices prescribed by the Group.

Ingenico Group also incorporates social and environmental requirements in contracts that the Company signs with its industrial partners, whether with the assembly sites for Ingenico products or strategic component suppliers.

Lastly, to strengthen the transparency of its supply chain, the Group endeavors to trace the origin of so-called “3TG” minerals (tin, tantalum, tungsten and gold) that are included in the composition of its products to ensure that they do not benefit armed groups violating human rights in the Democratic Republic of the Congo and neighboring countries. It also intends to strengthen its control of the provenance of cobalt, a controversial substance used in the electronics industry.

Despite the policies instituted by the Group and because the risks of harming the environment and human rights are not limited to the Group’s business activity, it is not always possible to guard against social and environmental risks. If one of these risks should arise, the Group’s business, results of operations, financial position and ability to meet its objectives could be adversely affected.

1.2.3 Risks related to technology and data security

Risks related to PCI standards

The security standards established by the PCI SSC (Payment Card Industry – Security Standards Council) are designed to enhance card payment data security by promoting the broadest possible implementation of the specific standards relating to the various components of card payment transactions. The main standards are the PCI PTS (Payment Card Industry – PIN Transaction Security) and PCI DSS (Payment Card Industry – Data Security Standard). PCI PTS for PIN code entry aims to guarantee that the cardholder’s PIN is always processed securely by the PIN entry device and ensures the highest level of payment transaction security. The aim of PCI DSS, which relates to the digital and electronic banking environments of merchants and payment service providers, is to ensure that private cardholder data and sensitive transaction data are always processed securely in systems and databases. This standard is mandatory for all systems that process, store or transmit such data, regardless of whether payment is made with a payment card.

Updates to these standards involving changes to existing requirements are managed by PCI SSC and its founding members (Visa, MasterCard, American Express, JCB, and Discover), in consultation with stakeholders from across the electronic payment industry (*e.g.*, local banking entities, payment terminals and services providers, regulators, merchants, banking associations, and banks). This organization offers manufacturers the opportunity to take part in shaping the standards and their implementing rules. Ingenico Group is a “participating organization” in the PCI SSC, with a seat on the Board of Advisors. As such, it has a say in defining specifications and ensuring their consistency with the requirements of the various stakeholders. These standards remain valid for a minimum of three years. Ingenico Group’s product and solution development teams take these new standards into account right from the initial design stage.

Whenever these standards are modified, changes have to be made, not only in the kernel software that manages security components, but also in the terminal hardware. From one version to another, the implications for Ingenico Group in terms of investment may therefore be quite significant.

Ingenico Group takes all the necessary financial and engineering steps to bring its new payment terminals into line with the version of the PCI PTS in force, which has resulted in increased security for payment card interfaces (magnetic stripe, chip, and contactless) and stronger PIN protection. Although the certification process is extremely robust, there is a risk that once in use, specific products might reveal defects that could subsequently lead the PCI Council to challenge their certification. In the event of a withdrawal of certification, such a challenge could lead to prohibition of sales of the product, resulting in decreased revenue and a financial loss.

As a provider of payment services, particularly centralized payment solutions for large-scale retail businesses, and online payment solutions (e-Commerce) Ingenico Group must also comply with the PCI DSS. Ingenico Group’s payment services are all subject to an annual third-party audit by a Qualified Security Assessor (QSA) certified by PCI SSC. Again, this audit process provides a reasonable level of confidence in system security, but is not an absolute guarantee of the impossibility of a breach of networks and servers, which may lead to theft of sensitive data.

As with PCI PTS, changes in this standard would entail changes in the architecture of data processing systems, networks and servers that would require substantial investment by Ingenico Group.

The Group maintains an ongoing relationship with those responsible for PCI SSC and payment schemes (international and national) to ensure that the Group can address all aspects of current and forthcoming standards in the best possible conditions, and to ensure that it is in a position to anticipate trends and prepare for future investments and corrective expenditures. Despite this close relationship, Ingenico Group might not have all the information required to be able to avoid fraud or security breaches with regard to its certified payment terminals and solutions. Such occurrences could damage its reputation in a way that could affect the Group’s corporate image and results.

Risks related to IT security

Payment terminals

In the course of its business activities, the Group places a significant number of terminals with merchants that allow them to accept a variety of payment methods.

Payment terminals play a central role in ensuring the security of sensitive data transfers and electronic payment transactions. Ingenico Group manufactures terminals that incorporate cryptographic technology and comply with PCI PTS security standards.

The Group has established a procedure for tracking terminal quality and security throughout the life-cycle, including design and production at EMS sites. Notwithstanding all these security measures, it can make no assurances that Ingenico Group payment terminals are completely secure, despite the certification applicable at the time of manufacture of its terminals or IT systems. Any security breach or any claims with respect to the security of its IT systems or terminals could therefore damage its reputation and adversely affect its business, results of operations, financial position and ability to meet its objectives.

Transactional platforms

In connection with its business activities, the Group receives, processes, stores and transmits a significant volume of personal information and payment data in electronic form *via* its transactional platforms.

A transactional platform is a set of IT resources (networks and servers) that handle sensitive data. All Group platforms are subject to special attention in terms of security and are protected by a set of measures, including but not limited to firewalls, integrity verification systems, intrusion detection and prevention systems as well as a security event surveillance system. These systems help to secure the platform and contribute to the compliance and certification of PCI DSS platforms.

Despite all these security measures, the Group cannot guarantee that there is no risk of intrusion into platforms for the purposes of stealing confidential information, notwithstanding applicable certification. Any security breach or any claims with respect to the security of its platforms could therefore damage its reputation and adversely affect its business, results of operations, financial position and ability to meet its objectives.

Risks related to information technology systems

The Group processes a large volume of data *via* its payment platform and its IT systems in order to ensure the smooth running of the transactions for which it is responsible. In particular, these systems include collection, accounting and management services for incoming and outgoing financial flows on behalf of the various operators in the payment services chain.

An interruption of service, a technical fault or a fault in the translation of contractual rules in systems could therefore lead, for example, to accounting errors, incorrect redirection of financial flows or a suspension of transactions due to systems being unavailable, and could have a negative impact on the Group's business and damage its reputation. Such a situation could have various origins, such as a computer attack (virus, ransomware, denial of service, etc.), a technical malfunction, human error or inadequate configuration of the IT systems.

The Information Technology Systems Department is in charge of security for the networks and systems as well as the applications essential to the Group's activity, and performs periodic penetration tests or back-ups. Despite such vigilance, any one of these incidents could have a negative impact on the Group's business and performance.

The introduction of new technologies (Cloud Computing, Bring Your Own Device), the evolution of industrial control systems, and the development of new tools such as social networks, expose the Group to new threats. The cyber risk, which includes computer hacking and attempted breaches exploitation, are increasingly targeted and carried out by real experts who can attack the Company as well as its private or public partners. More generally, a systems failure could lead to the loss or the leak of information, delays, and additional costs that could be detrimental to the Group's strategy or its image.

The Group applies IT security measures that are tailored to the identified risks.

However, in spite of the risk assessment procedures implemented by the Group, it may not be possible to guard against all technological and IT risks. Were such a risk to materialize, it could adversely affect Ingenico Group's business, results of operations, financial position, image and ability to meet its objectives.

Risks related to data protection

In the course of its business, the Group collects and processes various types of data, including personal data. The Group has taken steps to ensure the reliability of its data protection and security systems, and to reduce any potential risk, caused by a breach of security or of the personal data it processes.

Despite the measures taken by the Group to protect data privacy and security, the risk remains that data processing systems may be hacked or breached, which could lead to sanctions and damage the Group's reputation.

The Group is also exposed to the risk related to regulatory changes, particularly in terms of protection of personal data, set out in section 1.2.5 of this Registration Document.

1.2.4 Industry risks

Risks related to development of new systems and business models

The payment industry is subject to rapid and significant changes in services and technology, with the emergence of new payment terminal technologies (QR codes, biometrics, facial recognition, etc.) and alternatives to payment terminals (*e.g.* online and mobile payment).

Currently, microprocessor cards are the best platform for providing network services, personal identification, security, e-commerce and mobile commerce.

If, however, alternative solutions were adopted, this change could adversely affect its business, results of operations, financial position and ability to meet its objectives.

Continuing the Eurocard Mastercard Visa (EMV) deployment program and working closely with the leading suppliers of technology used in payment terminals (*e.g.*, contactless cards, mobile payment with Near Field Communication technology) mitigates its risk exposure should other systems and standards incompatible with secure payment systems be developed. Moreover, Ingenico Group has undertaken to develop specific expertise in managing such risks.

The Group continually monitors trends in payment technology and usage among banks and merchants around the world. The Group has already invested in companies offering innovative technological solutions that address the growing diversity of payment methods, including GlobalCollect for online and mobile payment, Ingenico e-Commerce Solutions, Ingenico Financial Solutions, and Roam Data Inc. With diversification in mind, in 2017 the Group acquired swedish group Bambora, enabling it to extend its presence in the value chain, particularly *via* its acquirer business.

The Group also monitors the development of payment methods offered by new significant players in the ecosystem such as Google and Apple. To date, the Group has signed agreements with Google and PayPal in the United States to facilitate the development of these solutions. However, the Group cannot rule out the emergence of alternative payment methods that might challenge the economic assumptions used in the Group business plan.

Therefore, and despite these initiatives, the Group might not succeed in, or might be late in, anticipating demand for new payment methods since technological change and the emergence of new methods of payment can have unforeseeable consequences. Such a development could adversely affect its business, financial performance and ability to meet its objectives.

Risks related to competition

In the payment terminals business

The payment terminals market is largely in the hands of two main global players. The Group could also find itself in competition with more local players.

Despite this high level of concentration, the Group cannot rule out the possibility that new manufacturers will make successful inroads into the payment terminal market. In particular:

- players in emerging countries may expand internationally;
- large companies that previously focused on secure electronic transaction processing may wish to move down the electronic payment value chain and include payment terminals in their offering;
- the emergence of new players using disruptive solutions or developing technologies believed to be less secure and potentially based on open platforms (Android, Linux, etc.).

Such additional competition could adversely affect Ingenico Group's business, results of operations, financial position, and ability to meet its objectives.

In the payment service business

The development of this business activity is contributing to the expansion of competition risks beyond the market for conventional payment terminals. The services provided by the Group (such as management of connectivity, transactions, management of installed terminals, transaction processing for in-store, online and mobile sales, and value-added services) are not generally offered by its traditional competitors, but by companies that may be partners or customers of the Group, or by companies with an established position as providers of one of these service packages. Payment services tend to be a competitive business involving fairly large companies (*e.g.* First Data International, Vantiv-Worldpay).

However, the Group believes that size is a factor of limited impact, since the payment market is local and segmented. The Group is defining an offer for customer-based and country-specific services and solutions that reflect local market structure and customer positioning.

Despite its credibility and the expertise it has gained in payment and value-added services through recent acquisitions, the Group may still be unable to achieve sufficient credibility as a payment service provider. Such a development could adversely affect its business, financial performance and ability to meet its objectives.

1.2.5 Legal and compliance risks

Regulatory risk

The Group's business activities are subject to many regulations, including commercial, customs, and tax regulations in France and internationally. Regulated payment services in particular are subject to stringent rules, especially at the European level.

Changes in any of these regulations or the terms of their application, especially the tightening of regulations governing payment and e-money institutions, may lead to some difficulties of application, or even different types of sanctions, which may have a material adverse effect on the Group's business, financial position, reputation and ability to meet its objectives.

Even if amendments to laws, regulations or standards did not apply directly to the Group, the impact on its financial institution customers may have indirect and significant repercussions on how the Group conducts business and the demand for the payment services it provides. In particular, the Group would need to adapt its systems and procedures to comply with new regulations.

Due to the increasing place of the Internet, mobile and IP-based telecommunication networks, a variety of laws and regulations are being drafted or amended (particularly to fight against money laundering and fraud) to address the issues of privacy, security, pricing, content, and quality relating to products and services. Growing concern about these issues, as reflected in the adoption of additional laws and regulations, could conceivably slow down growth in these areas, possibly resulting in lower demand for Ingenico Group's products and therefore adversely affecting its business, results of operations, financial position and ability to meet its objectives.

As such, the Group can neither guarantee that it has been, or will be, in all circumstances, in compliance with such standards or regulations, nor that it will avoid any costs or significant liability to ensure future compliance with such regulations, nor that it will be able to finance any such future liabilities.

Within the Group's Legal Department, the Group Compliance Officer function manages and monitors all matters relating to internal ethics and compliance within Ingenico Group. This function ensures the implementation of the various aspects of the Group's code of ethics, as well as the uniformity of ethics and compliance policies across the Group. In 2017, the Group Compliance Officer initiated a Group-wide project to ensure compliance with the General Data Protection Regulation (GDPR), which aims to implement GDPR obligations and provides the opportunity to reinforce best practice in the protection of personal data within the Group.

In addition, the Group may call on experts to conduct ad hoc checks on the compliance of some of its practices with applicable regulations.

Risk of unethical conduct

Ingenico Group looks after that all of its employees act at all times in accordance with the values of integrity and respect for the internal and external standards that are the foundation of its corporate culture.

The Group's Code of Ethics and Business Conduct, which covers employees and business relations (including suppliers and subcontractors), defines the standards and behaviors that apply to the Group's businesses (such as the rights of employees and compliance with the laws and regulations in force, etc.).

Any behavior which, despite the Group's best efforts, violates these values, could lead to the Group being held liable for that conduct and may have serious repercussions on its reputation.

In 2017, Ingenico Group launched the review of its Code of Ethics and Business Conduct, particularly in connection with the latest regulations published in the United Kingdom (Modern Slavery Act of 2015) and in France (anti-corruption measures in the law of December 9, 2016 relating to transparency, the fight against corruption and the modernization of economic life, known as "*Sapin 2*").

Fraud risk mapping also helps to prevent this risk. It enables the identification of players and tools designed to protect the Group against the risks of internal and external fraud. The analysis and prevention of risks related to fraud fall within the responsibility of the Audit Department.

Moreover, as part of its payment services for online and mobile payment channels in particular, the Group has implemented fraud-detection measures to reduce the risk of substantial losses due to claims by holders of credit cards issued by its merchants.

Risks related to intellectual property

Where a third party to deem that the Group's technology or products infringed upon its rights, and that Ingenico Group had not obtained the licenses required to use this technology, Ingenico Group might be prohibited from using the technology or selling the relevant products. In the case of such a legal claim, the Group could be confronted with significant costs, production delays, or could even be forced to redesign its products. Any one of these developments could adversely affect its business, results of operations, financial position, and ability to meet its objectives.

To ensure that the rights of third parties are guaranteed, whenever necessary, the Group conducts research on existing intellectual property and keeps a close watch over its portfolio. Ingenico Group also works with patent lawyers to keep abreast of any possible infringement complaints and legal disputes that might arise from them. Recently, companies known as "patent trolls" have sprung up in the United States and France. Ingenico Group has implemented specific measures to monitor this trend, and with the assistance of law firms specializing in intellectual property rights, defends itself against such improper practices in both the United States and France.

Based on the risk assessment performed by Ingenico Group to date and in accordance with the applicable accounting standards, no provision was recognized for such claims in the consolidated financial statements as at December 31, 2017.

1.2.6 Financial risks

A detailed analysis of market risk (interest and exchange rate risk) and counterparty and liquidity risk is available in Note 9.e. "Financial risk management" to the consolidated financial statements as at December 31, 2017. Ingenico Group has performed a separate review of its liquidity risk and deems that it has the means to meet its future obligations.

1.2.7 Non-recurring events and legal disputes

In the normal course of business, the Group may be involved in a number of administrative or judicial proceedings under which its responsibility may be engaged on a variety of bases.

1.2.7.1 Tax disputes

During fiscal year 2017 and previous years, Group companies were subject to tax audits and, on occasion, correction proposals. The financial consequences of such additional tax adjustments are recognized through provisions for the amounts that have been identified and accepted or are considered likely to result in an outflow of resources which can be reliably estimated.

The Group periodically reviews the assessment of this risk as audits or litigations progress, and is of the opinion that there are no ongoing audits that will have a material impact on its financial position or liquidity.

These tax disputes are detailed in Note 8 to the consolidated financial statements as at December 31, 2017.

1.2.7.2 Commercial disputes

Disputes are regularly reviewed by the Group's Legal Department and are covered by provisions when the Group considers it probable that an outflow of resources will be necessary to cover the risk incurred, and that a reliable estimate of this amount can be made. Reversals of unused amounts chiefly reflect the resolution of such disputes that were settled in the Group's favor, or in which the amount of the damages awarded proved to be lower than originally estimated.

1.2.7.3 Conclusion

As at December 31, 2017, Ingenico Group recognized provisions for litigation and claims totaling €6.1 million, in respect of various commercial disputes and various industrial tribunal disputes. These disputes are described in Note 8 "Other provisions" to the consolidated financial statements as at December 31, 2017.

To the best of the Company's knowledge, for the period covering the last 12 months preceding December 31, 2017, there are no judicial or arbitration proceedings of which the Company is aware that could have or have recently had significant effects on the financial position or profitability of the Company and/or the Group.

1.2.8 Insurances

The Group's policy is to purchase insurance from external sources so as to cover insurable risks to the Group and its personnel at reasonable rates. The Group estimates that the kinds of risks covered and the guarantees provided by its insurance policies are consistent with standard industry practice.

Ingenico Group's insurance program in 2017 includes the following coverage:

- civil liability;
- damages and business interruption;
- MAT insurance for shipped goods;
- directors and executive officers liability;
- fraud;
- cyber.

Any newly created subsidiary or company joining the Group during the year is immediately covered by this Group-wide insurance plan under the same terms and conditions, up to specific revenue and/or asset limitations.

The program operates on two levels:

- at the corporate level, there are worldwide insurance programs to cover the Group's main exposures;
- at the local level, subsidiaries have taken out insurance to comply with their local regulatory obligations, as well as coverage supplementing Group-wide insurance programs to cover their specific exposures.

The credit rating of the insurer is a key factor in the Group's choice of carrier.

It should be noted that the Company does not have separate insurance coverage for the risks of illness, resignation, or death of its key executives.

The premiums budget for the aforementioned global programs (including integrated local policies) is decreasing, despite the increase in revenue. It stands, on the basis of calls for funds billed and paid, at €1,532,575.

1.3 INTERNAL CONTROL AND RISK MANAGEMENT

The Company uses the international internal control framework developed by "COSO" (Committee of Sponsoring Organizations of the Treadway Commission, the conclusions of which were published in the United States in 1992) and applies the framework's general principles in outlining the description of its risk management and internal control system for this report. The Group decided to apply the new COSO 2013 framework published on May 14, 2013.

1.3.1 Definition and objectives

Ingenico Group's management approach strives for continuous dynamic adaptation of its internal control mechanism to the nature of its business activities, changes to its business model and its strategic objectives.

The Group's **risk management model** therefore strives to be comprehensive and to cover all its activities, processes, and assets. It must allow directors to maintain risk at acceptable levels. Risk is defined as a possible event that could have a negative impact on the Company's people, assets, environment, objectives or reputation.

Internal control is a process implemented by the Board of Directors, executives and employees of the organization, to provide reasonable assurance as to the achievement of the following goals:

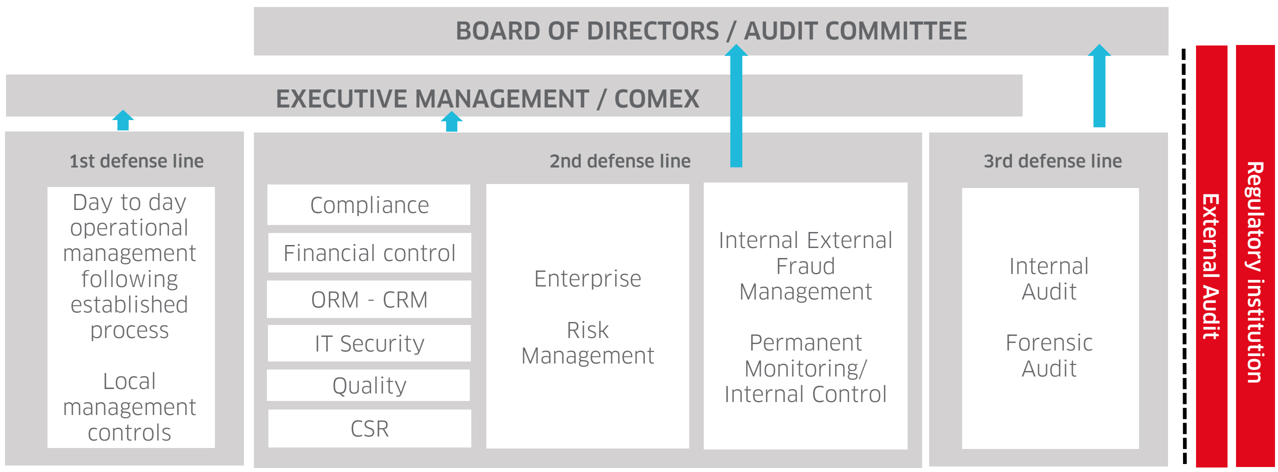
- with applicable laws and regulations;
- effectiveness and efficiency of operations;
- reliability of financial information.

The internal control system implemented in the Company, as well-designed and well-applied as it may be, can only give shareholders, executive officers and the Board of Directors reasonable assurance that the above objectives will be achieved.

Since September 2017, internal audit, internal control and enterprise risk management come under the Internal Audit, Internal Control and Enterprise Risks Department. Operational risks related to transactional activities and credit risk management across the entire Group come under the Credit Risks and Operational Risks Department.

To execute its risk management and control activities, the Company has adopted an organizational structure based on the three-lines-of-defense model in accordance with the principles set out in the COSO framework, covering operational management, transversal functions, and internal audit, with each one having a distinct role in organizational governance.

This model improves governance by clarifying the roles and responsibilities of each agent in charge of risk management and internal control, with the goal of strengthening the directing ability of the Audit and Finance Committee and of management in general.



Scope of internal control: the internal control and risk management system set up by the Company encompasses all companies included in the Group's scope of consolidation.

The Group ensures the existence and proper functioning of internal control and risk management systems in its subsidiaries.

1.3.2 Description of internal control and risk management procedures

The Company takes the same approach to internal control and risk management as the COSO framework, in which five components are defined:

- control environment;
- risk assessment;
- control activities;
- information and communication;
- monitoring.

Control environment

The control environment is the foundation for all other components of internal control. It encompasses the integrity, ethical values and competence of personnel; the management style of the executive team; policies on the assignment of authority and the organization and training of personnel; and the governance rules applied at the initiative of the Board of Directors.

The Company's **Board of Directors** includes an Audit and Finance Committee, the composition, meeting frequency and main responsibilities of which are described in this report. It plays a key role in monitoring internal control and risk management, since its responsibilities include:

- examining and assessing all points related to the preparation, auditing and publication of financial documents produced by the Company in connection with its financial reporting;
- reviewing the annual internal audit plan and monitoring the recommendations issued by the statutory auditors and the internal audit team;
- monitoring the performance of the internal control and risk management systems.

The **Code of Ethics and Business Conduct** sets out all the essential rules of conduct that the Group expects all employees, suppliers and subcontractors to abide by, and which apply to all business relationships. It is an important tool for maintaining the quality of the control environment within the Group.

A "**Gifts and Hospitality**" **policy** clarifies the rules applicable to all Group employees.

Whistle-blowing: this system provides a dedicated email address that can be used by any employee to report events that could be considered misconduct or in conflict with the Code of Ethics and Business Conduct. Reports are handled confidentially to protect employees and the rights of any other people involved.

Delegations of power were updated during the year for all directors of subsidiaries.

The **conflict of interest** questionnaire aimed at the management of the Group and the subsidiaries helps to ensure their independence in performing their duties, and to provide for continuous monitoring.

Self-assessments to evaluate the quality of the control environment within the Group's subsidiaries are conducted every two years, most recently in 2016. The aim is to ensure that all Group companies carry out self-assessments in relation to the priority control measures set out in the RedBook (internal control manual).

Risk assessment

Every entity faces a variety of risks from external and internal sources that may impact the achievement of its objectives and that must be managed, *i.e.*, identified and analyzed. The main risks facing the Company are described in section 1.2 of this Registration Document.

The Group's risk management policy defines the objectives of the process and the methodology for identifying, analyzing and managing risks. The Internal Audit, Internal Control and Enterprise Risks Department is responsible for implementing this policy by consolidating the analysis and building action plans together with the operational and functional departments and monitoring their implementation.

The process is presented annually to all Executive Committee members including Chief Executive Officer and Chief financial officer.

The Group updated its risk map in 2017. The risk map revealed 17 major risks. For each risk, the likelihood of occurrence, the potential impact and the effectiveness of existing control measures were assessed. Action plans are defined and steered by the managers responsible for each risk, having been specifically tasked with control plans and actions designed to reduce risks.

Similarly, the Group maintains a risk map focused specifically on potential fraud to enable it to identify actions to be implemented in order to reduce the risk of fraud and develop prevention measures. It was developed with the involvement of everyone in the Company who participates in their day-to-day work or through specific actions in setting up procedures, controls and tests to identify and mitigate possible scenarios for internal and external fraud, the analysis and prevention of which is the responsibility of the Audit and Internal Control Department.

The Audit and Finance Committee receives regular updates on risk management issues. A meeting is held once a year with the Audit and Finance Committee and the statutory auditors to discuss risk assessment and management and to review the Group's risk map and the related action plans.

To monitor the performance of the risk management process, the Board of Directors is informed by the Audit and Finance Committee of the main steps taken in risk monitoring, such as creating internal control positions in subsidiaries, introducing the code of ethics and delegations of authority and updating the internal control manual.

Control activities

Control activities can be defined as the application of policies and procedures that help ensure management directives are carried out.

At the initiative of Company management, a set of rules and procedures was gradually introduced for each executive, business or functional unit. The Group also rigorously and actively monitors the performance of each business unit and the application of the Group's policies.

The role of the Credit Risks and Operational Risks Department is to define and control the risks inherent in payment services activities, working in close collaboration with the Group's Executive Committee.

Within the Group's Legal Department, the Compliance function is tasked with monitoring the development of European regulations on payment services and establishing the procedures and resources necessary to comply with said regulations.

Employees are critical to the internal control environment, as each person plays a role at their particular level in the internal control and risk management mechanism.

The departments tasked with the Group's risk management mechanism have developed a "risk culture" that focuses on understanding risks and continuously improving internal procedures.

To enhance the consistency of rules and procedures, an internal control manual (RedBook) is communicated for all Group subsidiaries. Each chapter of the manual provides a detailed list of the control objectives to be achieved. A list of key controls to be implemented includes controls in place among all Group entities as well as controls specifically developed for activities in connection with terminals and payment services. This manual has also been brought in line with the Group's risk and fraud maps. The rules and procedures found in this manual are updated and expanded on a regular basis and are available to all Group employees.

Additionally, a manual specifically for credit risks and operational risks related to payment business activities, called "Ormbooklet", was rolled out across the Group in 2016, and is intended to aid understanding of the payment value chain and the risks inherent in payment services activities (in-store, online, and mobile). It also lists controls and objectives by type of payment service. In 2017, the Credit Risks and Operational Risks Department strengthened this support in the recognition and control of operational risks through the implementation of internal knowledge validation for all its employees working in payment business activities.

Information and communication

Pertinent internal control information must be identified, gathered and reported in a form that allows each relevant manager to be notified of the weaknesses identified while allowing them the time needed to take the necessary corrective actions.

Our information channels and organizational structure have been designed to make it easy for regional or business units to report any internal control weaknesses and share their best practices with all relevant managers.

The regions are organized in a similar manner to the Group's management, enabling faster decision-making, greater efficiency and smoother flow of information between the Group's management and the regions.

Information and communication regarding internal control closely follow the Group's organizational structure:

- budget control is ensured through monthly reporting on performance. Each region produces a report, which is consolidated centrally. The purpose of reporting is to track where sales and profits are being generated, analyze the resulting operating income and identify deviations from the budget;
- during periodic reviews, regional/country directors meet with the Executive Committee to analyze performance and operational issues requiring attention as well as the forecasts.

In addition, corporate functions are responsible for ensuring that the Group's business strategy is applied in their area of responsibility. Accordingly, the Operations Division ensures that production work is carried out in compliance with the standards set by the Group and handled by subcontractors that it has approved. The Marketing Division defines and validates the product and marketing policies adopted in the regions.

Monitoring internal control and risk management

Internal control and risk management systems need to be monitored to assess performance over the long term. This is accomplished through permanent oversight and regular assessments.

The Internal Audit, Internal Control and Enterprise Risks Department, which reports directly to the Chairman and Chief Executive Officer, oversees internal control and ensures that the methodology is properly applied in the reviews carried out. The department also coordinates the risk assessment process at Group level each year and performs internal audits in all Group subsidiaries.

An internal audit plan is established each year, based on:

- the rotation of audit assignments to ensure an audit at least once every three years;
- the results of internal and external audits carried out in previous years;
- the risk mapping mentioned above;
- the results of the self-assessment process;
- newly consolidated entities;
- large-scale projects and the main cross-functional processes;
- the operational activities of the Group's entities;
- risks identified during the year;
- requests from the Executive Committee and the Chairman and Chief Executive Officer.

In 2017, the Internal Audit Department carried out the audit plan approved by the Audit and Finance Committee. Audits are documented in reports that summarize the main findings and provide recommendations. Following approval by the audited entities and their management, these recommendations are turned into action plans. Over the following months, the Internal Audit, Internal Control and Enterprise Risks Department follows the implementation of these corrective actions through follow-up reports on the status of each point brought up by the audit.

The 2017 audit plan was as follows:

- 20 audits in subsidiaries;
- 3 cross-functional audits at corporate level;
- 25 audit follow-ups.

These audits covered more than 50% of the Group's revenue (based on the revenue given in the rolling forecast). The work carried out in 2017 did not reveal any significant internal control weaknesses or deficiencies.

The Group's statutory auditors are kept informed of all the work performed in the areas of internal control, internal audit and risk management at regular meetings to strengthen the internal control and risk management system.

In 2017, the Group had approximately 20 specialized staff dedicated to risk management, internal control and internal audits. This number does not include the employees dedicated to managing operational risk in transaction entities.

1.3.3 Internal control procedures relating to the preparation and processing of accounting and financial information

Group financial policy

The Group applies a rigorous financial policy and is careful to ensure the soundness of its financial structure *via* three principles:

- maintain a healthy balance sheet and financial ratios;
- have a long-term financing strategy and sufficient liquidity to fund development, repay loans over the medium term, and pay dividends to shareholders;
- optimize the use of its shareholders' equity and have a level of solvency compatible with its strategic objectives.

Accounting and financial organization

In order to achieve complete transparency between operating departments and financial management and ensure that operations are reported to the fullest possible extent, the Group has adopted the following organization for its teams, resources and processes:

- financial controllers and chief financial officers at subsidiaries report to the regional chief financial officers, who in turn report to the chief financial officers of Business Units reporting to the Group Chief Financial Officer or directly to the Group Chief Financial Officer and not to the chief financial officer of the subsidiary or region. Regular meetings of finance executives are held by the Group Finance Department;
- all the Group's main entities use the same accounting management system;
- the Group's chart of accounts is restated in line with IFRS, the basis for consolidation and reporting used by all Group entities.

This organization provides the accounting and financial function with all the data required to prepare the financial statements for the entire scope of operations.

Since 2015, the Accounting Standards and Processes Department is tasked with defining and circulating IFRS procedures. This department regularly updates the Group's accounting standards manual and relies on a network of local accountancy correspondents to ensure that accounting standards information is circulated properly. It also coordinates the implementation of new IFRS standards across the Group.

Accounting and financial information systems

As mentioned earlier, one of Ingenico Group's goals in recent years has been to standardize its information systems (SAP, BFC).

The management reporting format, the primary tool for analyzing the operational performance of entities, includes information on the financial position and on cash flows.

This enables a more detailed analysis of Group performance for each product or service line and prepares Ingenico Group for the future developments of its markets.

Financial information is generated from monthly closing data.

Disclosure of financial and accounting information

Financial and accounting information is not disclosed until it has been reviewed and approved by the Chief Financial Officer.

The Company abides by a timetable of its accounting and financial disclosure and reporting obligations.

Internal control over finance

The following steps are taken to monitor the accuracy of financial data on an ongoing basis:

- controllers are regularly provided with instructions on budgetary implementation, reporting and consolidation worksheets and memoranda on changes in IFRS;
- each month, all legal entities and operating units are required to perform and report on a closing process, followed by consolidation. These reports enable the monthly changes to the Group's main operating indicators to be measured. Every month the Group uses the reports to carry out a detailed analysis of its performance (EBIT, EBITDA, free cash flow) at different levels (entity, region, Group). This process allows the Group to verify the correct financial rendering of its business activity and to identify any possible operating risks (*e.g.*, delays in accounts receivable, credit notes to be issued, litigation, surplus stock, etc.). The Group's cash position is also analyzed monthly;
- a tax reconciliation is carried out four times a year and a comprehensive review of the Group's major assets is performed every six months;
- all Group funding, hedging transactions, bank account openings and closures, bank account signing authorizations and the Group's cash pooling system are centralized under the responsibility of the Chief Financial Officer.

Internal control is a top priority for Ingenico Group, which regularly invests in improving its system.

Corporate social responsibility

2.1 CSR FOR INGENICO GROUP

2.1.1 Commitments

2.1.1.1 Group CSR policy

Aware of the importance of sustainable development issues and the growing expectations of its stakeholders in terms of corporate social responsibility, Ingenico Group has developed a CSR policy adapted to its business model (described in Chapter 1) and its environment, the aim of which is to generate inclusive and transparent growth, built around increasingly innovative and reliable payment services.

This CSR policy, shared with all Ingenico Group employees, is based on five commitments, which they are invited to apply in their activities:

1. **Maintain responsible and ethical business practices**

Ingenico Group is committed to following the highest environmental, health, safety, labor conditions and social justice standards in its relationships with all its stakeholders and specifically through its supply chain management.

2. **Ensure the best level of security and safety when using Ingenico Group solutions**

Protecting sensitive payment data is part of Ingenico Group's DNA. Ingenico Group also believes that the protection of personal information and respect for an individual's right to privacy are of utmost importance. It is dedicated to providing the most secure and safest payment solutions for its customers, their clients, its partners and other stakeholders.

3. **Grow along with society**

Ingenico Group wants to grow its business in harmony with its ecosystem. Therefore, the Group strives to develop regular and open dialogue with its stakeholders in order to foster collaborative innovation and meet the needs of the local markets, with a specific focus on solutions that can advance financial transparency and inclusion.

4. **Control its environmental footprint**

Ingenico Group is committed to the development of payment solutions that have a low impact on the environment. The Group also strives to minimize the environmental footprint resulting from the operation of its facilities and from its sales and distribution channels.

5. **Develop a blooming Ingenico Group community**

Ingenico Group strives to provide a respectful workplace that is safe, open and inclusive. CSR contributes to the positive corporate culture that the Group wants to promote in order to enhance employee engagement, which is key to driving improvements in the Company's performance and fostering innovation.

2.1.1.2 United Nations Global Compact and Sustainable Development Goals

Ingenico Group's support for the United Nations Global Compact reflects its commitment to sustainable development.

Launched in July 2000 by UN Secretary-General Kofi Annan, the Global Compact is the world's largest corporate social responsibility initiative. As a supporter of the Global Compact, Ingenico Group is committed to respecting and promoting its 10 core principles relating to human rights, labor standards, the environment, and the fight against corruption.

As part of this commitment, Ingenico Group decided to integrate the UN Sustainable Development Goals ("SDGs") into its CSR strategy in order for it to be part of a global movement.

The 17 SDGs, adopted in 2015 by the 193 member countries of the United Nations, in fact make up the "2030 Agenda for Sustainable Development". These goals call for action among governments and civil society, but also among businesses, which are crucial partners in this initiative. (For more information on the SDGs and their targets, visit the United Nations website: http://www.un.org/sustainabledevelopment/sustainable-development-goals/).

In view of its activities and its CSR approach, Ingenico Group contributes specifically to the following four SDGs:

In fact, through its financial inclusion solutions and the integration of social standards in the management of its supply chain, it encourages economic growth and the promotion of decent work (SDG 8).

Thanks to the implementation of prevention measures, in recycling and waste disposal, as well as to the development of an eco-design approach for its terminals, it contributes to sustainable consumption and production (SDG 12).

By annually assessing the greenhouse gas emissions of its entire value chain, and in setting itself goals to reduce them and actions to achieve this, it contributes to the fight against climate change (SDG 13).

Finally, by developing solutions that encourage financial transparency and traceability and by promoting ethical practices, it supports the implementation of effective and responsible institutions (SDG 16).

Ingenico Group contributes to other SDGs such as the eradication of poverty (SDG 1), quality education (SDG 4), gender equality (SDG 5), sustainable industrial development based on innovation (SDG 9) and reduced inequalities (SDG 10).

SDGs are covered by a dedicated page on the Group's website and an awareness campaign was conducted with all French employees during the European week on sustainable development in 2017 so that each person can assimilate them.

2.1.2 Strategy

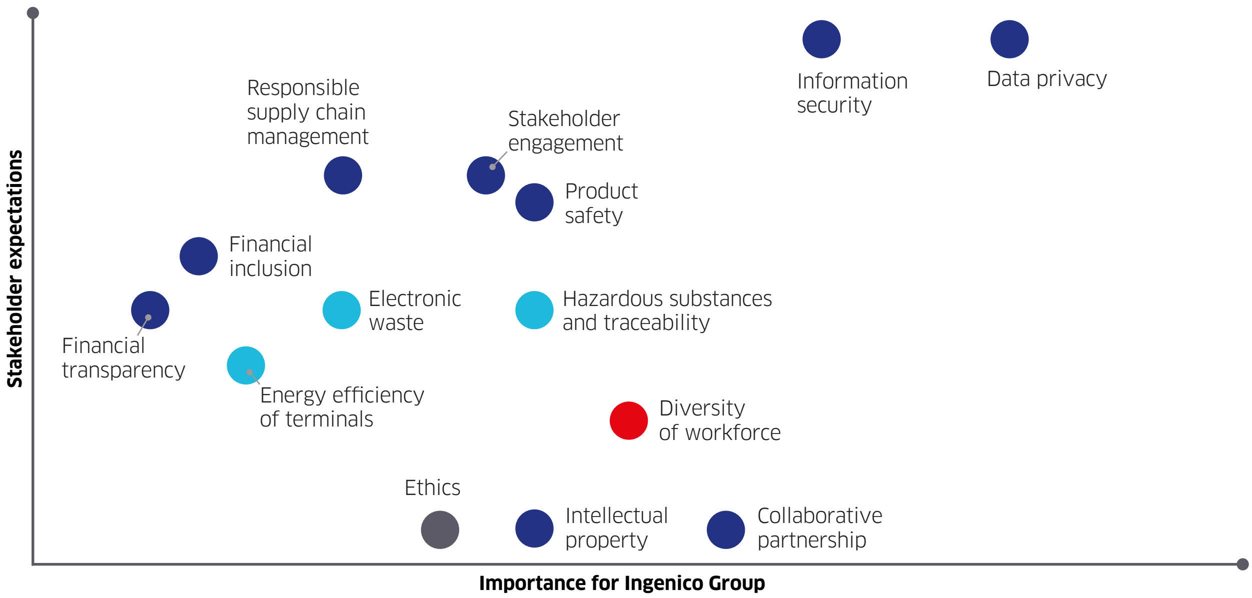
2.1.2.1 Challenges

Supported by BSR (Business for Social Responsibility), a global network of companies specializing in sustainable development, Ingenico Group carried out a materiality assessment in 2015 to identify its most important issues in terms of stakeholders' expectations and their impact on the Company's results.

This analysis showed that the key issues for the Group are as follows:

- ensuring data privacy and transparency with regard to the handling of this data;
- ensuring information security through the protection of sensitive data and systems to prevent security breaches and attacks;
- ensuring the safety of its products for user health;
- reducing or removing harmful or hazardous substances and ensuring the traceability of materials used to manufacture terminals;
- promoting diversity in its workforce at every level throughout the business;
- developing collaborative partnerships with its external stakeholders in order to promote topics such as the security of payment services and financial transparency or inclusion;
- maintaining ethical and responsible practices, including the protection of intellectual property;
- engaging the Group's various stakeholders in order to understand their expectations and create value for them;
- managing its supply chain responsibly;
- ensuring the appropriate treatment of electronic waste from industrial operations and end-of-life products;
- improving the energy efficiency of its terminals.

Representation of the main issues according to their importance for stakeholders and their impact on the Group's performance



A survey was prepared to consult the Group's main stakeholders directly on their expectations in terms of CSR in 2018 and to update this materiality matrix.

2.1.2.2 Four spheres of action

Ingenico Group's CSR strategy, which is built around these key issues, is based on the following action fields:

PEOPLE

The cornerstones of the Group's success

A fair, respectful and inclusive work environment

- Promotion of diversity and inclusiveness
- Employee safety during business trips
- Fair compensation practices

Employee engagement and development

- A positive corporate culture
- Internal communication on corporate strategy
- Employee involvement through surveys and actions

ENVIRONMENT

Preserving natural resources

Safe and eco-conscious products

- Measures to reduce or eliminate the use of hazardous or harmful materials
- Development of eco-design practices

Management of greenhouse gas emissions

- Operational footprint
- Products and solutions footprint

Electronic waste management

- End-of-life product collection and recycling programmes

CORPORATE CITIZENSHIP

Setting the example

Safe and secure payment solutions

- Product compliance with the highest safety and security standards
- A global data privacy policy

Responsible supply chain management

- High environmental and social requirements on suppliers
- Better material content traceability for terminal manufacturing

Innovation and partnerships for financial transparency and inclusion

- Electronic payment as a means to combat informal economy
- Innovative technologies to facilitate access of the unbanked to financial services

GOVERNANCE & MANAGEMENT

Leading through engagement and responsibility

A dedicated CSR governance structure

- A CSR Core Team and a network of Ambassadors for a consistent approach company-wide
- Campaigns to raise employee awareness and promote corporate social responsibility

Responsible business practices

- Strengthened approaches to ethics and compliance
- Stakeholder engagement to foster collaboration and innovation

2.1.3 Organization

In order to structure its overall approach in terms of CSR, Ingenico Group has put in place a dedicated department that coordinates the Group's main activities in the area. The latter relies on business experts comprising a multidisciplinary team called the CSR Core Team, which represents the main departments concerned by environmental, social, and societal topics. Together, they are responsible for driving the implementation of Ingenico Group's CSR strategy.

2.2 REPORTING SCOPE AND METHOD

2.2.1 General organization of CSR reporting

The social, societal and environmental reporting process is described in a document entitled "2017 CSR Reporting Protocol". This protocol presents the CSR reporting context and objectives, as well as the corresponding structure put in place by Ingenico Group. The description of the CSR reporting process includes a definition of the time frame, the scope, the levels of responsibility and control, as well as definitions, examples and various guidelines making it easier to understand the information that is expected for each indicator.

This report, which concerns the financial year ended December 31, 2017, presents information on the environmental, social and societal impacts of Ingenico Group entities' business. In line with the Group's desire to improve the transparency of its operations and its commitment to corporate responsibility, the CSR reporting scope is identical to the financial reporting scope and its methodological limitations are presented below. The report includes all entities acquired before the second half of 2017 that are more than 50%-owned by Ingenico Group and have more than 15 internal employees, for its social and societal reporting, and sites with more than 15 internal employees, for its environmental reporting (employees on permanent, fixed-term, apprenticeship, work/study, or internship contracts). Data related to the workforce and employee turnover are, however, provided for all Group entities, including those with 15 or fewer employees.

Owing to the regulatory environment (transposition of the European directive on extra-financial reporting in Sweden), it was decided to include information relating to the Bambora AB entity, subject to the reporting obligation according to Swedish law, and to some of its subsidiaries from this year, despite its acquisition by Ingenico Group in the second half of 2017. Therefore, the social and societal information on Bambora entities with more than 15 employees (excluding Innocard AG), representing 7% of the workforce of Ingenico Group, and environmental information on the Stockholm site, representing 2% of the total workforce, are included in this report. As an exception to the Group's rules defined in its reporting protocol, Bambora's quantitative data taken into account in this report are those of the full 2017 calendar year. In accordance with this protocol, the data for all entities coming from the integration of Bambora Group will be incorporated in the Group's consolidated CSR report in 2018.

The terms "the Group" and "Ingenico Group" refer to all entities incorporated within the scope of this report.

The 2017 CSR reporting scope covers 29 countries: Argentina, Australia, Belgium, Brazil, Canada, China, Colombia, Denmark, France, Germany, India, Indonesia, Italy, Japan, Latvia, Malaysia, Mexico, the Netherlands, Norway, the Philippines, Russia, Singapore, Spain, Sweden, Thailand, Turkey, Ukraine, the United Kingdom, and the United States.

The coverage rates for the various types of indicators is specified below:

- social indicators related to the workforce, employee turnover, and remuneration: 100% of the workforce and 100% of Ingenico Group's revenue;
- other social and societal indicators: more than 97% of the workforce and more than 94% of Ingenico Group's revenue;
- analysis of greenhouse gas emissions: 100% of Ingenico Group's workforce;
- environmental indicators: more than 87% of Ingenico Group's workforce.

The exclusions are specified in section 2.2.2.2 for social data and in section 2.2.3.2 for environmental data.

Ingenico Group's CSR reporting is managed by a project team that draws on a network of contributors throughout the Group's various entities. The majority of the CSR data is collected using questionnaires *via* a dedicated online interface. This information is supplemented with data from the HR reporting system for the social section, data from the greenhouse gas emissions analysis for the environmental section, and information obtained through interviews or individual discussions. Data provided by the different contributors is then consolidated at Group level. This report covers all the information required by the implementing decree for Article 225 of the "Grenelle II" law and any exclusions are systematically justified. Owing to the integration of Bambora within the scope of the Group's CSR reporting, Ingenico Group has this year included some of the information required under the European directive on extra-financial reporting.

2.2.2 Social reporting

2.2.2.1 Definitions

Workforce

There are six types of employment contract:

- permanent employees: employees holding an Ingenico Group employment contract with an indefinite term, whose salary is established *via* an Ingenico Group pay slip;
- fixed-term employees: employees holding an Ingenico Group employment contract with a specified beginning and end date, whose salary is established *via* an Ingenico Group pay slip;
- employees on an apprenticeship contract or undergoing professional training: this type of contract is reserved for students following a guided training program with a tripartite agreement (student, university and Ingenico Group). These apprentices have a fixed period indicated in their contract (from 9 to 24 months). Their salary is defined in the tripartite agreement and integrated in the Ingenico Group payroll system.

  In this report, they are included in the Group's workforce under the fixed-term category;
- interns: this category corresponds to students who need to complete a period of training in order to obtain or validate a diploma. During this time, they acquire experience under the management of an internship mentor. Students/interns are hired under a tripartite agreement (student, university and Ingenico Group) for a short term specified in the contract (from 3 to 9 months). If paid, their remuneration is defined by Ingenico Group and included in the Company payroll system.

  In this report, they are included in the Group's workforce under the fixed-term category;
- temporary workers: persons who are physically present at Ingenico Group offices but have been supplied by an outside company for a short and predetermined time period to replace an Ingenico Group employee;
- outsourced workers: persons who are physically present at Ingenico Group offices but have been provided by an outside company for a predefined service and time period established by a contract with Ingenico Group.

Layoffs

Individual and collective layoffs are reported by the different Group entities according to local regulations.

Training

Training refers to all types of training, certified or otherwise, organized by the Company or external providers, but excludes e-learning (including on the Ingenico University platform) and internal coaching.

Absenteeism

Absenteeism refers to cases when employees are absent from the workplace due to being incapacitated. This definition does not include authorized absences, such as paid leave, public holidays, maternity or paternity leave, study-related leave, or leave for family reasons.

However, the following absences fall within the scope of absenteeism:

- absences due to ordinary illness;
- absences following an occupational accident;
- absences following a commuting accident;
- absences due to occupational illness;
- unjustified absences.

The absenteeism rate is a ratio that can be expressed as:

$$\frac{\textbf{Number of days of absence during a given time frame x 100}}{\textbf{Number of scheduled workdays during that same time frame x Number of employees}}$$

To standardize calculations at Group level, it is agreed that the absenteeism rate is calculated based on an average monthly work period of 21 days.

Telecommuting

Telecommuting, or remote working, is an arrangement in which employees do not commute to a central place of work. This report only takes into account remote working hours that have been agreed in an amendment to an employment contract.

Part-time work

Part-time refers to cases when employees work for less than the statutory or standard working hours. The FTE (full-time equivalent) is calculated by dividing the actual hours worked by the total number of statutory working hours, in accordance with the laws defined by a country's government. This information is included in the work contracts of the relevant employees.

2.2.2.2 Reporting scope

The social reporting scope includes all entities that are more than 50%-owned by Ingenico Group and that have more than 15 internal employees. The countries covered are listed in section 2.2.1.

A Group restructuring in April 2017 changed the organizational structure as follows: Banks & Acquirers (Asia-Pacific and Middle East, part of Europe and Africa as well as Latin America), Retail (ePayments, Technology & Platform), NAR (North America), and Corporate Functions (bringing together the cross-company functions of Ingenico Group).

Overall, the data related to workforce and employee turnover are provided for all Group entities, including those with 15 or fewer employees.

For other social indicators (excluding workforce and employee turnover), the following countries are excluded due to the lack of an entity with more than 15 employees: Austria, Chile, Czech Republic, Hungary, Morocco, Poland, Portugal, Switzerland, and Vietnam.

Lastly, data could not be provided by some entities with more than 15 employees for the indicators below.

Indicator	Exclusions
Number of hours of training	Argentina (Global Collect), France (Think&Go), Singapore (Global Collect), Ukraine (3.1% of the workforce at December 31, 2017), and the United States (Global Collect, Roam Data)
Absenteeism	Argentina (Global Collect), Singapore (Global Collect), Ukraine (2% of the workforce at December 31, 2017), and the United States (Global Collect)
Number of occupational accidents and illnesses	Argentina (Global Collect), Singapore (Global Collect), Ukraine (2% of the workforce at December 31, 2017), and the United States (Global Collect)
Telecommuting	Argentina (Global Collect), Singapore (Global Collect), Ukraine (2% of the workforce at December 31, 2017), and the United States (Global Collect)

2.2.3 Environmental reporting

2.2.3.1 Definitions

The greenhouse gas (GHG) emissions generated directly or indirectly by an entity can be classified into different categories of emissions, known as “scopes”:

- Scope 1: direct GHG emissions from the combustion of fossil fuels for facilities and vehicles that are owned or controlled by the entity;
- Scope 2: indirect GHG emissions caused by the purchase of electricity, refrigeration, heating or steam needed for the Company’s activities;
- Scope 3: indirect GHG emissions related to business activities such as the purchase of raw materials, employee travel, transport of goods by external providers or the use of products by customers.

The amount of end-of-life products (WEEE - Waste electrical and electronic equipment) collected and treated refers to the weight of waste produced by end-of-life terminals or spare parts collected from customers or the Group’s repair centers for sorting, recycling, recovery, or destruction of the various components.

2.2.3.2 Reporting scope

The environmental reporting scope covers sites with more than 15 employees located in 27 countries: Argentina, Australia, Belgium, Brazil, Canada, China, Colombia, France, Germany, India, Indonesia, Italy, Japan, Latvia, Malaysia, Mexico, the Netherlands, the Philippines, Russia, Singapore, Spain, Sweden, Thailand, Turkey, Ukraine, the United Kingdom, and the United States.

The countries that are excluded because they do not have any sites with more than 15 employees are as follows: Austria, Chile, Czech Republic, Hungary, Ireland, Morocco, Poland, Portugal, Serbia, South Korea, Switzerland, and Vietnam.

Regarding the Bambora entity, only the Stockholm site located in Sweden was taken into account.

In China, only the five largest sites, representing 77.9% of the workforce of Fujian Landi, are included in the environmental reporting scope. Seven sites with more than 15 employees are excluded from the reporting scope.

The indicators to which these exclusions apply are listed below. Data related to water consumption are not available on sites that have not been fitted with water meters, and for which water consumption is billed as part of an invoice for all expenses.

Indicator	Exclusions
Water consumption	China (Fujian Landi excluding Fuzhou, Nanjing and Xiamen), Colombia (Fujian Landi excluding Fuzhou, Nanjing and Xiamen), Japan, the Netherlands (Global Collect), Singapore (including Global Collect), Thailand, and the United States (Global Collect) (14.6% of the workforce at December 31, 2017)
Electricity consumption	China (Fujian Landi excluding Beijing, Fuzhou, Nanjing, Shanghai and Xiamen) (2.1% of the workforce at December 31, 2017)
Paper consumption	China (Fujian Landi excluding Beijing, Fuzhou, Nanjing, Shanghai and Xiamen) and Singapore (Global Collect) (3.8% of the workforce at December 31, 2017)

All indicators are published according to the scope defined for the reporting year on a like-for-like basis to enable data to be compared from one year to the next.

2.2.3.3 Accounting for greenhouse gas (GHG) emissions

2.2.3.3.1 Methodology

The methodology used to calculate greenhouse gas or "GHG" emissions across Ingenico Group's entire value chain is based on the GHG Protocol's international accounting standard. The emission sources included in the calculation of GHG emissions are listed in section 2.5.3 entitled "Fight against climate change".

The three main sources of GHG emissions (which concern Scope 3) have been estimated as follows:

- component production: the GHG emissions have been estimated on the basis of the average weight of the main components representing more than 90% of the total weight of terminals (plastics, printed circuit board, printer, display, cables, battery, keyboard, packaging, thermal paper, and user guide). Measurements have been taken for the three most representative terminals produced in 2017;
- energy consumption of the terminals: the GHG emissions have been estimated on the basis of the total electricity consumption for all terminals installed on the market. According to specific use cases, consumption measurements were carried out on the three most representative terminals that were used in 2017;
- receipt printing (transportation and consumption of thermal paper): the GHG emissions have been estimated on the basis of the total consumption of thermal paper over 2017 for all terminals (with printers) installed on the market.

The GHG emissions assessment was carried out based on the data collected for 2017 however, for some data, extrapolations were made on the basis of the 2016 data. These extrapolations represent less than 1% of the GHG emissions assessed in 2017.

2.2.3.3.2 Emission factors used

The emission factors used to quantify the GHG emissions come primarily from two sources: the GHG Protocol, particularly for business and international travel; and the *Base Carbone*® database produced by ADEME (the French Environment and Energy Management Agency) for the energy consumption of terminals, the impact of thermal paper and a portion of the component production. The emission factors from the Ecoinvent database (EI 3.1) were also used for the portion related to component production.

2.3 THE INGENICO GROUP COMMUNITY

To meet its growth ambitions, the Group should attract, retain and develop the best talents, whilst encouraging diversity within its workforce. The integration of teams coming from acquisitions is also essential as the Group is also expanding through external growth. Faced with these challenges, the Group has continued its efforts in terms of:

- promotion of a corporate culture of engagement;
- quality and effectiveness of recruitment and talent development;
- continuous improvement of the work environment;
- alignment of compensation policies with corporate objectives;
- diversity and gender equality.

In 2017, the Group put in place a new customer-focused organization with the creation of two divisions addressing the different needs of distributors and e-merchants, as well as those of banks and acquirers. Its deployment at all levels of the organization represented a major challenge.

Policies implemented on these various topics, as well as the resulting actions and outcomes, are presented below.

2.3.1 Corporate culture and employee engagement

2.3.1.1 A bedrock of common values

Ingenico Group promotes a corporate culture in line with the Group's challenges in terms of agility: speed and innovation, solidarity and benevolence, size and development are its pillars.

In 2017, this culture was reflected in a new employer brand uniting the pride of belonging to the Group and employee engagement. Naturally, this employer brand also defines the Group's image presented to external candidates.

The Group is also striving to develop a work environment built around four themes: giving direction, developing skills, providing a work environment based on respect and fairness, and recognizing results. This helps to encourage individual and collective engagement with the Group's ambitions.

Initiatives and events

In addition to regular events promoting fellowship and team spirit, Ingenico Group encourages solidarity initiatives that, as well as their positive societal impact, help to strengthen employee engagement. In France, for example, Ingenico Group offers the "Salary rounding" system, which enables employees to support associations of their choice. Ingenico Group has also been committed to equal opportunity alongside the NQT association (Nos Quartiers ont des Talents – our neighborhoods have got talent) since 2016 and encourages its employees to sponsor young graduates from disadvantaged areas by providing them with support to find their first job.

In France, "HR cafés" were also launched in 2017. They help to inform employees about current events and let them chat informally. Information and dialog meetings (Townhall sessions) are also arranged in many Group entities for sharing the Company's plans and results.

Five periodic Leadership Webcasts bringing together around 250 managers helped to share the Group's strategic vision internally and to present its new organization focused on its customers and its recent acquisitions.

A new intranet to promote collaboration

Investing in IT and digital tools to facilitate internal communication and collaboration allows Ingenico Group to disseminate its corporate culture more effectively.

The launch of the new global intranet, Skyway, in June 2017 indicated a desire to encourage cross-functional cooperation. The Skyway intranet pools all Group news related to its activities and its organization; it brings together 6,000 employees and facilitates the integration of employees coming from acquisitions.

Skyway is also a collaborative work space that pulls together many applications, including a space for the sharing and joint drafting of documents. Nowadays, when work is digital and mobility is the norm, it is the prelude to a virtual office of the future.

2.3.1.2 Social dialogue

The Group respects the principles, charters and laws relating to the freedom of association and staff representation, whether it involves direct representation or through trade unions. It promotes constructive dialog with employee representatives and unions, based on mutual respect, responsibility, and the keeping of commitments.

A number of Group subsidiaries have active employee representative bodies, such as "works councils", which cover 33% of Ingenico Group's total workforce, or union representatives, which cover a total of 45% of the Group's workforce.

Collective bargaining agreements have been implemented in France, Germany, Spain, Italy, Brazil, the Netherlands, and Sweden, representing 34% of the Group's workforce. In the main, these agreements cover employment conditions: working hours and profiles, paid leave and public holidays, the minimum wage, etc.

Together, these collective bargaining agreements are investments that help to improve employees' working conditions and the Company's performance.

2.3.2 Recruitment and talent development

2.3.2.1 Recruitment policy

The Group is employing a variety of methods to ensure that Ingenico's recruitment policy is effective, including IT tools, communications *via* social networks, cooptation, and partnerships with universities and schools. These measures enable Ingenico Group to recruit the best talent in the Fintech sector worldwide.

2.3.2.2 Hiring and departures

- **Hiring**

In 2017, workforces from acquisitions represented 46.2% of hiring.

	2016			2017		
	Permanent	Fixed-term	Total	Permanent	Fixed-term	Total
Banks & Acquirers	831	192	1,023	1,035	109	1,144
Retail	383	91	474	741	128	869
NAR	59	5	64	59	57	116
Corporate Functions	223	74	297	231	67	298
TOTAL	**1,496**	**362**	**1,858**	**2,066**	**361**	**2,427**

Over the whole of 2017, Bambora Group hired 289 employees.

- **Departures**

	2016			2017		
	Permanent	Fixed-term	Total	Permanent	Fixed-term	Total
Banks & Acquirers	340	112	452	478	112	590
Retail	214	40	254	303	37	340
NAR	45	-	45	59	11	70
Corporate Functions	139	48	187	189	80	269
TOTAL	**738**	**200**	**938**	**1,029**	**240**	**1,269**

Over the whole of 2017, 209 departures were recorded for Bambora Group.

- **Reasons for leaving**

	2016	2017
Resignation	519	766
Dismissal	106	122
End of fixed-term contract	191	189
Disposal	-	-
Mutual agreement	62	94
Redundancies	34	47
End of probationary period (by employer)	9	17
All others	17	34
TOTAL	**938**	**1,269**

2.3.2.3 Diversifying skills and career path management

To maintain its leadership in a changing sector, Ingenico Group places skills development at the heart of its Human Resources policy.

The Strategic Workforce Planning program, started in 2016, continued and was extended in 2017, particularly for technical functions. This program aims, in a structured way, to adapt the nature and number of skills to the needs of the Company, to ensure its long-term development.

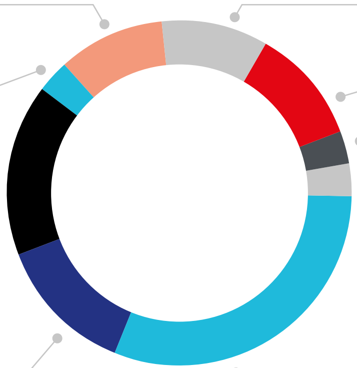
The Group continued the expansion of its e-learning platform, called "Ingenico University", to which 5,000 Group employees have access. This platform offers a catalog of digital education materials comprising some 200 modules, in various fields: management, business training, product and solutions training, technical training, Ingenico Group strategy, sector-specific knowledge of payment systems.

Ingenico University supported the market launch of the Group's new product offerings through new modules dedicated to omnichannel, the "Marketplace", the "Ingenico Connect" offering, and operational risk management. Ingenico University also enhanced local programs.

The participation of Ingenico University in e-learning increased sharply in 2017 and almost 50% of employees with access to it completed at least one module. The most popular modules deal with subjects related to compliance and security.

- **Training topics in 2017**

In 2017, the Group continued its training initiatives in all its business areas. A total of 80,424 training hours were provided to employees in the Group's entities (94,196 in 2016 [1]). The average number of training hours per employee was 12.5 hours in 2017.



The most popular training topics were the following: technical programs (R&D and innovation, computer hardware and software), team management, marketing and customer service, and language learning.

Two major training modules were rolled out in 2017: Agile training, at the initiative of the Technology & Platforms entity, provided primarily as classroom training by the software development teams of the Retail BU, and Android Hardware training, for the R&D teams of the Banks & Acquirers BU.

In France, "Learn & Lunch" sessions for managers were organized on the subjects of time management, meeting effectiveness, and training and development. For better integration of new arrivals, a new half-day internal training module was rolled out in 2017.

(1) The data from 2016 was revised upwards due to one entity reporting a correction of their data.

2.3.3 Optimal working conditions

2.3.3.1 Organization of working hours

Breakdown of full-time and part-time contracts

The percentage of part-time staff remained stable between 2016 and 2017, representing 3.2% of the Group's total workforce in 2017.

	2016			2017		
	Full-time	Part-time	Total	Full-time	Part-time	Total
Banks & Acquirers	3,276	41	3,317	3,846	53	3,899
Retail	1,984	118	2,102	2,567	140	2,707
NAR	386	1	387	433	1	434
Corporate Functions	991	56	1,047	898	65	963
TOTAL	**6,637**	**216**	**6,853**	**7,744**	**259**	**8,003**
	96.48%	**3.2%**	**100%**	**96.8%**	**3.2%**	**100%**

Temporary workers and outsourcing

In 2017, the number of outsourced and temporary workers totaled 1,829 FTE (full-time equivalent employees). The bulk of the work that is outsourced consists of application development, call center, maintenance and repair work.

	2016			2017		
	Outsourced workers	Temporary workers	Total	Outsourced workers	Temporary workers	Total
Banks & Acquirers	428	69	497	806	243	1,049
Retail	198	273	471	225	179	404
NAR	159	64	223	133	108	241
Corporate Functions	102	31	133	119	16	135
TOTAL	**887**	**437**	**1,324**	**1,283**	**546**	**1,829**

2.3.3.2 Health and safety

Ingenico pays special attention to the health and safety of its employees.

Several Group entities have dedicated Health and Safety Committees, representing 100% of their respective workforces (and 28% of all the Group's employees in 2017). Through specific measures, these committees help to protect the health and safety of employees and so improve working conditions.

Health

The Group recorded an absenteeism rate of 2.27% in 2017, compared with 1.96% for 2016. In 2017, 59 occupational accidents, of which 40% were road traffic accidents, and 6 occupational illnesses were recorded at Group level.

In 2017, actions relating to well-being were deployed in several Group entities: sponsored courses, training, Health Weeks and Annual Health and Safety Assessments. Many entities make full medical examinations available for all employees.

Psychosocial risks are subject to particular attention. Several countries have implemented specific initiatives aimed at prevention, as in Belgium with the Corporate Vitality program launched in 2015 and in the United Kingdom with the Health Surveillance Program.

In France, collective bargaining agreements on health and welfare costs are in place.

Safety

To ensure the safety of employees, the Group's entities carry out evacuation exercises, make first aid training available, conduct on-site safety audits, etc.

The business travel safety policy (prevention of risks linked to travel and expatriation, particularly in countries considered to be high-risk) continued in 2017, under the same terms as before. This policy was presented to all Group regions in 2016.

In Mexico, a country regularly affected by earthquakes, Ingenico Group employees took part in preventive protection exercises against potential earthquakes.

In France, the Group has significantly strengthened its crisis management procedure since 2016, specifically by adopting dedicated communication tools: mass SMS alerts and the setting-up of an employee information hotline, allowing them to take measures necessary for their safety in the case of a major event. An impact analysis campaign is conducted each year. An update of the business continuity plan and regular drills help to validate the new safety measures. This procedure, which has been integrated into Ingenico Group's management system, received ISO 22301[1] certification following an external audit.

2.3.3.3 Development of telecommuting

The Group continues to develop and support telecommuting on a part-time basis, which enables its employees who can work in this way to achieve a work-life balance. Currently, 59% of the Group's entities give their employees the opportunity to work remotely. In 2017, an average of 392 employees were telecommuting each month, representing a 55% increase.

In France, the charter relating to telecommuting, which entered into force in 2013, was revised in 2017 to relax the conditions of telecommuting for employees and to simplify the administrative processing of requests.

2.3.3.4 Employee compensation and recognition

Because its people are crucial to Ingenico Group's success, its compensation policy aims to support their commitment, recognize their individual and collective contributions, win their loyalty, and attract new talents.

To sustainably support this dynamic approach, the Group's overall compensation policy is based on several core principles:

- a competitive and fair compensation policy based on a tailored job evaluation and classification system. In each of the Group's entities and countries of operation, compensation packages are benchmarked annually with Ingenico Group's market and calibrated in-house in order to assess and ensure fairness of pay within the Group;
- a compensation policy that aims to support and recognize employees' contributions to the Group's performance. This is achieved through annual pay review campaigns and a bonus policy governing the process for the setting and achievement of annual individual and collective objectives;
- a responsible compensation policy that aims to offer welfare benefits for all Group employees in line with local practices and regulations.

In most countries, these three core principles are tailored to local parameters and markets, such as social legislation and legal developments, as well as the economic conditions, the labor market and competition.

This policy is reinforced by an expanding communications approach aimed at helping employees to clearly identify and understand each component of their compensation.

Since 2015, all employees in France receive an individualized report in which their total compensation is broken down and explained. Through its communications, the Group also aims to make employees aware of various employment-related issues such as health, benefits and retirement, and to encourage their use of all the tools available to them.

Payroll costs are presented in Note 6 "Employee benefits" to the consolidated financial statements at December 31, 2017 (see section 5 of this Registration Document).

2.3.4 Promotion of diversity

2.3.4.1 Anti-Discrimination practices

Ingenico Group has put in place a Code of Ethics and Business Conduct which formalizes the core guidelines common to all Group entities. This code is based in particular on equal opportunity on the basis of merit and skill, and the prohibition of discrimination. By adhering to these principles, Ingenico Group is able to provide its employees with a fair and safe working environment.

The Group's subsidiaries use these guidelines to implement local initiatives, such as the implementation of policies specific to the fight against all forms of discrimination and promoting equal opportunity. The fight against discrimination is also highlighted in guides distributed to employees (Employee Handbooks) within several entities. Others have put training in place to prevent the risks of discrimination and harassment.

Some Group entities offer employees the opportunity to consult dedicated people, as in Germany with the appointment of a legal representative on fair treatment, or the Netherlands with the existence of an external adviser acting in total confidentiality.

In general, the Group endeavors to create all the conditions of an environment encouraging integration and preventing any discriminatory practices.

In the Netherlands, for example, diversity awareness sessions are conducted for young employees.

In 2017, the Economic and Social Unit (UES Ingenico in France) signed an agreement promoting the integration, retention and development of disabled persons. This agreement involves actions in four specific areas: recruitment, job retention, training and awareness, as well as stronger collaboration with the protected and disability-adapted sector. Several awareness days were conducted during the year on the various Group sites in France, to inform and talk about the subject of access and the continuing employment of disabled persons.

In other Group entities, actions are also undertaken to encourage the integration of disabled persons into the world of employment: implementation of partnerships with specific providers, allowing the easier integration of disabled persons, provision of adapted workstations and an action plan encouraging the employment of disabled persons.

(1) *"Application scope: business continuity management for the production of payment terminals and associated support, the provision of services and associated support, and the cross-functional activities of the head office."*

Workforce by age range

The average age of Group employees is 37.9 years, a figure that is relatively stable year-on-year.

	2016				2017			
	<30	30 to 50	>50	Total	<30	30 to 50	≥50	Total
Banks & Acquirers	1,229	1,862	226	3,317	1290	2321	288	3,899
Retail	292	1,473	337	2,102	447	1,807	453	2,707
NAR	67	220	100	387	64	238	132	434
Corporate Functions	179	707	161	1,047	136	676	151	963
TOTAL	**1,767**	**4,262**	**824**	**6,853**	**1,937**	**5,042**	**1,024**	**8,003**
	25.8%	**62.2%**	**12.0%**	**100%**	**24.2%**	**63.0%**	**12.8%**	**100%**

2.3.4.2 Efforts to promote gender equality at work

In a highly technical business sector, where men are traditionally over-represented, Ingenico Group is promoting professional gender equality (SDG 5[1] through a variety of initiatives.

Ingenico Group strives to create the conditions for an even better representation of women in its workforce, and initiatives are being developed to this end at Group entities and around the world. These initiatives focus on recruitment, career advancement, compensation, and work-life balance.

For example, the Australian entity is committed to including at least one woman in the final shortlist for a job. The Chinese entity encourages the feminization of research and development teams. An internal women's network is in place in the Netherlands.

Workforce by gender

The number of women increased by 17.2% against 2016 compared to 16.6% for men. The proportion of women remained stable between 2016 and 2017, representing 29.9% of the total workforce in 2017 and close to parity within Corporate Functions (women 47.9% - men 52.1%).

	2016			2017		
	Women	Men	Total	Women	Men	Total
Banks & Acquirers	808	2,509	3,317	944	2,955	3,899
Retail	639	1,463	2,102	852	1,855	2,707
NAR	106	281	387	138	296	434
Corporate Functions	491	556	1,047	461	502	963
TOTAL	**2,044**	**4,809**	**6,853**	**2,395**	**5,608**	**8,003**
	29.8%	**70.2%**	**100%**	**29.9%**	**70.1%**	**100%**

(1) *For more information on the United Nations Sustainable Development Goals: http://www.un.org/sustainabledevelopment/sustainable-development-goals/*

2.3.5 A dynamic workforce for a dynamic Group

Ingenico Group continues to grow internationally. This expansion is reflected by strong growth in its workforce – from 2,830 employees in 2010 to more than 8,000 employees, spread across 44 countries, at the end of 2017.

Total headcount per country (permanent & fixed-term contracts)

With 85 nationalities represented in its workforce, Ingenico Group boasts a highly diverse talent pool as a result of the increasing internationalization of its business.

Ingenico Group's total workforce increased by 16.8% between 2016 and 2017, reaching 8,003 people on December 31, 2017. This increase is due to the organic growth of the Group and the acquisition of four new companies in 2017: Secure Transaction LLC in Ukraine, TechProcess PS Ltd in India, ICIESA in Spain, and Bambora in Scandinavia and Australia.

Other consequences of acquisitions on the workforce: Sweden and Denmark appear in the Top 20 largest countries in terms of workforce and Australia went up 9 places.

	2016		2017	
Country	**Total**	**%**	**Total**	**%**
China	1,798	26.2%	1,773	22.2%
France	1,043	15.2%	1,043	13.0%
India	173	2.5%	532	6.6%
Germany	554	8.1%	527	6.6%
Netherlands	485	7.1%	479	6.0%
United Kingdom	388	5.7%	463	5.8%
United States	381	5.6%	377	4.7%
Belgium	347	5.1%	331	4.1%
Australia	75	1.1%	289	3.6%
Sweden	-	-	253	3.2%
Canada	100	1.5%	223	2.8%
Russian Fed.	180	2.6%	174	2.2%
Turkey	157	2.3%	169	2.1%
Italy	144	2.1%	167	2.1%
Spain	129	1.9%	155	1.9%
Singapore	131	1.9%	140	1.7%
Brazil	151	2.2%	115	1.4%
Indonesia	125	1.8%	104	1.3%
Thailand	96	1.4%	93	1.2%
Denmark	-	-	80	1.0%
Malaysia	71	1.0%	53	0.7%
Other	325	4.7%	463	5.8%
TOTAL	**6,853**	**100%**	**8,003**	**100%**

Workforce at December 31, 2017 (breakdown between permanent and fixed-term contracts)

Following the reorganization that was conducted in 2017, the workforce is now split into four organizations: Banks & Acquirers, Retail, North America, and Corporate Functions.

The latter brings together all workforces in cross-company functions, such as finance, human resources, communication, and IT structures.

	2016			2017		
	Permanent	**Fixed-term**	**Total**	**Permanent**	**Fixed-term**	**Total**
Banks & Acquirers	2,863	454	3,317	3,636	263	3,899
Retail	2,019	74	2,093	2,575	132	2,707
NAR	381	6	387	387	47	434
Corporate Functions	973	83	1,056	917	46	963
TOTAL	**6,236**	**617**	**6,853**	**7,515**	**488**	**8,003**

2.4 INGENICO GROUP'S CONTRIBUTION TO SOCIETY

As a global company growing in influence and impact, Ingenico Group is increasingly committed to managing the societal impacts that stem from its operations, products and business relationships.

In a constantly changing and complex ecosystem, not only does the Group have to face a number of societal risks but it must also make the most of any opportunity that will enable it to evolve in a sustainable way. As a responsible corporate citizen, Ingenico Group seeks to maintain and enhance professional ethics, prevent corruption and respect human rights, both in terms of its own business activities and within its supply chain. Some of its activities expose Ingenico Group to risks associated with both the security of its information and the safety of its products. It must prevent security breaches and ensure the protection of personal data. It must also guarantee that its products have no adverse effects on the health of their users. In order for the Group to fulfill its ambition to become the global leader in omnichannel payment acceptance, it needs to meet the expectations of its various stakeholders and adapt to its environment, by taking into consideration the specific characteristics of certain local markets.

To meet these challenges, in 2017 the Group continued to develop its policies in the following areas:

- business ethics;
- ensuring the protection of personal data;
- ensuring the safety of its products and solutions;
- developing responsible practices within its supply chain;
- engaging stakeholders.

These policies and the actions taken as a result of them are set out below.

2.4.1 Promoting ethical business practices and respect for human rights

Ingenico Group is committed to ensuring that all its operations are conducted with honesty, integrity, and respect for human rights across the globe (SDG 16[1]).

Ingenico Group is aware of its responsibilities across all its activities and its production chain, and started to formalize its due diligence measures in 2017. This includes mapping the principle societal and ethical risks inherent in its supply chain.

2.4.1.1 The Code of Ethics and Business Conduct

The Group's scrupulous ethical commitments are laid out in its Code of Ethics and Business Conduct, which is designed to create common principles that comply with all applicable laws and regulations. This is made available to all Ingenico Group employees in all the countries in which it operates.

The Code of Ethics and Business Conduct covers a broad range of topics that the Group sees as of crucial importance to operating ethically: protecting the environment, its employees' fundamental rights (equal opportunities, prohibition on harassment and on child and forced labor, occupational health and safety, freedom of association, and collective bargaining), and good corporate governance rules. Group suppliers are required to accept the Code of Ethics and Business Conduct before they can be listed.

If any Ingenico Group staff members or stakeholders have any questions or wish to report any grievances or suspicions, the procedure to follow is laid out in the Code of Ethics and Business Conduct, as are the details of the relevant members of staff to be contacted (whistle-blowing hotline). To take specific local or cultural features into consideration and ensure that the procedure is effective and efficient, new tools have been rolled out since 2015, including a list of local contacts for compliance-related issues. Potential issues raised *via* local in-house hotlines are handled with care and confidentiality.

For Ingenico Group, it is vital that its rigorous ethical culture is fully understood and put into practice throughout the Group. That is why the Code of Ethics and Business Conduct is available in most of the languages used by the Group's employees (French, English, Chinese, Spanish, Turkish, German, Dutch, Russian, Portuguese, Italian, Indonesian and Japanese).

Collaborative tools have also been rolled out to promote the Code, establish a Group-wide culture and facilitate the process for escalating information on the topics it covers. The Code of Ethics and Business Conduct is available on the Group intranet and website.

Ingenico Group launched the review of its Code of Ethics and Business Conduct in 2017, particularly in connection with the latest regulations published in the United Kingdom (Modern Slavery Act of 2015) and France (anti-corruption measures introduced by the *Sapin 2* law).

(1) For more information on the United Nations Sustainable Development Goals: http://www.un.org/sustainabledevelopment/sustainable-development-goals/

2.4.1.2 Membership of the United Nations Global Compact

Ingenico Group chose to formally set out its commitment to developing in line with internationally recognized ethical guidelines by joining the world's largest sustainable development initiative in 2015. Each year, Ingenico Group reports on the progress made in respecting and promoting each of the Global Compact's ten principles relating to human rights, international labor standards, the environment, and anti-corruption. In 2017, the Group decided to publish its annual report (Communication On Progress) at the level GC Advanced, which corresponds to a higher standard of social responsibility. This report is available on the Global Compact's website (www.unglobalcompact.org).

In addition to this support for the UN Global Compact, Ingenico Group is also a member of its French network: Global Compact France.

2.4.1.3 Other initiatives promoting ethical practices

At Group level, the Code of Ethics and Business Conduct is supplemented by a gifts and hospitality policy.

The Group is also committed to ensuring its anti-corruption procedures, including a corruption risk map, are kept up to date and aligned with its activities.

Lastly, an online document repository provides access to various resources and guidance on compliance issues for employees, including information on relevant regulations.

Some of the Group's entities have put in place measures tailored to the specific requirements of their local environment to supplement the Group's Code of Ethics and Business Conduct, such as external whistle-blowing hotlines in countries where this is permitted, or training programs on specific issues in high-risk countries, such as India, where employees receive training regarding sexual harassment at work.

Within the ePayments Division, since 2015, all employees have been required to enroll in and complete a certain number of e-learning courses each year on various topics including the fight against money laundering, corruption, and harassment.

The Bambora Group is particularly active in the fight against money laundering. It introduced a policy on this subject that was enhanced in 2017 to meet the requirements of new local regulations on money laundering and combating the financing of terrorism, and it fulfills the reporting requirements imposed on it this year by the Swedish supervisory authority (the Finansinspektionen). It has also rolled out a number of awareness-raising initiatives to reduce risks in this area. During the year, several training courses were delivered to targeted groups of people within the company to increase awareness of the issues of money laundering and combating the financing of terrorism.

In China, Fujian Landi has set up an Anti-Fraud Committee, as well as a policy and hotline for reporting unethical or illegal practices, particularly for corruption-related issues. Similarly, in accordance with local legislation in Italy, an oversight body supervises the business model, in order to combat corruption.

Some entities have internal regulations or an employee handbook that set out employees' rights and obligations regarding ethics and working conditions. In addition to these various tools, the Canadian entity complies with legislation on the rights of the person (The Ontario Human Rights Code) and its own code of ethics.

In the United Kingdom, specific whistle-blowing and anti-corruption policies have been rolled out. New employees are required to complete the e-learning module the Group has developed about its code of ethics.

In India, dedicated committees have been set up in each entity to fight against the sexual harassment of women in the workplace in accordance with local regulations. TechProcess Payment Services has also rolled out programs to raise awareness of corruption.

Finally, a training course on combating discrimination and harassment has been mandatory for managers in the United States since 2016.

2.4.2 Data privacy

As digital technology develops, it is essential that personal data is protected and individuals' privacy is respected (SDG 16 [1]).

In 2017, the Group increased its efforts to raise employees' awareness of issues regarding the protection of personal data by means, specifically, of a dedicated intranet page offering information on the associated regulations, "Frequently Asked Questions", and links to the relevant internal procedures.

A Group-wide project to ensure compliance with the General Data Protection Regulation (GDPR) aims to implement GDPR obligations and provides the opportunity to reinforce best practice on the protection of personal data within the Group. A review of the Group's Data Privacy Officers network has been launched, to ensure it complies with the regulatory requirements and is in keeping with the Group's business activities.

Locally, the Group's entities are committed to ensuring that they comply with applicable regulations and to raising awareness amongst their employees.

In Colombia, for example, a specific policy covering the subject of the protection of personal data and the privacy of individuals is in place in response to local legislation.

(1) For more information on the United Nations Sustainable Development Goals: http://www.un.org/sustainabledevelopment/sustainable-development-goals/

In the United Kingdom, training on the protection of personal data and respect for privacy was delivered to members of the Executive Committee and the Operations Division, while in the Netherlands, all employees were given training on the protection of personal data.

In 2017 in Turkey, a law firm conducted an audit of our subsidiary's practices to ensure that they are consistent with the new Turkish regulation on data protection. This audit gave rise to recommendations and a project has been launched regarding ISO 27001 and the protection of personal data.

2.4.3 Information security

Information security is a key issue for Ingenico Group and is part of its DNA (see Chapter 1.1.5 of this Registration Document). The Group assesses information security risks on a regular basis and implements bespoke measures to combat them (see Chapter 1.2.3). It has also rolled out security awareness training available as an e-learning module, which aims to identify the risks associated with information security.

2.4.4 Protecting the health and safety of customers and users

To protect the health and safety of its customers and the end users of its solutions, Ingenico Group provides detailed user guides that include, for example, information on terminal emissions and voltage levels, in line with the regulations in force in the various countries.

Ingenico Group's environmental requirements for its suppliers and subcontractors concerning the composition of its terminals also help protect user health and safety. In particular, the Group ensures that its products do not contain substances that are defined as hazardous by European legislation.

In addition, Ingenico Group is committed to rigorously testing its products and applications, not only during the research and development phases, but also when terminals are sent for repair.

Training is provided on product health and safety, particularly for staff in customer contact centers.

In Canada, Ingenico Group's local health and safety policy also covers its customers and suppliers, in accordance with the Ontario Health & Safety Act.

In the United States, Ingenico Inc. has set up a Safety Committee, which is working on a set of measures, including a dedicated safety manual and safety visits.

Lastly, the safety measures in place at the Group's various sites enable the protection of both employees and visitors. In Belgium and Mexico, for instance, safety guidelines are provided to all visitors.

2.4.5 Solutions for financial transparency and inclusion

Ingenico Group develops products and solutions for financial transparency and inclusion that are customized to meet local market needs. By providing highly accessible electronic payment services, the Group is helping to develop financial services in emerging economies and to strengthen fraud risk management in both developed and developing economies.

2.4.5.1 Solutions for transparency and traceability

By its very nature, electronic payment contributes to the reduction of fraud and illicit financial flows (SDG 16[1]). Ingenico Group has also launched solutions to improve the traceability of monetary transactions and the transparency of the financial system in line with governments' anti-fraud requirements, both in emerging economies and in G20 countries.

Thus, Ingenico Group offers its customers compact devices combining a payment terminal, POS software, and a fiscal memory, or a secure procedure for transferring tax records that meet the requirements of local tax authorities. Each solution implemented is tailored to national regulations, as illustrated by the offerings designed for Turkey and Croatia.

The solution designed for Turkey enables merchants' transactions to be reported to the tax authorities in real time. At the point of sale, the product supplied to merchants combines cash register, payment terminal and printer features. All the merchants' card or cash sales are stored indelibly in a fiscal memory and electronic sales register, enabling the authorities to have better control over financial transactions and combat VAT fraud. This development was introduced after the adoption of a law in 2012 requiring all merchants to have a payment terminal with a fiscal module connected *via* the internet to the

(1) *For more information on the United Nations Sustainable Development Goals: http://www.un.org/sustainabledevelopment/sustainable-development-goals/*

Ministry of Finance. At the time, Radisson Blu Şişli Hotel, one of the nine Radisson Blu Hotels in Turkey, wanted to set up a payment solution that met the new legal requirements. Ingenico Group, therefore, worked with Radisson Blu to implement its iWE280 solution. Since this first initiative, Ingenico Group has extended its range of financial traceability solutions with a new product, the IDE280, to cover larger numbers of merchants. Nearly 75,000 terminals were distributed in 2017, bringing the number of installed terminals to over 225,000. The potential replacement market of two million devices highlights the stakes involved with such a solution for Turkey.

As a further example of its commitment in this area, the Group launched an innovative fiscal solution in 2013 for a Croatian customer, Hrvatski Telekom, to equip its customers in line with this country's new legislation. Ingenico Group developed an all-in-one cash register solution that combines the Group's latest generation of payment terminals with a fiscal application developed by Etranet Group, a Croatian electronic payment transaction system specialist. The solution was embraced by Hrvatski Telekom's customers, making the new solution one of its most popular ICT[(1)] services.

The phenomenon is spreading. New solutions are expected to be deployed in other countries over the coming years, in line with the regulations adopted. For instance, in the Dominican Republic, the government has launched an initiative to equip all merchants, while in Poland and the Czech Republic, the specifications for the automatic recording of tax data are in the process of being drafted.

2.4.5.2 Solutions for financial inclusion

Because of the limited number of bricks-and-mortar bank branches in developing countries and the high cost and complexity of banking services, two billion people were still excluded from financial services in 2014[(2)]. Financial inclusion, defined as a series of arrangements to combat banking exclusion, is a key factor in societal integration. Indeed, it contributes to poverty reduction (SDG 1[(3)]), the development of decent work and economic growth (SDG 8), and facilitates the access of small enterprises to financial services (SDG 9), particularly in developing countries.

Ingenico Group's payment solutions help make financial services more widely available and affordable to the unbanked, supporting the shift from a cash-based environment to a cashless ecosystem. These solutions also promote the development of microbusinesses.

In West Africa, Ingenico Group has been rolling out a simple payment solution since 2013 in partnership with eMoney, making it easier to access and use banking and financial services. This solution, which enables users to transfer money, pay bills and access banking services, as well as purchase mobile phone top-up credit, has been launched in several countries including Benin, Ivory Coast, Burkina Faso, Niger, the Republic of the Congo (Brazzaville), Cameroon, Togo, and Guinea. The solution is easy to install on Ingenico Group's iWL mobile terminals and offers simple, secure transactions, while giving families access to financial services at a lower cost. Based on this solution, a roaming savings and account-opening service was launched nearly four years ago with a microfinance institution (MFI) in Cameroon.

In East Africa, Ingenico Group provides Branchless Banking technology for local banks looking to expand their customer base to include unbanked populations in rural areas, through a network of "agents" that are recruited among local merchants and trained by the bank. Using a mobile device, "agents" can register new customers, activate their cards and enable customers to make deposits or withdraw money. This branchless banking solution is giving financially excluded people access to banking services in remote areas, at a lower cost, thereby overcoming the barriers of geographic access, basic financial knowledge and language.

In South Africa, Ingenico Group has set up a welfare benefits payment system with its partner Net1. This solution, which uses biometric terminals, aims to tackle issues of fraud and identity theft. Every month, the beneficiaries visit a government agent, identify themselves with their fingerprints and receive their benefits directly onto their bank cards. This system currently delivers benefits to 10 million people.

In 2017, Ingenico Group continued to work with its local partner Tracom, to provide a fee collection solution in the County of Nyeri in Kenya. This initiative was sponsored by Equity Bank and reinforces the emerging culture of electronic payments in the country. Agents equipped with Ingenico terminals and an app developed for the collection of fees and taxes (parking fees, property taxes, market stall fees, etc.) can now collect payments directly from taxpayers. This system enables better traceability of the funds collected and effective cost reduction thanks to its fully electronic process. In this way, residents can pay local government fees from their workplace, without wasting time commuting or waiting in line.

In recent years, Ingenico Group has expanded its partnership with FINCA, an international microfinance institution that provides microfinance services to low-income populations. To mitigate the risk of fraud, FINCA has equipped its agents with Ingenico biometric terminals, which capture applicants' fingerprints when they apply for a loan and confirm their identities through a finger scan prior to the loan disbursement and at each repayment. This program is expanding rapidly in several African countries such as Malawi, Nigeria, Democratic Republic of the Congo, Tanzania, Uganda, and Zambia. As part of a similar initiative, Ingenico Group is working with FINACOM, a microfinance institution in Burkina Faso. The solution deployed there relies on iWL mobile terminals connected to a secure platform. This platform allows FINACOM agents to register new customers and enables them to save, withdraw or deposit cash, and to receive confirmation receipts and account statements.

In Iraq, Ingenico Group is helping to roll out a payment solution and a mechanism for paying pensions and wages using biometric terminals, in collaboration with its local partner QiCard. Since

(1) ICT: Information and communications technology.

(2) Source: Global Findex study published in April 2015 by the World Bank.

(3) For more information on the United Nations Sustainable Development Goals: http://www.un.org/sustainabledevelopment/sustainable-development-goals/

it was launched, this program has been a resounding success, as it has helped to reduce fraud significantly, while widening access to the service. At the end of 2017, there were more than 5 million biometric cards in circulation and Ingenico Group had equipped 5,000 approved agencies with 10,000 biometric terminals throughout Iraq.

In India, Ingenico Group worked in partnership with the Nana Nani Foundation to facilitate a workshop to encourage senior citizens to shift from a cash-based payment system to cashless transactions. The aim was to promote electronic payment and raise older people's awareness of the measures they can take to protect themselves against fraud, since they are likely to be the main victims.

FINANCIAL INCLUSION

2.4.6 Supply chain management

Ingenico Group expects all its suppliers to meet the requirements set out in its Code of Ethics and Business Conduct, including the prohibition on child and forced labor, occupational health and safety, environmental protection, and the prevention of fraud and corruption.

In 2017, Ingenico Group began an exercise of mapping its suppliers to identify any societal, ethical and environmental risks within its supply chain. Launched in 2017 in response to the British legislation, the UK Modern Slavery Act, initial work to map the risks associated with modern slavery will be completed in 2018 and subsequently extended to other subjects.

2.4.6.1 Terminal supply chain

With the exception of one of its Chinese sites, the production of all Ingenico Group terminals is outsourced. That is why Ingenico Group is particularly committed to ensuring the responsible management of its terminal supply chain. By imposing social and environmental standards on its Tier 1 and Tier 2 suppliers, the Group is helping to create decent work and economic growth (SDG 8) and reduce environmental impacts (SDGs 12 and 13)[1].

2.4.6.1.1 Terminal assembly

Apart from Landi and Healthcare, Ingenico Group's two Tier 1 suppliers, known as EMS (Electronic Manufacturing Services), responsible for assembling its payment terminals, are the US firm Jabil and Singapore-based Flex. These two companies have signed up to the code of conduct of the RBA (Responsible Business Alliance, formerly known as the Electronic Industry Citizenship Coalition, or EICC), thereby ensuring a supply chain that meets the highest standards in terms of the environment, labor rights and social justice. These suppliers are also ISO 14001-certified.

Ingenico Group ensures rigorous control over these two suppliers' assembly plants and has dedicated teams of employees at the main sites in Brazil, Malaysia and Vietnam. Their role is to oversee the assembly lines on a daily basis and ensure that operations comply with the rules set forth by Ingenico Group. Their constant presence at the EMS production facilities allows more than 20 audits to be completed per year. In addition, Ingenico Group's Industrial Operations Division and its Quality Department visit the various plants at least once every quarter. When practices that breach the Group's principles are identified, the supplier is immediately informed. This is followed by a process of discussions and the implementation of corrective actions.

In China, the site owned by Ingenico Group and the two EMS facilities that handle the assembly of some Landi terminals are also ISO 14001-certified. Consequently, in 2017, all Ingenico Group terminals were once again assembled at industrial sites with ISO 14001 environmental certification.

2.4.6.1.2 Component manufacturing

Upstream from this assembly chain, Ingenico Group works with a community of Tier 2 suppliers based primarily in Hong Kong, China, Taiwan, Vietnam, Thailand, Malaysia and Brazil to produce its various components. Ingenico Group expects these component suppliers to comply with the same standards that the Group sets for itself.

Ingenico Group is committed to further strengthening its supply chain processes. It has provided its suppliers with a number of tools, including a Supplier Quality Handbook and a Supplier Quality Agreement, which set out the Group's social and environmental requirements, and a CSR agreement that commits suppliers to socially responsible practices. This agreement has been designed to establish Ingenico Group's expectations vis-à-vis suppliers regarding labor and human rights, health and safety, environmental protection, ethics, and their internal organization with regard to these issues. It lays out the minimum requirements that all suppliers must meet when working with Ingenico Group. This agreement also requires suppliers to cascade the Group's requirements down their own supply chains. 108 suppliers of strategic components to Ingenico Group have been required to sign this agreement (or provide proof of membership of the RBA). At December 31, 2017, 85% of these suppliers had signed the agreement and 5% had provided proof of membership of the RBA.

The Quality Department continuously audits the various component suppliers around the world. In 2017, a total of 64 audits were carried out. These audits, conducted when assessing potential new suppliers or launching new projects, provide opportunities to ensure supplier compliance with the principles of the CSR agreement.

To assess the CSR performance of these Tier 2 suppliers, Ingenico Group has developed an assessment questionnaire,

(1) *For more information on the United Nations Sustainable Development Goals: http://www.un.org/sustainabledevelopment/sustainable-development-goals/*

which includes social, environmental, ethical, health and safety criteria. At December 31, 2017, 45 out of 108 suppliers had been assessed using the questionnaire.

2.4.6.1.3 Sourcing of minerals

Ingenico Group seeks to increase the transparency of its supply chain beyond its Tier 2 suppliers. Specifically, the Group ensures that the minerals that go into its terminal components do not benefit armed groups that violate human rights in the Democratic Republic of the Congo and neighboring countries (conflict minerals).

As initially requested by certain customers in the context of the US Dodd-Frank Act, the Group periodically assesses the supply chain with regard to the origins of "3TG" minerals (tin, tantalum, tungsten, and gold) in its products. In 2017, this assessment was carried out in close collaboration with one of Ingenico Group's two EMS using the reporting tool provided by the RMI (Responsible Minerals Initiative) and information was obtained from 99% of suppliers of the components used in Ingenico terminals (Tier 2 suppliers).

Aware 3TG minerals are not the only controversial ones, the Group wishes to strengthen its oversight of the source of substances that may be present in its terminals, such as cobalt, which is controversial due to the use of child labor and dangerous working conditions at some mines. Driven by the RBA and the RMI, a standardized reporting template for cobalt will be available in 2018. Ingenico Group will use this to conduct a risk assessment on the use of cobalt in its terminals.

The Group is in the process of developing a responsible procurement policy, which includes a dedicated section on minerals sourced from conflict zones and other controversial substances.

2.4.6.2 Other procurement

For Ingenico Group, indirect procurement is procurement that is not integral to the process of producing terminals. Amounting to approximately €900 million in 2017, it is essential to the proper functioning of the Group. Indirect procurement covers various goods and services, from IT or office equipment to the services of external consultants.

2.4.6.2.1 Rule applicable to the whole Group

In addition to its Code of Ethics and Business Conduct, Ingenico Group has set up an internal policy to check the integrity of its service providers, further strengthening the resources deployed to combat any illegal or unethical practices.

2.4.6.2.2 Managing local subcontractors and suppliers

Reasonable due diligence measures have been put in place by the different entities in the Group: evaluation of potential suppliers, application of social and environmental criteria as part of the selection process, CSR agreements or clauses and audits. The intention is that these will be standardized gradually. Some examples of best practice are set out below.

In Germany, the Group risk assesses its 70 biggest suppliers. Suppliers must also comply with the local procurement policy, which includes observing the principles of the United Nations Global Compact, the conventions of the International Labor Organization, and the Group's code of ethics.

In India and the Netherlands, background checks are carried out before any contract is signed with a new supplier.

In the United States, Roam Data ensures that all agencies providing services offer adequate working conditions.

In China, suppliers wishing to work with Fujian Landi have to complete a questionnaire that includes a section dedicated to social responsibility. These suppliers are thus evaluated on a number of criteria relating to the environment, health and safety, child labor, working conditions or fraud. This is also the case in the UK, where certain potential major suppliers have to complete an evaluation that includes a section on social, environmental, and ethical issues.

Some Group entities have implemented specific CSR agreements or CSR clauses, which their suppliers undertake to comply with.

None of Ingenico Group's suppliers or subcontractors were considered to represent a risk of breaching the International Labor Organization conventions in 2017.

2.4.7 Contributing to local development

By prioritizing the hiring of local residents, Ingenico Group is committed to boosting employment in the countries in which it operates. The Group is also committed to supporting the development of communities around its facilities through a range of initiatives, as presented below.

2.4.7.1 Supporting innovation

The payment ecosystem is constantly evolving. To meet the need for constant innovation, Ingenico Group created a dedicated Innovation Department, called Ingenico Labs, three years ago. Composed of marketing experts, engineers, researchers, and decision-makers from strategic partners, this unit works closely with all Group entities to define the merchant practices of tomorrow. This agile structure works with start-ups and experiments with other key stakeholders in the development of payment systems, such as Fintech corporations and leading digital technology firms. These start-ups are sometimes financed either by the Partech Ventures venture capital fund or by Ingenico Group directly, as was the case in 2016 with Think & Go, a specialist in connected screens, and conversational commerce expert Joinedapp in 2017.

In 2016, Ingenico Group organized a series of hackathons all over the world to attract HTML5 developers to its Tetra platform. In 2017, the "Marketplace" service, rolled out in Europe, enabled eight startups from these hackathons to market their services to banks and acquirers and also to merchants with Tetra terminals. Ingenico ePayments also organized a hackathon in partnership with Google and the agency In The Pocket, inviting developers, designers and other originators to take a journey into the future of shopping.

2.4.7.2 Technology for fundraising

Ingenico Group supports several initiatives that help charities to collect donations, by sharing its technical expertise and solutions.

Connected screens from Think & Go enable a passer-by with a contactless payment card or an NFC (near field communication) smartphone to make a gift or a donation. In 2017, Ingenico Group and its customers led various campaigns in favor of the *Institut Curie*, the French Federation of Cardiology, the various charities supported by *Société Générale* during the Solidarity month it organized and those that the *BNP* encourages the customers of its digital branch to support and the charity The Smith Family, supported by ANZ, which works on behalf of disadvantaged children in Australia. In France, one of these screens has also been installed in the basilica at Lisieux to enable visitors to make donations. Thanks to this solution, which combines an interactive, dynamic and multi-content interface with multi-sum and multi-merchant payment capabilities, it has never been so quick and easy to donate to charity.

In France, various different forms of micro-donation have been developed in recent years. Ingenico has entered into partnership with MicroDON and this has made it possible to deploy the Arrondi solution on the payment terminals used by many of Ingenico Group's retail customers. Nearly 7 million micro-donations that have been made in total since the project launched in 2015, amounting to more than €1.3 million raised for the benefit of the associations supported by the four partner retailers. Ingenico Group has developed the "GoodTransaction" donation solution from HeoH on its standalone terminals. Its products for the self-service sector are also used to equip HeoH kiosks designed to accept contactless donations in public places. Finally, it provides HeoH with a secure online payment service for the Twitter-based donation solution it launched in 2017: the "GoodTweet".

In the United Kingdom, the Pennies solution has been rolled out to nearly 6,000 standalone terminals operated by more than 30 partner retailers. This enables customers to make fixed donations of less than one pound or to round up the total transaction value to the next pound.

In 2017, on World Autism Awareness Day in France, a digital sign with a payment terminal, developed by JCDecaux in collaboration with Ingenico Group, meant that people with contactless payment cards were able to donate to the French charity *Vaincre l'Autisme* ("Overcoming Autism").

The Group also lends terminals to support various fundraising initiatives. For example, in 2017, the French entity renewed its support for AMREF, the largest public health NGO in Africa, by providing payment terminals for events in Paris and Monaco. Once again, the Group sponsored the Cards & Payment Awards in the UK and, thanks to the terminals it provided, helped to raise nearly £10,000 for the charity MS Society, which funds research and supports those suffering from multiple sclerosis. Since 2010, Ingenico Group has helped to raise more than £70,000 for various charities during this event.

In the Czech Republic, the Group again supported the fundraising campaign of Světluška, a major charity in the country that helps blind and visually-impaired individuals to remain active in society. For this initiative, it developed a donation app on its Tetra Telium payment platform and provided terminals to the organization free of charge. In Hungary, Ingenico Group has developed two contactless donation solutions for charities: embedding an iUC 180B terminal within a JCDecaux advertising screen and a mobile solution.

Ingenico Group makes an active contribution to fundraising through its online payment services, which it offers to NGOs at preferential rates. It is the market leader in online donations in France. Since 2012, the Group has joined forces with iRaiser, an online fundraising platform for non-profit-making organizations, providing a payment solution which makes it possible to accept one-off or recurring donations in France and internationally. There are more than 150 NGOs on the platform, primarily located in France, Belgium, and in England. The number of transactions varies from 30,000 to 300,000 in December, when most online donations are made. In addition to its partnership with iRaiser, Ingenico Group also provides online donation services to 52 other NGOs, including Greenpeace and *Médecins sans frontières* (Doctors Without Borders).

2.4.7.3 Philanthropic activities and support for charities

Ingenico Group supports various local associations through donations or at events and fundraisers.

Every year, Bambora raises funds for charitable organizations at events run by local ambassadors in the various countries in which it operates. In Canada, the Group supported the Toronto Food Bank (a charity benefiting local communities), while in Australia, it supported the Cancer Council, which provides help for people with cancer.

In France, Ingenico Group employees also showed their support for the fight against cancer by taking part in three races in 2017: the *Course de la Jonquille* event for the *Institut Curie*, a leading cancer research organization, and the *La Parisienne* and Odyssea races in support of the fight against breast cancer. Six teams from Ingenico Group also took part in the Paris Triathlon and supported the charity *1, 2, 3 Un Livre pour Samira* (1, 2, 3 A Book for Samira) in its project to construct a library in Ivory Coast. The Group also renewed its financial support to Stop Hunger, a non-profit that fights against hunger and malnutrition around the world, during its donor gala.

In Singapore, Ingenico Group participated in the Bloomberg Square Mile Relay charity run for the fifth time and sponsored a charitable golf tournament organized by Focus on the Family, a non-profit that works to support families.

In the United States, Roam Data supports the toy collection drive organized each year by Action for Boston Community Development (ABCD). Ingenico Inc. supports various charities, including Habitat for Humanity, Toys for Tots, Atlanta Mission for Homeless Men, and Adopt-A-Family. Global Collect made a donation to the Red Cross in aid of hurricane victims in 2017.

In the United Kingdom, the Group has supported charities for many years. In 2017, it raised funds during in-house events for the following charities: Cash For Kids (providing clothing or medical treatment for children in local communities), The Duchenne Research Fund (supporting people with muscular dystrophy), the Edinburgh Children's Hospital Charity (supporting children in hospital), and The Blue Cross (finding homes for abandoned animals). This year, Ingenico Group has implemented a matched contribution system to maximize the funds raised for these four charities. The Group is also a member of local associations, and of the steering group for HADIE (Hillend and Donibristle Industrial Estate) which promotes a major industrial estate that is a hub for employment and the local economy.

Finally, in India, Ingenico Group made donations to the Akshaya Patra association (fighting childhood hunger), the Smile Foundation (working for the education of disadvantaged children), and the Ambattur Rotary Charitable Trust, a fund to build a school for disadvantaged children.

2.4.7.4 Education-related initiatives

Education is of the utmost importance in our work environments. That is why Ingenico Group builds close relationships with the education and student sectors, illustrated by its funding for doctoral students, its scholarships, its participation in careers events, partnerships and programs, as well as its opportunities for apprentices and interns.

In France, the Group strengthened its relations with schools and targeted training programs. Beyond simply attending job fairs and speaking at business conferences, Ingenico Group wants to provide real added value in the educational arena. In 2017, therefore, it continued to support five engineering students from the ECE electronic engineering school with their final-year project on home automation. This project, called Knocklet, was awarded both the first prize by the selection panel and the people's choice award at the ECE INNOV AWARDS in June. In an effort to develop its CSR approach, the Group also forged relationships with the MBA program in CSR Management and Organizational Performance at the Institut Léonard de Vinci. In 2017, it again entrusted students with a project to be completed as a group assignment on stakeholder dialogue. This reciprocal relationship between business and academia helps Ingenico Group to establish its employer brand, and allows students to put theory into practice. In 2017, the Group organized a half-day workshop in which students can find out about aspects of the payments industry. It is also a member of the Skills Development Committee of a new partner school, ESILV, providing a professional expert perspective so that teachers can adapt their programs according to developments in the business world and the school can adapt its training to match the expectations of future employers.

Taking this approach a step further, the Group allowed an employee from its Valence site to be seconded to the ESISAR engineering school at Institut national polytechnique de Grenoble in Valence for a teaching assignment. Ingenico Labs is also providing funding to three doctoral students from the IT Security and Cryptology Department at the École normale supérieure.

The various entities of the Group regularly take on interns and those on work/study programs so that they can acquire new skills and develop their knowledge. In France, for example, 42 interns and work/study placements were taken on during the year 2017.

In Italy, Ingenico Group works closely with the Management School at Politecnico di Milano, which provides consultancy services and market research. Ingenico Group supports the research programs undertaken at Politecnico di Milano's Digital Innovation Observatories (*Osservatori*) on mPayment, mCommerce, distribution innovation and the promotion of electronic payments in Italy. Ingenico Group has also liaised with Politecnico di Milano to recruit junior engineers and supported its Career Day event in 2017.

In Germany, Ingenico Marketing Solutions has established a partnership with the Hamburg-based Nordakademie Graduate School. The project Future of Fashion Retail, which was completed in 2017, was entrusted to six Master's students and aimed to identify the technological developments that will impact the customer experience in the fashion industry. In 2017, the Group provided a student with support for their thesis on Marketing and Sales Management.

In Turkey, Ingenico Group provided scholarships once again this year for five university students from Istanbul Technical University.

The local entity in the United Kingdom has taken on students on several occasions as part of the partnership known as Developing Youth Workforce in order to provide them with tools that they may use in their future professional lives. These students were able to work on a new payment system, which was unanimously approved by the relevant services.

In Canada, Ingenico Group takes part in co-op programs with local organizations. These programs are primarily aimed at people who arrive in Canada and need to update their skills to find a job. Students spend around three months in a work environment in order to earn their diploma.

In the United States, Ingenico Inc. takes part in a program at a university in Georgia to promote careers in the payment industry.

2.4.7.5 Local sourcing

Several Group entities are committed to using local suppliers.

For instance, 30% of Group purchases in Canada are from Canadian suppliers.

In the Philippines, Ingenico Group promotes purchasing from suppliers in the metropolitan district (national capital region). Purchases from these suppliers accounted for 85% of all purchases in 2016 and 90% in 2017.

Ingenico Prepaid France SAS works primarily with local suppliers (based in the Caen area) to buy its merchandising items: local suppliers represented around 80% of purchases of this type of product in 2017.

The Australian entity endeavors to work with providers located within a restricted radius of its facilities to organize its team events, which helps to raise awareness among its employees of the importance of working with small local firms to support the economy.

2.4.7.6 Support for communities with specific needs

In 2017, the Group launched two projects to help visually-impaired or blind people access its solutions. It applied for a patent for the development of an innovative solution of accessories for entering a PIN code on any capacitive touch screen. It has also made the unusual choice to include mechanical keyboards with its new product range, which is expected to be on the market in 2018. This will also incorporate a jack for a headset and a speaker to facilitate the development of applications suitable for visually-impaired or blind people.

In Germany, DI Deutsche Ingenico Holding GmbH is one of the founding members of *Unternehmen integrieren Flüchtlinge*, a network launched by the Düsseldorf Chamber of Commerce and Industry. This network of more than 1,600 companies provides consultancy services and enables the sharing of information on best practices regarding the integration and vocational training of refugees. In Sweden, Bambora took on two interns who are immigrants in 2017.

In the United States, Ingenico Inc. ensures that all its job offers are published not only with the Labor Department, but also on employment sites for veterans and people with disabilities. Ingenico Inc. also works with businesses that are owned by people from minority backgrounds or women.

In France, Ingenico Group launched a partnership in 2016 with the association Nos Quartiers ont des Talents ("Our Neighborhoods Got Talent"), which promotes the professional integration of young job seekers from priority neighborhoods and disadvantaged backgrounds. Through this initiative, Group employees can sponsor young graduates and support them in their job search. Six young people found jobs through this program in 2017. Under this partnership, Ingenico Group hosted a coaching workshop in 2017 for seven young graduates who were looking for employment. The aim of the workshop was to help them with their job search and prepare them for interviews. In another area, through its work with specialist organizations such as Cèdre, the social enterprise in charge of the office waste sorting system in France, Ingenico Group contributes to the professional integration of people with disabilities.

2.4.7.7 Fighting against food waste

Although Ingenico Group is not directly concerned with food waste, given the nature of its business, measures have been put in place to limit food waste in employee restaurants and cafeterias in 40% of the Group's entities.

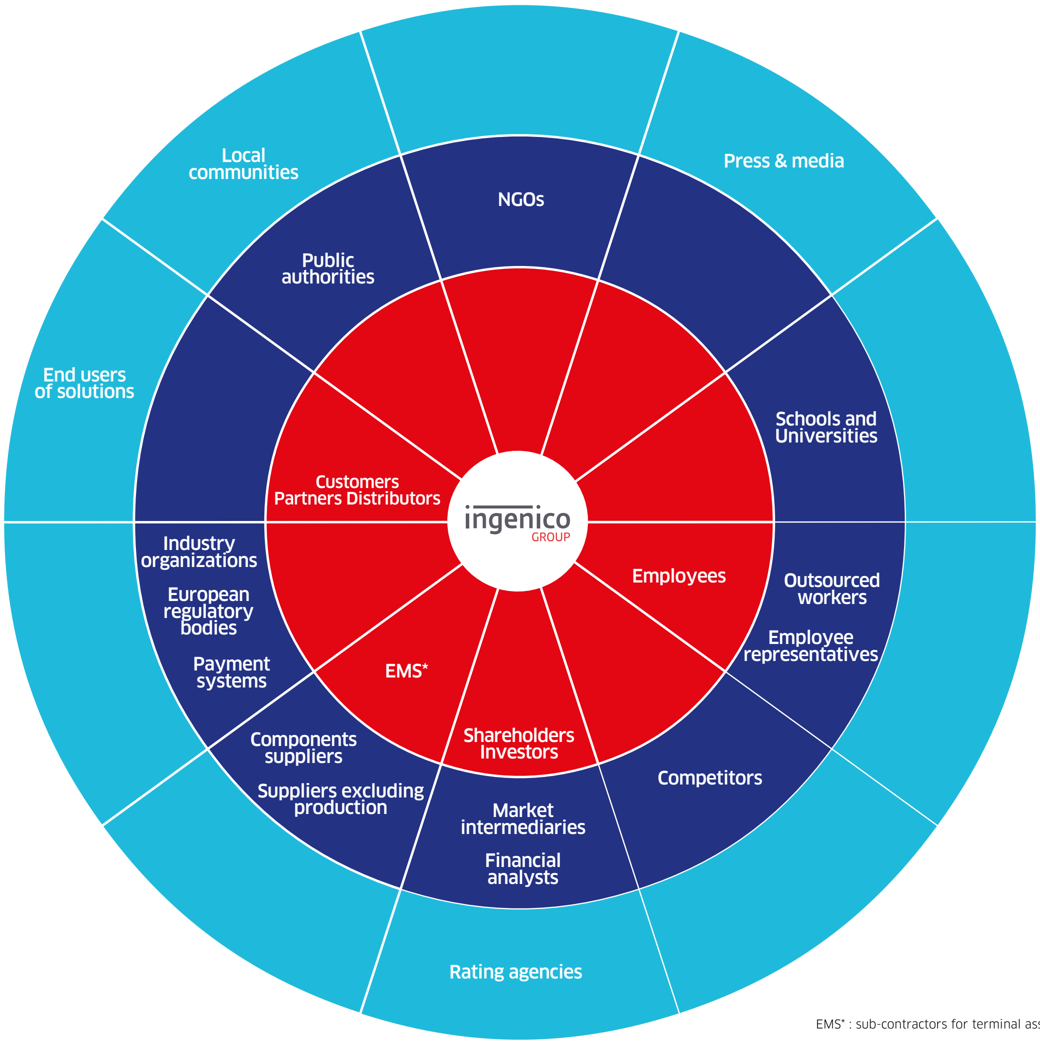
For example, in the Netherlands, dishes prepared daily are stored in accordance with hygiene standards until the use-by date. If these dishes are not eaten by that date, they are offered free of charge to employees. In addition, some foods are processed so that they can be eaten, for example bread is made into croutons.

In China, the employee restaurant prepares food for 90% of the total workforce, in order to avoid any surplus. During meal times, the restaurant staff may cook more to meet actual demand.

In the United Kingdom, the amount of food waste is now measured, which will lead to effective measures to fight against it.

2.4.8 Stakeholder engagement

Partners, distributors, shareholders, the financial community, customers, suppliers, participants in the payment industry, NGOs and public authorities are among the many external stakeholders with which Ingenico Group maintains regular, open dialogue.



EMS* : sub-contractors for terminal assembly.

The Group's website is intended to become a platform on which these stakeholders can exchange their points of view about Ingenico Group and about the payment industry in general.

2.4.8.1 Events

Ingenico Group organizes a number of events to head out and meet its stakeholders.

Global Collect, from the ePayments Division, brings together 15 to 20 of its key customers on its Global Collect Advisory Board (GCAB). Members of the GCAB have the opportunity to discuss current events and the future of payment services at an annual event which, in 2017, was held in Dubai. They also participate in quarterly conference calls wherein Ingenico ePayments updates them on the progress of GCAB initiatives. In 2017, 40 prospective customers were invited to discuss the payment industry and opportunities for growth during an Insights meeting held in Amsterdam.

In Germany, all of Ingenico Marketing Solutions' customers and key prospective customers are invited to take part in a "Loyalty Day" conference each year, devoted to business topics and networking activities.

In Italy, "PayLab" events are organized twice a year. For these events, around 30 customers are invited to share their opinions on key topics, such as mobile payments, point-to-point (P2P) security or person-to-person financial flows.

Ingenico Group also takes part in a variety of trade shows and events in the different countries in which it operates in order to present its products and to meet prospective and existing customers and key players. In France, Ingenico Group was represented at the Paris Fintech Forum, at Viva Technology, and at Paris Retail Week. In the United States, the Group participated in NRF Retail's Big Show and in Money2020. It also attended the second Money2020 in Europe, which was held in Copenhagen. Finally, the Group presented its mobility-related innovations at the Mobile World Congress in Barcelona.

In total, the Group took part in nearly 180 events in 2017.

2.4.8.2 Customers

2.4.8.2.1 Customer relationship management

Launched in 2015, the CAP 2017 program helped to kick off the transformation of the customer experience within the Group. In order to pursue this goal while providing long-term support to all departments of the Company (marketing, sales, and services), Ingenico Group decided to rename the program INGAGE, with the aim of enhancing and improving operational excellence, digitizing the customer experience, and harmonizing teams across the world around shared practices and a common culture.

By converging and gradually supporting all the Group's customer-facing employees on the CRM (customer relationship management) platform Salesforce.com, the INGAGE program makes it possible to build a 360-degree view of Ingenico Group customers, while automating and consolidating information, enabling the Group to better serve its customers and respond to their needs.

ingage

In 2017, 850 people in over 15 countries covering the five geographical regions of Europe & Africa, NAR, LAR, APAC, and India migrated to this new CRM platform. The sales and management teams now manage customer portfolios, the business opportunity pipeline and sales forecasts in exactly the same way. This enables Ingenico Group to significantly improve sales forecasts and better identify growth opportunities in order to tailor the Group's investments.

In 2018, the expansion of this solution will continue with it being rolled out in new countries and to new users, and enhanced with new functionalities, such as a partner portal for distributors of Ingenico solutions.

2.4.9.2.2 Satisfaction surveys

In March 2017, Ingenico Group conducted its fifth annual Customer Experience Feedback satisfaction survey. This year the survey was sent to all Group countries and regions, except for China, and was available in 16 languages. The information collected from the 5,179 questionnaires received (a 15% response rate) made it possible to analyze customers' loyalty, their perception of the brand and their satisfaction with the relationship, looking at aspects such as innovation, performance, terminals and applications, sales and support.

The "Net Promoter Score [1]" (NPS) shows that Ingenico Group is seen as a strong brand globally, with quality products that are easy to use. The survey also enabled the Group to carry out concrete initiatives to continue its work on customer relationship management, by identifying opportunities for development.

The NPS analyzed by market rose significantly year-over-year. This score measures not only the impact of the Group's initiatives but, first and foremost, the quality of the relationships established over the years with its customers, and their confidence in the Group.

In Australia, Ingenico Group conducted a shared satisfaction survey with customers of Ingenico International and Bambora in October 2017.

2.4.8.2.3 CSR assessment

2017 CSR Rating SILVER ecovadis

To ensure a more effective response to the growing requests for information from its prospective and existing customers on CSR-related issues, the Group has been part of the EcoVadis platform, which specializes in assessing the CSR performance of suppliers, since 2015. With a total score of 57 out of 100 in 2017, up from 54 in 2016, Ingenico Group is among the top 15% of companies assessed by EcoVadis, across all sectors, and its CSR commitments are therefore confirmed.

2.4.8.3 Partners

Ingenico Group has a large number of partners, including product distributors and technology partners. The Group believes that it is essential to share its expertise and know-how with them so that they can develop alongside Ingenico.

In order to share the latest innovations and inspirational initiatives of the B&A Business Unit with its partners and customers, Ingenico Group distributes an e-newsletter called in-Live NEWS.

For the fifth year running, the Europe & Africa region brought its partners together for three days to share information on the Group's latest innovations and key market trends. The highlight of the 2017 event, which took place in Barcelona, was a plenary meeting illustrated by role-plays of practical uses of Ingenico solutions, followed by learning sessions which not only aimed to explain the Ingenico solutions but also to provide turn-key processes for implementing them.

In Italy, Ingenico Group takes part in events organized by its partners and by the associations it belongs to. In 2017, therefore, the Group once more supported its partner Lasersoft by giving presentations on POS systems at marketing events organized by Lasersoft in several Italian cities.

In the Netherlands, Ingenico Group works in close collaboration with nearly 600 strategic partners. These interactions make it possible to promote Ingenico ePayments within its ecosystem and keep up to date on market developments.

In Canada, the Group partnerships have been widened in order to keep in step with developments in the payment ecosystem, particularly in the Fintech and retail sectors. For example, it has developed partnerships with MaRS, a specialist in digital transactions, virtual shopping and enhanced experience, and Communitech, a specialist in providing support to technology companies. It is also a partner of the Retail Council of Canada, which represents more than 45,000 retail stores in the country.

(1) NPS: An indicator of customer loyalty that consists of asking customers: "How likely is it that you would recommend Ingenico?" The answer is given on a scale of 0 ("Highly unlikely") to 10 ("Highly likely"). The NPS is obtained by taking the percentage of customers who have answered 9 or 10 (promoters) and subtracting the customers who have answered 0 to 6 (detractors).

In 2017, Ingenico ePayments, Ingenico Group's dedicated Mobile and E-Commerce Division, set up a partnership with The Family, a pan-European platform for startups and entrepreneurs. The Group uses its technology and expertise to help these companies to monetize their business models and optimize payment acceptance.

In the last few years, Ingenico Group has also developed strategic partnerships with key players in their respective fields to collaborate on mutually beneficial initiatives.

Ingenico Group has developed a partnership with Samsung with a view to creating and distributing integrated mobile payment services. This alliance is global in scale and, by bringing together Samsung's mobile devices and tablets and Ingenico Group's mobile platform and card readers, it enables customers and retailers to benefit from a seamless mobile payment system.

Similarly, Ingenico Group is working with Intel to enable new connected devices to accept secure payments, thereby consolidating its expertise in the Internet of Things.

Lastly, Ingenico Group has been collaborating with Google since 2015 to facilitate international online sales. The Market Finder platform, based on the combined expertise of Google and Ingenico ePayments, enables merchants to explore and identify new opportunities for growth, establish their business internationally, and sell their products more easily outside of their home country. In 2017, this partnership generated business for the Group, with several opportunities for cross-border sales, and the Group also took part in the event to launch Market Finder.

2.4.8.4 Shareholders and investors

The support and loyalty of its private and institutional shareholders are crucial to Ingenico Group's long-term development. The Group's relationship with its shareholders is built around mutual confidence and trust, open dialogue, and regular contact.

2.4.8.4.1 Extensive meetings with the financial community

Ingenico Group holds regular conference calls and investor meetings when publishing its interim and full-year financial statements (after close of trading). In addition, the Group frequently takes part in technology and payment conferences and roadshows, particularly in Europe and North America. In 2017, in the United States and Europe (Paris, London, Frankfurt, Milan, Nordic countries, etc.), Ingenico Group took part in 15 investor conferences, 24 roadshows, and one trade show (Money 2020 Europe). In total, more than 380 face-to-face meetings or conference calls were held, enabling the Group to meet more than 510 financial institutions and 670 investors.

2.4.8.4.2 Stronger financial communications tools

The Finance section of the website www.ingenico.com is regularly updated and is home to all financial documentation (publications, management reports, investor presentations) and regulated information (Registration Document). Here, investors can also find the Group's key figures in Excel format, as well as the consensus estimate, which is regularly updated. In addition, shareholders can also access a tool for calculating their average annual performance.

At the shareholder relations awards in 2017, Ingenico Group was awarded the SBF 120's silver medal for Best Digital Communication, which recognizes the quality of digital communications to shareholders.

2.4.8.4.3 SRI Indices[1]

Ingenico Group has been included in the following SRI indices since 2016:

- Euronext Vigeo Eurozone 120;
- Dow Jones Sustainability Europe;
- Ethibel Sustainability Excellence Europe;
- FTSE4Good.

These indices identify the companies with the best performance in terms of ESG (Environment, Social and Governance). Ingenico Group's inclusion rewards its commitment to sustainable development and its work in the area of sustainable development communications.

2.4.8.5 Ingenico Group's industry collaborations

Since its creation, Ingenico Group has been an active member of the Card Stakeholders Group (CSG), an organization linked to the European Payment Council (EPC) and responsible for the definition and maintenance of the main operating and security principles for card payments in the Single Euro Payments Area (SEPA). In 2016, CSG became independent of the EPC and was renamed European Card Stakeholders Group (ECSG); however, Ingenico Group maintains a very active role in its work and is a member of its Management Committee.

In addition, Ingenico Group continues to collaborate on the development of new standards for SEPA payments, *via* its active participation in working groups on Nexo standards. The year 2017 was marked by the continued mass deployment in several European countries of solutions that meet Nexo standards and by the introduction, at the end of the year, of a new version of these standards that may be rolled out during 2018.

(1) SRI: Socially Responsible Investment.

For several years, Ingenico Group has served on the Board of Advisors of the PCI (Payment Card Industry) Security Standards Council, an open international forum on the development, improvement, storage, dissemination, and continuous implementation of safety standards to protect bank card data. The mission of the PCI security standards Board is to improve the security of this payment-related data by promoting education and raising awareness of the PCI security standards and conducting certification programs such as PCI PTS for payment terminals and PCI DSS for transactional platforms. The organization was founded by American Express, Discover Financial Services, JCB International, MasterCard and Visa Inc.

The Group is also a member of the World Wide Web Consortium (W3C), which sets web standards, especially for HTML5.

Since 2014, Ingenico Group has been part of Global Platform, a group that aims to improve the security and interoperability of multiple applications embedded in microprocessor technology. The Group aims to support the needs of smart device suppliers, such as smartphone and tablet application developers, and device manufacturers. The development of this technology is crucial for mobile wallets, NFC (near field communication) payments, premium content protection and "bring your own device" (BYOD) initiatives.

In connection with its business, the Group maintains regular dialogue with international payment schemes on regulatory and technical matters (Visa, MasterCard, American Express, CUP, etc.), both through its local entities and centrally.

In each country, the Group's local entities are also in contact with various key players in the payment and new technology sectors.

In France, Ingenico Group has been a member of France Digitale since 2017. This is an association which brings together entrepreneurs and investors to promote the dynamism of French digital entrepreneurship and convert France into a country that encourages the development of startups, within the country or abroad.

Ingenico ePayments is also a member of the *Fédération du e-commerce et de la vente à distance* (FEVAD, the French e-commerce and distance selling federation), a non-profit-making organization that aims to support the ethical and sustainable development of e-commerce and distance selling in France. In 2017, Ingenico ePayments also supported FEVAD by sponsoring the Nuit des Favor'i, which rewards the best e-commerce sites of the year.

Ingenico ePayments has also been a member of ACSEL for more than ten years. ACSEL is the association for online commerce and services and the French digital transformation hub. With an active, cross-sector network of 1,200 professionals and nearly 150 large corporations, mid-market companies and service providers, ACSEL has become the key interface of the digital ecosystem, bringing together and galvanizing all companies, institutions and public authorities involved in digital transformation. ACSEL's mission is to create the conditions required for the success of the digital transformation of the French economy. Within ACSEL, Ingenico ePayments is active on the FinTech & Payment Methods Commission, which addresses strategic payment issues for merchants, and has been a member of the ACSEL Board of Directors since 2011, where it contributes to the smooth running of the association.

In the Netherlands, Ingenico ePayments is a member of the association Thuiswinkel.org and of Ecommerce Europe which comprises nearly 80,000 companies from the online sale of goods or services sector.

In Australia, the Group is in contact with various industry organizations, including the Australian Payment Clearing Association (APCA).

In Canada, the CEO of Ingenico Group co-chairs ACT Canada, an association of key players in the secure payment and identity sector. She is also a member of the Consultative Committee of the Women in Payments network in Canada, which aims to promote the career development of women in the payment industry, and a member of the Board of the global mentoring program, of which Ingenico Group is one of the founding sponsors. Furthermore, the Group has a consultative role on the Steering Committee of the IAB (Interactive Advertising Bureau of Canada), an association that promotes interactive marketing and the advertising industry, where it takes part in discussions on including payment in Digital Out of Home advertising campaigns. Finally, the Group acts as advisor to the annual conference Canadian innovation Exchange.

In Germany, Ingenico Group is a member of or in contact with the following organizations: BZVI (federal association of payment institutions), EFA (body representing the strategic interests of Fintech companies in Europe), EPIF (European Payment Institutions Federation), ELV-Forum (a technical body for ELV-type direct debit payments), GICC AK (research group for German buyers), and EHI Retail Institute GmbH (retail industry research institute). Ingenico Group is also a founding member of the Network Service Providers (NSP) association for electronic payment operators in Germany: *Bundesverband der electronic cash-Netzbetreiber.*

In India, E-Billing Solutions is a member of the PCI (Payment Council of India) within the IAMAI, the Internet and Mobile Association of India. Through this organization, it meets with other industry operators to discuss shared business and commercial issues. TechProcess Payment Services is a member of the CII (Confederation of Indian Industry) which represents various industries in India vis-à-vis the government.

2.5 INGENICO GROUP'S ENVIRONMENTAL APPROACH

As a global leader in payment services, Ingenico Group has a key role to play in controlling the environmental impact of the payment chain. Given its core business, Ingenico Group helps to further the development of payment services that have less impact on the environment (especially in terms of the consumption of natural resources and greenhouse gas emissions) than other means of payment, such as cash or checks.

Nevertheless, the omnichannel approach developed by Ingenico Group coupled with global coverage of its payment services inevitably have environmental impacts that the Group strives to control.

The environmental challenges highlighted by the materiality analysis that the Group has conducted are as follows:

- use of chemical substances that are potentially hazardous to human health and protection of the environment;
- appropriate treatment of electronic payment terminals at end of life;
- energy efficiency of electronic payment terminals that the Group puts onto the market.

The environmental policy deployed by Ingenico Group helps to address these various environmental challenges. In fact, signed by the Group's management and applicable to all employees, it is based on four guiding principles:

- **exemplary compliance with environmental regulation**

  Ingenico Group monitors the legal requirements relating to the environment and takes action to ensure the compliance of its business, products, and services with the applicable regulations;
- **considering environmental impact from the product design stage**

  Ingenico Group promotes eco-design because the primary elements affecting the environmental performance of products are found at the development and design phase;
- **implementing a responsible purchasing policy that incorporates environmental criteria**

  Ingenico Group incorporates environmental criteria into the procurement requirements it applies to its various suppliers and subcontractors;
- **increasing environmental awareness among employees**

  Ingenico Group encourages its employees to adopt and develop an eco-responsible approach in all their activities.

Ingenico Group is convinced that natural resources should be used responsibly and that the integration of environmental issues within the Group's activities is reflected by environmental as well as economic benefits, whilst meeting stakeholders' expectations.

2.5.1 Environmental Management System

Environmental protection is now an indisputable concern and controlling the environmental impact of a company's activities requires a structured approach if it is to be sustainable.

This is why Ingenico Group uses an Environmental Management System that is ISO 14001:2015-certified. As the recognized international standard for environmental management, ISO 14001 provides the framework for determining the program of measures and procedures that can help companies gain better control over the environmental impact of their business, products, and services.

It in fact lays down a number of environmental practices, such as compliance with the applicable regulations, the identification of environmental impacts, and the definition of objectives.

2.5.2 Environmental impacts

The environmental impacts of Ingenico Group are linked:

- first, to facilities the Group uses to carry out its business that have a direct impact in terms of their energy and natural resource consumption, and the direct and indirect impacts in terms of greenhouse gas emissions;
- secondly, to marketing activities, distribution and use of the Group's products and related services that have an impact on the environment in terms of natural resource consumption, indirect greenhouse gas emissions, and waste production.

Ingenico Group is working to lessen its environmental impact through the initiatives and measures described below. These are reported annually at the highest level of the Company in the scope of an environmental management review.

2.5.2.1 Impacts related to infrastructure

Energy consumption

A study of data relating to energy consumption was performed at Group level. In 2017, the quantity of electricity used amounted to 15,305.8 MWh. while the amount of natural gas consumed amounted to 3,615.4 MWh HHV over the same period.

(in MWh)	2017	2017 (like-for-like)	2016 (like-for-like)	Change
Electricity consumption(1)	15,305.8	14,184.8	14,041.6	+1%
Natural gas consumption	3,615.4	3,615.4	3,389.6	+7%

(1) Excluding some sites in China (Fujian Landi excl. Beijing, Fuzhou, Nanjing, Shanghai and Xiamen) (2.1% of the workforce at December 31, 2017).

Energy consumption (electricity and natural gas) increased slightly in line with the growth of the Group's business (9% revenue) and the increase in the number of employees (17%) between 2016 and 2017.

Where possible, Ingenico Group uses high energy efficiency buildings only. This is the case for the Paris building (France), which is HQE (High Quality Environmental standard) certified, and the Valence building (also in France), which is BBC certified (low-energy building) by an external certifying body, ensuring that energy performance levels are well above those of standard buildings. In the US (Alpharetta, GA), Ingenico Group also works out of a LEED-certified (Leadership in Energy and Environmental Design) and Energy Star-certified building, guaranteeing high energy efficiency.

Thanks to a "green energy" agreement signed with its energy supplier, Ingenico Group was able to guarantee that in 2017 all of the energy used by its main site in Ratingen, Germany, came exclusively from renewable sources, thereby reducing the corresponding greenhouse gas emissions.

For its IT services, Ingenico Group deploys a cloud computing strategy. This helps to optimize the energy efficiency of data centers. Actions of this type have notably been instigated within the Bambora entity based in Sweden.

Other initiatives aimed at reducing energy consumption have been deployed at many Group sites, such as the use of high-efficiency electrical equipment, low-consumption light bulbs, LED lighting, and movement detectors.

In the building located in Brussels, Belgium, the office lights are switched off automatically from 9pm and only emergency lighting is used to avoid any unnecessary lighting.

Lastly, in 2017, Ingenico Group installed an air treatment plant at its UK site, which is more effective in terms of energy consumption.

Water consumption

Ingenico Group is not aware of any local constraints relating to water resources. Moreover, given the Group's business activities, the consumption figures recorded for this resource are related to food and sanitary use only. However, the quantities of water consumed are monitored locally at the different sites. The Group's total water consumption in 2017 was 62,600 m^3.

(in thousands of m^3)	2017	2017 (like-for-like)	2016 (like-for-like)	Change
Water consumption(1)	62.6	52.5	51.2	+3%

(1) Excluding some sites based in China (Fujian Landi, excluding Fuzhou, Nanjing and Xiamen), Colombia, Japan, the Netherlands (Global Collect), Singapore (including Global Collect), Thailand (14.6% of the workforce at December 31, 2017), and the United States (Global Collect).

Group entities have undertaken various initiatives to reduce water consumption, such as automatic faucets and dual flush toilets.

Paper consumption

Paper consumption related to Ingenico Group's activities represented 62.8 tons in 2017.

(in tons)	2017	2017 (like-for-like)	2016 (like-for-like)	Change
Paper consumption(1)	62.8	54.2	56.1	-3%

(1) Excluding some sites in China (Fujian Landi excl. Beijing, Fuzhou, Nanjing, Shanghai and Xiamen) and Singapore (Global Collect) (4.9% of the workforce at December 31, 2017).

The Group's efforts to reduce paper consumption are reflected by printer configuration, the use of documentation in electronic rather than paper format and the reuse of paper. Electronic invoicing solutions have been deployed in Belgium.

In Belgium, France, Sweden and soon Brazil, employees need to log in to be able to confirm their printouts, thereby avoiding unnecessary printing.

Employee transportation and business travel

To reduce the environmental impact of business travel, Ingenico Group uses videoconferencing systems for meetings. Such systems are now installed at all of the Group's facilities.

A "carbon offset" transaction was again conducted in 2017 at the forum organized for Ingenico Group's partners in Barcelona (Spain). The Group thus fully offset the 170 tons of CO_2 equivalent corresponding to approximately 780,000 kilometers traveled by the 198 participants from 50 countries. The initiatives financed by the Group, in partnership with the GoodPlanet Foundation, helped to support an organic waste recycling project in the form of compost for agriculture in Lomé, Togo.

In Germany, Ingenico Group takes account of the level of CO_2 emissions in selecting its rental vehicles (maximum 134 gCO_2/km in 2017). A meaningful plan to reduce these emissions has been in place since 2015 and extends until 2020 (to reach 110 gCO_2/km). In Belgium, the use of hybrid and/or electric vehicles is also a solution under review.

In Sweden, business travel was reduced and the use of trains was preferred over planes, which helped to reduce travel costs by around 30% in 2017.

Telecommuting arrangements have also been put in place, enabling any employees who wish to do so to work from home for one or two days a week. This is especially the case in France and Belgium.

Lastly, in France, allowances are paid to Group employees who choose to go to their place of work by bicycle or *via* carpooling in order to reduce the use of vehicles and the associated environmental footprint.

All of these initiatives help to limit the impacts generated by employee transportation to work.

Preventive measures, recycling and waste disposal

Most of Ingenico Group's entities have set up sorting systems to collect and recycle internal waste such as electrical and electronic equipment, printer toners and cartridges, batteries and accumulators, plastic, glass, aluminum, paper, and cardboard.

In France, at the Paris site where the Group's head office is located, a comprehensive office waste sorting and recycling solution was put in place in partnership with a social enterprise in which workers with disabilities comprise 90% of the workforce. This end-to-end bespoke service enables traceability of the following forms of waste: paper, plastic cups, plastic bottles, and drinks cans. In 2017, this service collected 21.0 tons of waste, including 17.8 tons of paper, and so enabled the saving of 313 trees, 552.4 m^3 of water, 10 tons of CO_2, and 73.7 MWh of elctricity.

In the United Kingdom, a weekly waste report has been established. The results are displayed to the personnel, which helps raise employees' awareness and promote waste recycling.

In China, a partnership is in place with a recycler to collect and process the electronic waste related to the assembly activities of the Fujian Landi entity. Thus in 2017 more than 25 tons of electronic waste were collected.

Substance and noise pollution

In order to evaluate the greenhouse gas emissions generated by the Group's business, a Group-wide analysis of these emissions is carried out annually. This analysis is presented in detail in section 2.5.3.1, "Analysis of greenhouse gas emissions".

As the noise and odors caused by Ingenico Group's activities are insignificant, they are not subject to specific reporting.

Land use

As Ingenico Group's business activity has a limited impact on soil, there is no specific reporting on ground soil pollution.

Biodiversity conservation

Ingenico Group's business activity has not revealed any direct negative impact on biodiversity as its sites include very few green spaces or open ground.

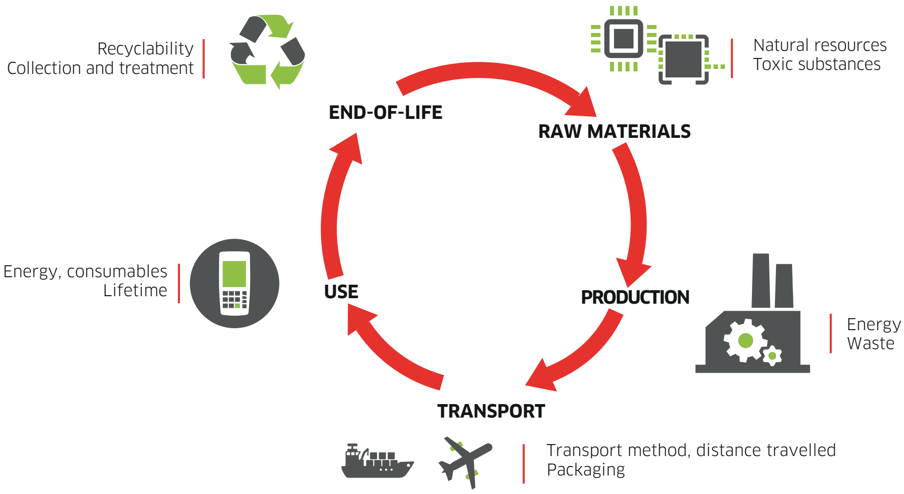
2.5.2.2 Impacts linked to the products and services offered

Eco-design

Eco-design is a preventive approach that factors in environmental concerns right from the product design and development phase. It requires that consideration be paid to environmental requirements (regulations, customer expectations, Group policy, etc.) as well as to the products' environmental impacts (energy and raw materials consumption and waste production).

Ingenico Group takes steps to reduce the environmental footprint of its terminals at each stage of their life cycle, from design to end-of-life. To this end, the Group has developed an eco-design process that aims in particular to reduce the consumption of resources and the production of waste (SDG 12[(1)]).

The process implemented by Ingenico Group is based on the "life cycle" approach to products, as shown in the following diagram:

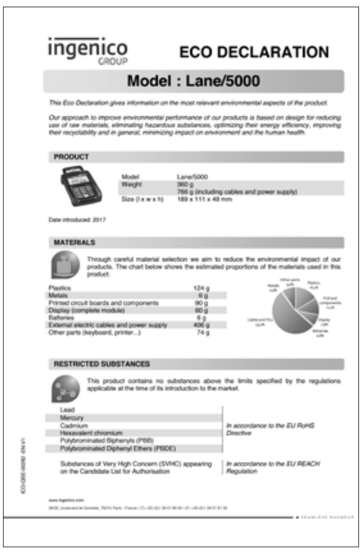


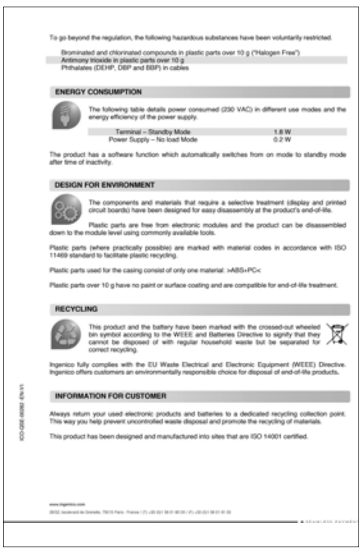
To further embed this approach, the Group has developed an eco-design questionnaire derived from the most stringent international standards for electronic products (EPEAT, TCO, ECMA-341, etc.). With this tool, the environmental performance of the products is evaluated:

- by measuring a number of design indicators (weight, energy consumption, number of components, surface area of printed circuits, etc.);
- by verifying compliance with current regulatory requirements (WEEE, RoHS2, REACH, etc.);
- by identifying best design practices (compatibility of plastic materials with a view to recycling, number of different materials, the marking of parts, disassembly, etc.).

This evaluation of environmental performance provides the basis for an "eco-declaration", an environmental product profile that highlights its ecological aspect while meeting customers' expectations.

- **Example of an eco-declaration on a product (Lane/5000)**



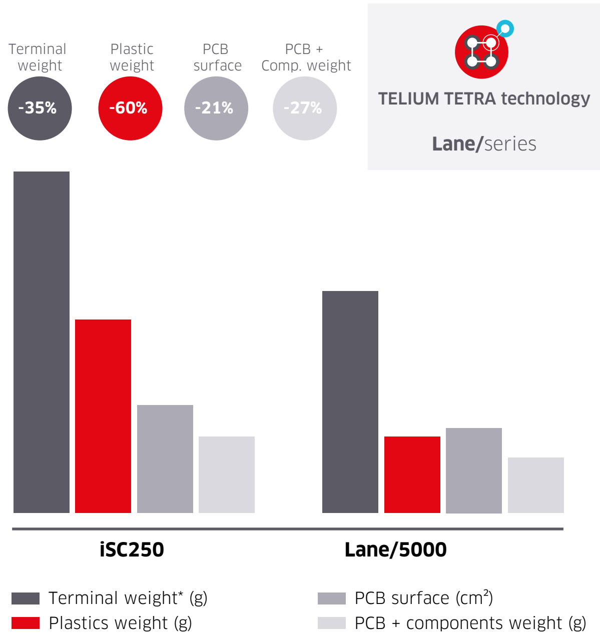


(1) *For more information on the United Nations Sustainable Development Goals: http://www.un.org/sustainabledevelopment/sustainable-development-goals/*

Raw materials

The optimization of the design of new generations of terminals allows Ingenico Group to reduce its environmental footprint not only by limiting the use of natural resources but also indirectly by reducing the impacts due to transport. This eco-design approach is all the more relevant since the use of raw materials required for manufacturing the Group's terminals is in third place on the analysis of GHG emissions (for more detailed information, please refer to section 2.5.3.1, "Analysis of greenhouse gas emissions").

Notable improvements have been made with the latest generation of the Telium Tetra range of terminals as, for example, in the case of the Lane/5000 terminal, where significant improvements have been made in terms of the quantities of raw materials used compared to the previous range (iSC250).



* *Excluding cables, power supply and thermal paper roll.*

Manufacturing

With regard to the manufacturing of critical components supplied to it, the Group concludes agreements with its suppliers that clearly set out its requirements in terms of environmental protection. Regarding the assembly of its terminals, the two main Ingenico Group partners have signed the Responsible Business Alliance code of conduct (formerly EICC – Electronic Industry Citizenship Coalition), affirming their commitment to incorporate environmental concerns into the operation of their businesses (for more details, please refer to section 2.4.6, "Supply chain management").

These two partners are also ISO 14001-certified, as is Fujian Landi and the two subcontracted factories that assemble a portion of Landi terminals. This means that, in 2017, all Group terminals were assembled at industrial sites with ISO 14001 environmental certification.

Transport

The Group works with two transport firms that are market leaders in logistics. Both firms are ISO 14001-certified, enabling Ingenico Group to help ensure an environmentally friendly supply chain. They provide the Group with expertise regarding the development of logistics networks, the consolidation and optimization of loads, and the selection of means of transport, thereby ultimately helping to reduce the Group's carbon footprint.

In Brazil, the two main local carriers with whom Ingenico Group works use only biodiesel for their entire truck fleet.

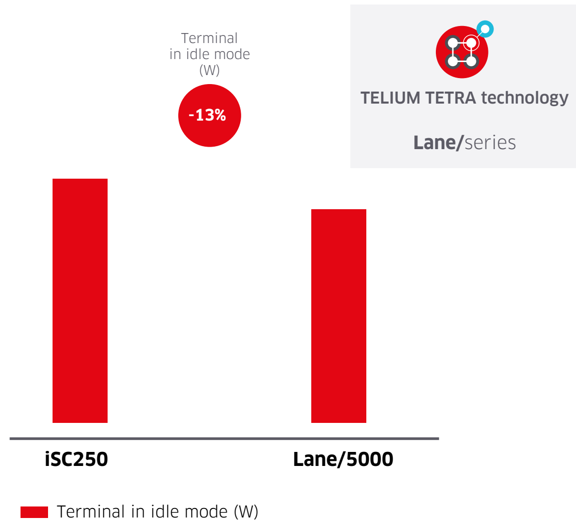
Use

A significant part of the environmental impact of electronic products comes from their energy consumption during the use phase. Optimization of the energy efficiency of terminals has a dual benefit: first by reducing the Group's eco-footprint in marketing less energy-hungry products and secondly by alleviating that of end users, who benefit both economically and ecologically.

Thus, for the latest generation of the Telium Tetra range of terminals and particularly Lane/5000, the terminal's energy consumption in 'idle' mode has been optimized compared to the previous range (iSC250).

Another area where Ingenico Group seeks to be a pioneer is in paperless electronic payment receipts. Here again, the benefit is twofold as, through this solution, the Group is helping to minimize the environmental footprint of each transaction by replacing the paper receipt with a digital one, and is also helping to reduce operating costs for the merchant.

This solution is already being used by many Italian banks, thanks to the iCMP mobile terminals supplied by Ingenico Group. With its Link/2500 range, Ingenico Group consolidates this ambition with a portable terminal that combines flexibility and versatility whilst offering a digital receipt solution.



These two initiatives are all the more relevant since the energy consumption of terminals and receipt printing are in second and first place respectively on the analysis of GHG emissions (for more detailed information, please refer to section 2.5.3.1, "Analysis of greenhouse gas emissions").

End-of-life

In accordance with the WEEE (Waste Electrical and Electronic Equipment) directive, recycling solutions for end-of-life Ingenico terminals are in place in EU member states.

In keeping with its commitment to the circular economy, the Group supports this initiative by implementing it beyond the European Union, in countries such as Australia, Brazil, Canada, China, Colombia, Mexico, the Philippines, Singapore, Thailand, and the United States.

In France, a partnership is in place with a local recycler (itself ISO 14001-certified) to streamline the entire process of collecting and recycling end-of-life terminals from Group customers. Another benefit is that this partner provides work for three establishments for disabled people and one prison, *i.e.* a total of 80 people.

The quantity of terminals collected and recycled is monitored at Group level, and reached a total of 338.9 tons in 2017.

(in tons)	2017	2017 (like-for-like)	2016 (like-for-like)	Change
End-of-life products (WEEE) collected and treated	338.9	337.6	246.6	+37%

2.5.3 Fight against climate change

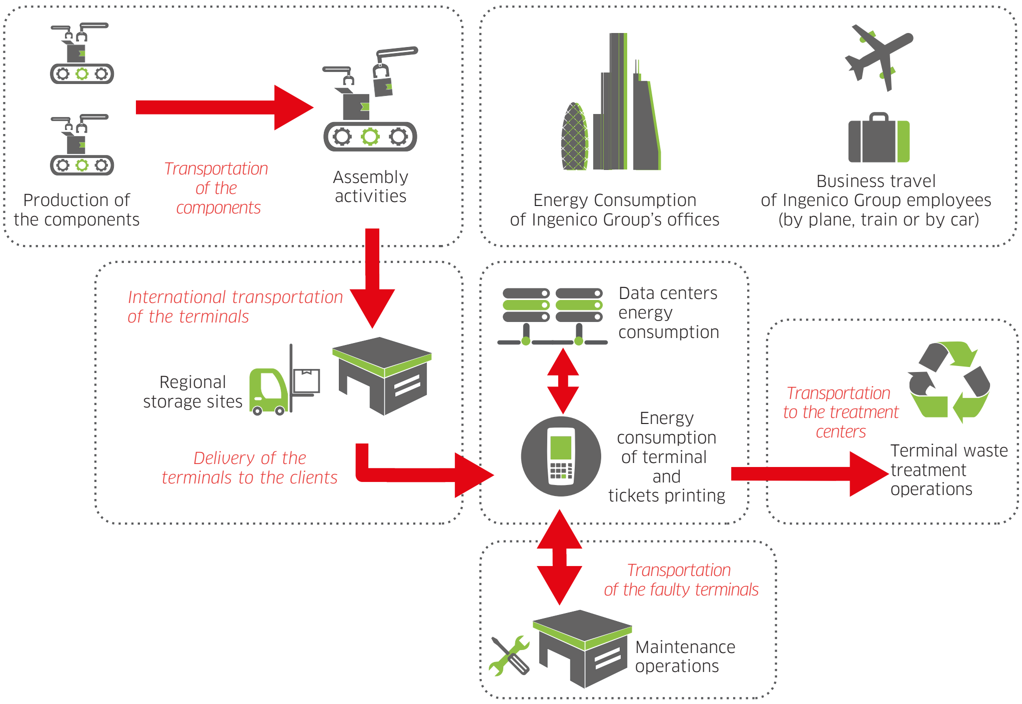
2.5.3.1 Analysis of greenhouse gas emissions

In 2017, Ingenico Group updated its analysis of greenhouse gas (GHG) emissions. This initiative goes beyond mere compliance with the legal obligations under the Grenelle II law, broadening the scope of GHG emissions reporting to encompass the whole of Ingenico Group's value chain, including Scopes 1, 2 and 3.

The analysis of the Group's GHG emissions included the following elements:

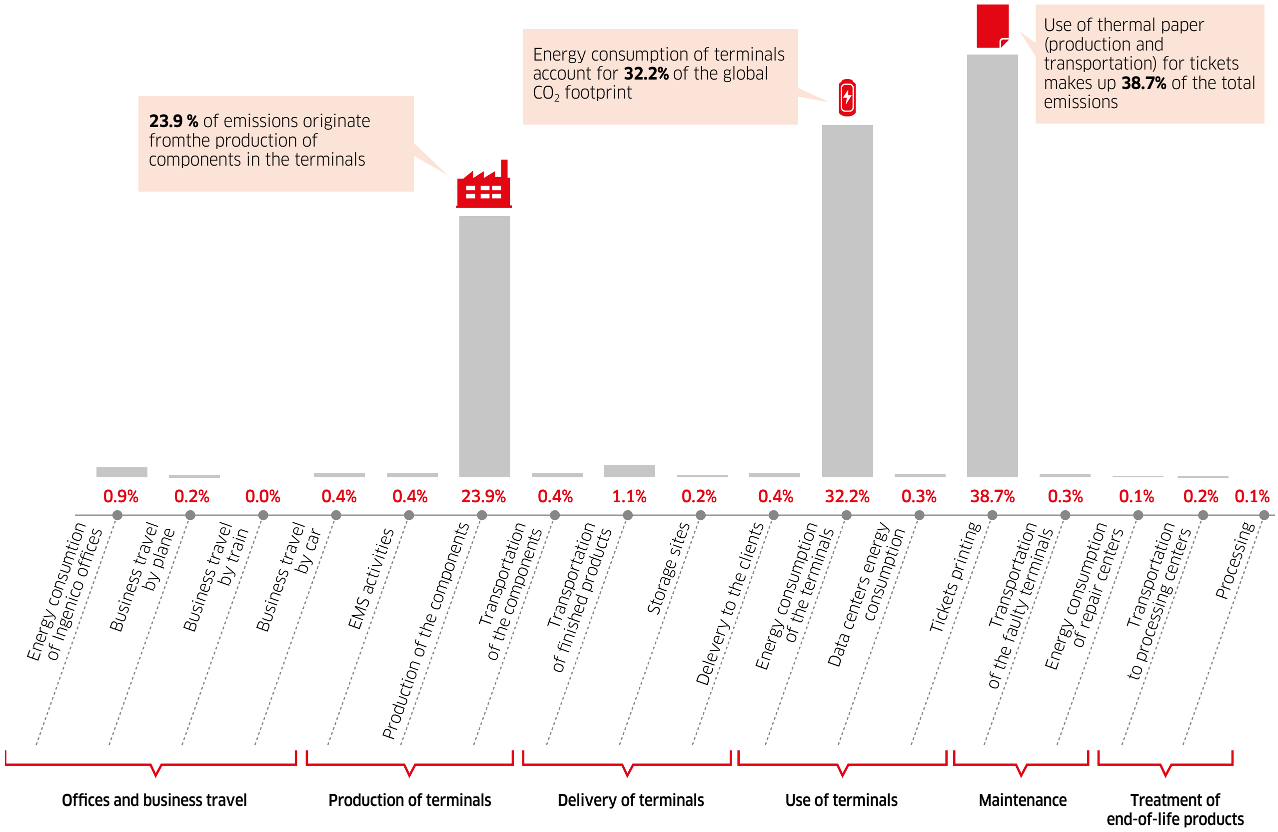
- energy consumption of buildings occupied by the Group;
- business travel by Group employees;
- production and transportation of assembled components in terminals;
- energy consumption of assembly plants;
- international transport and delivery of terminals from assembly plants to customers;
- energy consumption of terminals sold on the market;
- production and transport of the paper needed to print receipts when transactions take place;
- energy consumption of data centers (for services operated by Ingenico Group);
- collection and delivery of terminals for repair;
- energy consumption of repair centers;
- transport of terminals to their place of disposal;
- processing of end-of-life terminals.

Diagram of the elements included in the GHG emissions analysis



This analysis identified the elements with the highest GHG emissions so that preventive action could be taken in the areas where it would make the greatest impact. The results presented in the analysis below help Ingenico Group to refine and augment its action plans for reducing GHG emissions within its approach toward progress and the continuous improvement of environmental performance.

Principal sources of CO_2 emissions in Ingenico Group's value chain in 2017



Details of emissions in CO_2 equivalent per scope and per year

(in tons of CO_2 equivalent)	2017	2017 (like-for-like)	2016 (like-for-like)	Change
Scope 1 (direct emissions from the combustion of fossil fuels)	7,930	6,911	7,455	-7%
Scope 2 (indirect emissions from electricity)	11,218	9,621	9,360	+3%
Scope 3 (other indirect emissions)	1,585,602	1,581,675	1,411,158	+12%
TOTAL	**1,604,750**	**1,598,207**	**1,427,973**	**+12%**

Details of emissions in CO_2 equivalent per item and per year

(in tons of CO_2 equivalent)	2017	2017 (like-for-like)	2016 (like-for-like)	Change
Buildings energy and business travel	23,586	20,344	23,959	-15%
Terminal production	397,578	397,578	318,858	+25%
Terminal delivery	27,920	27,920	25,037	+12%
Use of products and services	1,144,718	1,141,417	1,044,267	+9%
Maintenance	6,533	6,533	11,125	-41%
Processing of end-of-life terminals	4,415	4,415	4,727	-7%
TOTAL	**1,604,750**	**1,598,207**	**1,427,973**	**+12%**

GHG emissions related to buildings energy consumption and business travel were reduced (-15%) primarily due to the fall in business travel recorded in 2017. The various measures detailed in the paragraph relating to business travel (see 2.5.2.1, "Impacts related to infrastructure") largely contributed to this significant reduction.

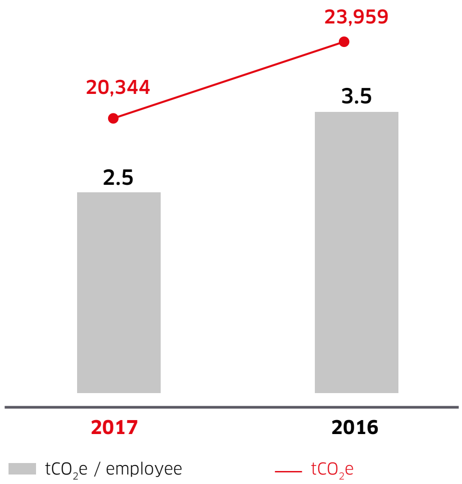
GHG emissions related to terminal production rose in proportion to the number of terminals manufactured by the Group in 2017 (+25%).

GHG emissions related to the transport of terminals rose markedly (+12%) despite the significant increase in deliveries (+22%). This result shows the relevance of the initiatives detailed in the section relating to transport in paragraph 2.5.2.2, "Impacts linked to the products and services offered".

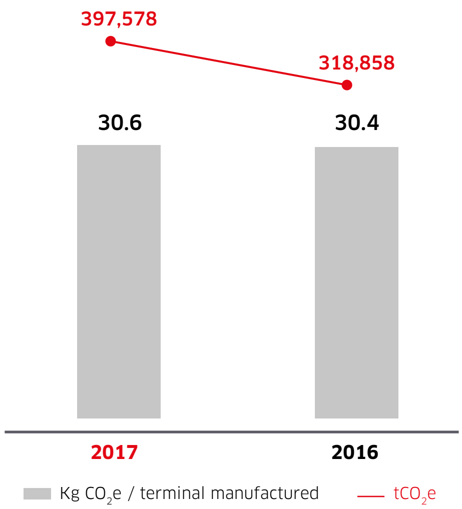
GHG emissions related to the use of the Group's products and services increased slightly (+9%). However, this increase is lower than the growth of the installed terminal base (+16%). This demonstrates the effectiveness of measures detailed in the section relating to eco-design in paragraph 2.5.2.2, "Impacts linked to the products and services offered".

The graphs below, which display the data in absolute values but more importantly in relative values, highlight the Group's ability to minimize its GHG emissions in spite of the growth of its business. In fact, expressed in relative values, the emissions detailed in the preceding table follow an overall downward trend.

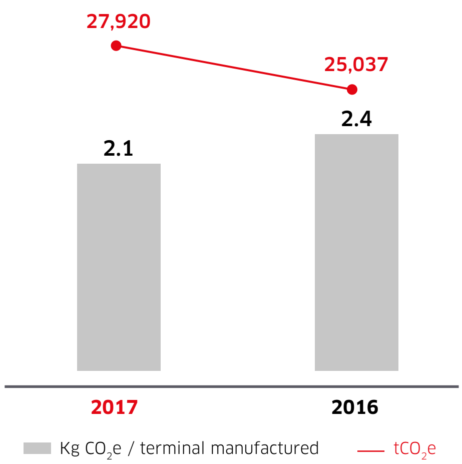
- **Buildings energy and business travel**



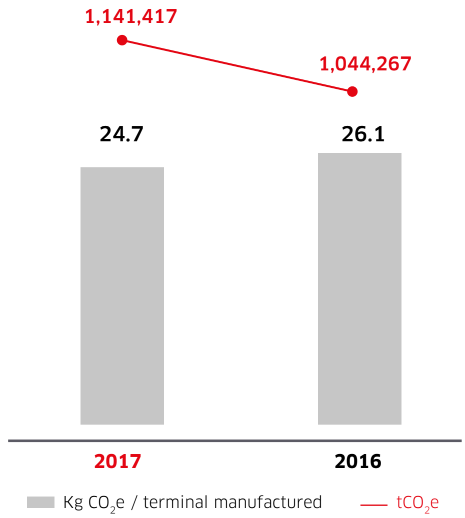
- **Terminal production**



- **Terminal delivery**

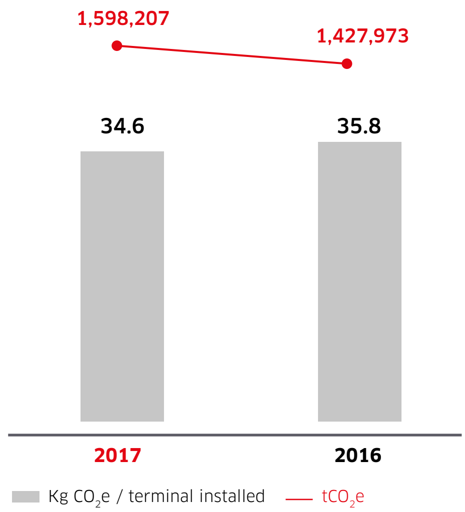


- **Use of products and services**



In 2017, the growth of the Group's business incurred a rise in GHG emissions in absolute value (on a like-for-like basis). However, this increase (+12%) is less significant than the increase in the installed terminal base (+16%) as shown by GHG emissions trend in relative values (in kgCO_2e per installed terminal).

- **Total GHG emissions**



2.5.3.2 Greenhouse gas reduction targets for 2020

Ingenico Group is keenly aware of the progression and impact of climate change across the globe and wanted to participate in the collective drive to keep global warming below 2°C between now and 2050. It has therefore decided to set targets for reducing its GHG emissions by 2020. In doing so, Ingenico Group is also contributing to SDG 13 [(1)] ("Take urgent action to combat climate change and its impacts").

Through the measures described below, the Group has committed to the fight against climate change whilst demonstrating its leadership in managing its GHG emissions.

Scope	2020 targets (compared with 2015)*	Actions
Energy consumption of offices (Scope 2)	Reduce CO_2 emissions related to offices occupied by Ingenico Group in France by 50%	Increase the share of renewable energy supplying the main sites located in France
Energy consumption of data centers (Scope 3)	Reduce CO_2 emissions related to data centers used by Ingenico Group by 40%	Consolidate the number of servers used by Ingenico Group in its outsourced data centers
Use of terminals (Scope 3)	Reduce the CO_2 emissions per Ingenico terminal installed worldwide by 10%	Increase the energy efficiency of terminals and promote the use of paperless electronic payment receipts
Terminal transport (Scope 3)	Reduce the CO_2 emissions per Ingenico terminal transported by 5%	Increase maritime transport and consolidated freight *via* the installation of a transport hub in Europe

* *All targets are set on a like-for-like basis.*

Through the various initiatives listed above and other actions, Ingenico Group aims to reduce its CO_2 emission intensity per euro of revenue by 10% across its entire value chain (Scopes 1, 2, and 3).

(1) *For more information on the United Nations Sustainable Development Goals: http://www.un.org/sustainabledevelopment/sustainable-development-goals/*

HOW DO WE ACT ON CLIMATE CHANGE?

1. REDUCING GREENHOUSE GAS EMISSIONS AS FAR AS POSSIBLE

Proposing **ENERGY EFFICIENT TERMINALS** and solutions to implement **PAPERPLESS PAYMENT RECEIPTS**

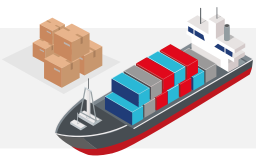
2020 TARGET

-10 % GHG emissions per Ingenico terminal installed

Réduire **THE NOMBER OF SERVERS** used in our outsourced data centres

2020 TARGET

-40 % GHG emissions related to data centers



Favouring **SEA FREIGHT** over air freight to transport our terminals

2020 TARGET

-5 % GHG emissions per Ingenico terminal transported

Increasing the share of **RENEWABLE ENERGY** supplying our main sites

2020 TARGET

-50 % GHG emissions related to offices in France

2. OFFSETTING EMISSIONS WHEN REDUCING THEM ISN'T POSSIBLE

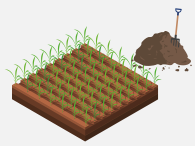
by supporting **GREEHOUSE GAS REDUCTION PROJECTS**

Since 2015, we have offset **1,030 TONS OF CO_2e** for major business events.

- **E&A PARTNERS FORUM** ATHENS 2016
- **CHALLENGE** STRESA 2016
- **E&A PARTNERS FORUM** BARCELONA 2017
- **CARTES SECURE CONNEXIONS** PARIS 2015
- **TRUSTECH** CANNES 2016
- **E&A PARTNERS FORUM** BUDAPEST 2015

Through voluntary carbon offsetting, Ingenico Group supports a WASTE COMPOSTING PROJECT IN TOGO.

RECYCLING THE ORGANIC WASTE of the city of Lomé, by structuring the waste collection sector



PRODUCING AND SELLING COMPOST with a high nutrient content for use in farming

2.5.4 Other environmental commitments

United Nations Global Compact

By supporting the world's leading corporate social responsibility initiative, Ingenico Group commits to disclose the ways in which the Group is aligning its strategy and operations with the UN's universal principles relating to the environment:

- applying the precautionary approach faced with problems affecting the environment;
- taking initiatives that tend to promote greater responsibility in terms of the environment;
- promoting the development and dissemination of technologies that respect the environment.

Ingenico Group's 2017 report (Communication on Progress) is available on the website of the United Nations Global Compact.

We Mean Business

In 2015, Ingenico Group also committed to one of the initiatives proposed by the "We Mean Business" coalition to combat climate change. This voluntary commitment by Ingenico Group consists in providing public access to information on the impacts of the Group's business on climate change. This commitment is reflected by the information contained in section 2.5.3, "Fight against climate change".

CDP

In 2017, Ingenico Group once again took part in the CDP, an internationally recognized evaluation set up by an independent NGO that works with global investors to advance investment opportunities and mitigate the risks posed by climate change. This evaluation allows institutional investors in particular to assess the climate change policies, GHG emissions, and energy consumption of over 5,000 listed companies worldwide.

The Group confirmed its commitment to the fight against climate change, with a score of "B" (for "Management"). The average score for French and foreign companies and companies in the IT sector is "C" (for "Awareness"). In 2017, Ingenico Group maintained its support for this initiative by becoming an official "CDP Supporter".

Circular economy trajectories of the AFEP

Using the drivers of the circular economy defined by ADEME (the French Environment and Energy Management Agency), Ingenico Group was committed in 2017 through two actions: recycling and eco-design of products marketed by the Group. These two initiatives are part of the brochure published by the AFEP, which details the 100 commitments promoting the circular economy on the part of 33 French companies.

Partnership with SPIE

In the scope of its partnership with SPIE Group, Ingenico Group has deployed an identification and payment solution across 1,200 electric vehicle charging stations throughout France. Thanks to the performance of the self-service terminals range, Ingenico Group contributes to the success of SPIE Group, helping to make the recharging of vehicle batteries both easy and accessible.

2.5.5 Compliance with applicable environmental regulations

Growing environmental concerns of recent years have led to a strengthening of the regulations in terms of protection of the environment. That is why Ingenico Group uses regulatory intelligence to monitor the environmental regulations applicable to the Group's business and to ensure strict compliance with the statutory requirements in force.

For Ingenico Group, the main regulatory texts applicable to the design and marketing of electronic payment terminals are the following:

- the RoHS2 (Restriction of Hazardous Substances in Electrical and Electronic Equipment) directive, which aims to reduce the use of certain substances that are hazardous to health and the environment and that can be found in electrical and electronic equipment (lead, mercury, cadmium, hexavalent chromium, and brominated flame retardants). In 2017, all Ingenico brand terminals complied with this directive;
- the REACH (Registration, Evaluation, Authorization, and restriction of CHemicals) regulation, which requires that information be provided throughout the supply chain if any so-called Substances of Very High Concern (SVHC) are used, and that, above a certain tonnage, the ECHA (European Chemicals Agency) be notified accordingly. In 2017, Ingenico Group conducted independent laboratory tests to ensure that none of these substances was present in Ingenico products in a concentration that exceeds the disclosure and/or notification thresholds provided for in the regulation;
- the WEEE (Waste Electrical and Electronic Equipment) directive, applicable in the European Union, which requires manufacturers of electrical and electronic equipment to organize and finance the collection, treatment and disposal of their end-of-life products. Ingenico Group provides its customers with a specific process for the collection and recycling of their end-of-life terminals and complies with the requirements to inform users, recyclers, and local authorities in accordance with this directive.

In respect of its operations in France, Ingenico Group does not operate any facilities classified for environmental protection (*Installation Classée pour la Protection de l'Environnement* or ICPE).

2.5.6 Employee awareness

The Group intends to improve environmental awareness among its employees. To this end, Ingenico Group encourages its employees to adopt and develop an eco-responsible approach in all their daily activities to reduce paper consumption, travel, and energy consumption, and to promote waste sorting.

Campaigns to raise employees' awareness of the wastage of water were conducted in 2017 on sites located in Belgium, China, and India.

In Belgium, awareness actions relating to waste sorting, energy saving, and business travel are carried out twice a year, with more than 300 employees.

In China, an orienteering course was held in 2017 with all employees that helped raise participants' awareness about the protection of the environment.

In France, on the Valence site, Ingenico Group took part in the "sustainable mobility" day to promote alternative solutions to the private car, particularly for commuting.

Finally, in the UK, all new employees are made aware of the protection of the environment when they join the Group.

2.6 REPORT BY THE STATUTORY AUDITOR, APPOINTED AS INDEPENDENT THIRD PARTY, ON THE CONSOLIDATED HUMAN RESOURCES, ENVIRONMENTAL AND SOCIAL INFORMATION INCLUDED IN THE MANAGEMENT REPORT

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

Fiscal year ended December 31, 2017

To the Shareholders,

In our capacity as Statutory Auditor of the company Ingenico Group S.A., (hereinafter named the "Company"), appointed as independent third party and certified by COFRAC under number 3-1049[1], we hereby report to you on the consolidated human resources, environmental and social information for the year ended December 31, 2017, included in the management report (hereinafter named "CSR Information"), pursuant to article L.225-102-1 of the French Commercial Code *(Code de commerce)*.

Company's responsibility

The Board of Directors is responsible for preparing a company's management report including the CSR Information required by article R.225-105-1 of the French Commercial Code in accordance with the guidelines used by the Company (hereinafter the "Guidelines"), summarised in the management report and available on request from the Company's head office.

Independence and quality control

Our independence is defined by regulatory texts, the French Code of ethics *(Code de déontologie)* of our profession and the requirements of article L.822-11-3 of the French Commercial Code. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements and applicable legal and regulatory requirements..

Statutory Auditor's responsibility

On the basis of our work, our responsibility is to:

- attest that the required CSR Information is included in the management report or, in the event of non-disclosure of a part or all of the CSR Information, that an explanation is provided in accordance with the third paragraph of article R.225-105 of the French Commercial Code (Attestation regarding the completeness of CSR Information);
- express a limited assurance conclusion that the CSR Information taken as a whole is, in all material respects, fairly presented in accordance with the Guidelines (Conclusion on the fairness of CSR Information).

However, it is not our responsibility to pronounce on the compliance with the relevant legal provisions applicable if necessary, in particular those envisaged by article L. 225-102-4 of the French Commercial Code (Duty of care) and by the law n° 2016-1691 of December 9, 2016 known as Sapin II (fight against corruption).

Our work involved four persons and was conducted between October 2017 and February 2018 during a three weeks period. We were assisted in our work by our CSR experts.

We performed our work in accordance with the order dated May 13, 2013 defining the conditions under which the independent third party performs its engagement and with the professional guidance issued by the French Institute of statutory auditors (Compagnie nationale des commissaires aux comptes) relating to this engagement and with ISAE 3000[2] concerning our conclusion on the fairness of CSR Information.

1. Attestation regarding the completeness of CSR Information

Nature and scope of our work

On the basis of interviews with the individuals in charge of the relevant departments, we obtained an understanding of the Company's sustainability strategy regarding human resources and environmental impacts of its activities and its social commitments and, where applicable, any actions or programmes arising from them.

We compared the CSR Information presented in the management report with the list provided in article R.225-105-1 of the French Commercial Code.

For any consolidated information that is not disclosed, we verified that explanations were provided in accordance with article R.225-105, paragraph 3 of the French Commercial Code.

We verified that the CSR Information covers the scope of consolidation, i.e., the Company, its subsidiaries as defined by article L.233-1 and the controlled entities as defined by article L.233-3 of the French Commercial Code within the limitations set out in the methodological note, presented in 2.2 section of the management report.

Conclusion

Based on the work performed and given the limitations mentioned above, we attest that the required CSR Information has been disclosed in the management report.

(1) Whose scope is available at www.cofrac.fr.

(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information

2. Conclusion on the fairness of CSR Information

Nature and scope of our work

We conducted ten interviews with the persons responsible for preparing the CSR Information and, where appropriate, responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and understandability, and taking into account industry best practices where appropriate;
- verify the implementation of data-collection, compilation, processing and control process to reach completeness and consistency of the CSR Information and obtain an understanding of the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and scope of our tests and procedures based on the nature and importance of the CSR Information with respect to the characteristics of the Company, the human resources and environmental challenges of its activities, its sustainability strategy and industry best practices.

Regarding the CSR Information that we considered to be the most important [(1)]:

- at parent entity, we referred to documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions), performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data. We also verified that the information was consistent and in agreement with the other information in the management report;
- at the level of a representative sample of entities selected by us [(2)] on the basis of their activity, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to verify that procedures are properly applied and to identify potential undisclosed data, and we performed tests of details, using sampling techniques, in order to verify the calculations and reconcile the data with the supporting documents. The selected sample represents 22% of headcount considered as material data of social issues and between 18% and 100% of environmental data considered as material data [(3)] of environmental issues.

For the remaining consolidated CSR Information, we assessed its consistency based on our understanding of the company.

We also assessed the relevance of explanations provided for any information that was not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes we have used, based on our professional judgement, are sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures. Due to the use of sampling techniques and other limitations inherent to information and internal control systems, the risk of not detecting a material misstatement in the CSR information cannot be totally eliminated.

Conclusion

Based on the work performed, no material misstatement has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

Paris La Défense, February 22, 2018

KPMG SA

Anne Garans	Frédéric Quelin
Associate	*Partner*
Sustainability Services	

(1) **Human resources indicators:** *Total headcount and breakdown of the workforce by gender, geographical area and type of contract; Percentage of part-time workers; New hires; Dismissals and redundancies; Total number of training hours.*

Environmental indicators: *Percentage of terminals assembled in ISO 14001 certified plants, greenhouse gas emissions, energy consumption (electricity and natural gas consumption), quantity of end-of-life products collected and processed.*

Qualitative information: *Policies implemented regarding training; Health and safety conditions at work Anti-discrimination policy; The organization of the company to integrate environmental issues and, if appropriate, the assessments and certification process regarding environmental issues; Resources devoted to the prevention of environmental risks and pollution; Inclusion of social and environmental issues in the company's purchasing policy; The importance of subcontracting and consideration, in the relationship with subcontractors and suppliers of their social and environmental responsibility; Measures implemented against bribery; Measures implemented to promote consumers health and safety.*

(2) **Human resources indicators:** *Fujian Landi (China).*

(3) **Environmental indicators:** *Fujian Landi (China), Ingenico Group S.A. (France), Ingenico UK Ltd (United Kingdom). See the list of environmental indicators in footnote n°1 of this page.*

3 Corporate governance

3.1 CORPORATE GOVERNANCE

3.1.1 Governance structure

3.1.1.1 Corporate Governance Code

As part of its corporate governance initiatives, the Company has established a set of measures in accordance with the AFEP-MEDEF Code which inspired the drafting and updating of the Company's Articles of Association and Rules of Procedure of the Board of Directors. In the same manner, the Company has opted to refer to the AFEP-MEDEF Corporate Governance Code for listed companies (the "AFEP-MEDEF Code"), which was last updated in November 2016. The Code is available on the websites of both AFEP (www.afep.com) and MEDEF (www.medef.com).

3.1.1.2 Implementation of the "apply or explain" rule

In accordance with the "apply or explain" rule in Article L.225-37-4, 8°, of the French Commercial Code and Article 27.1 of the AFEP-MEDEF Code, the Company believes that it is in compliance with the recommendations of the AFEP-MEDEF Code.

3.1.1.3 Organization of powers

The Company is a public limited company with a Board of Directors and a Management Board.

Combining the functions of Chairman and Chief Executive Officer

On January 20, 2010, the Board of Directors combined the positions of Chairman and Chief Executive Officer, which had been separate since 2004. Since that decision was made, Philippe Lazare has been the Chairman and Chief Executive Officer.

This option was made to ensure greater consistency between strategic and operational functions and to simplify the decision-making process in the interests of greater efficiency and proactivity, thereby ensuring compliance with best governance practices.

The governance structure implemented within the Group is in strict compliance with the authority delegated to each of the Company's various bodies, as provided by French law. It includes:

- a Board of Directors of which the majority of the members are independent (88.9% as at the date of this Registration Document);
- a Group strategy that involves every member of the Board;
- attendance on special focus committees of the Board of Directors that are largely made up of independent members (100% as at the date of this Registration Document);
- limits on the powers of the Chairman and Chief Executive Officer (detailed below), including the requirement to notify or request the prior approval of the Board of Directors for the most significant transactions;
- a formal annual performance evaluation of the Board of Directors by all of the directors, except for the Chairman and Chief Executive Officer (see section 3.1.4.4 of this Registration Document).

The Chairman and Chief Executive Officer is not a member of any of the Board of Directors' special focus committees.

Powers of the Chairman and Chief Executive Officer

The Chairman and Chief Executive Officer is vested with the broadest powers to act in the Company's name in all circumstances. He exercises these powers within the scope of the Company's corporate purpose and subject to the powers expressly granted by law to Shareholders' Meetings and to the Board of Directors.

He represents the Company in its relations with third parties. The Company is responsible for the actions of the Chairman and Chief Executive Officer that do not fall within the corporate purpose, unless it proves that the third party knew that the act exceeded that purpose or could not have been unaware of it under the circumstances, on the proviso that the mere publication of the Articles of Association shall not constitute such proof.

Limits on the powers of the Chairman and Chief Executive Officer

The limits placed by the Board of Directors on the powers of the Chairman and Chief Executive Officer are described in Article 2 of the Board's Rules of Procedure and are reviewed below.

In accordance with the law, security, surety and guarantee commitments in the name of the Company may only be approved by the Chief Executive Officer after receiving the prior authorization of the Board of Directors, and the Board may set an overall annual amount, or an amount per commitment, below which its authorization is not required. The consent of the Board of Directors is required before the Chairman and Chief Executive Officer may appoint any person to act as a permanent representative of the Company or of companies that it controls directly or indirectly, as defined in Article L.233-3 of the French Commercial Code, on the Board of Directors or the Supervisory Board of any company that is not directly or indirectly controlled by the Company. The Board of Directors will consider any proposals and opinions provided by the Compensation, Appointments and Governance Committee.

Prior authorization from the Board of Directors is also required for any related party agreement in accordance with Articles L.225-38 *et seq.* of the French Commercial Code. This includes any "Golden Parachute" or "Additional Retirement" agreements with the Chairman, Chief Executive Officer or Deputy Chief Executive Officers involving compensation or benefits due upon the termination of their duties or thereafter.

The prior consent of the Board is also required for the following:

(i) setting the consolidated budget for the year;

(ii) setting the consolidated business plan;

(iii) any investment, divestiture, acquisition of equity interests or assets, contribution or disposal of assets, merger, demerger or partial contribution of assets in an amount exceeding €25 million;

(iv) any application for a loan, or any issuance of bond debt or other long-term liabilities exceeding €50 million and any application for a loan or issuance of bond debt or other long-term liabilities exceeding an annual aggregate limit of €300 million;

(v) any financial transaction liable to have a material effect on Ingenico Group's strategy and scope of business and involving an amount in excess of €50 million;

(vi) any financial transaction involving an amount in excess of €100 million;

(vii) any capital increase or series of capital increases liable to modify the total share capital and/or voting rights in Ingenico Group by more than 10% during a period of less than twelve consecutive months, and not entailing preferential subscription rights for existing shareholders;

(viii) any capital increase or series of capital increases liable to modify the total share capital or voting rights in Ingenico Group by more than 20% during a period of less than twelve consecutive months, even with preferential subscription rights for existing shareholders maintained; and

(ix) any material transaction outside of the Group's strategy.

Neither the provisions of these Articles nor any Board resolutions limiting the Chairman and Chief Executive Officer's powers are enforceable against third parties.

Powers of the Deputy Chief Executive Officers

In agreement with the Chairman and Chief Executive Officer, the Board shall determine the extent and term of the powers vested to Deputy Chief Executive Officers. The Deputy Chief Executive Officers have the same powers as the Chief Executive Officer with respect to third parties.

On the date that this Registration Document was prepared, the Board had not appointed a Deputy Chief Executive Officer.

3.1.2 Composition of the Board of Directors – directors and executive officers

3.1.2.1 Rules for the composition of the Board of Directors

The composition of the Company's Board of Directors and executive management bodies is determined by the applicable laws and regulations, by the Articles of Association of the Company as well as by the Rules of Procedure of the Board of Directors, the main clauses of which are summarized or reproduced below.

Appointment of directors: in accordance with the Articles of Association, the Company is administered by a Board consisting of at least three (3) and at most thirteen (13) members.

The directors are appointed by the Annual General Shareholders' Meeting and can be removed by it. The term of office for directors is three (3) years. The Combined Ordinary and Extraordinary Shareholders' Meeting of April 29, 2016 decided (i) to reduce the term of office of directors from four to three years (on the understanding that the current directors will serve out their terms) and (ii) to allow the reappointment of directors for a term of one or two years, exclusively to establish and maintain a system whereby directors' terms of office are renewed on a rotating basis. Plurality of offices as a director of the Company and of several other *sociétés anonymes* (public limited companies) is allowed only within the limits permitted by law.

A Company employee may only be appointed to the Board of Directors if their employment contract predates this appointment and corresponds to an actual job position. The employee-director does not lose the benefit of his or her employment contract. The number of directors bound to the Company by employment contracts may not exceed one third of all directors in office. Any appointment made in violation of the above provision shall be declared null and void. However, this does not render null and void the proceedings in which the improperly appointed director has taken part. At December 31, 2017, the Company's Board of Directors did not include employee shareholders appointed as directors pursuant to Article L.225-23 of the French Commercial Code, or a director elected by the employees in accordance with the provisions of Article L.225-27-1 of the French Commercial Code. It is recommended that the Annual General Shareholders' Meeting of May 16, 2018, amend the Articles of Association to determine the conditions for appointing a director to represent employees pursuant to Article L.225-27-1 of the French Commercial Code.

In the event of the death or resignation of a director, the Board of Directors may make a provisional appointment between two Shareholders' Meetings. Any such provisional appointment must be ratified by the next Annual General Shareholders' Meeting. Even if the meeting does not ratify the appointment, the prior proceedings and acts of the Board of Directors shall be considered valid.

When the number of directors in office drops below three, the remaining directors must immediately convene a Shareholders' Meeting in order to restore Board membership to the required minimum.

Age limit: in accordance with the Articles of Association, the number of directors (individuals or representatives of legal entities) over 75 years of age may not exceed one third, rounded up to the next whole number, of directors in office on the date of the Annual General Shareholders' Meeting convened to approve the annual financial statements. When this recommended number has been exceeded, the oldest director, except for the Chairman, shall be deemed to have resigned.

Directorships held by legal entities: in accordance with the Articles of Association, as soon as a company is appointed to the Board of Directors, it must designate a physical person as its permanent representative who shall be subject to the same conditions and obligations and have the same duties as any individually appointed director, without prejudice to the joint and several liability of the legal entity represented. When a legal entity dismisses its permanent representative, it must immediately appoint a replacement. The same applies in the event of death or resignation of the permanent representative.

Share ownership by directors: each director must own at least ten (10) shares. These shares must be held in registered form and fully paid up.

Directors appointed during the life of the Company who were not shareholders at the time of their appointment must acquire the minimum number of shares required within six months of their appointment. Should this requirement not be fulfilled, said directors shall be deemed to have resigned.

In addition to the ten (10) shares specified in Article 12 of the Articles of Association, each director agrees to hold one thousand (1,000) shares for the first six months of office in accordance with the Rules of Procedure of the Board of Directors.

The Rules of Procedure also require independent advisors to promise to hold five hundred (500) shares for six months following their appointment.

These shares must be registered shares that are fully paid up.

These provisions do not apply to employee shareholders appointed as directors pursuant to Article L.225-23 of the French Commercial Code, and will not apply to the employee representative appointed pursuant to Article L.225-27-1 of the French Commercial Code.

Chairman of the Board of Directors: the Board of Directors shall elect one of its members as Chairman for the term of office which it sets but which may not exceed their term of office as director. This position must be occupied by an individual, or the appointment shall be declared null and void. The Chairman may be re-elected for an indefinite number of terms.

The Board may also appoint a secretary, who need not be a Board member.

The Chairman's term of office expires by right at the first Annual General Shareholders' Meeting held during the year of his seventy-fifth birthday.

Deputy Chairman: in the event of the temporary unavailability or death of the Chairman, the Board of Directors may appoint a director to fulfill the functions of the Chairman of the Board. If unavailable, this appointment is renewable. In the event of death, it shall be valid until a new Chairman is elected.

Independent advisors: the Board may appoint one or more independent advisors for a term of four (4) years upon proposal by its Chairman. Their role is to advise the Board of Directors on company policy and direction, based on their experience or particular skills. The independent advisor(s) may only take part in the proceedings of the Board of Directors in an advisory capacity. The Board of Directors therefore closely scrutinizes all appointment recommendations to ensure that the candidate possesses the skills and the expertise required to assist it.

3.1.2.2 Representation of men and women on the Board of Directors

The Board of Directors ensures compliance with the principle of equal representation of women and men thereon. On the date of this Registration Document, the composition of the Board of Directors includes 4 women out of 9 members, *i.e.* 44.4% of female directors. The composition of the Board is compliant with Law No. 2011-103 of January 27, 2011, with respect to the equal representation of women and men on Boards of Directors and Supervisory Boards and with gender equality.

3.1.2.3 Employee representation on the Board of Directors

Directors elected to represent employees

As of December 31, 2017, the Company falls within the scope of application of Law no. 2015-994 of August 17, 2015 amending Article L.225-27-1 of the French Commercial Code which provides for mandatory employee representation on the Board of Directors of public limited companies that employ a certain number of permanent employees. Thus, it is recommended that the Annual General Shareholders' Meeting of May 16, 2018 amend the Company's Articles of Association to determine the appointment conditions in accordance with Article L.225-27-1 of the French Commercial Code. The director representing employees must be appointed within six months of the Annual General Shareholders' Meeting.

Directors elected to represent employee shareholders

The Company does not fall within the scope of application of Article L.225-23 of the French Commercial Code which provides that, in companies listed on a regulated market where the employee shareholding (as defined in Article L.225-102 of the French Commercial Code) exceeds three percent of the Company's share capital, the shareholders must appoint one or more directors representing the employee shareholders to the Board of Directors.

The Board of Directors therefore has no directors representing employee shareholders of the Company.

3.1.2.4 Composition of the Board of Directors

As of December 31, 2017, the Board of Directors is composed of eight (8) directors appointed by the Annual General Shareholders' Meeting, and one independent advisor:

Name	Nationality	Age	Position	First appointment/ Last renewal	Term expires at close of meeting called to approve the financial statements for FY	Number of shares held at December 31, 2017
Philippe LAZARE	French	61 years old	Chairman and Chief Executive Officer and Director(1)	March 15, 2006 – April 29, 2016	2018	432,196
Bernard BOURIGEAUD	French	73 years old	Independent director	April 29, 2016 – May 10, 2017	2019	14,746
Jean-Louis CONSTANZA	French	56 years old	Independent director	May 07, 2014	2017	1,050
Diaa ELYAACOUBI	French	47 years old	Independent director	April 28, 2011 – April 29, 2016	2018	2,142
Colette LEWINER	French	72 years old	Independent director	October 22, 2015	2017	1,040
Xavier MORENO	French	69 years old	Independent director	March 14, 2008 – May 7, 2014	2017	7,233
Caroline PAROT	French	46 years old	Independent director	March 21, 2017(2) – May 10, 2017	2019	1,010
Élie VANNIER	Swiss	68 years old	Independent director	March 14, 2008 – May 7, 2014	2017	4,301

(1) Philippe Lazare's functions as Chairman and Chief Executive Officer will cease with his term of office as director.
(2) This provisional appointment was ratified by the Combined Ordinary and Extraordinary Shareholders' Meeting of May 10, 2017.

William Nahum was appointed as an independent advisor by the Board of Directors on March 15, 2006. He was reappointed for a term of four years by the Board of Directors on February 18, 2016. As at December 31, 2017, Mr. Nahum held 525 Company shares.

3.1.2.5 Changes in the composition of the Board of Directors in 2017

The changes in the composition of the Board of Directors following the Annual General Shareholders' Meeting in 2017 were as follows:

	Comments	Diversification in the composition of the Board
Departure		
Florence PARLY	Florence PARLY resigned as a director on June 21, 2017.	-
Appointment		
Caroline PAROT	Provisional appointment by the Board of Directors on March 21, 2017 of a new independent director to replace Thibault POUTREL, who resigned on December 31, 2016. This provisional appointment was ratified by the Annual General Shareholders' Meeting on May 10, 2017.	Feminization – Independence – Expertise and skills, particularly financial ones

3.1.2.6 Specific information on directors

Address of directors

For the purposes of their corporate functions, the members of the Board of Directors and senior management are domiciled at the Company's head office.

Directorships and offices

The Company's Chief Executive Officer (CEO) holds no directorships in listed companies, including foreign companies, not affiliated with the Group.

The list of directorships and offices of each director can be found in section 3.2 of this Registration Document.

Convictions, bankruptcies, official public indictments and/or sanctions

To the best of the Company's knowledge and on the date of this Registration Document, none of the members of the Board of Directors and the general management, over the last five years:

- have been convicted of fraud;
- have been associated with a bankruptcy, receivership or liquidation;
- have been the subject of an official public indictment or sanction by any statutory or regulatory authority;
- have been disqualified by a court from acting as a member of an administrative, management or supervisory body or from acting in the management or conduct of the affairs of any issuer.

Conflict of interest

To the best of the Company's knowledge and on the date this document was prepared, no conflict of interest was identified between the corporate duties of any member of the Board of Directors or senior management and their private interests or other duties.

To the best of the Company's knowledge and on the date this document was prepared, no arrangement has been made or agreement reached with the main shareholders, customers or suppliers according to which one of the members of the Board of Directors or senior management has been selected in this capacity.

To the best of the Company's knowledge and on the date this document was prepared, members of the Board of Directors and senior management have not agreed any restrictions on the disposal of their equity interests in the Company's share capital.

Service contracts

During the last fiscal year, no Board member entered into a service contract with the Company or with Group companies providing benefits upon termination of the contract.

Family relationships

As of the date of this Registration Document, there are no family relationships between any of the members of the Board of Directors.

3.1.2.7 Independence of directors

Ingenico Group is a widely held corporation without a controlling shareholder as defined in Article L.233-3 of the French Commercial Code. According to the AFEP-MEDEF Code, in companies with controlling shareholders, independent directors should account for at least half of the Board members.

The AFEP-MEDEF criteria to be fulfilled for a director to qualify as independent are the following:

- not to be or have been, within the past five years, an employee or executive director of the Company or of an entity consolidated by it; or an employee, executive director, or Board member of its parent company or of an entity consolidated by that parent company;
- not to be an executive director of a company in which the Company holds, directly or indirectly, a directorship or in which an employee appointed as such or an executive director of the Company (either currently or within the past five years) holds or has held a directorship;
- not to be a customer, supplier, investment banker or commercial banker that is material to the Company or the Group, or for a significant part of whose business the Company or the Group accounts;
- not to be related by close family ties to an executive director;
- not to have been an auditor of the Company within the previous five years;
- not to have been a director of the Company for more than twelve years. The status of independent director lapses after twelve years.

Directors representing major shareholders of the Company may be considered independent provided that they do not exercise control over the Company. However, when the shareholding exceeds 10% of the share capital or voting rights, the Board of Directors should systematically review whether the director still qualifies as independent, taking into consideration the Company's ownership structure and any potential conflict of interest.

The Compensation, Appointments and Governance Committee discusses the qualifications for being considered an independent director and writes a report on this question for the Board of Directors. Every year, on the basis of this report, the Board of Directors reviews the extent to which each director fulfills the criteria for independence mentioned above.

On February 21, 2018, the Board of Directors reviewed the degree of independence of the directors on the basis of the above criteria and the report by the Compensation, Appointments and Governance Committee.

To date, no director has had a business relationship with the Company and therefore the Board of Directors has not set criteria to assess the material nature of business relationships.

According to the independence criteria defined by the AFEP-MEDEF Code, the Board of Directors considers seven of its members as being independent:

AFEP-MEDEF independence criteria	Philippe Lazare	Bernard Bourigeaud	Jean-Louis Constanza	Diaa Elyaacoubi	Colette Lewiner	Xavier Moreno	Caroline Parot	Élie Vannier
1. Not to be or have been, either currently or within the past five years:								
• an employee or executive director of the Company;	Yes	No	No	No	No	No	No	Yes[1]
• employee, executive director or Board member of an entity that the Company consolidates;	No	No	No	No	No	No	No	No
• employee, executive director or Board member of the Company's parent or of an entity consolidated by the parent.	No	No	No	No	No	No	No	No
2. Not to be an executive director of a company in which the Company holds, directly or indirectly, a directorship or in which an employee appointed as such or an executive director of the Company (either currently or within the past five years) holds or has held a directorship.	No	No	No	No	No	No	No	No
3. Not to be a customer, supplier, investment banker or commercial banker:								
• that is material to the Company or Group;	No	No	No	No	No	No	No	No
• or for a significant part of whose business the Company or the Group accounts.	No	No	No	No	No	No	No	No
4. Not to be related by close family ties to an executive director:	No	No	No	No	No	No	No	No
5. Not to have been an auditor of the Company within the previous five years:	No	No	No	No	No	No	No	No
6. Not to have been a director of the Company for more than twelve years:	No	No	No	No	No	No	No	No
Conclusions[2]	**NI**	**I**	**I**	**I**	**I**	**I**	**I**	**I**
Not to be a shareholder taking part in the control of the Company or its parent company (beyond 10% of the capital and voting rights):	No	No	No	No	No	No	No	No

(1) Élie Vannier is a member of the Supervisory Board of GCS Holding BV (until October 2017) and Global Collect Services BV, subsidiaries of the Company. However, the Board of Directors considers that this position does not call into question his independence as he is expected to abstain from participating in the decisions of the Board of Directors of Ingenico Group SA when they concern a company in which he holds a directorship.

(2) NI = Not independent; I = Independent.

The Board of Directors therefore has a majority of independent directors.

3.1.3 Ethical obligations imposed on directors

The Rules of Procedure of the Board of Directors lay out the main obligations imposed on directors, the rules of which are presented below.

The members of the Board of Directors are appointed for their expertise, their shareholder representation and the contribution they can make to the work of the Board.

Each member of the Board must be able to perform the duties of his/her directorship in accordance with the rules of independence, ethics and integrity.

In accordance with corporate governance principles, all directors perform their duties in good faith, in the manner they deem appropriate to promote the best interests of the Company and with the care expected of a normally prudent person in carrying out such a mandate.

Board members undertake, in all circumstances, to maintain their freedom of analysis, judgment, decision and action, and to reject any pressure, whether direct or indirect, that may be exerted on them.

Each member of the Board of Directors ensures compliance by the Company with its obligations and commitments, compliance with laws and regulations, especially with regard to transparency and communication to shareholders and in the implementation of good governance principles.

Information on members of the Board of Directors

Before accepting their assignment, each director must be aware of the laws and regulations related to their function, as well as any special requirements of the Company under its Articles of Association and the Rules of Procedure with which they undertake to comply.

Defending the Company's interests

Each director represents all shareholders and must act at all times in the best interests of the Company. Each director undertakes to ensure that Company decisions do not favor one category of shareholders over another.

Conflict of interest (Article 13 of the Rules of Procedure of the Board of Directors)

Each member of the Board of Directors is required to disclose to the Board any real or potential conflict of interest in which they could be directly or indirectly involved. In all such cases, the Compensation, Appointments and Governance Committee shall examine the related risks. Depending on the nature and significance of the conflict identified, the committee may recommend that the Board of Directors bar a particular director from taking part in decision-making by the Board on the specific issues in question or from attending Board meetings, or suspend that director from office for as long as the real or potential conflict of interest exists. The director concerned shall be required to comply with the requests of the Board of Directors in this matter.

The director shall also accept all the consequences of the exercise of his directorship. Accordingly, he may:

- abstain from voting on the corresponding matter;
- or not attend Board of Directors' meetings during the period in which his conflict of interest exists;
- or resign his directorship.

Failure to respect these rules of abstention or resignation may leave the director liable to legal action.

Lastly, the Chairman of the Board of Directors shall refrain from communicating to director(s) who he has serious grounds for believing are in a conflict of interest, any information or documents relating to the conflicting matter, and shall notify the Board of Directors thereof.

Accountability of the Board of Directors

Directors must be attentive to how the powers and responsibilities of the Company's various bodies are defined and exercised.

In particular, they must ensure that no single person may have unlimited discretionary power over the Company; they must ensure the proper functioning of technical committees set up by the Board; they must ensure that the internal control bodies operate effectively and that the statutory auditors perform their duties satisfactorily.

The Board of Directors conducts an annual review of the internal control procedures implemented by the Company.

The Board of Directors also reviews its operations and those of its committees on an annual basis.

The Board of Directors periodically, and at least once every three years, conducts a formal evaluation of its own performance. This process is led by the Chairman of the Board and another Board member who is also a member of the Compensation, Appointments and Governance Committee. These evaluations are primarily concerned with ensuring compliance with the rules of transparency, ethics and the prevention of risks encountered by the Company.

In accordance with the law, information on the work of the Board, as well as the ensuing actions, are presented in this Registration Document.

Attendance of members of the Board of Directors

Each of the directors must devote the necessary time and attention to their duties and attend Annual General Shareholders' Meetings.

Transactions involving the Company's shares

In accordance with European regulation No. 596/2014 on market abuse, anyone exercising executive functions (Board member or senior official[(1)]), and anyone with close personal ties to them, must notify the AMF (the French financial markets authority) and simultaneously the Company, in the conditions specified in the applicable regulation, of any transaction they have carried out involving the Company's shares (purchases, sales, subscriptions, exchanges of shares, transactions in financial instruments linked to the shares).

In its management report, the Board of Directors must inform the Annual General Shareholders' Meeting of such transactions carried out during the previous calendar year by the directors, people closely connected to them, as well as by senior officials.

As provided in the Rules of Procedure, all Company shares owned by a Board member must be held in registered accounts.

Confidentiality – Inside information

The directors and any person attending meetings of the Board of Directors are bound by a duty of confidentiality regarding the proceedings of the Board and its committees.

Information provided to a member of the Board of Directors in his or her official capacity is said to be given on a personal basis (*intuitu personae*). They must protect its confidentiality and not disclose it under any circumstances. This obligation also applies to the representatives of any legal entity with a seat on the Board of Directors, as well as to independent advisors.

The information disclosed to members of the Board of Directors in their official capacity is subject to the provisions of regulation (EU) No. 596/2014 and related delegated regulations, as well as Articles L.465-1 and L.621-15 of the French Monetary and Financial Code relating to inside information, abstention requirements, and insider trading.

In particular, if the Board of Directors has received information of a precise nature that has not been made public, directly or indirectly regarding one or more issuers or one or more financial instruments which, if it were made public might markedly influence the price of the financial instruments concerned or associated derivatives, the members of the Board must abstain from:

- executing or attempting to execute insider trades, including:
  - either directly or indirectly buying or selling, for its own account or for a third party, the financial instruments to which that information relates,
  - canceling or altering orders previously placed on the Company's financial instruments;
- recommending or attempting to recommend to anyone to make insider trades or encouraging or attempting to encourage anyone to make insider trades based on Privileged Information;
- unlawfully disclosing or attempting to disclose privileged information; *i.e.*, disclose such information to anyone unless the disclosure occurs in the normal course of the exercise of a task, profession, or duties;
- making use of or communicating a recommendation or encouragement by an insider if the person knows or should know that it is based on privileged information.

Failure to comply with these obligations is punishable by administrative or criminal penalties.

3.1.4 Organization and functioning of administrative and management bodies

The functioning of the Company's Board of Directors and executive management bodies is determined by the applicable laws and regulations, by the Articles of Association of the Company as well as by the Rules of Procedure of the Board of Directors, the main clauses of which are summarized or reproduced below.

3.1.4.1 Executive management

In accordance with the Articles of Association, day-to-day management of the Company shall be the responsibility of either the Chairman of the Board of Directors, or any other individual appointed by the Board of Directors and bearing the title of Chief Executive Officer.

The Board of Directors decides between the alternative arrangements for managing the Company mentioned above, in accordance with the quorum and majority requirements set forth in Article 12 of the Articles of Association. The shareholders and third parties shall be given notice of this decision, as provided for by a decree of the French *Conseil d'État* (Council of State).

On the date this document is prepared, the Chairman of the Board of Directors is responsible for the general management of the Company.

The Board of Directors can remove the Chief Executive Officer from office at any time.

An individual may not simultaneously hold more than one office as Chief Executive Officer of *sociétés anonymes* (public limited companies) having their registered offices in France, except when the second office is held in a company controlled, within the meaning set forth in Article L.233-16 of the French Commercial Code, by the Company in which the first office is held.

The Chief Executive Officer may not be more than 75 years of age.

At least once a quarter, the Chief Executive Officer submits a report to the Board of Directors that includes the key figures for the main companies in the Group, most notably with respect to sales, profit, and performance in relation to forecasts.

The Chief Executive Officer also keeps the Board of Directors informed of any decision involving internal reorganization and any asset acquisition or disposal plans.

Once each half-year period, the Board of Directors examines the statement of the Group's off-balance sheet commitments presented by the Chief Financial Officer.

(1) A senior official is anyone who, without being a member of an administrative body, has regular access to privileged information directly or indirectly regarding the Company and can make management decisions regarding the Company's future development and corporate strategy (Article 3 §25 regulation (EU) 596/2014). In accordance with this definition, the Company considers that the senior officials who meet this definition are the members of the Group's Executive Committee.

Deputy Chief Executive Officers

At the suggestion of the Chairman and Chief Executive Officer, the Board may confer on one or more individuals the task of assisting the Chairman and Chief Executive Officer, as Deputy Chief Executive Officer(s). The number of Deputy Chief Executive Officers may not exceed five.

The Board can remove Deputy Chief Executive Officers from office as proposed by the Chairman and Chief Executive Officer. When removed without due cause, Deputy Chief Executive Officers may claim damages.

Deputy Chief Executive Officers may not be more than 75 years of age.

The Board of Directors has not appointed a Deputy Chief Executive Officer.

3.1.4.2 Board of Directors

Convening meetings of the Board of Directors: a Board meeting can be convened by the Chairman or by half of the Board members as often as required in the interests of the Company and at least once each quarter, at a place specified in the notice of meeting. The Board decides how notice of meetings is to be given.

In accordance with the Rules of Procedure, meetings may be convened using any means, by the Chairman or on the Chairman's behalf by any person designated by him or, alternatively, at the request of half the members of the Board.

Every notice of meeting is accompanied by the Board's agenda.

At the end of each calendar year, the Board draws up a schedule of meetings for the following year, based on the Chairman's proposals, and indicates the topics to be discussed.

The following persons are called to Board meetings:

- the members of the Board of Directors;
- the independent advisor;
- as at December 31, 2017, of the three Works Council members representing the Council, two are in the managerial staff category, and one is in the technician and supervisor category. These representatives participate in Board meetings in a consultative capacity;
- the statutory auditors, but only if the meeting is called to examine or approve annual or interim financial statements (such as half-yearly statements) or for any other purpose that might require their presence.

Members of the Executive Committee, particularly the Chief Financial Officer, are regularly requested to take part in meetings when the agenda warrants it.

When the Board of Directors has not met for over two months, its members may request that the Chairman call a meeting with a specified agenda, provided that at least one third of all members sign the request.

The Chief Executive Officer may also request that the Chairman convene a Board meeting with a specific agenda.

The directors present at a Board meeting shall sign the attendance sheet.

Proceedings of the Board of Directors: the proceedings of Board meetings shall not be considered valid unless at least half of all Board members in office, and no fewer than two Board members, are present. Decisions are made by a majority vote of the members present or represented, with the exception of decisions that require a qualified majority pursuant to the delegation of powers ratified by an Annual General Shareholders' Meeting. If the votes are equal, the Chairman has a casting vote. When only two Board members are present, resolutions shall be passed by mutual agreement.

Pursuant to Article 12 of the Company's Articles of Association and Article 3 of the Rules of Procedure of the Board of Directors, directors shall be deemed to be present for calculating the quorum and majority if they take part in Board meetings *via* videoconferencing or other telecommunications systems allowing them to be identified and guaranteeing their effective participation, the conditions of which are set forth by the relevant statutory provisions, except when the Board meets for the matters referred to in Articles L.232-1 and L.233-16 of the French Commercial Code.

In the event that a proposal to re-appoint or appoint the Chairman of the Board and/or the Chief Executive Officer is voted down, a new candidate must be proposed to the Board within five business days following said vote. In the event of a tie, the Chairman shall have a casting vote.

Minutes of the Board meeting proceedings shall be put in a special minute book and signed by the Chairman and at least one director.

Extracts or copies of said minutes shall be validly certified by the Chairman of the Board, the Chief Executive Officer, the Deputy Chief Executive Officers, or the director temporarily appointed as Deputy Chairman. In the event of liquidation, such extracts or copies shall be validly certified by the liquidator.

Powers of the Board of Directors: the Board of Directors determines the Company's strategy and oversees its implementation. Subject to the powers expressly granted to the Shareholders' Meetings and within the limit of the Company's corporate purpose, the Board deals with all matters concerning the smooth running of the Company and, through its decisions, manages the Company's business.

In its relationships with third parties, the Company shall be bound even by Board actions that are outside the scope of the Company's purpose, unless it can prove that the third party was aware that the action was outside the Company's purpose or could not be unaware of this given the circumstances, provided the mere publication of these Articles will be inadequate proof.

The Board of Directors performs any checks and verifications it considers appropriate. The Chairman or the Chief Executive Officer of the Company must provide each director with any documents and information required for the performance of their duties.

The Chief Executive Officer shall inform the Board on a regular basis of the resolutions planned or implemented by him as part of the management of the Company.

Any security, surety and guarantee provided by the Company must be approved by a resolution of the Board, which may set an overall annual amount, or an amount per commitment, below which its authorization would not be necessary.

Chairman: the Chairman of the Board of Directors organizes and directs the work of the Board and reports on this to the Annual General Shareholders' Meeting. He ensures that the Company's various bodies are functioning properly and, in particular, that the directors are able to perform their duties.

He regularly informs the Board of Directors of significant events and transactions related to the Company's strategy.

The Chairman presents the directors with the draft related-party agreements referred to in Articles L.225-38 *et seq.* of the French Commercial Code. He notifies the statutory auditors of all agreements that have been authorized and concluded before they are ratified by an Ordinary Annual General Shareholders' Meeting.

Information provided to each director: the on-going provision of timely information to the members of the Board of Directors is a vital prerequisite for the fulfillment of their mandate.

At any time during the year, the Board of Directors may conduct the verifications and controls it deems appropriate. To this end, any Board member may ask to be supplied with the documents needed to fulfill his or her mandate by submitting a request to the Chairman of the Board.

Insofar as it is possible, the Board members are informed no later than eight days prior to the date of the next Board meeting of all points to be discussed at that meeting, and they are supplied, within the same time limit, with any materials they may need to examine and understand the points on the agenda, so that they may properly fulfill their mandate. This obligation to provide adequate, relevant, exhaustive information is the responsibility of the Chairman and Chief Executive Officer since the Board combined these positions.

Similarly, the Board members must make sure that they have all the information they need to fulfill their mandate. It is their duty to request any further information they may require.

Representation of members of the Board of Directors: any director has the option of authorizing, in writing (for example, by mail, fax or telegram), another director to represent them at a Board meeting. Each director is limited to having no more than one proxy at a given Board meeting.

3.1.4.3 Mandate of the Board of Directors

Within the framework of its legal prerogatives, the Board of Directors has the following responsibilities:

- to determine the Company's strategic policies and ensure that they are implemented;
- subject to the powers expressly assigned by law to the General Shareholders' Meetings, to concern itself with all issues related to the proper functioning of the Company and settle them through its proceedings;
- to examine all acts by which the various Group entities benefit from funding and guarantee instruments;
- to study all internal or external transactions likely to have a material impact on profits or to alter the balance sheet structure substantially;
- to carry out any controls and verifications it may deem appropriate.

Commitments by the Company to provide guarantee instruments may only be authorized by the Chief Executive Officer with the prior approval of the Board of Directors. In practice, each year, the Board of Directors sets a global amount and an amount per commitment, below which its prior approval is not required.

The Board of Directors also approves, in accordance with the procedure described in Article L.225-38 of the French Commercial Code, the agreements concluded between the Company and any of its executive officers, directors or shareholders holding more than 10% of the Company's voting rights, as well as any commitment made in favor of the Chairman and Chief Executive Officer in the form of compensation or benefits payable, awarded upon termination of their mandate or subsequently thereto.

It also makes the decisions in the aforementioned matters.

3.1.4.4 Activity of the Board of Directors during the year ended December 31, 2017

During the year ended December 31, 2017, the Board of Directors met ten (10) times.

The attendance rate of Board members, including members participating *via* telecommunications, during the year ended December 31, 2017 was 93.8% and breaks down as follows:

	01/24/2017	02/23/2017	03/21/2017	05/10/2017	07/12/2017	07/19/2017	07/26/2017	09/14/2017	10/25/2017	12/15/2017	% attendance
Philippe LAZARE	•	•	•	•	•	•	•	•	•	•	100%
Bernard BOURIGEAUD	•	•	•	•	•	•	•	•	•	•	100%
Jean-Louis CONSTANZA	•	•	•	•	•	•	•	•	•		90%
Diaa ELYAACOUBI	•	•	•	•	•	•	•	•	•	•	100%
Colette LEWINER		•	•	•	•	•	•	•	•	•	90%
Xavier MORENO	•	•	•	•		•	•	•	•	•	90%
Florence PARLY until June 21, 2017		•	•	•							75%
Caroline PAROT from March 21, 2017				•	•	•	•	•	•		86%
Élie VANNIER	•	•	•	•	•	•	•	•	•	•	100%

In addition to reviewing the specific work prepared by the special focus committees, during its meetings in the year ended December 31, 2017, the Board of Directors also dealt with the following matters:

- the approval of the parent company and consolidated annual financial statements for the year ended December 31, 2016, and the appropriation of net profit or loss;
- the preparation of the Annual Combined Ordinary and Extraordinary Shareholders' Meeting: the Board of Directors drafted the resolutions to be submitted to the Annual Combined Ordinary and Extraordinary Shareholders' Meeting held on May 10, 2017, in addition to the management report and the Chairman's report on the composition of the Board of Directors, how it prepares and organizes its work and the Company's internal control and risk management procedures;
- the compensation paid to the Chairman and Chief Executive Officer;
- the capital increase as part of the payment of stock dividends;
- the performance evaluation of the Board of Directors and its committees;
- the review of the consolidated financial statements for the half-year ended June 30, 2017, and quarterly revenues;
- the approval of management planning documents;
- the review of various strategic investment or divestiture projects;
- tax-related issues, including tax disputes in Brazil;
- the authorization and renewal of the authorization to implement a share repurchase program, thus using the authorization granted by the Annual General Shareholders' Meeting of May 10, 2017;
- Company policy on gender equality and equal pay;
- the selection and provisional appointment of Caroline Parot, as an independent director and Chair of the Audit and Finance Committee, to replace Thibault Poutrel;
- the capital increase program reserved for employees;
- the approval of the annual budget for 2017;
- the free performance share allocation plan (free performance share allocation and joint investment plan for 2017);
- the bond issue of €600 million at 1.625% per year, maturing on September 13, 2024.

Performance evaluation of the Board of Directors

In accordance with the AFEP-MEDEF Code and its Rules of Procedure, the Board of Directors annually evaluates how well it has met shareholder expectations, having been appointed by them to run the Company. This evaluation reviews its composition, organization and performance as well as that of its committees.

Once a year, the non-executive directors meet together without the Chairman and Chief Executive Officer to evaluate his performance.

For 2017, the evaluation of the Board of Directors was conducted by Didier Vuchot Consultants at the start of 2018. In this context, individual interviews were conducted with all the directors on the basis of an interview guide validated in advance with the Chairman of the Compensation, Appointments and Governance Committee. The questions concerned the general functioning of the Board, its duties, the way its meetings were conducted, the resources available to the Board, the major themes addressed, relations with management and Committees.

These interviews allowed the Board to review its performance and to check that important issues were properly prepared for and discussed. It also measured the actual contribution of each director to the Board's performance in its proceedings.

This assessment process resulted in a report that was presented to the Board of Directors on February 21, 2018.

This formal evaluation revealed a positive assessment of the performance of the Board of Directors and committees, both in terms of form and content.

The Directors consider the material resources and organization satisfactory. Reference was also made to the quality of the presentations that are submitted to the Directors and the quality of the processing of their requests.

With regard to governance, the Board oversees the implementation of the recommendations of the AFEP-MEDEF code, in particular the "comply or explain" rule. In addition, the structuring of the Board of Directors into three specialized committees, each chaired by an Independent Director, is praised.

Topics covered by the Board are considered relevant and appropriate to the context of Ingenico Group, with the Board of Directors considered as actively involved and the general atmosphere considered conducive to exchange and debate. The discussions led by the Chairman and CEO enable real expression of opinions and the directors' engagement is enthusiastic.

With regard to the composition of the Board of Directors, it appears that the size of the Board is still deemed insufficient. The Directors acknowledge the need to develop senior management experience in the technology sector and to strengthen the internationalization of the Board.

The Board was able to incorporate certain suggestions from the evaluation of the previous year, particularly regarding the composition of committees and the organization of the day dedicated to the strategy initiated in 2017.

Apart from the points above, the main areas for improvement relate to:

- the duration of Board of Directors' meetings, which could be longer, and the strengthening of the annual planning of work of the specialized committees;
- the continued development of strategic analyses of the payment ecosystem and presentations by operational and functional departments, in particular in the areas of ethics and R&D;
- the strengthening of considerations dedicated to the strategy, in particular through the continuation of the strategic committee day initiated in 2017.

3.1.4.5 Special focus committees

The Board of Directors has set up three special focus committees – the Strategic Committee, the Audit and Finance Committee, and the Compensation, Appointments and Governance Committee – to help it function more effectively and facilitate its decision-making.

The committees are composed mainly of directors, whether individuals or permanent representatives of legal entities, appointed by the Board of Directors.

They may also include one or more independent advisors, as well as one or more outside members selected for their particular skills, with the exception of the Audit and Finance Committee which includes only directors. All committee members are required to serve in a personal capacity; no alternatives or proxies are permitted.

The Chairman of each committee reports on its work at the next meeting of the Board of Directors.

Minutes of each committee meeting are taken by the secretary of the Board of Directors, presented to the committee members for approval and sent to the Chairman of the Board of Directors. A register recording the proceedings of each committee is kept at the Company's registered office.

Each committee issues proposals, recommendations and opinions, as appropriate, in its area of specialization as described below. A committee has the authority to perform, or to have performed, any study that may facilitate the decision-making of the Board of Directors. It may also question Group employees as needed, strictly for the purpose of carrying out the checks and verifications it is required to perform.

The composition, responsibilities and work of the special focus committees in 2017 are described below.

Strategic Committee

Composition of the Strategic Committee

As of the date of this Registration Document, this committee is composed of eight (8) members as follows:

- Élie VANNIER, Chairman of the committee and independent director;
- Bernard BOURIGEAUD, independent director;
- Jean-Louis CONSTANZA, independent director;
- Diaa ELYAACOUBI, independent director;
- Colette LEWINER, independent director;
- Xavier MORENO, independent director;
- Sophie STABILE, independent director;
- Caroline PAROT, independent director.

Functioning of the Strategic Committee

The committee informs the Board of Directors of its work, research and recommendations. It is up to the Board to determine what use should be made of such information.

Each year, the committee holds at least two meetings called by its Chairman, who also has the option of calling further meetings as required.

To fulfill this mandate, the Strategic Committee may act in conjunction with the Chairman or Chief Executive Officer to enlist the cooperation of Group functional and operational directors.

The committee may also make use of outside consultants and experts, subject to the approval of the Board of Directors.

Main responsibilities of the Strategic Committee

The Strategic Committee has been given the following mandate:

- to examine new investment projects and plans for expanding existing operations in France or abroad, as well as any possible asset acquisition or disposal plan, so that the Board of Directors may give the necessary approval;
- to monitor previous investments periodically and to carry out all appropriate research and assignments;
- to examine all proposals by financial investors or industrial groups for acquisition of a stake in the Company, particularly through merger and acquisition operations.

Work performed by the Strategic Committee

The Strategic Committee met six (6) times during the year ended December 31, 2017, including a day-long strategy session, and examined, in particular:

- the Group's ambitions, strategic directions and a comparative analysis of payment-ecosystem players;
- various M&A projects, notably the acquisition of Bambora (Sweden) and TechProcess (India) and the acquisition of a minority shareholding in JoinedApp (United States).

The attendance rate of committee members during the year ended December 31, 2017 was 85.7%.

Audit and Finance Committee

Composition of the Audit and Finance Committee

The Rules of Procedure of the Board of Directors specify that the Audit and Finance Committee must have no fewer than three (3) and no more than seven (7) members, with the exception of those exercising executive responsibilities. At least two thirds of its members must be independent as defined by the Company. It must be chaired by an independent director and both the Chairman and the members must have financial and accounting (or statutory audit) expertise and are appointed by the Board of Directors.

As of the date of this Registration Document, this committee is composed of three (3) members as follows:

- Caroline PAROT, Chair of the committee and independent director;
- Colette LEWINER, independent director;
- Élie VANNIER, independent director.

In accordance with section 15.1 of the AFEP-MEDEF Code, at least two-thirds of the Audit and Finance Committee members are independent.

Caroline Parot's experience and expertise, especially in finance, are described in section 3.2 of this Registration Document.

The other committee members also have financial, accounting or statutory auditing skills, gained through their professional experience as described in section 3.2 of this Registration Document.

Functioning of the Audit and Finance Committee

Each year, the Audit and Finance Committee holds at least three meetings called by its Chairman, who also has the option of calling further meetings as required.

The Rules of Procedure of the Board of Directors and its committees state that the Audit and Finance Committee should evaluate its performance once a year.

In accordance with Article 6 of the Rules of Procedure, the Audit and Finance Committee may benefit from the assistance or participation of all departments in the Company and its subsidiaries (heads of finance, accounting, cash management, internal audit and risk control, etc.). To carry out its duties, the Audit and Finance Committee may, with the approval of the Board of Directors, seek any outside advice or expertise that it deems necessary.

Main responsibilities of the Audit and Finance Committee

The mandate of the Audit and Finance Committee is to assist the Board in continually monitoring the way in which the Company is run, in compliance with the legislation and with the Company's Articles of Association. The committee is also responsible for alerting the Board to any irregularities or anomalies it may detect in the Company's financial statements or internal control and risk management procedures.

It is responsible for monitoring and giving its opinion to the Board of Directors on the following topics:

- the audit of financial statements by the statutory auditors, which includes monitoring the auditor's due performance of its duties, and taking into account the findings and conclusions of H3C following the controls made pursuant to Articles L.821-9 *et seq*. of the French Commercial Code;

- the close procedures and content of annual and half-year financial statements;
- the process of preparing financial information and may, if necessary, make recommendations to guarantee integrity;
- significant financial transactions (debt, shareholders' equity, quasi-equity, etc.) proposed by the Company;
- the effectiveness of internal control and risk management systems as well as, where applicable, the internal audit, specifically in relation to the procedures used to prepare and process accounting and financial information, without such activities compromising its independence;
- the independence of the statutory auditors and notably ensures compliance by the auditor of the conditions relating to its independence, and, where applicable, will take the necessary measures to apply the provisions pertaining to the economic independence of auditors referred to in Article 4 §3 of regulation (EU) No. 537/2014 as well as compliance with the conditions mentioned in Article 6 of this same regulation.

The committee is involved in proposing candidates to be appointed or to replace statutory auditors for the Company and its subsidiaries, and issues recommendations on these candidates. It also approves the provision of services other than certification of the financial statements.

For certain issues, such as accounting treatment or the financial aspects of major transactions, the input of other committees is required. In this case, the Audit and Finance Committee may ask the chairmen of the relevant committees to collaborate under the terms that they define with the approval of the Chairman of the Board of Directors.

The statutory auditors:

- inform the committee, at the beginning of the year, of the audit procedure that they intend to use;
- report to the committee, at the close of the period, on the due diligence performed;
- alert the committee to:
  - any changes that they believe should be made to the financial statements or other accounting documents, providing any useful observations about the valuation methods used to prepare them,
  - any irregularities or inaccuracies they may have discovered;
- submit to the committee their conclusions drawn from the above observations and changes on the earnings for the period compared with those for the previous period;
- inform the committee of any risks that could compromise their independence and the protective measures taken to reduce these risks;
- notify the committee of any significant weaknesses in internal control procedures relating to the preparation and processing of accounting and financial information.

Every year, they provide the Audit and Finance Committee with a statement of independence and an update regarding the total amount of fees received by their network in respect of the services rendered in performing the due diligence directly related to the work of the statutory auditors and services that are not directly related to that work.

The auditors submit to the Audit and Finance Committee, at the latest on the date of presenting the audit report, the additional report required by Article L.823-16 III of the French Commercial Code.

Work performed by the Audit and Finance Committee

The Audit Committee met seven (7) times during the year ended December 31, 2017.

The attendance rate of committee members during the year ended December 31, 2017 was 96.4%.

During its meetings of the year ended December 31, 2017, the Board of Directors examined:

- the financial statements:
  - parent company and consolidated financial statements for 2016,
  - financial statements for the first half of 2017,
  - financial statements for the first and third quarters of 2017;
- all press releases on Group earnings;
- the assignments and fees of the statutory auditors;
- the management planning documents;
- the 2017 budget;
- financing issues including:
  - the bond issue of €600 million at 1.625% per year, maturing on September 13, 2024,
  - the issue of a credit forward for a principal amount of €250 million and a Schuldschein loan of €50 million.
- the internal audit assessment for 2016 and the schedule for 2017;
- internal control;
- the review of the risk management system;
- other cash management topics:
  - the Company's off-balance sheet risks and commitments,
  - the currency hedging policy,
  - currency hedging;
- tax-related issues, including tax disputes in Brazil and France;
- annual renewal of the authorization to issue warranties;
- the statutory auditors providing services other than the certification of financial statements.

Compensation, Appointments and Governance Committee

This committee is composed of three (3) to six (6) directors. The majority of its members must be independent. It is chaired by an independent director.

Composition of the Compensation, Appointments and Governance Committee

As of the date of this Registration Document, this committee is composed of four (4) members as follows:

- Xavier MORENO, Chairman of the committee and independent director;
- Bernard BOURIGEAUD, independent director;
- Diaa ELYAACOUBI, independent director;
- William NAHUM, independent advisor.

In line with paragraph 16 and 17.1 of the AFEP-MEDEF Code, the committee Chairman and the majority of its members are independent directors. The committee does not include any executive directors.

Functioning of the Compensation, Appointments and Governance Committee

Under the Rules of Procedure, each year, the committee holds at least three meetings called by its Chairman, who also has the option of calling further meetings as required. The Chairman-Director is involved in the selection process of directors.

Main responsibilities of the Compensation, Appointments and Governance Committee

The Compensation, Appointments and Governance Committee makes recommendations to the Board of Directors on compensation of directors and executive officers, the total amount of their attendance fees and how they are distributed, as well as on performance share awards and stock options granted to Group employees and executive officers, and on employee shareholding policy in general. It also makes recommendations on the composition of the Board of Directors and its committees, prepares the annual evaluation of the Board and its committees and deliberates on all questions related to corporate governance and ethics within the Group.

The Compensation, Appointments and Governance Committee is also responsible for preparing or making recommendations on the succession plan for executives whose reflexion was initiated in 2017, or appointments to the Group's management or Board of Directors.

The committee periodically informs the Board of Directors of its work, research and recommendations. It is up to the Board to determine what use should be made of such information.

Work performed by the Compensation, Appointments and Governance Committee

The Compensation, Appointments and Governance Committee met four (4) times during the year ended December 31, 2017.

The attendance rate of committee members during the year ended December 31, 2017 was 93.8%.

In particular, it examined the following issues:

- review of changes to regulations and governance practices;
- the process for evaluating the Board's performance in 2017 led by an outside consultant and based on an interview. Its findings were presented to the Board of Directors on February 21, 2018, it concluded that, overall, Board members were satisfied with its performance and the quality of the information provided (for more details see Chapter 3.1.4.4 of this Registration Document);
- the analysis of the independence of directors with regard to the independence criteria set out in the AFEP-MEDEF Code;
- Company policy on gender equality and equal pay;
- the free performance share award plan;
- the compensation paid to the Chairman and Chief Executive Officer;
- the selection of a new independent director;
- the compensation policy for executive officers and the preparation of the advisory opinion on Say on pay;
- the allocation of attendance fees for 2016;
- the capital increase program reserved for employees of Ingenico Group who are eligible for a Company savings plan implemented in 2017;
- the allocation of attendance fees for 2018.

3.2 POSITIONS AND DUTIES AS AT DECEMBER 31, 2017, OF THE BOARD MEMBERS AT THE DATE OF THIS REGISTRATION DOCUMENT

Philippe LAZARE

Chairman and Chief Executive Officer since January 20, 2010

Experience and expertise

Born on October 30, 1956, Philippe Lazare was educated at the École supérieure d'architecture de Paris-La Défense. He held several positions in the Purchasing Department of the PSA group prior to joining the Thalès group as director of a Sextant Avionique site. In 1994, he was appointed Chief Operating Officer of the Air France group, in charge of the Industrial Logistics Division, which encompassed Air France Maintenance, Air France Industries, and Servair group. He then managed the Lucien Barrière hotel and casino group (1998-2000) and worked for the Eurotunnel group as Chief Executive Officer and then Chairman and Chief Executive Officer until 2002. Within the La Poste group, Mr. Lazare was Director of Purchasing, Property and Cost Control (2003-2004), member of the Executive Committee of La Poste, and Chairman and Chief Executive Officer of Poste Immo. In 2006, he was appointed Deputy Chief Executive Officer of the La Poste group and Chief Executive Officer of La Poste's General Public (Grand Public) Division, positions he held until July 13, 2007. On July 17, 2007, he became the Chief Executive Officer of Ingenico, where he had been a director since March 15, 2006. On January 20, 2010, he was also appointed Chairman of the Board of Ingenico Group, thus becoming the new Chairman and Chief Executive Officer. Mr. Lazare is a Knight of the Legion of Honor.

Other positions and duties

WITH INGENICO GROUP IN 2017

Representative of Ingenico Group SA, Chairman:
- Ingenico Ventures SAS since May 6, 2009
- Ingenico Eastern Europe I Sarl (Luxembourg), managing director since July 17, 2007

Board member and Chairman:
- Fujian Landi Commercial Equipment Co. Ltd (China) since October 31, 2012

Director:
- Ingenico Holdings Asia Limited (Hong Kong) since May 29, 2015
- Lyudia KK (Japan) since April 26, 2016

Supervisory Board member:
- Ingenico do Brasil Ltda since December 10, 2013
- Global Collect Services BV (Netherlands) since September 12, 2016

OUTSIDE INGENICO GROUP IN 2017

Main position:
None

Other current positions and duties:
None

Positions held in the past five years

Chairman:
- Ingenico Prepaid Services France SAS, until June 28, 2013

Director:
- Ingenico Inc. (USA) until December 12, 2017
- Ingenico (UK) Ltd until June 21, 2013
- Roam Data, Inc. (USA) until June 8, 2015
- Nanjing ZTE Ingenico Network Technology Co., Ltd (China) until May 11, 2016

Supervisory Board member:
- ZTE Ingenico NV (Netherlands) until May 11, 2016
- GCS Holding BV (Netherlands) until October 25, 2017

Board member and Chairman:
- Ingenico Iberia SL until April 26, 2013
- Ingenico Ödeme Siste Cözumleri AS until May 31, 2013

Bernard BOURIGEAUD

Independent director
Member of the Strategic Committee
Member of Compensation, Appointments and Governance Committee

Experience and expertise

Bernard Bourigeaud was born on March 20, 1944 in Bordeaux, France. He is a French citizen.

Bernard Bourigeaud is behind the creation and development of one of the world's largest IT services and payments groups, Atos, which he chaired for 16 years. Prior to this, he was Chairman at Deloitte in France and had an international career at PricewaterhouseCoopers and Continental Grain, in particular in the United Kingdom. Today, he is an investor, a consultant and an operating partner of Advent International, a private equity fund. He is a director of several companies, a member of the Advisory Board of Jefferies in New York and an operating partner of Aalto Invest in London. He is also an affiliate professor at HEC in Paris.

In addition to his previous roles within Atos and its subsidiaries, he has also served as a member of the boards of Business Objects, SNT (a subsidiary of KPN), Hagemeyer, Neopost, Tibco Software, CCMX, Automic in Austria, and Oberthur Technologies. He was also a member of the Governing Board of the International Paralympic Committee (IPC) from September 2011 to September 2017. Bernard Bourigeaud is a qualified chartered accountant and holds a degree in economics and management. He is a Knight of the Legion of Honor and former President of CEPS (Center for Long-Term Strategic Studies).

Other positions and duties

WITH INGENICO GROUP IN 2017

- None

OUTSIDE INGENICO GROUP IN 2017

Main position:

- Chairman of BJB Consulting and Newton Partners (Belgium)

Other current positions and duties:

- Director of CGI (Canada), Holistic Innovations and Sierrabolics (United States)
- Operating Partner at Advent International
- Member of the Advisory Board and of the Executive Committee of Jefferies New York (United States)

Positions held in the past five years

- Director of Automic (Austria) until January 2017
- Non-executive Chairman of Oberthur Technology SA until May 2017
- Non-Executive Vice-President of Oberthur Technology Holding until May 2017
- Member of the International Paralympic Committee until September 2017

Jean-Louis CONSTANZA

Independent director
Member of the Strategic Committee

Experience and expertise

Jean-Louis Constanza was born on April 16, 1961 in France. He is a French citizen.

With more than 25 years of experience in the telecoms, internet and mobile sector in France and internationally, Jean-Louis Constanza's past roles include that of Chief Innovation Officer at Criteo, a specialist in personalized advertising on the web. He founded Orange Vallée, which develops and markets innovative products and services within the Orange Group. Jean-Louis Constanza also founded Ten, the first mobile virtual network operator (MVNO) focused on the mobile internet, and telecoms operator Tele2. He is currently the Development Director of Wandercraft, a start-up that is developing a robotic exoskeleton for people with reduced mobility.

He holds an MBA from INSEAD and a master's in engineering from the French National School of Aeronautics and Space ("SupAéro").

Other positions and duties

WITH INGENICO GROUP IN 2017

- None

OUTSIDE INGENICO GROUP IN 2017

Main position:

- Chief Business Officer of Wandercraft

Other current positions and duties:

Director:

- Wandercraft
- Visa Europe

Positions held in the past five years

Director:

- Orange Vallée until 2013

Chief Innovation Officer:

- Criteo until 2014

Diaa ELYAACOUBI

Independent director
Member of the Strategic Committee
Member of the Compensation, Appointments and Governance Committee

Experience and expertise

Born in Morocco on November 8, 1970, Diaa Elyaacoubi is a French citizen.

Diaa Elyaacoubi has spent most of her career as an entrepreneur, mainly in new technologies. In 1999, she founded e-Brands, Europe's leading provider of white label connectivity solutions, such as Internet access and SMS, now a Vivendi subsidiary. In 2003, she founded and now chairs Streamcore, a manufacturer of telecoms networking equipment. She also co-founded Esprits d'entreprise, a French think tank that brings together more than 400 entrepreneurs and business leaders, and is President of *100 Jours Pour Entreprendre*, a movement that sponsors and mentors young entrepreneurs. She is also a member of the Supervisory Board of Oddo & Cie. Diaa Elyaacoubi is a graduate of the École supérieure des télécommunications in Paris.

Other positions and duties

WITH INGENICO GROUP IN 2017

- None

OUTSIDE INGENICO GROUP IN 2017

Main position:

- President of the holding company ODYSSEE 2045
- Director of AGORA Limited HK and OLAVIE SA (Belgium)
- Founder and Chairwoman of Esprits d'entreprise since May 2013. This business association brings together over 400 entrepreneurs and managers of mid-cap companies and SMEs in a think tank to promote the ideas of its members and their companies
- Founder of the *100 jours pour entreprendre* movement

Other current positions and duties:

- Member of the Supervisory Board of Oddo & Cie since May 2013
- Manager of SCI Delya 2
- Manager of SCI Delya 3
- Manager of SCI Immobilière 1

Positions held in the past five years

- Manager of SCI Kat Mandou

Colette LEWINER

Independent director
Member of the Strategic Committee
Member of the Audit and Finance Committee

Experience and expertise

Colette Lewiner, born September 19, 1945 in Cairo (Egypt), is a French citizen.

Colette Lewiner has held the role of Energy and Utilities Advisor to the Chairman of Capgemini since 2012. She is a commander of the French National Order of Merit and of the Legion of Honor.

A graduate of the École normale supérieure, with a postgraduate degree in physics and a PhD in Science, Colette Lewiner began her career at the University of Paris as a lecturer.

She joined Électricité de France in 1979, first in the Engineering and Research Department, followed by the Fuels Procurement Department. In 1989, she created and headed up the group's Business Strategy and Development Division, and in so doing became the group's first female director.

In 1992, she was named Chairwoman and Chief Executive Officer of SGN-Réseau Eurisy, an engineering subsidiary of Cogema, before joining Capgemini in 1998 as director of the Global Energy, Utilities and Chemicals sector.

From September 2010 to April 2015, she was the non-executive Chair of TDF.

Other positions and duties

WITH INGENICO GROUP IN 2017

- None

OUTSIDE INGENICO GROUP IN 2017

Main position:

- Energy Advisor to the Chairman of Capgemini

Other current positions and duties:

Director:

- Bouygues SA*
  - Chair of the Selections and Compensation Committee
- Colas SA* (Bouygues Group)
  - Chair of the Selections and Compensation Committee
  - Member of the Audit Committee
  - Member of the Ethics and Sponsorship Committee
- EDF SA*
  - Member of the Audit Committee and the Compensation Committee
  - Chair of the Ethics Committee
- Getlink SA* (formerly Eurotunnel SA)
  - Chair of the Audit Committee
  - Member of the Ethics and Governance Committee
- Nexans SA*
  - Member of the Strategic Committee

Positions held in the past five years

- Director Crompton Greaves LLC* until 2016
- Director TGS-Nopec* and TDF until 2015
- Director Lafarge* until 2014

* *Listed company.*

Xavier MORENO

Independent director
Chairman of the Compensation, Appointments and Governance Committee
Member of the Strategic Committee

Experience and expertise

Xavier Moreno was born on December 14, 1948 in Nice, France. He is a French citizen.

Xavier Moreno is Chairman of Astorg, a leading European private equity firm that invests in business transfers (LBOs) valued at between €100 million and €1,500 million. Founded in 1998 and controlled by its partners, Astorg manages approximately €4 billion in capital and has invested in over 30 businesses in the last 15 years. Xavier Moreno began his career at the Treasury Department of the French Ministry of Finance. In 1985, he joined Sanofi then led the Agro Veterinary Division and became a member of the Executive Committee. In 1991, he joined the Suez group to lead investments in industry and private equity until the spin-off of Astorg in 1998.

Xavier Moreno is a graduate of the École polytechnique, the Paris Institute of Political Studies (IEP) and the École nationale d'administration (ENA).

Other positions and duties

WITH INGENICO GROUP IN 2017

- None

OUTSIDE INGENICO GROUP IN 2017

Main position:

- Chairman of Astorg Partners SAS

Other current positions and duties:

Managing director:

- Astorg Asset Management Sàrl
- Astorg Advisory Services Sàrl
- Astorg Group Sàrl since December 2017
- MRN Invest Sàrl

Member of the Board of Directors:

- HERA SAS

Representative of Astorg Partners SAS, Chairman:

- Astorg Team III SAS SCR

Positions held in the past five years

Chairman:

- Church Team IV SAS until the end of October 2013
- Financière Amaryllis IV SAS until December 2015
- Financière Muscaris IV SAS until December 2015
- Kiliteam V SAS until December 2014
- Megateam V SAS until December 2014
- Financière Ofic SAS until December 2017

Supervisory Board Chairman:

- Honorine SAS until July 2014

Director:

- Ethypharm SA until July 2016
- Financière Verdi SAS until July 2016
- Super Cristal de Luxe until March 2016
- Cristal de Luxe until March 2016
- Onduline until December 2017

Supervisory Board member:

- GS & Cie Groupe SA until December 2015

Caroline PAROT
Independent director
Chair of the Audit and Finance Committee
Member of the Strategic Committee

Experience and expertise

Caroline Parot, born on January 27, 1972, is a French citizen.

Caroline Parot is the Chief Executive Officer of Europcar Group. She joined Europcar in 2011 and was appointed Chief Financial Officer in March 2012, and later was named Chief Executive Officer.

Previously, she held senior finance and group control positions (2009-2011) and served on the Executive Committee (2010-2011) within the Technicolor Group. She was notably in charge of restructuring the debt of Thomson Technicolor. With the same group, she also served as Chief Financial Officer of the Technology segment (2008-2009) and controller of the Intellectual Property and License Management department (2005-2008). She began her career in 1995 as auditor at Ernst&Young, where she worked until 2005.

Caroline Parot holds a Master's Degree in Finance from ESCP Business School and a Post-Graduate degree in Economics & Mathematics from Paris I Pantheon Sorbonne. She also holds a Higher Diploma of Accounting and Management.

Other positions and duties

WITH INGENICO GROUP IN 2017
- None

OUTSIDE INGENICO GROUP IN 2017

Main position:
- Chair of the Board of Europcar Groupe*

Other current positions and duties:

Chair:
- Europcar International SAS
- Europcar Holding SAS
- Europcar Services, Unipessoal, Lda

Permanent representative:
- Europcar International SAS in her capacity as Chair of Europcar France SAS

Member of the Supervisory Board:
- Europcar Autovermietung GmbH (Germany)
- Car2Go GmbH (Germany)

Director:
- PremierFirst Vehicle Rental EMEA Holdings Ltd (UK)

Positions held in the past five years

Director:
- Europcar Australia Pty Ltd (Australia)
- CLA Trading Pty Ltd (Australia)
- BVJV Ltd (New Zealand) until May 2017

Member of the Monitoring and Development Committee:
- Ubeeqo International SAS until May 2017

* *Listed company.*

Sophie STABILE

Independent director
Member of the Strategic Committee

Experience and expertise

Sophie Stabile was born on March 19, 1970. She is a French citizen.

Sophie Stabile is founder of Révérence, consulting firm, equity investments in the real estate and hotel sector. She was Chief Executive Officer of HotelsServices France and Switzerland, within the AccorHotels Group, from 2015 to 2018. She was also a member of the AccorHotels' Executive Committee.

Previously, she held the positions of Chief of Accor's Consolidation and Information System Department (1999-2006) and the Group's Controller-General (2006-2010), before being appointed Chief Financial Officer and a member of Accor's Executive Committee (2010-2015).

She began her career in 1994 at Deloitte Touche, where she worked as an audit supervisor until 1999.

Sophie Stabile is a graduate of the École Supérieure de Gestion et Finances.

Other positions and duties (1)

WITH THE INGENICO GROUP
- None

OUTSIDE THE INGENICO GROUP

Main position:
- Founder of Reverence, consulting firm, equity investments in the real estate and hotel sector

Other current positions and duties:

Supervisory Board member:
- Altamir*
- Unibail Rodamco*

Director:
- Spie*

Positions held in the past five years

Supervisory Board Chairwoman:
- Orbis*, until 2016

* *Listed company.*
(1) *At the date of this Reference Document.*

Élie VANNIER

Independent director
Strategic Committee Chairman
Audit and Finance Committee member

Experience and expertise

Élie Vannier was born on June 15, 1949. He is a Swiss citizen.

Élie Vannier's career is marked by a variety of experiences in industry, investment banking and the media. After many years in broadcasting, Élie Vannier was appointed Diversification Manager at the metalworking group Strafor Facom until 1991, when he was named Chief Executive Officer of the French subsidiary of Deutsche Morgan Grenfell. In 1997, he joined GrandVision, eventually being appointed Group CEO. Former Chairman of the Board of Directors of Flamel Technologies, over the years he has held many directorships in France and abroad. He was also a professor at the Paris Institute of Political Studies (IEP), lecturing on strategy and international business development. He also served as President of the French center for the study of corporate governance.

Élie Vannier is now Chairman of the Board of Directors of Hovione Holding (Hong Kong) and a professor at Peking University (School of Transnational Law), China.

Élie Vannier holds a master's degree in law and a postgraduate degree in political science from the Sorbonne (University of Paris I).

Other positions and duties

WITH INGENICO GROUP IN 2017

Supervisory Board member:
- Global Collect Services BV (Netherlands)

OUTSIDE INGENICO GROUP IN 2017

Main position:
- Chairman of the Board of Directors of Hovione Holding (Hong Kong)
- Visiting Professor, Peking University School of Transnational Law (China)

Other current positions and duties:

Director:
- Fondation Fondamental
- New Cities Foundation (Switzerland)
- E-Front

Positions held in the past five years

Director:
- Groupe PP Holding SA (Switzerland) until March 2016
- Pharmacie Principale SA (Switzerland) until March 2016
- Flamel Technologies until June 2014
- Conbipel SA (Italy) until 2013
- Famar (Luxembourg) until 2013

Member of the Supervisory Board and Chairman of the Audit Committee:
- GCS Holding BV (Netherlands) until October 2017

William NAHUM

Independent advisor

Compensation, Appointments and Governance Committee member

Experience and expertise

A certified accountant, statutory auditor, legal expert to the Court of Appeal of Paris, certified by the French Supreme Court, William Nahum has led a parallel professional and institutional career during which he has held almost all the elective offices in his profession. After an internship in an international audit firm and then several years with French and American companies, he established a law office more than thirty years ago, building up a team of partners, along with selected collaborators.

For twelve years, he was President of the Order of Certified Accountants of Paris ("Ordre des experts-comptables de Paris") and of the Company of Statutory Auditors of Paris ("Compagnie des commissaires aux comptes de Paris"). He was also President of the National Order of Certified Accountants ("*Président national de l'*Ordre des experts-comptables").

He served for nine years on the Board of IFAC, where he acquired expertise in auditing and governance standards particularly relevant to litigation or professional liability cases. He has created and chaired two international institutions for the accountancy profession: CILEA for South America and Latin Europe, and FCM, covering 16 countries located around the Mediterranean.

He has also held positions as a volunteer with the Accounting Standards Authority ("Autorité des normes comptables"), the Public Accounts Standards Committee ("Comité des normes de la comptabilité publique") and as a legal expert with the Government Shareholding Agency ("Agence des participations de l'État") and the Ministry of Defense.

In 2004, William Nahum founded the Academy of Accounting and Financial Sciences and Techniques, an organization chaired by him with more than 60,000 members in over 20 countries.

In 2013, William Nahum was elected National President of CIP (Information Center on the Prevention of Company Difficulties).

A government order of December 24, 2013 made him a member of the Accounting Standards Authority ("Autorité des normes comptables").

Information about Mr Thierry Sommelet whose appointment as director is proposed to General Meeting

Thierry SOMMELET

Experience and expertise

Thierry Sommelet, was born on December 10, 1969. He is a French citizen.

Thierry Sommelet is director of Mid & Large Cap department in charge of Technology, Media and Telecom sector at Bpifrance, the private equity arm of the French public investment bank (formerly known as Fonds Stratégique d'Investissement). Thierry Sommelet has more than fifteen years of investment experience in companies, listed or not, in the TMT sector.

Thierry Sommelet began his career working in capital markets at Crédit Commercial de France in 1992 in Paris, then in New York. After serving as Manager of the financial engineer's team at Renaissance Software in London, and being COO of media company InfosCE, he joined the Investments and digital participations department of Caisse des Dépôts et Consignations, a French public entity, in 2002, which he headed up in 2007.

After joining Fonds stratégique d'investissement in 2009, Thierry Sommelet has been part of the team at Bpifrance Investissement when it was created in 2013.

Thierry Sommelet graduated from the ENPC, civil engineering school in Paris (Ecole Nationale des Ponts et Chaussées) and also holds an MBA from INSEAD

Other position and duties(1)

WITH INGENICO GROUP

- None

OUTSIDE INGENICO GROUP

Main position:

- Executive director of Mid & Large Caps department at Bpifrance Investissement

Other current positions and duties:

As Bpifrance Investissements' permanent representative:

- Director of Idemia SAS and Mersen SA*(2)

As Bpifrance Participations' permanent representative:

- Director of Technicolor SA*

On his own name:

- Chairman of the board of Soitec SA*
- Director of Talend SA*
- Chairman of the supervisory board of Greenbureau SA

Positions held in the past five years

As Bpifrance Participations' permanent representative:

- Member of the supervisory board of Inside Secure SA*
- Director of Tyrol Acquisition 1 SAS

On his own name:

- Member of the supervisory board of Sipartech SAS and Cloudwatt SA
- Director of TDF SAS

* *Listed company.*

(1) *At the date of this Registration Document.*

(2) *Mr. Thierry Sommelet informed the Company that this term of office would end before the Annual general shareholders' meeting on May 16, 2018.*

3.3 COMPENSATION AND BENEFITS

3.3.1 Compensation of directors and executive officers

The purpose of the Company's policy on the compensation of directors and executive officers and the management teams more broadly-speaking is to:

- attract, retain, and motivate the best talent;
- encourage commitment to deliver high performance;
- align compensation levels with the Company's results.

It is guided by three principles:

- competitiveness of compensation in respect of market practices (compensation policies of comparable listed companies, especially technology companies in France, Europe, and the United States);
- internal and external fairness of compensation;
- alignment of compensation with the achievement of the Group's short-, medium- and long-term financial and strategic goals.

3.3.1.1 Compensation, stock options and performance shares granted by the Company to the sole executive director

3.3.1.1.1 Policy for compensating the Chairman and Chief Executive Officer

The policy for compensating the Chairman and Chief Executive Officer detailed below was approved by the Annual General Shareholders' Meeting of May 10, 2017. It is unchanged for 2018 and will be subject to the Annual General Shareholders' Meeting of May 16, 2018 pursuant to Article L.225-37-2 of the French Commercial Code.

In recent years, the Board of Directors has decided to change the compensation of the Chairman and Chief Executive Officer, for two reasons: to align it with market levels, and to reflect the transformation of the Group's profile since 2010 (both in size and scope of business) while adhering to best market practices, in line with the spirit of the AFEP-MEDEF Code. Since 2010, the Group's revenues have been multiplied by three, its profit for the period has increased more than six-fold and its market capitalization has quadrupled as of the end of December 2017.

In addition to compensating operational and financial performance, the Board of Directors also uses the compensation of its Chairman and Chief Executive Officer as a talent retention tool. This is necessary because the Group operates in the payment ecosystem – a global market that is changing very rapidly and has a narrow talent pool.

In line with the work already done, the Board of Directors commissioned an outside specialist consulting firm to update the analysis of the compensation paid to its Chairman and Chief Executive Officer and to set the framework of the 2016-2018 term of office. Its structure and level were compared with a panel of French companies operating in technology markets, and international companies operating in the payment ecosystem market: Dassault Systèmes, Gemalto, Technicolor, Verifone, Worldline, WorldPay, Vantiv, Global Payments, Total System Services, and Heartland Payment. To be fully representative, the study took into account the revenue growth, net profitability trends, and market capitalization of Ingenico Group and of the companies on the panel. A framework was then established for assessing the CEO's performance, the relationship between his compensation including compensation over time and the goals assigned to him, particularly regarding the implementation of the 2020 strategic plan.

In light of the proposal by the Compensation, Appointments and Governance Committee, and as the mandate of the Chairman and Chief Executive Officer was coming up for renewal on April 29, 2016, the Board of Directors reviewed the CEO's compensation structure and decided to:

- increase the fixed compensation for the Chief Executive Officer and keep it at this level for his remaining term of office (2016-2018);
- maintain a target variable compensation of 150% (up to a maximum of 200%) in the event of outperformance;
- increase the portion of compensation linked to the Company's long-term performance by granting performance shares that are vested conditionally on an increase in EBITDA, on share price performance relative to the SBF 120, and on a personal shareholding commitment as part of a joint investment plan.

It was also decided not to set up a defined benefit pension plan and to continue not paying attendance fees.

Compensation structure

Pursuant to those principles and on the recommendation of the Compensation, Appointments and Governance Committee, the Board of Directors decided to set the compensation structure for the Chairman and Chief Executive Officer as follows for his remaining term of office:

- **fixed annual compensation of €800,000**;
- **target annual variable compensation of 150% of his fixed annual compensation,** *i.e.*, **€1,200,000**, which may rise to 200% of his fixed annual compensation, tied to performance.

  Variable compensation is based on the achievement of the following quantitative and qualitative targets:

  - quantitative targets, at 70%, (€840,000) of the target annual variable compensation:
    - 15% tied to consolidated revenue growth,
    - 40% tied to consolidated EBITDA,
    - 15% tied to free cash flow (excluding acquisitions, divestitures, and special dividends).

    The target annual variable compensation for these quantitative targets is capped at 150% (€1,260,000),
  - qualitative targets for 30% (*i.e.*, €360,000), the criteria for which are preset precisely and in accordance with the 2020 strategic plan. For confidentiality reasons, they cannot be disclosed for this year. However, at the end of the performance appraisal period, the Group discloses these targets and their level of achievement. The target variable compensation for these qualitative targets is capped at 100% (€360,000);

It should be noted that, in accordance with paragraph 2 of Article L.225-37-2 of the French Commercial Code, as of December 31, 2017, the payment of components of the variable compensation described above requires ratification by an Ordinary Annual General Shareholders' Meeting, in accordance with Article L.225-100 of the French Commercial Code;

- **long-term compensation through the annual award of performance shares** subject to two performance criteria to be assessed over a three-year period; the value of the award will represent about 50% of the total annual target compensation. This percentage may be increased by a maximum of 10% in the event of the creation of a joint investment plan involving the Group's directors and subject to an additional condition of personal investment.

  The number of performance shares awarded is based on the average market price of the Company's share over the fifteen trading days preceding the award date (for example, in 2017, 23,639 performance shares were awarded for the simple plan based on a market price of €84.61);

- **a severance package payable for forced redundancy, approved by the Annual General Shareholders' Meeting of April 29, 2016:**

  Amount of Termination Benefit

  The amount of the benefit (the "Termination Benefit") payable will be equal to (i) 18 months of the Reference Compensation in the event of forced departure related to a change of control of the Company, or (ii) 12 months of the Reference Compensation in other cases of forced departure related to a change in strategy, in which case the amount will depend on the fulfillment of the performance conditions set for calculation of the variable compensation.

  The "Reference Compensation" shall be equal to the average monthly fixed and variable compensation received by Philippe Lazare in respect of his position as Chairman and Chief Executive Officer over the last two financial years preceding the date of termination.

  Conditions of payment of the Termination Benefit

  The Termination Benefit will be payable to Philippe Lazare only in case of forced departure from his position as Chairman and Chief Executive Officer related to a change of control or strategy initiated by the Board of Directors, regardless of the form of this termination of appointment (other than for gross negligence or misconduct), and on condition that the performance conditions below have been achieved.

  The "change of control" shall be taken to refer to the date of approval by the Company's Annual General Shareholders' Meeting of any merger or demerger transaction affecting the Company, or the date of acquisition of control of the Company, as defined in Article L.233-3 of the French Commercial Code (particularly subsequent to a public tender or exchange offer, as the case may be).

  Performance conditions

  Payment of the Termination Benefit will be based on the average level of achievement of the targets set for Philippe Lazare's variable compensation over the last two financial years preceding the date of termination of appointment.

  Philippe Lazare will retain the entitlement to his performance shares which are vesting at the date of his departure (i) on a *pro-rata* basis related to his continuous service and (ii) depending on the level of achievement of the performance conditions set out above.

- **no exceptional bonuses**: since 2013, the Board of Directors has abandoned special bonuses, in line with best market practices;
- **no pension plan**: the Board of Directors feels that this provision is not a suitable retention tool for Ingenico Group, which operates in a fast-changing market. For information purposes, the cost of the pension plan was valued at €15 million by an outside firm;
- **no attendance fees** as a Company director and Chairman of the Board;
- **no compensation** under a non-compete clause.

In addition, the Chairman and Chief Executive Officer shall continue to have use of a company car and receive executive director unemployment insurance.

Finally, there is no employment agreement between Philippe Lazare and any of the Group companies. As an officer of the Company, he is not a member of the savings plan set up for employees of the Group.

Summary of the status and terms of departure of the Chief Executive Officer

Directors and executive officers	Employment contract	Supplementary retirement plan	Indemnities or benefits due or likely to be due on termination or change of function	Benefits in connection with a non-compete clause
Philippe LAZARE Chairman and Chief Executive Officer since January 20, 2010 End of term of office: 2019 Annual General Shareholders' Meeting(2)	No	No	Yes(1)	No

(1) This benefit is described above.

(2) Philippe Lazare's functions as Chairman and Chief Executive Officer will cease with his term of office as director.

The preceding information constitutes the section of the report on corporate governance specified in Article L.225-37-2 of the French Commercial Code which is subject to ratification by the Annual General Shareholders' Meeting of May 16, 2018.

3.3.1.1.2 Compensation paid or awarded to the Chief Executive Officer for 2017

Based on the foregoing, on February 23, 2017 the Board of Directors on the recommendation of the Compensation, Appointments and Governance Committee, set out the elements of compensation for fiscal year 2017, such as:

- **fixed annual compensation of €800,000;**
- **a target annual variable compensation of €1,200,000**, with a maximum variable compensation of 200% of the fixed annual salary.

  For 2017, the variable compensation is based on the achievement of quantitative and qualitative criteria as set by the Board of Directors on February 23, 2017. The relative weighting remains unchanged compared to 2016:

  - **quantitative targets, to 70%** (*i.e.* €840,000) of the target annual variable compensation, tied to the Company's financial performance:
    - 15% tied to consolidated revenue growth,
    - 40% tied to consolidated EBITDA,
    - 15% tied to free cash flow (excluding acquisitions, divestitures, and special dividends).

    For 2017, payment of variable compensation is only triggered at:

    - 100% achievement of the criteria tied to EBITDA and to consolidated revenue growth at which point 100% of the variable compensation is paid; below this threshold, the variable compensation in respect of these two criteria is nil. It rises in a straight line from 100% to 110% of the target with a maximum of 150% at 110% of the target,
    - 90% achievement of the criterion tied to the free cash flow at which point 50% of the variable compensation is paid; below this threshold, the variable compensation in respect of financial criteria is nil. It reaches 100% at 100% of the target, then rises in a straight line from 100% to 120% of the target with a maximum of 150% at 120% of the target.
  - **qualitative targets amounting to 30%** (€360,000), each representing one quarter of the package linked to:
    - the implementation of the Group's new structure,
    - the setting up of external growth projects,
    - the operational performance of the Group's payment platforms,
    - the update of the strategic plan.

  Variable compensation is calculated at the close of the fiscal year to which it relates, after the Board of Directors has approved the financial statements. The payment of components of the variable compensation described above relating to the 2017 fiscal year requires ratification by the Ordinary Shareholders' Meeting of May 16, 2018 of the component of compensation paid or allocated for 2017, in accordance with Article L.225-100 of the French Commercial Code;
- **no special bonus;**
- **no pension plan;**
- **no compensation** under a non-compete clause;
- **long-term compensation** (valued as at December 31, 2017 at €2,233,361 for the shares granted under the 2017-1 and 2017-2 plans). This relates to two performance shares plans, one of which is simple and the other of which is related to personal investment, the definitive allocation of which is conditional on two performance targets evaluated at the end of the three-year vesting period:
  - internal criterion linked to the Group's financial and operational performance: EBITDA 2019, objective set in coherence with the 2020 strategic plan. Vesting thresholds for shares are as follows, being specified that the joint investment plan may confer entitlement to a maximum of seven shares per share invested: 25% of shares vested at 90% achievement of the target; 50% of shares vested at 95% achievement of the target; 75% of shares vested at 100% achievement of the target, and 100% of shares vested at or above 109% achievement of the target,
  - external criterion: performance of the Company's share price in line with that of the SBF 120. Vesting thresholds for shares are as follows, being specified that the joint investment plan may confer entitlement to a maximum of three shares per share invested: 50% of shares vested at 95% achievement of the target; 75% of shares vested at 105% achievement of the target and 100% of shares vested at or above 110% achievement of the target;
- **in addition, for exercising his duties as Chairman and Chief Executive Officer, Philippe Lazare shall benefit from:**
  - a company car,
  - unemployment insurance for loss of mandate, and
  - a contractual indemnity in the event of early termination.

    Note that the terms of this commitment were amended by the Board of Directors on February 29, 2016 and were ratified by the Annual General Shareholders' Meeting of April 29, 2016, as detailed in section 3.3.1.1.1 of this Registration Document.

Finally, there is no employment agreement between Philippe Lazare and any of the Group companies. As an officer of the Company, he is not a member of the savings plan set up for employees of the Group.

Summary table of compensation and stock options and shares awarded to Philippe Lazare – Chairman and Chief Executive Officer

	2017 (Gross amount in euros)	2016 (Gross amount in euros)
Compensation due for the year (detailed information in the table below)	1,566,370	1,910,246
Valuation of multi-year variable compensation awarded during the year	n.a.	n.a.
Valuation of options granted during the year	n.a.	n.a.
Valuation of free shares granted (explained in Section 3.3.1.1.3 below)	2,233,361	1,650,969
TOTAL	**3,799,731**	**3,561,215**

Summary table of compensation paid to Philippe Lazare – Chairman and Chief Executive Officer

	2017 (Gross amount in euros)		2016 (Gross amount in euros)	
	Accrued during the year	Paid during the year	Accrued during the year	Paid during the year
Fixed compensation	800,000	800,000	800,000	800,000
Annual variable compensation(1)	753,397	1,097,377	1,097,377	1,279,803
Multi-year variable compensation	None	None	None	None
Exceptional compensation	None	None	None	None
Directors' attendance fees	None	None	None	None
Benefits in kind: company car + insurance for loss of office	12,973	12,973	12,869	12,869
TOTAL	**1,566,370**	**1,910,350**	**1,910,246**	**2,092,672**

(1) *The variable compensation accrued during the year is paid in the following year. Its payment requires ratification by the Ordinary Shareholders' Meeting of May 16, 2018 of the components of compensation paid or allocated in the previous year to Mr. Philippe Lazare due to his mandate.*

Variable compensation paid in 2017 in respect of 2016

On February 18, 2016, the Board of Directors set Philippe Lazare's target variable compensation for 2016 at €1,200,000 based on the performance criteria, of which 70% was tied to the Group's results and 30% to qualitative criteria. On February 23, 2017, after assessing the achievement of the quantitative and qualitative criteria in light of the Group's financial performance in 2016, the Board of Directors set Philippe Lazare's variable compensation for 2016 at €1,097,377.

Variable compensation for 2017

As noted above, the Board of Directors decided to maintain the target variable compensation for 2017 at €1,200,000.

On March 27, 2018, on the recommendation of the Compensation, Appointments and Governance Committee, the Board of Directors reviewed the above quantitative and qualitative criteria one by one to determine the level of achievement of each.

Based on the quantitative and qualitative criteria set by the Board on February 23, 2017 and considering the Company's performance at December 31, 2017, the amount of variable compensation was evaluated as follows:

- quantitative criteria: consolidated revenue growth (100% of the target achieved), consolidated EBITDA (99% of the target achieved below the 100% trigger), and free cash flow (107% of the target achieved). Given the relative weight of each criterion (respectively 15%, 40% and 15% of the target variable compensation), the overall weighted targets achievement rate comes to 33% of the global target variable compensation for a goal under quantitative criteria amounting to 70% of the said remuneration;
- qualitative criteria, the maximum percentage (100%) in two of the four criteria, namely: (i) the implementation of the Group's new structure (ii) the setting up of external growth projects, (iii) the operational performance of the payment platforms and (iv) the update of the strategic plan. As a consequence, the achievement rate under qualitative criteria amounts to 30% of the global target variable compensation.

As a result, Philippe Lazare's variable compensation for 2017 was set at 63% of his target variable compensation *i.e.* €753,397. This represents 94% of his annual fixed compensation for 2017.

Its payment requires ratification by the Ordinary Shareholders' Meeting of May 16, 2018 of the components of compensation paid or allocated in the previous year to Mr. Philippe Lazare due to his mandate.

3.3.1.1.3 Long-term incentive

- **Information on performance shares awarded to the Chairman and Chief Executive Officer in fiscal year 2017**

	Plan ref. no. and date	Number of shares granted during the year	Theoretical value of shares according to the method used for the consolidated financial statements *(in euros)*	Date granted	Date of availability	Performance conditions
Philippe Lazare	2017-1 and 2017-2 dated May 10, 2017	6,040 23,639	329,556 1,903,805	June 21, 2020 May 10, 2020	June 21, 2020 May 10, 2020	See below See below
TOTAL		**29,679**	**2,233,361**			

To incentivize the continued achievement of long-term business objectives, the Board of Directors used the authorization granted by the Extraordinary Shareholders' Meeting on April 29, 2016 and, on the recommendations of the Compensation, Appointments and Governance Committee, set up the following performance share plans (2017-1 and 2017-2).

The vesting period is three years and the final award is subject to the achievement of two performance targets (EBITDA in line with the 2020 strategic plan and change in the Company's share price compared with the SBF 120) as well as personal investment amounting to €50,000 for the Chairman and CEO in the joint investment plan.

The number of performance shares fully vested to Philippe Lazare at the end of the vesting period (three years) will therefore be calculated based on the level of achievement of these targets detailed below.

- Joint investment plan (2017-1)

  The investment gives the right to be allocated a number of free shares depending on the degree to which the same performance criteria as below are achieved, with a maximum allocation of seven shares per share invested for the internal criterion and a maximum of three shares per share invested for the external criterion.

- Simple free performance share allocation plan (2017-2)

  The definitive allocation is subject to the achievement of the performance criteria below:

  - internal criterion related to the Group's financial and operational performance: EBITDA 2019 in line with the 2020 strategic plan. Vesting thresholds for shares are as follows: 25% of shares vested when 90% of the target is achieved; 50% when 95% of the target is achieved; 75% when 100% of the target is achieved, and 100% of shares vested when 109% or more of the target is achieved,
  - external criterion: change in the Company's share price compared to the SBF 120. Vesting thresholds for shares are as follows: 50% of shares vested when 95% of the target is achieved; 75% when 105% of the target is achieved, and 100% of shares vested when 110% or more of the target is achieved.

- **Performance shares fully vested or available in 2017 for the sole executive officer**

	Plan ref. no. and date	Number of shares available	Plan ref. no. and date	Number of shares fully vested	Final grant conditions
PHILIPPE LAZARE	None	None	2015-1 of July 29, 2015	10,000	See below

Number of shares available

No shares became available in 2017.

Fully vested shares

The end of the performance assessment period of the 2015 performance share plan (plan 2015-1) was July 29, 2017. The performance shares granted by the authorization of the Annual General Shareholders' Meeting of May 6, 2015 were conditional on the achievement of an internal performance criterion related to the Group's financial and operational performance: EBITDA target of €448 million at December 31, 2016. Vesting thresholds for shares was as follows: 25% of shares vested at 90% achievement of the target; 50% of shares vested at 95% achievement of the target, and 75% of shares vested at 100% achievement of the target. The maximum number of free shares, *i.e.*, 100%, awarded for outperforming when performance is above 104% of the target.

The Board of Directors reported the following performance:

- EBITDA 2016: €476 million, *i.e.*, 106% of the target.

Considering the level of achievement of performance criteria, 10,000 free shares were fully vested for the Chief Executive Officer on July 29th, 2017.

The vested shares will become fully available after a two-year lock-in period ("holding period"), *i.e.*, on July 29, 2019.

Mandatory holding period

Pursuant to Article L.225-197-1, II, paragraph 4, of the French Commercial Code, in relation to performance shares awarded free of charge to the Chairman and Chief Executive Officer, the Board of Directors must either prohibit the Chief Executive Officer from disposing of said shares until the end of his term of office, or specify the number of these shares that must be retained in registered form in his name until the end of his term of office.

For each performance share awarded to Philippe Lazare on or after April 18, 2016, the Board of Directors has resolved, pursuant to the aforementioned provision, that he shall be required to hold and maintain at all times in registered form no less than 40% (15% previously) of the total number of fully vested shares at the end of their holding period, until the end of his term of office. Moreover, any share disposals must be carried out in compliance with the applicable stock market regulations and the procedures implemented within the Company.

Furthermore, as recommended by the AFEP-MEDEF Code, Philippe Lazare has committed to not use hedging instruments on the performance shares that have been or will be allocated to him by the Company in connection with his duties, for as long as he remains an executive officer of the Company.

3.3.1.2 Attendance fees and other compensation received by non-executive directors

The Combined Ordinary and Extraordinary Shareholders' Meeting of April 29, 2016 increased the maximum annual budget for attendance fees from €500,000 to €550,000. The annual total attendance fees approved by the Annual General Shareholders' Meeting are individually allocated using a points-based formula designed to promote the independence of directors, the chairmanship of the special focus committees and the members' attendance at meetings of the Board and the special focus committees. In meetings of the Board of Directors, points are awarded on a fixed basis (20 points for each independent director and 5 points for each non-independent director or advisor) and on a variable basis (2 additional points per attendance). With respect to special committees, a number of points is awarded to the Chair of each committee (an annual maximum of 25 points for the Chair of the Audit Committee and 20 points for the Chair of the two other special committees) having attended the meeting and chaired it. The Chairs of committees do not receive additional points for attendance at their special committees, because if they are absent the corresponding points are awarded to the member who chaired the committee meeting. The members of special committees, excluding the Chair, are awarded one point per attendance at their committee meeting.

As recommended by the AFEP-MEDEF Code, the variable portion of attendance fees is preponderant for directors.

The total amount of attendance fees awarded by the Company to directors and the compensation of the independent advisor amounted to €550,000 for 2017, paid out as follows (in euros):

Non-executive directors	Gross amounts accrued in 2017 and paid in 2018	Gross amounts accrued in 2016 and paid in 2017
Bernard BOURIGEAUD Independent director since April 29, 2016	€59,459	€20,479
Jean-Louis CONSTANZA Independent director	€56,757	€59,973
Diaa ELYAACOUBI Independent director	€66,216	€67,287
Colette LEWINER Independent director	€71,622	€71,676
Xavier MORENO Independent director	€86,486	€89,229
William NAHUM Independent advisor	€24,324	€21,941
Florence PARLY Independent director until June 21, 2017	€36,487	€90,691
Caroline PAROT Independent director since March 21, 2017	€58,108	-
Élie VANNIER* Independent director	€90,541	€100,931
Thibault POUTREL Director until December 31, 2016	-	€27,793
TOTAL	**€550,000**	**€550,000**

* *Élie Vannier also received gross compensation amounting to €57,500 accrued in 2017 and €55,000 accrued in 2016 for his duties as a (i) member of the Supervisory Board Global Collect Services BV and (ii) member of the Supervisory Board and Chairman of the Audit Committee of GCS Holding BV (until October 25, 2017), subsidiaries of the Group.*

Except for Philippe Lazare, the only executive officer for whom information is provided above, no other member of the Board of Directors received any additional compensation or other benefits in kind from the Company during 2017 other than as described above.

No compensation, other than the compensation mentioned above, was paid to directors and executive officers of the Company by other Group companies during 2017.

3.3.1.3 Pensions, post-employment and other benefits paid to directors and executive officers

None.

3.3.2 Compensation of Executive Committee members

Compensation awarded to the members of the Executive Committee is composed of fixed compensation and annual variable compensation tied to the attainment of financial targets for the current year, as well as to targets related to the implementation of the business strategy that are modulated to reflect each member's position. Depending on the position, variable compensation for the year may be equal to anything between 50% to 100% of fixed compensation when targets are met. For executives with operational responsibility (business unit, region), 10% of this variable component is related to the Group's financial targets, 70% to targets in their region or business unit, and 20% to strategic targets. For executives with responsibility for supporting functions, the portion tied to the Group's financial targets varies from 50% to 70%, and the portion tied to their strategic targets varies from 30% to 50%.

As with the Chairman and Chief Executive Officer, Company executives are involved in the Group's growth through the allocation of free shares. The number of shares granted depends on attendance conditions and the Company's medium-term performance and may also be allocated in conjunction with a joint investment plan.

These plans aim to encourage achievement of the Group's long-term objectives and the value creation associated with it.

Performance criteria apply to all shares awarded and take into account an assessment that is intrinsic and relative based on the Company's business and stock-market performance. Performance criteria and their rate of attainment are the same for all Executive Committee members, including the Chairman and Chief Executive Officer.

A deferred compensation policy is applicable to all members of the Executive Committee.

A company car is provided to each Executive Committee member.

3.3.3 Shareholdings of executive officers and employees in Ingenico Group

Ingenico Group periodically grants performance shares to executives and to top and middle management. Shares are allotted either for attainment of specific operational results or on the basis of commitments made by the beneficiary. The conditions are decided by the Board of Directors on the recommendation of the Compensation, Appointments and Governance Committee.

3.3.3.1 Performance shares

Following the authorization granted at the Annual General Shareholders' Meeting, the Board of Directors decided, based on the recommendation of the Compensation, Appointments and Governance Committee, to establish a free share award policy based on performance and, where relevant, investment. Consequently, since 2010, Ingenico has been implementing this policy by developing the corresponding schemes to encourage involvement by employees in the Group's overall performance, in particular through retention programs aimed at management teams of companies recently acquired due to external growth.

The plans implemented by Ingenico Group SA share similar features. Free shares are not definitely allocated until the end of a minimum period (the vesting period). This was increased to three years by an authorization granted by the Annual General Shareholders' Meeting of April 29, 2016. Previous plans covered two or four years, depending on the country involved. At the end of this vesting period, subject to conditions determined by the relevant plan such as performance, continuous service within the Group or, where relevant, investment, these shares are vested and fully-owned by the beneficiaries.

For plans with a two-year vesting period, an additional two-year holding period is mandatory once the shares are fully vested. There is no mandatory holding period for plans with a four-year vesting period.

The goal of the free share allocation policy is to encourage the achievement of the Group's long-term objectives and the creation of shareholder value.

To this end, Ingenico Group has structured its long-term compensation policy around two complementary mechanisms introduced alternately every two years:

- a joint investment plan aimed at executive officers throughout the entire Group and its subsidiaries. Under this plan, beneficiaries personally invest a set amount in the shares of the Company. Depending on the degree to which the performance conditions and attendance conditions have been met, a number of free shares proportional to the number of shares invested become fully vested at the end of the vesting period;
- a simple performance share allocation plan for key managers and employees of the Group. In the same way as with the joint investment plan, beneficiaries are awarded free shares which become fully vested subject to performance and attendance conditions at the end of the vesting period.

Since 2016, the minimum vesting period under long-term compensation plans is three years. The performance conditions of free performance share allocation plans, whether associated with an investment condition or not, are unchanged and are based both on the Group's internal performance (medium-term EBITDA target) and external performance (Ingenico Group share price performance relative to the SBF 120 during the vesting period).

To continue this approach linking compensation to the Group's development, in accordance with this allocation policy alternating a joint investment plan and free performance share allocation plan and taking into consideration that the joint investment plan was not in place in 2016, the Board of Directors, using the authorization granted by the Extraordinary Shareholders' Meeting of April 29, 2016, and on the recommendation of the Compensation, Appointments and Governance Committee, decided to set out the terms for free performance share allocation plans for about 70 executive officers or middle managers as follows:

- joint investment plan (2017-1)

  This plan is for the Chairman and Chief Executive Officer and for Group executives. It requires significant investment in Company shares by each beneficiary. That investment gives the right to be allocated a number of free shares depending on the same degree and performance criteria as below are achieved and with a maximum allocation of 7 shares per share invested for the internal criterion and a maximum of 3 shares per share invested for the external criterion;
- simple free performance share allocation plan (2017-2)

  This plan is for the Chairman and Chief Executive Officer, executive officers or middle managers, and is subject to service conditions and correlated to the performance criteria below:

  - internal: the Groups' financial and operational performance (representing 70% of the shares granted): EBITDA 2019 in line with the 2020 strategic plan,

    Vesting thresholds for shares are as follows: 25% of shares vested when 90% of the target is achieved; 50% when 95% of the target is achieved; 75% when 100% of the target is achieved, and 100% of shares vested when 109% or more of the target is achieved,
  - external (representing 30% of the shares awarded): change in the Company's share price compared to the SBF 120,

    Vesting thresholds for shares are as follows: 50% of shares vested when 95% of the target is achieved; 75% when 105% of the target is achieved, and 100% of shares vested when 110% or more of the target is achieved.

These plans have a minimum 3-year vesting period and apply to 186,549 performance shares, *i.e.* 0.3% of the Company's share capital.

At the end of the vesting period, the beneficiaries must be either:

- an employee of the Company, a subsidiary, or an associated company;
- an executive officer (Chairman of the Board of Directors, Chief Executive Officer or Deputy Chief Executive Officer) of the Company, a subsidiary, or an associated company.

If this condition is not met (especially in the event that the beneficiary's employment contract or term of office is terminated for any reason before the end of the vesting period), the free share award lapses and the beneficiary forfeits any right to the allocation of shares[1].

(1) This excludes cases provided for in respect of the termination benefit of the Chairman & CEO, which shall be prorated (see section 3.3.1.1 of this Registration Document).

Performance shares granted to the top ten non-director employees in respect of 2017

Plan 2017-1	60,430
Plan 2017-2	26,400

Summary of past free performance share awards

Information on free shares awarded since the authorization of the Annual General Shareholders' Meeting of May 11, 2010

Annual General Shareholders' Meeting of May 11, 2010	2012-1	2012-2
Date of Board meeting	06/22/2012	06/22/2012
Total number of shares granted for free of which shares granted to directors and executive officers:	73,000	392,384
Philippe Lazare	None	17,448
Vesting date	06/22/2014	06/22/2014
End of holding period	06/22/2016	06/22/2016
Number of shares vested at June 22, 2014	63,000	334,832
Free shares outstanding at December 31, 2017	None	None

Annual General Shareholders' Meeting of April 29, 2013	2013-1	2014-1	2014-2
Date of Board meeting	10/30/2013	10/29/2014	10/29/2014
Total number of shares granted for free of which shares granted to directors and executive officers:	5,500	31,200	199,470
Philippe Lazare	None	None	6,500
Vesting date	10/30/2015	10/29/2016	10/29/2016
End of holding period	10/30/2017	10/29/2018	10/29/2018
Aggregate number of shares canceled or expired at December 31, 2017	1,000	6,200	33,750
Number of shares vested at December 31, 2017	4,500	14,700	141,560
Free shares outstanding at December 31, 2017	None	10,300	24,160

On October 30, 2013, the Board of Directors decided to award 5,500 free shares, subject to conditions of attendance and the level of attainment of performance criteria linked to the Group's consolidated EBITDA.

On October 29, 2014, the Board of Directors decided to award:

- 31,200 free shares, subject to conditions of attendance and intrinsic performance linked to consolidated EBITDA and the relative stock market performance;
- 199,470 free shares, subject to conditions of attendance, subscription of Company shares, and performance – both external (performance of the Company's share price compared to the SBF 120) and internal (Group consolidated EBITDA).

Annual General Shareholders' Meeting of May 06, 2015	2015-1	2015-2
Date of Board meeting	07/29/2015	10/22/2015
Total number of shares granted for free	186,900	1,400 600
of which shares granted to directors and executive officers:		
Philippe Lazare	10,000	None
Vesting date	07/29/2017	10/22/2017 11/02/2017
End of holding period	07/29/2019	10/22/2019 11/02/2019
Aggregate number of shares canceled or expired at December 31, 2017	17,000	None
Number of shares vested at December 31, 2017	116,100	600 600
Free shares outstanding at December 31, 2017	53,800	800

At its meetings of July 29, 2015 and October 22, 2015, the Board of Directors decided to award 186,900 and 2,000 free shares respectively (subject to conditions of attendance and the level of attainment of a performance criterion linked to the Group's consolidated EBITDA).

The end of the performance assessment period of the 2015 performance share plan (plan 2015-1) was July 29, 2017. The performance shares granted by the authorization of the Annual General Shareholders' Meeting of May 6, 2015 were conditional on the achievement of an internal performance criterion related to the Group's financial and operational performance: EBITDA target of €448 million at December 31, 2016. Vesting thresholds for shares was as follows: 25% of shares vested at 90% achievement of the target; 50% of shares vested at 95% achievement of the target, and 75% of shares vested at 100% achievement of the target. The maximum number of free shares, *i.e.*, 100%, awarded for outperforming when performance is above 104% of the target.

The Board of Directors reported the following performance:

- EBITDA 2016: €476 million, *i.e.*, 106% of the target;

The vested shares in 2017 will become fully available after a two-year lock-in period ("holding period").

Annual General Shareholders' Meeting of April 29, 2016	2016-1
Date of Board meeting	07/26/2016
Total number of shares granted for free of which shares granted to directors and executive officers:	18,610
Philippe Lazare	18,610
Vesting date	07/26/2019
End of holding period	07/26/2019
Aggregate number of shares canceled or expired at December 31, 2017	None
Number of shares vested at December 31, 2017	None
Free shares outstanding at December 31, 2017	18,610

At its meeting of July 26, 2016, the Board of Directors decided to award 18,610 free shares subject to attendance[1] and performance conditions – both external (performance of the Company's share price compared to the SBF 120) and internal (Group consolidated EBITDA).

(1) This excludes cases provided for in respect of the termination benefit of the Chairman & CEO, which shall be prorated (see section 3.3.1.1 of this Registration Document).

Annual General Shareholders' Meeting of April 29, 2016	2017-1	2017-2
Date of Board meeting	05/10/2017 07/26/2017	05/10/2017 07/26/2017
Total number of shares granted for free of which shares granted to directors and executive officers:	115,710	70,839
Philippe Lazare	6,040	23,639
Vesting date	06/21/2020 08/28/2020	05/10/2020 06/21/2020 08/28/2020
End of holding period	06/21/2020 08/28/2020	05/10/2020 06/21/2020 08/28/2020
Aggregate number of shares canceled or expired at December 31, 2017	6,050	6,600
Number of shares vested at December 31, 2017	None	None
Free shares outstanding at December 31, 2017	109,660	64,239

On May 10, 2017 and July 26, 2017, the Boards of Directors decided to award the following, the conditions of which were set on March 21, 2017 as below:

- 70,839 free shares, subject to conditions of attendance and intrinsic performance linked to consolidated EBITDA and the relative stock market performance as detailed in section 3.3.3.1 of this Reference Document;
- 115,710 free shares, subject to conditions of attendance, personal acquisition of Company shares, and performance – both external (performance of the Company's share price compared to the SBF 120) and internal (Group consolidated EBITDA) as detailed in section 3.3.3.1 of this Reference Document.

3.3.3.2 Stock options

As at December 31, 2017, there were no outstanding stock options.

Share subscription or purchase options granted by the Company or any Group company or subscribed by each director or executive officer in 2017

None.

3.3.3.3 Incentive programs and employee profit-sharing

In addition to the employee profit-sharing scheme required under French law, Ingenico Group has set up an optional incentive program so that all employees can participate in the Group's success and in achieving its objectives of advancement and growth.

Incentive program rewards are calculated on the basis of the extent to which the Group's revenue and profit targets have been met or exceeded.

Ingenico Group SA's incentive program was renegotiated as a collective agreement signed on June 4, 2015 with the employee representative bodies. It was then extended to Ingenico France SAS, Ingenico Terminals SAS and Ingenico Business Support SAS on June 23, 2016 following the spin-off of some of its activities, and covers fiscal years 2016, 2017 and 2018.

3.3.3.4 Employee Savings Plan – Employee share offers

A company savings plan enables employees of the subscribing entities to make voluntary deposits or invest the amounts received under the incentive program or employee profit-sharing scheme.

They are eligible to receive an employer's contribution of a maximum of €2,000 per year on the amount of incentive program rewards and voluntary payments deposited in the employee savings plan.

The investment structures available are the Ingenico Actionnariat France collective employee mutual fund (FCPE) entirely invested in the Company's shares, and a range of multi-company FCPE funds offering the choice of investment in different asset classes (equities, bonds, money market funds), thus allowing employees to diversify their savings.

Under the authorization granted by the Annual General Shareholders' Meeting, the Board of Directors at its meetings of February 23, 2017, March 21, 2017 and May 10, 2017 decided to implement a capital increase reserved for employees. This transaction took place from June 6, 2017 to June 23, 2017 included, and the shares subscribed to by the FCPE have been fully paid-up upon subscription and will be issued with all rights attached as of January 1, 2017. The subscription conditions were as follows:

- the subscription price was set at 80% of the average of the last listed prices over the twenty trading days preceding May 10, 2017, *i.e.* €67.81, a price corresponding to a nominal value of €1 and a share premium of €66.81;
- a contribution of 200% (up to €1,000) up to €500 of investment (capped at €2,000 per employee).

This transaction resulted in the creation of 26,017 new shares on July 26, 2017.

As at December 31, 2017, the employees of the Group, within the meaning of Article L.225-102 of the French Commercial Code, held 0.26% of the share capital of Ingenico Group SA.

3.3.3.5 Collective pensions saving scheme

The Group agreement on the collective pensions saving scheme (PERCO) signed on July 20, 2012 and amended on March 26, 2015 was extended to Ingenico France SAS, Ingenico Terminals SAS and Ingenico Business Support SAS by an agreement dated June 23, 2016 following the spin-off of some of its activities. It allows Company employees to save for their retirement with assistance from their employer.

Employees can also choose to make voluntary payments or apply all or part of their incentive rewards to the scheme, with matching employer payments of 100% of each payment made up to €1,500 gross per year per employee and 50% beyond the first €2,000, as of 2017.

A new agreement was signed on March 13, 2018. As of 2018, the ceiling on employer contributions is established at €2,500, *i.e*:

- 100% for the first €1,500 deposits,
- 50% for the additional deposits for €2,000 maximal amount.

This, for €3,500 paid, the deposits are matched by complementary contributions made by the employer for €2,500.

3.3.3.6 Trading restrictions on shares

The Board of Directors established Rules of Procedure and a Code of Stock Market Compliance relating to trading in Company shares and to the prevention of insider trading misconduct. These rules incorporate, *inter alia*, rules of corporate governance upheld by the Board, and in particular, rules related to the duties and functioning of the Board and its committees and rules governing the conduct of Board members, for example, when trading in the Company's shares.

The information disclosed to members of the Board of Directors in their official capacity is subject to the provisions of regulation (EU) 596/2014.

To prevent insider trading, at the end of each fiscal year the directors are provided with a timetable for the following year that includes trading blackout periods and the publication dates of the Company's financial information. This timetable is also uploaded to the Company's intranet site.

3.3.3.7 Share transactions by directors and executive officers of Ingenico Group

Pursuant to Article 223-26 of the AMF's General Regulations, the following chart lists the transactions disclosed in 2017 by the directors and officers referred to in Article 3 §25 of regulation (EU) 596/2014:

Declaring director or executive officer	No. of the AMF decision/notice	Financial instru-ment	Type of transaction	Transaction date	Date of receipt of declaration	Place of tran-saction	Unit price *(in euros)*	Volume
Patrice LE MARRE	2017DD469654	Shares	Disposal	March 14, 2017	March 20, 2017	Euronext Paris	89.79	650
José-Luis ARIAS	2017DD472657	Shares	Disposal	April 10, 2017	April 13, 2017	Euronext Paris	86.0943	3,000
José-Luis ARIAS	2017DD490025	Shares	Subscription	June 12, 2017	June 13, 2017	Euronext Paris	74.79	44
Élie VANNIER	2017DD489970	Shares	Subscription	June 12, 2017	June 13, 2017	Euronext Paris	74.79	46
Jacques BEHR	2017DD490034	Shares	Subscription	June 12, 2017	June 13, 2017	Euronext Paris	74.79	586
Élie VANNIER	2017DD489979	Shares	Acquisition	June 12, 2017	June 13, 2017	Euronext Paris	74.79	40
Bernard BOURIGEAUD	2017DD490032	Shares	Subscription	June 12, 2017	June 13, 2017	Euronext Paris	74.79	247
Luciano CAVAZZANA	2017DD490106	Shares	Subscription	June 12, 2017	June 13, 2017	Euronext Paris	74.79	16
John TAIT	2017DD490107	Shares	Subscription	June 12, 2017	June 13, 2017	Euronext Paris	74.79	32
Nathalie LOMON	2017DD490688	Shares	Disposal	June 13, 2017	June 19, 2017	Euronext Paris	80.1554	250
Chloé MAYENOBE	2017DD491331	Shares	Acquisition	June 20, 2017	June 23, 2017	Euronext Paris	82.2938	362
Luciano CAVAZZANA	2017DD491338	Shares	Acquisition	June 20, 2017	June 23, 2017	Euronext Paris	82.2938	604
Jacques GUERIN	2017DD491335	Shares	Acquisition	June 20, 2017	June 23, 2017	Euronext Paris	82.2938	604
Jacques BEHR	2017DD461345	Shares	Acquisition	June 20, 2017	June 23, 2017	Euronext Paris	82.2938	338
Martine BIROT	2017DD491327	Shares	Acquisition	June 20, 2017	June 23, 2017	Euronext Paris	82.2938	604
Patrice LE MARRE	2017DD491356	Shares	Acquisition	June 20, 2017	June 23, 2017	Euronext Paris	82.2938	604
Michel Leger	2017DD491362	Shares	Acquisition	June 20, 2017	June 23, 2017	Euronext Paris	82.2938	604
Philippe Lazare	2017DD491348	Shares	Acquisition	June 20, 2017	June 23, 2017	Euronext Paris	82.2938	604
José Luis ARIAS	2017DD491347	Shares	Acquisition	June 20, 2017	June 23, 2017	Euronext Paris	82.2938	604
Nathalie LOMON	2017DD491324	Shares	Acquisition	June 20, 2017	June 23, 2017	Euronext Paris	82.2938	241
Pierre Antoine VACHERON	2017DD491329	Shares	Acquisition	June 20, 2017	June 23, 2017	Euronext Paris	82.2938	241
Pierre Antoine VACHERON	2017DD506329	Shares	Disposal	July 28, 2017	August 1, 2017	Euronext Paris	87.8465	10,000
Jacques BEHR	2017DD507618	Shares	Disposal	August 10, 2017	August 14, 2017	Euronext Paris	85.6253	10,000
Nicolas HUSS	2017DD508432	Shares	Acquisition	August 28, 2017	August 30, 2017	Euronext Paris	82.12	605
Caroline PAROT	2017DD511318	Shares	Acquisition	March 28, 2017	September 21, 2017	Euronext Paris	87.23	10
Caroline PAROT	2017DD511316	Shares	Acquisition	September 20, 2017	September 21, 2017	Euronext Paris	80.4601	1,000

3.4 STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS AND COMMITMENTS

Annual General Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2017

To the Shareholders,

In our capacity as statutory auditors of your Company, we hereby present to you our report on the regulated agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the nature and essential terms and conditions of the agreements and commitments that have been disclosed to us or identified in the course of our work, as well as the reasons given justifying their benefits for the Company. It is not our role to determine whether they are beneficial or appropriate, nor to ascertain whether any other agreements or commitments exist. It is your responsibility, pursuant to Article R.225-31 of the French Commercial Code, to assess the benefits associated with the conclusion of these agreements with a view to their approval.

In addition, we are required, where applicable, to inform you, in accordance with Article R.225-31 of the French Commercial Code, about the performance during the year of agreements and commitments previously approved by the Annual General Shareholders' Meeting.

We performed the procedures we deemed necessary for the completion of this engagement, in accordance with the professional guidance provided by the Compagnie nationale des commissaires aux comptes, France's national organization of statutory auditors. Our work consisted in verifying the consistency of the information provided to us with the source documents on which it was based.

Agreements and commitments subject to the approval of the Annual General Shareholders' Meeting

Agreements and commitments entered into by the Company in the past financial year

We hereby inform you that we have not been notified of any agreement or commitment entered into by the Company in the past financial year, to be submitted to the Annual General Shareholders' Meeting for approval, under Article L.225-38 of the French Commercial Code.

Agreements and commitments already approved by the Annual General Shareholders' Meeting

Agreements and commitments approved during previous financial years not applied in the past year

We have been informed of the continuation of the following commitments and agreements approved by the Annual General Shareholders' Meeting in previous years, which were not applied during the past year.

Commitments to Mr. Philippe Lazare, Chairman and Chief Executive Officer

NATURE AND PURPOSE

At its meeting of February 29, 2016, the Board of Directors, acting on the recommendation of the Compensation, Appointments and Governance Committee, in accordance with Article L.225-42-1 of the French Commercial Code, authorized the renewal and amendment of the agreement governing your Company's commitments to Mr. Philippe Lazare as Chairman and Chief Executive Officer for termination benefits in the event of forced departure, under the terms and conditions set out below.

TERMS AND CONDITIONS

Mr. Philippe Lazare will receive termination benefits equivalent to eighteen months of his reference compensation if he is forced to leave in connection with a change of control, or twelve months of his reference compensation in other cases of forced departure relating to a change of strategy.

This reference compensation corresponds to the average gross monthly fixed and variable compensation received by Mr. Philippe Lazare in his position as Chairman and Chief Executive Officer for the last two full financial years ended prior to the date when his employment is terminated.

The termination benefits will only be paid if he is forced to leave in connection with a change of control or strategy initiated by the Board of Directors, subject to achievement of the performance conditions set out below. It will not be due in the event of gross misconduct or gross negligence.

Payment of these benefits will be based on the average level of achievement of the objectives set for the variable component of Mr. Philippe Lazare's compensation for the last two full financial years ended prior to the date when his employment is terminated.

In the event of his forced departure under the conditions presented above, Mr. Philippe Lazare will continue to be entitled to the performance shares vesting on the date of his departure, prorated based on his time in the role and depending on the level of achievement of the aforementioned performance conditions.

REASONS JUSTIFYING THE COMMITMENT'S BENEFITS FOR THE COMPANY

The decision to renew the agreement governing your Company's commitments to Mr. Philippe Lazare for termination benefits in the event of forced departure under the terms and conditions set out above was justified as follows: "This agreement is an incentive tool and part of the structure for the Chairman and Chief Executive Officer's compensation."

Paris – La Défense, France, March 28, 2018

KPMG Audit	Mazars
Department of KPMG SA	
Frédéric Quélin	Thierry Blanchetier
Partner	*Partner*

Comments on the Financial Year

4.1 ACTIVITY REPORT

The consolidated financial statements have been drawn up in accordance with International Financial Reporting Standards. In order to provide meaningful comparable information from one year to the next, the financial data in the activity report have been restated to reflect the depreciation and amortization expenses arising on the acquisition of new entities. Pursuant to IFRS 3R, the purchase price for new entities is allocated to the identifiable assets acquired and subsequently amortized over specified periods.

The data for adjusted gross profit and adjusted operating expenses are discussed before depreciation, amortization and provisions, and before expenses for share-based payments and purchase price allocation (PPA).

EBITDA (gross operating surplus) is not an accounting term; it is a financial metric defined here as profit from ordinary activities before depreciation, amortization and provisions, and before expenses for share-based payments.

EBIT (Earnings Before Interest and Taxes) is the equivalent of profit from ordinary activities, adjusted for amortization of the purchase prices allocated to the assets acquired in business combinations.

Free cash flow is equal to EBITDA less: cash and other operating income and expenses, changes in working capital requirements, investing activities net of disposals, financial expenses net of financial income, and tax paid.

Free cash flow adjusted is equal to free cash flow restated for one-off items: acquisition and restructuring costs. Net debt excludes the credit facility for merchant pre-financing.

Key figures

(in millions of euros)	2017[1]	2016	Change in 2017 compared with 2016
Revenue	2,510	2,312	+9%
Adjusted gross profit	1,067	1,005	+6%
As a % of revenue	*42.5%*	*43.5%*	*-100 bpts*
Adjusted operating expenses	(541)	(529)	+2%
As a % of revenue	*-21.5%*	*-22.9%*	*-130 bpts*
Gross operating surplus (EBITDA)	526	476	+10%
As a % of revenue	*21.0%*	*20.6%*	*+40 bpts*
Profit from ordinary activities, adjusted (EBIT)	453	403	+12%
As a % of revenue	*18.1%*	*17.5%*	*+60 bpts*
Profit from operating activities	371	357	+4%
Net profit	260	251	+4%
Net profit attributable to Group shareholders	256	244	+5%
Free cash flow adjusted	269	255	+6%
Free Cash Flow	239	248	-4%
Net debt	1,471	126	N/A
Net debt-to-EBITDA ratio	*2.8x*	*0.3x*	-
Equity attributable to Group shareholders	1,840	1,703	+8%

(1) The fiscal year 2017 includes the contribution of Bambora from November 14, 2017 and of Techprocess from February 20, 2017.

4.1.1 Financial data

- **7% organic growth in revenue**

	FY 2017			4th quarter 2017		
	In millions of euros	% change		In millions of euros	% change	
		Comparable(1)	Reported		Comparable(1)	Reported
Retail	1,099	5%	9%	325	9%	21%
Banks and Acquirers	1,411	8%	8%	367	12%	8%
TOTAL	**2,510**	**7%**	**9%**	**692**	**11%**	**14%**
Europe & Africa	907	7%	7%	238	11%	11%
APAC & Middle East	568	9%	7%	148	3%	-3%
Latin America	185	5%	8%	50	27%	20%
North America	256	-6%	-7%	72	16%	8%
ePayments	596	11%	22%	184	11%	39%
TOTAL	**2,510**	**7%**	**9%**	**692**	**11%**	**14%**

(1) On a like-for-like basis and at constant exchange rates.

Performance for the year

In 2017, revenue totaled €2,510 million, representing a 9% increase on a reported basis, including a negative foreign exchange impact of €35 million and a positive scope effect of €66 million. Total revenue included €1,661 million generated by the Payment Terminals business and €849 million generated by Payment Services activities.

On a comparable basis[1], revenue growth was 7%, with 11% growth in Payment Services activities and 5% growth in Terminals.

Over the year, the **ePayments** business (+11%) improved the stability of its platforms over the year and also increased customer satisfaction thus enabling it to perform well throughout the year. New milestones have been reached, including the merger of our Indian platforms, which is on the verge of being finalized, and the transformation of Ogone's pure-gateway model into a full-service and cross-border model. In **Latin America** (+5%), the momentum in Brazil was massively impacted by the macroeconomic context but showed signs of a recovery in the second half of 2017, despite the local competitive environment. Dynamic trends continued in the other countries throughout the year mainly driven by the roll out of Telium Tetra. In **North America** (-6%), Ingenico Group outperformed the local market boosted by trimming back its stocks in the United States and due to the fact that US trends among Banks and Acquirers were finally able to recover normally. In parallel, the Retail Business Unit slowed down due to a difficult basis for comparison. EMV migration is no longer a catalyst for growth in the region; however, all of the vertical markets targeted for over a year have driven momentum in the region. The performance of the **Europe-Africa** region (+7%) illustrates the leading position of the Ingenico Group in the region. The start of the year was driven by the migration of PCI V1 terminals to the PCI V3 standard, which was followed by the roll out of Telium Tetra and the excellent performance of the Eastern European countries. Finally, the performance of the **Asia-Pacific & Middle East** region was mixed (+9%), depending on the country involved. The Indian economy posted strong performances over the first half of the year, driven by the demonetization process; however, this period was followed by a very high base effect in the second half. China was impacted initially by the rise of alternative QR-code payment methods before benefiting from the successful launch of APOS, of which more than 1.3 million units were sold over the period. The other Asian countries posted good performances apart from Indonesia, which was affected by the wait-and-see attitude of the market in relation to the Switch rolled out between the different public banks. In the same time, Turkey continued to perform strongly, fuelled by the deployment of POS with fiscal memory.

Following the implementation of our new organization, we now report our figures through our two Business Units (Banks & Acquirers and Retail). In 2017, Banks & Acquirers posted revenue of €1,411 million, up 8% in terms of reported figures and including a negative foreign exchange impact of €14 million. Organic growth was 8%. The Retail Business Unit reported revenue of €1,099 million, a 9% growth over the reporting period, which included a negative foreign exchange impact of €20 million. The Business Unit posted organic growth of 5% over the year, impacted by difficult comparison basis in the United States.

Gross profit up by 6%

In 2017, adjusted gross profit reached €1,067 million, up 6% compared to that of 2016 which was €1,005 million, or 42.5% of revenue.

(1) On a like-for-like basis and at constant exchange rates.

Operating expenses controlled throughout the year

Reported operating expenses were €634 million in 2017, compared with €614 million in 2016, and represented 25.2% of revenue.

(in millions of euros)	2016 reported	2017 reported	Restatement of PPA-related asset amortization charges	2017 non-IFRS	Impact of depreciation, amortization and provisions, and expenses for share-based payments	2017 adjusted
Distribution and marketing costs	204	224	(36)	188	(2)	186
Research and development expenses	178	186	-	186	(40)	146
Administrative expenses	232	224	-	224	(15)	209
TOTAL OPERATING EXPENSES	**614**	**634**	**(36)**	**598**	**(57)**	**541**
As a % of revenue	**26.6%**	**25.2%**		23.8%		**21.5%**

After accounting for the amortization cost of purchase price allocations of €36 million non-IFRS, adjusted operating expenses totaled €598 million, *i.e.* 23.8% of revenue compared with 25.3% in 2016. Lastly, accounting for items does not affect cash (depreciation, amortization, provisions and other one-off items), and the adjusted operating expenses totaled €541 million, i.e. 21.5% of revenue, compared with 22.9% in 2016. This decrease reflects the initial results of the operational efficiency plan implemented in July 2017. At December 31, 2017, the plan had generated over half of the €20-25 million estimated annually. This efficiency plan concerns all operating expenses, with specific work carried out in relation to administrative fees.

EBITDA margin up to represent 21.0% of revenue

EBITDA was €526 million compared with €476 million in 2016, *i.e.* an EBITDA margin of 21.0%, up 40 basis points.

EBIT margin of 18.1% of revenue

In 2017, adjusted EBIT was €453 million, compared with €403 million in 2016, *i.e.* 18.1% of revenue.

In 2017, profit from ordinary activities was €402 million, compared with €361 million in 2016. Thus, the current operating margin was 16.0% of revenue. Profit from ordinary activities included the amortization costs relating to purchase price allocation of €52 million, compared with €42 million in 2016.

● Impact of purchase price allocation (PPA)

(in millions of euros)	2017 adjusted Excl. PPA	Impact of PPA	2017 reported
Gross profit	1.051	(16)	1.035
Operating expenses	(598)	(36)	(634)
Profit from ordinary activities	**453**	**(52)**	**402**

Robust profit from operating activities

Other operating income and expenses were -€30 million, compared with -€5 million in 2016. This increase largely relates to acquisition expenses, primarily those relating to Bambora, which stand at over €20 million.

(in millions of euros)	2017 reported	2016 reported
Profit from ordinary activities	402	361
Other operating income and expenses	(30)	(5)
Profit from operating activities	**371**	**357**
As a % of revenue	14.8%	15.4%

After accounting for other operating income and expenses, operating profit totaled €371 million, compared with €357 million in 2016. The operating margin was 14.8% of revenue, compared with 15.4% in 2016.

Reconciliation of profit from ordinary activities with EBITDA

(in millions of euros)	2017	2016
Profit from ordinary activities	**402**	**361**
Amortization of assets linked to PPA	52	42
EBIT	453	403
Other D&A and provisions	60	49
Share-based compensation expenses	13	24
EBITDA	**526**	**476**

Net financial income

(in millions of euros)	2017 reported	2016 reported
Total interest expense	(29)	(21)
Income from cash and cash equivalents	7	8
Net interest expense	(22)	(13)
Foreign exchange gains/losses	(4)	(4)
Other income and expenses	3	9
Net financial income	(23)	(8)

Rising net profit attributable to Group shareholders

(in millions of euros)	2017 reported	2016 reported
Profit from operating activities	371	357
Net financial income	(23)	(8)
Share of profits in equity-accounted investees	(1)	(1)
Profit before income tax	347	348
Income tax receivables	(87)	(97)
Net profit	260	251
Net profit attributable to Group shareholders	256	244

The -€23 million net financial loss in 2017, compared with the -€8 million loss in 2016 which included the profit from the sale of Visa Europe securities amounting to €12 million.

Income tax expense declined by 10% to €87 million, from €97 million in 2016. This improvement reflects the rationalization of the Group's operational structures, reducing the Group's effective tax rate to 25.1% from 27.9% in 2016.

In 2017, the net profit attributable to Group shareholders rose by 5% to €256 million, compared with €244 million in 2016.

Strong cash generation despite a rise in one-off items

Free cash flow adjusted for one-off items (acquisition and restructuring costs) was up 6% in 2017, standing at €269 million, *i.e.* an adjusted FCF to EBITDA conversion rate of 51%. Fiscal year 2017 was highly impacted by acquisitions, which resulted in a significant rise in one-off items, mainly related to Bambora. In fact, Group transactions, after other income and operating expenses, generated a free cash flow of €239 million, which represents an FCF to EBITDA conversion rate of 45.5%. Cash generation was also impacted by a negative change in working capital requirements, mainly due to a negative foreign exchange impact and a rapid acceleration of activity in the fourth quarter of 2017. Investments increased by 15% to stand at €88 million during the year, compared with €77 million in 2016.

The Group's net debt fell to €1,471 million, from €126 million at December 31, 2016. The net debt-to-equity ratio was 80%, while the net debt-to-EBITDA ratio dropped to 2.8x, compared to 0.3x at the end of 2016. The increase in net debt is mainly linked to the acquisition of Bambora for €1.5 billion. It should be noted that the leverage calculation does not include the contribution of Bambora on a full year basis.

Proposed dividend of €1.60 per share, up 7%

In keeping with the Group's dividend policy, the Board of Directors will propose at the Annual General Shareholders' Meeting on May 16, 2018 a dividend of €1.60 per share, representing a payout ratio of 39%. Dividends will be payable in cash or in shares, according to the holder's preference.

4.1.2 Significant events since December 31, 2017

All significant events which have occurred since December 31, 2017 are described in Note 15 “Subsequent events” in the notes to the consolidated financial statements as at December 31, 2017.

4.1.3 Main risks and uncertainties in 2018

Ingenico Group faces the same risks and uncertainties in 2018 as those described in this 2017 Registration Document.

4.1.4 Main related-party transactions

In 2017, there were no material transactions liable to be considered new regulated agreements. See Note 6d. “Related-party transactions” in the notes to the consolidated financial statements as at December 31, 2017.

4.2 OUTLOOK AND TRENDS

In 2018, Ingenico Group anticipates an EBITDA of between €545 million and €570 million. This objective includes a forecast of a negative impact on the exchange rates of approximately €25-30 million. Given a difficult basis for comparison and the agenda of our various projects, the seasonal nature of the year will be marked by a relatively weak first half offset by a more dynamic second half.

By 2020, Ingenico Group anticipates an EBITDA exceeding €700 million on a like-for-like basis, i.e. a double-digit annual average growth rate over the 2018-2020 period[1]. At the same time, the Group also confirms the 45% minimum of its EBITDA to Free Cash Flow[2] conversion rate and maintains its minimum rate of distribution of net income of at least 35%.

(1) AAGR based on the mid range of the 2018 guidance.

(2) Free cash flow adjusted for one-off items.

4.3 COMMENTS ON THE PARENT COMPANY FINANCIAL STATEMENTS

Ingenico Group SA acts exclusively as the holding company for the Ingenico Group. As such, Ingenico Group SA is the Group's parent company specifically tasked with:

- defining overall strategy;
- Group financing.

For the record, on May 1, 2016, Ingenico Group SA underwent subsidiarization *via* three partial transfers of assets, in accordance with French demerger laws, to Ingenico France SAS, Ingenico Terminals SAS, and Ingenico Business Support SAS.

To reflect the partial transfers of assets, the relationships between Ingenico Group SA and its beneficiary subsidiaries of the transfers have been set out in the following master agreements:

- contract for management fees;
- support services provision contract;
- terminals distribution contract;
- contract for trademark and domain names;
- cash management agreement;
- real estate sub-leasing contract;
- patent licensing contract;
- intellectual property and software licensing contract;
- research and development framework contract.

Additionally, the following agreements govern the relationships between Ingenico Group SA and its foreign subsidiaries:

- contracts for management fees;
- contracts for trademark and domain names;
- contracts for royalties.

The Ingenico Group SA financial statements as at December 31, 2017 should be read taking into account the impact of these partial asset transfers carried out in 2016, particularly when comparing income statement items with those of the previous year.

Fiscal year 2017 was mainly impacted by the following transactions on equity interests:

- on February 21, 2017, the sale of 3% of the securities it held in Ingenico Holdings Asia Limited (Hong Kong) to Skyway Wealth Hong Kong Investment Limited, thereby generating €6,489,000 capital gains from the sale;
- the acquisition on April 27, 2017, of Secure Transaction LLC (Ukraine) for €4,962,000;
- on November 9, 2017, as part of the acquisition of the Bambora Group, the subscription to a capital increase of Ingenico E-Commerce Solutions SPRL (Belgium) for €1,068,800,000.

Furthermore, in 2017, Ingenico Group SA conducted the following financing activities:

- on September 13, 2017, to finance the acquisition of Bambora, Ingenico Group SA issued a €600 million bond loan maturing on September 13, 2024. Issue expenses of €2,232,000 were recorded on the asset side of the balance sheet and will be amortized over the term of the loan;
- on September 18, 2017, Ingenico Group SA negotiated a credit facility of €250 million, which can be activated until March 18, 2018. Issue expenses of €136,000 were recorded on the asset side of the balance sheet. They will be amortized over the term of the loan;
- on December 19, 2017, Ingenico Group SA took out a three-year loan of €50 million. Issue expenses of €75,000 were recorded on the asset side of the balance sheet and will be amortized over the term of the loan.

Revenue for the year ended December 31, 2017 was €56.7 million, broken down as follows:

Revenue by geographical area *(in millions of euros)*	**2017**	**2016**
France (mainland and overseas depts.)	14.1	31.1
APAC	4.8	45.2
EMEA	28.3	165.1
LAR and NAR	9.5	83.4
TOTAL	**56.7**	**324.8**

Net financial income totaled €58.4 million in 2017, compared with €126.4 million in 2016. Composed of:

Financial income and expenses *(in millions of euros)*	**2017**	**2016**
Interest expense	(18.1)	(12.1)
Interest income	7.8	4.5
Income from financial investments	0.2	0.8
Net provisions/reversals on equity interests and loans and advances	8.5	0.1
Dividends and interest received from subsidiaries	56.3	132.1
Foreign exchange	3.5	1.1
Gains/losses on disposals of short-term investments	0.2	0.2
Gains/losses on equity interests and loans and advances to subsidiaries and associates	-	-
Other	-	(0.3)
TOTAL	**58.4**	**126.4**

Non-recurring income and expenses for the year came to €7.2 million, broken down as follows:

Non-recurring income and expenses *(in millions of euros)*	**2017**	**2016**
Gains/losses on disposal of assets	6.4	(0.5)
Litigation and quality expenses	0.6	(1.2)
Other	-	-
Tax-accelerated depreciation and amortization	0.2	4
TOTAL	**7.2**	**2.3**

Income tax totaled -€33.2 million, after a €1 million Business Research Tax Credit, and the income relating to the Company's €4.4 million dividend contribution, pending a repayment from the Trésor Public (French Treasury Department).

As a result, the parent company recorded a net profit of €172,603,607.97 for the year.

Non-tax-deductible expenses totaled €51,089 and reflect excess depreciation of passenger vehicles on long-term leases.

Shareholders' equity rose from €1,639.5 million in 2016 to €1,776.3 million in 2017. This €136.8 million increase in shareholders' equity was driven by the Company's €172.6 million net profit for the year.

In addition, a dividend of €92 million (not including treasury shares) was distributed during the first half of 2017, comprising €37.3 million in cash and €54.7 million in Ingenico Group shares.

Information on supplier and customer payment periods (Article L.441-6-1 of the French Commercial Code)

	Article D.441 I. - 1° of the French Commercial Code: Invoices **received** not paid on the closing date of the period whose term is due					
	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)
(A) Late payment tranches						
Number of invoices concerned	188					91
Total amount of invoices concerned (incl. tax in K€)	585	711	68	78	177	1,034
Percentage of the total amount of purchases for the year (incl. tax)	0.45%	0.55%	0.05%	0.06%	0.14%	0.80%
Percentage of revenue for the period (specify excl. tax in K€)						
(B) Invoices excluded from (A) relating to contentious or non-recognized debts or receivables						
Number of invoices excluded						105
Total amount of invoices excluded (incl. tax in K€)						743
(C) Reference payment deadlines used (contractual or statutory deadline - Article L.441-6 or Article L.443-1 of the French Commercial Code						
Payment deadlines used for the calculation of late payments	- Contractual deadlines: according to the payment conditions negotiated with each supplier					

	Article D.441 I. - 2° of the French Commercial Code: Invoices **issued** not paid on the closing date of the period whose term is due					
	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)
(A) Late payment tranches						
Number of invoices concerned	-	65	-	-	22	87
Total amount of invoices concerned (excl. tax in K€)	-	4,969	-	-	481	5,450
Percentage of the total amount of purchases for the year (excl. tax)						
Percentage of revenue for the period (excl. tax in K€)	-	8.75%	-	-	0.85%	-
(B) Invoices excluded from (A) relating to contentious or non-recognized debts or receivables						
Number of invoices excluded						-
Total amount of invoices excluded (excl. tax)						-
(C) Reference payment deadlines used (contractual or statutory deadline - Article L.441-6 or Article L.443-1 of the French Commercial Code						
Payment deadlines used for the calculation of late payments	- Contractual deadlines: no default interest contractually charged to customers					

Consolidated Financial Statements December 31, 2017

5.1 CONSOLIDATED INCOME STATEMENT

(in thousands of euros)	Notes	2017	2016
Revenue	**4**	**2,510,437**	**2,311,941**
Cost of sales	5.a.	(1,475,043)	(1,336,535)
Gross profit		**1,035,394**	**975,406**
Distribution and marketing costs		(223,891)	(204,535)
Research and development expenses		(186,389)	(178,270)
Administrative expenses		(223,553)	(231,531)
Profit from ordinary activities		**401,561**	**361,070**
Other operating income	5.b.	302	3,865
Other operating expenses	5.b.	(30,379)	(8,425)
Profit from operating activities		**371,484**	**356,510**
Finance income	9.a.	46,545	76,521
Finance costs	9.a.	(69,410)	(84,321)
Net finance costs		**(22,865)**	**(7,800)**
Share of profits in equity-accounted investees	11.a.	(1,419)	(729)
Profit before income tax		**347,200**	**347,981**
Income tax expense	10	(87,013)	(97,150)
Net profit		**260,187**	**250,831**
Attributable to:			
• Ingenico Group SA shareholders		256,167	244,276
• non-controlling interests	11.b.	4,020	6,555
Earnings per share *(in euros)*	**12.b.**		
Net earnings:			
• **basic earnings per share**		**4.14**	**4.00**
• **diluted earnings per share**		**4.06**	**3.91**

5.2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousands of euros)	Notes	2017	2016
Profit for the period attributable to Ingenico Group SA shareholders		**256,167**	**244,276**
Translation differences[1]		(58,917)	(3,483)
Gains or losses from derivative hedging instruments[2]	9.c.	1,065	(407)
Gains or losses from available-for-sale financial assets		1,109	(7,657)
Actuarial gains/(losses) on defined benefit plans	6.c.	(1,404)	(7,801)
Income tax on gains/(losses) accounted in other comprehensive income		(473)	3,934
TOTAL GAINS/LOSSES ACCOUNTED IN OTHER COMPREHENSIVE INCOME AND ATTRIBUTABLE TO INGENICO GROUP SA SHAREHOLDERS[3]		**(58,620)**	**(15,414)**
• Profit for the period and other comprehensive income attributable to Ingenico Group SA shareholders		197,547	228,862
• Profit for the period and other comprehensive income attributable to non-controlling interests		4,020	6,555
Translation differences attributable to non-controlling interests		(3,520)	(353)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**198,047**	**235,064**

(in thousands of euros)	Notes	2017	2016
Income tax on translation adjustments		-	3
Income tax on gains or losses from derivative hedging instruments		(350)	157
Income tax on gains or losses from available-for-sale financial assets		(342)	2,225
Income tax on actuarial gains and losses on defined benefit plans		219	1,549
TAXES ON GAINS/LOSSES ACCOUNTED IN OTHER COMPREHENSIVE INCOME		**(473)**	**3,934**

(1) In 2017, translation differences mainly arise from subsidiaries reported in US dollars. In 2016, translation differences were partly due to the decline in the pound sterling.

(2) The effective portion of changes in the fair value of interest rate swaps on bank loans and on cash flow currency hedges is recognized in "Other comprehensive income".

(3) All items recognized in "Other comprehensive income", except for actuarial gains and losses on defined benefit plans, will subsequently be recycled to the consolidated income statement.

5.3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

(in thousands of euros)	Notes	2017	2016
Goodwill	7.a.	2,478,521	1,409,291
Other intangible assets	7.b.	957,504	488,151
Property, plant and equipment	7.c.	88,365	74,893
Investments in equity-accounted investees	11.a.	7,565	8,636
Financial assets		19,833	16,633
Deferred tax assets	10.c.	61,062	58,109
Other non-current assets	5.f.	39,416	27,491
TOTAL NON-CURRENT ASSETS		**3,652,266**	**2,083,204**
Inventories	5.d.	170,573	172,483
Trade and related receivables	5.e.	556,507	501,061
Receivables related to intermediation activities	5.k.	172,708	28,525
Other current assets	5.f.	38,776	23,972
Current tax assets		21,000	26,962
Derivative financial instruments	9.c.	8,303	12,444
Funds related to intermediation activities	5.k.	460,555	273,086
Cash and cash equivalents	9.b.	595,939	1,013,854
TOTAL CURRENT ASSETS		**2,024,361**	**2,052,387**
TOTAL ASSETS		**5,676,627**	**4,135,591**

Equity and liabilities

(in thousands of euros)	Notes	2017	2016
Share capital		62,363	61,493
Share premium account		817,990	762,360
Other reserves		981,523	840,986
Translation differences		(22,090)	37,827
Equity for the period attributable to Ingenico Group SA shareholders	**12.a.**	**1,839,786**	**1,702,666**
Non-controlling interests		**11,130**	**4,238**
TOTAL EQUITY		**1,850,916**	**1,706,904**
Non-current borrowings and long-term debt	9.b.	1,549,115	896,440
Provisions for retirement and benefit obligations	6.c.	25,132	24,804
Other long-term provisions	8	24,417	24,164
Deferred tax liabilities	10.c.	226,546	133,780
Other non-current liabilities	5.h.	66,520	126,866
TOTAL NON-CURRENT LIABILITIES		**1,891,730**	**1,206,054**
Short-term loans and borrowings	9.b.	552,619	243,742
Other short-term provisions	8	19,026	29,797
Trade and related payables	5.g.	510,708	504,601
Payables related to intermediation activities	5.k.	598,323	301,611
Other current liabilities	5.i.	226,309	119,045
Current tax liabilities	10.d.	24,340	20,036
Derivative financial instruments	9.c.	2,656	3,801
TOTAL CURRENT LIABILITIES		**1,933,981**	**1,222,633**
TOTAL LIABILITIES		**3,825,711**	**2,428,687**
TOTAL EQUITY AND LIABILITIES		**5,676,627**	**4,135,591**

5.4 CONSOLIDATED CASH FLOW STATEMENT

(in thousands of euros)	Notes	2017	2016
Profit for the period		260,187	250,831
Adjustments for:			
• Share of profits in equity-accounted investees		1,419	729
• Income tax expense/(income)		87,013	97,150
• Depreciation, amortization and provisions		110,698	93,027
• Change in fair value		3,223	(3,805)
• (Gains)/losses on disposal of assets		74	100
• Net interest costs/(income)		18,802	3,296
• Share-based payment expense(1)		13,315	23,994
Interest paid		(11,578)	(11,867)
Income tax paid		(96,921)	(131,066)
Cash flows from operating activities before change in net working capital		**386,232**	**322,389**
Inventories		(9,594)	(25,595)
Trade and related receivables		(65,380)	(12,075)
Trade and related payables		7,259	25,397
Change in net working capital	**5.j.**	**(67,715)**	**(12,273)**
Change in working capital of merchants prefinancing(2)		21,003	-
CASH FLOWS FROM OPERATING ACTIVITIES		**339,520**	**310,116**
Acquisition of fixed assets		(87,784)	(76,570)
Proceeds from sale of tangible and intangible fixed assets		778	8,650
Acquisition of subsidiaries, net of cash acquired	3	(1,257,079)	(53,460)
Disposal of subsidiaries, net of cash disposed of	3	-	3,283
Loans and advances granted and other financial assets		(4,337)	(15,646)
Loan repayments received		7,596	987
Dividend income		6,138	-
Interest received		7,464	8,017
CASH FLOWS FROM INVESTING ACTIVITIES		**(1,327,224)**	**(124,739)**

(in thousands of euros)	Notes	2017	2016
Proceeds from share capital issues(3)		1,769	-
(Purchase) sale of treasury shares(3)		178	180
Proceeds from loans and borrowings	9.b.	919,377	-
Repayment of loans and borrowings	9.b.	(274,791)	(37,731)
Change in the Group's ownership interests in controlled entities(3)		8,822	575
Financing of merchant prefinancing(2)		(21,003)	-
Changes in other financial liabilities	9.b.	(702)	(281)
Effect of financial derivative instruments(3)		-	(13,703)
Dividends paid to shareholders(3)		(40,479)	(36,284)
Taxes on financing activities(3)		(1,724)	(1,063)
CASH FLOWS FROM FINANCING ACTIVITIES		**591,447**	**(88,307)**
Currency translation effect on cash and bank overdrafts		(18,414)	6,271
CHANGE IN CASH AND CASH EQUIVALENTS		**(414,671)**	**103,341**
Net cash and cash equivalents at beginning of the year		1,003,243	899,902
Net cash and cash equivalents at year end		588,572	1,003,243

(in thousands of euros)	2017	2016
Short-term investments and short-term deposits (only for the portion considered as cash equivalents)	*89,966*	*285,130*
Cash	*505,973*	*728,724*
Bank overdrafts	*(7,367)*	*(10,611)*
TOTAL NET CASH AND CASH EQUIVALENTS	**588,572**	**1,003,243**

(1) In 2017, the share-based payment expense of €13.3 million includes €8.1 million paid in equity instruments and €5.2 million paid in cash.

(2) In the scope of its transactional services activity, the Group provides intermediation between merchants, credit card issuers, and end consumers. The expected funds corresponding to the end consumer's payment are recorded as receivables related to intermediation activities whilst funds received and not yet remitted to merchants are recorded as funds related to intermediation activities, i.e. excluded from cash and cash equivalents. The counterparty is a payable due to merchants. The receipt and remittance of these funds are neutral transactions on the Group's cash flow statement and are recorded on the balance sheet as assets and liabilities and presented in the Group's consolidated Statement of financial position.

In the scope of Bambora's activities, some funds happen be remitted to merchants even before they have been received by the Group, from credit card issuers. The duration of this "merchant pre-financing" is generally one or two days. To avoid drawing on its cash to provide this upfront remittance to merchants, the Group uses a specific and dedicated bank financing. The cash requirement impact and its immediate financing are included in operational activities and in financing transactions on the cash flow statement.

(3) Cash flows from financing activities without effect on the changes in gross financial debt (equity items).

5.5 CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

(in thousands of euros)	Share capital	Share premium account	Trans-lation reserve	Effective portion of hedging instruments	Trea-sury shares	Retained earnings and other reserves	Total equity attributable to Ingenico SA Group shareholders	Non-controlling interests	Total equity
Balance at January 1, 2016	**60,991**	**722,397**	**40,677**	**(358)**	**(7,034)**	**689,323**	**1,505,996**	**4,858**	**1,510,854**
Profit for the period 2016						244,276	244,276	6,555	250,831
Other comprehensive income			(3,483)	(250)		(11,681)	(15,414)	(353)	(15,767)
Total comprehensive income for the period			**(3,483)**	**(250)**		**232,595**	**228,862**	**6,202**	**235,064**
Dividends paid to shareholders(1)						(34,475)	(34,475)	(4,540)	(39,015)
Stock dividends paid to shareholders: payment of dividend in shares(2)	502	43,951				(44,454)	(1)		(1)
Treasury shares(3)		(3,988)			4,289	(9,065)	(8,764)		(8,764)
Share-based payments and exercise of stock options(4)						15,147	15,147		15,147
Remeasurement effect of put options(5)						(7,252)	(7,252)		(7,252)
Accretions(6)			633			2,484	3,117	(2,282)	835
Others				1		35	36		36
Balance at December 31, 2016	**61,493**	**762,360**	**37,827**	**(607)**	**(2,745)**	**844,338**	**1,702,666**	**4,238**	**1,706,904**
Profit for the period 2017						256,167	256,167	4,020	260,187
Other comprehensive income			(58,917)	715		(418)	(58,620)	(3,520)	(62,140)
Total comprehensive income for the period			**(58,917)**	**715**		**255,749**	**197,547**	**500**	**198,047**
Dividends paid to shareholders(1)						(37,740)	(37,740)		(37,740)
Stock dividends paid to shareholders(2)	732	54,004				(54,736)			
Treasury shares(3)					48	85	133		133
Share-based payments and exercise of stock options(4)	138	1,626				8,104	9,868		9,868
Remeasurement effect of put options(5)						(35,810)	(35,810)		(35,810)
Dilutions(6)			(1,000)			3,979	2,979	5,577	8,556
Accretions(7)						(815)	(815)	815	
Others(8)						958	958		958
BALANCE AT DECEMBER 31, 2017	**62,363**	**817,990**	**(22,090)**	**108**	**(2,697)**	**984,112**	**1,839,786**	**11,130**	**1,850,916**

2017:

(1) Cash dividend of €1.50 per share paid out on June 12, 2017.

(2) Stock dividend financed through incorporation of reserves and issuance of 731,856 new shares.

(3) The treasury shares portfolio is described in Note 12 "Equity".

(4) Share-based payments:

- *the increase in consolidated reserves reflects the fair value adjustments to free share awards and other instruments recognized each year in "Profit from operating activities";*
- *the increase in share capital and reduction in the share premium account reflects the issuance of new shares to meet obligations to beneficiaries of free share award plans that expired during the financial year.*

(5) Revaluation of put options granted to minority shareholders of the subsidiaries Ingenico Holding Asia Ltd and Ingenico Japan Co. Ltd.

(6) Transfer of 3% of Ingenico Holding Asia Ltd to managers of the Group's Chinese activities.

(7) Acquisition of minority interests in Think&Go (via Ingenico Connected Screens).

(8) Includes the effect of decrease in French tax rate on deferred taxes recognized in equity (from 2019).

2016:

(1) Cash dividend of €1.30 per share paid out on June 3, 2016.

(2) Stock dividend financed through incorporation of reserves and issuance of 502,641 new shares.

(3) Recognition of the option premium on Ingenico Group shares in the amount of €13.7 million, with €4.7 million in deferred tax liability. The treasury shares portfolio is described in Note 12 "Equity".

(4) Share-based payments:

- *the increase in consolidated reserves reflects fair value adjustments to free share awards and other instruments recognized each year in "Profit from operating activities".*

(5) Revaluation of put option granted to the minority shareholder of Ingenico Holding Asia Ltd.

(6) Including the buyout of 1.16% of the shares of Ingenico Holding Asia Ltd from High Champion.

5.6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Index for the notes to the consolidated financial statements

NOTE 1 —• The Group

These consolidated financial statements present the operations and financial position of Ingenico Group SA (hereinafter referred to as "the Company") and its subsidiaries, as well as the Group's share of the profit or loss of jointly controlled entities and entities over which the Group has significant influence (together referred to as "the Group").

Ingenico Group is a global leader in seamless payment services and offers payment solutions across all channels (in-store, mobile, online and cross-channel). Its offering is built around three brands: Ingenico Smart Terminals, Ingenico Payment Services, and Ingenico ePayments.

Ingenico Group SA is a company incorporated under French law, with its head office in Paris, whose shares were admitted for trading on the Paris Stock Exchange in 1985.

The consolidated financial statements were approved by the Board of Directors on February 21, 2018. They will be submitted for approval to the shareholders at their Annual General Shareholders' Meeting of May 16, 2018.

NOTE 2 —• Accounting principles and methods

The consolidated financial statements for fiscal year 2017 were prepared in accordance with IFRS (International Financial Reporting Standards) as published by the IASB (International Accounting Standards Board) and as adopted by the European Union on December 31, 2017. These standards are available on the European Union's website:

http://ec.europa.eu/internal_market/accounting/ias/index_en.htm.

The new standards in effect as of January 1, 2017 that concern the Group are as follows:

- amendment to IAS 7: Initiative concerning information to be provided;
- amendment to IAS 12: Recognition of deferred tax assets for unrealized losses;
- annual improvements to IFRS: Cycle 2014-2016.

The adoption of these standards did not result in material changes to the Group's consolidated financial statements.

The Group has not applied in advance those standards, amendments or interpretations which, as of December 31, 2017, had been adopted by the IASB or IFRIC as well as by the European Union and whose application is not mandatory. These concern:

- IFRS 15: Income from ordinary activities derived from contracts concluded with customers";
- clarification of IFRS 15: Income from ordinary activities derived from contracts concluded with customers";
- IFRS 9: Financial instruments;
- amendment to IFRS 4: Application of IFRS 9 and IFRS 4;
- IFRS 16: Leasing contracts.

In 2015 and 2016, the Group conducted qualitative and quantitative analyses to assess the impact of the new IFRS 15 standard on revenue recognition.

On the topic of payment services contracts, the Group considers it is acting as principal, and does not foresee a change of its position. Indeed, the services provided by the subsidiaries are full services, a global solution that includes payment processing, *via* the Ingenico platform, the success of the transaction through collecting, and the remittance of funds on the merchant's bank accounts. In the frame of the Bambora acquisition in 2017, the Group will keep investigating the matter, in accordance with issued Clarifications of IFRS 15.

The other provisions of the standard marginally affect the Group's revenue recognition and only relate to specific contracts on which part of the revenue will be deferred.

The Group will apply IFRS 15 retrospectively. To this end, from 2017, the Group began to identify the necessary restatements to its quarterly financial statements that will be used for reference in 2018. The first results of these restatements corroborate those of the analysis previously conducted.

As a result, the Group does not anticipate any major impacts from the application of IFRS 15 and its financial indicators should be marginally affected. This applies to the terminal distribution activity, for which revenue is generally recognized at a point in time, as well as to the transactional services activity, for which revenue is generally recognized over time.

IFRS 9 will be applied from January 1, 2018, with retrospective effect. The Group plans to apply the exemption on the restatement of the comparative information and intends to account for potential adjustments to its 2018 opening balance sheet through equity.

The expected impacts of IFRS 9 on the financial statements of the Group are listed below:

(a) Classification and measurement of financial instruments

IFRS 9 defines three categories to classify financial assets: (1) at amortized cost, (2) at fair value through profit and loss, and (3) at fair value through comprehensive income. After analysis, financial assets at amortized costs will still be classified and measured as such.

(b) Depreciations

The new "expected loss model" replaces the previous "incurred loss" method in IAS 39. The Group expects receivable depreciations to be accounted for earlier in the expected loss model. Based on a first assessment, the Group does not anticipate material changes in its financial statements.

(c) Hedge accounting

The Group essentially initiates micro-hedging transactions. The Group has decided to apply phase 3 of IFRS 9 starting January 1, 2018, after putting in balance the limited cost of implementation and the benefits of the method.

Finally, the Group chose not to opt for early application of IFRS 16 at the same time as IFRS 15.

The Group has not applied in advance those standards, amendments or interpretations which, as of December 31, 2017, had been adopted by the IASB or IFRIC but not yet adopted by the European Union. These are as follows:

- IAS 40: Transfers of investment properties;
- Annual improvements to IFRS: Cycle 2014-2016;
- Interpretation of IFRIC 22: Transactions in foreign currency and early counterparty;
- Interpretation of IFRIC 23: Uncertainty relating to tax treatment.

The subsequent application of these standards, amendments and interpretations is not expected to have a significant impact on the Group's consolidated financial statements.

Basis of preparation

The consolidated financial statements are presented in euros, the Group's functional currency. Unless otherwise indicated, all amounts are rounded to the nearest thousand euros.

The financial statements were prepared on a historical cost basis, except for the following assets and liabilities, stated at fair value: derivative financial instruments, available for sale financial assets, cash and cash equivalents, and bank overdrafts. Assets and liabilities related to a business combination are measured at fair value at the acquisition date, with the fair value constituting the historical cost in the Group financial statements.

The preparation of these financial statements requires Group management to make assumptions and estimates that may affect the application of the accounting methods, and the reported amounts of assets and liabilities, as well as certain income and expenses for the period. These estimates involve, mainly:

- asset impairment tests (Note 7);
- put option debt (Note 5);
- available-for-sale financial assets (Note 5);
- valuation assumptions used to identify intangible assets acquired as part of business combinations;
- expenses related to share-based payments (Note 6);
- determination of the useful lives of intangible assets (Note 7);
- estimation of provisions, especially for litigation (Note 8);
- assets and liabilities arising from finance lease contracts (Note 5);
- assumptions used for the recognition of deferred tax assets (Note 10);
- in respect of revenue recognition, the allocation of revenue in proportion to the value of specific components of a multiple element agreement (Note 5);
- revenue presentation as gross or net in respect of service activities (Note 5).

Actual results may differ from these estimates under different assumptions or conditions.

The accounting methods set forth below were consistently applied to all the reporting periods presented in the consolidated financial statements.

These accounting methods were uniformly applied by all Group entities.

Translation of transactions denominated in foreign currencies

Revenues and expenses denominated in foreign currency are translated at the euro equivalent on the date of transaction.

Monetary assets and liabilities denominated in foreign currency are translated using the exchange rate in effect on the reporting date. Non-monetary assets and liabilities denominated in foreign currency that are measured in terms of historical cost are translated using the exchange rate in effect at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated using the exchange rate in effect at the date when the fair value was determined. Any resulting unrealized exchange gains or losses are reported in profit or loss for the period.

Translation differences arising on ordinary operating activities that are denominated in foreign currency are recognized in “Profit from ordinary activities”. These ordinary operating activities are related to working capital items, as are the related hedging instruments.

Apart from such translation differences on ordinary operating activities, all other translation differences are recognized in “Net finance costs”.

Translation of financial statements denominated in foreign currencies

The consolidated financial statements are presented in euros.

Assets and liabilities of foreign subsidiaries whose functional currency differs from the Group’s presentation currency are translated into euros at the exchange rate in effect on the reporting date, except for shareholders’ equity, which is stated at historical value. Income and expenses of foreign operations are translated into euros at the average rates for the period, except in cases of major fluctuations. Exchange differences resulting from conversions are recognized in other comprehensive income and accumulated in the reserves.

NOTE 3 —• Significant events

Group reorganization

On February 23, 2017, Ingenico Group announced its reorganization based on two customer-centric Business Units that address the distinct needs of physical and online retailers as well as banks & acquirers.

The Retail Business Unit helps large retailers and e-merchants to support consumers in their omnichannel purchasing journey, to develop their cross-border activities and increase their conversion rate. It combines payment terminals, in-store and online payment services and omnichannel payment solutions to offer a unified customer experience.

The Banks and Acquirers (“B&A”) Business Unit allows banks and acquirers to reduce the complexity of payment management and differentiate their offer to merchants. It offers an optimized range of terminals, as well as value-added services, built around terminals.

Consequently, the Group’s operating segments and cash generating units (CGU) have been changed.

According to IFRS 8, an operating segment is a component of an entity:

(a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);

(b) whose operating results are reviewed regularly by the entity’s chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and

(c) for which discrete financial information is available.

Under the three above criteria, the operating segments are Banks and Acquirers on the one hand and Retail on the other.

Under IAS 36, a cash generating unit is the smallest identifiable group of assets that generates cash inflows independently of cash inflows generated by other assets or groups of assets.

Each unit or group of units to which goodwill is thereby allocated:

(a) must represent within the entity the lowest level at which goodwill is tracked for internal management purposes; and

(b) must not be larger than an operating segment as defined by IFRS 8.

Banks and Acquirers form a single operating segment, whose financial performance is monitored by the Executive Committee as a single BU. However, within Banks and Acquirers, each geographic region is considered on a stand-alone basis from organizational, commercial, and investment stand of point. This segment is thus divided into several CGUs: North America, Latin America, Europe and Middle East, and Asia-Pacific & China.

There are thus five Group CGUs in the new organization: Retail and each of the four geographic regions of Banks and Acquirers.

Acquisition of TechProcess

On February 20, 2017, the Group acquired Indian company TechProcess. Founded in 2000, TechProcess has developed solutions and acquired significant positions in multiple market segments, notably in online payment platforms, invoice payments, mobile payments, and “recurring” payments. The acquisition of TechProcess will strengthen Ingenico Group’s strategy in India.

TechProcess is part of the Retail operational segment.

Acquisition of SST

On April 27, 2017, the Group acquired System of Secure Transactions LLC (“SST”), a partner and distributor of Ingenico Group in Ukraine since 1997.

SST is integrated within the Group’s accounts in the Banks and Acquirers operational segment.

Acquisition of Bambora

On November 14, 2017, the Group finalized the acquisition of the Swedish group Bambora, for a total consideration of €1.5 billion.

Bambora specializes in payment, in-store, mobile and online services, addressing the large companies’ market as well as that of small and medium-sized merchants. The group employs more than 700 people in Europe, North America, and Australia.

Bambora is initially integrated within the Retail operational segment.

Acquisition of IECISA

In October 2017, the Group announced the acquisition of IECISA Electronic Payment System, a leading supplier of payment services in Spain. IECISA Electronic Payment System is the division of Informática El Corte Inglés, SA (IECISA), the Technology and Digital Division of El Corte Inglés. The transaction includes a cooperation agreement with IECISA to offer innovative payment services to merchants.

This acquisition was made in the form of the purchase of assets, which are integrated within the Retail operational segment.

Pro forma information is included in Note 17 of this document.

Exit from European Union of United Kingdom (Brexit)

In June 2016, the announcement that the United Kingdom was leaving the European Union led to sharp fluctuations in some economic indicators, such as interest rates, the share prices of many British companies, and the sterling exchange rate. The decrease of the sterling exchange rate had an impact on revenues and net profits of the British subsidiaries of the Group, and the drop in interest rates led to an increase of the provision for retirement.

In 2017, the sterling exchange rate continued to increase, from 0.8562 at December 31, 2016 to 0.8872 at December 31, 2017. The same net profit recorded in subsidiaries whose accounting is held in pound sterling therefore contributed less to the Group 2017 consolidation.

Furthermore, the Group’s conversion reserves recorded a negative impact of €2.3 million.

At December 31, 2017, Brexit did not incur any impairment of assets or restructuring expense to the Group.

NOTE 4 —• Segment reporting

Segments are profit centers whose performance can be fully measured.

The information presented below is based on the management reporting used by the Executive Committee, which is the main operating decision-maker as defined by IFRS 8.

As described in Note 3, “Significant events”, the Group’s reorganization in 2017 had the effect of changing operating segments. The operating segments used at December 31, 2017 are therefore Banks and Acquirers on the one hand and Retail on the other. The figures relating to 2016 were restated in order to present comparable financial information.

Revenue and profit from ordinary activities by activity and segment

	2017		
(in thousands of euros)	Banks & acquirers	Retail	Consolidated
External revenue	**1,411,084**	**1,099,353**	**2,510,437**
Terminals			1,661,545
Transactions			848,892
Profit from ordinary activities	**338,755**	**62,806**	**401,561**

	2016		
(in thousands of euros)	Banks & acquirers	Retail	Consolidated
External revenue	**1,300,644**	**1,011,297**	**2,311,941**
Terminals			1,584,031
Transactions			727,910
Profit from ordinary activities	**291,062**	**70,008**	**361,070**

In 2016, the revenue generated by the Group's French entities amounted to €229.7 million. It rises to €262.8 million in 2017.

Expenses without counterparty in cash

	2017		
(in thousands of euros)	Banks & acquirers	Retail	Consolidated
Depreciation and amortization expenses	35,694	89,327	125,021
Additions to provisions, net of reversals and share-based payments	(1,750)	742	(1,008)

	2016		
(in thousands of euros)	Banks & acquirers	Retail	Consolidated
Depreciation and amortization expenses	28,379	62,051	90,430
Additions to provisions, net of reversals and share-based payments	18,409	8,182	26,591

NOTE 5 — Operational data

Sale of goods and services

The Group earns most of its revenue from the sale and rental of payment terminals and the rendering of services related to payment terminals or to the processing of payment transactions carried out through a variety of methods.

No revenue is recognized if there is significant uncertainty regarding (i) the recoverability of the consideration due, (ii) the costs associated with the service that have been incurred or are to be incurred, or (iii) the possible return of goods when the customer has the right to cancel the purchase, or when the Group has continuing management involvement with the goods.

Revenue is recognized according to the type of transaction involved.

Sale of goods

How sales are recorded depends on the nature of the contract:

Firm sales

Independent of the Group's customer (retailer or end customer), revenue from the sale of terminals is recognized in profit or loss when the significant risks and rewards of ownership of the goods have been transferred to the buyer. The Group operates in international markets and makes its sales predominantly ex-works (EXW – Incoterms). Revenue is therefore recognized at the factory gate. When other Incoterms are used, the Group recognizes revenue when the risks inherent in the sale have been transferred to the buyer.

Leasing

Terminals are available for lease in some markets. These contracts are considered simple leases or finance leases in the sense of IAS 17. In the case of simple leases, revenue is recognized as and when the payments are received. In the case of finance leases, the entire revenue is recognized at the beginning of the lease agreement. Sales are recognized when the risks and rewards of ownership of the goods have been transferred; that revenue is equal to the fair value of the leased asset or, if lower, to the present value of the lease payments accruing to the lessor. The lease term is generally the lifetime of the terminal. Finance income is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability owed by the customer.

Revenue from operating leases is recognized as income on a straight-line basis over the lease term.

Rendering of services

Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion of the service at the reporting date, which is based on the work performed. When services are performed by an indeterminate number of acts, revenue is recognized on a straight-line basis over the specified period.

Hardware maintenance and servicing

Revenue generated from terminal service contracts is allocated over the life of the contract on a pro rata basis in the case of equipment maintenance contracts that the customer entered into when purchasing the terminals. Otherwise, revenue is recognized as soon as the services are rendered (when the terminals are installed, for example).

Transactions

Revenue arising on service contracts related to payment transactions is recognized as the services are performed. It usually varies with transaction volume and/or amounts.

For certain services, the Group determines whether it is acting as principal or as agent using the IAS 18 criteria, such as the responsibility for the provision of services, inventory risk, price-setting, credit risk, etc. The analysis is mainly made on the basis of a review of the sale or purchase contracts. When it is determined that the Group acts as agent in respect of the provision of services, the revenue recognized is restricted to the net margin on the provision of the services. In contrast, when it is determined that the Group acts as principal, revenue is recognized on a gross basis.

Multiple-element arrangements

Revenue arising from multiple-element arrangements, *i.e.* including the simultaneous sale of goods, services and a license agreement, is broken down between each item in the contract using the residual value method, based on the fair value of undelivered items.

a. Costs by nature

Because the Group presents its income statement by function, this note shows the main operating costs and expenses by nature.

Depreciation and amortization expense and impairment break down as follows:

(in thousands of euros)	2017	2016
Provisions/(reversals)		
Depreciation and amortization of intangible assets	93,645	66,226
Depreciation and amortization of property, plant and equipment	31,376	24,204
Provision for inventories	321	(3,656)
Impairment for trade receivables	(2,466)	8,703
TOTAL	**122,876**	**95,477**

Provisions for inventory only relate to inventory that is actually held and recognized. The Group has commitments to its suppliers (EMS) on firm price orders of parts or terminals, which do not give rise to inventory. However, when there is a risk of unsold parts or terminals ordered from suppliers, the Group recognizes a provision for risk as described in Note 8 “Other provisions”. Upon recognition of the purchase of inventory from EMS, this provision for risk (liability) becomes a provision for inventory (asset) in the balance sheet.

Cost of sales breaks down as follows:

(in thousands of euros)	2017	2016
Cost of terminals	(884,636)	(860,693)
Cost of services and software	(590,407)	(475,842)
TOTAL COST OF SALES	**(1,475,043)**	**(1,336,535)**

The capitalized portion of development costs is as follows:

(in thousands of euros)	2017	2016
Amount of development capitalized	32,135	27,873
Total R&D expenditure (costs and investment)[1]	218,524	206,143
SHARE OF CAPITALIZED R&D EXPENDITURE *(in %)*	**15%**	**14%**

(1) Net of a €4.7 million French research tax credit and €13.2 million in tax credits of a similar nature that were received outside France and have an equivalent impact on research and development expenses (respectively €3.7 million and €13.2 million in 2016).

The Group's R&D expenses mainly concern the following projects:

- at the head office, development projects for new terminals and operating systems, as well as projects to upgrade terminals that have already been sold;
- service projects related to payments, such as Axis. These are mainly software development expenses;
- at terminal distributor subsidiaries, R&D projects are in place to develop applications installed on terminals, in accordance with local standards and regulations;
- at subsidiaries selling payment services (mainly in Retail), R&D projects are generally aimed at improving the computer systems that run the transaction services.

In accordance with IAS 38, terminal-related R&D expenses may only be capitalized if they apply to the development of new terminals. This is considered new product development, and not for upgrades, maintenance or adjustments of existing products or software.

b. Other operating income and expenses

Other operating income and expenses are by nature one-time income or expenses, *i.e.* income or expenses that are of an unusual nature and of a significant amount. As such, other operating income and expenses include gains or losses on disposal of consolidated subsidiaries or businesses, gains or losses on the disposal of property, plant and equipment and intangible assets, restructuring charges approved by management and publicly announced, litigation expenses, costs associated with business combinations, asset and goodwill impairment, the cost of integrating newly acquired subsidiaries, adjustments to earn-out liabilities related to those acquisitions, and the revaluation to fair value of equity interests held by the Group in an entity acquired as part of a business combination implemented through a step acquisition and considered non-recurring.

Other operating income and expenses are as follows:

(in thousands of euros)	2017	2016
Restructuring and business combination costs	(29,314)	(6,377)
Disputes	175	945
Insurance reimbursement	-	1,571
Others	(938)	(699)
TOTAL	**(30,077)**	**(4,560)**

In 2017, other operating income and expenses mainly comprise the costs of €29.3 million incurred in connection with the restructuring of the Group, of which:

- costs of €9.0 million incurred in connection with the reorganization of the Group;
- costs of €20.3 million incurred in connection with acquisitions and divestitures.

In 2016, other operating income and expenses mainly comprised the following:

- costs of €6.4 million incurred in connection with the restructuring of the Group, of which:
  - costs of €4.0 million incurred in connection with the reorganization of the Group,
  - costs of €2.4 million incurred in connection with acquisitions and divestitures;
- an insurance reimbursement of €1.6 million was recorded following a fire at a repair center in Italy in 2015;
- additions to and reversals of provisions for disputes amounted to €0.9 million.

c. Reconciliation of financial performance indicators with the consolidated financial statements

The aim of this note is to make the link between the performance indicators used in financial communication and the Group's consolidated financial statements.

EBITDA is not an accounting term; it is a financial metric defined here as profit from ordinary activities before depreciation, amortization and provisions, and before expenses for share-based payments.

EBIT is the equivalent of profit from ordinary activities, adjusted for amortization of the purchase prices allocated to assets acquired in business combinations.

Free cash flow is equal to EBITDA, less: cash and other operating income and expenses, changes in working capital requirements, investments net of disposal of tangible and intangible fixed assets, financial expenses net of financial income, and tax paid.

	2017		
(in thousands of euros)	**Cash-flow statement**	**Free cash-flow**	**Items from CF statement not in FCF**
Profit for the period	260,187	260,187	-
Adjustments for:			
● Share of profits of equity-accounted investees	1,419	1,419	-
● Income tax expense/(income)	87,013	87,013	-
● Depreciation, amortization and provisions	110,698	110,698	-
● Change in fair value	3,223	3,571	(348)
● (Gains)/losses on disposal of assets	74	74	-
● Net interest costs/(income)	18,802	18,802	-
● Share-based payment expense	13,315	13,315	-
Interest paid	(11,578)	(11,578)	-
Income tax paid	(96,921)	(96,921)	-
Cash flows from operating activities before change in net working capital	**386,232**		
Inventories	(9,594)	(9,594)	-
Trade and other receivables	(65,380)	(65,380)	-
Trade and other payables	7,259	7,259	-
Change in net working capital	**(67,715)**		**-**
Working capital of merchants prefinancing	**21,003**	**-**	**21,003**
CASH FLOWS FROM OPERATING ACTIVITIES	**339,520**		
Acquisition of fixed assets	(87,784)	(87,784)	-
Proceeds from sale of tangible and intangible fixed assets	778	778	-
Acquisition of subsidiaries, net of cash acquired	(1,257,079)	-	(1,257,079)
Loans and advances granted and other financial assets	(4,337)	-	(4,337)
Loan repayments received	7,596	-	7,596
Dividend income	6,138	-	6,138
Interest received	7,464	7,464	-
CASH FLOWS FROM INVESTING ACTIVITIES	**(1,327,224)**		
Proceeds from share capital issues	1,769	-	1,769
(Purchase) sale of treasury shares	178	-	178
Proceeds from loans and borrowings	919,377	-	919,377
Repayment of loans and borrowings	(274,791)	-	(274,791)
Change in the Group's ownership interests in controlled entities	8,822	-	8,822
Financing of merchant prefinancing	(21,003)	-	(21,003)
Changes in other financial liabilities	(702)	-	(702)
Dividends paid to shareholders	(40,479)	-	(40,479)
Taxes on financing activities	(1,724)	-	(1,724)
CASH FLOWS FROM FINANCING ACTIVITIES	**591,447**		
Currency translation effect on cash and bank overdrafts	(18,414)	-	(18,414)
CHANGE IN CASH AND CASH EQUIVALENTS	**(414,671)**		
Free Cash Flow		**239,323**	

(in thousands of euros)	2017					
	Income statement	Amortization of Purchase Price Allocation	Reconciliation to EBIT	Cost of share-based payment	Other amortization and provision expenses	Reconciliation to EBITDA
REVENUE	**2,510,437**	**-**	**2,510,437**	**-**	**-**	**2,510,437**
Cost of sales	(1,475,043)	16,141	(1,458,902)	883	14,566	(1,443,453)
GROSS PROFIT	**1,035,394**					
Distribution and marketing costs	(223,891)	35,490	(188,401)	2,349	158	(185,894)
Research and development expenses	(186,389)	-	(186,389)	896	39,932	(145,561)
Administrative expenses	(223,553)	-	(223,553)	9,187	4,975	(209,391)
PROFIT FROM ORDINARY ACTIVITIES	**401,561**					
EBIT			**453,192**			
EBITDA						**526,138**

d. Inventories

Inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories is determined using the weighted average cost method and includes the costs incurred to acquire the inventories and bring them to their existing location and condition. A provision is recorded if the carrying amount exceeds the net realizable value.

(in thousands of euros)	2017	2016
Raw materials and consumables	35,941	37,861
Finished products	150,140	150,822
Write-downs on raw materials and consumables	(5,393)	(6,923)
Impairments on finished products	(10,115)	(9,277)
CARRYING AMOUNT	**170,573**	**172,483**

e. Trade and related receivables

Trade and related receivables are recognized initially at fair value and subsequently measured at amortized cost less any impairment losses. In general, the fair value corresponds to the face value, given the quick payment terms, except in the case of finance leases. A provision for impairment is recognized when there is objective evidence that the Group will not be able to collect all amounts due according to the contractual terms of the receivable.

Trade and related receivables break down as follows:

(in thousands of euros)	2017	2016
Trade receivables on the sales of goods and services	530,694	470,914
Finance lease receivables	24,899	24,601
Tax receivables other than current income tax	30,321	40,335
Other receivables	18,125	16,149
Impairment for trade receivables	(39,864)	(41,899)
Impairment for finance lease receivables	(464)	(1,779)
Impairment for other receivables	(7,204)	(7,260)
TOTAL	**556,507**	**501,061**

The aging schedule of trade receivables is as follows:

			2017		
			Overdue		
(in thousands of euros)	Closing value	Not due	<120 days	120-180 days	>180 days
Trade receivables	530,694	379,083	116,137	10,339	25,135
Impairment for trade receivables and related accounts	(39,864)	(4,657)	(21,014)	(1,936)	(12,257)
NET	**490,830**	**374,426**	**95,123**	**8,403**	**12,878**

Receivables more than 180 days overdue but not depreciated (amounting to €12.9 million) are primarily attributable to customers of Fujian Landi (€6.0 million). None of these receivables are contentious, and the Group does not expect any difficulty in recovering the amounts due.

			2016		
			Overdue		
(in thousands of euros)	Closing value	Not due	<120 days	120-180 days	>180 days
Trade receivables	470,914	362,806	81,783	7,064	19,261
Impairment for trade receivables and related accounts	(41,899)	(2,057)	(20,223)	(3,448)	(16,171)
NET	**429,015**	**360,749**	**61,560**	**3,616**	**3,090**

f. Other current and non-current assets

As of December 31, 2017 and 2016, other current assets were as follows:

(in thousands of euros)	2017	2016
Accrued income	24,068	14,736
Loans, guarantee instruments and other financial assets	14,708	9,236
TOTAL	**38,776**	**23,972**

Prepaid expenses increased in 2017 as a result of acquisitions made in the period.

As of December 31, 2017 and 2016, other non-current assets were as follows:

(in thousands of euros)	2017	2016
Receivables	1,672	1,821
Finance lease receivables	23,362	24,175
Tax receivables other than current income tax	9,461	-
Income tax receivables	2,972	600
Accrued income	1,949	895
TOTAL	**39,416**	**27,491**

g. Trade and related payables

Trade and related payables are recognized initially at fair value and subsequently measured at amortized cost.

(in thousands of euros)	2017	2016
Trade payables	359,752	361,951
Other operating liabilities	150,956	142,650
Of which customer advances	*8,934*	*9,268*
Of which dividend debt toward minority shareholder	-	*2,867*
Of which other tax liabilities	*20,235*	*23,076*
Of which employee-related liabilities	*121,787*	*107,439*
TOTAL	**510,708**	**504,601**

h. Other non-current liabilities

(in thousands of euros)	2017	2016
Tax, personnel and social security liabilities	19,706	17,750
Deferred income	28,169	33,373
Other liabilities	18,645	75,743
TOTAL	**66,520**	**126,866**

The reduction in non-current liabilities is linked primarily to the reclassification of the put liability recorded at Fosun as a current liability.

Furthermore, non-current liabilities include earn-out debts, *i.e.* additional prices to be paid in the scope of past acquisitions made by Bambora.

i. Other current liabilities

Other current liabilities are broken down as follows:

(in thousands of euros)	2017	2016
Deferred income	124,242	115,620
Other liabilities	102,067	3,425
TOTAL	**226,309**	**119,045**

This deferred income primarily originates from terminal distribution subsidiaries, for deferred income on sales of warranties, and from Fujian Landi, for goods invoiced but not yet delivered.

At December 31, 2017, other current liabilities include the put liability recorded at Fosun, which holds a minority stake of 20% in the Group's Chinese activities. As described in Note 15, "Subsequent events", the Group completed the buyout of units held by Fosun in January 2018.

j. Reconciliation between the balance sheet and changes in working capital requirement

Balance sheet *(in thousands of euros)*		01/01	Net Change in working capital	Change in cash flows of non-working capital items	Changes in consolidation scope	Translation differences and other movements	12/31
		2017					
Inventories	**(1)**	**172,483**	**9,594**	**-**	**2,573**	**(14,077)**	**170,573**
Trade and related receivables		501,061	70,481	-	21,211	(36,246)	556,507
Other non-current assets		27,491	254	563	2,149	8,959	39,416
Other current assets		23,972	(5,355)	(6,236)	18,846	7,549	38,776
Trade and other receivables	**(2)**	**552,524**	**65,380**	**(5,673)**	**42,206**	**(19,738)**	**634,699**
Trade and related payables		504,601	1,544	(1,285)	30,026	(24,178)	510,708
Other non-current liabilities		126,866	(5,726)	5,641	12,343	(72,604)	66,520
Other current liabilities		119,045	11,441	3,344	6,036	86,442	226,308
Trade and other creditors	**(3)**	**750,512**	**7,259**	**7,700**	**48,405**	**(10,340)**	**803,536**
CHANGE IN WORKING CAPITAL	**-(1)-(2)+(3)**		**(67,715)**				

Balance sheet *(in thousands of euros)*		01/01	Net Change in working capital	Change in cash flows of non-working capital items	Changes in consolidation scope	Translation differences and other movements	12/31
		2016					
Inventories	**(1)**	**143,625**	**25,595**	**-**	**2,833**	**430**	**172,483**
Trade and related receivables		461,435	28,025	-	13,110	(1,509)	501,061
Other non-current assets		31,316	(2,146)	(752)	60	(987)	27,491
Other current assets		32,475	(13,804)	12,825	236	(7,760)	23,972
Trade and other receivables	**(2)**	**525,226**	**12,075**	**12,073**	**13,406**	**(10,256)**	**552,524**
Trade and related payables		438,579	42,876	2,331	21,424	(609)	504,601
Other non-current liabilities		97,691	678	9,490	7,825	11,182	126,866
Other current liabilities		134,560	(18,157)	-	9,450	(6,808)	119,045
Trade and other creditors	**(3)**	**670,830**	**25,397**	**11,821**	**38,699**	**3,765**	**750,512**
Change in working capital	**-(1)-(2)+(3)**		**(12,273)**				

k. Funds, receivables and payables related to intermediation activities

In the scope of its transactional services activity, the Group provides intermediation between merchants, credit card issuers, and end consumers. The expected funds corresponding to the end consumer's payment as well as funds received and not yet remitted to merchants are recorded as balance sheet assets in the specific accounts, *i.e.* excluded from cash and cash equivalents. The counterparty is a payable due to merchants.

The balance sheet distinguishes two types of asset:

- receivables against credit card issuers, in connection with transactions conducted on behalf of merchants but not yet settled by the companies that issued the cards;
- funds received for transactions not yet settled for merchants and transactions reimbursable to consumers.

Liabilities on the balance sheet related to intermediation activities comprise mainly:

- liabilities in connection with funds from consumers that have not yet been transferred to merchants;
- liabilities in connection with merchant warranty deposits.

In the scope of Bambora's activities, some funds happen to be remitted to merchants even before they have been received by the Group, from credit card issuers. The duration of this "merchant pre-financing" is generally one or two days. To avoid drawing on its cash to provide this upfront remittance to merchants, the Group uses a specific and dedicated bank financing. This bank financing is included in the short term financial loans and borrowings in the balance sheet.

(in thousands of euros)	2017	2016
Receivables related to intermediation activities	172,708	28,525
Funds related to intermediation activities	460,555	273,086
TOTAL ASSETS	**633,263**	**301,611**
Payables related to intermediation activities	598,323	301,611
Financing of merchant prefinancing	34,940	-
TOTAL LIABILITIES	**633,263**	**301,611**

NOTE 6 —• Employee benefits and executive compensation (related parties)

a. Payroll costs

Payroll costs are broken down as follows:

(in thousands of euros)	2017	2016
Wages and salaries	393,934	360,368
Social security contributions	103,857	92,378
Service cost (operating component of retirement expenses)	2,162	1,587
Cost of share-based payments	13,315	23,994
TOTAL	**513,268**	**478,327**

b. Share-based payment expense

Fair value of free shares awarded

The Group has measured the fair value of the goods or services received during the year based on the fair value of the equity instruments granted (share price on the date of award).

Impact on financial statements

The fair value of free share awards is recognized in payroll costs, with a corresponding increase in equity. Fair value is measured at the grant date and is expensed over the vesting period in which the employees acquire the rights definitively. The fair value of the free share award plans granted is measured using standard measurement techniques, which are adapted to the specific characteristics of each plan, with reference to the terms and conditions defined at the grant date (using the Black-Scholes and/or the Monte-Carlo models). The amount recognized as an expense is adjusted to reflect the actual number of shares vested for the portion corresponding to internal performance conditions.

Other share-based payments

The Group may award some of its employees compensation indexed to the share price of Ingenico Group SA or to the shares of other Group entities, and settled in cash.

These share appreciation rights are measured at fair value. The fair value of the sums payable is recognized as an operating expense over the course of the vesting period and offset by other liabilities. This liability is remeasured at fair value through profit or loss until it is settled.

	2017					
(in thousands of euros)	Date of Board	Options/ Free shares outstanding at January 1	Options/ shares granted during the year	Options exercised/ shares vested during the year	Other movements	Options/ free shares outstanding at December 31.
Free share awards	October 29, 2014	11,150	-	-	(850)	10,300
Joint investment	October 29, 2014	35,320	-	-	(11,160)	24,160
Free share awards	July 29, 2015	177,900	-	(112,600)	(11,500)	53,800
Free share awards	October 22, 2015	2,000	-	(1,200)	-	800
Free share awards	July 29, 2016	18,610	-	-	-	18,610
Free share awards	May 10, 2017	-	23,639	-	-	23,639
Joint investment	June 20, 2017	-	89,710	-	-	89,710
Free share awards	June 20, 2017	-	24,000	-	(1,600)	22,400
Free share awards	August 28, 2017	-	23,200	-	(5,000)	18,200
Joint investment	August 28, 2017	-	26,000	-	(6,050)	19,950
TOTAL		**244,980**	**186,549**	**(113,800)**	**(36,160)**	**281,569**

	2016					
(in thousands of euros)	Date of Board	Options/ Free shares outstanding at January 1	Options/ shares granted during the year	Options exercised/ shares vested during the year	Other movements	Options/ free shares outstanding at Dec 31.
Free share awards	October 29, 2014	28,800	-	(14,700)	(2,950)	11,150
Joint investment	October 29, 2014	182,190	-	(141,560)	(5,310)	35,320
Free share awards	July 29, 2015	186,900	-	(3,500)	(5,500)	177,900
Free share awards	October 22, 2015	2,000	-	-	-	2,000
Free share awards	July 29, 2016	-	18,610	-	-	18,610
TOTAL		**399,890**	**18,610**	**(159,760)**	**(13,760)**	**244,980**

In 2017, free share award plans and co-investment plans were put in place. Share awards are dependent on continuous service and internal and external performance criteria. The maximum number of free shares to be awarded is 186,548.

The main features of the compensation plans are described in Chapter 3 of the Registration Document.

On the basis of the parameters used to calculate the fair value of free shares awarded under free share and joint investment plans and after assessing the internal and external valuation criteria (fulfillment of service conditions and, where applicable, performance conditions), the Group recognized an expense of €8.1 million under profit from operating activities in 2017 for share-based payments (against €15.1 million in 2016).

An expense was also booked in 2017 for other cash-settled share-based payments in the amount of €5.2 million, against €8.9 million in 2016.

C. Provisions for retirement and benefit obligations

The Group's net obligation in respect of defined-benefit pension plans and other long-term benefits is measured separately for each plan; it is determined by the difference between the discounted present value of the obligation and the fair value of any plan assets.

The discount rate applied is the yield at the reporting date on high-quality corporate bonds with terms consistent with those of the Group's obligations. Calculations are performed by independent actuaries using the projected unit credit method. The amount of the Group's obligation is determined by calculating the amount of future benefits due to employees at retirement and performing an actuarial valuation of the projected future salary levels and the number of years of service of beneficiaries estimated to be part of the plan at the time of retirement.

The Group's entire obligation in respect of defined benefit plans is recognized immediately. Any actuarial gains and losses arising during the period are recognized in other comprehensive income. To determine the return on plan assets, the Group uses the rate applied to determine the discounted present value of the obligation.

There are two categories of retirement benefit plans described as follows:

1) Defined contribution plans

These plans exist in most European countries in which the Group operates (France, Benelux, Germany, Italy, and Spain) and in the United States and Asia-Pacific countries. Under these plans, Group entities make payments, expensed as incurred, on a regular basis to organizations authorized to manage the retirement plans.

2) Defined benefit plans

There are two types of defined benefit plans recognized in provisions for retirement benefit obligations:

- unfunded defined benefit plans: under these plans, provisions for retirement benefits are recognized as a liability in the balance sheet under "Provisions for retirement benefit obligations";
- funded defined benefit plans. Provisions for retirement benefits are also recognized as a liability in the balance sheet, minus the value of the assets.

The Group recognized the following provisions:

- supplementary pension services (United Kingdom, Germany);
- retirement or severance benefits (France, Italy, Turkey, the Netherlands);
- length-of-service bonuses (the Netherlands).

The obligations under these defined benefit plans have been measured by qualified actuaries.

The Group is not under any long-term obligation to provide medical benefits.

Changes in the provisions for retirement benefits and similar commitments break down as follows:

	2017						
	Unfunded plans						
(in thousands of euros)	France Liability	Germany Liability	Italy Liability	Turkey Liability	Netherlands Liability	Other Liability	Total
At January 1	**8,575**	**5,444**	**3,317**	**184**	**52**	**854**	**18,426**
Change in consolidation scope	-	-	-	-	-	220	220
Translation differences and other movements	-	-	-	(42)	-	(134)	(176)
Current service cost	848	49	352	20	-	280	1,549
Interest on obligation	141	89	53	20	-	53	356
Benefits paid	(189)	(134)	(93)	(28)	(2)	(27)	(473)
Revaluation of the net defined benefit liability	859	(200)	(244)	97	-	274	786
At December 31	**10,234**	**5,248**	**3,385**	**251**	**50**	**1,520**	**20,688**

	2017					2017
	Funded plans					Total
	United Kingdom		Belgium		Total	
(in thousands of euros)	Liability	Assets	Liability	Assets		Balance sheet provision
At January 1	**32,793**	**(26,541)**	**1,944**	**(1,818)**	**6,378**	**24,804**
Change in consolidation scope	-	-	-	-	-	220
Translation differences and other movements	(1,172)	975	-	-	(197)	(373)
Return on plan assets	-	(731)	-	(42)	(773)	(773)
Current service cost	-	-	613	-	613	2,162
Interest on obligation	859	-	49	-	908	1,264
Benefits paid	(385)	385	(27)	27	-	(473)
Contributions to pension funds	-	(2,559)	-	(544)	(3,103)	(3,103)
Revaluation of the net defined benefit liability	1,638	(911)	(105)	(4)	618	1,404
At December 31	**33,733**	**(29,382)**	**2,474**	**(2,381)**	**4,444**	**25,132**

	2016						
	Unfunded plans						
(in thousands of euros)	France Liability	Germany Liability	Italy Liability	Turkey Liability	Netherlands Liability	Other Liability	Total
At January 1	**7,268**	**5,095**	**2,964**	**216**	**77**	**419**	**16,039**
Change in consolidation scope	-	-	-	-	-	82	82
Translation differences and other movements	-	-	-	(32)	-	162	130
Current service cost	992	45	332	27	10	181	1,587
Interest on obligation	150	104	59	21	-	27	361
Benefits paid	(222)	(132)	(474)	(7)	-	-	(835)
Revaluation of the net defined benefit liability	387	332	436	(41)	(35)	109	1,188
At December 31	**8,575**	**5,444**	**3,317**	**184**	**52**	**980**	**18,552**

	2016			2016
	Funded plans			Total
	United Kingdom			
(in thousands of euros)	Liability	Assets	Total	Balance sheet provision
At January 1	**28,916**	**(27,931)**	**985**	**17,024**
Change in consolidation scope	-	-	-	82
Translation differences and other movements	(4,490)	4,105	(385)	(255)
Return on plan assets	-	(984)	(984)	(984)
Current service cost	-	-	-	1,587
Interest on obligation	1,000	-	1,000	1,361
Benefits paid	(540)	540	-	(835)
Contributions to pension funds	-	(977)	(977)	(977)
Revaluation of the net defined benefit liability	7,907	(1,294)	6,613	7,801
At December 31	**32,793**	**(26,541)**	**6,252**	**24,804**

Breakdown of fair value of plan assets

Plan assets do not include any land or buildings occupied by Group entities or any other assets used by the Group. There are no separately identifiable assets.

Plan investments	In thousands of euros	In %	Yield
Shares	18,752	59%	2.40%
Bonds	8,561	27%	2.40%
Other	4,450	14%	2.40%
TOTAL	**31,763**	**100%**	**2.40%**

Main actuarial assumptions

	Eurozone	Turkey	United Kingdom
Discount rate	1.65%	11.40%	2.40%
Expected future salary increases	1.5% - 3.25%	7.00%	N/A

Best estimate of plan contributions payable in 2018

Expected contributions for fiscal year ending December 31, 2018, break down as follows:

(in thousands of euros)	2018
Employer contributions	2,663
Plan participants' contributions	-

Sensitivity of assets and liabilities to the main assumptions as of December 31, 2017

A 0.5% increase or decrease in the discount rate or the inflation rate for all plans would not significantly change the value of net surplus/deficit.

In the United Kingdom, if a fund is liquidated, any surplus of assets over obligations is returned to the Group.

d. Related party transactions

Total compensation and benefits paid to the Executive Committee in 2017 and 2016 break down as follows:

(in thousands of euros)	2017	2016
Total compensation and benefits(1)	9,139	8,741
Free share awards(2)	2,321	3,467
TOTAL	**11,460**	**12,208**

(1) Includes all compensation paid during the period (gross salary, including fixed and variable compensation, bonuses and benefits in kind, incentive programs and profit-sharing).

(2) Expense recorded in the income statement under free share awards and joint investment plans.

This table only shows the compensation and benefits paid to members of the Executive Committee, whose role is to set Group strategy, create the conditions to implement that strategy and ensure that objectives are met. The Executive Committee is chaired by the Chairman & Chief Executive Officer.

As of December 31, 2017, the Executive Committee had 15 members.

NOTE 7 —• Property, plant and equipment and intangible assets

Goodwill impairment tests

The Group tests the net carrying amounts of goodwill for impairment. This procedure, chiefly based on the discounted net future cash flow method, consists of measuring the recoverable amount of each cash-generating unit (CGU) that generates independent cash flows. Impairment tests are performed every year on November 30 and whenever there is any indication that an asset may be impaired. Therefore, any material event observed during December would prompt fresh impairment tests to be conducted.

In accordance with IAS 36, the recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Only in those rare cases in which a recent transaction involving the assets under consideration provides relevant and reliable information does the Group opt for calculating fair value less costs to sell. In most other cases, the Group calculates value in use by estimating cash flow projections based on existing business forecasts for a five-year period, including growth and profitability rates based on reasonable assumptions.

Impairment of other non-financial assets

The carrying amounts of the Group's other non-financial assets are reviewed at each reporting date to determine whether there is any indication that an asset may be impaired. If such indication exists, the asset's recoverable amount is estimated.

For intangible assets that are not yet available for use, the recoverable amount is estimated annually or as soon as there is any indication of impairment.

At each reporting date, the Group assesses whether any events and circumstances indicate that an asset may be impaired. Such events and circumstances include significant changes adversely affecting the economic environment and the Group's assumptions and objectives (budget monitoring, three-year plan, cost-benefit studies, market share, order book, etc.). If such events and circumstances are identified, the asset's recoverable amount is re-estimated.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use, estimated by discounting the expected future cash flows, based on a discount rate of the CGU to which the asset is assigned.

If the carrying amount exceeds its recoverable amount, an impairment is recognized in operating income.

a. Goodwill

Determination of goodwill

On the acquisition date, goodwill is measured as the difference between:

- the fair value of the consideration transferred (price complements included), plus the amount of any non-controlling interests in the acquiree and, in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously-held equity interest in the acquiree, revalued accordingly in the income statement under "Other operating income and expenses";
- the total net assets at the acquisition date, measured at fair value.

All other costs directly attributable to the acquisition are expensed as incurred in "Other operating income and expenses".

Adjustments to provisional amounts (earn-out, deferred payment) are measured at their fair value on the date of acquisition. Subsequently, those adjustments are measured at fair value at each future reporting date. Any revaluation is recognized in profit or loss in "Other operating income and expenses".

As described in Note 3, "Significant events", the Group's reorganization in 2017 had the effect of changing the Group's CGUs. There are now five:

- B&A – North America;
- B&A – Latin America;
- B&A – Europe and Middle East;
- B&A – Asia-Pacific region & China;
- Retail.

Impairment tests are performed for each CGU or for groups of CGUs as defined above.

The figures relating to 2016 were restated in order to present comparable financial information.

Breakdown of goodwill

The following tables show the breakdown of goodwill among CGUs:

(in thousands of euros)	2017	2016
Net value at January 1	**1,409,291**	**1,350,519**
Investments	1,110,454	61,016
Translation differences	(33,109)	(2,244)
Adjustments	(8,115)	-
NET VALUE AT DECEMBER 31	**2,478,521**	**1,409,291**

	2017			2016		
Cash generating units *(in thousands of euros)*	Gross amount	Total impairment losses	Net carrying amount	Gross amount	Total impairment losses	Net carrying amount
B&A NAR	61,492	(12,621)	48,871	64,105	(12,621)	51,484
B&A LAR	12,728	-	12,728	13,349	-	13,349
B&A EMEA	186,156	(946)	185,210	182,864	(946)	181,918
B&A APAC & China	122,754	-	122,754	139,140	-	139,140
Retail	2,118,267	(9,309)	2,108,958	1,032,709	(9,309)	1,023,400
TOTAL	**2,501,397**	**(22,876)**	**2,478,521**	**1,432,167**	**(22,876)**	**1,409,291**

The fair value of net assets and debts acquired in 2017 breaks down as follow (all acquisitions, including purchase price allocation exercise):

(in thousands of euros)	Fair value of acquired net assets in 2017
Total non-current assets	543,672
Total current assets	356,850
Total non-current liabilities	125,444
Total current liabilities	278,869
ACQUIRED NET ASSETS EXCLUDING ACQUIRED FINANCIAL DEBTS (A)	**496,209**
Goodwill (B) - (A)	1,110,454
Fair value of the consideration paid (B)	1,606,663
Financial debts acquired (C)	325,000
Cash and cash equivalents of the acquired companies (D)	24,584
NET CASH EFFECT (B)-(C)-(D)	**1,257,079**

Investments and adjustments during the period

As described in Note 3 “Significant events”, in November 2017 the Group acquired Bambora group.

An acquisition price allocation exercise was conducted, in order to recognize at their fair value the assets and liabilities of the company acquired, pursuant to IFRS 3 revised. Bambora group specializes in payment services. The Group has therefore recognized three types of intangible assets in its balance sheet: technologies relating to the IT platforms that enable Bambora to operate, portfolios of customer relationships, as well as the Bambora trademark. The valuation method used in the scope of this exercise is the relief from royalty and excess earnings method. The Group initially recognized customer portfolios at €283 million, technologies at €189 million, and the trademark at €12 million. The deferred tax liability recognized amounted to €111 million.

Goodwill net of the provisional price allocation amounts to €1,037 million. This acquisition price allocation for Bambora will be finalized in 2018. Net goodwill mainly includes:

- workforce;
- capacity to generate new business opportunities by winning new clients and developing new offers;
- synergies expected from the integration with the rest of the Group.

Furthermore, as described in Note 3, “Significant events”, the Group acquired TechProcess in 2017. A purchase price allocation was conducted. TechProcess is a company specializing in payment services in India. The Group has therefore recognized two types of intangible assets in its balance sheet: technologies relating to the IT platform that enables the company to operate and a portfolio of customer relationships. The valuation method used in the scope of this exercise is the relief from royalty and excess earnings method. The Group has therefore recognized intangible assets of €20 million and a deferred tax liability of €7 million. Net goodwill amounted to €52 million.

Finally, the acquisition price allocation for Nera Payment Services, acquired in 2016, was finalized. Nera group's main activity is the distribution of terminals in Southeast Asia. Intangible assets recognized at €12 million represent the portfolio of customer relationships brought to the Group by Nera. The valuation method used in the scope of this exercise is the excess earnings method. A deferred tax liability of €2 million has been recognized. Nera's net goodwill is therefore reduced by €10 million.

Goodwill impairment tests

The main assumptions used to calculate the recoverable value of goodwill are as follows:

	2017					
Cash-generating units	**B&A NAR**	**B&A LAR**	**B&A EMEA**	**B&A APAC & China**	**Retail**	**Total**
Net carrying amount of goodwill *(in thousands of euros)*	48,871	12,728	185,210	122,754	2,108,958	2,478,521
Valuation method for the cash generating unit	Value in use	Value in use	Value in use	Value in use	Value in use	
Number of years over which cash flows are estimated	5	5	5	5	5	
Long-term growth rate	1.1%	1.0%	1.0%	1.0%	2.2%	
Weighted average cost of capital used at December 31	8.3%	14.9%	8.8%	9.7%	7.8%	

	2016					
Cash-generating units	**B&A NAR**	**B&A LAR**	**B&A EMEA**	**B&A APAC & China**	**Retail**	**Total**
Net carrying amount of goodwill *(in thousands of euros)*	51,484	13,349	181,918	139,140	1,023,400	1,409,291
Valuation method for the cash generating unit	Value in use	Value in use	Value in use	Value in use	Value in use	
Number of years over which cash flows are estimated	5	5	5	5	5	
Long-term growth rate	1.1%	1.0%	1.0%	1.0%	2.2%	
Weighted average cost of capital used at December 31	7.8%	15.8%	8.6%	9.4%	7.8%	

In 2017, Bambora was not tested based on its value in use, given the absence of indication it may be impaired, and the expected finalization of the purchase price allocation exercise.

Goodwill impairment tests were conducted based on the carrying amounts of November 30, 2017. No material event likely to change the relevance of these tests has been observed since then.

The assumptions concerning growth rates and weighted average cost of capital (WACC) used in the determination of the recoverable amounts of all CGUs have been reassessed in the light of changes in global market information.

It should be emphasized that the long-term growth rates used by the Group do not exceed those of its business sector.

The weighted average cost of share capital is a long-term rate. The movements in the discount rates stem from changes in the three underlying components: the risk-free rate, the risk premium, and the volatility of Ingenico's share price in relation to the sectoral index (beta). Furthermore, applying a discount rate before tax to pre-tax cash flows would have led to a similar valuation of the cash-generating units.

Sensitivity tests show that a 50 base point increase in the discount rate would not lead to impairment.

Finally, a sensitivity analysis regrouping key parameters, namely the discount rate and the long-term growth rate, has shown that, under all reasonable changes in assumptions, there is no probable scenario in which the recoverable amount of a CGU would be less than its carrying amount.

Sensitivity of recoverable amounts

	2017				
	Discount rate		Perpetuity growth rate		Cash flow
	Rate applied *(in %)*	Discount rate which makes recoverable amount equal carrying amount *(in %)*	Rate applied *(in %)*	Perpetuity growth rate which makes recoverable amount equal carrying amount *(in %)*	Cash flow decrease required for recoverable amount to equal carrying amount *(in %)*
B&A APAC & China	9.7%	10.3%	1.0%	0.3%	-7.5%

At December 31, 2017, the recoverable amounts of Retail (excluding Bambora), B&A North America, B&A Latin America, and B&A Europe and Middle East are significantly higher than their carrying amounts. This precluded the need to increase the discount rate, decrease the perpetuity growth rate or reduce the cash flow required to ensure that their respective recoverable amounts were equal to their respective carrying amounts.

Business forecasts are based on the business plans developed by the management of the various cash generating units. Group financial management has reviewed these plans, performing stress tests on the assumptions as to long-term growth and discount rates.

b. Other intangible assets

Research and development

Research costs are expensed as incurred.

Development costs for the production of new or substantially improved products and processes are recognized as an asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset, the Group's intention to complete it, and the Group's ability to use it or sell it;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- the Group's ability to reliably measure the expenditure attributable to the intangible asset during its development;
- how the intangible asset will generate probable future economic benefits (through the existence of a market for the output of the intangible asset or the usefulness of the intangible asset for internal use).

Other development costs, net of subsidies, are expensed as incurred.

Other intangible assets

Licenses, customer portfolios, software, technological assets, trademarks, and user rights over which the Group has full ownership, as well as software developed for internal use that has a positive, lasting and measurable impact on future results are capitalized and amortized over their estimated useful lives.

Other intangible assets also include assets in progress. Those include R&D projects in progress, such as improvements of IT payment platforms in Retail operating segment.

Subsequent expenditure

Subsequent expenditure on intangible assets is only capitalized when it increases the future economic benefits of the specific asset to which it relates. Otherwise, it is expensed as incurred.

Depreciation and amortization

The straight-line method is used to amortize intangible assets over their estimated useful lives.

Intangible assets under development are not amortized, but are tested annually for impairment. Other intangible assets are amortized from the date they are available for use.

The estimated useful lives are as follows:

- capitalized development costs 3 to 10 years;
- licenses 3 years*;
- customer relationships 5 to 20 years;
- other intangible assets 5 years*.

* *Or contractual term.*

Impairment losses

An impairment loss recognized in respect of a non-current asset can be reversed if its recoverable amount again becomes greater than its net carrying amount.

(in thousands of euros)	2017 Licenses, trademarks, technology	Development expenses (incurred internally)	Customer relationships	Other intangible assets	Total
GROSS AMOUNT					
At January 1	**209,989**	**84,459**	**448,521**	**40,881**	**783,850**
Investments	8,155	35,133	-	9,216	52,504
Divestitures	(5,433)	(13,213)	-	(2,406)	(21,052)
Changes in consolidation scope	214,339	1	304,544	3,297	522,181
Translation differences	(5,572)	(606)	(6,262)	(267)	(12,707)
Reclassifications and others	5,014	26,237	1	(32,350)	(1,098)
At December 31	**426,492**	**132,011**	**746,804**	**18,371**	**1,323,678**
ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES					
At January 1	**(111,616)**	**(47,798)**	**(128,873)**	**(7,412)**	**(295,699)**
Depreciation and amortization	(27,341)	(17,176)	(35,469)	(402)	(80,388)
Divestitures and impairment losses	5,378	34	-	2,040	7,452
Changes in consolidation scope	(3,076)	(1)	-	(220)	(3,297)
Translation differences	2,107	233	1,393	68	3,801
Reclassifications and others	116	(275)	1,608	508	1,957
At December 31	**(134,432)**	**(64,983)**	**(161,341)**	**(5,418)**	**(366,174)**
NET CARRYING AMOUNT					
At January 1	**98,373**	**36,661**	**319,648**	**33,469**	**488,151**
At December 31	**292,060**	**67,028**	**585,463**	**12,953**	**957,504**

(in thousands of euros)	2016 Licenses, trademarks, technology	Development expenses (incurred internally)	Customer relationships	Other intangible assets	Total
GROSS AMOUNT					
At January 1	**176,257**	**87,700**	**478,486**	**22,453**	**764,896**
Investments	6,127	7,264	-	29,932	43,323
Divestitures	(982)	(5,265)	-	(2,871)	(9,118)
Changes in consolidation scope	1,433	-	-	890	2,323
Translation differences	665	93	888	(9)	1,637
Reclassifications and others	26,489	(5,333)	(30,853)	(9,514)	(19,211)
At December 31	**209,989**	**84,459**	**448,521**	**40,881**	**783,850**
ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES					
At January 1	**(75,946)**	**(52,010)**	**(130,362)**	**1,946**	**(256,372)**
Depreciation and amortization	(22,790)	(12,429)	(29,323)	(910)	(65,452)
Divestitures and impairment losses	934	4,521	-	2,794	8,249
Changes in consolidation scope	(515)	-	-	-	(515)
Translation differences	(445)	(41)	(341)	58	(769)
Reclassifications and others	(12,854)	12,161	31,153	(11,300)	19,160
At December 31	**(111,616)**	**(47,798)**	**(128,873)**	**(7,412)**	**(295,699)**
NET CARRYING AMOUNT					
At January 1	**100,311**	**35,690**	**348,124**	**24,399**	**508,524**
At December 31	**98,373**	**36,661**	**319,648**	**33,469**	**488,151**

At December 31, 2017, as at December 31, 2016, there was no indication of impairment of intangible assets. The Group takes the following main indications of impairment into account:

- sales prospects for products whose development costs have been capitalized;
- changes in customer portfolio;
- obsolescence or abandonment of internally developed software.

Allocation of goodwill on assets of acquired companies

As disclosed in Note 7.a. a preliminary purchase price exercise has been led after the acquisition of Bambora. It will be finalized in 2018.

	Carrying amount at December 31, 2017						
(in thousands of euros)	Bambora (2017)	Techprocess (2017)	GlobalCollect (2014)	Ogone (2013)	easycash (2009)	Others	Total
Hardware and software technology	183,506	7,277	64,935	-	-	-	255,718
Long-term customer contracts	276,276	10,323	247,063	18,750	14,919	18,132	585,463
Trademarks	11,764	-	-	-	-	-	11,764
TOTAL IDENTIFIED AND ALLOCATED ASSETS	**471,546**	**17,600**	**311,998**	**18,750**	**14,919**	**18,132**	**852,945**
Amortization for the period	(6,734)	(1,157)	(24,370)	(6,570)	(4,168)	(8,632)	(51,631)

	Carrying amount at December 31, 2016				
(in thousands of euros)	GlobalCollect (2014)	Ogone (2013)	easycash (2009)	Others	Total
Hardware and software technology	74,555	2,520	-	-	77,075
Long-term customer contracts	261,813	22,800	19,087	15,947	319,647
TOTAL IDENTIFIED AND ALLOCATED ASSETS	**336,368**	**25,320**	**19,087**	**15,947**	**396,722**
Amortization for the period	(24,370)	(6,570)	(4,227)	(7,218)	(42,385)

c. Property, plant and equipment

Assets owned by the Group

Property, plant, and equipment are stated at cost, less any accumulated depreciation and impairment losses.

When components of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

The replacement cost of a component is immediately capitalized under Property, plant and equipment if it is probable that the future economic benefits arising from the asset will flow to the Group and its cost can be reliably measured. All routine maintenance and repair costs are expensed as incurred.

The terminals recognized as property, plant and equipment are terminals leased to merchants under operating leasing agreements as defined in IAS 17.

Gains or losses on disposals are recognized in “Profit from operating activities – Other operating income and expenses” if they are unusual and significant.

Depreciation and amortization

Depreciation is computed using the straight-line method over the estimated useful life of each type of item. The useful lives and residual values of property, plant and equipment are reviewed and adjusted where necessary at each reporting date.

Land is not depreciated. The estimated useful lives are as follows:

- building improvements 5-10 years*;
- equipment 3-5 years;
- vehicles 4-5 years;
- terminals 4-5 years;
- furniture, fittings, office and IT equipment 3-10years*.

* *Or the contractual term of the lease.*

(in thousands of euros)	2017 Land and buildings	Plant and equipment	Leased terminals	IT equipment	Others	Total
GROSS AMOUNT						
At January 1	**21,396**	**48,281**	**29,839**	**85,951**	**24,145**	**209,612**
Investments	3,589	8,942	2,371	15,342	5,729	35,973
Divestitures	(4,601)	(332)	(5,812)	(6,007)	(1,161)	(17,913)
Changes in consolidation scope	2,551	3	14,154	6,495	1,551	24,754
Translation differences	(814)	(1,363)	(1,697)	(1,864)	(784)	(6,522)
Other movements	1,483	997	(5,586)	567	(1,936)	(4,475)
At December 31	**23,604**	**56,528**	**33,269**	**100,484**	**27,544**	**241,429**
ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES						
At January 1	**(12,470)**	**(34,403)**	**(16,818)**	**(56,146)**	**(14,882)**	**(134,719)**
Depreciation and amortization	(4,135)	(6,766)	(3,075)	(13,943)	(3,098)	(31,017)
Divestitures and impairment losses	4,516	318	5,624	5,776	950	17,184
Changes in consolidation scope	(1,048)	-	(4,639)	(4,132)	(1,007)	(10,826)
Translation differences	492	919	518	1,227	464	3,620
Other movements	(431)	(15)	2,890	239	11	2,694
At December 31	**(13,076)**	**(39,947)**	**(15,500)**	**(66,979)**	**(17,562)**	**(153,064)**
NET CARRYING AMOUNT						
At January 1	**8,926**	**13,878**	**13,021**	**29,805**	**9,263**	**74,893**
At December 31	**10,528**	**16,581**	**17,769**	**33,505**	**9,982**	**88,365**

(in thousands of euros)	2016 Land and buildings	Plant and equipment	Leased terminals	IT equipment	Others	Total
GROSS AMOUNT						
At January 1	**17,368**	**32,517**	**9,844**	**36,202**	**20,430**	**116,361**
Investments	1,610	7,275	5,671	15,436	3,765	33,757
Divestitures	(12)	(547)	(604)	(3,492)	(764)	(5,419)
Changes in consolidation scope	71	-	17,768	751	525	19,115
Translation differences	(519)	763	399	(430)	110	323
Other movements	2,878	8,273	(3,239)	37,484	79	45,475
At December 31	**21,396**	**48,281**	**29,839**	**85,951**	**24,145**	**209,612**
ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES						
At January 1	**(8,321)**	**(22,350)**	**(7,923)**	**(11,110)**	**(10,800)**	**(60,504)**
Depreciation and amortization	(2,126)	(5,094)	(2,108)	(12,306)	(2,507)	(24,141)
Divestitures and impairment losses	12	542	602	3,394	713	5,263
Changes in consolidation scope	(17)	-	(9,327)	(423)	(391)	(10,158)
Translation differences	499	(515)	(106)	266	(46)	98
Other movements	(2,517)	(6,986)	2,044	(35,967)	(1,851)	(45,277)
At December 31	**(12,470)**	**(34,403)**	**(16,818)**	**(56,146)**	**(14,882)**	**(134,719)**
NET CARRYING AMOUNT						
At January 1	**9,047**	**10,167**	**1,921**	**25,092**	**9,630**	**55,857**
At December 31	**8,926**	**13,878**	**13,021**	**29,805**	**9,263**	**74,893**

NOTE 8 —• Other provisions

Provisions

Provisions are recognized in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Litigation and claims

Provisions for litigation and claims are recognized when the Group has a current obligation in respect of litigation in progress, administrative inquiries, disputed proceedings and other claims arising from past events not yet settled, and when it is probable that an outflow of economic benefits, which can be reliably estimated, will be required to settle the obligation. The Group obtains legal advice to assess the probability of the outcomes and to measure the provisions for litigation and claims.

Restructuring

A provision for restructuring is recognized when the Group has approved a formal and detailed restructuring plan and has:

- either commenced the restructuring;
- or has publicly announced the plan.

Provisions are not recognized for future operating costs.

Warranties

A provision for warranties is recognized when the underlying goods or services are sold.

The provision is based on historical warranty data.

Supplier inventory buyback commitments

A provision for commitments to buy back inventory from suppliers is recognized to cover the risk that components held by suppliers may become obsolete and the risk that supplies may exceed planned output.

A provision for the full value of components declared obsolete is recognized. The Group estimates excess supplies by comparing the procurement plan with the production plan.

Product quality risk

A provision for product quality risk is recognized when this risk is not covered by the provision for warranties.

Onerous contracts

A provision for onerous contracts is recognized when the expected economic benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Warranties

The sale of terminals is usually accompanied by a 12-month warranty. The liability provision for warranties on the balance sheet reflects the costs expected by the Group to meet its terminal repair obligations. This statistical calculation is based on historical data. Increases in provisions for warranties may therefore reflect one of two causes:

- growth of sales accompanied by warranties; or
- an adjustment of the provision’s calculation.

Litigation and claims

The Group is engaged in a number of claims and judicial and arbitral proceedings that have arisen in the normal course of its business. These claims and proceedings are regularly reviewed by the Legal Department and are covered by provisions if the Group considers that it is probable that an outflow of resources will be necessary to cover the risk incurred and that such an outflow can be reliably estimated, it being understood that events that occur during the proceedings may necessitate a reassessment of the risk. Reversals of unused amounts chiefly reflect the resolution of such disputes that were settled in the Group’s favor, or in which the amount of the damages awarded proved to be lower than originally estimated.

Tax disputes

During fiscal year 2017 and previous years, Group companies were subject to tax audits and, on occasion, correction proposals. The financial consequences of such additional tax adjustments are recognized through provisions for the amounts that have been identified and accepted or are considered likely to result in an outflow of resources which can be reliably estimated.

The Group periodically reviews the assessment of this risk as audits or litigations progress, and is of the opinion that there are no ongoing audits that will have a material impact on its financial position or liquidity.

Tax disputes in Brazil

The tax assessment procedures in respect of a Brazilian subsidiary are still in progress. They relate to the ICMS tax, and the sum in question amounted to approximately €65.9 million as of December 31, 2017 (covering principal, interest and penalties from 2004 to 2009). The “Tax War” currently pitting Brazilian states against one another may affect Ingenico as well as a large number of foreign and domestic companies. Against this background, the tax authorities of the State of Sao Paulo have contested the deduction by Ingenico do Brasil of a portion of the ICMS tax on the sales invoices of one of its suppliers, on the grounds that the State of Minas Gerais, in which the supplier operates, had granted the supplier a tax concession that violates federal law. All notified ICMS-related assessments are still being contested in the administrative courts in Brazil. As of December 31, 2017, Ingenico had not been notified of any final decision by the Brazilian administrative courts and had not received any demand for payment. In addition, the subsidiary, on the advice of tax experts, believes it has serious grounds for contesting the claims of the authorities. Based on an analysis of the risks involved and on the criteria set out in IAS 37, no provision has been recognized in the consolidated financial statements as at December 31, 2017.

(in thousands of euros)	Balance at January 1, 2017	Translation differences	Changes in consolida-tion scope	Additions	Reversals of amounts used	Reversal of unused amounts	Other movements	Balance at December 31, 2017
Provisions for warranties	19,826	(1,323)	93	12,043	(14,470)	(13)	(114)	16,042
Provisions for litigation and claims	8,255	(138)	-	622	(931)	(423)	(1,280)	6,105
Provisions for restructuring	2,136	(55)	-	3,878	(1,626)	-	-	4,333
Others	23,744	(475)	1,820	6,525	(7,217)	(8,700)	1,266	16,963
TOTAL OTHER PROVISIONS	**53,961**	**(1,991)**	**1,913**	**23,068**	**(24,244)**	**(9,136)**	**(128)**	**43,443**

(in thousands of euros)	Balance at January 1, 2016	Translation differences	Changes in consolida-tion scope	Additions	Reversals of amounts used	Reversal of unused amounts	Other movements	Balance at December 31, 2016
Provisions for warranties	20,031	172	64	14,975	(15,416)	-	-	19,826
Provisions for litigation and claims	9,810	73	239	2,641	(1,976)	(2,529)	(3)	8,255
Provisions for restructuring	-	-	-	2,136	-	-	-	2,136
Others	21,922	360	-	10,658	(5,972)	(3,227)	3	23,744
TOTAL OTHER PROVISIONS	**51,763**	**605**	**303**	**30,410**	**(23,364)**	**(5,756)**	**-**	**53,961**

(in thousands of euros)	2017	2016
Supplier inventory buyback commitments	4,077	3,363
Product quality risk	5,921	8,726
Employee indemnities and benefits	-	6,883
Customer sales indemnities	2,963	2,037
Other expenses	4,002	2,735
TOTAL OTHER PROVISIONS	**16,963**	**23,744**

The €9.1 million reversal of unused provisions relates primarily to a business dispute relating to social contributions that was settled in the Group's favor and to commitments to buy back supplier inventories.

NOTE 9 —• Financing and financial instruments

a. Net finance cost

(in thousands of euros)	2017	2016
Interest expense on financial liabilities at amortized cost and bond loan	(29,213)	(20,763)
Interest expense on finance lease contracts	(36)	(165)
Total interest expense	**(29,249)**	**(20,928)**
Income from cash and cash equivalents	2,909	3,186
Interest income on finance lease contracts	4,533	4,829
Net interest expense	**(21,807)**	**(12,913)**
Foreign exchange gains	34,761	55,962
Foreign exchange losses	(38,372)	(59,937)
Foreign exchange gains and losses, net	**(3,611)**	**(3,975)**
Financial component of retirement expenses and the cost of other post-employment benefits	(491)	(377)
Gains/(losses) on equity interests	20	-
Other financial income	4,322	12,544
Other financial expenses	(1,298)	(3,079)
Other financial income and expenses, net	**2,553**	**9,088**
Net finance costs	**(22,865)**	**(7,800)**
TOTAL FINANCIAL INCOME	**46,545**	**76,521**
TOTAL FINANCIAL EXPENSES	**(69,410)**	**(84,321)**

Net finance costs in 2017 are broken down as follows:

Interest expenses on borrowings of €29.2 million are related to loans described in paragraph b relating to net financial debt:

- interest expense relating to the convertible bond issue (OCEANE) is €10.7 million;
- interest expense on the bond issued in 2014 and the embedded swap is €9.4 million;
- interest expense relating to the bond issued in September 2017 is €3.1 million;
- interest expense relating to bank loans is €1.9 million (including the amortization of syndicated credit costs and the commitment fee);
- the repayment of bank borrowings borne by Bambora on its acquisition (see Note 3 “Significant events”) generated an interest expense of €3.9 million, corresponding to acceleration of the amortization of set-up costs.

Commercial paper, because of the negative rates, generates income rather than interest expense.

Income from cash and cash equivalents (€2.9 million) primarily comes from investments made in China, India, and Brazil.

Interest income on finance lease contracts (where the Group is the lessor) mainly concerned Ingenico Payment Services GmbH, Ingenico France SAS, Ingenico Group SA and Ingenico Italia SpA.

The foreign exchange loss of €3.6 million (including €3.4 million at Bambora) is the result of foreign exchange gains and losses following the revaluation of loans and borrowings as well as on revaluations of the related hedging instruments.

Other financial income and expenses include in particular interest receivable for delays relating to a tax dispute in Brazil, factoring expenses for €1.0 million and charges relating to retirement commitments (see Note 6.c “Employee benefits”).

Net finance costs in 2016 are broken down as follows:

Interest expense on loans (€20.8 million) related to the convertible bond (OCEANE) for €10.4 million, the bond issued in 2014 and the embedded swap for €8.7 million, amortization of set-up costs, and the costs of non-use of syndicated credit for €1.5 million.

Interest income on finance lease contracts (where the Group is the lessor) mainly concerned Ingenico Payment Services GmbH, Ingenico France SAS, Ingenico Group SA and Ingenico Italia SpA.

The foreign exchange loss of €4.0 million is the result of foreign exchange gains and losses following the revaluation of loans and borrowings as well as on revaluations of the related hedging instruments.

Other income and expenses from financing activities included a capital gain on the disposal of Visa shares in the amount of €12.2 million, factoring expenses in the amount of €1.7 million and expenses related to retirement benefit obligations.

b. Net financial debt

Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits, together with short-term, highly liquid investments that are easily convertible to a known amount of cash, which are subject to an insignificant risk of changes in value and that have a short maturity.

Bank overdrafts are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

Financial liabilities

The Group's financial liabilities consist primarily of current and non-current bank borrowings and a convertible bond issue. In accordance with IAS 39, the former are recognized at amortized cost and the latter is accounted for as a compound financial instrument.

Borrowings at amortized cost

Borrowings are initially recognized at fair value less any directly attributable transaction costs. They are subsequently measured at amortized cost using the effective interest method.

(in thousands of euros)	2017	2016
Bond issues	1,050,904	458,509
"OCEANE" convertible bond issue	447,966	437,288
Other financial liabilities	52,310	2,555
Bank borrowings	(2,142)	(2,161)
Finance lease obligations	77	249
Long term financial debt	**1,549,115**	**896,440**
Commercial papers	500,000	225,000
Bank overdrafts	7,367	10,611
Other financial liabilities	1,470	1,659
Bank and similar borrowings	372	405
Interests accrued	8,323	5,404
Finance lease obligations	147	663
Short-term financial debt	**517,679**	**243,742**
GROSS FINANCIAL DEBT	**2,066,794**	**1,140,182**

(in thousands of euros)	2017	2016
Cash	505,973	728,724
Marketable securities and short-term deposits	89,966	285,130
Cash and cash equivalents	**595,939**	**1,013,854**
NET FINANCIAL DEBT	**1,470,855**	**126,328**

Short-term loans and borrowings exclude the credit facility for merchant pre-financing, used at December 31, 2017 in an amount of €34.9 million.

Net financial debt excludes the financing of merchant pre-financing. In fact, this credit facility does not finance general Group requirements but only relates to Bambora's intermediation activities. Some funds may be remitted to merchants even before they have been received by the Group, from credit card issuers. The duration of this merchant pre-financing is generally one or two days. To avoid drawing on its cash to provide this upfront remittance to merchants, the Group uses a specific and dedicated bank financing. The counterparties of this bank debt are the funds receivable from card issuers, for which the risk of default is extremely limited.

As of December 31, 2017, long-term and short-term financial debt amounted to €2,066.8 million, including:

- €594.8 million in respect of the bond issued in September 2017;
- €456.1 million in respect of a bond issued in May 2014;
- €448.0 million in respect of an OCEANE convertible bond issued on June 26, 2015;
- €49.9 million in respect of a private investment contracted in December 2017;
- €500.00 million in respect of commercial paper. In May 2017, the Group increased the ceiling of its commercial paper program from €300 million to €500 million.

At December 31, 2016, long-term and short-term borrowings and bond debt amounted to €1,140.2 million, with €437.3 million relating to the OCEANE convertible bond, €458.5 million related to the bond issued in 2014, and €225.0 million in respect of commercial paper.

Bond debt

On September 13, 2017, the Group issued a bond maturing on September 13, 2024. The par value of the bond was €600 million, or 6,000 bonds with a nominal value of €100,000 each. The bonds carry an annual coupon of 1.625%. The debt was recognized at amortized cost. Issuance costs are amortized in profit or loss over the life of the bond.

On May 20, 2014, the Group issued a bond maturing on May 20, 2021. The par value of the bond was €450 million, or 4,500 bonds with a nominal value of €100,000 each. The bonds carry an annual coupon of 2.5%. The debt was recognized at amortized cost. Issuance costs are amortized in profit or loss over the life of the bond.

Convertible bond issue

On June 26, 2015 the Group completed a new issue of (OCEANE) bonds, which are convertible into and/or exchangeable for new or existing Ingenico shares, maturing on June 26, 2022 (ISIN: FR0012817542). The par value of the bond was €500 million, or 2,904,443 bonds with a nominal value of €172.15 each.

This OCEANE bond is classified as a compound financial instrument and, as such, falls within the scope of IAS 32, which requires separate accounting in the balance sheet of the equity component (the holder's call option to convert the bonds into shares) and of the liability component (the contractual arrangement to deliver cash).

The fair value of the debt and the portion allocated to equity is calculated as of the OCEANE's issue date, June 26, 2015.

The fair value of the recognized liability classified as long-term debt is calculated using the average market rate for a straight bond. The difference between the nominal value and the fair value of the bond was recognized in equity under "Retained earnings and other reserves", net of deferred tax.

The OCEANE is a zero-coupon bond. The average market rate for a bond of equivalent maturity at issuance would have been 2.31%. The fair value of the liability component was €422.7 million upon issuance and the fair value of the equity component amounted to €73.3 million, after deduction of the issuer's call option and issuance costs (€4.1 million prorated between liability and equity components).

After deduction of issuance costs and reclassification of the equity component of the bonds, the effective interest rate is 2.41%.

The Group partially hedged its obligation to deliver treasury shares and, therefore, the potential dilution of the OCEANE bonds in the event of a conversion, by buying 1,500,000 call options in November 2016.

On December 31, 2017 the conversion rate was 1.005 shares for one bond.

Bank borrowings

In December 2016, the Group renegotiated its syndicated credit facility maturing in July 2021 and the amount increased from €500 million to €750 million. Two additional extension options (of one year) were granted and the bank syndicate was slightly expanded. This facility is not subject to any covenant.

Early redemption is possible at the initiative of Ingenico, or of the lenders in certain usual circumstances.

The loan has a variable interest rate based on Euribor (1-6 months) plus margin.

At end December 2017, as at end December 2016, the syndicated credit facility was unused.

In September 2017, the Group contracted a bank loan with a nominal value of €250 million, which can be activated until March 18, 2018, with a maturity of three years. The remuneration of the loan is variable and based on the Euribor 6 months plus margin. This loan was not drawn at December 31, 2017 and is therefore not in the Group's net debt. This loan is not subject to any covenant.

Other financial liabilities

In December 2017, the Group subscribed to a private investment in an amount of €50 million, with a maturity of three years, at a fixed rate of 0.647%.

Bank overdrafts

Bank overdrafts totaled €7.4 million, of which €5.6 million were attributed to Ingenico Payment Services GmbH.

Maturity of financial debt

	2017			
(in thousands of euros)	Carrying amount	Less than 1 year	1 to 5 years	More than 5 years
"OCEANE" convertible bond issue	447,966	-	447,966	-
Bond issues	1,050,904	-	456,085	594,819
Bank borrowings	(1,770)	372	(2,142)	-
Finance lease obligations	224	147	77	-
Bank overdrafts	7,367	7,367	-	-
Commercial papers and other financial liabilities	553,780	501,470	52,310	-
Accrued interest on borrowings	8,323	8,323	-	-
GROSS FINANCIAL DEBT	**2,066,794**	**517,679**	**954,296**	**594,819**

	2016			
(in thousands of euros)	Carrying amount	Less than 1 year	1 to 5 years	More than 5 years
"OCEANE" convertible bond issue	437,288	-	-	437,288
Bond issues	458,509	-	458,509	-
Bank borrowings	(1,756)	405	(2,161)	-
Finance lease obligations	912	663	249	-
Bank overdrafts	10,611	10,611	-	-
Commercial papers and other financial liabilities	229,214	226,659	2,543	12
Accrued interest on borrowings	5,404	5,404	-	-
GROSS FINANCIAL DEBT	**1,140,182**	**243,742**	**459,140**	**437,300**

Breakdown by currency

99% of this debt, mainly raised in euros, is held by Ingenico Group SA.

(in thousands of euros)	2017	2016
Euro	2,063,844	1,138,573
US dollar	85	153
Other currencies	2,865	1,456
GROSS FINANCIAL DEBT	**2,066,794**	**1,140,182**

Changes in financial borrowings and debt

BALANCE AT JANUARY 1, 2016	**1,171,938**
Repayments of bank loans and other financial debts	(38,012)
CHANGES IN FINANCIAL DEBTS WITH AN EFFECT ON THE CASH FLOW STATEMENT	**(38,012)**
Capitalized interest	11,734
Net change on bank overdrafts	(9,369)
Change in fair value	1,972
Changes in consolidation scope	2,250
Translation differences and other variations	(331)
BALANCE AT DECEMBER 31, 2016	**1,140,182**
Issuing of commercial papers	275,000
Issuing of bond loan	594,588
Issuing of other financial debts	49,789
Repayments of bank loans and other financial debts	(275,493)
CHANGES IN FINANCIAL DEBTS WITH AN EFFECT ON THE CASH FLOW STATEMENT	**643,884**
Capitalized interest	16,230
Net change on bank overdrafts	(3,244)
Change in fair value	(3,114)
Changes in consolidation scope	267,842
Translation differences and other variations	5,014
BALANCE AT DECEMBER 31, 2017	**2,066,794**

In 2017, the Group issued and redeemed commercial paper for a net amount of €275 million. The income from the bond issue conducted in 2017 was €600 million (or €594.6 million after deduction of issue costs and premium). The Group also contracted a private investment of €50 million (or €49.9 million after deduction of issue costs).

In 2017, all financial debts borne by Bambora (excluding financial debts related to the intermediation activity) were subject to a repayment on acquisition ('Repayments' and 'Changes in consolidation scope' lines in the table above).

Changes in fair value relate to the bond issued in 2014 and embedded swap.

In 2016, the Group had issued and redeemed commercial paper for a net amount of €34.5 million. Changes in fair value related to the recognition of the bond issued in 2014. Changes in consolidation scope marked the entry of Ingenico Japan (formerly Lyudia) and Think&Go into the Group.

Undrawn credit facilities as of December 31, 2017

The Group has two undrawn credit facilities:

- syndicated credit facility of €750 million;
- bank loan of €250 million.

C. Derivative financial instruments

The Group uses derivative financial instruments to hedge its foreign exchange and interest rate exposure arising from its operating, financing and investing activities. Those instruments are initially measured at fair value, *i.e.* the price that would be received when selling an asset or paid when transferring a liability in an orderly transaction between market participants at the measurement date.

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the reporting date, taking into account current interest rates and the risk of default by the counterparty to the swap.

The fair value of forward exchange contracts is their quoted market price at the reporting date (*i.e.* the present value of the quoted forward price).

Initial recognition of foreign exchange and interest rate hedging instruments and subsequent accounting for changes in their value are carried out in accordance with IAS 39.

In accordance with IFRS 13, which came into effect on January 1, 2013, the Group takes default risk into account in measuring its hedging derivatives. That involves the following:

- the risk of default by the Group on a derivative that is a liability (own credit risk);
- the risk of counterparty default on a derivative that is an asset (counterparty credit risk).

The Group's method for assessing own and counterparty credit risk is based on a calculation of the implied credit risk on senior fixed-rate bonds traded in the secondary market.

Cash flow hedges

When a derivative financial instrument is designated as a hedging instrument whose cash flows are expected to offset changes in the cash flows of a highly probable forecast transaction, the Group uses hedge accounting. The effective portion of any gain or loss on the hedging instrument is recognized directly in "Other comprehensive income" until the hedged item itself is recognized in profit or loss. The effective portion is then recognized in profit or loss. The ineffective portion of any gain or loss is recognized in "Net finance costs" for the period.

If a hedging instrument is used to hedge risk arising from the Group's operating activities, its impact on profit or loss is reported in "Profit from operating activities". If such an instrument is used to hedge risk arising from the Group's financing activities, its impact on profit or loss is reported in "Net finance costs".

Fair value hedges

If a derivative financial instrument is used to hedge the foreign currency risk on a recognized monetary asset or liability, hedge accounting is not applied and the gains or losses on the financial instrument are recognized in profit or loss.

If a hedging instrument is used to hedge risk arising from the Group's operating activities, its impact on profit or loss is reported in "Profit from operating activities". If such an instrument is used to hedge risk arising from the Group's financing activities, its impact on profit or loss is reported in "Net finance costs".

Fair value of derivative instruments at the reporting date

(in thousands of euros)	2017	2016
Interest rate derivative instruments		
Current assets	7,864	11,380
Current liabilities	-	-
Foreign exchange derivative instruments		
Current assets	439	1,064
Current liabilities	(2,656)	(3,801)
TOTAL	**5,647**	**8,643**

Breakdown of instruments by hedging policy

(in thousands of euros)	Balance at January 1, 2017	Balance at December 31, 2017		
	Fair value of the derivative financial instruments	Variation through net income	Variation through equity	Fair value of the derivative financial instruments
Instruments designated as cash flow hedges				
Foreign exchange forward contracts	(1,049)	991	60	2
Foreign exchange options	38	3	-	41
Foreign exchange swaps	(4)	3	(20)	(21)
Instruments not designated as cash flow hedges				
Foreign exchange forward contracts	(567)	567	-	-
Foreign exchange options	(118)	91	-	(27)
Foreign exchange swaps	(1,037)	(1,175)	-	(2,212)
Interest rate swaps	11,380	(3,516)	-	7,864
TOTAL	**8,643**	**(3,036)**	**40**	**5,647**

(in thousands of euros)	Balance at January 1, 2016	Balance at December 31, 2016		
	Fair value of the derivative financial instruments	Variation through net income	Variation through equity	Fair value of the derivative financial instruments
Instruments designated as cash flow hedges				
Foreign exchange forward contracts	23	(158)	(914)	(1,049)
Foreign exchange options	(441)	491	(12)	38
Foreign exchange swaps	-	(6)	2	(4)
Instruments not designated as cash flow hedges				
Foreign exchange forward contracts	35	(602)	-	(567)
Foreign exchange options	-	(118)	-	(118)
Foreign exchange swaps	655	(1,692)	-	(1,037)
Interest rate swaps	8,729	2,651	-	11,380
TOTAL	**9,001**	**566**	**(924)**	**8,643**

Changes in the fair value of ineffective hedging instruments or the ineffective portions of effective hedging instruments are directly recognized in net financial income and expenses. For foreign exchange hedges, these changes mainly reflect the effect of interest rate differentials between the currency of the hedged items and the euro.

In 2014, the Group put in place an interest rate swap for 50% of the nominal value of the bond issued in 2014, or €225 million, with a seven-year life. This swap turns part of the Group's fixed-rate exposure into variable-rate exposure. This hedge is recognized as a fair value hedge, and changes in the fair value of the derivative are recognized in profit and loss, as are changes in the fair value of its underlying asset.

The Group's derivatives contracts contain compensation clauses for each bank. In accordance with IFRS 7, a presentation of derivative assets and liabilities that includes such compensation would be as follows:

	2017		
(in thousands of euros)	Gross amounts in the balance sheet	Impact of compensation	Net amounts
FV of derivative financial instruments (assets)	8,303	(411)	7,892
FV of derivative financial instruments (liabilities)	(2,656)	411	(2,245)
NET POSITION	**5,647**	**-**	**5,647**

	2016		
(in thousands of euros)	Gross amounts in the balance sheet	Impact of compensation	Net amounts
FV of derivative financial instruments (assets)	12,444	(2,804)	9,640
FV of derivative financial instruments (liabilities)	(3,801)	2,804	(997)
NET POSITION	**8,643**	**-**	**8,643**

d. Financial assets and liabilities classified by accounting category

	2017						
Asset and liability categories *(in thousands of euros)*	Assets/ liabilities measured at fair value through profit or loss	Loans and recei-vables	Liabilities at amortized cost	Assets & liabilities measured at fair value through equity	Derivative financial instruments designated for future cash flow hedges	Total net carrying amount	Fair value of the asset or liability category
Financial assets	-	4,555	-	15,278	-	19,833	19,833
Other non-current assets	-	24,876	-	-	-	24,876	24,876
Trade and other current receivables	-	539,665	-	-	-	539,665	539,665
Cash and cash equivalents	595,939	-	-	-	-	595,939	595,939
Receivables related to intermediation activities	-	172,708	-	-	-	172,708	172,708
Funds related to intermediation activities	460,555	-	-	-	-	460,555	460,555
Derivative financial instruments	8,206	-	-	-	97	8,303	8,303
TOTAL FINANCIAL ASSETS	**1,064,700**	**741,804**	**-**	**15,278**	**97**	**1,821,879**	**1,821,879**
«OCEANE» Convertible bond issue[1]	-	-	447,966	-	-	447,966	493,026
Bond issues	-	-	1,050,904	-	-	1,050,904	1,078,367
Long-term loans	-	-	50,245	-	-	50,245	50,245
Other non-current liabilities	11,948	-	28,217	6,648	-	46,813	46,813
Short-term borrowings	-	-	517,679	-	-	517,679	517,679
Financing of merchant prefinancing	-	-	34,940	-	-	34,940	34,940
Trade payables and other current liabilities	-	-	498,115	94,469	-	592,584	592,584
Payables related to intermediation activities	-	-	598,323	-	-	598,323	598,323
Derivative financial instruments	2,599	-	-	-	57	2,656	2,656
TOTAL FINANCIAL LIABILITIES	**14,547**	**-**	**3,226,389**	**101,117**	**57**	**3,342,110**	**3,414,633**

(1) *The fair value of the OCEANE bond encompasses both its liability component and its equity component.*

Asset and liability categories *(in thousands of euros)*	2016 Assets/liabilities measured at fair value through profit or loss	Loans and recei-vables	Liabilities at amortized cost	Assets & liabilities measured at fair value through equity	Derivative financial instruments designated for future cash flow hedges	Total net carrying amount	Fair value of the asset or liability category
Financial assets	-	7,400	-	9,233	-	16,633	16,633
Other non-current assets	-	25,816	-	-	-	25,816	25,816
Trade and other current receivables	-	469,198	-	-	-	469,198	469,198
Cash and cash equivalents	1,013,854	-	-	-	-	1,013,854	1,013,854
Receivables related to intermediation activities	-	28,525	-	-	-	28,525	28,525
Funds related to intermediation activities	273,086	-	-	-	-	273,086	273,086
Derivative financial instruments	11,839	-	-	-	605	12,444	12,444
TOTAL FINANCIAL ASSETS	**1,298,779**	**530,939**	**-**	**9,233**	**605**	**1,839,556**	**1,839,556**
«OCEANE» Convertible bond issue(1)	-	-	437,288	-	-	437,288	477,723
Bond issue	-	-	458,509	-	-	458,509	468,360
Long-term loans	-	-	643	-	-	643	643
Other non-current liabilities	-	-	33,389	75,727	-	109,116	109,116
Short-term borrowings	-	-	243,742	-	-	243,742	243,742
Trade payables and other current liabilities	-	-	489,134	-	-	489,134	489,134
Payables related to intermediation activities	-	-	301,611	-	-	301,611	301,611
Derivative financial instruments	2,181	-	-	-	1,620	3,801	3,801
TOTAL FINANCIAL LIABILITIES	**2,181**	**-**	**1,964,316**	**75,727**	**1,620**	**2,043,844**	**2,094,130**

(1) The fair value of the OCEANE bond encompasses both its liability component and its equity component.

The fair value of bonds and convertible bonds corresponds to their market value (as quoted on December 31, 2016 and 2017).

Fair value hierarchy

The objective criteria used for analyzing financial instruments by valuation method are based on the definition of fair value levels under IFRS 13.

The asset and liability categories carried at fair value subsequent to their initial recognition are:

- assets and liabilities measured at fair value through the income statement and equity;
- available-for-sale assets;
- derivative financial instruments designated as cash flow hedges.

The fair value hierarchy is as follows:

- level 1: inputs used are (non-adjusted) quoted market prices in active markets for identical assets or liabilities;
- level 2: inputs used are inputs other than quoted market prices, as in Level 1, that are observable either directly, by reference to market prices for similar assets and liabilities, or indirectly, by reference to inputs derived from quoted market prices;
- level 3: inputs relating to assets or liabilities that are not based on unobservable market inputs (unobservable inputs).

These assets and liabilities can correspond to any of the three levels of fair value set out in the tables below for 2017 and 2016.

The Group did not make any transfers between levels from 2016 to 2017.

(in thousands of euros)	2017 Total	Level 1	Level 2	Level 3
Financial assets	15,278	-	-	15,278
Derivative financial instruments[1]	8,303	-	8,303	-
Funds related to intermediation activities	460,555	460,555	-	-
Cash and cash equivalents	595,939	595,939	-	-
TOTAL FINANCIAL ASSETS	**1,080,075**	**1,056,494**	**8,303**	**15,278**
Other non-current liabilities	18,596	-	-	18,596
Other current liabilities	94,469	-	-	94,469
Derivative financial instruments[1]	2,656	-	2,656	-
TOTAL FINANCIAL LIABILITIES	**115,721**	**-**	**2,656**	**113,065**

(1) *Derivative financial instruments are assets and liabilities, measured at fair value through the income statement or designated as cash flow hedges.*

(in thousands of euros)	2016 Total	Level 1	Level 2	Level 3
Financial assets	9,233	-	-	9,233
Derivative financial instruments	12,444	-	12,444	-
Funds related to intermediation activities	273,086	273,086	-	-
Cash and cash equivalents	1,013,854	1,013,854	-	-
TOTAL FINANCIAL ASSETS	**1,308,617**	**1,286,940**	**12,444**	**9,233**
Other non-current liabilities	75,727	-	-	75,727
Derivative financial instruments	3,801	-	3,801	-
TOTAL FINANCIAL LIABILITIES	**79,528**	**-**	**3,801**	**75,727**

The financial assets and liabilities on level 2 are recognized according to their category: derivative financial instruments are valued at their fair value, borrowings are recognized at amortized cost, and other assets and liabilities reflect their contractual value.

Other current and non-current liabilities on level 3 include put option liabilities relating to non-controlling shareholders. These liabilities are recognized at their fair value. They are valued primarily from the business plan provided by the subsidiaries, in conjunction with the contractual definition; each contract that binds the Group to the non-controlling shareholder is specific. Definitions of this calculation may include, for example, cash flow projections or results.

At the end of 2017, other current and non-current liabilities on level 3 included two put option liabilities relating to non-controlling shareholders, Ingenico Japan (formerly Lyudia) and Ingenico Holdings Asia Ltd. The latter holds 20% of the Company's share capital and a put option on all of its shares in the Group. This liability is classified as current as the put was exercised on January 22, 2018, as described in Note 15 Subsequent events.

Other non-current liabilities in 2017 also include earn-out debts, *i.e.* price complements to be paid in the scope of past acquisitions made by Bambora.

e. Financial risk management

Liquidity and counterparty risk

Liquidity risk is managed at Group level by the Treasury Department. This centralized approach makes it possible to use cash surpluses generated in one part of the Group to cover cash needs elsewhere.

The Group's financing policy is to ensure sufficient liquidity available at any time to meet the Group's investment and cash requirements, while maintaining a satisfactory relationship between its assets and liabilities in terms of maturities, currencies, and interest rates.

Financial assets

Counterparty risk is the risk of financial loss for the Group arising from failure by one of its customers or counterparties to a financial instrument to meet its contractual obligations. This risk could arise principally from trade receivables, investments and bank counterparties.

The carrying amount of the Group's financial assets at the end of the period represents the Group's maximum exposure to credit risk. The Group's maximum exposure as of December 31, 2017 is as follows:

(in thousands of euros)	2017	2016
Cash and cash equivalents	595,939	1,013,854
Funds related to intermediation activities	460,555	273,086
Financial assets	19,833	16,633
Trade receivables on the sales of goods and services	490,830	429,015
Finance lease receivables	47,797	46,997
Other current receivables	9,692	8,128
Receivables related to intermediation activities	172,708	28,525
Other current assets	14,708	9,233
Other non-current assets	1,514	1,641
Derivative financial instruments (assets)	8,303	12,444
TOTAL	**1,821,879**	**1,839,556**

To manage counterparty risk with respect to trade receivables, an impairment loss may be recognized for the entire amount or for a part of the amount of said receivables, reflecting the probability of collection.

Credit risk is monitored at Group level by Group Credit Management. The Group monitors terms of payment at its subsidiaries on a monthly basis and makes a provision for any receivables that are fully or partially non-recoverable. To protect against credit risk and reduce its exposure to non-payment, the Group determines the credit risk for each customer, and fixes specific credit limits and payment terms. The Group ensures that warranties are provided in sensitive countries. Such warranties may be in the form of notified or confirmed letters of credit.

Further information on trade receivables and their impairment can be found in Note 5.e, "Trade and related receivables".

The growth of transactional services exposes the Group to a counterparty risk in the case where a merchant defaults and might not be able to honor the service sold to consumers. In this situation, the Group might have to repay certain payments made by consumers, with no certainty of being able to recover these advances from the merchant concerned. This risk is commonly called "chargeback" and arises in particular when online merchants go bankrupt.

The Group has developed a methodology for detailed analysis of the risks associated with each type of service it offers in order to improve risk monitoring and be able, if necessary, to calibrate the warranties demanded of counterparties more effectively. The primary purpose of this approach is to limit the impact of counterparty risk on the Group.

Lastly, as part of its online payment services, the Group, primarily through GlobalCollect Services, Bambora AB, and Ingenico Payment Services GmbH, provides intermediation services between buyers, credit card issuers, and merchants. Funds held on behalf of merchants correspond to the cash surpluses that the Group holds when the amounts received from credit card issuers in respect of purchases made precede the obligation to pay the merchants. Deposits are also made by merchants at the start of, or during the course of, the customer relationship with the Group.

At GlobalCollect Services, all funds received on behalf of merchants or entrusted to the Group are isolated in a Dutch foundation that ring-fences them and protects buyers from any insolvency of GlobalCollect Services. Through this mechanism, registered and supervised by the Dutch central bank, the funds may not, under any circumstances, be distributed to founders and are only available for payment to merchants.

It should also be noted that, on the one hand, the payment cycle for these activities is short, as credit card issuers or consumers remit funds to the Group and the Group pays merchants within a period of no more than two weeks, and, on the other hand, almost all amounts are collected from credit card issuers and consumers prior to the obligation to pay merchants, which thus entails the recognition of funds collected as assets (receivables associated with intermediation activities and funds associated with intermediation activities), offset by an equivalent debt included in liabilities (payables associated with intermediation activities) (see Note 5.k, "Funds, receivables and payables associated with intermediation activities").

Financial liabilities

The Group's ability to service its debt depends on its business performance and on its capacity to generate adequate cash from operations.

If future cash flow proves to be insufficient, the Group might be obliged to:

- issue debt securities or new shares;
- restructure or refinance all or part of its debt;
- reduce or delay new investments;
- dispose of assets.

The Group has performed a specific review of its liquidity risk, and has concluded that it can repay its debt as it falls due.

It should be noted that the Group has:

- the ability to generate significant recurring cash flows for its investment requirements (cf. Consolidated cash flow statements);
- undrawn credit facilities of €1,060 million;
- a debt ratio (Net Financial Debt/EBITDA) lower than 3.

The maturities of the Group's financial liabilities as of December 31, 2017 were as follows:

	2017				
(in thousands of euros)	Carrying amount	Contractual cash flow(1)	Less than 1 year	1 to 5 years	More than 5 years
Non-derivative financial liabilities					
«OCEANE» Convertible bond issue	447,966	500,000	-	500,000	-
Bond issues	1,059,227	1,163,655	21,405	522,750	619,500
Bank borrowings	(1,770)	(1,770)	372	(2,142)	-
Finance lease obligations	224	224	147	77	-
Bank overdrafts	7,367	7,367	7,367	-	-
Other financial liabilities	553,780	553,780	501,470	52,310	-
Financing of merchant prefinancing	34,940	34,940	34,940	-	-
Trade payables and other current liabilities	592,584	592,584	592,584	-	-
Payables related to intermediation activities	598,323	598,323	598,323	-	-
Other non-current liabilities	46,813	46,813	46,813	-	-
TOTAL	**3,339,454**	**3,495,916**	**1,803,421**	**1,072,995**	**619,500**
Derivative financial liabilities					
Exchange rate instruments	2,656	2,656	2,656	-	-
TOTAL	**2,656**	**2,656**	**2,656**	**-**	**-**

(1) *Nominal and interest.*

The Group believes it has only limited exposure to bank counterparty risk, because its banks are of premium standing.

The Group's financial liabilities and their maturities are described in Note 9.b, "Net financial debt".

The maturities of the Group's financial liabilities as of December 31, 2016 were as follows:

	2016				
(in thousands of euros)	Carrying amount	Contractual cash flow(1)	Less than 1 year	1 to 5 years	More than 5 years
Non-derivative financial liabilities					
«OCEANE» Convertible bond issue	437,288	500,000	-	-	500,000
Bond issue	458,509	506,250	11,250	495,000	-
Bank borrowings	(1,756)	1,141	405	736	-
Finance lease obligations	912	912	663	249	-
Bank overdrafts	10,611	10,611	10,611	-	-
Other financial liabilities	229,214	229,214	226,659	2,542	13
Interest accrued but not due	5,404	5,404	5,404	-	-
Trade payables and other current liabilities	489,134	489,134	489,134	-	-
Payables related to intermediation activities	301,611	301,611	301,611	-	-
Other non-current liabilities	109,116	109,116	-	109,116	-
TOTAL	**2,040,043**	**2,153,393**	**1,045,737**	**607,643**	**500,013**
Derivative financial liabilities					
Exchange rate instruments	3,801	3,801	3,801	-	-
TOTAL	**3,801**	**3,801**	**3,801**	**-**	**-**

(1) *Nominal and interest.*

Foreign exchange risk

A large share of Ingenico's revenue and expenses is denominated in foreign currencies. The Group is therefore exposed to foreign exchange risk arising from purchases from payment terminal suppliers and on transactions between subsidiaries and the parent company. The main currencies in which that exposure is significant are the US dollar (USD), the British pound (GBP), the Canadian dollar (CAD) and the Australian dollar (AUD).

Foreign-currency denominated purchases and sales for which there is no "natural" hedge may be covered by a hedge instrument. The Group's objective is to hedge future risks (purchase or sale commitments) and risks already on the balance sheet (currency payables and receivables). The hedging strategy therefore covers both forward and balance sheet exposure.

The main foreign exchange risks hedged by the Group are generated by:

- the purchase and sale in foreign currencies of goods and services associated with the Company's operations (purchases from suppliers, sales to customers);
- financial assets or liabilities in foreign currencies (in particular, in relation to the financing of subsidiaries);
- investments in foreign subsidiaries.

The Group uses financial instruments such as forward purchase and sale contracts, currency swaps, options, and foreign lending/borrowing. Monitoring foreign exchange risk is the responsibility of the Treasury Department, which reports to the Chief Financial Officer. In addition, the Group uses specialized software that allows it to track its mark-to-market positions on a daily basis.

The closing rates and average foreign exchange rates used by the Group in 2017 and 2016 are as follows:

Closing rate	2017	2016
US dollar	1,1993	1,0541
Canadian dollar	1,5039	1,4188
Australian dollar	1,5346	1,4596
Pound sterling	0,8872	0,8562
Brazilian real	3,9729	3,4305
Chinese yuan	7,8044	7,3202

Average rate	2017	2016
US dollar	1,1293	1,1066
Canadian dollar	1,4644	1,4664
Australian dollar	1,4729	1,4886
Pound sterling	0,8761	0,8189
Brazilian real	3,6041	3,8616
Chinese yuan	7,6264	7,3496

Sensitivity to foreign exchange risk

The following tables show sensitivity to transactional exchange risk. The first table shows balance sheet exposure as of December 31, net of existing hedges. These hedges are classed as Fair Value Hedges. The second table shows hedges on future flows (Cash Flow Hedges) as of December 31. In the tables below, negative amounts correspond to sales of currencies and positive amounts to purchases.

- **Fair value hedge of firm commitments**

	2017			
(in thousands of foreign currencies)	US dollar	Pound sterling	Canadian dollar	Australian dollar
Trade receivables	232,258	27,072	16,521	36,878
Trade payables	(195,564)	(14,787)	(13,561)	(9,834)
Gross balance sheet exposure	**36,694**	**12,285**	**2,960**	**27,044**
Foreign exchange derivative instruments				
Forward contracts	12,924	-	-	(6,189)
NET BALANCE SHEET EXPOSURE	**49,618**	**12,285**	**2,960**	**20,855**

Hedges of future cash flows Budget 2018 (Cash flow hedge)

	2017			
(in thousands of foreign currencies)	US dollar	Pound sterling	Canadian dollar	Australian dollar
Forward contracts	-	(4,785)	(6,000)	(3,000)
Collars	-	(4,000)	-	-
HEDGING OF FUTURE TRANSACTIONS	**-**	**(8,785)**	**(6,000)**	**(3,000)**

Fair value hedge of firm commitments

	2016			
(in thousands of foreign currencies)	US dollar	Pound sterling	Canadian dollar	Australian dollar
Trade receivables	196,199	28,151	13,801	9,506
Trade payables	(174,347)	(17,487)	(11,875)	(4,026)
Gross balance sheet exposure	**21,852**	**10,664**	**1,926**	**5,480**
Foreign exchange derivative instruments				
Forward contracts	(13,300)	(6,505)	(3,722)	(2,363)
Collars	-	(2,000)	(1,600)	-
NET BALANCE SHEET EXPOSURE	**8,552**	**2,159**	**(3,396)**	**3,117**

Hedges of future cash flows Budget 2017 (Cash flow hedge)

	2016			
(in thousands of foreign currencies)	US dollar	Pound sterling	Canadian dollar	Australian dollar
Forward contracts	(21,500)	(8,000)	(10,000)	(6,937)
Collars	(3,500)	(2,500)	(4,000)	(4,000)
Call options	(4,500)	(5,000)	(2,000)	-
HEDGING OF FUTURE TRANSACTIONS	**(29,500)**	**(15,500)**	**(16,000)**	**(10,937)**

The transactional exchange risk sensitivity table shows the impact of a 10% appreciation or depreciation of the euro against the other currencies on the Group's trade receivables, trade payables and derivative financial hedging instruments. It also shows how those changes would impact the income statement.

	2017	
	Impact on profit or loss	
(in thousands of euros)	10% appreciation of the euro in relation to foreign currencies	10% appreciation of foreign currency in relation to the euro
USD	(17,606)	21,518
GBP	(2,774)	3,390
CAD	(999)	1,221
AUD	(2,185)	2,670
Trade receivables	**(23,564)**	**28,799**
USD	14,824	(18,118)
GBP	1,515	(1,852)
CAD	820	(1,002)
AUD	583	(712)
Trade payables	**17,742**	**(21,684)**
USD	953	(1,201)
GBP	(138)	8
CAD	(6)	(10)
AUD	(383)	421
Derivative financial instruments	426	(782)
TOTAL	**(5,396)**	**6,333**

	2016	
	Impact on profit or loss	
(in thousands of euros)	10% appreciation of the euro in relation to foreign currencies	10% appreciation of foreign currency in relation to the euro
USD	(16,921)	20,681
GBP	(2,989)	3,653
CAD	(884)	1,081
AUD	(592)	724
Trade receivables	**(21,386)**	**26,139**
USD	15,036	(18,378)
GBP	1,857	(2,269)
CAD	761	(930)
AUD	251	(306)
Trade payables	**17,905**	**(21,883)**
USD	(1,489)	1,032
GBP	(1,315)	665
CAD	(435)	314
AUD	(169)	170
Derivative financial instruments	**(3,408)**	**2,181**
TOTAL	**(6,889)**	**6,437**

The exchange rate risk on intra-Group financing is always hedged.

The Group may also find it appropriate to hedge certain investment operations abroad.

Interest rate risk

Interest rate risk is managed at Group level by the Treasury Department. The Group's hedging policy reflects a concern for both security and optimal financing cost management. Based on the trends expected in consolidated debt and in interest rates, the Group sets targets for the mix between fixed-rate and variable-rate debt.

Senior management regularly reviews these targets and resets them for upcoming periods after conferring with the Audit and Finance Committee. The targets are subsequently implemented by the Treasury Department. Interest rate swaps are the main instruments used.

In 2014, the Group put in place an interest rate swap for 50% of the nominal value of the bond issued in 2014, or €225 million, with a 7-year life. This swap turns the Group's fixed-rate exposure into variable-rate exposure.

The table below presents the exposure to interest rate risk of the gross debt (defined as the sum of non-current financial debts, current financial debts and short-term bank borrowings or bank overdrafts) before and after economic hedging:

	2017		2016	
(in thousands of euros)	**Outstanding Debt**	**%Total Debt**	**Outstanding Debt**	**%Total Debt**
Fixed rate	1,559,427	75.5%	904,571	79.3%
Variable rate	507,367	24.5%	235,611	20.7%
Gross debt before hedging	**2,066,794**	**100.0%**	**1,140,182**	**100.0%**
Fixed rate	1,326,017	64.2%	679,571	59.6%
Variable rate	740,777	35.8%	460,611	40.4%
Gross debt after hedging	**2,066,794**	**100.0%**	**1,140,182**	**100.0%**

The gross debt exposed to interest rate fluctuations amounted to approximately €741 million at December 31, 2017, compared with €461 million at December 31, 2016.

The decline in the share of the gross debt exposed to interest rate fluctuations is mainly due to the decreased financing by commercial paper at December 31, 2017.

Sensitivity to interest rate risk

The Group is subject to fluctuations in interest rates on commercial paper and on the portion of the bond issue hedged by a swap.

A 100 bp (+/-1%) rise or fall in all the yield curves would lead to an increase or decrease of €7.4 million in gross financial expenditure.

NOTE 10 — Income tax

Income tax

Income tax is recognized in the income statement except to the extent that it relates to a business combination or to items recognized directly in "Equity" or in "Other comprehensive income", in which case it is also recognized respectively in "Equity" or "Other comprehensive income".

Current tax is (i) the expected tax payable on taxable income for the period, using tax rates enacted or substantively enacted at the reporting date; (ii) any adjustment to the amount of current tax payable in respect of previous periods and (iii) all other taxes calculated on a net amount of revenue and expenses.

Deferred tax is recognized for all temporary differences between the carrying amounts of assets and liabilities and their tax bases. No deferred tax is recognized for the following: (i) taxable temporary differences arising on initial recognition of goodwill, (ii) temporary differences relating to investments in subsidiaries to the extent that they will not reverse in the foreseeable future and (iii) the initial recognition of an asset or liability in a transaction which is not a business combination, which affects neither the accounting nor the taxable result. The measurement of deferred tax assets and liabilities depends on the manner in which the Group expects to recover or settle the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available to the Group against which it can be utilized. This assessment is made principally on the basis of the following criteria:

- realization of taxable profits before the expiry of tax losses;
- existence of sufficient temporary differences in the same tax jurisdiction and taxable entity which will result in taxable income against which the tax losses carried forward may be utilized;
- non-recurring nature of the reasons for the existence of the tax losses.

Deferred tax assets are depreciated to the extent that it is no longer probable that sufficient taxable profits will be available.

Business research and development tax credits

The method used to account for research and development tax credits depends on the tax treatment that applies to them in the various countries:

- if the tax credit is calculated solely on the amount of research and development expenditure, if it does not affect the calculation of taxable income for a subsidiary, if it is not limited by that subsidiary's tax liability and if it can be received in cash, it meets the definition of a government grant given in IAS 20, Accounting for Government Grants and Disclosure of Government Assistance, and is recognized in "Profit from operating activities";
- otherwise, it is recognized as a reduction of corporate income tax.

Recent tax regulations in France

The Group classifies the CVAE (French value added tax) as income tax.

a. Income tax expense

(in thousands of euros)	2017	2016
Current income tax France	(57,060)	(64,826)
Current income tax foreign	(52,013)	(41,038)
Current income tax	**(109,073)**	**(105,864)**
Deferred income tax France	2,490	7,987
Deferred income tax foreign	19,570	727
Deferred income tax	**22,060**	**8,714**
TOTAL	**(87,013)**	**(97,150)**

In 2017, income tax expense for the period consisted primarily of:

- current tax payable in France, Germany, Italy, the United States, and the United Kingdom;
- the deferred tax gain from the recognition of deferred tax assets – mainly in France, the Netherlands, the United States, and Belgium – to account for temporary differences between the carrying amounts of assets and liabilities and their tax bases.

In 2016, income tax expense for the period consisted primarily of:

- current tax payable in France, China, Germany, and Italy;
- the deferred tax gain from the recognition of deferred tax assets – mainly in France, Germany, Spain and Belgium – to account for temporary differences between the carrying amounts of assets and liabilities and their tax bases.

The current tax payable by the Group decreased significantly in 2017. The tax rate benefits from the generally positive effect of local tax rates being lower than the parent company's tax rate. The decrease in non-deductible expenses such as payroll expenses relating to share-based payments and the portion of costs and charges on dividends received from foreign subsidiaries also contribute to the decrease in current tax. However, the classification of the French CVAE (company value-added contribution) as current tax and the withholding tax on dividends paid by the Group's subsidiaries contributes to downgrading the tax rate.

In accordance with Article 235 *ter* ZCA of the French Tax Code, the Group paid additional tax of €1 million (€1 million in 2016) on dividend distributions to Ingenico Group SA shareholders other than share dividends, equal to 3% of the amount distributed. The invalidation of the exceptional contribution of 3% on dividends by the Constitutional Board led to the repayment by the tax authorities of €4 million excluding interest. This income was offset by the introduction of the exceptional tax on corporation tax at 15% only in 2017, *i.e.* €6.8 million.

b. Group tax reconciliation

The current tax rate for French companies in the Group was 34.43% in fiscal year 2017.

The 2017 Finance Act applies a digressive tax rate for French companies. This will affect the Group's French companies starting 2019.

The following table shows a reconciliation of the theoretical tax expense calculated at the applicable rate and the recognized income tax expense.

(in thousands of euros)	2017	2016
Profit before income tax (excl. share of profits in equity-accounted investees)	**348,619**	**348,710**
Tax rate in France	34.43%	34.43%
Theoretical tax expense	**(120,030)**	**(120,061)**
Difference between the French tax rate and that of foreign subsidiaries	30,403	31,430
Tax losses and temporary differences for the period not recognized as deferred tax assets	(4,500)	(5,456)
Prior period temporary differences and tax losses recognized as deferred tax assets in the period	13,604	3,198
Use of prior period tax losses not recognized as deferred tax assets	1,993	2,697
Tax credits	5,877	5,422
Effect of permanent differences and other	(14,360)	(14,380)
TOTAL	**(87,013)**	**(97,150)**
Effective tax rate	25.0%	27.9%

The reconciling items reflect the effect of tax rate differentials and changes as well as the tax effects of non-taxable income or non-deductible expenses arising from permanent differences between local tax bases and the financial statements presented under IFRS.

In 2017 and 2016, permanent differences and other differences included:

- the impact of the share of costs and expenses and withholding taxes related to dividends received from subsidiaries by Ingenico Group SA;
- the impact of the additional tax on dividend payments made in France;
- the effect of classifying the French CVAE tax as an income tax;
- the non-deductibility of the payroll expense arising from the award of stock options and free shares.

c. Deferred taxes

Change in deferred tax assets and liabilities

(in thousands of euros)	Deferred tax assets from tax losses	Deferred tax assets from temporary differences	Total deferred tax assets	Total deferred tax liabilities	Total deferred tax, net
Balance at January 1, 2016	**6,157**	**42,723**	**48,880**	**(142,484)**	**(93,604)**
Deferred tax recognized in profit or loss	2,880	4,303	7,183	1,531	8,714
Deferred tax recognized in equity and business combinations	1,475	(449)	1,026	7,312	8,338
Translation differences	(44)	1,064	1,020	(139)	881
Other movements	(1,233)	1,233	-	-	-
Balance at December 31, 2016	**9,235**	**48,874**	**58,109**	**(133,780)**	**(75,671)**
Deferred tax recognized in profit or loss	12,889	(9,860)	3,029	19,031	22,060
Deferred tax recognized in equity and business combinations	3,450	(239)	3,211	(113,862)	(110,651)
Translation differences	(1,177)	(2,110)	(3,287)	2,065	(1,222)
Other movements	(228)	228	-	-	-
Balance at December 31, 2017	**24,169**	**36,893**	**61,062**	**(226,546)**	**(165,484)**

As of December 31, 2017, the change in deferred taxes recognized in equity included the impact of deferred taxes of incoming companies and the recognition of post-employment benefits. It is also explained by the recognition of the gradual reduction in the French tax rate from 2019.

As of December 31, 2016, the change in deferred taxes recognized in equity included the impact of deferred taxes of incoming companies, the recognition of post-employment benefits and the option premium.

● Breakdown by nature

(in thousands of euros)	2017	2016
Deferred tax assets by type of temporary difference		
Property, plant and equipment and intangible assets	6,970	8,735
Employee benefits	10,757	11,508
Inventories, receivables, payables and provisions	73,982	79,066
Unutilized tax losses and credits	24,169	9,235
Others (including financial instruments)	124	436
DEFERRED TAX ASSETS	**116,002**	**108,980**
Netting effect	(54,940)	(50,871)
TOTAL DEFERRED TAX ASSETS	**61,062**	**58,109**
Deferred tax liabilities by nature of temporary difference		
Property, plant and equipment and intangible assets	(207,051)	(105,882)
Employee benefits	(289)	(309)
Inventories, receivables, payables and provisions	(73,642)	(78,367)
Others (including financial instruments)	(504)	(93)
DEFERRED TAX LIABILITIES	**(281,486)**	**(184,651)**
Netting effect	54,940	50,871
TOTAL DEFERRED TAX LIABILITIES	**(226,546)**	**(133,780)**
NET TOTAL	**(165,484)**	**(75,671)**

Breakdown of unrecognized deferred tax assets

(in thousands of euros)	2017	2016
Deferred tax from tax losses and tax credits of less than 1 year	257	99
Deferred tax from tax losses and tax credits of between 1 and 5 years	357	1,423
Deferred tax from tax losses and tax credits of over 5 years	15,188	29,274
Deferred tax from temporary differences	92	2,000
TOTAL	**15,894**	**32,796**

d. Current tax payable

(in thousands of euros)	2017	2016
France	1,332	1,926
Foreign countries	23,008	18,110
TOTAL	**24,340**	**20,036**

NOTE 11 — Equity-accounted investees and non-controlling interests

a. Interests in associate companies

(in thousands of euros)	JoinedApp Inc.	Nanjing ZTE-Ingenico Network Technology Co., Ltd	Fixed & Mobile Pte Ltd	Total
% interest at January 1, 2016	0.0%	39.5%	30.0%	
% interest at December 31, 2016	0.0%	39.5%	27.3%	
% interest at December 31, 2017	15.0%	0.0%	27.3%	
Balance at January 1, 2016	**-**	**3,801**	**8,492**	**12,293**
Share of profit or loss	-	-	(129)	(129)
Impairment loss	-	(600)	-	(600)
Translation differences	-	-	273	273
Disposal	-	(3,201)	-	(3,201)
Balance at December 31, 2016	**-**	**-**	**8,636**	**8,636**
Acquisition	1,311	-	-	1,311
Impairment loss	-	-	(1,419)	(1,419)
Translation differences	-	-	(963)	(963)
Balance at December 31, 2017	**1,311**	**-**	**6,254**	**7,565**

In 2017, the Group invested in a Californian company called JoinedApp, specializing in e-Commerce solutions integrated into email applications. Having acquired 15% of the company's capital and with a presence on the Management Committee, the Group has a significant influence on JoinedApp, without having control. The investment is therefore recognized under the equity method.

B. Non-controlling interests

The share of profit or loss attributable to non-controlling shareholders is recognized in equity attributable to "Non-controlling interests" as is the share of dividends payable to non-controlling shareholders.

Put options (share purchase commitments) on non-controlling interests

Put options on non-controlling interests in Group subsidiaries are initially recognized as a financial liability for the present value of the exercise price, with a corresponding entry in "Equity attributable to Ingenico SA shareholders". The unwinding of the discount to that liability and the effect of any changes in estimates are recognized in "Equity attributable to Ingenico SA shareholders".

In 2017, the transfer of 3% of Ingenico Holding Asia Limited to Group managers increased the percentage of capital and voting rights held by minority shareholders in the Group's Chinese activities.

Furthermore, in December 2017, the Group acquired the remaining minority shareholding in Think&Go (*via* Ingenico Connected Screens).

		Balance at December 31, 2017		Balance at December 31, 2016	
Name of subsidiary	**Location**	**Percentage of capital and voting rights held by non-controlling interests**	**Profit for the period - Share of non-controlling interests** *(in thousands of euros)*	**Percentage of share capital and voting rights held by non-controlling interests**	**Profit for the period - Share of non-controlling interests** *(in thousands of euros)*
Ingenico Holdings Asia Limited	Hong Kong	23%	(640)	20%	(1,110)
Fujian Landi Commercial Equipment Co., Ltd	China	23%	5,270	20%	8,139
Ingenico Electronic Equipment Co., Ltd	China	23%	265	20%	303
ZTE Ingenico NV	Netherlands	0%	-	0%	(127)
Lyudia	Japan	30%	(339)	30%	(371)
Think&Go NFC	France	0%	(536)	20%	(279)
			4,020		**6,555**

NOTE 12 —• Equity and earnings per share

Treasury shares

Own shares acquired by Ingenico are classified as treasury shares, and their acquisition cost is deducted from equity.

a. Total equity

Number of outstanding shares

	2017	2016
Issued on January 1	**61,493,241**	**60,990,600**
Shares issued in connection with dividend distributions[1]	731,856	502,641
Shares issued in connection with options exercised and shares acquired	112,000	-
Shares issued in connection with a capital increase reserved for employees	26,017	-
Shares issued at the end of the period	**62,363,114**	**61,493,241**
Treasury shares at the end of the period	114,734	116,534
Shares outstanding at the end of the period	**62,248,380**	**61,376,707**

(1) *See V., "Statement of changes in equity".*

The par value of an Ingenico Group share is €1.

Treasury shares

(in euros)	2016	Acquisitions	Divestitures and cancellations	2017
Number of securities	116,534	595,767	(597,567)	114,734
Average purchase price	23.56	83.02	83.32	23.52
TOTAL	**2,746,044**	**49,463,039**	**(49,511,056)**	**2,698,027**

(in euros)	2015	Acquisitions	Divestitures and cancellations	2016
Number of securities	276,294	928,167	(1,087,927)	116,534
Average purchase price	25.46	90.03	90.20	23.56
TOTAL	**7,034,657**	**83,558,838**	**(87,847,450)**	**2,746,044**

Shares repurchased to be awarded or retired

The portfolio of treasury shares totaled 116,534 shares as of December 31, 2016. As of December 31, 2017, there were 114,734 treasury shares at an average price of €23.52.

Over the course of the year, 1,800 treasury shares were used for share-based compensation plans.

Treasury shares repurchased under the liquidity contract

In 2017, 595,767 shares were purchased at an average price of €83.02 and the same number of shares were sold at an average price of €83.32.

The Group held no treasury shares under its liquidity contract as of December 31, 2017 and 2016.

b. Earnings per share

	2017	2016
Net profit or loss attributable to Ingenico SA shareholders *(in thousands of euros)*	256,167	244,276
Weighted average number of ordinary shares	61,806,653	61,030,782
Basic earnings per share *(in euros)*	4.14	4.00

Basic earnings per share

Basic earnings per share are calculated by dividing the profit for the period attributable to Ingenico Group SA shareholders by the average number of ordinary shares outstanding during the year, excluding ordinary shares repurchased by the Group and held as treasury shares. The average number of ordinary shares is a weighted annual average calculated by adjusting the shares in issue at the beginning of the period for the number of shares bought out or issued during the period.

Diluted earnings per share

Diluted earnings per share are calculated using the treasury stock method, which:

- in the numerator, adjusts the net interest income on bonds convertible to or exchangeable for new or existing shares (OCEANE);
- in the denominator, adds the new shares that are potentially created by dilutive instruments (OCEANE, free shares and joint investment) to ordinary shares and subtracts the number of shares that could be repurchased on the market with the proceeds from the exercise of the relevant instruments. The market price used is the average share price of the year.

The diluted number of ordinary shares does not include the purchase of the 1,500,000 options described in Note 9.b. The acquisition of these call options will allow Ingenico Group to partially cover its obligations to deliver treasury shares, as well as the potential dilution, in the event of the conversion of its OCEANE bonds, which mature on June 26, 2022.

(in thousands of euros)	2017	2016
Net profit or loss attributable to Ingenico SA shareholders	**256,167**	**244,276**
Interest expense related to OCEANE convertible bond debt (net of income tax)	6,908	6,746
Diluted net profit or loss attributable to Ingenico SA shareholders	**263,075**	**251,022**
Weighted average number of existing shares	**61,806,653**	**61,030,782**
Impact of dilutive instruments:		
• free shares granted	138,426	264,971
• conversion of convertible bonds	2,918,965	2,910,252
Diluted weighted average number of ordinary shares	**64,864,044**	**64,206,005**
Diluted earnings per share (in €)	**4.06**	**3.91**

NOTE 13 — Off-balance sheet commitments

(in thousands of euros)	2017	2016
Commitments received		
Various guarantees	22,843	2,791
Liability warranty as part of the acquisition of an 83.86% interest in Roam Data Inc.: unlimited duration (commitment: US$700,000).	584	664
Liability warranty as part of TNET acquisition: unlimited duration and amount.	unlimited	unlimited
Liability warranty as part of Paycom acquisition up to July 1, 2021 for corporate warranties.	12,381	12,381
Liability warranty as part of PT Payment Indonesia acquisition. Total liability warranties amount to US$4.5 million. Expiry dates are as follows:	3,752	4,269
• fiscal: until January 2018;		
• corporate: unlimited duration.		
Liability warranties as part of Ogone acquisition. The amount of liability warranties (excluding special warranty) was €89.3 million (for corporate warranties of an unlimited duration).	89,325	89,325
Liability warranty in connection with the acquisition of Think&Go.		
• The overall cap is €500,000 with a duration of 12 months, with the exception of social security and payroll expenses for which the maximum duration is set at 3 years. The tax and social security cap is €150,000.	500	500
• The basic warranties are unlimited in duration and amount.	unlimited	unlimited
Liability warranty in connection with the acquisition of Lyudia. It covers general warranties for a duration of 24 months from April 26, 2016, and tax warranties for a duration of 5 years.	3,333	3,647
Basic warranties unlimited in duration and amount, received in connection with the buyout of Ingenico Holding Asia shares.	unlimited	unlimited
Liability warranty in connection with the acquisition of Nera Payment Services. It covers tax warranties for a duration of 6 years, and other warranties for a duration of 1 year. The basic warranties are unlimited in duration and amount.	13,160	13,846
Liability warranty in connection with the acquisition of TechProcess. It covers basic warranties for an unlimited duration, and for other warranties until July 30, 2018, except for ongoing claims at July 30, 2018 until their final resolution.	4,169	-
Liability warranty in connection with the acquisition of IECISA. It covers basic warranties for 18 months from the acquisition date, and tax and social warranties for 2 years.	6,000	-
In the scope of the acquisition of Bambora, the Group has taken out insurance covering basic warranties (10 years), tax and social warranties (7 years), and other disputes (2 years) of up to €300 million. Above this amount, basic warranties are covered by the vendors for 10 years.	300,000	-
Other commitments received		
Commitments given		
Various guarantees	37,598	21,973
Liability warranty as part of disposal of 20% of Ingenico Holding Asia. Total liability warranties amount to US$26.1 million. Expiry dates as follows:	21,793	24,795
• Standard warranties until October 2016;		
• Tax warranties until June 2022;		
• Basic warranties until expiration of time limit.		
Liability warranty as part of the disposal of 12% of Beamm Inc. in November 2015. Unlimited amount and covering the basic warranties until expiration of time limit for tax claims, on November 17, 2018.	unlimited	unlimited
Liability warranty as part of the disposal of ZTE shares. It is unlimited in duration and amount and covers the basic warranties.	unlimited	unlimited
In the scope of the acquisition of Bambora, The Group took over responsibility for a warranty to credit card issuers, for an amount of US$20 million.	16,676	
Other commitments given		
The Group has committed to contributing €15 million to an investment fund. Cash calls subscribed are recorded in the balance sheet for a total of €9 million.	5,937	8,751

In 2017, the Group had the following commitments in connection with its business activities:

- approximately €89.5 million in firm price orders placed by the Group with its manufacturers as of December 31, 2017;
- future payments under non-cancelable operating leases.

The table below shows future minimum lease payments under non-cancelable operating leases, by maturity:

(in thousands of euros)	2017	2016
Less than a year	23,775	21,299
1-5 years	51,832	47,703
More than 5 years	39,808	14,684
TOTAL	**115,415**	**83,686**

The Group is entitled, in connection with its business activities, to receive future minimum rental income in respect of non-cancelable operating leases amounting to €9.4 million in 2016 and €5.6 million in 2017.

NOTE 14 —• Main consolidated subsidiaries of the Group

Principles of consolidation

Fully-consolidated subsidiaries

A subsidiary is an entity controlled by the Group. The Group controls an entity when it has power over that entity, is exposed to variable benefits from that entity and, due to its power over that entity, has the ability to influence the benefits that it draws from it.

The Group takes account of substantial voting rights in assessing control, *i.e.*, rights that are currently exercisable or exercisable at the time that decisions on relevant business are taken.

The financial statements of all subsidiaries are included in the consolidated financial statements from the date on which the Company gains control until the date on which this control ceases.

Associates

An associate is an entity over whose financial and operating policies the Group has significant influence, without having control or joint control over those policies. The consolidated financial statements include the Group's share of the profit or loss and of the other comprehensive income of all associates accounted for using the equity method, from the date on which the Group gains significant influence until the date on which this influence ceases.

Jointly controlled operations

A jointly controlled operation is a joint venture operated by a company and one or more other parties under the terms of a contractual agreement which grants it rights to its net assets. There are no joint ventures within the Group's consolidation scope.

Transactions eliminated in the consolidated financial statements

Intragroup balances, income and expenses arising from intragroup transactions are eliminated in full in the consolidated financial statements.

Corporate name	Country	% interest	Consolidation method
Ingenico Group SA	France	Parent company	
Main consolidated subsidiaries			
DI Deutsche Ingenico Holding GmbH	Germany	100%	Full
Ingenico e-Commerce Solutions GmbH	Germany	100%	Full
Ingenico GmbH	Germany	100%	Full
Ingenico Healthcare GmbH	Germany	100%	Full
Ingenico Marketing Solutions GmbH	Germany	100%	Full
Ingenico Payment Services GmbH	Germany	100%	Full
Ingenico International (Pacific) Pty Ltd	Australia	100%	Full
Ingenico e-Commerce Solutions BVBA/SPRL	Belgium	100%	Full
Ingenico Financial Solutions SA	Belgium	100%	Full
Ingenico do Brasil Ltda	Brazil	100%	Full
Ingenico Canada Ltd	Canada	100%	Full
Fujian Landi Commercial Equipment Co., Ltd	China	77%	Full
Ingenico Electronic Equipments (Beijing) Co., Ltd	China	77%	Full
Ingenico Colombia Ltda	Colombia	100%	Full
Ingenico Iberia, SL	Spain	100%	Full
Ingenico (Latin America) Inc.	United States	100%	Full
Ingenico Corp.	United States	100%	Full
Roam Data Inc.	United States	100%	Full
Ingenico Business Support SAS	France	100%	Full
Ingenico Connected Screens SAS	France	100%	Full
Ingenico e-Commerce Solutions SAS	France	100%	Full
Ingenico France SAS	France	100%	Full
Ingenico Prepaid Services France SAS	France	100%	Full
Ingenico Terminals SAS	France	100%	Full
Think & Go NFC SAS	France	100%	Full
Ingenico (UK) Ltd	United Kingdom	100%	Full
Ingenico e-Commerce Solutions Ltd	United Kingdom	100%	Full
Ingenico Holding Asia Limited	Hong Kong	77%	Full
Ingenico Hungary Kft.	Hungary	100%	Full
Ingenico International India Pvt Ltd	India	100%	Full
E-Billing Solutions Pvt Ltd	India	100%	Full
Techprocess Payment Services Private Ltd	India	100%	Full
PT. Ingenico International Indonesia	Indonesia	100%	Full
Ingenico Italia SpA	Italy	100%	Full
Ingenico Japan Co Ltd	Japan	70%	Full
Ingenico Payment Systems Africa SARLAU	Morocco	100%	Full
Ingenico Mexico SA de CV	Mexico	100%	Full
GCS Holding BV	The Netherlands	100%	Full
Global Collect BV	The Netherlands	100%	Full
Ingenico e-Commerce Solutions BV	The Netherlands	100%	Full
Ingenico Philippines Corp	Philippines	100%	Full
Ingenico Polska Sp. z o.o	Poland	100%	Full
Ingenico CZ S.r.o.	Czech Republic	100%	Full
Ingenico LLC	Russia	100%	Full
Ingenico International (Singapore) Pte Ltd	Singapore	100%	Full
Bambora Top Holding AB (and its subsidiaries in Australia, the USA, Canada, Finland, Norway, Switzerland, and Denmark)	Sweden	100%	Full
Ingenico (Suisse) SA	Switzerland	100%	Full
Ingenico e-Commerce Solutions GmbH	Switzerland	100%	Full
Ingenico International (Thailand) Co., Ltd	Thailand	100%	Full
Ingenico Ödeme Sistem Çözümleri AS	Turkey	100%	Full
Secure Transactions LLC	Ukraine	100%	Full
Ingenico Vietnam Co Ltd	Vietnam	100%	Full
Fixed & Mobile Pte Ltd	Singapore	27%	Equity method
JoinedApp Inc.	United States	15%	Equity method

NOTE 15 —• Subsequent events

Acquisition of Paymark

On January 17, 2018, the Group announced the acquisition of Paymark, a New Zealand electronic payment network, for a total amount of NZ$190 million.

The transaction should be finalized during the first half of 2018. Consequently, this company's financial statements are not consolidated into those of the Group at December 31, 2017.

Buyout of Fosun shares in the Group's Chinese activities

In accordance with shareholder agreements signed on May 7, 2015 with Fosun, on January 22, 2018 the Group bought out 20% of shares held by Fosun in Ingenico Holding Asia at the set price of US$104.6 million. As a result of this transaction, Ingenico Group holds 97% of the Chinese companies.

Acquisition of Airlink

On February 2, 2018, the Group concluded the acquisition of Airlink, a value-added distributor of payment solutions based in Taiwan. Airlink provides acquirers and retailers with payment terminals and associated services such as installation, maintenance, and software development.

This company's financial statement is not consolidated into that of the Group at December 31, 2017.

NOTE 16 —• Statutory auditors' fees

Statutory auditors' fees break down as follows:

	2017						2016	
	KPMG			MAZARS			KPMG	MAZARS
(in thousands of euros)	KPMG SA	KPMG affiliates	Total	Mazars	Mazars affiliates	Total	Total	Total
Certification of accounts	262	827	1,089	278	587	865	888	703
Other services	101	125	226	68	42	110	497	51
TOTAL	**363**	**952**	**1,315**	**346**	**629**	**975**	**1,385**	**754**

NOTE 17 —• Pro forma financial information

The consolidated pro forma income statement for the year ended December 31, 2017 takes account of the integration of TechProcess, IECISA, ST, and Bambora group. It has been prepared as if each of these acquisitions had taken place on January 1, 2017. It is published for illustrative purposes only. In this respect, it is not necessarily representative of the financial situation or performance of Ingenico Group if the acquisition of these companies had occurred at a date earlier than that of their actual occurrence. It is also without prejudice to the Group's financial situation or performance over future years.

The historical accounts of acquired companies and reprocessed in proforma financial information have not been subject to audit procedures.

(in thousands of euros)	2017
Revenue	**2,714,315**
Cost of sales	(1,618,043)
Gross profit	**1,096,272**
Distribution and marketing costs	(273,044)
Research and development expenses	(186,320)
Administrative expenses	(252,129)
Profit from ordinary activities	**384,779**
Other operating income	302
Other operating expenses	(39,207)
Profit from operating activities	**345,874**
Finance income	38,202
Finance costs	(67,255)
Net finance costs	**(29,053)**
Share of profits in equity-accounted investees	(1,419)
Profit before income tax	**315,402**

The pro forma income statement is based on the consolidated income statement. Additions and adjustments are the followings:

- the income statement of each company acquired has been added for the period started on January 1, 2017 to the date of the acquisition. The accounting methods used are the same as accounting methods used by the Group for the year ended December 31, 2017;
- when a purchase price allocation has been performed, then the amortization charge of the recognized intangible assets has been recorded for a full year;
- when a share-based payment plan was set in the acquired subsidiary, the IFRS 2 charge is recorded for a full year;
- financial cost has been adjusted to reflect the expected annual financial cost of the financings issued for those acquisitions;
- when the acquired company was previously engaged in a commercial relationship with the Group, then the intragroup eliminations from January 1 have been included.

5.7 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Fiscal year ended December 31, 2017

To the Annual General Shareholders' Meeting of Ingenico Group SA

Opinion

In compliance with the engagement entrusted to us by your Annual General Shareholders' Meeting, we have audited the accompanying consolidated financial statements of Ingenico Group SA for the fiscal year ended December 31, 2017.

In our opinion, the consolidated financial statements give a true and fair view of the results of operations for the last fiscal year as well as of the financial position and of the assets and liabilities, at the end of the fiscal year, of the consolidated group of entities, in accordance with the International Financial Reporting Standards (IFRS) as endorsed by the European Union.

The opinion expressed above is consistent with the contents of our report to the Audit Committee.

Justification of our opinion

Auditing guidelines

We conducted our audit in accordance with the 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 "Responsibilities of statutory auditors regarding auditing of the consolidated financial statements" section of this report.

Independence

We conducted our audit in compliance with independence rules applicable to us for the period, from January 1, 2017, to the date of our report, and specifically 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 (*Code de déontologie*) 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 inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements, as a whole, and forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Key points of our audit	Responses provided during our audit
Recognition of revenue from intermediation activities and of related funds, receivables and payables	
As explained in Note 5k of the annex, in the scope of its transactional services business, the Group provides intermediation between merchants, credit card issuers, and end consumers. Receivables and funds related to this business, offset against payables to merchants and the financing debts of merchant prefinancing, appear in the balance sheet for an amount of €633 million. Revenue recognition procedures are described in Note 5 of the annex in the "Sales of services" section, under the paragraph "Transactions". The proper recording of flows related to this business activity and recognition of the Company's own revenue as well as balance sheet items (funds, receivables and payables) arising from it are largely dependent on the information systems. We considered that revenue recognition and the recording of flows related to the intermediation business constitute a key point of our audit, given: ● the volume of transactions handled by this business; ● the complexity of the information systems configured to process data and ensure the smooth running of transactions, in which an interruption of service, a technical fault or a fault in the translation of contractual rules, originating from a cyber attack, a technical malfunction, a human error or poor configuration of the information systems, could lead to an accounting error.	With the assistance of our specialist information systems teams, we have obtained an understanding of the process related to revenue recognition and the various flows related to these business activities, conducted an assessment of the information systems and of the design of key controls, and then tested the operational effectiveness of these key controls relating to the: ● recording in databases of contractual information with the merchants and credit card issuers as well as subsequent amendments of this base data; ● input of financial flows, conversion of flows denominated in foreign currencies and recording of revenue related to transactions; ● calculation and presentation under balance sheet assets of funds received and receivables from credit card issuers, and under balance sheet liabilities of payables to merchants and the financing debts of merchant prefinancing for transactions made on behalf of merchants. We have also: ● corroborated, by sampling, the rates used to account for revenue, by comparing them with the contractual rates signed with merchants; ● assessed whether revenue is attached to the correct fiscal year; ● assessed whether the revenue recognition method and presentation on the balance sheet of assets and liabilities related to these business activities are compliant with the accounting standards in force.
Provisions for litigation and claims	
The Group's business activities are subject to many regulations, including commercial, customs and tax regulations in France and internationally. In this context, the Group's business activities may involve risks, disputes or litigation with third parties. As indicated in Note 8 of the annex to the consolidated financial statements, the claims and legal and arbitration procedures arising in connection with the Company's business activities are regularly reviewed by the Group's Legal Department and are covered by provisions if it believes that it is likely that an outflow of resources will be required to cover the risk incurred and when such an outflow can be reliably estimated. In particular, the Group is engaged in tax disputes and tax recovery procedures in Brazil, the situation of which at December 31, 2017 is described in Note 8 of the annex to the consolidated financial statements. We considered that this area was a key point of our audit given the significant nature of litigation and claims and the high level of judgment required by the management to determine such provisions in a context of multiple regulatory conditions and constant changes.	To obtain an understanding of existing litigation, claims and judgment-related factors, we interviewed the Group's management and that of its main subsidiaries, analyzed the procedures it implements to identify disputes and questioned the main legal firms used by the management. For each of the major disputes and claims identified, we: ● reviewed the process used by the management to calculate the relevant provisions and determine which information to communicate in the notes; ● performed a critical review of internal analysis notes relating to the probability and the potential impact of each risk, by examining the procedural elements (correspondence, claims, judgments, notifications, etc.) available and the legal or technical advice provided by the legal firms or external experts used by the management; ● assessed the methodology used to calculate the provisions and tested the underlying data used; ● obtained written consultations from the legal firms or external experts that assisted the Company in the context of any litigation identified; ● exercised our professional judgment, with the help of our own experts where necessary, to assess the positions used by the management and the suitability of any changes over time to these positions; ● assessed whether the information provided in Note 8 of the annex to the consolidated financial statements about the main litigation and claims identified is appropriate.

Key points of our audit	Responses provided during our audit
Assessment of goodwill	
In the scope of its development, the Group conducts external growth transactions and has recognized several sums of goodwill. At December 31, 2017, goodwill was recorded on the balance sheet for a net carrying amount of €2,479 million in respect of total assets of €5,677 million. Each year and whenever there is an indication of impairment, the management conducts impairment tests on the net carrying amounts of goodwill at the level of cash-generating units (CGU), using the procedures described in Note 7 of the annex to the consolidated financial statements. Moreover, in conjunction with the restructuring of the Group's business activities described in Note 3 of the annex to the consolidated financial statements, the management has instituted a new definition of its CGUs. The procedure relating to impairment tests, which relies mainly on the net future discounted cash flow method, involves the use of judgments and assumptions of the part of the management, particularly on factors such as long-term growth rates, the weighted average cost of capital and the determination of CGUs. We considered that the valuation of goodwill constitutes a key point of our audit due to its particular importance in the Group's financial statements and because the determination of its recoverable value is heavily based on assumptions, estimates or management assessments.	Our work consisted of: • obtaining an understanding of the procedures used by the management to implement impairment tests; • assessing whether the attachment of assets to CGUs is comprehensive and compliant with accounting standards in force; • analyzing the reasonableness of cash flow projections in terms of our knowledge of the economic environments in which these CGUs operate and the latest operating forecasts relating to a five-year period set by the management; • assessing the consistency of long-term growth rates and the weighted average cost of capital with market analyses, with the assistance of our valuation experts; • testing the sensitivity of the value in use implemented by the management to various of the main assumptions used; • assessing the appropriateness of the financial information provided in Note 7 of the annex to the consolidated financial statements.
First Bambora consolidation	
In 2017, the Group acquired Bambora, a company specializing in payment services, for a total amount of €1.5 billion. The main characteristics of the acquisition of Bambora described in Notes 3 and 7a of the annex specify that the assets identified for this acquisition amount to €373 million net of deferred taxes and that preliminary goodwill amounts to €1,037 million, goodwill corresponding to the difference between the fair value of the consideration transferred and the amount of net assets on the date of acquisition, valued at fair value. The allocation of the acquisition price and goodwill of the Company and the suitability of the information provided in the annexes to the consolidated financial statements constitute a key aspect of the audit given the importance of the acquisition and the high degree of estimation and judgment required of the management for this allocation.	Our work consisted of: • obtaining an understanding of procedures implemented by the Company to identify and determine the assets and liabilities and preliminary goodwill acquired, bearing in mind that work on the valuation and allocation of assets and liabilities and the determination of goodwill are in progress and will be completed during 2018; • obtaining an understanding of the acquisition contract and conducting a critical review of the determination of the fair value of the consideration transferred; • assessing whether the accounting principles and methods applied by the Group to account for Bambora's assets and liabilities on the date of acquisition are compliant with applicable accounting principles; • conducting a critical review of the report prepared by an independent expert for allocation of the acquisition price and the determination of preliminary goodwill; • assessing with the help of our experts on valuations whether the models and assumptions used for the valuation at fair value of the assets and liabilities acquired are appropriate, particularly the procedures for the valuation of intangible assets and discount rates; • assessing whether the base data and assumptions used for the valuation of assets at fair value, particularly intangible assets, are consistent with external and internal data and that they are reasonable; • conducting tests to corroborate the value of goodwill, after price allocation, in terms of the expected yield of the various assets; • checking the correct allocation of preliminary goodwill to the corresponding cash-generating units; • assessing whether Notes 3 and 7a provide appropriate information.

Verification of information regarding the Group given in the management report

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law relating to information regarding the Group given in the management report of the Board of Directors.

We have no matters to report as to the fair presentation and the consistency with the consolidated financial statements.

Information stemming from other legal and regulatory obligations

Appointment of statutory auditors

KPMG were appointed as the statutory auditors of Ingenico Group SA by the Annual General Shareholders' Meeting of June 10, 1986; Mazars were appointed on April 29, 2013.

As of December 31, 2017, KPMG have been working continuously as auditors for 32 years, while Mazars have been working for the Company for five years.

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 the IFRS reference standard as adopted in the European Union, 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 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 operations.

The Audit Committee is responsible for monitoring the preparation of financial information and monitoring the effectiveness of internal control and risk-management systems, as well as, where applicable, the internal audit process, in terms of the procedures relating to the preparation and processing of accounting and financial information.

These consolidated financial statements were approved by the Board of Directors on February 21, 2018.

Responsibilities of the statutory auditors regarding auditing of the consolidated financial statements

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance whether the consolidated financial statements, taken 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 financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his 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;
- obtains 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;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;
- assesses 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. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue

as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;

- evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- with regard to financial information about persons or entities within the scope of consolidation, it collects elements that it deems sufficient and appropriate to express an opinion on the consolidated accounts. It is responsible for the management, supervision and completion of the audit of the consolidated accounts and for the opinion expressed on these accounts.

Report to the Audit Committee

We forward a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of consolidated financial statements for the period and therefore represent key audit matters. It is our responsibility to describe such risks in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set 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 the related safeguards.

The statutory auditors

Paris La Défénse, February 22, 2018

KPMG Audit	Mazars
Départment of KPMG SA	
Frédéric Quélin	Thierry Blanchetier
Partner	*Partner*

Parent company financial statements at December 31, 2017

6.1 ASSETS

(in thousands of euros)	2017 Notes	2017 Gross	2017 D&A and Impairment	2017 Net	2016 Net
Non-current assets					
Intangible assets	**5**				
Research and development costs		75,228	46,394	28,835	32,518
Licenses, patents and similar rights		4,902	4,063	840	921
Goodwill		1,596	1,571	25	25
Other intangible assets		686	686	-	-
Property, plant and equipment	**5**				
Facilities and equipment		221	221	-	-
Other property, plant and equipment		50	33	18	13
Financial assets	**5**				
Equity interests	6,10	3,346,572	5,409	3,341,162	2,254,696
Loans and advances to subsidiaries and associates	6, 7	58,242	-	58,242	17,083
Other financial assets		12,222	-	12,222	9,219
TOTAL I		**3,499,720**	**58,377**	**3,441,343**	**2,314,475**
Current assets					
Trade receivables	**7, 10, 13**				
Advances and down-payments		77	-	77	66
Trade receivables and related accounts		59,633	50	59,583	182,963
Other receivables		**499,639**	**248**	**499,390**	**92,610**
Short-term investments	**8, 10**	**68,971**	**3**	**68,967**	**278,320**
Cash and cash equivalents		**273,790**	**-**	**273,790**	**476,068**
Prepaid expenses	**7**	**3,164**	**-**	**3,164**	**2,822**
TOTAL II		**905,274**	**302**	**904,972**	**1,032,848**
Bond issue premiums	5	3,610	-	3,610	733
Deferred charges	5	9,724	-	9,724	9,258
Translation differences (assets)		2,497	-	2,497	1,584
TOTAL ASSETS		**4,420,824**	**58,678**	**4,362,146**	**3,358,898**

6.2 LIABILITIES

(in thousands of euros)	Notes	2017	2016
Equity	**9**		
Share capital		62,363	61,493
Issue premiums		918,975	863,345
Reserves	**9**		
Legal reserve		6,150	6,100
Retained earnings	**9**	**610,827**	**500,014**
Profit for the year	**9**	**172,604**	**202,929**
Regulated provisions	**9, 10**	**5,416**	**5,665**
TOTAL I (EQUITY)		**1,776,335**	**1,639,547**
Provisions for liabilities and charges			
Provisions for liabilities and charges	10	7,034	13,025
TOTAL II (PROVISIONS)		**7,034**	**13,025**
Debts			
Other bond issues	11, 12, 13	1,558,322	955,403
Bank borrowings and debt	11, 12, 13	50,066	123
Other borrowings and liabilities	6, 11, 12	803,398	583,324
Trade payables and related accounts	12, 13	109,424	110,092
Tax and social security liabilities	12, 13	52,451	49,185
Other debts	12, 13	3,275	1,967
Deferred income	12	1,500	3,991
TOTAL III (DEBTS)		**2,578,436**	**1,704,084**
Translation differences (liabilities)		341	2,242
TOTAL LIABILITIES		**4,362,146**	**3,358,898**

6.3 PROFIT AND LOSS ACCOUNT

(in thousands of euros)	Notes	2017	2016
Resale of purchased goods		-	22,938
Sales of goods produced		-	212,939
Sales of services		56,737	88,965
Revenue	**14**	**56,737**	**324,842**
Inventoried production		-	1,936
Capitalized production		6,765	7,540
Other income		245,962	147,168
Reversal of provisions and transfer of expenses	10	10,162	17,461
TOTAL OPERATING INCOME		**319,626**	**498,948**
Purchases (incl. customs duties)		-	24
Cost of inventories consumed		-	134,269
Changes in inventories (raw materials and other supplies)		-	(734)
Other purchases and external expenses	16, 21	124,657	148,474
Taxes and other related expenses		5,765	7,765
Wages and salaries	15, 20	21,840	37,226
Social security contributions		11,475	21,230
D&A on non-current assets	5	13,116	15,066
Provisions and impairment	10	927	12,720
Other expenses		1,626	960
TOTAL OPERATING EXPENSES		**179,406**	**376,999**
Profit from operations		**140,220**	**121,948**
Financial income		91,730	189,258
Financial expenses		(41,917)	(61,827)
Reversals of provisions		12,606	3,105
Provisions		(4,056)	(4,116)
Net financial income	**17**	**58,364**	**126,420**
Current profit/loss before taxes		**198,584**	**248,368**
Non-recurring income		9,499	9
Non-recurring expenses		(2,536)	(1,709)
Non-recurring reversals of provisions		334	5,999
Non-recurring provisions		(85)	(2,026)
Non-recurring profit/loss	**18**	**7,211**	**2,272**
Employee profit-sharing		(44)	1,631
Income tax expense/(income)	19	33,236	46,080
PROFIT FOR THE YEAR		**172,604**	**202,929**

6.4 NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

Index for the notes to the parent company financial statements

NOTE 1 —• Major events of the period

On May 1, 2016, Ingenico Group SA underwent subsidiarization *via* three partial transfers of assets, in accordance with French demerger laws, to Ingenico France SAS, Ingenico Terminals SAS, and Ingenico Business Support SAS.

Equity securities: purchases/sales/valuation tests

Transactions on equity securities

- On February 21, 2017, Ingenico Group SA sold 3% of the shares it held in the company Ingenico Holdings Asia Limited (Hong Kong) to the company Skyway Wealth Hong Kong Investment Limited.
- On April 27, 2017, the company Ingenico Group SA became the sole shareholder in the company Secure Transaction LLC (Ukraine) by buying all the shares in its share capital.
- With the acquisition of the Bambora group, on November 9, 2017, Ingenico E Commerces Solutions SPRL (Belgium) increased the amount of its capital fully subscribed by Ingenico Group SA. Following this operation, Ingenico Group SA holds 100% of the capital of Ingenico E Commerces Solutions SPRL (Belgium).

Impairment tests

At December 31, 2017, following impairment tests on its financial assets, Ingenico Group SA recognized a provision for impairment of equity securities of Ingenico Connected Screens for €1,254,000.

Furthermore, the provision for impairment of Ingenico Ventures shares in the amount of €10,577,000 was reversed following the sale by Ingenico Ventures of its stake in Roam Data Inc. (USA).

Development financing for Ingenico Group SA

The following financing transactions were conducted in 2017:

Bond issue for €600 million

On September 13, 2017, Ingenico Group SA issued bonds with a par value of €600 million, represented by 6,000 bonds of €100,000 each, maturing on September 13, 2024. The bonds carry an annual coupon of 1.625%. This issue was primarily used to finance the acquisition of the Bambora group. Issue expenses were €2,232,000. They were recorded as assets and amortized over the life of the bond.

Bank loan of €250 million

On September 18, 2017, Ingenico Group SA contracted a three-year bank loan for €250 million, which can be activated up to March 18, 2018. Issue expenses were €136,000. They were recorded as assets and amortized over the life of the bond. As at December 31,2017, this loan had not been activated.

Loan of €50 million

On December 19, 2017, Ingenico Group SA took out a three-year loan of €50 million. The nominal interest rate was set at 0.647%. Issue expenses were €75,000. They were recorded as assets and amortized over the life of the loan.

NOTE 2 —• Subsequent events

The following transactions took place at the start of the fiscal year 2018

- On **January 17, 2018**, Ingenico Group SA announced the acquisition of Paymark, a New Zealand electronic payment network, for a total amount of NZ$190 million. The transaction will be finalized during the 1st quarter 2018.
- In accordance with the shareholder agreements signed on May 7, 2015 with Fosun, on **January 22, 2018**, Ingenico Group SA bought out 20% of the shares held by Fosun in Ingenico Holdings Asia Limited, at the set price of US$104.6 million. Following this transaction, Ingenico Group SA owns 97% of the target company.
- On **February 2, 2018**, Ingenico Group SA finalized the acquisition of Airlink, a value-added distributor of payment solutions based in Taiwan. Airlink provides acquirers and retailers with payment terminals and associated services such as installation, maintenance and software development.

NOTE 3 —• Accounting principles and methods

The accounting principles and methods used were applied in accordance with the conservatism principle and these basic assumptions:

- going concern;
- consistency principle;
- time period concept;

and according to the generally-accepted rules governing the preparation and presentation of annual financial statements.

Items in the accounts are generally valued at historical cost.

The main accounting principles applied by the Group are as follows:

Research and development

Research costs are expensed as incurred.

The costs of development activities (*i.e.* costs related to the application of research findings to a plan or design for the production of new or substantially improved products or processes) are capitalized if the Company can demonstrate, in particular, that the product or process is technically and commercially feasible and that sufficient resources are available to complete its development.

Such capitalized costs include the cost of materials and direct labor, plus an appropriate share of production overhead costs. To arrive at reliable estimates for the costs attributable to specific assets, Ingenico Group SA has put in place tools to calculate the time required per project and an appropriate cost accounting system.

Other development costs are expensed as incurred. Capitalized development costs are stated at cost less accumulated depreciation and amortization and impairment losses.

The estimated useful lives range from one to five years.

Other intangible assets

Other intangible assets acquired and constructed by the Company are stated at cost less accumulated depreciation and amortization and impairment losses. Depreciation and amortization is computed using the straight-line method.

The estimated useful lives are as follows:

- software and licenses: one to five years;
- other intangible assets: five years or contractual maturity.

Goodwill

Pursuant to ANC regulation 2015-06 of November 23, 2015, a review of the merger deficits was carried out on January 1, 2016. These deficits were entirely allocated to goodwill.

An impairment test (comparing the carrying amounts to the current value) is performed once a year for goodwill with an unlimited useful life, whether or not there is an indication of impairment. Goodwill impairment test procedures are identical to the procedures for equity securities impairment tests as described below.

Property, plant and equipment

Property, plant, and equipment is carried at cost (purchase price and related expenses).

The cost of a self-constructed asset includes the cost of raw materials and direct labor, along with an appropriate share of production overhead costs. When components of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

The replacement cost of a component is immediately capitalized under property, plant and equipment if it is likely that the future economic benefits arising from the asset will flow to the Company and its cost can be reliably measured.

All routine maintenance and repair costs are expensed as incurred.

Depreciation and amortization is calculated based on the following depreciation methods and useful lives:

- technical equipment (R&D Department information systems): 4 years, declining balance depreciation;
- other machinery and equipment: 4 years, straight-line depreciation;
- other property, plant and equipment: 3 to 10 years, straight-line or declining balance depreciation.

Financial assets

Equity interests and loans and advances to subsidiaries and associates recorded on the balance sheet are stated at cost, with acquisition expenses included until December 31, 2009. As of 2010, acquisition expenses are expensed.

When the net asset value of equity interests and loans and advances to subsidiaries is less than the carrying amount, an impairment loss is recognized for the difference. The net asset value is equal to the value in use.

Ingenico Group SA assesses the value in use of equity interests and loans and advances to subsidiaries and associates by applying the discounted cash flow method to each entity, less net debt or plus net cash, with a 5-year forecast period and discounted terminal value. The Company may also use the fair value method when an expert appraisal is available.

The discount rates used are based on the average cost of capital and the risk associated with the business.

The main assumptions used to determine the recoverable value of equity securities are as follows:

- valuation method: value in use;
- forecast period: 5 years;
- after-tax discount rate and perpetuity growth rate:

	12/31/2017	12/31/2016
Average after-tax discount rate	8.48%	8.09%
Perpetuity growth rate	1.66%	1.38%

The assumptions as to growth rate and weighted average cost of capital used in valuing equity securities have been reviewed against all available global market data.

The weighted average cost of capital is a medium-term rate.

The discount rates have been determined using market data on risk-free rates and risk premiums specific to the geographical regions in which various entities operate.

After-tax discount rate by region	B&A EMEA	B&A NAR	B&A LAR	B&A APAC	Retail	Group
2017	8.78%	8.29%	14.87%	9.68%	7.81%	8.48%

After-tax discount rate by region	Europe & Africa	North America	Latin America	Asia-Pacific	ePayments	Central Operations
2016	7.80%	7.30%	15.20%	9.70%	7.60%	8.10%

Furthermore, at previously troubled subsidiaries that are now on the path to recovery, the impairment losses recognized historically on equity securities may be temporarily maintained until such time as the subsidiary has demonstrated an independent ability to generate profits.

Impairment tests take into account the extent to which an equity investment is strategic and how resilient the entity's business and finances are.

Tax-accelerated depreciation and amortization

For tax purposes, software purchased up to December 31, 2016 has been amortized over 12 months.

Software purchased from January 1, 2017 has been amortized using the rules of ordinary law, and software produced internally is still amortized over 12 months for tax purposes.

Tax-accelerated depreciation and amortization of acquisition expenses is calculated in accordance with current French tax regulations. It is equal to the difference between:

- the depreciation/amortization over the useful lives recorded until December 31, 2009 using the declining balance method;
- the depreciation/amortization recognized on the asset side of the balance sheet.

Tax-accelerated depreciation and amortization provisions and reversals are recognized in non-recurring income for the year.

Receivables

Receivables are stated at their par value. An impairment loss is recognized when the recoverable amount is less than the carrying amount.

Expenses incurred in relation to multiple-year contracts for the supply of applications are accounted for as accrued receivables, with margin recognized on a percentage-of-completion basis. The percentage completion is determined through a budgetary review of project completion (actual expenses versus projected expenses) and on the basis of attainment of contractually stipulated milestones. A provision for losses on completion of the contract may be recognized, based on the estimated outcome of the transactions.

Transactions in foreign currency

Revenues and expenses denominated in foreign currency are recorded at their euro equivalent on the date of transaction. The differences resulting from the translation of payables and receivables at the closing exchange rate are recorded on the balance sheet under "Translation differences". Hedged foreign-currency receivables and payables are recognized at their hedged rate. A provision is recorded for unrealized foreign exchange losses.

Foreign exchange hedges

Until May 2016, Ingenico Group SA managed the different types of foreign exchange risk (*i.e.*, risk related to operations, financing, and investments in foreign subsidiaries) for the majority of the Group's subsidiaries.

Since May 2016, following the subsidiarization of its operational activities, the main risks managed by Ingenico Group SA concern financial assets and liabilities in foreign currencies and investments in foreign subsidiaries.

Management of foreign exchange risk related to the depreciation of foreign currencies against the euro for all foreign currency invoices (foreign exchange transaction risk to hedge receivables and payables, as well as future cash flows from budgets) is now primarily handled by Ingenico Terminals SAS.

Retirement benefit obligations

Upon retirement, Company employees receive benefits as per the provisions of the collective bargaining agreement by which they are covered. The Company recognizes provisions for retirement benefit obligations. As of December 31, 2017, those obligations were estimated at €2,098,000.

The Company measures and recognizes its retirement benefit obligations in accordance with ANC recommendation 2013-02 using the retrospective method and the following assumptions:

- social security contribution rates estimated on the basis of actual contribution rates for the various categories of employees;
- voluntary retirement at age 62 for former Xiring employees, and at 63 for all other Ingenico Group SA employees;
- an inflation rate of 1.90%;
- a discount rate of 1.65% as at December 31, 2017, identical to that of the previous year;
- an annual wage adjustment rate of 2.40%, excluding inflation.

Any differences in valuation due to a change in the discount rate are recognized in profit or loss.

Provisions for litigation and claims

Commercial disputes

Provisions for litigation and claims are recognized when the Company has a current obligation in respect of litigation, administrative inquiries, disputes and other claims arising from past events not yet settled, where it is probable that an outflow of economic benefits will be required to settle the obligation and these benefits can be reliably estimated. Ingenico Group SA obtains expert legal advice to assess the probability of the outcomes and to estimate the provisions for litigation and claims.

Tax disputes

During fiscal year 2017 and previous years, Ingenico Group SA was subject to tax audits and, on occasion, correction proposals. The financial consequences of such additional tax adjustments are recognized through provisions for the amounts that have been identified and accepted or are considered likely to result in an outflow of resources which can be reliably estimated.

Ingenico Group SA periodically reviews the estimate of this risk in light of the progress of audits and disputes and believes that current audits will not have a significant impact on its financial situation or its liquidity.

Short-term investments

Financial instruments classified as short-term investments are carried at cost. When their net asset value, which is their market value, is less than cost, an impairment loss is recognized for the difference. Losses are not offset against unrealized gains.

Deferred charges

This item pertains to bond issue expenses, which are amortized on a straight-line basis over the life of the bond.

Business Research Tax Credit, Competitiveness and Employment Tax Credit

The Business Research Tax Credit and the Competitiveness and Employment Tax Credit (CICE) are accounted for as a reduction in corporate income tax.

The CICE for fiscal year 2016 in the amount of €121,000 was allocated to fund improvements to the Company's competitiveness.

Free share awards

When the Company buys back its own free shares in the market to award them under free share award plans, the cost of any buybacks carried out or to be carried out in order to meet obligations to beneficiaries of such plans is covered by a provision allocated on a pro rata basis over the free share vesting period, as specified in each plan (two to four years, depending on the beneficiaries). A vesting period of three years was selected for new plans beginning in 2017. At the end of the vesting period, the award of the treasury shares to the plan beneficiaries becomes final. The loss on disposal recognized at that point must be offset by a reversal of the previously recognized provision for impairment of treasury shares.

The net expense related to award plans for free shares purchased on the market, not including expenses rebilled to Group subsidiaries, is reclassified under "Personnel expenses" by way of a credit to the non-recurring expense transfer account. Treasury shares meant to be allocated to employees are recognized in "Short-term investments".

When the Company issues new shares to be used in free share award plans, no provision is recognized.

Treasury shares

Treasury shares that are not allocated to a free share award plan are recognized as financial assets.

Treasury shares allocated to a free share award plan or held under a liquidity contract are recognized as short-term investments.

Tax consolidation

The tax consolidation agreements between Ingenico Group SA, the head of the tax consolidation group, and the other companies in the tax consolidation group specify that each subsidiary pays the parent company an amount equal to the income tax the subsidiary would have been required to pay if it had been taxed as a separate entity, net of any loss carry-forwards and carry-backs to which the subsidiary would have been entitled in the absence of tax consolidation.

At the end of a loss-making year for a subsidiary, that subsidiary will have no claim against the parent company, even if the parent company has established a claim against the French Treasury electing to carry back the entire loss of the tax consolidation group.

If a subsidiary withdraws from the tax consolidation group, the parent company and the subsidiary will determine by mutual agreement whether the subsidiary has incurred additional costs as a result of tax consolidation, and if so, whether this entitles the subsidiary to compensation from the parent company.

Revenue recognition

Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion of the service at the reporting date.

When an invoice for services covers a future period, deferred income is recognized on a pro rata basis.

OCEANE Bonds

The decrease in financial liability and increase in capital resulting from the OCEANE conversions are recognized on the share delivery date.

OCEANE conversion requests received but not yet converted at the reporting date are not recognized.

Premiums on Ingenico Group SA stock options

The call option qualifies as a hedge of the OCEANE bond and, as such, the premium is recorded in a cash-flow instruments account and amortized on a straight-line basis over the life of the bond, pursuant to ANC regulation 2015-05 applicable since January 1, 2017.

NOTE 4 —• Changes to accounting methods

Application of ANC regulation 2015-05 of July 2, 2015 on forward financial instruments and hedging transactions.

Ingenico Group SA applies the general accounting principles for hedging transactions prescribed by ANC regulation 2015-05.

The Ingenico Group applied the following principles prior to January 1, 2017:

- realized and unrealized gains and losses from hedging instruments were recognized as profit or loss over the residual life of the hedged item, on a symmetrical basis in respect to the losses and gains on these items;
- Fluctuations in the value of hedging instruments are not recognized in the balance sheet unless the full or partial recognition of these fluctuations allows for treatment in symmetry with the hedged item.

From January 1, 2017, Ingenico Group has implemented the principle of recording the gains and losses of hedging in the same item or at least under the same heading (operating, financial, non-recurring) of the profit and loss account as the hedged item, which is also set out in ANC regulation 2015-05 (see Note 23).

Regarding the recognition of option premiums, as Ingenico Group considers option premiums a component of the cost of hedging, the premium is recorded in the income statement or in the value entered in the balance sheet of the hedged item when the hedged transaction is registered.

NOTE 5 —• Changes in non-current assets and depreciation and amortization

Non-current assets

Items *(in thousands of euros)*	Gross value at 1/1/2017	Increase	Transfers between items	Decrease	Carrying amount at 12/31/2017
Intangible assets					
R&D, services & applications expenses	68,212	7,027(1)	-	(11)	75,228
Patents, licenses and trademarks	4,667	356	-	(120)	4,902
Goodwill	1,596	-	-	-	1,596
Other intangible assets:					-
• Other	686	-	-	-	686
• Assets, R&D in progress	-				-
• Other assets in progress	-	-	-	-	-
Property, plant and equipment					
Building fixtures	-	-	-	-	-
Technical installations, equipment and machinery	221	-	-	-	221
Other property, plant and equipment	39	11	-	-	50
Financial assets					
Equity interests	2,269,546	1,126,109(2)	-	(49,084)(3)	3,346,572
Loans and adv to subsidiaries & associates	17,083	63,442(4)	-	(22,283)(5)	58,242
Other financial assets	9,450	2,819(6)	-	(48)(7)	12,222
TOTAL	**2,371,501**	**1,199,762**	**-**	**(71,546)**	**3,499,720**

(1) Includes €7,027,000 in capitalized research and development costs in the Hardware business.

(2) Includes €46,107,000 in Ingenico International Pte Ltd (Singapore) shares;
Includes €6,000,000 in Ingenico Do Brasil (Brazil) shares;
Includes €1,068,800,000 in Ingenico E-Commerces Solutions SPRL (Belgium) shares, following the acquisition of the Bambora group;
Includes €189,000 in Ingenico Vietnam Company Limited (Vietnam) shares;
Includes €4,962,000 in Secure Transaction LLC (Ukraine) shares.

(3) Includes €46,107,000 in Ingenico Payment Services Pte Ltd (Singapore) shares, following the merger with Ingenico International Pte Ltd (Singapore).

(4) Includes €974,000 loan to Ingenico Connected Screens;
Includes €50,000,000 loan to Ingenico E-Commerce Solutions SPRL;
Includes €11.5 million loan to Ingenico Do Brasil.

(5) Includes €6,000,000 in capitalization of the loan to Ingenico Do Brasil;
Includes €11.6 million in payment of dividends of Ingenico Holdings Asia Limited.

(6) Includes €2,814,000 in holdings in Partech Growth FCPI and Partech Entrepreneur II FCPI investment funds.

(7) Includes €48,000 for cancellation of 1,800 treasury shares.

Depreciation and amortization

Items *(in thousands of euros)*	Depreciation and amortization accumulated at 1/1/2017	Increase	Transfers between items	Decrease	Depreciation and amortization accumulated at 12/31/2017
Intangible assets					
Research and development expenses	35,707	10,700	-	(13)	46,394
Patents, licenses and trademarks	3,746	434	-	(117)	4,063
Goodwill	1,571	-	-	-	1,571
Other intangible assets	686	-	-	-	686
Property, plant and equipment					
Building fixtures	-	-	-	-	-
Technical installations, equipment and machinery	221	-	-	-	221
Other property, plant and equipment	26	7	-	-	32
TOTAL	**41,956**	**11,140**	**-**	**(130)**	**52,968**

Breakdown of provisions for depreciation and amortization

Straight-line	Diminishing-balance	Non-recurring items
10,892	249	-

Changes in deferred charges

(in thousands of euros)	Amount at 01/01/2017	Increases for the fiscal year	Additions for the fiscal year	Amount at 12/31/2017
Deferred charges	9,258	2,443	(1,976)	9,724
Share premium	733	3,180	(303)	3,610

NOTE 6 —• Equity interests

Subsidiaries[1]	Currency of share capital and equity	Share capital	Reserves, retained earnings, and profit for the last fiscal year (before allocation)	Share of capital held	Carrying amount of shares held: Gross	Carrying amount of shares held: Net	Loans and advances granted by the Company and not yet repaid at 12/31/2017	Loans and advances received by the Company at 12/31/2017	Revenue before tax last fiscal year ended	Profit/ (loss) of last fiscal year ended profit net or (loss)	Dividends recorded by the Company during the fiscal year 2017
(in thousands of euros)	In thousands of currency units			In %	In thousands of euros						
DI DEUTSCHE INGENICO HOLDING GmbH Ratingen - Germany	EUR	212,874	(82,696)	100%	220,063	220,063	-	-	-	21,920	6,000
GCS Holding BV The Netherlands	EUR	19	190,442	100%	665,010	665,010	-	-	-	318	-
GCS HK Private Limited Hong Kong	USD	10	197	100%	1	1	-	-	-	5	-
INGENICO BARCELONA, SA Madrid - Spain	EUR	7,302	1,416	0%	3	-	-	-	-	(32)	-
INGENICO BUSINESS SUPPORT SAS Paris - France	EUR	16,892	2,665	100%	16,893	16,893	16,802	-	-	1,398	-
INGENICO CANADA Ltd Ontario - Canada	CAD	-	23,886	100%	33,960	33,960	-	-	60,416	6,641	5,417
INGENICO CONNECTED SCREENS SAS Paris - France	EUR	2,935	(26)	100%	2,410	1,156	3,805	-	-	(12)	-
Ingenico Corp.[2] Alpharetta - United States	USD	-	54,792	100%	86,229	86,229	40,975	-	-	5	-
INGENICO CZ s.r.o. Prague - Czech Republic	CZK	3,750	33,988	100%	142	142	404	-	13,331	1,246	2,101
INGENICO DO BRASIL LTDA[2] Barueri - Brazil	BRL	61,792	30,921	100%	24,484	24,484	5,500	-	109,884	7,246	-
INGENICO E-COMMERCE SOLUTIONS BV The Netherlands	EUR	18	1,286	100%	19,998	19,998	-	-	13,370	567	2,000
INGENICO E-COMMERCE SOLUTIONS SAS France Paris - France	EUR	40	701	100%	23,000	23,000	-	-	19,313	351	1,600
INGENICO E-COMMERCE SOLUTIONS SPRL Brussels - Belgium	EUR	375,000	966,600	100%	1,625,632	1,625,632	131,084	-	56,638	(9,633)	6,200
INGENICO EASTERN EUROPE I SARL[2] Luxembourg	EUR	13	721	99%	905	905	1,006	2,284	-	637	1,119
INGENICO FINANCIAL SOLUTIONS SA Brussels - Belgium	EUR	1,781	2,624	100%	8,738	8,738	-	-	14,206	469	-
INGENICO France SAS Paris - France	EUR	83,479	9,279	100%	83,924	83,924	-	30,788	242,627	3,384	1,600
INGENICO GmbH Ratingen - Germany	EUR	3,607	4,455	100%	3,611	3,611	-	3,185	44,948	4,436	2,200
INGENICO HEALTHCARE GmbH Flintbeck - Germany	EUR	500	2,474	100%	1,850	1,850	1,559	-	112,065	2,844	-
INGENICO HOLDINGS ASIA Limited[2] Wanchai - Hong Kong	USD	114,847	33,931	77%	69,266	69,266	-	38,272	-	26,921	(435)
INGENICO HOLDINGS Asia II Limited Wanchai - Hong Kong	USD	33,594	(9,189)	100%	25,180	25,180	722	6,145	-	838	-
INGENICO HUNGARY Ltd Budapest - Hungary	HUF	3,000	348,474	100%	12	12	1	-	10,108	882	940
INGENICO IBERIA, SL[2] Madrid - Spain	EUR	8,115	23,313	100%	87,191	87,191	-	-	33,690	324	-

Subsidiaries(1) *(in thousands of euros)*	Currency of share capital and equity	Share capital	Reserves, retained earnings, and profit for the last fiscal year (before allocation)	Share of capital held	Carrying amount of shares held: Gross	Carrying amount of shares held: Net	Loans and advances granted by the Company and not yet repaid at 12/31/2017	Loans and advances received by the Company at 12/31/2017	Revenue before tax last fiscal year ended	Profit/(loss) of last fiscal year ended profit net or (loss)	Dividends recorded by the Company during the fiscal year 2017
	In thousands of currency units			In %	In thousands of euros						
INGENICO ITALIA SpA(2) Milan (MI) - Italy	EUR	2,000	49,335	100%	2,588	2,588	-	9,697	128,150	15,686	-
INGENICO INTERNATIONAL INDIA PVT Ltd New Delhi - India	INR	325,702	466,398	100%	3,902	3,902	-	-	66,545	3,179	-
INGENICO INTERNATIONAL (PACIFIC) PTY Ltd(2) Belrose - Australia	AUD	400	8,637	100%	252	252	-	6,680	42,679	4,924	5,621
INGENICO INTERNATIONAL (SINGAPORE) Pte Ltd Singapore	SGD	157	24,336	100%	46,208	46,208	15,363	-	112,697	8,427	-
INGENICO LATIN AMERICA Inc.(2) Miami, Florida - USA	USD	1	6,303	100%	418	418	9,917	29,085	48,714	2,048	-
INGENICO (UK) LIMITED(2) Northwich, Cheshire United Kingdom	GBP	1,000	71,949	100%	1,544	1,544	-	89,640	150,507	27,904	-
INGENICO LLC Saint-Petersburg - Russia	RUB	3,448	593,873	100%	15,178	15,178	-	-	81,020	8,700	8,256
Ingenico Mexico SA de CV Mexico City - Mexico	MXN	5	3,982	0%	-	-	-	-	32,634	919	-
INGENICO ÖDEME SISTEM ÇÖZÜMLERI AŞ(2) İstanbul - Turkey	TRY	19,613	55,271	100%	18,170	18,170	-	-	88,414	8,598	-
Ingenico Payment Systems Africa SARLAU Casablanca-Anfa Morocco	MAD	500	5,769	100%	45	45	-	-	2,292	167	-
INGENICO PREPAID SERVICES France SAS 75015 PARIS - France	EUR	500	1,017	100%	8,731	8,731	-	-	13,977	610	669
INGENICO (SUISSE) Granges-Paccot, Switzerland	CHF	140	3,120	100%	1,810	1,810	-	-	10,481	2,704	1,535
INGENICO TERMINALS SAS Paris - France	EUR	193,227	5,988	100%	193,246	193,246	-	47,377	671,364	32,083	11,500
INGENICO VENTURES SAS Paris - France	EUR	42,942	(3,326)	100%	42,942	39,716	-	39,721	-	7,459	-
INGENICO VIETNAM CO LTD Vietnam	USD	4,538,000	138,754	100%	189	189	-	-	-	5	-
NATURAL SECURITY SAS 59044 Lille -France	EUR	882	(545)	0%	774	-	-	-	-	(428)	-
M2M APPLICATIONS CARTES À MÉMOIRES SA Casablanca - Morocco	MAD	2,250	-	31%	152	-	-	-	-	-	-
INGENICO 5 SAS Paris - France	EUR	10	(9)	100%	10	10	-	-	-	(4)	-
LYUDIA Inc. Tokyo - Japan	JPY	100,000	(70,833)	70%	6,897	6,897	1,195	-	3,236	(1,250)	-
NERA INDONESIA Singapore	USD	3,446,750	22,315,342	100%	53	53	-	-	4,436	733	-
SECURE TRANSACTION LLC Ukraine	USD	300	6,096	100%	4,962	4,962	-	-	1,964	154	-
SKYWAY WEALTH HK INVESTMENT LIMITED Hong Kong	USD	-	-	100%	-	-	-	-	-	-	-
TOTAL					**3,346,571**	**3,341,162**	**228,332**	**302,874**	**2,189,706**	**193,373**	**56,322**

(1) *Profit or loss data for foreign subsidiaries is translated into euros at the average exchange rate for the year and balance sheet items are translated at the closing rate. Data provided based on provisional, unaudited accounting figures.*

(2) *Sub-group.*

NOTE 7 —• Receivables

Items *(in thousands of euros)*	Gross amount	Up to 1 year	More than 1 year
Receivables on non-current assets			
Loans and advances to subsidiaries and associates	58,242	6,468	51,774
Receivables on current assets			
Doubtful or disputed accounts	50	50	-
Other trade receivables	59,583	59,583	-
Income tax receivables	16,149	16,149	-
VAT receivables	10,716	10,716	-
Group current accounts – cash pooling(1)	467,713	467,713	-
Other receivables	5,061	5,061	-
Prepaid expenses	3,164	2,587	578
TOTAL AT 12/31/2017	**620,678**	**568,326**	**52,352**
Total at 12/31/2016	**305,155**	**294,717**	**10,438**

(1) Groups current accounts are comprised primarily of advances granted by Ingenico Group SA to its subsidiaries and current accounts with other Ingenico Group companies.

NOTE 8 —• Short-term investments

Type of security *(in thousands of euros)*	Gross carrying amount	Net asset value	Impairment
Treasury shares	-	-	-
UCITS and other instruments classified as short-term investments	68,971	68,967	3
TOTAL SHORT-TERM INVESTMENTS	**68,971**	**68,971**	**3**

NOTE 9 —• Changes in shareholders' equity and treasury shares

Ingenico's share capital consists of 62,363,114 shares of €1 each, including 5,963,974 shares with double voting rights and 114,734 treasury shares.

During the year, 731,856 new shares were issued through distributions of stock dividends.

● Changes in shareholders' equity

(in thousands of euros)	At January 1, 2017	Allocation of profit in 2016	Movements in 2017	At December 31, 2017
Share capital	61,493	732	138(1)	62,363
Issue premiums	863,345	54,004	1,626(1)	918,975
Legal reserve	6,100	50	-	6,150
Retained earnings	500,014	110,813	-	610,828
Profit for the year	202,929	(202,929)	172,604	172,604
Regulated provisions	5,665	-	(249)	5,416
2016 dividends paid in 2017	-	37,330	-	-
TOTAL	**1,639,547**	**-**	**174,119**	**1,776,335**

(1) Including capital increase of €1,764,000 reserved for employees
Including capital increase for €112,000 in the form of an allocation of free shares deducted from the issue premium.

Treasury shares

(in thousands of euros)	2017 Quantity	2017 Net amount *(in thousands of euros)*	2016 Quantity	2016 Net amount *(in thousands of euros)*
Unallocated treasury shares	114,734	2,698	116,534	2,746
Treasury shares held under the liquidity contract	-	-	-	-
TOTAL	**114,734**	**2,698**	**116,534**	**2,746**

Free share award plan and stock option plans

	2017				
	Shares outstanding at January 1	Shares granted during the year	Share awards exercised during the year	Shares cancelled or expired, other movements	Free shares outstanding at December 31
Free share awards	209,660	70,838	113,800	18,950	147,748
Joint investment plan	35,320	115,710	-	17,210	133,820
TOTAL	**244,980**	**186,548**	**113,800**	**36,160**	**281,568**

As part of the free share award launched in 2014, one of the vesting periods of which expired in 2017, 112,000 shares were allocated to beneficiaries through the issuance of new shares. The remaining shares acquired by some beneficiaries during the period were taken from treasury shares.

On May 10, 2017, the Board of Directors, using the authorization granted by the shareholders on April 29, 2016, decided to set up a new free share award plan and a new co-investment plan for some of the employees of the Group's companies in France and abroad.

The maximum number of 186,549 shares that may be awarded at the end of a three-year vesting period is based on conditions of continuous service, a performance condition associated with the Group's attainment of a specified level of EBITDA, and a performance condition associated with the Ingenico share price performance compared to the SBF 120 benchmark index.

NOTE 10 — Provisions and impairment

(in thousands of euros)	Amount at 01/01/2017	Additions	Transfers between items	Reversals used	Reversals not used	Amount at 12/31/2017
I - Regulated provisions						
Tax-accelerated depreciation and amortization	5,665	85	-	(334)	-	5,416
TOTAL I	**5,665**	**85**	**-**	**(334)**	**-**	**5,416**
II - Provisions for liabilities and charges						
Provisions for litigation in comm. courts & industrial tribunals	3,128	-	-	(359)	(423)	2,345
Provisions for warranties	-	-	-	-	-	-
Provisions for foreign exchange losses	1,584	2,497	-	(1,584)	-	2,497
Provisions for retirement benefit obligations	1,337	761	-	-	-	2,098
Provisions for taxes	94	-	-	-	-	94
Other provisions for liabilities and charges	6,881	-	-	-	(6,881)	-
TOTAL II	**13,025**	**3,258**	**-**	**(1,944)**	**(7,304)**	**7,034**
III - Impairment						
Property, plant and equipment	-	-	-	-	-	-
Financial assets	15,082	1,254	-	(10,927)	-	5,409
Inventories	-	-	-	-	-	-
Trade receivables	50	-		-	-	50
Other receivables	177	166	-	(95)	-	248
Short-term investments	-	3		-	-	3
TOTAL III	**15,309**	**1,423**	**-**	**(11,022)**	**-**	**5,710**
TOTAL I+II+III	**34,000**	**4,766**	**-**	**(13,300)**	**(7,304)**	**18,162**
Provisions and impairment						
• for operating items		927		359	7,304	
• for financial items		3,753		12,606	-	
• for non-recurring items		85		334	-	

NOTE 11 —• Bank borrowings and debt and other bond issues

(in thousands of euros)	Balance at 12/31/2017	Initial term	Maturity date
Medium-term borrowings			
2017 bond issue	600,000	7 years	September 13, 2024
2014 bond issue	450,000	7 years	May 20, 2021
2015 OCEANE bond issue	500,000	7 years	June 26, 2022
Other 2017 financial debt	50,000	3 years	December 19, 2020
Accrued interest on loan(1)	8,322		
Short-term borrowings			
Bank overdrafts	66		
Commercial papers	500,000		
Cash instruments	-		
TOTAL	**2,108,388**		

(1) Includes €8,322,000 in accrued interest on bond issues.

Bond debt

On September 13, 2017, Ingenico Group SA issued a bond maturing on September 13, 2024. The par value of the issue is €600 million (6,000 bonds with a par value of €100,000 each). The bonds carry a coupon of 1.625%. The issue costs of the bond debt are amortized over the life of the bond.

On May 20, 2014, the Company launched a €450 million bond issue (4,500 bonds with a par value of €100,000 each). The projected redemption date is May 20, 2021 and the annual coupon is 2.50%. The bond issue expenses are amortized over the initial term of the bond.

2015 OCEANE bond

In 2015, Ingenico issued an OCEANE bond with a call date of June 26, 2015 and a maturity date of June 26, 2022. The total principal amount of the issue was €500 million, or 2,904,443 bonds with a par value of €172.15 each and a one-to-one conversion ratio. The bonds have no coupon.

The conversion ratio was adjusted after allocation of the 2015 dividend. One bond may now be converted into 1.002 new or existing Ingenico Group shares.

The issue costs of the OCEANE bond were recorded in "Deferred charges" for 2015 on the asset side of the balance sheet and amortized over the life of the bond (see Note 5).

In 2016, as part of the approval of the Ingenico Group SA demerger by the bondholders, additional costs were recorded in "Deferred charges" on the asset side of the balance sheet and amortized at the same rate and under the same conditions as the initial costs.

The risk of dilution that could result from this OCEANE bond was partially hedged in November 2016 by the purchase of 1,500,000 call options.

Syndicated credit facility

On July 29, 2014, Ingenico Group SA contracted a €600 million syndicated credit facility maturing in 2019, structured as a €100 million term loan (fully repayable in July 2015) and a €500 million revolving credit facility. When drawn down, this facility bears interest at a variable rate (Euribor 1 to 6 months) plus margin.

In June 2016, the maturity of the syndicated credit facility was extended by two years to July 29, 2021.

On December 21, 2016, a rider was attached to the syndicated credit facility. The amount was increased to €750 million, two additional extension options (one year each) were granted and the bank syndicate was slightly expanded.

Note that the syndicated credit facility was undrawn at December 31, 2017 and is not subject to any financial covenants as of July 2016.

The initial issue expenses and renegotiation costs are amortized over the new term of the facility, *i.e.*, until July 29, 2021.

Bank loan of €250 million

On September 18, 2017, Ingenico Group SA contracted a three-year bank loan for €250 million, which can be activated up to March 18, 2018. Issue expenses were €136,000. They were recorded as assets and amortized over the life of the bond. As at December 31,2017, this loan had not been activated.

Other financial liabilities

In December 2017, Ingenico Group made a private placement of €50 million, maturing in three years at a fixed rate of 0.647%.

Commercial Paper

During 2017, Ingenico Group SA issued and repaid commercial paper for €275 million. In May 2017, the Company increased the ceiling of its commercial paper program from €300 million to €500 million.

NOTE 12 —• Liabilities

(in thousands of euros)	Gross amount	Up to 1 year	More than 1 year and less than 5 years	More than 5 years
OCEANE bonds	500,000	-	500,000	-
Bond debt	1,058,322	8,322	450,000	600,000
Bank borrowings and debt	50,066	66	50,000	-
Other borrowings and liabilities	803,398	803,398	-	-
Trade payables and related accounts	109,424	109,424	-	-
Payroll and related expenses	10,697	10,697	-	-
Social security and related liabilities	5,079	5,079	-	-
Payables to government	36,668	36,668	-	-
Other taxes and similar duties	7	7	-	-
Other debts	3,275	3,275	-	-
Deferred income	1,500	1,500	-	-
TOTAL AT 12/31/2017	**2,578,436**	**978,436**	**1,000,000**	**600,000**
Total at 12/31/2016	**1,704,084**	**754,084**	**450,000**	**500,000**

NOTE 13 —• Accrued income and charges

Statement of accrued income *(in thousands of euros)*	12/31/2017	12/31/2016
Trade receivables and related accounts	47,026	25,439
Accrued income from social security bodies	-	9
Other receivables: Supplier credits earned but not yet received	259	-
Cash and cash equivalents	90	72
TOTAL ACCRUED INCOME	**47,375**	**25,521**

Statement of accrued charges *(in thousands of euros)*	12/31/2017	12/31/2016
Bank borrowings and debt	8,322	5,404
Trade payables and related accounts	50,052	34,914
Tax and social security liabilities	15,230	12,218
Other debts	550	550
TOTAL ACCRUED CHARGES	**74,154**	**53,086**

NOTE 14 —• Breakdown of revenue

Breakdown by geographical area *(in thousands of euros)*	2017	2016
France (mainland and overseas depts.)	14,130	31,144
APAC	4,827	45,176
EMEA	28,296	165,086
LAR and NAR	9,484	83,436
TOTAL	**56,737**	**324,842**

NOTE 15 —• Average workforce

Employees	2017	2016
Executives and engineers	133	302
Clerical staff, technicians and supervisors	6	26
TOTAL	**139**	**328**

NOTE 16 —• Capitalized research and development costs

(in thousands of euros)	2017	2016
Capitalized research and development costs	7,027	6,479
Total R&D expenditure (costs and investment)	62,680	83,958
% of R&D costs capitalized	**11%**	**8%**

NOTE 17 —• Net financial income

Nature *(in thousands of euros)*	Notes	2017	2016
Financial income			
Income from equity interests	(1)	56,322	132,081
Foreign exchange gains		27,062	51,621
Income from other receivables	(2)	4,687	2,164
Gains on disposal of short-term investments		352	259
Reversal of provisions and account transfers	(3)	12,606	3,105
Other income	(4)	3,307	3,133
TOTAL FINANCIAL INCOME		**104,337**	**192,364**
Financial expenses			
Foreign exchange losses		23,599	49,576
Amortization and provisions	(5)	4,056	4,116
Interest expense		18,109	11,712
Net losses on disposal of short-term investments		184	81
Other financial expenses		25	459
TOTAL FINANCIAL EXPENSES		**45,973**	**65,944**
Net financial income		**58,364**	**126,420**

(1) Includes €56,322,000 in dividends received from subsidiaries (see Note 6).
(2) Interest on loans to subsidiaries and current accounts.
(3) Includes a €10,927,000 reversal of provisions on equity interests.
(4) Includes €3,064,000 in interest on interest rate swaps.
(5) Includes a €2,496,000 provision for foreign exchange losses.
Includes a €1,254,000 provision for depreciation of equity interests.

NOTE 18 —• Non-recurring profit/loss

Nature *(in thousands of euros)*	2017	2016
Non-recurring income		
Gains on disposal of assets	8,892	-
Tax-accelerated depreciation and amortization reversals	334	5,999
Account transfers	32	-
Other	575	9
TOTAL NON-RECURRING INCOME	**9,833**	**6,007**
Non-recurring expenses		
Losses on disposal of assets	2,466	166
Tax-accelerated depreciation and amortization provisions	85	2,026
Losses on buybacks of shares	48	301
Penalties	22	1,203
Other	-	38
TOTAL NON-RECURRING EXPENSES	**2,621**	**3,735**
Non-recurring profit/loss	**7,211**	**2,272**

NOTE 19 — Corporate income taxes

Income tax breakdown before and after non-recurring items

(in thousands of euros)	2017	2016
Profit for the year	172,604	202,929
Income tax on profit before current items[1]	33,623	44,158
Income tax on non-recurring income and expenses[1]	2,843	860
Contribution on dividends (3%)	(3,231)	1,063
TOTAL INCOME TAX	**33,236**	**46,080**
Profit before income tax	**205,839**	**249,009**

(1) Includes €6,807,000 in non-recurring contributions from large corporations (15%).

Changes in deferred tax liabilities

Changes in deferred tax liabilities for:

- 2016 were set at the rate of 34.43%;
- 2017 by taking into account the rate of corporation tax applicable on the likely date of the reversal.

Type of temporary difference *(in thousands of euros)*	2017	2016
Regulated provisions		
Tax-accelerated depreciation and amortization	154	1,951
TOTAL INCREASE	**154**	**1,951**
Provisions and accrued charges not deductible in accounting period		
Solidarity contribution	123	138
Construction costs	28	58
Provision for retirement	551	460
Acquisition expenses	1,892	2,361
Equity interests	223	322
Other		
Translation differences (liabilities)	117	772
TOTAL TAX RELIEF	**2,936**	**4,111**

NOTE 20 — Executive compensation

Compensation paid to members of the administrative bodies in fiscal year 2017 amounted to €550,000. Compensation paid to management bodies amounted to €1,910,000.

NOTE 21 — Audit fees

	2017	
(in thousands of euros)	KPMG SA	Mazars
Certification of annuals accounts	263	195
Other Services than certification of annuals accounts	101	68
TOTAL	**364**	**263**

NOTE 22 — Off-balance sheet commitments

Commitments given *(in thousands of euros)*			**2017**	**2016**
Various guarantees			**6,200**	**6,917**
Liability warranty as part of the disposal of 20% stake in **Ingenico Holdings Asia**: Standard warranties until October 2016, Tax warranties until June 2022 and Basic warranties valid until expiration of time limit for tax claims			21,793	24,795
As part of the acquisition of **Bambora** group, Ingenico Group SA took aver a guarantee against credit card company (USD 20 million)			16,676	-
As part of policy to hedge foreign exchange exposure:				
On existing assets and receivables and on future flows (valued at closing exchange rates)				
• Forward contracts to purchase/sell AUD	AUD 0	(AUD (2,500) in 2016)	-	(1,713)
• Forward contracts to purchase/sell CAD	CAD 0	(CAD 1,268 in 2016)	-	894
• Forward contracts to purchase/sell JPY	JPY 0	(JPY 258,149 in 2016)	-	2,092
• Forward contracts to purchase/sell SEK	SEK 200,000	(SEK 0 in 2016)	20,317	-
• AUD currency swaps	AUD 41,596	(AUD (12,277) in 2016)	27,105	(8,411)
• SEK currency swaps	SEK 255,708	(SEK 0 in 2016)	25,977	-
• GBP currency swaps	GBP (81,303)	(GBP (54,583) in 2016)	(91,637)	(63,752)
• CAD currency swaps	CAD 73,087	(CAD 0 in 2016)	48,598	-
• USD currency swaps	USD (35,373)	(USD (13,150) in 2016)	(29,495)	(12,475)
• JPY currency swaps	JPY 159,000	(JPY 0 in 2016)	1,178	-
As part of policy to hedge interest rate exposure:				
Interest rate swaps (Nominal at closing)			225,000	225,000
Other commitments given				
Partech Growth			5,649	8,190
Partech Entrepreneur II			288	561
Minimum future rentals on non-cancellable contracts			33,396	35,162

Commitments received *(in thousands of euros)*	**2017**	**2016**
Liability warranty received as part of **Ogone** acquisition (out of special guarantee) Corporate wanrrantie: unlimited in time	89,325	89,325
Lyudia: general warranties 24 months from April 26, 2016 Tax warranties 5 years	3,333	3,647
Acquisition of shares of **Ingenico Holdings Asia**: Basic warranties of unlimited duration and amount	-	-
Nera Payment Service: Basic warranties: unlimited Tax warranties: 6 years Other warranties: 1 year	13,160	13,846

NOTE 23 — First-time application of the new rules on hedging transactions

(in thousands of euros)	2017	2016 Pro forma	2016	Impact 2016
REVENUE	**56,737**	**324,842**	**324,842**	**0**
Operating income	16,927	26,937	26,937	0
Other operating income	245,962	148,206	147,168	1,037
Total operating income	**319,626**	**499,985**	**498,948**	**1,037**
Operating expenses	177,781	376,039	376,039	0
Other expenses	1,626	2,980	960	2,020
Total operating expenses	**179,406**	**379,020**	**376,999**	**2,020**
EBIT	**140,220**	**120,965**	**121,948**	**(983)**
Financial income	104,337	191,326	192,364	(1,037)
Financial expenses	(45,973)	(63,924)	(65,944)	2,020
NET FINANCIAL PROFIT/LOSS	**58,364**	**127,403**	**126,420**	**983**
CURRENT PROFIT/LOSS BEFORE TAXES	**198,584**	**248,368**	**248,368**	**0**
NON-RECURRING PROFIT/LOSS	**7,211**	**2,272**	**2,272**	**0**
PROFIT FOR THE YEAR	**172,604**	**202,929**	**202,929**	**0**

6.5 STATUTORY AUDITORS' REPORT ON THE PARENT COMPANY ANNUAL FINANCIAL STATEMENTS

Fiscal year ended December 31, 2017

To the Annual General Shareholders' Meeting of Ingenico Group SA,

Opinion

In compliance with the engagement entrusted to us by your Annual General Shareholders' Meeting, we have audited the accompanying financial statements of Ingenico Group SA for the fiscal year ended December 31, 2017.

In our opinion, the parent company annual financial statements give a true and fair view of the assets, liabilities, financial position and results of the Company for the preceding fiscal year in accordance with generally accepted accounting principles in France.

The opinion expressed above is consistent with the contents of our report to the Audit Committee.

Justification of our opinion

Auditing guidelines

We conducted our audit in accordance with the 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 section "Responsibilities of statutory auditors relating to the auditing of the annual financial statements" of this report.

Independence

We conducted our audit, in compliance with independence rules applicable to us for the period, from January 1, 2017, to the date of our report, and specifically 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 (code de déontologie) for statutory auditors.

Comment

Without qualifying the opinion expressed above, we draw your attention to the change of accounting methods following the first application of ANC regulation 2015-05 on financial instruments and hedging transactions, as detailed in Note 4 of the notes to the annual financial statements.

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 inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the annual financial statements, as a whole, and forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Key points of our audit	Responses provided during our audit
Valuation of equity interests and loans and advances to subsidiaries and associates At December 31, 2017, equity interests were recorded on the balance sheet at a net carrying amount of €3,341 million, and loans and advances to subsidiaries and associates at a net carrying amount of €58 million. When the value in use of equity interests and loans and advances to subsidiaries and associates is less than their carrying amount, an impairment loss is recognized for the difference. As indicated in Note 3 of the notes to the annual financial statements, the determination of the value in use of these equity interests requires a decision from the management to determine the items to take into consideration, which correspond mainly to forecasts of discounted net cash flows. We have considered that the valuation of equity interests and loans and advances to subsidiaries and associates is a key point of the audit, due to their significance in the Company's accounts and as the calculation of their value in use is based on assumptions, estimates or assessments of the management.	• Our work consisted of: • obtaining an understanding of the procedures used by the management to implement impairment tests; • analyzing the reasonable nature of cash flow projections based on the five-year business forecasts established by the management; • assessing the consistency between long-term growth rates and the weighted average cost of capital and market analyzes, with the assistance of our valuation experts; • checking that the value resulting from cash flow forecasts has been adjusted to take into account the debt of the entity in question.
Provisions for litigation and claims The Company's business activities are subject to many regulations, including commercial and tax regulations in France and internationally. In this context, the Company's business activities may involve risks, disputes or litigation with third parties. As indicated in Note 3 of the notes to the annual financial statements, commercial and tax litigation arising in connection with the Company's business activities are regularly reviewed by the Company's Legal Department, if it believes that it is likely that an outflow of resources will be required to cover the risk incurred and when such an outflow can be reliably estimated. We considered that this area was a key point of our audit given the significant nature of litigation and claims and the high level of judgment required by the management to determine such provisions in a context of multiple regulatory conditions and constant changes.	To obtain an understanding of existing litigation, claims and judgment-related items, we interviewed the Company's management, analyzed the procedures it implements to identify litigation and questioned the main legal firms used by the management. For each of the major litigation and claims identified, we: • reviewed the process used by the management to calculate the relevant provisions and determine which information to communicate in the notes; • performed a critical review of internal-analysis notes relating to the probability and the potential impact of each risk, by examining the procedural elements (correspondence, claims, judgments, notifications, etc.) available and the legal or technical advice provided by the legal firms or external experts used by the management; • assessed the methodology used to calculate the provisions and tested the underlying data used; • obtained written consultations from the legal firms or external experts that assisted the Company in the context of any litigation identified; • exercised our professional judgment, with the help of our own experts where necessary, to assess the positions used by the management and the suitability of any changes over time to these positions.

Verifications of the management report and other documents sent to shareholders

We have also performed the specific verifications required by law, in accordance with professional standards applicable in France.

Information given in the management report and in other documents sent to shareholders on the financial situation and annual financial statements

We have no matters to report regarding the fair presentation and the consistency with the parent company annual financial statements of the information given in the management report of the Board of Directors and in the documents sent to shareholders with respect to the Company's financial position and annual financial statements.

Report on corporate governance

We attest that the Board of Directors' report on corporate governance contains the disclosures required by Articles L.225-37-3 and L.225-37-4 of the French Commercial Code.

With regard to the information supplied pursuant to Article L.225-37-3 of the French Commercial Code on compensation and benefits paid to the Company's directors and executive officers and on commitments made to them, we verified its consistency with the parent company annual financial statements or with the data used as a basis for preparing these financial statements and, where relevant, with the elements collected by your Company from companies controlling your Company or controlled by it. Based on our work, we attest to the accuracy and fair presentation of this information.

Regarding the disclosures of information your Company considers likely to have an impact on any public tender or exchange offers, supplied pursuant to Article L.225-37-5 of the French Commercial Code, we checked the consistency of the information with the original source documents. Based on our work, we have no comments to make regarding this information.

Other disclosures

In accordance with French law, we have ensured that the required information concerning the purchase of equity interests and controlling interests in the Company and the names of the holders of shares or voting rights have been properly disclosed in the management report.

Information stemming from other legal and regulatory obligations

Appointment of statutory auditors

KPMG were appointed as the statutory auditors of Ingenico Group SA by the Annual General Shareholders' Meeting of June 10, 1986; Mazars were appointed on April 29, 2013.

As of December 31, 2017, KPMG has been working continuously as auditors for 32 years, while Mazars has been working for the Company for five years.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting rules and 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.

The Audit Committee is responsible for monitoring the preparation of financial information process and monitoring the effectiveness of internal-control and risk-management systems, as well as, where applicable, the internal audit process, in terms of the procedures relating to the preparation and processing of accounting and financial information.

These annual financial statements were approved by the Board of Directors on February 21, 2018.

Responsibilities of the statutory auditors in relation to auditing the annual financial statements

Objective and audit approach

Our role is to issue a report on the annual financial statements. Our objective is to obtain reasonable assurance whether the annual financial statements, taken 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 financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his 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;

- obtains 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;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;
- assesses 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. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We forward a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement, that, in our professional judgment, were of most significance in the audit of the period's annual financial statements and are considered key audit matters. It is our responsibility to describe such risks in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set 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 the related safeguards.

Paris-La Défense, February 22, 2018

The statutory auditors

KPMG AUDIT	Mazars
Department of KPMG SA	
Frédéric Quelin	Thierry Blanchetier

6.6 FIVE-YEAR FINANCIAL SUMMARY

Reporting date (12-month accounting period) *(in thousands of euros)*	**12/31/2013**	**12/31/2014**	**12/31/2015**	**12/31/2016**	**12/31/2017**
Capital at year end					
Share capital in thousands of euros	53,086	57,437	60,991	61,493	62,363
Number of ordinary shares issued	53,086,309	57,436,781	60,990,600	61,493,241	62,363,114
Key income statement data					
Revenue (excluding tax)	536,385	676,637	832,112	324,842	56,737
Profit before income taxes, profit-sharing, depreciation, amortization and provisions	136,317	239,575	491,999	261,034	203,375
Income tax (incl. contr. on dividends)	25,344	56,587	88,096	46,080	33,236
Employee profit-sharing for the year	1,530	4,341	4,387	1,631	(44)
EPS after income taxes, profit-sharing, depreciation, amortization and provisions	81,309	174,214	369,939	202,929	172,604
Dividends distributed	42,469	57,437	79,288	92,240	
Per-share data (in euros)					
EPS after income taxes, profit-sharing but before depreciation, amortization and provisions	2.06	3.11	6.55	3.47	2.73
EPS after income taxes, profit-sharing, depreciation, amortization and provisions	1.53	3.03	6.07	3.30	2.77
Dividend per share(1)	0.80	1.00	1.30	1.50	1.60
Personnel					
Average number of employees	795	835	909	328	139
Total payroll	69,686	77,582	75,489	37,226	21,840
incl. free share awards	13	-	118	-	32
Total benefits incl. social security expenses	33,455	45,099	48,865	21,230	11,475

(1) The proposed dividend that will be submitted to the Combined Ordinary and Extraordinary Shareholders' Meeting of May 16, 2018 has been decided by the Board of Directors on February 21, 2018.

Combined Ordinary and Extraordinary Shareholders' Meeting of May 16, 2018

7.1 DRAFT AGENDA AND PROPOSED RESOLUTIONS

Draft agenda

Ordinary resolutions

First resolution – Approval of the annual financial statements for the year ended December 31, 2017 and approval of non-tax-deductible expenses.

Second resolution – Approval of the consolidated financial statements for the year ended December 31, 2017.

Third resolution – Allocation of net profit for the year and dividend.

Fourth resolution – Option to receive dividends in cash or in shares, determination of share price, rounding of fractional shares, option declaration period.

Fifth resolution – Statutory auditors' special report on the agreements covered under Article L. 225-38 *et seq*. of the French Commercial Code (*Code de commerce*).

Sixth resolution – Ratification of the provisional appointment of Ms. Sophie STABILE as a director.

Seventh resolution – Appointment of Mr. Thierry SOMMELET as director in replacement of Mr. Jean-Louis CONSTANZA .

Eighth resolution – Expiry of Ms. Colette LEWINER term of office as director.

Ninth resolution – Reappointment of Mr. Xavier MORENO as director.

Tenth resolution – Reappointment of Mr. Élie VANNIER as director.

Eleventh resolution – Approval of the compensation paid or awarded in respect of the year ended December 31, 2017 to Philippe LAZARE, Chairman and Chief Executive Officer.

Twelfth resolution – Approval of the principles and criteria governing the determination, split and basis of the fixed, variable and non-recurring components of total compensation and benefits of any kind awarded to the Chairman and Chief Executive Officer.

Thirteenth resolution – Authorization of the Board of Directors to repurchase Company shares, pursuant to Article L. 225-209 of the French Commercial Code; duration, purpose, procedure, limit, and suspension of this authorization during a public offer period.

Extraordinary resolutions

Fourteenth resolution – Authorization of the Board of Directors to cancel the shares repurchased by the Company, pursuant to Article L. 225-209 of the French Commercial Code; duration, limit and suspension of this authorization during a public offer period.

Fifteenth resolution – Delegated authority to be granted to the Board of Directors to issue ordinary shares conferring, as applicable, entitlement to ordinary shares or to the allocation of debt securities (of the Company or of another Group company), and/or securities conferring entitlement to ordinary shares (by the Company or another Group company), with the retention of preferential subscription rights; duration of the delegated authority, maximum nominal amount of the capital increase, option to offer unsubscribed securities to the public, suspension of this delegation during a public offer period.

Sixteenth resolution – Delegated authority to be granted to the Board of Directors to issue ordinary shares conferring, as applicable, entitlement to ordinary shares or to the allocation of debt securities (of the Company or of another Group company), and/or securities conferring entitlement to ordinary shares (by the Company or another Group company), with preferential subscription rights waived, by public offer and/or in consideration for shares as part of a public exchange offer; duration of the delegated authority, maximum nominal amount of the capital increase, issue price, option to limit the issue to the amount of subscriptions or to distribute unsubscribed securities, suspension of this delegation during a public offer period.

Seventeenth resolution – Delegated authority to be granted to the Board of Directors to issue ordinary shares conferring, as applicable, entitlement to ordinary shares or to the allocation of debt securities (of the Company or of another Group company), and/or securities conferring entitlement to ordinary shares (by the Company or another Group company), with preferential subscription rights waived, by means of an offer as described in Article L. 411-2 II of the French Monetary and Financial Code; duration of the delegated authority, maximum nominal amount of the capital increase, issue price, option to limit the issue to the amount of subscriptions or to distribute unsubscribed securities, suspension of this delegation during a public offer period.

Eighteenth resolution – Authorization to increase the amount of issues in the event of excess demand; suspension of this authorization during a public offer period.

Nineteenth resolution – Delegated authority to be granted to the Board of Directors to increase capital by issuing ordinary shares and/or securities conferring entitlement to shares, up to a limit of 10% of the share capital in consideration for contributions in kind of shares or securities conferring access to shares; duration of the delegated authority, suspension during a public offer period.

Twentieth resolution – Overall limit on delegated authority for immediate and/or future capital increases.

Twenty-first resolution – Delegated authority to be granted to the Board of Directors to increase share capital by issuing ordinary shares and/or securities conferring entitlement to shares, with preferential subscription rights waived, to employees who are members of a company savings plan, pursuant to Articles L. 3332-18 *et seq*. of the French Labor Code; duration of delegated authority, maximum nominal amount of the capital increase, issue price, possibility to grant free shares pursuant to Article L. 3332-21 of the French Labor Code, suspension of this authorization during a public offer period.

Twenty-second resolution – Delegated authority to be granted to the Board of Directors to issue ordinary shares, with preferential subscription rights waived, to employees, directors and executive officers of Group companies with registered offices outside France who are not members of a company savings plan; duration of delegated authority, maximum amount of the capital increase, issue price, suspension of this delegated authority during a public offer period.

Twenty-third resolution – Amendment of the Articles of Association stipulating the terms of appointment of the director representing employees.

Twenty-fourth resolution – Harmonization of Article 14 of the Articles of Association.

Twenty-fifth resolution – Powers for formalities.

Proposed resolutions for the Annual General Shareholders' Meeting

Ordinary resolutions

First resolution – Approval of the annual financial statements for the year ended December 31, 2017 and approval of non-tax-deductible expenses

The Annual General Shareholders' Meeting, deliberating with the quorum and majority required for ordinary meetings, after reviewing the reports of the Board of Directors and the statutory auditors for the year ended December 31, 2017, hereby approves the annual financial statements, as presented, which show a net profit of €172,603,607.97.

The Annual General Shareholders' Meeting approves the amount of expenses and charges as defined in Article 39-4 of the French General Tax Code, *i.e.*, €51,089, as well as the related tax liability.

Second resolution – Approval of the consolidated financial statements for the year ended December 31, 2017

The Annual General Shareholders' Meeting, deliberating with the quorum and majority required for ordinary meetings, after reviewing the reports of the Board of Directors and the statutory auditors on the consolidated financial statements at December 31, 2017, hereby approves those financial statements, as presented, which show a net profit of €256,168,070.24.

Third resolution – Allocation of net profit for the year and dividend

The Annual General Shareholders' Meeting, upon the recommendation of the Board of Directors, deliberating with the quorum and majority required for ordinary meetings, hereby resolves to allocate the net profit/(loss) for the year ended December 31, 2017 in the following manner:

2017 net results

• Net profit for the year	€172,603,607.97
• Retained earnings	€610,827,318.80

Allocation

• Legal reserve	€90,000
• Dividends[(1)]	€99,780,982.40
Composed of:	
◦ Initial dividend	€3,118,155.70
◦ Additional dividend	€96,662,826.70
• Retained earnings	€683,559,944.37

The Annual General Shareholders' Meeting acknowledges that the total gross dividend per share is set at €1.60. When the gross dividend is paid to an individual tax resident in France, the dividend is liable to (i) a flat tax (*Prélèvement Forfaitaire Unique*) on the gross dividend at the flat rate of 12.8% referred to Article 200 A of the French General Tax Code, or (ii) with a specific request, the normal income tax scale, after an income tax abatement of 40% on dividend income referred to Articles 200 A, 13 and 158 of the French General Tax Code. Social charges at the rate of 17.2% apply.

The ex-dividend date is May 23, 2018.

Dividends will be paid on June 21, 2018.

The total amount of the dividend paid and therefore the amount allocated to retained earnings shall be adjusted for any difference between the number of shares entitled to dividends and the 62,363,114 shares that made up the share capital at December 31, 2017.

(1) The total dividend amount of €99,780,982.40 is based on the number of shares with dividend rights (equal to 62,363,114), including shares owned by the Company. The dividend payable on the shares owned by the Company on the ex-dividend date shall be allocated to "Retained earnings" at the time of payment. The total dividend amount and consequently the amount of retained earnings shall be adjusted according to the number of shares held by the Company on the ex-dividend date and, if applicable, the new shares entitled to dividends vested until that date, resulting from new free share awards or OCEANE bond conversion.

Pursuant to Article 243 *bis* of the French General Tax Code, the shareholders note that the dividends and income paid in respect of the last three fiscal years were as follows:

	Dividends eligible for tax reduction		
Fiscal year	**Dividends**	**Other amounts distributed**	**Dividends not eligible for tax allowance**
2014	€57,436,781.00(1) or €1 per share	-	-
2015	€79,287,780.00(1) or €1.30 per share	-	-
2016	€92,239,861.50(1) or €1.50 per share	-	-

(1) Including the amount of dividend not paid for treasury stock and allocated to retained earnings and the amount of dividend paid in shares.

Fourth resolution – Option to receive dividends in cash or in shares

The Annual General Shareholders' Meeting, deliberating with the quorum and majority required for ordinary meetings, after reviewing the report of the Board of Directors and in accordance with Article 23 of the Company's Articles of Association, having noted that the entire issued share capital has been fully paid up, hereby resolves to grant to each shareholder, out of the total net dividend amount and in proportion to the shares held, the option to receive the dividend in cash or in new shares.

The price for shares issued as stock dividends shall be equal to 90% of the average price quoted for the Company's shares during the twenty trading days preceding the date of this Annual General Shareholders' Meeting, less the net amount of the dividend, in accordance with Article L. 232-19 of the French Commercial Code.

If the net dividend amount to be distributed in shares does not correspond to a whole number of shares, the shareholder may opt to receive:

- either the whole number of shares just below that amount, along with a cash payment for the difference paid on the date on which the option is exercised;
- or the whole number of shares just above that amount, with the difference paid in cash by the shareholder.

Shareholders opting for a dividend paid in shares must exercise this option between May 23, 2018 and June 11, 2018 inclusive, through the relevant financial intermediaries authorized to pay the dividend. Beyond this time limit, only cash dividends shall be paid.

Dividends for those shareholders who opt for a cash payment are payable on June 21, 2018. Those shareholders who opt for a dividend in shares will receive the new shares on the distribution date for cash dividends, *i.e.*, June 21, 2018.

The shares issued in respect of the dividend payment shall be entitled to dividends from January 1, 2018.

The Annual General Shareholders' Meeting hereby resolves to grant the necessary powers to the Board of Directors, with the option to sub-delegate, to perform all actions required to implement this resolution, to record the number of shares issued and the capital increase arising from the new shares issued as stock dividends, to amend the Articles of Association accordingly, and to proceed with all publication and filing formalities.

Fifth resolution – Statutory auditors' special report on the agreements referred to Article L. 225-38 *et seq.* of the French Commercial Code

The Annual General Shareholders' Meeting, deliberating with the quorum and majority required for ordinary meetings, and after reviewing the statutory auditors' special report referred to in Article L. 225-40 of the French Commercial Code, acknowledges (i) the information about the agreements concluded and the commitments made in prior years, and (ii) the absence of any new agreements concluded during the year ended December 31, 2017.

Sixth resolution – Ratification of the provisional appointment of Ms. Sophie STABILE as a director

The Annual General Shareholders' Meeting, deliberating with the quorum and the majority required for ordinary meetings, hereby ratifies the provisional appointment of Ms. Sophie STABILE as a director, made by the Board of DIrectors as its meeting of March 27th, 2018, to replace Ms. Florence PARLY, who resigned.

Seventh resolution – Appointment of Mr. Thierry SOMMELET as director in replacement of Mr. Jean-Louis CONSTANZA

The Annual General Shareholders' Meeting, deliberating with the quorum and the majority required for ordinary meetings, acknowledges the end of Mr. Jean-Louis CONSTANZA's term of office as a director and appoint in replacement Mr. Thierry SOMMELET for a term of three years, expiring at the end of the Shareholders' Meeting held in 2021 to approve the financial statements for the previous year.

Eighth resolution – Expiry of Ms. Colette LEWINER term of office as director

The Annual General Shareholders' Meeting, deliberating with the quorum and the majority required for ordinary meetings, acknowledges the end of Ms. Colette LEWINER's term of office as a director.

Ninth resolution – Reappointment of Mr. Xavier MORENO as director

The Annual General Shareholders' Meeting, deliberating with the quorum and majority required for ordinary meetings, hereby resolves to reappoint Mr. Xavier MORENO as a director for a term of three years, expiring at the end of the Shareholders' Meeting held in 2021 to approve the financial statements for the previous year.

Tenth resolution – Reappointment of Mr. Élie VANNIER as director

The Annual General Shareholders' Meeting, deliberating with the quorum and majority required for ordinary meetings, hereby resolves to reappoint Mr. Élie VANNIER as a director for a term of three years, expiring at the end of the Shareholders' Meeting held in 2021 to approve the financial statements for the previous year.

Eleventh resolution – Approval of the compensation paid or awarded in respect of the year ended December 31, 2017 to Philippe LAZARE, Chairman and Chief Executive Officer

The Annual General Shareholders' Meeting, deliberating with the quorum and majority required for ordinary meetings, in application of Article L. 225-100 paragraph II of the French Commercial Code, approves the fixed, variable and non-recurring components comprising the total compensation and benefits of any kind paid or awarded by reason of his corporate functions in the past year to Mr. Philippe LAZARE, Chairman and Chief Executive Officer, as presented in the report of corporate governance in accordance with Article L. 225-37 of the French Commercial Code, as detailed in Section 3.3.1.1.2 of the 2017 Registration Document.

Twelfth resolution – Approval of the principles and criteria governing the determination, split and basis of the fixed, variable and non-recurring components of total compensation and benefits of any kind awarded to the Chairman and Chief Executive Officer

The Annual General Shareholders' Meeting, deliberating with the quorum and majority required for ordinary meetings, in accordance with Article L. 225-37-2 of the French Commercial Code, hereby votes in favor of the principles and criteria for calculating, splitting and allocating the fixed, variable and non-recurring components of compensation and benefits of any kind, awarded by reason of his corporate functions to the Chairman and Chief Executive Officer, as detailed in the report mentioned in the final paragraph of Article L. 225-37, of the French Commercial Code, presented in Section 3.3.1.1.1 of the 2017 Registration Document.

Thirteenth resolution – Authorization of the Board of Directors to repurchase Company shares, pursuant to Article L. 225-209 of the French Commercial Code

The Annual General Shareholders' Meeting, deliberating with the quorum and majority required for ordinary meetings, and after reviewing the Board of Directors' report, hereby authorizes the Board for a period of 18 months in accordance with Articles L. 225-209 *et seq.* of the French Commercial Code to trade in Company shares on the stock exchange or in any other way on one or more occasions.

This authorization is intended to allow the Company to do the following:

- hold and use Company shares as a means of exchange or consideration in external growth transactions, in compliance with current laws and regulations;
- use Company shares in connection with the exercise of rights attached to Company securities conferring immediate or future entitlement to Company shares through conversion, exercise, redemption or exchange, presentation of a warrant or by any other means, and carry out any transactions required to hedge the Company's obligations in connection with these securities, in accordance with stock market regulations at the time that the Board of Directors or any person to whom the Board has delegated its powers may act;
- implement any Company stock option plan granted in accordance with Articles L. 225-177 *et seq.* of the French Commercial Code, any award, in accordance with Articles L. 225-197-1 *et seq.* of the French Commercial Code, of Company shares for free to employees, directors and executive officers, whether as part of their compensation, as a means to allow them to benefit from the Company's growth, in the context of Company or Group employee shareholding or savings plans and/or any other form of share allocation programs for employees and/or directors and executive officers of the Group, and to carry out any transactions required to hedge the Company's obligations in connection with these programs, in accordance with stock market regulations and at the time that the Board of Directors or any person to whom the Board has delegated its powers may act;
- maintain a liquid market for the Company's shares *via* a liquidity contract with an independent investment service provider that complies with the code of ethics approved by the *Autorité des marchés financiers*;
- cancel some or all of the Company's shares bought back with the intention of reducing the share capital, in accordance with an authorization granted or to be granted by the Extraordinary Shareholders' Meeting;

and in general act for any legally authorized purpose.

The shareholders hereby resolve that the number of Company shares acquired under this authorization shall not exceed 10% of the total number of shares making up the share capital on the date of purchase, after deducting the number of shares resold during the program to maintain a liquid market for the Company's shares, while noting that the share acquisitions made by the Company may under no circumstances permit the Company to hold more than 10% of its total share capital, either directly or indirectly. By way of example, on the basis of the share capital at December 31, 2017 (divided into 62,363,114 shares), and taking into account the 114,734 treasury shares held at that date, the Company would be authorized to purchase up to 6,121,577 shares.

Shares may be acquired by any means including, where applicable, trading in derivatives and options on regulated or over-the-counter markets, provided that use of such means does not significantly increase the volatility of the Company's share price.

The Board of Directors may not, unless previously authorized by a General Shareholders' Meeting, make use of this delegation of authority at any time during a public offer launched on the Company's shares by a third party.

Shares may be purchased by any means, including the acquisition of blocks of shares, and at such times as the Board of Directors decides.

The purchase price per share is not to exceed €180. On the basis of the share capital at December 31, 2017, including the treasury shares held by the Company at that date, the maximum consideration the Company could pay, if purchasing shares at the maximum price of €180, would be €1,101,883,860.

In the event of capital increases carried out through incorporation of retained earnings or free share awards, or in the event of stock splits or reverse splits, depreciation or reduction of the share capital, or any other transaction affecting the share capital, the aforementioned prices shall be adjusted by a multiplier equal to the ratio between the number of shares that made up the share capital prior to the transaction and the number of shares after the transaction.

In order to ensure the implementation of the present authorization, the Board of Directors is hereby granted the necessary powers to proceed, with the option to sub-delegate, in particular to decide whether a repurchase program is appropriate and to determine the procedures for carrying out such a program, to draft and issue a fact sheet about the program, to place all orders on the stock market, to sign all deeds of transfer or assignment, to enter into any agreements required, particularly for the keeping of records of share purchases and sales, to carry out any filings with the AMF and any other body, as well as any other formalities, including allocating or reallocating purchased shares for their various intended purposes, and generally to do whatever is required.

The present authorization is hereby granted for a period of 18 months from the date of this Annual General Shareholders' Meeting and replaces the authorization granted to the same effect by the Annual General Shareholders' Meeting of May 10, 2017.

Extraordinary resolutions

Fourteenth resolution – Authorization of the Board of Directors to cancel the shares repurchased by the Company, pursuant to Article L. 225-209 of the French Commercial Code

The Annual General Shareholders' Meeting, deliberating with the quorum and majority required for extraordinary meetings, having reviewed the Board of Directors' report and the statutory auditors' report:

1) authorizes the Board of Directors to cancel, at its own discretion, in one or more transactions, up to the limit of 10% of capital calculated on the date of the decision to cancel, after deducting any shares cancelled during the previous 24 months, shares that the Company holds or may hold following redemptions carried out under Article L. 225-209 of the French Commercial Code, and reduce the share capital in accordance with the legal and regulatory provisions in force;
2) determines that the Board of Directors may not, unless previously authorized by the Annual General Shareholders' Meeting, make use of the delegations of authority at any time during a public offer launched on the Company's shares by a third party;
3) grants this authorization for a period of 24 months from the date of this meeting;
4) grants all powers to the Board of Directors to conduct the transactions required for such cancellations and make any reductions to the share capital, and amend the Articles of Association of the Company accordingly and carry out all formalities required.

Fifteenth resolution – Delegated authority to be granted to the Board of Directors to issue ordinary shares conferring, as applicable, entitlement to ordinary shares or to the allocation of debt securities (of the Company or of another Group company), and/or securities conferring entitlement to ordinary shares (by the Company or another Group company), with the retention of preferential subscription rights

The Annual General Shareholders' Meeting, deliberating with the quorum and majority required for extraordinary meetings, having reviewed the Board of Directors' report and the statutory auditors' special report, and in accordance with the provisions of the French Commercial Code, and Articles L. 225-129-2, L. 228-92 and L. 225-132 *et seq*. of that Code in particular, hereby:

1) delegates to the Board of Directors its authority to issue, on one or more occasions, in the proportions and at such times as it shall determine, onto the French and/or international market, either in euros, in foreign currencies or in any other unit of account established by reference to a range of currencies:
   - ordinary shares,
   - and/or ordinary shares conferring entitlement to the allocation of other ordinary shares or debt securities,
   - and/or securities conferring access to ordinary shares to be issued.

   In accordance with Article L. 228-93 of the French Commercial Code, transferable securities to be issued may entitle the holder to ordinary shares of any company that owns directly or indirectly more than one half of its capital or of which it owns directly or indirectly more than one half of the capital;
2) grants this delegated authority for a period of 26 months from the date of this meeting;
3) resolves, should the Board of Directors exercise this delegated authority, to set the maximum authorized issue amounts, as follows:

   The total nominal value of ordinary shares that may be issued under this delegated authority may not exceed €30,000,000.

   This limit will include the nominal value of any immediate or future share capital increases that may be conducted under the delegated authority conferred by the 16th, 17th, 18th and 19th resolutions.

   This limit shall include, where applicable, the amount of the capital increase required in order to maintain the rights of the holders of securities conferring access to the share capital of the Company, in accordance with the law and with any applicable contractual provisions providing for other cases of adjustment.

   The nominal amount of debt securities in the Company that may be issued under this delegated authority may not exceed €1,500,000,000.

4) if the Board of Directors should exercise this delegated authority to conduct the issues referred to in point 1) above:
   a/ resolves that the issue(s) of ordinary shares or securities conferring entitlement to share capital will preferably be reserved for shareholders who are able to subscribe on an irreducible basis,
   b/ resolves that if subscriptions on an irreducible basis and excess subscriptions, if any, have not absorbed the entirety of an issue mentioned in point 1), the Board of Directors may exercise the following options:
      — limit the amount of the issue to the amount of subscriptions, in accordance with any regulatory limits in force, if applicable,
      — freely distribute all or some of the unsubscribed shares,
      — offer all or some of the unsubscribed shares to the public;
5) resolves that, unless previously authorized by the Annual General Shareholders' Meeting, the Board of Directors may not make use of this delegated authority at any time during a public offer period initiated on the Company's shares by a third party, until the end of the offer period;
6) resolves that, subject to the limits set out above, the Board of Directors will be granted the necessary powers to determine the terms and conditions for any and all issues carried out, to set the issue price, if applicable, to record the resulting capital increase(s), to amend the Articles of Association accordingly, to resolve, at its sole discretion, to charge the issue-related expenses against the related share premium accounts and to deduct from these share premium accounts the amount necessary to increase the legal reserve to one-tenth of the share capital amount after each capital increase, and, generally, to take any necessary measures relating to the transaction;
7) acknowledges that this delegated authority cancels and replaces any unused delegated authority previously granted for the same purpose.

Sixteenth resolution – Delegated authority to be granted to the Board of Directors to issue ordinary shares conferring, as applicable, entitlement to ordinary shares or to the allocation of debt securities (of the Company or of another Group company), and/or securities conferring entitlement to ordinary shares (by the Company or another Group company), with preferential subscription rights waived, by public offer and/or in consideration for shares as part of a public exchange offer

The Annual General Shareholders' Meeting, deliberating with the quorum and majority required for extraordinary meetings, having reviewed the Board of Directors' report and the statutory auditors' special report, and in accordance with the provisions of the French Commercial Code, and Articles L. 225-129-2, L. 225-136, L. 225-148 and L. 228-92 of that Code in particular, hereby:

1) delegates to the Board of Directors its authority to issue, on one or more occasions, in the proportions and at such times as it shall determine, onto the French and/or international market, by public offer, either in euros, in foreign currencies or in any other unit of account established by reference to a range of currencies:
   - ordinary shares,
   - and/or ordinary shares conferring entitlement to the allocation of other ordinary shares or debt securities,
   - and/or securities conferring access to ordinary shares to be issued.

   These shares may be issued for the purpose of paying for shares contributed to the Company through a public exchange offer in accordance with Article L. 225-148 of the French Commercial Code.

   In accordance with Article L. 228-93 of the French Commercial Code, transferable securities to be issued may entitle the holder to ordinary shares of any company that owns directly or indirectly more than one half of its capital or of which it owns directly or indirectly more than one half of the capital;
2) grants this delegated authority for a period of 26 months from the date of this meeting;
3) the total nominal value of ordinary shares that may be issued under this delegated authority may not exceed €6,236,311.

   This limit will also include, where applicable, the nominal value of the capital increase in order to maintain the rights of the holders of securities conferring access to the share capital of the Company, in accordance with the law and with any applicable contractual provisions providing for other cases of adjustment.

   This amount is included in the limit imposed on capital increases set out in resolution 20.

   The nominal amount of debt securities in the Company that may be issued under this delegated authority may not exceed €1,500,000,000.

   This amount is included in the limit imposed on the total nominal value of debt securities set out in resolution 20;
4) resolves to waive the preferential subscription rights of shareholders to ordinary shares and securities conferring entitlement to share capital and/or debt securities under this resolution, whilst retaining, nevertheless, the right of the Board of Directors to grant shareholders a priority right, in accordance with the law;
5) resolves that the amount paid, or due to be paid, to the Company for each ordinary share issued under this delegated authority, after having taken into account, in the case of the issue of warrants to subscribe to ordinary shares ("bons autonomes de souscription d'actions"), the issue price of such warrants, will be at least equal to the minimum amount required by applicable legal and regulatory provisions in force at the time the Board of Directors exercises the delegated authority;
6) resolves that, if shares are issued for the purpose of paying for shares contributed through a public exchange offer, the Board of Directors will, under the conditions set out in Article L. 225-148 of the French Commercial Code and within the limits set out above, have the necessary powers to approve the list of shares contributed to the exchange, set the conditions of issue, the exchange parity and, where applicable, the amount of the balance in cash to be paid, and to determine the terms of issue;
7) resolves that if subscriptions have not absorbed the entirety of an issue mentioned in point 1/, the Board of Directors may exercise the following options:
   - limit the amount of the issue to the amount of subscriptions, in accordance with any regulatory limits in force, if applicable,
   - freely distribute all or some of the unsubscribed shares;

8) resolves that, unless previously authorized by the Annual General Shareholders' Meeting, the Board of Directors may not make use of this delegated authority at any time during a public offer period initiated on the Company's shares by a third party, until the end of the offer period;
9) resolves that, subject to the limits set out above, the Board of Directors will be granted the necessary powers to determine the terms and conditions for any and all issues carried out, if applicable, to record the resulting capital increase(s), to amend the Articles of Association accordingly, to resolve, at its sole discretion, to charge the issue-related expenses against the related share premium accounts and to deduct from these share premium accounts the amount necessary to increase the legal reserve to one-tenth of the share capital amount after each capital increase, and, generally, to take any necessary measures relating to the transaction;
10) acknowledges that this delegated authority cancels and replaces any unused delegated authority previously granted for the same purpose.

Seventeenth resolution – Delegated authority to be granted to the Board of Directors to issue ordinary shares conferring, as applicable, entitlement to ordinary shares or to the allocation of debt securities (of the Company or of another Group company), and/or securities conferring entitlement to ordinary shares (by the Company or another Group company), with preferential subscription rights waived, by means of an offer as described in Article L. 411-2 II of the French Monetary and Financial Code

The Annual General Shareholders' Meeting, deliberating with the quorum and majority required for extraordinary meetings, having reviewed the Board of Directors' report and the statutory auditors' special report, and in accordance with the provisions of the French Commercial Code, and Articles L. 225-129-2, L. 225-136 and L. 228-92 of that Code in particular, hereby:

1) delegates to the Board of Directors its authority to issue, on one or more occasions, in the proportions and at such times as it shall determine, onto the French and/or international market, by means of an offer described in Article L. 411-2 II of the French Monetary and Financial Code, either in euros, in foreign currencies or in any other unit of account established by reference to a range of currencies:
   - ordinary shares,
   - and/or ordinary shares conferring entitlement to the allocation of other ordinary shares or debt securities,
   - and/or securities conferring access to ordinary shares to be issued.

   In accordance with Article L. 228-93 of the French Commercial Code, transferable securities to be issued may entitle the holder to ordinary shares of any company that owns directly or indirectly more than one half of its capital or of which it owns directly or indirectly more than one half of the capital;
2) grants this delegated authority for a period of 26 months from the date of this meeting;
3) the total nominal value of ordinary shares that may be issued under this delegated authority may not exceed €6,236,311.

   This limit will also include, where applicable, the nominal value of the capital increase in order to maintain the rights of the holders of securities conferring access to the share capital of the Company, in accordance with the law and with any applicable contractual provisions providing for other cases of adjustment.

   This amount is included in the limit imposed on capital increases set out in resolution 20.

   The nominal amount of debt securities in the Company that may be issued under this delegated authority may not exceed €1,500,000,000.

   This amount is included in the limit imposed on the total nominal value of debt securities set out in resolution 20;
4) resolves to waive the preferential subscription rights of shareholders to ordinary shares and securities conferring entitlement to share capital and/or debt securities under this resolution;
5) resolves that the amount paid, or due to be paid, to the Company for each ordinary share issued under this delegated authority will be at least equal to the minimum amount required by applicable legal and regulatory provisions in force at the time the Board of Directors exercises the delegated authority;
6) resolves that if subscriptions have not absorbed the entirety of an issue mentioned in point 1/, the Board of Directors may exercise the following options:
   - limit the amount of the issue to the amount of subscriptions, in accordance with any regulatory limits in force, if applicable,
   - freely distribute all or some of the unsubscribed shares;
7) resolves that, unless previously authorized by the Annual General Shareholders' Meeting, the Board of Directors may not make use of this delegated authority at any time during a public offer period initiated on the Company's shares by a third party, until the end of the offer period;
8) resolves that, subject to the limits set out above, the Board of Directors will be granted the necessary powers to determine the terms and conditions for any and all issues carried out, if applicable, to record the resulting capital increase(s), to amend the Articles of Association accordingly, to resolve, at its sole discretion, to charge the issue-related expenses against the related share premium accounts and to deduct from these share premium accounts the amount necessary to increase the legal reserve to one-tenth of the share capital amount after each capital increase, and, generally, to take any necessary measures relating to the transaction;
9) acknowledges that this delegated authority cancels and replaces any unused delegated authority previously granted for the same purpose.

Eighteenth resolution – Authorization to increase the amount of issues in the event of excess demand

The Annual General Shareholders' Meeting, deliberating with the quorum and majority required for extraordinary meetings, having reviewed the Board of Directors' report, resolves that for each issue of ordinary shares or of securities conferring entitlement to share capital conducted pursuant to resolutions 15, 16 and 17, the number of securities to be issued may be increased in accordance with the provisions of Articles L. 225-135-1 and R. 225-118 of the French Commercial Code and subject to the limits set by the meeting, if the Board of Directors perceives an excess demand.

The Annual General Shareholders' Meeting resolves that, unless previously authorized by the Annual General Shareholders' Meeting, the Board of Directors may not make use of this delegated authority at any time during a public offer period initiated on the Company's shares by a third party, until the end of the offer period.

Nineteenth resolution – Delegated authority to be granted to the Board of Directors to increase capital by issuing ordinary shares and/or securities conferring entitlement to shares, up to a limit of 10% of the share capital in consideration for contributions in kind of shares or securities conferring access to shares

The Annual General Shareholders' Meeting, deliberating with the quorum and majority required for extraordinary meetings, having reviewed the Board of Directors' report and the statutory auditors' report, and in accordance with Articles L. 225-147 and L. 228-92 of the French Commercial Code:

1) authorizes the Board of Directors to carry out, based on the Statutory Auditor's report on contributions, the issue of ordinary shares or securities conferring entitlement to ordinary shares in consideration for contributions in kind granted to the Company and consisting of capital shares or securities conferring entitlement to share capital, if the provisions of Article L. 225-148 of the French Commercial Code do not apply;
2) grants this delegated authority for a period of 26 months from the date of this meeting;
3) resolves that the total nominal amount of ordinary shares that may be issued under this delegated authority cannot be greater than 10% of the share capital on the day of this meeting, not taking account of the nominal amount of the capital increase necessary to protect, in accordance with the law and, if applicable, with any contractual provisions providing for other cases of adjustment, the rights of the holders of securities conferring access to the share capital of the Company. This limit is included in the limit imposed on capital increases set out in resolution 20;
4) resolves that, unless previously authorized by the Annual General Shareholders' Meeting, the Board of Directors may not make use of this delegated authority at any time during a public offer period initiated on the Company's shares by a third party, until the end of the offer period;
5) delegates all powers to the Board of Directors, to approve the valuation of contributions, to decide on and carry out the resulting capital increase, to charge any fees and charges arising from the capital increase, if any, to the contribution premium account, to deduct from the contribution premium account any amounts necessary to increase the legal reserve to one-tenth of the new share capital amount after each capital increase, to make any necessary amendments to the Articles of Association and to take any necessary measures relating to the transaction;
6) acknowledges that this delegated authority cancels and replaces any unused delegated authority previously granted for the same purpose.

Twentieth resolution – Overall limit on delegated authority for immediate and/or future capital increases

The Annual General Shareholders' Meeting, deliberating with the quorum and majority required for extraordinary meetings, having reviewed the Board of Directors' report, and as a result of the adoption of the preceding resolutions:

- resolves that the maximum nominal amount of any immediate or future capital increases that may be conducted under the delegations and authorizations conferred by resolutions 16, 17, 18 and 19 will be limited to 10% of the share capital on the day of this meeting, it being further specified that any capital increases that may be carried out under these resolutions will be included in the total nominal amount of shares that may be issued in accordance with resolution 15. To this nominal amount will be added, if applicable, the nominal amount of any Company shares to be issued by way of adjustments carried out in application of the law or contractual provisions, to protect the holders of rights attached to securities conferring entitlement to shares;
- resolves that the maximum total nominal value of any debt securities that may be issued pursuant to resolutions 16, 17 and 18 will be limited to €1,500,000,000.

Twenty-first resolution – Delegated authority to be granted to the Board of Directors to increase share capital by issuing ordinary shares and/or securities conferring entitlement to shares, with preferential subscription rights waived, to employees who are members of a company savings plan, pursuant to Articles L. 3332-18 *et seq.* of the French Labor Code

The Annual General Shareholders' Meeting, deliberating with the quorum and majority required for extraordinary meetings, after reviewing the report of the Board of Directors and the statutory auditors' special report, and in accordance with Articles L. 225-129-6, L. 225-138-1 and L. 228-92 of the French Commercial Code and Articles L. 3332-18 *et seq.* of the French Labor Code, hereby resolves to:

1) delegate their authority to the Board of Directors, at its discretion, to increase the share capital in one or more transactions by issuing ordinary shares or securities conferring entitlement to Company shares to employees who are members of one or more Company or Group savings plans established by the Company and/or the French or foreign entities under its control, as defined in Article L. 225-180 of the French Commercial Code and in Article L. 3344-1 of the French Labor Code;
2) waives, for the benefit of such people, any preferential subscription rights on shares that may be issued under this delegated authority;
3) grants this delegated authority for a period of 26 months from the date of this meeting;
4) limits the total nominal amount of any capital increase(s) that may be carried out under this delegated authority to 2% of the share capital as of the date upon which the Board of Directors decides to carry out the capital increase; this limit is independent of any other maximum limits of delegated authority to increase the share capital. This limit will not include, if applicable, the nominal amount of any capital increase necessary to protect, in accordance with the law and with any applicable contractual provisions providing for other cases of adjustment, the rights of the holders of securities conferring entitlement to the share capital of the Company;
5) resolves that the price of the shares to be issued pursuant to paragraph 1/ of this delegated authority may not be more than 20% lower than the average of the opening prices quoted for the Company's shares on the stock market over the 20 trading days preceding the date of the Board of Directors' decision to carry out a capital increase and the corresponding share issue, or more than 30% lower if the vesting period provided for in the savings plan in accordance with Articles L. 3332-25 and L. 3332-26 of the French Labor Code is ten years or more, nor may the subscription price exceed said average;

6) resolves, in accordance with Article L. 3332-21 of the French Labor Code, that the Board of Directors will be authorized to award new or existing shares, or other securities conferring entitlement to the Company's share capital, free of consideration, to the beneficiaries mentioned in the first paragraph above, either (i) to provide the matching contributions required by the Company or Group savings plan regulations and/or (ii) to offset any discount to the share price;
7) resolves that, unless previously authorized by the Annual General Shareholders' Meeting, the Board of Directors may not make use of this delegated authority at any time during a public offer period initiated on the Company's shares by a third party, until the end of the offer period;
8) acknowledges that this delegated authority cancels and replaces any unused delegated authority previously granted for the same purpose.

The Board of Directors shall be empowered to decide whether or not to make use of this delegation of authority, and to perform all necessary acts and proceed with the requisite formalities.

Twenty-second resolution – Delegated authority to be granted to the Board of Directors to issue ordinary shares, with preferential subscription rights waived, to employees, directors and executive officers of Group companies with registered offices outside France who are not members of a company savings plan

The Annual General Shareholders' Meeting, deliberating with the quorum and majority required for extraordinary meetings, after reviewing the report of the Board of Directors and the statutory auditors' special report, and in accordance with Articles L. 225-129-2 and L. 225-138 of the French Commercial Code, hereby:

1) delegates to the Board of Directors, with the option to sub-delegate as provided for by law, its authority to issue, on one or more occasions, ordinary shares in the Company, subscription for which will be reserved for employees, directors and executive officers of subsidiaries under the Company's control as defined in Article L. 233-16 of the French Commercial Code, which have their head office outside France (hereinafter the "Subsidiaries"), which may be paid for either in cash or by offsetting receivables;
2) resolves that (i) the nominal amount of any capital increase(s) carried out under this delegated authority will not exceed 2% of the Company's share capital on the date of the decision by the Board of Directors setting the start of the subscription period, it being specified that this limit does not include the nominal amount of any capital increase necessary, in terms of any adjustments that may be made in accordance with the law and with any applicable contractual provisions, to protect the rights of the holders of securities or other rights conferring entitlement to shares; and (ii) the nominal amount of any increase(s) in the Company's share capital, carried out immediately or in the future, resulting from the issuance of shares under this delegated authority, is independent of any other limit with respect to delegated authority to increase the share capital;
3) acknowledges that the Board of Directors, with the option to sub-delegate as provided for by law, may decide to issue shares reserved for employees, directors and executive officers of Subsidiaries concurrently with, or independently of, one or more share issues open to existing shareholders, to employees who are members of a Group savings plan or to third parties;
4) resolves that the subscription price for the new shares will be determined by the Board of Directors on the date that it sets the start of the subscription period, using one of the following two methods, at the discretion of the Board of Directors:
   - the subscription price is equal to the average of the opening prices quoted for Ingenico Group shares on the Euronext Paris stock market over the twenty trading days preceding the date of the Board of Directors' decision, less a maximum discount of 20%, or
   - the subscription price is equal to the opening price quoted for Ingenico Group shares on the Euronext Paris stock market on the date of the Board's decision, less a maximum discount of 20%; it being specified that the method to be used or the amount of discount to be deducted may vary according to the capital increases or the beneficiaries involved;
5) resolves to waive shareholders' preferential subscription rights to shares to be issued to employees, directors and executive officers of the Subsidiaries;
6) resolves that the Board of Directors will have the necessary powers, with the option to sub-delegate as provided for by law, to implement this delegated authority for the following purposes in particular:
   - to determine the date, terms and methods to be used in the issue of shares with or without premiums, and to determine the total number of shares to be issued,
   - to determine the list of beneficiaries among employees, directors and executive officers of the Subsidiaries,
   - to determine the number of shares that may be subscribed by each of them,
   - to set the subscription price of the shares, in compliance with the methods set out in paragraph 4) above,
   - to set the terms of payment for the shares within the statutory framework,
   - to set the date from which the shares to be issued shall be entitled to dividends,
   - to limit the amount of the issue to the amount of subscriptions, in accordance with any regulatory limits in force, if applicable,
   - if applicable, to charge any costs, particularly issuance costs, against the issue premium or premiums,
   - if applicable, to request the admission of the new shares to trading on the Euronext Paris stock market or on any other stock market,
   - to enter into any agreements required to ensure the successful completion of the planned issues and amend the Articles of Association accordingly,
   - to do whatever is necessary to safeguard the rights of holders of securities conferring future entitlement to Company share capital in compliance with applicable laws and regulations, and
   - generally determine the terms and conditions for the transactions carried out pursuant to this resolution, record the resulting capital increase and perform all legal formalities required in compliance with Articles L. 225-129-2 and L. 225-138 of the French Commercial Code;

7) resolves that, unless previously authorized by the Annual General Shareholders' Meeting, the Board of Directors may not make use of this delegated authority at any time during a public offer period initiated on the Company's shares by a third party, until the end of the offer period;

8) resolves that this delegated authority is granted for a period of 18 months from the date of this meeting and cancels and replaces any unused delegated authority previously granted for the same purpose.

Twenty-third resolution – Amendment of the Articles of Association stipulating the terms of appointment of the director representing employees

The Annual General Shareholders' Meeting, deliberating with the quorum and majority required for extraordinary meetings, having reviewed the Board of Directors' report, resolves to insert the following paragraphs after paragraph 6 of Article 12 of the Articles of Association, the rest of the Article remaining unchanged:

"The Board of Directors also includes, pursuant to Article L. 225-27-1 of the French Commercial Code, a director representing employees who is not taken into account for determining the minimum and maximum number of directors stated above.

If the number of directors appointed by the Annual General Shareholders' Meeting exceeds 12, a second director representing employees is appointed in accordance with the provisions below, within six months of the new director being co-opted by the Board or appointed by the Annual General Shareholders' Meeting.

The number of Board members to be taken into account to determine the number of directors representing the employees is assessed on the date of appointment of employee representatives to the Board of Directors. Neither the directors elected by employees under Article L. 225-27 of the French Commercial Code, nor the employee shareholder directors appointed under Article L. 225-23 of the French Commercial Code are taken into account in this regard.

The term of office of the director representing employees is three years.

The reduction to the number of directors appointed by the Annual General Shareholders' Meeting to 12 or less has no effect on the terms of office of all employee representatives on the Board, which shall expire at the end of their normal term.

If the position of a director representing employees becomes vacant for any reason, the vacant position is filled under the conditions set by Article L. 225-34 of the French Commercial Code.

By exception to the rule described in this Article for directors appointed by the Annual General Shareholders' Meeting, the director representing employees is not required to hold a minimum number of shares.

The directors representing employees are appointed by the Company's Employee Representative Committee.

In the event that the Company were no longer to be subject to the obligation to appoint a director representing employees, the terms of office of the employee representative on the Board expire at the end of the meeting during which the Board records that it is no longer within the scope of the obligation."

Twenty-fourth resolution – Harmonization of Article 14 of the Articles of Association

The Annual General Shareholders' Meeting, deliberating with the quorum and majority required for Extraordinary General Meetings, after reviewing the Board of Directors' report, resolves:

- to harmonize the Company's Articles of Association with the provisions of Articles L. 225-47 and L. 225-53 of the French Commercial Code as amended by law No. 2016-1691 of December 9, 2016;
- consequently to amend as follows the first paragraph of Article 14 of the Articles of Association, the rest remaining unchanged:

"ARTICLE 14 – REMUNERATION

Chairman, Chief Executive Officer and Deputy Chief Executive Officers: The remuneration of the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officer(s) is set by the Board of Directors, under the conditions stipulated by the applicable regulations."

Twenty-fifth resolution – Powers for formalities

The shareholders hereby grant all powers necessary to accomplish the filing and publication formalities required by law to anyone in possession of an original, copy or extract of this report.

7.2 PRESENTATION OF DRAFT RESOLUTIONS TO THE ANNUAL GENERAL SHAREHOLDERS' MEETING

Ordinary resolutions

Approval of the parent company and consolidated financial statements for the year ended December 31, 2017 and approval of non tax-deductible expenses (first and second resolutions)

The Board of Directors requests that you approve the parent company financial statements for the year ended December 31, 2017, which show a profit of €172,603,607.97, as well as the consolidated financial statements for the year ended December 31, 2017, which show a profit of €256,168,070.24.

We also request that you approve the total expenses and charges as defined in point 4 of Article 39 of the French General Tax Code, *i.e.*, €51,089, as well as the related tax liability, *i.e.*, €17,590.

Allocation of net profit for the year and dividend (third resolution)

The proposed allocation of our Company's net profit for the year is in compliance with the law and our Articles of Association.

We propose that the net profit for the year ended December 31, 2017 be allocated as follows:

2017 net results

- Net profit for the year €172,603,607.97
- Retained earnings €610,827,318.80

Allocation

- Legal reserve €90,000
- Dividends[1] €99,780,982.40

  Composed of:
  - Initial dividend: €3,118,155.70
  - Additional dividend: €96,662,826.70
- Retained earnings €683,559,944.37

Accordingly, the gross dividend per share would be €1.60.

When the gross dividend is paid to an individual tax resident in France, the dividend is liable to (i) a flat tax (*Prélèvement Forfaitaire Unique*) on the gross dividend at the flat rate of 12.8% referred to Article 200 A of the French General Tax Code, or (ii) with a specific request, the normal income tax scale, after an income tax abatement of 40% on dividend income referred to Articles 200 A, 13 and 158 of the French General Tax Code. Social charges at the rate of 17.2% apply.

The ex-dividend date is May 23, 2018. The dividend would be paid out on June 21, 2018.

Please note that the total amount of the dividend paid and therefore the amount allocated to retained earnings would be adjusted for any difference between the number of shares entitled to dividends and the 62,363,114 shares that made up the share capital at December 31, 2017.

Pursuant to Article 243 *bis* of the French Tax Code, the shareholders note that the net dividends paid for the last three fiscal years were as follows:

	Dividends eligible for tax reduction		
Fiscal year	Dividends	Other amounts distributed	Dividends not eligible for tax allowance
2014	€57,436,781.00[1] or €1 per share	-	-
2015	€79,287,780.00[1] or €1.30 per share	-	-
2016	€92,239,861.50[1] or €1.50 per share	-	-

(1) Including the amount of dividend not paid for treasury stock and allocated to retained earnings and the amount of dividend paid in shares.

(1) The total dividend amount of €99,780,982.40 is based on the number of shares with dividend rights (equal to 62,363,114), including shares owned by the Company. The dividend payable on the shares owned by the Company on the ex-dividend date shall be allocated to "Retained earnings" at the time of payment. The total dividend amount and consequently the amount of retained earnings shall be adjusted according to the number of shares held by the Company on the ex-dividend date and, if applicable, the new shares entitled to dividends vested until that date, resulting from new free share awards or OCEANE bond conversion.

Option to receive dividends in cash or in shares (fourth resolution)

We propose, in accordance with Article 23 of the Company's Articles of Association, that you be given the option to receive dividends in cash or in shares for the total net dividend amount to which you are entitled.

The price for shares issued as stock dividends shall be equal to 90% of the average price quoted for the Company's shares during the twenty trading days preceding the date of this meeting, less the net amount of the dividend, in accordance with Article L. 232-19 of the French Commercial Code.

If the net dividend amount to be distributed in shares does not divide up into a whole number of shares, the shareholder may opt to receive:

- either the whole number of shares just below that amount, along with a cash payment for the difference paid on the date on which the option is exercised;
- or the whole number of shares just above that amount, with the difference paid in cash by the shareholder.

Shareholders opting for a dividend paid in shares must exercise this option between May 23, 2018 and June 11, 2018 inclusive, through the relevant financial intermediaries authorized to pay the dividend. Beyond this time limit, only cash dividends shall be paid.

Dividends for those shareholders who opt for a cash payment are payable on June 21, 2018. Shareholders who opt for a stock dividend will receive the newly-issued shares on the distribution date for cash dividends, *i.e.*, June 21, 2018.

The shares issued as stock dividends will be entitled to dividends from January 1, 2018.

The Board of Directors shall have the necessary powers to implement this resolution.

Report of the statutory auditors on related-party agreements (fifth resolution)

We request that you (i) acknowledge the agreements approved in prior years by the Annual General Shareholders' Meeting and which remained in effect during the year, and (ii) acknowledge that no new related-party agreements were entered into during the year ended December 31, 2017.

The agreement that was previously approved by the Annual General Shareholders' Meeting of 29 April 2016 and that was applied during the year ended December 31, 2017 concerns the contractual indemnity due in the event of early termination of the Chairman and Chief Executive Officer. This is a talent retention tool that is part of his compensation package as Chief Executive Officer.

It is noted that, due to the resignation of Thibault Poutrel at December 31, 2016, the agreement with Cryptolog allowing Ingenico Group to benefit from the provision of its PKI Cryptolog Identity solution hosted in the scope of conducting its business has no longer been considered as a related-party agreement since this date.

Directors' terms of office (sixth to tenth resolutions)

On the recommendation of the Appointments and Governance Committee, the Board of Directors proposes (i) to ratify the provisional appointment of Ms. Sophie STABILE, occurred on March 27, 2018 to replace Ms. Florence PARLY and (ii) to appoint Mr. Thierry SOMMELET as director to replace Mr. Jean-Louis CONSTANZA (iii) acknowledged the end of Ms. Colette Lewiner's term of office as Director, and (iv) to renew Mr. Xavier MORENO and Élie VANNIER as directors.

Subject to the shareholders' affirmative vote on the proposals below, the Board of Directors would be composed of 8 directors, including 3 women (*i.e.* a gap of two between the men and women directors) with a rate of independence of its members of nearly 88%, in compliance with the legal requirements and guidelines of the AFEP-MEDEF Code of November 2016.

Information and biographies regarding these propositions are detailed in the section 3.2 of this Reference Document.

Ratification of the provisional appointment of Ms. Sophie STABILE (sixth resolution)

We request that you ratify the provisional appointment of Ms. Sophie STABILE made by the Board of Directors on March 27, 2018, to replace Ms. Florence PARLY, who resigned.

Ms. Sophie STABILE will serve out the remaining term of office of her predecessor, *i.e.* until the end of the Annual General Shareholders' Meeting to be held in 2019, called to approve the financial statements for the preceding year.

Information about Ms. Sophie STABILE is presented in section 3.2 of this Registration Document.

Appointment of Mr. Thierry SOMMELET as director in replacement of Mr. Jean-Louis CONSTANZA (seventh resolution)

In the seventh resolution, le Board of Directors proposes to acknowledge the end of Mr. Jean-Louis CONSTANZA's term of office as a director and appoint in replacement Mr. Thierry SOMMELET for a term of three years, expiring at the end of the Shareholders' Meeting held in 2021 to approve the financial statements for the previous year.

Information about Mr. Thierry SOMMELET is presented in section 3.2 of this Registration Document.

The Board of Directors finds that Mr. Thierry SOMMELET, should his candidacy be approved by the Annual General Shareholders Meeting, would qualify as an independent director as defined in its rules of procedure in accordance with the AFEP-MEDEF Code.

Expiry of Ms. Colette LEWINER term of office as director (eighth resolution)

The Board of Directors in the eighth resolution proposes to acknowledge the end of Ms. Colette LEWINER's term of office as a director at the date of this Shareholders' Meeting.

Renewal of the term of office of Xavier MORENO (ninth resolution)

In the eighth resolution, the Board of Directors proposes that you renew the term of office of Xavier MORENO for a period of three years, expiring at the end of the Annual General Shareholders' Meeting to be held in 2021, called to approve the financial statements for the preceding year.

Information about Mr. Xavier MORENO is presented in section 3.2 of this Registration Document.

Renewal of the term of office of Élie VANNIER (tenth resolution)

In the ninth resolution, the Board of Directors proposes that you renew the term of office of Élie VANNIER for a period of three years, expiring at the end of the Annual General Shareholders' Meeting to be held in 2021, called to approve the financial statements for the preceding year.

Information about Mr. Élie VANNIER is presented in section 3.2 of this Registration Document.

Approval of the compensation paid or allocated in respect of the year ended December 31, 2017 to Philippe Lazare, Chairman and Chief Executive Officer (eleventh resolution)

Pursuant to Article L. 225-100 paragraph II of the French Commercial Code, we submit for your approval the fixed, floating and exceptional components comprising the total compensation and benefits of any kind paid or allocated in the past year due to his term of office to Philippe Lazare, Chairman and Chief Executive Officer, the description of which is detailed below.

For further information, please refer to section 3.3.1 *et seq.* of this Registration Document.

Components of compensation paid or allocated for the fiscal year	Amounts or accounting estimates submitted to a vote	Description
Fixed compensation	€800,000	Philippe LAZARE's fixed compensation was set at €800,000 as of January 1, 2016; and for length of his term of office until 2019. It was determined based on a comparative study of the compensation structures and levels for directors and executive officers of a representative sample of comparable French and international companies operating in technology markets or in the payment industry.
Annual variable compensation	€753,397	As recommended by the Compensation, Appointments and Governance Committee and following validation of the financial components by the Audit and Financing Committee, the Board of Directors set the amount of variable compensation payable to Philippe LAZARE in respect of 2017 at its meeting of March 27, 2018 as follows: • quantitative criteria: consolidated revenue growth (100% of the target achieved), consolidated EBITDA (99% of the target achieved below the 100% trigger), and free cash flow (107% of the target achieved). Given the relative weight of each criterion (respectively 15%, 40% and 15% of the target variable compensation), the overall weighted targets achievement rate comes to 33% of the global target variable compensation for a goal under quantitative criteria amounting to 70% of the said remuneration; • qualitative criteria, the maximum percentage (100%) in two of the four criteria, namely: (i) the implementation of the Group's new structure (ii) the setting up of external growth projects, (iii) the operational performance of the payment platforms and (iv) the update of the strategic plan. As a consequence, the achievement rate under qualitative criteria amounts to 30% of the global target variable compensation. As a result, Philippe Lazare's variable compensation for 2017 was set at 63% of his target variable compensation *i.e.* €753,397. This represents 94% of his annual fixed compensation for 2017. The payment of this variable compensation for 2017 is subject to the approval of the compensation components paid or allocated to Philippe LAZARE in the past year due to his term of office by the Annual General Shareholders' Meeting of May 16, 2018.
Multi-year variable compensation (in cash)	n.a.	No multi-year variable compensation has been awarded to Mr. Philippe LAZARE.
Exceptional compensation	n.a.	No exceptional compensation has been awarded to Mr. Philippe LAZARE.

Components of compensation paid or allocated for the fiscal year	Amounts or accounting estimates submitted to a vote	Description
Stock options, performance shares and any other long-term forms of compensation	Stock options = n.a.	No stock options were granted in the past year.
	29,679 shares = €2,233,361 (book value as at December 31, 2017) Or 0.047% of the share capital Other components = n.a.	Regarding long-term compensation, the Board of Directors on May 10, 2017, availing itself of the 30th resolution of the Extraordinary Annual General Shareholders' Meeting of April 29, 2016, allocated 29,679 performance shares to the Chairman and Chief Executive Officer: 23,639 shares in the simple plan (2017-2) and 6,040 shares in the joint investment plan (2017-1) following a personal investment of Philippe LAZARE of €50,000 in Company shares. These allocations are subject to achievement of the two performance criteria described below and will be assessed at the end of the three-year period: ● internal criterion linked to the Group's financial and operational performance: EBITDA 2019 objective set in coherence with the 2020 strategic plan. Vesting thresholds for shares are as follows, being specified that the joint investment plan may confer entitlement to a maximum of seven shares per share invested: 25% of shares vested at 90% achievement of the target; 50% of shares vested at 95% achievement of the target; 75% of shares vested at 100% achievement of the target, and 100% of shares vested at or above 109% achievement of the target; ● external criterion: performance of the Company's share price in line with that of the SBF 120. Vesting thresholds for shares are as follows, being specified that the joint investment plan may confer entitlement to a maximum of three shares per share invested: 50% of shares vested at 95% achievement of the target; 75% of shares vested at 105% achievement of the target and 100% of shares vested at or above 110% achievement of the target.
Directors' attendance fees	n.a.	No attendance fees are paid to Mr. Philippe LAZARE.
Value of all benefits in kind	€12,973	Philippe LAZARE has been provided with a company car and insurance for loss of corporate office.

Components of compensation and benefits of any kind in respect of related-party agreements subject to a vote by the Annual General Shareholders' Meeting	Amounts voted on	Description
Termination benefits	No termination benefits are due in respect of 2016	In compliance with the Board's decision of February 18, 2016, approved by the Annual General Shareholders' Meeting on April 29, 2016 in its sixth ordinary resolution, in the event that Mr. LAZARE's mandate is terminated the following arrangement shall apply, based on performance criteria: (i) 18 months' Reference Compensation in the event of forced termination due to a change of control; or (ii) 12 months' Reference Compensation in other cases of forced termination connected with a change of strategy, and subject to the performance conditions set for the calculation of his variable compensation. The "Reference Compensation" shall be equal to the average monthly fixed and variable compensation received by Mr. Philippe LAZARE in respect of his position as Chairman and Chief Executive Officer over the last two financial years preceding the date of termination. Payment of the Termination Benefit will be based on the average level of achievement of the targets set for Mr. Philippe LAZARE's variable compensation over the last two financial years preceding the date of termination of appointment. He shall maintain his entitlement to the free shares for which the vesting period has not expired, prorated to his length of service and subject to performance conditions.
Benefits in connection with a non-competition clause	n.a.	No non-competition clause applies.
Supplementary retirement plan	n.a.	Mr. Philippe LAZARE does not have a supplementary pension plan.

Approval of the principles and criteria governing the determination, split and basis of the fixed, variable and non-recurring components of total compensation and benefits of any kind awarded to the Chairman and Chief Executive Officer (twelfth resolution)

In accordance with Article L. 225-37-2 of the French Commercial Code, the Board of Directors asks you to approve the principles and criteria for the calculation, splitting and allocation of fixed, variable and non-recurring components of total compensation and benefits of any kind attributable to the Chairman and Chief Executive Officer, the Company's sole executive director, for his duties and constituting his compensation plan.

These principles and criteria adopted by the Board of Directors on the recommendation of the Compensation, Appointments and Governance Committee are presented in the report appearing in Chapter 3.3.1.1.1 of this Registration Document.

We ask you to approve the principles and criteria presented in this report.

Authorization to set up a share repurchase program (Article L. 225-209 of the French Commercial Code) – Suspension of this authorization during a public offer period (thirteenth resolution)

The authorization granted by the Annual General Shareholders' Meeting of May 10, 2017 will soon expire; we therefore propose that you authorize your Board of Directors to trade in the Company's shares up to a maximum purchase price of €180 per share and a maximum aggregate amount of €1,101,883,860 on the basis of the shares hold by the company on December 31, 2017.

This authorization is intended to allow the Company to do the following:

- hold and use Company shares as a means of exchange or consideration in external growth transactions, in compliance with current laws and regulations;
- use Company shares in connection with the exercise of rights attached to Company securities conferring immediate or future entitlement to Company shares through conversion, exercise, redemption or exchange, presentation of a warrant or by any other means, and carry out any transactions required to hedge the Company's obligations in connection with these securities, in accordance with stock market regulations at the time that the Board of Directors or any person to whom the Board has delegated its powers may act;
- implement any Company stock option plan granted in accordance with Articles L. 225-177 *et seq*. of the French Commercial Code, any award, in accordance with Articles L. 225-197-1 *et seq*. of the French Commercial Code, of Company shares for free to employees, directors and executive officers, whether as part of their compensation, as a means to allow them to benefit from the Company's growth, in the context of Company or Group employee shareholding or savings plans and/or any other form of share allocation programs for employees and/or directors and executive officers of the Group, and to carry out any transactions required to hedge the Company's obligations in connection with these programs, in accordance with stock market regulations and at the time that the Board of Directors or any person to whom the Board has delegated its powers may act;
- maintain a liquid market for the Company's shares *via* a liquidity contract with an independent investment service provider that complies with the code of ethics approved by the *Autorité des marchés financiers*;
- cancel some or all of the Company's shares bought back with the intention of reducing the share capital, in accordance with an authorization granted or to be granted by the Extraordinary Shareholders' Meeting;
- and in general act for any legally authorized purpose.

The number of Company shares acquired under this authorization shall not exceed 10% of the total number of shares in the share capital on the date of purchase, after deducting the number of shares resold during the program to maintain the liquidity of the Company's shares, while noting that the share acquisitions made by the Company may under no circumstances permit the Company to hold more than 10% of its total share capital, either directly or indirectly. Consequently, on the basis of the share capital at December 31, 2017 (divided into 62,363,114 shares), and taking into account the 114,734 treasury shares held at that date, the Company would be authorized to purchase up to 6,121,577 shares. Shares may be acquired by any means that are in accordance with current stock market regulations, in particular by trading in derivatives and options on regulated or over-the-counter markets, provided that use of such means does not significantly increase the volatility of the Company's share price.

Such transactions may not be carried out, however, during a public offer launched on the Company's shares by a third party.

The present authorization is hereby granted for a period of 18 months from the date of this meeting and cancels and replaces the authorization granted to the same effect by the Annual General Shareholders' Meeting of May 10, 2017.

Extraordinary resolutions

Financial delegations – Suspension in public offer period

The following resolutions, which are subject to your vote, primarily concern delegations of authority and financial authorizations to be granted to the Board of Directors, some of which will soon expire.

The delegations of authority and authorizations submitted to you, and which receive a favorable vote, will take effect from the date of this Annual General Shareholders' Meeting, the delegations previously granted having the same purpose.

The delegations and authorizations submitted to you would allow for, at the decision of the Board of Directors, the issue of shares and/or securities providing access to shares of the

Company in France, abroad and/or on international markets, retaining the preferential subscription rights of shareholders or waiving them, depending on the opportunities offered by the financial markets and in the interests of the Company and its shareholders, in order to offer the Board of Directors the possibility of financing, in the most appropriate way, recapitalization transactions related to potential external growth transactions or the issue of convertible bonds.

Furthermore, pursuant to the provisions of Article L. 233-32 of the French Commercial Code emanating from the Florange law of March 29, 2014, the delegations and authorizations granted by the meeting before the offer period are no longer suspended in a public offer period initiated on the Company, unless the meeting expressly provides for this suspension.

This is why the delegations and authorizations provided for by the 14th to 22nd resolutions provide for a suspension in a public offer period initiated on the Company's shares by a third party.

Authorization to be given to the Board of Directors for the purpose of canceling shares repurchased by the Company (fourteenth resolution)

With the previous authorization expiring, it is proposed to renew the authorization granted to the Board of Directors for the purpose of:

- canceling at any time, on one or more occasions, Company shares acquired as a result of repurchases made in the scope oArticle L. 225-209 of the French Commercial Code in accordance with the ordinary resolution of this Annual General Shareholders' Meeting or in the scope of previous repurchase program authorizations, up to 10% of share capital per 24-month period, it being noted that this limit applies to an amount of the Company's share capital that will, where applicable, be adjusted to take account of transactions affecting the share capital after this Annual General Shareholders' Meeting;
- reducing share capital proportionately, by allocating the difference between the repurchase value of canceled shares and their nominal value to premiums and available reserves;
- amending the Articles of Association accordingly and fulfilling all necessary formalities.

The Board of Directors may not, unless previously authorized by the Annual General Shareholders' Meeting, make use of this delegation of authority at any time during a public offer launched on the Company's shares by a third party.

This delegation of authority would be granted for a period of 24 months and would cancel and replace any previous delegation of authority with the same purpose.

Delegation of authority to be given to the Board of Directors to increase share capital with retention of preferential subscription rights (fifteenth resolution)

The purpose of the fourteenth resolution is to grant the Board of Directors a delegation of authority to increase share capital with retention of shareholders' preferential subscription rights.

The transactions carried out under this resolution would therefore be reserved for shareholders of the Company. They would involve the issue of ordinary shares and/or of ordinary shares giving the right to the award of other ordinary shares or debt securities and/or securities providing access, immediately or over time, to ordinary shares to be issued by the Company.

In accordance with Article L. 228-93 of the French Commercial Code, securities to be issued could provide access to ordinary shares to be issued by any company that holds directly or indirectly more than half the share capital of our Company or of any company of which our Company holds directly or indirectly more than half the share capital.

The capital increases carried out in the scope of this delegation could not exceed a maximum nominal amount of €30,000,000, *i.e.* 48.1% of the share capital at December 31, 2017. This limit will include the nominal value of any immediate or future share capital increases that may be conducted under the delegated authority conferred by the 16th, 17th, 18th and 19th resolutions. This cap would also include, where applicable, the nominal value of the capital increase in order to retain the rights of holders of securities conferring access to the share capital of the Company, in accordance with the law and with any applicable contractual provisions providing for other adjustment scenarios. The issues of debt securities is limited to a maximum nominal amount of €1,500,000,000.

The subscription price of shares and/or securities that may be issued pursuant to this delegation would be set by the Board of Directors, in accordance with applicable legal and regulatory provisions.

If subscriptions on an irreducible basis, and where applicable on a reducible basis, have not absorbed the entire issue, the Board of Directors could use the following faculties:

- limit the amount of the issue to the amount of subscriptions, where relevant within any regulatory limits in force;
- freely distribute all or some of the unsubscribed shares;
- offer all or some of the unsubscribed shares to the public.

The Board of Directors could not, unless previously authorized by the Annual General Shareholders' Meeting, make use of this delegation of authority at any time during a public offer initiated on the Company's shares by a third party.

This delegation of authority would be granted for a period of 26 months and would cancel and replace any previous delegation of authority with the same purpose.

Delegation of authority to be given to the Board of Directors to increase share capital with preferential subscription rights waived, by public offer (sixteenth resolution)

The purpose of the fifteenth resolution is to grant the Board of Directors a delegation of authority to increase share capital with shareholders' preferential subscription rights waived, by public offer.

The transactions carried out under this resolution would therefore be open to the public. They would involve the issue of ordinary shares and/or of ordinary shares giving the right to the award of other ordinary shares or debt securities and/or securities providing access, immediately or over time, to ordinary shares to be issued by the Company.

In accordance with Article L. 228-93 of the French Commercial Code, securities to be issued could provide access to ordinary shares to be issued by any company that holds directly or indirectly more than half the share capital of our Company or of any company of which our Company holds directly or indirectly more than half the share capital.

The capital increases carried out in the scope of this delegation could not exceed a maximum nominal amount of €6,236,311, *i.e.* 10% of the share capital at December 31, 2017. This cap would also include, where applicable, the nominal value of the capital increase in order to retain the rights of holders of securities conferring access to the share capital of the Company, in accordance with the law and with any applicable contractual provisions providing for other adjustment scenarios. The issues of debt securities is limited to a maximum nominal amount of €1,500,000,000. These caps would be allocated to the overall caps set by the nineteenth resolution.

The issue price of shares issued pursuant to this delegation of authority would be at least equal to the minimum required by regulatory provisions applicable on the date of issue (or, at this time, the weighted average of the listed price of the share of the Company during the last three trading sessions on the Euronext Paris stock market preceding the setting of this price, potentially less a maximum discount of 5% in accordance with the provisions of Articles L. 225-136, first paragraph, and R. 225-119 of the French Commercial Code).

Furthermore, the issue price of securities providing access to the share capital of the Company, issued pursuant to this delegation of authority, would be such that the sum received immediately by the Company, plus, where applicable, the sum that may be received later by the Company, or, for each share issued as a result of the issue of these securities, at least equal to the issue price specified above.

In the case of the issue of shares used to repay shares contributed in the scope of a public exchange offer, the Board of Directors would have, within the limits set above, the necessary powers to approve the list of shares contributed to the exchange, set the conditions of issue, the exchange parity and, where applicable, the amount of the balance in cash to be paid, and to determine the terms of issue.

If subscriptions have not absorbed the entire issue, the Board of Directors could use the following faculties:

- limit the amount of the issue to the amount of subscriptions, where relevant within any applicable regulatory limits;
- freely distribute all or some of the unsubscribed shares.

The Board of Directors may not, unless previously authorized by the Annual General Shareholders' Meeting, make use of the delegations of authority at any time during a public offer launched on the Company's shares by a third party.

This delegation of authority would be granted for a period of 26 months and would cancel and replace any previous delegation of authority with the same purpose.

Delegation of authority to be given to the Board of Directors to increase share capital with preferential subscription rights waived, by an offer referred to in Article L. 411-2 II of the French Monetary and Financial Code (seventeenth resolution)

In addition to the preceding resolution and to enable a separate vote by shareholders in accordance with the recommendations of the French Financial Markets Authority, the purpose of the sixteenth resolution is to grant the Board of Directors a delegation of authority to increase share capital with shareholders' preferential subscription rights waived, by way of an offer referred to in Article L. 411-2 II of the French Monetary and Financial Code.

The transactions carried out under this resolution would be by way of private investments with, in accordance with the provisions of Article L. 411-2 II of the French Monetary and Financial Code, persons providing the portfolio management investment service on behalf of third parties, qualified investors or a limited circle of investors, provided that the latter two categories are acting on their own behalf. They would involve the issue of ordinary shares and/or of ordinary shares giving the right to the award of other ordinary shares or debt securities and/or securities providing access, immediately or over time, to ordinary shares to be issued.

The capital increases carried out in the context of this delegation could not exceed a maximum nominal amount of €6,236,311, or 10% of the share capital. This cap would also include, where applicable, the nominal value of the capital increase in order to retain the rights of holders of securities conferring access to the share capital of the Company, in accordance with the law and with any applicable contractual provisions providing for other adjustment scenarios.

The issues of debt securities is limited to a maximum nominal amount of €1,500,000,000. These caps would be allocated to the overall caps set by the nineteenth resolution.

If subscriptions have not absorbed the entire issue, the Board of Directors could use the following faculties:

- limit the amount of the issue to the amount of subscriptions, where relevant within any applicable regulatory limits;
- freely distribute all or some of the unsubscribed shares;

As with the above resolution, the issue price of shares issued pursuant to this delegation of authority would be at least equal to the minimum required by regulatory provisions applicable on the date of issue (or, at this time, the weighted average of the listed price of the share of the Company during the last three trading sessions on the Euronext Paris stock market preceding the setting of this price, potentially less a maximum discount of 5% in accordance with the provisions of Articles L. 225-136, first paragraph, and R. 225-119 of the French Commercial Code).

Furthermore, the issue price of securities providing access to the share capital of the Company, issued pursuant to this delegation of authority, would be such that the sum received immediately by the Company, plus, where applicable, the sum that may be received later by the Company, or, for each share issued as a result of the issue of these securities, at least equal to the issue price specified above.

The Board of Directors may not, unless previously authorized by the Annual General Shareholders' Meeting, make use of the delegations of authority at any time during a public offer launched on the Company's shares by a third party.

This delegation of authority would be granted for a period of 26 months and would cancel and replace any previous delegation of authority with the same purpose.

Authorization to increase the amount of issues in the event of excess demand (eighteenth resolution)

We propose, in the scope of delegations with retention and waiver of the aforementioned preferential subscription rights (15th, 16th and 17th resolutions), to grant the Board of Directors the power to increase, within the limit of caps set by the meeting and within the conditions and limits set by legal and regulatory provisions, the number of shares provided for in the initial issue (Articles L. 225-135-1 and R. 225-118 of the French Commercial Code currently provide for the number of shares issued to be increased within the limit of 15% of the initial issue).

Delegation to be given to the Board of Directors to increase share capital in order to pay in-kind contributions of shares or securities providing access to capital (nineteenth resolution)

To facilitate external growth transactions, we ask you to grant the Board of Directors a delegation to increase the share capital by issuing ordinary shares or securities providing access to share capital to cover any contributions in kind granted to the Company and consisting of capital shares or securities providing access to share capital.

The nominal overall amount of ordinary shares that may be issued pursuant to this delegation could not be greater than 10% of the share capital on the day of the meeting, not taking into account the nominal amount of the capital increase necessary to protect, in accordance with the law and, where applicable, the contractual provisions stipulating other adjustment scenarios, the rights of holders of securities providing access to the Company's share capital.

This cap would be allocated to the overall cap concerning capital increases set by the twentieth resolution.

The Board of Directors may not, unless previously authorized by the Annual General Shareholders' Meeting, make use of the delegations of authority at any time during a public offer launched on the Company's shares by a third party.

This delegation of authority would be granted for a period of 26 months and would cancel and replace any previous delegation of authority with the same purpose.

Limit of total amount of authorizations (twentieth resolution)

This resolution sets an overall limit for the total nominal amount of capital increases, immediate or over time, without shareholders' preferential subscription rights, that may be made by the Board of Directors under the 16th, 17th, 18th and 19th resolutions.

The nominal amount of capital increases referred to in the above resolutions would be capped at €6,236,311, or 10% of the share capital on the day of the meeting, an amount to which will potentially be added the nominal amount of shares to be issued in addition to protect the rights of holders of securities conferring the right to the Company's shares, in accordance with legal provisions.

It is also specified that capital increases that may be made under these resolutions will be allocated to the overall nominal amount of shares that may be issued as provided for in the 15th resolution.

The overall maximum amount of debt securities that may be issued in respect of the 16th, 17th and 18th resolutions could not exceed €1,500,000,000.

Delegation of authority to increase share capital by issuing shares to members of a Company savings plan (twenty-first resolution)

Your approval is requested for an extraordinary resolution submitted to the Annual General Shareholders' Meeting, who are required to vote, in accordance with Article L. 225-129-6 of the French Commercial Code, on a resolution providing for a capital increase in compliance with the conditions stipulated in Articles L. 3332-18 *et seq.* of the French Labor Code if any of its decisions result in a capital increase paid in cash.

We therefore propose that you authorize the Board of Directors to increase the share capital in one or more transactions by issuing ordinary Company shares or securities conferring entitlement to Company shares to be issued to employees who are members of one or more Company or Group savings plans established by the Company and/or the French or foreign entities under its control, as defined in Article L. 225-180 of the French Commercial Code and in Article L. 3344-1 of the French Labor Code.

Pursuant to Article L. 3332-21 of the French Labor Code, the Board of Directors shall be authorized to grant new or existing shares, or other securities conferring entitlement to new or existing Company shares, for free to the above-mentioned beneficiaries, either (i) to provide the matching contributions required by the Company or Group savings plan regulations and/or (ii) to offset any discount to the share price.

As required by law, the shareholders shall waive their preferential right to subscribe for those shares.

The aggregate nominal amount of the capital increase or increases carried out under this delegation of authority shall be limited to 2% of the share capital as of the date of the decision by the Board of Directors; this limit is independent of any other maximum limits set in authorizations to increase the share capital. This limit would include, where appropriate, the nominal amount of the capital increase necessary in order to safeguard, in accordance with the law and with any applicable stipulations providing for other adjustment scenarios, the rights of holders of securities conferring entitlement to shares of the Company's share capital.

This delegation of authority shall be granted for a period of twenty-six months.

Please note that pursuant to Article L. 3332-19 of the French Labor Code, the subscription price of the shares to be issued may not be more than 20% lower than the average of the opening prices quoted for the Company's shares on the Euronext Paris stock market over the twenty trading days preceding the date of the Board's decision to increase the share capital and carry out the corresponding share issue, or more than 30% lower if the vesting period provided for in the savings plan in accordance with Articles L. 3332-25 and L. 3332-26 of the French Labor Code is ten years or more, nor may the subscription price exceed that average.

The Board of Directors shall be granted the necessary powers, subject to the limits set forth above, to determine the terms and conditions for any and all issues carried out, to record the resulting capital increase(s), to amend the Articles of Association accordingly, to resolve, at its sole discretion, to charge the issue-related expenses against the related share premium accounts and to deduct from these share premium accounts the amount necessary to increase the legal reserve to one tenth of the share capital amount after each capital increase, and, generally, to do whatever is required in each case.

The Board of Directors may not, unless previously authorized by the Annual General Shareholders' Meeting, make use of the delegations of authority at any time during a public offer launched on the Company's shares by a third party.

Delegation of authority to increase share capital, with preferential subscription rights waived, for employees, directors and executive officers of subsidiaries with registered offices outside France (twenty-second resolution)

We request that you renew the delegation of authority granted last year and thereby delegate to the Board of Directors the authority to issue ordinary Company shares, in one or more transactions, reserved for employees, directors and executive officers of Company subsidiaries with registered offices outside France, who are not members of a Group employee savings plan.

The subscription price for the newly-issued shares shall be determined by the Board of Directors using one of the following two methods, at the Board's discretion:

- subscription price equal to the average of the opening prices quoted for Ingenico's shares on the Euronext Paris stock market over the twenty trading days preceding the date of the Board's decision, less a maximum discount of 20%; or
- subscription price equal to the opening price quoted for Ingenico's shares on the Euronext Paris stock market on the date of the Board's decision, less a maximum discount of 20%; the method to be applied or the amount of discount to be deducted may vary according to the capital increases or the beneficiaries involved.

This delegation of authority would afford some flexibility to deal with tax or regulatory constraints in certain countries if the Board of Directors decides to make use of this authorization. That is why you are being asked to decide to waive preferential subscription rights for the benefit of employees, directors and executive officers of Group subsidiaries with registered offices outside France.

The value of the share capital increase carried out under this authorization shall not exceed 2% of the share capital as calculated on the date the authorization is exercised, and this maximum limit is independent of any other maximum limits set for capital increases. This limit would include, where appropriate, the nominal amount of the capital increase necessary in order to safeguard, in accordance with the law and with any applicable stipulations providing for other adjustment scenarios, the rights of holders of securities conferring entitlement to shares of the Company's share capital.

This authorization shall be granted for a period of 18 months.

The Board of Directors may not, unless previously authorized by the Annual General Shareholders' Meeting, make use of the delegations of authority at any time during a public offer launched on the Company's shares by a third party.

Amendment of the Articles of Association stipulating the terms of appointment of the director representing employees (twenty-third resolution)

As of December 31, 2017, the Company falls within the scope of application of law No. 2015-994 of August 17, 2015 amending Article L. 225-27-1 of the French Commercial Code providing for employee representation on the Board of Directors of public limited companies that employ a certain number of permanent employees. Thus, it is proposed to amend Article 12 of the Company's Articles of Association by inserting the following provisions in order to set the terms of appointment of the director representing employees in accordance with Article L. 225-27-1 of the French Commercial Code.

"The Board of Directors also includes, under Article L. 225-27-1 of the French Commercial Code, a director representing employees who is not taken into account for determining the minimum and maximum number of directors stated above.

If the number of directors appointed by the Annual General Shareholders' Meeting exceeds 12, a second director representing employees is appointed in accordance with the provisions below, within six months after the cooptation by the Board or the appointment by the Annual General Shareholders' Meeting of the new director.

The number of Board members to be taken into account to determine the number of directors representing the employees is assessed on the date of appointment of employee representatives to the Board of Directors. Neither the directors elected by employees under Article L. 225-27 of the French Commercial Code, nor the employee shareholder directors appointed under Article L. 225-23 of the French Commercial Code are taken into account in this regard.

The term of office of the director representing employees is three years.

The reduction to the number of directors appointed by the Annual General Shareholders' Meeting to 12 or less has no effect on the terms of office of all employee representatives on the Board, which shall expire at the end of their normal term.

If the position of a director representing employees becomes vacant for any reason, the vacant position is filled under the conditions set by Article L. 225-34 of the French Commercial Code.

By exception to the rule described in this Article for directors appointed by the Annual General Shareholders' Meeting, the director representing employees is not required to hold a minimum number of shares.

The directors representing employees are appointed by the Company's Employee Representative Committee.

In the event that the Company were no longer to be subject to the obligation to appoint a director representing employees, the terms of office of the employee representative on the Board expire at the end of the meeting during which the Board records that it is no longer within the scope of the obligation."

Harmonization of Article 14 of the Articles of Association (twenty-fourth resolution)

We propose to amend the first paragraph of Article 14 of the Articles of Association to harmonize it with the provisions of Articles L. 225-47 and L. 225-53 of the French Commercial Code as amended by law No. 2016-1691 of December 9, 2016.

Powers for formalities (twenty-fifth resolution)

Lastly, the twenty-fourth resolution concerns the powers that have to be granted in order to complete the formalities ensuing from the Annual General Shareholders' Meeting, and in particular powers for filing and publication formalities.

7.3 STATUTORY AUDITORS' REPORT ON THE CAPITAL TRANSACTIONS PROVIDED FOR UNDER RESOLUTIONS 14 TO 22 OF THE COMBINED ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING OF MAY 16, 2018

Combined Ordinary and Extraordinary Shareholders' Meeting on May 16, 2018

To the Shareholders,

In our capacity as your Company's statutory auditors, and pursuant to the duties set forth in the French Commercial Code, we hereby present to you our report on the capital transactions that will be submitted for your approval.

1 Report on the capital reduction (resolution 14)

In accordance with the terms of our engagement set out in Article L.225-209 of the French Commercial Code in the event of capital reduction by the cancellation of shares purchased, we have prepared this report to inform you of our assessment of the grounds and conditions of the proposed capital reduction.

Your Board of Directors proposes that you grant it, for a term of twenty-four months from the day of this meeting, all powers to cancel, within the limit of 10% of its share capital per twenty-four-month period, the shares purchased under the authorization granted by your Company to repurchase its own shares in accordance with the provisions of the above-mentioned Article.

We performed the procedures we deemed necessary for the completion of this engagement, in accordance with the professional guidance provided by the Compagnie nationale des commissaires aux comptes, France's national organization of statutory auditors. These procedures are designed to examine whether the terms and conditions for the proposed reduction in capital are fair and that they do not breach the principle of equal treatment of shareholders.

We have no observations to make on the grounds and conditions of the proposed capital reduction.

2 Statutory auditors' report on the issue of shares and other securities with the retention and/or waiver of preferential subscription rights (resolutions 15 to 20)

In accordance with the terms of our engagement set out in Article L.228-92 and L.225-135 *et seq.* of the French Commercial Code, we present our report on the proposals to delegate to the Board of Directors authority to conduct various issues of shares and/or securities, transactions that will be submitted for your approval.

Based on its report, your Board of Directors proposes:

- that you grant it, for a term of twenty-six months, the authority to effect the following transactions, to establish the definitive terms and conditions of the corresponding issues, and, where applicable, to waive your preferential subscription rights:
  - issues, with preferential subscription rights retained (15th resolution), of ordinary shares and/or of ordinary shares entitling the holder to the allocation of other ordinary shares or debt securities, and/or securities conferring access to ordinary shares, it being specified that in accordance with Article L.228-93 of the French Commercial Code, securities to be issued may entitle the holder to ordinary shares to be issued of any company that owns directly or indirectly more than one half of its capital or of which it owns directly or indirectly more than one half of the capital,
  - issues, with preferential subscription rights waived, by means of a public offer (16th resolution), of ordinary shares and/or of ordinary shares entitling the holder to the allocation of other ordinary shares or debt securities, and/or securities conferring access to ordinary shares to be issued, it being specified that:
    - these shares may be issued for the purpose of paying for shares contributed to the Company through a public exchange offer in accordance with Article L.225-148 of the French Commercial Code,
    - in accordance with Article L.228-93 of the French Commercial Code, securities to be issued may entitle the holder to shares to be issued of any company that owns directly or indirectly more than one half of the Company's capital or of which it owns directly or indirectly more than one half of the capital,
  - issues, with preferential subscription rights waived, by means of an offer as described in Article L.411-2 II of the French Monetary and Financial Code and up to a limit of 20% of the share capital per year (17th resolution), of ordinary shares and/or of ordinary shares conferring entitlement to allocation of other ordinary shares or debt securities, and/or securities conferring entitlement to ordinary shares to be issued, it being specified that in accordance with Article L.228-93 of the French Commercial Code, securities to be issued may entitle the holder to ordinary shares to be issued of any company that owns directly or indirectly more than one half of its capital or of which it owns directly or indirectly more than one half of the capital;
- that you grant it, for a term of twenty-six months, the necessary powers to issue ordinary shares and/or securities conferring access to ordinary shares in consideration for contributions in kind of shares granted to the Company and consisting of equity securities or securities conferring access to shares (19th resolution), up to a limit of 10% of the share capital.

The aggregate nominal value of shares to be issued under the 15th resolution may not exceed €30,000,000. Furthermore, the total nominal value of any capital increases that may be made immediately or in the future may not, under the 20th resolution, exceed 10% of the share capital as at the day of this meeting in respect of the 16th, 17th, 18th and 19th resolutions, it being specified that the aggregate nominal value of any capital increases that may be made under each of the 16th and 17th resolutions is €6,236,311.

The nominal amount of debt securities that may be issued under the 15th resolution may not exceed €1,500,000,000. Furthermore, in accordance with the 20th resolution, the total nominal amount of debt securities that may be issued under the 16th, 17th and 18th resolutions may not exceed €1,500,000,000.

These limits include the number of additional securities that may be created in the context of the implementation of the delegations referred to in the 15th, 16th and 17th resolutions, in accordance with Article L.225-135-1 of the French Commercial Code, if you adopt the 18th resolution.

It is the responsibility of the Board of Directors to prepare a report in accordance with Articles R.225-113 *et seq.* of the French Commercial Code. It is our responsibility to give our opinion on the fair presentation of the accounting figures taken from the financial statements, on the proposal to waive preferential subscription rights, and on a variety of other information concerning the transactions provided in this report.

We performed the procedures we deemed necessary for the completion of this engagement, in accordance with the professional guidance provided by the Compagnie nationale des commissaires aux comptes, France's national organization of statutory auditors. Our work involved verifying the information in the Board of Directors' report concerning these transactions and the methods used to determine the issue price for the capital securities to be issued.

Without prejudice to an examination of the terms of the issues that may be decided on, we have no observations concerning the methods used to determine the issue price for the capital securities to be issued, as indicated in the report of the Board of Directors under the 16th and 17th resolutions.

Furthermore, as this report does not specify the method used to determine the issue price of the equity securities to be issued under the 15th and 19th resolutions, we cannot give our opinion on the information used to calculate this issue price.

Since the final terms of the issue have not been set, we cannot give an opinion on them, nor, therefore, can we give an opinion on the proposal that the shareholders waive their preferential subscription rights under the 16th and 17th resolutions.

In accordance with Article R.225-116 of the French Commercial Code, we will prepare an additional report, if necessary, when your Board of Directors makes use of this authorization to issue securities that are equity securities conferring access to other equity securities or conferring entitlement to the allocation of debt securities, to issue securities entitling access to equity securities to be issued or to issue shares with preferential subscription rights waived.

3 Report on issues of ordinary shares and/or securities conferring entitlement to the share capital reserved for employees belonging to a Company or Group savings plan, with preferential subscription rights waived (resolution 21)

Pursuant to Articles L.228-92 and L.225-135 *et seq.* of the French Commercial Code, we present our report on the proposal to authorize your Board of Directors to decide to issue, with preferential subscription rights waived, ordinary shares and/or securities conferring entitlement to equity securities to be issued, reserved for employees belonging to a Company or Group savings plan set up by the Company and/or associated French or international companies in accordance with Article L.225-180 of the French Commercial Code and Article L.3344-1 of the French Labor Code, which will be submitted for your approval.

The maximum nominal amount of the capital increases that may result from this authorization is 2% of the Company's share capital on the day of the Board of Directors' decision.

This issue is subject to your approval pursuant to Article L.225-129-6 of the French Commercial Code and Article L.3332-*18 et seq.* of the French Labor Code.

On the basis of its report, your Board of Directors proposes that you authorize it for a period of twenty-six months from the date of this meeting to carry out issues, and that you waive your preferential subscription rights to the shares and securities to be issued. If this authorization is granted, the Board of Directors will determine the definitive terms of issue for this transaction.

It is the responsibility of your Board of Directors to prepare a report in accordance with Articles R.225-113 *et seq.* of the French Commercial Code. It is our responsibility to give our opinion on the fair presentation of the accounting figures taken from the financial statements, on the proposal to waive preferential subscription rights, and on a variety of other information concerning the issue provided in this report.

We performed the procedures we deemed necessary for the completion of this engagement, in accordance with the professional guidance provided by the Compagnie nationale des commissaires aux comptes, France's national organization of statutory auditors.

Our work involved verifying the information in the Board of Directors' report concerning this transaction and the methods used to determine the issue price for the equity securities to be issued.

Without prejudice to any further examination of the terms of the issues that may be decided on, we have no observations concerning the methods used to determine the issue price for the capital securities to be issued, as indicated in the report of the Board of Directors.

Since the final terms of the issue have not been set, we cannot give an opinion on them, nor, therefore, can we give an opinion on the proposal that the shareholders waive their preferential subscription rights.

Pursuant to Article R.225-116 of the French Commercial Code, we will prepare an additional report, if necessary, when your Board of Directors makes use of this authorization.

4 Report on the capital increase with preferential subscription rights waived reserved for a specific category of beneficiaries (resolution 22)

Pursuant to Articles L.225-135 *et seq.* of the French Commercial Code, we present our report on the proposal to authorize your Board of Directors to increase the Company's share capital by issuing ordinary Company shares to the employees, directors and executive officers of Company subsidiaries, as defined by Article L.233-16 of the French Commercial Code, that have their head offices outside France, with preferential subscription rights waived, up to a maximum of 2% of the Company's share capital on the day of the Board of Directors' decision, a transaction that will be submitted for your approval.

On the basis of its report, your Board of Directors proposes that you authorize it for a period of eighteen months from the date of this meeting to increase the share capital, and that you waive your preferential subscription rights to the ordinary shares to be issued. If this authorization is granted, the Board of Directors will determine the definitive terms of issue for this transaction.

It is the responsibility of your Board of Directors to prepare a report in accordance with Articles R.225-113 and R.225-114 of the French Commercial Code. It is our responsibility to give our opinion on the fair presentation of accounting figures taken from the financial statements, on the proposal to waive preferential subscription rights and on a variety of other information concerning the issue provided in this report.

We performed the procedures we deemed necessary for the completion of this engagement, in accordance with the professional guidance provided by the Compagnie nationale des commissaires aux comptes, France's national organization of statutory auditors.

Our work involved verifying the information in the report of the Board of Directors concerning this transaction and the method used to determine the issue price for the ordinary shares.

Without prejudice to any further examination of the terms of the capital increase that may be decided on, we have no observations concerning the methods used to determine the issue price for ordinary shares to be issued, as indicated in the report of the Board of Directors.

Since the final terms of the capital increase have not been set, we cannot give an opinion on them, nor, therefore, on the proposal that the shareholders waive their preferential subscription rights.

Pursuant to Article R.225-116 of the French Commercial Code, we will prepare an additional report, if necessary, when your Board of Directors makes use of this authorization.

The statutory auditors

Paris – La Défense, March 28, 2018

KPMG Audit	Mazars
Department of KPMG SA	
Frédéric Quélin	Thierry Blanchetier
Partner	*Partner*

Information on the Company and its share capital

8.1 INFORMATION ON THE COMPANY

8.1.1 Company name

Company name: Ingenico Group

8.1.2 Head office

Head office: 28–32 boulevard de Grenelle, 75015 Paris, France

Telephone: +33 (0)1 58 01 80 00

8.1.3 Legal form

Type of entity and governing legislation: the Company is a French corporation (*société anonyme*) managed by a Board of Directors and governed by the laws and regulations applicable to commercial companies as set forth in Book II of the French Commercial Code.

Date of incorporation: June 10, 1980 for a period of 99 years starting from the date of registration with the Trade and Companies Register, except in the event of early dissolution or extension, as provided for in the Articles of Association.

Financial year: January 1 to December 31.

Company registration number with the Paris Trade and Companies Register: 317 218 758.

Principal business activity code (APE): 6202A.

Principal place of business code (SIRET): 317 218 758 00124.

8.1.4 Articles of Association

The Articles of Association contain no conditions that are more restrictive than those set by law with respect to altering the rights of shareholders or the share capital.

Purpose (Article 2 of the Articles of Association)

The Company's purpose is to carry out any business in France and in any other countries as follows:

- researching, designing, developing and producing any equipment, systems or devices based on new technologies;
- designing and/or selling any equipment and software relating to the electronic payment and transfer of funds, urban parking management systems, and public and private telephone systems;
- developing and/or selling, including on a rental basis, any systems for transmitting and receiving radio signals of any frequency and kind;
- operating, through any means and in any form, land, sea or space telecommunication networks from stationary or mobile stations, on its own behalf or on any third party's behalf;
- designing software for its own needs or for third parties' needs;
- providing consultancy and organizational services;
- providing technical support and maintenance for any and all devices and facilities produced or sold in connection with any of the Company's purposes;
- representing any companies, both French and non-French, whose products are related, directly or indirectly, to the above-mentioned purposes, including import or export operations.

To fulfil these purposes, the Company may set up, acquire, exchange, sell, or lease, with or without an agreement to sell, and manage and operate, directly or indirectly, any industrial or commercial businesses, plants, work sites, personal or real property; obtain or acquire and use, sell or contribute any patents, licenses, processes or trademarks; grant any licenses to manufacture or use; and generally carry out any commercial, industrial or financial transactions relating to personal and real property, that might be directly or indirectly related to, or serve, the Company's purposes. The Company may act directly or indirectly, on its own behalf or on behalf of any third party, either alone or in partnership, joint venture or association with any other corporate bodies or individuals and carry out in France or abroad, in any form whatsoever, any transactions falling within the scope of its purposes. It may acquire interests or stakes in any French or non-French organizations that have similar purposes or are likely to develop its own businesses.

Determination, allocation and distribution of net profits (Article 22 of the Articles of Association)

For the purpose of forming the statutory legal reserve fund, an amount of 5% shall be allocated from the net annual profit, less any retained losses, until the amount in the legal reserve reaches an amount equal to one-tenth of the share capital. Such allocation from the net profit shall be repeated whenever the legal reserve amount falls below that fraction for any reason whatsoever, and particularly in the event of an increase in the Company's share capital.

The remaining balance of the net profit, plus any amount of retained earnings, shall constitute the distributable profits.

The following shall be deducted from those net profits:

- any amounts that the Shareholders' Meeting decides to use for depreciation of the Company's assets or to allocate to reserve funds or as retained earnings;
- the amount required to pay an initial dividend based on issued and paid-up shares of 5% of the share capital amount; should net profits be insufficient to pay out this dividend, the shareholders shall not be entitled to claim such dividend in subsequent years;
- the remaining balance, if any, to be distributed among all shareholders as a complementary dividend.

The Shareholders' Meeting may also decide to distribute amounts allocated from non-statutory reserve funds, either to provide or supplement a dividend or as an extraordinary distribution in which case the meeting shall specify from which reserve funds the amounts are allocated.

Dividend payment (Article 23 of the Articles of Association)

Dividends on shares shall be paid within a maximum of nine months from the financial year end, unless such period has been extended by court order.

The time and place of dividend payments will be determined by the Board of Directors.

The Annual General Shareholders' Meeting deliberating on the annual financial statements may grant each shareholder an option to receive all or part of a dividend or interim dividend in cash or in shares, as provided for by law and by these Articles of Association.

Rules for convening and attendance at Annual General Shareholders' Meetings (Article 19 of the Articles of Association)

Pursuant to Article 19 of the Articles of Association, ordinary, extraordinary and special General Shareholders' Meetings shall be convened by the Board of Directors. They may also be convened by the statutory auditor, by a representative appointed by a court of law at the request of any interested party, in the event of an emergency or at the request of one or more shareholders holding at least 5% of the Company's share capital or by a group of shareholders fulfilling the requirements set out in Article L.225-120 of the French Commercial Code. Meetings may also be convened by the liquidator in the event of the dissolution of the Company.

The Annual General Shareholders' Meetings shall be held at the location specified in the notice. This may be the Company's head office or, if necessary, any other location within 50 km of the registered office.

Notice of Annual General Shareholders' Meetings shall be given in accordance with the applicable rules and regulations.

Should an Annual General Shareholders' Meeting be unable to deliberate due to lack of the required quorum, a second meeting shall be convened with at least ten clear days' prior notice, in the same manner as for the first call, reiterating the date and agenda of the initial meeting.

The initiator of the meeting notice shall prepare the agenda and the resolutions to be submitted to the Annual General Shareholders' Meeting. The Board shall add to the agenda any new items or draft resolutions requested by either one or more shareholders jointly representing at least the percentage of the Company's shares required by law, or by a group of shareholders fulfilling the requirements set out in Article L.225-120 of the French Commercial Code, or, exclusively for draft resolutions, by the Works Council. The initiators of requests shall supply any documents required by applicable laws and regulations in support of their request.

The right to attend Shareholders' Meetings shall be based upon registration, no later than midnight (Paris time), two working days before the meeting, of the shareholder's name or the name of the depository registered on the shareholder's behalf, either in the registered accounts held by the Company or in the bearer shares trading accounts held by the approved depository.

Shareholders may be represented by any legal or natural person they choose, subject to the regulatory conditions applicable. Proxies shall be appointed using a signed proxy form indicating the proxy's surname, first name and address. A proxy may not sub-delegate their proxy to another person. Proxy forms are valid exclusively for a single Shareholders' Meeting, or for adjourned meetings convened with the same agenda.

If the Board so decides when convening a meeting or sending a meeting notice, shareholders may also attend and vote at meetings *via* video conference or using any telecommunication systems enabling them to be identified as provided for by law.

At each Annual General Shareholders' Meeting, the attendance sheet will indicate the following:

- the surnames, first names and place of residence of each shareholder; the number of shares they hold and corresponding voting rights;
- the surnames, first names and place of residence of each proxy; the number of shares they hold and corresponding voting rights;
- the surnames, first names and place of residence of each shareholder represented; the number of shares they hold and corresponding voting rights.

The attendance sheet shall be signed by all shareholders present and by proxies. It will be certified as accurate by the Meeting's Reporting Committee. The attendance sheet with the proxy forms attached thereto shall be kept at the head office and made available upon request.

Once properly constituted, an Annual General Shareholders' Meeting represents all shareholders. Its resolutions shall be binding on all shareholders, even those who are absent, dissenting or incapacitated. At ordinary or extraordinary meetings, the quorum is calculated based on the total number of shares in the share capital. For special meetings, it is based on all the shares from the category concerned, less those deprived of voting rights under statutory or regulatory provisions.

Minutes shall be made of the proceedings of Annual General Shareholders' Meetings and signed by the Reporting Committee members. The minutes shall be either transferred to, or inserted into, a special minute book issued according to regulatory provisions, with each page initialed and signed.

Quorum and majority requirements at Ordinary General Shareholders' Meetings

All shareholders may take part in the proceedings and vote on resolutions, provided that the shares they hold have been fully paid up.

For deliberations of the Annual General Shareholders' Meeting to be valid on first convening, a number of shareholders representing at least one-fifth of the share capital must be present. If this condition is not met, the Annual General Shareholders' Meeting held on second call can pass resolutions, regardless of the number of shares represented, but only on the items from the agenda for the initial meeting.

Resolutions of the Ordinary General Shareholders' Meeting are adopted by a majority of the votes of the shareholders present or represented, plus one vote. The members of the meeting have the same number of votes as the shares that they hold and represent, without limitation, except at Annual General Shareholders' Meetings convened for incorporation purposes, when each shareholder casts the votes of their principals on the same terms and within the same limits.

However, all fully paid-up shares that have been registered in a single shareholder's name for at least two years shall be granted twice the number of voting rights conferred on other shares relating to the portion of share capital they represent.

Furthermore, in case of a capital increase by incorporating retained earnings, net profits or share premiums, double voting rights shall be conferred upon the issue of registered shares allotted for free on the basis of existing shares holding such double voting rights.

Quorum and majority requirements at Extraordinary General Shareholders' Meetings

Resolutions are adopted by a majority of two thirds of the votes of the shareholders present or represented. The members of the meeting have the same number of votes as the shares that they hold and represent, without limitation, except at Annual General Shareholders' Meetings called for incorporation purposes, when each shareholder casts the votes of their principals on the same terms and within the same limits. However, all fully paid-up shares that have been registered in a single shareholder's name for at least two years shall be granted twice the number of voting rights conferred on other shares relating to the portion of share capital they represent.

Furthermore, in case of a capital increase by incorporating retained earnings, net profits or share premiums, double voting rights shall be conferred upon the issue of registered shares allotted for free on the basis of existing shares holding such double voting rights.

An Extraordinary General Shareholders' Meeting is properly constituted and can validly deliberate when the number of shareholders present or represented represents at least one quarter of the share capital. Failing this, a new meeting shall be convened as required by law, specifying the agenda, date and outcome of the previous meeting. The reconvened meeting can validly deliberate if shareholders representing at least one fifth of the share capital are present or represented. If the required quorum is not achieved, the reconvened meeting may be adjourned until a later date within two months of the day that the initial meeting was convened, under the same conditions for convening and holding the meeting.

Notwithstanding the foregoing and by statutory dispensation, an Extraordinary General Shareholders' Meeting called to decide on a capital increase *via* incorporation of retained earnings, net profits or share premiums may proceed under the quorum and majority conditions for an Ordinary General Shareholders' Meeting.

Quorum and majority requirements at Special General Meetings

Special General Meetings shall be convened and shall deliberate as provided for by law.

Double voting rights

According to Article 19 of the Articles of Association:

"All fully paid-up shares that have been registered in a single shareholder's name for at least two years shall be granted twice the number of voting rights conferred on other shares relating to the portion of share capital they represent.

Furthermore, in case of a capital increase by incorporating retained earnings, net profits or share premiums, double voting rights shall be conferred upon the issue of registered shares allotted for free on the basis of existing shares holding such double voting rights."

This provision was included in the Articles of Association for the first time by the shareholders at their Extraordinary General Shareholders' Meeting on June 10, 1986, which resolved that double voting rights should be attached to all fully paid-up shares registered in a single shareholder's name for at least five years. Subsequently, at their meeting on June 8, 1988, the shareholders amended the Articles of Association, reducing the required term for registration in a single shareholder's name from five years to four years, which the shareholders finally reduced further to the current two-year term at their meeting on September 18, 1998.

Moreover, pursuant to Article L.225-124, paragraph 1, of the French Commercial Code, double voting rights are rendered null and void *ipso jure* when shares are converted into bearer form or if their ownership is transferred. However, transfers through inheritance, the liquidation of marital assets, *inter vivos* transfers to a spouse or direct relative and transfers resulting from the merger or demerger of a shareholding company do not result in the loss of double voting rights.

Subject to the double voting rights attached to all fully paid-up shares registered in a single shareholder's name for at least two years, no clause in the Articles of Association or in the issuer's internal rules of procedure shall have the effect of delaying, deferring or preventing a change of control over the Company.

Major shareholding thresholds (Article 8 of the Articles of Association)

In addition to instances when the regulatory thresholds are exceeded, which must be reported to both the Company and the Autorité des marchés financiers as set out in Article L.233-7 of the French Commercial Code, any individual or legal entity owning a number of shares amounting to over 2% of the share capital or the voting rights, or any multiple thereof, shall, within four trading days (before close of trading) of the date on which each shareholding threshold is crossed, notify the Company of the total number of shares and voting rights held in a letter sent by recorded delivery with return receipt requested. Failing notification, the shares exceeding the fraction that should have been reported shall be deprived of voting rights at Shareholders' Meetings, as provided for by law, if failure to notify has been noted at the time of a Shareholders' Meeting, and if one or more shareholders, together holding at least 5% of the share capital, request this at the said meeting. Similarly, any person whose direct or indirect interest falls below each of the above-mentioned thresholds shall give notice thereof to the Company in the form and within the period specified above.

Separation of ownership (Article 11 of the Articles of Association)

Unless an agreement otherwise is notified to the Company, the usufructuaries of shares may validly represent the bare owners at Extraordinary General Meetings, with the exception of voting rights belonging to the bare owner.

Identifiable bearer securities (Article 11 of the Articles of Association)

At any time, the Company may ask the central depositary of financial instruments to identify holders of securities conferring immediate or long-term voting rights at Annual General Shareholders' Meetings, and the amount of securities held by each of them under the conditions set out in Article L.228-2 of the French Commercial Code.

8.1.5 Factors liable to affect the price of a public offer

The Company's capital structure, the clauses of any agreements covered by Article L.233-11 of the French Commercial Code and any direct or indirect holdings in the Company's capital known to the Company under the provisions applicable for shareholding thresholds are described in section 8.3 of this Registration Document.

The Articles of Association do not provide for any restrictions concerning the exercise of voting rights (except for the penalty for failure to disclose when the legal shareholding thresholds are crossed) or the transfer of shares.

There are no shareholders entitled to any special rights of control.

The Company has no employee shareholding arrangements that provide for control mechanisms.

The powers of the Board of Directors and the rules that apply for the appointment and replacement of Board members are described in section 3.1 of this Registration Document.

The shareholders are authorized at Extraordinary General Shareholders' Meetings to make any decisions and any changes to the provisions in the Articles of Association.

The agreements providing for compensation for directors and executive officers, particularly in the case of forced departure due to a change of control, are described in Chapter 3 of this Registration Document.

In connection with the Company's bond debt issue on May 13, 2014 and September 13, 2017, the bondholders (as defined in the "Terms and Conditions for the Bonds") will, in the event of a change of control over the issuer, be entitled to ask the issuer to redeem or facilitate the purchase of their bonds at face value, plus accrued interest, under the "Terms and Conditions for the Bonds – Redemption option for Bondholders further to a change of control". In the same way, holders of bonds convertible into and/or exchangeable for new or existing shares (OCEANE) of Ingenico Group SA issued on June 26, 2015 have the right to redeem them in the event of a change of control of the issuer, as provided for in the terms and conditions of the said convertible bonds.

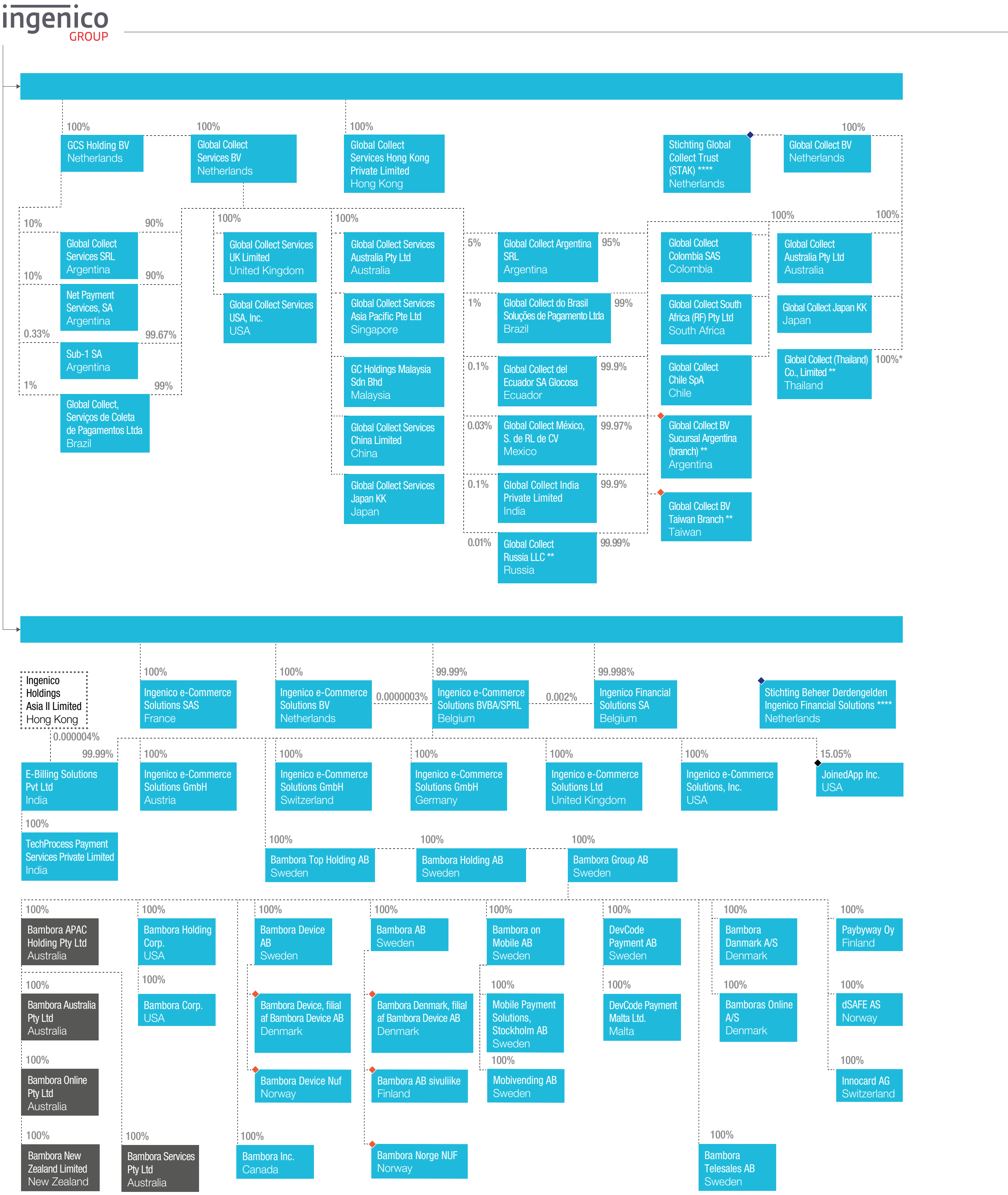
Otherwise, in the scope of the Group financing, early redemption is possible at the initiative of Ingenico or the lenders (see Note 9.b. to the consolidated financial statements as at December 31, 2017).

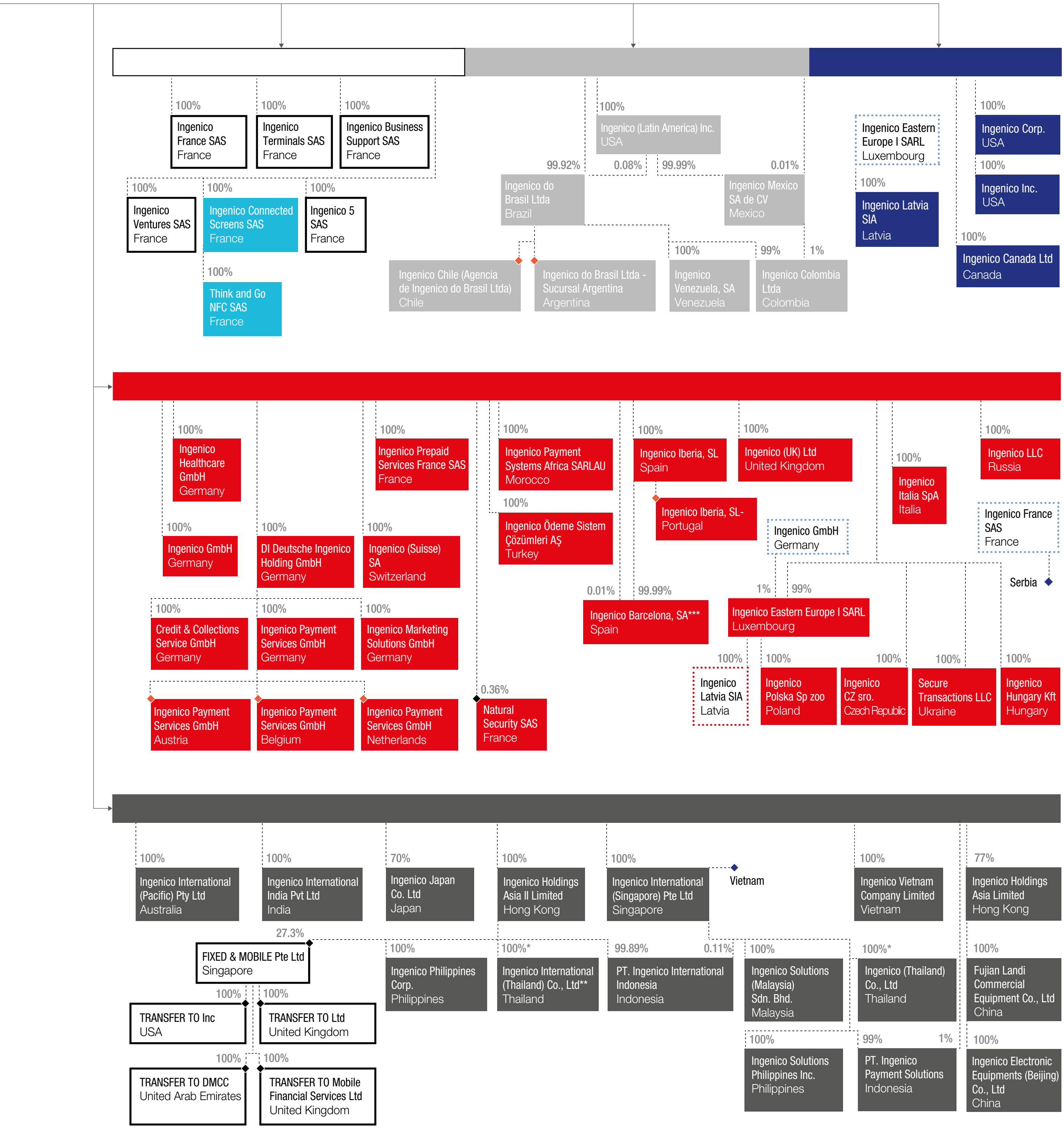
The Company has not entered into any significant agreements that would be amended or terminated in the event of a change of control over the Company.

There are no agreements providing for compensation for employees of the Company who resign, are dismissed or have their employment terminated as a result of a public offer.

The Company is not aware of any agreement between the shareholders that may impose restrictions on the transfer of shares and the exercising of voting rights.

8.1.6 Organizational chart (as at December 31, 2017)





- Equity interest
- Branch
- Representation Office
- Shareholder or entity outside region
- NAR - North America Region
- LAR - Latin America Region
- Asia, Pacific & China - Asia Pacific China (incl. India, NE and SE Asia)
- EMEA - Europe, Russia-CIS, Ukraine, Africa & Middle East
- Retail - SMB, Enterprise, Global Online
- Central Operations

* Including indirect equity interest or partners.
** In the process of liquidation or winding-up.
*** Dormant.
**** A stichting is a Dutch foundation used for separate management of merchants funds. The Administrative Office Foundation (Stichting Administratie Kantoor or STAK) has a contractual relationship (trust conditions) with Global Collect Services B.V. as the holder of depositary receipts and therefore beneficial owner of the shares in Global Collect B.V. The Administrative Office Foundation (STAK) has no shareholders and is controlled by Ingenico through its board of directors.

8.2 INFORMATION ON THE SHARE CAPITAL

8.2.1 Share capital

At December 31, 2017, the Company's total share capital amounted to €62,363,114, for an equivalent number of shares, representing 68,327,088 theoretical voting rights (including shares for which voting rights have been suspended) and 68,212,354 exercisable voting rights, the difference being the treasury shares at that date. The difference between the number of 68,226,669 shares and the number of voting rights is due to the existence of double voting rights.

At March 31, 2018, the Company's total share capital amounted to €62,363,114, for an equivalent number of shares, representing 68,217,775 theoretical voting rights (including shares for which voting rights have been suspended) and 67,285,541 exercisable voting rights, the difference being the treasury shares at that date.

8.2.2 Changes in share capital over the past five years

Date	Transaction	Shares issued/ cancelled	Par value	Number of shares	Share capital
June 03, 2013	New shares issued in connection with the distribution of the stock dividend for 2012, placed on record by the Chairman and Chief Executive Officer	+581,967	€1	53,069,625	€53,069,625
December 11, 2013	New shares issued in connection with stock options exercised between June 3, 2013 and October 31, 2013, placed on record by the Board of Directors	+16,684	€1	53,086,309	€53,086,309
June 11, 2014	New shares issued in connection with the distribution of the stock dividend for 2013, placed on record by the Chairman and Chief Executive Officer	+398,304	€1	53,484,613	€53,484,613
June 23, 2014	New free shares issued, placed on record by the Chairman and Chief Executive Officer	+397,832	€1	53,882,445	€53,882,445
July 07, 2014	661,146 new shares issued, with a par value of €1, in connection with the conversion of 651,377 Ingenico 2011/2017 OCEANE bonds, placed on record by the Chairman and Chief Executive Officer	+661,146	€1	54,543,591	€54,543,591
September 1, 2014	New shares issued in connection with the conversion of Ingenico 2011/2017 OCEANE bonds, placed on record by the Chairman and Chief Executive Officer	+1,131,016	€1	55,674,607	€55,674,607
September 09, 2014	New shares issued in connection with the conversion of Ingenico 2011/2017 OCEANE bonds, placed on record by the Chairman and Chief Executive Officer	+356,856	€1	56,031,463	€56,031,463
October 09, 2014	New shares issued in connection with the conversion of Ingenico 2011/2017 OCEANE bonds, placed on record by the Chairman and Chief Executive Officer	+79,170	€1	56,110,633	€56,110,633

Date	Transaction	Shares issued/ cancelled	Par value	Number of shares	Share capital
November 12, 2014	New shares issued in connection with the conversion of Ingenico 2011/2017 OCEANE bonds, placed on record by the Chairman and Chief Executive Officer	+173,249	€1	56,283,882	€56,283,882
December 09, 2014	New shares issued in connection with the conversion of Ingenico 2011/2017 OCEANE bonds, placed on record by the Chairman and Chief Executive Officer	+1,152,899	€1	57,436,781	€57,436,781
January 14, 2015	New shares issued in connection with the conversion of Ingenico 2011/2017 OCEANE bonds, placed on record by the Chairman and Chief Executive Officer	+3,216,566	€1	60,653,347	€60,653,347
June 10, 2015	New shares issued in connection with the distribution of the stock dividend for 2014, placed on record by the Chairman and Chief Executive Officer	+313,580	€1	60,966,927	€60,966,927
July 31, 2015	Shares created in connection with the issuance of 23,673 shares as part of a capital increase limited to Ingenico employees eligible for a company savings plan, placed on record by the Chairman and Chief Executive Officer, as delegated by the Board	+23,673	€1	60,990,600	€60,990,600
June 03, 2016	New shares issued in connection with the distribution of the stock dividend for 2015, placed on record by the Chairman and Chief Executive Officer	+502,641	€1	61,493,241	€61,493,241
October 28, 2016	Cancellation of 149,560 treasury shares	-149,560	€1	61,343,681	€61,343,681
October 29, 2016	Creation of 149,560 fully paid-up new shares at €1 each as part of the vesting of free shares allocated on October 29, 2014, placed on record by the Chairman and Chief Executive Officer	+149,560	€1	61,493,241	€61,493,241
June 12, 2017	New shares issued in connection with the distribution of the stock dividend for 2016, placed on record by the Chairman and Chief Executive Officer	+731,856	€1	62,225,097	€62,225,097
July 26, 2017	Shares created in connection with the issuance of 26,017 shares as part of a capital increase limited to Ingenico employees eligible for a company savings plan, placed on record by the Chairman and Chief Executive Officer, as delegated by the Board	+26,017	€1	62,251,114	€62,251,114
July 29, 2017	Creation of 112,000 fully paid-up new shares at €1 each as part of the vesting of free shares allocated on July 29, 2015, placed on record by the Chairman and Chief Executive Officer	+112,000	€1	62,363,114	€62,363,114

8.2.3 Shareholders' financial authorizations and delegations to the Board of Directors

Authorized unissued capital

A summary of the effective delegations and authorizations granted by shareholders to the Board of Directors regarding share capital increases, and the use made of these authorizations during 2017, is provided hereunder. As some of these authorizations have expired or will expire soon, new authorizations will be submitted to the vote at the Annual General Shareholders' Meeting scheduled for May 16, 2018.

Type of authorization/delegation	Maximum capital increase that may result from the authorization (par value)	Duration	Use made of authorizations during 2017
Annual General Shareholders' Meeting of April 29, 2016 Share capital reduction through cancellation of shares(1) (4)	10% of the share capital	24 months	None
Annual General Shareholders' Meeting of May 10, 2017 Share capital increase *via* incorporation of retained earnings, profits and/or share premiums(4)	€10,000,000 Independent ceiling	26 months	None
Annual General Shareholders' Meeting of April 29, 2016 Issue of ordinary shares conferring, as applicable, entitlement to ordinary shares or to the allocation of debt securities and/or securities conferring access to ordinary shares, with the retention of preferential subscription rights(1) (4)	Aggregate par value of shares that may be issued: €30,000,000(3) Nominal amount of debt securities that may be issued: €1,500,000,000	26 months	None
Annual General Shareholders' Meeting of April 29, 2016 Issue of ordinary shares conferring, as applicable, entitlement to ordinary shares or debt securities and/or securities conferring access to ordinary shares, with preferential subscription rights waived, by public offer and/or in consideration for shares as part of a public exchange offer(1) (4)	Aggregate par value of shares that may be issued: €6,099,060(2). Nominal amount of debt securities that may be issued: €1,500,000,000(2)	26 months	None
Annual General Shareholders' Meeting of April 29, 2016 Issue of ordinary shares conferring, as applicable, entitlement to ordinary shares or to the allocation of debt securities and/or securities conferring access to ordinary shares, with preferential subscription rights waived, by means of an offer as described in Article L.411-2 II of the French Monetary and Financial Code(1) (4)	Aggregate par value of shares that may be issued: €6,099,060(2). Nominal amount of debt securities that may be issued: €1,500,000,000(2)	26 months	None
Annual General Shareholders' Meeting of April 29, 2016 Share capital increase in consideration for contributions in kind of shares or securities conferring access to the share capital(1) (4)	10% of the share capital(2)	26 months	None
Annual General Shareholders' Meeting of May 10, 2017 Share capital increase, with preferential subscription rights waived, reserved for employees belonging to a Company or Group savings plan(1) (4)	2% of the share capital Independent ceiling	26 months	Capital increase by issuing 26,017 shares
Annual General Shareholders' Meeting of May 10, 2017 Issuance of ordinary shares, with preferential subscription rights waived, to employees, directors and executive officers of Group subsidiaries located outside France who are not members of a Company savings plan(1) (4)	2% of the share capital Independent ceiling	18 months	None

Type of authorization/delegation	Maximum capital increase that may result from the authorization (par value)	Duration	Use made of authorizations during 2017
Annual General Shareholders' Meeting of April 29, 2016 Free awards of new or existing shares	5% of the share capital, with a limit of 2% of share capital for the Company's directors and executive officers	38 months	Award of 186,549 shares on the basis of performance criteria (for details, see section 3.3.3 of this Registration Document)

(1) New delegations and authorizations, the terms of which are set out in Chapter 7 of this Registration Document, will be submitted for a vote to the Combined Ordinary and Extraordinary Shareholders' Meeting to be held on May 16, 2018.

(2) These delegations were provided within the following aggregate ceilings: Maximum nominal amount of capital increases: 10% of the share capital on the day of the Annual General Shareholders' Meeting of April 29, 2016 (i.e. €6,099,060). Any capital increases occurring under these resolutions will be deducted from the total nominal amount of shares that may be issued under the scope of the delegation, with retention of the above preferential subscription rights. Maximum total amount of debt securities that may be issued: €1,500,000.

(3) From this amount is deducted the nominal amount of any share capital increases (immediate or long-term) carried out on the basis of the delegations granted by the Annual General Shareholders' Meeting of April 29, 2016, for the purpose of carrying out issues with the removal of the preferential subscription right by public offer or in consideration for a public exchange offer, via private investment, as well as under the scope of the extension clause or in consideration for contributions in kind.

(4) Suspended during public offer periods.

Authorization to repurchase its own shares

Company transactions to buy back its own shares (Article L.225-211 of the French Commercial Code) during 2017

The Annual General Shareholders' Meeting of May 10, 2017 authorized the Company to launch a share repurchase program, a description of which was included in the Registration Document filed with the AMF on March 29, 2017. The launch of this program was decided by the Board of Directors on May 10, 2017.

This program replaces the program authorized by the Annual General Shareholders' Meeting on April 29, 2016.

Number of treasury shares purchased and sold during 2017

In 2017:

- 595,767 shares were purchased under the liquidity contract at an average price of €83.02;
- 595,767 shares were sold under the liquidity contract at an average price of €83.32;
- no shares were purchased under mandates other than the liquidity contract.

Number and value of treasury shares at December 31, 2017

As a result of trading activity during the year, the liquidity contract portfolio did not contain any shares at December 31, 2017.

Furthermore, at December 31, 2017, the portfolio of shares purchased for other reasons by the Company stood at 114,734 shares.

At December 31, 2017, the Company therefore held a total of 114,734 treasury shares, of which:

- none were purchased under the liquidity contract;
- 114,734 were purchased for other purposes, representing 0.18% of the total share capital of 62,363,114 shares with a face value of €1 each.

The values of this portfolio at that date were as follows:

- book value: €2,698,027.44;
- market value: €10,212,473.34 based on the closing price of €89.01 on December 31, 2017;
- total nominal value: €114,734.

Use of treasury shares, including transfers, for other purposes

During 2017, 1,800 treasury shares were used for grants to beneficiaries of free share award plans.

No reallocation occurred during the 2017 reporting period.

During the past 24 months, 149,560 of the shares held by the Company were canceled under the authorization granted by the General Shareholders' Meeting of April 29, 2016.

Description of the share repurchase program pursuant to Article 241-2 of the AMF General Regulations

Breakdown by objective for shares held at March 31, 2018

Number of shares held directly and indirectly: 932,234 (including 35,500 shares issued in connection with the liquidity contract) representing 1.49% of the Company's share capital.

At March 31, 2018, the 896,734 shares held by the Company were assigned to the objective of hedging plans awarding free Company shares to its employees, directors and executive officers or those of its Group and Oceanes.

At the Combined Ordinary and Extraordinary Shareholders' Meeting on May 16, 2018, the shareholders will be asked to approve a new authorization for the Company to trade in its own shares on the following terms:

"The Annual General Shareholders' Meeting, deliberating with the quorum and majority required for ordinary meetings, and after reviewing the Board of Directors' report, hereby authorizes the Board for a period of 18 months in accordance with Articles L.225-209 *et seq*. of the French Commercial Code to trade in Company shares on the stock exchange or in any other way on one or more occasions.

This authorization is intended to allow the Company to do the following:

- hold and use Company shares as a means of exchange or consideration in external growth transactions, in compliance with current laws and regulations;
- use Company shares in connection with the exercise of rights attached to Company securities conferring immediate or future entitlement to Company shares through conversion, exercise, redemption or exchange, presentation of a warrant or by any other means, and carry out any transactions required to hedge the Company's obligations in connection with these securities, in accordance with stock market regulations at the time that the Board of Directors or any person to whom the Board has delegated its powers may act;
- implement any Company stock option plan granted in accordance with Articles L.225-177 *et seq*. of the French Commercial Code, any award, in accordance with Articles L.225-197-1 *et seq*. of the French Commercial Code, of Company shares for free to employees, directors and executive officers, whether as part of their compensation, as a means to allow them to benefit from the Company's growth, in the context of Company or Group employee shareholding or savings plans and/or any other form of share allocation programs for employees and/or directors and executive officers of the Group, and to carry out any transactions required to hedge the Company's obligations in connection with these programs, in accordance with stock market regulations and at the time that the Board of Directors or any person to whom the Board has delegated its powers may act;
- maintain a liquid market for the Company's shares *via* a liquidity contract with an independent investment service provider that complies with the code of ethics approved by the Autorité des marchés financiers;
- cancel some or all of the Company's shares bought back with the intention of reducing the share capital, in accordance with an authorization granted or to be granted by the Extraordinary Shareholders' Meeting;
- and in general act for any legally authorized purpose.

The shareholders hereby resolve that the number of Company shares acquired under this authorization shall not exceed 10% of the total number of shares making up the share capital on the date of purchase, after deducting the number of shares resold during the program to maintain a liquid market for the Company's shares, while noting that the share acquisitions made by the Company may under no circumstances permit the Company to hold more than 10% of its total share capital, either directly or indirectly. By way of example, on the basis of the share capital at December 31, 2017 (divided into 62,363,114 shares), and taking into account the 114,734 treasury shares held at that date, the Company would be authorized to purchase up to 6,121,577 shares.

Shares may be acquired by any means including, where applicable, trading in derivatives and options on regulated or over-the-counter markets, provided that use of such means does not significantly increase the volatility of the Company's share price.

The Board of Directors may not, unless previously authorized by a General Shareholders' Meeting, make use of this delegation of authority at any time during a public offer launched on the Company's shares by a third party.

Shares may be purchased by any means, including the acquisition of blocks of shares, and at such times as the Board of Directors decides.

The purchase price per share is not to exceed €180. On the basis of the share capital at December 31, 2017, including the treasury shares held by the Company at that date, the maximum consideration the Company could pay, if purchasing shares at the maximum price of €180, would be €1,101,883,860.

In the event of capital increases carried out through incorporation of retained earnings or free share awards, or in the event of stock splits or reverse splits, depreciation or reduction of the share capital, or any other transaction affecting the share capital, the aforementioned prices shall be adjusted by a multiplier equal to the ratio between the number of shares that made up the share capital prior to the transaction and the number of shares after the transaction.

In order to ensure the implementation of the present authorization, the Board of Directors is hereby granted the necessary powers to proceed, with the option to sub-delegate, in particular to decide whether a repurchase program is appropriate and to determine the procedures for carrying out such a program, to draft and issue a fact sheet about the program, to place all orders on the stock market, to sign all deeds of transfer or assignment, to enter into any agreements required, particularly for the keeping of records of share purchases and sales, to carry out any filings with the AMF and any other body, as well as any other formalities, including allocating or reallocating purchased shares for their various intended purposes, and generally to do whatever is required.

The present authorization is hereby granted for a period of 18 months from the date of this Annual General Shareholders' Meeting and replaces the authorization granted to the same effect by the Annual General Shareholders' Meeting of May 10, 2017."

Authorization to reduce the share capital

At their Annual General Shareholders' Meeting on April 29, 2016, the shareholders authorized the Company to reduce the share capital by canceling treasury shares for a period of 24 months, *i.e.*, until April 28, 2018.

149,560 shares owned by the Company were canceled on October 28, 2016.

This authorization was not used during the 2017 reporting period. At the Combined Ordinary and Extraordinary Shareholders' Meeting on May 16, 2018, the shareholders will be asked to approve a new authorization according to the following terms:

"The Annual General Shareholders' Meeting, deliberating with the quorum and majority required for extraordinary meetings, after reviewing the Board of Directors' report and the Statutory Auditors' report:

1) authorize the Board of Directors to cancel, at its own discretion, in one or more transactions, up to the limit of 10% of capital calculated on the date of the decision to cancel, after deducting any shares cancelled during the previous 24 months, shares that the Company holds or may hold following redemptions carried out under Article L.225-209 of the Commercial Code, and reduce the share capital in accordance with the legal and regulatory provisions in force;
2) determine that the Board of Directors may not, unless previously authorized by the Annual General Shareholders' Meeting, make use of the delegations of authority at any time during a public offer launched on the Company's shares by a third party;
3) grant this authorization for a period of 24 months from the date of this meeting;
4) grant all powers to the Board of Directors to conduct the transactions required for such cancellations and make any reductions to the share capital, and amend the Articles of Association of the Company accordingly and carry out all formalities required."

Open position on derivative products

	Open call positions		Open put positions	
	Call options bought	**Forward purchases**	**Call options sold**	**Forward sales**
Number of securities	1,500,000	-	-	-
Average maximum maturity	06/26/2022	-	-	-
Exercise price *(in euros)*	172.15	-	-	-

Ingenico Group completed the purchase of 1,500,000 call options (US options) that may be exercised at any time until their expiration, covering 1,507,500 shares[(1)], which will allow it to partially cover its obligations to deliver treasury shares, as part of any conversion of bonds that are convertible or exchangeable for new or existing shares (*Obligations Convertibles ou Echangeables en Actions Nouvelles ou Existantes* or OCEANE), maturing on June 26, 2022. These options cover 51.6% of the 2,904,443 outstanding OCEANE bonds.

8.2.4 Potential share capital

The potential share capital comprises free shares that may be newly issued or outstanding, as well as OCEANE convertible/exchangeable bonds issued on June 26, 2015.

At December 31, 2017, this represents a maximum capital dilution of 5.13% (excluding OCEANE-related derivatives) and 2.71% (after deducting OCEANE-related derivatives).

Stock options

At December 31, 2017, there were no exercisable stock options.

Performance shares

During 2017, the Company awarded 186,549 free shares to Group employees, which will be vested once the performance criteria have been achieved. These criteria are detailed in section 3.3.3 of this Registration Document.

At December 31, 2017, there were 281,569 free shares outstanding for which the vesting period had not yet expired, representing a dilution rate of 0.45% of the Company's share capital.

The Board of Directors may decide to record these shares as either existing or new shares until the vesting date.

OCEANE bond maturing June 26, 2022

On June 26, 2015, pursuant to the 12th resolution of the Extraordinary General Shareholders' Meeting of May 6, 2015, the Company launched a €500 million bond issue for private placement without preferential subscription rights. The issue comprised 2,904,443 bonds, convertible into and/or exchangeable for new or existing shares, with a face value of €172.15 each, at an original conversion rate of 1 share for 1 bond. These OCEANE bonds are listed on the open market and mature on June 26, 2022.

They do not bear a coupon. The Company may, at its discretion, deliver new shares or existing shares or a combination of both.

No new shares were issued in 2017 for the OCEANE bond issued on June 26, 2015.

At December 31, 2017 the number of shares that could be issued was 2,918,965 following an adjustment of the conversion ratio, 1.005 shares for 1 bond, made after the dividend payout in 2017 for fiscal year 2016.

Taking into consideration the hedge transaction to cover the potential dilution connected with OCEANE convertible bonds, completed in November 2016 in the form of the purchase of 1,500,000 call options on 1,507,500 shares, the maximum capital dilution linked to the OCEANE bonds on that date is 2.26%.

(1) Subject to future parity adjustments.

8.3 SHARE OWNERSHIP

8.3.1 Changes in share ownership over the last three financial years

Share ownership is broken down based on a total of 62,363,114 shares at December 31, 2017, which carry a total of 68,212,354 voting rights (including double voting rights and excluding treasury shares).

Shares that have been registered for over two years have double voting rights. These double voting rights are based on the information in the Shareholders' Register managed by Caceis Corporate Trust.

Pursuant to Article L.225-124, paragraph 1 of the French Commercial Code, double voting rights are rendered null and void *ipso jure* when shares are converted into bearer form or if their ownership is transferred.

Nevertheless, transfers through inheritance, the liquidation of marital assets, *inter vivos* transfers to a spouse or direct relative or transfers resulting from the merger or demerger of a shareholding company do not result in the loss of double voting rights.

Major shareholders

To the best of the Company's knowledge, share ownership at December 31, 2017 was broken down as follows:

At December 31, 2017	Number of shares	% shares	Number of voting rights	% actual voting rights	% theoretical voting rights(1)
Shareholders					
Allianz Global Investors GmbH(2)	4,910,776	7.88%	4,910,776	7.20%	7.19%
BPI France Participations(3)	3,317,081	5.32%	6,634,162	9.73%	9.71%
Jupiter Asset Management Limited(4)	2,470,854	3.96%	2,470,854	3.62%	3.62%
MAJOR SHAREHOLDERS	**10,698,711**	**17.16%**	**14,015,792**	**20.55%**	**20.51%**
Employee share offers (Article L.225-102 of the French Commercial Code)	162,950	0.26%	309,050	0.45%	0.45%
Treasury shares	114,734	0.18%	-	-	0.17%
of which, shares held under liquidity contract	-	-	-	-	-
Other shareholders (bearer and registered)	51,386,719	82.40%	53,887,512	79.00%	78.87%
TOTAL	**62,363,114**	**100%**	**68,212,354**	**100%**	**100%**

(1) Pursuant to Article 223-11 of the AMF General Regulations, the number of theoretical voting rights is calculated on the basis of all shares with voting rights, including shares with suspended voting rights.

(2) Based on the most recent information in the shareholding threshold crossing statement received on November 17, 2016 (position as of November 15, 2016).

(3) BPI France Participations is indirectly controlled by the Caisse des Dépôts et Consignations which indirectly holds 3,317,081 shares and 6,634,162 voting rights according to the latest shareholding threshold crossing statement sent to the Company on May 31, 2017 (position as of May 25, 2017).

(4) Based on the information in the shareholding threshold crossing statement received on October 3, 2017 (position as of October 2, 2017).

To the best of the Company's knowledge, there is no other shareholder who holds, directly or indirectly, either acting alone or in concert, over 2% of the share capital or voting rights at December 31, 2017.

To the best of the Company's knowledge, there has been no significant change since December 31, 2017, with the exception of the threshold crossings disclosed below.

The Company is not controlled by another company within the meaning of Article L.233-3 of the French Commercial Code. To the best of the Company's knowledge, there are no agreements in place that could bring about a change in control at some future date.

To the best of the Company's knowledge, share ownership at December 31, 2016 was broken down as follows:

At December 31, 2016	Number of shares	% shares	Number of voting rights	% actual voting rights	% theoretical voting rights(1)
Shareholders					
Allianz Global Investors GmbH(2)	4,910,776	7.99%	4,910,776	7.52%	7.51%
BPI France Participations(3)	3,335,935	5.42%	3,335,935	5.11%	5.10%
Jupiter Asset Management Limited(4)	3,189,054	5.18%	4,404,847	6.75%	6.73%
Amundi(5)	2,365,271	3.85%	2,365,271	3.62%	3.62%
MAJOR SHAREHOLDERS	**13,801,036**	**22.44%**	**15,016,829**	**23.00%**	**22.96%**
Employee share offers (Article L.225-102 of the French Commercial Code)	157,956	0.26%	303,828	0.46%	0.46%
Treasury shares	116,534	0.19%	-	-	0.18%
of which, shares held under liquidity contract	-	-	-	-	-
Other shareholders (bearer and registered)	47,417,715	77.11%	49,966,625	76.54%	76.40%
TOTAL	**61,493,241**	**100%**	**65,287,282**	**100%**	**100%**

(1) Pursuant to Article 223-11 of the AMF General Regulations, the number of theoretical voting rights is calculated on the basis of all shares with voting rights, including shares with suspended voting rights.

(2) Based on the most recent information in the shareholding threshold crossing statement received on November 17, 2016 (position as of November 15, 2016).

(3) BPI France Participations is indirectly controlled by the Caisse des Dépôts et Consignations which indirectly holds 3,630,945 shares and voting rights according to the latest shareholding threshold crossing statement sent to the Company on July 27, 2015 (position as of July 22, 2015).

(4) Based on the most recent information in the shareholding threshold crossing statement (pursuant to Article L.233-7 of the French Commercial Code) received on March 29, 2016 (position as of March 23, 2016).

(5) Based on the information in the shareholding threshold crossing statement received on July 22, 2016.

To the best of the Company's knowledge, share ownership at December 31, 2015 was broken down as follows:

At December 31, 2015	Number of shares	% shares	Number of voting rights	% actual voting rights	% theoretical voting rights(1)
Shareholders					
Allianz Global Investors GmbH(2)	3,694,001	6.06%	3,694,001	5.84%	5.82%
BPI France Participations(3)	3,335,935	5.47%	3,335,935	5.28%	5.26%
Jupiter Asset Management Limited(4)	2,763,032	4.53%	3,991,515	6.31%	6.29%
Ameriprise (Threadneedle)(5)	1,693,070	2.78%	1,693,070	2.68%	2.66%
Amundi(6)	1,666,078	2.73%	1,666,078	2.64%	2.62%
MAJOR SHAREHOLDERS	**13,152,116**	**21.56%**	**14,380,599**	**22.75%**	**22.66%**
Employee share offers (Article L.225-102 of the French Commercial Code)	158,425	0.26%	283,124	0.45%	0.45%
Treasury shares	276,294	0.45%	-	-	0.44%
of which, shares held under liquidity contract	-	-	-	-	-
Other shareholders (bearer and registered)	47,403,765	77.72%	48,533,401	76.80%	76.46%
TOTAL	**60,990,600**	**100%**	**63,197,124**	**100%**	**100%**

(1) Pursuant to Article 223-11 of the AMF General Regulations, the number of theoretical voting rights is calculated on the basis of all shares with voting rights, including shares with suspended voting rights.

(2) Based on the most recent information in the shareholding threshold crossing statement received on August 7, 2015 (position as of August 3, 2015).

(3) BPI France Participations is indirectly controlled by the Caisse des Dépôts et Consignations which indirectly holds 3,630,945 shares and voting rights according to the latest shareholding threshold crossing statement sent to the Company on July 27, 2015 (position as of July 22, 2015).

(4) Based on the most recent information in the shareholding threshold crossing statement received on June 23, 2015 (position as of June 23, 2015).

(5) Based on the most recent information in the shareholding threshold crossing statement received on May 27, 2015 (position as of May 21, 2015).

(6) Based on the most recent information in the shareholding threshold crossing statement received on March 19, 2013 (position as of March 18, 2013).

8.3.2 Dividend policy

The Board of Directors decides on the amount of dividend payments, which are based on the Company's operational results, financial position and investment policy in particular. The Company's dividend policy is based on paying out a dividend representing 35% of its net profit.

Ingenico's Board of Directors has decided to submit a resolution to the Annual General Shareholders' Meeting of May 16, 2018, to pay a dividend for 2017 of €1.60 per share, payable in cash or in shares.

Financial year for which dividends were paid	Net dividend per share *(in euros)*	Dividend payment date
2017	1.60	Subject to the approval of the Annual General Shareholders' Meeting of May 16, 2018
2016	1.50	June 12, 2017
2015	1.30	June 03, 2016
2014	1.00	June 10, 2015
2013	0.80	June 11, 2014

Five years after the distribution date, all unclaimed dividends will be forfeited and paid to the French Treasury.

8.3.3 Shareholding disclosure thresholds at March 31, 2018

- **Regulatory thresholds**

The complete version of the following statements regarding the crossing of major shareholding thresholds can be viewed online on the AMF website.

Shareholder	AMF ruling no.	AMF ruling date	Date threshold was crossed	Threshold	Threshold crossed by increase or decrease
Jupiter Asset Management Limited	217C2136	September 15, 2017	September 13, 2017	5% of share capital	Decrease
Jupiter Asset Management Limited	217C2296	October 02, 2017	September 27, 2017	5% of voting rights	Decrease
BlackRock Inc.	218C0513	March 01, 2018	February 28, 2018	5% of share capital	Increase
BlackRock Inc.	218C0574	March 12, 2018	March 08, 2018	5% of share capital	Decrease
BlackRock Inc.	218C0590	March 14, 2018	March 12, 2018	5% of share capital	Increase
BlackRock Inc.	218C0611	March 20, 2018	March 16, 2018	5% of share capital	Decrease
BlackRock Inc.	218C0621	March 21, 2018	March 20, 2018	5% of share capital	Increase
BlackRock Inc.	218C0640	March 26, 2018	March 22, 2018	5% of share capital	Decrease

- **Company statutory thresholds**

Shareholder	Date threshold was crossed	Threshold crossed by increase or decrease	Threshold	Number of shares after threshold crossed	% of share capital after threshold crossed	% of voting rights after threshold crossed
Amundi	January 09, 2017	Decrease	2% in share capital and voting rights	887,256	1.44%	1.35%
BPI France Participations(1)	May 25, 2017	Increase	6% and 8% in voting rights	3,317,081	5.39%	9.65%
Covéa Finance	June 08, 2017	Increase	2% in share capital	1,269,290	2.06%	-
Jupiter Asset Management Limited	September 14, 2017	Decrease	6% in voting rights	2,902,854	4.653%	5.932%
Jupiter Asset Management Limited	September 27, 2017	Decrease	4% in voting rights	2,581,483	4.139%	3.718%
Jupiter Asset Management Limited	October 02, 2017	Decrease	4% in share capital	2,470,854	3.962%	3.559%
Axa Investment Managers	November 08, 2017 November 09, 2017	Decrease Decrease	2% in voting rights 2% in share capital	1,300,197 1,242,493	2.08% 1.99%	1.90% 1.82%
Allianz Global Investors Fund	November 16, 2017	Increase	4% in voting rights	2,515,421	4.03%	3.69%
Covéa Finance	November 22, 2017	Decrease	2% in share capital	1,182,646	1.90%	-
Jupiter Asset Management Limited	January 18, 2018	Decrease	2% in voting rights	1,296,156	2.078%	1.896%
Jupiter Asset Management Limited	February 21, 2018	Decrease	2% in share capital	1,116,156	1.789%	1.635%
Allianz Global Investors GmbH	February 21, 2018	-	-	4,408,801	7.07%	6.46%

(1) BPI France Participations is indirectly controlled by the Caisse des Dépôts et Consignations which indirectly holds 3,317,081 shares and 6,634,162 voting rights according to the latest shareholding threshold crossing statement sent to the Company on May 31, 2017 (position as of May 25, 2017).

8.3.4 Shareholder agreements

To the best of the Company's knowledge, there is no agreement or shareholders' agreement as mentioned in Article L.233-11 of the French Commercial Code other than that published by the AMF under the number 206C2177, concluded on November 23, 2006 by Candel & Partners SAS[1], FBT SCA[2] (formerly Financière de Tayninh SCA), Consellior SAS[3] and Mr. Allan Green with Raiffeisen Centrobank AG[4] (hereinafter referred to as "RCB") in relation to Ingenico. This agreement restated and replaced the shareholders' agreement entered into on October 4, 2004 which constituted an action in concert between its signatories (refer to AMF Ruling and Notice No. 204C1192 of October 7, 2004 and AMF Ruling and Notice No. 204C1198 of October 11, 2004).

On November 8, 2011, Mr. Allan Green informed the Company and the Autorité des marchés financiers that, on November 4, 2011, the Consellior group and RCB had ended their action in concert and adherence to the shareholders' agreement of November23, 2006. Since that date, the Consellior group has consisted only of Consellior SAS, Candel & Partners and Mr. Allan Green.

(1) Company controlled by Mr. Allan Green, 4 Avenue Hoche, 75008 Paris, France.
(2) Limited partnership wholly owned by Candel & Partners, 4 avenue Hoche, 75008 Paris, France.
(3) Limited liability joint-stock company controlled by Mr. Allan Green, 4 avenue Hoche, 75008 Paris, France.
(4) Company of the banking Group Raiffeisen, Tegetthoffstrasse 1, A-1010 Vienna, Austria

8.4 MARKET FOR INGENICO GROUP SHARES

8.4.1 Listing

Ingenico Group shares are listed in France on Euronext Paris (Compartment A) and have been included since August 2015 in the CAC Next 20 Index.

Ingenico Group announced the reclassification of its ICB (Industry Classification Benchmark) category from "Industrial Goods and Services" to "Technology" as of March 19, 2012. Ingenico Group is also included in the Stoxx Europe 600 and SBF 120 stock market indexes.

At the end of December 2017, Ingenico's share price closed at €89.01 and its market capitalization was €5.6 billion.

8.4.2 Ingenico Group share price and volume of transactions (ISIN: FR0000125346)

- **Change in the share price and volume of transactions over 18 months**

Month	**High** *(in €)*	**Low** *(in €)*	**Volume traded** *(in millions of shares)*	**Closing price** *(in €)*	**Capital traded** *(in € millions)*	**Average price** *(in €)*
July 2016	110.15	98.03	5.85	98.03	607.96	106.38
August 2016	98.41	94.10	4.18	96.54	404.47	96.62
September 2016	97.00	77.20	10.50	77.77	855.09	81.13
October 2016	76.80	70.14	8.82	72.10	645.88	73.12
November 2016	74.13	70.56	5.23	73.52	379.46	72.73
December 2016	78.30	69.73	7.25	75.87	528.41	73.41
January 2017	80.10	75.00	7.71	78.06	600.70	78.01
February 2017	84.95	75.57	6.41	84.68	513.17	79.21
March 2017	95.01	84.80	9.98	88.46	897.06	88.70
April 2017	87.43	81.16	6.05	83.18	512.81	84.74
May 2017	87.50	83.55	5.74	86.54	494.76	86.22
June 2017	86.81	79.01	8.05	79.49	656.85	81.73
July 2017	89.92	79.96	7.64	88.62	652.48	84.87
August 2017	89.09	81.49	4.03	83.40	343.95	85.12
September 2017	83.73	78.75	6.13	80.20	493.00	80.69
October 2017	83.34	78.17	6.65	83.34	537.77	81.07
November 2017	88.04	78.50	7.30	88.04	607.60	82.99
December 2017	89.01	84.90	4.34	89.01	377.15	86.92
January 2018	93.70	88.00	5.69	91.70	520.92	91.38
February 2018	93.30	70.52	12.12	71.52	985.34	86.35
March 2018	70.34	64.26	10.05	65.88	678.49	67.58

Data: Bloomberg.

8.4.3 OCEANE bonds and standard bonds

Bond debt

To improve its financial flexibility, Ingenico Group SA has issued two bonds:

- on May 20, 2014, the Group issued a bond maturing on May 20, 2021. The par value of the issue is €450,000,000, or 4,500 bonds with a face value of €100,000. The bonds pay a coupon of 2.50%;
- on September 13, 2017, issue of bonds maturing on September 13, 2024. The par value of the bond is €600,000,000, or 6,000 bonds with a face value of €100,000. The bonds pay a coupon of 1.625%.

The bond issue costs and issue premium are amortized on a straight-line basis over the term of the bond. The bonds are listed on the Euronext Paris market.

Convertible bond debt

Details of the OCEANE bonds issued on June 26, 2015 are included in section 8.2.4 of this Registration Document.

At December 31, 2017, there were 2,904,443 OCEANE bonds outstanding, representing a par value of €172.15. On December 31, 2017 the conversion rate was 1.005 shares for one bond.

8.5 ADDITIONAL INFORMATION

8.5.1 Documents available to the public

The Articles of Association and the parent company and consolidated financial statements for the last three financial years may be consulted by appointment at the head office and viewed online at www.ingenico.com/finance.

8.5.2 Financial communication calendar for 2018

The financial communication calendar can be found on the website www.ingenico.com/finance.

8.5.3 Person responsible for the Registration Document

Certification of the person responsible for the Registration Document

"I hereby certify, having taken all reasonable care to ensure that such is the case, that the information contained in this Registration Document is, to the best of my knowledge, accurate and does not contain any omission that might affect its significance.

I hereby certify that, to the best of my knowledge, the financial statements have been prepared in accordance with the relevant accounting standards and give a true representation of the assets, financial position and operational results of the Company and all consolidated companies, and that the Board of Directors' management report, for which a cross-reference table can be found on page 283 of this Registration Document, is a true reflection of changes in the business, operational results and financial position of the Company and all its consolidated entities, as well as a description of the main risks and uncertainties facing them.

I have obtained a letter from the statutory auditors confirming that they have completed their work and indicating that they have verified the financial position and the financial statements included in this Registration Document and reviewed the document as a whole."

Philippe Lazare
Chairman and Chief Executive Officer

Person responsible for the financial information as of the date of this Registration Document

Nathalie Lomon, Executive Vice-President Finance, Legal & Governance (+ 33 (0)1 58 01 84 33)

8.5.4 Person responsible for the audit of the financial statements and fees

Information on the statutory auditors

Statutory auditors and Alternate Auditors

Statutory auditor	Alternate auditor
KPMG SA	**SALUSTRO REYDEL**
(775 726 417 RCS Nanterre)	(652 044 371 RCS Nanterre)
Tour EQHO – 2, avenue Gambetta 92066 Paris-La Défense Cedex, France	Tour EQHO – 2, avenue Gambetta 92066 Paris-La Défense Cedex, France
Represented by Mr. Frédéric Quelin	
KPMG SA is a member of the Compagnie régionale des Commissaires aux comptes de Versailles (the Versailles Regional Association of Statutory Auditors).	SALUSTRO REYDEL is a member of the Compagnie régionale des Commissaires aux comptes de Versailles (the Versailles Regional Association of Statutory Auditors).
First appointed: April 29, 2016	***First appointed: April 29, 2016***

KPMG SA was appointed principal statutory auditor replacing KPMG Audit IS SAS and Salustro Reydel was appointed to replace KPMG Audit ID at the General Shareholders' Meeting of April 29, 2016, for a term of six fiscal years, *i.e.*, until the General Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2021.

Statutory auditor	Alternate auditor
Mazars	**Mr. Jean-Louis Simon**
(784 824 153 RCS Nanterre)	(784 824 153 RCS Nanterre)
Tour Exaltis – 61, rue Henri-Regnault 92075 Paris-La Défense, France	Tour Exaltis – 61, rue Henri-Regnault 92075 Paris-La Défense, France
Represented by Mr. Thierry Blanchetier	
Mazars is a member of the Compagnie régionale des Commissaires aux comptes de Versailles (the Versailles Regional Association of Statutory Auditors).	Mr. Jean-Louis Simon is a member of the Compagnie régionale des Commissaires aux comptes de Versailles (the Versailles Regional Association of Statutory Auditors).
First appointed: April 29, 2013	***First appointed: April 29, 2013***

Mazars and Mr. Jean-Louis Simon were reappointed at the General Shareholders' Meeting of April 29, 2016 for a period of six fiscal years, *i.e.*, until the General Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2021.

Statutory auditors' fees

The statutory auditors' fees are presented in Note 16 of the consolidated financial statements at December 31, 2017 and Note 21 of the parent company financial statements of Ingenico Group SA at the same date presented in sections 5 and 6 of this Registration Document.

CROSS-REFERENCE TABLE TO THE REGISTRATION DOCUMENT

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