Gorgé

REGISTRATION DOCUMENT | 2017

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2017 Registration Document

INCLUDING ANNUAL FINANCIAL REPORT

This Registration Document was filed with the French Financial Markets Authority (Autorité des Marchés Financiers - AMF) on 12 April 2018, in accordance with article 212-13 of the AMF's General Regulations. This document may be used in a financial transaction when accompanied by a prospectus approved by the AMF. This document has been prepared by the issuer and is binding upon its signatories.

INCORPORATED BY REFERENCE

Pursuant to Article 28 of European regulation No. 809/2004 of 29 April 2004, the following information is incorporated by reference into this Registration Document, which the reader is encouraged to consult:

- for the financial year ended 31 December 2016: the management report, the consolidated financial statements and individual financial statements and the corresponding audit reports, included in the 2016 Registration Document filed with the AMF on 5 April 2017 (file number D.17-0331);
- for the financial year ended 31 December 2015: the management report, the consolidated financial statements and individual financial statements and the corresponding audit reports, included in the 2016 Registration Document filed with the AMF on 21 April 2015 (file number D.15-0387).

Copies of this Registration Document are available upon request and free of charge at the Company's registered office located at 19, rue du Quatre-Septembre, 75002 Paris, France or on its website www.groupe-gorge.com or on the AMF's website www.amf-france.org

CHAIRMAN STATEMENT

Groupe Gorgé had a mixed financial year 2017. The 3D Printing division showed double-digit growth in sales and a marked improvement in profitability during the financial year, whereas performance was disappointing in the Smart Safety Systems and Protection of High-Risk Installations divisions, reflecting deferred orders and operational difficulties in the nuclear activity. These effects had an impact on the Group's profitability over the financial year.

During the year, we successfully continued with the plan for the development of the 3D Printing division with its listing on the Euronext Paris in May 2017 In this division, two new acquisitions should be emphasised, that of AvenAo, a distributor and integrator of 3D design software, and Interson Protac, one of the French leaders in customised hearing protectors. Today, the division is positioned on the entire 3D printing value chain and has an integrated model unique in Europe.

In the Smart Safety Systems division, in recent years, efforts were mainly focused on R&D with the development of new robots and an improvement in the commercial performance. These efforts to consolidate its positions in its core markets, in particular mobile robotics and robot systems, began to bear fruit. Even though 2017 was marked by deferred orders, some of these deferments were made up at the start of the year and two significant commercial successes, stemming from R&D projects in 2015 and 2016, were announced at the start of 2018.

Lastly, from a managerial and organisational point of view, the Protection of High-Risk Installations division is in a transition phase. The new identity of the Vigians brand unveiled at the start of 2018, unifies and strengthens the division around a brand that embodies its ambition both in France and internationally. The visibility of the activity is today improved with a stronger structure and good export prospects in the nuclear and Oil & Gas sectors. These prospects as well as the development of the division's ongoing activities allow us to be confident in the medium term.

At the end of 2017, Groupe Gorgé benefited from a stronger financial structure, reflecting the IPO and capital gains of 7.5% from the disposal of Prodways Group. To show its confidence in the recovery and to redistribute to Groupe Gorgé shareholders who contributed to the development of the 3D Printing division in recent years, the Board of Directors will propose payment of a dividend to the Shareholders' Meeting.

2018 is therefore a new important year for the Group. All the divisions are aiming at a return to profitability. At the end of 2017, the group had a growing order book and, during the early months of 2018, saw recent commercial successes in all three divisions. The 3D Printing division should continue with its trend of very strong growth and improved income. The two divisions with their historical lines of business are strong, are backed by high-quality employees who carry the Group's success, and their prospects are now very positive, particularly in the medium term.

I am determined to improve the Group's performance and I have confidence in the ability of our 2,000 employees to participate in this recovery.

Raphaël Gorgé
Chairman & CEO

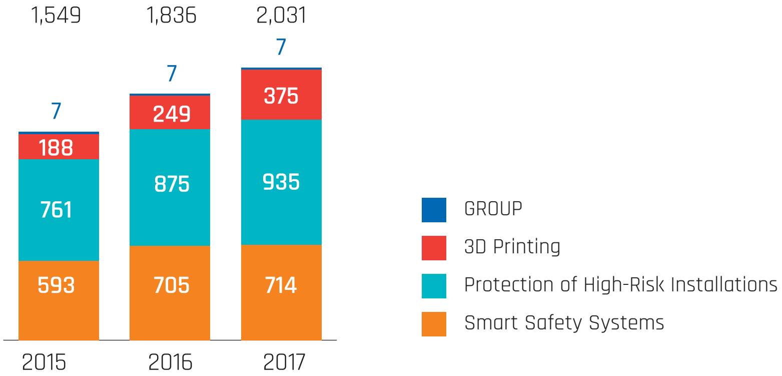
FOUNDED IN 1990, GROUPE GORGÉ IS AN INDEPENDENT FAMILY-OWNED GROUP THAT SPECIALISES IN HIGH-TECH INDUSTRIES.

SMART SAFETY SYSTEMS

Robotics, Simulation, Aerospace

KEY FIGURES

TOTAL WORKFORCE



Groupe Gorgé operates in the robotics sector via its listed subsidiary ECA Group, developing innovative technological solutions for defence contracts (drones, robots, submarine). The Group is also a major player in the protection of high-risk installations in the most demanding sectors (nuclear, oil and gas, defence, aeronautics) via Vigians, and the only European player active across the entire industrial 3D printing value chain via its listed subsidiary Prodways Group.

Run by Raphaël Gorgé for over 10 years, Groupe Gorgé has adapted and positioned itself as a major driver of technological and industrial innovation.

PROTECTION OF HIGH-RISK INSTALLATIONS

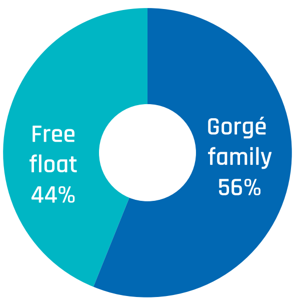
3D PRINTING

VIGIANS

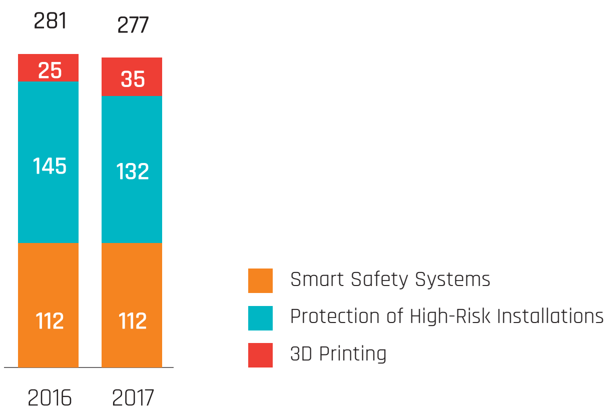
Active protection, high-security partition systems, productivity

PRODWAYS GROUP

3D printers, software, material, on-demand parts



SHAREHOLDING
(at 31/12/2017)



REVENUE
(in € MILLIONS)

HIST

1990

1990 FINUCHEM is created by Jean-Pierre GORGÉ (it becomes GROUPE GORGÉ in 2009).

1992

Acquisition of ECA.

2009

The Group focuses on the safety of people and property with the acquisitions of BAUMERT and CLF-SATREM.

The Group receives the Prix de l'Audace Créatrice (Audacity and Creativity Prize) presented by the French President.

2011

Raphaël GORGÉ is appointed Chairman and Chief Executive Officer. Entry of Bpifrance (at the time, the Strategic Investment Fund, FSI) to the capital of the Group.

2013

The Group enters the field of 3D printing with the purchase of PHIDIAS TECHNOLOGIES (since renamed PRODWAYS).

2014

The Group acquires DELTAMED and INFOTRON.

2014

ORY

1998

Listing on the secondary market of the Paris stock exchange.

1999

Acquisition of CIMLEC Industrie.

2004

Listing of ECA on the secondary market of the Paris stock exchange.

2005

Raphaël GORGÉ joins the Group and is appointed Deputy CEO.

2006

Acquisitions of ECA FAROS and ECA SINDEL in the simulation sector.

2008

Raphaël GORGÉ is appointed Chief Executive Officer.

2015

Growth accelerates in the 3D Printing Division with €10 million raised in a round of financing from FIMALAC group and the acquisition of INITIAL, NORGE SYSTEMS and EXCELTEC.

2016

2017

The Industrial Projects & Services and Protection in Nuclear Environments divisions have merged to form a new division named "Protection of High-Risk Installations".

Capacity building for the Aerospace and Robotics divisions with the acquisitions of ELTA and BE MAURIC.

HIGHLIG

ECA Group is selected by Ifremer to develop an innovative ultra-deep autonomous underwater vehicle (AUV) to map extreme depths

JANUARY 2017

FEBRUARY 2017

ECA Group wins a government defence contract in Asia for demagnetisation systems and magnetic measurement systems based on the IT180 drone

Prodways Group presents its next generation of MOVINGLight® LD-10 3D printers serving a greater number of dental labs

MARCH 2017

MAY 2017

Prodways Group's initial public offering on Euronext Paris is remarkably successful

Groupe Gorgé announces a major €20m contract for the Hinkley Point EPR™ project in the UK

MAY 2017

JUNE 2017

Prodways Group presents its new Rapid Additive Forging technology, offering 3D metal printing for large-scale parts

HTS 2017

ECA Group launches its new range of ELiTe emergency beacons for commercial aviation

JUNE 2017

ECA Group wins a major French navy contract to supply underwater mine disposal robots

JULY 2017

Raphaël Gorgé receives the 2017 Prix du Stratège (Strategy Prize) in the SME category

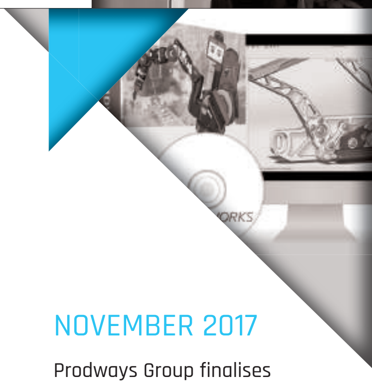
SEPTEMBER 2017

JULY 2017

Groupe Gorgé successfully delivers the first sprinkler-based residential fire protection system in France

AUGUST 2017

Prodways Group acquires Interson-Protac, a specialist in hearing aid eartips and customised hearing protectors



NOVEMBER 2017

Prodways Group finalises the acquisition of AvenAo, a distributor and integrator of computer-aided design software

1

OVERVIEW OF THE GROUP AND ITS BUSINESSES

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1.1 KEY FIGURES

The key figures have been extracted from the consolidated financial statements. The 2016 figures have been restated as detailed in the notes to the 2017 consolidated financial statements (Note 1.3 "Restatement of prior-period financial disclosures"). The 2015 figures have been restated as detailed in the notes to the 2016 consolidated financial statements (Note 1.3 "Restatement of prior-period financial disclosures").

1.1.1 Main aggregates from the consolidated income statement

(In thousands of euros)	**2017**	**2016**	**2015**
Revenue	276,685	281,153	264,526
Adjusted Revenue(1)	273,995	272098	253981
EBITDA(1)	9,076	21,762	21,473
Adjusted EBITDA(1)	10,877	21,444	20,132
Operating income	(13,857)	10,052	7,307
Adjusted operating income(1)	(1,135)	9,508	12,121
Financial income and expenses	(2,108)	(2,255)	(2,018)
Tax	(4,814)	(4,488)	(1,647)
NET INCOME	**(20,718)**	**3,350**	**3,639**
ADJUSTED NET INCOME(1)	**(10,017)**	**1,901**	**7,743**
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF THE PARENT	**(16,125)**	**(751)**	**1,071**

(1) The Group uses non-IFRS measures for the sake of information, management and planning because they offer a better assessment of its long-term performance. According to the Group these measures, which are not intended to replace GAAP operating and financial measures, provide a relevant operational and financial indication of its performance. The data presented by the Group are always non-adjusted consolidated data unless expressly stated otherwise. Adjusted indicators are not IFRS financial aggregates and may not be comparable to indicators of a similar name used by other companies. Detailed information is available in Notes 3.2.1 and 3.2.2 to the consolidated financial statements.

1.1.2 Key financial data

(in millions of euros)	**2017**	**2016**	**2015**
Equity(1)	167.12	99.42	96.97
Available cash and cash equivalents (a)	86.79	38.75	34.43
Borrowings (b)	(84.62)	(90.17)	(73.56)
Treasury shares (c)	1.74	1.96	1.35
NET CASH INCLUDING TREASURY SHARES (A) + (B) + (C)	**3.91**	**(49.46)**	**(37.78)**

(1) Including non-controlling interests.

1.1.3 Workforce

	2017	**2016**	**2015**
Smart Safety Systems	714	705	593
Protection of High-Risk Installations	935	875	761
3D Printing	375	249	188
Structure	7	7	7
TOTAL WORKFORCE	**2,031**	**1,836**	**1,549**

1.2 OVERVIEW OF THE GROUP AND ITS BUSINESSES

GROUPE GORGÉ is an independent group that specialises in high-tech industries. Today, the Group is active in the fields of security and protection in extreme environments, as well as in the 3D printing sector. It employs around 2,000 people, is located in eight countries and directly exports around 40% of its activity. The Group has always enjoyed a strong entrepreneurial culture. It was founded in 1988 by Jean-Pierre GORGÉ, the father of the current Chairman and CEO, Raphaël GORGÉ. The GORGÉ family currently owns 56% of the share capital of the Group, which is listed on EURONEXT Paris.

1.2.1 History and development of GROUPE GORGÉ

In its more than 25 year history, GROUPE GORGÉ has always developed and driven the latest technological and industrial innovations.

1988: FINUCHEM is created by Jean-Pierre GORGÉ (it becomes GROUPE GORGÉ in 2009).

1990-2005: ECA and industrial robotics.

1992: Acquisition of ECA.

1998: Listing on the secondary market of the Paris stock exchange.

1999: Acquisition of CIMLEC Industrie.

2004: Listing of ECA on the secondary market of the Paris stock exchange.

2005-2009: Move into new business sectors.

2005: Raphaël GORGÉ joins the Group and is appointed Deputy CEO. He embarks on a strategic reorientation of the Group to reduce its dependence on the automotive sector and investment in high potential sectors, in particular semi-conductors and naval construction, security and protection.

2006: Acquisitions of ECA FAROS and ECA SINDEL in the simulation sector.

2008: Raphaël GORGÉ is appointed Chief Executive Officer.

2009-2013: Development of the security and protection sectors.

2009: The Group focuses on the safety of people and property with the acquisitions of BAUMERT and CLF-SATREM in particular.

2011: Raphaël GORGÉ is appointed Chairman and Chief Executive Officer. Bpifrance (at the time, Fonds stratégique d'investissement, FSI) acquires a stake in the Group.

In 2013: the Group enters the 3D printing sector and extended the mobile robotics offering.

2013: The Group enters the field of 3D printing with the purchase of PHIDIAS TECHNOLOGIES (since renamed PRODWAYS).

2014: The Group acquires DELTAMED and INFOTRON.

In September 2014, the Group was proud to receive the *Prix de l'Audace Créatrice* (Audacity and Creativity Prize) presented by the French President.

2015: Growth accelerates in the 3D Printing division: €10 million raised in a round of financing from FIMALAC group; acquisition of the companies INITIAL, NORGE SYSTEMS and EXCELTEC; signing of a strategic partnership with the Chinese company FARSOON; creation of a US subsidiary (PRODWAYS AMERICAS).

In April, the Group received the visit of the French Minister of the Economy, Emmanuel MACRON, to the site of its PRODWAYS subsidiary.

The Group also strengthened its positioning in the fire protection sector with the acquisition of the remainder of the capital of the AI GROUP subsidiary during the first half-year 2015.

2016: Acquisitions for two of the Group's three divisions:

- for the Smart Safety Systems division: capacity-building for the Aerospace and Robotics and Integrated Systems divisions with the acquisitions of ELTA and BE MAURIC;
- for the manufacture of high-security doors for nuclear installations, in the Protection of High-Risk Installations division: acquisition of the nuclear business of PORTAFEU.

The Industrial Projects & Services and Protection in Nuclear Environments divisions have merged to form a new division named "Protection of High-Risk Installations".

The French President visited the Group's PRODWAYS subsidiary. The President had previously presented the Group with the 2014 *Prix de l'Audace Créatrice* award.

In September, Bpifrance sold its entire stake in GROUPE GORGÉ for around €21 million.

2017: IPO of PRODWAYS GROUP, the 3D Printing division of GROUP GORGÉ, on Euronext Paris.

The 3D printing range was enhanced with the acquisition of AVENAO and INTERSON PROTAC and the development of the new Rapid Additive Forging (RAF) technology, offering 3D metal printing for large-scale parts.

The French Minister of Defence, visiting ECA for the fourteenth the annual French Defence Conference, hailed the Group's excellence and innovative ability.

1.2.2 Activities, markets and competition

The Group is structured into three divisions and various subsidiaries:

- Smart Safety Systems division – ECA and its subsidiaries;
- Protection of High-Risk Installations division – BALISCO and its subsidiaries (CLF-SATREM, AMOPSI, AI GROUP, VAN DAM, CIMLEC, etc.), NUCLEACTION and its subsidiaries (BAUMERT, PORTAFEU Nucléaire) and SERES TECHNOLOGIES;
- 3D Printing division – PRODWAYS GROUP and its subsidiaries.

The subsidiaries are in direct contact with their markets and competitors. The divisions bring together the subsidiaries depending on their businesses and sector of activity. This organisational structure enables GROUPE GORGÉ to be positioned in f the disruptive technologies: advanced robotics, autonomous vehicles and 3D printing.

1.2.2.1 Smart Safety Systems division – ECA and its subsidiaries

ECA Group is a world-class player recognised for its expertise in robotics, specialised automation systems and simulation. The Group has been developing complete, innovative technological solutions for complex missions in hostile and confined environments since 1936.

Its product offering is designed for an international client base that is demanding, both in terms of safety and effectiveness. The Group's main markets are in the defence, maritime, aeronautics, nuclear, energy, transportation and industrial equipment sectors.

ECA Group solutions cover three main business segments: Robotics, Aerospace and Simulation.

As in 2016, ECA Group's revenue totalled €112 million in 2017, *i.e.* around 40% of GROUPE GORGÉ's overall revenue.

Robotics division

Nine of the world's ten leading armies are equipped with solutions developed by ECA Group. With world-renowned know-how and expertise, ECA Group has combined its design skills in the field of mobile underwater, sea, land and airborne drones and in integrated systems development for a complete line of solutions aimed at the defence, maritime, nuclear, oil, gas and manufacturing markets.

Robotics Markets

The global market for mobile robotics is currently growing strongly for a number of reasons:

- the increase in armed conflicts around the world has led governments to allocate new resources to assure the safety and security of their armed forces and reduce their exposure to threats and risks. This effect is being heightened by, on one hand, "mature armies" which are seeking to limit human losses through the use of drone and robot systems and, on the other, "new armies" which are looking for access to more modern solutions straight away;
- the increase in terrorist acts and threats is encouraging governments to provide maximum security to sensitive sites (nuclear, petrochemical, etc.);
- dwindling natural resources are leading industrialists to turn to advanced technologies to access new reserves in increasingly extreme environments at optimum cost.

The ECA Group is meeting these new challenges as one of the only players in the world with a complete, mobile robotics offering that can operate in all environments (under and on water, on land and in the air). This unique competitive advantage enables it to address very specific needs in the different mobile robotics markets. The ECA Group offers both mobile robotics and robot systems designed for specific missions. Naval architecture, the core business of BE MAURIC, gives the Group control over the design of its forthcoming range of unmanned surface vehicles (USVs). At the same time, faced with the increasingly specific requirements of its external clients, BE MAURIC is meeting new challenges, specifically in designing hulls (speed and seaworthiness considerations) as well as developing new concepts using combined energy or alternatives to all-diesel (hybrid electric, LNG, Hydrogen or sail propulsion). BE MAURIC's expertise in complex systems integration aboard vessels and its technical ability in the field give the Group excellent prospects and ensure ECA's clients the best possible integration of the Group's robotic systems on their ships.

In the robot systems business, ECA Group relies on its tactical simulation activities and expertise described in the Simulation business.

Defence and Security

For over 60 years, ECA Group mobile robotics, training simulation and remote control systems solutions have been meeting the specific needs of internal security and special forces in numerous countries, as well as the needs of naval, air and land forces of the military. This is ECA Group's most important market and accounts for about 55% of its revenue.

The Group is also involved in:

- anti-submarine combat (underwater mine disposal and submarine systems);
- tactical reconnaissance missions (protection of sensitive infrastructure, inland protection, protection of armies and bases, surveillance and protection of territorial waters).

Maritime

The ECA Group's advanced robotic offering meets the different requirements and specificities of the maritime sector's activities both on and under water very precisely. Its AUV (Autonomous Underwater Vehicles) and ROV (Remotely Operated Vehicles) solutions equipped with cameras, sensors and articulated arms fulfil a wide range of mission requirements such as:

- ocean floor exploration (search for new underwater reserves, hydrographic and oceanographic research, inspection and study of underwater deposits);
- monitoring of sensitive zones (offshore platforms);
- search and rescue operations.

Energy and Industry

The solutions developed by the Group are particularly well-suited for the energy and industrial sectors which need to do work in close quarters in environments that are hazardous and difficult for people. All of the Group's drones are equipped with cameras or articulated arms, and can also be radiation resistant or equipped with a variety of sensors.

Thanks to the Group's expertise in these areas, it can contribute to missions such as:

- the inspection, protection and maintenance of water and industrial networks;
- infrastructure monitoring (dams, refineries, wind farms, nuclear plants, etc.);
- the decommissioning of nuclear plants;
- waste management.

Competition

The mobile robotics market includes a large number of applications. The ECA Group has different competitors depending on the type of application. They are nearly all large international groups. They include:

- for underwater robots – Kongsberg and Bluefin Robotics (AUVs), Atlas Elektronik and BAé SYSTEMS (underwater mine disposal robots) and Saab Seaeye (ROVs);
- for naval drones – Elbit Systems and ASV Global (USVs);
- for land robots – Nexter Group, iRobot Corporation and Telerob;
- for airborne drones – Airbus, AirRobot, Microdrones, Aeryon Labs, AeroVironment and Bertin Technologies.

R&D skills are critical in adapting the delivery systems, payloads, data analysis and systems to mission requirements. ECA's ability to provide this integrated offer in all environments distinguishes the Group from its competitors.

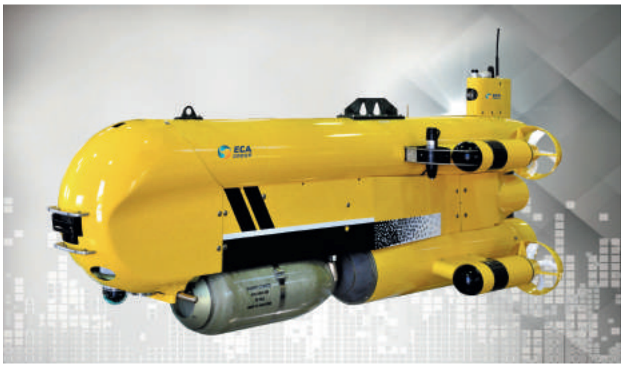
Our products and solutions are widely-recognised in the marketplace

Many of the solutions developed by the Group are now amongst the most widely-recognised in the mobile robotics marketplace. Here are a few examples:

- PAP MK6

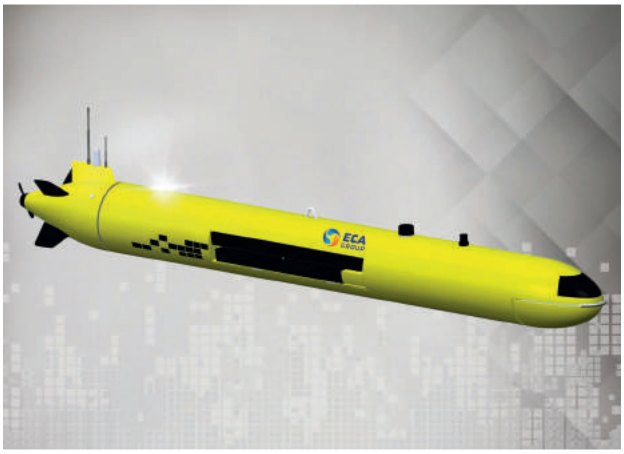
The PAP MK6 is part of the self-propelled ROV range for mine disposal. It has a large payload capacity. Its robust and reliable design and its propulsion system enable it to manoeuvre in strong currents and withstand harsh environmental conditions.

The command and control software includes autopilot functions.



- AUV line

The ECA Group offers a complete line of AUVs, from the most compact A9 to the largest versions with the A27 and ALISTAR 3000. AUVs all share the same IT architecture, autonomous software and supervision interface. They also have excellent endurance (more than 30 hours for certain models) and large sensor-carrying capability. They are designed for the most demanding missions. The French Navy uses the A27 AUV for hydrography and long-range underwater surveillance operations.



- INSPECTOR line

The INSPECTOR is a surface drone designed for the protection of critical maritime structures such as offshore platforms. The Inspector line provides operators with real-time situation status through surveillance, reconnaissance and the detection and identification of threats.

- IGUANA E

The IGUANA E mine disposal robot is a complete solution for dealing with any unconventional situation. The next-generation robot features a large number of tools and performs complex operations (such as inspecting cars or drop ceilings, opening packages and retrieving ammunition).

- IT180

The IT180 airborne drone is part of the UAV range. It is a pilotless inspection solution. The drone provides lengthy endurance (120 min), long-distance remote control functionality (10 km) and reports high-quality data. This drone also exists in a captive version.

Simulation division

The ECA Group has a very complete line of driving and mission training simulators with state-of-the-art technology.

Simulation markets

The ECA Group works with the civilian and military driving and training simulation markets, and with the tactical mission simulation market.

Driver training simulation

The Group's offer covers all environments and is designed for both defence and civilian customers for:

- flight simulation training for Airbus and Boeing aircraft;
- land driving simulation (motorcycles, cars, buses and trucks – civilian or military);
- maritime navigation simulation (civilian or military applications).

The clients for these solutions include airlines, driver training centres and schools, maritime training schools and the armies and navies of a number of countries.

Tactical mission simulation

The Group also offers solutions that provide training for a range of different situations likely to be encountered by police forces, firefighters and armed forces, etc. without any risk to their personnel.

These solutions cover missions involving:

- internal security (police, firefighting);
- defence (exploration of hazardous zones, underwater mine disposal);
- maritime operations (pollution control, crisis management, dynamic positioning management).

Competition

The simulation market is competitive and includes large multinational firms as well as low-cost local companies:

- the larger competitors focus on the military driving simulation and tactical simulation markets. They include BAé SYSTEMS, Thales Simulation, Lockheed Martin, Saab and L3;
- competitors in the civilian driving simulation market are essentially national companies, the number of which varies depending on the country. They include Ediser and Develter in France and Doron and L3 in the United States;
- competitors in the flight simulation market include CAE in Canada, L3 Link in the UK, Aerosim and Indra in the United States, and Sim Industrie in the Netherlands.

R&D is of critical importance in this competitive market to be able to provide the most realistic driving conditions possible. In addition, the global nature of the market means that the regulations in effect in each country for road, air and maritime safety must be monitored closely to be able to offer simulation software meeting the latest regulations.

Our products and solutions are widely-recognised in the marketplace

ECA Group has developed a very extensive line of solutions which ranges from land, air and maritime simulators to tactical mission simulators:

- Civilian driving simulators

This simulator provides a realistic cabin, complete training software and realistic visuals. It includes a motion platform which pitches, rolls and lifts the entire cabin to simulate the movement of a real vehicle driving on the road.

- Military land vehicle driving simulator

The simulator enables armies to train under the conditions they would find in a real theatre of operations.

- Tactical naval simulator

This naval simulator enables sailors of all levels to become familiar with tactical procedures and sensor parameters through complex and realistic scenarios in a totally secure training environment.

Aerospace

ECA Group's Aerospace business offers solutions for civil and military aviation. Its expertise in the field, combined with its robotics and automation know-how, enables it to respond to the requirements of aircraft manufacturers, airline companies, maintenance and repair centres and air defence.

Aerospace markets

The ECA Group designs assembly stations, production and maintenance tools, on-board electronic equipment and test equipment for aircraft manufacturers, as well as mechatronic repair and maintenance equipment (GSE – Ground Support Equipment) for aircraft operators.

With the acquisition of ELTA, the division has gained new expertise in three main areas: electronic security, radio transmission and measurement. In aeronautics, the division now offers a complementary range of aircraft equipment, including emergency beacons, connectivity gear and energy conversion systems. In the space sector, it offers ground stations and balloon systems (platform gondola and associated ground station), as well as electronic equipment (radio-frequency, microwave and signal processing).

Competition

In a market whose economics are rapidly changing, aeronautics companies require their partners to be responsive, high quality and comply strictly with deadlines and costs.

Thanks to its recognised expertise in its different businesses, the ECA Group is able to guarantee innovation and economic effectiveness to its clients. The Group is now a leading supplier to aircraft manufacturers and operators. It competes with companies of varying size including GE Power Conversion for test equipment solutions; id3D for production and maintenance tools and SEROMA and PRONOË across all of the ECA Group's business lines in this field (test equipment, assembly lines and production tools).

In the fields of electronic security, radio transmission and measurement (in which it is now present thanks to the acquisition of ELTA), the ECA Group competes against the likes of French group OROLIA, specialising in GPS applications, and Honeywell, which supplies black boxes and specialises in measurement, control and detection devices.

Our products and solutions are widely-recognised in the marketplace

ECA Group's expertise is recognised by its clients, to which it provides proven products and solutions including:

- *Production Line*

The Group designs and delivers production lines to aircraft manufacturers and major aeronautic OEMs.

- *On-Board Electronics*

The Group develops and markets Emergency Locator Transmitters (ELTs) and Wireless Access Points (WAPs) for the aeronautics sector. The Group is the world leader in commercial aviation in the ELT market.

- *MGSE (Mechanical Ground Support Equipment)*

ECA supplies repair and maintenance tools for the global fleet of Airbus and ATR craft in operation as well as Pratt & Whitney Canada engines. The Group designs, manufactures, repairs and calibrates all ground support equipment tools for aircraft maintenance.

- *EGSE (Electrical Ground Support Equipment)*

The Group develops and markets a line of troubleshooting equipment for on-board avionics systems based on proprietary technology (T-Cell) with over 99% availability to meet the maintenance imperatives of all types of aircraft.

1.2.2.2 Protection of High-Risk Installations division – CLF-SATREM, AMOPSI, AI GROUP, VAN DAM, CIMLEC and their subsidiaries, BAUMERT, PORTAFEU Nucléaire, and SERES Technologies

Specialising in large projects and services alike, the Protection of High-Risk Installations division of GROUPE GORGÉ designs, assembles, installs, optimises and maintains integrated solutions in the areas of protection against industrial, natural or terrorist hazards (*e.g.* fire, explosion, flood) and productivity (automation, robotics, electrical engineering), whatever the activity: nuclear, oil, natural gas, chemicals, manufacturing or tertiary.

The Protection of High-Risk Installations division comprises six main subsidiaries, four of which (CLF SATREM, AI GROUP, VAN DAM and BAUMERT) provide security and protection for energy markets, including oil, natural gas and nuclear, all over the world, in addition to the industrial and service sectors in France. Two subsidiaries (CLF SATREM and AI GROUP) are primarily involved in active fire protection, while three subsidiaries (VAN DAM, BAUMERT and SERES) specialise in passive fire protection, supplying high-performance partitioning systems ensuring safety in extreme environments.

This division, renamed VIGIANS in early 2018, began in October 2016 with the merger of the Industrial Projects & Services and Protection in Nuclear Environments divisions. Rodolphe Bassi, who had headed the Industrial Projects & Services division since 2015, was appointed head of the new division. The reorganisation strengthens the Group's position as a major player in the safety and security market, with a comprehensive offering for all energy sectors. The merger also brings more consistency to the Group's products and services through clear geographical complementarity, enabling it to develop a common global marketing network.

The division's solutions cover three main business segments: "Active fire protection", "Passive protection" and "Productivity".

The Protection of High-Risk Installations division generated revenue of €131.5 million in 2017, *i.e.* around 47% of GROUPE GORGÉ's overall revenue.

Active Fire Protection

The Active Fire Protection business consists of three subsidiaries (CLF SATREM, AI GROUP and AMOPSI) with complementary activities addressing different markets:

- fixed active fire protection systems for the tertiary sector and general industries (CLF SATREM);
- fixed and mobile fire protection systems for high industrial risks in hostile environments in the oil and gas sector (AI GROUP);
- project management assistance for fire safety and training projects (AMOPSI).

Active Fire Protection markets

The Protection of High-Risk Installations division addresses the fire protection market in the field of protection and security for the energy markets, specifically oil, gas and the industrial and tertiary sectors in France.

Fixed active fire protection systems

CLF SATREM's core business is the installation and maintenance of fire extinguishing systems. Innovative related solutions complement the services offering. Its solutions range from traditional fixed systems (sprinklers, RIA) to more specialised systems for special risks (deluge, foam, water mist and gas systems). The company covers all of France through ten regional agencies.

CLF-SATREM operates in the active fire protection market in the industrial and tertiary sectors in France. About 60% of its revenue comes from new and extension work and the other 40% from recurring maintenance work on installed systems at over 500 client sites. The company is also growing in the residential fire protection market. It was the first to install a residential sprinkler system in a retirement home in France.

Fire protection systems for high industrial risks

The AI GROUP subsidiary specialises in the field of active fire protection for major industrial risks. This subsidiary manufactures and installs fixed systems, equipment and intervention vehicles for major industrial risks (fire safety and protection for major industrial and oil sites, power stations, international airports, military bases, etc.).

Of the products and solutions developed by AI GROUP, powder or foam fixed systems (skids) are among the equipment most frequently sold.

AI GROUP's markets are global and growing. All business sectors are faced with major industrial risks. Whenever the property to be protected is of significant value, or highly flammable liquids, solids or gases are involved, the use of custom-designed fire protection systems is recommended. The AI GROUP's primary market is the energy industry, notably oil and gas.

Competition

CLF SATREM is the fifth largest player in France behind three international groups (VINCI Énergies, ENGIE Axima and Tyco) and a local firm *(Atlantique Automatismes Incendie)* and ahead of AIRESS and MINIMAX. Together, these seven actors account for 80% of the French market, estimated at €360 million.

AI GROUP's market has high barriers to entry (companies have to be on a "vendors list" to gain access to potential markets), but it is nevertheless very competitive. Among AI GROUP's competitors are medium-sized international companies such as ANGUS FIRE and major international groups such as TYCO and MINIMAX.

Our products and solutions are widely-recognised in the marketplace

- Sprinkler network

A sprinkler is a device that detects excessive heat and automatically releases water (sometimes with additives) when a fire breaks out. Sprinkler systems are networked above the zone to be protected. An abnormal increase in temperature will burst the bulb or melt the fuse that keeps the sprinkler head closed. Sprinkler systems are activated without human intervention.

- Fixed systems – skids

Manufacturing of all types of skids (special equipment at the heart of chassis-mounted systems) used to put out industrial and oil fires (onshore and offshore FPSOs) in line with the most demanding oil industry specifications.

Passive Protection business

Through its subsidiaries BAUMERT, PORTAFEU Nucléaire and VAN DAM, the Protection of High-Risk Installations division offers its clients high-performance partition systems (*e.g.* doors and walls) with maximum protection against all types of risk.

These high-security partition systems are primarily intended for nuclear plants, but are also used in research centres, reprocessing plants, sensitive industrial sites (petrochemical and pharmaceutical), etc.

SERES Technologies provides complementary consultancy services specialised in studies and research for nuclear installation safety, as well as for petrochemical sites and energy innovation industries.

Active protection markets

Protection in nuclear environments

The Group has developed a complete offering in the field of nuclear environment protection and safety through its BAUMERT subsidiary. This subsidiary designs, produces and installs high-performance partition systems:

- special and technical doors: neutron, biological, blast-resistant, soundproof, firebreak, air and watertight, etc.;
- special walls: anti-radiation, firebreaks, blast and aeroplane crash-resistant, etc.;
- related services and maintenance.

BAUMERT is the world leader in speciality and technical doors for nuclear plants operating French EPR and American WESTINGHOUSE AP1000 technologies (internal source). This subsidiary works with all current technologies (AREVA, KEPCO, CNNC, WESTINGHOUSE, ROSENERGOATOM) and among others, has equipped a large proportion of French nuclear plants, a large number of the nuclear plants built in China over the past 20 years and all six of Belgium's reactors in operation.

BAUMERT is one of the rare European subcontractors to provide services to Chinese energetics specialist working with WESTINGHOUSE AP1000 technology. Other construction projects are also under way in Europe, as is the case in Finland, where BAUMERT is designing and installing 60% of the technical doors and valves for the Olkiluto 3 programme.

The Group is also positioned on future large-scale programmes in Europe (the Hinkley Point project in Great Britain), China, United States, Russia, India, South Africa and Saudi Arabia.

In addition to these construction projects for new plants, there will be many maintenance and upgrade projects for existing plants, particularly within the EDF Grand Carénage project to update French nuclear plants to EPR and post-Fukushima standards. Thanks to its leadership and international presence, BAUMERT is well-positioned to play an important role in these post-Fukushima projects in France and internationally.

Protection against high industrial risks

VAN DAM designs, manufactures and installs passive fire protection systems (fire and blast-rated doors, walls and windows) to protect personnel and equipment in hostile environments in the energy industry and, particularly, in the oil and gas, maritime and offshore wind farm industries.

VAN DAM's energy sector markets are growing for several reasons:

- energy markets, particularly oil and gas markets, are growing, driven by increasing demand;
- energy resources are located in increasingly hostile environments (e.g., deepwater drilling, gas in Siberia);
- safety standards are being tightened and regulations are becoming increasingly stringent, particularly in extreme environments. One of the strictest offshore exploration standards currently in place, for example, is the Norwegian NORSOK standard used as a reference worldwide. VAN DAM is one of the few companies to have received certification for this standard.

VAN DAM is also present in renewable energy markets, where it provides protection for offshore wind farm substations, and in the defence and maritime markets, where it supplies shipyards. VAN DAM, which is renowned for its quality and expertise, is particularly well-positioned to benefit from growth in these markets.

Competition

BAUMERT operates in high value-added niche markets with high barriers to entry (technical barriers, patents, vendor lists, etc.). The subsidiary is now the leader in EPR and AP1000 technologies *(internal source)* and continues to invest in research and development to maintain its technological lead.

BAUMERT's main competitor in Europe is SOMMER, a German firm. The other competition is local and country-specific.

VAN DAM operates in niche markets with high barriers to entry. It is one of the few companies able to meet the strict standards in place in these markets. VAN DAM offers two types of products for these markets:

- special doors: with a 5-10% market share in the offshore and maritime fields, VAN DAM is in second place behind RAPP BOMEK, tied with INTERDAM and followed by BOOTH Industries and NORAC. These five companies account for 40-50% of global business;
- speciality walls: VAN DAM is primarily active in the market for speciality riveted walls. It competes with companies such as MTE, DSC, INTERDAM, BOOTH Industries and CHARTEC, which offer all types of speciality walls, notably, speciality welded walls.

Our products and solutions are widely-recognised in the marketplace

BAUMERT has developed a wide range of high-security partition systems recognised globally and used by nuclear programmes around the world. Among our solutions, the most frequently installed products are:

- Neutron doors

Neutron doors installed in EPR plants (3rd generation reactors) are designed to enable secure interventions by professionals in the Reactor Building without the need to shut down operations.

- Fire doors

Fire doors and fire protection systems help to contain fires by preventing their spread in buildings by creating confinement zones.

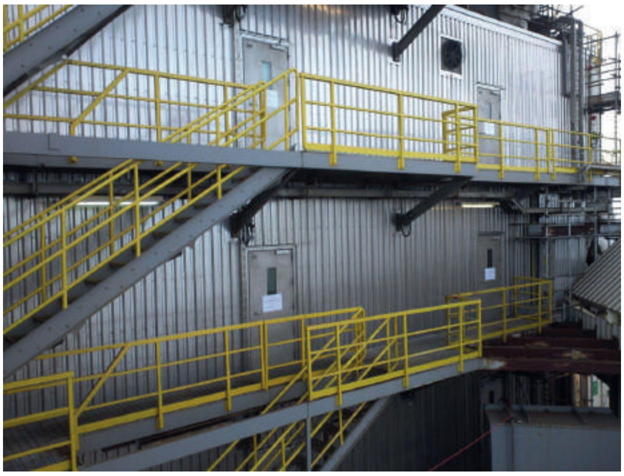
- Blast-resistant doors

A blast deflector door is an airtight door built to specifications that make it strong enough to resist the pressure created by an explosion inside or outside of a nuclear building.

- Pneumatically-operated doors

VAN DAM offers a range of speciality door and wall systems which meet the strictest standards. For example:

The door drive system is equipped with a patented fire safety valve that prevents the door from opening during a fire. Air bottles (20 litres) are installed to operate the door in the event of an emergency (at least four open/close cycles).



Productivity business

The Productivity business falls under the CIMLEC group which develops specific projects and services for industrial and tertiary-sector clients in four main areas and three companies:

- automation-electricity and locksmith-structural metalwork with CIMLEC Industrie;
- design, manufacture, installation and maintenance of robotised islands with the COMMERCY ROBOTIQUE subsidiary;
- industrial robot path programming with the TENWHIL subsidiary.

All of these businesses meet the needs of industrial and tertiary sector clients.

CIMLEC Group markets

CIMLEC group markets are located primarily in France. They rely on investment in industrial and tertiary sites by the subsidiaries of major groups and SMEs in France. 60% of the business consists of projects and the other 40% of services.

The electricity-automation business consists in automating tools and production lines and in electrical distribution for industrial and tertiary sites. The ironwork business combines different projects including metal framework, footbridges, wire mesh protection, superstructures for industrial sites and construction. A repositioning in historical sectors, particularly the vehicle manufacturing sector, and in more profitable niches (transport/logistics, energy/environment and smart buildings) is currently under way.

Robotised island integration and renovation mainly concerns arc welding robots in France and Spain. Industrial robot path programming is comprehensive and multi-sectoral.

Competition

CIMLEC Group's competition depends on the activity, but consistently includes the subsidiaries of major groups, small local companies and a few intermediate-sized companies comparable to CIMLEC Group's:

- the market leaders for electricity and automation include CLEMESSY (part of EIFFAGE), ACTEMIUM (part of VINCI ÉNERGIES) and Bouygues Énergies et Services. Competitors of the same size as CIMLEC Industrie are differentiated geographically and/or by sector. They include OTHUA, APILOG and SOTEB;
- the competition in the locksmith business is primarily local and includes the subsidiaries of major construction groups such as BOUYGUES, VINCI and EIFFAGE. Competitors of the same size as CIMLEC Industrie include ERI and SAM+;
- the competitors in industrial robotics include robot manufacturers like YASKAWA, FANUC, ABB and KUKA, which also offer integration services, and Valk Welding, the exclusive integrator of Panasonic robots in Europe.

Our products and solutions are widely-recognised in the marketplace

CIMLEC Group offers a wide range of solutions in a number of different fields, for example, welding station start-up: It is one of the most common robotic applications. Large manufacturers and SMEs can increase productivity by a factor of two to five while eliminating tasks that are dangerous and repetitive for employees.

1.2.2.3 3D Printing division – PRODWAYS GROUP and its subsidiaries

PRODWAYS GROUP is a specialist in industrial and professional 3D printing uniquely positioned as an integrated European player. The Group has developed operations throughout the entire 3D printing value chain (software, printers, materials, parts & services), offering a technological and high value-added industrial solution.

Via its Systems division, PRODWAYS GROUP is one of the primary European manufacturers of industrial 3D printers, with a wide range of multi-technology 3D printing systems and premium associated materials. The Group's businesses also include the integration of DASSAULT SYSTÈMES' SOLIDWORKS 3D design, simulation and optimisation software. PRODWAYS GROUP operates in a large number of sectors, from aeronautics to healthcare, providing the necessary tools to innovative companies that wish to incorporate 3D printing into their production processes;

Through its Products division PRODWAYS GROUP is today one of the largest European metal and plastic parts manufacturers with a sizeable fleet of 3D printers and using every kind of 3D printing technology. PRODWAYS GROUP also develops and markets products for the chiropody (orthotic insoles), dental (impression trays, mouthpieces) and audiology (hearing aid eartips and customised hearing protectors) sectors, which are sold directly to healthcare professionals.

The 3D Printing division generated revenue of €34.8 million in 2017, *i.e.* around 12.5% of GROUPE GORGÉ's overall revenue.

Systems division

PRODWAYS GROUP manufactures and sells different types of 3D printers and associated materials and distributes and integrates 3D design software. This complementary offering establishes PRODWAYS GROUP as a major player in the 3D industry. It also generates a recurring revenue stream for the Company, which sells the materials customers need to use the machines they have purchased. PRODWAYS GROUP has identified two key areas: medical and aerospace.

- 3D printers

PRODWAYS GROUP is one of Europe's leading manufacturers of 3D printers. The company offers three lines of plastic/ceramic 3D printing systems and is developing a range of metal 3D printing:

- plastic DLP® MOVINGLight®: an L range designed to produce detailed prototypes. This range is intended for industrial applications such as dental models and surgical guides, injection and blow moulding, thermoforming models, insoles and jewellery design;
- ceramic DLP MOVINGLight®: a V range that uses proprietary DLP® MOVINGLight® technology to produce ceramic parts on an industrial scale. The ProMaker V series is designed to produce ceramic parts for biomedical applications such as bone substitutes and R&D;
- plastic laser sintering: the selective laser sintering P range is designed for industrial rapid prototyping and mass production and came out of the acquisition of Norge Systems and the in-house R&D of PRODWAYS. This technology is designed for a wide range of sectors, including aerospace, automotive, healthcare, design and architecture, consumer products, education and research.

Originally positioned at the high end of the plastic 3D printing market, PRODWAYS has since expanded its product offering to cover all business requirements: PRODWAYS printers are priced at between €99 thousand and €450 thousand and have a life span of up to ten years.

- Rapid Additive Forging (RAF Technology): this machine, used for 3D printing of large-scale metal parts, employs a robot equipped with a head depositing molten metal in an atmosphere of inert gas. The metal is thus deposited layer-by-layer and the large-scale part is completed within just a few hours. The metal is thus deposited layer-by-layer and the large-scale part is completed within just a few hours. This innovative technology quickly manufactures titanium blanks with very similar geometry to the final part. These blanks are then finish-machined, thus avoiding considerable losses of material as shavings which can represent up to 95% of the metal block with traditional machining processes. The aeronautic and aerospace sector offers high potential for this technology.

- Associated materials

Following the acquisition of DELTAMED in 2014, PRODWAYS GROUP makes premium-quality resins for 3D printing using DLP® technology. By acquiring EXCELTEC, PRODWAYS GROUP gained 15 years of experience in polymer powders used with selective laser sintering technology. The Company therefore has the in-house expertise to become a major player in the materials used in 3D printing processes – an activity which is highly complementary to the machines sold by the Group.

PRODWAYS GROUP offers a range of hybrid and composite materials in the form of liquid resins and polymer powders with a high ceramic, metal, fibre or nanoparticle content. Our materials are designed to be high-performance. They boast distinctive characteristics in terms of mechanical properties (strength and elasticity), physical and aesthetic properties (colour and transparency), and stability over time (extended ageing). These materials can be used with the Group's printers as well as with those of other manufacturers.

The 3D printing materials produced by the GROUP are mainly used in cosmetic and remedial dentistry, hearing aids, jewellery, prototyping and aviation.

PRODWAYS GROUP manufactures and sells proprietary materials, and to a lesser extent third-party materials.

- 3D design software (CAD)

Following the acquisition of AVENAO in 2017, PRODWAYS GROUP integrates and distributes Dassault Systèmes' Solidworks 3D design and development applications. AVENAO handles all issues relating to the functioning of the design office and offers 3D design consulting solutions and 3D printing solutions integration.

By offering organisations a complete solution from project design to parts manufacturing, AVENAO strengthens the integration strategy throughout the Group's entire industrial 3D printing value chain. This operation falls within a broader plan to strengthen cooperation between Dassault Systèmes and PRODWAYS GROUP in future industries.

Products division

With its Products division PRODWAYS GROUP is today one of the largest European metal and plastic parts manufacturers with a sizeable fleet of 3D printers and using every kind of 3D printing technology. PRODWAYS GROUP also develops and markets medical products for the chiropody (orthotic insoles), dental (impression trays, mouthpieces) and audiology (hearing aid eartips and customised hearing protectors) sectors, which are sold directly to healthcare professionals.

This division has several objectives:

- use market intelligence to identify new industry trends;
- optimise value by capturing more margins;
- accelerate the uptake rate.

This division is a showcase for potential customers.

PRODWAYS CONSEIL, created in 2017, supports major manufacturing groups in the challenges, opportunities and limitations associated with 3D printing. PRODWAYS CONSEIL positions itself as a decision accelerator, enabling manufacturers to quickly identify areas where 3D printing can provide a competitive edge. This subsidiary also offers training and skills transfer in partnership with INITIAL.

- INITIAL, manufacturer of 3D printed parts

Acquired by PRODWAYS GROUP in 2015, INITIAL is the French market leader in the design and production of additive manufacturing and thermoplastic injection parts.

With 25 years of experience, INITIAL offers a wide range of solutions for industrial and professional parts that are or will be transformed by 3D printing, particularly for dentistry, medicine, aerospace, luxury goods, casting, tooling and prototyping.

Based in Annecy, INITIAL operates 30 printing systems from various suppliers, including 20 plastic printers and 10 metal printers, representing all the technology available on the market (MOVINGLight®, SLS®, SLA®, FDM). Thanks to a more widespread use of easily usable 3D files and the increase in small series, INITIAL will be able to cope with growing production and maintain a fleet of approximately equivalent size to the one it has today. INITIAL produced more than 600,000 parts in 2015 and more than one million parts in 2016.

INITIAL has more than 2,000 business customers across Europe, ranging from large corporations to small firms which it assists from drawing up the specifications through to the industrialisation phase.

INITIAL also has a portfolio of high-definition 3D scanners which can capture the geometry of any object and offer its customers reverse engineering or dimensional inspections.

INITIAL identifies key sectors and applications where 3D printing could revolutionise conventional industrial processes. Once these key markets are identified, PRODWAYS GROUP expands and markets through dedicated entities such as CRISTAL, PODO 3D (which markets the Scientifeet® offering) and INTERSON PROTAC. For all of these medical applications, additive manufacturing has replaced long and costly customisation processes while offering greater prostheses quality and precision.

- CRISTAL, an in-house dental laboratory which markets PRODWAYS GROUP applications to the dental sector

PRODWAYS GROUP set up CRISTAL in June 2016 to take over the assets of a French dental laboratory, the aim being to expedite the development of 3D printing applications in dentistry. The dental laboratory CRISTAL has built up a portfolio of over 150 dentists and works closely with health insurance companies. CRISTAL offers dentists a comprehensive range of dental devices, including models, surgical guides, splints and impression trays.

PRODWAYS GROUP is keen to transform CRISTAL into a centre of excellence, demonstrating the advantages of 3D printing in the dental sector.

- Scientifeet® (PODO 3D entity), an offering that aims to revolutionise the orthotic insoles market

In March 2016, PRODWAYS GROUP launched the Scientifeet® offering in a bid to transform the orthotic insoles industry. The market is already being disrupted by 3D printing, with 3D insoles proving highly profitable compared with conventional designs. Lead times have also been reduced along the entire production chain.

The manufacturing process for a 3D insole consists of four separate stages: a scan of the patient's foot, virtualisation of the impression, 3D modelling, printing and delivery of the finished insole.

The insoles are 3D printed by INITIAL in Annecy using SLS® technology, before being delivered to the chiropodists who then give them to patients. First marketed in France in early 2017, the first months of sale proved conclusive and to date around 15,000 patients are now wearing Scientifeet® insoles.

- INTERSON PROTAC, one of the French leading manufacturers of customised hearing aid eartips

Just like the prostheses developed by PRODWAYS GROUP in the dental and chiropody sectors, the world of audiology has been transformed by 3D printing. In November 2017, PRODWAYS GROUP strengthened its position in the audiology market *via* the acquisition of a 75% stake in INTERSON PROTAC, a major global player in audiology for over 40 years. The firm offers audioprosthetists and industry professionals customised hearing aid and hearing protector eartips that match individual users' ear canal impression.

Today, INTERSON PROTAC manufactures 20% of its products through 3D printing, and its integration within PRODWAYS GROUP will enable it to take advantage of the most powerful technologies and further increase this figure.

Markets

3D printing enables direct finished part and product creation from a virtual 3D file without the need for intermediate processing steps. This technique reduces inventories, limits materials waste and, especially, provides access to radically new designs and shapes. 3D printing is already playing a key role in some applications, particularly in the medical field (hearing aids, implants, etc.). Its users are drawn by the many benefits of this new manufacturing process and, in particular, by the improved quality of complex parts and products, the reduced product development time and costs and access to mass personalisation.

In 2016, the industrial 3D printing market was worth €5.5 billion[1]. This market comprises two branches: printing the finished parts (direct approach), and printing the moulds, which are then used to design the finished parts (indirect approach).

Conventional mould design is a lengthy process (going back and forth on the technical specifications, making several attempts before arriving at the perfect mould). Indirect printing represents a considerable time saving when producing moulds to be used for industrial applications. With 3D printing, the mould is rapidly designed to the exact technical specifications enabling the finished part to be produced. The indirect approach is also used to design metal parts, initially by producing a plastic mould that will be used to manufacture the metal part (*e.g.* aircraft engine parts developed by PRODWAYS GROUP). There are three main types of 3D printing[1]:

- rapid prototyping (€1.7 billion in 2016, 30% of revenue in the B2B market).

  Rapid prototyping refers to the production of models and prototypes derived from 3D computer aided design (CAD) data;
- functional parts (€1.9 billion in 2016, 34% of revenue in the B2B market).

  In this segment, 3D printing is used to manufacture custom and spare parts and limited editions. It is also suitable for short production runs as well as mass production, particularly in the healthcare and aviation markets;
- instruments and moulds (€1.3 billion in 2016, 23% of revenue in the B2B market).

  Instruments and tools are produced directly by the 3D printer, whereas moulds involve the indirect approach. This consists of using a standard template to produce the mould, which will then be used to make the part;
- other (€700 million in 2016, 14% of revenue generated in the B2B market).

  This mainly concerns activities relating to research and education. 3D printers have been immensely popular with technical colleges and research institutes.

The diversity of materials, technologies used, printing systems and products designed using 3D printing makes it possible to handle a growing number of constraints specific to each sector of activity.

Competition

The market is divided into four segments:

- integrated players (offering all three types of 3D printing: manufacture of machines, materials and parts), and non-integrated players;
- rapid prototyping and rapid manufacturing players;
- mono-technology and multi-technology players;
- generalist players in the B2C and B2B market and specialist players in the industrial market (B2B).

PRODWAYS GROUP is an integrated, multi-technology player. It is present in rapid manufacturing and specialises in the industrial market.

3D printing is a particularly dynamic market. It has strong barriers to entry (technology, patents). However, the major players are still quite limited in number and relatively small. Globally, the five companies with the highest revenue are:

- Stratasys (€593 million in revenue in 2017[2]), which was formed from the merger in late 2012 between the Israeli manufacturer Objet and Stratasys. Stratasys manufactures 3D printers and offers its customers (B2B & B2C) associated services. It is present in America, Europe, Asia, Israel and Australia;
- 3D Systems (€573 million in revenue in 2017[2]), which was established in 1986 in California. 3D Systems manufactures 3D printers, offers its customers (B2B & B2C) associated services and materials, and is present in North America, Europe and Asia;
- EOS (€318 million in revenue in 2016[1]), which manufactures powder sintering and fusion laser machines and is based in Munich. EOS makes 3D printers and offers its customers (B2B) associated services, materials and software. EOS is present in Europe and North America;
- MATERIALISE NV (€132 million in revenue in 2017[2]), which specialises in software solutions, industrial 3D printing services, medical applications, advanced industrial design with MATERIALISE MGX, and 3D online printing services *via* I MATERIALISE. MATERIALISE NV is present in Europe, America, Asia and the Middle East and focuses on the B2B market;
- SLM Solutions (€82 million in revenue in 2017[2]), which designs 3D printers (selective laser melting), provides associated services and supplies materials. SLM Solutions is present in Europe and America and focuses on the B2B market.

(1) Source: Wohlers report 2017.
(2) Source: Companies,

Our products and solutions are widely-recognised in the marketplace

The GROUP now offers a line of 15 machines, 21 materials and a Service Bureau. Its flagship products include:

- ProMaker LD-10

The ProMaker LD-10 3D printer retains the strengths of MOVINGLight® technology, combining very high resolution and precision with increased productivity through its motion DLP®, optimised cost-per-part and compact design.

- PLASTCure Model 300 resin

Perfect for the manufacture of dental models, the PLASTCure Model 300 resin is suited to a wide range of dental applications from prosthesis models to orthodontics. It provides high precision and excellent resolution as well as excellent properties.

- ProMaker P1000

The ProMaker P1000 has a wide production platform for printing large parts and offers significant productivity benefits. It has excellent thermal stability thanks to its intelligent temperature control system, with a fine laser for producing high-resolution parts with optimised mechanical properties.

- Mass production

INITIAL mass produces polymer and metal parts using additive manufacturing technology, in particular for the aeronautical sector.

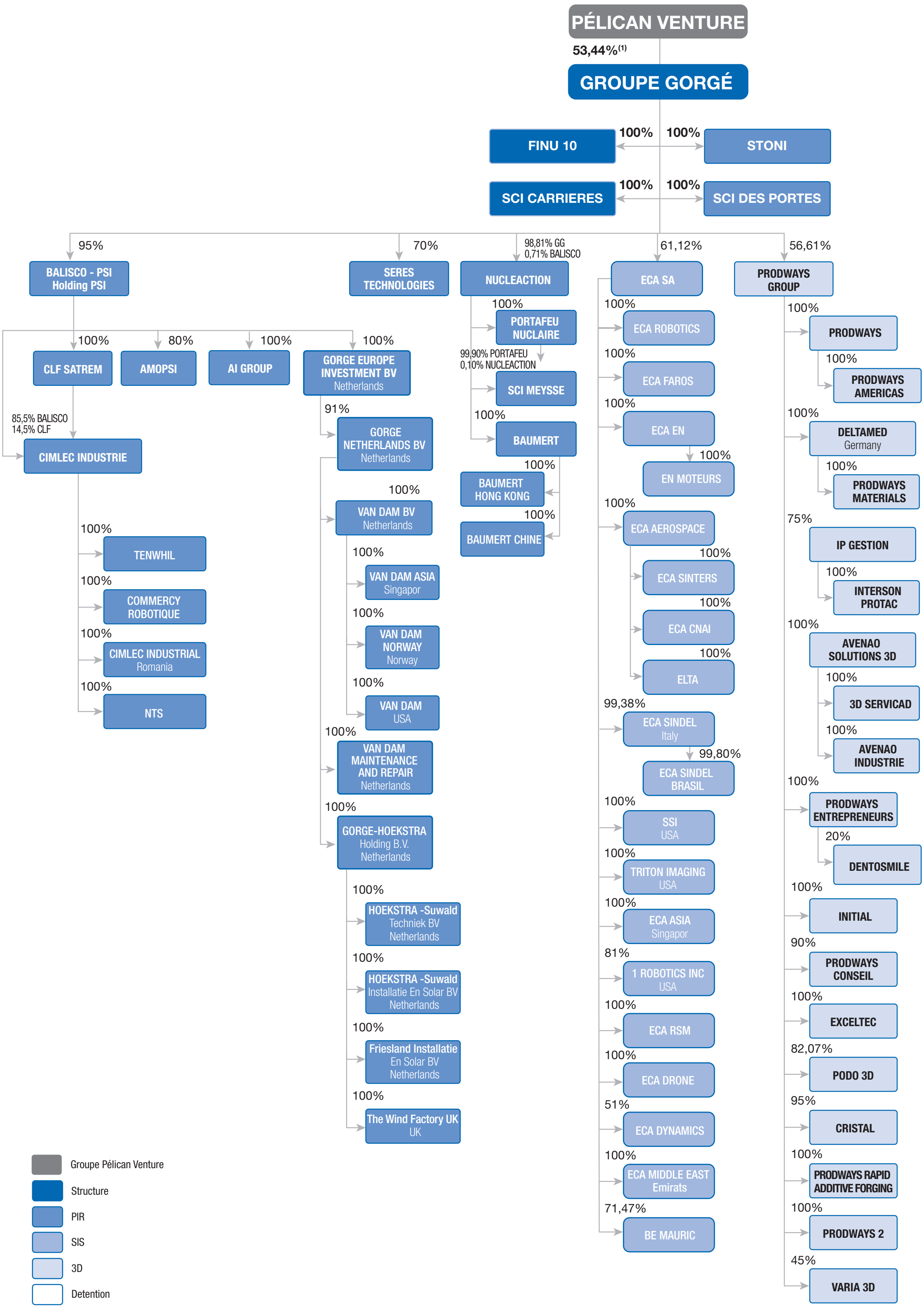
- TPU-70A

The TPU-70A powder is an elastomer material used for the printing of flexible rubber parts suitable for a wide range of applications, including gaskets, hoses or even sports shoe insoles and luxury goods. Its excellent stretch capacity enables ultra-flexible objects to be printed with a high level of precision and resolution.

- "ScientiFeet®" insoles

Scientifeet offers chiropodists and podiatrists a range of INITIAL's 3D-printed, comfortable orthopaedic insoles, with its use of SLS® technology.

1.2.3 Principal subsidiaries and organisational chart at 31 December 2017



The rates indicated correspond to the percentage share capital holding. The companies shown here are those that are included in the consolidation scope.

(1) *PÉLICAN VENTURE holds 68.03% of the voting rights of GROUPE GORGÉ.*

The major changes (acquisitions and disposals) in the organisational structure over the past three years were as follows:

	Newly consolidated	Deconsolidated
2017	INTERSON PROTAC AVENAO	-
2016	Nuclear business of PORTAFEU (acquired by PORTAFEU Nucléaire) Business assets of SOCALAB (acquired by CRISTAL) ELTA BE MAURIC	-
2015	Business assets of NORGE (acquired by PRODWAYS) INITIAL WANDERCRAFT(1) VARIA 3D(1) EXCELTEC	-

(1) Non-controlling interest.

The full list of the Group's companies, grouped by division, can be found in Note 13 to the consolidated financial statements. The table showing GROUPE GORGÉ SA subsidiaries and equity interests can be found in Note 6 of the notes to the Company's separate financial statements. The consolidated financial statements can be found in Section 3.1 of this document, and the separate financial statements of GROUPE GORGÉ SA in Section 3.2.

1.2.4 Significant events

In 2017, the highlights for the various divisions were as follows.

1.2.4.1 "Smart Safety Systems" division

In terms of business and R&D, 2017 was a particularly dynamic year for the ECA group. Various technical developments enhanced ECA group's comprehensive range of existing solutions, such as the launch of a new line of EF Emergency flight simulators, of the new ELiTe emergency beacons for commercial aviation, and in collaboration with Delair-Tech of a multi-aerial-drone ground station, first sea trials for the A18-M autonomous robot for underwater mine detection and further development of UMIS software for drone systems.

ECA also carried out a highly successful demonstration of UMIS, its integrated autonomous drone system for mine warfare developed in recent years, for the Belgian and Dutch marines.

From a business point of view, major contracts have been won by all divisions, both in France and abroad. These include the development of an innovative ultra-deep AUV to map and inspect up to depths of 6,000 metres for IFREMER; a contract for demagnetisation systems and magnetic measurement systems based on the IT180 drone for a government in Asia; the development of an industrial self-driving vehicle dedicated to transporting heavy loads in factories for Rio Tinto; and a contract to supply a line of systems equipment for the A330 on the Saint-Nazaire Airbus site.

At the end of the year, ECA also announced the upcoming disposal or closure of two subsidiaries which had become non-strategic for the Group.

1.2.4.2 "Protection of High-Risk Installations" division

Among business and operating plans, there were several large-scale projects during the year:

- BAUMERT won a major contract of about €20 million for the Hinkley Point EPR™ project in the UK. The contract consists of designing, manufacturing and installing more than 200 specialised biological and neutronic doors for the sensitive areas that surround the reactors of both EPRs™.
- CLF Satrem successfully delivered the first sprinkler-based residential fire protection system in France. The company thereby confirmed its leadership position in the installation of residential sprinkler systems in France and the potential of this market.

Delays in major nuclear projects and slowdowns in oil and gas impacted the division in 2017.

1.4.2.3 "3D Printing" division

PRODWAYS GROUP made major strides in 2017. The Company listed on Euronext Paris, compartment B, in April 2017 (its Registration Document was filed with the AMF on 23 March 2017 under number I. 17-008 and its Prospectus was approved by the AMF on 25 May 2017 under number 17-174). A total amount of €66 million was raised (before share issue expenses), taking into account convertible bonds subscribed prior to the capital increase. With this new capital increase, PRODWAYS GROUP has the financial means to both ramp up its R&D investments and commercial development and to finance targeted acquisitions in the 3D printing sector.

In 2017, the highlights for the various divisions were as follows:

In March 2017, PRODWAYS GROUP presented its new generation of MOVINGLight® ProMaker LD10 3D printers, demonstrating this proprietary technology's unparalleled precision and speed in a compact and modular format, serving a greater number of dental labs.

In April, Safran and PRODWAYS GROUP announced their joint development of materials and processes for additive manufacturing. As part of this collaborative initiative, Safran Corporate Ventures acquired an equity interest in PRODWAYS GROUP.

In June, PRODWAYS GROUP announced the development of its new Rapid Additive Forging (RAF) technology, offering 3D metal printing for large-scale parts.

Also in June, PRODWAYS announced the commercial success of its portfolio of solutions for the footwear industry. Over the last few years, PRODWAYS has developed TPU materials and tried and tested 3D technologies aiming to step up the manufacture of outer, mid- and inner soles.

In June-August, PRODWAYS GROUP strengthened its medical business *via* the acquisition of INTERSON-PROTAC, one of the leading French manufacturers of hearing aid eartips and customised hearing protectors, aiming to step up development of 3D printing applications in the field of audiology.

In September, PRODWAYS announced two new successful ventures in the international dental sector. DREVE confirmed its trust in PRODWAYS by installing two new ProMaker L5000 D 3D printers at its US facilities, bringing the number of MOVINGLight® 3D printers purchased since the beginning of their partnership to thirteen. DENTAL CRAFTERS, one of the largest 3D printing service providers for dental laboratories in the United States, also chose the ProMaker L5000 D 3D printer for its high-precision dental models.

In October, PRODWAYS announced the success of the Early Adopter programme for the ProMaker P1000 laser sintering printer, enabling research centres to develop innovative applications for mass production.

Also in October, INITIAL successfully obtained EN 9100 certification. This certification is expected to contribute to INITIAL's ramp-up in mass production (metal and plastic), specifically for the aeronautic industry.

In November 2017, PRODWAYS GROUP expanded its offering to industry 4.0 with the finalisation of the AVENAO acquisition, an integrator of Dassault Systèmes' 3D design, simulation and optimisation software for over 15 years, strengthening its unique position in Europe as an integrated operator throughout the 3D printing value chain. The transaction was paid for in cash and 992,586 new PRODWAYS GROUP shares.

1.3 STRATEGY AND OUTLOOK, INVESTMENT AND R&D POLICY

1.3.1 Strategy

GROUPE GORGÉ is pressing ahead with its ambitious long-term development strategy focused around a number of key axes:

- becoming a top player in high-tech niche markets;
- stepping up its exposure to markets having high development potential and aligned with the long-term, durable, global, macro-economic trends that are shaping the future;
- balancing the Group's activities between high added-value products, complex projects and related recurring activities in the fields of safety of people and property and 3D printing.

In each of its three divisions, the Group draws on a strong entrepreneurial culture and a decentralised model that encourages rapid decision-making and a close relationship with clients.

1.3.1.1 "Smart Safety Systems" division

The keyword for ECA in 2017 was "transition". Ongoing efforts to consolidate its positions in its core markets, such as mobile robotics and robot systems, began to bear fruit. The Group benefits from a number of favourable factors, in particular, the growth of advanced robotic markets, requirements linked to the ramp-up of aeronautics and the reinforcement of simulation in training courses and practice sessions.

- The **Robotics** division is continuing to develop different complementary robot systems to achieve the same mission. The Group continues to market the many products developed in recent years. ECA intends to expand in the oil-related service market through its partnership with Petrus.

- The **Aerospace** division is reinforcing its position as a leading supplier of assembly systems and European aeronautical factory tests, while at the same time diversifying its customer base and consolidating its positioning as a high-technology player. The acquisition of ELTA in 2016 boosted the Group's aeronautical expertise, given the nature of ELTA's business and its experience in on-board aviation systems, as well as its know-how in the fields of radio frequencies and radio-navigation. With ELTA, the division has branched out into the space sector, an area where several companies in the Group could leverage their expertise.
- The **Simulation** division continues to focus on the area of mission training, in particular for the defence and security sectors. The defence simulation training market accessible to the Group is estimated to be worth more than €50 million a year.

1.3.1.2 "Protection of High-Risk Installations" division

The Protection of High-Risk Installations division is continuing to grow and underwent restructuring at the end of 2016. Emphasis is being placed on the sharing and implementation of best practices in recurring service and maintenance activities, and in the export sales activity.

In **fire protection**, the division has set its sights on becoming a major player in passive and active fire protection in the energy sector (particularly oil & gas) and in the industrial and service sectors in France. The recurring industrial and service activity in France makes it possible to balance the cyclical effect of these energy sectors. To achieve this objective, our three fire protection and security subsidiaries are working to:

- support our historical clients in their new projects;
- expand their product offerings, solutions and services;
- develop in the international market.

In **nuclear protection**, the division is continuing to develop with a dual focus:

- to consolidate its position as the leading global supplier of special doors for nuclear plants;
- to expand and standardise its offering in the protection and safety of nuclear power plants.

The division is also focusing on the structuring and expansion of its offering in the fields of protection and safety of nuclear power plants abroad and in France, in particular, within the EDF Grand Carénage programme dedicated to bringing French nuclear power plants up to EPR and post-Fukushima standards (budget of €55 billion).

Lastly, the **industrial robotics** business is consolidating in its historical markets, in particular with recurrent business, whilst continuing its work to structure its product and services offering across the entire range.

1.3.1.3 "3D Printing" division

The 3D Printing division is pressing ahead with its ambitious development strategy focused around a number of key goals:

- become a major player in the 3D printing market by offering printers which are among the best performing for professional and industrial uses;
- continue to develop priority markets, such as aeronautics and healthcare, for which the Group's products and expertise are well-suited, and seize growth opportunities in all other sectors.

In both of its divisions, 3D Printing draws on a strong entrepreneurial culture and a decentralised model that encourages rapid decision-making and a close relationship with clients.

Through its Systems division, PRODWAYS GROUP manufactures and sells different types of 3D printers, associated materials and software. This complementary offering establishes PRODWAYS GROUP as a major player in the 4.0 industry.

It also generates a recurring revenue stream for the Company, which sells the materials customers need to use the machines they have purchased. By manufacturing the consumables for its machines, PRODWAYS GROUP has developed a business model based on the recurring sale of materials according to the intensity of operation of the machine throughout its use. In addition to the model becoming more widespread, profitability should improve as the machine fleet increases.

PRODWAYS GROUP is developing its integrated model in high-growth priority sectors such as healthcare or aeronautics (which represent one-third of the market).

Thanks to the in-house development of solutions and the acquisitions over the past three years, PRODWAYS GROUP now has a portfolio of parts and solutions covering all sectors in which 3D printing has developed.

Rapid prototyping and mass production services are provided by the INITIAL entity, which has expertise in each sector. INITIAL offers market intelligence services, helping to detect new trends in the sector and acting as a showcase for potential customers who may then go on to purchase machines, software or materials.

The Group has also developed a portfolio of healthcare applications in the dental, chiropody and audiology sectors. These applications help optimise value by capturing a greater margin in markets being transformed by 3D printing.

1.3.2 Outlook

GROUPE GORGÉ began 2018 with a solid adjusted order book of €204 million at 31 December 2017, up slightly from 31 December 2016, and is aiming for adjusted revenue of €285 million-€295 million and above all a return to profitability.

1.3.2.1 "Smart Safety Systems" division

ECA began the 2018 year with an order book of €98 million.

ECA should see growth in 2018, as products developed in recent years are marketed, and speed up measures to improve profitability with a focus on greater operational efficiency and lower costs.

As such, ECA is aiming for 2018 revenue to be up slightly from 2017.

1.3.2.2 "Protection of High-Risk Installations" division

Orders were clearly up at year-end, at €104 million compared with €74 million at the end of 2016.

Major new orders expected this year should contribute to the rebound in nuclear activity in the medium term. A boost is also expected from greater operating efficiency in the Oil & Gas business which adapted to the decline in activity this past year and whose prospects are improving with the increase in oil prices and gradual investment recovery in the sector.

1.3.2.3 "3D Printing" division

The 3D Printing division began 2018 with a firm order book of almost €5 million and is targeting annual revenue of over €50 million.

The initial public offering (IPO) carried out in May 2017 enables it to continue its development through organic and, as the case may be, external growth.

The division believes that the markets in which it currently operates provide significant potential for growth and intends to become a leading player in 3D printing solutions *via* the implementation of its strategy.

It aims to become a major player in the 3D printing market by offering printers which are among the best performing for professional and industrial uses, and materials, services and software which will provide a recurring revenue stream.

This development should be accompanied by an intensive acquisitions policy.

The growth in revenue should be driven, amongst other sectors, by the aeronautical and medical sectors, which the Group considers to be priority industries. These markets are more mature than others for 3D printing and the Group's products are well suited to them. The Group will, nevertheless, consider all opportunities for growth, including in many non-aeronautics nor medical sectors.

The division's growth and development will be driven by a constant focus on improving profitability. The return to profitability seen in 2016 is expected to bear fruit in the medium term and enable the division to post a double-digit EBITDA margin.

1.3.2.4 Recent publications

In January 2018, the Smart Safety Systems division announced that it had won a contract for over €30 million, optional tranches included, to supply IGUANA landmine disposal robots to the French Ministry of Defence. This was the first significant order for the IGUANA land robots developed in recent years. The division also announced the signing of a cooperative agreement to supply underwater drone services to oil companies with the oil industry services company Petrus. This partnership will bring in total minimum revenue of €6 million over the next four years and positions ECA's A18D autonomous underwater robot in the expanding Oil & Gas service sector. These two successes confirm the trend of using robots in a growing number of applications, both civil and military.

In early January 2018, the Protection of High-Risk Installations division unveiled its new brand image in the wake of GROUPE GORGÉ's confirmation as a major player in the safety and security market with the merging in late 2016 of the Industrial Projects and Services and the Protection in Nuclear Environments divisions. The division also announced the signing of a memorandum of agreement on a joint project to offer a range of solutions for passive fire protection in nuclear environments with Prezioso Linjebygg, a subsidiary of the Altrad Group. The partners also announced they had won a contract of nearly €20 million in the nuclear sector to certify, supply and install cable tray wrapping in a third-generation power plant.

In the 3D Printing division, NEXTEAM GROUP and PRODWAYS GROUP announced in March 2018 the installation of the first industrial machine based on the Rapid Additive Forging technology (RAF Technology) for large titanium parts on the NEXTEAM Group's Toulouse site.

1.3.3 Investment policy and R&D

1.3.3.1 R&D policy

The Group invests significantly in research and development to maintain and further develop its competitive edge. The Group files patent applications when necessary in protecting a technical, technological or commercial breakthrough. The Group's Research and Development policy is described in Note 6.2 to the consolidated financial statements.

1.3.3.2 Invention protection policy

The Group protects its inventions and know-how through non-disclosure agreements and patent applications.

Given the cost of filing and maintaining in force patents, the Group regularly assesses the opportunity for filing a patent application for a given invention and the need to maintain in force patents and patent applications, as well as the suitability of their geographic coverage in relation to the Group's current and/or future activities.

The Company's subsidiaries generally initially file a national patent application. Each subsidiary then takes advantage of the priority period granted following this initial patent application to further research patent clearance and assess in-house the potential for extending the protection to other countries.

1.3.3.3 Major investments in 2017

In addition to research and development, the Group's ongoing investments include IT equipment, software, workshop tools and the fitting and installation of sites.

The Group's investments amounted to €15.9 million. Nearly half consisted of intangible investments (R&D, software). The 3D Printing division accounted for nearly 33% of investments (€4.8 million) while the Smart Safety Systems division accounted for 45% (€7.2 million). Industrial investments are mainly funded out of own resources, and occasionally through leasing. Investments in real estate, which are infrequent, are funded through classic debt or debt in the form of a lease.

The value of investments over three years breaks down as follows:

(in millions of euros)	**2017**	**2016**	**2015**
Research and development(1)	8.3	7.7	6.3
Other intangible assets	1.1	0.9	1.1
Land and buildings	1.1	0.8	0.4
Technical installations, equipment	4.5	6.2	7.3
Other property, plant and equipment(2)	0.9	0.4	0.9
TOTAL	**15.9**	**16.0**	**16.0**

(1) Only capitalised R&D.

(2) Advance payments and ongoing fixed assets.

In 2017, two acquisitions were made by the 3D Printing division:

- the acquisition of 75% of the share capital of INTERSON PROTAC, in August;
- the acquisition of 100% of the share capital of AVENAO, partially paid for in PRODWAYS GROUP shares, in November.

There were no significant investments for which firm undertakings had already been made. No planned Group investment is conditional on receipt of anticipated significant funding.

1.3.3.4 Major property, plant and equipment/Property rentals

The Group's fixed assets comprise of certain real estate assets as described below, fittings and installations and IT equipment. The vehicle fleet is for the most part leased from specialised agencies. The Group only has a limited amount of production machinery as its business is not one of large-scale industrial production. However, it does have tooling for which it has not measured the usage rate.

With respect to real estate, the Group mainly leases its sites under standard leasing agreements. The Group owns certain sites used for its activities in La Garde (near Toulon in the French department 83, ECA's principal site), in Lannion (French department 22, ECA FAROS' site) and in Schaeffersheim (French department 67, principal site of the Protection in Nuclear Environments division). Other sites are under lease: Genoa (Italy, ECA SINDEL's site) and in Les Mureaux (French department 78, CIMLEC Industrie, TENWHIL, NTS, PRODWAYS and CLF-SATREM site). In addition to these operating sites, the Group also owns a vacant building in Les Mureaux. The sites that are currently being leased do not present any risk in terms of their extended availability or that of other similar operating sites.

1.3.4 Events after the reporting period

Major events that have occurred between the closing of the financial year and the date on which the financial statements were approved (29 March 2018) are described in Note 12.2 to the consolidated financial statements.

1.4 ANALYSIS OF CONSOLIDATED PERFORMANCE AND BUSINESS SECTORS

1.4.1 Analysis of Group results

The Board of Directors approved the 2017 consolidated financial statements on 29 March 2018, showing:

- revenue of €276,685 thousand;
- net income of -€20,718 thousand;
- net loss (Group share) of -€16,125 thousand.

The consolidated financial statements were drawn up in accordance with International Financial Reporting Standards (IFRS) rules and interpretations on measuring and presenting financial information as adopted by the European Union and published in its Official Journal on 13 October 2003. The figures presented below are from the financial statements for 2017 and 2016. The 2016 financial statements have been restated as detailed in the notes to the financial statements (Note 1.3), the figures commented upon are the restated figures. The data can be compared only by taking into account the changes in the scope of business reported in the Notes to the consolidated financial statements.

Not including operating activities, the most significant events during the year with an impact on the financial statements were as follows:

- the IPO of the subsidiary PRODWAYS GROUP in May 2017;
- the acquisition of 75% of the share capital of INTERSON PROTAC;
- the acquisition of 100% of the share capital of AVENAO;
- the disposal of 7.5% of the share capital of PRODWAYS GROUP in October 2017;
- the decision made in December 2017 to dispose of or close two ECA subsidiaries;
- provisions for substantial impairment of R&D assets.

The disposal of 7.5% of the share capital of PRODWAYS GROUP generated proceeds of €20.8 million, but the capital gain was recognised under equity rather than in the consolidated income statement.

It breaks down as follows:

- Group: -€16.12 million;
- non-controlling interests: -€4.59 million.

The Group also uses non-GAAP adjusted measures. They offer a better assessment of its long-term performance, especially in light of the decision to offload two subsidiaries in 2018. Note 3.2.2 to the consolidated financial statements reconciles the adjusted measures and the financial statements for the period. The figures presented are not adjusted unless expressly stated otherwise.

1.4.1.1 Main aggregates from the consolidated income statement

(In thousands of euros)	2017	2016	2015
Revenue	276,685	281,153	264,526
Adjusted Revenue(2)	273,995	272,098	253,981
EBITDA(1)	9,076	21,762	21,473
Adjusted EBITDA(2)	10,877	21,444	20,132
Operating income	(13,857)	10,052	7,307
Adjusted operating income(2)	(1,135)	9,508	12,121
Financial income and expenses	(2,108)	(2,255)	(2,018)
Tax	(4,814)	(4,488)	(1,647)
NET INCOME	**(20,718)**	**3,350**	**3,639**
ADJUSTED NET INCOME(2)	**(10,017)**	**1,901**	**7,743**
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF THE PARENT	**(16,125)**	**(751)**	**1,071**

(1) Non-GAAP indicator, see Note 3.2.1 to the consolidated financial statements.
(2) Non-GAAP indicator, see Note 3.2.2 to the consolidated financial statements.

Performance is analysed by division in the following tables.

FINANCIAL YEAR 2017

(In thousands of euros)	Protection of High-Risk Installations	Smart Safety Systems	3D Printing	Structure	Disposals	Consolidated
Revenue	131,550	111,950	34,807	3,290	(4,912)	276,685
Adjusted revenue	131,550	109,260	34,807	3,290	(4,912)	273,995
EBITDA(1)	(782)	11,471	(1,169)	(444)	-	9,076
% of revenue	*(0.6%)*	*10.2%*	*(3.4%)*	*(13.5%)*	-	*3.3%*
Adjusted EBITDA(2)	(782)	13,271	(1,169)	(444)	-	10,877
% of adjusted revenue	*(0.6%)*	*12.1%*	*(3.4%)*	*(13.5%)*	-	*4.0%*
Profit (loss) from continuing operations(1)	(3,588)	3,834	(5,453)	(555)	-	(5,763)
% of revenue	*(2.7%)*	*3.4%*	*(15.7%)*	*(16.9%)*	-	*2.1%*
Operating income	(5.215)	(1,497)	(6,590)	(555)	-	(13.857)
% of revenue	*(4.0%)*	*(1.3%)*	*(18.9%)*	*(16.9%)*	-	*(5.0%)*
Adjusted operating income(2)	(3.589)	8,461	(5,453)	(555)	-	(1,135)
% of adjusted revenue	*(2.7%)*	*7.7%*	*(15.7%)*	*(16.9%)*	-	*(0.4%)*
Research and development expenses capitalised over the period	2,199	4,211	1,935	-	-	8,345
Other property, plant and equipment and intangible investments	1,617	2,968	2,892	142	-	7,620
Segment assets	86,146	179,828	67,625	39,584	(38,972)	334,211
Assets Segment liabilities	52,362	94,638	15,815	2,943	(7,451)	158,306

(1) Non-GAAP indicator defined in Note 3.2.1.
(2) Non-GAAP indicator defined in Note 3.2.2.

FINANCIAL YEAR 2016

(In thousands of euros)	Protection of High-Risk Installations	Smart Safety Systems	3D Printing	Structure	Disposals	Consolidated
Revenue	144,857	112,488	25,210	3,418	(4,819)	281,153
Adjusted revenue(2)	144,857	103,433	25,210	3,418	(4,819)	272,098
EBITDA(1)	11,657	14,641	(4,895)	360	-	21,762
% of revenue	*8.0%*	*13.0%*	*(19.4%)*	*10.5%*	-	*7.6%*
Adjusted EBITDA(2)	11,657	14,323	(4,895)	360	-	21,444
% of adjusted revenue	*8.0%*	*13.9%*	*(19.4%)*	*10.5%*	-	*7.9%*
Profit (loss) from continuing operations(1)	7,057	9,342	(8,058)	690	-	9,031
% of revenue	*4.9%*	*8.3%*	*(32.0%)*	*20.2%*	-	*3.2%*
Operating income	5,851	12,512	(8,867)	556	-	10,052
% of revenue	*4.0%*	*11.1%*	*(35.2%)*	*16.3%*	-	*3.6%*
Adjusted operating income(2)	7,057	9,818	(8,058)	690	-	9,508
% of adjusted revenue	*4.9%*	*9.5%*	*(32.0%)*	*20.2%*	-	*3.5%*
Research and development expenses capitalised over the period	1,681	4,245	1,790	-		7,716
Other property, plant and equipment and intangible investments	1,699	2,863	3,666	62		(8,291)
Segment assets	88,369	175,026	41,698	36,639	(34,648)	307,084
Assets Segment liabilities	50,544	88,195	8,146	1,730	(4,479)	144,135

(1) Non-GAAP indicator defined in Note 3.2.1.
(2) Non-GAAP indicator defined in Note 3.2.2.

1.4.1.2 Smart Safety Systems

Revenue in the Smart Safety Systems division was stable at €112 million compared with 2016. Around 40% of the division's revenue was generated outside France (direct exports only) compared with 47% in 2016. Adjusted for the two subsidiaries expected to deconsolidate, revenue grew by 5.6%.

The division's operating income was negative at -€1.5 million compared with €12.5 million in 2016. In 2017 operating income was hit by losses at the two aforementioned subsidiaries, a €2.6 million provision for their upcoming deconsolidation and provisions for impairment of asset values. In 2016 income benefited from negative goodwill. These are the reasons why the Group has defined adjusted indicators that give a better account of its long-term performance. Adjusted operating income in 2017 amounted to €8.5 million, versus €9.8 million in 2016. Adjusted performance was down due to ECA's Robotics division. Substantial sales costs were incurred during the year, especially for demonstrations in the first half of the year. Moreover, orders expected to contribute to revenue in the second half of the year were delayed.

At the end of the year the order book was down to €98 million. Significant orders, in terms of volume or strategic interest, were announced in January 2018.

1.4.1.3 Protection of High-Risk Installations

Revenue for the Protection of High-Risk Installations division was down by 9.2% to €131.5 million. The division's fire protection business slowed in 2017 after major international projects in 2016 (Yamal). The nuclear business continued its decline. The international share of revenue was down from the previous year to 23%.

With the decline in business and a difficult time for the nuclear sector, operating income stood at -€5.2 million compared with €5.8 million in 2016. Operating income adjusted for provisions for impairment recognised under intangible R&D investments amounted to -€3.6 million (€5.8 million in 2016). Restructuring was undertaken but the bulk of restructuring costs will carry to the beginning of 2018. Lowering the breakeven point and making organisational changes to improve service quality will contribute to the rebound expected in 2018.

Orders were clearly up at year-end to €104 million compared with €74 million at the end of 2016. These include the contract secured in the first half of 2017 for the Hinkley Point EPRs in the UK. Other contracts are expected under the project.

1.4.1.4 3D Printing

Revenue from the 3D Printing division grew by 38% to €34.8 million from €25.2 million (growth of 41%) in 2016. This growth was achieved with the contribution of two acquisitions made in the second half of the year, INTERSON-PROTAC and AVENAO.

In all, 38% of the division's revenue was generated outside France, lower than the previous year because the newly acquired companies are active only in France. Most machine and material sales were to international customers.

Operating income was -€6.6 million (-€8.1 million in 2016). PRODWAYS GROUP met its EBITDA breakeven target in the fourth quarter.

The order book was €5 million, up on 2016 (€3 million). Unlike our other businesses, however, it should be noted that the order book for this division is unlikely to account for a large share of revenue given that lead times between the placing and delivery of orders is considerably shorter.

1.4.2 Group's financial position (cash and cash equivalents, financing and capital)

Consolidated net assets stood at €167.12 million, compared with €94.4 million as at 31 December 2016.

At 31 December 2017, consolidated net cash (cash and cash equivalents of €86.79 million less loans and borrowings of €76.82 million and bank overdrafts of €7.81 million) was €2.17 million. At 1 January 2017, net debt was €51.42 million. The treasury shares held by ECA and GROUPE GORGÉ are not included in these figures. Net cash adjusted for treasury shares was €3.90 million (compared with net debt of €49.46 million at 1 January 2017).

The dramatic reduction in net debt of €53.6 million resulted from the €62.6 million raised by the 3D Printing division in the first half of the year (net of costs, taking into account redeemable bonds issued beforehand) and the disposal of 7.5% of the share capital of PRODWAYS GROUP in October 2017 for €20.8 million. Cash outflows from 3D Printing were considerably reduced but cash flow from operating activities at the other two divisions was also down. Overall, operations used up €1.7 million in cash and cash equivalents (they generated €1.3 million in 2016) due to higher working capital requirements (+€7.0 million). Investments remained brisk at €15 million (excluding acquisitions) against €13.7 million in 2016. Cash flow net of acquisitions (AVENAO and INTERSON) and the disposal of PRODWAYS GROUP shares stood at +€11.47 million (+€3.8 million in 2016 for acquisitions and disposals).

The Group has four revolving credit lines of €10 million each, confirmed until June 2019, July 2020 (two lines) and July 2021. The lines were granted to GROUPE GORGÉ SA, ECA SA (two lines) and PRODWAYS GROUP SA. At end-December 2017, ECA had drawn down €17.5 million with the other two lines not once drawn down.

Detailed information about the Group's financial liabilities and any related covenants is provided in the Notes to the consolidated financial statements (Note 8 "Borrowings and financial liabilities").

1.5 ACTIVITIES AND RESULTS OF GROUPE GORGÉ SA

1.5.1 GROUPE GORGÉ's role in the Group

The organisation of the Group is as follows:

GROUPE GORGÉ SA is a holding company, whose assets are made up of the stakes in its subsidiaries. The Company does not carry out any industrial activities, and its purpose is to:

- implement the Group's strategy;
- supervise the management of subsidiaries;
- liaise with financial stakeholders such as banks and investors;
- provide technical assistance in areas such as management control and legal affairs;
- develop and maintain common procedures in areas such as reporting, management control and accounting.

Its funding is ensured by the dividends that it receives and a contract for the provision of services based on the invoicing of actual costs concluded between GROUPE GORGÉ SA and its subsidiaries.

GROUPE GORGÉ SA has also entered into a service agreement with PÉLICAN VENTURE (holding company of the GORGÉ family and majority shareholder of GROUPE GORGÉ). Under this agreement, PÉLICAN VENTURE assists and supports GROUPE GORGÉ with the development of the Group's general policy and strategy, particularly in terms of organisation, external growth, recruitment, financial reporting and finance. PÉLICAN VENTURE has invoiced €500 thousand in annual fees from GROUPE GORGÉ since 2016. The agreement is valid indefinitely, but may be terminated by either party and would automatically lapse in the event of a change of control of GROUPE GORGÉ. Jean-Pierre GORGÉ (Director and former Chairman of GROUPE GORGÉ) and Raphaël GORGÉ (Chairman and CEO) are both paid by PÉLICAN VENTURE. GROUPE GORGÉ can pay them Directors' fees, while Raphaël GORGÉ can receive variable remuneration from GROUPE GORGÉ, determined by the Board of Directors on the recommendation of the Remuneration Committee.

PÉLICAN VENTURE is an SAS (simplified joint-stock company) with a capital of €3,309,778.08. Its consolidated shareholders' equity (2016) was €143 million, with its main asset being its stake in GROUPE GORGÉ. Its other assets are:

- SOPROMEC PARTICIPATIONS SA, a private equity firm managing around €19 million in assets;
- real estate and financial assets.

1.5.2 Activities and results

At its meeting of 29 March 2018, the Board of Directors approved the separate financial statements of GROUPE GORGÉ SA which showed:

- revenue of €3,290 thousand;
- net income of €20,080 thousand.

The financial statements were prepared using the same principles and rules as for previous years.

Revenue came to €3.29 million versus €3.46 million in 2016. The operating loss for the financial year was -€0.31 million versus an operating loss of -€0.25 million in 2016.

Income from continuing operations before tax was €0.81 million versus €2.74 million in 2016. Financial income of GROUPE GORGÉ in 2017 was €1.1 million (€3.0 million in 2016), including €1.8 million in dividends (€4.1 million in 2016).

After taking into account non-recurring income of €18.7 million (compared with €0.9 million in 2016) and tax income of €0.6 million arising from the tax consolidation grouping of which GROUPE GORGÉ SA is the lead company (€1.5 million the previous year), the financial year ended 31 December 2017 generated a profit of €20.08 million, compared with €5.18 million in 2016. The high level of non-recurring income in 2017 was due to the capital gain of €18.9 million arising from the sale of PRODWAYS GROUP shares in October 2017.

We are also asking the shareholders to approve the non tax-deductible expenses and charges that we incurred during the past financial year, amounting to a total of €15,150, as well as the corresponding theoretical tax amount of €5,050.

1.5.3 Proposed appropriation of income

The Company's income for the financial year ended 31 December 2017 showed a profit of €20,080,409.21. At its meeting on 29 March 2018, the Board of Directors decided to propose the allocation of the sum of €700 to the legal reserve, so as to bring it to 10% of the share capital, pay a dividend of €4,320,90.76 (€0.32 per share), and allocate the balance of available income (*i.e.* €15,758,799.55) to Retained Earnings.

We would like to remind you that the dividend distributions made for the last three financial years were as follows:

	Dividend per share *(in euros)*	Number of shares comprising the share capital(1)	Total dividend(2) *(in euros)*
2014	0.32	13,181,843	4,218,189.76
2015	none	13,439,843	none
2016	none	13,502,843	none

(1) At the date of the shareholders' meeting held to approve the financial statements.

(2) These sums include the unpaid amount of the dividend corresponding to treasury shares, which is allocated to the retained earnings account.

1.5.4 Standard payment terms

In compliance with Article D. 441-4 of the French Commercial Code, we would like to specify that at 31 December 2017, the balance of GROUPE GORGÉ SA's trade accounts payable was €604 thousand (€584 thousand at 31 December 2016). These trade payables are not yet due and in general are payable at 30 days (in 2017 as in 2016).

1.5.5 Other financial and accounting information

SECURITIES PORTFOLIO AT 31 DECEMBER 2017

Company	Net asset values (in euros)
I – EQUITY SECURITIES	
1. French companies	
a/ Listed equity securities	
ECA	33,564,269
PRODWAYS GROUP	28,204,618
b/ Unlisted equity securities	
CNAI (in liquidation)	0
BALISCO (formerly FINU 5)	5,000
FINU 10	5,000
MARINE INTÉRIM	34,000
NUCLÉACTION	7,463
SCI DES CARRIÈRES	610,000
SCI DES PORTES	999
SERES TECHNOLOGIES	990,000
STONI	5,690,000
2. Foreign companies	
None	
TOTAL I	**69,111,349**
II – OTHER LONG-TERM INVESTMENTS	
1. French companies	
a/ Listed securities	
None	
b/ Unlisted securities	
None	
2. Foreign companies	
a/ Listed securities	
None	
b/ Unlisted securities	
None	
TOTAL II	**-**
III – MARKETABLE SECURITIES	
a/ Money market funds (SICAVs) and term deposits	15,047,025
b/ Listed French shares	
None	
c/ Listed foreign shares	
d/ Treasury shares	72,161
TOTAL III	**15,119,186**
GRAND TOTAL (I + II + III)	**84,230,535**

FINANCIAL TABLE – ARTICLE R. 225-102 OF THE FRENCH COMMERCIAL CODE

Nature of information	2017	2016	2015	2014	2013
Share capital	€13,502,843	€13,495,843	€13,366,843	€13,081,843	€12,731,843
Number of shares	13,502,843	13,495,843	13,366,843	13,081,843	12,731,843
Par value per share	€1	€1	€1	€1	€1
Revenue excluding taxes	3,289,653	3,458,396	3,731,165	3,107,420	2,545,612
Earnings before taxes, depreciation, amortisation & provisions	18,528,323	3,242,814	5,274,298	23,942,297	2,569,664
Income tax	(611,022)	(1,517,036)	(1,558,748)	(1,652,758)	(1,678,134)
Earnings after taxes but before depreciation, amortisation & provisions	19,139,345	4,759,850	6,833,046	25,595,055	4,247,797
Earnings after taxes, depreciation, amortisation & provisions	20,080,409	5,181,090	9,388,143	24,299,934	5,479,594
Distributed earnings	-	-	4,217,227	4,154,190	4,074,190
Earnings per share after taxes but before depreciation, amortisation & provisions	1.42	0.35	0.51	1.96	0.33
Earnings per share after taxes, depreciation, amortisation & provisions	1.49	0.38	0.70	1.86	0.43
Net dividend per share(1)	-	-	0.32	0.32	0.32
Average number of employees	8	7	7	7	7
Total payroll	922,357	823,824	868,187	861,175	639,202
Social security contributions and employee benefits	421,382	389,131	393,804	353,924	297,616

(1) Dividend paid during the year, in respect of the previous financial year.

1.6 RISK FACTORS

The Company has reviewed the risks that could materially adversely affect its business, financial position or results and is not aware of any other significant risk not presented herein. For a proper understanding of the risks to which the Group is exposed, this chapter should be read in conjunction with the full consolidated financial statements and the Registration Document.

1.6.1 Legal risks

1.6.1.1 Regulatory compliance

Generally speaking, the Group's businesses can be adversely affected by legal risks arising from non-compliance with laws and regulations in France and in all other jurisdictions where the Group has interests.

In order to mitigate the legal risks inherent in their businesses, Group companies typically have recourse to the Group's legal department and to external advisers (lawyers, labour law experts and intellectual property experts).

1.6.1.2 Regulatory or administrative authorisations

The Group's businesses are not dependent on regulatory or administrative authorisations but may require accreditations or professional recognitions.

CLF-SATREM is APSAD certified for the installation and inspection of sprinkler systems. This certification is issued by CNPP, a certifying body recognised by the insurance industry. The Company needs it for the purposes of its routine maintenance activities and some new installations, at the request of customers and their insurers. The certification would only be lost were the Company to fail to satisfy the technical recommendations in the APSAD reference framework.

The Group's business activities in the nuclear sector require professional certification by CEFRI (Comité français de certification des Entreprises pour la Formation et le suivi du personnel travaillant sous Rayonnements Ionisants – Companies' French Certification Committee for training and follow-up of employees working in ionising radiation) or EDF (EDF-UTO certification). In order to obtain such certification, suitable structures, special procedures and staff training must be put in place. This certification would only be lost were the Company to fail to respect the required standards and procedures, which can be subject to periodic changes.

Several ECA Group Companies have security clearances allowing them to manage confidential defence contracts. The loss of these clearances would threaten the level of business, especially in R&D, conducted with the French military. Each of these companies has put in place the structure required by the accreditation bodies to ensure compliance with all the security clearance requirements.

Still on the subject of ECA and its subsidiaries, export permits, managed by various ministries and the Prime Minister's office, are required for the sale outside France of defence systems and equipment. Similarly, the sale and export of certain of the ECA Group's dual purpose technologies also requires authorisation by the Ministry for Industry. The Companies concerned must keep a list of these dual purpose technologies up to date and obtain these authorisations prior to making any sales.

1.6.1.3 Research and development

Given the size of its R&D budget, the Group uses the research tax credit system. Any scaling back of this system in the future would adversely affect the amount of R&D expenditure that the Group could reasonably fund. Furthermore, it is well known that tax audits involving the research tax credit often end up in the courts. The Group pays particular attention to compliance with the regulations and the quality of its supporting documentation, and had never been subject to a significant reassessment until 2013, when its BAUMERT subsidiary saw €340 thousand of its research tax credit claim challenged (out of €766 thousand audited). The Group used all available legal channels to challenge this reassessment, and was partly successful in its action at the Paris Administrative Tribunal in December 2015. The Group now awaits the decision to be taken by the Strasbourg Administrative Tribunal for the same case and the end of the time limit for appeals.

1.6.1.4 Industrial property

The Group has an active policy of patenting in order to protect its inventions. To this end, it has recourse to intellectual property experts.

Patent applications are reviewed by the competent local or international bodies. It takes a number of years before a patent is granted. The review process may also result in a patent being granted with narrower claims than initially sought or in a patent being refused in certain jurisdictions. Furthermore, intellectual property rights registered in certain jurisdictions do not afford complete protection.

There is a risk of a third party initiating proceedings against the Group for infringement of industrial property, as has already occurred in the past (BAé dispute, see Registration Document 2012). The subsidiaries, drawing on their in-house capabilities or the services of outside experts, notably assess the risk of infringing patents held by third parties when conducting their R&D programmes.

1.6.1.5 Litigation

The Group may be involved in litigation and disputes with third parties. Ongoing litigation is reviewed and provisions funded in the financial statements or disclosures made in the Notes to the consolidated financial statements (Note 12.2 "Exceptional events and disputes").

No other state or legal proceeding or arbitration of which the Company is aware to date, either pending or threatened, has had a material impact on the financial position or profitability of the Company and/or Group in the past twelve months, or is likely to do so.

1.6.2 Operating risks

1.6.2.1 Risks associated with technological developments

In some of its markets, the Group is required to continually monitor leading edge technical and technological developments. The subsidiaries in question have substantial R&D budgets for the purpose of developing new products or solutions that best meet the needs of customers or prospects.

1.6.2.2 Risks associated with competition

Many Group buyers are increasingly looking to reduce their number of suppliers and build strong, enduring partnerships, with suppliers assisting them with their plans, and are exerting a great deal of pressure on product and service pricing. This difficulty is compounded by the economic climate, with competitors generally being inclined to accept price cuts that might be considered unreasonable in order to win orders.

In this regard, the Group's expertise, and the quality of its products and services are key success factors. The Group thus endeavours to keep quality levels extremely high across all its businesses and to obtain certification for them. The stock market listing of GROUPE GORGÉ and ECA, the Group's financial strength and low debt, the diversity of its businesses and markets, and its international footprint raise the Group's profile compared with its competitors.

1.6.2.3 Risks associated with market changes

The Group as a whole is positioned in a range of different markets, which can develop in opposing directions. A sharp slowdown in investment plans in one market may adversely affect the business of the subsidiary or subsidiaries in question whilst having limited consequences at Group level.

There has been substantial growth in the Protection in Nuclear Environments division over the past number of years. The potential hazards of nuclear energy are often a matter of public debate, and this may influence the approval and timing of plans to build new nuclear power stations. For this division and the 3D Printing division, difficulties in managing growth could also arise, whether commercial, technical or administrative. This growth means that it is necessary to regularly strengthen management structures, to successfully bring on board the necessary qualified staff and to exploit all possible synergies within the Group.

1.6.2.4 Key person risks

The Group's success and development are dependent on the work and experience of key employees and of the management team. The departure or loss of a key person could adversely affect the business, financial position and results of a subsidiary or of the Group.

Group employees are naturally motivated by the commercial or technical appeal of the projects on which they work. The introduction of profit-sharing and shareholding plans may also serve as additional motivation.

The GROUPE GORGÉ management team also endeavours to ensure that a company's success is not built around an overly small group of people and that managers at subsidiaries consider drawing up succession plans for key people.

1.6.2.5 Risks associated with confidentiality

Some of our skills, knowledge and technologies are not protected by patents. Despite the implementation of confidentiality procedures, there is nevertheless a risk that confidential information may be disclosed.

Furthermore, competitors may attempt to develop identical or similar technologies, which could have an adverse effect on the business of the subsidiaries in question.

1.6.2.6 Insuring operating risks

In the course of conducting its business, the Group may be confronted with disputes, proceedings and claims concerning its activities and products. The Group has taken out insurance to cover the cost of these potential risks. However, these insurance policies contain exclusions and exceptions that make it impossible to cover the totality of the potential harm suffered. Furthermore, the amount of expenses could exceed the limits of our insurance coverage.

The insurance taken out by the Group to insure against possible risks encompasses:

- civil liability;
- property, plant and equipment;
- leased premises.

All policies are entered into with reputable insurance companies.

Specific insurance policies have been taken out for post-delivery maritime and aviation risks.

Customers are asking more frequently for substantial guarantees for post-delivery risks. For the most material contracts, we conduct a risk analysis with our insurance carrier to ensure that these risks have been appropriately covered under our civil liability policies. When necessary, additional insurance is taken out for the performance of a contract.

1.6.2.7 Performance obligation – product liability

The Group cannot totally discount the risk that it might have problems meeting a performance obligation it has contractually promised a customer. The Group has long experience managing this risk and applies controls when approving contracts. Such a risk may, nevertheless, occur and adversely impact the margin on the contract in question.

The products sold by the Group are complex and may contain design or production defects. These defects may also be caused by parts bought from suppliers. The Group may receive complaints concerning the quality of its products and these could lead to costs.

Verification and control procedures have been put in place by the Group to detect any such faults, but these may not be sufficient to detect hidden defects.

1.6.2.8 Risks associated with acquisitions

The Group has regularly acquired businesses or third party companies in the course of its development and intends to continue with this strategy as opportunities are identified.

Any acquisition involves risks related to the integration into the Group of the business or company acquired, the existence of unforeseen expenditure and the departure of key personnel from these Companies.

The Group systematically conducts financial, legal and technical audits in anticipation of these risks and negotiates asset and liability guarantees. The Group also takes the measures necessary to retain the individuals identified as being key personnel, thus ensuring the long term future of these companies.

In most cases of acquisitions, goodwill is recognised in the consolidated financial statements. Impairment tests are carried out each year. If an impairment loss for goodwill is recognised, this could have an impact on the Group's financial situation (revenue and equity), and would indicate that the business outlook is not at the expected level hoped-for at the time of the acquisition.

1.6.3 Financial risks

1.6.3.1 Credit and/or counterparty risk

Changes to the economic situation around the world may affect our partners, customers and suppliers due to economic slowdowns and financial, geopolitical or social difficulties, or any other factors. However, given the diversity of the Group's business activities and markets, the profile of its customers (primarily institutional and major buyers) and its ability to obtain a growing number of new contracts, the Group is not exposed to a specific customer risk.

The Group as a whole is not over-reliant on any one customer, as can be seen from the percentage of consolidated revenue generated from each of the top five customers in 2017 (and for the sake of comparison in 2016 too):

	2017	2016
• Customer A:	4.7%	7,0%
• Customer B:	4.2%	-
• Customer C:	3.0%	3.5%
• Customer D:	2.6%	-
• Customer E:	2.5%	-

In 2017, the top five customers accounted for 17.0% of the Group's revenue (compared with 21.4% in 2016). The top 20 Group customers accounted for 35.1% of revenue (43% in 2016). However, a Group subsidiary may have a significant volume of business with one particular customer: for example, ECA CNAI with Airbus, and BAUMERT with EDF. The contacts and number of transactions done with these customers make it possible to avoid concentrating the risk on too few deals.

The quality of the Group's customers and the credit management and collection procedures mean that customer credit risk can be controlled. Provisions for impaired trade receivables represented 2.5% of trade receivables, compared with 1.5% in 2016. Past-due trade receivables are disclosed in the Notes to the consolidated financial statements, (Note 4.4 "Trade receivables").

The Group's business activities are primarily concentrated in Western Europe and in this region the Group is not heavily dependent on the public sector. Internationally, the Group only deals with major buyers or public buyers. Aside from AI GROUP, there is no exposure to significant country risk. AI GROUP, which became part of the Group at end 2011, had business ties with Iran. The Group made sure that AI GROUP's exports complied with European Union rules whilst also ensuring the proper filing of the requests for approval by the French Treasury (Direction Générale du Trésor – DGT) required for every order. Changes to European sanctions against Iran may nevertheless have a marginal impact on the level of business conducted by the Group (less than 1%).

Geopolitical developments in a country can complicate or suspend trade relations with that country. The diversity of countries to which the Group exports its products and services means that the impact of this risk can be limited. In 2013-2014, the Group won a number of contracts in Russia. Because of the European embargo on that country, particular attention was paid to the guarantees and contractual clauses detailed in these contracts. We regularly monitor changes in the sanctions against Russia and its nationals to limit the risks associated with this situation.

The Group employs a range of sources to procure components or sub-assemblies. Given this high level of fragmentation, there is no dependence on any subcontractor or supplier.

1.6.3.2 Liquidity risk

The liquidity risk is described in the Notes to the consolidated financial statements (Note 8.3.1 "Liquidity risk"). The Group's low net debt and its financial position give it access to substantial financing, notably enabling it to fund acquisitions.

The Company specifically reviewed its liquidity risk and believes it is in a position to meet all future maturities.

1.6.3.3 Market risk

The risks associated with interest rates, foreign exchange rates, equities and other financial instruments are discussed in the Notes to the consolidated financial statements (Note 8.3 "Financial Risk Management Policy"). Most international deals are denominated in euros. Foreign exchange risk is thus relatively easy to control. The risk associated with equities and other financial instruments is marginal in light of the Group's prudent policy, and is only significant with respect to treasury shares. Interest rate risk is discussed in detail in the Notes to the consolidated financial statements.

The Group is not exposed to any particular commodity risk. When a customer order is likely to expose the subsidiary in question to a commodity risk (steel, lead), an escalator clause is typically included in the contract at the subsidiary's request.

1.6.4 Industrial and environmental risks

Group Companies with sites that fall under the French "Installations Classified for the Protection of the Environment" (ICPE) regulations have made the required declarations or possess the necessary authorisations.

As for any industrial activity, our activities may involve the handling and storage of hazardous substances. The concerned companies implement the safety procedures recommended for the handling and storage of such products.

The Group is not exposed to any other specific risk.


2

CORPORATE GOVERNANCE

2

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This section on corporate governance includes the new corporate governance report pursuant to Article L. 225-37 of the French Commercial Code, which was approved by the Board of Directors on 29 March 2018.

2.1 GOVERNANCE INFORMATION

2.1 Composition of the Board of Directors

The Board of Directors of GROUPE GORGÉ consisted of six Directors at 31 December 2017: Raphaël GORGÉ (Chairman and Chief Executive Officer), Jean-Pierre GORGÉ, Sylvie LUCOT, Martine GRIFFON-FOUCO, Catherine GORGÉ, and Hugues SOUPARIS.

Sylvie LUCOT, Martine GRIFFON-FOUCO and Hugues SOUPARIS are Independent Directors (*i.e.* Directors who do not have any links to the Company, its Group or its management, such as might compromise the exercise of their freedom of judgement).

Jean-Pierre GORGÉ is Raphaël GORGÉ's father and Catherine GORGÉ is Raphaël GORGÉ's spouse. They represent the majority shareholder of GROUPE GORGÉ, namely PÉLICAN VENTURE.

The statutory duration of the terms of office of the Directors is six years

Martine GRIFFON-FOUCO and Catherine GORGÉ are nearing the ends of their terms as Directors, and therefore we will put their reappointment to the shareholders' meeting to be held on 13 June.

Two Board Committees (the Audit Committee and the Remuneration Committee) were established. The roles and composition of these Committees are presented below (see Section 2.1.8 below).

As far as the Company is aware, no member of the Board of Directors or corporate officer has, over the past five years, been convicted of fraud, been involved in his/her capacity as a member of the Board of Directors or manager in a bankruptcy, receivership or liquidation, been charged and/or officially sanctioned by a legal or regulatory authority, or been barred by Court order from serving on an administrative, Management or Supervisory Board of an issuer or from being involved in the management or running of an issuer.

As far as GROUPE GORGÉ is aware, there are no conflicts of interest between the personal interests of members of the administrative bodies and their duties to the Company.

As far as GROUPE GORGÉ is aware, the Directors and executive corporate officers have not agreed to any restriction on the free transferability of any interests they may have.

2.1.2 Presentation of the members of the Board

2.1.2.1 Management expertise and experience of Directors and candidates for the Board of Directors

Raphaël GORGÉ (Chairman and Chief Executive Officer)	Raphaël GORGÉ joined GROUPE GORGÉ (named FINUCHEM at the time) in 2004 after a ten-year career in finance and technology. He initiated and implemented the Group's withdrawal from the automotive sector (70% of its revenue in 2004), then steered its development toward new areas of business.Raphaël GORGÉ has been the Chief Executive Officer of the Group since 2008. Raphaël GORGÉ has an engineering degree from the École Centrale de Marseille and holds an advanced degree in molecular modelling.
Jean-Pierre GORGÉ (Director)	Before founding GROUPE GORGÉ (previously named FINUCHEM) in 1988, Jean-Pierre GORGÉ held various positions in public administration, including deputy Director of the chemical industries department of the French Ministry of Industry as well as SMI delegate and head of the regional affairs department at the Ministry of Industry. Jean-Pierre GORGÉ has an armament engineering degree from the École Polytechnique (1962) and a degree from the Institut d'Études Politiques in Paris (1967).
Catherine GORGÉ (Director)	Catherine GORGÉ began her career as a process engineer at ATLANTIC RICHFIELD, then joined the TECHNIP Group as a project engineer. After working at the Industrial Projects & Services business at GROUPE GORGÉ, she joined the luxury sector. There, she held the position of Director of Development and Operations at the PUIG group, first for the PACO RABANNE brand, then for the MAJE brand. She currently runs the company CBG CONSEIL, specialising in business consulting. Since 2014, she has carried out a consulting assignment at the 3D Printing division of GROUPE GORGÉ. Catherine GORGÉ is also a Director of both ECA and PRODWAYS GROUP. Catherine GORGÉ has an engineering degree from the École Centrale de Marseille and holds an advanced degree in project management.
Sylvie LUCOT (Director)	Sylvie LUCOT was Vice-President of International Corporate Affairs at the THALES group from 2008 until her retirement in February 2014. From 1986 to 1997, she was the Director of Investor Relations at the THOMSON Group and THOMSON-CSF, and then from 1998 to 2008, at the THOMSON-CSF Group, which became the THALES Group in 2000. From 1974 until joining the THOMSON Group in 1984, she was a financial analyst at DAFSA and the French Ministry of Industry. Since 2011, Sylvie LUCOT has been an employee shareholders' representative on the Board of the AMF.
Martine GRIFFON-FOUCO (Director)	Martine GRIFFON-FOUCO has been a Director of SETEC NUCLÉAIRE within the SETEC ENGINEERING Group since 2016. Previously she was a member of the Executive Board, Executive Vice President and Head of Corporate & Business Development at ASSYSTEM SA from 2007 to 2014. Before that she held various positions at CEGELEC, EDF and the French CEA (Atomic Energy Commission). At EDF, Martine GRIFFON-FOUCO was a member of the Executive Committee as the Director of Communications and the Director of the Blayais Nuclear Power Plant from June 1994 to November 1998. During the 1980s, she created the first "human factor" teams in the nuclear industry while at EDF and the CEA. Martine GRIFFON-FOUCO has a degree in engineering (ENSMA in Poitiers) along with, among others, a degree in psychology.
Hugues SOUPARIS (Director)	Hugues SOUPARIS is the founder and Chairman of SURYS (formerly HOLOGRAM INDUSTRIES), a French company specialising in document authentication and traceability and products based on the optical sciences, such as holograms, nano-structures, and digital solutions. SURYS is the designer and supplier of holograms of high-denomination euro banknotes and optical films for authenticating French biometric passports. Hugues SOUPARIS is a graduate of the École Centrale Marseille, and specialises in the design and creation of industrial products.

2.1.2.2 Professional addresses of the Directors

The business address of the Directors is the registered office of the Company.

2.1.3 List of offices and positions held by Directors and candidates for the Board of Directors

Surname and given name	Date of first appointment	Date term expires	Main position held in the Company	Main position held outside the Company	Other offices and positions held
GORGÉ Catherine	Shareholders' meeting of 8 June 2012	Shareholders' meeting approving the financial statements for the financial year ending 31/12/2017. The renewal of her term of office is on the agenda for the shareholders' meeting of 13 June 2018.	Director	Chairperson of CBG CONSEIL SAS	Director of ECA SA Director of PRODWAYS GROUP SA
GORGÉ Jean-Pierre	Meeting of the Board of Directors dated 11 March 1991	Shareholders' meeting approving the financial statements for the financial year ending 31/12/2020.	Director	Chairman of PÉLICAN VENTURE SAS Permanent Representative of PÉLICAN VENTURE as Chairman of FRANCEOLE HOLDING SAS (until July 2017) Permanent Representative of PÉLICAN VENTURE as Chairman of FRANCEOLE SAS (until July 2017)	Director of ECA SA Vice-Chairman of the Supervisory Board of SOPROMEC PARTICIPATIONS SA Manager of SOCIÉTÉ CIVILE G21 Manager of SARL TROIDEMI
GORGÉ Raphaël	Shareholders' meeting of 17 June 2004	Shareholders' meeting approving the financial statements for the financial year ending 31/12/2021.	Chairman of the Board of Directors and CEO	Deputy CEO of PÉLICAN VENTURE SAS	Office held outside the Group: Chairman of the Supervisory Board of SOPROMEC PARTICIPATIONS SA Manager of SOCIÉTÉ CIVILE COMPAGNIE INDUSTRIELLE DU VERDELET Manager of SCI THOUVENOT Manager of SCI AUSSONNE Office held within the Group: Chairman and Chief Executive Officer of PRODWAYS GROUP SA Chairman of the Board of Directors of ECA SA Chairman of NUCLÉACTION SAS (until 31 January 2017) Permanent representative of PRODWAYS GROUP SA as Chairman of CRISTAL SAS, PRODWAYS SAS, PRODWAYS DISTRIBUTION SAS, PRODWAYS RAPID ADDITIVE FORGING SAS (formerly PRODWAYS 1), PRODWAYS 2 SAS, PODO 3D SAS, PRODWAYS ENTREPRENEURS SAS, PRODWAYS CONSEIL SAS, AVENAO INDUSTRIE SAS, 3D SERVICAD SAS, AVENAO SOLUTIONS 3D SAS Chairman of FINU 10 SAS Permanent Representative of GROUPE GORGÉ SA as Chairman of BALISCO SAS Manager of SCI MEYSSE Manager of SCI DES CARRIÈRES Chairman of STONI SAS General Manager of GORGÉ EUROPE INVESTMENT BV

Surname and given name	Date of first appointment	Date term expires	Main position held in the Company	Main position held outside the Company	Other offices and positions held
GRIFFON-FOUCO Martine	Shareholders' meeting of 8 June 2012	Shareholders' meeting approving the financial statements for the financial year ending 31/12/2017. The renewal of her term of office is on the agenda for the shareholders' meeting of 13 June 2018.	Independent Director	Chairperson of GALI	Director of ISAE-ENSMA Manager of SCI LAUFRED Manager of SCI GALA
LUCOT Sylvie	Shareholders' meeting of 18 December 2006	Shareholders' meeting approving the financial statements for the financial year ending 31/12/2022.	Independent Director		Member of the Board of the AMF
SOUPARIS Hugues	Shareholders' meeting of 18 June 2014	Shareholders' meeting approving the financial statements for the financial year ending 31/12/2019.	Independent Director	Chairman of SURYS	Manager of ENOWOOD Chairman of ENOWE Chairman of ENOGRAM until 17/03/2017 Chairman of HOLOGRAM FOUNDATION Director of USINE IO

During the last five years, the corporate officers have served terms of office in the following companies:

	2013	2014	2015	2016	2017
Jean-Pierre GORGÉ					
ECA SA	×	×	×	×	×
GROUPE GORGÉ SA	×	×	×	×	×
PÉLICAN VENTURE SAS	×	×	×	×	×
SOPROMEC PARTICIPATIONS SA	×	×	×	×	×
AQUA ASSET MANAGEMENT (formerly LA VÉLIÈRE CAPITAL SAS formerly PROMELYS PARTICIPATIONS)	×				
AF MATHURINS COMMANDITE SARL	×				
SOCIÉTÉ CIVILE G21	×	×	×	×	×
FRANCEOLE HOLDING SAS (until July 2017)	×	×	×	×	×
FRANCEOLE SAS (until July 2017)	×	×	×	×	×
SARL TROIDEMI			×	×	×
Raphaël GORGÉ					
GROUPE GORGÉ SA	×	×	×	×	×
SCI THOUVENOT	×	×	×	×	×
PÉLICAN VENTURE SAS	×	×	×	×	×
ECA SA	×	×	×	×	×
SOPROMEC PARTICIPATIONS SA	×	×	×	×	×
SCI DES CARRIÈRES	×	×	×	×	×
STONI SAS	×	×	×	×	×
NUCLÉACTION SAS (until 31 January 2017)	×	×	×	×	×
SCI AUSSONNE	×	×	×	×	×
COMMERCY ROBOTIQUE SAS	×				
LA VÉLIÈRE CAPITAL SAS	×	×	×	×	
GORGÉ EUROPE INVESTMENT BV	×	×	×	×	×
SC COMPAGNIE INDUSTRIELLE DU VERDELET	×	×	×	×	×
BALISCO SAS	×	×	×	×	×
PRODWAYS SAS	×	×	×	×	×
PRODWAYS GROUP SA		×	×	×	×
PRODWAYS ENTREPRENEURS SAS		×	×	×	×
PORTAFEU Nucléaire SAS (formerly FINU 7)		×			
PRODWAYS DISTRIBUTION SAS			×	×	×
CRISTAL SAS		×	×	×	×
FINU 10 SAS			×	×	×
PODO 3D SAS				×	×
PRODWAYS RAPID ADDITIVE FORGING SAS (formerly PRODWAYS 1)				×	×
PRODWAYS 2 SAS				×	×
SCI MEYSSE				×	×
AVENAO INDUSTRIE SAS					×
3D SERVICAD SAS					×
AVENAO SOLUTIONS 3D SAS					×

	2013	2014	2015	2016	2017
Sylvie LUCOT					
GROUPE GORGÉ SA	×	×	×	×	×
Martine GRIFFON-FOUCO					
GROUPE GORGÉ SA	×	×	×	×	×
ASSYSTEM SA (until March 2014)	×	×			
ALPHATEST SA (until March 2014)	×	×			
GIAT INDUSTRIES (until December 2015)	×	×	×		
ISAE-ENSMA	×	×	×	×	×
KEDGE	×	×	×	×	
SCI LAUFRED	×	×	×	×	×
SAS GALI	×	×	×	×	×
SCI GALA			×	×	×
Catherine GORGÉ					
GROUPE GORGÉ SA	×	×	×	×	×
ECA SA	×	×	×	×	×
PRODWAYS GROUP SA					×
IMMOBILIÈRE BENON SCI (struck off the companies register in February 2014)	×	×			
CBG CONSEIL SAS	×	×	×	×	×
Hugues SOUPARIS					
SURYS	×	×	×	×	×
ENOWE	×	×	×	×	×
ENOGRAM (until 17 March 2017)	×	×	×	×	×
ENOWOOD			×	×	×
HOLOGRAM FOUNDATION			×	×	×
USINE IO			×	×	×

2.1.4 Gender balance on the Board of Directors

The Board of Directors follows the principle of gender balance with an equal number of women and men on the Board at this time.

2.1.5 Information on securities transactions by corporate officers

To the knowledge of the Company, the corporate officers and Group managers and persons referred to in Article L. 621-18-2 of the French Monetary and Financial Code subject to voluntary reporting of their securities transactions completed the following in 2017:

(in number of shares)	Acquisitions	Disposals
Raphaël GORGÉ	-	15,000
PÉLICAN VENTURE SAS	15,000	-

The shares disposed of by Raphaël GORGÉ were acquired by PELICAN VENTURE, the GORGÉ family holding company. On 9 March 2018, Raphaël GORGÉ sold 21,140 shares to PÉLICAN VENTURE.

2.1.6 Executive Management structure

At its 14 September 2011 meeting, the Board of Directors resolved that the positions of Chairman of the Board of Directors and of CEO would be held by a single person.

2.1.7 Scope of the CEO's powers

No restrictions were placed on the powers of the CEO when he was appointed. The CEO is therefore vested with the broadest powers to act on behalf of the Company in all circumstances, within the limits of the corporate purpose and subject to the powers expressly assigned by law to the general shareholders' meeting and to the Board of Directors.

2.1.8 Conditions for the preparation and organisation of the work of the Board of Directors and its Committees during the period

The rules governing the operation of the Board of Directors can be found in the bylaws and are set out in detail in the Board's Internal Regulations.

2.1.8.1 Frequency of Board meetings and attendance record

Over the past year, the Board of Directors met six times. Directors have a very strong attendance record (99.44%).

2.1.8.2 Calling of Board meetings

In accordance with Article 15 of the bylaws, Board meetings may be called by any means, including verbally.

In 2017, Board meetings were called by email.

Pursuant to Article L. 225-238 of the French Commercial Code, the statutory auditors were invited to attend the Board meetings held to review and approve the interim and annual financial statements.

2.1.8.3 Provision of information to Directors

Directors were provided with all the papers, technical dossiers and information required to carry out their duties either when meetings were called or prior to Board meetings.

2.1.8.4 Holding of Board meetings

Meetings of the Board of Directors are held at the registered office. The Internal Regulations approved by the Company's Board of Directors, allow the use of video-conferencing or other telecommunications technologies subject to the regulatory requirements for holding the meetings of the Board of Directors.

2.1.8.5 Decisions taken

In the course of the past year, the Board of Directors took routine decisions that were in the Company's best interests.

2.1.8.6 Minutes of Board meetings

Minutes of Board of Directors meetings are drawn up following each meeting and sent to all Directors at the latest before the next Board meeting.

2.1.8.7 Assessment of the work of the Board

In order to comply with Recommendation No. 11 of the Middlenext Governance Code, the Directors are invited to express their views on the functioning of the Board and on the preparation of its work at the Board meetings' approving the annual financial statements.

2.1.8.8 Audit Committee

The Audit Committee was set up in 2012. Currently, it consists of Sylvie LUCOT (Chair) and Jean-Pierre GORGÉ.

Pursuant to Article L. 823.19 of the French Commercial Code and without prejudice to the powers of the Board, the Audit Committee has the following duties:

- follow the financial reporting preparation process and, where required, formulate recommendations to ensure the integrity thereof;
- monitor the efficiency of internal control and risk management systems and, where applicable, internal audit systems with regard to procedures for preparing and processing accounting and financial information, without impacting its independence;
- make a recommendation on the proposed appointment of the statutory auditors by the shareholders' meeting to the Board in accordance with regulations, and make a recommendation on the proposed reappointment of the statutory Auditor(s) to the Board in accordance with regulations;
- monitor the statutory auditors' audit of the financial statements and take the comments and findings of the H3C (French auditing oversight body) into account following the audits conducted in accordance with regulations;
- ensure the statutory auditors' compliance with independence criteria under the terms and in accordance with the procedures set out by applicable regulations;
- approve the provision of services by the statutory auditors other than the certification of the financial statements pursuant to applicable regulations;
- regularly report to the Board on the performance of its duties (including on certifying the financial statements, on how said certification contributed to the integrity of financial reporting, and on the role it played in this process); promptly inform the Board of any difficulties encountered.

In the course of preparing the interim and annual financial statements, the Audit Committee meets with the Company's statutory auditors to finalise the interim and annual financial statements and to get updates from the statutory auditors on their work. In this respect, it ensures the independence of the statutory auditors.

Mazars' appointment is set to come to an end at the shareholders' meeting of June 2018. In 2016, the Audit Committee assisted the Company in issuing a call for tenders to select a Statutory Auditor who would first be appointed to ECA in 2016 and then to GROUPE GORGÉ in 2018. The specifications were sent to several firms, which responded in writing and then tendered their approaches and offers to the Committee. The Committee recommended that the Board of Directors select RSM.

The Audit Committee was not required to vote on the provision of services by the statutory auditors other than the certification of the financial statements. It took part in discussions with the Company and the statutory auditors during the preparation of the statutory auditors' new report to the Audit Committee.

The Board of Directors followed the Audit Committee's recommendations.

2.1.8.9 Remuneration Committee

The Remuneration Committee was set up in 2012. Currently, it consists solely of Independent Directors, namely Martine GRIFFON-FOUCO (Chair) and Sylvie LUCOT.

The Remuneration Committee is responsible for making all recommendations to the Board regarding the remuneration and benefits that corporate officers receive. It reviews, and formulates proposals on, corporate officers' remuneration and benefits. These proposals involve the balance of the various components of overall remuneration and their allocation conditions, specifically in terms of performance.

2.2 CORPORATE OFFICER REMUNERATION POLICY

2.2.1 Principles and rules established by the Board of Directors to determine the remuneration and benefits in kind of corporate officers

In accordance with Article L. 225-37-2 of the French Commercial Code, this section sets out the principles and criteria for determining, distributing and assigning the fixed, variable and exceptional components making up the total remuneration and benefits in kind that may be granted to executive corporate officers of GROUPE GORGÉ in respect of their term of office at GROUPE GORGÉ.

2.2.1.1 General principles of the remuneration policy for the executive corporate officers of GROUPE GORGÉ

Each year, the Remuneration Committee prepares and proposes the principles and criteria for determining, distributing and assigning the fixed, variable and exceptional components of total remuneration and benefits in kind payable to executive corporate officers on account of their offices which are then discussed with and enacted by the Board of Directors.

The work of the Remuneration Committee is structured on several themes, including: the remuneration of executive corporate officers for the current year, calculation of their bonuses for the past year based on performance achieved, bonus criteria for the current year and Directors' fees. As applicable, any other remuneration and benefits in kind are reviewed.

The Remuneration Committee is composed solely of Independent Directors.

During its work, the Remuneration Committee evaluates the individual performance of the Group's executive corporate officers, which it compares to the performance of the company. It also takes into account the alignment of objectives with medium-term strategy, shareholder interests and changes to the Middlenext Corporate Governance Code. It also relies on external studies that indicate market practices for comparable companies.

Pursuant to the recommendations of R13 of the Middlenext Corporate Governance Code of September 2016, the Remuneration Committee takes the following principles into account:

- **Comprehensiveness:** the remuneration determined for executive corporate officers must include the fixed portion, variable portion (bonus), stock options, bonus shares, attendance fees, conditions for retirement and special benefits in its overall value;
- **Balance:** each compensation component must be justified and be in the best interests of the Company;
- **Benchmark:** to the extent possible remuneration must be valued in relation to a benchmark business and market and be proportional to the Company's position, taking into account the inflationary effect;
- **Consistence:** executive corporate officer remuneration must be consistent with that of other executives and employees at the Company;
- **Clarity:** the rules must be simple and transparent, meaning the performance criteria used to determine the variable portion of remuneration or any stock options or bonus shares allocated must be in line with the Company's performance, correspond to its objectives, be demanding and easily explained, and be as sustainable as possible. They must be described without bringing the confidentiality of certain components into question;
- **Moderation:** remuneration must be determined and stock options or bonus shares allocated in a sensible manner and take into account the Company's best interests, market practices and executive performance;
- **Transparency:** annual updates to shareholders about the total remuneration and benefits paid to executives are provided in accordance with applicable regulations.

For the 2018 financial year, the compensation policy for executive corporate officers changed to take into account PRODWAYS GROUP's initial public offering in May 2017. This subsidiary is now 56.61% owned by GROUPE GORGÉ. PRODWAYS GROUP will pay fixed and variable compensation to Raphaël GORGÉ for his term as Chairman and Chief Executive Officer of PRODWAYS GROUP.

2.2.1.2 Principles relating to the setting of fixed remuneration

To date, GROUPE GORGÉ has only had one executive corporate officer, namely Raphaël GORGÉ, Chairman and Chief Executive Officer.

GROUPE GORGÉ is controlled by the GORGÉ family through PÉLICAN VENTURE.

Raphaël GORGÉ also collects a fixed remuneration from PELICAN VENTURE, GROUPE GORGE AND PRODWAYS.

PELICAN VENTURE invoices certain services to GROUPE GORGÉ.

As such, it was decided that the comprehensive fixed remuneration of Raphaël GORGÉ must be appraised in light of the remuneration received both by GROUPE GORGÉ and by the controlling and controlled companies. The fixed remuneration allocated takes into account the time devoted to the management of the Company compared to the time devoted to the management of PRODWAYS GROUP and PÉLICAN VENTURE.

This remuneration is appraised in light of executive remuneration at firms of similar size or business, the Group's overall performance and the remuneration of the Group's senior executives.

In the event that the Company appoints other executive corporate officers, the Company may determine the fixed remuneration of the new executive corporate officers and take into account the level of difficulty of their responsibilities, experience in the position and seniority in the Group, as well as practices of other similar and comparable companies.

2.2.1.3 Principles relating to the setting of variable remuneration

The Chairman and Chief Executive Officer receives annual variable remuneration from GROUPE GORGÉ on account of his office.

He also receives a variable remuneration from PRODWAYS GROUPE on account of his office as Chairman Executive Officer of PRODWAYS GROUP.

The Board of Directors determines the quantitative and qualitative criteria to be applied on the proposal of the Remuneration Committee according to the priorities defined by the Group and the weighting given to each of these criteria. The performance criteria set targets for each of the Group's divisions with the exception of the 3D division because of the performance targets specific to that division already set by the PRODWAYS GROUP Board of Directors.

The Company wishes to keep the applied criteria confidential. The quantitative criteria relate to the Group's performance objectives, revenue and share price performance. The qualitative criteria are defined according to projects and the Group's strategy.

No multiannual variable remuneration is established.

In the event that the Company appoints other executive corporate officers, it may determine their annual or multiannual variable remuneration by taking the level of difficulty of their responsibilities, experience in the position and seniority in the Group as well as the practices of comparable firms into account.

2.2.1.4 Other remuneration and benefits in kind

Executive corporate officers are not entitled to any compensation or benefits due or likely to be due on account of their assumption, cessation or change of duties or after the performance thereof.

Executive corporate officers are given the use of a company car.

The Board of Directors decided that in future, only Independent Directors not remunerated elsewhere by a significant shareholder will receive Directors' fees. Consequently, the Chairman and Chief Executive Officer will no longer receive Directors' fees.

Under exceptional circumstances, the Board of Directors may decide to allocate non-recurring remuneration to executive corporate officers. The reasons for this decision would be explained.

In the event that new executive corporate officers are appointed, the Board of Directors may also decide to grant benefits in kind, complementary pension schemes or bonuses, (including compensation or benefits due or likely to be due on account of their assumption, cessation or change of duties or after the performance thereof), in accordance with market practices and the executive's experience.

The Board of Directors may also grant stock options or bonus shares to executive corporate officers under the conditions provided by law. To do this, it is granted the necessary authorisations as voted by the shareholders' meeting.

In the event that the Board of Directors appoints one or more Deputy Chief Executive Officers, the Company pays them fixed remuneration and, where applicable, exceptional remuneration by taking the level of difficulty of their responsibilities, experience in the position and seniority in the Group as well as the practices of comparable firms into account. The principles and criteria for variable remuneration applicable to the Chairman and Chief Executive Officer also apply to any Deputy Chief Executive Officers, including any necessary modifications.

In the event that the Board of Directors separates the offices of Chairman and Chief Executive Officer, the Company pays the latter fixed and, where applicable, exceptional remuneration by taking the level of difficulty of their responsibilities, experience in the position and seniority in the Group as well as the practices of comparable firms into account. The principles and criteria for variable remuneration applicable to the Chairman and Chief Executive Officer also apply to the Chief Executive Officer, including any necessary modifications. In such an event the separate Chairman is entitled to fixed remuneration, attendance fees and benefits in kind.

The payment of variable and any exceptional remuneration in respect of offices held during the 2018 financial year is subject to the ordinary shareholders' meeting approving the remuneration package of executive corporate officers paid or allocated during the year.

2.2.1.5 Remuneration of the Chief Executive Officer for 2017

The remuneration package and benefits in kind paid or allocated to Raphaël GORGÉ as Chairman and Chief Executive Officer for the 2017 financial year are summarised in the table below.

The shareholders' meeting of 13 June 2018 (9th resolution) will be asked to approve the fixed, variable or exceptional components of the total remuneration and benefits in kind paid or allocated to Raphaël GORGÉ for the 2017 financial year in his capacity as Chairman and Chief Executive Officer:

Remuneration components paid or allocated for the period	Amounts or book value submitted for approval	Presentation
Fixed compensation	€0	In accordance with the remuneration policy described above, Raphaël GORGÉ receives no fixed remuneration from GROUPE GORGÉ.
Annual variable compensation	€27,600 (amount to be paid after approval of the shareholders' meeting) (including any deferred portion)	The Board of Directors, meeting on 20 March 2017, decided to allocate variable compensation of up to €92 thousand gross to Raphaël GORGÉ for 2017, depending on the achievement of quantitative and qualitative criteria linked to the Group's performance and projects. The criteria were precisely defined the beginning of the year by the Board of Directors on a proposal by the Remuneration Committee. These criteria remain confidential.
Multiannual variable remuneration in cash	€0 (book value)	Raphaël GORGÉ receives no multiannual variable remuneration in cash from GROUPE GORGÉ.
Stock options allocated	Options = €0 (book value)	The Board did not grant any stock options in 2017.
Bonus shares allocated	Shares = €0 (book value)	The Board did not grant any bonus shares in 2017
Exceptional compensation	€0 (amount to be paid after approval of the shareholders' meeting)	No exceptional remuneration is due in respect of 2017.
Attendance fees	€10,000 (amount paid or to be paid)	Equal distribution of Directors' fees approved by the Board of Directors at its meeting on 29 March 2018.
Compensation, allowances or benefits for taking office	€0 (amounts paid)	Not applicable
Compensation components paid on account of the cessation or change of duties, retirement commitments and non-compete commitments	€0 (amounts paid)	No compensation is due on account of the cessation or change of duties, retirement commitments and non-compete commitments.
Remuneration components and benefits in kind under agreements entered into with the Company by virtue of office, or any entity controlled by the Company, or any entity that controls it, or any entity controlled by the entity that controls it.	€0 (amount paid or to be paid)	No such agreements exist. The service agreement between GROUPE GORGÉ and PÉLICAN VENTURE is unconnected to Raphaël GORGÉ's office.
Compensation due by virtue of office exercised in the entities controlling GROUPE GORGÉ	€184,000 (amount paid)	Raphaël GORGÉ was paid a compensation by virtue of his office at PÉLICAN VENTURE
Compensation due by virtue of office exercised in the entities controlled by GROUPE GORGÉ	€0	Raphaël GORGÉ was not paid any compensation for his offices in entities controlled by GROUPE GORGÉ.
Other components of compensation granted in respect of the term of office	€0 (amount paid or to be paid)	
Benefits of all kinds	€9.701 (book value)	Raphaël GORGÉ received a benefit in kind by virtue of his office at PÉLICAN VENTURE.

2.2.2 Remuneration of executive corporate officers

The tables below present the remuneration and benefits paid to each of the corporate officers by the Company, companies controlled by GROUPE GORGÉ or the controlling company of GROUPE GORGÉ, during the past year. They are covered by the AMF recommendation on the preparation of Registration Documents.

Raphaël GORGÉ (Chairman and Chief Executive Officer) is remunerated as set out in Section 2.2.1 above.

Jean-Pierre GORGÉ (Director) is remunerated by PÉLICAN VENTURE, the company controlling GROUPE GORGÉ. This remuneration is not in connection with his term of office as Director at GROUPE GORGÉ.

Catherine GORGÉ (Director) acted as a consultant (*via* her consulting firm CBG CONSEIL) to the subsidiary PRODWAYS (2014 to 2016) then to PRODWAYS GROUP (in 2016 and 2017) and charged fees for her services (see Table 3 and Section 2.5.1 below).

The total amount of Directors' fees to be allocated to the Board of Directors for 2017 was set at €60,000.

TABLE 1 – SUMMARY TABLE OF THE REMUNERATION PAID AND THE OPTIONS AND SHARES GRANTED TO EACH EXECUTIVE CORPORATE OFFICER

Raphaël GORGÉ, Chairman and Chief Executive Officer	2017	2016
Remuneration due for the financial year (details in Table 2)	€37,600	€66,750
Remuneration due by a controlling company for the financial year (details in Table 2)	€193,701	€189,701
Value of multiannual variable compensation granted during the financial year	None	None
Value of the options granted during the financial year	None	None
Value of bonus shares granted	None	None
TOTAL FOR RAPHAËL GORGÉ	**€231,301**	**€256,451**

TABLE 2 – SUMMARY TABLE OF THE REMUNERATION OF EACH EXECUTIVE CORPORATE OFFICER

Raphaël GORGÉ, Chairman and Chief Executive Officer	Amounts for 2017		Amounts for 2016	
	Due(3)	Paid(4)	Due(3)	Paid(4)
• Fixed remuneration	none	none	none	none
• Fixed remuneration paid by a controlling entity(1)	€184,000	€184,000	€180,000	€187,000
• Annual variable remuneration(2)	€27,600	€56,750	€56,750	€59,350
• Multiannual variable remuneration	none	none	none	none
• Exceptional remuneration	none	none	none	none
• Directors' fees	€10,000	€10,000	€10,000	€10,000
• Benefits in kind(1)	€9,701	€9,701	€9,701	€9,701
TOTAL	**€231,301**	**€260,451**	**€256,451**	**€266,051**

(1) *This remuneration was paid by PÉLICAN VENTURE, the company that controls GROUPE GORGÉ.*

(2) *The Board of Directors decided to allocate variable compensation of up to €92 thousand gross to Raphaël GORGÉ for 2017 (€90 thousand for 2016), depending on the achievement of quantitative and qualitative criteria linked to the Group's performance and projects. The criteria were precisely defined the beginning of the year by the Board of Directors on a proposal by the Remuneration Committee. These criteria remain confidential.*

(3) *Remuneration due to the corporate officer during the financial year, the amount of which cannot be changed regardless of the payment date.*

(4) *Remuneration due to the corporate officer during the financial year.*

TABLE 3 – TABLE OF DIRECTORS' FEES AND OTHER REMUNERATION RECEIVED BY NON-EXECUTIVE CORPORATE OFFICERS

Members of the Board of Directors	Paid in 2017	Paid in 2016
Jean-Pierre GORGÉ		
Attendance fees	€10,000	€10,000
Other remuneration(1)	€136,910	€136,910
Sylvie LUCOT		
Attendance fees	€10,000	€10,000
Other compensation	-	-
Martine GRIFFON-FOUCO		
Attendance fees	€10,000	€10,000
Other compensation	-	-
Catherine GORGÉ(2)		
Attendance fees	€10,000	€10,000
Other compensation	€113,063	€130,875
Hugues SOUPARIS		
Attendance fees	€10,000	€10,000
Other compensation	-	-

(1) The remuneration paid to Jean-Pierre GORGÉ was paid by PELICAN VENTURE, the company that controls GROUPE GORGÉ SA.

(2) "Other remuneration" paid to Catherine GORGÉ corresponds to fees, exclusive of tax, billed to PRODWAYS GROUP by her firm CBG CONSEIL.

TABLE 4 – STOCK OPTIONS ALLOCATED DURING THE PERIOD TO EACH EXECUTIVE CORPORATE OFFICER BY THE ISSUER AND BY ANY GROUP ENTITY

None

TABLE 5 – STOCK OPTIONS EXERCISED DURING THE PERIOD BY EACH EXECUTIVE CORPORATE OFFICER

None

TABLE 6 – BONUS SHARES GRANTED TO EACH CORPORATE OFFICER

None

TABLE 7 – BONUS SHARES MADE AVAILABLE TO EACH CORPORATE OFFICER

None

TABLE 8 – HISTORY OF STOCK OPTION ALLOCATIONS

None

TABLE 9 – STOCK OPTIONS GRANTED TO THE FIRST TEN EMPLOYEES WHO ARE NOT CORPORATE OFFICERS AND EXERCISED BY THEM

None

TABLE 10 – HISTORY OF BONUS SHARE AWARDS

Date of shareholders' general meeting	18/12/2006	08/06/2010	08/06/2014
Date of Board of Directors' meeting	22/02/2008	06/06/2011	12/05/2014
Total number of bonus shares distributed(1)	62,000	49,000	30,000
including corporate officers	31,000	-	-
Raphaël GORGÉ	*31,000*	-	-
Acquisition date of the shares	22/04/2010	06/06/2013	02/05/2016 and 31/12/2016
Date of end of the lock-up period	22/04/2012	06/06/2015	02/05/2018 and 31/12/2018
Number of shares acquired	20,668	42,000	15,000
including corporate officers	10,334	-	-
Raphaël GORGÉ	*10,334*	-	-
Number of cancelled shares	41,332	7,000	15,000
Free shares with ongoing acquisition period	-	-	-

(1) Distribution subject to performance conditions associated with the profits of the Group and/or of the subsidiaries.

TABLE 11 – INFORMATION RELATING TO EMPLOYMENT CONTRACTS, SUPPLEMENTARY PENSION SCHEME AND INDEMNITIES FOR EACH EXECUTIVE CORPORATE OFFICER

Executive corporate officers	Raphaël GORGÉ, Chairman and Chief Executive Officer
Employment contract	no
Supplementary pension scheme	yes(1)
Compensation or benefits due or likely to be due on account of the end or change of office	no
Compensation relating to a non-compete clause	no

(1) Supplementary pension plan with defined contributions of 2.5% of the gross salary, paid by PÉLICAN VENTURE, the company controlling GROUPE GORGÉ.

2.3 COMPANY REFERENCE TO A CORPORATE GOVERNANCE CODE AND ITS APPLICATION BY THE COMPANY

At the Board of Directors' meeting on 7 April 2010, the Company decided to adhere to the Corporate Governance Code for MIDDLENEXT VAMPS. MIDDLENEXT updated its Code in 2016. This Code can be consulted on the MIDDLENEXT website (www.middlenext.com).

The Board of Directors took note of the items in the "Items requiring careful attention" section. Most of the recommendations are respected:

Code recommendation	Compliant	Non-compliant
Recommendation 1 (Code of Ethics for Board members)	×	
Recommendation 2 (Conflicts of interest)	×	
Recommendation 3 (Board members – attendance of independent members)	×	
Recommendation 4 (information for Board members)	×	
Recommendation 5 (organisation of Board and Committee meetings)	×	
Recommendation 6 (establishment of Committees)	×	
Recommendation 7 (implementation of Internal Regulations for the Board)	×	
Recommendation 8 (selection of Directors)	×	
Recommendation 9 (term of office of Board members)	×	
Recommendation 10 (remuneration of Board members)	×(1)	
Recommendation 11 (assessment of the work of the Board)	×	
Recommendation 12 (relationships with shareholders)	×	
Recommendation 13 (setting and transparency of the remuneration of executive corporate officers)	×	
Recommendation 14 (preparation of succession of senior managers)		×(2)
Recommendation 15 (accumulation of employment contracts and corporate offices)	×	
Recommendation 16 (severance pay)	×	
Recommendation 17 (supplementary pension scheme)	×	
Recommendation 18 (stock options and allocation of bonus shares)	×	
Recommendation 19 (review of vigilance points)	×	

(1) *Recommendation 10 (remuneration of Board members): since the Directors have an excellent attendance record at Board meetings and the total amount of Directors' fees remains relatively modest, the distribution of Directors' fees in accordance with the attendance record was not adopted. The new policy for paying Directors' fees excludes payment to Directors who are not independent or who represent significant shareholders.*

(2) *Recommendation 14 (preparation of succession of senior managers): there is no formal succession plan. The Remuneration Committee or the Board of Directors will have to reflect on this issue.*

2.4 SPECIAL ARRANGEMENTS, IF ANY, REGARDING SHAREHOLDER PARTICIPATION IN SHAREHOLDERS' MEETINGS

The Articles of Association do not contain any provision waiving the ordinary legal provisions governing the arrangements for shareholder participation in shareholders' meetings (see the partial excerpt of Article 22 of the Articles of Association inserted in the Section 4.1.2 bellow).

2.5 REGULATED AGREEMENTS AND AGREEMENTS COVERED IN ARTICLES L. 225-38 AND L. 225-37-4 2° OF THE FRENCH COMMERCIAL CODE

2.5.1 Presentation of agreements

During the 2017 financial year, the Company did not enter into any new regulated agreements.

The regulated agreements entered into in previous years and still in force in 2017 are set out in the statutory auditors' report on regulated agreements and commitments. There was a single agreement, *i.e.* a contract to issue convertible bonds redeemable in PRODWAYS GROUP or GROUPE GORGÉ shares to FIMALAC Development. These convertible bonds were redeemed in early 2017 by PRODWAYS GROUP.

At its meeting to approve the 2017 financial statements, the Board of Directors noted that there were no more regulated agreements in force.

Pursuant to Article L. 225-37-4 2° of the French Commercial Code, mention is made that Catherine GORGÉ (through her firm CBG CONSEIL) launched the "Luxury, Art, Design & Architecture" division (also known as "Les Créations") of PRODWAYS GROUP in 2016 and continued to develop that division in 2017. Under the service agreement between CBG CONSEIL and PRODWAYS GROUP, the services invoiced by the former to the latter amounted to €113,063 (excl. tax) in 2017 and €119,875 (excl. tax) in 2016.

2.5.2 Special Report of the Statutory Auditors on regulated agreements and commitments

(Shareholders meeting for the approval of the financial statements for the year ended 31 December 2017)

To the Shareholders,

In our capacity as your company's statutory auditors, we hereby report to you on regulated agreements and commitments.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of agreements and commitments that have been disclosed to us or that we may have identified as part of our engagement, without commenting on their relevance or substance or identifying any undisclosed agreements or commitments. Under the provisions of Article R. 225-31 of the French Commercial Code, it is the responsibility of the shareholders to determine whether the agreements and commitments are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by Article R. 225-31 of the French Commercial Code in relation to the implementation, during the year, of agreements and commitments already approved by the Shareholders' Meeting.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

Agreements and commitments submitted to the approval of the Shareholders' Meeting

We hereby inform you that we have not been notified of any agreement or commitment authorised during the past financial year to be submitted for the approval of the Shareholders' Meeting pursuant to the provisions of Article L. 225-38 of the French Commercial Code.

Agreements and commitments already approved by the Shareholders' Meeting

In accordance with article R. 225-30 of the French Commercial Code, we have been informed of the following agreements and commitments approved in prior years and which remained current during the last year.

- **Issuance to FIMALAC DEVELOPPEMENT of bonds convertible into shares of PRODWAYS GROUP or GROUPE GORGÉ.**

Persons concerned: Raphaël GORGÉ, GROUPE GORGÉ, PRODWAYS GROUP.

Nature and purpose

On 20 May 2015, the Board of Directors of GROUPE GORGÉ authorised its subsidiary PRODWAYS GROUP to issue to FIMALAC DEVELOPPEMENT bonds convertible into shares in PRODWAYS GROUP or GROUPE GORGÉ.

Conditions

On 17 June 2015, €10 million was contributed by FIMALAC DEVELOPPEMENT in the form of bonds convertible into shares in PRODWAYS GROUP or GROUPE GORGÉ.

- In PRODWAYS GROUP shares
  - at any time at the holder's request;
  - automatically in the event of an IPO of PRODWAYS GROUP;
  - automatically for the bonds still outstanding as at 1 January 2021.
- In GROUPE GORGÉ shares between 1 January 2019 and 31 December 2020, at the holder's request (in the absence of an IPO of PRODWAYS GROUP).

Relevance of the agreement for GROUPE GORGÉ

"The board has considered that this bond issuance would allow PRODWAYS GROUP to finance its development. It considers that the valuations of the companies used are favourable."

This agreement ended in 2017 with the repayment of the convertible bonds by PRODWAYS GROUP.

The execution of this agreement has no financial impact on the GROUPE GORGÉ financial statements for the 2017 financial year.

Neuilly-sur-Seine and Courbevoie, 10 April 2018

The Statutory Auditors

PricewaterhouseCoopers Audit	Mazars
David CLAIROTTE	Daniel ESCUDEIRO

2.6 INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

OurCompany has developed internal control procedures with a view to achieving, to the extent possible, strict financial management and risks control, and preparing the information provided to shareholders on the financial position and financial statements.

The main risks facing the Group are discussed in Chapter 1 of the Registration Document ("Risk Factors").

The internal control system is built around the following organisation and methodologies:

2.6.1 General organisation of internal control

The Chairman & CEO, assisted by the Chief Financial Officer, established the Company's internal control system with a view to ensuring:

- the safeguarding and integrity of assets;
- the reliability of information flows.

This internal control system primarily encompasses:

- oversight of the Group's business by the introduction of a procedure for monthly reporting and analysis of sales, profit (loss) and cash flow;
- a procedure for organising the closing of accounts and the preparation of consolidated financial statements every half-year;
- a special reporting procedure for the quarterly preparation of consolidated revenue figures.

2.6.2 Group organisation

GROUPE GORGÉ SA does not carry out any industrial activities and its purpose is to:

- define and implement the Group's strategy;
- supervise the management of its subsidiaries;
- liaise with financial stakeholders such as banks and investors;
- develop and maintain common procedures in areas such as reporting, management control and accounting.

The Group is organised around three business divisions: Smart Safety Systems, Protection of High-Risk Installations and 3D Printing. Each segment is independent with its own operational and management structures.

Management at the Group's main operating subsidiaries reports directly to the Group's senior management.

2.6.3 Implementing internal control

2.6.3.1 Activity report

All direct and indirect subsidiaries of GROUPE GORGÉ complete the Group's reporting scorecards which include the following business indicators:

- monthly and year-to-date sales;
- monthly order intakes;
- total order book;
- significant events.

These scorecards, once approved by the finance chiefs and executive management in the operating entities, are sent on the 5th of each month together with any notes or commentaries required to analyse and understand them.

2.6.3.2 Performance report

All direct and indirect subsidiaries of GROUPE GORGÉ prepare a monthly income statement in the Group's format with a comparison against the budget. The cash flow position and a three-month cash flow forecast are also included. These reports also include information on Working Capital Requirements (WCR), capital expenditure and significant events.

This information, together with any commentary required for understanding it and following approval by management, is sent on the 18th of each month.

Monthly meetings are held between Group management and management of subsidiaries to discuss the information sent and to consider any corrective measures taken or to be taken and to update forecasts.

These monthly reports are accompanied by an end-of-year income statement, which is updated several times during the year.

2.6.3.3 Accounting close

All the Group's subsidiaries close their annual and interim financial statements on 31 December and 30 June respectively.

The interim and annual financial statements as well as the consolidation reporting are audited or partially reviewed by the statutory auditors.

Preparation meetings between Group management and management at subsidiaries are held at each accounting close in order to agree the relevant options for said accounting closes.

The data required for preparing the consolidated financial statements are entered in a decentralised input system. The software used is SAP BFC, with an automatic module that immediately reconciles reported intra-group transactions. An internal manual details the principles and policies applied by the Group for the purposes of preparing the consolidation reporting.

The Group's consolidated financial statements are prepared internally in accordance with applicable principles and are audited by the statutory auditors.

Following these accounting closes, all legal disclosure requirements are satisfied.

The SAP BFC software package is used for the consolidation of the financial statements as well as all budgets, reports and forecasts.

2.6.3.4 Quarterly business reports

The Group publishes its quarterly consolidated revenue. These numbers are prepared in the same way as for the preparation of the consolidated financial statements. The press releases disclosing quarterly revenue numbers are prepared on the basis of the business and profit (loss) reports as well as discussions with management at the subsidiaries.

2.6.3.5 Assessment of internal control

In 2016, the Group completed a comprehensive review of risk mapping and the internal control accounting system. The objective was to stabilise a robust and sustainable internal control system, taking into account the specificities of the Group, and to provide a reasonable level of assurance for control of the main risks. The work carried out by the Group was reviewed by one of our statutory auditors, PwC.

With regard to risk, the project began with risk identification, which took place through a set of maintenance actions. The identified risks were sorted, categorised and evaluated in terms of impact and likelihood of occurrence. The risks were regrouped on a map. Risk mapping is meant to be updated annually for each business segment and at Group level.

On the basis of the risk mapping, actions to improve risk control were defined. The most important of these actions are the strengthening and dissemination of internal control measures.

A Group internal control framework common to all GROUPE GORGÉ subsidiaries was developed to facilitate the dissemination and monitoring of good internal control practices. Critical processes were identified (accounting closure, cash, purchases, sales, inventories, HR/payroll, project management, legal and tax, R&D, control environment and general computer controls). An internal control framework was built for each process and then adapted and validated in cross-functional workshops. The sum of the frameworks for each process constitutes the Group's internal control framework. For each process and sub-process, this framework defines the risks to which the Group is exposed, the objectives of the controls to be carried out, the control activities, their frequency, responsible persons and proof of achievement.

The dissemination of the internal control framework within the Group was accompanied by self-assessment questionnaires that focused on the controls deemed to be priorities.

The use of the internal control framework within the Group is the responsibility of the entire management chain, starting with the managers (division managers or CEOs of subsidiaries) who rely for this on the administrative and financial managers or Directors.

2.6.4 Preparation and control of accounting and financial information for shareholders

The Chairman and CEO, assisted by Chief Financial Officer, establish the financial communications policy.

Presentations of highlights, outlook and interim and annual financial statements are put up on the Group's website when results are published. The Company also takes part in investor meetings.

2.6.5 Legal and regulatory compliance

In order to ensure that their businesses are in compliance with applicable regulations, Group companies have recourse to the Group's legal resources and to external advisers (lawyers, labour law experts and intellectual property experts).


3

FINANCIAL AND ACCOUNTING INFORMATION

3

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3.1 CONSOLIDATED FINANCIAL STATEMENTS 2017

The Group's consolidated financial statements are prepared in accordance with IFRS published by the International Accounting Standards Board (IASB) as approved by the European Union. The accounting policies are detailed in the notes to the consolidated financial statements, Section 3.1.6.

3.1.1 Consolidated income statement

(In thousands of euros)	Notes	2017	2016*	2016 published
REVENUE	4.1	**276,685**	**281,153**	**281,153**
Capitalised production		10,526	8,653	8,653
Inventories and work in progress		(835)	(426)	(426)
Other income from the business	4.2	8,183	11,677	11,677
Purchases and external charges		(165,383)	(173,692)	(173,692)
Personnel expenses	5.2	(117,387)	(103,051)	(103,051)
Tax and duties		(3,407)	(2,388)	(2,388)
Depreciation, amortisation and provisions net of reversals	4.3	(14,073)	(12,625)	(12,625)
Other operating income and expenses		(72)	(270)	(270)
PROFIT (LOSS) FROM CONTINUING OPERATIONS		**(5,763)**	**9,031**	**9,031**
Non-recurring items in operating income	3.2.1	(8,094)	1,021	2,530
OPERATING INCOME		**(13,857)**	**10,052**	**11,561**
Interest on gross debt		(1,935)	(2,264)	(2,264)
Interest on cash and cash equivalents		(41)	29	29
COST OF NET DEBT (A)	8.2	**(1,976)**	**(2,235)**	**(2,235)**
Other financial income (B)		766	618	618
Other financial expense (C)		(898)	(638)	(638)
FINANCIAL INCOME AND EXPENSES (D = A + B + C)	8.2	**(2,108)**	**(2,255)**	**(2,255)**
Income tax	9.1	(4,814)	(4,488)	(4,488)
Group share of the earnings of affiliated companies		60	40	40
NET INCOME FROM CONTINUING ACTIVITIES		**(20,718)**	**3,350**	**4,859**
Net income from discontinued activities		-	-	-
CONSOLIDATED NET INCOME		**(20,718)**	**3,350**	**4,859**
INCOME ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS		**(16,125)**	**(751)**	**172**
INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS(1)		**(4,593)**	**4,100**	**4,687**
Average No. of shares	10.2	13,497,464	13,420,184	13,420,184
Earnings per share (in euros)	10.2	(0.195)	(0,056)	0.013

* *2016 column restated to reflect the items described in Note 1.3.*

(1) *Concerns the non-controlling interests of ECA group and PRODWAYS GROUP.*

3.1.2 Comprehensive income statement

(In thousands of euros)	2017	2016*	2016 published
NET INCOME	**(20,718)**	**3,350**	**4,859**
Currency translation adjustment	36	(51)	(51)
Tax relating to currency translation adjustments	-	-	-
Revaluation of hedging derivatives	-	-	-
Tax relating to revaluation of hedging derivatives	-	-	-
Actuarial gains and losses on defined benefit plans	(11)	(719)	(719)
Tax relating to actuarial gains and losses on defined benefit plans	4	240	240
Group share of gains and losses recognized directly in equity of equity-accounted companies	-	-	-
TOTAL OTHER ITEMS OF COMPREHENSIVE NET INCOME	**27**	**(530)**	**(530)**
of which can be reclassified subsequently to profit and loss	27	(530)	(530)
of which cannot be subsequently reclassified to profit and loss	-	-	-
COMPREHENSIVE INCOME	**(20,691)**	**2,820**	**4,329**
Comprehensive income attributable to parent company shareholders	(16,081)	(1,380)	(249)
Comprehensive income attributable to non-controlling interests	(4,609)	4,200	4,578

* *2016 column restated to reflect the items described in Note 1.3.*

3.1.3 Report of the consolidated financial position

ASSETS

(In thousands of euros)	Notes	31/12/2017	31/12/2016*	31/12/2016 published
NON-CURRENT ASSETS		**131,849**	**120,221**	**121,538**
Goodwill	6.1	61,272	45,815	45,798
Other intangible assets	6.2	34,397	36,058	38,245
Property, plant and equipment	6.3	27,283	25,674	25,674
Investment property	6.3	298	298	298
Investments in affiliated companies	8.1.4	1,507	1,421	1,421
Other financial assets	8.1.4	3,854	4,379	4,379
Deferred tax assets	9.2	3,235	5,816	5,719
Other non-current assets	4.6	5	5	5
CURRENT ASSETS		**322,331**	**258,230**	**258,230**
Net inventories	4.5	29,800	29,020	29,020
Net trade receivables	4.4	161,860	152,038	152,038
Other current assets	4.6	19,210	16,842	16,842
Tax receivables payable	9.1.1	24,635	21,538	21,538
Other current financial assets		38	40	40
Cash and cash equivalents	8.1.2	86,789	38,752	38,752
Assets held for sale		-	-	-
TOTAL ASSETS		**454,180**	**378,451**	**379,768**

* *2016 column restated to reflect the items described in Note 1.3.*

TOTAL EQUITY AND LIABILITIES

(In thousands of euros)	Notes	31/12/2017	31/12/2016*	31/12/2016 published
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		**101,726**	**67,528**	**68,943**
Share capital(1)	10.1	13,503	13,496	13,496
Share premiums(1)		26,914	26,769	26,769
Retained earnings and other reserves(2)		61,309	27,263	28,678
STAKES ATTRIBUTABLE TO NON-CONTROLLING INTERESTS(3)		**65,391**	**31,891**	**32,802**
NON-CURRENT LIABILITIES		**50,404**	**78,366**	**77,516**
Long-term provisions	5.3	9,934	9,706	9,664
Long-term liabilities – portion due in more than one year	8.1.1	36,314	64,627	64,627
Other financial liabilities	8.1.3	2,682	2,102	1,295
Deferred tax liabilities	9.2	596	621	621
Other non-current liabilities	4.7	878	1,309	1,309
CURRENT LIABILITIES		**236,658**	**200,666**	**200,505**
Short-term provisions	11	11,300	8,754	8,425
Long-term liabilities – portion due in less than one year	8.1.1	48,308	25,545	25,545
Operating payables	4.7	52,853	49,442	49,442
Other current liabilities	4.7	123,955	116,798	116,967
Tax liabilities payable	9.1.1	242	127	127
Liabilities held for sale		-	-	-
TOTAL LIABILITIES		**454,180**	**378,451**	**379,768**

* *2016 column restated to reflect the items described in Note 1.3.*

(1) *Of the consolidating parent company.*

(2) *Including net profit (loss) for the year.*

(3) *Concerns the non-controlling interests of ECA group and PRODWAYS GROUP.*

3.1.4 Consolidated cash flow statement

(In thousands of euros)	Notes	2017	2016*	2016 published
NET INCOME FROM CONTINUING OPERATIONS		**(20,718)**	**3,350**	**4,859**
Accruals		19,306	9,210	8,088
Capital gains and losses on disposals		1,743	58	58
Group share of income of equity-accounted companies		(60)	(40)	(40)
CASH FLOW FROM OPERATING ACTIVITIES (BEFORE ELIMINATION OF NET BORROWING COSTS AND TAXES)	7.1	**270**	**12,578**	**12,965**
Expense for net debt	8.2	1,912	2,235	1,849
Tax expense	9.1	4,814	4,488	4,488
CASH FLOW FROM OPERATING ACTIVITIES (AFTER ELIMINATION OF NET BORROWING COSTS AND TAXES)		**6,996**	**19,301**	**19,301**
Tax paid		(1,678)	(3,544)	(3,544)
Change in working capital requirements	7.2	(7,045)	(14,416)	(14,423)
NET CASH FLOW FROM OPERATING ACTIVITIES (A)		**(1,726)**	**1,342**	**1,334**
Investing activities				
Payments/acquisition of intangible assets		(9,457)	(8,586)	(8,586)
Payments/acquisition of property, plant and equipment		(6,219)	(5,291)	(5,291)
Proceeds/disposal of property, plant and equipment and intangible assets		118	93	93
Payments/acquisition of non-current financial assets		(266)	(283)	(283)
Proceeds/disposal of non-current financial assets		684	409	409
Net cash inflow/outflow on the acquisition/disposal of subsidiaries	7.3	11,475	3,821	3,821
NET CASH FLOW FROM INVESTING ACTIVITIES (B)		**(3,664)**	**(9,836)**	**(9,836)**
Financing activities				
Capital increase or contributions		62,635	1,628	1,628
Dividends paid to parent company shareholders		-	-	-
Dividends paid to non-controlling interests		(1,129)	(1,103)	(1,103)
Proceeds from borrowings	8.1.1	14,829	38,707	38,707
Repayment of borrowings	8.1.1	(19,634)	(26,439)	(26,439)
Cost of net debt		(1,743)	(1,856)	(1,849)
NET CASH FLOW FROM FINANCING ACTIVITIES (C)		**54,959**	**10,937**	**10,944**
CASH FLOW GENERATED BY (USED IN) ALL ACTIVITIES (D = A+ B+ C)		**49,569**	**2,442**	**2,442**
CASH GENERATED BY DISCONTINUED OPERATIONS		**-**	**-**	**-**
CHANGE IN CASH AND CASH EQUIVALENTS		**49,569**	**2,442**	**2,442**
Effects of exchange rate changes		(167)	34	34
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	8.1.2	**29,665**	**27,175**	**27,175**
Restatement of cash and cash equivalents(1)		(83)	14	14
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	8.1.2	**78,983**	**29,665**	**29,665**

(1) Flows due to treasury shares.

* *2016 column restated to reflect the items described in Note 1.3.*

3.1.5 Statement of changes in consolidated shareholders' equity

(In thousands of euros)	Group share or owners of the parent company						
	Capital	**Share capital reserves**	**Treasury shares**	**Retained earnings and consolidated net income**	**Equity attributable to parent company shareholders**	**Equity attributable to non-controlling interests**	**Total Equity**
2015 CLOSING EQUITY	**13,367**	**24,540**	**(788)**	**30,313**	**67,432**	**29,543**	**96,975**
Share capital transactions	114	2,163	(15)	-	2,262	-	2,262
Bonus share and stock option plan	15	67	-	51	133	4	137
Treasury share transactions	-	-	(30)	-	(30)	1	(29)
Equity instruments	-	-	-	(1,135)	(1,135)	(314)	(1,449)
Dividends	-	-	-	-	-	(1,103)	(1,103)
Net income (loss) for the period(1)	-	-	*15*	*(765)*	*(751)*	*4,101*	*3,350*
Gains and losses recognised directly in equity	-	-		*(421)*	*(421)*	*(109)*	*(530)*
COMPREHENSIVE INCOME	**-**	**-**	**15**	**(1,187)**	**(1,172)**	**3,992**	**2,820**
Changes in scope	-	-	15	24.	39	(233)	(194)
2016 CLOSING EQUITY	**13,496**	**26,769**	**(804)**	**28,066**	**67,527**	**31,891**	**99,418**
Share capital transactions	7	146	-	-	152	0	153
Bonus share and stock option plan	-	-	-	330	330	243	573
Treasury share transactions	-	-	(53)	-	(53)	(45)	(98)
Equity instruments	-	-	-	(339)	(339)	(240)	(579)
Dividends	-	-	-	1	1	(1,129)	(1,128)
Net income (loss) for the period	-	-	*48*	*(16,174)*	*(16,126)*	*(4,592)*	*(20,718)*
Gains and losses recognised directly in equity	-	-	-	*44*	*44*	*(17)*	*27*
COMPREHENSIVE INCOME	**-**	**-**	**48**	**(16,129)**	**(16,081)**	**(4,609)**	**(20,691)**
Changes in scope	-	-	(17)	50,206	50,189	39,283	89,472
2017 CLOSING EQUITY	**13,503**	**26,915**	**(827)**	**62,135**	**101,726**	**65,394**	**167,119**

(1) 2016 Net income restated to reflect the items described in Note 1.3.

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Note 1 Accounting principles

The consolidated financial statements of GROUPE GORGÉ for the year ended 31 December 2017 include:

- the financial statements of GROUP GORGÉ;
- the financial statements of its subsidiaries;
- the proportion of the net assets and the net income of the companies accounted for using the equity method (joint ventures and partnership businesses).

The consolidated financial statements of GROUPE GORGÉ for the 2017 financial year were approved by the Board of Directors on 29 March 2018. They will be subject to approval by the next ordinary shareholder's meeting.

1.1 Standards applied

The accounting standards used to prepare the consolidated financial statements comply with the regulations and interpretations of the International Financial Reporting Standards (IFRS) as adopted by the European Union as of 31 December 2017. These accounting standards are consistent with those used to prepare the annual consolidated financial statements for the year ended 31 December 2016, with the exception of the new standards, revised standards and interpretations applicable from 1 January 2017.

The new standards and the following interpretations applicable within the Group over the period did not have any significant effect on the consolidated financial statements at 31 December 2017:

- amendments to IAS 7 – Statement of Cash Flows Disclosure Initiative;
- amendments to IAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses.

The Group has not applied the following standards and interpretations, which had not been adopted by the European Union at 31 December 2017 or for which application is not mandatory as of 1 January 2017:

- standards adopted by the European Union:
  - IFRS 9 – Financial instruments,
  - IFRS 15 – Revenue from Contracts with Customers,
  - IFRS 15 – Revenue from Contracts with Customers (Clarifications),
  - IFRS 16 – Leases;
- standards not adopted by the European Union:
  - IFRS 17 – Insurance contracts,
  - annual improvements to IFRS 2014-2016 Cycle (December 2016),
  - amendments to IAS 40 – Transfers of Investment Property,
  - IFRIC 23 – Uncertainty over income tax treatments,
  - IFRIC 22 – Foreign Currency Transactions and Advance Consideration,
  - amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions,
  - amendments to IFRS 4 – Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance contracts,
  - amendments to IFRS 9 – Prepayment Features with Negative Compensation,
  - amendments to IAS 28 – Long-term Interests in Associates and Joint Ventures,
  - annual improvements to IFRS 2015-2017 Cycle (December 2017),
  - amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

The determination process by GROUPE GORGÉ of the potential impacts on the consolidated financial statements of the Group of non-applicable standards is in progress. The Group does not anticipate any significant impact on its consolidated financial statements.

Application of IFRS 15 - Revenue from Contracts with Customers

On 29 October 2016, the European Union adopted IFRS 15 – Revenue from Contracts with Customers with mandatory application from 1 January 2018. The Group chose not to apply this regulation early.

The Group analysed each of its revenue sources, *i.e.* sales of goods and provision of services.

The analysis revealed no significant impact with respect to the Group's current accounting rules; revenue is recognized when or insofar as service requirements are met.

Regarding long-term contracts, IFRS 15 imposes two preconditions on the use of the percentage of completion method: the presence of a legally enforceable right to payment for the service provided and the impossibility of otherwise using the assets created. The Group analysed a sampling of contracts with regard to these two preconditions. The Group analysed a sampling of contracts with regard to these two preconditions. The analysis showed that applying IFRS 15 would have no impact with respect to the Group's current accounting practices.

Application of IFRS 16 - Leases in 2019

The application of IFRS 16 – Leases will be mandatory for financial years beginning 1 January 2019.

Per this standard, all leases other than short-term leases and leases of low-value assets must be recognised on the lessee's balance sheet in the form of a right-of-use asset and in counterpart to a financial debt.

The potential impact of these texts is being assessed by the Group.

Application of IFRS 9 - Financial Instruments

IFRS 9 – Financial Instruments, published by the IASB in July 2014 and adopted by the EU on 29 November 2016, replaces IAS 39 – Financial Instruments. Its application is mandatory from 1 January 2018.

The standard establishes new principles for classifying and measuring financial instruments, impairment of financial assets due to credit risk and hedge accounting. The Group therefore does not anticipate any material impacts arising from the application of this new standard in 2018.

1.2 Basis for preparation

The financial statements are presented in euros and are rounded to the nearest thousand.

The financial statements have been prepared under the historical cost convention, except in the case of derivatives and available-for-sale financial assets, which are measured at fair value. Financial liabilities are measured at amortised cost. The carrying amount of hedged assets and liabilities and the related hedging instruments corresponds to their fair value.

The preparation of the financial statements requires that Group management or the subsidiaries' management make estimates and assumptions that affect the reported amounts of assets and liabilities on the consolidated balance sheet, the reported amounts of income and expense items on the income statement and the commitments relating to the period under review. The actual results may differ.

The above-mentioned assumptions mainly concern:

- the calculation of the recoverable amounts of assets;
- the calculation of provisions for risks and charges;
- the calculation of income upon completion of work in progress;
- the calculation of pension and other post-employment benefit obligations (assumptions set out in Note 5.3).

As the Group's consolidated companies operate in different sectors, the valuation and impairment methods used for certain items may vary according to the sector.

1.3 Restatement of the financial information for prior years

The accounts at 31 December 2016 were adjusted to reflect the final fair value measurements of the assets, liabilities and contingent liabilities acquired from the ELTA and BE MAURIC. IFRS 3 (Revised) states that the fair value of acquired assets and liabilities must be remeasured retrospectively as though the changes had been made starting from the date of initial consolidation. In the notes, the 2017 data are compared to the restated 2016 data.

The following items were remeasured:

- for BE MAURIC, the calculated gross impact of retirement indemnities at +€42 thousand and the commitment to repurchase non-controlling interests under "Other financial liabilities" at €807 thousand;
- for ELTA, the fair value of intangible R&D assets at -€2,186 thousand, additional provisions for late penalties and termination losses at €329 thousand, and the deferred research tax credit at -€169 thousand.

The impacts of the adjustments on the financial statements are described in the following tables:

(In thousands of euros)	**31/12/2016 published**	**Adjustments**	**31/12/2016 restated**
REVENUE	**281,153**	**-**	**281,153**
PROFIT (LOSS) FROM CONTINUING OPERATIONS	**9,031**	**-**	**9,031**
Non-recurring items in operating income	2,530	(1,509)	1,021
OPERATING INCOME	**11,561**	**(1,509)**	**10,052**
Financial income and expenses	(2,255)	-	(2,255)
Income tax	(4,488)	-	(4,488)
Group share of the earnings of affiliated companies	40	-	40
NET INCOME	**4,859**	**(1,509)**	**3,350**
Attributable:			
• to the parent company shareholders	172	(922)	(751)
• to non-controlling interests	4,687	(587)	4,100

(In thousands of euros)	**31/12/2016 published**	**Adjustments**	**31/12/2016 restated**
NON-CURRENT ASSETS	**121,538**	**(1,317)**	**120,221**
Goodwill	45,798	17.	45,814
Other intangible assets	38,245	(2,186)	36,058
Property, plant and equipment	25,674	-	25,674
Investment property	298	-	298
Investments in affiliated companies	1,421	-	1,421
Other financial assets	4,379		4,379
Deferred tax assets	5,719	852	6,572
Other non-current assets	5	-	5
CURRENT ASSETS	**258,230**	**-**	**258,230**
TOTAL ASSETS	**379,768**	**(1,317)**	**378,451**

(In thousands of euros)	**31/12/2016 published**	**Adjustments**	**31/12/2016 restated**
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	**68,943**	**(1,416)**	**67,528**
NON-CONTROLLING INTERESTS	**32,802**	**(912)**	**31,891**
NON-CURRENT LIABILITIES	**77,516**	**849**	**78,366**
Long-term provisions	9,664	42	9,706
Long-term liabilities – portion due in more than one year	64,627	-	64,627
Financial instruments and derivatives	1,295	807	2,102
Deferred tax liabilities	621	-	621
Conditional advances	1,309		1,309
CURRENT LIABILITIES	**200,505**	**161**	**200,666**
Short-term provisions	8,425	329	8,754
Long-term liabilities – portion due in less than one year	25,545	-	25,545
Financial instruments and derivatives	-	-	-
Operating payables	49,442	-	49,442
Other current liabilities	116,967	(169)	116,798
Tax liabilities payable	127	-	127
TOTAL LIABILITIES	**379,768**	**(1,317)**	**378,451**

Note 2 Scope of consolidation

2.1 Accounting principles related to the consolidation scope

2.1.1 Consolidation method

The companies that are either directly or indirectly controlled by the Group are fully consolidated. Companies over which the Group exercises significant influence are accounted for using the equity method. Significant influence is assumed to exist when the Group holds more than 20% of the voting rights.

Acquisitions or disposals of companies during the year are recognised in the consolidated financial statements from the date on which the Group took direct or indirect control or gained significant influence or until the date on which control or significant influence was lost.

All significant transactions between consolidated subsidiaries are eliminated, as is income that is internal to the Group (capital gains, profits on stocks and dividends).

Consolidation is carried out with reference to the financial statements or positions as of 31 December.

The list of consolidated subsidiaries and equity interests is shown in Note 13. Certain subsidiaries, which are not significant in terms of the Group, may not be consolidated.

2.1.2 Translation of the financial statements of foreign companies

The currency in which the consolidated financial statements are prepared is the euro.

The financial statements of subsidiaries that have a different functional currency are translated into euros using:

- the official exchange rate on the reporting date, in the case of assets and liabilities;
- the average exchange rate for the year, in the case of income statement and cash flow statement items.

The average exchange rates for the year may be calculated using monthly exchange rates prorated in relation to revenue.

Translation differences arising from the application of these exchange rates are recognised under the item "Cumulative translation reserves" in consolidated equity.

2.1.3 Transactions in foreign currencies

Transactions in foreign currencies are recognised using the exchange rate applicable on the date the transactions are recognised or the hedging rate. At closing, payables or receivables denominated in foreign currencies are converted into euros at the closing exchange rate or at the hedging rate. Currency exchange rate differences on foreign currency transactions are recognised in financial income.

2.1.4 Business combinations

The Group is applying, on an advance basis, the revised IFRS 3 standard – Business combinations.

Business combinations are recognised in accordance with the acquisition method:

- the cost of an acquisition is valued at the fair value of the consideration transferred, including any price adjustment, on the date of taking control. Any subsequent variation in the fair value of a price adjustment is recognised in the income statement or in other items of the overall net income, in accordance with the standards applicable;
- the difference between the consideration transferred and the fair value of the identifiable assets acquired and liabilities taken over as at the date of taking control represents the goodwill, recognised in the assets in the report on the financial position.

Adjustments to the fair value of identifiable assets acquired and liabilities taken over recognised on a provisional basis (as a result of expert assessment work in progress or additional analyses) are recognised as retrospective adjustments to the goodwill if they occur within a period of one year with effect from the date of acquisition and if they result from facts or circumstances existing at the date of acquisition. Beyond this deadline, the effects are recognised directly in the income statement, as are any changes in estimates or error corrections.

For each takeover of control which involves the taking of an equity stake of less than 100%, the interest fraction which is not required (equity stakes which do not give control) is valued:

- either at fair value, in which case goodwill is recognised for the proportion relating to equity stakes which do not give control (full goodwill method);
- or at its proportion of the net identifiable assets of the acquired entity, in which case only goodwill in respect of the proportion acquired is recognised (partial goodwill method).

The costs directly attributable to the acquisition are recognised in expenses over the period during which they are incurred.

2.2 Changes in the consolidation scope

2.2.1 Transaction conducted in 2017

Changes in scope over the year are as follows:

- creation of a non-strategic subsidiary of ECA SA in the Middle East, the company ECA Middle East LLC;
- creation of GORGÉ-HOEKSTRA Holding BV at the end of December 2016. This new company is owned by GORGÉ NETHERLANDS BV;
- acquisition by GORGÉ-HOEKSTRA Holding BV of three Dutch companies and one Irish company in January 2017; these four companies operate in the maintenance and repair of wind turbines and solar installations;
- creation of PRODWAYS CONSEIL (3D division) in January 2017, a subsidiary of PRODWAYS GROUP;
- creation of VAN DAM USA in June 2017, a subsidiary of VAN DAM;
- PRODWAYS GROUP acquired 75% of the share capital of IP GESTION, itself the sole shareholder of INTERSON-PROTAC, a company that markets ear tips for hearing aids and customised hearing protectors. IP GESTION has been consolidated since 1 August;
- PRODWAYS GROUP acquired AVENAO Industrie, 3D SERVICAD and AS3D, in early November 2017. These companies supply 3D design consulting solutions and integration of 3D printing solutions.

In May 2017, PRODWAYS GROUP was floated as part of a capital increase of more than €60 million. The transaction diluted GROUP GORGÉ's stake in the subsidiary. At the end of October 2017, GROUP GORGÉ disposed of 7.5% of the share capital of PRODWAYS GROUP. Since neither transaction (dilution and disposal of shares) resulted in a change of control, both were recognised directly in equity rather than in the income statement (no dilution profit or capital gain) in line with IFRS 10 – Consolidated Financial Statements. The capital gain from the disposal of PRODWAYS shares came to €18,927 thousand. Net proceeds from the disposal came to €20,796 thousand and appear in the cash flow statement under "Net cash inflow/outflow on the acquisition and disposal of subsidiaries".

The fair value measurements of assets, liabilities and contingent liabilities acquired from PORTAFEU Nucléaire, CRISTAL, BUREAU MAURIC and ELTA were finalised and adjusted (see Note 1.3). Those of the four GORGÉ-HOEKSTRA companies will probably not be adjusted. The fair value measurements of the assets, liabilities and contingent liabilities acquired from INTERSON PROTAC and AVENAO are not final and may be adjusted within twelve months of the acquisition date.

In December 2017 the Group announced, and confirmed in February 2018, that the two foreign subsidiaries that became non-strategic would be disposed of or closed in 2018. At the closing date the proposed closings or disposals did not comply with the conditions for applying IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations. The Group uses non-GAAP measures for the sake of information, management and planning because they offer a better assessment of its long-term performance. These adjusted measures are defined and reconciled with operating income in Note 3.2.2.

2.2.2 Contribution of business combinations

First consolidation of GORGÉ-HOEKSTRA

The assets and liabilities of the four acquired companies break down as follows:

(In thousands of euros)	**Carrying amount**	**Revaluation at fair value**	**First consolidation**
Intangible assets	65	-	65
Property, plant and equipment and financial assets	217	-	217
Inventories	1,203	-	1,203
Trade and other receivables	1,310	-	1,310
Cash and cash equivalents	138	-	138
Provisions for risks and charges	(89)	-	(89)
Financial debt	(156)	-	(156)
Trade and other payables	(1,451)	-	(1,451)
TOTAL	**1,237**	**-**	**1,237**

First consolidation of AVENAO

The assets and liabilities acquired break down as follows:

(In thousands of euros)	**Carrying amount**	**Revaluation at fair value**	**First consolidation**
Intangible assets	438	-	438
Property, plant and equipment	269	-	269
Trade receivables	3,020	-	3,020
Social and tax receivables	438	-	438
Other operating assets	181	-	181
Cash and cash equivalents	2,515	-	2,515
Retirement indemnities	-	(60)	(60)
Financial debt	(10)	-	(10)
Contingent liabilities	-	(40)	(40)
Trade and other payables	(2,107)	-	(2,107)
Tax and social debts	(1,547)	-	(1,547)
Price additions	-	(2,500)	(2,500)
Other liabilities	(552)	-	(552)
Deferred income	(454)	-	(454)
Deferred tax/revaluations at fair value	-	28	28
TOTAL	**2,193**	**(2,572)**	**(379)**

First consolidation of INTERSON-PROTAC

The assets and liabilities acquired break down as follows:

(In thousands of euros)	**Carrying amount**	**Revaluation at fair value**	**First consolidation**
Intangible assets	134	-	134
Property, plant and equipment and financial assets	421	-	421
Inventories	370	-	370
Trade receivables	1,143	-	1,143
Other receivables	114	-	114
Cash and cash equivalents	697	-	697
Provisions for risks and charges	(70)	-	(70)
Retirement indemnities	(190)	-	(190)
Financial debt	(169)	-	(169)
Trade and other payables	(295)	-	(295)
Tax and social debts	(483)	-	(483)
Deferred tax liabilities/temporary differences	-	54	54
TOTAL	**1,672**	**54**	**1,727**

2.3 Off-balance sheet commitments related to the consolidation scope

On 16 April 2014, GROUPE GORGÉ acquired all shares comprising the share capital of INFOTRON, before contributing these INFOTRON shares to ECA on 3 June 2014. The assets and liabilities guarantee granted by REMOTE REWARD, the vendor of INFOTRON, was transferred to ECA. The term of this guarantee is equal to the statute of limitations for tax and personnel matters in respect of tax and personnel claims and expires on 14 April 2017 for other claims. It was capped at €1,500 thousand in the first year, then the cap was reduced to €1 million with effect from 15 April 2015 and further reduced to €500 thousand with effect from 15 April 2016. The guarantee has now expired, it was not called.

In April 2014, PRODWAYS GROUP acquired all shares comprising the share capital of the German firm DELTAMED GmbH from various individual German shareholders and the US firm COSMEDENT. The vendors granted an assets and liabilities guarantee with a term of 18 months or 3 years depending on the nature of any claim. This guarantee is capped at €2,119 thousand in the first year, after which it was reduced to €1,059 thousand. The Group did not call the guarantee, which has now expired.

In the first quarter of 2015, PRODWAYS acquired the assets of NORGE Systems. The transaction was carried out with the payment of a fixed part of the price and three price additions conditional on the achievement of milestones in the further development of the 3D printer created by NORGE. A price addition of €200 thousand was paid in February 2017. The Group's debt position indicates a potential price addition of €200,000 which must begin to be paid before 31 January 2019.

In March 2015, PRODWAYS GROUP acquired all the shares making up the share capital of the INITIAL SAS company. The vendor granted an assets and liabilities guarantee with a term of 2 to 3 years depending on the nature of any claim. This guarantee is capped at €2,500 thousand in the first year, after which it will be reduced to €1,250 thousand. The Group did not call the guarantee.

In May 2016, the nuclear business of PORTAFEU (a subsidiary of ASSA ABLOY) was acquired by a subsidiary of the Group called PORTAFEU Nucléaire. As part of the acquisition, PORTAFEU Nucléaire took 18 months of commitments, in particular social commitments, to preserve and redeploy the transferred business. The Group is authorised to use the PORTAFEU trademark for three years.

In September 2015, PRODWAYS GROUP acquired a 45% equity stake in the Texan company VARIA 3D Inc. As part of this transaction, PRODWAYS GROUP was obliged to take over certain commitments from the vendors vis-à-vis VARIA 3D and its two main founders: PRODWAYS GROUP undertook to transfer to the two main founders of the company 10% of the capital of VARIA 3D over two years (or 5% per year), subject to the fulfilment of certain conditions of performance and presence. The targets for this commitment were not met. PRODWAYS GROUP also took over for its own account the commitment by the vendors vis-à-vis VARIA 3D to pay to the company USD 300 thousand in respect of payment of the balance of the capital, once certain conditions are fulfilled, as was the case in 2016.

In PODO 3D, CRISTAL, IP GESTION, SERES Technologies, BE MAURIC, GORGE NETHERLANDS and BALISCO, the Group is associated with minority shareholders who are managers of those companies. Shareholders' agreements provide for the possible liquidity of their holdings.

When it acquired 60% of the share capital of BE MAURIC in November 2016, ECA SA obtained an asset and liability guarantee of up to €500 thousand. In support of this guarantee, ECA benefits from a first-demand bank guarantee in the amount of €250 thousand. This commitment will expire on 31 December 2019.

As part of the acquisition of ELTA by ECA AEROSPACE in November 2016, ECA AEROSPACE agreed to pay an additional price for each of the two years 2017 and 2018, on condition that ELTA's space activities exceed a certain level of revenue. The price addition is capped at €1 million for each of the two years. The probable estimated additional price at the date of acquisition was recognized in liabilities for €1 million. At the end of 2017, while preparing the 2018 budget, the additional price was no longer deemed probable and a gain was recognised under non-recurring items of operating income (see Note 3.2.1). ECA AEROSPACE has also made a commitment not to transfer control of ELTA within 24 months of the acquisition, as well as social commitments. ECA AEROSPACE obtained a guarantee of assets and liabilities of up to €500 thousand that is valid until the time limit plus one month for tax and social claims and for a period of 18 months for other claims (*i.e.* until 31 May 2018).

In 2107, PRODWAYS GROUP acquired 75% of the shares comprising the share capital of IP GESTION SAS, which was itself the sole shareholder of INTERSON PROTAC. The vendors granted an assets and liabilities guarantee with a term of 18 months or 3 years. This guarantee is capped at €733 thousand in the first eighteen months, after which it will be reduced to €367 thousand for the following eighteen months. The Group did not call the guarantee.

In 2017, PRODWAYS GROUP acquired all of the shares comprising the share capital of AS3D, 3D SERVICAD, and AVENAO INDUSTRIE. The vendors granted an assets and liabilities guarantee with a term of two to three years depending on the nature of any claim. This guarantee is capped at €2,000 thousand. The Group did not call the guarantee.

Note 3 Segment information

In accordance with IFRS 8 – Operating Segments, the segment information presented below is based on the internal reporting used by General Management to assess the performance of and allocate resources to the various segments. The General Management is the principal operational decision maker within the meaning of IFRS 8.

The three segments used correspond to the organisation of the Group by division. The three divisions defined as operational segments are the following:

- protection of High-Risk Installations division: BALISCO and its subsidiaries (AI GROUP, CLF-SATREM, AMOPSI, VAN DAM, CIMLEC and their subsidiaries), NUCLÉACTION and its subsidiaries (BAUMERT and PORTAFEU Nucléaire), SERES technologies, STONI;
- smart Safety Systems division: ECA and its subsidiaries;
- 3D Printing division: PRODWAYS GROUP and its subsidiaries.

The key indicators by division presented in the tables below are the following:

- revenue includes revenue made with other divisions;
- operating income;
- the Research and Development expenses recognised in the assets during the financial year;
- other tangible and intangible investments;
- segment assets which are current assets used within the operational businesses (stocks, receivables, advances from suppliers, other operating debtors such as social and tax receivables), property, plant and equipment, and intangible assets (including goodwill);
- segment liabilities, which are trade payables and other operating liabilities, accrued liabilities, customer advances, warranty provisions and costs related to goods and services sold.

Key non-GAAP financial indicators examined by Group management are also presented:

- EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortisation) which corresponds to profit (loss) from continuing operations before depreciation, amortisation, impairments and other non-recurring income and items;
- profit (loss) from continuing operations;
- adjusted revenue, adjusted EBITDA and adjusted operating income.

EBITDA, profit (loss) from continuing operations, adjusted revenue, adjusted EBITDA and adjusted operating income are not IFRS financial aggregates and may not be comparable to indicators of a similar name used by other companies.

These non-IFRS indicators are defined and reconciled with operating income in Note 3.2.1. Adjusted indicators are defined and reconciled with consolidated indicators in Note 3.2.2.

3

3.1 Key indicators by division

Financial year 2017

(In thousands of euros)	Protection of High-Risk Installations	Smart Safety Systems	3D Printing	Structure	Disposals	Consolidated
Revenue	131,550	111,950	34,807	3,290	(4,912)	276,685
Adjusted revenue[2]	131,550	109,260	34,807	3,290	(4,912)	273,995
EBITDA[1]	(782)	11,471	(1,169)	(444)	-	9,076
% of revenue	*(0.6%)*	*10.2%*	*(3.4%)*	*(13.5%)*	-	*3.3%*
Adjusted EBITDA[2]	(782)	13,271	(1,169)	(444)	-	10,877
% of adjusted revenue	*(0.6%)*	*12.1%*	*(3.4%)*	*(13.5%)*	-	*4.0%*
Profit (loss) from continuing operations[1]	(3,588)	3,834	(5,453)	(555)	-	(5,763)
% of revenue	*(2.7%)*	*3.4%*	*(15.7%)*	*(16.9%)*	-	*2.1%*
Operating income	(5,215)	(1,497)	(6,590)	(555)	-	(13,857)
% of revenue	*(4.0%)*	*(1.3%)*	*(18.9%)*	*(16.9%)*	-	*(5.0%)*
Adjusted operating income[2]	3,589	8,461	(5,453)	(555)	-	(1,135)
% of adjusted revenue	*(2.7%)*	*7.7%*	*(15.7%)*	*(16.9%)*	-	*(0.4%)*
Research and development expenses capitalised over the period	2,199	4,211	1,935	-	-	8,345
Other property, plant and equipment and intangible investments	1,617	2,968	2,892	142	-	7,620
Segment assets	86,146	179,828	67,625	39,584	(38,972)	334,211
Assets segment liabilities	52,362	94,638	15,815	2,943	(7,451)	158,306

(1) Non-GAAP indicator defined in Note 3.2.1.
(2) Non-GAAP indicator defined in Note 3.2.2.

Financial year 2016

(In thousands of euros)	**Protection of High-Risk Installations**	**Smart Safety Systems**	**3D Printing**	**Structure**	**Disposals**	**Consolidated**
Revenue	144,857	112,488	25,210	3,418	(4,819)	281,153
Adjusted revenue[2]	144,857	103,433	25,210	3,418	(4,819)	272,098
EBITDA[1]	11,657	14,641	(4,895)	360	-	21,762
% of revenue	*8.0%*	*13.0%*	*(19.4%)*	*10.5%*	-	*7.7%*
Adjusted EBITDA[2]	11,657	14,323	(4,895)	360	-	21,444
% of adjusted revenue	*8.0%*	*13.9%*	*(19.4%)*	*10.5%*	-	*7.9%*
Profit (loss) from continuing operations[1]	7,057	9,342	(8,058)	690	-	9,031
% of revenue	*4.9%*	*8.3%*	*(32.0%)*	*20.2%*	-	*3.2%*
Operating income	5,851	12,512	(8,867)	556	-	10,052
% of revenue	*4.0%*	*11.1%*	*(35.2%)*	*16.3%*	-	*3.6%*
Adjusted operating income[2]	7,057	9,818	(8,058)	690	-	9,508
% of adjusted revenue	*4.9%*	*9.5%*	*(32.0%)*	*20.2%*	-	*3.5%*
Research and development expenses capitalised over the period	1,681	4,245	1,790	-	-	7,716
Other property, plant and equipment and intangible investments	1,699	2,863	3,666	62	-	8,291
Segment assets	88,369	175,026	41,698	36,639	(34,648)	307,084
Assets segment liabilities	50,544	88,195	8,146	1,730	(4,479)	144,135

(1) Non-GAAP indicator defined in Note 3.2.1.
(2) Non-GAAP indicator defined in Note 3.2.2.

3.2 Reconciliations of segment indicators with the consolidated data

3.2.1 Reconciliation of non-GAAP indicators with operating income

Operating income includes all income and expenses other than:

- interest income and expenses;
- other financial income and expenses;
- group share of net income of equity-accounted companies;
- corporate income tax.

To make it easier to compare financial years and monitor its operating performance, the Group has decided to isolate non-recurring items of operating income and present "profit (loss) from continuing operations". It also uses an EBITDA indicator.

Non-recurring items of operating income include restructuring costs, recognised or fully provisioned if they are liabilities arising from a Group obligation to third parties, which stem from a decision taken by a competent body, and which materialise before the reporting date through the announcement of said decision to third parties and provided the Group no longer expects consideration for these costs. These costs consist primarily of compensation for termination of employment contracts, severance pay, as well as miscellaneous expenses.

Other non-recurring items of operating income concern the acquisition costs of companies, amortisation of acquired intangible assets recorded under business combinations, impairment of goodwill and all unusual items by their occurrence or amount.

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) is defined by the Group as profit (loss) before depreciation, amortisation, impairment, bonus share allocation charges, and other non-recurring income and items.

Financial year 2017

(In thousands of euros)	Protection of High-Risk Installations	Smart Safety Systems	3D Printing	Structure	Consolidated
EBITDA	(782)	11,471	(1,169)	(444)	9,076
Payments in shares	(19)	-	(747)	-	(766)
Depreciation, amortisation and provisions	(2,787)	(7,637)	(3,537)	(111)	(14,073)
PROFIT (LOSS) FROM CONTINUING OPERATIONS (A)	**(3,588)**	**3,834**	**(5,453)**	**(555)**	**(5,763)**
Restructuring costs	(163)	(442)	(138)	-	(743)
Acquisition costs	-	-	(194)	-	(194)
Amortisation of intangible assets recognised at fair value during the acquisitions	-	(691)	(322)	-	(1,013)
Cancellation of a potential additional price liability concerning ELTA	-	1,000	-	-	1,000
Provisions for risks for two subsidiaries in the process of being disposed of or closed	-	(2,633)	-	-	(2,633)
Exceptional provisions for impairment of asset values	(1,463)	(2,565)	(483)	-	(4,511)
TOTAL NON-RECURRING ITEMS (B)	**(1,627)**	**(5,331)**	**(1,137)**	**-**	**(8,094)**
OPERATING INCOME (C) = (A) + (B)	**(5,215)**	**(1,497)**	**(6,590)**	**(555)**	**(13,857)**

Financial year 2016

(In thousands of euros)	Protection of High-Risk Installations	Smart Safety Systems	3D Printing	Structure	Consolidated
EBITDA	11,657	14,641	(4,895)	360	21,762
Payments in shares	(19)	-	(20)	(67)	(106)
Depreciation, amortisation and provisions	(4,580)	(5,299)	(3,142)	397	(12,625)
PROFIT (LOSS) FROM CONTINUING OPERATIONS (A)	**7,057**	**9,342**	**(8,058)**	**690**	**9,031**
Restructuring costs	(680)	(171)	(119)	-	(970)
ELTA negative goodwill	-	4,060	-	-	4,060
Acquisition costs	-	(28)	-	(134)	(162)
Amortisation of intangible assets recognised at fair value during the acquisitions	-	(691)	(322)	-	(1,013)
Exceptional provisions for impairment of asset values	-	-	(368)	-	(368)
Other	(526)	-	-	-	(526)
TOTAL NON-RECURRING ITEMS (B)	**(1,206)**	**3,170**	**(809)**	**(134)**	**1,021**
OPERATING INCOME (C) = (A) + (B)	**5,851**	**12,512**	**(8,867)**	**556**	**10,052**

3.2.2 Calculation of adjusted non-GAAP indicators

The Group uses non-GAAP adjusted measures for the sake of information, management and planning because they offer a better assessment of its long-term performance. According to the Group these measures, which are not intended to replace GAAP operating and financial measures, provide a relevant operational and financial indication of its performance. The data presented by the Group are always non-adjusted consolidated data unless expressly stated otherwise. Adjusted indicators are not IFRS financial aggregates and may not be comparable to indicators of a similar name used by other companies.

The adjustments concern non-recurring items of operating income and the impact of the Group's decision, announced at the end of 2017, to dispose of or close two foreign subsidiaries that had become non-strategic. At the closing date the proposed closings or disposals did not comply with the conditions for applying IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations.

The 2016 and 2017 adjusted income statements are reconciled below with the Group's consolidated financial statements.

Financial year 2017

(In thousands of euros)	**Consolidated income statement 2017**	**Contributions of subsidiaries being approved in 2018[(1)]**	**Other adjustments[(2)]**	**Adjusted income statement 2017**
	A	**B**	**C**	**D = A - B - C**
REVENUE	**276,685**	**2,690**	**-**	**273,995**
Capitalised production	10,526	-	-	10,526
Inventories and work in progress	(835)	3	-	(838)
Other income from the business	8,183	-	-	8,183
Purchases and external charges	(165,383)	(1,661)	-	(163,721)
Personnel expenses	(117,387)	(1,881)	-	(115,507)
Tax and duties	(3,407)	(39)	-	(3,367)
Depreciation, amortisation and provisions net of reversals	(14,073)	(2,828)	-	(11,245)
Other operating income and expenses	(72)	(912)	-	839
PROFIT (LOSS) FROM CONTINUING OPERATIONS	**(5,763)**	**(4,628)**	**-**	**(1,135)**
Non-recurring items in operating income	(8,094)	(633)	(7,461)	-
OPERATING INCOME	**(13,857)**	**(5,261)**	**(7,461)**	**(1,135)**
Interest on gross debt	1,935	22	-	(1,913)
Interest on cash and cash equivalents	23	1	-	23
COST OF NET DEBT (A)	**(1,912)**	**21**	**-**	**(1,890)**
Other financial income (B)	766	9	-	137
Other financial expense (C)	(962)	(70)	-	(892)
FINANCIAL INCOME AND EXPENSES (D = A + B + C)	**(2,108)**	**(82)**	**-**	**(2,025)**
Income tax	(4,814)	(384)	2,487	(6,917)
Group share of the earnings of affiliated companies	60	-	-	60
NET INCOME	**(20,718)**	**(5,727)**	**(4,974)**	**(10,017)**

(1) *The contribution of entities that the Group is preparing to dispose of or close in 2018 is deducted from the consolidated financial statements.*

(2) *The other adjustments concern impairment of €4.0 million on (mostly R&D intangible) assets, provisions of €2.6 million for 2018, proceeds of €1 million related to the cancellation of an additional price liability that will not be paid concerning ELTA, amortisation of intangible assets recognised at fair value as part of acquisitions of €0.9 million, restructuring and acquisition costs of €0.9 million. Only the €0.9 million amounts had or will have an impact on cash; the items amounting to €6.5 million had no impact on cash. The provisions for impairment of R&D intangible assets generated research tax credit proceeds of €0.6 million which had to be recognised in income at the time the R&D item in question was amortised; by convention the proceeds were not adjusted. A hypothetical tax adjustment is calculated on the adjustments of operating income, in order to determine net adjusted income. By convention, this tax is calculated for the adjustments bearing on the theoretically taxable elements at the applicable rate at the parent company.*

By division, the adjustments are close to the accounting indicators:

(In thousands of euros)	**Protection of High-Risk Installations**	**Smart Safety Systems**	**3D Printing**	**Structure and disposals**	**Consolidated**
REVENUE	**131,550**	**111,950**	**34,807**	**(1,622)**	**276,685**
Contributions of subsidiaries being approved in 2018	-	2,690	-	-	2,690
ADJUSTED REVENUE	**131,550**	**109,260**	**34,807**	**(1,622)**	**273,995**
EBITDA	**(782)**	**11,471**	**(1,169)**	**(444)**	**9,076**
Contributions to profit (loss) from continuing operations of subsidiaries being approved in 2018	-	(4,628)	-	-	(4,628)
Contributions to depreciation, amortisation and provisions of subsidiaries being approved in 2018	-	2,828	-	-	2,828
ADJUSTED EBITDA	**(782)**	**13,271**	**(1,169)**	**(444)**	**10,877**
OPERATING INCOME	**(5,215)**	**(1,497)**	**(6,590)**	**(555)**	**(13,857)**
Contributions of subsidiaries being approved in 2018	-	(5,261)	-	-	(5,261)
Other adjustments	(1,626)	(4,698)	(1,137)	-	(7,461)
ADJUSTED OPERATING INCOME	**(3,589)**	**8,461**	**(5,453)**	**(555)**	**(1,135)**

Financial year 2016

(In thousands of euros)	**Consolidated income statement 2016**	**Contributions of subsidiaries being approved in 2018[(1)]**	**Other adjustments[(2)]**	**Adjusted income statement 2016**
	A	**B**	**C**	**D = A - B - C**
REVENUE	**281,153**	**9,055**	**-**	**272,098**
Capitalised production	8,653	-	-	8,653
Inventories and work in progress	(426)	(5)	-	(420)
Other income from the business	11,677	-	-	11,677
Purchases and external charges	(173,692)	(3,066)	-	(170,626)
Personnel expenses	(103,051)	(2,197)	-	(100,854)
Tax and duties	(24,388)	(43)	-	(2,345)
Depreciation, amortisation and provisions (net of reversals)	(12,625)	(794)	-	(11,830)
Other operating income and expenses	(270)	(3,426)	-	3,156
PROFIT (LOSS) FROM CONTINUING OPERATIONS	**9,031**	**(476)**	**-**	**9,508**
Non-recurring items in operating income	1,021	(135)	1,156	-
OPERATING INCOME	**10,052**	**(611)**	**1,156**	**9,508**
Interest on gross debt	(2,264)	(27)	-	(2,237)
Interest on cash and cash equivalents	29	2	-	27
COST OF NET DEBT (A)	**(2,235)**	**(25)**	**-**	**(2,210)**
Other financial income (B)	618	38	-	579
Other financial expense (C)	(638)	(70)	-	(568)
FINANCIAL INCOME AND EXPENSES (D = A + B + C)	**(2,255)**	**(57)**	**-**	**(2,199)**
Income tax	(4,488)	(8)	968	(5,448)
Group share of the earnings of affiliated companies	40	-	-	40
NET INCOME	**3,350**	**(675)**	**2,214**	**1,901**

(1) The contribution of entities that the Group is preparing to dispose of or close in 2018 is deducted from the consolidated financial statements.

(2) The other adjustments concern proceeds of €4.1 million related to negative goodwill from the acquisition of ELTA, restructuring and acquisition costs of €1.2 million, amortisation of intangible assets recognised at fair value as part of acquisitions of €0.9 million, provisions of €0.5 million for litigation, impairment losses of €0.4 million on assets. Only the restructuring and acquisitions costs and provisions for litigation amounting to €1.7 million had or will have an impact on cash; the other items had no impact on cash. A hypothetical tax adjustment is calculated on the adjustments of operating income, in order to determine net adjusted income. By convention, this tax is calculated for the adjustments bearing on the theoretically taxable elements at the applicable rate at the parent company.

By division, the adjustments are close to the accounting indicators:

(In thousands of euros)	Protection of High-Risk Installations	Smart Safety Systems	3D Printing	Structure and disposals	Consolidated
REVENUE	**144,857**	**112,488**	**25,210**	**(1,401)**	**281,153**
Contributions of subsidiaries being approved in 2018	-	9,055	-	-	9,055
ADJUSTED REVENUE	**144,857**	**103,433**	**25,210**	**(1,401)**	**272,098**
EBITDA	**11,657**	**14,641**	**(4,895)**	**360**	**21,752**
Contributions to profit (loss) from continuing operations of subsidiaries being approved in 2018	-	(476)	-	-	(476)
Contributions to depreciation, amortisation and provisions of subsidiaries being approved in 2018	-	794	-	-	794
ADJUSTED EBITDA	**11,657**	**14,323**	**(4,895)**	**360**	**21,444**
OPERATING INCOME	**5,851**	**12,512**	**(8,867)**	**556**	**10,052**
Contributions of subsidiaries being approved in 2018	-	(611)	-	-	(611)
Other adjustments	(1,206)	3,305	(809)	(134)	1,156
ADJUSTED OPERATING INCOME	**7,057**	**9,818**	**(8,058)**	**690**	**9,508**

3.2.3 Reconciliation of the segment assets and liabilities

The total segment assets and liabilities are reconciled as follows with the total assets and liabilities of the Group:

Financial year 2017

(In thousands of euros)	Protection of High-Risk Installations	Smart Safety Systems	3D Printing	Structure	Disposals	Consolidated
Segment assets	86,146	179,828	67,625	39,584	(38,972)	334,211
Other current financial assets	-	-	31	7	-	38
Deferred tax assets	285	1,157	736	1,056	-	3,235
Tax receivables payable	769	15,544	1,182	7,139	-	24,635
Other current and non-current assets	6,171	2,015	1,546	12,352	(16,812)	5,273
Cash and cash equivalents	12,443	10,642	41,476	22,228	-	86,789
TOTAL CONSOLIDATED ASSETS	**105,815**	**209,187**	**112,596**	**82,366**	**(55,785)**	**454,180**
Assets segment liabilities	52,362	94,638	15,815	2,943	(7,451)	158,306
Long-term provisions	3,615	5,393	836	91	-	9,934
Long-term financial debts	43,045	25,098	4,766	43,236	(31,522)	84,623
Financial instruments and derivatives	-	434	889	1,359	-	2,682
Other current and non-current liabilities	27,268	9,417	5,638	5,169	(16,811)	30,681
Deferred tax liabilities	67	297	232	-	-	596
Tax liabilities payable	165	-	77	-	-	242
TOTAL CONSOLIDATED LIABILITIES[(1)]	**126,521**	**135,276**	**28,252**	**52,798**	**(55,785)**	**287,062**

(1) Total liabilities less shareholders' equity and non-controlling interests.

Financial year 2016

(In thousands of euros)	Protection of High-Risk Installations	Smart Safety Systems(1)	3D Printing	Structure	Disposals	Consolidated
Segment assets	88,369	175,026	41,698	36,639	(34,648)	309,271
Other current financial assets	-	-	31	9	-	40
Deferred tax assets	189	2,219	1,152	3,012	-	6,572
Tax receivables payable	640	14,714	12	6,173	-	21,538
Other current and non-current assets	3,918	2,130	1,580	9,676	(12,839)	4,465
Cash and cash equivalents	14,199	10,362	8,680	5,512	-	38,752
TOTAL CONSOLIDATED ASSETS	**107,315**	**204,540**	**53,152**	**61,021**	**(47,487)**	**378,451**
Assets segment liabilities	50,544	88,114	8,146	1,730	(4,479)	144,185
Long-term provisions	3,735	5,357	547	68	-	9,706
Long-term financial debts	43,543	15,645	16,319	44,836	(30,171)	90,172
Financial instruments and derivatives	-	807	-	1,295	-	2,102
Other current and non-current liabilities	22,555	14,395	4,277	3,778	(12,837)	32,169
Deferred tax liabilities	-	431	190	-	-	621
Tax liabilities payable	56	-	71	-	-	127
TOTAL CONSOLIDATED LIABILITIES(2)	**120,433**	**124,832**	**29,548**	**51,707**	**(47,487)**	**279,032**

(1) *Smart Safety Systems column restated to reflect the items described in Note 1.3.*

(2) *Total liabilities less shareholders' equity and non-controlling interests.*

3.3 Revenue by geographical area

Financial year 2017

(In thousands of euros)	France	%	Europe	%	Other	%	Total
Protection of High-Risk Installations	101,483	77%	19,773	15%	10,294	8%	131,550
Smart Safety Systems	66,900	60%	11,148	10%	33,902	30%	111,950
3D Printing	21,678	62%	9,800	28%	3,329	10%	34,807
Structure and disposals	(1,342)	83%	(280)	17%	-	-	(1,622)
TOTAL	**188,719**	**68%**	**40,442**	**15%**	**47,524**	**17%**	**276,685**

Financial year 2016

(In thousands of euros)	France	%	Europe	%	Other	%	Total
Protection of High-Risk Installations	98,493	68%	13,041	9%	33,707	23%	145,241
Smart Safety Systems	59,455	53%	6,702	6%	46,331	41%	112,488
3D Printing	10,608	42%	8,256	33%	6,345	25%	25,210
Structure and disposals	(1,346)	99%	(15)	1%	-	-	(1,360)
TOTAL	**167,210**	**59%**	**27,985**	**10%**	**86,383**	**31%**	**281,578**

Note 4 Operational data

4.1 Recognition of income

The Group's income mainly comprises sales of goods, the provision of services and in large part the completion of projects (supply of turnkey systems):

- for sales of goods revenue is recognised at the time of the transfer of the risks and benefits, normally on delivery;
- for provision of services revenue is recognised during and according to the terms of the contract. The revenues related to the provisions of services are recognised when the results of the transaction can be reliably determined, based on the state of progress of the service provided by the Group;
- for projects (long-term contracts) where companies are able to assess overall results with sufficient certainty, revenue and income are recognised according to the percentage of completion method.

  The percentage of completion is determined for each project by comparing the costs incurred at the closing date with the total estimated costs at the conclusion of the project. Proceeds from contracts may include claims when these can be assessed reliably and when the Group's negotiations with the customer reach a point where the claims are likely to be accepted. Estimates of revenue and termination costs are regularly reviewed by operational and financial managers.

  If profit forecasts at the end of a project indicate a loss, a provision for termination losses is recognised independently of the project's completion according to the best estimates of projected profits, if need be factoring in the rights to additional revenues or claims to the extent that these are probable and can be reliably measured. The provisions for termination losses are presented in liabilities.

In 2017 the Group's revenue was slightly down by 1.6%.

4.2 Other income from the business

The other income from the business mainly comprises public subsidies, research tax credits (RTC) and tax credits for competitiveness and employment (TCCE).

These subsidies and research tax credits (RTC), which partially or totally cover the cost of an asset, are recognised in the income statement at the same rate as the asset's depreciation. In 2017, the research tax credit for the period stood at €4.2 million, of which €1.8 million was recognised directly as deferred income and €2.4 million in income. The research tax credit recorded as deferred income in previous years was also recognised in the income statement in 2017 for €1.9 million. The income thereby deferred which appears in liabilities includes €5.6 million in research tax credits and €1.6 million in grants funding non-current assets not yet amortised.

In 2016 PORTAFEU Nucléaire received a grant of €5.4 million in connection with the takeover of the assets of PORTAFEU.

(In thousands of euros)	2017	2016
Subsidies	1,402	6,320
Research tax credit	4,174	3,415
Employment and competitiveness tax credit	2,607	1,942
TOTAL OF OTHER INCOME FROM THE BUSINESS	**8,183**	**11,677**

The tax credits recognised in the income statement not deductible from tax payable appear under assets in the consolidated balance sheet under the heading "Tax receivables payable" (see Section 6.2 "Intangible assets"). They amount to €23.4 million, including €17.8 million of research tax credit and €5.6 million of tax credit for competitiveness and employment.

4.3 Net charges to amortisation and provisions

(In thousands of euros)	2017	2016
DEPRECIATION, AMORTISATION AND PROVISIONS		
Intangible assets	(6,363)	(5,445)
Property, plant and equipment	(4,899)	(3,745)
Capital leases	(903)	(905)
SUBTOTAL	**(12,165)**	**(10,095)**
CHARGES TO PROVISIONS, NET OF REVERSALS		
Inventory and work in progress	316	(35)
Current assets	(1280)	(120)
Liabilities and expenses	(944)	(2,376)
SUBTOTAL	**(1,907)**	**(2,530)**
TOTAL NET CHARGES TO AMORTISATION AND PROVISIONS	**(14,073)**	**(12,625)**

4.4 Net trade receivables

The receivables are recognised at their fair value at the time of initial recording, and then reduced for any losses of value.

Provisions for impairment of bad debts are recognised when it becomes probable that the receivable will not be collected and it is possible to make a reasonable estimate of the amount of the loss.

Identification of bad debts and the amount of the corresponding provisions is based on historical experience of final losses on receivables, analysis by age of accounts receivable and a detailed estimate of specific accounts receivable and the related credit risks.

(In thousands of euros)	2017	2016
Trade receivables	75,601	65,560
Invoices to be drawn up	90,356	88,854
TRADE RECEIVABLES, GROSS VALUES	**165,957**	**154,414**
Impairment losses	(4,097)	(2,376)
TRADE RECEIVABLES, NET VALUES	**161,860**	**152,038**

The risk of customer default is the main credit risk to which the Group is exposed. The Group has implemented a policy of monitoring its credit risk at all of its subsidiaries.

Overdue trade receivables for which there is no provision were €25.6 million, including €7.9 million for the Robotics and Integrated Systems division, and break down as follows:

Overdue (in thousands of euros)	2017	As a %
Trade receivables not yet due	136,212	84%
<1 month overdue	9,036	6%
1-2 months overdue	3,217	2%
2-3 months overdue	1,982	1%
>3 months overdue	11,413	7%
NET TRADE RECEIVABLES	**161,860**	**100%**

Of total receivables, almost €3.9 million was paid at 15 February 2018. The Group is not aware of additional difficulties which might justify a provision.

4.5 Inventories and work in progress

Inventories of raw materials and semi-finished and finished goods are valued at the lower of their acquisition cost or their estimated net realisable value. The cost price is calculated using the FIFO or weighted average cost method.

The methods for valuing and impairing work in progress are tailored to the context of each consolidated company. However, the valuation principles generally accepted in the field are followed, including:

- work in progress is valued at direct and indirect production costs, excluding all sales and financial costs;
- hourly production rates are based on normal activity excluding any sub-activity cost;
- when, based on the forecast revenue and cost estimates, a termination loss is probable, said loss is covered by an impairment provision for the portion included in work in progress and a provision for liabilities and expenses for the part of the costs yet to be committed.

Movements in inventories in the consolidated balance sheet are as follows:

	2017			2016		
(In thousands of euros)	Gross values	Impairment losses	Net values	Gross values	Impairment losses	Net values
Raw materials	21,571	(5,015)	16,556	21,414	(5,186)	16,228
Work in progress	5,175	(287)	4,888	5,897	(398)	5,499
Semi-finished and finished	6,544	(1,494)	5,050	5,174	(1,178)	3,995
Goods	3,581	(274)	3,306	3,614	(316)	3,298
TOTAL INVENTORY AND-WORK IN PROGRESS	**36,870**	**(7,070)**	**29,800**	**36,099**	**(7,079)**	**29,020**

Over the period, impairment net of reversals recognised in the income statement was €316 thousand.

4.6 Other current and non-current assets

	2017			2016
(In thousands of euros)	Gross values	Write-downs	Net values	Net values
Current accounts receivable	9,734	(9,729)	5	5
Total other non-current receivables	**9,734**	**(9,729)**	**5**	**5**
Advances and down-payments made	2,576	-	2,576	2,214
Other receivables[(1)]	3,910	(311)	3,599	2,860
Social and tax receivables	11,367	-	11,367	10,167
Current accounts receivable	3	-	3	1
Prepaid expenses	1,704	-	1,704	1,600
TOTAL OTHER CURRENT RECEIVABLES	**19,559**	**(311)**	**19,248**	**16,842**

(1) Including outstanding subsidies for €830 thousand.

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4.7 Other current and non-current liabilities

(In thousands of euros)	2017	2016
Suppliers	51,874	48,073
Fixed asset suppliers	979	1,369
TOTAL TRADE PAYABLES	**52,853**	**49,442**
Advances and down-payments received	53,073	48,323
Social Security liabilities	25,690	22,641
Tax liabilities	16,368	16,344
Miscellaneous debts[(1)]	5,507	4,034
Deferred income	23,316	25,625
TOTAL OTHER CURRENT LIABILITIES	**123,955**	**116,967**
Conditional advances	878	1,309
TOTAL OTHER NON-CURRENT LIABILITIES	**878**	**1,309**
TAX PAYABLE	**242**	**127**

(1) Including €2,700 thousand in probable additional prices recognised for acquisitions.

Trade payables are paid on their normal due dates, provided the services from the suppliers are fully completed and in the absence of litigation.

Advances and payments on account received correspond to payments made by customers in respect of projects in progress. These advances are in part counterbalanced by the amount of the invoices to be issued (see Note 4.4).

Deferred income corresponds either to subsidies and research tax credits which will be recognised in the income statement in line with the amortisation of the corresponding assets (€7.2 million, see Note 4.2), or to the surplus identified on projects in progress of the revenue invoiced by reference to the revenue calculated in terms of progress (€16.1 million, see Note 4.1).

4.8 Off balance sheet commitments related to operations

(in millions of euros)	2017	2016
Endorsements, security deposits and guarantees given	40.6	49.9
Other commitments given	-	-
TOTAL	**40.6**	**49.9**

There are no other significant commitments related to operating activities that are not included in the financial statements.

Note 5 Employee expenses and benefits

5.1 Workforce

	31/12/2017	31/12/2016
Total workforce	2,031	1,836
Average workforce	1,921	1,661

The large difference in 2017 between the average and total workforce is due to the acquisitions of INTERSON-PROTAC and AVENAO. In 2016, the Group acquired two companies at the end of the year (ELTA and BE MAURIC).

At 31 December 2017, 196 people were based outside France.

5.2 Employee expenses and benefits

The employee benefits are estimated in accordance with the revised IAS 19. They are broken down between short term and long term benefits.

The employees of the Group receive short term benefits such as holiday pay, sickness pay, bonuses and other benefits (other than contract termination payments) payable within the 12 months following the end of the period during which the employees provided the corresponding services.

These benefits are recognised in current liabilities and recorded in the expenses in the year in which the service is provided by the employee.

The long term benefits cover two categories of employee benefit:

- the benefits subsequent to employment, which include the allowance paid on retirement;
- the other long term benefits (during employment), which mainly concern long service awards.

The various benefits offered to each employee depend on the local legislation and the conventions and agreements in effect in each Group company.

Employee expenses include the following items:

(In thousands of euros)	2017	2016
Salaries and benefits	(80,206)	(70,987)
Social security contributions	(32,589)	(28,787)
Payments in shares	(766)	(122)
Profit-sharing	(1,000)	(386)
Other[1]	(2,827)	(2,770)
TOTAL	**(117,387)**	**(103,051)**

(1) Mainly includes contributions to Works Council, occupational medicine, restaurant tickets, etc.

5.3 Provisions for pensions and similar commitments

The Group makes provisions for post-employment benefits (retirement pay) and long term employee benefit plans (awards). The cost of retirement and related benefits (awards) is provisioned for the remaining obligations. It is estimated for the entire workforce on the basis of accrued rights and a projection of current salaries, taking into account the risk of mortality, staff turnover and a discounting assumption.

The discount rates are determined by reference to the yields on bonds issued by first class corporations over terms equivalent to those of the commitments on the date of valuation.

Actuarial variances are generated where differences are recorded between the actual data and the forecasts made previously, or following changes in actuarial assumptions. The actuarial variances generated are recognised in the overall income statement, net of deferred taxes.

The expense recognised in the income statement includes:

- the costs of services provided during the financial year, the cost of past services, as well as any effects of any reduction or liquidation of the scheme;
- the net interest expense on bonds and hedging assets.

The provision for claims is updated annually on the basis of the prevailing fee schedules, changes to the assessment base, staff turnover and mortality assumptions and discount rates.

The main parameters used for the year are as follows:

- departure at the employee's initiative (voluntary departure);
- calculation of compensation under the collective agreement in force in each of the companies (metallurgy, SYNTEC, other);
- assumed retirement age 67;
- IBOXX discount rate in the euro zone 1.30% (1.31% in 2016);
- loading rate 50%;
- turnover: differs from one entity to another depending on the type of work, seniority and the average age of employees;
- revaluation rate of the salary calculation bases: differs from one entity to another depending on various factors;
- INSEE mortality table 2013-2015.

Change in the obligation *(in thousands of euros)*	**2017**	**2016***
OPENING PROVISION	**9,528**	**6,987**
Cost of services provided for the period	705	512
Interest on discounting	121	132
Cost of services provided	-	-
First consolidation/(deconsolidation)	251	1,460
Profit/(Loss) relating to liquidation or curtailment	(372)	(152)
Actuarial losses/(gains) generated on the obligation	(244)	719
Benefits paid	(234)	(129)
CLOSING PROVISION	**9,754**	**9,528**

* *2016 column restated to reflect the items described in Note 1.3. and restated for long-service awards*

With respect to retirement and other post-employment benefits, a 0.5 point increase in the discount rate would reduce the amount of the obligation by approximately €681 thousand. An equivalent reduction would increase the obligation by €751 thousand.

Provisions for long-term service awards amounted to €179 thousand in 2017 (versus €177 thousand in 2016).

5.4 Payments in shares (stock-options, share subscription warrants, allocation of bonus shares)

Certain employees of the Group receive a remuneration in equity instruments, for which the payment is based on shares. The costs of the free share award schemes, share subscription warrants or options are recognised in employee costs. This expense, which corresponds to the fair value of the instrument issued, is spread over the vesting period for the rights, counterbalanced by a corresponding adjustment to the shareholders' equity. The Group periodically re-examines the number of potential shares. Where applicable, it recognises the consequences of the revision of its estimates in the income statement.

There have not been share subscription or purchase option plans in effect for ECA since March 2015.

GROUPE GORGÉ has set up bonus share allocation schemes.
The vesting period of the 2014 plan ended in December 2016.
The mandatory holding period applicable to the 15,000 shares acquired is at least two years.

PRODWAYS GROUP has set up free share allocation schemes. Under the terms of these plans, the vesting period is at least two years. The final allocation is always subject to presence and performance conditions, and the value of the potential shares of the February 2016 plan is null as the performance conditions should not be reached.

The fair value of bonus shares is calculated using valuation models. Changes in values subsequent to the grant dates have no impact on the initial valuation of the shares, and the number of potential shares taken into account to value the plans is adjusted at each closing date to take account of the probability of achieving the objectives of beneficiaries' performance and attendance. The valued benefit equates to a remuneration of the beneficiaries which is therefore recognised in payroll expenses, on a straight line basis over the vesting period in exchange for a corresponding adjustment in equity.

Free share allocation plans	**GROUPE GORGÉ 2014 annual shareholders' meeting**	**FSA 02-2016 PRODWAYS**	**FSA 12-2016 PRODWAYS**
Number of recipients	2	200	239
Support share	GROUPE GORGÉ	PRODWAYS GROUP	PRODWAYS GROUP
Potential number of shares	30,000	632,200	488,500
Final allocations in the year/cancellations	0/0	0/237,900	0/18,000
Cumulative final allocations/cancellations	15,000/15,000	0/545,740	0/18,000
Potential share balance	-	86,460	470,500
Date of establishment	May 2014	February 2016	December 2016
Start of the vesting period	May 2014	February 2016	December 2016
End of the vesting period	May 2016 and December 2016	15 April 2019 to 31 March 2021	15 April 2019 to 31 March 2021
End of lock-up period	May 2018 and December 2018	15 April 2019 to 31 March 2021	15 April 2019 to 31 March 2021
Total expense recognised (in thousands of euros)	N/A	0	581
Potential value of the shares (in thousands of euros)	N/A	0	1,287

CRISTAL also set up a stock option plan for the benefit of an executive. At the end of that plan, the capital of the company may be increased by 27,777 shares and the holding rate of PRODWAYS GROUP may be reduced by up to 90%.

Stock option plan	**CRISTAL options**
Initial number of recipients	1
Support share	CRISTAL
Potential number of shares	27,777
Options exercised for the year/cancellations	0/0
Cumulative options exercised/cancellations	0/0
Potential share balance	27,777
Date of establishment	December 2016
Subscription price per share	€1
Start of the subscription period	July 2020
End of the subscription period	June 2021
Potential value of the shares (in thousands of euros)	28

5.5 Remuneration of the Directors and related parties

5.5.1 Directors remuneration

The members of the Board of Directors of GROUPE GORGÉ received Directors' fees for a total amount of €60,000.

The Chairman and Chief Executive Officer and a Director are paid by the company PÉLICAN VENTURE which is linked to GROUPE GORGÉ by a services provision agreement. PÉLICAN VENTURE paid them total gross remuneration of €316,000 and €14,611 in benefits in kind. The Chairman and Chief Executive Officer also receives variable remuneration from GROUPE GORGÉ, which paid him €56,750 in 2017 (for 2016) and would pay him €27,000 in 2018 for 2017.

5.5.2 Related parties

Related parties are persons (Directors, managers of GROUPE GORGÉ or of its principal subsidiaries) or companies owned or managed by such persons (except for subsidiaries of GROUPE GORGÉ). The following transactions with related parties conducted during the year have been identified in the GROUPE GORGÉ financial statements:

(In thousands of euros)	**PÉLICAN VENTURE**	**SOPROMEC**	**Main Directors**	**CBG CONSEIL**
INCOME STATEMENT 2017				
Revenue	194	20	-	-
Other income	-	-	-	-
Purchases and external charges	(500)	-	-	(113)
Financial result	-	-	-	-
BALANCE SHEET 2017				
Trade accounts receivable	-	-	-	-
Debtors	-	-	509	-
Suppliers	0	-	-	47
Creditors	-	-	-	-
Deposits and guarantees received	8	5	-	-

PÉLICAN VENTURE is a holding company, and the main shareholder of GROUPE GORGÉ. It is chaired by Jean-Pierre GORGÉ, a Director of GROUPE GORGÉ. SOPROMEC is a subsidiary of PÉLICAN VENTURE. CBG CONSEIL is owned and chaired by Catherine GORGÉ, a Director of GROUPE GORGÉ.

Note 6 Property, plant and equipment and intangible assets

6.1 Goodwill

Goodwill is initially recognised at the time of a combination of businesses as described in Note 2.1.

Goodwill corresponds to the difference between the cost of an acquisition and the fair value of the Group's share in the identifiable net assets acquired. Positive differences are recognised under "Goodwill" on the assets side of the balance sheet, while negative differences are recognised directly in the income statement. In 2016, negative goodwill was recognised for ELTA. Income from the disposal of an entity includes the carrying amount of goodwill relating to the entity sold. The essential elements of the business are treated in the same way as goodwill.

Goodwill may be adjusted in the 12 months following the acquisition date to reflect the final calculation of the fair value of the assets and liabilities acquired. Subsequent to their initial recognition, they are not amortised but are the subject of an impairment test on the appearance of indications of loss of value, and at least once a year. The processes for the impairment tests carried out in 2016 and 2017 are described in Note 6.4.

Net value *(In thousands of euros)*	
At 1 January 2017*	**45,815**
Acquisitions	15,956
Disposals	-
Other changes[(1)]	(498)
Impact of changes in exchange rates	-
At 31 December 2017	**61,272**
Of which depreciation at 31 December 2017	(498)

* *Start of period restated to reflect the items described in Note 1.3.*

(1) *Value impairment linked to an individual asset in the Simulation unit in the Smart Safety Systems division.*

Goodwill is distributed as follows:

Smart Safety Systems	**32%**
• Protection of High-Risk Installations	16%
• 3D Printing	52%

6.2 Other intangible assets

Intangible assets acquired separately are recognised in the balance sheet at their acquisition cost. They are subsequently measured at amortised cost, as recommended by IAS 38 – Intangible Assets. Intangible assets acquired in a business combination are recognised in the balance sheet at their fair value, determined on the basis of external valuations. These valuations are performed using generally accepted methods, based on future inflows. The value of intangible assets is tested on a regular basis for impairment.

With the exception of brands, intangible assets are amortised on a straight-line basis over their useful life, taking into account the period of legal protection, if applicable.

The value of amortised intangible assets is tested when there is any indication that their recoverable amount may be less than their carrying amount. Any impairment identified as a result of these tests is recognised under other operating income and expense.

Intangible assets acquired in a business combination are not amortised when their useful life cannot be determined. The criteria for ascertaining whether or not the useful life of an intangible asset can be determined, and the length of useful life, if applicable, are as follows:

- the reputation of the asset;
- the period over which the asset is expected to be used in the Group's operations.

The value of intangible assets with an indefinite useful life is tested for impairment at least once a year and whenever there is an indication of impairment. An impairment loss is recognised whenever the recoverable amount of an asset is found to be below its carrying amount.

Fixed assets generated internally, concerning mainly expenses for development of new projects. They are capitalised where the following criteria are strictly fulfilled:

- the technical feasibility necessary for the completion of the intangible assets with a view to its commissioning or its sale;
- the intention to complete the intangible assets and commission or sell it;
- the capacity to use or sell the intangible assets;
- the way in which the intangible assets will generate probable future economic benefits. The entity must demonstrate, among other things, the existence of a market for the production from the intangible assets or for the intangible assets itself or, if the latter has to be used internally, its utility;
- the availability of technical, financial and other resources necessary to complete the development and commission or sell the intangible assets;
- the capacity to reliably estimate the expenses attributable to the intangible assets during its development.

Development costs that do not meet these criteria are expensed in the period in which they are incurred. This is notably the case for research and development work that may be carried out in connection with customer orders where the costs cannot be separated from the costs involved in fulfilling the order.

Capitalised development projects are amortised over the lifespan of the underlying technology, which generally ranges from 3 to 15 years from their date of completion, or in accordance with the number of products delivered as part of the project, with, in this case, an amortisation schedule beginning at the time the first product is sold.

Development costs are subject to impairment tests whenever there is an indication of impairment.

(In thousands of euros)	Development projects	Other intangible assets	Non-current assets in progress	Total
Gross value				
At 1 January 2017[1]	**63,392**	**16,338**	**53**	**79,783**
Acquisitions	8,345	618	474	9,437
Changes in scope	-	1,075	-	1,075
Departures	(1,710)	(60)	-	(1,770)
Other changes	(66)	(25)	(53)	(144)
Impact of changes in exchange rates	(47)	(17)	-	(65)
At 31 December 2017	**69,914**	**17,929**	**474**	**88,316**
Depreciation and amortisation, and impairment				
At 1 January 2017[1]	**32,195**	**11,530**	**-**	**43,725**
Depreciation and amortisation	6,266	1,451	-	7,716
Changes in scope	-	506	-	506
Impairment losses	2,959	0	-	2,960
Departures	(1,140)	(60)	-	(1,200)
Other changes	(0)	(61)	-	(61)
Impact of changes in exchange rates	(47)	(20)	-	(67)
At 31 December 2017	**40,233**	**13,347**	**-**	**53,580**
Net value				
At 1 January 2017	**31,198**	**4,808**	**53**	**36,058**
At 31 December 2017	**29,681**	**4,582**	**474**	**34,737**

(1) Restated to reflect the items described in Note 1.3.

Development projects and other intangible asset line items are as follows:

Net values *(in thousands of euros)*	**Structure**	**Protection of High-Risk Installations**	**Smart Safety Systems**	**3D Printing**	**Total**
Special doors for EPR	-	1,726	-	-	1,726
Wrapping		1,606			1,606
AUV programme	-	-	6,365	-	6,365
Mine Killer programme	-	-	1,539	-	1,539
USV programme	-	-	515	-	515
Land robots	-	-	331	-	331
IT 180 Aerial drone	-	-	1,047	-	1,047
Beacons	-	-	2,109	-	2,109
Flight simulation	-	-	1,808	-	1,808
Naval systems(1)	-	-	389	-	389
Naval simulation	-	-	324	-	324
Imaging(2)	-	-	400	-	400
3D printers(3)	-	-	-	5,193	5,193
Other	-	2,526	3,029	775	6,330
DEVELOPMENT PROJECTS SUBTOTAL	**-**	**5,857**	**17,856**	**5,968**	**29,681**
ECA SINTERS and DELTAMED customer relations(4)	-	-	167	895	1,062
INFOTRON patents(5)	-	-	367	-	367
Other(6)	283	919	1,776	649	3,627
TOTAL INTANGIBLE ASSETS	**283**	**6,776**	**20,165**	**7,512**	**34,737**

(1) Including revaluation of assets at fair value through acquisitions, €288 thousand.
(2) Including revaluation of assets at fair value through acquisitions, €400 thousand.
(3) Including revaluation of assets at fair value through acquisitions, €1,606 thousand.
(4) Including revaluation of assets at fair value through acquisitions, €1,062 thousand.
(5) Including revaluation of assets at fair value through acquisitions, €367 thousand.
(6) Including costs and purchases of licences for ECA's new ERP for €888 thousand (direct costs).

R&D policy

The Group invests significantly in research and development to maintain and further develop its competitive edge. The Group files patent applications when necessary in protecting a technical, technological or commercial breakthrough.

In 2017, Research and Development (R&D) efforts related to the three divisions. The Group's research and development was mainly focused on the following areas:

Smart Safety Systems division

- Work on the on-board ELT (Emergency Locator Transmitter) programme with the development of the new ELITE emergency beacon marketed in September 2017.
- Launch of an avionic on-board WAP (wireless access point).
- Work on the EGSE (Electrical Ground Support Equipment) development programme with the completion of the TCF50, a compact and more portable T-Cell including troubleshooting applications.
- Work on the robot systems programme to improve decision-making autonomy, perception and cooperation between all of the Group's drones. Multirobot demonstration to the Belgian navy in June 2017. Participation in collaborative projects involving MELODI and SWARMS robot fleets.
- Improvement of the control laws for autonomous vehicles and trajectory planning.
- Continuing work on the AUV (Autonomous Underwater Vehicle) range with the final development of the A18-M, customer demonstrations planned in 2018.
- End of development of the IT180 ground station (control station);
- Continuation of development and completion of the IGUANA land robot.
- Development of sea behaviour technologies of vessels with the priority objective of reducing platform movements and accelerations.

- Development of new sources of energy, with a contribution to the development of the marine line for the use of Energy/Propulsion systems using hydrogen fuel cells (SEPPAC Project), and development of new bunkering vessel architecture devoted to LNG fueling of small and medium size ports.
- Development of EF Emergency, the emergency flight simulator for defence, police and emergency services applications.

Protection of High-Risk Installations division

- development of an innovative turnkey offering for passive fire protection, integrating engineering and certification of a new procedure to protect cable routing and ventilation sheaths in nuclear power plants.

"3D Printing" division

- Improvement of DLP – MOVINGLight polymerisation technology as well as development of a new generation of machines whose first model (LD 10), more specifically dedicated to dental applications, has been on the market since the end of 2017;
- DEVELOPMENT of NORGE technology and fine-tuning of a 3D printer using selective laser sintering of plastic powders (launch of the P1000, an entry-level laser sintering manufacturing machine, in late 2016);
- Development of new printing materials in the photosensitive resin and plastic polymer powders families. The goal of these developments are to create high-performance materials in terms of mechanical properties (strength and elasticity) and physical and aesthetic properties (colour and transparency) and stability over time (for liquid and viscous resins for polymerisation and for plastic powders for laser sintering);
- Development of a process for 3D metal printing using metal powders combined with organic binding agents;
- Development of a digital impression process for feet ("Podoclic") and an orthopaedic insole design, order and 3D printing tracking software system for these orthopaedic insoles.

R&D work in progress pertains or will pertain primarily to the following three areas:

- 3D metal printing processes, in particular Rapid Additive Forging technology which is used for 3D printing of large metal parts;
- new materials in both plastic powders and photosensitive resins;
- next-generation 3D printers with continuously improving productivity optimally integrated in the manufacturing chain; continuous development of the SCIENTIFEET solution (manufacturing design solution for shoe inserts); and testing and tuning of new products for hearing aids or hearing protection following the acquisition of INTERSON-PROTAC in 2017.

R&D expenditure amounted to some €14.1 million in 2017. The changes were as follows:

(in millions of euros)	2017	2016
Capitalised research and development	8.3	7.7
Research and development recognised as an expense	5.8	5.1
TOTAL RESEARCH AND DEVELOPMENT EXPENDITURE	**14.1**	**12.8**
Total research and development as % of revenue	5.1%	4.6%
Tax credits for the year	4.2	4.5
Research and development net of tax credits	9.9	8.3

The Smart Safety Systems (ECA and subsidiaries) and 3D Printing divisions accounted for most of the expenditure (€9.6 million and €1.9 million respectively, out of a total of €14.1 million; €4.2 million and €1.9 million of capitalised expenditure, out of a total of €8.3 million).

The Group consistently seeks external financing to cover these investments (French Defence Procurement, Bpifrance, FUI (French Single Inter-Ministry Fund), Europe, Regional, etc.) and uses its French tax credit for research. All of the Group's subsidiaries obtained research tax credits amounting to a total of €4.2 million, including €2.4 million recognised as income in the income statement for the year and €1.8 million recognised as deferred income, which will contribute to future results. Out of €4.2 million in tax credits for research, €3.1 million was utilised by the Smart Safety Systems business.

R&D expenditures are for the most part internal costs and it is very rare that R&D work is sub-contracted.

6.3 Property, plant and equipment

Property, plant and equipment primarily comprises land, buildings and production equipment, and is recognised at purchase cost, less accumulated depreciation and any impairment losses, as recommended by IAS 16 – Property, Plant and Equipment.

Each component of an item of property, plant and equipment with a useful life that differs from that of the item as a whole, is depreciated separately on a straight-line basis, without taking into account the residual values. The useful lives of items of property, plant and equipment are generally considered to be the following:

- buildings: 10 to 35 years;
- technical facilities, equipment and tools: 3 to 10 years;
- other: 3 to 12 years.

The useful life of items of property, plant and equipment used in operating activities reflect the estimated life cycles of the products. The useful life of items of property, plant and equipment are reviewed periodically, and may be adjusted prospectively, if appropriate.

Depreciation is expensed in the year incurred.

Items of property, plant and equipment are tested for impairment when there is an indication that they may be impaired. If applicable, a provision will be made on the income statement in current operating income under "Depreciation, amortisation and provisions net of reversals".

Finance leases

Properties used in the framework of a lease are capitalised, in consideration of a debt, when the effect of the lease is to transfer almost all the risks and benefits of the ownership of the properties to the Group.

Leases where the risks and benefits are not transferred to the Group are classified as operating leases. Lease payments under operating leases are recognised as an expense on a straight-line basis over the term of the lease.

(In thousands of euros)	**Land and buildings**	**Fixtures and equipment**	**Land and buildings held under finance leases**	**Equipment held under finance**	**Non-current assets in progress***	**Advances and down-payments**	**Investment property**	**Total**
Gross value								
At 1 January 2017	**13,476**	**38,408**	**6,929**	**4,171**	**437**	**1**	**298**	**63,719**
Acquisitions	1,119	4,211	-	270	929	-	-	6,528
Changes in scope	786	1,078	-	-	2	-	-	1,866
Departures	(21)	(809)	-	-	-	-	-	(830)
Other changes	144	82	-	-	(58)	(1)	-	167
Impact of changes in exchange rates	(6)	(57)	-	-	-	-	-	(63)
At 31 December 2017	**15,498**	**42,913**	**6,929**	**4,441**	**1,310**	**-**	**298**	**71,388**
Depreciation and amortisation, and impairment								
At 1 January 2017	**5,608**	**26,831**	**3,499**	**1,809**	**-**	**-**	**-**	**37,747**
Depreciation and amortisation	669	3,884	203	700	-	-	-	5,456
Changes in scope	292	739	-	-	-	-	-	1,031
Impairment losses	-	346	-	-	-	-	-	346
Departures	(21)	(464)	-	-	-	-	-	(484)
Other changes	113	(24)	-	-	-	-	-	89
Impact of changes in exchange rates	(6)	(31)	-	-	-	-	-	(37)
At 31 December 2017	6,655	31,281	3,702	2,509	-	-	-	44,147
Net value								
At 1 January 2017	**7,868**	**11,577**	**3,430**	**2,368**	**437**	**1**	**298**	**25,972**
At 31 December 2017	**8,843**	**11,632**	**3,227**	**1,931**	**1,310**	**-**	**298**	**27,240**

* *Start of period restated to reflect the items described in Note 1.3.*

6.4 Value impairments on fixed assets

Open-ended non-current assets are not amortised and are tested for impairment at each reporting date. These assets consist of goodwill. Goodwill impairment losses are irreversible.

Amortised assets are tested for impairment when, due to special events or circumstances, the probability of recovering their carrying amount comes into question. The appearance of loss factors specific to certain assets other than goodwill, especially R&D assets, may be grounds for testing and justify an impairment of these assets regardless of an impairment test on the CGU to which they were previously attached. These impairment factors may be related to internal factors (*e.g.* changes in the assessment of management's ability to bring an R&D project to a conclusion or of the costs of doing so) or external events (*e.g.* changing commercial outlook). The sum of these factors influences management's appraisal, asset by asset, of whether or not there are any future economic benefits or what those future economic benefits are. For non-current assets that are impaired, the possible recovery of the impairment is reviewed on each reporting date.

For the purposes of measuring impairment, assets are grouped into cash-generating units (CGUs), which represent the lowest level of unit generating separate cash flow.

Impairment is accounted for to match the surplus of the carrying amount over the recoverable amount of a CGU. In the absence of market value, the recoverable amount of a CGU is its value after tax, calculated using discounted future cash flow method.

The main CGUs selected in the Group's current configuration and organisation are now, within the Smart Safety Systems, Aerospace, Robotics and Simulation division; within the Protection of High-Risk Installations division, CIMLEC, NUCLÉACTION, SERES and Fire Protection: within the 3D Printing, Systems and Products division.

Process for the impairment tests

At 31 December 2017, impairment tests on all property, plant and equipment and intangible assets resulted in some impairment losses of €4,028 thousand in total including €498 thousand with regard to a loss of an individual asset in the goodwill.

The recoverable value of a CGU is determined using the discounted future cash flow method. The discount rate used is the weighted average cost of capital (WACC), calculated using the ten-year OAT (risk-free rate 0.65%) rate, a market risk premium and Beta calculated based on the share price of the Company and the performance of the CAC 40 index. Flows after taxes are projected conservatively over the forecast period of the relevant activity (five years) and may include a terminal value with a growth assumption of 1.5% for the Smart Safety Systems and Protection of High-Risk Installations divisions and 3% for the 3D Printing division.

The discount rates used in 2017 are 6.21% for the SIS division, 9.5% for the 3D division and 5.61% for GROUPE GORGÉ excluding risk premiums.

The rate was also increased by a specific risk premium set at 2 to 2.5% for the Smart Safety Systems division (2.5% for the Robotics CGU and 2% for the Aerospace and Simulation CGU). Within the PIR division, the specific risk premiums are 5% for the CIMLEC and NUCLÉACTION CGUs, 4.5% for the Fire Protection CGU and 3% for the SERES CGU.

The tests made include a measurement of the sensitivity of assumptions (discount rate of +/-0.5 points (-0.5/+1 point for the SIS division) and growth rate to infinity of +/-0.5%).

Management does not believe that any reasonably possible change in the key assumptions used to calculate the recoverable value might lead to the carrying amount of a CGU being considerably higher than its recoverable value.

The CGUs and the discount rates used are therefore the following:

CGU	Goodwill	Discount rates used, including risk premiums
Aerospace	1,332	8.2%
Robotics	18,095	8.7%
Simulation	-	8.2%
Smart Safety Systems	**19,427**	
Systems	22,538	9.5%
Products	9,453	9.5%
3D Printing	**31,986**	
CIMLEC and subsidiaries	274	9.6%
NUCLÉACTION and subsidiaries	3,766	10.6%
Fire Protection	5,013	10.1%
SERES	806	8.6%
Protection of High-Risk Installations	**9,859**	
TOTAL GROUPE GORGÉ	**61,272**	

The tests were conducted without taking into account the two acquisitions in the second half of the year (provisional goodwill of €14.3 million and €1.5 million, in the Systems and Products CGUs of the 3D Printing division).

Note 7 Details of cash flows

7.1 Calculation of cash flow

(In thousands of euros)	2017	2016*
Net income from continuing operations	(20,718)	3,350
Allowances for/reversals of depreciation, amortisation and provisions	18,814	9,146
Cancellation of capital gains and losses on treasury shares	(82)	(22)
Calculated expense linked to share-based and similar payments	573	122
Earnings of equity-accounted companies	(60)	(40)
Capital gains and losses on disposals	1,743	58
Other	-	35
CASH FLOW FROM OPERATING ACTIVITIES (BEFORE ELIMINATION OF NET BORROWING COSTS AND TAXES)	**270**	**12,578**

* *2016 column restated to reflect the items described in Note 1.3.*

EBITDA is reconciled with the operating cash flow as follows:

(In thousands of euros)	2017	2016*
EBITDA	9,076	21,762
Cancellation of capital gains and losses on treasury shares	(82)	(22)
Capital gains and losses on disposals	943	58
Calculated expense linked to share-based and similar payments	(193)	16
Appropriations and reversals concerning current assets	(964)	(524)
Offsetting of reversals of provisions with an expense	(1,130)	(529)
Non-recurring items excluding charges and reversals	(485)	(1,578)
Financial income excluding financial charges and reversals	(2,057)	(2,082)
Corporation tax	(4,814)	(4,488)
Other calculated expenses	(25)	(35)
CASH FLOW FROM OPERATING ACTIVITIES (BEFORE ELIMINATION OF NET BORROWING COSTS AND TAXES)	**270**	**12,578**

* *2016 column restated to reflect the items described in Note 1.3.*

7.2 Change in working capital requirements

(In thousands of euros)	Notes	Start of the period	Changes inscope	Change over the year	Other changes(1)	Currency translation adjustment	Closing
Net inventories		29,020	1,581	(668)	-	(133)	29,800
Net receivables		152,038	4,891	5,043	-	(112)	161,860
Advances and down-payments		2,214	22	340	-	-	2,576
Prepaid expenses		1,600	113	(4)	-	(5)	1,704
SUBTOTAL	***A***	**184,871**	**6,607**	**4,710**	**-**	**(250)**	**195,939**
Trade payables		48,073	2,756	1,064	-	(19)	51,874
Advances and down-payments		48,323	37	4,715	-	(1)	53,073
Deferred income from transactions		17,817	454	(2,946)	-	(5)	15,319
SUBTOTAL	***B***	**114,213**	**3,246**	**2,833**	**-**	**(25)**	**120,267**
WORKING CAPITAL REQUIREMENT	***C = A - B***	**70,659**	**3,360**	**1,877**	**-**	**(225)**	**75,672**
Social and tax receivables		31,706	493	3,805	(1)	-	36,002
Current accounts receivable		6	87	(85)	-	-	8
Other receivables		2,860	372	334	38	(5)	3,599
SUBTOTAL	***D***	**34,571**	**952**	**4,054**	**37**	**(5)**	**39,609**
Tax and social debts		39,112	2,250	959	-	(20)	42,300
Accrued interest		2	0	4	-	-	6
Other payables and derivative instruments		7,419	3,664	(2,369)	845	(499)	9,059
Current accounts payable		24.	45	(67)	-	(1)	1
Deferred income from subsidies and research tax credit		7,807	(169)	358	-	-	7,997
SUBTOTAL	***E***	**54,364**	**5,790**	**(1,115)**	**845**	**(520)**	**59,364**
OTHER ITEMS OF WORKING CAPITAL REQUIREMENT	***F = D - E***	**(19,793)**	**(4,839)**	**5,169**	**(808)**	**516**	**(19,755)**
WORKING CAPITAL REQUIREMENT	***G = C + F***	**50,866**	**(1,478)**	**7,047**	**(808)**	**291**	**55,917**

(1) The "Other changes" column contains financial inflows that did not affect income from continuing operations or generate cash flows.

Tax and social security receivables increased by €3.8 million. This is mainly explained by the increase in research tax credit receivables which it was not possible to deduct from the tax payable.

7.3 Acquisitions/Disposals of equity holdings

Cash flows from acquisitions are summarised in the table below.

(In thousands of euros)	2017	2016
Proceeds	20,796	14
Payments	(12,508)	(1,709)
Cash and cash equivalents of acquired companies	3,187	5,516
TOTAL	**11,475**	**3,821**

The amount of €20,796 thousand belonging to "Proceeds" corresponds to net proceeds from the disposal of 7.5% of the share capital of PRODWAYS GROUP by GROUPE GORGÉ.
The corresponding capital gain increases the Group's equity but has no impact on the income statement (see Note 2.2.1).

Note 8 Financing and financial instruments

The financial assets and liabilities consist mainly of the following items:

- long term financial liabilities, short term loans and bank overdrafts which make up the gross financial debt (see Note 8.1.1);
- loans and other long term financial assets and the cash and cash equivalents which are added to the gross financial debt to arrive at the net financial debt (see Note 8.1.2);
- derivative instruments (see Note 8.1.3);
- other financial assets and liabilities (see Note 8.1.4).

8.1 Financial assets and liabilities

8.1.1 Gross financial debt

Gross financial debt includes long-term financial liabilities, short-term loans and bank overdrafts.

Financial liabilities consist primarily of current and non-current financial debt contracted with credit institutions, as well as bonds. These liabilities are initially recognised at fair value, from which are deducted, if need be, any directly attributable transaction costs. They are then valued at amortised cost based on their actual interest rate.

Several new loans were taken out and three loans were repaid in advance in the year:

- GROUPE GORGÉ took out two new bank loans of €1.67 million each to refinance two existing loans;
- in July ECA obtained a credit facility of €10 million to fund general corporate requirements and acquisitions. The credit facility has been confirmed for a term of three years;
- ECA took out three new loans to refinance the acquisition of BE MAURIC at the end of 2016 and investments during the period. They amounted to €1.95 million in total;
- INITIAL took out three new loans to finance investments for a total of €0.9 million;
- PRODWAYS GROUP paid back in advance a bank loan of €10 million taken out in June 2016 and opened a credit line in the same amount to finance general requirements or acquisitions. The credit line is on a declining basis starting in June 2019 and confirmed for five years until December 2022.

Repayments in the period (€19.6 million) include early repayments by GROUPE GORGÉ of €3.3 million and PRODWAYS GROUP SA of €10 million.

Changes in borrowings and financial debt

(In thousands of euros)	**Finance lease liabilities**	**Convertible bonds**	**Other bonds**	**Bank borrowings**	**Other borrowings**	**Long-term debt**	**Bank overdrafts**	**Gross financial debt**
Gross value								
At 1 January 2017	**5,252**	**44**	**15,693**	**57,986**	**2,071**	**81,045**	**9,127**	**90,172**
New finance lease contracts	270	-	-	-	-	270	-	270
New bond issuance/subscription	-	-	-	14,691	139	14,829	7,662	22,491
Redemptions	(1,453)	(44)	(100)	(17,643)	(394)	(19,634)	(9,127)	(28,760)
Other changes[(1)]	-	-	108	69	(41)	137	0	137
First consolidation/ (Deconsolidation)	-	-	-	169	1	169	164	333
Impact of changes in exchange rates	-	-	-	-	-	-	(20)	(20)
At 31 December 2017	**4,069**	**-**	**15,701**	**55,271**	**1,776**	**76,817**	**7,806**	**84,623**

(1) Changes with no impact on cash flow related to effective interest rates and accrued interest on borrowings.

Schedule of borrowings and financial debt

(In thousands of euros)	31/12/2017	<1 year	>1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	>5 years
Finance lease liabilities	4,069	1,436	2,555	1,094	625	220	617	-
Other bonds	15,701	14,422	1,279	400	400	400	79	-
Bank borrowings	55,271	24,277	30,994	6,662	5,704	16,005	2,033	591
Other borrowings	1,776	368	1,419	2	427	101	2	887
LONG-TERM DEBT	**76,817**	**40,503**	**36,247**	**8,158**	**7,155**	**16,726**	**2,730**	**1,478**
Bank overdrafts	7,806	7,806	-	-	-	-	-	-
GROSS FINANCIAL DEBT	**84,623**	**48,308**	**36,247**	**8,158**	**7,155**	**16,726**	**2,730**	**1,478**

"Bank borrowings" of less than one year includes €17.5 million of draw-downs made by ECA over three-month periods as part of its two Revolving Credit Facilities (RCF) of €10 million each. The draw-downs can be renewed and their final maturities are July 2021 and July 2022.

The costs attributable to the implementation of loans are amortised over the term of the debt (amortised cost method) based on their true interest rate.

"Other borrowings" include repayable advances received by the Group in respect of research and development in particular. These advances cannot be repaid, or only repaid partially according to the success of the operations on the basis of which they were granted.

8.1.2 Restated net cash and cash equivalents

Cash and cash equivalents presented in the balance sheet consist of cash in hand, bank accounts, term deposits of no more than three months and marketable securities meeting the criteria in IAS 7.

Accrued interest earned on term accounts is recorded under investment income. A provision for impairment is recognised when the net asset value is less than the acquisition cost.

(In thousands of euros)	2017	2016
Marketable securities and term deposits	27,051	1,531
Cash and cash equivalents	59,738	37,220
GROSS CASH (A)	**86,789**	**38,752**
Bank overdrafts (B)	7,806	9,127
CASH AND CASH EQUIVALENTS (C) = (A) - (B)	**78,983**	**29,625**
Financial debt (D)	76,817	81,045
NET CASH (NET DEBT) (C) - (D)	**2,166**	**(51,420)**
ECA treasury shares	1,500	1,869
PRODWAYS GROUP cross-shareholding	165	-
GROUPE GORGÉ treasury shares	74	92
NET DEBT CASH, ADJUSTED	**3,905**	**(49,459)**

8.1.3 Derivative financial instruments

Composite financial instruments such as convertible or redeemable bonds are recognised in accordance with IAS 32, *i.e.* separate posting of the bond component recorded as debt at amortised cost and of the share component recognised as equity (similar to selling a stock purchase option), expenses related to the issue being recognised as equity and debt respectively in proportion to the proceeds of the issue.

The Group may use, if it deems it necessary, derivative financial instruments to hedge against foreign exchange risks associated with operations. These risks mainly arise from sales in USD. The corresponding future cash flows are partially hedged by firm or optional forward exchange transactions. On initial posting, derivatives are recorded in the balance sheet at their acquisition cost. They are then valued at their fair value calculated on the basis of market prices provided by the relevant financial institutions. The Group applies hedge accounting for foreign exchange transactions according to the criteria defined by IAS 39. This is macro-hedging, with changes in the fair value of the hedging instrument being recognised as income.

The Group uses swap agreements to manage and hedge changes in interest rates.

The derivative instruments used are backed economically by the maturities, rates and currencies of the hedged loans. These contracts involve fixed and floating exchange rates. The interest differential is recognised as financial income or expense in return for interest receivable or payable as appropriate. For these rate instruments, the Group uses cash flow hedging in accordance with IAS 39: the instruments are recognised at their cost of acquisition and then revalued at their fair value at the closing date.

The Group's financial instruments are allocated to hedging future transactions (cash flow hedge). Thus, measurement of the change in fair value is as follows:

- the effective portion of changes in fair value is recognised in the hedging reserve until the proposed transaction is closed. When the proposed transaction is completed, the amount recognised in equity is reclassified in earnings, with the income or expense being adjusted by the actual portion of the gain or loss on the fair value of the hedging instrument;
- the ineffective portion of the change in fair value is recognised as financial income.

The fair value of swap agreements is calculated using valuation techniques based on observable market data, pursuant to IFRS 7.

PRODWAYS GROUP took out an interest rate cap in September 2016 to hedge the €10 million variable rate loan contracted with LCL. Due to early repayment of the underlying asset in 2017, this hedge was discontinued in the second half of 2017.

In October 2016, GROUPE GORGÉ took out a 1% interest rate cap to hedge the €9.5 million variable-rate loan contracted with BNP. The value in the asset balance sheet was €7 thousand at 31 December 2017.

SERES Technologies' minority shareholders have put options that are exercisable from 2021. GROUPE GORGÉ has a call option exercisable from 2017. These options have been valued at fair value through equity. The valuation is equivalent to the estimated current value of the option to date, which is itself a multiple of the estimated income of the subsidiary over the period in question.

IP GESTION' minority shareholders have put options exercisable from 2023. PRODWAYS GROUP has a call option exercisable from 2021. These options have been valued at fair value through equity. The valuation is equivalent to the estimated current value of the option to date, which is itself a multiple of the estimated income of the subsidiary over the period in question.

BE MAURIC's minority shareholders have put options that are exercisable under a shareholders' pact entered into in November 2016 for a period of ten years. ECA has a call option exercisable from 2017. These options have been valued at fair value through equity. The valuation is equivalent to the estimated current value of the option to date, which is itself a multiple of the estimated income of the subsidiary over the period in question. In December 2017, options were exercised by the shareholder managers, and the shares concerned were acquired by ECA to be sold to other managers of the company at the same price, in early 2018.

(In thousands of euros)	**Start of the period***	**In**	**Options exercised**	**Equity effect**	**Other**	**Closing**
SERES Technologies purchase option	1,295	-	-	64	-	1,359
BE MAURIC call option	807	-	(226)	(143)	-	438
INTERSON-PROTAC call option	-	889	-	-	-	889
NON-CURRENT TOTAL	**2,102**	**889**	**(226)**	**(79)**	**-**	**2,686**

* *Start of period restated to reflect the items described in Note 1.3.*

8.1.4 Other non-current financial assets

Non-consolidated equity interests are initially recognised in the balance sheet at their acquisition cost, and subsequently at fair value if this can be reliably measured. Where the fair value cannot be reliably measured, the equity interests are maintained at their acquisition cost, less any recognition of impairment that is deemed to be necessary.

In particular, an impairment loss is recognised when the value of an equity interest falls below the Company's stake in its equity, unless the results and outlook suggest that the situation could be reversed in the short or medium term.

Certain financial assets are recognised at their fair value by an adjustment to the income statement (IAS 39). They are shares listed on an active market and deliberately classified in this category with effect from their initial recognition. The fair value may be determined reliably and corresponds to the stock market price at the year-end closing date (Level 1 of the hierarchy of fair values – IFRS 7).

Where the fair value cannot be based on observable market data, the securities are maintained at their cost net of any impairments. In this case, the recoverable value is determined based on the Group's share of the net assets, expected future profitability and the development prospects of the entity representative of the investment. This rule is applied in particular for unlisted securities.

Changes in fair value are recognised in Other items of net income within the overall income statement and, in the balance sheet, under a separate equity heading (other reserves) until the effective disposal of the securities, at which date they are recycled into the income statement. Furthermore, where an identified loss of value is considered to be significant or long term with regard to the circumstances, it is recognised in financial income.

Loans and receivables listed among non-current financial assets are recognised at amortised cost and are subject to impairment if there is an objective indication of a loss of value. Long-term financial receivables are discounted where the effect of discounting is deemed to be significant.

Net values *(in thousands of euros)*	**2017**	**2016**
Loans	717	626
Deposits and guarantees	1,870	1,805
Non-consolidated holdings	748	754
Available-for-sale assets	-	686
Other long-term investments	519	508
TOTAL OF OTHER FINANCIAL ASSETS	**3,854**	**4,379**

Non-consolidated equity securities

(In thousands of euros)	**% control**	Capital *Equity*	Gross value of shares *Net value of securities*	Revenue *Net income*	**Comments**
		56	60	1,428	
CEDETTI[(1)]	10,07%	*313*	*60*	*60*	No significant influence
		100	34	0	
MARINE INTÉRIM	34%	*164*	*34*	*(0)*	No significant influence
		49	500	-	
WANDERCRAFT	4.9%	*11,194*	*500*	*(1,184)*	No significant influence
Other	N/A	N/A	18	N/A	No significant influence
			18		

(1) Information at 30 September 2017.

Investments in affiliated companies

The movements over the year are as follows:

(In thousands of euros)	**Start of the period**	**In**	**Income**	**Currency translation adjustment**	**Exit**	**Closing**
1ROBOTICS	4	-	(0)	(0)	-	3
DENTOSMILE	803	-	98	-	-	901
VARIA 3D	615	-	9	(21)	(21)	603
TOTAL	**1,421**	**-**	**107**	**(21)**	**(21)**	**1,507**

8.2 Financial income and expenses

On the one hand, financial income and expenses comprise interest income and expense related to the cost of net financial debt and, on the other hand, financial income and expenses.

Interest expenses correspond to the amount of interest recognised in respect of the financial debts and the interest income to the amount of the interest received from cash investments.

(In thousands of euros)	**2017**	**2016**
Interest expense	(1,935)	(2,264)
Income from other securities	-	14
Net income on sales of marketable securities	24.	15
COST OF NET DEBT	**(1,912)**	**(2,235)**
Other interest income	247	97
Net exchange gain or loss	(393)	57
Financial allowances net of reversals	(51)	(174)
TOTAL FINANCIAL INCOME AND EXPENSES	**(2,108)**	**(2,255)**

8.3 Policy for the management of risks

8.3.1 Liquidity risk

At 31 December, the Group's net cash amounted to €79.0 million (€86.8 million in cash, minus €7.8 million in bank overdrafts).

The Group has the funding it needs and there are no loans essential to its activity being negotiated. The Group has no bank financing that depends on the Group's rating and no significant concentration of credit risk.

The arrangements for repaying the principal loans are as follows:

Loan *(in thousands of euros)*	**Rate**	**Amount**	**Outstanding capital**	**Maturity**
SOGEBAIL (leasing)	TEC10+0.55%	6,320	1,005	48 quarterly instalments from June 2007
SG LEASING S.p.a. (leasing)	1.62% reviewable	2,250	1,136	179 monthly payments starting in 2007
GIAC 2022 bond	E3M+3.05%	2,000	1,900	20 quarterly instalments from October 2017
MICADO 2018 bond	5.75%	4,000	4,000	*Bullet repayment* October 2018
FEDERIS 2018 bond	5.40%	10,000	10,000	*Bullet repayment* December 2018
BNP PARIBAS	E+0.43%	10,000	10,000	RCF maturity July 2020
BNP PARIBAS	E3M+1%	10,000	10,000	*Bullet repayment* June 2021
BNP PARIBAS	E3M+0.8%	9,500	7,600	20 quarterly instalments from January 2017
CIC	E+0.4%	10,000	7,500	RCF *Line* maturity July 2021
Bpifrance	1.78%	5,000	4,750	20 quarterly instalments from October 2017
Bpifrance	1.78%	3,000	2,850	20 quarterly instalments from November 2017
Bpifrance	1.93%	2,900	2,465	20 quarterly instalments from March 2017
Bpifrance	1.78%	1,500	1,425	20 quarterly instalments from October 2017
BANQUE PALATINE	0.37%	1,668	1,420	20 quarterly instalments from April 2017
BANQUE PALATINE	0.37%	1,668	1,420	20 quarterly instalments from April 2017
CIC	E3M+0.6%	1,300	1,300	24 quarterly instalments from February 2018
Bpifrance	0%	1,400	1,260	20 quarterly instalments from June 2017
CRÉDIT AGRICOLE	0.60%	700	581	60 monthly payments starting in February 2017
LCL	E3M+0.9%	10,000	-	RCF maturity July 2020
LCL	E3M+0.8%	10,000	-	RCF maturity December 2022, declining basis from June 2019

Leverage covenants are associated with certain credits. They have all been honoured. The principal borrowings of GROUPE GORGÉ as well as the principal borrowings of subsidiaries may include a change of control clause.

8.3.2 Interest rate risk

Generally, the Group's policy for managing interest rate risk is to examine on a case by case basis credit agreements concluded on the basis of a variable interest rate and to consider, with the help of its external financial advisors, whether it is opportune to use *ad hoc* financial instruments to hedge, where appropriate, identified rate risks. Liabilities and assets exposed to changes in interest rates are as follows, by maturity:

(In thousands of euros)	**DD to 1 year**	**1 to 5 years**	**Beyond**
Financial liabilities(1)	28,641	18,440	220
Financial assets(2)	-	717	-
Net position before hedging	28,641	17,722	220
Off-balance sheet	-	-	-
Net position after hedging	28,641	17,722	220

(1) Excluding funds that do not bear interest but including bank overdrafts amounting to €7,806 thousand.

(2) Excluding marketable securities and investments for €27,051 thousand.

Overdrafts and short-term loans (financing of trading receivables) are concluded at variable rates and therefore expose the Group to fluctuations in interest rates.

Net debt exposed to interest rate fluctuations is approximately €19.5 million at 31 December 2017. A rise or fall of 100 basis points (1%) of all rates would have an impact of about +/-€195 thousand on the Group's annual pre-tax financial expense, assuming strict stability of the debt.

8.3.3 Foreign exchange risk

Foreign currency transactions are concentrated in ECA (mainly US dollar) and are developing in the 3D Printing division. The Group's share of revenue earned in foreign currencies remains limited, with companies in the Protection of High-Risk Installations division reporting the bulk of their euro-denominated exports.

ECA has established a policy of monitoring foreign exchange risk by anticipating all the currency flows of the Group constituted by ECA and its subsidiaries (receipts and payments), measuring the Group's net exposure by maturity and, if necessary, using currency hedging if the net position with an identified deadline warrants it. This requires an assessment of the risk of currency changes, which is issued by the management of ECA advised by its banks. Due to the balanced nature of cross-currency flows in both directions, it was not considered necessary to implement hedging in 2017. Financial debt in foreign currencies is marginal; only a few foreign subsidiaries having temporary bank overdrafts.

(In thousands of euros)	**USD**	**GBP**	**YUAN**	**Other**
Assets	8,336	965	1,052	902
Liabilities	3,098	443	298	735
Net position before hedging	5,238	522	754	167
Off-balance sheet position	-	-	-	-
Net position after hedging	5,238	522	754	167

A uniform exchange rate with a rise or fall of 1 cent (euro) against the major currencies could have an impact of +/-€34 thousand on the net position, assuming a strict stability of assets and liabilities.

8.3.4 Market risk

Treasury shares are held by ECA (76,987 shares), GROUPE GORGÉ (4,748 shares) and PRODWAYS GROUP (34,604 shares). These shares were acquired under liquidity contracts or in order to deliver shares when exercising rights attached to securities giving access to capital through redemption, granting stock purchase options to employees, cancelling all or some of the shares thus redeemed, delivering securities in payment or exchange in the framework of external growth transactions, or regulating the share price on the stock market.

The market value of the treasury shares at 31 December 2017 was €1.74 million (respectively €0.074 million for the treasury shares of GROUPE GORGÉ, €1.5 million for those of ECA and €0.165 million for those of PRODWAYS GROUP).

A uniform change of 10% in the price of shares could have an impact of €174 thousand on equity compared with the situation at 31 December 2017 (ECA, GROUP GORGÉ and PRODWAYS GROUP shares).

The rest of the cash invested by the Group is in money market funds or deposits.

8.4 Off-balance sheet commitments related to financing

8.4.1 Pledges of the issuer's assets

Equity securities of companies included in the scope of consolidation are pledged to financial institutions as collateral for loans:

Equity securities	**Pledge start date**	**Pledge expiry date**	**Number of shares pledged**	**% capital pledged**	**Debt initially guaranteed**	**Outstanding capital**
SERES Technologies	05/2012	05/2018	480	60%	€950 k	€190 k

8.4.2 Commitments received

GROUPE GORGÉ SA has a revolving credit facility of €10 million, confirmed until July 2020. This credit facility has not been used. It is accompanied by a change of control clause and a financial covenant.

ECA SA has a revolving credit facility of €10 million, confirmed until July 2021. This credit facility, €7.5 million of which has been used as at 31 December 2017, is subject to a change of control clause and a financial covenant.

ECA SA also has a 2017 revolving credit facility of €10 million, confirmed until July 2020. This credit facility, €10 million of which was used at 31 December 2017, is subject to a change of control clause.

PRODWAYS GROUP SA has a revolving credit facility of €10 million, confirmed until December 2022. It declines by €2.5 million per year starting in June 2019. It has not been used. It is accompanied by a change of control clause and a financial covenant.

8.4.3 Other commitments

There was no other collateral, guarantee or security at the end of the 2017 financial year.

Note 9 Corporate income tax

9.1 Details of corporate income tax

The tax charge on net income includes the tax payable and the deferred taxes of the consolidated companies.

The taxes related to items recognised directly in other items of total net income are recognised in other items of total net income and not in the income statement.

9.1.1 Details of corporate income tax

Breakdown of tax expense

(In thousands of euros)	2017	2016
Deferred tax liabilities	(3,137)	(944)
Taxes payable	(1,677)	(3,543)
TAX EXPENSE	**(4,814)**	**(4,488)**

Tax expense does not include research tax credits, classified as other income (see Notes 4.2 and 9.1.2). It does, however, include CVAE in the amount of €1,315 thousand in 2017 and €1,578 thousand in 2016.

Tax receivables and payable

(In thousands of euros)	2017	2016
Tax receivables	24,635	21,538
Tax payable	(242)	(127)
NET TAX RECEIVABLE/(DUE)	**24,393**	**21,412**

Tax receivable is mainly made up of research tax credit receivables for €17.8 million and CICE receivables for €5.6 million, which it was not possible to deduct from the tax charge payable.

9.1.2 Analysis of the tax charge

In accordance with standard practice and with IAS 12 and IAS 20, as the research tax credit is neither an element of taxable income, nor computed on the basis of taxable income, and as it is neither a tax liquidation component nor limited to the amount of tax liquidated, it is classified as operating income.

Research tax credits for subsidiaries are recognised in current operating income rather than as a decrease in tax expense if they are not generated by research and development expenses included in the consolidated balance sheet. If they are generated by research and development expenses recognised in the consolidated balance sheet, research tax credits are recognised as deferred income in liabilities and recognised in income at the rate of future amortisation.

Contributions on Corporate Added Value (CVAE) are recognised in income tax accounts, this tax being based on value added. The Group's analysis is based in particular on the definition of income tax as defined in IAS 12 and on an IFRIC position from 2006 that states that the term "taxable income" implies a notion of a net rather than a gross amount, although not necessarily identical to the accounting income. IRAP (Italian tax, also based on value added) is measured the same way.

(In thousands of euros)	
NET INCOME FROM CONTINUING OPERATIONS	**(20,718)**
Tax Income/(Expense)	(4,814)
Earnings of equity-accounted companies	57
Earnings before tax	(15,961)
Tax rate	33.33%
THEORETICAL TAX CHARGE	**5,320**
Reconciliation items	
Uncapitalised tax losses incurred for the period	(8,176)
Use of uncapitalised tax losses	56
Reassessment of deferred tax assets	(3,731)
Differential rates France/Foreign countries and reduced rates	(284)
Interest rate differences with respect to the new tax reform in France	489
CVAE	(1,315)
Tax impact associated with the accounting classification of the value added contribution (CVAE) and tax credits/or tax savings on the CVAE and the theoretical restatement/cancellation on tax credit	1,864
Other permanent differences	962
ACTUAL NET TAX INCOME (EXPENSE)	**(4,814)**

The tax rate matches the parent company's current rate.

In 2017, the tax reform in France led to a positive impact of €489 thousand on the income statement (excluding the impact on capitalised deficits carried forward). This is the Group's best estimate as to the impact of the reform on the deferred tax balance at 31 December 2017.

9.2 Deferred tax liabilities

Deferred taxes corresponding to time differences between the tax and accounting bases of consolidated assets and liabilities are recognised using the liability method. Deferred tax assets are recognised when their future realisation seems likely on a date which can be reasonably determined.

Future income tax breaks arising from the use of tax loss carry-forwards (including unlimited carry-forward) are recognised only when they can be reasonably anticipated.

The main timing differences are related to tax losses carried forward, to provisions for pensions and other similar benefits, to other provisions which are temporarily non tax-deductible and to capitalised development expenses. The deferred tax assets and liabilities are calculated using tax rates which will be in effect at the time of the reversal of the timing differences.

Deferred tax assets and liabilities are not discounted and are offset if they relate to the same taxable entity and have identical repayment maturities.

Breakdown of deferred taxes by type

(In thousands of euros)	2017	2016*
Differences over time		
Retirement and related benefits	2,071	2,770
Development costs	(5,622)	(6,454)
Grants	67	(736)
Finance leases	(273)	(100)
Derivative financial instruments	(67)	(125)
Fair value – IFRS 3	(198)	(257)
Other	535	1,040
SUBTOTAL	**(3,489)**	**(3,862)**
Temporary differences and other restatements	1,115	1,418
Deficits carried forward	7,112	8,472
CVAE	(51)	(77)
TOTAL	**2,639**	**5,951**
DEFERRED TAX LIABILITIES	**(933)**	**(621)**
DEFERRED TAX ASSETS	**3,235**	**6,572**

* *2016 column restated to reflect the items described in Note 1.3.*

Deficits carried forward are capitalised due to opportunities for rapid posting of these deficits. Some deferred tax assets resulting from these capitalisations can be charged to tax liabilities because of the net deferred tax liability position of the companies concerned.

Underlying tax position

Unactivated deficits carried forward (bases in millions of euros)	2017	2016
Ordinary deficits	55.0	30.8
TOTAL	**55.0**	**30.8**

Note 10 Shareholders' equity and earnings per share

10.1 Equity

10.1.1 Capital and issue premiums

At 31 December 2017, the share capital of GROUPE GORGÉ SA amounted to €13,502,843, made up of 13,502,843 shares each with a par value of €1, fully paid up and of which 7,367,146 shares have double voting rights.

Changes in capital

	Cumulative number of shares	Amount of capital *(in euros)*
Capital at 31/12/2015	13,366,843	13,366,843
Capital at 31/12/2016	13,495,843	13,495,843
Capital at 31/12/2017	13,502,843	13,502,843

The capital was increased in 2016 by 129,000 shares, of which 114,000 were used with the use of the equity line set up in 2016 and 15,000 shares as a result of the vesting of shares as part of a bonus share allocation plan.

In January 2017, a draw of 7,000 shares was carried out as part of the equity line, bringing the capital to 13,502,843 shares.

The share premiums represent the difference between the par value of the securities issued and the amount, net of expenses, of the cash contributions received by GROUPE GORGÉ SA at the time of the issue. They amount to €26,011 thousand.

10.1.2 Dividend per share

The distributable reserves of the parent company (shareholders' equity excluding share capital and legal reserve) amount to €62,190 thousand, before appropriation of the 2017 net income. They amount to €56,876 thousand at 31 December 2016.

No dividend was paid in 2016 and in 2017. The dividend distributed in 2015 was €0.32 per share, or a total amount of €4,217 thousand.

10.1.3 Treasury shares and share repurchase plan

Share purchases made in 2017 were under the authorisation granted by the shareholders' meeting of 14 June 2016 or 16 June 2017.

On 31 December 2017, GROUPE GORGÉ SA held 4,748 treasury shares under a liquidity contract. On 31 December 2016, it held 4,372 treasury shares. The purpose of these shares can be:

- transfer shares when exercising the rights attached to securities giving access to the share capital by reimbursement;
- grant stock options to employees;
- cancel all or part of the shares thus repurchased;
- provide securities in payment or exchange for acquisitions;
- stabilise the share's stock market price.

10.2 Earnings per share

Earnings per share are calculated by dividing the Group's net profit attributable to shareholders by the weighted average number of shares outstanding during the year calculated on a *pro rata* basis, net of treasury shares, in compliance with IAS 33.

The diluted earnings per share take into account dilutive instruments. It is calculated from the weighted average on a *pro rata* basis for the number of shares equivalent to shares outstanding during the year. The dilutive effect of share subscription or purchase options is calculated using the treasury stock method, taking into account the average price over the period concerned.

	2017	2016*
Weighted average number of shares	13,497,464	13,420,184
Dividend per share paid during the year (in euros)	*NA*	-
EARNINGS PER SHARE *(in euros)*	**(1,195)**	**(0.052)**
EARNINGS PER SHARE FROM ONGOING ACTIVITIES *(in euros)*	**(1,195)**	**(0.056)**
Dilutive potential ordinary shares[1]	-	551,000
Diluted weighted average number of shares	13,497,464	13,971,184
DILUTED EARNINGS PER SHARE *(in euros)*	**(1,195)**	**(0.054)**
DILUTED EARNINGS PER SHARE FROM ONGOING ACTIVITIES *(in euros)*	**(1,195)**	**0.012**

* *Column restated to reflect the items described in Note 1.3.*

(1) *There were no potential dilutive shares at the date of issue of the financial statements.*

10.3 Pledges of the issuer's assets

The Company has no knowledge of any pledges of GROUPE GORGÉ shares outstanding at the reporting date.

Note 11 Other provisions and contingent liabilities

The Group recognises a provision if it has an obligation to a third party prior to the reporting date, where the loss or liability is probable and can be reasonably estimated. In cases where such loss or liability is neither probable nor reliably measurable, but still possible, the Group reports a contingent liability in commitments (excluding the posting of contingent liabilities in the event of acquisition). Provisions are estimated on a case by case basis or on a statistical basis.

Provisions are primarily intended to cover:

- economic risks: these provisions cover tax risks identified during inspections carried out locally by tax authorities and financial risks arising primarily on guarantees given to third parties covering certain assets and liabilities;
- business risks and contingencies; these provisions comprise:
  - statistical provisions for guarantees: Group subsidiaries provide for all guarantees which may be given on equipment sales on a statistical basis. Some guarantees may cover 24 months,
  - provisions for termination losses on projects on ongoing projects,
  - provisions for work outstanding on projects already delivered;
- restructuring costs, if the restructuring was covered by a detailed plan and an announcement or project launch before the reporting date.

In contrast to the foregoing definition of a provision, a potential liability is:

- a potential obligation resulting from a past event of which the existence will only be confirmed by the occurrence or otherwise of an uncertain event which is not within the control of the Group;
- or a current obligation resulting from a past event for which either the amount of the obligation cannot be reliably estimated or it is unlikely that an outflow of resources representative of economic benefits will be necessary to extinguish the obligation.

As part of business combinations, potential liabilities may be recognised as provisions in accordance with the criteria defined in the IFRS 3R standard.

Provisions for losses on completion of pending projects:

Provisions *(in thousands of euros)*	**Litigation**	**Customer warranties**	**Termination losses**	**Fines and Penalties**	**Other**	**Total**
At 1 January 2017*	**706**	**884**	**3,252**	**529**	**3,384**	**8,754**
Appropriations	273	210	2,343	396	4,222	7,444
Provisions used	(305)	(4)	(200)	(327)	460	(377)
Reversals	(62)	(168)	(1,863)	(461)	(2,100)	(4,654)
Impact on income for the period	**(94)**	**38**	**280**	**(392)**	**2,582**	**2,413**
Changes in scope	70	-	-		89	159
Other changes	(10)	-	-	-	(13)	(23)
Impact of changes in exchange rates	(2)	-	-	-	(1)	(3)
At 31 December 2017	**670**	**922**	**3,532**	**137**	**6,040**	**11,300**

* *Start of period restated to reflect the items described in Note 1.3.*

The "Other" column includes €2,633 thousand of provisions for risks for two Group subsidiaries and of which the closure or disposal was decided.

Note 12 Other notes

12.1 Statutory auditors' fees

These fees relate to all Group companies.

2017 *(in thousands of euros)*	**PWC**		**MAZARS**		**Other firms**		**Total**	
Statutory audits, review of financial statements	359	98.1%	168	100.0%	386	98.2%	912	98.5%
• Parent company	101		68		-		170	
• Fully consolidated companies	257		100		386		743	
Services other than certification of the financial statements	7	1.9%	-	-	7	1/8%	14	1.5%
TOTAL	**366**	**100.0%**	**168**	**100.0%**	**393**	**100.0%**	**926**	**100.0%**

2016 *(in thousands of euros)*	**PWC**		**MAZARS**		**Other firms**		**Total**	
Statutory audits, review of financial statements	216	63.2%	226	94.3%	293	96.1%	735	82.9%
• Parent company	97		66		-		162	
• Fully consolidated companies	119		161		293		573	
Services other than certification of the financial statements	126	36.8%	14	5.7%	12	3.9%	151	17.1%
TOTAL	**341**	**100%**	**240**	**100%**	**305**	**100%**	**887**	**100%**

12.2 Exceptional events and disputes

The Group is involved in various legal proceedings. After reviewing each case and seeking counsel, the provisions considered necessary have, as applicable, been recorded in the financial statements.

In July 2013, a fire destroyed the DEPALOR particleboard production plant in Phalsbourg. Some fire protection systems at the fire's initial break-out point are thought to have failed to function. DEPALOR and its insurance company launched a court-ordered appraisal against the various specialist companies responsible for the design, maintenance, verification and occasional work on the fire extinguishing systems and their respective insurance companies. The appraiser must in particular look for the origin and causes of the fire and the causes of any malfunctions of the fire protection systems on the day of the fire and determine their impact on the claim. The technical appraisal should end in 2018. The costing of the loss alleged by DEPALOR was estimated by a specialist at €32 million. Although it considers that it is without blame in this affair, CLF SATREM is one of the companies concerned by the appraisal since it had initiated renovation works to the DEPALOR plant 30 years previously and carried out occasional works on the site.

In April 2008, CIMLEC Industrie signed a contract with ETS COMMUNICATION for an unlimited telephone service as well as the renting of the equipment required for the supply of this service from a leasing company. The entire telephone service and the lease financing came to a total amount of €500 thousand. On the strength of an acceptance report signed by CIMLEC Industrie, the leasing company FRANFINANCE began to deduct the rent payments although the telephone equipment had not been delivered and the unlimited telephone service had not begun. CIMLEC Industrie stopped the payments and ended up rescinding the contract. ETS COMMUNICATION was placed under court-ordered liquidation. FRANFINANCE took CIMLEC Industrie before the Commercial Court to claim approximately €470 thousand from CIMLEC Industrie for the implementation of the lease financing contract until its term. CIMLEC Industrie then filed a complaint against it for fraud, the use of fraudulent documents. The investigation resulted in the case being abandoned, recording that no objective evidence was available to confirm the reality of the delivery or the subsequent use of the equipment. In any event, CIMLEC Industrie considers that FRANFINANCE cannot expect to obtain the full compensation for a contract when none of the services covered by the contract were provided. In April 2016, the Commercial Court ordered CIMLEC Industrie to pay FRANFINANCE €473 thousand. The order was recorded in the financial statements at 30 June 2016 and the amount has been fully paid. CIMLEC Industrie appealed the ruling and lost its appeal in 2017. CIMLEC Industrie appealed again in early 2018.

In 2012, CIMLEC Industrie entered into a cost-reduction agreement with COST&CO regarding its fleet of vehicles for long-term leasing. COST&CO conducts business analysis and seeks to achieve cost-reduction for French companies. As CIMLEC Industrie and COST&CO were at odds concerning the services and fees due, COST&CO sued CIMLEC Industrie in June 2016 to pay its invoices.

Moreover, COST&CO demanded the payment of damages and interest, since COST&CO accused CIMLEC of communicating its cost-reduction recommendations to third parties. COST&CO's claims amount to approximately €516 thousand overall. CIMLEC Industrie disputes the principle and amount of COST&CO's applications. CIMLEC Industrie and COST&CO entered into an agreement in October 2017 by which CIMLEC Industrie agreed to pay COST&CO the amount of €65 thousand for COST&CO to drop all claims.

In 2014, BAUMERT wanted to close its establishment in Dreux in order to redeploy the business carried out on this site to its main site in Alsace in particular. Since 15 out of 16 employees refused to move, the Company was obliged to implement a plan (PSE) to safeguard the employees' jobs. Fourteen employees requested the cancellation of the PSE on the grounds that it had not been approved by the competent Regional directorate of businesses, competition, consumption, labour and employment ("DIRECCTE") and that the PSE had not been assessed by the latter with regard to the resources available to the Group to which the BAUMERT company belongs. The proceedings before the administrative courts confirmed that the DIRECCTE which approved the PSE had no jurisdiction in the area. Due to the cancellation of the PSE, the employees also initiated Labour Tribunal proceedings for dismissal without real and serious cause. BAUMERT was thus ordered by the Labour Tribunal in 2016 to pay damages to employees for an amount of approximately €460 thousand. This ruling was upheld on appeal. BAUMERT intends to call into question the responsibilities of the State and its lawyer, who advised the Company on the PSE, due to the DIRECCTE's lack of jurisdiction.

In 2014 and 2015, BAUMERT designed, manufactured and installed sealed doors for nine methanation units designed by NASKEO Environnement that were sold to agricultural operators. The price of this contract totalled €720 thousand for BAUMERT. The methanation units malfunctioned, which affected the performance expected by agricultural operators. Court-ordered assessments are underway at several sites or will be initiated in order to determine the causes of the malfunctions that resulted in an apparent problem with the doors' weather seal. BAUMERT currently considers that these doors were designed in compliance with the requirements of the specifications of NASKEO Environnement.

In May 2016, VAN DAM received a complaint from VINCI CONSTRUCTION UK Limited regarding sub-contracted work performed in 2008-2009 (then in 2011 for repairs) on a public building in England. The original contract for VAN DAM amounted to £2.9 million. VAN DAM had many discussions with the contractor and the owner on the origin of the problems documented and the proportionate and adapted technical solutions that could possibly be implemented to remedy the problem. VAN DAM has not however been able to access the building to carry out certain technical analyses. Since the bankruptcy of the owner (Carillon) discussions have been suspended.

ECA EN transferred its business in 2015. A property inspection report on departure was carried out in the presence of both parties with SCI FERCA, the lessor, at the end of December 2015. SCI FERCA sued ECA EN at the end of 2017 to restore the premises which ECA EN is allegedly responsible for and claimed €518 thousand from ECA EN in compensation. It is recalled that the Company was in the end obliged to move as a result of the non-completion by SCI FERCA, its former lessor, of all of the restoration work on the roof (asbestos removal) in the former premises.

At the end of a nine-year legal appraisal, in December 2016, SCI FERCA, ECA EN's former lessor, sued the companies in charge of the unfinished asbestos removal (and their insurers) to claim compensation for the damage suffered due to poorly executed and incomplete asbestos removal. SCI FERCA sued ECA EN, along with the companies in charge of asbestos removal, accusing it, in its capacity as former tenant, of having hampered the asbestos removal process, which ECA EN vigorously contests.

A lawsuit arose in 2017 between ECA SINDEL and one of its customers in Singapore. The lawsuit was caused by disagreements on the interpretation of the services due under the contract and the amount of the riders claimed by SINDEL. After many discussions the parties reached an agreement but were unable to formalise rider to the contract. In response to a letter in December 2017 from ECA SINDEL, the customer in late January 2018 sent a letter terminating the contract on the alleged grounds of failure on the part of ECA SINDEL. This put ECA SINDEL in a very difficult situation, exposing it to losses of €1 million in unpaid invoices and €1.4 million in work in progress yet to be invoiced, as well as the threat of claims for damages and interest. ECA SINDEL is consulting with its legal advisors on the best course of action to take. Provisions on assets and for risks were recognised in the 2017 financial statements and the business continuity of the subsidiary is in question.

12.3 Post-closure events

No significant event took place between 31 December 2017 and the date of the meeting of the Board of Directors which approved the consolidated financial statements.

Note 13 List of consolidated companies

Company	Parent company at 31 December 2017	% control 2017	% control 2016	% interest 2017	% interest 2016	Method 2017	Method 2016
Consolidating company							
GROUPE GORGÉ SA		Top	Top	Top	Top	FC	FC
Structure							
FINU 10[1]	GROUPE GORGÉ SA	100	100	100	100	FC	FC
SCI DES CARRIÈRES	GROUPE GORGÉ SA	100	100	100	100	FC	FC
GORGÉ EUROPE INVESTMENT (Netherlands)	BALISCO	95	95	95	95	FC	FC
GORGÉ NETHERLANDS (Netherlands)	GORGÉ EUROPE INVESTMENT	91.58	91.58	87	87	FC	FC
Smart Safety Systems							
BUREAU MAURIC	ECA SA	60	60	36,67	36,67	FC	FC
ECA[2]	GROUPE GORGÉ SA	75.65	75.42	61.12	61.12	FC	FC
ECA CNAI	ECA AEROSPACE	100	100	61.12	61.12	FC	FC
ECA AEROSPACE	ECA SA	100	100	61.12	61.12	FC	FC
ECA DÉVELOPPEMENT[1]	ECA SA	100	100	61.12	61.12	FC	FC
ECA DRONE	ECA SA	100	100	61.12	61.12	FC	FC
ECA DYNAMICS	ECA SA	51	51	31.17	31.17	FC	FC
ECA ELTA	ECA AEROSPACE	100	100	61.12	61.12	FC	FC
ECA EN	ECA SA	100	100	61.12	61.12	FC	FC
ECA FAROS	ECA SA	100	100	61.12	61.12	FC	FC
ECA MIDDLE EAST (EAU)[3]	ECA SA	100	100	61.12	61.12	FC	FC
ECA ROBOTICS	ECA SA	100	100	61.12	61.12	FC	FC
ECA RSM	ECA SA	100	100	61.12	61.12	FC	FC
ECA SINDEL (Italy)	ECA SA	99.38	99.38	60.74	60.74	FC	FC
ECA SINDEL BRASIL (Brazil)	ECA SINDEL	99.80	99.80	60.62	60.62	FC	FC
ECA SINTERS	ECA AEROSPACE	100	100	61.12	61.12	FC	FC
EN MOTEURS	ECA EN	100	100	61.12	61.12	FC	FC
ESFE (Singapore)	ECA SA	100	100	61.12	61.12	FC	FC
SSI (United States)	ECA SA	100	100	61.12	61.12	FC	FC
TRITON IMAGING (United States)	ECA SA	100	100	61.12	61.12	FC	FC
1ROBOTICS (United States)	ECA SA	29.89	29.89	49.51	49.51	EM	EM
Protection of High-Risk Installations							
AI GROUP	BALISCO	100	100	95	95	FC	FC
AMOPSI	BALISCO	80	80	76	76	FC	FC
BALISCO	GROUPE GORGÉ SA	95	95	95	95	FC	FC
BAUMERT	NUCLÉACTION	100	100	99.49	98.81	FC	FC
BAUMERT CHINE	BAUMERT HONG KONG	100	100	99.49	98.81	FC	FC

Company	Parent company at 31 December 2017	% control 2017	% control 2016	% interest 2017	% interest 2016	Method 2017	Method 2016
BAUMERT HONG KONG	BAUMERT	100	100	99.49	98.81	FC	FC
CIMLEC INDUSTRIAL (Romania)	CIMLEC Industrie	100	100	95	95	FC	FC
CIMLEC Industrie	BALISCO/CLF	100	100	95	95	FC	FC
CLF-SATREM	BALISCO	100	100	95	95	FC	FC
COMMERCY ROBOTIQUE	CIMLEC Industrie	100	100	95	95	FC	FC
FRIESLAND INSTALLATIE EN SOLAR BV(4)	GORGÉ-HOEKSTRA	100	-	87	-	FC	-
GORGÉ-HOEKSTRA HOLDING BV(5)	GORGÉ NETHERLANDS	100	-	87	-	FC	-
HOEKSTRA-SUWALD TECHNIEK BV(4)	GORGÉ-HOEKSTRA	100	-	87	-	FC	-
HOEKSTRA-SUWALD INSTALLATIE EN SOLAR BV(4)	GORGÉ-HOEKSTRA	100	-	87	-	FC	-
NTS France	CIMLEC Industrie	100	100	95	95	FC	FC
NUCLÉACTION	GROUPE GORGÉ SA	99.49	98.81	99.49	98.81	FC	FC
PORTAFEU Nucléaire	NUCLÉACTION	100	100	99.49	98.81	FC	FC
SAS STONI	GROUPE GORGÉ SA	100	100	100	100	FC	FC
SCI MEYSSE	PORTAFEU Nucléaire	100	100	99.49	98.81	FC	FC
SCI DES PORTES	GROUPE GORGÉ SA	100	100	100	100	FC	FC
SERES TECHNOLOGIES	GROUPE GORGÉ SA	70	70	70	70	FC	FC
TENWHIL	CIMLEC Industrie	100	100	95	95	FC	FC
THE WIND FACTORY UK LTD(4)	GORGÉ-HOEKSTRA	100	-	87	-	FC	-
VAN DAM	GORGÉ NETHERLANDS	100	100	87	87	FC	FC
VAN DAM ASIA	VAN DAM	100	100	87	87	FC	FC
VAN DAM MAINTENANCE AND REPAIR	GORGÉ NETHERLANDS	100	100	87	87	FC	FC
VAN DAM USA(6)	VAN DAM	100	-	87	-	FC	-
3D Printing							
3D SERVICAD(7)	AS 3D	100	-	56.61	-	FC	-
AVENAO SOLUTIONS 3D(7)	PRODWAYS GROUP	100	-	56.61	-	FC	-
AVENAO INDUSTRIE(7)	AS 3D	100	-	56.61	-	FC	-
CRISTAL	PRODWAYS GROUP	100	100	56.61	96.19	FC	FC
DELTAMED	PRODWAYS GROUP	100	100	56.61	96.19	FC	FC
DENTOSMILE	PRODWAYS ENTREPRENEURS	20	20	11.32	19.24	EM	EM
EXCELTEC	PRODWAYS GROUP	100	100	56.61	96.19	FC	FC
INITIAL	PRODWAYS GROUP	100	100	56.61	96.19	FC	FC
INTERSON-PROTAC(8)	IP GESTION	100	-	42.46	-	FC	-
IP GESTION(8)	PRODWAYS GROUP	75	-	42.46	-	FC	-

Company	Parent company at 31 December 2017	% control 2017	% control 2016	% interest 2017	% interest 2016	Method 2017	Method 2016
PRODWAYS AMERICAS	PRODWAYS	100	100	56.61	96.19	FC	FC
PRODWAYS GROUP	GROUPE GORGÉ SA	56.61	96.19	56.61	96.19	FC	FC
PRODWAYS DISTRIBUTION(1)	PRODWAYS GROUP	100	100	56.61	96.19	FC	FC
PRODWAYS	PRODWAYS GROUP	100	100	56.61	96.19	FC	FC
PRODWAYS CONSEIL	PRODWAYS GROUP	90	-	50.95	-	FC	-
PRODWAYS ENTREPRENEURS	PRODWAYS GROUP	100	100	56.61	96.19	FC	FC
PODO 3D	PRODWAYS GROUP	82.06	82.06	46.46	78.94	FC	FC
PRODWAYS MATERIALS	DELTAMED	100	100	56.61	96.19	FC	FC
PRODWAYS RAPID ADDITIVE FORGING (ex PRODWAYS 1)	PRODWAYS GROUP	100	100	56.61	96.19	FC	FC
PRODWAYS 2(1)	PRODWAYS GROUP	100	100	56.61	96.19	FC	FC
VARIA 3D	PRODWAYS GROUP	45	45	25.48	43.28	EM	EM

(1) Companies with no operating activities.
(2) Control percentages for ECA reflect double voting rights.
(3) New company created in August 2017.
(4) Companies acquired in January 2017.
(5) New company created end-December 2016.
(6) New company created in June 2017.
(7) Companies acquired in November 2017.
(8) Companies acquired at the end of 2017.

3.1.7 Statutory Auditors Report on the consolidated financial statements

(Year ended 31 December 2017)

To the Shareholders,

Opinion

In application of the assignment entrusted to us by your Shareholders' Meeting, we have conducted an audit of the GROUPE GORGÉ SA consolidated financial statements for the year ended 31 December 2017, appended to this report.

In our opinion, the consolidated financial statements give a true and fair view of the results of operations, financial position and assets and liabilities at year-end, of all of the persons and entities within the scope of consolidation, in accordance with International Financial Reporting Standards as adopted by the European Union.

The opinion expressed above is consistent with the content of our report to the Audit Committee.

Basis for the opinion

Audit framework

We conducted our review in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our responsibilities in view of these standards are set out in the section entitled "Responsibilities of the Statutory Auditors' in relation to the audit of the consolidated financial statements" in this report.

Independence

We conducted our audit in accordance with the rules of independence governing our assignments, for the period from 1 January 2017 to the date on which our report was issued; in particular, we did not render any services prohibited by Article 5, paragraph 1 of EU Regulation No. 537/2014 or by the code of ethics governing Statutory Auditors.

Justification of our assessment - Key audit points

Pursuant to the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code on the justification of our assessments, we hereby inform you of the key audit points relating to risks of material misstatements which, in our professional judgement, were most significant for the audit of the consolidated financial statements for the year, as well as our responses to address such risks.

These assessments were made as part of the audit of the consolidated financial statements, taken as a whole, and of the opinion we formed and expressed above. We have not expressed an opinion on individual elements contained in these consolidated financial statements.

Recognition of income from long-term projects

Risk identified

As indicated in Note 4.1 to the consolidated financial statements, GROUPE GORGÉ's consolidated revenue consists of a significant portion of income related to development and equipment projects or the provision of services to industrial customers.

For these projects, therefore, the revenue and margin are recognised according to percentage of completion of the project, taking into account the following items:

1. The percentage of completion is determined for each project by comparing the costs incurred at the reporting date with the total estimated costs at the conclusion of the project;
2. Proceeds from contracts may include claims when these can be assessed reliably and when the Group's negotiations with the customer reach a point where the claims are likely to be accepted.

Estimates of revenue and termination costs are regularly reviewed by operational and financial managers.

If profit forecasts at the end of a project indicate a loss, a provision for termination losses is recognised independently of the project's completion according to the best estimates of projected profits, factoring in, if needed, insurance coverage and rights to additional revenues or claims to the extent that these are probable and can be reliably measured. The provisions for termination losses are presented in liabilities.

We considered this topic to be a key point of the audit given the significance of these estimates and the importance of the judgments exercised by management to assess the completion of projects. The modification of these estimates could have a material impact on the GROUPE GORGÉ financial statements.

Our response

Firstly, we assessed and tested the internal control procedures considered key to project accounting. We also selected projects based on essentially quantitative criteria (amount of revenue recognised over the financial year and amount of income on completion) and did the following:

conducted interviews with operational and financial managers to understand the judgments made in the determination of income at termination;

- reconciled recognised profit at termination with contract documents (contracts, amendments or purchase orders);
- examined project management documents to assess the consistency of the estimate of expenss at completion:

- for a selection of projects whose current estimates are significantly different from previous estimates, we looked for the origin of the change to the forecasts at completion in order to evaluate, based on our experience gained in previous years, the reliability of the process for monitoring costs incurred and estimating the costs necessary to finalise the project.

In addition, we also compared completions against previous estimates to assess the reliability of the estimates.

When applicable, we analysed the entities' interactions with their customers or any other project stakeholders and corroborated that information with the estimates used by GROUPE GORGÉ's management.

Evaluation of the recoverable amount of goodwill

Risk identified

As part of its development, the Group has carried out targeted acquisitions and recognised a certain amount of goodwill.

At 31 December 2017, goodwill recorded on the balance sheet amounted to a net carrying amount of €61.3 million, representing 13.5% of assets. Each year, management ensures that goodwill is not carried at more than its recoverable amount by performing impairment tests. For the purposes of these tests, goodwill acquired through a business combination is allocated to the cash generating units (CGUs) that would benefit from synergies.

Determining the net recoverable amount of each CGU relies on discounted future cash flow projections and requires management to exercise significant discretion, specifically with respect to preparing forecasts and the discount and long-term growth rates to adopt.

In light of the foregoing, we considered the recoverable amount of goodwill to be a key audit point, given the proportion of goodwill on the balance sheet and the inherent uncertainty linked to certain factors, such as the likelihood of forecasts used to determine the recoverable amount actually materialising.

Our response

We carried out a critical review of the methods used by management to analyse impairment indicators and perform impairment testing. Our work consisted in:

- taking due note of the GROUPE GORGÉ's process for preparing estimates and assumptions used as part of the impairment tests;
- verifying that the discounted future cash flow projections used to determine the value in use of the cash generating units (CGUs) tested corresponds to those generated by elements comprising the carrying amount of the CGUs;
- assessing the appropriateness of assumptions used, in particular cash flow projections, the discount rate and long-term growth rate, via a comparison with past performance and external analyses available on the market context;
- reviewing the tests carried out by management on the sensitivity of the recoverable amount of the CGUs to a reasonable change in the discount or long-term growth rates.

Finally, we assessed the appropriateness of information provided in Note 6.4 to the consolidated financial statements.

Verification of information relating to the Group presented in the management report.

As required by law and in accordance with professional standards applicable in France, we have also verified the information relating to the Group presented in the Board of Directors' management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Information resulting from other legal and regulatory obligations

Appointment of Statutory Auditors

Mazars was appointed the Statutory Auditors of GROUPE GORGÉ by the Shareholders' Meeting of 17 May 2000 and PricewaterhouseCoopers Audit by the Shareholders' Meeting of 17 June 2015.

At 31 December 2017, Mazars was in the 18th consecutive year of its mission and PricewaterhouseCoopers Audit was in the third.

Responsibilities of the management team and those in charge of corporate governance in relation to the consolidated financial statements.

It is the management team's responsibility to prepare fair and accurate consolidated financial statements in accordance with IFRS as adopted in the European Union, and to implement the internal control procedures that it deems necessary for the preparation of consolidated financial statements free of any material misstatements, whether resulting from fraud or errors.

In preparing the consolidated financial statements, it is up to the management team to assess the company's ability to continue as a going concern, to present, where relevant, the necessary information relating to the going concern, and to apply the going concern principle of accounting, unless there are plans to liquidate or cease the company's activity.

It is the responsibility of the Audit Committee to monitor the preparation of financial information and to verify the effectiveness of internal control and risk management systems and, where applicable, of internal audit, with regard to procedures for preparing and processing accounting and financial information.

These consolidated financial statements have been approved by the Board of Directors.

Responsibilities of the Statutory Auditors in relation to the audit of the consolidated financial statements

Audit objective and approach

We are tasked with preparing a report on the consolidated financial statements. Our aim is to obtain reasonable assurance that the consolidated financial statements, taken as a whole, do not include any material misstatements. Reasonable assurance means a high level of assurance, however without any guarantee that an audit conducted in accordance with professional standards will systematically detect any material misstatement. Misstatements may be the result of fraud or errors, and are considered material when, individually or combined, they can be reasonably expected to impact economic decisions taken based on the financial statements.

As set out in Article L. 823-10-1 of the French Commercial Code, our assignment to certify the financial statements does not involve guaranteeing the sustainability or quality of the management of your company.

Detailed description of the Statutory Auditors' responsibilities

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditor exercise their professional judgement throughout the entire audit.

Furthermore, the auditor:

- identifies and assesses the risk of material misstatement in the consolidated financial statements, whether the result of fraud or errors, defines and implements audit procedures to address such risks, and gathers adequate and appropriate information on which to form an opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that of a material misstatement resulting from an error, given that fraud may imply collusion, falsification, wilful omissions, false statements or the circumvention of internal control;
- takes note of internal control processes relevant to the audit, in order to define suitable audit procedures, and not for the purpose of expressing an opinion on the effectiveness of such internal control;
- assesses the appropriateness of the accounting methods adopted and the soundness of accounting estimates made by management, as well as information concerning them provided in the consolidated financial statements;
- assesses the appropriateness of management's application of the going concern principle and, based on the information obtained, whether there is significant uncertainty with regard to events or circumstances that could jeopardise the company's ability to continue as a going concern. This assessment is founded on information obtained up until the date of the report, it being specified, however, that subsequent circumstances or events may jeopardise business continuity. If the auditor identifies significant uncertainty, they highlight such uncertainty in their report by drawing readers' attention to the corresponding information presented in the consolidated financial statements, or, if this information has not been provided or is not relevant, issues certification with reserves or a refusal to certify;
- assesses the overall presentation of the consolidated financial statements and determines whether they provide a true and fair reflection of the underlying transactions and events;
- regarding financial information of persons or entities included in the consolidation scope, gathers adequate and appropriate information on which to form an opinion. The auditor is responsible for the management, supervision and completion of the audit of the consolidated financial statements, as well as the opinion issued on these financial statements.

Report to the Audit Committee

We have submitted a report to the Audit Committee in which we present the scope of the audit assignment carried out, the work plan followed, and our conclusions. We also highlight the significant internal control discrepancies identified, with regard to procedures for the preparation and processing of financial and accounting information.

The information provided in the report to the Audit Committee includes the risks of material misstatements that we deemed to be the most significant for the audit of the consolidated financial statements for the financial year, and which constitute key audit points, which we are required to include in this report.

We have also provided the Audit Committee with the statement referred to in Article 6 of EU Regulation No. 537-2014 confirming our independence, pursuant to regulations applicable in France, as set out in Articles L. 822-10 to L. 822-14 of the French Commercial Code and the code of ethics governing Statutory Auditors in particular. Where necessary, we discuss the potential risks to our independence and the safeguard measures applied with the Audit Committee.

Neuilly-sur-Seine and Courbevoie, 10 April 2018

The Statutory Auditors

PricewaterhouseCoopers Audit	Mazars
David CLAIROTTE	Daniel ESCUDEIRO

3.2 SEPARATE FINANCIAL STATEMENTS 2017

3.2.1 Income statement

(In thousands of euros)	2017	2016
REVENUE	**3,290**	**3,458**
Reversals of provisions, expense transfers and other income	-	-
TOTAL OPERATING INCOME	**3,290**	**3,458**
Other purchases and external charges	2,057	2,281
Taxes and similar payments	74	84
Payroll expense	1,344	1,213
DEPRECIATION, AMORTISATION AND PROVISIONS:		
non-current assets	86	79
current assets	-	-
Other expenses	50	50
TOTAL OPERATING EXPENSES	**3,611**	**3,707**
OPERATING RESULTS (A)	**(321)**	**(249)**
FINANCIAL INCOME (B)	**1,133**	**2,991**
INCOME FROM CONTINUING OPERATIONS BEFORE TAX (C) = (A) + (B)	**812**	**2,742**
NON-RECURRING INCOME (D)	**18,657**	**922**
Income tax (E)	611	1,517
NET INCOME (F) = (C) + (D) + (E)	**20,080**	**5,181**

3.2.2 Balance sheet

ASSETS

	2017			2016
(In thousands of euros)	Gross	Depreciation, amortisation & provisions	Net	
Intangible assets	390	107	283	262
Property, plant and equipment	401	207	194	198
Equity securities	75,000	6,114	68,886	70,980
Receivables related to shareholdings	31,515	-	31,515	30,165
Other long-term investments	605	-	605	604
NON-CURRENT ASSETS	**107,911**	**6,428**	**101,483**	**102,209**
Net trade receivables and related accounts	5,955	-	5,955	3,940
Other trade receivables	23,534	3,935	19,599	16,614
Treasury shares	72	-	72	90
Cash and cash equivalents	21,374	-	21,374	4,557
CURRENT ASSETS	**50,935**	**3,935**	**47,000**	**25,201**
Prepaid expenses	112	-	112	70
TOTAL ASSETS	**158,958**	**10,363**	**148,595**	**127,480**

LIABILITIES

(In thousands of euros)	2017	2016
Share capital	13,503	13,496
Share premiums	26,011	25,866
Legal reserve	1,350	1,337
Other reserves	290	290
Retained earnings	35,888	30,720
Income (loss) for the period	20,080	5,181
EQUITY	**97,122**	**76,890**
PROVISIONS FOR RISKS AND CHARGES	**233**	**-**
Other bonds	14,000	14,000
Bank borrowings	29,270	30,948
Other borrowings	140	154
Suppliers	604	584
Tax and social debts	6,471	4,835
Other liabilities	755	69
TOTAL DEBT	**51,240**	**50,590**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**148,595**	**127,480**

3.2.3 Change in cash and cash equivalents

(In thousands of euros)	2017	2016
Net income	20,080	5,181
Accruals	(941)	(421)
Capital gains and losses on disposals	(18,140)	-
Other		
CASH FLOW FROM OPERATING ACTIVITIES	**999**	**4,760**
Change in working capital requirements	(2,031)	(5,597)
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	**(1,032)**	**(837)**
Investing activities		
Payments/acquisition of intangible assets	(63)	(47)
Payments/acquisition of property, plant and equipment	(79)	(10)
Proceeds/disposal of property, plant and equipment and intangible assets	53	-
Payments/acquisition of non-current financial assets	(1,600)	(40)
Proceeds/disposal of non-current financial assets	21,047	5
NET CASH FLOW FROM INVESTING ACTIVITIES (B)	**19,358**	**(92)**
Financing activities		
Capital increase or contributions	152	2,277
Dividends paid	-	-
Proceeds from borrowings	3,336	19,500
Repayment of borrowings	(5,015)	(22,921)
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	**(1,527)**	**(1,144)**
CASH FLOW GENERATED BY (USED IN) ALL ACTIVITIES (D = A + B + C)	**16,799**	**(2,073)**
CHANGE IN CASH AND CASH EQUIVALENTS	**16,799**	**(2,073)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**4,647**	**6,720**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**21,446**	**4,647**

3.2.4 Notes to the parent company financial statements

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The notes, tables and comments referenced below in the list of contents to the Notes are an integral part of the annual financial statements.

The financial year covers the 12 months from 1 January to 31 December 2017.

The financial statement (balance sheet, income statement) presented is as follows:

- the net balance sheet total for the year ended 31 December 2017 is €148,595,176;
- the income statement presented in list form shows a profit of €20,080,409.21.

The Board of Directors approved the separate financial statements of GROUPE GORGÉ on 29 March 2018. They are to be submitted for approval to the shareholders' meeting of 13 June 2018.

Note 1 Accounting principles

The separate financial statements were prepared in accordance with the French Commercial Code, the accounting decree of 29 November 1983 and Regulation 2014-03 issued by the ANC (French accounting standards Board) on the revised French GAAP recently amended by ANC Regulations 2015-06 and 2017-01. The basic assumptions are as follows:

- going concern;
- consistency of accounting methods;
- separateness of accounting periods.

The recommendations of the *Autorité des normes comptables* (French accounting standards authority), the *Ordre des experts comptables* (French association of chartered accountants) and the *Compagnie nationale des Commissaires aux comptes* (French national institution of statutory auditors) have been applied.

The basic method used to value items in the financial statements is the historical cost method.

Generally accepted accounting principles have been applied in accordance with French legislation in effect on the reporting date.

The accounting rules and methods applied are identical to those used in the previous financial year.

Note 2 Notes to the income statement

2.1 Revenue

Revenue comprises the invoicing of services provided to Group subsidiaries for €3,025 thousand and the invoicing of accessory services or sub-letting of offices mostly to affiliated (parent, sister) companies for €265 thousand.

2.2 Statutory auditors' fees

The fees for GROUPE GORGÉ's two statutory auditors to certify the 2017 financial statements amounted to €184 thousand.

2.3 Total payroll

The average workforce for the year breaks down as follows:

	2017	2016
Average workforce used	8	8
of which higher managerial and professional positions	8	8
of which technicians and supervisors	-	-

As regards the corporate officers:

- the members of the Board of Directors of GROUPE GORGÉ received Director's fees for a total gross amount of €60,000;
- the officers and Directors received gross remuneration of €57 thousand (Raphaël GORGÉ's variable remuneration) in 2017. Two Directors (Raphaël and Jean-Pierre GORGÉ) are paid by PÉLICAN VENTURE which is linked to GROUPE GORGÉ by a services provision agreement. PÉLICAN VENTURE paid them total gross remuneration of €316,000 and €14,610 in benefits in kind.

2.4 Financial income

(In thousands of euros)	2017	2016
Investment income[1]	2,334	4,122
Net income from financial investments	153	207
Interest expense	(1,129)	(1,338)
FINANCIAL INCOME BEFORE PROVISIONS	**1,358**	**2,991**
Reversals of provisions for impairment of equity securities	-	-
Reversals of provisions for impairment of securities held short-term	-	-
Provisions for impairment of equity securities	(225)	-
Provisions for impairment of marketable securities	-	-
FINANCIAL RESULT	**1,133**	**2,991**

(1) Investment income mainly consists of dividends received from ECA and SERES TECHNOLOGIES.

2.5 Non-recurring income

(In thousands of euros)	2017	2016
Capital gains and losses on asset disposals[1]	18,140	-
Non-recurring income from management operations[2]	(735)	422
NON-RECURRING INCOME BEFORE PROVISIONS	**17,405**	**422**
Reversals of provisions[3]	1,485	500
Provisions[4]	(233)	-
NON-RECURRING INCOME	**18,657**	**922**

(1) Proceeds from the disposal of 7.5% of the share capital of PRODWAYS GROUP for €18,927 thousand and loss of €800 thousand following the final liquidation of LASER TECHNOLOGIES.

(2) Primarily losses in 2017 of €684 thousand on the current account credit of LASER TECHNOLOGIES and proceeds in 2016 related to the clearance of prescribed debts.

(3) In 2017, reversals of provisions for impairment of equity securities and the current account credit of LASER TECHNOLOGIES; reversal of risk provision in 2017 and 2016.

(4) Provisions linked to the compensation of PRODWAYS GROUP and its subsidiaries in the event of exit from the tax consolidation grouping.

2.6 Corporation tax

GROUPE GORGÉ is solely liable for corporation tax as the parent company of the tax consolidation group comprising itself and the following subsidiaries:

Company	Date of inclusion
CIMLEC Industrie	1 January 2001
TENWHIL	1 January 2002
STONI	1 January 2005
NTS	1 January 2008
BAUMERT	1 January 2010
NUCLÉACTION	1 January 2010
COMMERCY ROBOTIQUE	1 January 2011
CLF-SATREM	1 January 2012
BALISCO	1 January 2014
PORTAFEU Nucléaire	1 January 2015
AI GROUP	1 January 2016
FINU 10	1 January 2016

PRODWAYS GROUP and its subsidiaries left the tax consolidation grouping at 1 January 2017. The deficits transferred by these companies (€16,419 thousand in total) may be compensated depending on what their use would have been. A provision of €233 thousand was created for this purpose.

At 31 December 2017, the taxable income of the consolidation group came to a loss of €4,905 thousand. At the same time, income of €520 thousand was recognised as a result of tax consolidation. Given that the previous tax loss carryforward amounted to €32,673 thousand, the remaining tax loss carryforward for the tax consolidation group came to €37,578 thousand.

2.7 Tax credit for encouraging competitiveness and jobs (CICE)

The €2 thousand tax credit for encouraging competitiveness and jobs (CICE) was offset against employee expenses in accordance with the recommendations of the ANC in its information notice of 28 February 2013. It was used to increase equity.

3

Note 3 Notes to the balance sheet

3.1 Non-current assets

Property, plant and equipment and intangible assets are recorded at their acquisition cost.

Depreciation and amortisation are calculated on a straight-line basis using the following main useful lives:

- software: 3 to 10 years;
- office and computer equipment: 3 to 5 years;
- transport equipment: 5 years;
- furniture: 5 to 10 years.

Equity securities are recognised on the balance sheet at their acquisition cost less any necessary estimated impairment.

An impairment provision may be recognised based on the value after tax of the securities, which represents the acceptable value payable to acquire the securities. Value after tax is estimated according to the value of the share of equity of the relevant entities at year-end as well as their income and short-term earnings outlook. This involves using cash flow projections. When the shares have been listed on the stock exchange, the market capitalisation of the last months is also considered.

Loans and other long-term investments are recognised at their original value less any necessary estimated impairment.

Gross values *(in thousands of euros)*	**Start of the period**	**Increase**	**Decrease**	**End of period**
INTANGIBLE ASSETS				
Other intangible assets	341	63	14	390
TOTAL	**341**	**63**	**14**	**390**
PROPERTY, PLANT AND EQUIPMENT				
Other property, plant and equipment	428	79	107	401
TOTAL	**428**	**79**	**107**	**401**
LONG-TERM INVESTMENTS				
Equity securities	77,669	-	2,669	75,000
Receivables related to shareholdings	30,165	1,601	251	31,515
Loans	19	1	-	20
Other long-term investments	585	-	-	585
TOTAL	**108,438**	**1,602**	**2,920**	**107,120**

Depreciation and amortisation for the year amounted to €86 thousand. Total depreciation and amortisation at 31 December 2017 was €314 thousand.

The decrease in equity securities was due to the disposal of PRODWAYS GROUP shares and the final liquidation of LASER TECHNOLOGIES. The increase in receivables linked to investments is explained by the grant of a loan to STONI as part of debt restructuring.

3.2 Schedule of receivables

(In thousands of euros)	Gross amount	Due within 1 year	Due in more than 1 year
Loans	20	-	20
Receivables related to shareholdings	31,515	336	31,179
Other long-term investments	585	-	585
Other trade receivables	5,955	5,955	-
Social Security and other organisations	1	1	-
State and other government authorities:			
• income tax[1]	7,175	879	6,296
• value-added tax	199	199	-
• other	152	152	-
Group and associated companies	15,110	11,175	3,935
Other receivables	896	896	-
Prepaid expenses	112	112	-
TOTAL	**61,720**	**19,705**	**42,015**

(1) This item mainly includes tax credits of €7,136 thousand belonging to the tax consolidation group. The portion at <1 year corresponds to tax credits repayable in 2018.

Receivables due in more than one year mainly concern the vendor loan entered into with BALISCO, the loan granted to STONI, impaired receivables in former subsidiaries and tax credits receivable by the tax consolidation group.

Accrued income: claims for repayment of the additional contribution paid in 2015 and the return of a share of the premium on the added value paid in 2015 and 2016 were recognized for €152 thousand.

3.3 Equity

(In thousands of euros)	Beginning of period	Capital increase or decrease	Appropriation of income	Payment of dividends	End of period
Capital	13,496	7	-	-	13,503
Share premiums	25,866	145	-	-	26,011
Legal reserve	1,337	-	13	-	1,350
Other reserves	290	-	-	-	290
Retained earnings	30,720	-	5,168	-	35,888
N-1 income	5,181	-	(5,181)	-	-
TOTAL	**76,890**	**152**	**-**	**-**	**77,042**
Income (loss) for the period					20,080
TOTAL EQUITY AT END OF PERIOD					**97,122**

The share capital is made up of 13,502,843 shares. In 2017, it was increased by 7,000 shares with the use of the equity line put in place in 2016.

The share premiums represent the difference between the par value of the securities issued and the amount, net of expenses, of the cash contributions received by GROUPE GORGÉ SA at the time of the issue.

3.4 Provisions

(In thousands of euros)	Start of the period	Increase	Decrease	End of period
Provisions for risks and charges	-	233	-	233
TOTAL (1)	**-**	**233**	**-**	**233**
Impairment of:				
• equity securities	6,689	225	800	6,114
• financial assets	-	-	-	-
• other receivables	4,620	-	684	3,936
• treasury shares	-	-	-	-
TOTALS (2)	**11,309**	**225**	**1,484**	**10,050**
GRAND TOTAL (1) + (2)	**11,309**	**458**	**1,484**	**10,283**

The impairment of equity securities and other long-term investments relates to:

• Shares in CNAI	€3,655 thousand
• Shares in SCI DES CARRIÈRES	€2,459 thousand

3.5 Net debt

3.5.1 Available cash and cash equivalents

Marketable securities are recognised on the balance sheet at their acquisition cost. Accrued interest earned on term accounts is recorded under investment income. A provision for impairment is recognised when the net asset value is less than the acquisition cost.

The "Liquidities" item in assets at 31 December 2017 reflecting an amount of €21,374 thousand comprises cash for €21,319 thousand, investment securities for €47 thousand, accrued interest acquired on time account for €1 thousand, and an interest rate cap premium for €7 thousand.

In 2016 the Company entered into a variable interest rate hedge for a new loan. The hedge chosen was an interest rate cap of 1% for a nominal initial amount of €9.5 million. The premium amount (originally €10 thousand) was recorded under financial instruments and is recognised as a financial expense for the duration of the hedge.

GROUPE GORGÉ owns 4,748 treasury shares under a liquidity contract managed by GILBERT DUPONT. At 31 December 2017 the value of treasury shares was €74 thousand.

3.5.2 Debt

	Gross amount	<1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	>5 years
Bonds	14,000	14,000	-	-	-	-	-
Bank borrowings:							
• originally due within 1 year	-	-	-	-	-	-	-
• originally due in more than 1 year	29,269	4,779	4,447	4,449	14,451	1,143	-
Other borrowings and financial debt	140	121	-	-	-	-	19
TOTAL	**43,409**	**18,900**	**4,447**	**4,449**	**14,451**	**1,143**	**19**

In 2017, GROUPE GORGÉ continued restructuring its financial liabilities with the early repayment of the balance of €1.7 million on an outstanding loan, the contribution of €1.7 million to the subsidiary STONI to repay the balance of the same amount on an outstanding loan, and the taking out of two new bank loans for a total of €3.4 million with final maturity in January 2022.

3.6 Operating payables and other liabilities

Schedule of debts

(In thousands of euros)	Gross amount	Due within 1 year	Due in more than 1 year
Trade payables	604	604	-
Employees	205	205	-
Social Security and other social services	327	327	-
State and other government authorities:			
• income tax(1)	4,937	1,066	3,871
• value-added tax	988	988	-
• other taxes and similar payments	14	14	-
Group and associated companies	141	141	-
Other liabilities	614	614	-
TOTAL	**7,830**	**3,959**	**3,871**

(1) This item includes payables to Group subsidiaries arising from tax consolidation. The share due in more than 1 year corresponds to balances owing on tax credits for loss-making subsidiaries that are not repayable in 2018.

Accrued liabilities by balance sheet item

(In thousands of euros)	Amount
Other borrowings	121
Suppliers	245
Tax and social security liabilities	337
Other liabilities	50
TOTAL	**753**

Note 4 Transactions with affiliate companies and related parties

Related parties are persons (Directors, managers of GROUPE GORGÉ or of its principal subsidiaries) or companies owned or managed by these persons. PELICAN VENTURE is the parent company of GROUPE GORGÉ.

The net amounts for related undertakings included in GROUPE GORGÉ SA's balance sheet and income statement items for the year ended 31 December 2017 are as follows:

(In thousands of euros)	**Directors**	**Subsidiaries**	**PÉLICAN VENTURE**
Receivables related to shareholdings	-	31,516	-
Trade accounts receivable	-	5,887	-
Current accounts receivable	-	11,175	-
Receivables related to tax consolidation	-	38	-
Other receivables	-	387	-
Deposits and guarantees received	-	11	7
Trade payables	-	117	-
Current accounts payable	-	141	-
Liabilities related to tax consolidation	-	4,936	-
Other liabilities	-	531	-
Revenue	-	3,039	194
Purchases and external charges	-	113	500
Gross remuneration	57	-	-
Attendance fees	60	-	-
Investment income	-	2,334	-
Other financial income	-	170	-
Financial expense	-	1	-

Note 5 Off-balance sheet commitments

5.1 Off-balance sheet commitments related to ordinary activities

- €2,400 thousand in guarantees given to banking institutions for loans granted to CIMLEC INDUSTRY.
- €2,550 thousand in guarantees given to banking institutions for loans granted to AI GROUP.
- €1,400 thousand in guarantees given to banking institutions for loans granted to COMMERCY ROBOTIQUE.
- €1,005 thousand in guarantees given to banking institutions for loans granted to STONI.
- €2,000 thousand in guarantees given to banking institutions for loans granted to BAUMERT.
- €1,260 thousand in guarantees given to a banking institution to secure an interest-free loan for PRODWAYS.
- Other guarantees totalling €730 thousand.

5.2 Complex commitments

GROUPE GORGÉ, which owns 70% of the capital of SERES TECHNOLOGIES, has commitments to purchase the remainder of the share capital from minority shareholders. These commitments are exercisable starting in 2021.

5.3 Financial covenants

GROUPE GORGÉ owes LCL €0.19 million in residual debt (within one year). This debt may come due should the financial ratios not be respected.

Another GROUPE GORGÉ liability, of €10 million, is covered by a step-up clause in the event of non-compliance with the following ratios:

- consolidated net debt/consolidated EBITDA <4;
- consolidated net debt/consolidated equity <1.

Two bank loans taken out in 2017 whose outstanding principal is €2.8 million may become due if the ratio of net consolidated debt to consolidated EBITDA becomes greater than 4.

5.4 Commitments received

GROUPE GORGÉ has a confirmed credit facility for €10 million to finance general requirements or acquisitions. This credit facility is available as long as the ratio of consolidated net debt to consolidated EBITDA remains below 4. This credit facility has not been used.

An equity line was entered into with KEPLER in early 2016 to finance the Company through the creation of 665,000 new shares. Of these, 121,000 shares were created in 2016 and January 2017. The balance of the agreement amounts to 544,000 potential shares at the date the financial statements were closed but the contract ended on 24 February 2018 and it was not called again.

5.5 Pledges, guarantees and sureties

The SERES TECHNOLOGIES shares acquired in May 2012 (60% of capital) were pledged to a financial institution as collateral for a €950 thousand loan with an outstanding principal of €190 thousand at 31 December 2017.

5.6 Retirement pay

Retirement pay was estimated at €91 thousand at the closing date.

5.7 Financial instruments

In October 2017, GROUPE GORGÉ took out an interest rate hedge in the form of an interest rate cap of 1%. The original nominal amount is €9,500 thousand.

Note 6 Subsidiaries and equity interests

(In thousands of euros)	Capital Equity	Share Dividends	Gross value of shares Net value of securities	Loans, advances Guarantees	Revenue Income
ECA	4,429	61.12%	33,564	-	2,880
	49,110	*1,624*	*33,564*	-	*(7,915)*
MARINE INTÉRIM	100	34%	34	-	-
	164	-	*34*	-	-
NUCLÉACTION	273	99.49%	7.5	4,992	807
	2,951	-	*7.5*	-	*(38)*
STONI	38	100%	5,690	1,568	1,091
	164	-	*5,690*	*1,005*	*106*
SCI CARRIÈRES	1	100%	2,844	791	-
	(381)	-	*385*	-	*(61)*
SCI DES PORTES	1	99%	1	265	87
	(192)	-	*1*	-	*(22)*
SERES TECHNOLOGIES	80	70%	990	-	6,902
	810	*200*	*990*	-	*513*
BALISCO	5	95%	5	34,493	3,757
	4,025	-	*5*	-	*2,008*
PRODWAYS GROUP	25,408	56.61%	28,205	-	901
	110,371	-	*28,205*	-	*833*
FINU 10	5	100%	5	5	-
	(3)	-	*5*	-	*(2)*

Note 7 Other information

7.1 Exceptional events and disputes

The Group is involved in various legal proceedings. After reviewing each case and having consulted its advisers, the provisions considered necessary have, as applicable, been recorded in the financial statements.

7.2 Subsequent events

No major events took place between 31 December 2017 and the date of the meeting of the Board of Directors which approved the separate financial statements.

3.2.5 Report of the Statutory Auditors on the separate financial statements

(Year ended 31 December 2017)

To the Shareholders

Opinion

In application of the assignment entrusted to us by your Shareholders' Meeting, we have conducted an audit of the GROUPE GORGÉ SA separate financial statements for the year ended 31 December 2017, appended to this report.

We hereby certify that the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2016 and of the results of its operations for the year then ended in accordance with French accounting principles.

The opinion expressed above is consistent with the content of our report to the Audit Committee.

Basis for the opinion

Audit framework

We conducted our review in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our responsibilities in view of these standards are set out in the section entitled "Statutory Auditors' responsibilities regarding the audit of the separate financial statements" in this report.

Independence

We conducted our audit in accordance with the rules of independence governing our assignments, for the period from 1 January 2017 to the date on which our report was issued; in particular, we did not render any services prohibited by Article 5, paragraph 1 of EU Regulation N° 537/2014 or by the code of ethics governing Statutory Auditors.

Justification of our assessment - Key audit points

Pursuant to the provisions of Articles L.823-9 and R.823-7 of the French Commercial Code on the justification of our assessments, we hereby inform you of the key audit points relating to risks of material misstatements which, in our professional judgment, were most significant for the audit of the financial statements for the year, as well as our responses to address such risks.

These assessments were made as part of the audit of the financial statements, taken as a whole, and of the opinion we formed and expressed above. We have not expressed an opinion on individual elements contained in these financial statements.

Assessment of equity securities

As at 31 December 2017, equity securities were recorded on the balance sheet with a total net carrying value of €68,9 million, representing 46% of total assets. They are recognised on the date of purchase at their acquisition cost.

When the value in use of securities is lower than their net carrying value, a provision for impairment is recorded for the difference. Value in use is determined, where applicable, based on:

- the value of the share of equity of the investment;
- an analysis of the short and medium-term results and profitability outlook of the investment, in particular through the use of cash flow projections.
- when equity securities are listed on the stock exchange, the market capitalisation of the last months.

Estimating the value in use of these securities therefore requires management to exercise its judgement in selecting the items to consider, depending on the investments concerned.

In this respect, we considered the estimation of the value in use of equity securities a key audit point, given the representation of equity investments on the balance sheet and inherent uncertainty linked to the likelihood of forecasts used to determine the value in use actually materialising.

Audit procedures implemented to address identified risks

Our work consisted in:

- Assessing the appropriateness of the valuation method applied by management and the figures used;
- Comparing the data used to conduct impairment testing of securities with accounting data or market capitalisation of last months where applicable
- Where relevant, assessing the consistency of management's cash flow projections with subsidiaries' past performances.

We also verified the appropriateness of the information presented in section 3.1 "Non-current assets" in the notes to the separate financial statements.

Verification of the management report and other documents sent to Shareholders

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

Information provided in the management report and in the other documents sent to shareholders with respect to the financial position and the financial statements

We have no matters to report as to the fair presentation and consistency with the financial statements of the information given in the management report from the Board of Directors, and in the other documents addressed to the shareholders with respect to the financial position and the financial statements.

Pursuant to applicable law, we hereby inform you that information relating to customer payment deadlines referred to in Article D. 441-4 of the French Commercial Code, in application of Article L. 441-6-1 of said code, has not been provided in the management report

Corporate governance report

We hereby certify the inclusion, in the Board of Directors' report on corporate governance, of information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code.

Concerning the information given pursuant to the requirements of Article L. 225-37-3 of the French Commercial Code relating to remunerations and benefits received by the Directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements, and, where applicable, with the information obtained by your company from companies controlling or controlled by your company. Based on this work, we attest the accuracy and fair presentation of this information.

Concerning the information relating to factors that your company considers likely to have an impact in the event of a public tender or exchange offer, provided in application of the provisions of Article L. 225-37-5 of the French Commercial Code, we verified its compliance with the documents from which it was taken and which were provided to us. On the basis of this work, we have no observations to make regarding this information.

Other information

Pursuant to French law, we have verified that the required information concerning the acquisition and takeover of control and the identity of shareholders and holders of the voting rights has been properly disclosed in the management report.

Information resulting from other legal and regulatory obligations

Appointment of Statutory Auditors

Mazars was appointed the Statutory Auditors of GROUPE GORGÉ SA by the Shareholders' Meeting of 17 May 2000 and PricewaterhouseCoopers Audit by the Shareholders' Meeting of 17 June 2015.

At 31 December 2017, Mazars was in the eighteenth consecutive year of its mission and PricewaterhouseCoopers Audit was in the third.

Responsibilities of the management team and those in charge of corporate governance in relation to the financial statements

It is the management team's responsibility to prepare fair and accurate financial statements in compliance with French accounting principles, and to implement the internal control procedures that it deems necessary for the preparation of financial statements free of any material misstatements, whether resulting from fraud or errors.

In preparing the financial statements, it is up to the management team to assess the company's ability to continue as a going concern, to present, where relevant, the necessary information relating to the going concern and to apply the going concern principle of accounting, unless there are plans to liquidate or cease the company's activity.

It is the responsibility of the Audit Committee to monitor the preparation of financial information and to verify the effectiveness of internal control and risk management systems and, where applicable, of internal audit, with regard to procedures for preparing and processing accounting and financial information.

These financial statements have been approved by the Board of Directors.

Statutory Auditors' responsibilities regarding the audit of the separate financial statements

Audit objective and approach

We are tasked with preparing a report on the financial statements. Our objective is to obtain reasonable assurance that the financial statements, taken as a whole, are free of material misstatements. Reasonable assurance means a high level of assurance, however without any guarantee that an audit conducted in accordance with professional standards will systematically detect any material misstatement. Misstatements may be the result of fraud or errors, and are considered material when, individually or combined, they can be reasonably expected to impact economic decisions taken based on the financial statements.

As set out in Article L.823-10-1 of the French Commercial Code, our assignment to certify the financial statements does not involve guaranteeing the sustainability or quality of the management of your company.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditor exercise their professional judgment throughout the entire audit. Furthermore, the auditor:

- identifies and assesses the risk of material misstatement in the financial statements, whether the result of fraud or errors, defines and implements audit procedures to address such risks, and gathers adequate and appropriate information on which to form an opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that of a material misstatement resulting from an error, given that fraud may imply collusion, falsification, wilful omissions, false statements or the circumvention of internal control;
- takes note of internal control processes relevant to the audit, in order to define suitable audit procedures, and not for the purpose of expressing an opinion on the effectiveness of such internal control;
- assesses the appropriateness of the accounting methods adopted and the soundness of accounting estimates made by management, as well as information concerning them provided in the financial statements;
- assesses the appropriateness of management's application of the going concern principle and, based on the information obtained, whether there is significant uncertainty with regard to events or circumstances that could jeopardise the company's ability to continue as a going concern. This assessment is founded on information obtained up until the date of the report, it being specified, however, that subsequent circumstances or events may jeopardise business continuity. If the auditor identifies significant uncertainty, they highlight such uncertainty in their report by drawing readers' attention to the corresponding information presented in the financial statements, or, if this information has not been provided or is not relevant, issues certification with reserves or a refusal to certify;
- assesses the overall presentation of the financial statements and determines whether they provide a true and fair reflection of the underlying transactions and events.

Report to the Audit Committee

We have submitted a report to the Audit Committee in which we present the scope of the audit assignment carried out, the work plan followed, and our conclusions. We also highlight the significant internal control discrepancies identified, with regard to procedures for the preparation and processing of financial and accounting information.

The information provided in the report to the Audit Committee includes the risks of material misstatements that we deemed to be the most significant for the audit of the seperate financial statements for the financial year, and which constitute key audit points, which we are required to include in this report.

We have also provided the Audit Committee with the statement referred to in Article 6 of EU Regulation No 537-2014 confirming our independence, pursuant to regulations applicable in France, as set out in Articles L.822-10 to L.822-14 of the French Commercial Code and the code of ethics governing Statutory Auditors in particular. Where necessary, we discuss the potential risks to our independence and the safeguard measures applied with the Audit Committee.

Neuilly-sur-Seine and Courbevoie, 10 April 2018

The Statutory Auditors

PricewaterhouseCoopers Audit	Mazars
David CLAIROTTE	Daniel ESCUDEIRO

4

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4.1 INFORMATION ABOUT THE COMPANY

4.1.1 General information

Company name

GROUPE GORGÉ SA

Place of registration and registration number

RCS Paris 348,541,186

Code ISIN FR0000062671 – GOE

Date of incorporation and term

GROUPE GORGÉ was formed on 3 November 1988. Its term is 99 years, to expire on 3 November 2087.

Registered office, legal form and applicable law

Address of registered office:

19, rue du Quatre-Septembre, 75002 Paris, France.

Telephone: +33 (0) 1 44 77 94 77.

The Company is a French public limited company *(société anonyme)* under French law with a Board of Directors.

4.1.2 Corporate charter and Articles of Association

Corporate object

As set forth in Article 3 of the bylaws, the Company's purpose is to:

- undertake any transaction directly or indirectly related to managing the securities portfolio, buying and selling securities and any related transactions, and investing liquidities;
- acquire, manage and transfer by any means holdings in any commercial or industrial companies;
- generally undertake any transaction directly or indirectly related to these purposes or to similar or related purposes.

Provisions of the bylaws, a charter or regulations related to the members of administrative, management and supervisory bodies

Pursuant to GROUPE GORGÉ's bylaws, the Board of Directors consists of 3 to 18 members subject to the exceptions provided for by law in the event of a merger. The term of office of the Directors is six years and is renewable.

Directors can be natural or legal persons. At the time of appointment, legal persons must appoint a permanent representative who is subject to the same conditions and obligations and incurs the same liability as if he or she were a Director in his/her own name, without prejudice to the joint and several liability of the legal entity he or she represents.

The Board of Directors elects a Chairman among its members who are natural persons. The Board of Directors sets the Chairman's compensation and the length of tenure, which cannot exceed his/her term of office as Director. Article 14 of the bylaws sets a maximum age limit for the Chairman (75 years old).

The Board of Directors prepares and presents the half-yearly and annual financial statements and convenes the shareholders' meetings.

Meetings of the Board of Directors may be held as often as is necessary in the Company's interest. The Internal Regulations provide that meetings may be held by videoconference or by other telecommunication means in accordance with the regulatory requirements for holding meetings.

Quorum is achieved by half of the members of the Board of Directors and decisions are made by a majority vote of the members in attendance or represented by other Directors of the Board.

Pursuant to a Board decision dated 14 September 2011, the Directors decided to no longer separate the roles of Chairman of the Board of Directors and Chief Executive Officer. The Directors' powers are those as defined by law and have not been limited either by statute or at the time of appointment by the Board of Directors.

The Chief Executive Officer may be assisted by the Deputy Chief Executive Officers who are vested with the same powers. If the Chief Executive Officer is a Director, he or she is appointed for the length of his or her term of office as Director. The same applies for the Deputy Chief Executive Officer.

Rights, privileges and restrictions attaching to each class of the existing shares

There are no privileges or restrictions attached to certain shares or classes of shares.

"With respect to the percentage of share capital that they represent, double voting rights are conferred upon all fully paid-up shares which have been held in registered form for at least four (4) years in the name of the same holder. In the event of a share capital increase by incorporating reserves, profits or premiums, this double voting right will be attached on the date of their issuance to the new registered shares allotted free of charge to a shareholder in consideration for the old shares giving rise to such right." (Extract from Article 12 of the bylaws)

Steps necessary to amend shareholders' rights

The shareholders' rights may be amended by an extraordinary shareholders' meeting and, where necessary, after having been ratified by the special shareholders' meeting for shareholders benefiting from special advantages.

General shareholders' meetings

"The shareholders' meetings are convened and hold deliberations as provided for by the law.

Shareholder resolutions are made at ordinary, extraordinary or special shareholders' meetings depending on the type of decision.

Shareholders' meetings are convened by the Board of Directors, or, failing that, by those individuals named by the French Commercial Code, particularly the statutory auditors or a court-appointed agent as provided by law.

Meetings are held at the head office or in any other location stated in the convocation.

Shareholders' meetings are convened as provided by the regulations in force.

Any shareholder, regardless of the number of shares he or she holds, has the right to attend and vote at the shareholders' meetings, whether in person, by proxy, or by remote voting, under the conditions and within the time limits laid down by the regulations in force.

Shareholders may, under the conditions laid down by the legislation in force, send their voting form by mail for any shareholders' meeting, either as a printed paper copy or, on a decision by the Board of Directors recorded in the meeting notice and the convening notice, as an electronic copy.

Shareholders may, on a decision by the Board of Directors, attend and vote at any shareholders' meeting by means of video-conference or any means of telecommunication, under the conditions laid down by the regulations in force. This decision is included in the meeting notice published in the *Bulletin des Annonces Légales Obligatoires* (BALO). These shareholders are thereupon considered to be in attendance at the meeting, for the purpose of counting the *quorum* and majority.

Remote voting forms and proxies granted to be represented at a meeting may include an electronic signature by the shareholder or his or her legal or court-appointed representative, in the form of a process in compliance with the requirements of Article 1316-4, paragraph 2, of the French Civil Code, namely a reliable identification process guaranteeing its connection with the instrument to which it relates.

All shareholders have the right to access the documents required to be able to make an informed decision on the Company's management and situation.

The laws and regulations determine the type of documents as well as how they are sent and made available to shareholders.

The officers of the meeting certify as accurate the attendance sheet, duly signed by the attending shareholders and their proxies and to which shall be appended the powers of attorney awarded to each proxy and, where applicable, the vote-by-mail forms.

The meetings are presided over by the Chairman of the Board of Directors or, in his or her absence, by a Deputy Chairman or another Director specially appointed for this purpose by the Board. Failing such measures, the shareholders' meeting appoints the Chairman of the meeting itself.

The duties of scrutineer shall be performed by the two shareholders, present and accepting such duties, who hold the largest number of shares, either on their own behalf or as proxy-holders. The officers so appointed shall appoint the Secretary, who does not need to be a shareholder.

The minutes of the meetings will be prepared and copies or excerpts of the proceedings will be certified in accordance with law.

Ordinary and extraordinary shareholders' meetings, acting according to the corresponding conditions of *quorum* and majority required by legal provisions, shall exercise the powers conferred on them by law."
(Extract from Article 22 of the bylaws)

Crossing of ownership thresholds

The Company's bylaws include an obligation to report crossing the thresholds of 2%, 3%, and 4%.

"In addition to governing the crossing of thresholds, any physical or legal person who, alone or together, comes to hold or ceases to hold, in any manner whatsoever, a number of shares representing more than 2%, 3% or 4% of the capital or voting rights, is required to notify the Company within a period of ten calendar days from the crossing of one of these thresholds, of the number of shares, securities giving access to the capital and voting rights attached thereto, that it holds. For the purposes of application of this statutory obligation, the participation thresholds are determined under the same conditions as legal participation thresholds.

In the event of non-compliance with the statutory requirement, the shares exceeding the undeclared fraction shall be deprived of voting rights for any shareholders' meeting held up until the expiry of a period of two years following the date of regularisation, at the request, recorded in the minutes of the shareholders' meeting, of one or more shareholders holding 5% at least of the share capital."
(Extract from Article 10 of the bylaws)

Terms in the Company's bylaws regarding modifications to share capital which are more restrictive than the law

The Company's bylaws do not contain any provisions concerning modifications of share capital which are more restrictive than those provided under the law.

4.2 SHARE CAPITAL

4.2.1 Total subscribed share capital and potential share capital

As at 31 December 2017, the Company's share capital comprised 13,502,843 fully-paid up shares of a nominal value of €1.00 each.

On 22 February 2016, the Company set up a multi-year equity line financing with KEPLER CHEUVREUX. 665,000 warrants were issued that may result in the issuance of the same number of shares. After 121,000 warrants were exercised, 121,000 new shares were issued in 2016 and 2017. The number of warrants not exercised was 544,000. The period for exercising the warrants expired on 22 February 2018.

There are no potential shares relating to stock option, stock warrant or bonus share allocation plans, or other securities that may be convertible, exchangeable or associated with stock warrants, or acquisition rights and/or obligations attached to subscribe but not paid-up capital.

4.2.2 Treasury shares

Share buybacks

The share buyback in 2017 took place under the authorisations granted by the shareholders' meeting of 14 June 2016 and 16 June 2017.

a) Number of shares bought and sold during the financial year in accordance with Articles L. 225-208, L. 225-209 and L. 225-209-1 of the French Commercial Code and average purchase and sale price

In 2017, 127,288 shares of GROUPE GORGÉ were repurchased by the Company under the authorisation granted by the combined shareholders' meeting held on 14 June 2016 and 154,110 were repurchased under the authorisation granted by the combined shareholders' meeting held on 16 June 2017.

Accordingly, a total of 281,398 shares in GROUPE GORGÉ were repurchased during 2017 at an average price of €20.45 per share, for a total cost of €5,754,121:

- 127,288 shares of GROUPE GORGÉ were repurchased at an average price of €22.02 per share in order to stabilise the stock market price, which amounted to a total cost of €2,803,386, under the authorisation granted by the shareholders' meeting held on 14 June 2016;
- 154,110 shares of GROUPE GORGÉ were repurchased at an average price of €19.15 per share in order to stabilise the stock market price, which amounted to a total cost of €2,950,734, under the authorisation granted by the shareholders' meeting held on 16 June 2017.

281,022 shares of GROUPE GORGÉ were sold in 2017 at an average price of €20.42 per share under the liquidity contract.

b) Trading charges

In 2017, trading charges consisted solely of fees under the liquidity contract, which amounted to €30,000.

c) The number of shares registered in the Company's name at the end of the financial year and their value at purchase price – fraction of the share capital that they represent

At 31 December 2017, GROUPE GORGÉ held 4,748 treasury shares (representing 0.03% of its share capital), recorded at €72,161 in the statement of financial position (€74,401 at the stock market price of €15.67 at the same date).

All of the shares are owned to stabilise the stock market price.

The above number of shares and figures are given on the basis of a nominal value of €1 per share and 13,502,843 shares making up the share capital at 31 December 2017.

The treasury shares are recorded in the balance sheet of GROUPE GORGÉ SA under "Marketable securities".

d) Cancellation of Company shares during the 2017 financial year

In 2017, the Company did not use the authorisations granted by the combined shareholders' meetings of 14 June 2016 and 16 June 2017 to reduce the share capital by cancelling shares owned by the Company up to 10% of the capital for every 24-month period.

e) Number of shares possibly used

The purpose of the repurchase shares may be:

- transfer shares when exercising the rights attached to securities giving access to the share capital by reimbursement;
- grant stock options to employees;
- cancel all or part of the shares thus repurchased;
- provide securities in payment or exchange for acquisitions;
- stabilise the share's stock market price.

f) Possible reallocation for other purposes decided during the 2017 financial year

None.

Renewal of the share repurchase programme – Description of the share repurchase programme

Shareholders will be asked at the shareholders' meeting of 13 June 2018 to authorise the Board of Directors, with power to subdelegate, to renew the Company's share repurchase programme (eleventh resolution).

The purpose of this authorisation is to enable the Company to trade in its own shares, as provided for by law, in order to:

- stimulate the secondary market or the liquidity of Company shares through the intermediary of an investment service provider under a liquidity contract that complies with the Code of Ethics as recognised by the French Financial Markets Authority (AMF);
- retain the purchased shares and subsequently allocate them in payment or exchange in potential external growth transactions, in respect of market practices approved by the AMF;
- provide coverage for stock option plans and/or bonus share allotments (or similar plans) for Group employees and/or corporate officers as well as all share allotments to Group or Company savings plans (or similar plans), under profit-sharing schemes and and/or all other forms of share allotment to Group employees and/or corporate officers;
- allot shares upon the exercise of rights linked to securities giving access to the share capital through reimbursement, conversion, exchange, presentation of a warrant or by any other method;
- cancel shares purchased, subject to the authorisation granted by a shareholders' meeting;
- more generally, carry out any objective authorised by law or any market practice approved by market authorities.

This authorisation falls within the legal scope of Article L. 225-209 of the French Commercial Code:

- it would be valid for a maximum period of 18 months and, as from its adoption by the shareholders' meeting and for the remaining balance, it would cancel and replace any prior delegation of authority to the Board of Directors to allow the Company to trade in its own shares;
- the maximum amount of shares which the Board of Directors may acquire cannot exceed 10% of the total number of shares forming the share capital, with the understanding that the Company may not hold more than 10% of the shares forming the share capital at any time;
- the maximum purchase price per share would be set at €50.

In the event that the capital is increased through capitalisation of reserves and allocation of bonus shares, as well as in the event of a share split, reverse share split or any other transaction affecting equity, the shareholders' meeting would delegate to the Board of Directors the power to adjust the aforementioned prices in such a way as to allow for the impact of such transactions on the share value.

It is understood that these transactions should be performed in compliance with the rules laid down by Articles 241-1 to 241-7 of the General Regulations of the French Financial markets authority (AMF) on market trading conditions and timing.

4.2.3 Additional information on the share capital

TABLE OF THE HISTORY OF THE DEVELOPMENT OF THE COMPANY'S SHARE CAPITAL

Date	Transactions	Number of shares before	Number of shares after	Nominal value (in euros)	Additional paid-in capital (in euros)	Share capital after (in euros)
24 February 1998	Share capital increase (listing on secondary market).	900,000	1,050,000	10 F	29,822,332 F	10,500,000 F
25 February 2000	Share capital increase by incorporating an amount deducted from the issuance premium line item.	1,050,000	1,050,000	32.79 F	(23,937,742.50) F	34,429,500 F
25 February 2000	Conversion of share capital into euros and a share capital increase to take into account the exchange rate.	1,050,000	1,050,000	5	(3,649,285.32)	5,250,000
18 February 2005	Stock split to reduce the nominal value from €5 to €1.	1,050,000	5,250,000	1	-	5,250,000
24 November 2005	Share capital increase following a conversion of bonds.	5,250,000	6,183,689	1	12,183,158.06	6,183,689
25 July 2007	Share capital increase following a dividend payment in shares.	6,183,689	6,323,321	1	2,073,535.20	6,323,321
30 June 2009	Reduction of share capital by allocation to a share premium account.	6,323,321	6,323,321	0.01	6,260,087.79	63,233.21
	Share capital increase resulting from the merger of BALISCO.	6,323,321	11,553,735	0.01	689,581.79	115,537.35
27 July 2009	Increase in the nominal value of the Company's shares by incorporating the premium.	11,553,735	11,553,735	1	(11,438,197.65)	11,553,735
22 April 2010	Share capital increase resulting from the acquisition of shares granted under a free share grant plan.	11,553,735	11,574,403	1	-	11,574,403
27 December 2011	Share capital increase in cash.	11,574,403	12,731,843	1	7,500,211.20	12,731,843
8 June 2012	Dividend payment taken from the premiums.	12,731,843	12,731,843	1	(1,363,158.42)	12,731,843
6 June 2013	Charging of a portion of 2012 losses against additional paid-in capital.	12,731,843	12,731,843	1	(1,422,063.89)	12,731,843
6 June 2013	Dividend payment taken from the premiums	12,731,843	12,731,843	1	(4,074,189.76)	12,731,843
11 March 2014	Capital increase by exercising share issue warrants.	12,731,843	12,781,843	1	1,011,167.45	12,781,843

Date	Transactions	Number of shares before	Number of shares after	Nominal value *(in euros)*	Additional paid-in capital *(in euros)*	Share capital after *(in euros)*
26 March 2014	Capital increase by exercising share issue warrants	12,781,843	12,881,843	1	1,769,798.00	12,881,843
3 April 2014	Capital increase by exercising share issue warrants.	12,881,843	12,981,843	1	1,852,223.10	12,981,843
15 July 2014	Capital increase by exercising share issue warrants.	12,981,843	13,031,843	1	854,808.15	13,031,843
8 December 2014	Capital increase by exercising share issue warrants.	13,031,843	13,081,843	1	934,437.50	13,081,843
9 April 2015	Capital increase by exercising share issue warrants.	13,081,843	13,156,843	1	1,519,302.30	13,156,843
15 April 2015	Capital increase by exercising share issue warrants.	13,156,843	13,181,843	1	506,434.10	13,181,843
8 July 2015	Capital increase by exercising share issue warrants.	13,181,843	13,231,843	1	1,123,978.95	13,231,843
15 July 2015	Capital increase by exercising share issue warrants.	13,231,843	13,281,843	1	1,122,971.95	13,281,843
7 October 2015	Capital increase by exercising share issue warrants.	13,281,843	13,311,843	1	600,921.67	13,311,843
14 October 2015	Capital increase by exercising share issue warrants.	13,311,843	13,366,843	1	1,100,697.89	13,366,843
30 March 2016	Capital increase by exercising share issue warrants.	13,366,843	13,409,843	1	861,951.80	13,409,843
30 May 2016	Share capital increase resulting from the acquisition of shares granted under a free share grant plan.	13,409,843	13,424,843	1	-	13,424,843
31 May 2016	Capital increase by exercising share issue warrants.	13,424,843	13,439,843	1	296,033.70	13,439,843
10 October 2016	Capital increase by exercising share issue warrants.	13,439,843	13,444,843	1	90,543.40	13,444,843
20 October 2016	Capital increase by exercising share issue warrants.	13,444,843	13,449,843	1	89,163.00	13,449,843
21 October 2016	Capital increase by exercising share issue warrants.	13,449,843	13,454,843	1	89,163.00	13,454,843
25 October 2016	Capital increase by exercising share issue warrants.	13,454,843	13,459,843	1	89,360.20	13,459,843
9 December 2016	Capital increase by exercising share issue warrants.	13,459,843	13,469,843	1	179,509.20	13,469,843

Date	Transactions	Number of shares before	Number of shares after	Nominal value *(in euros)*	Additional paid-in capital *(in euros)*	Share capital after *(in euros)*
14 December 2016	Capital increase by exercising share issue warrants.	13,469,843	13,474,843	1	89,163.00	13,474,843
26 December 2016	Capital increase by exercising share issue warrants.	13,474,843	13,484,843	1	179,312.00	13,484,843
28 December 2016	Capital increase by exercising share issue warrants.	13,484,843	13,489,843	1	89,656.00	13,489,843
29 December 2016	Capital increase by exercising share issue warrants.	13,489,843	13,495,843	1	108,947.88	13,495,843
27 January 2017	Capital increase by exercising share issue warrants.	13,495,843	13,502,843	1	114,913.02	13,502,843

TABLE AT 29 MARCH 2018 OF PENDING DELEGATIONS ON SHARE CAPITAL INCREASES GRANTED TO THE BOARD OF DIRECTORS BY THE SHAREHOLDERS' MEETING

Date	Delegation	Validity	Maximum nominal amount	Use
Combined shareholders' meeting of 16/06/2017 (9th resolution)	Delegation of authority to increase the share capital by incorporation of reserves, profits and/or premiums.	26 months	€5,000,000	None
Combined shareholders' meeting of 16/06/2017 (10th resolution)	Delegation of authority to issue ordinary shares giving, as applicable, access to ordinary shares (of the Company or a Group company) or entitlement to the allocation of debt securities and/or transferable securities giving access to ordinary shares to be issued (by the Company or a Group company) with maintenance of shareholders' pre-emptive subscription rights.	26 months	€5,000,000(1) €50,000,000(2) (debt securities giving access to the share capital)	None
Combined shareholders' meeting of 16/06/2017 (11th resolution)	Delegation of authority to issue ordinary shares giving, as applicable, access to ordinary shares (of the Company or a Group company) or entitlement to the allocation of debt securities and/or securities giving access to ordinary shares to be issued (by the Company or by a Group company), waiving shareholders' pre-emptive subscription rights, by public offer.	26 months	€5,000,000(3) €50,000,000(3) (debt securities giving access to the share capital)	None
Combined shareholders' meeting of 16/06/2017 (12th resolution)	Delegation of authority to issue ordinary shares giving, as applicable, access to ordinary shares (of the Company or a Group company) or entitlement to the allocation of debt securities and/or securities giving access to ordinary shares to be issued (by the Company or a Group company), waiving shareholders' pre-emptive subscription rights, by a (private placement) offer as referred-to in Article L. 411-2 II of the French Monetary and Financial Code.	26 months	€3,000,000 (subject to the statutory limit)(3) €30,000,000(3) (debt securities giving access to the share capital)	None
Combined shareholders' meeting of 16/06/2017 (13th resolution)	Determining the terms for setting the subscription price where pre-emptive rights are waived, subject to the annual limit of 10% of the share capital.	26 months	10% of the share capital per year, in connection with an issuance of ordinary shares or transferable securities pursuant to the 11th and 12th resolutions	None
Combined shareholders' meeting of 16/06/2017 (14th resolution)	Delegation of authority to increase the number of shares to be issued in the event of excess demand in a capital increase, pursuant to the 10th, 11th or 12th resolutions.	26 months	15% of the amount of the original issue (in accordance with Articles L. 225-135-1 and R. 225-118 of the French Commercial Code)	None
Combined shareholders' meeting of 16/06/2017 (15th resolution)	Delegation to increase the share capital by issuance of ordinary shares and/or transferable securities giving access to the capital, within a maximum 10% of the share capital, as consideration for non-cash transfers of securities giving access to share capital.	26 months	10% of the Company's share capital(3)	None
Combined shareholders' meeting of 17/06/2015 (17th resolution)	Authorisation to grant stock options to employees and/or certain company officers.	38 months	5% of the Company's share capital	None
Combined shareholders' meeting of 21/10/2015 (sole resolution)	Authorisation to allocate existing or future bonus shares to employees and/or certain company officers.	38 months	5% of the Company's share capital	None

(1) To be charged against the maximum nominal value of the capital increases that may be carried out pursuant to the 11th, 12th and 15th resolutions.

(2) To be charged against the overall ceiling provided in the 11th and 12th resolutions.

(3) To be charged against the overall ceiling provided in the 10th resolution.

4.3 SHAREHOLDING

4.3.1 Breakdown of share capital and voting rights

The distribution of capital and voting rights at 31 December 2017 was as follows:

	31 December 2017				31 December 2016			
	Shares	% of share of capital	Voting rights exercisable at the share-holders' meeting[2]	% of voting rights exercisable at share-holders' meeting	Shares	% of share of capital	Voting rights exercisable at the share-holders' meeting[2]	% of voting rights exercisable at share-holders' meeting
GORGÉ family[1]	7,583,125	56.16%	14,834,107	71.11%	7,583,125	56.19%	14,849,107	71.28%
Treasury shares	4,748	0.03%	-	-	4,372	0.03%	-	-
Public	5,914,970	43.81%	6,026,386	28.89%	5,908,346	43.78%	5,983,690	28.72%
TOTAL	**13,502,843**	**100%**	**20,865,241**	**100%**	**13,495,843**	**100%**	**20,832,797**	**100%**

(1) *"GORGÉ family" refers to shares held directly by Jean-Pierre GORGÉ, founder of the Group, i.e. 115,219 shares, and those held directly by Raphaël GORGÉ, i.e. 251,474 shares, as well as shares held by PÉLICAN VENTURE SAS, a holding company controlled by three members of the GORGÉ family.*

(2) *Voting rights exercisable at the shareholders' meeting do not include treasury shares. The number of theoretical votes may be obtained by adding the number of votes exercisable at the shareholders' meeting to the number of treasury shares.*

On 21 December 2017 Norge Bank declared that it held 312,238 GROUPE GORGÉ shares at 20 December 2017.

On 9 March 2018 Raphaël GORGÉ sold 21,140 shares to PÉLICAN VENTURE, the holding company of the GORGÉ family.

To the Company's knowledge, since the reporting date, no significant changes in shareholding have occurred and there are no shareholders, other than those mentioned above, directly or indirectly holding 5% or more of the Company's share capital or voting rights.

4.3.2 Voting rights of the major shareholders

In accordance with the Company's bylaws, GROUPE GORGÉ shares that have been held in registered form for more than four years carry double voting rights. As such, PÉLICAN VENTURE holds a certain number of shares with double voting rights (see table above).

To the Company's knowledge no shareholder's or other agreement exists that could result in a change of control of the Company.

4.3.3 Controlling shareholders

The Company is controlled by the GORGÉ family through PÉLICAN VENTURE.

There are three Independent Directors on the GROUPE GORGÉ Board of Directors, one of whom has been there since 2006. Having independent Directors (who have no association with the Company, its group or its management that is such as to influence their free judgement) ensures that there is no abuse or misuse of power as these independent Directors could take the appropriate action if any such abuse were discovered. One of these Directors is also Chairman of the Company's Audit Committee.

4.3.4 Information liable to have an impact in the event of a public offer

Holders of shares registered in their names for more than four years enjoy double voting rights.

The Company is controlled by the GORGÉ family through PÉLICAN VENTURE.

4.3.5 Employee shareholding

The Group's existing share subscription or purchase option plans, bonus shares grant plans or warrant grant plans are described in Note 5.4 of the Notes to the consolidated financial statements.

In accordance with Article L. 225-102 of the French Commercial Code, mention is made that at 31 December 2017:

- no employees shares were held under collective management;
- 34,834 GROUPE GORGÉ shares were held by Group employees registered in their names following the acquisition of shares under bonus share allocation plans.

4.4 FINANCIAL COMMUNICATION (FINANCIAL AGENDA, SHARE PERFORMANCE, DIVIDEND POLICY)

4.4.1 Stock market information

Change in price and volume traded on EURONEXT

Month	Highest *(in euros)*	Lowest *(in euros)*	Number of shares traded	Capital *(in euros)*
January 2017	23.74	21.10	413,834	9,346,600
February 2017	23.50	19.38	374,917	8,157,659
March 2017	22.88	19.99	554,105	11,844,750
April 2017	22.49	19.74	317,892	6,717,679
May 2017	24.81	20.70	979,013	22,243,283
June 2017	24.50	21.75	367,127	8,644,866
July 2017	23.80	20.34	261,730	5,833,113
August 2017	21.80	19.67	186,699	3,819,128
September 2017	21.73	19.20	201,317	4,076,968
October 2017	21.64	19.15	286,255	5,848,102
November 2017	19.30	16.00	317,102	5,452,749
December 2017	17.13	14.14	572,275	8,776,450
January 2018	19.04	15.86	389,837	6,768,169
February 2018	18.40	16.00	167,769	2,849,864

Source: EURONEXT.

4.4.1.1 Information on GROUPE GORGÉ shares

Since 1 April 2014, GROUPE GORGÉ meets all the eligibility criteria for the French PEA-SME tax-efficient investment regime (in accordance with Decree No. 2014-283), *i.e.* it has fewer than 5,000 employees and has annual revenue of less than €1,500 million or total assets of less than €2,000 million. These criteria apply to the entire Group.

GROUPE GORGÉ also joined the CAC PME index on 1 April 2014. This index, compiled by EURONEXT and launched on 27 February 2014, comprises 40 stocks from its listed SME and mid-tier firms which qualify for PEA-SMEs.

The CAC PME is identified by ISIN FR0011710375 and ticker CAPME.

The GROUPE GORGÉ share has been included in the SRD long-only deferred settlement list since 29 December 2014. The SRD long-only listing should help improve the share's liquidity.

Lastly, on 28 January 2015, GROUPE GORGÉ's share listing was transferred from the EURONEXT Paris Compartment C to Compartment B. Compartment B includes listed companies with a market capitalisation between €150 million and €1 billion.

In January 2014, the high volumes of trading observed and the keen interest from new foreign investors prompted the Group to consider the launch of an official sponsored ADR (American Depositary Receipt) Level I programme with BANK OF NEW YORK MELLON. GROUPE GORGÉ ADRs are securities negotiable in US dollars representing ordinary shares in GROUPE GORGÉ at a 1 to 1 ratio. They have been traded on the American OTC market since 17 January 2014 under the ticker symbol GGRGY. Since this programme was established, GROUPE GORGÉ now publishes its financial information in English as well as French. Trading in ADRs gradually slowed between 2014 and 2017. At the end of 2017 BNY MELLON suggested ending the programme. It was wound down in the first quarter of 2018.

4.4.2 Dividend policy

The Company intends to pay dividends, but it has not defined a systematic policy with respect to the apportionment of its profits between dividends and the financing of its operations.

Dividends approved by the shareholders' meeting in previous years totalled:

- 2012: dividend per share of €0.32 (12,731,843 shares), or a total dividend of €4,074,189;
- 2013: dividend per share of €0.32 (12,981,843 shares), or a total dividend of €4,154,190;
- 2014: dividend per share of €0.32 (13,181,843 shares), or a total dividend of €4,218,189.76;
- 2015: none;
- 2016: none.

The Board of Directors will propose payment of a dividend of €0.32 per share, *i.e.* total of €4,320,909.76 to the shareholders' meeting of 17 June 2018.

4.4.3 Information documents

The Company communicates with its shareholders primarily *via* its website (www.groupe-gorge.com), its Twitter account, and the financial press agency ACTUSNEWSWIRE.

The quarterly, half-yearly and annual financial results are disclosed in press releases according to the indicative timetable below:

- 2018 Q1 revenue: 27 April 2018;
- shareholders' meeting: 13 June 2018;
- 2018 Q2 revenue: 27 July 2018;
- 2018 HY financial results: 14 September 2018;
- 2018 Q3 revenue: 26 October 2018;
- 2018 Q4 revenue: end February 2019.

The Group holds meetings with analysts and investors, and publishes a commented presentation on the website immediately after publishing its results. The 2017 financial results were announced on 3 April 2018 and the 2018 half-year financial results will be announced on 14 September 2018.

Throughout the period of validity of the Registration Document, the following documents may be consulted at the Company's registered office:

- the Company's Articles of Association;
- all reports, correspondence and other documents included or mentioned in this Registration Document;
- the issuer's historical financial information for each of the two financial years prior to the publishing of the Registration Document.

Copies of the annual reports are available at the Company's head office, 19, rue du Quatre-Septembre, 75002 Paris, France, as well as on its website at www.groupe-gorge.com. The Company's press releases are issued *via* the financial wire agency Actusnews and can be consulted on leading publicly accessible stock market websites such as Boursorama, Boursier.com and Euronext.

The Company's website contains all of GROUPE GORGÉ's up-to-date financial information. All GROUP GORGÉ press releases are readily available on it, as are all documents of relevance to shareholders such as Registration Documents, half-year consolidated financial statements and information on share buybacks.

GROUPE GORGÉ participates in Small cap and/or Midcap events, road shows, as well as other events throughout the year where the Company can present its activities and results to analysts, investors and shareholders. Since 2014, the Group has also organised investor and analyst meetings at the trade exhibitions of most significance to the Group during the year as well as on its main activity sites (specifically PRODWAYS' Tech Center).

A Securities Service directly administers fully registered shares free of charge. Shareholders who wish to register their securities in this form may send their request to CACEIS Financial Services, 14, rue Rouget-de-Lisle, 92862 Issy-les-Moulineaux Cedex 09, France, or to their own financial advisor.

Our shareholder/investor contact, ACTUS FINANCE (52, rue de Ponthieu – 75008 Paris), is available for all questions about news and the various press releases about the Group.

5

OUR VALUES, OUR EMPLOYEES AND OUR CSR COMMITMENTS

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5.1 OUR CSR APPROACH

Corporate Social Responsibility (CSR) is a company's assumption of responsibility with regard to the social and environmental impacts of its decisions and activities, as reflected in a transparent and ethical approach that:

- contributes to sustainable development, including the health and well-being of society;
- takes stakeholder expectations into account;
- observes the laws in force and is compatible with international standards;
- is integrated throughout the organisation and implemented in its relations.

To define the scope of its social responsibility, identify the relevant fields of action, and set its priorities, a company must address all of the following "central issues": the organisation's governance, human rights, labour relations and conditions, the environment, fair business practices, and consumer, community, and local development issues.

(Organisational social responsibility as defined by ISO 26000).

The publication of this third CSR report is a new step that fits in with a voluntary continuous-improvement initiative: a protocol including more precise definitions, increased reliability of the data-reporting process, and the appointment of a CSR officer in each subsidiary for greater transparency.

In order to report the social and environmental impacts of our business in accordance with Article L. 225-102-1 of the French Commercial Code, we have put together some information below. This information is consolidated and covers French subsidiaries with more than 50 employees at 31 December 2017 (*i.e.* 14 subsidiaries, compared with last year's 11). These employees in 2017 represented 74% of the Group's workforce and account for 79% of its revenue. For practical and organisational reasons within the Group, we thought it relevant to retain this materiality threshold.

5.2 SOCIAL INFORMATION

5.2.1 Employment

To offer its employees a stimulating environment, the Group seeks to implement the best practices of HR policy and measures its effects.

Total workforce Group-wide and geographic distribution

The total workforce is the number of people present within the Group at 31 December 2017 who are bound by a permanent contract, a fixed-term contract or a trainee contract. Part-time workers are counted as one person.

2017	Protection of High-Risk Installations	Smart Safety Systems	3D Printing	Registered office	Total
Executives and engineers	371	428	149	6	954
Technicians and supervisors	194	154	91	1	440
Employees	118	75	97		290
Workers	252	57	38		347
TOTAL	**935**	**714**	**375**	**7**	**2,031**

2016	Protection of High-Risk Installations	Smart Safety Systems	3D Printing	Registered office	Total
Executives and engineers	343	408	107	7	865
Technicians and supervisors	168	162	81	0	411
Employees	110	79	46	0	235
Workers	254	56	15	0	325
TOTAL	**875**	**705**	**249**	**7**	**1,836**

In France, the Group is established in a number of regions.

The following indicators relate to the workforce of the selected companies totalling 1,495 employees (74% of the total and 77% on a comparable basis). Indicators for 2016 related to 11 subsidiaries (compared with 14 on the 2017 panel) totalling 1,264 employees.

Male/female distribution by socio-professional categories

	2017			2016		
(%)	Men	Women	Total	Men	Women	Total
Managers and higher professional positions	39	8	47	38	5	43
Technicians and supervisors	18	4	23	19	4	23
Employees	4	7	11	3	8	11
Workers	16	1	17.	20	1	21
Apprentices	2	0	2	2	0	3
TOTAL	**79**	**21**	**100**	**83**	**17**	**100**

Distribution by age

(%)	2017	2016
Less than 30 years old	15	14
30 to 39 years old	28	29
40 to 49 years old	28	28
50 to 59 years old	25	26
60 years old and over	4	3

Recruitments

	2017	2016
Recruitments*	300	216
• of which permanent employment contracts	239	171
• of which fixed-term employment contracts	55	33
• of which trainee contracts	6	12

* *Excluding transfer between Group entities.*

As regards personnel movements, none of the recruitments involve transfers from a company within the Group that is not part of the panel of selected companies.

As the Group is positioned in high-tech activities that most often require its employees to have special know-how and/or expertise, it tends to recruit in the form of permanent contracts, so as to retain knowledge and know-how within the Group. This is so because more than 79% of recruitments are for permanent contracts.

Reasons for end of employment contracts

The lay-offs listed below include those, for all reasons combined, in the Group's companies for 2017 in France.

	2017	2016
Departures*	281	160
• for economic reasons	3	-
• for other reasons	21	17
• end of contract, retirement, resignation, termination by mutual agreement	257	143

* *Excluding transfer between Group entities.*

As regards personnel movements, eight of the departures involve transfers from a company within the Group that is part of the panel of selected companies.

Turnover

Turnover in the Group for 2017 (turnover of a company's workforce) is 17.3% compared with 13.5% in 2016.

Remuneration

(In thousands of euros)	2017	2016
Gross remuneration	60,108	50,722
Social security contributions	25,451	22,363
Pension liabilities: compensation paid and IAS 19 provision	786	386
Shareholding plans, profit-sharing	407	575
TOTAL	**86,753**	**74,046**

Each subsidiary has its own wage policy and makes its own independent decisions regarding the wage developments of its employees, depending on its field of business and growth or its own constraints, salary evolution of its employees.

5.2.2 Work Organisation

Each subsidiary directly and independently manages employees work time organisation and employer-employee relations (organisation of social dialogue and collective agreements) within the Company depending on its own constraints and the applicable rules.

In France, for the panel selected, the Group applies an average schedule of 36.5 hours per week.

Most employees, whose duties preclude following the collective working schedule applicable to the unit to which they belong, come under a block working-hours agreement of 218 working days per year.

Employees receive compensatory time off according to the subsidiary that employs them and their position: non-executives and clerical employees, technicians, and supervisory management; executives on assignment; executives on block working-hours agreements.

5.2.3 Employee relations

5.2.3.1 Organisation of social dialogue including procedures for notifying, consulting, and negotiating with employees

Most of the Group's companies implement an active policy of dialogue with their employees. Meetings between employee and Management delegates are held each month in all of the Group's subsidiaries.

In addition, the Group opposes any discrimination or pressure on an employee or employee representative due to his membership in or support or opposition of a union.

The communication methods internal to the Group (intranet, internal displays, newsletter, internal memos) make it possible to broadcast local and national information.

5.2.3.2 Report on collective agreements

The Group's employee policy promotes the conclusion of a number of collective agreements according to the regulatory requirements of those countries where the Group is located. Several collective agreements were signed with the employee representative bodies in 2017 in the following subsidiaries (included in the panel):

- ECA ELTA: a profit-sharing agreement and a Mandatory Annual Negotiation agreement;
- ECA FAROS: an equal opportunity action plan;
- ECA ROBOTICS: a right-to-disconnect agreement;
- ECA SINTERS: a Mandatory Annual Negotiation agreement, a profit-sharing agreement and a flexible working hours agreement;
- CIMLEC: a right-to-disconnect agreement, a Mandatory Annual Negotiation agreement, an equal opportunity action plan and a healthcare agreement.

At certain PRODWAYS GROUP subsidiaries, several agreements were signed, including an employee incentive agreement. An agreement on remote working is currently under discussion.

5.2.3.3 Report on collective health and safety agreements

In health and safety matters, in light of regulations and thresholds set on work hardship and exposure to major risks in France, GROUPE GORGÉ is not exposed and therefore is not bound to formalise any collective agreements in the matter. Nonetheless, as a responsible employer and in an effort to guarantee the health and safety of its employees, individual risk exposure forms are prepared in some of our subsidiaries by the different Committees for Health, Safety and Working Conditions (CHSCT). These forms are used to monitor occupational hazards and implement preventive actions.

5.2.4 Training and promotion of talent

5.2.4.1 Training

Thanks to a training, development and internal promotion policy, employees can learn a skill while at the same time furthering their personal and professional development. Each subsidiary determines its own training policy.

The human resource management policy on training is focused on two types of training:

- training to adapt to a workstation and/or related to job advancement and job retention;
- skills development training.

The Group believes that the satisfaction of its clients and consumers is heavily dependent on the skills and talent of its employees. Thus, the Group puts training at the centre of its priorities as an employer: during the 2017 financial year, nearly 18,571 hours of training were administered.

	2017	2016
Number of hours of training	18,809	14,839
Number of persons trained	745	640
Training costs(1)	€723 thousand	€468 thousand

(1) Educational costs, expenses, valuation of training days.

5.2.4.2 Targeted skill development

- Smart Safety Systems division example

Transfer of knowledge and best practices from one subsidiary to another is a priority for the Group. Thus, the Smart Safety Systems division (all of the subsidiaries of the ECA Group) decided to develop a training program for all of its project heads and business managers. These people have a pivotal role in the division in its commitment to its clients, in charge of coordinating the different teams, for the purpose of delivering the best solutions for ensuring the security, precision, reliability, and durability of solutions for clients. In establishing this training program, the Group's aim was to create a common culture and a skills base shared by project heads, in order to:

- gain efficiency in project management;
- share best practices in client management;
- better manage resources, costs, lead times, and quality;
- improve satisfaction of clients' requests.
- 3D Printing division example

The development of know-how and innovation is a priority in the skills management policy of the 3D Printing division (PRODWAYS GROUP and its subsidiaries) given its rapid evolution in a constantly growing 3D printing market.

The organisation of annual performance reviews once a year between employees and their managers based on a form prepared by the Human Resources Department of the 3D Printing division is of paramount importance in the evaluation of individual employee performance and the setting of objectives for the following year and the means of achieving them.

These reviews are also an opportunity to evaluate the skill development training that took place during the year and to determine the actions to be taken or pursued in order to progress based on or with a view to further development, in particular through training expectations.

5.2.5 Health, safety and improvement of employees' working environment

Workplace health and safety policies are managed within each Company in the Group depending on its field of business and its own constraints.

The assessment of health and safety risks in relation to employees is set out in a document drawn up by each Company. Employees are also informed of these risks through the CHSCT (Committee for Health, Safety and Working Conditions), in companies where such a Committee exists. Employees who work with hazardous or polluting products receive appropriate training according to the risks in relation to these products.

The absenteeism rate as well as the number of accidents at work have been recorded as relevant workplace health and safety indicators.

We have no information relating to occupational diseases.

5.2.5.1 Absenteeism

	2017	2016
Absenteeism rate[1]	4.71%	3.44%

(1) Ratio between the number of days of absence and the theoretical number of days' presence.

5.2.5.2 Accidents at work

	2017	2016
Number of accidents at work with absence	26	28
Number of days lost	387	601
Frequency rate	10.42	12.62
SEVERITY RATE	**0.16**	**0.27**

5.2.5.3 Improvement of employee working environment

Because individuals work better when they are in fulfilling, stable, and healthy occupational environments, the Group makes its employees the top beneficiaries of its mission to improve the quality of life at work. Over the past two years, the Group has made substantial investments in its property, plant and equipment. In 2015, the Group inaugurated the fully restored premises of its historic Mureaux site, housing PRODWAYS, CLF SATREM, CIMLEC Industrie, NTS, and TENWHIL. The building, which dates back to the 1970s, was fully restored, and offices were rearranged to improve working space. In 2017, access to an intercompany canteen in the town of Mureaux was set up to accommodate PRODWAYS employees.

Meanwhile, several companies in the Smart Safety Systems division (ECA EN, ECA SINTERS, ECA CNAI, and ECA FAROS) moved out of the site and into completely new, more spacious premises with better geographic locations. These new sites were inaugurated in early 2016.

5.2.6 Equal treatment

Each subsidiary must respect the mandatory legal provisions with regard to equal treatment of employees and non-discrimination. The measures taken (if necessary) by the Group subsidiaries to promote equal treatment are not reported at the GROUPE GORGÉ SA level.

The Group offers everyone the same job access, without discrimination as to age, gender, nationality, culture, or individual situation.

5.2.6.1 Gender parity

Adopted in January 2011, the COPÉ-ZIMMERMANN Act requires that the Boards of listed companies and unlisted large corporations have 20% women by 2014, and 40% by 2017. GROUPE GORGÉ did not wait until 2017 to introduce balanced representation between men and women on its Board of Directors, which includes three women, *i.e.* 50% of Board members.

In addition, the Group's Board of Directors is concerned to ensure equality of treatment between men and women be in its subsidiaries.

5.2.6.2 Disabled persons

	2017	2016
Number of disabled employees	36	23

5.2.6.3 Promotion of and compliance with the ILO (International Labour Organisation) Core Conventions

As all companies of the selected panel are located in France, compliance with French regulations is sufficient to ensure promotion of and compliance with the core conventions of the ILO (prohibition of child labour, freedom of association, abolition of forced labour, etc.).

5.3 ENVIRONMENTAL INFORMATION

As the Group production activity is limited to assembly work, the following Grenelle 2 themes have been discounted:

- measures to prevent, reduce or rectify discharges in the air, water and ground causing significant damage to the environment;
- land use;
- noise pollution;
- measures taken to preserve biodiversity;
- adapting to the effects of climate change;
- actions to combat food waste.

Pursuant to the new Article L. 225-100-1 4°, this section presents information on financial risks relating to the effects of climate change and presentation of the steps taken to mitigate such risks through a low-carbon strategy.

5.3.1 General environmental policy

3D printing is considered an environmentally-friendly technology because of its additive process, which means that only the raw material necessary to manufacture a part is used. PRODWAYS GROUP's Rapid Additive Forging technology can manufacture blank parts in titanium that are close to the geometry of the final part, which will then be sent for final machining. This process significantly reduces the proportion of material lost in the form of fragments, which can account for up to 95% of the initial block of metal using standard machining processes.

The use of additive manufacturing also means that light, complex structures can be made, limiting the consumption of materials and extending the life of some products. By offering the option of printing custom-made parts on demand, manufacturers and consumers can repair objects that would otherwise be thrown out because a part is no longer available.

3D printing also means that production sites can be relocated nearer customers, thus reducing transport emissions.

The Group is positioned as a designer and assembler for all of its activities, but does not produce anything. For this, it uses outsourcing. Accordingly, its activities do not cause any major environmental hazards.

The Group Companies strive to limit their environmental impact on their sites or those of their clients, while promoting sustainable practices for procuring and optimising natural resources, in compliance with applicable regulations.

The Group Companies with sites that fall under the Installations Classified for the Protection of the Environment (ICPE) regulations have made the required declarations or possess the necessary authorisations. The Group does not have any industrial equipment or machinery that could have a significant impact on the environment.

The water supplies of Group Companies do not pose a problem as they are not located in water stress areas.

5.3.1.1 Employee training and information actions in environmental protection and the resources used in preventing environmental risk and pollution

GROUPE GORGÉ invites its employees to protect the environment and reduce the impact of its activity on the environment with their day-to-day actions. Here are a few examples:

- at ECA EN, several actions have been put in place, including education in recycling; implementing reduced paper storage; and finally the creation of a booklet on eco-design distributed to all employees;
- at ECA CNAI, employees are educated about hiring by the Quality Department;
- at ECA SINTERS, a chemicals manager has been appointed and is in charge of employee education and information. Every three years, there is a special education campaign for employees who handle chemicals. The next campaign is slated for 2018;
- at INITIAL, employees go through internal training courses suited to their workstation.

5.3.1.2 Amount of provisions and guarantees for environmental hazards

The Group has not recorded provisions for environmental risks in its accounts.

5.3.2 Sustainable practices to promote waste recycling

The Group implements a number of recycling and waste prevention measures. The main initiatives in terms of environmental responsibility are:

- using printing processes to significantly reduce the proportion of lost material;
- optimising the life cycle of manufactured products by managing the end of life of certain products (e.g. paper, cardboard, print cartridges);
- rationing print-outs of working documents (black and white rather than colour, shared rather than individual printers).

The main impacts of GROUPE GORGÉ in terms of waste production come from the 3D branch. 3D printing is considered an environmentally-friendly technology because of its additive process, which means that only the raw material necessary to manufacture a part is used. PRODWAYS GROUP's Rapid Additive Forging technology can manufacture blank parts in titanium that are close to the geometry of the final part, which will then be sent for final machining. This process significantly reduces the proportion of material lost in the form of fragments, which can account for up to 95% of the initial block of metal using standard machining processes.

Depending on the process used, the main waste generated by the Group's activity includes polyamide powder and thermoplastics:

	From 01/12/2016 to 30/11/2017	
	Polyamide powder	Thermoplastics
Quantities of waste generated (kg)	23,268	34

5.3.3 Sustainable practices to consumption

5.3.3.1 Consumption of raw materials

For the past two years, the Group has aimed to streamline the types of raw materials used according to its operations and to make the methods for collecting this information more reliable. As part of a continuous improvement approach, the Group is expected to publish reliable and relevant information in 2018. This work will also make it possible to assess the carbon footprint breakdown across the entire value chain and to assess the impact of raw materials.

5.3.3.2 Energy consumption and related greenhouse gas emissions

The coverage rate for data relating to energy consumption and greenhouse gas emissions represents 91% of total surfaces occupied by panel companies.

	From 1/12/2016 to 30/11/2017		From 1/12/2015 to 30/11/2016	
	Volume	Cost (€k)	Volume	Cost (€k)
Water consumption	8,150 m^3	28.6	9,358 m^3	28.0
Electricity consumption	5,905 MWh	684.1	5,429.2 MWh	563.1
Gas consumption(1)	1,538.9 MWh PCS	79.9	1,015.6 MWh PCS	40.7
Greenhouse gas emissions (GHG)(2)	620		483	
Direct greenhouse gas emissions (GHG)(2)	337		189	
Indirect greenhouse gas emissions (GHG)(2)	283		295	

(1) Gross Calorific Value.

(2) In tonnes of CO_2 equivalent.

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Direct GHG emissions are related to natural gas consumption. The emission factor used for the period is 219 g CO_2 equivalent per kWh *(Source: carbon assessment by Ademe)*.

Indirect GHG emissions are related to electricity consumption. The emission factor selected for the period is either the EDF average (48 g per kWh).

In addition, since 2015, several companies in the Smart Safety Systems, Protection of High-Risk Installations, and 3D Printing division moved sites to have access to brand-new or recently-built premises (see 5.2.4). In 2017, ECA CNAI's Toulouse unit moved into a building that is compliant with the RT2012 thermal regulation. These new buildings, which are compliant with the latest environmental standards in force, are significantly reducing energy consumption.

5.3.4 Reduce Business travel

A policy has been in place since 2015 to reduce business travel by the Group's employees. Now, internal video conferencing and phone conferencing are commonplace, as well as more widespread use of public transport.

At the PRODWAYS subsidiary, where access to the site is difficult without a vehicle, Management has provided bicycles for those employees who still wish to use public transport, to travel between the railway station and the office.

5.4 SOCIETAL INFORMATION

The Group is aware that it is part of an ecosystem of stakeholders, with whom it is incumbent on the Group to organise balanced, ethical, law-abiding, and inspiring relationships. Thus, participants in the Group's current and future success are: employees, clients, subcontractors and other suppliers, schools, state and local government, actors in civil society, and shareholders.

5.4.1 Territorial, economic and social impact of the business activity – local relationships

Our subsidiaries are often located in business zones. Some of them have been in the same region for many years and in general contribute towards maintaining local employment and developing their region through their economic activity.

Concrete examples of the mobilisation of local companies (joiners, plumbers, masons, architects, among others) are the many requests for site relocations and site renovations.

5.4.2 Subcontracting and suppliers

Each Group company selects its suppliers and subcontractors according to their reputation, performance and reliability to ensure that they are able to help the Group to meet its business objectives.

In the medium term, the Group aims to include CSR criteria in its purchasing terms and conditions

5.4.3 Fight against corruption

Business integrity contributes to our Group's good reputation and we are committed to acting appropriately and fairly with all our stakeholders.

The Group is currently drawing up eight measures to combat corruption and influence peddling in accordance with law 2016-1691 of 9 December 2016 and the recommendations of the AFA (French anti-corruption agency) published in late December 2017. This involves mapping out risks in each of the Group's domestic and foreign subsidiaries to assess and prioritise the corruption risks to which each subsidiary may be exposed. A Code of conduct and internal prevention procedures and policies will then be finalised based on this mapping. Management in all subsidiaries, the Group's legal department and each subsidiary's human resources department are involved in drawing up and rolling out the anti-corruption measures required by law 2016-1691 (Sapin II Law).

5.4.4 Fair business practices

Each Group Company applies its know-how to offer reliable products to its customers. Products are generally subjected to internal quality control procedures.

In the short term, the Group has set itself the aim of preparing a formal document on fair business practices.

5.4.5 Other initiatives taken to promote human rights

To our knowledge, the Group Companies have not taken any specific initiatives to promote human rights.

5.4.6 Stakeholder relations

Stakeholder identification and dialogue is essential to address the organisation's social structure. More frequent meetings with the Group's shareholders.

The relationship of trust between the Group and its shareholders, investors and analysts is built over the long term and is nourished daily by providing them with clear, continuous information and regular contact. That is why management strives as far as possible to arrange regular meetings throughout the year with the Company's investors and shareholders. Visits to the Group's major trade shows were organised during the year, through three brokers under contract with the Group (GILBERT DUPONT, ODDO BHF, KEPLER CHEUVREUX, and PORTZAMPARC). These meetings were held during trade shows important to the Group in France and Europe (specifically Formnext in Germany and the Salons du Bourget in France). Visits were also organised to the 3D Printing sites of Les Mureaux (Tech Center) and Annecy (INITIAL) and the Smart Safety Systems showroom at Saclay.

5.4.5.1 Development of an "employer brand"

To retain its leadership in its activities, the Group wishes to attract and retain tomorrow's talent. More than half of the Group's employees are engineering graduates. To highlight its innovative activities, the Group now has a social-media presence through several of its subsidiaries using LinkedIn and Twitter. With this presence, it can relay important information about the markets in which it operates, share trends, communicate about the latest contracts awarded to it, announce new solutions or trade show attendance, publish job offers, and so on. This volume of news reflects the dynamism of the Group, which is aiming to raise its profile worldwide as an employer.

Along with this web presence, development of the employer's brand involves building partnerships with schools. The Group has identified several schools (specifically engineers) where the syllabus of tuition for students is totally suited to the Group's needs. Accordingly, the Group attends a number of student forums, including the one at the École Centrale Marseille, to approach engineering students seeking to join the Group for internships of three to seven months. Since 2014, several engineering students who had spent their final-year internship in the Group have been offered permanent contracts on completion of their internships.

5.4.5.2 Sharing the Group's knowledge

Beyond the enhancement of its visibility to potential applicants, the Group is seeking, through meetings, conferences and round tables, to initiate the sharing of knowledge about its business lines with non-profit associations, entrepreneur clubs and any other audience that is likely to have an interest in the Group's activities. Thus, in 2017, the Group attended many events (through various representatives), for example the "Journée des Décideurs" (Decision-Makers' Day) hosted by Leaders League magazine at the École Centrale Marseille, the Tech&Co broadcast on BFM Business, and digital transformation events organised by ODDO BHF. By attending these types of events, the Group seeks to promote the role of middle-market companies in France and support French innovation.

The Group also attends many technical conferences during the trade shows, thereby positioning itself as an expert in its various fields. Take the successful initiative to hold nearly 15 conferences throughout the International Paris Air Show (SIAE) in Le Bourget.

5.4.5.3 Partnership and sponsorship

The Group has been a significant partner of the École Centrale Marseille since 2014. In fact, Raphaël GORGÉ, the Group's CEO, has become a sponsor of the 2014 graduating class. Accordingly, he decided to support several student associations within this school, which is conveying the values of innovation and entrepreneurship that are so valuable to the Group.

Thus, in 2017, the Group decided to financially support several athletic organisations, all of which promote a spirit of conviviality paired with competition and surpassing one's limits, in both preparing for and holding the event.

The Group also set up a course module fully dedicated to entrepreneurship, in partnership with the administration of the École Centrale Marseille. In this course module, phased over two years of study, groups of students with a keen entrepreneurial flair compete to propose a viable business plan to a jury made up of venture-capital professionals and instructors from the school. At the end of those two years, the winning groups were awarded various prizes totalling €35,000 (funded by GROUPE GORGÉ), which they can use to launch their ventures. Operating costs for this module came to €20,000 and were also paid by GROUPE GORGÉ.

INITIAL sponsored a number of art and cultural projects to share its passion for creativity as widely as possible. Its "Les Créations" department, which is specially dedicated to the luxury goods, design, art and architecture sectors through custom-made, exclusive and unique 3D printing creations, entered into an industrial partnership in 2017 with plastic artist Stéphane SIMON for the launch of his project "In memory of me – *vers un nouveau catalogue de gestes*".

INITIAL was also asked to manufacture the Growth Table Titanium by artist Mathias Bengtsson for the *Imprimer le Monde* exhibition at the Centre Pompidou. The work took 310 hours to manufacture and is made of 22 titanium parts. This was a major technical achievement for this atypical project: a unique custom-made piece.

5.5 METHODOLOGY – PANEL OF SELECTED COMPANIES

It was not possible to communicate all of the information listed in Article R. 225-105-1 of the French Commercial Code.

We have selected only the information provided by the Companies of the Group which is centralised by GROUPE GORGÉ SA. Insofar as there is no overall unified policy on social, societal and environmental matters, each subsidiary is responsible for defining its procedures itself and for handling the social and environmental issues related to its business depending on its own constraints and in accordance with the applicable legal provisions. Organisational choices are unique and specific to each subsidiary. These choices are not synthesised nor harmonised at the GROUPE GORGÉ SA level.

The production of CSR indicators requires the setting up of a system for reporting information to the GROUPE GORGÉ Financial Department. A protocol has therefore been created for this purpose.

It describes the procedures and tools used for collecting and reporting the Group's CSR data and performance indicators. The reporting protocol serves as an in-house guide and is distributed, understood and applied at all data preparation and reporting levels. These data are collected directly in our financial consolidation software application (SAP BFC).

The data on gas, electricity, and water consumption cover a 12-month period for all subsidiaries; however, the periods covered do not necessarily correspond to a calendar year (two rolling months maximum).

Human resources data corresponds to a calendar year. The population considered for all these indicators comprises all the Group's employees excluding trainees.

Occupational accidents concern accidents that occur at the workplace and during travelling for work, but do not include commuting accidents. The frequency rate is equal to the number of accidents expressed in millions of hours worked, the severity rate, the number of days not worked (calendar days) expressed in by thousands of hours worked.

5.6 REPORT BY THE INDEPENDENT THIRD-PARTY ENTITY ON THE SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION IN THIS MANAGEMENT REPORT

(Year ended 31 December 2017)

To the Shareholders,

In our capacity as the independent third party entity of GROUPE GORGÉ, accredited by COFRAC under the number 3-1080[1], we hereby present our report on the consolidated social, environmental and societal information relating to the year ended 31 December 2017, provided in the management report (hereinafter the "CSR information"), pursuant to the provisions of Article L. 225-102-1 of the French Commercial Code.

Corporate responsibility

The Board of Directors is responsible for preparing a management report that includes CSR Information as set out in Article R. 225-105-1 of the French Commercial Code, prepared in compliance with the definitions and calculation methods chosen by the Company (the "Reporting Standards"), available on request, and of which a summary appears in part 5.5 of the Registration Document entitled "Methodology".

Independence and quality control

Our independence is defined by regulatory documents, our professional Code of Ethics and the provisions set out in Article L. 822-11-3 of the French Commercial Code. In addition, we have implemented a quality control system including documented policies and procedures that aim to ensure respect for ethical rules and the applicable legal and regulatory texts.

Independent third-party entity responsibility

Based on our work, our responsibility is:

- to certify that the required CSR Information is included in the management report or, if omitted, that such omission is explained pursuant to the third paragraph of Article R. 225-105 of the French Commercial Code (Attestation of Disclosure of CSR Information);
- to express limited assurance on the fact that, taken as a whole, the CSR Information is presented fairly, in all significant aspects, in compliance with the reporting guidelines Reasoned opinion on the fair presentation of the CSR Information).

However, it is not our responsibility to comment on compliance with any other applicable legal provisions, particularly those of Article L. 225-102-4 of the French Commercial Code (vigilance plan) and Act 2016-1691 of 9 December 2016 on the fight against corruption ("loi Sapin II").

Our work engaged the skills of four people and was performed between December 2017 and March 2018 over a total period of approximately two weeks. We called upon the help of our CSR experts to complete this assignment.

We carried out the work described below in compliance with the Order of 13 May 2013 determining the terms and conditions according to which the independent third-party entity conducts its assignment and concerning limited assurance as to its fairness in relation to international standard ISAE 3000[2] and with the professional doctrine of the *Compagnie Nationale des Commissaires aux Comptes* (the French national institution of Statutory Auditors) relating to this intervention.

1. Attestation of disclosure of CSR Information

Nature and scope of work

Based on interviews with the heads of the departments concerned, we have verified that the report presents the strategic priorities for sustainable development as they relate to the social and environmental impacts of the Company's activities and its societal commitments and, where applicable, any resulting measures or programmes.

We compared the CSR Information in the management report with the list provided in Article R. 225-105-1 of the French Commercial Code. In the event of omission of certain consolidated information, we have verified that explanations are provided, in compliance with the third paragraph of Article R. 225-105 paragraph 3 of the French Commercial Code.

We verified that the CSR Information covered the consolidated scope, i.e., the Company and its subsidiaries within the meaning of Article L. 233-1 and the companies that it controls within the meaning of Article L. 233-3 of the French Commercial Code, subject to the limits set forth in part 5.1 of the Management Report entitled "Our CSR approach".

(1) For which the scope of accreditation is available at www.cofrac.fr.
(2) ISAE 3000 – Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

Conclusion

On the basis of this work and subject to the limits mentioned above, we certify the presence in the management report of the required CSR Information.

2. Reasoned opinion on the fair presentation of the CSR information

Nature and scope of work

We conducted around ten interviews with the persons responsible for preparing the CSR Information and the departments in charge of the CSR Information collection process and, where appropriate, those responsible for internal control and risk management procedures, in order to:

- ascertain whether the Reporting Standards are appropriate in terms of relevance, completeness, reliability, neutrality and understandability, taking best practices for the sector into consideration as necessary;
- verify that the Company had set up a process for the collection, compilation, processing and control to ensure the completeness and consistency of the CSR Information. We also familiarised ourselves with the internal control and risk management procedures relating to the compilation of the CSR Information.

We determined the nature and scope of our tests and checks based on the type and importance of the CSR Information with respect to the Company's characteristics, the social and environmental issues linked to its activities, its priorities for sustainable development and best practices in the industry.

For the CSR Information that we deemed to be the most important[1]:

- for the consolidating entity, we reviewed the documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions), we set up analytical procedures for the quantitative information and verified, using sampling techniques, the consistency of the calculations and data consolidation and we checked their consistency and correspondence with the other information in the management report;
- for a representative sample of entities and sites that we selected[2] according to their activity, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to verify the proper application of procedures and set up tests using sampling techniques to verify the calculations performed and reconcile data with supporting evidence. The selected sample represents 46% of the employees considered as a characteristic quantity of the corporate component and between 52% and 67% of the environmental data considered as characteristic quantities of the environmental component.

Regarding the other consolidated CSR Information, we assessed its consistency in relation to our knowledge of the Company.

Lastly, we assessed the relevance of the explanations given in the event of the total or partial absence of certain information, taking into account, where appropriate, good professional practices. We believe that the sampling methods and sizes of the samples we used in exercising our professional judgment enable us to express limited assurance; a higher level of assurance would have required more extensive verifications. Due to the use of sampling techniques and the other limits inherent with the operation of any information and internal control system, the risk that a material anomaly is not identified in the CSR Information cannot be totally eliminated.

Conclusion

Based on this work, we found no material misstatement that would cause us to believe that the CSR Information is not, as a whole, presented in a fair manner in compliance with the Reporting Standards.

Neuilly-sur-Seine, 31 March 2017

Independent third-party entity

GRANT THORNTON

French member of Grant Thornton International

Vincent **PAPAZIAN**

Partner

(1) Company quantitative information: total headcount and breakdown by gender, age and geographical region; recruitments; departures; number of accidents involving time off work; number of days lost for accidents with time off work; theoretical number of hours worked; number of training hours. Quantitative environmental information: water consumption; electricity consumption; gas consumption; direct emissions of CO_2; indirect emissions of CO_2.

(2) CLF; INITIAL; ECA ROBOTICS; ECA SINTERS; PRODWAYS.

INFORMATION ON THE SHAREHOLDERS' MEETING OF 13 JUNE 2018

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6.1 REPORT OF THE BOARD OF DIRECTORS PRESENTING THE RESOLUTIONS SUBMITTED TO THE COMBINED SHAREHOLDERS' MEETING OF 13 JUNE 2018

1. Approval of the separate and consolidated financial statements for the year ended 31 December 2017 – Approval of non-tax-deductible expenses and charges (first and second resolutions)

We ask you to approve the separate financial statements for the year ended 31 December 2017, showing a profit of €20,080,409.21, and the consolidated financial statements for the year ended 31 December 2017 returning a loss (Group share) of €-16,125 thousands.

We also ask you to approve the total amount of the expenses and charges referred to in Article 39-4 of the French General Tax Code, namely the sum of €15,150 and the corresponding tax.

2. Appropriation of income for the year (third resolution)

The appropriation of the Company's income that we are proposing complies with the law and our bylaws.

We suggest that you pay a dividend of €0.32 per share and to allocate the profit for the 2017 year in the following way:

- Origin:
  - profit for the financial year €20,080,409.21;
- Allocation:
  - legal reserve €700,
  - dividend: €4,320,909.76, *i.e.* €0.32 per share,
  - retained earnings €15,758,799.45.

After allocation, retained earnings amounts to €51,647,298.18.

Act No. 2017-1837 of 30 December 2017 made changes to taxes on dividends. If they are paid to a natural person domiciled in France for tax purposes, the dividend is subject to either a single 12.8% flat-rate levy on the gross dividend (Article 200A of the French General Tax Code) or, optionally, to income tax according to the progressive scale after a 40% rebate (Articles 200A-2 and 158-3-1 of the French General Tax Code). This option must be exercised when the tax return is filed before the reporting deadline. The dividend is also subject to social security contributions at a rate of 17.2%.

The dividend to be distributed will be detached from the share on 19 June 2018 and paid on 21 June 2018.

The shareholders' meeting resolves that, in accordance with Article L. 225-210 of the French Commercial Code, the amount of the dividend corresponding to the shares that the Company may hold at the time of payment will be allocated to "retained earnings".

Furthermore, in the event of a change in the number of dividend-paying shares compared to the 13,502,843 shares comprising the share capital at 29 March 2018, the total amount of the dividends will be adjusted accordingly and the amount allocated to retained earnings would be determined on the basis of the dividends actually paid.

In accordance with the provisions of Article 243 *bis* of the French General Tax Code, we remind you that the dividends paid in the three last financial years were as follows:

	Income eligible for the reduction		
For financial year	**Dividends**	**Other distributed income**	**Income not eligible for the reduction**
2014	€4,218,189.76* or €0.32 per share	-	-
2015	None		
2016	None		

* *Including the unpaid amount of the dividend corresponding to treasury shares, which is allocated to the retained earnings account.*

3. Approval of regulated agreements (fourth resolution)

No new regulated agreement was entered into during the past year. The special report by the statutory auditors on regulated agreements and commitments mentions the absence of new regulated agreements and presents the old agreements that continued during the 2017 year. We ask you to take note of the absence of new regulated agreements.

4. Reappointment of Martine GRIFFON-FOUCO as Director (fifth resolution)

Martine GRIFFON-FOUCO's term of office on the Board of Directors expires at the close of the meeting.

We ask you to reappoint her for a further term of six years expiring in 2024 at the close of the ordinary shareholders' meeting called to approve the financial statements of the year ended.

Martine GRIFFON-FOUCO is an independent Director and Chairperson of the Company's Remuneration Committee. Her biography is described in Section 2.1 of the Registration Document.

5. Reappointment of Catherine GORGÉ as Director (sixth resolution)

Catherine GORGÉ's term of office on the Board of Directors expires at the close of this meeting.

We ask you to reappoint her for a further term of six years expiring in 2024 at the close of the ordinary shareholders' meeting called to approve the financial statements of the year ended.

Her biography is described in Section 2.1 of the Registration Document.

6. Appointment of a new co-Principal Statutory Auditor and a new co-Alternate Statutory Auditor (seventh and eighth resolutions)

MAZARS' appointment as Principal Statutory Auditor and David CHAUDAT's appointment as Alternate Statutory Auditor are set to expire at the close of this meeting.

We propose that you appoint RSM Paris as co-Principal Statutory Auditor for six financial years until the close of the ordinary shareholders' meeting to be held in 2024 to approve the financial statements for the year ending 31 December 2023.

We propose that you appoint FIDENTER as new co-Alternative Statutory Auditor.

We inform you that the candidates have not verified, during the last two financial years, any contributions to or mergers with the Company or the companies it controls in the meaning of Article L. 233-16 of the French Commercial Code.

Moreover, we specify that the candidates were selected following a selection procedure by call for tenders organised by the Audit Committee in compliance with Article L. 823-1, II of the French Commercial Code.

7. Approval of the payment of variable and non-recurring remuneration due for 2017 to Raphaël GORGÉ in his capacity as Chairman and Chief Executive Officer (Say on pay ex post) (ninth resolution)

The Board prepared a report on corporate governance presenting the remuneration due for 2017 to Raphaël GORGÉ in his capacity as Chairman and Chief Executive Officer (see Section 2.2 of the Registration Document).

Pursuant to Article L. 225-37-2 of the French Commercial Code, we ask you to approve the fixed, variable and exceptional components comprising the total remuneration and benefits in kind paid or allocated to Raphaël GORGÉ for the year ended in his capacity as Chairman and Chief Executive Officer. Payment of variable and non-recurring remuneration for 2017 to Raphaël GORGÉ for his duties as Chairman and Chief Executive Officer is conditional on the ordinary shareholders' meeting approving the remuneration of this corporate officer.

8. Approval of the remuneration policy for executive corporate officers (Say on pay ex ante) (tenth resolution)

Pursuant to Article L. 225-37-2 of the French Commercial Code, the Board prepared a report on corporate governance presenting the criteria for distributing and allocating the fixed, variable or exceptional components comprising the total remuneration and benefits in kind attributable to Raphaël GORGÉ in his capacity as Chairman and Chief Executive Officer for 2018 (see Section 2.2 of the Registration Document).

After reviewing this report, we ask you to approve the principles and criteria for determining, distributing, and assigning the fixed, variable, and exceptional components making up the total remuneration and benefits of all kinds that may be allocated to the Chairman and Chief Executive Officer.

9. Proposal to renew the authorisation for implementing the share repurchase programme (eleventh resolution) and authorisation for the correlated share capital reduction (twelfth resolution)

We propose that you authorise the Board of Directors, for a period of 18 months, to purchase shares of the Company, on one or more occasions, at the times it will determine, within the limit of 10% of the number of shares comprising the share capital, adjusted where appropriate in order to take account of any increase or reduction of capital that may occur during the term of the programme.

This authorisation would cancel the authorisation granted to the Board of Directors by the shareholders' meeting of 16 June 2017 in its sixth ordinary resolution.

Acquisitions may be made to:

- stimulate the secondary market or the liquidity of Company shares through the intermediary of an investment service provider under a liquidity contract that complies with the Code of Ethics as recognised by the French Financial Markets Authority (AMF);
- retain the purchased shares and subsequently allocate them in payment or exchange in potential external growth transactions, in respect of market practices approved by the AMF;
- provide coverage for stock option plans and/or bonus share allotments (or similar plans) for Group employees and/or corporate officers as well as all share allotments to Group or Company savings plans (or similar plans), under profit-sharing schemes and and/or all other forms of share allotment to Group employees and/or corporate officers;
- allot shares upon the exercise of rights linked to securities giving access to the share capital through reimbursement, conversion, exchange, presentation of a warrant or by any other method;
- cancel shares purchased, subject to the authorisation granted by a shareholders' meeting;
- more generally, carry out any objective authorised by law or any market practice approved by market authorities.

These share purchases may be carried out by any means, including by acquisition of blocks of shares, and at times that the Board deems appropriate.

The Company reserves the right to use option mechanisms or derivatives in line with applicable regulations.

We propose that you set a maximum purchase price of €50 per share and consequently, that you set the maximum amount of the operation at €67,514,215.

In view of the cancellation target, we ask you to authorise the Board of Directors, for a period of 24 months, to cancel, at its sole discretion, on one or more occasions, within the limit of 10% of the capital, calculated on the day of the cancellation decision, excluding any shares cancelled during the preceding 24 months, the shares that the Company holds or may hold as a result of repurchases under its programme to repurchase shares, and to reduce the share capital accordingly, in accordance with the legal and regulatory provisions in force (twelfth resolution).

The description of the share repurchase programme set out in Article 241-2 of the General Regulations of the French Financial Markets Authority is published in the terms set out in Article 221-3 of said regulations and contains all useful additional information for your information about this repurchase programme.

10. Renewal of financial delegations for individual employee shareholders

The Board of Directors would like to be delegated the necessary powers to implement an incentivising employee shareholder policy that can play a role in the growth of the Group.

Since the authorisations allowing the Board to grant stock options and bonus shares are expiring, we propose that you renew them.

10.1 Authorisation to allocate stock options (thirteenth resolution)

Concerning the stock options, we propose that you renew the authorisation given to the Board of Directors for a period of 38 months to grant stock options to employees, certain employees or certain categories of employees and/or corporate officers as defined by law, both of the Company and of entities or economic interest groups affiliated with it as defined by Article L. 225-180 of the French Commercial Code.

The total number of options that can be granted by the Board under this authorisation cannot give right to subscribe for or purchase a number of shares greater than 5% of the existing share capital at the award date, given that the total number of bonus shares that may be awarded by the Board of Directors under the authorisation that follows would be charged against this ceiling.

The share purchase and/or subscription price for beneficiaries would be set by the Board of Directors on the date on which the options are granted by the Board of Directors under the following terms:

- if a stock option is granted, the share subscription price would not be less than 80% of the average of the first listed prices in the twenty trading sessions preceding that day;
- if a stock option is granted, the share purchase price for beneficiaries would not be less than 80% of the average of the first listed prices in the twenty trading sessions preceding that date or less than 80% of the average purchase price of the shares held by the Company in accordance with Articles L. 225-208 and L. 225-209 of the French Commercial Code.

The duration of the options set by the Board cannot exceed 10 years from their award date.

Thus the Board would have all powers, within the limits set above, to set the other terms and conditions for awarding and exercising the options (*i.e.* the terms under which the options are granted), set the list or categories of beneficiaries as provided above, set the periods for exercising the options thus granted, take or cause to be taken all actions and formalities to make official any capital increases carried out, amend the Articles of Association accordingly, and generally do whatever is necessary.

10.2 Authorisation to allocate bonus shares to salaried employees and/or certain corporate officers (fourteenth resolution)

Concerning bonus share allocations, we ask you to renew the authorisation given to the Board of Directors, for a period of 38 months, to proceed, per Article L. 225-197-1 of the French Commercial Code, with the allocation of bonus shares resulting from a share capital increase by incorporation of reserves, premiums, profits or existing shares.

Beneficiaries of these shares could be:

- salaried employees of the Company or entities that are directly or indirectly affiliated with it under Article L. 225-197-2 of the French Commercial Code;
- corporate officers who meet the conditions of Article L. 225-197-1 of the Commercial Code.

The total number of shares that can be granted by the Board of Directors under this authorisation cannot exceed 5% of the existing share capital on the allocation decision date, given that the total number of shares eligible *via* the options that may be allocated by the Board of Directors under the preceding authorisation would be charged against this ceiling.

The allocation of shares to beneficiaries is final after a vesting period set by the Board of Directors not shorter than the minimum duration set by law (*i.e.* one year after the currently existing regulation). Where applicable beneficiaries should retain these shares for a period set by the Board of Directors not shorter than the minimum period, if any, set by law. The cumulative duration of these vesting and retention periods cannot be shorter than the minimum period, if any, set by law (*i.e.* two years according to existing regulations).

Exceptionally, final allocation would occur before the end of the vesting period in the event a beneficiary has a disability matching the classification in the second and third categories set out in Article L. 341-4 of the French Social Security Code.

This authorisation would, as of right, waive shareholders' pre-emptive rights to the new shares issued by incorporating reserves, premiums or profits.

Thus the Board would have, within the limits set above, all powers to set the terms and where applicable the criteria for allocating shares; determine the identity of the beneficiaries of bonus shares from among those persons meeting the conditions set above as well as the number of shares owed to each of them; recognise where applicable the existence of sufficient reserves and, upon each allocation, transfer to a no distributable reserves account the sums required to release the new shares allocated; approve capital increases by incorporation of reserves, premiums or profits corresponding to the issue of new bonus shares; acquire the necessary shares under the share buyback programme and assign them to the allocation plan; determine where applicable the impact on the rights of beneficiaries of the transactions modifying the share capital or likely to influence the value of the shares allocated and carried out during the vesting period; take all appropriate measures to ensure the beneficiaries comply with any retention requirements in force; and generally do whatever is necessary under current regulations to implement this authorisation.

10.3 Delegation of authority to increase the share capital for the benefit of members of a Company savings plan (sixteenth resolution)

We submit this resolution for your approval, in order to comply with the provisions of Article L. 225-129-6 of the French Commercial Code, pursuant to which the extraordinary shareholders' meeting must also vote on a resolution to increase the share capital under the conditions laid down by Articles L. 3332-18 *et seq.* of the French Labour Code, when it delegates its authority to carry out a capital increase in cash. As the meeting is called to vote on several delegations for share capital increases in cash, it must therefore also vote on a delegation for the benefit of members of a Company savings plan, with the observation that inclusion on the agenda of this delegation for the benefit of members of a Company savings plan also allows the Company to satisfy its three-year obligation included in the aforementioned provisions.

As part of this delegation, we propose that you authorise the Board of Directors to increase the share capital, on one or more occasions, by the issuance of ordinary shares or securities giving access to Company capital for the benefit of members of one or more Company or Group savings plans set up by the Company and/or the French or foreign companies related to it under the conditions of Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labour Code.

Pursuant to the provisions of Article L. 3332-21 of the French Labour Code, the Board of Directors may decide on the allocation, free of charge, to beneficiaries of shares to be issued or already issued or other securities giving access to the Company's share capital to be issued or already issued, in connection with (i) the matching contribution that may be paid pursuant to Company or Group savings plan regulations, and/or (ii), where applicable, the discount.

In accordance with the law, the shareholders' meeting would remove shareholders' pre-emptive subscription rights.

The maximum nominal amount of share capital increases that may be made by using the delegation is 1% of the amount of share capital reached upon the Board's decision to realise this increase, where this amount is independent of any other limit set on delegating a capital increase. To this amount would be added, where applicable, the additional amount of the ordinary shares to be issued to maintain, in accordance with the law and with any applicable contractual provisions regarding other adjustment cases, the rights of holders of marketable securities giving entitlement to the Company's capital securities.

This delegation would be for a period of 26 months.

It should be noted that, in accordance with the provisions of Article L. 3332-19 of the French Labour Code, the price of the shares to be issued cannot be more than 20% (or 30% when the non-availability provided for by the plan pursuant to Articles L. 3332-25 and L. 3332-26 of the French Labour Code is greater than or equal to ten years) less than the average of the opening prices quoted for the share during the 20 trading sessions prior to the decision of the Board of Directors relating to the capital increase and the corresponding issuance of shares, nor higher than this average.

The Board of Directors would have, within the limits defined above, the necessary powers to set the conditions for the issuance(s), acknowledge completion of the resulting capital increases, make the corresponding changes to the bylaws, charge, at its sole initiative, the costs of the capital increases to the amount of related premiums and withdraw from this amount the sums necessary to bring the legal reserve to one-tenth of the new capital after each increase, and more generally, do all that is necessary in such matters.

However, insofar as this delegation seems to it neither relevant nor appropriate, the Board of Directors suggests that you reject it.

10.4 Delegation of powers granted to the Board to increase the share capital through the issue, immediately or in future, of ordinary shares or equity securities giving access to other equity securities or rights to the allocation of debt securities, and/or securities giving access to equity securities issued, without pre-emptive rights in favour of a category of persons who will underwrite the Company's capital securities that might result therefrom in connection with an equity line of financing (sixteenth resolution)

This delegation will authorise the Board to increase the share capital through the issue of ordinary shares or equity securities giving access to other equity securities or rights to the allocation of debt securities, and/or securities giving access to equity securities issued, without pre-emptive rights in favour of a category of persons who will underwrite the Company's capital securities that might result therefrom in connection with an equity line of financing.

Such a delegation could be used by the Company to set up an equity line with which the Company could increase its financial flexibility alongside the other financing tools it may already have in place.

Under this delegation, we ask you to cancel the pre-emptive rights of ordinary shareholders to equity securities giving access to other equity securities or giving rights to the allocation of debt securities and/or any transferable securities issued in favour of the following category of persons: any credit institution, investment service provider, or member of an investment bank syndicate or investment fund or company undertaking to guarantee the completion of the share capital increase or any issue liable to result in a future capital increase that may be carried out under this delegation as part of the creation of an equity line of financing.

For the bearers of transferable securities thus issued, this delegation is, as of right, an express waiver by shareholders of their pre-emptive rights to the shares to which these transferable securities will give right.

The total number of capital increases that may be carried out immediately and/or in future under this delegation cannot exceed €3.000.000 or its exchange value in foreign currency to which ceiling will be added, as the case may be, the additional amount of shares issued to preserve the rights of security holders and other rights giving access to the share capital, in accordance with the law and any applicable contractual stipulations. The maximum nominal amount of debt securities that may be issued under this delegation will be set at €30,000,000 (or exchange value if the issue is in another currency).

The issue price of the shares issued under this delegation will be determined by the Board of Directors and will be at least equal to the weighted average price of the last three trading sessions preceding the setting of the price, less a discount, if any, not to exceed 30% corrected in the case of any difference in the vesting date. Furthermore, it is specified that (i) in the event that securities giving access to the share capital are issued, the issue price of the shares that could result from them being exercised, converted or exchanged may be priced, if appropriate, at the discretion of the Board of Directors, using a formula defined by the Board and subsequently applicable to the issue of said securities (for example, at the time of their exercise, conversion or exchange), to which the aforementioned maximum discount may be applied, if the Board of Directors deems it appropriate, at the application date of said formula (and not at the issue date of the security), and (ii) the issue price of securities giving access to the share capital that may be issued pursuant to this resolution will be such that proceeds that the Company may receive immediately, plus those it may receive upon the exercise or conversion of said securities, shall be for each share issued as a result of issuing these securities, at least equal to the aforementioned minimum amount. The 30% discount on the issue price of the shares or transferable securities allows the Company to have greater flexibility in the context of negotiations that could take place with the institutions with which the Company would be likely to set up this equity line of financing.

11. Amendment to the Articles of Association regarding the appointment of an employee Director (sixteenth resolution)

We propose that you amend the Articles of Association to allow, as the case may be, the appointment of an employee Director to the Board of Directors in accordance with the law.

12. Amendment to the Articles of Association removing the obligation to appoint an Alternate Statutory Auditor in certain cases (seventeenth resolution)

Pursuant to law 2016-1691 of 9 December 2016, an alternate statutory auditor must be appointed to replace the principal statutory auditors in the event of the refusal, prevention, resignation or death of the latter only if the principal statutory auditor is a natural person or a firm made up of one person.

Therefore, we propose that you amend the Articles of Association to remove the obligation to appoint an alternate statutory auditor when the principal statutory auditor is a firm made up of more than one person.

The Board invites you to approve, by your vote, the text of the proposed resolutions, with the exception of the fifteenth resolution.

29 March 2018

The Board of Directors

6.2 DRAFT RESOLUTIONS FOR THE ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING OF 13 JUNE 2018

Agenda

Ordinary resolutions

1) Approval of the annual financial statements for the financial year ended 31 December 2017 – approval of non-tax-deductible expenses and charges.
2) Approval of the consolidated financial statements for the financial year ended 31 December 2017.
3) Allocation of income for the year [and setting the dividend].
4) Special report of the statutory auditors on regulated agreements and commitments and approval of those agreements.
5) Reappointment of Martine GRIFFON-FOUCO as Director.
6) Reappointment of Catherine GORGÉ as Director.
7) Appointment of RSM Paris as new co-Principal Statutory Auditor.
8) Appointment of FIDINTER as new co-Alternate Statutory Auditor.
9) Approval of the variable and non-recurring remuneration of the Chairman and Chief Executive Officer for 2017.
10) Approval of the remuneration policy for corporate officers.
11) Authorisation to be given to the Board of Directors for the Company to repurchase treasury shares pursuant to Article L. 225-209 of the French Commercial Code (share repurchase programme), duration of the authorisation, objectives, term and conditions, ceiling.

Extraordinary resolutions

12) Authorisation to be given to the Board of Directors to cancel shares repurchased by the Company in accordance with Article L. 225-209 of the French Commercial Code.
13) Authorisation to be given to the Board of Directors to grant options for the subscription and/or purchase of shares to employees and/or certain company officers of the Company or of affiliated companies, waiver by shareholders of their pre-emptive rights, authorisation period, ceiling, strike price, and maximum term of the option.
14) Authorisation to be given to the Board of Directors to allocate existing and/or future bonus shares to employees and/or certain corporate officers of the Company or affiliated companies, waiver by shareholders of their pre-emptive rights, term of the authorisation, ceiling, term of vesting periods, specifically in case of disability and retention.
15) Delegation of authority to be given to the Board of Directors to increase capital by issuing ordinary shares and/or securities giving access to share capital with cancellation of shareholders' pre-emptive subscription rights in favour of members of a Company savings plan pursuant to Articles L. 3332-18 *et seq.* of the French Labour Code.
16) Delegation of powers to be given to the Board to increase the share capital through the issue, immediately or in future, of ordinary shares or equity securities giving access to other equity securities or rights to the allocation of debt securities, and/or securities giving access to equity securities issued, without pre-emptive rights in favour of a category of persons who will underwrite the Company's capital securities that might result therefrom in connection with an equity line of financing.
17) Amendment to the Articles of Association allowing, as the case may be, the appointment of an employee Director to the Board of Directors.
18) Amendment to the Articles of Association removing the obligation to appoint an alternate statutory auditor in certain cases.

Ordinary resolutions

19) Powers for formalities.

Draft resolutions

Ordinary resolutions

First resolution – Approval of the annual financial statements for the year ended 31 December 2017 – Approval of non-tax-deductible expenses and charges

The shareholders' meeting, ruling under the quorum and majority conditions for ordinary shareholders' meetings, after having taken note of the reports by the Board of Directors, the Chairman of the Board of Directors and statutory auditors for the year ended 31 December 2017 approves, as they were presented, the annual financial statements as of this date, returning a profit of €20,080,409.21.

The shareholders' meeting specifically approves the total, amounting to €15,150, of the expenses and charges referred to in Article 39-4 of the French General Tax Code, and the corresponding tax.

Second resolution – Approval of the consolidated financial statements for the year ended 31 December 2017

The shareholders' meeting, ruling under the quorum and majority conditions for ordinary shareholders' meetings, after having taken note of the reports by the Board of Directors, the Chairman of the Board of Directors and statutory auditors on the consolidated financial statements as at 31 December 2017, approves those financial statements as they were presented, returning a loss(Group share) of -€16,125 thousands.

Third resolution – Allocation of income for the year

The shareholders' meeting, ruling under the quorum and majority conditions for ordinary shareholders' meetings, on the proposal of the Board of Directors, decides to allocate the income for the year ended 31 December 2017, as follows:

- Origin:
  - profit for the financial year €20,080,409.21;
- Allocation:
  - legal reserve €700,
  - as dividends for shareholders: €4,320,909.76; *i.e.* €0.32 per share,
  - retained earnings €15,758,799.45.

The shareholders' meeting therefore resolves to pay a dividend of €0.32 per share.

Act No. 2017-1837 of 30 December 2017 made changes to taxes on dividends. If they are paid to a natural person domiciled in France for tax purposes, the dividend is subject to either a single 12.8% flat-rate levy on the gross dividend (Article 200A of the French General Tax Code) or, optionally, to income tax according to the progressive scale after a 40% rebate (Articles 200A-2 and 158-3-1 of the French General Tax Code). This option must be exercised when the tax return is filed at the latest before the reporting deadline. The dividend is also subject to social security contributions at a rate of 17.2%.

The dividend will be detached from the share on 19 June 2018 and paid on 21 June 2018.

The shareholders' meeting resolves that, in accordance with the provisions of Article L. 225-201 of the French Commercial Code, the amount of the dividend corresponding to the shares that the Company holds at the time of payment will be allocated to "retained earnings".

Furthermore, in the event of a change in the number of dividend-paying shares compared to the number of shares comprising the share capital at 29 March 2018, the total amount of the dividends will be adjusted accordingly and the amount allocated to "retained earnings" would be determined on the basis of the dividends actually paid.

In accordance with the provisions of Article 243 *bis* of the French General Tax Code, you are reminded that the dividends paid in the last three financial years were as follows:

	Income eligible for the reduction		
For financial year	**Dividends**	**Other distributed income**	**Income not eligible for the reduction**
2014	€4,218,189.76* or €0.32 per share	-	-
2015	None		
2016	None		

* Including the unpaid amount of the dividend corresponding to treasury shares, which is allocated to the retained earnings account.

Fourth resolution – Statutory auditors' special report on regulated agreements and commitments and approval of those agreements

Ruling under the *quorum* and majority conditions for ordinary shareholders' meetings on the special report by the statutory auditors on the regulated agreements and commitments as presented, the shareholders' meeting notes the absence of new agreements.

Fifth resolution – Reappointment of Martine GRIFFON-FOUCO as Director

The shareholders' meeting, ruling under the *quorum* and majority conditions for ordinary shareholders' meetings, resolves to reappoint Martine GRIFFON-FOUCO as Director for a term of six years ending at the close of the shareholders' meeting to be held in 2024 to approve the financial statements for the year ending 31 December 2023.

Sixth resolution – Reappointment of Catherine GORGÉ as Director

The shareholders' meeting, ruling under the *quorum* and majority conditions for ordinary shareholders' meetings, resolves to reappoint Catherine GORGÉ as Director for a term of six years ending at the close of the shareholders' meeting to be held in 2024 to approve the financial statements for the year ending 31 December 2023.

Seventh resolution – Appointment of RSM Paris as co-Principal Statutory Auditor

On the proposal of the Board of Directors, the shareholders' meeting, ruling under the *quorum* and majority conditions for ordinary shareholders' meetings, appoints RSM Paris, 26 rue Cambacérès, 75008 Paris, to replace MAZARS, whose appointment ends at the close of this meeting, as co-Principal Statutory Auditor for a term of six financial years until the close of the shareholders' meeting to be held in 2024 to approve the financial statements for the year ending 31 December 2023.

RSM Paris accepted its appointment.

Eighth resolution – Appointment of FIDENTER as co-Alternate Statutory Auditor

On the proposal of the Board of Directors, the shareholders' meeting, ruling under the *quorum* and majority conditions for ordinary shareholders' meetings, appoints FIDENTER, 26 rue Cambacérès, 75008 Paris, to replace David CHAUDAT, whose appointment ends at the close of this meeting, as co-Alternate Statutory Auditor for a term of six financial years until the close of the shareholders' meeting to be held in 2024 to approve the financial statements for the year ending 31 December 2023.

FIDENTER accepted its appointment.

Ninth resolution – Approval of the fixed, variable and exceptional components comprising the total remuneration and benefits in kind paid or allocated for the year ended 31 December 2017 to Raphaël GORGÉ, Chairman and Chief Executive Officer

The shareholders' meeting, ruling under Article L. 225-100 paragraph II of the French Commercial Code, having reviewed the special report of the Board of Directors, approves the fixed, variable and exceptional components comprising the total remuneration and benefits in kind paid or allocated for the year ended 31 December 2017 to Raphaël GORGÉ in his capacity as Chairman and Chief Executive Officer, as presented in Chapter 2.2 of the Registration Document.

Tenth resolution – Approval of the remuneration policy for corporate officers

The shareholders' meeting, ruling under the *quorum* and majority conditions for ordinary shareholders' meetings, having reviewed the report of the Board of Directors on the remuneration policy for corporate officers established in accordance with Article L. 225-37-2 of the French Commercial Code, approves the principles and criteria for determining, distributing and assigning the fixed, variable and exceptional components comprising the total remuneration and benefits in kind that may be allocated to corporate officers by virtue of their office, as presented in this report.

Eleventh resolution – Authorisation to be given to the Board of Directors for the Company to buy its own shares in accordance with Article L. 225-209 of the French Commercial Code

The shareholders' meeting, ruling under the *quorum* and majority conditions for ordinary shareholders' meetings, noting the report of the Board of Directors, authorises the latter, for a period of 18 months, in accordance with Articles L. 225-209 *et seq.* of the French Commercial Code to purchase, on one or more occasions, at times it will determine, shares in the Company, up to a maximum of 10% of the number of shares comprising the share capital, adjusted where appropriate to take account of any capital increase or reduction that may occur during the term of the programme.

This authorisation cancels the authorisation granted to the Board of Directors by the shareholders' meeting of 16 June 2017 in its seventh ordinary resolution.

Acquisitions may be made to:

- stimulate the secondary market or the liquidity of Company shares through the intermediary of an investment service provider under a liquidity contract that complies with the Code of Ethics as recognised by the French Financial Markets Authority (AMF);
- retain the purchased shares and subsequently allocate them in payment or exchange in potential external growth transactions, in respect of market practices approved by the AMF;
- provide coverage for stock option plans and/or bonus share allotments (or similar plans) for Group employees and/or corporate officers as well as all share allotments to Group or Company savings plans (or similar plans), under profit-sharing schemes and and/or all other forms of share allotment to Group employees and/or corporate officers;
- allot shares upon the exercise of rights linked to securities giving access to the share capital through reimbursement, conversion, exchange, presentation of a warrant or by any other method;
- cancel shares purchased, subject to the authorisation granted by a shareholders' meeting;
- more generally, carry out any objective authorised by law or any market practice approved by market authorities.

These share purchases may be carried out by any means, including by acquisition of blocks of shares, and at times that the Board deems appropriate.

The Company reserves the right to use option mechanisms or derivatives in line with applicable regulations.

The maximum purchase price is set at €50 per share. In case of operations on the capital, including division or grouping of shares or a free allocation of shares, the aforementioned amount will be adjusted in the same proportions (multiplier coefficient equal to the ratio of the number of shares composing the capital before the operation and the number of shares after the operation).

The maximum amount of the transaction is thus set at €67,514,215 (corresponding to 10% of the share capital at 1 March 2018 at a maximum price of €50 per share).

The shareholders' meeting grants all powers to the Board of Directors for the purpose of carrying out these operations, to approve the terms and conditions, to conclude all agreements and execute all formalities.

Extraordinary resolutions

Twelfth resolution – Authorisation to be given to the Board of Directors to cancel shares repurchased by the Company in accordance with Article L. 225-209 of the French Commercial Code

The shareholders' meeting, having noted the report by Board of Directors and the report by the statutory auditors:

1) authorises the Board of Directors to cancel, at its sole discretion, on one or more occasions, within the limit of 10% of the capital, calculated on the day of the cancellation decision, excluding any shares cancelled during the preceding 24 months, the shares that the Company holds or may hold as a result of repurchases under Article L. 225-209 of the French Commercial Code, and to reduce the share capital accordingly, pursuant to the laws and regulations in force;
2) sets the period of validity of this authorisation at 24 months starting from the date of this meeting;
3) gives the Board of Directors all powers to carry out the operations required for such cancellations and the related reductions in share capital, amend the Company bylaws as a result, and complete all required formalities.

Thirteenth resolution – Authorisation to be granted to the Board of Directors to grant stock options to employees and/or certain corporate officers of the Company or affiliated companies

The shareholders' meeting, ruling under the *quorum* and majority conditions for extraordinary shareholders' meetings, having noted the report by the Board of Directors and the special report of the statutory auditors:

1) authorises the Board of Directors, pursuant to Articles L. 225-177 to L. 225-185 of the French Commercial Code, to grant the beneficiaries indicated below, in one or more instalments, options to subscribe for new shares issued as part of a share capital increase or to purchase existing shares bought back by the Company according to the law;
2) sets the valid period for this authorisation at 38 months starting from the date of this shareholders' meeting;
3) decides that the beneficiaries of these options can only be:
   - on the one hand, employees or certain categories of employees of GROUP GORGÉ and, as the case may be, of entities or economic interest groups affiliated with it in accordance with Article L. 225-180 of the French Commercial Code,
   - on the other hand, corporate officers who meet the conditions set by Article L. 225-185 of the French Commercial Code;
4) the total number of options that can be granted by the Board under this authorisation cannot give right to subscribe for or purchase a number of shares greater than 5% of the existing share capital at the award date, given that the total number of bonus shares that may be awarded by the Board of Directors under the authorisation that follows would be charged against this ceiling;
5) decides that the share purchase and/or subscription price for beneficiaries will be set on the date on which the options are granted by the Board of Directors, per the following procedures:
   - if a stock option is granted, the share subscription price would not be less than 80% of the average of the first listed prices in the twenty trading sessions preceding that day,
   - if a stock option is granted, the share purchase price for beneficiaries would not be less than 80% of the average of the first listed prices in the twenty trading sessions preceding that date or less than 80% of the average purchase price of the shares held by the Company in accordance with Articles L. 225-208 and L. 225-209 of the French Commercial Code;
6) decides that no option can be granted:
   - either within the ten trading sessions before and after the date on which the consolidated financial statements are made public, or
   - within the period between the date on which the Company's management has knowledge of information which, if it were made public, could have a significant impact on the price of the Company's shares, and the date ten trading sessions after the one on which this information is made public,
   - fewer than twenty trading sessions after the shares' ex date giving right to a dividend or share capital increase;
7) acknowledges that this authorisation carries an express waiver in favour of the beneficiaries of the stock options by shareholders of their pre-emptive rights to the shares issued as the options are exercised;

8) delegates all powers to the Board of Directors to set the other conditions and procedures for allocating the options and exercising them, specifically to:
   - set the conditions under which the options will be granted, the list or categories of beneficiaries as set out above, the seniority conditions as applicable that these beneficiaries must fulfil, and the conditions under which the price and number of shares are adjusted, specifically in the scenarios provided in Articles R. 225-137 to R. 225-142 of the French Commercial Code,
   - set the periods for exercising the options thus granted, given that the duration of the options set by the Board cannot exceed 10 years from their award date,
   - allow for temporarily suspending exercises of options for a maximum period of three months in the event of financial transactions involving the exercise of a right attached to the shares,
   - take or cause to be taken all actions and formalities to make official any capital increases that may be carried out under the authorisation that is the subject-matter of this resolution, amend the Articles of Association accordingly, and generally do whatever is necessary,
   - at its sole discretion and if it deems it advisable, charge the costs of the share capital increases against the amount of premiums related to these transactions and withdraw, from this amount, the sums necessary to bring the legal reserve to one-tenth of the new share capital after each increase;
9) notes that this authorisation cancels and replaces any prior authorisation having the same purpose.

Fourteenth resolution – Authorisation to be granted to the Board of Directors to allocate bonus shares to employees and/or certain corporate officers

The shareholders' meeting, ruling under the *quorum* and majority conditions for extraordinary shareholders' meetings, having noted the report by the Board of Directors and the special report of the statutory auditors, authorises the Board of Directors to proceed, in one or more instalments, in accordance with Articles L. 225-197-1 and L. 225-197-2 of the French Commercial Code, with the allocation of existing or future ordinary shares in favour of:

- salaried employees of the Company or entities that are directly or indirectly affiliated with it under Article L. 225-197-2 of the French Commercial Code; and/or
- corporate officers meeting the conditions laid down in Article L. 225-197-1 of the French Commercial Code.

The total number of bonus shares thus allocated cannot exceed 5% of the share capital at the allocation date, given that the total number of shares eligible *via* any options granted by the Board of Directors under the preceding authorisation will be charged against this ceiling.

The allocation of shares to beneficiaries is final after a vesting period, to be set by the Board of Directors, of not less than the minimum period set out by law.

As applicable, beneficiaries should retain these shares for a period, set by the Board of Directors, at least as long as is necessary for the cumulative length of the vesting and retention periods to be not less than two years.

Exceptionally, final allocation will occur before the end of the vesting period in the event a beneficiary has a disability matching the classification in the second and third categories set out in Article L. 341-4 of the French Social Security Code.

All powers are granted to the Board of Directors to:

- set the terms and where applicable the criteria for allocating shares;
- determine the identity of the beneficiaries as well as the number of shares allocated to each of them;
- where applicable:
   - recognise the existence of sufficient reserves and, upon each allocation, transfer to a non distributable reserves account the sums required to release the new shares allocated,
   - decide, when the time comes, share capital increases by incorporation of reserves, premiums or profits corresponding to the issue of new bonus shares,
   - acquire the necessary shares under the share buyback programme and assign them to the allocation plan,
   - determine the impact on the rights of beneficiaries of the transactions modifying the share capital or likely to influence the value of the shares allocated and carried out during the vesting period, and consequently change or adjust if necessary the number of shares allocated to preserve the rights of beneficiaries,
   - take all appropriate measures to ensure the beneficiaries comply with any retention requirements in force, and
   - generally do whatever is necessary under current regulations to implement this authorisation.

This authorisation as of right waives shareholders' pre-emptive rights to the new shares issued by incorporating reserves, premiums or profits.

It is given for a period of thirty-eight months from the date of this shareholders' meeting.

It cancels and replaces any prior authorisation having the same purpose.

Fifteenth resolution – Delegation of authority to be granted to the Board of Directors to increase the share capital by issuing ordinary shares and/or securities giving access to share capital without pre-emptive rights in favour of members of a company savings plan pursuant to Articles L. 3332-18 et seq. of the French Labour Code

The shareholders' meeting, having reviewed the report of the Board of Directors and the special report of the statutory auditors, ruling under the *quorum* and majority conditions for extraordinary shareholders' meetings pursuant to Articles L. 225-129-6, L. 225-138-1 and L. 228-92 of the French Commercial Code and L. 3332-18 *et seq.* of the French Labour Code:

1) delegates its powers to the Board of Directors, if the latter sees fit and at its sole discretion, to increase the share capital on one or more occasions, by issuing ordinary shares or transferable securities giving access to capital securities to be issued by the Company to members of one or more Company or Group savings plans set up by the Company and/or French or foreign companies related to it under the terms of Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labour Code;
2) waives in favour of these individuals the pre-emptive subscription rights to shares which may be issued pursuant to this delegation;
3) sets the period of validity of this authorisation at 26 months starting from the date of this meeting;
4) limits the maximum nominal amount of share capital increases that may be made by using this delegation to 1% of the amount of share capital reached upon the Board's decision to effectuate this increase. This amount is independent of any other limit set on delegating a capital increase. To this amount will be added, where applicable, the additional amount of the ordinary shares to be issued to maintain, in accordance with the law and with any applicable contractual provisions regarding other adjustment cases, the rights of holders of marketable securities giving entitlement to the Company's capital securities;
5) decides that the price of the shares to be issued, pursuant to paragraph 1/ of this delegation of powers, shall not be more than 20% lower – or 30% lower if the lock-in period prescribed by the plan pursuant to Articles L. 3332-25 and L. 3332-26 of the French Labour Code is greater than or equal to ten years – than the average of the opening prices quoted for the share during the 20 trading sessions prior to the decision of the Board of Directors relating to the capital increase and the corresponding issue of shares, nor shall that price be higher than this average;
6) decides, pursuant to the provisions of Article L. 3332-21 of the French Labour Code, that the Board of Directors may resolve to allocate free of charge, to the beneficiaries defined in the first paragraph above, shares to be issued or already issued, or other securities giving access to the Company's share capital to be issued or already issued, for (i) the bonus payment that may be made under Company or Group savings plan rules, and/or (ii), where applicable, the discount;
7) notes that this delegation cancels and replaces any prior delegation of powers having the same purpose.

The Board of Directors may or may not implement this delegation, take all measures and carry out all necessary formalities.

Sixteenth resolution – Delegation of powers to be given to the Board to increase the share capital through the issue, immediately or in future, of ordinary shares or equity securities giving access to other equity securities or rights to the allocation of debt securities, and/or securities giving access to equity securities issued, without pre-emptive rights in favour of a category of persons who will underwrite the Company's capital securities that might result therefrom in connection with an equity line of financing

The shareholders' meeting, ruling under the *quorum* and majority conditions for extraordinary shareholders' meetings, having taken note of the report of the Board of Directors and the report of the statutory auditors, in accordance with Articles L. 225-129 *et seq.* of the French Commercial Code, specifically Articles L. 225-129-2, L. 25-129-4, L. 225-135, L. 225-138 and L. 228-91 *et seq.* thereof:

1) delegates to the Board of Directors its powers to approve the issue, in one or more instalments, in the proportions and at the times it deems appropriate, in France or abroad, in euros, foreign currency or any other unit of account established in reference to a set of currencies, of ordinary shares or equity securities giving access to other equity securities or giving right to the allocation of debt securities and/or marketable securities (including all debt securities) giving access to equity securities issued;
2) decides that the marketable securities issued can consist of debt securities, can be associated with the issue of such securities or allow the issue thereof as intermediate securities;
3) decides to cancel the pre-emptive rights of ordinary shareholders to equity securities giving access to other equity securities or giving rights to the allocation of debt securities and/or any transferable securities issued in favour of the following category of persons: any credit institution, investment service provider, or member of an investment bank syndicate or investment fund or company undertaking to guarantee the completion of the capital increase or of any issue liable to result in a future capital increase that may be carried out pursuant to this delegation, as part of the creation of an equity line of financing;
4) duly notes that where necessary this delegation entails the waiver by shareholders of their pre-emptive rights to any shares to which these securities give access;
5) decides that the total number of share capital increases that may be carried out immediately and/or in future under this delegation cannot exceed €3,000,000 or its exchange value in foreign currency to which ceiling will be added, as the case may be, the additional amount of shares issued to preserve the rights of security holders and other rights giving access to the share capital, in accordance with the law and any applicable contractual stipulations;

6) decides to set at €30,000,000 (or exchange value if the issue is in another currency) the maximum nominal amount of debt securities that can be issued under this delegation, given that said amount will be increased, as the case may be, by any redemption premium above par.

   This ceiling does not apply to debt securities referred to in Articles L. 228-40, L. 228-36-A and L. 228-92 paragraph 3 of the French Commercial Code whose issue is decided or authorised by the Board of Directors under the conditions set out in Article L. 228-40 of said Code or, in other cases, under the conditions determined by the Company in accordance with Article L. 228-36- A of said Code;

7) decides that the issue price of the shares issued under this delegation will be determined by the Board of Directors and will be at least equal to the weighted average price of the last three trading sessions preceding the setting of the price, less a discount, if any, not to exceed 30% corrected in the case of any difference in the vesting date; given that (i) in the event that securities giving access to the share capital are issued, the issue price of the shares that could result from them being exercised, converted or exchanged may be priced, if appropriate, at the discretion of the Board of Directors using a formula defined by the Board and subsequently applicable to the issue of said securities (for example, at the time of their exercise, conversion or exchange) to which the aforementioned maximum discount may be applied, if the Board of Directors deems it appropriate, at the application date of said formula (and not at the issue date of the security), and (ii) the issue price of securities giving access to the share capital that may be issued under this resolution will be such that proceeds that the Company may receive immediately, plus those it may receive upon the exercise or conversion of said securities, shall be for each share issued as a result of issuing these securities at least equal to the aforementioned minimum amount;

8) specifies that the delegation thus conferred on the Board is valid for a period of eighteen months from this shareholders' meeting;

9) decides that the Board of Directors will have all powers, with the option of sub-delegation pursuant to the law, to implement, under the conditions set by law and the Articles of Association, this delegation in order specifically to:

- decide the amount of share capital increase, the issue price (determined per the pricing conditions recorded above) and the amount of the premium that may, as applicable, be requested at issue,
- set the dates, conditions and procedures of any issue as well as the form and features of the shares or marketable securities giving access to the share capital issued,
- set the vesting date, which may be retroactive, of the shares or marketable securities giving access to the share capital issued and their method of payment,
- set the list of beneficiaries in the aforementioned category of persons and the number of shares to be allocated to each of them,
- at its sole initiative and when it deems appropriate, charge the costs, duties and fees incurred by the share capital increases carried out under the delegation mentioned in this resolution, against the amount of premiums related to these transactions and withdraw, from the amount of these premiums, the sums necessary to bring the legal reserve to one-tenth of the new share capital after each increase,
- note the completion of each share capital increase and amend the Articles of Association accordingly,
- in general enter into any agreement to ensure the success of the planned issues, take all measures and carry out all formalities required for the issue and listing of and trade in the securities issued under this delegation as well as the exercise of the rights attached thereto,
- make any decision with a view to admitting the securities and marketable securities thus issued to any market on which the Company's shares are admitted for trading.

Seventeenth resolution – Amendment to the Articles of Association allowing, as the case may be, the appointment of an employee Director to the Board of Directors

The shareholders' meeting, ruling under the *quorum* and majority conditions for extraordinary shareholders' meetings, having noted the report by the Board of Directors, resolves to insert Article 13a worded as follows in the Articles of Association:

"**A.** The Board of Directors may furthermore include, in accordance with Article L. 225-27 of the French Commercial Code, one Director representing the Company's employees.

This number rises to two if the number of Directors appointed by the shareholders' meeting exceeds twelve. Shareholder employee Directors appointed under Article L. 225-23 of the French Commercial Code are not included in this provision. The second Director must be appointed within six months of the appointment of the new Director by the shareholders' meeting.

Reducing the number of Directors appointed by the annual shareholders' meeting to 12 or less has no impact on the terms of office of all employee representatives on the Board which end as normal.

If the number of Directors elected by employees is two, one of these must be an engineer, executive or similar.

If there is a vacancy for any reason in an employee Director's seat, the vacant seat is filled under the conditions set by Article L. 225-34 of the French Commercial Code.

The term of office for employee representative Directors is 6 years.

Employee Directors are elected by the Company's employees in accordance with Article L. 225-28 *et seq.* of the French Commercial Code.

Candidates or lists of candidates are presented by one-tenth of the voters or, if their number is greater than one thousand, by one hundred of them. Each candidacy must include, in addition to the candidate's name, the name of his or her potential alternate.

If a single seat is vacant for the entire electorate, it is contested by a majority vote. If a seat is vacant in an electoral college, it is contested by a majority vote of the electoral college.

Voting procedures not specified by law or the Articles of Association are set by Executive Management which sets the rules on electing one or two employees as Director(s) as the case may be.

B. If the Company meets the applicability conditions of Article L. 225-27-1 of the French Commercial Code and cannot invoke the exceptions provided in said Code, the Board of Directors includes one Director representing the Group's employees.

If the Board of Directors includes one or two members appointed under Article L. 225-27 of the French Commercial Code and these Articles of Association, the Company is not bound by that obligation when the number of these Directors is at least equal to the number specified below.

The number of Board members to be considered when determining the number of employee representative Directors is appraised at the appointment date of the employee representatives to the Board. Neither Directors elected by employees in accordance with Article L. 225-27 of the French Commercial Code nor shareholder employee Directors appointed pursuant to Article L. 225-23 of said Code are included in this provision.

Should the number of Directors appointed by the shareholders' meeting be more than 12, a second employee representative Director is appointed as described above within six months of the new Director's appointment by the shareholders' meeting.

Reducing the number of Directors appointed by the annual shareholders' meeting to 12 or less has no impact on the terms of office of all employee representatives on the Board which end as normal.

If there is a vacancy for any reason in an employee Director's seat, the vacant seat is filled under the conditions set by Article L. 225-34 of the French Commercial Code.

The term of office for employee representative Directors is 6 years.

Directors are appointed by the Company's works council (or economic and social council).

Should the Company no longer be bound by Article L. 225-27-1 of the French Commercial Code, the term of office of the employee representative(s) on the Board ends after the meeting in which the Board of Directors notes this fact."

Eighteenth resolution – Amendment to the Articles of Association removing the obligation to appoint an Alternate Statutory Auditor in certain cases

The shareholders' meeting, ruling under the quorum and majority conditions for extraordinary shareholders' meetings, having noted the report of the Board of Directors, resolves to:

- bring the Articles of Association in line with Article L. 823-1 of the French Commercial Code as amended by law 2016-1691 of 9 December 2016;
- consequently amend Article 21 of the Articles of Association as follows:

  "The Company is audited by one or more principal statutory auditors who are appointed and perform their duties in accordance with the law.

  When it is mandatory, one or more alternate statutory auditors replacing the principal(s) in the event of refusal, prevention, resignation or death are appointed at the same time and for the same duration as the principal(s) in accordance with Article L. 823-1 of the French Commercial Code."

Ordinary resolutions

Nineteenth resolution – Powers for formalities

The shareholders' meeting, ruling under the quorum and majority conditions for ordinary shareholders' meetings, grants all powers to the bearer of an example, a copy or an extract of these minutes in order to accomplish all filing and publicity formalities required by law.

6.3 REPORTS OF THE STATUTORY AUDITORS PRESENTED TO THE SHAREHOLDERS' MEETING

Statutory Auditors' special report on regulated agreements and commitments

See Section 2.5.2. of the Registration Document.

Statutory Auditors' report on capital reduction

Shareholders' Meeting of 13 June 2018 – Resolution No 11

To the Shareholders,

As Statutory Auditors of your Company and pursuant to the assignment set forth in Article L. 225-209 of the French Commercial Code in the case of capital reduction through the cancellation of shares purchased, we have drawn up this report intended to inform you of our assessment of the causes and conditions of the proposed capital reduction.

Your Board of Directors proposes that you delegate to it, for a period of 24 months from the date of this meeting, all powers to cancel, up to 10% of its capital, per 24-month period, the shares purchased pursuant to the implementation of a purchase authorisation by your company for its own shares within the framework of the provisions of the aforementioned article.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement. These procedures require us to examine whether the causes and conditions of the proposed capital reduction, of a nature not to impair the equality of shareholders, are regular.

We have no matters to report on the causes and conditions of the proposed capital reduction.

Neuilly-sur-Seine and Courbevoie, 10 April 2018
The Statutory Auditors

PricewaterhouseCoopers Audit	**Mazars**
David CLAIROTTE	Daniel ESCUDEIRO

Statutory Auditors' report on the authorisation for allocating stock options

Extraordinary shareholders' meeting of 13 June 2018 – Resolution No. 13

To the Shareholders,

In our capacity as Statutory Auditors of your Company and pursuant to the assignment set out in Articles L. 225-177 and R. 225-144 of the French Commercial Code, we hereby present our report on the authorisation to allocate stock subscription or purchase options in favour of:

- employees or certain categories of employees of GROUPE GORGÉ and, as the case may be, of entities or economic interest groups affiliated with it in accordance with Article L. 225-180 of the French Commercial Code;
- corporate officers meeting the conditions set out in Article L. 225-185 of the French Commercial Code,

a transaction that you are asked to approve.

The total numbers of options thus granted may not carry rights to a total number of shares representing more than 5% of the Company's outstanding share capital as at the date of the allotment decision.

Your Chairman asks, on the basis of his report, that you grant him authority, for a period of 38 months, to allocate share subscription or purchase options.

It is the Chairman's responsibility to draft a report on the reasons for granting share subscription and purchase options, as well as the methods proposed for setting the share purchase or subscription price. It is our responsibility to issue an opinion on the procedure proposed for setting the share purchase or subscription price.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement. In particular, this work involved verifying that the proposed method for setting the share purchase or subscription price is set out in the Chairman's report, and that it complies with statutory and regulatory provisions.

We have no observations to make regarding the proposed method for setting the share purchase and subscription price.

Neuilly-sur-Seine and Courbevoie, 10 April 2018
The Statutory Auditors

PricewaterhouseCoopers Audit	**Mazars**
David CLAIROTTE	Daniel ESCUDEIRO

Statutory Auditors' report on the authorisation for allocating existing or future bonus shares

Extraordinary shareholders' meeting of 13 June 2018 – Resolution No. 14

To the Shareholders,

In our capacity as Statutory Auditors of your Company, and pursuant to the assignment set out in Article L. 225-197-1 of the French Commercial Code, we hereby present our report on the planned authorisation to allocate existing or future bonus shares to employees and/or corporate officers of your Company or of affiliated companies, a transaction that you have been asked to approve.

Your Board of Directors proposes, on the basis of its report, that you grant it authorisation, for a period of 38 months, to allocate existing or future bonus shares.

The Board of Directors is required to prepare a report on this transaction, which it wishes to carry out. Where appropriate, it is our responsibility to inform you of our observations on the information thus provided to you with regard to the proposed transaction.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement. This work primarily involved verifying that the planned procedures set out in the Board of Directors' report comply with statutory provisions.

We have no comments to make on the information provided in the Board of Directors' report on the planned authorisation to allocate bonus shares.

Neuilly-sur-Seine and Courbevoie, 10 April 2018
The Statutory Auditors

PricewaterhouseCoopers Audit	**Mazars**
David CLAIROTTE	Daniel ESCUDEIRO

Statutory Auditors' report on the delegation of authority to increase the capital in the context of a line of equity financing

Extraordinary shareholders' meeting of 13 June 2018 – Resolution No. 16

To the Shareholders,

In our capacity as the Statutory Auditors of your Company and pursuant to the assignment set out in Articles L. 228-92 and L. 225-135 *et seq.* of the French Commercial Code, we present to you our report on the proposed delegation of authority to the Board of Directors to decide on an issue with cancellation of preferential subscription rights reserved for any credit institution, investment service provider, or member of an investment bank syndicate or investment fund undertaking to guarantee the completion of the share capital increase or of any issue liable to result in a future capital increase that may be carried out pursuant to this delegation, as part of the creation of an equity line of financing, on which you are called to make a decision.

Your Board of Directors proposes, on the basis of its report, that, for a period of 18 months, it be delegated the authority to decide on an issue of ordinary shares or equity securities giving access to other equity securities or giving right to the allocation of debt securities and/or marketable securities (including all debt securities) giving access to equity securities issued.

The maximum overall nominal amount of the share capital increases likely to be carried out, immediately or in the future, may not exceed €3,000,000.

The overall nominal amount of debt securities that may be issued may not exceed €30,000,000. It is the responsibility of the Board of Directors to prepare a report in compliance with Articles L. 225-113 *et seq.* of the French Commercial Code. Our role is to report to you on the fairness of the financial information extracted from the financial statements, on the proposal to waive the preferential subscription rights and on certain other information concerning this transaction, set out in this report.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement. These procedures consisted in verifying the contents of the report from the Board of Directors on this transaction and the process for setting the issue price of the future securities.

Subject to reviewing at a future date the terms and conditions of any share capital increase that may be decided upon, we have no comments to make on the process for setting the issue price of the future securities, set out in the report of the Board of Directors.

As the definitive terms and conditions of the share capital increase have not been set, we do not express an opinion thereon and, as such, on the proposed cancellation of preferential subscription rights on which you are asked to decide.

Pursuant to Article R. 225-116 of the French Commercial Code, we will prepare an additional report, as required, when the Board of Directors makes use of these authorisations.

Neuilly-sur-Seine and Courbevoie, 10 April 2018
The Statutory Auditors

PricewaterhouseCoopers Audit	**Mazars**
David CLAIROTTE	Daniel ESCUDEIRO

Report of the Statutory Auditors on the issue of shares and/or transferable securities giving access to the capital reserved for subscribers to company savings plans

Extraordinary Shareholders' Meeting of 13 June 2018 (fifteenth resolution)

To the shareholders,

As Statutory Auditors of your Company and pursuant to the assignment set forth in Articles L. 228-92 and L. 225-135 *et seq.* of the French Commercial Code (Code de commerce), we hereby present our report on the proposed delegation of authority to your Board of Directors to decide an increase in the share capital, through issues of shares or securities granting access to the share capital, with cancellation of preferential subscription rights, reserved for subscribers to one or more company savings plans implemented within the Group, comprising the Company and the French and foreign companies falling within the consolidation scope of the Company's financial statements pursuant to Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labour Code (Code du travail), a transaction that your are being asked to approve.

The maximum nominal amount of the share capital increase likely to result from this issue is set at 1% of the amount of the share capital reached upon the Board's decision to carry out this increase.

This share capital increase is subject to your approval pursuant to the provisions of Article L. 225-129-6 of the French Commercial Code and Articles L. 3332-18 *et seq.* of the French Labour Code.

Based on its report, your Board of Directors is asking that you grant it full powers, for a period of twenty-six months commencing from the date of this shareholders' meeting, to decide an issue with cancellation of your preferential subscription rights to the transferable securities to be issued. When appropriate, it will set the final terms and conditions of these issues.

It is the responsibility of the Board of Directors to prepare a report in compliance with Articles R. 225-113 *et seq.* of the French Commercial Code. Our role is to express an opinion on the fair presentation of the quantified financial information drawn from the accounts, on the proposal to cancel preferential subscription rights and on certain other information concerning this issue, contained in this report.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement. These procedures consisted in verifying the contents of the report from the Board of Directors on this transaction and the process for setting the issue price of the future securities.

Subject to reviewing at a future date the terms and conditions of any issues of shares or securities granting access to the share capital that may be decided upon, we have no comments to make on the process for setting the issue price of the future securities, set out in the report of the Board of Directors.

As the definitive terms and conditions of the share capital increase have not been set, we do not express an opinion thereon and, as such, on the proposed cancellation of preferential subscription rights on which you are asked to decide.

Pursuant to Article R. 225-116 of the French Commercial Code, we will prepare an additional report, as required, when the Board of Directors makes use of this authorisation.

Neuilly-sur-Seine and Courbevoie, 10 April 2018
The Statutory Auditors

PricewaterhouseCoopers Audit	Mazars
David CLAIROTTE	Daniel ESCUDEIRO

6.4 REPORTS BY THE BOARD OF DIRECTORS PRESENTED TO THE SHAREHOLDERS' MEETING OF 13 JUNE 2018

Management report

See concordance table in Section 7.3.3 of the Registration Document

Board of Directors' corporate governance report prepared in accordance with Article L. 225-37 et seq. of the French Commercial Code

See concordance table in Section 7.3.4 of the Registration Document


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7.1 INFORMATION CONCERNING THE STATUTORY AUDITORS

Principal statutory auditors

PRICEWATERHOUSECOOPERS AUDIT

Member of the Versailles Regional Association of statutory auditors

Represented by David CLAIROTTE

63, rue de Villiers – 92200 Neuilly-Sur-Seine

Statutory Auditor of the Company appointed by the combined shareholders' meeting of 17 June 2015 for a term of six financial years to expire at the end of the shareholders' meeting convened to approve the financial statements for the financial year ending 31 December 2020 (first appointment).

MAZARS

Member of the Versailles Regional Association of statutory auditors

Represented by Daniel ESCUDEIRO

61, rue Henri-Régnault – 92400 Courbevoie

Statutory Auditor of the Company appointed by the combined shareholders' meeting of 8 June 2012 for a term of six financial years to expire at the end of the shareholders' meeting convened to approve the financial statements for the financial year ending 31 December 2017 (third appointment).

The shareholders' meeting of 13 June 2018 will be asked not to renew MAZARS's appointment when it expires.

Alternate statutory auditors

Jean-Christophe GEORGHIOU

63, rue de Villiers – 92200 Neuilly-Sur-Seine Cedex

Alternate Statutory Auditor of the Company appointed by the combined shareholders' meeting of 17 June 2015 for a term of six financial years to expire at the end of the shareholders' meeting convened to approve the financial statements for the financial year ending 31 December 2020 (first appointment).

David CHAUDAT

61, rue Henri-Régnault – 92400 Courbevoie

Alternate Statutory Auditor of the Company appointed by the combined shareholders' meeting of 8 June 2012 for a term of six years to expire at the end of the shareholders' meeting called to approve the financial statements for the year ending 31 December 2017 (first appointment).

The shareholders' meeting of 13 June 2018 will be asked not to renew David CHAUDAT's appointment when it expires.

7.2 PERSON RESPONSIBLE FOR THE INFORMATION

7.2.1 Person responsible for the Registration Document containing the annual financial report

Raphaël GORGÉ as Chairman and Chief Executive Officer of GROUPE GORGÉ SA.

7.2.2 Statement of the person responsible for the Registration Document

«After taking all reasonable measures for this purpose, I hereby certify that all the information contained in this Registration Document is, to my knowledge, in accordance with the facts and that no information liable to affect its significance has been omitted.

I certify that, to my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, financial situation and earnings of the Company and of all the companies included in the scope of consolidation, and that the management report (incorporated by reference in the Registration Document, according to the cross-reference tables on pages 187 to 193) fairly presents the business trends, earnings and financial situation of the Company and of all the companies included in the scope of consolidation, as well as a description of the main risks and uncertainties they face.

I received a completion of work letter from the statutory auditors in which they state that they verified the information relating to the financial position and the financial statements included in this Registration Document which they read it in its entirety».

Paris, 10 April 2018

Chairman and Chief Executive Officer

7.3 CONCORDANCE TABLES

7.3.1 Registration Document concordance tables (Appendix I of Commission regulation (EC) No. 809/2004)

"This concordance table presents the main categories required by European Commission regulation No. 809/2004 dated 29 April 2004 (the "Regulation") and refers readers to the relevant sections or chapters of this document, where they will find information relating to each of the categories."

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No.	Entries in Appendix I of European regulation No. 806/2004	Chapter/Section	Page
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13.	**Profit forecasts or estimates**	N/A	-
13.1	Statement setting out the main assumptions on which the issuer based its forecast or estimate	N/A	-
13.2	Report prepared by the statutory auditors	N/A	-
13.3	Preparation of forecasts or estimates	N/A	-
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No.	Entries in Appendix I of European regulation No. 806/2004	Chapter/Section	Page
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No.	Entries in Appendix I of European regulation No. 806/2004	Chapter/Section	Page
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7.3.2 Concordance table – Annual financial report

This Registration Document includes all sections of the annual financial report listed under Article L. 451-1-2 of the French Monetary and Financial Code, as well as Articles 222-3 and 222-9 of the French Financial Markets Authority (Autorité des Marchés Financiers – AMF) General Regulations. The documents referred to in Article 222-3 of the aforementioned regulations and the corresponding sections of this Registration Document are specified below:

	Annual financial report (Article L. 451-1-2 of the French Monetary and Financial Code and Article 222-3 of the General Regulations of the AMF)	**Chapter/Section**	**Page**
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7.3.3 Concordance table – Consolidated management report pursuant to Articles L. 225-100 et seq. of the French Commercial Code

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	Consolidated management report, Article L. 225-100 of French Commercial Code	Chapter/Section	Page
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7.3.4 Concordance table – Corporate governance report pursuant to Article L. 225-37 of the French Commercial Code

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19, rue du Quatre-Septembre 75002 Paris

Tel.: +33(0)1 44 77 94 77
Fax: +33(0)1 44 77 89 77

www.groupe-gorge.com