



PRODWAYS

GROUP

2017 | ANNUAL FINANCIAL REPORT

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2017 ANNUAL FINANCIAL REPORT

The purpose of this document is to describe the Company's activity during the 2017 financial year, in accordance with the provisions of Article L.451-1-2 of the French Monetary and Financial Code and Articles 222-3 and 222. -9 of the General Regulations of the "Autorité des Marchés Financiers".

It is filed with the "Autorité des Marchés Financiers" and is available on the PRODWAYS GROUP website.



“I have full confidence that our teams will continue to drive Prodways Group’s ambitions.”

Founded in 2013, Prodways Group reached a new milestone in May 2017 with its initial public offering which gave it the flexibility required to roll out its strategy as an integrated player across the entire industrial 3D printing value chain.

Less than a year on, Prodways Group is posting excellent results. Revenue amounted to €34.8 million in 2017, up 38% over 2016, reflecting even growth in the Products and Systems divisions.

The Company also met its EBITDA breakeven target during the fourth quarter of 2017, thus reaching its goal of achieving profitable growth.

Today the Company has almost 400 employees, compared with just one in 2013.

Two strategic acquisitions were also made in 2017 within the two divisions.

With the acquisition of AvenAo, a distributor and integrator of computer-aided design software, the Group now ranks among Europe's leading suppliers of the Solidworks software package from Dassault Systèmes, with which it has strengthened its partnership through this acquisition.

Prodways Group also continued its growth in the medical applications field with the acquisition

of Interson Protac, a leading French manufacturer of hearing aid eartips and customised hearing protectors, in order to capture maximum value in the high-potential 3D printing market.

Via targeted acquisitions and the development of new technologies, such as Rapid Additive Forging dedicated to printing large-scale metal parts, we are building a Group focused on the future and technological innovation.

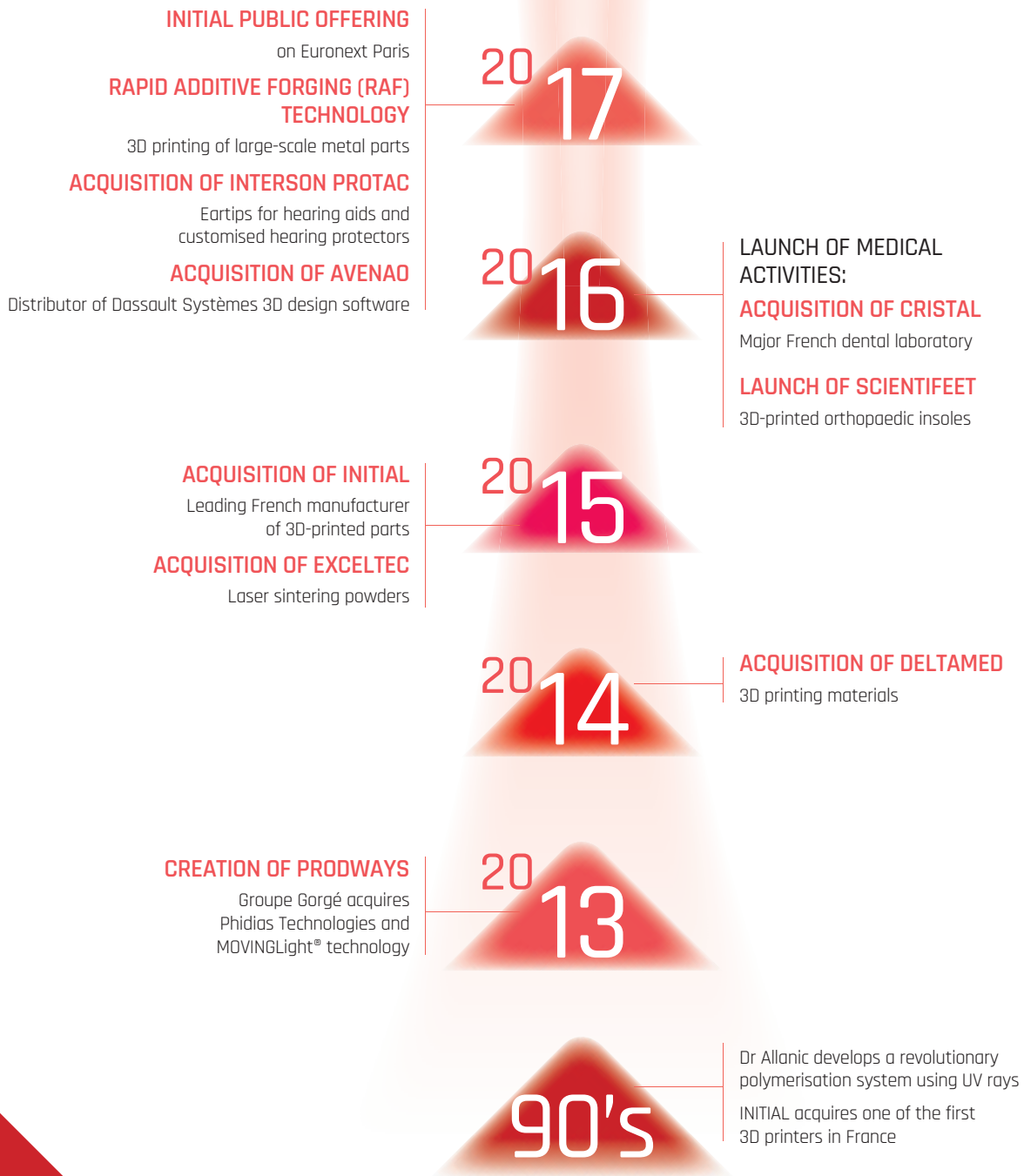
We are concentrating on high-growth sectors, such as aeronautics and healthcare, where productivity gains offered by 3D printing make it essential, and are supporting our customers in their digital transformation.

We expect to see more outstanding growth in 2018, and I have full confidence that our teams will continue to drive Prodways Group's ambitions. We intend to maintain our position among the fastest-growing 3D printing firms in the world in terms of revenue, continue innovating and acquire high value-added companies for their complementary technologies or to enable us to quickly break into new markets.

Raphaël GORGÉ,
Chairman and Chief Executive
Officer

A COMPANY ALWAYS ON THE MOVE

BECOMING A MAJOR INTEGRATED PLAYER IN MULTI-TECHNOLOGY INDUSTRIAL 3D PRINTING



SYSTEMS

3D PRINTERS, MATERIALS
AND SOFTWARE

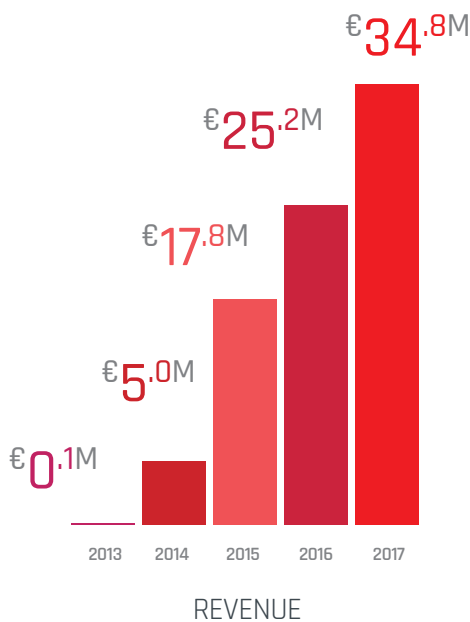


3D PRINTERS
& RAPID
ADDITIVE
FORGING
PRODWAYS
TECHNOLOGIES

RESINS,
LIQUIDS
& POLYMER
POWDERS
PRODWAYS
MATERIALS

PRODWAYS,

SPECIALIST IN INDUSTRIAL
3D PRINTING UNIQUELY POSITIONED
AS AN INTEGRATED EUROPEAN
PLAYER



PRODWAYS GROUP (Euronext Paris: PWG) 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 (printers, materials, software, parts & services), offering a technological and high value-added industrial solution. PRODWAYS GROUP offers a wide range of 3D printing systems and premium composite and hybrid materials and powders (Systems division).

The Company also manufactures and sells plastic and metal custom parts, prototypes and 3D-printed short run items (Products division).

The Group operates in a large number of sectors from aeronautics to healthcare.

In 2017, the Company posted revenue of €34.8m, almost 40% of which was generated abroad. With its cutting-edge proprietary MOVINGLight® technology, PRODWAYS GROUP is a global leader in the industrial 3D printing sector serving top-tier customers. PRODWAYS GROUP is a Groupe Gorgé company.



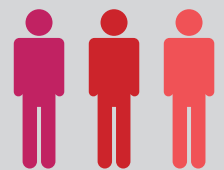
+20

YEARS OF INNOVATION



+100

INDUSTRIAL PRINTERS SOLD

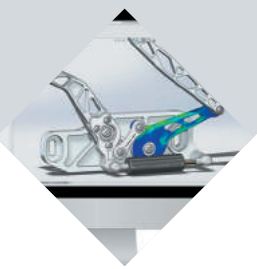


375

EMPLOYEES

PRODUCTS
ON-DEMAND PARTS

CONSULTING



COMPUTER
-AIDED
DESIGN
SOFTWARE
PRODWAYS
SOFTWARE



PARTS
DESIGN
AND
MANUFACTURING
PRODWAYS
DESIGN & PRODUCTION



CHIROPODY,
DENTAL
AND AUDIOLOGY
DIVISIONS
PRODWAYS
MÉDICAL



PRODWAYS
CONSEIL

FRANCE

PARIS: Prodways Group and Scientifeet head office

LES MUREAUX: Prodways Technologies 3D printing systems production and technology centre

MONTIGNY-LE-BRETONNEUX: Avenao head office (Dassault Systèmes software integrator)

ANNECY: Initial custom parts design and production

BORDEAUX: Cristal dental laboratory

NÎMES: Interson-Protac hearing aid eartips and hearing protectors production

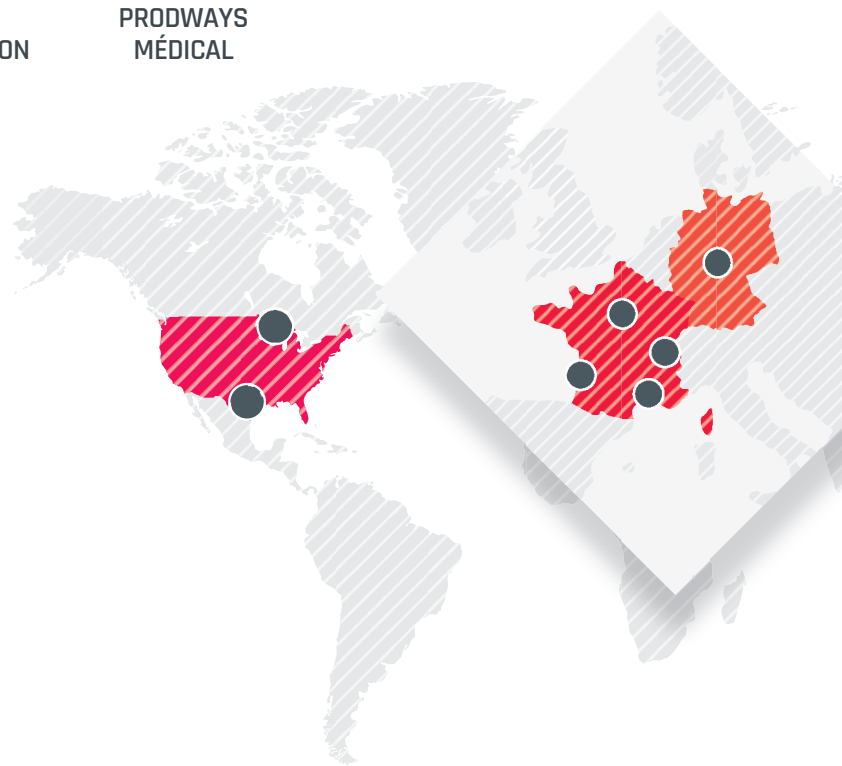
GERMANY

FRIEDBERG: Deltamed R&D and materials production centre

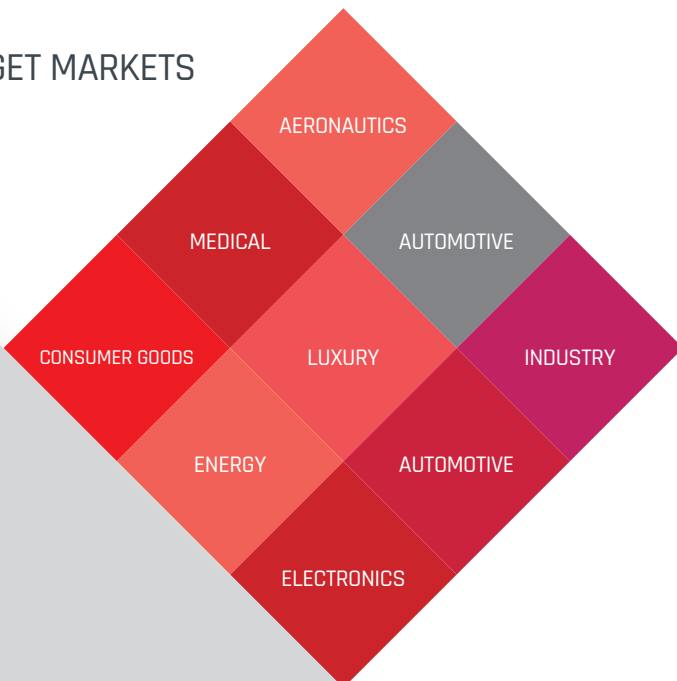
USA

MINNEAPOLIS: US head office and technology centre

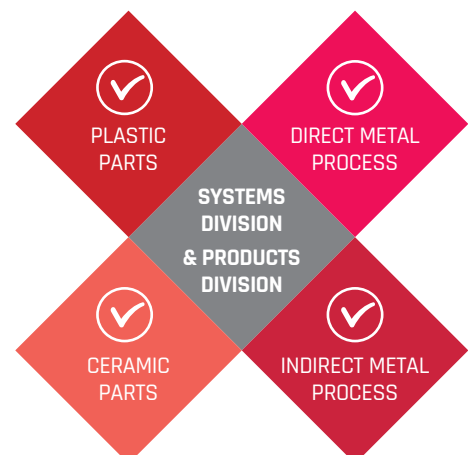
AUSTIN: technology centre



TARGET MARKETS



MULTI-TECHNOLOGY PRODUCTS





Technological partnership concluded with Safran

March 2017

April 2017

New generation of MOVINGLight® LD-10 printers presented, demonstrating this proprietary technology's unparalleled precision and speed in a compact and modular format serving a greater number of dental labs

2017 HIGHLIGHTS

Successful initial public offering on Euronext Paris. The Group raised €66 million, enabling it to continue the ambitious development of its businesses throughout the entire professional and industrial 3D printing value chain

November 2017

Medical business strengthened 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

Offering to industry 4.0 expanded with the acquisition of AVENAO INDUSTRIE, 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

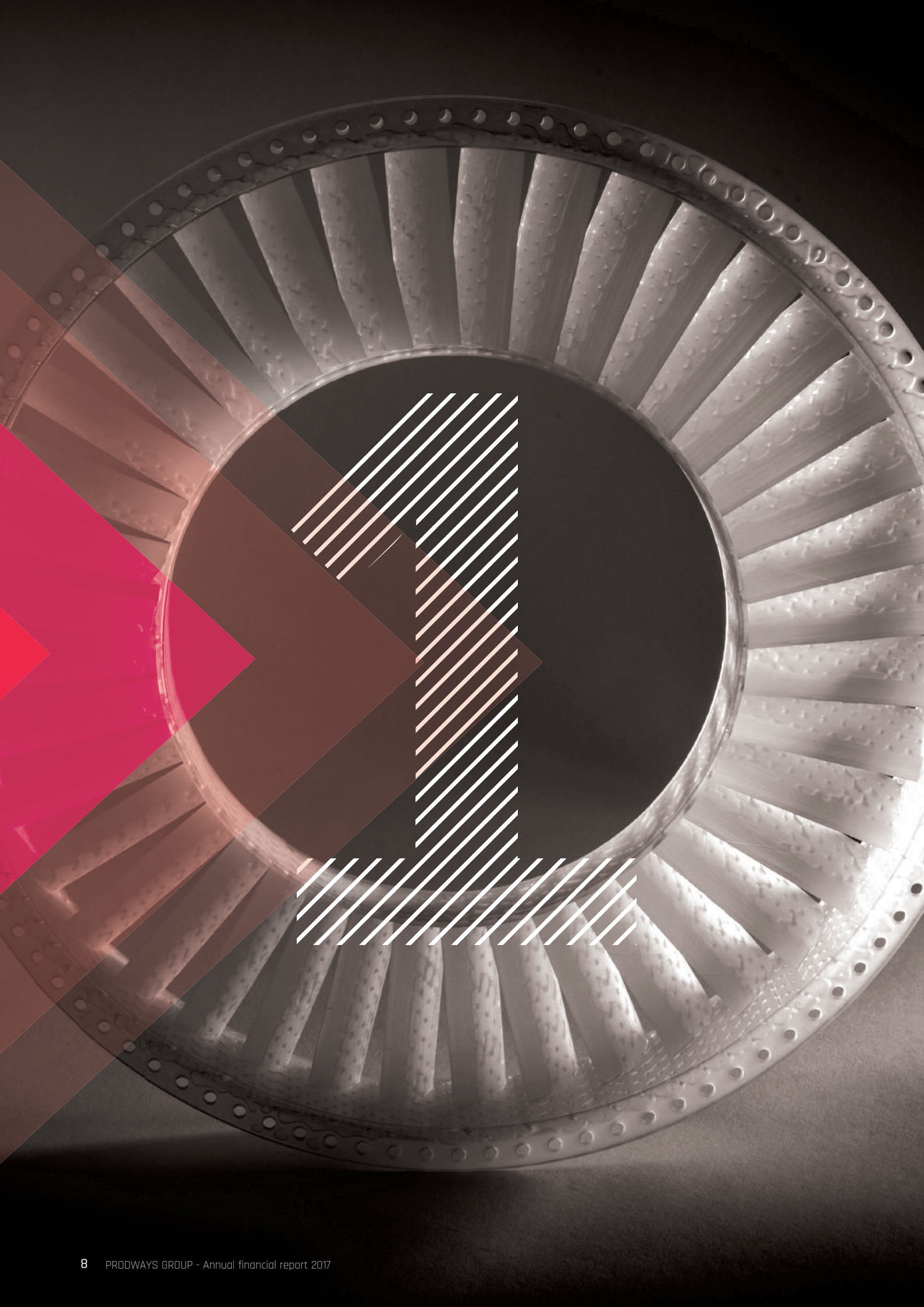
May 2017

August 2017

June 2017

Development announced of new Rapid Additive Forging (RAF) technology offering 3D metal printing for large-scale parts





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 2015 figures were restated as detailed in the notes to the 2016 consolidated financial statements (Note 1.4 "Restatement of 2015 financial statements").

1.1.1 Change in revenue

(in millions of euros)	2017	2016	2015/2015
Systems	17.39	13.10	10.62
Products	17.82	12.15	7.19
Structure and disposals	(0.41)	(0.04)	(0.00)
CONSOLIDATED REVENUE	34.81	25.21	17.81

1.1.2 Change in EBITDA

(in millions of euros)	2017	2016	2015/2015
Systems	(1.55)	(5.42)	(3.42)
Products	0.84	1.39	1.24
Structure and disposals	(0.46)	(0.87)	(0.72)
CONSOLIDATED EBITDA⁽¹⁾	(1.17)	(4.89)	(2.90)

(1) EBITDA: profit (loss) from operations before depreciation and amortisation, impairment, bonus share allocation charges, and other non-recurring items. This non-IFRS measure is described in Note 3.2 to the consolidated financial statements.

1.1.3 Change in profit (loss) from continuing operations

(in millions of euros)	2017	2016	2015/2015
Systems	(3.68)	(7.36)	(4.49)
Products	(0.57)	0.20	0.69
Structure and disposals	(1.20)	(0.89)	(0.72)
CONSOLIDATED PROFIT (LOSS) FROM CONTINUING OPERATIONS	(5.45)	(8.06)	(4.52)

1.1.4 Change in net income

(in millions of euros)	2017	2016	2015/2015
CONSOLIDATED NET INCOME	(7.70)	(8.31)	(6.02)
NET INCOME – GROUP SHARE	(7.57)	(8.27)	(6.02)



1.1.5 Key financial data

(in millions of euros)	2017	2016	2015
EQUITY⁽¹⁾	86.76	26.01	34.22
Available cash and cash equivalents (a)	41.48	8.68	7.82
Debt ⁽²⁾ (b)	4.77	16.32	3.31
Net cash ⁽³⁾ (a) - (b)	36.71	(7.64)	4.51
ADJUSTED NET CASH⁽⁴⁾	36.88	(7.64)	4.51

(1) Equity attributable to owners of the Group plus non-controlling interests.

(2) A schedule of financial debt is presented in Note 8.1.1 to the consolidated financial statements.

(3) Available cash less debt (a negative figure indicates net debt).

(4) Net cash plus market value of treasury shares at 31 December 2017.

1.1.6 Investments

(in millions of euros)	2017	2016	2015
Total R&D expenditure ⁽¹⁾	1.93	2.18	1.89
R&D expenditure as a percentage of revenue	5.6%	8.7%	10.6%
Other capitalised investments	2.89	3.67	3.93

(1) R&D charged against income plus R&D capitalised during the financial year.

1.1.7 Workforce trends

	2017	2016	2015
Systems	180	120	118
Products	192	128	70
Structure	3	-	-
TOTAL WORKFORCE	375	248	188

1.2 OVERVIEW OF THE GROUP AND ITS BUSINESSES

PRODWAYS GROUP (Euronext Paris: PWG) 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 (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 (custom earmolds) sectors, which are sold directly to healthcare professionals.

At 31 December 2017, the Group employed 375 people, had offices in three countries and directly exported around 40% of its goods and services.

PRODWAYS GROUP is a GROUPE GORGÉ subsidiary.

1.2.1 History and development of PRODWAYS GROUP

● The origins of PRODWAYS

In the early 1990s, André-Luc Allanic, one of the world's leading specialists in 3D printing, who worked on many innovative technologies (including stereolithography, sintering of metal powder and polymers) developed some of the first 3D printing systems in Europe for the French National Centre for Scientific Research (CNRS) and the company Laser 3D which he joined in 1993. The stereolithography machines he designed were already the fastest on the market at that time.

In 1997, André-Luc Allanic created his own company – Optoform – and developed revolutionary systems. He went on to sell that company to 3D Systems in 2001.

In 2007, the arrival of the new generation of DLP® microelectronic chips helped André-Luc Allanic make his vision a reality. He combined a DLP® chip with a high-power light-emitting diode (LED) with the aim of designing the most precise and fastest 3D printers on the market. Thus MOVINGLight® technology was born. André-Luc founded PHIDIAS TECHNOLOGIES so that he could market the new machines built with that technology.

In 2013, André-Luc Allanic met Raphaël Gorgé. André-Luc Allanic became interested in partnering with a French industrial Group with a

strong technological culture. Raphaël Gorgé very quickly saw the technological advances made possible by MOVINGLight® technology and the resources that GROUPE GORGÉ had at its disposal for its international deployment.

● In May 2013

GROUPE GORGÉ acquired PHIDIAS TECHNOLOGIES. The Company was renamed PRODWAYS.

● In 2014

In April, GROUPE GORGÉ created PRODWAYS GROUP, which acquired DELTAMED, a reference player in 3D printing materials. This acquisition enabled the Group to control and capture all of the value creation from the machine-material pairing for the applications developed by the Group.

In July, PRODWAYS GROUP acquired a 20% equity stake in DENTOSMILE, a French manufacturer of 3D transparent aligners for orthodontics.

In December, GROUPE GORGÉ contributed the PRODWAYS shares to its PRODWAYS GROUP subsidiary, which became the head of its "3D Printing" division.

During 2014, PRODWAYS created a distribution network with six partnerships covering the United States, Europe and Asia.

● In 2015

In February, PRODWAYS opened a subsidiary in the United States (PRODWAYS AMERICAS), allowing it to provide local support for its american customers, in particular in the areas of pre-sales consulting and technical support services.

In March, two acquisitions marked the acceleration of the Group's strategy, which aims to offer its customers multi-technology products and a full range of services: INITIAL, the leading independent French manufacturer of 3D printed parts, and the assets of NORGE SYSTEMS, an English start-up specialising in the design of 3D printers using laser sintering of plastic powders.

In June, PRODWAYS GROUP issued bonds redeemable in shares subscribed by FIMALAC DEVELOPPEMENT, which gave the Group new resources to support its industrial projects.

In September, an agreement was signed with the Chinese company HUNAN FARSOON for the distribution of a new range of "PRODWAYS powered by FARSOON" premium printers based on laser sintering technologies for plastic powders. It was an initial step in the Group's positioning as a serious alternative to the market leaders. At the same time, PRODWAYS GROUP purchased a 45% equity stake in the Texas Service Bureau company VARIA 3D, the historic trading partner of HUNAN FARSOON.

In November, PRODWAYS GROUP completed the acquisition of EXCELTEC, a company specialising in the development and sale of premium polymer materials specifically designed and optimised for selective laser sintering, for industrial applications in particular. This acquisition consolidates the Group's position on selective laser sintering technology with a complete range of printers and premium materials, thus allowing a complete solution for all market issues and confirming the Group's desire to become the new alternative to the leaders in this technology.

- **In 2016**

In January, PRODWAYS GROUP took control of PODO 3D, a start-up founded by a chiropodist whose ambition is to develop a modelling and 3D printing solution for foot orthotics.

In May, PRODWAYS introduced the first industrial laser sintering printer for under €100,000. This new printer is the result of the combination of NORGE SYSTEMS products and the expertise of PRODWAYS R&D teams in selective laser sintering technology. The ProMaker P1000 complements the "PRODWAYS powered by FARSOON" range in the industrial segment and marks PRODWAYS' determination to make industrial performance possible in selective laser sintering to a wider market to facilitate innovation and the development of new applications.

In June, PRODWAYS GROUP set up CRISTAL to take over the assets of a French dental laboratory (SOCA laboratory) for the purpose of accelerating the development of 3D printing applications in dentistry.

In December, André-Luc Allanic, co-founder of PRODWAYS and head of its R&D Department, was named Engineer of the Year by the editorial board of Usine Nouvelle magazine. The award was given in recognition of Mr. Allanic's contribution to technological advances in the field of additive manufacturing.

- **In 2017**

In February, PRODWAYS GROUP presented its new generation of MOVINGLight® LD-10 3D printers at the international IDS conference, 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 a technological partnership to jointly develop materials and processes for additive manufacturing. As part of this collaboration, Safran Corporate Ventures acquired a stake in PRODWAYS GROUP.

In May, PRODWAYS GROUP successfully listed on Euronext Paris. The Group raised €66 million, enabling it to continue the ambitious development of its businesses throughout the entire professional and industrial 3D printing value chain.

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

During the third quarter, PRODWAYS GROUP strengthened its medical business via the acquisition of INTERSON-PROTAC, one of the leading French manufacturers of earmolds, aiming to step up development of 3D printing applications in the field of audiology.

In November 2017, PRODWAYS GROUP expanded its offering to industry 4.0 with the acquisition of AVENAO INDUSTRIE, a distributor and 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.

1.2.2 Activities, markets and competition

PRODWAYS GROUP is one of the market leaders in Europe for 3D printing, an additive manufacturing process consisting of creating physical objects by superimposing different layers of material.

3D printing has gone through three major phases since the 1960s. During its early development phase (1960s-2010), 3D printing was mainly used to create prototypes. More recently, the market has seen a massive improvement in the printing processes and the development of new materials. These new technological trends have led to a substitution phase. 3D printing today allows complex products and parts to be manufactured. This technology complements and in some cases offers a credible alternative to conventional manufacturing techniques. In addition, the 3D printing market has recently enjoyed renewed interest from major multinational companies. In 2016, the acquisition of Arcam and Concept Laser by General Electric marked the start of a new industrialisation phase for 3D printing. Parts that were formerly subject to traditional industrial constraints can now be custom-designed using 3D printing.

Basing its strategy on this new industrial cycle, PRODWAYS GROUP has decided to focus its activities on the industrial 3D printing market. This segment has seen significant growth in recent years, generating revenue of €5.5 billion in 2016 (compound annual growth rate – CAGR – of 30% in the last five years – source: Wohlers report 2017). PRODWAYS GROUP is keen to expand into the rapid manufacturing segment, in which 3D printing is applied to industrial mass production. The materials used in the 3D printing process are mainly plastic (84% of the market) and metal (14% of the market) ⁽¹⁾.

The Company is organised into two business segments:

- with 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;
- 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 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.

(1) Source: Wohlers report 2017.

1 OVERVIEW OF THE GROUP AND ITS BUSINESSES

Overview of the Group and its businesses

By making CAD software and machine, materials and parts design an integral part of its core expertise, PRODWAYS GROUP is positioned throughout the entire value chain. The Group is thus developing an integrated model that offers its customers a turnkey solution. Not only is this the only one of its kind in Europe, but it looks set to do well internationally.

1.2.2.1 “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 makes three types of plastic/ceramic 3D printing systems and develops a range of metal 3D printing systems:

- 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. The 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 €99,000 and €450,000 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. 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 materials developed by third parties.

● 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 industry 4.0.

1.2.2.2 “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 (custom earmolds) sectors, which are sold directly to healthcare professionals.

The division’s objectives are to:

- use market intelligence to identify new industry trends;

- optimise value by capturing more margin;
- 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. The subsidiary 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 32 printing systems from various suppliers, including 22 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.

- **Medical applications (dental, audiology and chiropody) to capture business transformed by 3D printing**

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 (Socalab), the aim being to expedite the development of 3D printing applications in dentistry.

CRISTAL has built up a portfolio of over 150 dentists and works closely with health insurance companies. The dental laboratory 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 expanded 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 audioprosthodontists 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). 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.

1 OVERVIEW OF THE GROUP AND ITS BUSINESSES

Overview of the Group and its businesses

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)⁽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 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 small series. 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 in 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 1MATERIALISE. 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.



1 OVERVIEW OF THE GROUP AND ITS BUSINESSES

Overview of the Group and its businesses

- **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.

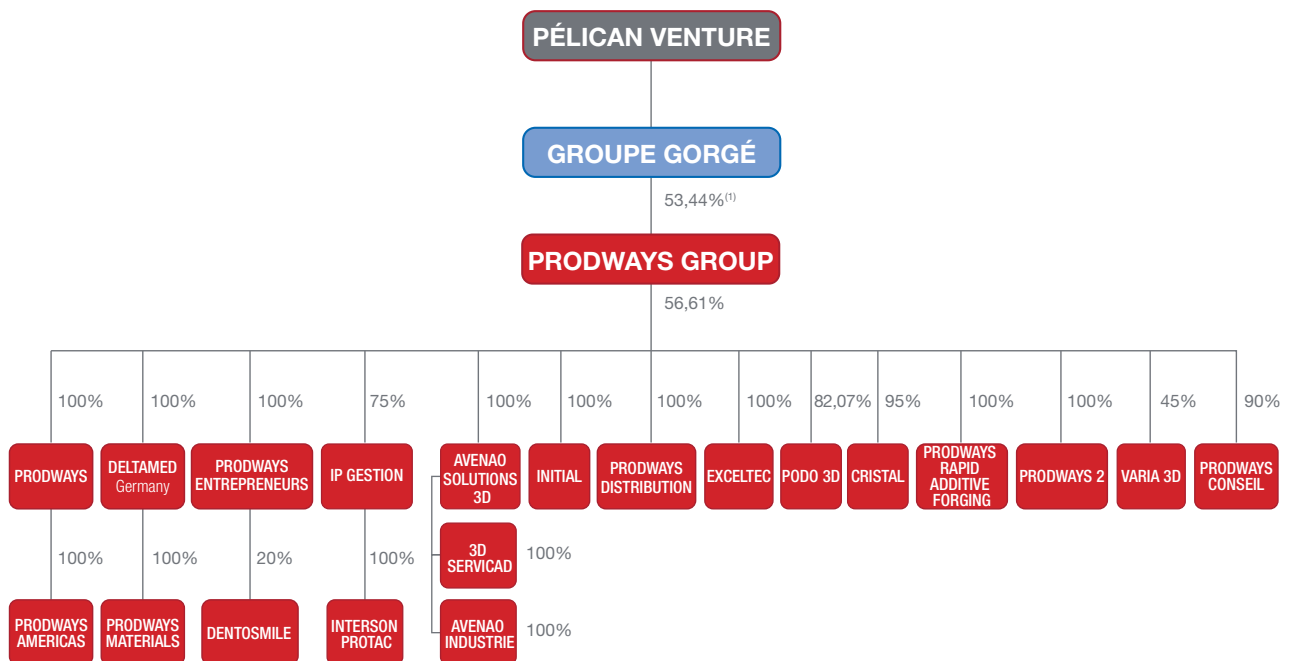


- **“ScientiFeet®” insoles**

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



1.2.3 Principal subsidiaries and organisational chart at 31 December 2017



(1) With the exception of PELICAN VENTURE’s stake in GROUPE GORGÉ, the percentages listed refer to both capital and voting rights. PELICAN VENTURE holds 53.44% of GROUPE GORGÉ’s capital and 68.03% of its voting rights. GROUPE GORGÉ holds 56.61% of the capital and voting rights of PRODWAYS GROUP. The subsidiaries listed are those included in PRODWAYS GROUP’s consolidation scope.



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

	Newly consolidated	Deconsolidated
2017	IP Gestion (and its subsidiary INTERSON PROTAC) AVENAO Solution 3D (and its subsidiaries)	-
2016	Business assets of SOCALAB (acquired by CRISTAL) PODO 3D	-
2015	PRODWAYS AMERICAS Business assets of NORGE (acquired by PRODWAYS) INITIAL 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 PRODWAYS GROUP SA subsidiaries and equity interests can be found in Note 8 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 PRODWAYS GROUP SA in section 3.2.

1.2.4 Significant events

PRODWAYS GROUP made major strides in 2017. The Company listed on Euronext Paris, compartment B, in May 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 April 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:

1.2.4.1 "Systems" division

In March 2017, PRODWAYS GROUP presented its new generation of MOVINGLight® ProMaker LD10 3D printers at the international IDS conference, 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. SAFRAN CORPORATE VENTURES also acquired an equity interest in PRODWAYS GROUP at this time.

In June, at the International Paris Air Show in Bourget, 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 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.

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.

1.2.4.2 "Products" division

In 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 October, INITIAL successfully obtained EN 9100 certification for its expertise in manufacturing, tracking and supply chain processes, specifically required in the aeronautic, aerospace and defence markets. This certification is expected to contribute to INITIAL's ramp-up in mass production (metal and plastic), specifically for the aeronautic industry.

1.3 STRATEGY AND OUTLOOK, INVESTMENT AND R&D POLICY

1.3.1 Strategy

PRODWAYS GROUP 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, 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 "Systems" division

PRODWAYS GROUP manufactures and sells different types of 3D printers together with the 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).

1.3.1.2 "Products" division

Thanks to the in-house development of solutions and the acquisitions over the past three years, PRODWAYS GROUP now has a manufacturing capacity 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, materials or software.

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

The Group 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 Group believes that the markets in which it currently operates provides 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 growth should be accompanied by a sustained round of acquisitions.

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 Group'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 Group to post a double-digit EBITDA margin.

1.3.2.1 Recent publications

In March 2018, NEXTEAM GROUP and PRODWAYS GROUP announced the installation of the first industrial machine based on Rapid Additive Forging (RAF) technology for large-scale titanium parts at Nexteam Group's site in Toulouse.

1.3.3 Investment policy and R&D

1.3.3.1 R&D policy

The Group's Research and Development policy is described in Note 6.2 to the consolidated financial statements.

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.

1.3.3.2 Major investments in 2017

In addition to research and development, the Group's ongoing investments mainly consist in acquiring 3D printers. Other ongoing investments involve IT equipment, software, workshop tools and the fitting and installation of sites.

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

<i>(in millions of euros)</i>	2017	2016	2015
Research and development ⁽¹⁾	1.94	1.79	1.65
Other intangible assets	0.06	0.10	0.26
Technical installations, equipment	2.40	3.48	2.89
Other property, plant and equipment ⁽²⁾	0.43	0.10	0.21
TOTAL	4.83	5.47	5.00

(1) Only capitalised R&D.

(2) Advance payments and ongoing fixed assets.

The Group has made regular acquisitions in recent years, and in 2017 both divisions made one acquisition each:

- INTERSON PROTAC ("Products" division);
- AVENAO ("Systems" division).

These two acquisitions represented a payment of €7.5 million (net of cash from the companies acquired) and were partly funded through 992,586 new PRODWAYS GROUP shares for €6 million.

The Group has no future acquisitions in its sights and has not set a budget for such transactions

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

The Group's "Products" division carries out the mass (and sometimes short run) production of parts. The production equipment (mainly 3D printers) dedicated to this activity has a net book value of €2.7 million. Measurements of printer utilisation rates are not currently made. For the Group's other division ("Systems"), it is not necessary to have production equipment with a significant value, mainly tools and small equipment.

The Group mainly leases its sites under standard leasing agreements. 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.

1.3.3.3 Major property, plant and equipment/Property rentals

The Group's property, plant and equipment consist of 3D printers, fixtures, installations and computer equipment. The vehicle fleet is very limited and for the most part leased from specialised agencies.

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 (28 March 2018) are described in Note 12.3 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 28 March 2018, showing:

- revenue of €34,807,000;
- net loss of €7,698,000;
- net loss (Group share) of €7,574,000.

The consolidated financial statements were drawn up in compliance with the financial information presentation and evaluation rules of the IFRS (International Financial Reporting Standards) and interpretations adopted by the European Union and published in the Official Journal dated 13 October 2003. The figures presented below are from the financial statements for 2017 and 2016.

The consolidated revenue for the financial year stood at €34.81 million versus €25.21 million in 2016.

Profit (loss) from continuing operations was -€5.45 million versus -€8.06 million in 2016. Non-recurring items in operating income amounted to +€1.13 million, compared with -€0.81 million in 2016. These mainly include amortisation of intangible assets recognised at fair value during the acquisitions and provisions for impairment.

Financial expenses (net of financial income) amounted to -€0.04 million compared with -€0.02 million in 2016.

Tax came to -€1.18 million versus -€0.53 million in 2016. Earnings of equity-accounted companies were €0.11 million versus €0.04 million in 2016. The year ended 31 December 2017 generated a consolidated net loss of €7.7 million, compared with €8.31 million in 2016.

Net loss Group share was €7.57 million (€8.27 million in 2016) while non-controlling interests incurred a loss of €0.12 million.

MAIN AGGREGATES FROM THE CONSOLIDATED INCOME STATEMENT

<i>(In thousands of euros)</i>	2017	2016
Revenue	34,807	25,210
Profit (loss) from continuing operations	(5,453)	(8,058)
Operating income	(6,590)	(8,867)
Financial income and expenses	(38)	(22)
Equity method	107	42
Tax	(1,178)	535
NET INCOME	(7,698)	(8,312)
NET INCOME – GROUP SHARE	(7,574)	(8,271)

FINANCIAL YEAR 2017

<i>(In thousands of euros)</i>	Systems	Products	Structure	Disposals	Consolidated
Revenue	17,393	17,825	901	(1,312)	34,807
EBITDA	(1,554)	841	(456)	-	(1,169)
% of revenue	-8.9%	4.7%	-50.6%	-	-3.4%
Profit (loss) from continuing operations	(3,678)	(572)	(1,204)	-	(5,453)
% of revenue	-21.1%	3.2%	-133.6%	-	-15.7%
Operating income	(4,634)	(572)	(1,384)	-	(6,590)
% of revenue	-26.6%	-3.2%	-153.6%	-	-18.9%
Research and development expenses capitalised over the period	1,731	204	-	-	1,935
Other property, plant and equipment and intangible investments	1,555	1,337	-	-	2,892

FINANCIAL YEAR 2016

<i>(In thousands of euros)</i>	Systems	Products	Structure	Disposals	Consolidated
Revenue	13,100	12,154	649	(693)	25,210
EBITDA	(5,418)	1,392	(869)	-	(4,895)
% of revenue	-41.4%	11.45%	-133.9%	-	-19.4%
Profit (loss) from continuing operations	(7,363)	199	(894)	-	(8,058)
% of revenue	-56.2%	1.6%	-137.8%	-	-32.0%
Operating income	(8,053)	199	(1,013)	6	(8,867)
% of revenue	-61.5%	1.6%	-156.1%	-	-35.2%
Research and development expenses capitalised over the period	1,615	175	-	-	1,790
Other property, plant and equipment and intangible investments	1,334	2,325	7	-	3,666

1.4.1.1 “Systems” division

The “Systems” division generated revenue of €17.4 million in 2017, versus €13.1 million in 2016. AVENAO was consolidated for two months and contributed €4.1 million.

The division generated 60% of its revenues abroad.

Continuing operations generated a loss of €3.7 million versus a loss of €7.4 million in 2016. The improvement in results was due to an almost €2.5 million reduction in losses on machines despite ongoing structural expenses (new hires, sales costs) and to a greater contribution of materials (up €0.6 million) as well as AVENAO’s positive contribution.

The order book was up 51% to €3.9 million.

1.4.1.2 “Products” division

The “Products” division generated revenue of €17.8 million in 2017, versus €12.1 million in 2016. INTERSON PROTAC was consolidated for five months and contributed €2.3 million.

The division generated 16% of its revenues abroad.

Continuing operations generated a loss of €0.57 million (versus a profit of €0.20 million in 2016). The decrease was mainly due to PODO 3D’s ongoing development expenses and the restructuring of CRISTAL.

The order book grew sharply to €1 million but is unlikely to account for a large share of revenue in this division given that lead times between the placing and delivery of orders is short.

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

Consolidated net assets stood at €86.76 million, compared with €26.01 million at 31 December 2016.

At 31 December 2017, consolidated net debt (loans and financial liabilities of €4.52 million plus bank overdrafts of €0.25 million less cash and cash equivalents of €41.48 million) amounted to a net cash position of €36.71 million. As at 1 January 2017, it was €7.64 million. Treasury shares held by PRODWAYS GROUP are not included in these figures. Net cash plus treasury shares amounted to €36.88 million in 2017.

The change from net debt of €7.64 million to net cash of €36.71 million was a result of the €62.5 million raised (net of expenses) during the first half of 2017, the stable level of investment at €4.8 million, the positive impact of €8.5 million from the acquisition of new subsidiaries, and the €10.2 million reduction in debt. Operating activities once again had a negative impact of €4.3 million.

Detailed information about the Group’s financial liabilities and any related covenants is provided in Note 8 “Borrowings and financial liabilities” to the consolidated financial statements.

1.5 ACTIVITIES AND RESULTS OF PRODWAYS GROUP SA

1.5.1 PRODWAYS GROUP SA's role in the Group

The organisation of the Group is as follows:

PRODWAYS GROUP is a holding company whose assets are made up of the stakes held in its subsidiaries. The Company has no industrial activity. Its function is to:

- implement the Group's strategy;
- supervise the management of its 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 secured by the dividends it receives and the service contract entered into between the Company and its subsidiaries.

The Company is controlled by its main shareholder GROUPE GORGÉ.

GROUPE GORGÉ is a French public limited company (*société anonyme*) whose shares are admitted to trading on the regulated market of Euronext in Paris. GROUPE GORGÉ publishes a Registration Document (*Document de référence*) annually. Its 2018 Registration Document is available on the GROUPE GORGÉ website at www.groupe-gorge.com. As set out in its Registration Document and on its website, GROUPE GORGÉ has two other "Business" divisions in addition to the "3D printing" division consisting of PRODWAYS GROUP and its subsidiaries.

GROUPE GORGÉ is controlled by PELICAN VENTURE.

PÉLICAN VENTURE, the family holding company of the Gorgé family, is a French simplified joint-stock company (*société par actions simplifiée*). Its consolidated shareholders' equity at 31 December 2016 was €149 million, with its main asset being its stake in GROUPE GORGÉ. Its other assets are:

- SOPROME, a private equity firm managing around €18 million in assets;
- real estate and financial assets.

1.5.2 Activities and results

At its meeting of 28 March 2018, the Board of Directors approved the separate financial statements of PRODWAYS GROUP SA which showed:

- revenue of €901,000;
- net income of €833,000.

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

Revenue came to €0.90 million versus €0.65 million in 2016. The operating loss for the financial year was -€0.75 million versus an operating loss of -€0.86 million in 2016.

Income from continuing operations before tax was €0.72 million versus €0.85 million in 2016. PRODWAYS GROUP financial income in 2017 was €1.46 million (€1.71 million in 2016), including €1.51 million in dividends (€1.49 million in 2016).

After taking into account non-recurring income of €0.12 million (compared with a €0.12 million expense in 2016), the year ended 31 December 2017 generated a net profit of €0.83 million, compared with €0.73 million in 2016.

Shareholders will note the absence of non-tax-deductible charges and expenses incurred during the financial year.

1.5.3 Proposed appropriation of income

The Company's income for the financial year ended 31 December 2017 showed a profit of €833,391.58. At its meeting of 28 March 2018, the Board of Directors decided to allocate this entire amount to the legal reserve, bringing it to €833,391.58.

As a reminder no dividend payout was made for the last three financial years.

1.5.4 Standard payment terms

In accordance with article D.441-4 of the French Commercial Code we point out that at 31 December 2017, the balance of PRODWAYS GROUP SA's trade payables was €648,500 (€295,200 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	
I. French companies	
<i>a/</i> Listed equity securities	
None	-
<i>b/</i> Unlisted equity securities	
AVENAO SOLUTIONS 3D	13,966,467
CRISTAL	475,000
EXCELTEC	250,000
INITIAL	12,000,000
IP GESTION	2,714,428
PODO 3D	679,963
PRODWAYS	26,750,000
PRODWAYS RAPID ADDITIVE FORGING (formerly PRODWAYS I)	5,000
PRODWAYS 2	5,000
PRODWAYS CONSEIL	4,500
PRODWAYS DISTRIBUTION	1,000
PRODWAYS ENTREPRENEURS	701,000
2. Foreign companies	
DELTAMED	7,065,924
VARIA 3D	646,900
TOTAL I	65,265,182
II – OTHER LONG-TERM INVESTMENTS	
I. French companies	
<i>a/</i> Listed securities	
None	-
<i>b/</i> Unlisted securities	
None	-
2. Foreign companies	
<i>a/</i> Listed securities	
None	-
<i>b/</i> Unlisted securities	
None	-
TOTAL II	-
III – MARKETABLE SECURITIES	
<i>a/</i> Money market funds (SICAVs) and term deposits	24,502,005
<i>b/</i> Listed French shares	
None	-
<i>c/</i> Listed foreign shares	
None	-
<i>d/</i> Treasury shares	175,394
TOTAL III	24,677,399
GRAND TOTAL (I + II + III)	89,942,581

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

Nature of information	2017	2016	2015	2014	2013*
Share capital	25,407,821	16,896,535	16,896,535	15,717,290	-
Number of shares	50,815,643	16,896,535	16,896,535	15,717,290	-
Par value per share	0.50	1.00	1.00	1.00	-
Revenue excluding taxes	901,135	653,009	-	-	-
Earnings before taxes, depreciation, amortisation & provisions	846,707	731,210	(24,388)	(362,090)	-
Income tax	-	-	-	-	-
Earnings after taxes but before depreciation, amortisation & provisions	846,707	731,210	(24,388)	(362,090)	-
Earnings after taxes, depreciation, amortisation & provisions	833,392	729,639	(24,388)	(362,090)	-
Distributed earnings	-	-	-	-	-
Earnings per share after taxes but before depreciation, amortisation & provisions	0.0167	0.0432	(0.0014)	(0.0231)	-
Earnings per share after taxes, depreciation, amortisation & provisions	0.0164	0.0432	(0.0014)	(0.0231)	-
Net dividend per share	-	-	-	-	-
Average number of employees	2.38	4.15	-	-	-
Total payroll	357,887	442,663	-	-	-
Social security contributions and employee benefits	124,466	191,012	-	-	-

* The Company was created in March 2014.

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 Annual financial report.

The lack of certification for machines manufactured by the Group for standards other than CE standards may influence the decisions made by customers in the purchasing of 3D printers developed by the Company, in particular in the event of public tenders that require local certifications. As such, it may have an adverse impact on the development of machine sales abroad (outside the European Union) to certain entities, in particular entities subject to local public procurement rules.

1.6.1 Legal risks

1.6.1.1 Risks associated with local certifications and branding of 3D printers

The 3D printers manufactured by the Company comply with current European Union quality and safety requirements, and they bear the CE "European conformity" marking. However, this CE certification is different from the certification procedures in the United States, Canada or other countries. The Company is currently investigating the possibility and implications of obtaining a UL⁽¹⁾ marking for its printers.

1.6.1.2 Risks associated with the regulation of chemicals and changes thereto

The Group develops and markets materials that incorporate chemicals. In accordance with the European REACH Regulation (EC no. 1907/2006) relating to chemical risks, the Group must identify and manage any risks associated with the materials manufactured and communicate the risk management measures implemented to the users of its materials.

Based on the state of research, the European authorities may, at any time, restrict or prohibit the use of substances that prove to be toxic to humans or the environment. In such a scenario, it would be the Group's responsibility to immediately inform the customers affected and replace the prohibited chemical with authorised substances.

(1) UL is the acronym for the independent US certification body "Underwriters Laboratory". A UL certification confirms that the products destined for the US market have been tested for safety requirements in the United States, which differ from European CE standards.

This would involve new R&D developments to review the formulation of the materials in question and, as the case may be, the unavailability of the relevant materials during the time required for their reformulation.

Were such a situation to occur, it would be likely to have a significant adverse effect on the Group, its business, financial position, results, development and outlook.

1.6.1.3 Risks associated with medical device regulations and changes thereto

The Group develops biocompatible materials or medical devices that are subject to strict standards in Europe and the rest of the world. In this respect, European medical device regulations are set to evolve in the coming years. The same is true for countries outside the European Union. These changes in standards may require new R&D to adapt the products developed by the Group.

DELTAMED formulates, manufactures and markets special resins, including for the biomedical field. The formulation, manufacture and marketing of medical devices by DELTAMED requires the maintenance of a certified quality management system (DELTAMED complies with EN ISO 13485 (EU) and AC: 2012 (Canada) standards) and a specific quality management system (DELTAMED complies with European Directive 93/42/EEC Annex II for class IIa and IIb medical devices).

DELTAMED has been licensed as a manufacturer with the Food and Drug Administration (FDA) in the United States. The maintenance of these certifications and authorisations is necessary for DELTAMED to continue to market its products in Europe, Canada and the United States. These certifications and authorisations give DELTAMED a competitive advantage.

A loss of the required qualifications and authorisations would have a significant adverse impact on DELTAMED's business and therefore on the Group's results, financial position and outlook.

1.6.1.4 Risks associated with research and development financing

The Group has a significant level of expenditure on research and development. It uses the French research tax credit mechanism to partially finance its R&D. A scaling back of this mechanism in the future would jeopardise the level of R&D expenditure that the Group could reasonably finance and would therefore have an adverse impact on the Group's business, financial position and outlook.

Moreover, even if the Group ensures the compliance and quality of its supporting documents, it is still possible that the tax authorities may question the calculation methods used by the Company for research and development expenses. A tax adjustment to the Group in this area could have an adverse impact on the Group's results and cash position.

1.6.1.5 Litigation

The Group may be involved in litigation and disputes with third parties. Ongoing litigation is reviewed and, if applicable, provisioned in the financial statements or disclosed when significant in the Notes to the consolidated financial statements (Note 12.2 "Exceptional events and disputes").

At 28 March 2018, no state or legal proceeding or arbitration, either pending or threatened, had in the past 12 months or was likely to have a material impact on the financial position or profitability of the Company and/or Group.

1.6.2 Risks associated with intellectual property

The future growth of the Group will depend in particular on its ability to develop and protect its know-how and innovations.

For the subsidiaries concerned, intellectual property policy consists of the filing of patent applications in their country and internationally, depending on the interest that such filings may have and the protection of their know-how as much as possible through the preservation of its confidentiality.

As a result, the research and development projects the Group considers the most sensitive are carried out internally. R&D teams are also subject to strict confidentiality rules.

1.6.2.1 Limits to the protection given by patents and other intellectual property rights

If an invention is identified, the Group evaluates the interest of filing a patent application. To do this, it relies on its teams of in-house engineers and its industrial property attorneys.

Patent applications are examined by the competent regional, national or international patent offices. It takes a number of years before a patent is granted. The examination process may also result in a patent being granted with narrower claims than initially sought, or even a refusal to grant a patent.

The industrial property rights filed do not provide protection in all jurisdictions and provide protection for a term that may vary from one territory to another. Accordingly, systematic protection through patents could indeed be difficult to achieve and would represent significant costs if it were to be considered for use in all potential markets in which the Group is present or could carry out its activity.

Furthermore, there is no certainty that industrial property offices will register patents, trademarks and other intellectual property rights the Group has applied or will apply for. The Group may encounter difficulties within the framework of the filing and examination of some of its applications for patents, trademarks or other intellectual property rights currently under examination or in the registration process. For example, when a patent application is filed, other patent applications may constitute prior art that is opposable but not yet published. Despite prior art searches and the monitoring conducted by or for it, the Group cannot be certain that it was the first to design an invention and to file a corresponding patent application. In particular, it should be noted that in most countries, patent applications are published 18 months after the filing of the applications themselves and that patents for inventions are sometimes not published or applied for until months or even years later. Similarly, when one of its trademarks is filed for registration in a country where it is not covered, the Group may find that the mark in question is not available in that country or is not sufficiently distinctive according to the criteria of certain countries.

Finally, the granting of a patent, trademark or other intellectual property rights does not guarantee its validity or enforceability. The Group's competitors could at any time contest the validity or enforceability of those rights before a court or in other specific proceedings. Depending on the outcome of such disputes, the rights may be reduced in scope or cancelled and thus be circumvented by competitors. In addition, developments, changes or divergences in the interpretation of the legal framework governing intellectual property in Europe, the United States or other countries could allow competitors to use the Group's inventions or intellectual property rights or develop or market the Group's products or technologies without financial compensation. In addition, there are still some countries that do not protect intellectual property rights in the same way as Europe or the United States, and effective procedures and rules necessary to defend the Group's rights may not exist in those countries. There is therefore no certainty that the Group's existing and future patents, trademarks and other intellectual property rights will not be challenged, invalidated or circumvented or will provide effective protection against competition and patents by third parties covering similar inventions.

As a result, the Group's rights pertaining to its patents, trademarks, related applications and other intellectual property rights may not confer the expected protection against competition.

The Group cannot therefore guarantee with certainty that:

- it will develop new inventions for which patents may be applied for or granted;
- patents, trademarks or other registered intellectual property rights will actually be granted further to the relevant applications currently under examination;
- the patents or other intellectual property rights granted to the Group will not be challenged, invalidated or circumvented by competitors; and
- the scope of protection conferred by the Group's patents, trademarks and intellectual property rights is and will be sufficient to protect it against competition and patents, trademarks and intellectual property rights of third parties covering similar devices, products, technologies or developments.

In any event, despite the efforts made to protect its industrial property, the Group cannot rule out any risk of infringement of its inventions or challenges to the validity of its patents.

1.6.2.2 Risks of disclosure of the Group's know-how to third parties

It is also important for the Group to protect itself against the unauthorised use and disclosure of its confidential information, know-how and trade secrets.

The Group endeavours to retain non-patented or non-patentable technologies, formulations, processes, know-how and proprietary data by limiting the communication of key elements of its know-how to third parties to the information strictly necessary for cooperation with them and contractually ensuring that such third parties

undertake not to divert, use or disclose such information, including by means of confidentiality clauses.

Despite the implementation of these confidentiality procedures, the Group cannot guarantee that such third parties will comply with these confidentiality agreements, and there is a risk that confidential information may be disclosed or that an R&D partner, customer or competitor may appropriate the Group's know-how.

The occurrence of any of these events could have an adverse effect on the competitive advantage of the Group's product offering and therefore on its business outlook, development and future results.

1.6.2.3 Risks of violation of third-party intellectual property rights by the Group and of the Group's intellectual property rights by third-parties

The subsidiaries, with their internal teams, monitor the activity (particularly as regards the filing of patents) of their competitors and evaluate (through freedom to operate studies) the risk of infringement of third -party patents during the course of their research or development programmes. External advice may be sought for occasional assessments of activities of entities external to the Group.

However, the Group cannot guarantee that its products do not infringe on or violate patents or other intellectual property rights of third parties. Therefore, it is possible that third parties acting in relation to infringement or violation of their rights may take action against the Group to obtain damages and/or the cessation of manufacturing activities and/or marketing of the products or processes in question.

In the event of disputes relating to intellectual property, the Group may have to:

- cease to develop, sell or use the product(s) that depend on the disputed intellectual property;
- obtain a licence from the holder of the intellectual property rights, which may not be obtained or obtained only under conditions that are economically unfavourable to the Group;
- revise the design of some of its products/technologies or, in the case of trademark applications, rename its products to avoid infringement on the intellectual property rights of third parties, which may prove impossible or lengthy and costly and could impact its marketing efforts;
- suffer a negative impact to its reputation and results.

In addition, monitoring the unauthorised use of Group products and technology, and thus the infringement of its own intellectual property rights, is a delicate matter. The Group could be compelled to bring legal or administrative proceedings against third parties in order to assert its rights, intellectual property rights in particular, in court. However, the Group cannot guarantee in any way that it will be able to avoid, sanction and obtain redress for possible misappropriation or unauthorised use of its products and technology, especially in foreign countries where its rights are less protected by the territorial scope of industrial property rights.

Any disputes or litigation on these subjects, whether justified or not and whatever the outcome, could entail very substantial costs and jeopardise the Group's financial position and reputation. In addition, despite the efforts undertaken and costs incurred, the Group may not obtain the protection or penalty sought.

1.6.3 Operating risks

1.6.3.1 Risks associated with the acceptance of 3D printing

The Group as a whole is positioned on the following growth trajectories: (1) the development and sale of 3D printing machines and the innovative materials they use, (2) the design and manufacture of parts using 3D printing for third parties and (3) development of business applications using 3D printing technologies. The Group's customers are manufacturers and professionals that are adopting additive manufacturing in their production methods.

The industrial manufacturing market remains dominated in most industrial sectors by conventional manufacturing technologies that do not involve 3D printing. If additive manufacturing were not accepted by manufacturers as a more efficient technology, its development may not grow as expected.

The growth of the 3D printing market therefore depends on the acceptance of these new technologies by manufacturers and their ability to integrate these new technologies into their conventional production methods or revise their production methods. Weak growth in the 3D printing market around the world would have a significant negative impact on the Group's situation and outlook.

1.6.3.2 Risks associated with technological developments

Technological innovations in recent years have been significant in the additive manufacturing sector and the pace of technological developments remains strong. This market could undergo significant new technological developments, and new technologies or equipment that are more efficient and/or cheaper than those offered by the Group could come into existence. Competing technologies, whether they exist or are under development or as yet unknown, could capture significant market shares in the near future and restrict the Group's ability to market its products successfully.

Since its creation, the Group has devoted a significant portion of its resources to research and development to develop and improve its lines of 3D printers and equipment and find new applications for additive manufacturing. These innovation policy efforts must be maintained so that the Group retains its position as a benchmark player in technological innovation, remains in a position to adapt to future technological innovations in the sector, as appropriate, and continues to win market shares.

Competitors with significant financial resources or new entrants to the market could also develop new technologies that are more efficient and/or less costly than those developed by the Group, which could lead to a reduction in demand for the Group's existing products.

If the Group were to fail to keep pace with technological developments or to continue its innovation policy efforts, compared in particular to those made by competitors with greater resources, or if alternative technologies were to appear and revolutionise the market, the Group's ability to continue to remain relevant and competitive in additive manufacturing would be affected, and this could have an adverse impact on the Group's business, revenue, results, financial position, development and outlook.

1.6.3.3 Risks associated with competition

Foreign players have long been established in the additive manufacturing market, and some of them have significant resources (such as Stratasys or 3D Systems in particular). This fast-growing market is also attracting many new players, including international groups with significant resources, including HP, General Electric and Fives Michelin Additive, or more recent companies that have raised significant funds, such as Carbon3D. The Group therefore faces many competitors, some of whom have very deep resources and/or a high profile.

The multiplication of actors in the 3D printing market, some of whom have significant resources, may enable manufacturers and professionals to become more quickly aware of 3D printing technologies. However, this also means increased competitive pressure for the Group. This competitive pressure could lead to a decline in demand for the Group's products and force the Group to reduce its selling prices or make additional investments. These factors could have an adverse impact on the Group's business, revenue, results, financial position, development and outlook.

1.6.3.4 Risks associated with the international economic and political environment

The development of the Group's international sales could be affected by national preference policies as well as the uncertain or changing economic, financial, political and regulatory environments of certain countries in which the Group markets or wishes to market its products and services (notably the United States or China). If certain markets targeted by the Group, such as the United States in particular, were to adopt or reinforce protectionist practices or customs barriers, this could put a brake on attempts by potential customers to develop their business and invest in the Group's products or adversely affect the competitiveness of the Group's products, which could have an adverse impact on the Group's business, results, financial position and outlook.

1.6.3.5 Risks associated with changes in health policy

Many outlets for the Group's products have ties to the health sector, notably the dental sector. Depending on the country and the health systems in place, health policies aimed at controlling costs could lead to the discontinuation or capping on the reimbursement of patient care and would result in increased pressure on the prices of the corresponding products sold by the Group.

As a result, changes in health policies could have an adverse impact on the business, results, financial position, development and outlook of the relevant Group subsidiaries.

1.6.4 Risks associated with the Group's business

1.6.4.1 Risks associated with the Group's strategy on a constantly changing 3D printing market

The 3D printing market is experiencing rapid and profound changes, which requires the Group to regularly question the relevance of its strategic choices and the direction of its Systems and Products activities and its commercial policy so that it can detect and penetrate the most promising new markets that create value for the Group. Its strategic choices can also be impacted by changes in its relationships with strategic partners, distributors or suppliers.

The Group has demonstrated its agility and ability to adapt its strategy, but it cannot guarantee that its choices will always be the most relevant in a constantly changing market such as 3D printing.

If the Group's strategic choices turn out not to be pertinent, the Group's business, financial position, results, development and outlook could be significantly affected in the medium and long term.

1.6.4.2 Risks associated with the Group's rapid growth

The growth of the Group's business has been significant for many years. Difficulties related to growth management of a commercial, technical or administrative nature are likely to arise. In terms of human resources, this growth requires the steady reinforcement of managerial structures, the recruitment of the necessary qualified personnel, the ability to train employees quickly enough in the Group's products and the retention of qualified staff. The deployment of risk control procedures and the implementation of possible synergies within the Group will also be challenges. From a financial standpoint, revenue growth raises issues regarding the control of the working capital requirement.

The Group's inability to manage its growth or unexpected difficulties encountered during its expansion could have a material adverse effect on its business, results, financial position, development and outlook.

1.6.4.3 Risks associated with the acceptance of the Group's products by the markets addressed

The Group's customers are manufacturers and professionals that are adopting additive manufacturing in their production methods. Additive manufacturing machines using MOVINGLight® technology or the selective laser sintering technology that the Company manufactures and distributes, as well as the materials associated with each of these technologies, are particularly suitable for certain sectors of activity (many of these have already been identified: dentistry, foundry, plastic injection, medical and jewellery).

The growth of the Group's business depends on the ability of manufacturers and professionals to integrate new technologies into their production methods, adapt their organisational structure and adopt more or less rapidly additive manufacturing, in particular the solutions and products offered by the Group. The integration of additive manufacturing into a customer's production process involves the customer rethinking its existing processes and methods and making investments (modification of facilities, training, review of quality processes and certification, etc.), which can hinder the acceptance of the Group's products by the targeted markets.

To assist manufacturers and professionals in these production method changes, the Group has developed a consulting services offer. In addition, the INITIAL Service Bureau's custom parts manufacturing offer may allow customers to test the opportunity to integrate additive manufacturing into their production methods and adapt the technology to their needs. The scale and speed of the Group's development therefore depends on the ability of manufacturers and professional customers to use its technologies to adapt their industrial production structures.

As a result, if the acceptance of the Group's products by the targeted markets is not as rapid or significant as expected, this could have an adverse impact on the Group's business, revenue, results, financial position, development and outlook.

1.6.4.4 HR risks (dependence on key personnel and enticement of Group employees)

The Group's success and development are dependent on the work, know-how and experience of key employees and of the management team. The temporary or permanent unavailability of a key person may lead to a loss of know-how and technical deficiencies that may slow down the activity of a subsidiary or the Group.

Raphaël Gorgé, the Chairman and Chief Executive Officer of PRODWAYS GROUP, does not perform his duties on a full-time basis as he is also Chairman and Chief Executive Officer of GROUPE GORGÉ, PRODWAYS GROUP's parent company. Currently, however, he devotes most of his time to the management of the PRODWAYS GROUP, with the assistance of the management teams in charge of the Group's "Systems" and "Products" divisions.

Expertise in additive manufacturing is relatively rare in France and the Group must invest in the training of its new employees in those technologies.

In a growing market in which qualified people are relatively rare, the Group's visibility makes it a target for customers or competitors that want to poach its employees.

The Group will also need to recruit new managers, sales representatives and qualified staff to continue to grow. Despite its attractive development outlook and the interest in additive manufacturing technologies, the Group may not be able to attract or retain key personnel on economically acceptable terms.

To mitigate these risks as much as possible, the Group relies on many factors.

Firstly, the Group's employees are naturally motivated by a commercial and/or technical interest in the additive manufacturing sector and the projects in which they are involved. The introduction of profit-sharing and shareholding plans may also serve as additional motivation. To this end, free shares allocation plans were implemented in the Group in 2016.

Moreover, when this is accepted, the contracts of key employees and managers include non-competition clauses. They also include confidentiality clauses, as well as, where relevant, clauses for compensation and transfer to the employer of employee inventions.

Finally, the Group ensures that the success of its subsidiaries is not based on too few people and their managers are considering the implementation of succession plans for key people.

The difficulties that the Group may encounter in recruiting and retaining qualified employees could have an adverse impact on the Group's business and outlook.

1.6.4.5 Risks associated with sales levels

The Group's income and results are not linear and may fluctuate during the year due to many factors, most of which are beyond the Group's control (degree of acceptance of its products on the market, breakdown by product of revenue over a given period, competition activity, changes in policies or regulations, R&D levels, etc.).

Moreover, the sales cycle of 3D printers is particularly long, with equipment testing and qualification procedures for prospects. As a result, it is very difficult to predict and plan 3D printer sales and production reliably, sales of 3D printers may be irregular from quarter to quarter.

These fluctuations can have an impact on the interim presentation of the Group's revenue, its financial position and its ability to finance its activities and development.

1.6.4.6 Risks associated with research and development projects

The Group's research and development projects are decided by the Executive Committee, based on opportunities identified by the Group, customer demands and the Group's strategy. Ongoing projects are re-evaluated regularly. However, the Group cannot guarantee that all of its research and development projects will produce satisfactory results due to, for example, limited resources or technical challenges. Some of the projects initiated could be halted or suspended, while others could require more investment than expected or fall behind schedule.

Projects that fall behind schedule or are not completed will incur costs for the Group and are likely to affect its ability to keep pace with its competitors' technological innovations. The Group's inability to develop and market new products quickly could thus have an adverse impact on the Group's business, results, financial position and outlook.

1.6.4.7 Risks associated with research and development partnerships and commercial partnerships

The Group is involved in a number of R&D projects with universities and research organisations as well as strategic commercial partners, including distribution contracts under which the Group acts as a distributor.

The results of the Group's R&D partnerships may sometimes be protected by intellectual property rights (i) held by the Group, (ii) jointly owned by the parties, or (iii) held exclusively by the relevant partner, which grants the Group, as necessary, temporary usage rights, exclusive or non-exclusive, for the corresponding results, thus enabling the Group to distribute and offer its customers the new products developed.

Some research and development efforts carried out through partnerships (such as for the development of new materials adapted for additive manufacturing) sometimes begin before a partnership agreement is signed. The risk that the parties will not be able to finalise their agreements at an advanced stage of a project could have a negative impact for the Group on the expected profit from a partnership.

There is also a risk of divergence between the parties during the conduct of the partnership, which may lead to a breakdown in the partnership or a calling into question of its balance.

Moreover, under its partnerships, the Group must frequently share certain aspects of its know-how or sensitive business data with its counterparties that are not protected by patents. Although this information is covered by confidentiality undertakings, the Group must allow for the possibility that its know-how or business data is misappropriated and used by third parties.

Finally, the Group's partnerships could lead to unsatisfactory results or not provide immediate benefits to the Group.

The unsatisfactory performance of R&D partnerships could have an adverse impact on the Group's business, results, financial position and outlook.

1.6.4.8 Risks associated with the industrialisation of an innovative product

The industrialisation phase of an innovative product may require numerous adjustments and iterations that lead to delays in the marketing of the product or more frequent warranty services with customers for repairs or adjustments, resulting in additional costs for the Group and possible harm to its image.

Since the reliability of its products is paramount, the Group tests its main innovations relating to 3D printers and materials at its INITIAL Service Bureau or at VARIA 3D. This allows it to benefit from feedback and thus improve and stabilise its prototypes before it approves the final products. In addition, the Group now tests its key innovations with its key customers (Services Bureau or end users qualified as early adopters), who give feedback on product functionalities before the standard product is marketed.

These industrialisation phases relating to an innovation may vary in length and lead to delays in the marketing of a new product. Such delays could have an adverse impact on the Group's business, results, financial position and outlook.

1.6.4.9 Risks associated with poor product quality

The Group's sales growth depends on the quality and reliability of its products and the products distributed by the Group (such as third-party materials and HUNAN FARSOON SLS® printers).

The Group's companies have established procedures for the quality management and traceability of their products. As part of its ongoing efforts to improve quality, the Group strives to ensure that all of its subsidiaries are working to implement quality control policies that are as demanding as possible.

The subsidiaries of the Company that manufacture or resell products to the medical sector have a performance obligation regarding the quality of their products and must guarantee product quality over the stated periods.

In addition, the Group tests its innovations with its INITIAL Service Bureau, VARIA 3D and/or key volunteer customers in order to benefit from feedback and improve its prototypes before approval of the final products.

Nevertheless, the products manufactured or distributed by the Group are complex and may contain design or production defects.

Technical product reception procedures are put in place by the Group to detect any defects (in particular, the installation and receipt of a 3D printer involves various operating tests).

Defects may also be caused by parts or materials from third-party suppliers. However, the Group's ability to claim compensation from the supplier at fault may be limited by the sales conditions imposed by that supplier.

Furthermore, 3D printers are complex machines that require prior user training and regular maintenance. Such training is mandatory when a machine is purchased. In addition, the Group offers its customers multi-year preventive maintenance programs. Despite mandatory training and the offers of maintenance, an error in use by a customer or a maintenance defect is still possible.

Any product quality problem involves warranty claims for the Group, which generate unanticipated costs and may be the cause of customer complaints. Repeated problems could have an adverse impact on the Group's results and reputation.

1.6.4.10 Risks associated with potential imposition of unfavourable terms of sale

The Group makes every effort to enforce its general conditions of sale. Nevertheless, certain customers from large groups have a policy of imposing their own terms of purchase, which are generally unfavourable to suppliers and therefore to the Group, in particular regarding payment conditions, machine performance and liability clauses.

Unfavourable conditions of sale are likely to have an adverse impact on the Group's financial position and results.

1.6.4.11 Risks associated with key supplier failures

To this date, the Group has not implemented systematic double sourcing, which would be costly.

Moreover, the MOVINGLight® technology developed by the Company incorporates commercial parts manufactured exclusively by Texas Instruments, as well as certain parts developed specifically for the Company by specialised companies. In order to secure its production process, the Group has focused on maintaining sufficient inventories and is working to identify alternative suppliers for these critical components.

For the manufacturing of materials, the Group receives supplies of components and products from major chemical groups or certified suppliers. Any change in a component or supplier would involve new research and development to adapt the material formulations and the final product evaluation process.

Any difficulty in supplying certain special parts or chemical components may therefore have a negative impact on the ability of a subsidiary or the Group to manufacture and deliver its products.

1.6.4.12 Risks associated with external growth operations

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. Nevertheless, the Group cannot guarantee the timeframes in which new opportunities for external growth will arise or may be successful.

An external growth operation may have the effect of diluting the shareholders of the Company in the event that such growth is financed through the issuance of transferable securities.

In addition, any acquisition involves risks associated with the integration of the acquired company or business into the Group, the realisation of assumptions underlying the valuation and the expected benefits of the transaction, the existence of unforeseen costs or hidden liabilities and the departure of key personnel from those companies.

To limit some of these risks, the Group systematically performs financial, legal and technical audits and negotiates asset and liability guarantees where possible. The Group also takes the measures it deems appropriate to retain the key persons identified and thus ensure the sustainability of those companies.

Moreover, the integration of a new entity or activity within the Group may take longer than anticipated and require increased mobilisation of the Group's teams, and the assimilation by the new entity of the Group's procedures, management tools and guidelines, or its acceptance of a change to its strategy, may vary in length.

Finally, the benefits of future or completed acquisitions may not materialise within the expected timeframes and standards. 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.

1.6.4.13 Risks associated with the Group's network of distributors and agents

The Group markets its products in France and abroad, both directly and through its network of distributors and sales agents worldwide.

The Group selects its distributors and agents on the basis of technical expertise and reputation. However, the Group cannot guarantee that the distributors and agents selected will devote the necessary efforts to the commercial success of its products and comply with applicable regulations. The ramping-up of the indirect international sales network could thus take longer than expected and require additional commercial efforts.

The Group's reputation and results could be adversely affected by distributors or agents who are insufficiently involved or do not comply with the applicable regulations.

1.6.4.14 Risks associated with inventory management

In order to deal with order forecasts, the Group may keep inventories of machinery, parts or components that may be difficult to sell or use in the event of changes to technological or regulatory developments or changes to product lines that make certain inventories obsolete. In the event of a loss of value in the machines or supplies inventoried, the Group may be required to make significant provisions for impairment of its inventories, which could have an adverse effect on its financial position, results, development and outlook.

1.6.4.15 Insurance and coverage of 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 insurances to cover the cost of these risks.

For the most part, the insurance taken out by the Group against possible risks encompasses:

- liability for defective products;

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

Specific insurance has also been purchased for the risks specific to sales in the aeronautic sector. Local insurances have also been implemented in accordance with local regulations. All policies are entered into with reputable insurance companies. 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 the Group's insurance coverage. Accordingly, the Group cannot guarantee that its current insurance coverage is sufficient to meet any liability claims that may be brought against the Company or any of its subsidiaries. If the Group's liability were thereby called into question and if it were not in a position to obtain and maintain appropriate insurance coverage at an acceptable cost, or protect itself effectively against liability actions for defective products, the marketing of its products and, more generally, its activities, results, financial position, development and outlook could be seriously affected.

1.6.5 Financial risks

1.6.5.1 Credit or counterparty risk

The economic situation around the world and changes to it may affect the Group's partners, customers and suppliers due to economic slowdowns and financial, geopolitical or social difficulties, or any other factors. The Group has a very wide variety of customers and has the capacity to obtain a growing number of new referrals, so it has little exposure to a particular customer risk, but it could be seriously impacted nonetheless if the international economic situation were to significantly weaken its customers or suppliers in general.

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 (for each of the top five customers in 2017, the percentage of 2016 revenue generated from such client is also indicated):

	2017	2016
● Customer A:	3.7%	-
● Customer B:	3.1%	3.5%
● Customer C:	2.5%	3.9%
● Customer D:	2.1%	-
● Customer E:	1.6%	-

In 2017, the top five customers accounted for 12.9% of the Group's revenue (compared with 14% in 2016). The Group's top twenty customers accounted for 29% of revenue in 2017 (compared with 33% in 2016).

The diversity of the Group's customers and the quality of most of them generally enable the Group to control customer credit risk. Provisions for impairment of trade receivables were €860,000, compared with €680,000 in 2016. Past-due trade receivables are disclosed in the Notes to the consolidated financial statements, (Note 4.4 "Trade receivables"). The Group does not systematically carry out solvency studies on its customers.

Outside France, the Group operates directly or through distributors in a large number of countries. There is no high concentration of international revenue in any particular country. The Group is growing in the United States, which is a large market with a greater maturity in 3D printing. A qualitative change to its country risk would significantly affect the Group.

To this date, the Group does not export to countries subject to international sanctions. The geopolitical development of a country is, however, a risk that may complicate or suspend trade relations with such country. The diversity of countries to which the Group exports its products and services is a factor that allows the impact of this risk to be reduced. An embargo or sanctions against a country in which the Group has significant commercial prospects could, however, significantly or completely alter these prospects.

1.6.5.2 Liquidity risk

The liquidity risk is described in Note 8.3.1 "Liquidity risk" to the consolidated financial statements. The Group's low net debt, financial position and shareholder support gave it substantial access to credit until its IPO in May 2017, in particular to finance acquisitions. Since the IPO in May 2017, the Group has had a positive net cash position and repaid a €10 million loan early to have it replaced with a confirmed line of credit that has not yet been used.

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

1.6.5.3 Dilution risk

In addition to the capital increases that may be necessary to finance its activities or allocate shares that may have vested under current bonus share plans, the Company may in the future issue or grant shares or new financial instruments giving access to the Company's share capital as part of its policy to motivate its managers and employees.

1.6.5.4 Interest rate risk

Interest rate risk is limited. It is described in detail in the Notes to the consolidated financial statements (Note 8.3.2 "Interest rate risk").

1.6.5.5 Foreign exchange risk

The foreign exchange risk is described in the Notes to the consolidated financial statements (Note 8.3.3 "Foreign exchange risk"). As of the date hereof, the Group's dollar expenditure is higher than its receipts in such currency. However, according to its forecasts, the growth in dollar sales should lead to a natural hedge of such foreign exchange risk.

The Group believes that the foreign exchange risk is not currently significant and has therefore not made any other hedging arrangements to protect its business against exchange rate fluctuations. If a significant increase in the Group's business, particularly in the United States, were to lead to greater exposure to the foreign exchange risk, the Group would then consider using a more structured policy to hedge such risk.

1.6.6 Industrial and environmental risks

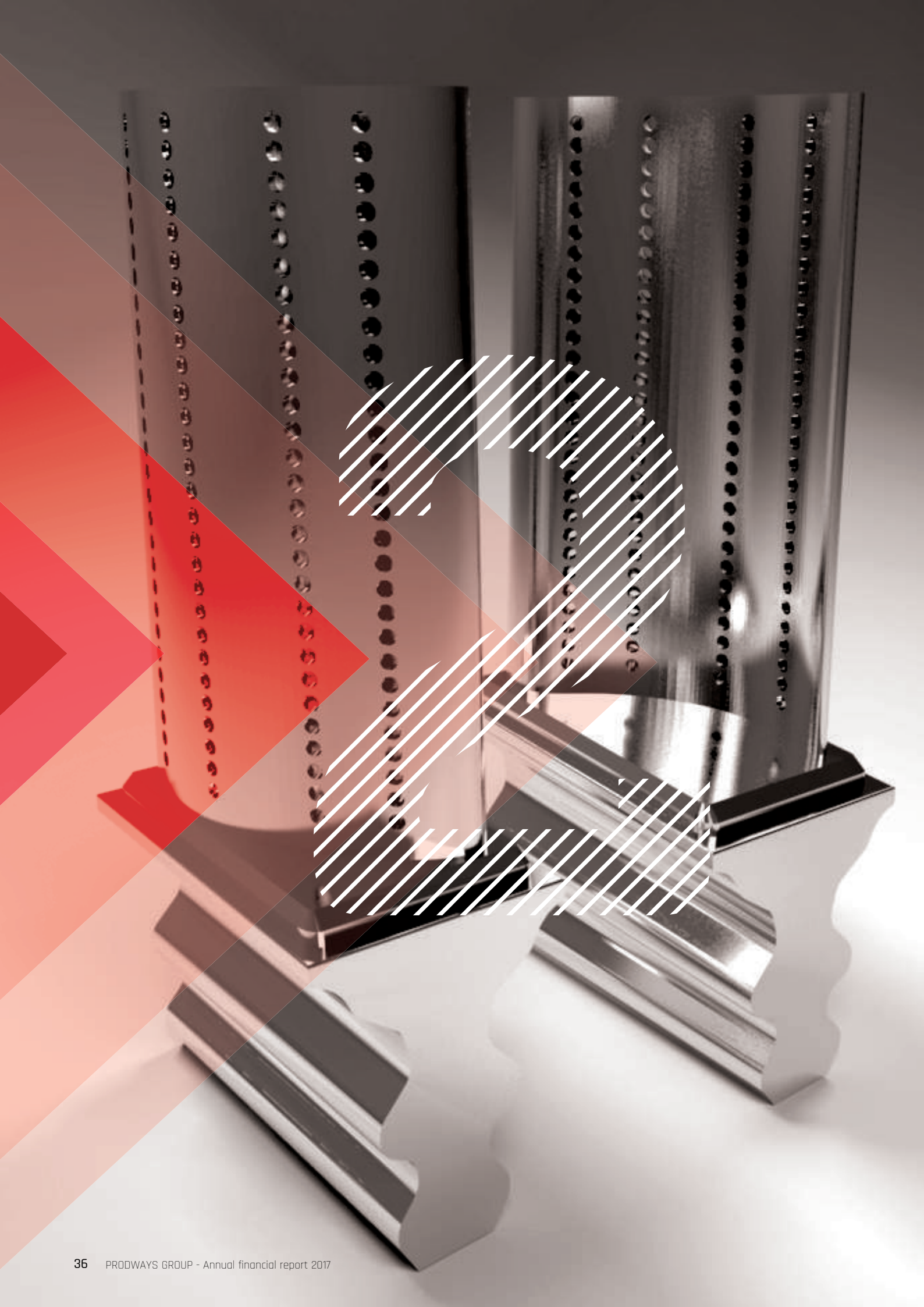
Group companies do not have facilities that are subject to the regulations for facilities classified for environmental protection (ICPE).

Like many industrial activities, the Group's activities require the preservation and handling of hazardous products. The concerned companies implement the safety procedures recommended for the handling and storage of such products. For example, INITIAL handles potentially hazardous powders (explosion risks), which may pose a health hazard when inhaled. Strict handling and storage procedures have been put in place. Similarly, the use of DLP® or lasers requires certain handling precautions to protect the health of the concerned employees.

The collection and recycling of potentially polluting materials is entrusted to specialised service providers.

Compliance with these regulations is costly and any tightening of these regulations would entail additional costs for the Group. Regulations are also complex and any violation thereof by the Group could result in fines or penalties or could incur its liability. These circumstances would have an adverse effect on the Group's financial position and development.





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 28 March 2018.

2.1 GOVERNANCE

2.1.1 Composition of the Board of Directors

At 31 December 2017, the PRODWAYS GROUP Board of Directors comprised six Directors, namely Raphaël Gorgé (Chairman and Chief Executive Officer), Bpifrance Participations (represented by Paul-François Fournier), Catherine Gorgé, Thierry Moulonguet, Safran Corporate Venture (represented by Hélène de Cointet) and Olivier Strebelle. The Board also includes two observers, Loïc Le Berre and Jacques Toupas.

Hélène de Cointet, Paul-François Fournier and Thierry Moulonguet are independent Directors (i.e. Directors who do not have any links to the Company, its group or management, such as might compromise the exercise of their freedom of judgement).

Catherine Gorgé is married to Raphaël Gorgé.

Although these three Directors represent Company shareholders, the percentage of share capital held is relative compared with the majority shareholding held by GROUPE GORGÉ. These Directors have no links to the Company, its Group or its management that would jeopardise the exercise of their freedom of judgement. In this respect, PRODWAYS GROUP entered into a technological cooperation framework agreement with Safran Corporate Ventures in 2017 relating to developments in 3D printing. This is a significant contract for the Group from a technological standpoint but the transactional amounts involved are small. A qualitative and quantitative analysis of the existing business relationship between PRODWAYS GROUP and Safran Corporate Ventures concluded that it was not liable to compromise the latter's status as an independent Director permanently represented by Hélène de Cointet. Hélène de Cointet, Paul-François Fournier and Thierry Moulonguet have continuously demonstrated their independence and never hesitated to speak their mind.

Directors Mr Raphaël Gorgé, Ms Catherine Gorgé and Mr Olivier Strebelle represent GROUPE GORGÉ, the majority shareholder.

Mr Raphaël Gorgé is Chairman and Chief Executive Officer of GROUPE GORGÉ. Ms Catherine Gorgé is married to Mr Raphaël Gorgé. Mr Olivier Strebelle is Deputy Chief Executive Officer responsible for strategy and business development at GROUPE GORGÉ.

As set out in the Articles of Association, Directors are appointed for a term of 3 years.

The terms of office of Raphaël Gorgé, Olivier Strebelle, Thierry Moulonguet and Jacques Toupas expire at the close of the shareholders' meeting scheduled for 13 June this year. The meeting will be asked to reappoint Raphaël Gorgé and Olivier Strebelle. Given that Thierry Moulonguet and Jacques Toupas are not standing for reappointment, their terms of office will expire at the close of the shareholders' meeting scheduled for 13 June this year.

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 PRODWAYS GROUP 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 PRODWAYS GROUP is aware, the Directors and executive corporate officers have not agreed to any restriction on the free transferability of any interests they may have (save as mentioned in article 4.3.4).

2.1.2 Presentation of the members of the Board

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

Raphaël GORGÉ

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.

Hélène DE COINTET	Hélène de Cointet has been Co-Head of Safran Corporate Ventures since mid-2015. She joined Safran's Mergers & Acquisitions Department in 2010 where she led a number of successful acquisitions, divestments and joint ventures for most of the group's companies. Previously she spent nine years in the Valuations Team under Mergers & Acquisitions at KPMG Corporate Finance and four years at CIC Securities as a financial analyst responsible for the aeronautic and electronics sectors. Hélène de Cointet graduated with a Master in Management Sciences from Université Paris-Dauphine in 1997 and qualified as a Certified International Investment Analyst in 2000.
Paul-François FOURNIER	An alumnus of <i>École Polytechnique</i> and a graduate of Telecom ParisTech, Paul-François Fournier joined France Telecom Orange in 1994 as a business engineer where he spent seven years developing the company's B2B services. In 2001, he was appointed Broadband Director at Wanadoo where he was responsible for the roll-out of ADSL in France. He was also involved in Wanadoo's international operations as a member of its Executive Committee. He worked on strategic projects such as the launch of Livebox and Voice over IP in partnership with French start-ups Inventel and Netcentre. In 2011, he became Executive Director of the Orange Technocentre where he was in charge of product innovation. He favoured more regional and decentralised organisational methods, as reflected in the creation of Technocentres in Amman and Abidjan. Since April 2013 he has been Executive Director of the "Innovation" division at Bpifrance.
Catherine GORGÉ	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 provided consulting services to PRODWAYS GROUP. Catherine Gorgé is also a Director of ECA and GROUPE GORGÉ. Catherine Gorgé has an engineering degree from the <i>École Centrale de Marseille</i> and holds an advanced degree in project management.
Thierry MOULONGUET	Thierry Moulouguet is a graduate of the IEP in Paris and of the ENA (Guernica class of 1976). He began his career in public administration (Ministry of the Economy and Finance, from 1976 to 1979 – Forecasting Department; Aquitaine region prefecture from 1979 to 1981 – Economic Development Policy Officer; Ministry of the Economy and Finance from 1981 to 1986 – Treasury Department, Enterprise Financing Office, then head of the multi-lateral development aid office; National Commission for Communication and Liberties from 1986 to 1987 – responsible for the Economic and Financial Analysis Department). He was Chief of Staff of Bernard Kouchner, Secretary of State for Emergency Humanitarian Action, from 1988 to 1990. He then worked for Renault-Nissan from 1991 to 2011, in France and Japan, where he held the following positions: Director of Financial Relations at Renault from 1991 to 1996, Director of Investment Control at Renault from 1996 to 1999, Deputy Chief Executive Officer, Finance Director, member of the Executive Committee and of the Board of Directors of Nissan from 1999 to 2003, then Deputy Chief Executive Officer and Finance Director and member of the Executive Committee of Renault from 2004 to 2011.
Olivier STREBELLE	Olivier Strebelle was awarded a degree in engineering (<i>École Centrale Paris</i>), then spent ten years with McKinsey in Paris and London as a management consultant, notably in the automotive industry. He joined GROUPE GORGÉ in 2014 as Deputy Chief Executive Officer responsible for strategy and business development.
Loïc LE BERRE	Loïc Le Berre is a graduate of Sciences Po (1992) and holds an EMBA from HEC Paris as well as the equivalent of a Master in Accounting (DESCF). Having begun his career at ARTHUR ANDERSEN, he joined the manufacturing sector at EURALTECH as Group Financial Controller where he then became Subsidiary Administrative and Financial Director and finally Group CFO. After a stint at Ineo (SUEZ) as Deputy Administrative Director then Project Coordinator, he joined GROUPE GORGÉ in 2006 as Group Administrative and Financial Director. He has been Chief Financial Officer of GROUPE GORGÉ since 2008.
Jacques TOUPAS	Jacques Toupas is a graduate of ESSEC and holds the equivalent of a Master in Accounting (DESCF). After working in investment banking in Paris and London, he moved to ARTHUR ANDERSEN as a financial auditor. He then joined PricewaterhouseCoopers as a senior auditor, then as manager in the Transaction Department. He also worked in private equity as a manager at EUROPEAN CAPITAL. Jacques Toupas joined the Fimalac Group in 2009 as Project Coordinator for the Chairman and Finance Director. He is a member of the Board of Directors of several FIMALAC Group subsidiaries.

2.1.2.2 Professional addresses of the Directors

The business addresses of the members of the Board of Directors are the registered office of the Company.

2.1.3 List of office and positions held by the Directors, observers 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
Catherine GORGÉ	5 May 2017	Shareholders' meeting called to approve the financial statements for the year ending 31 December 2019	Director	Chairperson of CBG CONSEIL SAS	Director of ECA SA Director of GROUPE GORGÉ SA
Raphaël GORGÉ*	12 June 2015	Shareholders' meeting called to approve the financial statements for the financial year ending 31 December 2017 – The renewal of his term of office is included on the agenda for the shareholders' meeting scheduled for 13 June 2018	Chairman and Chief Executive Officer	Chairman and Chief Executive Officer of GROUPE GORGÉ** Deputy CEO of PÉLICAN VENTURE SAS	Chairman of the Supervisory Board of SOPROMECS PARTICIPATIONS SA Manager of SOCIÉTÉ CIVILE COMPAGNIE INDUSTRIELLE DU VERDELET Manager of SCI THOUVENOT Chairman of the Board of Directors of ECA SA** Chairman of NUCLÉACTION SAS (until 31 January 2017) Permanent representative of PRODWAYS GROUP as Chairman of CRISTAL SAS, PRODWAYS DISTRIBUTION, PRODWAYS SAS, PRODWAYS RAPID ADDITIVE FORGING SAS (formerly PRODWAYS 1), PRODWAYS 2 SAS, PODO 3D SAS, PRODWAYS ENTREPRENEURS, PRODWAYS CONSEIL, AVENAO INDUSTRIE, 3D SERVICAD, AVENAO SOLUTIONS 3D Chairman of FINU 10 Permanent Representative of GROUPE GORGÉ SA as Chairman of BALISCO SAS Manager of SCI MEYSSE Manager of SCI DES CARRIÈRES Manager of SCI AUSSONNE Chairman of STONI SAS General Manager of GORGÉ EUROPE INVESTMENT BV
Thierry MOULONGUET	12 June 2015	Shareholders' meeting called to approve the financial statements for the financial year ending 31 December 2017 – The renewal of his term of office is not included on the agenda for the shareholders' meeting scheduled for 13 June 2018	Director	Director of FIMALAC	Chairman of the Board of Directors of REVUE DES DEUX MONDES Member of the Supervisory Board of WEBEDIA Director of FIMALAC DEVELOPPPEMENT, VALEO**, Lucien Barrière group, HSBC France and HSBC Europe



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
Olivier STREBELLE	12 June 2015	Shareholders' meeting called to approve the financial statements for the financial year ending 31 December 2017 – The renewal of his term of office is included on the agenda for the shareholders' meeting scheduled for 13 June 2018	Director	Deputy Chief Executive Officer Strategy and Business Development at GROUPE GORGÉ**	Member of the Board of Directors of PRODWAYS AMERICAS
Hélène DE COINTET (representative of Safran Corporate Ventures)	21 April 2017	Shareholders' meeting called to approve the financial statements for the year ending 31 December 2019	Director	Co-Head of Safran Corporate Ventures	Member of the Strategic Committee of Diotasoft SAS, representing Safran Corporate Ventures Member of the Strategic Committee of SafetyLine SAS, representing Safran Corporate Ventures Member of the Investment Committee of Safran Corporate Ventures
Paul-François FOURNIER (representing Bpifrance Participations)	5 May 2017	Shareholders' meeting called to approve the financial statements for the year ending 31 December 2019	Director	Innovation Director and Member of the Executive Committee at Bpifrance	Chairman of the Supervisory Board of Comovum SAS Member representing Bpifrance on the Board of Directors of Parrot SA** Member representing Bpifrance on the Board of Directors of Sigfox SA Member representing Bpifrance on the Board of Directors of Younited SA Member of the Board of Directors of Eutelsat Communications SA** Member of the Board of Directors of Eutelsat SA
Jacques TOUPAS	12 June 2015	Shareholders' meeting called to approve the financial statements for the year ended 31 December 2017. Jacques Toupas has chosen not to stand for reappointment.	Observer	Project Manager at Fimalac	Director of MUGLER FOLLIES LICENSING, S-PASS (formerly Carilis), MYTCKET Member of the Supervisory Board and Audit Committee of WEBEDIA
Loïc LE BERRE	12 May 2017	Board of Directors' meeting to approve the financial statements for the year ending 31 December 2019	Observer	Deputy CFO of Group Gorgé	Member of the Supervisory Board of SOPROMECC PARTICIPATIONS Observer of ECA SA Manager of SCI DES PORTES and SCI BETHUNE 34

* Most of the companies in which Raphaël Gorgé holds an office are holding companies or companies holding real estate assets controlled by Pélican Venture or GROUPE GORGÉ.

** Listed company.

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

	2013	2014	2015	2016	2017
Raphaël GORGÉ					
GROUPE GORGÉ	x	x	x	x	x
SCI THOUVENOT	x	x	x	x	x
PÉLICAN VENTURE	x	x	x	x	x
ECA	x	x	x	x	x
SOPROMECC PARTICIPATIONS	x	x	x	x	x
SCI DES CARRIÈRES	x	x	x	x	x
STONI	x	x	x	x	x
NUCLÉACTION (until 31 January 2017)	x	x	x	x	x
SCI AUSSONNE	x	x	x	x	x
COMMERCE ROBOTIQUE	x				
LA VÉLIÈRE CAPITAL SAS (formerly PROMELYS PARTICIPATIONS and now Aqua Asset Management)	x	x	x	x	
GORGÉ EUROPE INVESTMENT BV	x	x	x	x	x
SC COMPAGNIE INDUSTRIELLE DU VERDELET	x	x	x	x	x
BALISCO	x	x	x	x	x
PRODWAYS	x	x	x	x	x
PRODWAYS GROUP		x	x	x	x
PRODWAYS ENTREPRENEURS		x	x	x	x
PORTAFEU NUCLEAIRE		x			
PRODWAYS DISTRIBUTION		x			
CRISTAL		x	x	x	x
FINU 10			x	x	x
PODO 3D				x	x
PRODWAYS RAPID ADDITIVE FORGING (formerly PRODWAYS 1)				x	x
PRODWAYS 2				x	x
SCI MEYSSE				x	x
AVENAO INDUSTRIE					x
3D SERVICAD					x
AVENAO SOLUTIONS					x
Catherine GORGÉ					
GROUPE GORGÉ	x	x	x	x	x
ECA SA	x	x	x	x	x
IMMOBILIÈRE BENON SCI (struck off the companies register in February 2014)	x	x			
CBG CONSEIL SAS	x	x	x	x	x

	2013	2014	2015	2016	2017
Thierry MOULONGUET					
PRODWAYS GROUP			x	x	x
REVUE DES DEUX MONDES					x
WEBEDIA					x
FIMALAC	x	x	x	x	x
FIMALAC DEVELOPPEMENT					x
VALEO	x	x	x	x	x
HSBC FRANCE	x	x	x	x	x
HSBC EUROPE	x	x	x	x	x
GROUPE LUCIEN BARRIERE	x	x	x	x	x
Olivier STREBELLE					
PRODWAYS AMERICAS			x	x	x
PRODWAYS GROUP			x	x	x
Hélène DE COINTET					
SAFRAN CORPORATE VENTURES			x	x	x
PRODWAYS GROUP					x
Paul-François FOURNIER					
CORNOVUM				x	x
PARROT				x	x
SIGFOX				x	x
PRODWAYS GROUP					x
YUNITED					x
EUTELSAT					x
EUTELSAT COMMUNICATIONS					x
Jacques TOUPAS					
MUGLER FOLLIES LICENSING,		x	x	x	x
S-PASS (formerly Carilis)			x	x	x
MYTICKET		x	x	x	x
WEBEDIA	x	x	x	x	x
TROIS S-ENTERTAINMENT (until 16/10/2015)	x	x	x		
FINANCIERE ALLOCINE (struck off the companies register on 05/11/2014)	x	x			
PRODWAYS GROUP (observer)			x	x	x
Loic LE BERRE					
VLB ÉTUDES & CONSEIL (until January 2017)	x	x	x	x	x
SOPROMECC PARTICIPATIONS	x	x	x	x	x
ECA SA	x	x	x	x	x
LA VÉLIÈRE CAPITAL SAS (now Aqua Asset Management)	x				
PRODWAYS GROUP (observer)					x
SCI DES PORTES		x	x	x	x
SCI BÉTHUNE 34			x	x	x

2.1.4 Gender balance on the Board of Directors

The Board of Directors applies the principle of gender equality set out in article L.225-18-1 of the French Commercial Code.

2.1.5 Information on securities transactions by corporate officers

To the Company's knowledge, the corporate officers, 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 operations between the Company's initial public offering (IPO) and the end of 2017:

<i>(in number of shares)</i>	Acquisitions	Disposals
GROUPE GORGÉ	-	3,736,729
Olivier STREBELLE	-	29,885

2.1.6 Executive Management structure

At its 12 June 2015 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 (aits 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 14 times. Directors had a very strong attendance record of 96%.

2.1.8.2 Calling of Board meetings

In accordance with article 15 of the Articles of Association, 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 or occasionally at a subsidiary head 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

During the period, the Board of Directors took decisions on preparing and carrying out the Company's IPO as well as routine decisions 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 Board assessment

In order to ensure compliance with Recommendation 11 of the Middledex Code, Directors are encouraged to express their opinion on the workings of the Board and the preparation of its work during Board meetings held to approve the separate financial statements.

At their meeting of 28 March 2018, the Directors got the self-assessment process going by filling out a questionnaire. A summary will be presented before discussions at the next Board meeting.

2.1.8.8 Board Committees

No Board committee was created. Under article L.823-20-5° of the French Commercial Code the Company is exempt from the obligation to create an Audit Committee given that its parent company (GROUPE GORGÉ SA) has its own Audit Committee.

Pursuant to article L.823.19 of the French Commercial Code, the Audit Committee of GROUPE GORGÉ is required by its Board of Directors to:

- 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 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 GROUPE GORGÉ interim and annual financial statements, the Audit Committee meets with the Company's statutory auditors to finalize 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.

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

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 PRODWAYS GROUP in respect of their term of office at PRODWAYS GROUP.

2.2.1.1 General principles of the remuneration policy for executive corporate officers of PRODWAYS GROUP

To date, PRODWAYS GROUP has only had one executive corporate officer, namely Raphaël Gorgé, Chairman and Chief Executive Officer.

Until its initial public offering in May 2017, 96% of PRODWAYS GROUP was held by GROUPE GORGÉ. Raphaël Gorgé was thus not remunerated by PRODWAYS GROUP but by the companies controlling it.

PRODWAYS GROUP remains controlled by the GORGÉ family, which holds a 56% equity stake, through GROUPE GORGÉ, which is itself controlled by PÉLICAN VENTURE. Raphaël Gorgé receives fixed and variable remuneration from the companies controlling PRODWAYS GROUP. The variable remuneration paid by GROUPE GORGÉ for 2017 took account of the business and performance of its three divisions, thus including the "3D Printing" division. Furthermore, GROUPE GORGÉ invoices PRODWAYS GROUP for services provided.

PRODWAYS GROUP decided, as of 2018, to adopt a new remuneration policy under which it will pay remuneration to its Chairman and Chief Executive Officer while taking into account remuneration paid by companies controlling PRODWAYS GROUP as well as the division of Raphaël Gorgé's time between the companies he runs.

In the event that the Company appoints other executive corporate officers, it will determine their fixed 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 determining, distributing and assigning the total fixed, variable and exceptional remuneration and benefits in kind of the executive corporate officers in respect of their office will be discussed, prepared and approved by the Board of Directors.

Pursuant to the recommendations of R13 of the Middennext Corporate Governance Code of September 2016, the Board of Directors 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;
- **Consistency:** 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.

2.2.1.2 Principles relating to the setting of fixed remuneration

To date, PRODWAYS GROUP has only had one executive corporate officer, namely Raphaël Gorgé, Chairman and Chief Executive Officer.

Raphaël Gorgé receives fixed and variable remuneration from the direct and indirect owners of PRODWAYS GROUP.

In order to account for the time spent by Raphaël GORGÉ running the Company, it was decided that he would receive fixed remuneration from PRODWAYS GROUP. In view of the remuneration paid to Raphaël GORGÉ from the companies controlling PRODWAYS GROUP, his fixed remuneration as Chairman and Chief Executive Officer of PRODWAYS GROUP should not exceed €120,000 for 2018.

In the event that the Company appoints other executive corporate officers, it may determine their fixed compensation 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.



2.2.1.3 Principles relating to the setting of variable remuneration

As of 2018, PRODWAYS GROUP will pay its Chairman and Chief Executive Officer annual variable remuneration in respect of his office.

This variable remuneration will not exceed half of his fixed remuneration. It will be paid subject to quantitative performance criteria being met and to the Shareholders' Meeting called to approve the 2019 financial statements approving the variable and non-recurring components of the Chairman and Chief Executive Officer's remuneration in respect of his office for 2018.

In the event that the Company appoints other executive corporate officers without substantial fixed remuneration paid by its owners, it will determine their annual and/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.

The annual variable remuneration would then be defined according to various performance criteria, both quantitative and qualitative. Multiannual variable compensation may also be determined.

The Board of Directors determines the quantitative and qualitative criteria to be applied according to the priorities defined by the Group and the weighting given to each of these criteria. The quantitative criteria specifically 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.

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.

The Chairman and Chief Executive Officer may receive attendance fees in respect of his duties as a Director, if applicable. The breakdown of attendance fee is discussed during Board of Directors meetings. The policy for allocating Directors' fees approved by the

Board of Directors states that only independent Directors not receiving remuneration from a shareholder they represent can 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, variable 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 are those set out above, 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 (eighth 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 received no fixed remuneration from PRODWAYS GROUP.
Annual variable compensation	€0 (Amount to be paid after approval of the shareholders' meeting) (including any deferred portion)	In accordance with the remuneration policy described above, Raphaël Gorgé receives no variable remuneration from PRODWAYS GROUP.
Multiannual variable remuneration in cash	€0 (Book value)	In accordance with the remuneration policy described above, Raphaël Gorgé receives no multiannual variable remuneration in cash from PRODWAYS GROUP.
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. Raphaël Gorgé was not a beneficiary of the bonus share allocation plans approved by the Board in 2016.
Exceptional compensation	€0 (Amount to be paid after approval of the shareholders' meeting)	No exceptional remuneration is due in respect of 2017.
Attendance fees	€0 (Amount paid or to be paid)	The Company did not pay any attendance fees in 2017.
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.
Remuneration due for offices held in entities controlling PRODWAYS GROUP	€231,301 (Amount paid or to be paid)	Raphaël Gorgé receives remuneration in respect of his offices at GROUPE GORGÉ and Pélican Venture.
Remuneration due for offices held in entities controlled by PRODWAYS GROUP	€0 (Amount paid or to be paid)	Raphaël Gorgé's offices in PRODWAYS GROUP subsidiaries are exercised without remuneration.
Other components of compensation granted in respect of the term of office	€0 (Amount paid or to be paid)	
Benefits of all kinds	€0 (book value)	



2.2.2 Remuneration of executive corporate officers

The tables below present the remuneration and benefits paid to each corporate officer by the Company, entities controlled by PRODWAYS GROUP or the entities controlling PRODWAYS GROUP in 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.

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

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	none	none
Remuneration due by controlling entities for the financial year (details in Table 2)	€231,301	€256,451
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

Raphaël Gorgé (Chairman and Chief Executive Officer) is remunerated not by the Company but by controlling entities.

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	none	none	none	none
• Variable remuneration paid by a controlling entity ⁽²⁾	€27,600	€56,750	€56,750	€59,350
• Multiannual variable remuneration	none	none	none	none
• Exceptional remuneration	None	none	none	none
• Attendance fees paid by a controlling entity ⁽²⁾	€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. Furthermore, Raphaël Gorgé receives attendance fees from GROUPE GORGÉ.

(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 ATTENDANCE FEES AND OTHER REMUNERATION RECEIVED BY NON-EXECUTIVE CORPORATE OFFICERS

Members of the Board of Directors	Paid in 2017	Paid in 2016
Hélène DE COINTET		
Attendance fees	none	none
Other compensation	none	none
Paul-François FOURNIER		
Attendance fees	none	none
Other compensation	none	none
Catherine GORGÉ		
Attendance fees	none	none
Other remuneration ⁽¹⁾	€123,063	€140,875
Thierry MOULONGUET		
Attendance fees	none	none
Other compensation	none	none
Olivier STREBELLE		
Attendance fees	none	none
Other remuneration ⁽²⁾	€187,114	€189,792
Loïc LE BERRE		
Attendance fees	none	none
Other remuneration ⁽²⁾	€230,411	€215,598
Jacques TOUPAS		
Attendance fees	none	none
Other compensation	none	none

(1) "Other remuneration" paid to Catherine Gorgé includes fees (excl. tax) billed to PRODWAYS GROUP by her firm CBG CONSEIL as well as €10,000 in attendance fees paid by GROUPE GORGÉ SA, the entity that controls PRODWAYS GROUP.

(2) Remuneration paid by GROUPE GORGÉ SA, the entity that controls PRODWAYS GROUP.

No attendance fees were approved by the shareholders' meeting for the 2017 financial year.

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 ALLOCATION OF STOCK SUBSCRIPTION OR PURCHASE OPTIONS

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	28 September 2015	28 September 2015
Date of Board of Directors' meeting	17 February 2016	9 December 2016
Total number of bonus shares ⁽¹⁾	632,200	488,500
including corporate officers	240,000	200
Philippe LAUDE ⁽²⁾	240,000	200
Acquisition date of the shares	31 March 2021 at the latest	31 March 2021 at the latest
Date of end of the lock-up period	same	same
Number of shares acquired	-	-
including corporate officers	-	-
Number of shares cancelled ⁽³⁾	545,740	18,000
including corporate officers	240,000	200
Philippe LAUDE	240,000	200
Free shares with ongoing acquisition period	86,460	470,500

(1) Distribution subject to continued employment, cash flow and performance conditions associated with the Group's profits.

(2) Philippe Laude was a Director of the Company until May 2016. He left the Group in February 2017.

(3) Shares are cancelled when the beneficiary leaves the Group, meaning the condition of continued employment has not been met. Philippe Laude left the Group on 28 February 2017 and thus did not meet the condition of continued employment attached to the shares allocated to him.

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 entity controlling GROUPE GORGÉ and PRODWAYS GROUP.

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

At the Board of Directors' meeting on 22 February 2017, the Company decided to adhere to the Middelnext Corporate Governance Code. This code can be consulted on the MIDDLENEXT website (www.middelnext.com).

The Board of Directors took note of the items in the "Items requiring careful attention" section of the Middelnext Code.

The table below shows where the Company stands with respect to the recommendations made in the Middelnext Corporate Governance Code at the time of the 28 March 2018 Board meeting.

Middelnext Code recommendations	Compliant	Non-compliant
I. SUPERVISORY POWER		
R1: Code of ethics for Board members	X	
R2: Conflicts of interest	X	
R3: Board members – Presence of independent members on the Board	X	
R4: Information for Board members	X	
R5: Organisation of Board and committee meetings	X	
R6: Setting up of committees		X ⁽¹⁾
R7: Implementation of internal regulations for the Board	X	
R8: Choice of Directors	X	
R9: Term of office of Board members	X	
R10: Remuneration of Board members		X ⁽²⁾
R11: Assessment of the work done by the Board	X	
R12: Shareholder relations	X	
II. EXECUTIVE POWER		
R13: Setting and transparency of executive corporate officer compensation	X	
R14: Preparation for the succession of officers		X ⁽³⁾
R15: Multiple employment contracts and corporate offices	X	
R16: Severance pay	X	
R17: Supplementary pension schemes	X	
R18: Stock options and allocation of free shares	X	
R19: Review of vigilance points	X	

1) At this stage, the Company has not set up any Board Committees given the size of the Board of Directors. Under article L.823-20-1 of the French Commercial Code the Company is exempt from the obligation to create an Audit Committee given that its parent company (GROUPE GORGÉ SA) has its own Audit Committee.

2) The Company has not paid any attendance fees to date. The allocation of attendance fees will be put to the shareholders' meeting of 13 June 2018.

3) The Company's Board of Directors did not discuss the matter of executive succession in 2017. 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 section 4.1.2 below).

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

Regulated 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. In question is the service agreement between PRODWAYS GROUP and CBG CONSEIL, concluded in 2016, under which Catherine Gorgé (via CBG CONSEIL) in 2016 launched and in 2017 continued to develop the "Luxury, Art, Design & Architecture" division (also known as "Les Créations") on behalf of PRODWAYS GROUP. The new division serves the luxury, design, art and architecture sectors (see www.initial-lescreations.fr). Under this agreement, the services invoiced by CBG CONSEIL to PRODWAYS GROUP amounted to €113,063 (excl. tax) in 2017 and €119,875 (excl. tax) in 2016.

There are no other service agreements binding members of the Company or its subsidiaries' administrative and management bodies, and providing for the granting of benefits upon termination of such a contract.

Related parties agreements

Furthermore, in accordance with article L.225-37-4 2° of the French Commercial Code, it is specified that development of the Company's new Rapid Additive Forging technology is partially subcontracted to COMMERCY Robotique, a GROUPE GORGÉ company. COMMERCY Robotique posted revenue of €447,100 in 2017 with a profit margin matching its average margin.

Current agreements

Lastly, for information purposes, PRODWAYS GROUP presents the following agreements considered current and entered into under normal conditions within a Group:

- GROUPE GORGÉ and PRODWAYS GROUP are bound by a service agreement whereby GROUPE GORGÉ undertakes to provide PRODWAYS GROUP with extensive assistance in operational management, administrative management and legal, accounting, financial and marketing matters. For this purpose, GROUPE GORGÉ is compensated by invoicing its subsidiary a percentage of its consolidated revenue (1.40% for 2017, i.e. €487 thousand). This percentage is revalued each year in order to ensure fair distribution, in line with the reality of the pooled management fees of the main subsidiaries of GROUPE GORGÉ. Hence, such percentage may change in 2018 and in the years to come. This agreement, which has been in force since 2016, is entered into for an indefinite period and may be terminated by either party subject to three months' notice. It will automatically be terminated in the event of loss of control of the Company by GROUPE GORGÉ;
- PRODWAYS's lessor for the *Les Mureaux* site is a subsidiary of GROUPE GORGÉ. The lessor for PRODWAYS GROUP, PODO 3D, PRODWAYS ENTREPRENEURS and PRODWAYS CONSEIL in Paris is GROUPE GORGÉ. The rents charged are identical to the rents granted to the other GROUPE GORGÉ subsidiaries on the same sites and are in line with market prices;
- The PRODWAYS GROUP further engages in joint ventures with the aeronautical activities of GROUPE GORGÉ (access to GROUPE GORGÉ customers, creation of a showroom dedicated to 3D printing at ECA AEROSPACE, a GROUPE GORGÉ subsidiary in Toulouse, collaboration for commercial offers).

2.5.2 Special report of the statutory auditors on regulated agreements and commitments

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

Agreements and commitments authorised during the past year

We were not made aware of any agreement authorised during the past financial year that, pursuant to Article L. 225-38 of the French Commercial Code, required the approval of the general shareholders' meeting.

Agreements and commitments already approved by the shareholders' meeting

Agreements and commitments approved in prior years and which remained in force during the year ended.

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.

Purpose:

authorisation for the conclusion of a service agreement entered into in 2016 by CBG CONSEIL and PRODWAYS GROUP SA by the Board of Directors Meeting of 22 February 2017.

Person concerned: Ms Catherine GORGÉ, director of PRODWAYS GROUP SA and spouse of Mr Raphaël GORGÉ, Chairman and Chief Executive Officer of PRODWAYS GROUP SA.

Under this agreement, Ms Catherine GORGÉ, acting through CBG CONSEIL, was assigned with the launch and development of the "Luxury, Art, Design & Architecture" division on behalf of PRODWAYS and INITIAL, both PRODWAYS GROUP SA subsidiaries, and with assuming the post of director of this division, reporting to the CEO of INITIAL and the CEO of PRODWAYS GROUP.

After reviewing the terms and conditions, including the financial ones, your Board of Directors noted the value to the Group of developing this new "Les Créations" business.

In respect of the 2017 financial year, services invoiced amounted to €113,063 excluding taxes.

Neully-sur-Seine and Paris, 10 April 2018

The statutory auditors

PRICEWATERHOUSECOOPERS AUDIT
David CLAIROTTE

COREVISE
Stéphane MARIE

2.6 INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

Our Company 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 the Annual report published by the Company and filed with the AMF ("Risk Factors").

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

2.6.1 General organisation of internal control

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

- the safeguarding and integrity of assets; and
- 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

PRODWAYS GROUP 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 operates through two business segments: Products and Systems. 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 PRODWAYS GROUP 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 PRODWAYS GROUP 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 to HQ 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.

2 CORPORATE GOVERNANCE

Internal control and risk management procedures

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, GROUPE GORGÉ comprehensively reviewed the Company's risk mapping and 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

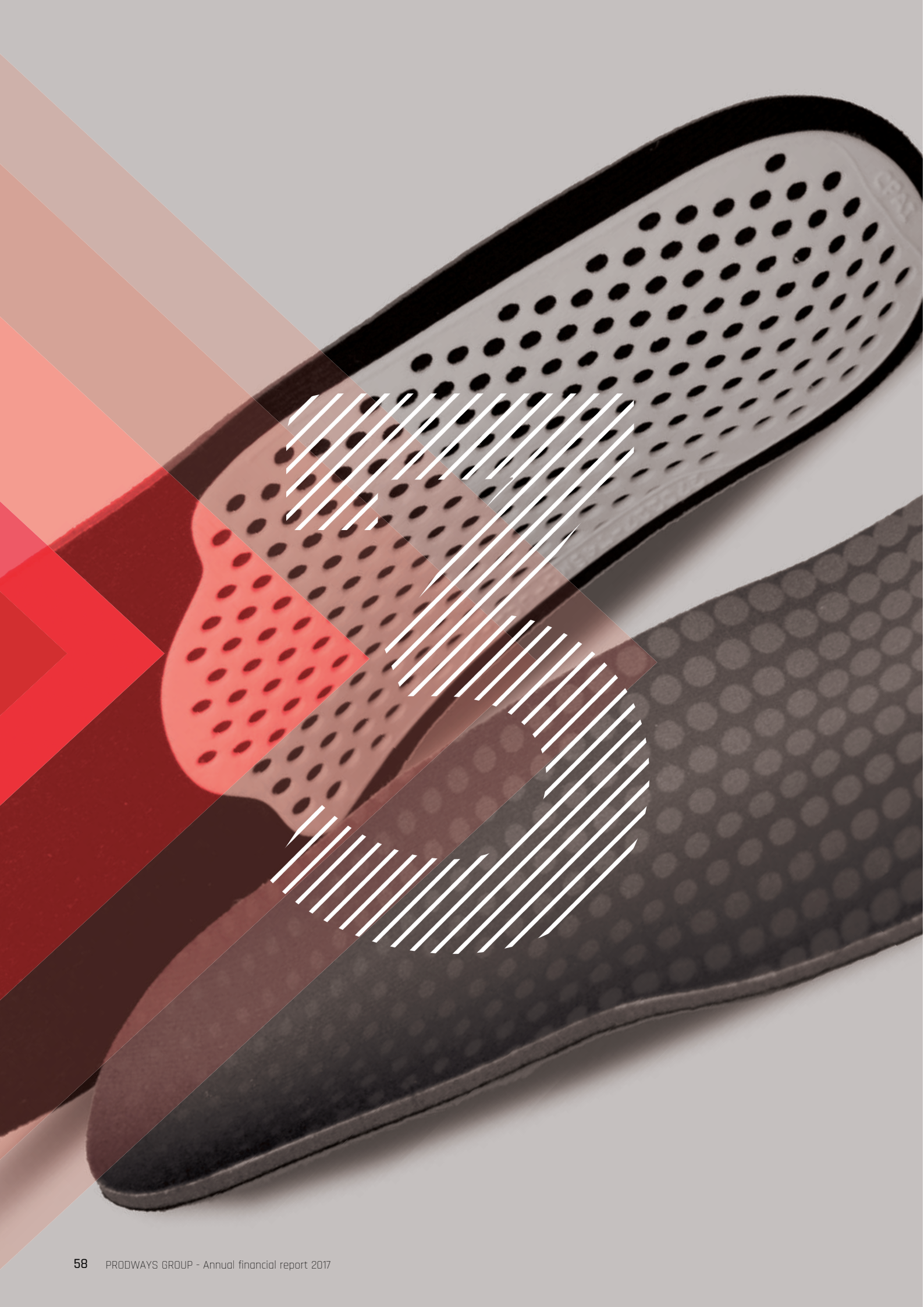
The Chairman and Chief Executive Officer, assisted by the Chief Financial Officer, establishes the financial communications policy.

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 Department and to external advisers (lawyers, labour law experts and intellectual property experts).





FINANCIAL AND ACCOUNTING INFORMATION

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3.1 2017 CONSOLIDATED FINANCIAL STATEMENTS

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 section 3.1.6 of the notes to the consolidated financial statements.

3.1.1 Consolidated income statement

<i>(in thousands of euros)</i>	Notes	2017	2016
REVENUE	4.1	34,807	25,210
Capitalised production		3,224	2,182
Inventories and work in progress		(287)	(811)
Other income from the business	4.2	938	475
Purchases and external charges		(22,377)	(16,640)
Personnel expenses	5.2	(17,914)	(14,872)
Tax and duties		(540)	(308)
Depreciation, amortisation and provisions (net of reversals)	4.3	(3,537)	(3,142)
Other operating income and expenses		235	(151)
PROFIT (LOSS) FROM CONTINUING OPERATIONS		(5,453)	(8,058)
Non-recurring items in operating income	3.2.1	(1,137)	(809)
OPERATING INCOME		(6,590)	(8,867)
Interest on gross debt		(211)	(144)
Interest on cash and cash equivalents		5	4
COST OF NET DEBT (A)	8.2	(206)	(140)
Other financial income (B)		334	177
Other financial expense (C)		(166)	(59)
FINANCIAL INCOME AND EXPENSES (D = A+B+C)	8.2	(38)	(22)
Income tax	9.1	(1,178)	535
Group share of the earnings of affiliated companies	8.1	107	42
NET INCOME FROM CONTINUING ACTIVITIES AFTER TAX		(7,698)	(8,312)
Net income from discontinued activities		-	-
CONSOLIDATED NET INCOME		(7,698)	(8,312)
INCOME ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS		(7,574)	(8,271)
INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		124	41
Average no. of shares	10.2	44,061,841	16,896,535
Basic and diluted earnings per share <i>(in euros)</i>	10.2	(0.170)	(0.457)

3.1.2 Statement of comprehensive income

<i>(in thousands of euros)</i>	2017	2016
NET INCOME	(7,698)	(8,312)
Currency translation adjustment	30	(9)
Tax relating to currency translation adjustments	-	-
Actuarial gains and losses on defined benefit plans	30	45
Tax relating to actuarial gains and losses on defined benefit plans	(2)	(15)
Group share of gains and losses recognised directly in equity of equity-accounted companies	-	-
TOTAL OTHER COMPREHENSIVE INCOME	61	21
of which can be reclassified subsequently to profit and loss	61	21
of which cannot be subsequently reclassified to profit and loss	-	-
COMPREHENSIVE INCOME	(7,637)	(8,291)
Comprehensive income attributable to parent company shareholders	(7,511)	(8,251)
Comprehensive income attributable to non-controlling interests	(125)	(40)

3.1.3 Report of the consolidated financial position

ASSETS

<i>(in thousands of euros)</i>	Notes	31/12/2017	31/12/2016
NON-CURRENT ASSETS		51,119	33,750
Goodwill	6.1	34,394	18,560
Other intangible assets	6.2	7,512	6,671
Property, plant and equipment	6.3	6,700	5,670
Investments in affiliated companies	8.1.4	1,504	1,417
Other financial assets	8.1.4	273	280
Deferred tax assets	9.2	736	1,152
CURRENT ASSETS		63,885	21,810
Net inventories	4.5	5,669	5,602
Net trade receivables	4.4	11,849	5,038
Other current assets	4.7	3,678	2,448
Tax receivables payable	9.1.1	1,182	12
Other current financial assets		31	31
Cash and cash equivalents	8.1.2	41,476	8,680
ASSETS HELD FOR SALE		-	-
TOTAL ASSETS		115,004	55,560

TOTAL EQUITY AND LIABILITIES

<i>(in thousands of euros)</i>	Notes	31/12/2017	31/12/2016
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		86,344	25,911
Share capital ⁽¹⁾	10.1	25,408	16,897
Share premiums ⁽¹⁾		84,371	23,857
Retained earnings and other reserves ⁽²⁾		(23,434)	(14,842)
STAKES ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		408	101
NON-CURRENT LIABILITIES		5,140	14,154
Long-term provisions	5.3	836	547
Long-term liabilities – portion due in more than one year	8.1.1	3,183	13,417
Other financial liabilities	8.1.3	889	
Deferred tax liabilities	9.2	232	190
Other non-current liabilities	4.7	-	-
CURRENT LIABILITIES		23,112	15,394
Short-term provisions	11	210	28
Long-term liabilities – portion due in less than one year	8.1.1	1,582	2,901
Operating payables	4.8	8,476	5,384
Other current liabilities	4.8	12,767	7,010
Tax liabilities payable	9.1.1	77	71
LIABILITIES HELD FOR SALE		-	-
TOTAL LIABILITIES		115,004	55,560

(1) Of the consolidating parent company.

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



3.1.4 Consolidated cash flow statement

<i>(in thousands of euros)</i>	Notes	2017	2016
NET INCOME FROM CONTINUING OPERATIONS		(7,698)	(8,312)
Accruals		4,729	2,615
Capital gains and losses on disposals		127	297
Group share of income of equity-accounted companies		(107)	(42)
CASH FLOW FROM OPERATING ACTIVITIES (BEFORE ELIMINATION OF NET BORROWING COSTS AND TAXES)	7.1	(2,950)	(5,442)
Expense for net debt	8.2	206	140
Tax expense	9.1	1,178	(535)
Cash flow from operating activities (after elimination of net borrowing costs and taxes)		(1,566)	(5,837)
Tax paid		(653)	(434)
Change in working capital requirements	7.2	(2,099)	(61)
NET CASH FLOW FROM OPERATING ACTIVITIES (A)		(4,319)	(6,332)
Investing activities			
Payments/acquisition of intangible assets		(1,997)	(1,876)
Payments/acquisition of property, plant and equipment		(2,805)	(1,510)
Proceeds/disposal of property, plant and equipment and intangible assets		7	-
Payments/acquisition of non-current financial assets		(4)	(16)
Proceeds/disposal of non-current financial assets		24	11
Net cash inflow/outflow on the acquisition/disposal of subsidiaries	7.3	(8,481)	(296)
NET CASH FLOW FROM INVESTING ACTIVITIES (B)		(13,255)	(3,687)
Financing activities			
Capital increase or contributions	10.1.1	62,483	-
Dividends paid to parent company shareholders	10.1.2	-	-
Dividends paid to non-controlling interests		-	-
Proceeds from borrowings	8.1.1	987	10,098
Repayment of borrowings	8.1.1	(11,157)	(947)
Cost of net debt	8.2	(168)	(111)
NET CASH FLOW FROM FINANCING ACTIVITIES (C)		52,146	9,039
CASH FLOW GENERATED BY (USED IN) ALL ACTIVITIES (D = A+B+C)		34,572	(980)
CASH GENERATED BY DISCONTINUED OPERATIONS		-	-
CHANGE IN CASH AND CASH EQUIVALENTS		34,572	(980)
Effects of exchange rate changes		(8)	31
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	8.1.2	6,871	7,821
Restatement of cash and cash equivalents ⁽¹⁾		(206)	-
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	8.1.2	41,228	6,871

(1) Treasury shares.

3.1.5 Statement of changes in consolidated shareholders' equity

	Group share or owners of the parent company						Total equity
	Capital	Share capital reserves	Treasury shares	Retained earnings and other reserves	Equity – attributable to parent company shareholders	Equity – attributable to non- controlling interests	
<i>(In thousands of euros)</i>							
2015 CLOSING EQUITY	16,897	23,821	-	(6,492)	34,223	-	34,223
Share capital transactions	-	-	-	-	-	-	-
Payments in shares	-	36	-	-	36	-	36
Dividends	-	-	-	-	-	-	-
Net income (loss) for the period	-	-	-	(8,271)	(8,271)	(41)	(8,312)
Gains and losses recognised directly in equity	-	-	-	20	20	1	21
CONSOLIDATED COMPREHENSIVE INCOME	-	-	-	(8,251)	(8,251)	(40)	(8,291)
Changes in scope	-	-	-	(98)	(98)	141	44
2016 CLOSING EQUITY	16,897	23,857	-	(14,842)	25,911	101	26,012
Share capital transactions ⁽¹⁾	8,511	59,966	-	-	68,477	-	78,477
Treasury share transactions	-	-	(196)	-	(196)	-	(196)
Payments in shares	-	548	-	6	554	-	554
Commitments to non-controlling interests	-	-	-	(889)	(889)	-	(889)
Dividends	-	-	-	-	-	-	-
Net income (loss) for the period	-	-	27	(7,601)	(7,574)	(124)	(7,698)
Gains and losses recognised directly in equity	-	-	-	62	62	(1)	61
CONSOLIDATED COMPREHENSIVE INCOME	-	-	27	(7,539)	(7,511)	(125)	(7,637)
Changes in scope	-	-	-	(1)	(1)	432	430
2017 CLOSING EQUITY	25,408	84,371	(168)	(23,265)	86,345	407	86,752

(1) Including the redemption of outstanding convertible bonds.

3.1.6 Notes to the consolidated financial statements

Detailed summary of notes

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Note 1 Accounting principles

The consolidated financial statements of PRODWAYS GROUP for the year ended 31 December 2017 include:

- the financial statements of the company PRODWAYS GROUP;
- 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 PRODWAYS GROUP for the 2017 financial year were approved by the Board of Directors on 28 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 PRODWAYS GROUP 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.

1.1.1 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 recognised 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 analysis showed that applying IFRS 15 would have no impact with respect to the Group's current accounting practices.

1.1.2 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.

1.1.3 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: Recognition and Measurement. 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 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 calculations performed in the context of acquisitions;
- 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.

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 evaluated at the fair value of the consideration transferred, including any price adjustment, at 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 (complete 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 Transactions carried out in 2017

Changes in scope over the year are as follows:

- PRODWAYS CONSEIL ("3D" division), a subsidiary of PRODWAYS GROUP, was set up in January 2017;
- 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 and accounted for €2.3 million and €167 thousand of the Group's revenue and net income respectively;
- PRODWAYS GROUP acquired AS3D and its two new subsidiaries, AVENAO Industrie and 3D SERVICAD, in early November 2017. These companies offer consulting services for 3D design and the integration of 3D printing solutions. They contributed €4.1 million to revenue and €383 million to Group net income. It is worth noting the strong seasonality of these activities, with an excellent contribution at the end of year, both in terms of revenue and profitability;

The companies acquired only prepared financial statements at the closing of their accounts on 31 March, and could integrate flows relating to transactions not recorded by PRODWAYS GROUP, AVENAO group having been restructured at the time of our acquisition. The Group does not consider it possible to reconstruct the contribution of these companies since the beginning of the financial year without making excessive efforts, or with an adequate level of confidence in the quality and accuracy of the information that would be provided. At the time of the acquisitions, the Group announced that it was expecting a revenue contribution of at least €10 million in 2018 for 3D SERVICAD and AS3D and over €4 million for INTERSON-PROTAC.

PRODWAYS GROUP acquired AVENAO Industrie and its two subsidiaries, 3D SERVICAD and AS 3D, in early November 2017. These companies supply 3D design consulting solutions and integration of 3D printing solutions.

The fair value of the assets, liabilities and contingent liabilities acquired from CRISTAL in 2016 was measured; no adjustments were made in the 12 months following the acquisition date.

The assets and liabilities of companies acquired during the period are being valued.

2.2.2 Contribution of business combinations

First consolidation of AVENAO

The assets and liabilities acquired break down as follows:

<i>(In thousands of euros)</i>	Carrying amount	Revaluation at fair value	First consolidation
Intangible assets	438	-	438
Property, plant and equipment	269	-	269
Inventories	8	-	8
Down-payments to suppliers	22	-	22
Trade receivables	3,020	-	3,020
Social and tax receivables	438	-	438
Other receivables	151	-	151
Cash and cash equivalents	2,515	-	2,515
Financial debt	(10)	-	(10)
Retirement indemnities	-	(60)	(60)
Contingent liabilities	-	(40)	(40)
Advances and down-payments from customers	(37)	-	(37)
Trade payables	(2,070)	-	(2,070)
Tax and operating debt	(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:

<i>(In thousands of euros)</i>	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
Tax and operating receivables	55	-	55
Prepaid expenses	59	-	59
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

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 two to three 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 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, and IP GESTION, PRODWAYS GROUP is associated with minority shareholders who are managers of those companies. Shareholders' agreements provide for the possible liquidity of their holdings.

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 the provisions of the IFRS 8 standard – Operating segments, the segment information presented below is based on the internal reporting used by the General Management to assess the performances 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:

- “Systems” division: PRODWAYS, PRODWAYS AMERICAS, PRODWAYS MATERIALS, VARIA 3D, DELTAMED, EXCELTEC, PRODWAYS RAPID ADDITIVE FORGING (formerly PRODWAYS I) and GROUPE AVENAO;
- “Products” division: INITIAL, CRISTAL, PODO 3D, PRODWAYS CONSEIL, INTERSON PROTAC, and DENTOSMILE;
- “Structure” division: PRODWAYS GROUP (together with the companies PRODWAYS DISTRIBUTION, PRODWAYS ENTREPRENEURS and PRODWAYS 2, which are non-trading companies).

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

- the revenue includes revenue made with other divisions;
- operating income;

- the Research and Development expenses recognised in the assets during the financial year;
- the other tangible and intangible investments;
- the segment assets which describe the current assets used within the operational businesses (stocks, receivables, advances from suppliers, other operating debtors), the property, plant and equipment and intangible assets (including the goodwill);
- segment liabilities refer to supplier and other operating liabilities, accrued liabilities, customer advances, warranty provisions and costs related to goods and services sold.

Key non-IFRS 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;

EBITDA and profit (loss) from continuing operations 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.

3.1 Key indicators by division

Financial year 2017

<i>(in thousands of euros)</i>	Systems	Products	Structure	Disposals	Consolidated
Revenue	17,393	17,825	901	(1,312)	34,807
EBITDA	(1,554)	841	(456)	-	(1,169)
% of revenue	-8.9%	4.7%	-50.6%	-	-3.4%
Profit (loss) from continuing operations	(3,678)	(572)	(1,204)	-	(5,453)
% of revenue	-21.1%	-3.2%	-133.6%	-	-15.7%
Operating income	(4,634)	(572)	(1,384)	-	(6,590)
% of revenue	-26.6%	-3.2%	-153.6%	-	-18.9%
Research and development expenses capitalised over the period	1,731	204	-	-	1,935
Other property, plant and equipment and intangible investments	1,555	1,337	-	-	2,892
Segment assets	48,094	21,152	2,361	(1,574)	70,033
Assetssegment liabilities	11,389	5,073	928	(1,575)	15,815



Financial year 2016

<i>(in thousands of euros)</i>	Systems	Products	Structure	Disposals	Consolidated
Revenue	13,100	12,154	649	(693)	25,210
EBITDA	(5,418)	1,392	(869)	-	(4,895)
% of revenue	-41.4%	11.5%	-134.0%	-	-19.4%
Profit (loss) from continuing operations	(7,363)	199	(894)	-	(8,058)
% of revenue	-56.2%	1.6%	-137.8%	-	-32.0%
Operating income	(8,053)	199	(1,013)	-	(8,867)
% of revenue	-61.5%	1.6%	-156.1%	-	-35.2%
Research and development expenses capitalised over the period	1,615	175	-	-	1,790
Other property, plant and equipment and intangible investments	1,334	2,325	7	-	3,666
Segment assets	27,128	16,474	1,313	(808)	44,106
Assets segment liabilities	5,306	3,032	614	(806)	8,146

3.2 Reconciliations with the Group data

3.2.1 Reconciliation of EBITDA 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

<i>(in thousands of euros)</i>	Systems	Products	Structure	Consolidated
EBITDA	(1,554)	841	(456)	(1,169)
Payments in shares	-	(6)	(741)	(747)
Depreciation, amortisation and provisions	(2,124)	(1,406)	(7)	(3,537)
PROFIT (LOSS) FROM CONTINUING OPERATIONS	(3,691)	(572)	(1,190)	(5,453)
Restructuring costs	(138)	-	-	(138)
Acquisition costs	-	-	(194)	(194)
Amortisation of intangible assets recognised at fair value during the acquisitions	(322)	-	-	(322)
Exceptional provisions for impairment of asset values	(483)	-	-	(483)
TOTAL NON-RECURRING ITEMS	(943)	-	(194)	(1,137)
OPERATING INCOME	(4,634)	(572)	(1,384)	(6,590)

3 FINANCIAL AND ACCOUNTING INFORMATION

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Financial year 2016

<i>(in thousands of euros)</i>	Systems	Products	Structure	Consolidated
EBITDA	(5,418)	1,392	(869)	(4,895)
Payments in shares	-	-	(20)	(20)
Depreciation, amortisation and provisions	(1,945)	(1,192)	(5)	(3,142)
PROFIT (LOSS) FROM CONTINUING OPERATIONS				
Restructuring costs	-	-	(119)	(119)
Amortisation of intangible assets recognised at fair value during the acquisitions	(322)	-	-	(322)
Exceptional provisions for impairment of asset values	(368)	-	-	(368)
TOTAL NON-RECURRING ITEMS	(690)	-	(119)	(809)
OPERATING INCOME	(8,053)	199	(1,013)	(8,867)

3.2.2 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

<i>(in thousands of euros)</i>	Systems	Products	Structure	Disposals	Consolidated
Segment assets	48,094	21,152	2,361	(1,574)	70,033
Other current financial assets	-	-	31	-	31
Deferred tax assets	26	394	316	-	736
Tax receivables payable	840	343	-	-	1,182
Other current and non-current assets	1,106	431	9,381	(9,372)	1,546
Cash and cash equivalents	4,750	2,919	33,807	-	41,476
TOTAL CONSOLIDATED ASSETS	54,816	25,238	45,896	(10,946)	115,004
Assets segment liabilities	11,389	5,073	928	(1,575)	15,815
Long-term provisions	142	688	6	-	836
Long-term financial debts	1,679	3,087	-	-	4,766
Other current financial liabilities	-	-	889	-	889
Other current and non-current liabilities	13,220	1,787	2	(9,370)	5,638
Deferred tax liabilities	232	-	-	-	232
Tax liabilities payable	64	13	-	-	77
TOTAL CONSOLIDATED LIABILITIES⁽¹⁾	26,724	10,647	1,826	(10,946)	28,252

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



Financial year 2016

<i>(in thousands of euros)</i>	Systems	Products	Structure	Disposals	Consolidated
Segment assets	27,128	16,472	1,315	(808)	44,106
Other current financial assets	-	-	31	-	31
Deferred tax assets	47	292	813	-	1,152
Tax receivables payable	12	-	-	-	12
Other current and non-current assets	1,113	393	650	(575)	1,580
Cash and cash equivalents	3,523	2,699	2,458	-	8,680
TOTAL CONSOLIDATED ASSETS	31,822	19,856	5,266	(1,384)	55,560
Assets segment liabilities	5,306	3,030	616	(806)	8,146
Long-term provisions	112	432	2	-	547
Long-term financial debts	3,334	2,996	9,988	-	16,319
Other current and non-current liabilities	3,057	401	1,397	(578)	4,277
Deferred tax liabilities	190	-	-	-	190
Tax liabilities payable	58	13	-	-	71
TOTAL CONSOLIDATED LIABILITIES⁽¹⁾	12,057	6,872	12,003	(1,384)	29,548

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

3.3 Revenue by geographical area

Financial year 2017

<i>(in thousands of euros)</i>	France	%	Europe	%	North America	%	Other	%	Total	%
Systems	7,039	32%	7,038	72%	2,819	100%	497	98%	17,393	50%
Products	15,049	69%	2,763	28%	-	0%	13	2%	17,825	51%
Structure and disposals	(411)	(2%)	-	-	-	-	-	-	(411)	(1%)
TOTAL	21,678	100%	9,800	100%	2,819	100%	509	100%	34,807	100%
%	62%		28%		8%		1%		100%	

Financial year 2016

<i>(in thousands of euros)</i>	France	%	Europe	%	North America	%	Other	%	Total	%
Systems	879	8%	5,878	71%	4,772	100%	1,571	100%	13,100	52%
Products	9,773	92%	2,378	29%	-	-	3	0%	12,154	48%
Structure and disposals	(44)	(0%)	-	-	-	-	-	-	(44)	(0%)
TOTAL	10,608	100%	8,256	100%	4,772	100%	1,573	100%	25,210	100%
%	42%		33%		19%		6%		100%	

Note 4 Operational data

4.1 Recognition of income and revenue

The "Systems" division manufactures and sells different types of 3D printers and associated materials and distributes and integrates 3D design software. The "Products" division prints 3D parts on demand for its customers. It develops and markets healthcare applications (chiropractic, dental, audiology) sold directly to healthcare professionals. The Group's revenue comprises sales of goods and provision of services:

- 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 generally recognised at the completion of the service.

The Group's revenue experienced sharp growth over four years, increasing from €5 million in 2014 (*pro forma* incorporating PRODWAYS) to €17.8 million in 2015, €25.2 million in 2016 and €34.8 million in 2017. This trend is partly associated with acquisitions.

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 €0.5 million, all of it recognised directly as deferred income. The research tax credit recorded as deferred income in previous years was also recognised in the income statement in 2017 for €0.6 million.

The deferred income that appears in liabilities includes €1,695,000 in research tax credits.

<i>(in thousands of euros)</i>	2017	2016
Subsidies	56	3
Research tax credit	525	255
Employment and competitiveness tax credit	357	217
TOTAL OF OTHER INCOME FROM THE BUSINESS	938	475

Tax credits recognised in income which cannot be charged to tax payable appear mainly in assets in the consolidated balance sheet under "Other current assets", more specifically under "Receivables related to tax consolidation" for the years before 2017 and under "Tax receivables payable" for the current period. They amount to €1,987 thousand, including a research tax credit of €1,483 thousand and an employment and competitiveness tax credit of €499 thousand.

4.3 Net charges to amortisation and provisions

<i>(in thousands of euros)</i>	2017	2016
DEPRECIATION, AMORTISATION AND PROVISIONS		
Intangible assets	(1,337)	(846)
Property, plant and equipment	(1,425)	(1,109)
Capital leases	(524)	(559)
SUBTOTAL	(3,286)	(2,514)
CHARGES TO PROVISIONS, NET OF REVERSALS		
Inventory and work in progress	-	(125)
Current assets	(132)	(432)
Liabilities and expenses	(119)	(72)
SUBTOTAL	(251)	(629)
TOTAL NET CHARGES TO AMORTISATION AND PROVISIONS	(3,537)	(3,142)

4.4 Trade receivables

Receivables are recognised at their fair value at the time of initial recording and then impaired 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.

<i>(in thousands of euros)</i>	2017	2016
Trade receivables	11,854	4,915
Invoices to be drawn up	860	680
TRADE RECEIVABLES, GROSS VALUES	12,714	5,595
Impairment losses	(865)	(556)
TOTAL TRADE RECEIVABLES	11,849	5,038

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 €5 million, and are broken down as follows:

Overdue (in thousands of euros)	2017	%
Trade receivables not yet due	6,892	58%
<1 month overdue	1,356	11%
1-2 months overdue	969	8%
2-3 months overdue	708	6%
>3 months overdue	1,924	16%
NET TRADE RECEIVABLES	11,849	100%

Of the total receivables, almost €0.7 million has been paid as at 3 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:

(in thousands of euros)	2017			2016		
	Gross values	Impairment losses	Net values	Gross values	Impairment losses	Net values
Raw materials	1,357	-	1,357	970	-	970
Work in progress	946	-	946	1,359	-	1,359
Semi-finished and finished	1,253	(513)	740	999	(370)	629
Goods	2,881	(256)	2,625	2,902	(256)	2,645
TOTAL INVENTORY AND-WORK IN PROGRESS	6,438	(769)	5,669	6,228	(626)	5,602

Over the period, no impairment was recognised in the income statement.

4.6 Other current and non-current assets

(In thousands of euros)	2017			2016
	Gross values	Write-downs	Net values	Net values
Advances and down-payments made	197	-	197	6
Other receivables ⁽¹⁾	1,289	-	1,289	1,295
Social and tax receivables	1,936	-	1,936	862
Prepaid expenses	288	-	288	285
TOTAL OTHER CURRENT RECEIVABLES	3,709	-	3,709	2,448

(1) Of which €1,019,000 corresponding to receivables related to tax consolidation for which GROUPE GORGÉ was the parent company. GROUPE GORGÉ will refund these tax receivables to PRODWAYS once it has received its own payment from the French finance ministry.

4.7 Other current and non-current liabilities

<i>(in thousands of euros)</i>	2017	2016
Suppliers	8,444	4,108
Fixed asset suppliers	32.	1,276
TOTAL TRADE PAYABLES	8,476	5,384
Advances and down-payments received	629	443
Social Security liabilities	4,817	3,279
Tax liabilities	1,714	286
Current accounts payable	-	377
Miscellaneous debts	3,187	720
Deferred income	2,419	1,904
TOTAL OTHER CURRENT LIABILITIES	12,767	7,010
Other non-current liabilities	-	-
TOTAL OTHER NON-CURRENT LIABILITIES	-	-
TAX PAYABLE	77	71

Trade payables are paid on their normal due dates, provided the services from the suppliers are fully completed and in the absence of litigation. 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 (€1,695 thousand, see Note 4.2), or to the neutralisation of monthly billing which may be issued before the delivery of sold goods to customers (€724 thousand, see Note 4.1).

4.8 Off balance sheet commitments related to operations

No commitment has been given related to operating activities that are not included in the Group's debts.

Note 5 Employee expenses and benefits

5.1 Workforce

	31/12/2017	31/12/2016
Workforce at end of period	375	249
Average workforce	284	247

The workforce is mainly based in France; at 31 December 2017, 46 people were based abroad.

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	(12,444)	(10,835)
Social security contributions	(4,557)	(3,972)
Payments in shares	(747)	(36)
Profit sharing and incentive schemes	-	-
Other	(166)	(29)
TOTAL	(17,914)	(14,872)

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 (SYNTEC);
- assumed retirement age 67;
- IBOXX discount rate in the euro zone 1.30%;
- loading rate 50%;
- average turnover by age group: 13% up to 34 years, 9% from 35 to 45 years; 4% from 46 to 55 years, 0% beyond that;
- average wage revaluation rate 2.4%, including inflation;
- INSEE mortality table 2013-2015.

Change in the obligation <i>(in thousands of euros)</i>	2017	2016
OPENING PROVISION	547	350
Cost of services provided for the period	96	65
Interest on discounting	11	7
Cost of services provided	-	-
First consolidation/(Deconsolidation)	250	192
Profit/Loss relating to liquidation or curtailment	(13)	-
Actuarial losses/(gains) generated on the obligation	(56)	(24)
Benefits paid	-	(45)
CLOSING PROVISION	836	547

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 €80 thousand. An equivalent reduction would increase the obligation by €89 thousand.

5.4 Share-based payments

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.

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.

Free share allocation plans	FSA 02-2016 PRODWAYS GROUP	FSA 12-2016 PRODWAYS GROUP
Initial number of recipients	200	239
Support share	PRODWAYS GROUP	PRODWAYS GROUP
Potential number of shares	632,200	488,500
Final allocations/cancellations in the year	0/237,900	0/18,000
Cumulative final allocations/cancellations	0/545,740	0/18,000
Potential share balance	86,460	470,500
Date of establishment	February 2016	December 2016
Start of the vesting period	February 2016	December 2016
End of the vesting period	15 April 2019 to 31 March 2021	15 April 2019 to 31 March 2021
End of lock-up period	15 April 2019 to 31 March 2021	15 April 2019 to 31 March 2021
Total expense recognised <i>(in thousands of euros)</i>	0	581
Potential value of the shares <i>(in thousands of euros)</i>	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/cancellations for the year	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 PRODWAYS GROUP's Board of Directors did not receive any attendance fees.

The Chairman and a Director are paid by GROUPE GORGÉ and/or PÉLICAN VENTURE, itself linked to GROUPE GORGÉ by a service provision agreement. PÉLICAN VENTURE paid total gross remuneration of €184,000 and €9,701 in benefits in kind. GROUPE GORGÉ paid total gross remuneration of €253,864 (€187,114 in fixed remuneration, €56,750 in variable remuneration for 2016, and

€10,000 in attendance fees for GROUPE GORGÉ's Board of Directors). The Chairman's variable remuneration for 2017 had not yet been set by GROUPE GORGÉ's Board of Directors when the financial statements of PRODWAYS GROUP were closed.

5.5.2 Related parties

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

2017 financial year

(in thousands of euros)	GROUPE GORGÉ	GROUPE GORGÉ's subsidiaries	CBG CONSEIL
INCOME STATEMENT			
Revenue	3.6	217	-
Other income	5	-	-
Purchases and external charges	(566)	(812)	(113)
Financial result	(2)	-	-
BALANCE SHEET			
Trade accounts receivable	-	60	-
Deposits and guarantees	7	-	-
Debtors	1,019	-	-
Prepaid expenses	-	-	-
Suppliers	68	127	47
Creditors	-	-	-
Deposits and guarantees received	-	-	-

GROUPE GORGÉ is PRODWAYS GROUP's main shareholder. The company's Chairman is Raphaël GORGÉ who is also PRODWAYS GROUP's Chairman. CBG CONSEIL belongs to Catherine GORGÉ, a Director of PRODWAYS GROUP since May 2017. She is also a Director of GROUPE GORGÉ and married to Raphaël GORGÉ. Her company CBG CONSEIL performs services for the PRODWAYS GROUP. She invoiced €113 thousand (excl. VAT) for 2017 and €47 thousand (incl. VAT) was still owed to her on the reporting date.

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. 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 <i>(in thousands of euros)</i>	2017	2016
At 1 January	18,560	17,940
Acquisitions	-	-
Changes in scope ⁽¹⁾	15,834	620
Departures	-	-
Other changes	-	-
At 31 December	34,394	18,560
Of which depreciation at 31 December	-	-
Systems	73%	57%
Products	28%	43%

(1) The first consolidations were: in 2016, CRISTAL (€620 thousand); in 2017, INTERSON PROTAC (€1,488 thousand) and AVENAO (€14,346 thousand).

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.

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".

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 to commission it or to 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 to 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.

The other intangible assets include an intangible of €889 thousand (€1,088 thousand of gross value and amortisation of €199 thousand) concerning the customer relationship, which was recognised during DELTAMED's first consolidation in 2014. The acquired company had stable and lasting dealings with three customers (ENVISIONTEC, COSMEDENT, BREDENT) to whom it sells products which have been specifically developed for them. The remainder of the other intangible assets concerns software, patents, etc. totalling €655 thousand.

<i>(in thousands of euros)</i>	Development projects	Other intangible assets	Total
Gross value			
At 1 January 2017	7,195	2,730	9,925
Acquisitions	1,935	62	1,997
Changes in scope	-	896	896
Departures	-	(7)	(7)
Other changes	-	-	-
Impact of changes in exchange rates	-	(1)	(1)
At 31 December 2017	9,130	3,680	12,810
Depreciation and amortisation, and impairment			
At 1 January 2017	1,761	1,492	3,253
Depreciation and amortisation	1,400	259	1,659
Changes in scope	-	392	392
Impairment losses	-	-	-
Departures	-	(7)	(7)
Other changes	-	-	-
Impact of changes in exchange rates	-	-	-
At 31 December 2017	3,161	2,136	5,298
Net value			
At 1 January 2017	5,434	1,238	6,671
AT 31 DECEMBER 2017	5,968	1,544	7,512

The Group makes major investments in research and development to maintain and further develop its competitive edge. The Group files patent applications when necessary to protect patentable technical, technological and commercial breakthroughs.

The Group's research and development has been primarily focused on the following areas over the past three years:

- improving the DLP – MOVINGLight® polymerisation technology as well as developing 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;
- developing Norge technology and fine-tuning a 3D printer using selective laser sintering of plastic powders (launch of the P1000, an entry-level laser sintering manufacturing machine, in late 2016);
- developing new additive manufacturing 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);

- developing a process for 3D metal printing using metal powders combined with organic binding agents;
- developing a digital impression process for feet (Podoclic), an orthopaedic insole design, and an order and 3D printing tracking software system for these orthopaedic insoles.

R&D work in progress pertains 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 continually improving productivity and a wider range of applications optimally integrated into the manufacturing design chain of 3D printed objects in the medical field; 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 €1.9 million in 2017. The R&D expenditures evolved as follows:

<i>(in millions of euros)</i>	2017	2016
Capitalised research and development	1,93	1,79
Research and development recognised as an expense	-	0,39
Total r&d expenditure	1,93	2,18
Total research and development as % of revenue	5,6%	8,7%
Research tax credit for the financial year	0,65	0,91
Research and development net of tax credits	1,28	1,27

R&D expenditure is virtually solely 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 (see Note 6.4).

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.

Financial year 2017

<i>(in thousands of euros)</i>	Land and buildings	Fixtures and equipment	Equipment held under finance	Non-current assets in progress	Advances and down-payments	Total
Gross value						
At 1 January 2017	50	8,443	3,452	-	-	11,944
Acquisitions	23	2,375	-	432	-	2,830
Changes in scope	765	851	-	2	-	1,618
Departures	-	(273)	-	-	-	(273)
Other changes	-	-	-	-	-	-
Impact of changes in exchange rates	-	(3)	-	-	-	(3)
At 31 December 2017	837	11,393	3,452	433	-	16,115
Depreciation and amortisation, and impairment						
At 1 January 2017	12	4,854	1,408	-	-	6,274
Depreciation and amortisation	25	1,399	524	-	-	1,948
Changes in scope	292	702	-	-	-	993
Impairment losses	-	341	-	-	-	341
Departures	-	(140)	-	-	-	(140)
Other changes	-	-	-	-	-	-
Impact of changes in exchange rates	-	(1)	-	-	-	(1)
At 31 December 2017	329	7,155	1,932	-	-	9,415
Net value						
At 1 January 2017	37	3,589	2,044	-	-	5,670
AT 31 DECEMBER 2017	509	4,238	1,520	433	-	6,700

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 property, plant and equipment and intangible 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 impairment factors specific to certain assets other than goodwill and specifically R&D assets may be related either to internal factors (e.g. changes in the assessment of management's ability to bring an R&D project to conclusion) or external events (e.g. a 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 then 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 in the Group's current configuration and organisation are the two existing "Systems" and "Products" divisions.

Process for the impairment tests

At 31 December 2017, impairment tests on all property, plant and equipment and intangible assets resulted in impairment losses of €340,000 on capitalised 3D printers which fall under non-recurring items of operating income. No impairment of goodwill was observed.

The recoverable value of a CGU is determined using the discounted future cash flow method. The discount rate used corresponds to the weighted average cost of capital (WACC). 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 3%.

The following key operational assumptions are used: we anticipate strong growth in business activity for the SYSTEMS CGU (due to increases in machine sales after enlarging the range, especially smaller machines, and the dissemination of production processes technology). Strong growth in sales of material and services (maintenance) is also forecasted. This growth is linked to the number of installed machines (there is a multiplier effect because each installed machine consumes material and requires regular maintenance). For the PRODUCTS CGU, we are planning to develop our applications for the medical and aeronautical sectors.

Profitability assumptions are based on optimised production costs and above all a better absorption of overheads for the SYSTEMS CGU (the current level of fixed overheads – administrative, commercial, marketing – already allows for significant growth without any increases). A high level of investment (R&D) and a high and optimisable working capital requirement is planned to support this high-growth phase.

The discount rates used in 2017 are 9.5% for the SYSTEMS and PRODUCTS CGUs. The tests performed factor in the level of sensitivity of the assumptions (discount rate of +/-0.5 points, infinite growth rate of +/-0.5 points, variation in key operational assumptions).

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
Systems	24,942	9.5%
Products	9,453	9.5%
CONSOLIDATED	34,394	

The SYSTEMS CGU includes goodwill for DELTAMED (€4,951 thousand), PRODWAYS (€5,339 thousand) and AVENAO (€14,346 thousand). The PRODUCTS CGU includes goodwill for INITIAL (€7,344 thousand) and INTERSON-PROTAC (€1,488 thousand).

Note 7 Details of cash flows

7.1 Calculation of cash flow

(In thousands of euros)	2017	2016
NET INCOME FROM CONTINUING OPERATIONS	(7,698)	(8,312)
Allowances for/reversals of depreciation, amortisation and provisions	4,205	2,594
Earnings of equity-accounted companies	(107)	(42)
Payments in shares	554	36
Capital gains and losses on disposals	127	297
Other	(30)	(15)
CASH FLOW FROM OPERATING ACTIVITIES (BEFORE ELIMINATION OF NET BORROWING COSTS AND TAXES)	(2,950)	(5,442)

EBITDA is reconciled with the operating cash flow as follows:

(In thousands of euros)	2017	2016
EBITDA	(1,169)	(4,895)
Cancellation of capital gains and losses on treasury shares	(30)	-
Capital gains and losses on disposals	127	297
Payments in shares	(193)	16
Appropriations and reversals concerning current assets	(132)	(927)
Offsetting of reversals of provisions with an expense	(13)	(24)
Non-recurring items excluding charges and reversals	(375)	(406)
Financial income excluding financial charges and reversals	13	(22)
Corporation tax	(1,178)	535
Other calculated expenses	.	(15)
CASH FLOW FROM OPERATING ACTIVITIES (BEFORE ELIMINATION OF NET BORROWING COSTS AND TAXES)	(2,950)	(5,442)

7.2 Change in working capital requirements

<i>(in thousands of euros)</i>	Notes	Start of the period	Changes in scope	Change over the year	Other changes ⁽¹⁾	Currency translation adjustment	Closing
Net inventories		5,602	378	(312)	-	-	5,669
Net receivables		5,038	4,162	2,649	-	-	11,849
Advances and down-payments		6	22	169	-	-	197
Prepaid expenses		285	113	(109)	-	(2)	288
SUBTOTAL	A	10,931	4,676	2,397	-	(2)	18,002
Trade payables		4,108	2,365	1,971	-	(0)	8,444
Advances and down-payments		443	37	149	-	-	629
Deferred income from transactions		210	454	61	-	-	724
SUBTOTAL	B	4,762	2,855	2,181	-	(0)	9,797
WORKING CAPITAL REQUIREMENT	C=A-B	6,170	1,820	216	-	(1)	8,205
Social and tax receivables		874	493	1,752	-	-	3,118
Other receivables		1,295	97	(133)	31	(1)	1,289
SUBTOTAL	D	2,168	589	1,619	31	(1)	4,407
Tax and social debts		3,675	2,070	902	-	-	6,647
Accrued interest		-	-	-	-	-	-
Other payables and derivative instruments		682	3,052	(790)	1,158	(63)	4,038
Current accounts payable		377	-	(377)	-	-	0
Deferred income from subsidies and research tax credit		1,694	-	1	-	-	1,695
SUBTOTAL	E	6,427	5,122	(264)	1,158	(63)	12,380
OTHER ITEMS OF WORKING CAPITAL REQUIREMENT	F=D-E	(4,259)	(4,533)	1,883	(1,127)	63	(7,973)
WORKING CAPITAL REQUIREMENT	G=C+F	1,911	(2,713)	2,099	(1,127)	61	232

(1) The "Other changes" column contains financial inflows that did not affect income from continuing operations or generate cash flows.

7.3 Acquisitions/Disposals of equity holdings

Cash flows from acquisitions are summarised in the table below.

<i>(in thousands of euros)</i>	2017	2016
Payments	(11,685)	(305)
Cash and cash equivalents	3,205	9
TOTAL	(8,480)	296

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.

The main movements in 2017 were:

- the early repayment of the €10 million loan taken out by PRODWAYS GROUP in 2016;
- other repayments totalling €1.1 million, mostly by INITIAL;
- the credit facility of €10 million secured by PRODWAYS GROUP in December 2017 to fund general corporate requirements and acquisitions. The facility is confirmed for €10 million until June 2019 and then on a declining basis for €2.5 million per year until December 2022; no draw-downs were made.

Changes in borrowings and financial debt

<i>(In thousands of euros)</i>	Finance lease liabilities	Bank borrowings	Other borrowings	Long-term debt	Bank overdrafts	Gross financial debt
Gross value						
At 1 January 2017	2,037	12,206	237	14,480	1,839	16,319
New finance lease contracts	-	-	-	-	-	-
New bond issuance/subsorption	-	905	82	987	241	1,227
Redemptions	(518)	(10,596)	(43)	(11,157)	(1,839)	(12,996)
Other changes ⁽¹⁾	-	38	-	39	-	39
First consolidation/(Deconsolidation)	-	169	1	169	7	177
Impact of changes in exchange rates	-	-	-	-	-	-
AT 31 DECEMBER 2017	1,519	2,722	277	4,518	248	4,766

(1) Changes with no impact on cash flow related to effective interest rates and accrued interest on borrowings.

Schedule of borrowings and financial debt

<i>(in thousands of euros)</i>	31/12/2017	<one year	>1 year	one to two years	two to three years	three to four years	four to five years	>five years
Finance lease liabilities	1,519	497	1,022	495	472	55	-	-
Bank borrowings	2,722	837	1,885	688	600	489	74	33
Other borrowings	277	1	276	-	-	87	-	189
LONG-TERM DEBT	4,518	1,334	3,183	1,184	1,072	631	74	222
Bank overdrafts	248	248	-	-	-	-	-	-
GROSS FINANCIAL DEBT	4,766	1,582	3,183	1,184	1,072	631	74	222

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.

The “other borrowings” include the repayable advances cashed by the Group, notably for COFACE prospection advances. 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 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.

<i>(in thousands of euros)</i>	2017	2016
Marketable securities and term deposits	24,504	350
Cash and cash equivalents	16,972	8,330
GROSS CASH (A)	41,476	8,680
Bank overdrafts (B)	248	1,839
CASH AND CASH EQUIVALENTS (C) = (A)-(B)	41,228	6,841
Financial debt (D)	4,518	14,480
NET CASH (NET DEBT) (C)-(D)	36,711	(7,639)
PRODWAYS GROUP cross-shareholding	165	-
NET DEBT CASH, ADJUSTED	36,876	(7,639)

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.

In 2015 PRODWAYS GROUP issued 10 million convertible bonds to FIMALAC DEVELOPPEMENT. In the first quarter of 2017, new convertible bonds were issued for a total of €17.67 million, of which €10 million to redeem 2015 bonds. These bonds were redeemable only as shares and did not have coupons. They were recognised as equity, net of issuance costs, until they were automatically converted to shares when the Company was floated in May 2017.

The Group may use, if it deems it necessary, derivative financial instruments to hedge against foreign exchange or interest rate risks associated with operations. These risks mainly arise from variable rate financing and sales in USD. 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 macrohedging, with changes in the fair value of the hedging instrument being recognised as income.

A rate cap was taken out in September 2016 to cover the 10 million variable rate loan contracted with LCL. The cap was set at 1%. Due to prepayment of the underlying asset, this hedge was discontinued in the second half of 2017.

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.

<i>(In thousands of euros)</i>	Start of the period	In	2017 Income	Equity effect	Other	Closing
INTERSON-PROTAC call option	-	889	-	-	-	889
NON-CURRENT TOTAL	-	889	-	-	-	889

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.

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 <i>(in thousands of euros)</i>	2017	2016
Loans	51	62
Deposits and guarantees	124	75
Non-consolidated holdings	92	143
Other long-term investments	5	-
TOTAL OF OTHER FINANCIAL ASSETS	273	280

Investments in affiliated companies

The movements are as follows:

2017 financial year

<i>(in thousands of euros)</i>	Start of the period	In	Income	Currency translation adjustment	Other changes	Closing
DENTOSMILE	803	-	98	-	-	901
VARIA 3D	615	-	9	(21)	(21)	603
TOTAL	1,417	-	107	(21)	(21)	1,504

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.

<i>(in thousands of euros)</i>	2017	2016
Interest expense	(211)	(144)
Income from other securities	(35)	4
Net income on sales of marketable securities	40	-
Cost of net debt	(206)	(140)
Other interest income	113	123
Net exchange gain or loss	105	(5)
Financial allowances net of reversals	50	-
TOTAL FINANCIAL INCOME AND EXPENSES	(38)	(22)

8.3 Policy for the management of risks

8.3.1 Liquidity risk

At 31 December 2017, the Group's net cash amounted to €36.6 million (€41.5 million in cash, minus €4.9 million in financial debt).

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 its credit risk is focused on a small number of first rate partners.

The arrangements for repaying the principal loans are as follows:

Loan (in thousands of euros)	Rate	Amount	Outstanding capital	Maturity
LCL	E+0.80%	10,000	0	RCF maturity December 2022, declining basis from June 2019
BPI France	0%	1,400	1,260	20 quarterly instalments from June 2017
CREDIT AGRICOLE	0,60%	700	581	60 monthly payments starting in February 2017
BNP PARIBAS	0,96%	600	353	60 monthly payments starting in December 2015
BANQUE DUPUY DE PARSEVAL	2,75%	250	158	72 monthly payments until end-2023
CREDIT AGRICOLE	1,15%	235	96	60 monthly payments starting in January 2015
CREDIT MUTUEL	4,75%	240	40	132 monthly payments starting in July 2008
CREDIT AGRICOLE	0%	100	38	60 monthly payments starting in December 2014

The Bpifrance loan is guaranteed by GROUP GORGÉ. It carries a change-of-control clause, as does the RCF.

A uniform exchange rate with a rise or fall of 1 cent (euro) against the major currencies could have an impact of +/-€8 thousand on the net position, assuming a strict stability of assets and liabilities.

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. Excluding short-term placements and bank overdrafts, the Group was exposed to an interest rate variation of €10 million on the LCL variable rate loan taken out in 2016. This risk was covered by a 1% interest rate cap which was discontinued in the second half of 2017 due to prepayment of the underlying asset.

Overdrafts and short-term loans (financing of trading receivables) are concluded at variable rates and therefore expose the Group to fluctuations in interest rates.

8.3.3 Foreign exchange risk

Foreign currency transactions mainly concern the American dollar. The portion of the turnover the Group's companies in foreign currency is limited.

The Group's expenditure in dollars remains stable and is financed by an overdraft in dollars and growing sales in dollars. The increased sales in dollars will gradually permit the overdraft to be reduced. Moreover, the Group must develop a more elaborate policy for managing its foreign exchange risk, and will require an assessment of the risk of currency rate changes by the management on the advice of its banks.

(in thousands of euros)	USD
Assets	2,061
Liabilities	1,030
Net position before hedging	1,031
Off-balance sheet position	-
Net position after hedging	1,031

8.3.4 Market risk

PRODWAYS GROUP holds 34,604 treasury 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 treasury shares at 31 December 2017 was €0.16 million. A uniform change of 10% in share prices could have an impact on equity of €16,000 compared with the position at 31 December 2017.

The rest of the cash invested by the Group is in money market funds or deposits.

8.4 Off-balance sheet commitments related to the Group's financing

There is no other collateral, guarantee or security at the end of the 2017 financial year.

GROUPE GORGÉ stood as guarantor for Bpifrance for the repayment of the zero rate loan for innovation (PTZI) taken out by PRODWAYS during the first half of 2015. At the end of 2017, the outstanding amount of this loan was €1,260 thousand

Note 9 Corporate income tax

9.1 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

<i>(in thousands of euros)</i>	2017	2016
Deferred tax liabilities	(525)	969
Taxes payable	(653)	(434)
TAX EXPENSE	(1,178)	535

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 €124 thousand in 2016 and €127 thousand in 2017.

Tax receivables and payable

<i>(in thousands of euros)</i>	2017	2016
Tax receivables	1,182	12
Tax payable	77	(71)
NET TAX RECEIVABLE/(DUE)	1,105	59

Tax receivable is mainly made up of research tax credit receivables for €649 thousand and CICE receivables for €319 thousand, 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.

<i>(In thousands of euros)</i>	2017	2016
NET INCOME FROM CONTINUING OPERATIONS	(7,698)	(8,312)
Tax Income/(Expense)	(1,178)	535
Earnings of equity-accounted companies	107	42
Earnings before tax	(6,627)	(8,889)
Tax rate	33.33%	33.33%
THEORETICAL TAX CHARGE	2,209	2,963
Reconciliation items		
Uncapitalised tax losses incurred for the period	(2,914)	(3,380)
Use of uncapitalised tax losses	56	1
Reassessment of deferred tax assets	(696)	789
Differential rates France/Foreign countries and reduced rates	45	23
CVAE	(127)	(124)
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	255	372
Other permanent differences	(35)	(109)
Impact of the tax reform	31	-
ACTUAL NET TAX INCOME (EXPENSE)	(1,178)	535

The tax rate matches the parent company's current rate.

In 2017, the tax reform in France led to a positive impact of €31 thousand on the income statement. This is the Group's best estimate as to the impact of the reform on the deferred tax balances 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

<i>(in thousands of euros)</i>	2017	2016
Differences over time		
Retirement and related benefits	160	182
Development costs	(58)	-
Finance leases	1	(1)
Derivative financial instruments	(16)	(31)
Fair value – IFRS 3	(703)	(909)
Other	132	95
SUBTOTAL	(484)	(665)
Temporary differences and other restatements	91	35
Deficits carried forward	897	1,592
TOTAL	504	962
DEFERRED TAX LIABILITIES	(232)	(190)
DEFERRED TAX ASSETS	736	1,152

Deficits carried forward are capitalised due to opportunities for rapid posting of these deficits. PRODWAYS GROUP and its eligible subsidiaries formed part of the tax consolidation constituted by GROUPE GORGÉ from 2014 to 2016. Tax consolidation ended when GROUPE GORGÉ's percentage ownership fell below 95% in May 2017. The deficits carried forward include those transferred to GROUPE GORGÉ under the tax consolidation in force between 2014 and 2016. They amounted to €16 million at 31 December 2017. The tax agreement with GROUPE GORGÉ stipulates that the deficits transmitted will be indemnified, not immediately, but according to the use PRODWAYS GROUP would have made of

them if it had not transmitted them under the tax consolidation. The Group will therefore be indemnified for the deficits which were transmitted to GROUPE GORGÉ when its result would have allowed the deduction of deficits, if they had not been transmitted under the tax consolidation, at the tax rate at that time. The terms of the agreement remain in force as long as deficits transferred are not indemnified, thus guaranteeing the Group complete tax neutrality.

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

Bases⁽¹⁾ <i>(in millions of euros)</i>	2017	2016
Ordinary deficits	25.6	15.2
TOTAL	25.6	15.2

(1) Ordinary tax deficits carried forward including the indemnifiable deficits transmitted to GROUPE GORGÉ, only the non-capitalised part in the consolidated financial statements.

Note 10 Shareholders' equity and earnings per share

10.1 Equity

10.1.1 Capital and issue premiums

As at 31 December 2017, the share capital of PRODWAYS GROUP was €25,407,821.50 consisting of 50,815,643 fully paid-up shares, each with a nominal value of €0.50.

Changes in capital

	Cumulative number of shares	Amount of capital (in euros)
Capital at 31/12/2015	16,896,535	16,896,535
Capital at 31/12/2016	16,896,535	16,896,535
Capital at 31/12/2017	50,815,643	25,407,821.50

In May 2017, the share capital was increased when the Company listed on Euronext Paris, Compartment B. A total amount of €66 million was raised (before share issue expenses), taking into account convertible bonds subscribed prior to the capital increase.

In November 2017, the share capital was increased once again to pay for part of the acquisition of AVENAO. The share capital was increased by 992,586 new shares to pay for the contribution of a portion of the shares of AVENAO Solution 3D (AVENAO). The value of the shares contributed was set at €5,995,230.12.

The share premiums represent the difference between the nominal value of the shares issued and the amount, net of costs, of the contributions received by PRODWAYS GROUP at the time of the issues. They amount to €83,787 thousand.

Potential shares

None of the convertible bonds issued by PRODWAYS GROUP remain in circulation.

PRODWAYS GROUP decided on two bonus share allotment plans (see Note 5.4). Given the cancellations which have occurred, the maximum number of potential shares is 556,960.

10.1.2 Dividend per share

The company has never paid dividends.

The distributable reserves of the parent company (shareholders' equity excluding share capital and legal reserve) amount to €84,963 thousand, before appropriation of the 2017 net income. They were €13,434 thousand on 31 December 2016.

10.2 Earnings per share

Basic 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.

Diluted earnings per share is calculated by increasing the weighted average number of shares outstanding that would result from the creation of all potentially dilutive shares in view of the weighted average on a pro rata basis for the number of shares equivalent to shares outstanding during the year. Dilutive instruments are taken into account if and only if their dilutive effect decreases earnings per share or increases loss per share.

	2017	2016
Weighted average number of shares	44,061,841	16,896,535
EARNINGS PER SHARE (in euros)	(0.172)	(0.490)
EARNINGS PER SHARE FROM ONGOING ACTIVITIES (in euros)	(0.172)	(0.490)
Dilutive potential ordinary shares ⁽¹⁾	556,960	1,192,594

(1) Bonus share allocations are currently the only type of instrument in force with a potentially dilutive effect. To the extent that accounting for the dilutive effect of bonus shares would have decreased loss per share, diluted earnings per share is equal to basic earnings per share for the periods presented.

10.3 Pledges of the issuer's assets

The Company has no knowledge of any pledges of PRODWAY GROUP 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 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;
- 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 <i>(in thousands of euros)</i>	Litigation	Customer warranties	Other	Total
At 1 January 2017	-	28	-	28
Appropriations	-	1	112	113
Provisions used	-	-	-	-
Reversals	-	(1)	-	(1)
Impact on income for the period	-	-	112	112
Changes in scope	70	-	-	70
Other changes	-	-	-	-
Impact of changes in exchange rates	-	-	-	-
At 31 December 2017	70	28	112	210

Note 12 Other notes

12.1 Statutory auditors' fees

These fees relate to all Group companies.

2017 financial year

<i>(in thousands of euros)</i>	PWC		RSM		Other firms		TOTAL	
Statutory audits, review of financial statements	64	100%	93	100%	17	75%	174	97%
• Parent company	39		38		-		77	
• Fully consolidated companies	25		55		17		97	
Services other than certification of the financial statements	-		-		6	25%	6	3%
TOTAL	64	100%	93	100%	22	100%	179	100%

2016 financial year

<i>(in thousands of euros)</i>	PWC		RSM		Other firms		TOTAL	
Statutory audits, review of financial statements	12	100%	72	100%	14	89%	98	98%
• Parent company	11		27		-		38	
• Fully consolidated companies	1		45		14		60	
Services other than certification of the financial statements	-	-	-	-	2	11%	2	2%
TOTAL	12	100%	72	100%	16	100%	99	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.

12.3 Subsequent 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	% control		% interest		Method	
	at 31 December 2017	2017	2016	2017	2016	2017	2016
Structure							
PRODWAYS GROUP	Consolidating company	Top	Top	Top	Top	FC	FC
PRODWAYS DISTRIBUTION ⁽¹⁾	PRODWAYS GROUP	100	100	100	100	FC	FC
PRODWAYS ENTREPRENEURS	PRODWAYS GROUP	100	100	100	100	FC	FC
PRODWAYS 2 ⁽¹⁾	PRODWAYS GROUP	100	100	100	100	FC	FC
Systems							
3D SERVICAD ⁽²⁾	AVENAO SOLUTIONS 3D	100	-	100	-	FC	-
AVENAO INDUSTRIE ⁽²⁾	AVENAO SOLUTIONS 3D	100	-	100	-	FC	-
AVENAO SOLUTIONS 3D ⁽²⁾	PRODWAYS GROUP	100	-	100	-	FC	-
DELTAMED (Germany)	PRODWAYS GROUP	100	100	100	100	FC	FC
EXCELTEC	PRODWAYS GROUP	100	100	100	100	FC	FC
PRODWAYS	PRODWAYS GROUP	100	100	100	100	FC	FC
PRODWAYS AMERICAS (USA)	PRODWAYS	100	100	100	100	FC	FC
PRODWAYS MATERIALS (Germany)	DELTAMED	100	100	100	100	FC	FC
PRODWAYS RAPID ADDITIVE FORGING ⁽³⁾	PRODWAYS GROUP	100	100	100	100	FC	FC
VARIA 3D (USA)	PRODWAYS GROUP	45	45	45	45	EM	EM
Products							
CRISTAL	PRODWAYS GROUP	95	95	95	95	FC	FC
DENTOSMILE	PRODWAYS ENTREP.	20	20	20	20	EM	EM
INTERSON-PROTAC ⁽²⁾	IP GESTION	100	-	75	-	FC	-
INITIAL	PRODWAYS GROUP	100	100	100	100	FC	FC
IP GESTION ⁽²⁾	PRODWAYS GROUP	75	-	75	-	FC	-
PODO 3D	PRODWAYS GROUP	82,07	82,07	82,07	82,07	FC	FC
PRODWAYS CONSEIL ⁽⁴⁾	PRODWAYS GROUP	90	-	90	-	FC	-

(1) Companies with no operating activities.

(2) Companies acquired in 2017.

(3) Formerly PRODWAYS 1.

(4) Formed in 2017.



3.1.7 Statutory auditors report on the consolidated financial statements

(Financial year ending 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 PRODWAYS GROUP 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 of Groupe Gorgé SA, parent company of PRODWAYS GROUP SA.

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 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 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 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.

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 €34.4 million, representing 29.9% 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 Prodways Group'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 recoverable amount 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 the Statutory Auditors

We were appointed Statutory Auditors of PRODWAYS GROUP by the Articles of Association of 13 March 2014, for Corevise and by the Ordinary Shareholders' Meeting of 5 May 2017 for PricewaterhouseCoopers Audit.

At 31 December 2017, Corevise was in the 4th year of its assignment without interruption, and PricewaterhouseCoopers Audit in its 1st year, and one year for each firm since the company's securities were admitted for trading on a regulated market.

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 Groupe Gorgé 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, Statutory Auditors 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 Groupe Gorgé Audit Committee

We have submitted a report to the Groupe Gorgé 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 Groupe Gorgé 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 year, and which constitute key audit points, which we are required to include in this report.

We have also provided the Groupe Gorgé Audit Committee with the statement referred to in Article 6 of EU Regulation N° 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

David Clairotte

COREVISE

Stéphane Marie

3.2 SEPARATE FINANCIAL STATEMENTS 2017

3.2.1 Income statement

<i>(In thousands of euros)</i>	2017	2016
REVENUE	901.1	653.0
Reversals of provisions, expense transfers and other income	22.4	5.7
TOTAL OPERATING INCOME	923.5	658.7
Other purchases and external charges	1,108.1	867.6
Taxes and similar payments	7.4	5.8
Payroll expense	554.9	648.0
DEPRECIATION, AMORTISATION AND PROVISIONS:		
non-current assets	2.6	1.6
current assets	-	-
Other expenses	-	-
TOTAL OPERATING EXPENSES	1,673.0	1,523.0
OPERATING RESULTS (A)	(749.5)	(864.3)
FINANCIAL INCOME (B)	1,464.9	1,712.5
INCOME FROM CONTINUING OPERATIONS BEFORE TAX (C) = (A)+(B)	715.4	848.2
NON-RECURRING INCOME (D)	118.0	(118.6)
Income tax (E)	-	-
NET INCOME (F) = (C)+(D)+(E)	833.4	729.6

3.2.2 Balance sheet

ASSETS

<i>(In thousands of euros)</i>	2017			2016
	Gross	Dep. amort. & prov.	Net	
Intangible assets	-	-	-	-
Property, plant and equipment	7.0	(4.2)	2.8	5.4
Equity securities	65,265.2	-	65,265.2	48,579.8
Receivables related to shareholdings	-	-	-	-
Other long-term investments	3.9	-	3.9	4
NON-CURRENT ASSETS	65,276.1	(4.2)	65,271.9	48,589.2
Net trade receivables and related accounts	1,454.6	-	1,454.6	598.7
Other trade receivables	10,636.6	-	10,636.6	1,338.8
Cash and cash equivalents	34,008.3	(10.7)	33,997.6	2,474.5
CURRENT ASSETS	46,099.5	(10.7)	46,088.8	4,412.0
Prepaid expenses	6.1	-	6.1	50.0
TOTAL ASSETS	111,381.7	(14.9)	111,366.8	53,051.2

LIABILITIES AND SHAREHOLDERS' EQUITY

<i>(In thousands of euros)</i>	2017	2016
Share capital	25,407.8	16,896.5
Share premiums	83,786.8	13,820.8
Legal reserve	-	-
Other reserves	-	-
Retained earnings	343.2	(386.5)
Income (loss) for the period	833.4	729.6
EQUITY	110,371.2	31,060.4
PROVISIONS FOR RISKS AND CHARGES	-	-
Bonds	-	10,000.0
Bank borrowings	-	10,000.0
Other borrowings	2.3	379.7
Suppliers	648.5	295.2
Tax and social debts	344.8	307.9
Other liabilities	-	1,008.0
TOTAL DEBT	995.6	21,990.8
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	111,366.8	53,051.2

3.2.3 Change in cash and cash equivalents

<i>(in thousands of euros)</i>	2017	2016
NET INCOME	833.4	729.6
Accruals	2.6	1.6
Capital gains and losses on disposals	-	-
Other	-	-
CASH FLOW FROM OPERATING ACTIVITIES	836.0	731.2
Change in working capital requirements	(10,727.6)	8,341.5
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	(9,891.6)	9,071.7
Investing activities		
Payments/acquisition of intangible assets	-	-
Payments/acquisition of property, plant and equipment	-	(7.0)
Proceeds/disposal of property, plant and equipment and intangible assets	-	-
Payments/acquisition of long-term investments	(10,690.2)	(20,194.0)
Proceeds/disposal of long-term investments	0.2	25.0
NET CASH FLOW FROM INVESTING ACTIVITIES (B)	(10,690.0)	(20,176.0)
Financing activities		
Capital increase or contributions	62,482.1	-
Dividends paid	-	-
Proceeds from borrowings	-	10,000
Repayment of borrowings	(10,000.0)	-
CHANGE IN OTHER DEBT	(377.4)	379.3
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	52,104.7	10,379.3
CHANGE IN CASH AND CASH EQUIVALENTS (D = A + B + C)	31,523.1	(724.9)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	2,474.5	3,199.4
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	33,997.6	2,474.5

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 €111,366,794.68;
- the income statement presented in list form shows a profit of €833,391.58.

The Board of Directors approved the separate financial statements of PRODWAYS GROUP on 28 March 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 applicable at year-end, with the following assumptions:

- 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 Significant events of the year

In May 2017 PRODWAYS GROUP listed on Euronext Paris, compartment B (its Registration Document was filed with the AMF (the French financial markets regulator) on 23 March 2017 under number I.17-008 and its Prospectus was approved by the AMF on 25 April 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.

The capital increase has given PRODWAYS GROUP the financial means to continue implementing its strategy of stepping up R&D at its subsidiaries, boosting its sales and making targeted acquisitions in the 3D printing sector.

In June-August 2017, PRODWAYS GROUP finalised the acquisition of IP GESTION and its wholly-owned subsidiary INTERSON PROTAC, one of the leading French manufacturers of hearing aid eartips and customised hearing protectors.

The acquisition in November 2017 of AVENAO, a 3D design, simulation and optimisation software integrator, added another string to PRODWAYS GROUP's bow, boosting its unique position as a firm with total 3D printing integration from software to machinery and materials to the end product.

Note 3 Notes to the income statement

3.1 Operating income

PRODWAYS GROUP had revenue of €9,011 thousand in the form of services invoiced to its subsidiaries.

3.2 Operating expenses

Operating expenses were €1,673,000, consisting primarily of:

- services worth €4,731 thousand invoiced by GROUPE GORGÉ, the main shareholder;
- fees of €4,589 thousand;
- personnel expenses of €95 thousand;
- travel expenses of €453 thousand.

3.3 Statutory auditors' fees

The fees for PRODWAYS GROUP's statutory auditors in 2017 were €773 thousand.

3.4 Directors' fees

The members of PRODWAYS GROUP's Board of Directors do not receive any attendance fees.

Officers and Directors are not paid by PRODWAYS GROUP.

3.5 Financial result

(In thousands of euros)	2017	2016
Investment income ⁽¹⁾	1,495.4	1,506.1
Net income from financial investments and interest on current accounts	83.9	266.1
Interest expense	(103.7)	(59.7)
FINANCIAL INCOME BEFORE PROVISIONS	1,475.6	1,712.5
Reversals of provisions for impairment	-	-
Provisions for impairment	(10.7)	-
FINANCIAL RESULT	1,464.9	1,712.5

(1) Investment income consists of dividends received from INITIAL and DELTAMED.



Note 4 Notes to the cash flow statement

4.1 Flows from operating activities

Change in working capital requirements amounted to (€10,727.6 thousand). This was mainly due to the increase in work in progress on net current accounts of subsidiaries in the amount of €9,229 thousand. The balance of the amount due for the acquisition of INITIAL in March 2015, which was recorded under liabilities at 31 December 2016, was also paid.

4.2 Flows from investing activities

In 2017, PRODWAYS GROUP acquired IP Gestion and AS3D. The total paid for these transactions was €10,685.7 thousand. The Company also put down 90% of the share capital, i.e. €4.5 thousand, to set up PRODWAYS CONSEIL.

Investments in 2016 comprised those made in CRISTAL (€496 thousand) and PODO 3D (€499.9 thousand not including securities issued against debt). A €19 million capital increase of PRODWAYS was also carried out through the incorporation of debt.

4.3 Flows from financing activities

PRODWAYS GROUP listed on Euronext Paris, compartment B in May 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 April 2017 under number 17-174). A total amount of €62,482 thousand was raised (after share issue expenses), taking into account convertible bonds subscribed prior to the capital increase.

In 2016, PRODWAYS GROUP took out a €10 million bank loan repayable in four annual instalments from 2019.

This loan was fully paid off in September 2017 following the capital increase in May 2017 undertaken to avoid interest charges. At the same time a credit facility for the same amount was taken out with the same institution allowing drawdowns at any time. The amount authorised under this credit facility will decline by a quarter from 2019 according to the same schedule as the annual instalments on the initial loan.

Note 5 Notes to the balance sheet

5.1 Non-current assets

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.

Gross values <i>(in thousands of euros)</i>	Start of the period	Increase	Decrease	End of period
INTANGIBLE ASSETS				
None	-	-	-	-
Property, plant and equipment	-	-	-	-
Office and computer equipment	7.0	-	-	7.0
LONG-TERM INVESTMENTS				
Equity securities	48,579.8	16,685.4	-	65,265.2
Loans	-	-	-	-
Other long-term investments	4.0	-	(0.1)	3.9
TOTAL	48,590.8	16,685.4	(0.2)	65,276.1

The main increases in the year were as follows:

- Creation of PRODWAYS CONSEIL: €4.5 thousand;
- Acquisition of IP GESTION, parent company of INTERSON PROTAC: €2,714.4 thousand;
- Acquisition of AS3D, parent company of AVENAO Industries and 3D SERVICAD: €13,966.5 thousand.

5.2 Schedule of receivables

<i>(In thousands of euros)</i>	Gross amount	Due within one year	Due in more than 1 year
Loans	-	-	-
Receivables related to shareholdings	-	-	-
Other long-term investments	3.9	-	3.9
Other trade receivables	1,454.6	1,454.6	-
Social Security and other organisations	17.8	17.8	-
State and other government authorities:			
• income tax	-	-	-
• value-added tax	811.0	811.0	-
Group and associated companies	9,804.3	-	9,804.3
Other receivables	3.5	3.5	-
Prepaid expenses	6.0	6.0	-
TOTAL	12,101.1	2,292.9	9,808.2

The item "Group and associated companies" includes advances on current accounts granted to subsidiaries.

Accrued income: none.

5.3 Equity

5.3.1 Changes in consolidated equity

<i>(In thousands of euros)</i>	Beginning of period	Capital increase or decrease	Appropriation of income	Payment of dividends	End of period
Capital	16,896.5	8,511.3	-	-	25,407.8
Share premiums	13,820.8	69,966.0	-	-	83,786.8
Legal reserve	-	-	-	-	-
Other reserves	-	-	-	-	-
Retained earnings	(386.5)	-	729.6	-	343.2
N-I income	729.6	-	(729.6)	-	-
TOTAL	31,060.4	-	-	-	109,537.8
Income (loss) for the period					833.4
TOTAL EQUITY AT END OF PERIOD					110,385.3

As part of its flotation 16,029,987 new shares (including bonds converted to shares) were issued by PRODWAYS GROUP for €62,482 thousand (including issue premium).

As part of the acquisition of Groupe AvenAo 992,586 new shares were issued for €5,995 thousand (including issue premium).

At 31 December 2017, the share capital of PRODWAYS GROUP was made up of 50,815,643 shares at a par value of €0.50 amounting to €25,407,821.50.

5.3.2 Potential shares

In February and December 2016, PRODWAYS GROUP issued bonus share allocation plans for Group employees. Each employee present was allocated at least 200 potential shares in February and December. The vesting of these shares is contingent on the Group achieving its performance targets and on continued employment with the Group. Taking into account the cancellations that have already occurred, the February plan represents 86,460 potential shares while the December plan represents 470,500 potential shares.



5.4 Net debt

5.4.1 Available cash and cash equivalents

Where applicable, 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 "Cash and cash equivalents" line on the assets side of the balance sheet, with a value of €14,391 thousand at 31 December 2017, comprises cash current accounts in the amount of €9,300.3 thousand.

5.4.2 Debt

In June 2015, the Company issued convertible bonds amounting to €10 million. These bonds, subscribed for by FIMALAC DEVELOPPEMENT, were convertible into shares in PRODWAYS GROUP or GROUPE GORGÉ. Following the flotation of PRODWAYS GROUP conversion to shares was effected as planned.

In June 2016, the Company took out a €10 million loan with LCL bank. This loan was fully paid off in September 2017. A credit facility for the same amount was taken out with the same institution allowing drawdowns at any time.

5.5 Operating payables and other liabilities

Schedule of debts

<i>(In thousands of euros)</i>	Gross amount	Due within 1 year	Due in more than 1 year
Trade payables	648.5	648.5	-
Employees	63.4	63.4	-
Social Security and other social services	66.2	66.2	-
State and other government authorities:			
• income tax	-	-	-
• value-added tax	208.1	208.1	-
• other taxes and similar payments	7.1	7.1	-
Group and associated companies	2.3	2.3	-
Other liabilities	-	-	-
TOTAL	995.6	995.6	-

Accrued liabilities: none.

Note 6 Transactions with affiliate companies and related parties

Related parties are persons (Directors or managers of PRODWAYS GROUP or its main subsidiaries) or entities owned or managed by these persons.

The net amounts for related undertakings included in PRODWAYS GROUP SA's balance sheet and income statement items for the year ended 31 December 2017 are as follows:

BALANCE SHEET <i>(in thousands of euros)</i>	Directors	Subsidiaries	GROUPE GORGÉ
Deposits	-	-	1.9
Net trade receivables and related accounts	-	1,454.6	-
Current accounts receivable	-	9,804.3	-
Suppliers	46.8	18.0	316.9
Current accounts payable	-	2.3	-
INCOME STATEMENT			
Operating income	-	917.7	-
Purchases and external charges	113.1	7.9	534.4
Investment income	-	1,495.4	-
Other financial income	-	70.0	-
Financial expense	-	-	2.0

Note 7 Off-balance sheet commitments

7.1 Off-balance sheet commitments related to ordinary activities

None.

7.2 Complex commitments

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 March 2015, PRODWAYS GROUP acquired all the shares making up the share capital of INITIAL SAS. 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 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 undertaking 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 and IP GESTION, PRODWAYS GROUP is associated with minority shareholders who are managers of those companies. Shareholders' agreements provide for the possible liquidity of their holdings.

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 three 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.

7.3 Commitments received

PRODWAYS GROUP has a confirmed credit facility of €10 million which has not yet been used. This facility is confirmed up to June 2019 and thereafter on a declining basis for €2.5 million per year up to December 2022.

7.4 Financial covenants

PRODWAYS GROUP's confirmed credit facility is accompanied by a change of control clause and a financial covenant which applies in the event of a drawdown.

7.5 Pledges, guarantees and sureties

None.

Note 8 Subsidiaries and equity interests

<i>(In thousands of euros)</i>	Capital Equity	Share Dividends	Gross value of shares Net value of securities	Loans, advances Guarantees	Revenue Income
DELTAMED	27.0	100%	7,065.9	-	4,678.4
	2,476.2	495.4	7,065.9	-	619.9
PRODWAYS ENTREPRENEURS	701.0	100%	701.0	177.7	-
	609.3	-	701.0	-	(60.9)
PRODWAYS	6,426.7	100%	26,750.0	6,778.1	7,844.9
	303.1	-	26,750.0	-	(6,128.6)
INITIAL	400.0	100%	12,000.0	-	10,589.7
	3,269.4	1,000.0	12,000.0	-	372.7
PRODWAYS DISTRIBUTION	1.0	100%	1.0	7.7	-
	(9.4)	-	1.0	-	(3.2)
VARIA 3D	501.9	45.0%	646.9	-	558.1
	311.7	-	646.9	-	19.5
EXCELTEC	20.0	100%	250.0	183.3	963.6
	(21.1)	-	250.0	-	118.6
PODO 3D	27.9	82.1%	680.0	704.7	511.2
	(488.1)	-	680.0	-	(750.2)
CRISTAL	500	95%	475.0	776.6	4,790.0
	442.0	-	475.0	-	(256.4)
PRODWAYS RAPID ADDITIVE FORGING (formerly PRODWAYS 1)	5.0	100%	5.0	572.4	-
	(1.6)	-	5.0	-	(4.0)
PRODWAYS 2	5.0	100%	5.0	-	-
	0.2	-	5.0	-	(2.2)
PRODWAYS CONSEIL	5.0	90%	4.5	55.7	120.1
	(139.2)	-	4.5	-	(144.2)
IP GESTION	592.0	75%	2,714.4	-	-
<i>(since 01/08/2017)</i>	976.8	-	2,714.4	-	(5.2)
AS3D	20.8	100%	13,966.5	548.1	3,555.2
<i>(since 01/11/2017)</i>	3,232.0	-	13,966.5	-	344.5

Note 9 Other information

9.1 Information on the consolidating parent company

PRODWAYS GROUP prepares consolidated financial statements. The financial statements of PRODWAYS GROUP are in turn consolidated by GROUPE GORGÉ, a *société anonyme* (public limited company) with a Board of Directors and share capital of €13,502,843 domiciled at 19 rue du Quatre-Septembre 75002 Paris.

9.2 Tax consolidation

Following its flotation PRODWAYS GROUP left the tax consolidation grouping headed by GROUPE GORGÉ which it had joined in 2015.

9.3 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 Articles of Association and Shareholders' Meeting, we have conducted an audit of the PRODWAYS GROUP financial statements in respect of the year ended 31 December 2017, which are appended hereto.

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 of Groupe Gorgé, the parent company of PRODWAYS GROUP.

Basis of 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 assessments - 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 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 €65.2 million, representing 58% 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.

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, 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 5.I "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

We were appointed Statutory Auditors of PRODWAYS GROUP by the Articles of Association of 13 March 2014, for Corevise and by the Ordinary Shareholders' Meeting of 5 May 2017 for PricewaterhouseCoopers Audit.

At 31 December 2017, Corevise was in the fourth year of its assignment without interruption, and PricewaterhouseCoopers Audit in its first year, and one year for each firm since the company's securities were admitted for trading on a regulated market.

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 Groupe Gorgé 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 judgement 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 of the Groupe Gorgé Audit Committee

We have submitted a report to the Groupe Gorgé 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 Groupe Gorgé Audit Committee includes the risks of material misstatements that we deemed to be the most significant for the audit of the financial statements for the year, and which constitute key audit points, which we are required to include in this report.

We have also provided the Groupe Gorgé Audit Committee with the statement referred to in Article 6 of EU Regulation N° 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 Groupe Gorgé Audit Committee.

Neuilly-sur-Seine and Courbevoie, 10 April 2018

The Statutory Auditors

PRICEWATERHOUSECOOPERS AUDIT
Société de Commissariat aux comptes
Membre de la Compagnie Régionale de Versailles
David CLAIROTTE

COREVISE
Membre de RSM International
Membre de la Compagnie Régionale de Paris
Stéphane MARIE





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4.1 INFORMATION ABOUT THE COMPANY

4.1.1 General information

Company name

The Company's name is PRODWAYS GROUP.

Place of registration and registration number

The Company is registered with the Paris Trade and Companies Register under number 801 018 573.

Code ISIN FR0012613610 – PWG

Date of incorporation and term

The Company was incorporated on 7 March 2014 for a period of 99 years from the date of its registration with the Trade and Companies Register on 13 March 2014, i.e. until 12 March 2113, except in the event of extension or early dissolution.

Registered office, legal form and applicable law

The Company is a *société anonyme* (public limited company) with a Board of Directors governed by French law whose operation is primarily subject to articles L.225-1 et seq. of the French Commercial Code.

The head office of the Company is located at 19 rue du Quatre-Septembre, 75002 Paris, France.

The contact information for the Company is as follows:

Telephone: +33 (0) 1 44 77 94 77

Fax: +33 (0) 1 44 77 89 77

Email: IR@prodways.com

Website: www.prodways-group.com

4.1.2 Corporate charter and Articles of Association

Corporate object

As set forth in article 3 of the Articles of Association, the Company's purpose is:

- the acquisition for its own account by purchase, subscription, exchange or otherwise and management of capital investments in any French or foreign company existing now or in the future regardless of their legal form or purpose;
- any provision of service or advice in any field to its investees and subsidiaries, including any hiring of personnel, in particular for its subsidiaries and investees;
- and generally enter into any transactions that are directly or indirectly related to these purposes or to similar or related purposes or that might aid in their application or development.

Provisions of the Articles of Association, a charter or regulations related to the members of administrative, management and supervisory bodies

The Articles of Association of PRODWAYS GROUP stipulate that the Board of Directors consists of three members at least and 18 at the most, except where this is waived pursuant to the law in the event of a merger.

Throughout the Company's lifetime, Directors are appointed, reappointed or removed by the ordinary shareholders' meeting. They may always be re-elected for new terms.

Each Director serves for a term of three years that ends after the ordinary shareholders' meeting called for the purpose of approving the financial statements of the preceding financial year and held in the year in which their term expires.

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 Articles of Association 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.

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 two (2) 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, sub-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 23 of the bylaws)

Crossing of ownership thresholds

The Company's Articles of Association include an obligation to report crossing the thresholds of 2%, 3% and 4%.

"In addition to the applicable regulation 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 Articles of Association 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

At 31 December 2017, the Company's share capital was €25,407,821.50 divided into 50,815,643 fully paid-up shares at a par value of €0.50.

The Company issued convertible bonds in 2015 and 2017. All of these bonds were converted into shares in May 2017 when the Company was floated. There are therefore no more potential shares.

Allocations of bonus shares

Bonus share allocation plans were set up in February and December 2016. At 1 March 2018, there were 556,960 potential shares. The acquisition of these shares is subject to performance conditions, liquidity conditions and presence conditions for beneficiary employees.

Figures in the following table reflect the 2-for-1 split in the par value of the shares voted by the general shareholders' meeting held on 21 March 2017.

FREE SHARES			
Date of general shareholders' meeting authorising the Free Shares allocations	28 September 2015		
Date of the Board of Directors' vote to grant the Free Shares	17 February 2016	9 December 2016 (plan implemented on 9 December 2016)	9 December 2016 (plan implemented on 30 December 2016)
Maximum number of shares authorised	5% of the share capital at the date of grant		
Number of bonus shares allocated	632,200	478,400	10,100
of which total number that may be acquired by the corporate officers of the Company	0	0	0
Number of recipients not corporate officers (at first)	198	237	1
Dates and terms of vesting	See below	See below	See below
Cumulative number of allocated bonus shares cancelled or voided	545,740	18,000	0
Number of bonus shares outstanding at 31 December 2017	86,460	460,400	10,100

Bonus shares known as performance shares are subject to the following conditions:

a) Vesting Period

The Vesting Period ends on 15 April 2019.

Provided the vesting conditions referred to in section (b) below are met, the performance shares will vest on the first business day following the expiration of the Vesting Period (the "Vesting Date").

b) Acquisition conditions

The vesting of the performance shares on the Vesting Date is subject to meeting the cumulative conditions as to liquidity, performance and continued employment (the "Vesting Conditions").

Liquidity conditions

The vesting of performance shares is subject to the following condition that, during the Vesting Period and no later than 31 December 2020:

- the Company's shares are admitted for trading on a regulated or open market (the "Initial Public Offering"); or

- at least 50% of the Company's shares are transferred to a third-party that agrees to buy all of the performance shares at the end of the Vesting Period ("Capital Transaction").

If the liquidity condition is not met on 31 December 2020, all rights to performance shares become null and void.

The liquidity condition was met when the Company floated its shares in May 2017.

Performance condition

The vesting of the Performance Shares is contingent (i) on fulfilling the performance conditions related to the Group's revenues and EBITDA in the consolidated IFRS financial statements of the Group for financial years 2016, 2017 and 2018, as well as (ii) with regard to certain beneficiaries specifically named by the Board of Directors and to a portion only of the performance shares allocated to them, on the Company's market capitalisation at the time of the Initial Public Offering or Capital Transaction.

The performance condition has been partially met with regard to 2017 results and the Company's market capitalisation at the time of the Initial Public Offering.

Continued employment condition

Unless the Board of Directors decides otherwise, the performance shares will vest only if the recipient is still a corporate officer or employee of the Company or a Group company at the end of the Vesting Period.

The total number of ordinary shares that may be created by the exercise of all instruments giving access to the share capital is 556,960 shares or a maximum dilution of approximately 1.10% of the share capital. The dilution of voting rights would be identical (without taking double voting rights into account).

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 subscribed 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 21 March 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, 185,651 PRODWAYS GROUP shares were repurchased by the Company under the authorisation granted by the shareholders' meeting of 21 March 2017 at an average price of €5.697 per share for a total cost of €1,057,580.

That same year, 151,047 PRODWAYS GROUP shares were sold at an average price of €5.640 per share under the liquidity contract.

b) Trading charges

In 2017, trading charges consisted solely of fees under the liquidity contract, which amounted to €7,000.

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, PRODWAYS GROUP held 34,604 treasury shares (representing 0.07% of its share capital) recorded at €175,394 in the statement of financial position (€164,715 at the stock market price of €4.76 on 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 50,815,643 shares making up the share capital at 31 December 2017.

Treasury shares are recorded in the balance sheet of PRODWAYS GROUP SA under "Marketable securities".

d) Cancellation of company shares during the 2017 financial year

In 2017, the Company did not use the authorisation granted by the shareholders' meeting of 21 March 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

Repurchased shares may be used to:

- 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 (tenth 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;

4 INFORMATION ABOUT THE COMPANY, ITS SHARE CAPITAL AND SHAREHOLDERS

Share capital

- 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 €20.

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 AMF's General Regulation 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)
13 March 2014	Founding of the Company	5,000	5,000	€1	-	5,000
24 November 2014	Share capital increase in cash	5,000	7,967,290	€1	-	7,967,290
29 December 2014	Capital increase by the issue of shares as remuneration for the contribution of shares of PRODWAYS	7,967,290	15,717,290	€1	-	15,717,290
12 June 2015	Share capital increase in cash	15,717,290	16,896,535	€1	+13,820,751.40	16,896,535
21 March 2017	2-for-1 split in the par value of the shares	16,896,535	33,793,070	€0.50	-	16,896,535
12 May 2017	Share capital increase in cash and through conversion of all convertible bonds (Company IPO)	33,793,070	48,237,529	€0.50	+58,037,765.70	24,118,764,50
22 May 2017	Share capital increase in cash and through conversion of all convertible bonds (Company IPO)	48,237,529	49,823,057	€0.50	+6,472,707.52	24,911,528.50
03 November 2017	Share capital increase as remuneration for the contribution of Avenao Solutions 3D shares	49,823,057	50,815,643	€0.50	+5,455,565.02	25,407,821,50

TABLE AT 28 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
Shareholders' meeting of 21/03/2017 (16 th resolution)	Delegation of authority to increase the share capital by incorporating reserves, profits, premiums or other sums by issuing and allocating bonus shares or by raising the nominal value of existing shares or by a combination of these two procedures	26 months	€3,000,000	None
Shareholders' meeting of 21/03/2017 (17 th resolution)	Delegation of authority to increase the share capital by issuing ordinary shares or securities giving access immediately or in future to the share capital with preemptive rights	26 months	€5,000,000 ⁽¹⁾ €50,000,000 ⁽¹⁾ (debt securities giving access to the share capital)	None
Shareholders' meeting of 21/03/2017 (18 th resolution)	Delegation of authority to increase the share capital immediately or in future by issuing 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 preemptive rights by way of a public offering	26 months	€5,000,000 ⁽¹⁾ €50,000,000 ⁽¹⁾ (debt securities giving access to the share capital)	As part of the flotation of the Company on 12 May 2017, 10,570,192 shares were issued at a price of €4.80. This was followed by the issue of 1,585,528 additional shares as part of the exercising of the greenshoe option by the lead underwriters and joint bookrunners.
21/03/2017 (19 th resolution)	Delegation of authority to increase the share capital immediately or in future by issuing 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 as part of a public offering in favour of qualified investors or a limited group of investors as defined by article L.411-2-II of the French Monetary and Financial Code	26 months	€5,000,000 ⁽¹⁾ (subject to the statutory limit, currently set at €2,000,000, up to 20% of the share capital in any 12-month period)	None
21/03/2017 (20 th resolution)	Authorisation granted to the Board of Directors in the event of an issue of shares or any securities giving access to the share capital without preemptive rights to set the issue price up to a limit of 10% of the share capital and within the limits set by the shareholders' meeting	26 months	Not to exceed 10% of the share capital	None
21/03/2017 (21 st resolution)	Authorisation granted to the Board of Directors for the purpose of increasing the number of securities to be issued in the event of a capital increase with or without preferential subscription rights	26 months	Not to exceed 15% of the initial issue or any other percentage set by the regulations in force	None

4 INFORMATION ABOUT THE COMPANY, ITS SHARE CAPITAL AND SHAREHOLDERS

Share capital

Date	Delegation	Validity	Maximum nominal amount	Use
21/03/2017 (22 nd resolution)	Delegation of authority 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 preemptive rights, in favour of a category of persons who will underwrite the Company's equity securities that might result therefrom in connection with an equity line of financing	18 months	€3,000,000 ⁽¹⁾ €15,000,000 ⁽¹⁾ (debt securities giving access to the share capital)	None
21/03/2017 (23 rd resolution)	Delegation of authority 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 preemptive rights, in favour of a specifically defined category of persons, i.e.: • up to 25 companies and investment funds investing for their own account or having invested during the last 36 months over €5 million in small or mid-cap growth companies (listed capitalisation of €1 billion or less) (including, but not limited to, any investment fund or venture capital firm such as an FPCI, FCPI or FIP) in the technology sector, and taking an investment unit exceeding €100,000 (issue premium included); • up to five industrial companies operating in the technology sector taking a capital position in the Company after signing a commercial agreement or partnership with the Company and with an investment unit exceeding an €100,000 (issue premium included).	18 months	€3,000,000 ⁽¹⁾ €15,000,000 ⁽¹⁾ (debt securities giving access to the share capital)	None
21/03/2017 (24 th resolution)	Delegation of authority to issue ordinary shares or securities giving access to the share capital in the event of a public offering that includes an exchange component initiated by the Company	26 months	€5,000,000 ⁽¹⁾ €50,000,000 ⁽¹⁾ (debt securities giving access to the share capital)	None
21/03/2017 (25 th resolution)	Delegation of authority to carry out a capital increase in consideration of contributions in kind of shares or securities giving access to the capital of third-party entities outside an exchange offer	26 months	Up to 10% of the share capital at the date of the transaction in question ⁽¹⁾	Issue of 992.586 shares on 3 November 2017 as remuneration for the contribution of Avenao Solutions 3D shares

Date	Delegation	Validity	Maximum nominal amount	Use
21/03/2017 (27 th resolution)	Authorisation to grant stock options	38 months	Not to exceed 5% of the share capital ⁽²⁾	None
21/03/2017 (28 th resolution)	Delegation of authority to issue and grant stock warrants to (i) members and observers of the Company's Board of Directors in office at the warrants' grant date who are not classified as employees or managers of the Company or one of its subsidiaries, or (ii) parties bound by a service or consulting agreement with the Company or one of its subsidiaries, or (iii) members of any existing or future committee set up by the Board of Directors who are not classified as employees or executives of the Company or one of its subsidiaries	18 months	€250,000 ⁽²⁾	None
21/03/2017 (30 th resolution)	Delegation of authority to increase the share capital by issuing ordinary shares and/or securities giving access to the share capital without preemptive rights in favour of members of a Company savings plan	26 months	€250,000 ⁽²⁾	None
28/09/2015 (sole resolution)	Authorisation to allocate existing or future bonus shares to employees and/or certain company officers	38 months	5% of the share capital at the grant date	Bonus shares were granted under the terms of the bonus share allocation plans described in section 4.2.1 of the Annual financial report

(1) Charged against the overall nominal ceiling set by the 26th resolution, i.e. €10,000,000 (or €50,000,000 for issues of debt securities giving access to the share capital) This cap does not apply to debt securities whose issue may be decided or authorised by the Board of Directors in accordance with article L.228-40 of the French Commercial Code.

(2) Charged against the overall ceiling set by the 29th resolution: the maximum cumulative number of (i) shares that may result from the exercise of stock options and stock warrants and (ii) ordinary shares that may be issued pursuant to the 30th resolution is limited to 5% of the share capital to which ceiling will be added 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.

4.3 SHAREHOLDING

4.3.1 Breakdown of share capital and voting rights

The share capital and voting rights break down as follows:

	31 December 2017				31 December 2016			
	Shares	% of share of capital	Voting rights exercisable at shareholders' meeting ⁽¹⁾	% of voting rights exercisable at shareholders' meeting	Shares	% of share of capital	Voting rights exercisable at shareholders' meeting	% of voting rights exercisable at shareholders' meeting
GROUPE GORGÉ ⁽¹⁾	28,767,733	56.61%	28,767,733	56.65%	16,252,231	96.19%	16,252,231	96.19%
Fimalac Développement	3,403,508	6.70%	3,403,508	6.70%	-	-	-	-
Safran Corporate Ventures	907,894	1.79%	907,894	1.79%	-	-	-	-
Bpifrance Participations	750,000	1.48%	750,000	1.48%	-	-	-	-
Treasury shares	34,604	0.07%	-	-	-	-	-	-
Public	16,951,904	33.36%	16,951,904	33.38%	644,304	3.81%	644,304	3.81%
TOTAL	50,815,643	100%	50,815,643	100%	16,896,535	100%	16,896,535	100%

(1) 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.

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 Articles of Association, PRODWAYS GROUP shares held in registered form for more than two years carry double voting rights. These double voting rights apply from the initial listing of the Company's shares on the Euronext regulated market in Paris on 12 May 2017.

GROUPE GORGÉ registered its shares in its name and should therefore, after two consecutive years of registration after the Company's initial public offering, receive double voting rights, as would any shareholder in a similar situation.

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, within the meaning of article L233-3 of the French Commercial Code, by GROUPE GORGÉ.

GROUPE GORGÉ intends to remain the Company's primary, long-term shareholder.

The presence of independent Directors on the Board of Directors of PRODWAYS GROUP makes it possible to ensure that GROUPE GORGÉ's control over the Company is not abused.

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 two years enjoy double voting rights.

The Company is controlled by GROUPE GORGÉ.

The Company's bylaws do not contain any mechanisms for delaying, postponing or preventing a change of control.

GROUPE GORGÉ has undertaken to retain full ownership of its securities with the banks Oddo et Compagnie and Portzamparc Société de Bourse until 27 October 2018. Fimalac Développement, Safran Corporate Ventures and Bpifrance Participations have made an equivalent undertaking which expires on 12 May 2018.

4.3.5 Employee shareholding

The Group's existing stock option plans, bonus share allocation plans and stock warrant plans are described in Note 5.4 to the consolidated financial statements and section 4.2.1 of the Annual financial report.

In accordance with article L225-102 of the French Commercial Code, mention is made that at 31 December 2017:

- no employees shares were held under collective management;
- 556,960 PRODWAYS GROUP shares were up for acquisition by Group employees 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 VOLUMES TRADED ON EURONEXT SINCE THE IPO ON 12 MAY 2017

Month	Highest (in euros)	Lowest (in euros)	Number of shares traded	Capital (in euros)
May 2017	7.69	5.05	7,057,201	41,487,895
June 2017	7.05	5.92	2,080,607	13,465,893
July 2017	6.25	5.00	1,358,464	7,757,284
August 2017	5.57	5.20	674,324	3,592,038
September 2017	5.90	5.33	552,618	3,131,855
October 2017	6.31	5.30	1,594,093	9,255,724
November 2017	5.67	4.70	1,164,902	6,050,447
December 2017	5.05	4.30	1,062,685	4,939,774
January 2018	5.19	4.65	766,000	3,775,252
February 2018	4.90	4.04	1,572,651	7,290,629

Source: Euronext.

Information on PRODWAYS GROUP shares

PRODWAYS GROUP shares have been listed on Euronext Paris, compartment B since 12 May 2017. Compartment B includes listed companies with a market capitalisation between €150 million and €1 billion.

Since 2 October 2017, PRODWAYS GROUP has met all the eligibility criteria for the French PEA-SME tax-efficient investment regime (in accordance with Decree 2014-283), meaning it has fewer than 5,000 employees and annual revenue of less than €1,500 million or total assets of less than €2,000 million.

PRODWAYS GROUP shares have been included in the SRD long-only deferred settlement list since 27 December 2017. The SRD long-only listing should help improve trading liquidity.

4.4.2 Dividend policy

The Company intends to pay dividends when results permit, but it has not defined a systematic policy with respect to the apportionment of its profits between dividends and the financing of its operations.

No dividend has been paid out since the Company's inception.

As the consolidated income statement still presents a loss, the Board of Directors will not propose payment of a dividend to the shareholders' meeting of 13 June 2018.

4 INFORMATION ABOUT THE COMPANY, ITS SHARE CAPITAL AND SHAREHOLDERS

Financial communication (financial agenda, share performance, dividend policy)

4.4.3 Information documents

The Company communicates with its shareholders primarily *via* its website (www.prodways-group.com), its Twitter account and the financial wire agency Actusnews.

The quarterly, half-yearly and annual financial results are disclosed in press releases according to the indicative timetable below:

- Q1 2018 revenue: 27 April 2018;
- Shareholders' meeting: 13 June 2018;
- Q2 2018 revenue: 27 July 2018;
- HY 2018 financial results: 14 September 2018;
- Q3 2018 revenue: 26 October 2018;
- Q4 2018 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 first half financial results will be announced on 14 September 2018.

Throughout the period of validity of the Annual financial report, the following documents may be consulted at the Company's head office:

- the Company's Articles of Association;
- all reports, correspondence and other documents included or mentioned in this Annual financial report;
- the issuer's historical financial information for each of the two financial years prior to the publishing of the Annual financial report.

Copies of the annual reports are available at the Company's head office, 19, rue du Quatre-Septembre, 75002 Paris, France, and on its website www.prodways-group.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 PRODWAYS GROUP's up-to-date financial information. All PRODWAYS GROUP press releases are readily available on it, as are all documents of relevance to shareholders such as Annual financial reports, half-year consolidated financial statements and information on share buybacks.

PRODWAYS GROUP participates in small and/or mid cap events and road shows as well as other events throughout the year at which the Company presents its activities and results to analysts, investors and shareholders. The Group also organises investor and analyst meetings at relevant trade shows during the year and at its main operating 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.





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; and
- 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 first CSR report is a new step that fits in with a continuous-improvement initiative through a Groupwide protocol based on more precise definitions, a more accurate 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. At the end of 2017, these subsidiaries accounted for 78% of the Group's workforce and 73% of its revenue on a like-for-like basis, i.e. excluding new acquisitions in 2017. 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

In high technology sectors innovation – and therefore talent – determines the successes of tomorrow. This is why the development of human potential is a priority for PRODWAYS GROUP.

To offer its employees a stimulating environment, the Group seeks to implement HR best practice 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	Systems	Products	Head office	Total
Executives and engineers	100	46	3	149
Technicians and supervisors	22	69		91
Employees	43	54		97
Workers	15	23		38
TOTAL	180	192	3	375

2016	Systems	Products	Head office	Total
Executives and engineers	71	31	5	107
Technicians and supervisors	16	65		81
Employees	7	39		46
Workers	15			15
TOTAL	109	135	5	249

The following indicators relate to the workforce of the selected companies totalling 195 employees (52% of the total and 78% on a comparable basis). Indicators for 2016 related to 2 subsidiaries (compared with 3 on the 2017 panel) totalling 139 employees.

Male/female distribution by socioprofessional categories

(as a %)	2017			2016		
	Men	Women	Total	Men	Women	Total
Managers and higher professional positions	30	8	38	37	12	49
Technicians and supervisors	28	15	42	35	12	47
Employees	11	8	20	0	3	3
Workers	-	-	-	-	-	-
Apprentices	-	-	-	1	-	1
TOTAL	69	31	100	73	27	100

Distribution by age

(in %)	2017	2016
Less than 30 years old	20	28
30 to 39 years old	31	31
40 to 49 years old	31	28
50 to 59 years old	18	12
60 years old and over	1	1

Recruitments

	2017	2016
Recruitments ⁽¹⁾	47	27
• of which permanent employment contracts	34	23
• of which fixed-term employment contracts	13	3
• of which trainee contracts	-	1

(1) Excluding transfer between Group entities.

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 30% 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	42	28
• for economic reasons	1	0
• for other reasons	2	1
• end of contract, retirement, resignation, termination by mutual agreement	39	27

Turnover

Turnover in the Group for 2017 fell to 16.4% against 37.9% in 2016 on account of the consolidation of CRISTAL which has a low turnover.

Remuneration

(in thousands of euros)	2017	2016
Gross remuneration	7,837	6,639
Social security contributions	2,955	2,563
Pension liabilities: compensation paid and IAS 19 provision	75	58
Shareholding plans, profit-sharing	-	-
TOTAL	10,866	9,260

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.

In 2016 the Group set up free shares allocation plans for all Group employees working in the Group as of the date of the decision to allocate shares and free shares allocation plans for a limited number of 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 37 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 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 particular 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, PRODWAYS GROUP 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 the subsidiaries most at risk 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 695 hours of training were administered.

	2017	2016
Number of hours of training	695	291
Number of persons trained	42	16
Training costs ⁽¹⁾	€29,000	€48,000

(1) Educational costs, expenses, valuation of training days.

5.2.4.2 Targeted skill development

The development of know-how and innovation is a priority in the skills management policy of the Group 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 Group 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 has been recorded as relevant workplace health and safety indicators.

We have no information relating to occupational diseases.

Absenteeism

	2017	2016
Absenteeism rate ⁽¹⁾	2.5%	2.2%

(1) Ratio between the number of days of absence and the theoretical number of days' presence.

Accidents at work

	2017	2016
Number of accidents at work with absence	4	2
Number of days lost	59	25
Frequency rate	15.35	15.88
SEVERITY RATE	0.23	0.20

Improving the 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. 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.

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 PRODWAYS GROUP SA level.

The Group offers everyone the same job access, without discrimination as to age, gender, nationality, culture, or individual situation.

Gender parity

The composition of the Board of Directors of the Company complies with the rules on gender equality set out in law 2011-103.

In addition, the Group's Board of Directors is concerned to ensure equality of treatment between men and women be in its subsidiaries.

Disabled persons

	2017	2016
Number of disabled employees	3	2

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 principles of the ILO, namely freedom of association, elimination of forced labour, abolition of child labour and elimination of discrimination.

5.3 ENVIRONMENTAL INFORMATION

Because the Group's manufacturing operations amount to assembly work (see section 5.3.1), the following Grenelle 2 indicators were not applied:

- 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.

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.

5 OUR VALUES, OUR EMPLOYEES AND OUR CSR COMMITMENTS

Environmental information

The Group's 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.

No Group company has sites that fall under the Installations Classified for the Protection of the Environment (ICPE) regulations. The Group does not have any industrial equipment or machinery that could have a significant impact on the environment.

No Group companies are located in water stress areas and all of them obtain their drinking water from public utilities.

5.3.1.1 Employee training and information initiatives in environmental protection and resources used to prevent environmental risk and pollution

PRODWAYS GROUP invites its employees to protect the environment and reduce the impact of its activity on the environment with their day-to-day actions. At INITIAL, for example, 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 procedures that significantly reduce the share of material wasted;

- 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).

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
Amount of waste generated (kg)	23,268	341

The amounts of metal shavings and polluted content (oil and solvents) were negligible.

Some of the Group's sites acquired equipment and took measures to sort and recycle as much organic and non-organic waste as possible. PRODWAYS and INITIAL have installed waste receptacles dedicated to different waste types. Removal by a specialised company, with the issue of a treatment certificate, has been contracted for both subsidiaries.

5.3.3 Sustainable practices to reduce resource consumption

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.

Energy consumption and related GHG emissions

The coverage rate for data relating to energy consumption and greenhouse gas emissions represents 100% of total surfaces occupied by panel companies.

	From 01/12/2016 to 30/11/2017		From 01/12/2015 to 30/11/2016	
	Volume	Cost (€k)	Volume	Cost (€k)
Water consumption	1,131 m ³	5.2	1,055 m ³	3.60
Electricity consumption	1,781.4 MWh	212.4	1,726.9 MWh	170.8
Gas consumption ⁽¹⁾	207.9 MWh PCS	12.6	-	-
Greenhouse gas emissions (GHG) ⁽²⁾	131		83	
Direct greenhouse gas emissions (GHG) ⁽²⁾	46		-	
Indirect greenhouse gas emissions (GHG) ⁽²⁾	86		83	

(1) Gross Calorific Value.

(2) In tonnes of CO₂ equivalent.

Direct GHG emissions are related to natural gas consumption. The emission factor used for the period is 219g CO₂ equivalent per kWh (Internet source: Ademe carbon reporting).

Indirect GHG emissions are related to electricity consumption. The emission factor selected for the period is the EDF average (48g CO₂ equivalent per kWh).

Increases are mostly related to the inclusion of CRISTAL in the scope.

5.3.4 Reducing the impact of travel

Over the financial year, all of the sites on the panel carried out awareness campaigns targeting employees, to reduce their energy consumption.

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 train 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, GROUPE GORGÉ'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.

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.

5.4.6.1 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 two brokers under contract with the Group (ODDO BHF and Portzamparc). These meetings were held during trade shows important to the Group in France and Europe (specifically Formnext in Germany). On-site visits were also held, mainly focused on 3D printing (at the Mureaux Tech Center and the INITIAL site in Annecy).

Furthermore, PRODWAYS GROUP participates in roadshows and investor conferences in France and elsewhere in Europe throughout the year.

5.4.6.2 Developing 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.

Trade fairs provide an opportunity to meet potential candidates and an applications box is always made available whenever we take part in fairs. Several Group companies have initiated recruitment webinars during which they present the Group's various businesses.

5.4.6.3 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 Vogue Fashion Festival hosted by Vogue magazine at the *École Centrale Marseille*, the "Journée des Décideurs" (Decision-Makers' Day) hosted by Leaders League magazine, and the Tech&Co broadcast on BFM Business. 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.

5.4.6.4 Partnership and sponsorship

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 also supported artist Mathias Bengtsson in manufacturing the Growth Table Titanium 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 which now belongs to the Centre Pompidou's permanent collection.

5.5 METHODOLOGY - PANEL OF SELECTED COMPANIES

It was not possible to give all the information listed in article R.225-105-1 of the French Commercial Code.

We have selected only information provided by Group entities and centralised by PRODWAYS GROUP 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 or harmonised at the PRODWAYS GROUP SA level.

The production of CSR indicators requires the setting up of a system for reporting information to the PRODWAYS GROUP Financial Department. A protocol has therefore been created for this purpose.

It describes the procedures and tools used for collecting and reporting the PRODWAYS 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, while the severity rate is the number of days not worked (calendar days) expressed in thousands of hours worked.

5.6 REPORT BY THE INDEPENDENT THIRD-PARTY ENTITY ON THE CONSOLIDATED SOCIAL, ENVIRONMENTAL AND CORPORATE INFORMATION IN THE MANAGEMENT REPORT

(Year ended 31 December 2017)

To the Shareholders,

In our capacity as the independent third party entity of PRODWAYS GROUP, 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 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, of which a summary appears in part 5.5 of the management report 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 (conclusion 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 law 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, with ISAE 3000⁽²⁾ as well as the relevant professional standards of the *Compagnie nationale des Commissaires aux comptes* (French national institution of statutory auditors).

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 verified that explanations were provided in compliance with 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 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".

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

(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.

2. Reasoned opinion on the fair presentation of the CSR information

Nature and scope of work

We conducted ten interviews with the persons responsible for preparing the CSR Information in 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 were 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 73% of the employees considered as a characteristic quantity of the corporate component and between 76% and 98% 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 total or partial absence of certain information, taking professional best practice into account where applicable.

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.

Neully-sur-Seine, 3 April 2017

Independent third-party entity

Grant THORNTON
French member of GRANT THORNTON INTERNATIONAL

Vincent PAPA ZIAN
PARTNER

(1) Quantitative corporate 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 CO₂; indirect emissions of CO₂.

(2) INITIAL and 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 €883,000, and the consolidated financial statements for the year ended 31 December 2017 showing net income (Group share) of €(7,574,000).

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 €0 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 allocate the profit for the 2017 year in the following way:

- Origin:
 - profit (loss) for the financial year €833,391.58;
- Allocation:
 - legal reserve €833,391.58.

We therefore ask you not to resolve on the payment of any dividend.

In accordance with article 243 bis of the French General Tax Code, we remind you that no dividend payout was made in respect of the last three financial years.

3. Approval of regulated agreements (fourth resolution)

No 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 Directors (fifth and sixth resolutions)

The terms of office of Raphaël Gorgé and Olivier Strebelle on the Board of Directors expire at the end of this meeting.

We suggest that you reappoint them for a further term of three years expiring in 2021, at the close of the ordinary shareholders' meeting called to approve the financial statements for the year ended.

We remind you that Raphaël Gorgé is Chairman and Chief Executive Officer of the Company and that Olivier Strebelle is Deputy Chief Executive Officer in charge of Strategy and Business Development. Their respective expertise and experience are presented in section 2.2 of the Annual financial report.

The term of office of Thierry Moulouguet on the Board of Directors also expires at the end of this meeting. He has not put himself forward for reappointment.

5. Amount of Directors' fees (seventh resolution)

No Directors' fees have been allocated to the Board of Directors thus far.

To account for the presence of independent Directors on the Board of Directors, we propose that you allocate a total amount of €30,000 in Directors' fees from 1 January 2016.

Where applicable Directors' fees may be allocated to independent Directors who receive no other remuneration from the Company's shareholders.

6. 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) (eighth 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 Annual financial report).

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.

7. Approval of the remuneration policy for executive corporate officers (Say on pay ex ante) (ninth 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 Annual financial report).

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.

8. Proposal to renew the authorisation for implementing the share repurchase programme (tenth resolution) and authorisation for the correlated share capital reduction (eleventh 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 by the shareholders' meeting of 21 March 2017 in its fifth 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 €20 per share and consequently, that you set the maximum amount of the operation at €101,631,280.

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 (eleventh 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.

9. Renewal of financial delegations

The Board of Directors wishes to have the necessary powers to make all issues, should it think fit that may be required for the development of the Group's activities.

That is why shareholders are asked to renew the delegations the Board had and which will soon expire per the terms set out hereinafter:

9.1 Delegation of authority to increase the share capital by incorporation of reserves, profits and/or premiums (twelfth resolution)

We ask you to grant the Board of Directors, for a period of 26 months, the authority to increase the share capital by incorporating reserves, profits, premiums or other sums that may be capitalised by issuing and allocating bonus shares or by raising the nominal value of existing ordinary shares or by a combination of these two procedures.

The amount of the share capital increase resulting from issues made under this delegation would not exceed the nominal amount of €3,000,000. This amount would not include the overall nominal value of the additional ordinary shares to be potentially issued to maintain, in accordance with the law, the rights of holders of marketable securities giving entitlement to shares. This ceiling would be independent of all ceilings set out by the other delegations of the shareholders' meeting.

This delegation would cancel and replace any prior delegation given for the same purpose.

9.2 Delegations of authority to issue ordinary shares and/or securities, maintaining or cancelling pre-emptive subscription rights

As the delegations of authority to increase the share capital (immediately or in future) by a cash contribution with or without preemptive rights are due to expire before the shareholders' meeting called to approve the 2018 financial statements (generally held in June), we propose that you renew them in the conditions detailed below.

The purpose of these delegations is to give the Board of Directors all latitude for issuing the following, at the times of its choosing, during a 26-month period:

- ordinary shares and/or;
- ordinary shares giving rights to other ordinary shares or debt securities and/or;
- marketable securities giving access to ordinary shares issued by the Company.

In accordance with article L228-93 of the French Commercial Code, the securities to be issued may give access to ordinary shares to be issued by any company directly or indirectly owning more than half of its capital or of which it owns directly or indirectly more than half of the capital.

9.2.1 Delegation of authority to issue ordinary shares and/or securities giving access to share capital and/or ordinary shares giving rights to debt securities with preemptive rights (thirteenth resolution)

We propose that you set the maximum overall nominal amount of shares that may be issued under this delegation at €6,000,000. The nominal amount of share capital increases that could be carried out pursuant to the fourteenth, fifteenth, eighteenth and nineteenth resolutions would be charged against this ceiling. To this ceiling would be added, where applicable, the nominal value of the ordinary shares to be issued, in accordance with the law and, where applicable, the contractual provisions regarding other adjustment cases, in order to maintain the rights of holders of transferable securities giving access to the Company's capital.

The nominal amount of the Company's debt securities that may be issued pursuant to this delegation of powers cannot exceed €30,000,000. The nominal amount of debt securities that could be issued using the fourteenth, fifteenth, and nineteenth resolutions would be charged against this ceiling.

Under this delegation, the issuances would be made, maintaining the shareholders' pre-emptive subscription rights.

If the subscriptions on an irreducible-excess or, as appropriate, reducible-excess basis fall below the total number of shares or securities issued, the Board of Directors may use the following options:

- limit the issue to the amount of the subscriptions, within the limits laid down by the regulations where applicable;
- freely allocate all or part of the unsubscribed securities;
- offer all or part of the unsubscribed securities to the public.

This new delegation would cancel and replace any prior delegation given for the same purpose.

9.2.2 Delegations cancelling pre-emptive subscription rights

9.2.2.1 Delegation of authority to issue ordinary shares and/or securities giving access to share capital and/or ordinary shares giving rights to the allocation of debt securities, cancelling pre-emptive subscription rights by way of public offer (fourteenth resolution)

By virtue of this delegation, the issuances would be made by way of a public offer.

The pre-emptive subscription rights of the shareholders to ordinary shares and/or securities giving access to the share capital and/or debt securities will be cancelled, with the option for the Board of Directors to give shareholders the option of priority subscription.

The overall nominal amount of the shares which may be issued cannot exceed €6,000,000. To this ceiling would be added, where applicable, the nominal value of the ordinary shares to be issued, in accordance with the law and, where applicable, the contractual provisions regarding other adjustment cases, in order to maintain the rights of holders of transferable securities giving access to the Company's capital.

This amount would be charged against the limit set on share capital increases in the thirteenth resolution.

The nominal amount of the Company debt securities which may be issued cannot exceed €30,000,000.

This amount would be charged against the limit on the nominal amount of debt securities that may be issued, as set by the thirteenth resolution.

The amount due or that will be due to the Company for each of the ordinary shares issued, after taking into account, in the event of an issuance of warrants, the subscription price of the warrants, will be determined in accordance with the legal and regulatory provisions and will therefore be at least equal to the minimum required by the provisions of article R.225-119 of the French Commercial Code at the time the Board of Directors uses the delegation (currently the weighted average of the Company share price of the last three stock exchange sessions before it is set, reduced by a maximum discount of 5%).

In case of a securities issuance needed to remunerate securities contributed under a public exchange offer, the Board of Directors would have, within the limits defined above, the necessary powers to record the list of securities contributed to the exchange; define the terms of issuance and exchange parity as well as, where appropriate, the amount of the balancing payment in cash to be made; and set the issuance procedures.

If the applications fall below the total number of shares or securities issued, the Board of Directors may use the following options:

- limit the issue to the amount of the subscriptions, within the limits laid down by the regulations where applicable;
- freely allocate all or part of the unsubscribed securities.

This new delegation would cancel and replace any prior delegation given for the same purpose.

9.2.2.2 Delegation of authority to issue ordinary shares and/or securities giving access to share capital and/or ordinary shares giving rights to the allocation of debt securities, cancelling pre-emptive subscription rights by private placement (fifteenth resolution)

By virtue of this delegation, the issues would be made by way of an offer referred to in article L.411-2, paragraph II of the French Monetary and Financial Code.

The pre-emptive subscription rights of the shareholders to ordinary shares and/or securities giving access to the share capital will be waived.

The overall nominal amount of the shares which may be issued cannot exceed €4,000,000. It should be noted that it would be further limited to 20% of the capital per year. To this ceiling would be added, where applicable, the nominal value of the ordinary shares to be issued, in accordance with the law and, where applicable, the contractual provisions regarding other adjustment cases, in order to maintain the rights of holders of transferable securities giving access to the Company's capital.

This amount would be charged against the limit set on share capital increases in the thirteenth resolution.

The nominal amount of the Company debt securities which may be issued cannot exceed €20,000,000.

This amount would be charged against the limit on the nominal amount of debt securities that may be issued, as set by the thirteenth resolution.

The amount due or that will be due to the Company for each of the ordinary shares issued, after taking into account, in the event of an issuance of warrants, the subscription price of the warrants, will be determined in accordance with the legal and regulatory provisions and will therefore be at least equal to the minimum required by the provisions of article R.225-119 of the French Commercial Code at the time the Board of Directors uses the delegation (currently the weighted average of the Company share price of the last three stock exchange sessions before it is set, reduced by a maximum discount of 5%).

If the applications fall below the total number of shares or securities issued, the Board of Directors may use the following options:

- limit the issue to the amount of the subscriptions, within the limits laid down by the regulations where applicable;
- freely allocate all or part of the unsubscribed securities.

This new delegation would cancel and replace any prior delegation given for the same purpose.

9.2.2.3 Determining the procedures for setting the subscription price where pre-emptive subscription rights are waived, subject to the annual limit of 10% of the share capital (sixteenth resolution)

We propose, pursuant to article L.225-136-1, paragraph 2 of the French Commercial Code, to authorise the Board of Directors, which approves the issue of ordinary shares or securities giving access to the share capital without preemptive rights via public offer and/or private placement (fourteenth and fifteenth resolutions), to deviate, up to 10% of the share capital per year, from the pricing conditions set out in the aforementioned procedures and to set the issue price of the equivalent equity securities issued on an immediate or deferred basis such that said price cannot, at the Board of Directors' discretion, be less than the lowest of the following two averages:

- the average of five consecutive share market prices selected from the last 30 trading sessions prior to setting the issue price, less a discount, if any, which may not exceed 10%;
- the average share market price during the six months preceding the setting of the issue price, less a discount, if any, not to exceed 10%.

This derogation rule on pricing could allow the Company some flexibility in choosing the reference average for calculating the issuance price, specifically in case of a fluctuation in price.

9.2.3 Authorisation to increase the amount of issues in case of excess demand (seventeenth resolution)

We propose, under the delegations with maintenance and cancellation of the aforementioned preferential subscription right (twelfth to fourteenth resolutions), to give the Board of Directors the option of increasing the number of shares set out in the initial issue, under the conditions and limits set out by the laws and regulations.

9.2.4 Delegation of authority to increase the share capital as consideration for non-cash contributions of securities and transferable securities (eighteenth resolution)

Delegation conferred on the Board to increase the share capital as consideration for non-cash contributions of securities and transferable securities ending in the second half of 2019, we propose that you renew it.

Thus, to facilitate external growth operations, we ask you to please give the Board of Directors a new delegation to increase the share capital by issuance of ordinary shares and/or transferable securities giving access to the capital, as consideration for non-cash contributions made to the Company composed of capital stock or transferable securities giving access to share capital.

This delegation would be for a period of 26 months.

The total nominal value of the ordinary shares that may be issued under this delegation cannot be greater than 10% of the share capital, without regard to the nominal value of the ordinary shares to be issued to maintain, in accordance with the law and, where applicable, the contractual provisions regarding other adjustment cases, the rights of holders of transferable securities giving access to the Company's share capital. The total nominal amount of the share capital increase resulting from any issues under this delegation would be charged against the limit set on share capital increases in the thirteenth resolution.

This new delegation would cancel and replace any prior delegation given for the same purpose.

9.2.5 Delegation of powers 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 preemptive 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 (nineteenth resolution)

This delegation will authorise the Board to increase 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 preemptive 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 preemptive 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 banking syndicate or any investment fund or company undertaking to guarantee the completion of the capital increase or of any issue that may eventually result in a capital increase that could be completed pursuant to this delegation in the context of the setup 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 preemptive rights to the shares to which these transferable securities will give right.

The total number of share capital increases that may be carried out immediately and/or in future under this delegation cannot exceed €4,000,000 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 €20,000,000 (or exchange value if the issue is in another currency).

These amounts will be charged against the ceiling set out in the thirteenth resolution.

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 possession date (*date de jouissance*). 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 institutions should the Company wish to set up this equity line of financing.

9.4 Authorisations for individual employee shareholding

In order to set up an employee shareholding incentive structure conducive to the Company's growth, we propose that you renew the authorisations allowing the Board to grant stock options and bonus shares as follows:

9.4.1 Authorisation to allocate stock options (twentieth resolution)

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 ten 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.

This new authorisation would preemptively cancel the current authorisation having the same purpose.

9.4.2 Authorisation to allocate bonus shares to employees and/or certain corporate officers (twenty-first resolution)

We propose that you authorise 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 French Commercial Code.

The total number of options that can be granted by the Board of Directors under this authorisation cannot exceed 5% of the existing

share capital at the allocation decision date given that the total number of shares eligible *via* the options that may have been granted 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 period set by law. 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.

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' preemptive 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 nondistributable 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.

9.5 Delegation of authority to increase the share capital in favour of members of a Company savings plan (twenty-second 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. Amendment to the Articles of Association regarding the appointment of an Employee Director (twenty-third 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. This appointment may be made either pursuant to the voluntary scheme set out by law or pursuant to applicable laws. Therefore, we ask that you approve the twenty-third resolution.

11. Amendment to the Articles of Association removing the obligation to appoint an alternate statutory auditor in certain cases (twenty-fourth 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 twenty-second resolution.

28 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.
- 4) Special report of the statutory auditors on regulated agreements and commitments and approval of those agreements.
- 5) Reappointment of Raphaël Gorgé as Director.
- 6) Reappointment of Olivier Strebelle as Director.
- 7) Allocation and amount of Directors' fees.
- 8) Approval of the variable and non-recurring remuneration of the Chairman and Chief Executive Officer for 2017.
- 9) Approval of the remuneration policy for corporate officers.
- 10) 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

- 11) Authorisation to be given to the Board of Directors with the aim of cancelling shares repurchased by the Company pursuant to article L.225-209 of the French Commercial Code.
- 12) Delegation of authority to increase the share capital by incorporation of reserves, profits and/or premiums.
- 13) Delegation of authority to the Board of Directors to issue ordinary shares giving, as applicable, access to ordinary shares or the allocation of debt securities (of the Company or a Group company), and/or transferable securities giving access to ordinary shares to be issued (by the Company or a Group company), with maintenance of pre-emptive subscription rights.
- 14) Delegation of authority to the Board of Directors to issue ordinary shares giving, as applicable, access to ordinary shares or the allocation of debt securities (of the Company or a Group company) and/or transferable securities giving access to ordinary shares to be issued (by the Company or a Group company), with cancellation of shareholders' pre-emptive subscription rights, by a public offer.
- 15) Delegation of authority to the Board of Directors to issue ordinary shares giving, as applicable, access to ordinary shares or the allocation of debt securities (of the Company or a Group company), and/or transferable securities giving access to ordinary

shares to be issued (by the Company or a Group company), with maintenance of pre-emptive subscription rights *via* an offer set out in II of article L.411-2 of the French Monetary and Financial Code.

- 16) Determining the procedures for setting the subscription price where pre-emptive subscription rights are waived, subject to the annual limit of 10% of the share capital.
- 17) Authorisation to increase the amount of issuances in case of excess demand.
- 18) Delegation to be given to the Board of Directors to increase the share capital by issuance of ordinary shares and/or transferable securities giving access to the share capital, within a maximum of 10% of the share capital, as consideration for non-cash transfers of securities giving access to share capital.
- 19) 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 preemptive 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.
- 20) 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 preemptive rights, authorisation period, ceiling, strike price, and maximum term of the option.
- 21) 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 preemptive rights, term of the authorisation, ceiling, term of vesting periods, specifically in case of disability and retention.
- 22) 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.
- 23) Amendment to the Articles of Association allowing, as the case may be, the appointment of an Employee Director to the Board of Directors.
- 24) Amendment to the Articles of Association removing the obligation to appoint an alternate statutory auditor in certain cases.

Ordinary resolutions

- 25) 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 €833,391.58.

The shareholders' meeting specifically approves the total, amounting to €0, 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 €7,574,000.

■ 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 €833,391.58;
- Allocation:
 - legal reserve €833,391.58.

In accordance with article 243 bis of the French General Tax Code, the shareholders' meeting notes it was reminded that no dividend payout was made in respect of the last three financial years.

■ 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 Raphaël Gorgé as Director

The shareholders' meeting, ruling under the quorum and majority conditions for ordinary shareholders' meetings, resolves to reappoint Raphaël Gorgé as Director for a term of three years ending at the close of the shareholders' meeting to be held in 2021 to approve the financial statements for the year ending 31 December 2020.

■ Sixth resolution – Reappointment of Olivier Strebelle as Director

The shareholders' meeting, ruling under the quorum and majority conditions for ordinary shareholders' meetings, resolves to reappoint Olivier Strebelle as Director for a term of three years ending at the close of the shareholders' meeting to be held in 2021 to approve the financial statements for the year ending 31 December 2020.

■ Seventh resolution – Allocation and amount of Directors' fees

The shareholders' meeting, ruling under the quorum and majority conditions for ordinary shareholders' meetings, having taken note of the report by the Board of Directors, sets the total amount of Directors' fees allocated to the Board of Directors at €30,000 a year, until further resolution, from the year starting 1 January 2018.

■ Eighth 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 Annual financial report.

■ Ninth 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.

■ Tenth 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 program.

This authorisation cancels the authorisation granted to the Board of Directors by the shareholders' meeting of 14 June 2016 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 €20 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 operation is thus set at €101,631,280 (corresponding to 10% of the share capital as at 28 March 2018, at a maximum price of €20 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

■ Eleventh 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.

■ Twelfth resolution – Delegation of authority to increase the share capital by incorporation of reserves, profits and/or premiums

The shareholders' meeting, ruling under the quorum and majority conditions for ordinary shareholders' meetings, having noted the report by the Board of Directors, and in accordance with the provisions of articles L.225-129-2 and L.225-130 of the French Commercial Code:

- 1) confers to the Board of Directors the authority to decide to increase the share capital in one or more increments, at its own discretion regarding the timing and procedures, by incorporation of reserve capital, profits, bonuses, or other sums of which capitalisation is permitted, by the issue and free allocation of shares, by raising the nominal value of existing ordinary shares, or by a combination of these two procedures;
- 2) decides that, if the Board of Directors makes use of this delegation, pursuant to article L.225-130 of the French Commercial Code, in the event of a share capital increase in the form of a free share allocation, the fractional rights will be neither tradable nor assignable, and the corresponding capital stock will be sold; the proceeds from the sale will be allotted to those holding the rights, within the period provided under regulations;
- 3) sets the period of validity of this delegation of powers at 26 months starting from the date of this shareholders' meeting;
- 4) decides that the amount of the share capital increase resulting from issuances made under this resolution shall not exceed the nominal amount of €3,000,000, not including the amount needed to maintain the rights of bearers of transferable securities giving rights to shares, pursuant to law;
- 5) This ceiling is independent of all ceilings set out by the other resolutions of this shareholders' meeting;

- 6) confers on the Board of Directors all powers for the purpose of implementing this resolution and, generally, take all measures and carry out all formalities required for the success of each share capital increase, record its completion, and make any related amendment to the bylaws;
- 7) notes that this delegation supersedes any prior delegation of powers having the same purpose, as from this date, up to and including, as appropriate, the unused portion.

■ **Thirteenth resolution – Delegation of authority to the Board of Directors to issue ordinary shares giving, as applicable, access to ordinary shares or the allocation of debt securities (of the Company or a Group company) and/or to transferable securities giving access to ordinary shares issued (by the Company or a Group company) with preemptive rights**

The shareholders' meeting, having noted the report by the Board of Directors and the special report by the statutory auditors, and pursuant to the provisions of the French Commercial Code and in particular its articles L.225-129-2, L.228-92, and L.225-132 et seq.:

- 1) delegates to the Board of Directors its powers to issue, in one or more instalments, in the proportions and at times that it deems appropriate, in either euros or foreign currencies, or in any other unit of account established by reference to a set of currencies:
 - ordinary shares and/or,
 - ordinary shares giving rights to other ordinary shares or debt securities and/or,
 - marketable securities giving access to ordinary shares issued by the Company.

In accordance with article L.228-93 of the French Commercial Code, the securities to be issued may give access to ordinary shares to be issued by any company directly or indirectly owning more than half of its capital or of which it owns directly or indirectly more than half of the capital;

- 2) sets the period of validity of this delegation of powers at 26 months starting from the date of this shareholders' meeting;
- 3) decides to set, as follows, the limits on the amounts of authorised issuances, in case the Board of Directors makes use of this delegation of authority:
 - the total nominal amount of ordinary shares that may be issued under this delegation cannot exceed €6,000,000 given that the nominal amount of share capital increases that may be carried out under the fourteenth, fifteenth, eighteenth and nineteenth resolutions will be charged against this ceiling;
 - to this ceiling will be added, where applicable, the nominal value of the ordinary shares to be issued, in accordance with the law and, where applicable, the contractual provisions regarding other adjustment cases, in order to maintain the rights of holders of transferable securities giving access to the Company's capital,
 - the total nominal amount of debt securities that may be issued under this delegation cannot exceed €30,000,000 given that

the nominal amount of share capital increases that may be carried out under the fourteenth, fifteenth, and nineteenth resolutions will be charged against this ceiling;

- 4) in case the Board of Directors makes use of this delegation of authority for the issuances mentioned in 1) above:
 - a/ decides that the issuance(s) of ordinary shares or transferable securities giving access to the share capital will be reserved by preference for shareholders who can subscribe on an irreducible-excess basis,
 - b/ decides that if the subscriptions on an irreducible-excess or, as appropriate, reducible-excess basis fall below the total number of shares or securities to be issued per 1), the Board of Directors may use the following options:
 - limit the issuance to the amount of the subscriptions, within the limits laid down by the regulations, where applicable,
 - freely allocate all or part of the unsubscribed securities,
 - offer all or part of the unsubscribed securities to the public;
- 5) decides that the Board of Directors shall, within the limits defined above, enjoy the necessary powers to set the conditions for the issuance(s) as well as the issuance price(s), as applicable; formally record the completion of the resulting share 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;
- 6) notes that this delegation cancels and replaces any prior delegation of powers having the same purpose.

■ **Fourteenth resolution – Delegation of authority to the Board of Directors to issue ordinary shares giving, as applicable, access to ordinary shares or the allocation of debt securities (of the Company or a Group company) and/or transferable securities giving access to ordinary shares issued (by the Company or a Group company), without preemptive rights, through a public offer**

The shareholders' meeting, having noted the report by the Board of Directors and the special report by the statutory auditors, and pursuant to the provisions of the French Commercial Code and in particular its articles L.225-129-2, L.225-136, L.225-148 and L.228-92:

- 1) delegates to the Board of Directors its powers to issue, in one or more instalments, in the proportions and at times that it deems appropriate, on the French and/or international market, by a public offer in either euros or foreign currencies, or in any other unit of account established by reference to a set of currencies:
 - ordinary shares and/or;
 - ordinary shares giving rights to other ordinary shares or debt securities and/or;
 - marketable securities giving access to ordinary shares issued by the Company;

These securities may be issued for the purpose of remunerating securities contributed to the Company under a public exchange offer on securities that meets the conditions set by article L.225-148 of the French Commercial Code.

In accordance with article L.228-93 of the French Commercial Code, the securities to be issued may give access to ordinary shares to be issued by any company directly or indirectly owning more than half of its capital or of which it owns directly or indirectly more than half of the capital;

- 2) sets the period of validity of this delegation of powers at 26 months starting from the date of this shareholders' meeting;
- 3) the total nominal amount of the ordinary shares that may be issued pursuant to this delegation shall not exceed €6,000,000.

To this ceiling will be added, where applicable, the nominal value of the ordinary shares to be issued, in accordance with the law and, where applicable, the contractual provisions regarding other adjustment cases, in order to maintain the rights of holders of transferable securities giving access to the Company's capital.

This amount is charged against the amount of the share capital increase set in the thirteenth resolution.

The nominal amount of the Company's debt securities that may be issued pursuant to this delegation of powers cannot exceed €30,000,000.

This amount is charged against the nominal amount of the debt securities set in the thirteenth resolution;

- 4) decides to waive shareholders' pre-emptive subscription rights to the ordinary shares and transferable securities giving access to share capital and/or debt securities which are the subject of this resolution, yet leaving the Board of Directors the option to grant shareholders a preferred right, pursuant to law;
- 5) decides that the amount due or that will be due, to the Company for each of the ordinary shares issued under this delegation of authority, after taking into account, in the event of an issuance of individual share subscription warrants, the subscription price of these warrants, will be at least equal to the minimum required by legal and regulatory provisions applicable at the time when the Board of Directors implements the delegation;
- 6) decides, in case of a securities issuance needed to remunerate securities contributed under a public exchange offer, the Board of Directors would have, in the conditions set in article L.225-148 of the French Commercial Code and within the limits defined above, the necessary powers to record the list of securities contributed to the exchange; define the terms of issuance and exchange parity as well as, where appropriate, the amount of the balancing payment in cash to be made; and set the issuance procedures;
- 7) decides that, if the number of subscriptions fails to reach the total number of shares or securities in an issue as referred to in paragraph 1), the Board of Directors may exercise the following options:
 - limit the issue to the amount of the subscriptions, within the limits laid down by the regulations where applicable,
 - freely allocate all or part of the unsubscribed securities;
- 8) decides that the Board of Directors shall, within the limits defined above, enjoy the necessary powers to set the conditions for the issuance(s), as applicable, formally record the 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;

- 9) notes that this delegation cancels and replaces any prior delegation of powers having the same purpose.

■ **Fifteenth resolution – Delegation of authority to the Board of Directors to issue ordinary shares giving, as applicable, access to ordinary shares or the allocation of debt securities (of the Company or a Group company) and/or transferable securities giving access to ordinary shares issued (by the Company or a Group company), with preemptive rights, via a public offer as set out in article L.411-2 II of the French Monetary and Financial Code**

The shareholders' meeting, having noted the report by the Board of Directors and the special report by the statutory auditors, and pursuant to the provisions of the French Commercial Code and in particular its articles L.225-129-2, L.225-136, and L.228-92:

- 1) delegates to the Board of Directors its powers to issue, in one or more instalments, in the proportions and at times that it deems appropriate, on the French and/or international market, by an offer referred to in article L.411-2, paragraph II of the French Monetary and Financial Code, in either euros or foreign currencies, or in any other unit of account established by reference to a set of currencies:
 - ordinary shares and/or,
 - ordinary shares giving rights to other ordinary shares or debt securities and/or,
 - marketable securities giving access to ordinary shares issued by the Company;

In accordance with article L.228-93 of the French Commercial Code, the securities to be issued may give access to ordinary shares to be issued by any company directly or indirectly owning more than half of its capital or of which it owns directly or indirectly more than half of the capital;

- 2) sets the period of validity of this delegation of powers at 26 months starting from the date of this shareholders' meeting;
- 3) the total nominal amount of the ordinary shares that may be issued pursuant to this delegation shall not exceed €4,000,000, it being specified that it will be further limited to 20% of the share capital each year.

To this ceiling will be added, where applicable, the nominal value of the ordinary shares to be issued, in accordance with the law and, where applicable, the contractual provisions regarding other adjustment cases, in order to maintain the rights of holders of transferable securities giving access to the Company's capital.

This amount is charged against the amount of the share capital increase set in the thirteenth resolution.

The nominal amount of the Company's debt securities that may be issued pursuant to this delegation of powers cannot exceed €20,000,000.

This amount is charged against the nominal amount of the debt securities set in the thirteenth resolution;

6 INFORMATION ON THE SHAREHOLDERS' MEETING OF 13 JUNE 2018

Draft resolutions for the ordinary and extraordinary shareholders' meeting of 13 June 2018

- 4) decides to waive shareholders' pre-emptive subscription rights to the ordinary shares and transferable securities giving access to capital and/or debt securities which are the subject of this resolution;
- 5) decides that the amount due or that will be due, to the Company for each of the ordinary shares issued under this delegation of authority, after taking into account, in the event of an issuance of individual share subscription warrants, the subscription price of these warrants, will be at least equal to the minimum required by legal and regulatory provisions applicable at the time when the Board of Directors implements the delegation;
- 6) decides that, if the number of subscriptions fails to reach the total number of shares or securities in an issue as referred to in paragraph 1/, the Board of Directors may exercise the following options:
 - limit the issue to the amount of the subscriptions, within the limits laid down by the regulations where applicable,
 - freely allocate all or part of the unsubscribed securities;
- 7) decides that the Board of Directors shall, within the limits defined above, enjoy the necessary powers to set the conditions for the issuance(s), as applicable, formally record the 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;
- 8) notes that this delegation cancels and replaces any prior delegation of powers having the same purpose.

■ Sixteenth resolution – Determining the terms for setting the subscription price where preemptive rights are waived, subject to the annual limit of 10% of the share capital

The shareholders' meeting, having taken note of the report of the Board of Directors and the special report of the statutory auditors, and pursuant to article L.225-136-1 paragraph 2 of the French Commercial Code, authorises the Board of Directors, which approves the issue of ordinary shares or transferable securities giving access to the share capital under the thirteenth and fourteenth resolutions, to deviate, up to 10% of the share capital per year, from the pricing conditions set out in the aforementioned resolutions and to set the issue price of the equivalent equity securities issued under the following terms:

The issuance price of equivalent capital stock to be issued on an immediate or deferred basis cannot, at the Board of Directors' option, be less than the lowest of the following two averages:

- the average of five consecutive share market prices selected from the last 30 trading sessions prior to setting the issue price, less a discount, if any, which may not exceed 10%;

- The average share market price during the six months preceding the setting of the issue price, less a discount, if any, not to exceed 10%.

■ Seventeenth resolution – Authorisation to increase the amount of issues in case of excess demand

The shareholders' meeting, having taken note of the report of the Board of Directors, decides that, for each issue of ordinary shares or transferable securities giving access to the share capital under the thirteenth to fifteenth resolutions, the number of shares issued may be increased under the conditions set out by articles L.225-135-1 and R.225-118 of the French Commercial Code up to the ceilings set by the shareholders' meeting if the Board of Directors notes excess demand.

■ Eighteenth resolution – Delegation to be given to the Board of Directors to increase the share capital by issue of ordinary shares and/or transferable securities giving access to the share capital, up to 10% of the share capital, as consideration for non-cash transfers of securities giving access to the share capital

The shareholders' meeting, having noted the report by the Board of Directors and the special report by the statutory auditors, and pursuant to the provisions of articles L.225-147 and L.228-92 of the French Commercial Code:

- 1) authorises the Board of Directors to proceed, based on the report of the statutory auditors, with the issuance of ordinary shares or transferable securities giving access to ordinary shares as consideration for non-cash contributions made to the Company composed of capital stock or transferable securities giving access to share capital, if the provisions of article L.225-148 of the French Commercial Code are not applicable;
- 2) sets the period of validity of this delegation of powers at 26 months starting from the date of this shareholders' meeting;
- 3) decides that the total nominal value of the ordinary shares that may be issued under this delegation cannot be greater than 10% of the share capital on the date of this shareholders' meeting, without regard to the nominal value of the ordinary shares to be issued to maintain, in accordance with the law and, where applicable, the contractual provisions regarding other adjustment cases, the rights of holders of transferable securities giving access to the Company's share capital. The total nominal amount of the share capital increase resulting from issues under this delegation will be charged against the limit set on capital increases in the thirteenth resolution;

- 4) delegates all powers to the Board of Directors for the purposes of proceeding with approval of the valuation of contributions; deciding on the resulting share capital increase; recording its completion; charging all costs and duties incurred by the share capital increase against the contribution premium, as applicable; deducting, from the contribution premium, the sums needed to bring the legal reserve to one-tenth of the new share capital after each increase; and to proceed with the related amendment to the bylaws, and do what is required in such matters;
- 5) notes that this delegation cancels and replaces any prior delegation of powers having the same purpose.

■ **Nineteenth 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 with rights to the allocation of debt securities and/or securities giving access to equity securities issued, without preemptive rights in favour of a category of persons who will underwrite the Company's equity securities that might result therefrom in connection with an equity line of financing**

The shareholders' meeting, ruling under the quorum and majority conditions for ordinary 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.:

- 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 preemptive 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 to be issued in favour of the following category of persons: any credit institution, investment service provider, or member of an investment banking syndicate or any investment fund or company undertaking to guarantee the completion of the capital increase or of any issue that may eventually result in a capital increase that could be completed pursuant to this delegation in the context of the setup of an equity line of financing;
- 4) duly notes that where necessary this delegation entails the waiver by shareholders of their preemptive rights to any shares to which these securities give access;

- 5) decides that the total nominal amount of share capital increases that may be carried out immediately and/or in future under this delegation cannot exceed €4,000,000 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. This amount is charged against the amount of the share capital increase set in the thirteenth resolution;
- 6) decides to set at €20,000,000 (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:
 - this amount will be supplemented where applicable by any above-par redemption premium,
 - this amount will be charged against the ceiling set out in the thirteenth resolution.

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 possession date (date de jouissance) 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 subdelegation pursuant to the law, to implement, under the conditions set by law and the Articles of Association, this delegation in order specifically to:

6 INFORMATION ON THE SHAREHOLDERS' MEETING OF 13 JUNE 2018

Draft resolutions for the ordinary and extraordinary shareholders' meeting of 13 June 2018

- 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 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.

■ Twentieth resolution – Authorisation to be given 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) resolves that the beneficiaries of these options can only be:
 - on the one hand, employees or certain categories of employees of the PRODWAYS GROUP 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 preemptive 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 fulfill, 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.

■ Twenty-first resolution – Authorisation to be given 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 nondistributable reserves account the sums required to release the new shares allocated,

- approve, 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' preemptive 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.

■ Twenty-second resolution – Delegation of authority to be given to the Board of Directors to increase the share capital by issuing ordinary shares and/or securities giving access to share capital without preemptive 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 noted the report of the Board of Directors and the special report of the statutory auditors 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.

■ **Twenty-third 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 13bis worded as follows in the Articles of Association:

Article 13bis:

"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 three 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.

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 twelve, 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 three 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."

■ **Twenty-fourth 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 22 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 deaths 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

■ Twenty-fifth 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' report on regulated agreements and commitments

See section 2.7.2. of the Annual report.

Statutory auditors' report on capital reduction

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 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 a limit of 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 Paris, 10 April 2018
The Statutory Auditors

PRICEWATERHOUSECOOPERS AUDIT
David Clairotte

COREVISE
Stéphane Marie

Statutory auditors' report on the issuance of ordinary shares and/or securities, with and/or without preferential subscription rights

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 for various issues of shares and/or securities, a transaction that you are being asked to approve.

Your Board of Directors proposes on the basis of its report:

to grant it full powers to decide on the following transactions, and to determine the definitive conditions of these issues, with the possible cancellation of your preferential subscription rights:

for a period of 26 months:

issue, on the French and/or international market, on one or more occasions, with preferential subscription rights maintained (*13th resolution*), of ordinary shares and/or ordinary shares with rights to the allocation of other ordinary shares or debt securities, and/or securities giving access to ordinary shares to be issued by the Company, it being specified that, in compliance with Article L. 228-93 paragraph I of the French Commercial Code, the securities to be issued may give access to ordinary shares to be issued by any company directly or indirectly owning more than half of its capital or of which it owns directly or indirectly more than half of the capital;

issue, by way of public offering (*14th resolution*), on one or more occasions, of ordinary shares and/or ordinary shares with rights to the allocation of ordinary shares or debt securities, and/or securities giving access to ordinary shares to be issued by the Company, it being specified that, in compliance with Article L. 228-93 paragraph I of the French Commercial Code, the securities to be issued may give access to ordinary shares to be issued by any company directly or indirectly owning more than half of its capital or of which it owns directly or indirectly more than half of the capital;

issue, on the French and/or international market, on one or more occasions, with cancellation of preferential subscription rights, in France or abroad, by way of offerings set out in Article L. 411-2 II of the French Monetary and Financial Code by private placement and up to a limit of 20% of the share capital per year (*15th resolution*), of ordinary shares and/or ordinary shares with rights to the allocation of other ordinary shares or debt securities, and/or securities giving access to ordinary shares to be issued by the Company, it being specified that, in compliance with Article L. 228-93 paragraph I of the French Commercial Code, the securities to be issued may give access to ordinary shares to be issued by any company directly or indirectly owning more than half of its capital or of which it owns directly or indirectly more than half of the capital,

for a period of 18 months:

issue (*19th resolution*), on one or more occasions, in France or abroad, of ordinary shares in the Company or equity securities giving access to other equity securities, or with rights to the allocation of debt securities and/or securities (including, in particular, all debt securities) giving access to equity securities to be issued without shareholder preferential subscription rights, in favour of the following entities:

any credit institution, investment service provider or member of an investment bank syndicate or investment fund undertaking to guarantee the completion of the capital increase or any issue liable to result in a future capital increase that may be performed under this delegation, as part of the creation of an equity financing line;

to grant it, for a period of 26 months, (*18th resolution*), the necessary powers to issue, on one or more occasions, ordinary shares in the Company or securities giving access, by any means, immediately or in the future, to ordinary shares in the Company, as consideration for the contributions in kind granted to the Company and consisting of equity securities or securities giving access to the capital when the provisions of Article L. 225-148 of the French Commercial code are not applicable.

The total nominal amount of the capital increase that may be carried out immediately or in the future may not exceed €6,000,000 under each of the *13th* and *14th* resolutions, €4,000,000 under the *15th* and *19th* resolutions and 10% of the share capital under the *18th* resolution.

Furthermore, these caps will be deducted from the overall limit on capital increases set out in the *13th* resolution, which sets the maximum overall nominal amount of capital increases that may be carried out pursuant to the *13th*, *14th*, *15th*, *18th* and *19th* resolutions at €6,000,000.

The overall nominal amount of debt securities that may be issued shall not exceed €30,000,000 under the *13th* and *14th* resolutions, and €20,000,000 under the *15th* and *19th* resolutions.

Furthermore, these caps will be deducted from the overall limited provided for in the *13th* resolution, which sets the maximum overall nominal amount of debt securities in the Company that may be issued pursuant to the *13th*, *14th*, *15th* and *19th* resolutions at €30,000,000.

INFORMATION ON THE SHAREHOLDERS' MEETING OF 13 JUNE 2018
Reports of the statutory auditors presented to the shareholders' meeting

The number of shares issued under each issue decided pursuant to the delegations of authority granted under the 13th, 14th and 15th resolutions may be increased, pursuant to the conditions set out in Article L. 225-135-1 of the French Commercial Code, provided that you adopt the 17th resolution.

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 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 these transactions, 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. This work consisted in checking the content of the report prepared by the Board of Directors on these transactions and the process for determining 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 matters to report on the process for determining the issue price of the future securities, set out in the report of the Board of Directors pursuant to the 14th, 15th and 19th resolutions.

Furthermore, for each of the delegations granted in the 14th and 15th resolutions, and up to a limit of 10% of the company's share capital outstanding at the transaction date per twelve-month period, the Board of Directors may waive the conditions for determining prices as set out in the above-mentioned resolutions in accordance with Article L.225-136-1 of the French Commercial Code, provided that you adopt the 16th resolution.

Furthermore, given that this report does not specify the process for determining the issue price of the future equity securities under the implementation of the 13th and 18th resolutions, we cannot give our opinion on the choice of elements for calculating such issue price.

As the issue price of the future securities has not been set, we do not express any opinion on the definitive terms and conditions of the issues that would be carried out and, accordingly, on the proposal put to you to waive your preferential subscription right in the 14th, 15th and 19th resolutions.

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 in case of the issue of transferable securities that are capital securities giving access to other capital securities or giving access to the allocation of debt securities, in case of the issue of transferable securities giving access to capital securities to be issued, and in case of issue of ordinary shares without the preferential subscription right.

Neuilly-sur-Seine and Paris, 10 April 2018

The statutory auditors

PRICEWATERHOUSECOOPERS AUDIT

David CLAIROTTE

COREVISE

Stéphane MARIE

Statutory auditors' report on the authorisation for allocating stock options

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 the PRODWAYS GROUP 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.

Neully-sur-Seine and Paris, 10 April 2018

The statutory auditors

PRICEWATERHOUSECOOPERS AUDIT

David CLAIROTTE

COREVISE

Stéphane MARIE

Statutory auditors' report on the authorisation for allocating existing or future bonus shares

To the Shareholders,

In our capacity as Statutory Auditors of your company, and pursuant to the assignment set out in Article L. 225-197-I 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.

Neully-sur-Seine and Paris, 10 April 2018

The statutory auditors

PRICEWATERHOUSECOOPERS AUDIT

David CLAIROTTE

COREVISE

Stéphane MARIE

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

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 you are being asked to approve.

The maximum nominal amount of the 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 mission. 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 Paris, 10 April 2018

The statutory auditors

PRICEWATERHOUSECOOPERS AUDIT

David CLAIROTTE

COREVISE

Stéphane MARIE

Statutory Auditors' additional report on the use of financial delegations since the last general meeting

STATUTORY AUDITORS' ADDITIONAL REPORT ON THE CAPITAL INCREASE WITHOUT PREFERENTIAL SUBSCRIPTION RIGHTS

Board of Directors meetings of 24 April, 11 May and 22 May 2017

To the Shareholders,

In our capacity as Statutory Auditors of your Company, and pursuant to the provisions of Article R. 225-116 of the French Commercial Code, we hereby present to you a report in addition to our reports of 23 February and 19 May 2017, on the capital increase without preferential subscription rights by way of public offering, authorised by your Combined Shareholders' Meeting of 21 March 2017.

This Meeting delegated to your Board of Directors the power to decide on such a transaction within a period of 26 months, and for a maximum nominal amount of €10,000,000.

Making use of this delegation, your Board of Directors decided, during its meeting of 24 April 2017:

to perform a capital increase for a maximum nominal amount of €4,595,736, via the issuance of a maximum number of 9,191,472 ordinary shares, with a par value of €0.5 each and an issue premium per share between €3.8 and €4.8 ;

to authorise the possibility of increasing the initial number of shares offered by issuing, as part of the offer and at the offer price, up to 15% of the new shares, after consultation with the arranging banks (bookrunners) Oddo & Cie and Portzamparc Société de Bourse and depending on the scale of demand (the "Extension Option"). In the event that the Extension Option is exercised in full, the increase will be raised to a maximum nominal amount of €5,285,096 via the issuance of a maximum number of 1,378,720 new additional Company shares, with a par value of €0.5 each;

to grant a greenshoe option to Oddo & Cie as the lead underwriter to allow it to increase the amount of the share capital increase in a single transaction, in accordance with Article L. 225-135-1 of the French Commercial Code, by (i) a maximum nominal amount of €689,360 by issuing a maximum of 1,378,720 new shares at a par value of €0.50 if the Extension Option is not exercised, and (ii) a maximum nominal amount of €792,764 by issuing a maximum of 1,585,528 new shares at a par value of €0.50 if the Extension Option is exercised in full, representing 15% of the number of new shares in each case.

At its meeting of 11 May 2017, your Board of Directors set the price of the capital increase at €4.80 per share and, exercising the Extension Option in full:

decided consequently to increase the share capital by a nominal amount of €5,285,096 via the issue, by way of a public offering, of 10,570,192 new shares, at a price of €4.80 per share comprising an issue premium of €4.30;

Decided that the greenshoe option granted to Oddo & Cie would be for a maximum of 1,585,528 new additional shares, at a par value of €0.50.

The greenshoe option having been exercised in full, at its meeting of 22 May 2017, your Board of Directors decided to raise the initial capital increase by an additional nominal amount of €792,764, by issuing, by way of a public offering, 1,585,528 new additional shares, at a price of €4.80, comprising a share premium of €4.30.

It is the responsibility of the Board of Directors to prepare an additional report in compliance with Articles R. 225-115 and R. 225-116 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 mission. This work consisted in verifying:

the fairness of quantified financial information drawn from the financial statements approved by the Board of Directors. We conducted an audit of these financial statements in accordance with professional standards applicable in France;

the compliance of the transaction procedures with the delegation granted by the Combined Shareholders' Meeting of 21 March 2017;

the information provided in the Board of Directors' additional report on the choice of elements for calculating the issue price and its definitive amount.

INFORMATION ON THE SHAREHOLDERS' MEETING OF 13 JUNE 2018
Reports of the statutory auditors presented to the shareholders' meeting

We have no observations to make with regard to:

the fairness of the quantified financial information drawn from these financial statements and provided in the Board of Directors' additional report;

the compliance of the transaction procedures with the delegation granted by your Combined Shareholder's Meeting of 21 March 2017 and the information provided to shareholders;

the choice of elements used in calculating the issue price and its definitive amount;

the presentation of the issue's impact on holders of shares and transferable securities giving access to the share capital assessed in relation to shareholders' equity;

the cancellation of preferential subscription rights, which you previously approved.

Neuilly-sur-Seine and Paris, 26 May 2017

The statutory auditors

PRICEWATERHOUSECOOPERS AUDIT

David CLAIROTTE

COREVISE

Stéphane MARIE

STATUTORY AUDITORS' ADDITIONAL REPORT ON THE CAPITAL INCREASE WITHOUT PREFERENTIAL SUBSCRIPTION RIGHTS

Board of Directors meetings of 24 April and 11 May 2017

To the Shareholders,

In our capacity as Statutory Auditors of your Company, and pursuant to the provisions of Article R. 225-116 of the French Commercial Code, we hereby present an additional report to our report of 23 February 2017 on the capital increase without preferential subscription rights by way of public offering, approved by your Combined Shareholders' Meeting of 21 March 2017.

This Meeting granted your Board of Directors the authority to decide on such a transaction within 26 months, and up to a maximum nominal amount of €10,000,000.

Making use of this delegation, your Board of Directors decided, during its meeting of 24 April 2017:

to perform a capital increase for a maximum nominal amount of €4,595,736, via the issuance of a maximum number of 9,191,472 ordinary shares, with a par value of €0.5 each and an issue premium per share of between €3.8 and €4.8;

to authorise the possibility of increasing the initial number of shares offered by issuing, as part of the offer and at the offer price, up to 15% of the new shares, after consultation with the arranging banks (bookrunners) Oddo & Cie and Portzamparc Société de Bourse and depending on the scale of demand (the "Extension Option"). In the event that the Extension Option is exercised in full, the initial number of shares would be increased to a maximum nominal amount of €5,285,096 via the issuance of up to 1,378,720 additional new shares in the company with a par value of €0.5 each;

to grant a greenshoe option to Oddo & Cie as the lead underwriter to allow it to increase the amount of the share capital increase in a single transaction, in accordance with Article L. 225-135-1 of the French Commercial Code, by (i) a maximum nominal amount of €689,360 by issuing a maximum of 1,378,720 new shares at a par value of €0.50 if the Extension Option is not exercised, and (ii) a maximum nominal amount of €792,764 by issuing a maximum of 1,585,528 new shares at a par value of €0.50 if the Extension Option is exercised in full, representing 15% of the number of new shares in each case.

At its meeting of 11 May 2017, your Board of Directors set the price of the capital increase at €4.80 per share and, exercising the Extension Option in full:

consequently decided to increase the share capital by a nominal amount of €5,285,096 via the issue, by way of a public offering, of 10,570,192 new shares, at a price of €4.80 per share comprising an issue premium of €4.30;

decided that the greenshoe option granted to Oddo & Cie would be for a maximum of 1,585,528 new additional shares, at a par value of €0.50.

It is the responsibility of the Board of Directors to prepare an additional report in compliance with Articles R. 225-115 and R. 225-116 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. This work consisted in verifying:

- the fairness of quantified financial information drawn from the financial statements approved by the Board of Directors. We conducted an audit of these financial statements in accordance with professional standards applicable in France;
- the compliance of the transaction procedures with the delegation granted by the Combined Shareholders' Meeting of 21 March 2017;
- the information provided in the Board of Directors' additional report on the choice of elements for calculating the issue price and its definitive amount.

We have no observations to make with regard to:

- the fairness of quantified financial information drawn from these financial statements and provided in the Board of Directors' additional report;
- the compliance of the transaction procedures with the delegation granted by your Combined Shareholder's Meeting of 21 March 2017 and the information provided to shareholders;
- the choice of elements used in calculating the issue price and its definitive amount;
- the presentation of the issue's impact on holders of shares and securities giving access to the share capital assessed in relation to shareholders' equity;
- the cancellation of preferential subscription rights, which you previously approved.

Neuilly-sur-Seine and Paris, 19 May 2017

The statutory auditors

PRICEWATERHOUSECOOPERS AUDIT

David CLAIROTTE

COREVISE

Stéphane MARIE

6.4 OTHER 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 Annual financial report.

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 Annual financial report.

Special report by the Board of Directors prepared in accordance with article L.225-197-4 of the French Commercial Code

Dear Shareholders,

Pursuant to article L.225-197-4 of the French Commercial Code, we are pleased to present you the information on the allocation of bonus shares to the employees and Directors of the Group during the year ended 31 December 2017.

In its only resolution, the extraordinary shareholders' meeting of 28 September 2015 authorised the Board of Directors to allocate existing or future bonus shares, on one or more occasion, in accordance with articles L.225-197-1 and L.225-197-2 of the French Commercial Code, amounting to 5% of the share capital to:

- 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.

As a result of this authorisation, the Board of Directors prepared a number of bonus share allocation plans in 2016 to involve all and in particular key employees in the Group's performance.

No new allocation was determined by the Board in 2017.

The Board drew up a report on the 2016 allocations and presented this to the combined shareholders' meeting of 21 March 2017.

A report will shortly be sent to you to on the possible definitive acquisition of shares issued under the 2016 plans after the vesting period.

Paris
28 March 2018
The Board of Directors

Additional report of the Board of Directors of 11 May 2017 prepared in accordance with articles R.225-15 and R.225-116 of the French Commercial Code

Dear Shareholders,

We hereby present the report prepared by the Board of Directors in accordance with articles R.225-115 and R.225-116 of the French Commercial Code on the share capital increase without preemptive rights by way of a public offering decided by the Board at its meeting of 11 May 2017.

At its meeting of 24 April 2017, the Board, by delegation of the combined shareholders' meeting on 21 March 2017 (the "Delegation"):

- decided in principle on a share capital increase in cash for a maximum nominal amount of €4,595,736 by issuing a maximum of 9,191,472 new shares, at a par value of €0.50, without preemptive rights, by way of a public offering;
- decided that this share capital increase could be raised to a maximum nominal amount of €5,285,096 by issuing a maximum of 1,378,720 additional new shares, at a par value of €0.50 (the "Extension Option");
- granted a greenshoe option to Oddo & Cie as the lead underwriter to allow it to increase the amount of the share capital increase in a single transaction, in accordance with article L.225-135-1 of the French Commercial Code, for 30 calendar days following the subscription closing date by (i) a maximum nominal amount of €689,360 by issuing a maximum of 1,378,720 new shares at a par value of €0.50 if the Extension Option is not exercised, and (ii) a maximum nominal amount of €792,764 by issuing a maximum of 1,585,528 new shares at a par value of €0.50 if the Extension Option is exercised in full, representing 15% of the number of new shares in each case;
- decided that the share capital increase would be carried out through (i) an "open price" public offering in France mainly aimed at retail investors, and (ii) a "set price" public offering in France and certain other countries (but not the USA, among others) mainly aimed at institutional investors and that an application would be made to list the new shares on the Euronext regulated market in Paris (the "IPO");
- decided that the indicative price range for the shares offered as part of its flotation would be between €3.80 and €4.80 per share;
- decided that the Articles of Association would be amended as a result of the share capital increase;
- decided that if the prospectus is approved by the AMF on 25 April 2017, the subscription period would open on 27 April 2017 and close on 10 May 2017 at 5pm for the "open price" offering and 11 May 2017 at 12pm for the "set price" offering (subject to change if approval is delayed);
- took note that the effective decision to carry out the share capital increase and to exercise the Extension Option would be put on the agenda for the next Board of Directors' meeting at which definitive arrangements would also be made (in particular the IPO price and the number of new shares to be issued).

The publicly available IPO prospectus was approved by the AMF on 25 April 2017 under number 17-174.

Consequently, the Board of Directors, at its meeting of 11 May 2017, implementing the Delegation and noting that subscriptions were collected from 27 April 2017 to 10 May 2017 for the "open price" offering and 27 April 2017 to 11 May 2017 for the "set price" offering:

- decided to set the price for the share capital increase at €4.80 per share;
- decided to make full use of the Extension Option;
- consequently decided to increase the share capital by a nominal amount of €5,285,096, bringing it from €16,896,535 to €22,181,631, by issuing 10,570,192 new shares by way of a public offering at the price of €4.80 each, i.e. at a par value of €0.50 plus an issue premium of €4.30 for subscription, without preemptive rights, to be fully paid up in cash;
- decided that the greenshoe option granted to Oddo & Cie would be for a maximum of 1,585,528 new additional shares, at a par value of €0.50;
- noted that gross income from the IPO was €50,736,921, including the issue premium, which can be raised to €58,347,455 if the greenshoe option is exercised in full;
- decided that the costs of this share capital increase would be charged to the issue premium;
- stipulated that the share capital increase should be confirmed by the custodian in a certificate attesting receipt of the corresponding subscriptions, in accordance with article L.225-146 of the French Commercial Code;
- decided that the new shares would be created and held in an account in the name of subscribers as soon as the custodian issued this confirmation, scheduled for 15 May 2017;
- stipulated that in the meantime, from 12 to 15 May 2017 inclusive, trading in new shares would take place *via* pledges;
- stipulated that new shares would be subject to all the provisions contained in the Articles of Association, would rank with existing shares as soon as the share capital increase was finalised and would carry dividend rights.

*

In accordance with legal requirements, you will find below details of the effects of the issue of new shares on holders of shares and securities carrying rights to shares, particularly any dilutive impact on equity per share on the basis of the financial statements at 31 December 2016, listing equity in the amount of €31,060,447.46.

Please note that pursuant to articles R.225-115 and R.225-116 of the French Commercial Code, the statutory auditors prepared an additional report in which they verified that the issue took place in accordance with the arrangements determined by the Board on 11 May 2017 under the terms of the authorisation granted by the shareholders' meeting, and gave their opinion on the choice of

elements for calculating such issue price, on the definitive amount thereof and on the impact of said issue on holders of shares and securities carrying rights to shares.

This report and the statutory auditors' report will be made available to shareholders and will be brought to their attention at the next shareholders' meeting.

Notes

Impact on holders of shares and securities carrying rights to shares

(based on the financial statements at 31 December 2016)

Assumption 1: securities giving access to the share capital issued by the Company are not taken into account in contrast to the 3,874,267 shares issued in exchange for the 4,262,162 convertible bonds whose issue was decided by the Board of Directors at its meetings on 6 and 14 April 2017.

Number of shares before issue of new shares and shares issued for convertible bonds	% of shares before issue of new shares and shares issued for convertible bonds	Number of shares after issue of 10,570,192 new shares under the IPO and 3,874,267 shares issued for convertible bonds (+14,444,459 shares)	% held after issue of new shares and shares issued for convertible bonds
33,793,070	337,930	48,237,529	0.70

Equity before issue of new shares and shares issued for convertible bonds in euros	Equity per share before issue of new shares and shares issued for convertible bonds in euros	Equity after issue of new shares and shares issued for convertible bonds in euros (+€68,403,583)	Equity per share after issue of new shares and shares issued for convertible bonds in euros
31,060,447.46	0.919	99,464,030.56	2.062

Assumption 2: bonus shares allocated to date by the Company enabling the subscription for a total number of 668,660 shares are taken into account.

Number of shares before issue of new shares and shares issued for convertible bonds	% of shares before issue of new shares and shares issued for convertible bonds	Number of shares after issue of 10,570,192 new shares under the IPO and 3,874,267 shares issued for convertible bonds (+14,444,459 shares)	% held after issue of new shares and shares issued for convertible bonds
34,461,730	344,617	48,906,189	0.705

Equity before issue of new shares and shares issued for convertible bonds in euros	Equity per share before issue of new shares and shares issued for convertible bonds in euros	Equity after issue of new shares and shares issued for convertible bonds in euros (+€68,403,583)	Equity per share after issue of new shares and shares issued for convertible bonds in euros
31,060,447.46	0.901	99,464,030.56	2.034

11 May 2017
The Board of Directors

Additional report of the Board of Directors of 22 May 2017 prepared in accordance with articles R.225-115 and R.225-116 of the French Commercial Code on the exercise of the greenshoe option

Dear Shareholders,

We hereby present the report prepared by the Board of Directors in accordance with articles R.225-115 and R.225-116 of the French Commercial Code on the share capital increase without preemptive rights by way of a public offering decided by the Board at its meeting of 11 May 2017 and on the exercise of the greenshoe option decided by the Board at its meeting of 22 May 2017.

At its meeting of 24 April 2017, the Board, by delegation of the combined shareholders' meeting on 21 March 2017 (the "Delegation"):

- decided in principle on a share capital increase in cash for a maximum nominal amount of €4,595,736 by issuing a maximum of 9,191,472 new shares, at a par value of €0.50, without preemptive rights, by way of a public offering;
- decided that this share capital increase could be raised to a maximum nominal amount of €5,285,096 by issuing a maximum of 1,378,720 additional new shares, at a par value of €0.50 (the "Extension Option");
- granted a greenshoe option to Oddo & Cie as the lead underwriter to allow it to increase the amount of the share capital increase in a single transaction, in accordance with article L.225-135-1 of the French Commercial Code, for 30 calendar days following the subscription closing date by (i) a maximum nominal amount of €689,360 by issuing a maximum of 1,378,720 new shares at a par value of €0.50 if the Extension Option is not exercised, and (ii) a maximum nominal amount of €792,764 by issuing a maximum of 1,585,528 new shares at a par value of €0.50 if the Extension Option is exercised in full, representing 15% of the number of new shares in each case;
- decided that the share capital increase would be carried out through (i) an "open price" public offering in France mainly aimed at retail investors, and (ii) a "set price" public offering in France and certain other countries (but not the USA, among others) mainly aimed at institutional investors and that an application would be made to list the new shares on the Euronext regulated market in Paris (the "IPO");
- decided that the indicative price range for the shares offered as part of its flotation would be between €3.80 and €4.80 per share;
- decided that the articles of Association would be amended as a result of the share capital increase;
- decided that if the prospectus is approved by the AMF on 25 April 2017, the subscription period would open on 27 April 2017 and close on 10 May 2017 at 5pm for the "open price" offering and 11 May 2017 at 12pm for the "set price" offering (subject to change if approval is delayed);
- took note that the effective decision to carry out the share capital increase and to exercise the Extension Option would be put on the agenda for the next Board of Directors' meeting at which

definitive arrangements would also be made (in particular the IPO price and the number of new shares to be issued).

The publicly available IPO prospectus was approved by the AMF on 25 April 2017 under number 17-174.

Consequently, the Board of Directors, at its meeting of 11 May 2017, implementing the Delegation and noting that subscriptions were collected from 27 April 2017 to 10 May 2017 for the "open price" offering and 27 April 2017 to 11 May 2017 for the "set price" offering:

- decided to set the price for the share capital increase at €4.80 per share;
- decided to make full use of the Extension Option;
- consequently decided to increase the share capital by a nominal amount of €5,285,096, bringing it from €16,896,535 to €22,181,631, by issuing 10,570,192 new shares by way of a public offering at the price of €4.80 each, i.e. at a par value of €0.50 plus an issue premium of €4.30 for subscription, without preemptive rights, to be fully paid up in cash;
- decided that the greenshoe option granted to Oddo & Cie would be for a maximum of 1,585,528 new additional shares, at a par value of €0.50;
- noted that gross income from the IPO was €50,736,921, including the issue premium, which can be raised to €58,347,455 if the greenshoe option is exercised in full;
- decided that the costs of this share capital increase would be charged to the issue premium;
- stipulated that the share capital increase should be confirmed by the custodian in a certificate attesting receipt of the corresponding subscriptions, in accordance with article L.225-146 of the French Commercial Code;
- decided that the new shares would be created and held in an account in the name of subscribers as soon as the custodian issued this confirmation, scheduled for 15 May 2017;
- stipulated that in the meantime, from 12 to 15 May 2017 inclusive, trading in new shares would take place *via* pledges;
- stipulated that new shares would be subject to all the provisions contained in the Articles of Association, would rank with existing shares as soon as the share capital increase was finalised and would carry dividend rights.

In a letter dated 22 May 2017, Oddo & Cie, acting in its capacity as lead underwriter, notified the Company that the greenshoe option would be exercised in full in the amount of 1,585,528 shares.

Consequently, the Board of Directors, at its meeting of 22 May 2017, making use of the delegations granted to it under the eighteenth and twenty-first resolutions of the shareholders' meeting and in accordance with article L.225-135-1 of the French Commercial Code:

Other reports by the Board of Directors presented to the shareholders' meeting of 13 June 2018

- decided to raise the initial share capital increase by a nominal amount of €792,764 by issuing 1,585,528 additional new shares by way of a public offering at the price of €4.80 per share, i.e. at a par value of €0.50 plus an issue premium of €4.30 for subscription, without preemptive rights, to be fully paid up in cash, for a total of €7,610,534.40;
- decided that part of the costs of this share capital increase will be charged to the issue premium;
- stipulated that new shares will be subject to all the provisions contained in the Articles of Association, will rank with existing shares as soon as the share capital increase was finalised and will carry dividend rights.
- stipulated that the share capital increase will be confirmed by the custodian.

In accordance with legal requirements, you will find below details of the effects of the issue of new shares on holders of shares and securities carrying rights to shares, particularly any dilutive impact on equity per share on the basis of the financial statements at 31 December 2016, listing equity in the amount of €31,060,447.46.

Please note that pursuant to articles R.225-115 and R.225-116 of the French Commercial Code, the statutory auditors prepared an additional report in which they verified that the issue took place in accordance with the arrangements determined by the Board on 11 May 2017 under the terms of the authorisation granted by the shareholders' meeting, and gave their opinion on the choice of elements for calculating such issue price, on the definitive amount thereof and on the impact of said issue on holders of shares and securities carrying rights to shares.

This report and the statutory auditors' report will be made available to shareholders and will be brought to their attention at the next shareholders' meeting.

Notes

Impact on holders of shares and securities carrying rights to shares

(based on the financial statements at 31 December 2016)

Assumption 1: securities giving access to the share capital issued by the Company are not taken into account.

Number of shares before issue of new shares and shares issued for convertible bonds	1% of shares before issue of new shares and shares issued for convertible bonds	Number of shares after issue of 10,570,192 new shares under the IPO and 3,874,267 shares issued for convertible bonds (+14,444,459 shares)	% held after issue of new shares and shares issued for convertible bonds	Number of shares after the greenshoe option is exercised (+1,585,528 shares)	% held after the greenshoe option is exercised
33,793,070	337,930	48,237,529	0.701%	49,823,057	0.678%

Equity before issue of new shares and shares issued for convertible bonds in euros	Equity per share before issue of new shares and shares issued for convertible bonds in euros	Equity after issue of new shares and shares issued for convertible bonds in euros (+€68,403,583)	Equity per share after issue of new shares and shares issued for convertible bonds in euros	Equity per share after exercise of the greenshoe option +€7,610,534.40	Equity per share after exercise of the greenshoe option
31,060,447.46	0.919	99,454,030.56	2.062	107,074,564.96	2.149

22 May 2017
The Board of Directors

Special report by the Board of Directors prepared in accordance with article R.225-116 of the French Commercial Code on the contribution of Avenao Solution 3D SAS shares

In accordance with article R.225-116 of the French Commercial Code, this report was prepared by the Board of Directors at its meeting of 31 October 2017 (and definitively adopted on 28 November 2017) using the delegation granted by the ordinary and extraordinary shareholders' meeting of 21 March 2017 in its twenty-fifth and twenty-sixth extraordinary resolutions.

This additional report will be made available to shareholders at the Company's head office no later than 15 days from the decision of the Chairman and Chief Executive Officer noting the definitive nature of the share capital increase and will be brought to the attention of shareholders at the next shareholders' meeting.

1. Reasons for the transaction

Under the terms of the sale and contribution contract and the in-kind contribution agreement entered into on 18 October 2017 by the Company with Lenny Vercruyse (French national born on 23 October 1978 at Fontainebleau, residing at 70 rue Rodier, 75009 PARIS) and Sébastien Vercruyse (French national born on 8 May 1972 at Fontainebleau, residing at 7 chemin des mignoteries, 78620 L'Étang la Ville), a share capital increase by contribution in kind for a total of €5,995,219.44 including the issue premium is planned.

The share capital increase is in consideration of the contribution to the Company of 892 shares in Avenao Solutions 3D, an SAS (simplified limited company) with share capital of €20,780, whose head office is at 41 avenue des trois peuples, ZA de l'observatoire, 78180 Montigny-le-Bretonneux, registered with the Versailles Trade and Companies Register under number 443 618 855, representing 42.92% of the share capital and voting rights in that company. The value of the shares contributed was set at €5,995,230.12.

Under the terms of the above-mentioned contribution agreement, remuneration for the contribution was determined based on a valuation of the PRODWAYS GROUP share at €6.04, this value corresponding to the average PRODWAYS GROUP share price (volume-weighted) over the 20 trading sessions prior to 17 July 2017.

This contribution was examined in a report prepared by Vincent Papazian and Agnès Bricard, appointed auditors by order of the Presiding Judge of the Paris Commercial Court on 13 September 2017, in accordance with article L.225-147 of the French Commercial Code, supplemented by a fairness opinion regarding the remuneration of contributions.

2. Corporate decisions

Delegation of authority and authorisation granted by the combined shareholders' meeting of 21 March 2017 in its twenty-fifth and twenty-sixth extraordinary resolutions

In its twenty-fifth extraordinary resolution, the combined shareholders' meeting of 21 March 2017 granted the Board of Directors delegation of powers to increase the share capital by no more than 10% in consideration of contributions in kind of shares or securities giving access to the capital of third-party entities within the following limits and under the following terms:

“Twenty-fifth resolution – Delegation of powers to be given to the Board of Directors to increase the share capital by no more than 10% in consideration of contributions in kind of shares or securities giving access to the capital of third-party entities outside an exchange offer

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 report by the statutory auditors,

in accordance with article L.225-147 of the French Commercial Code,

authorises, based on the report by one or more auditors, the Board of Directors to issue, in one or more instalments, in the proportions and at the times it deems appropriate, ordinary shares or securities giving access by any means to new or existing ordinary shares immediately and/or in future in consideration of contributions in kind granted to the Company and composed of equity securities or securities giving access to the share capital if the provisions of article L.225-148 of the French Commercial Code are not applicable, said shares conferring the same rights as existing shares subject to their vesting date;

resolves 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;

resolves where necessary to waive the preemptive rights to the ordinary shares and marketable securities issued in favour of the contributors of these shares and marketable securities;

duly notes that where necessary this delegation entails the waiver by shareholders of their preemptive rights to any shares to which these securities give access;

resolves that the total nominal amount of share capital increases that may be carried out immediately and/or in future under this delegation cannot exceed 10% of the share capital (at the transaction date) 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;

resolves moreover that the nominal amount of any share capital increase that may be carried out will be charged against the overall ceiling laid down in the twenty-sixth resolution below;

resolves to set at €50,000,000 (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:

- this amount will be supplemented where applicable by any above-par redemption premium,
- this amount will be charged against the ceiling set out in the twenty-sixth resolution below,

Other reports by the Board of Directors presented to the shareholders' meeting of 13 June 2018

- 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;

resolves that the delegation thus granted to the Board of Directors is valid for a period of twenty-six (26) months from the date of this meeting;

notes that the Board of Directors has full powers, with the option to subdelegate under the conditions provided for by law, to approve the valuation of the contributions, to decide the amount of the capital increase and record the completion of such contributions, to charge where applicable all costs and duties incurred by the capital increase to the contribution premium, to deduct the necessary amounts from said premium for allocation to the legal reserve, to amend the Articles of Association accordingly, to take all necessary decisions in order to ensure the listing of the ordinary shares and transferable securities issued under this delegation of power on the Euronext Paris regulated market, and generally to do whatever is necessary to ensure the above.

This resolution was adopted unanimously."

The combined shareholders' meeting of 21 March 2017, in its twenty-sixth resolution, also limited the overall amount of issues made under the delegations set out in the resolutions of that meeting as follows:

"Twenty-sixth resolution – Overall limits on the amount of issues carried out by virtue of the delegations set out in the above resolutions

The shareholders' meeting, ruling under the quorum and majority conditions for extraordinary shareholders' meetings,

Having noted the report by Board of Directors and the report by the statutory auditors,

resolves that:

- the maximum nominal amount of capital increases that may be carried out under the delegations granted in the above resolutions is set at €10,000,000 or its exchange value in foreign currency or a unit of account established in reference to a set of currencies at the issue date 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 capital increases that may be carried out under the delegations granted in the above resolutions is set at €10,000,000 (or its exchange value in foreign currency or a unit of account established in reference to a set of currencies at the issue date), which 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.

This resolution was adopted unanimously."

Decision of the Board of Directors of 31 October 2017, subdelegation of full powers to the Chairman and Chief Executive Officer to note the completion of the share capital increase

The Board of Directors, at its meeting of 31 October 2017, duly noting that the share capital was fully paid up, and acting on the basis of the twenty-fifth extraordinary resolution of the combined shareholders' meeting of 21 March 2017, decided to increase the share capital by issuing new ordinary shares in consideration of contributions in kind and thus to:

- decide all the provisions of the contribution agreement under which the full ownership of 892 of the 2,078 shares comprising the share capital of Avenao Solutions 3D, an SAS (simplified limited company) with share capital of €20,780, whose head office is at 41 avenue des trois peuples, ZA de l'observatoire, 78180 Montigny-le-Bretonneux, registered with the Versailles Trade and Companies Register under number 443 618 855, is transferred to the Company in the following proportions:
 - 446 shares from Lenny Vercruysse,
 - 446 shares from Sébastien Vercruysse;
- decide, in accordance with article L.225-147 of the French Commercial Code, the valuation of the full ownership of 892 shares in Avenao Solutions 3D at the total amount of €5,995,230.12;
- decide the remuneration for the contribution in kind by allocating the contributors 992,586 ordinary shares at a par value of €0.50 to be issued by the Company plus a cash payment of €10.76;
- consequently increase the share capital by a nominal amount of €496,293 by issuing 992,586 new ordinary shares at a par value of €0.50, bringing the share capital from €24,911,528.50 to €25,407,821.50, and allocate the new shares created to the contributors as follows:
 - 496,293 shares for Lenny Vercruysse,
 - 496,293 shares for Sébastien Vercruysse.

The Board of Directors then decided:

- that the difference between the net value of the contribution, i.e. €5,995,219.44, and the amount of the share capital increase constitutes a contribution premium totalling €5,498,926.44;
- that the contribution premium will be recorded as liabilities under a special item relating to rights of all shareholders. All costs, charges and duties of any nature resulting from the completion of this transaction can be charged against this amount. The amounts necessary to bring the legal reserve to one-tenth of share capital after the transaction may also be deducted from this amount;
- that new fully paid up shares will rank with existing shares. They will begin earning dividends immediately and will enjoy the same rights and incur the same charges;

Other reports by the Board of Directors presented to the shareholders' meeting of 13 June 2018

- that an application will be made to admit the new shares for trading on Euronext Paris on the same listing line as existing shares;
- to amend articles 6 and 7 of the Articles of Association as follows:
Article 6 – Contributions – Capital formation
The following paragraph is inserted at the end of article 6 and the rest of the article remains unchanged:

By decision of the Board of Directors dated [30 October 2017] and under the terms of a contribution contract dated 18 October 2017, Lenny Vercruysse (French national born on 23 October 1978 at Fontainebleau and residing at 70 rue Rodier, 75009 PARIS) and Sébastien Vercruysse (French national born on 8 May 1972 at Fontainebleau and residing at 7 chemin des mignoteries, 78620 L'Étang la Ville) contributed 892 shares in Avenao Solutions 3D, an SAS (simplified limited company) with share capital of €20,780, whose head office is at 41 avenue des trois peuples, ZA de l'observatoire, 78180 Montigny-le-Bretonneux, registered with the Versailles Trade and Companies Register under number 443 618 855. This net contribution was valued at €5,995,230.12. It resulted in a share capital increase of €496,293 with a contribution premium of €5,498,926.44 and the allocation to the contributors of 992,586 ordinary shares at a par value of €0.50 plus a cash payment of €10.67.

Article 7 – Share capital

The share capital amounts to €25,407,821.50. It is divided into 50,815,643 ordinary shares at a par value of €0.50.

These decisions were made on the condition precedent that Lenny Vercruysse and Sébastien Vercruysse make the transfer orders to sell the balance of the share capital of Avenao Solutions 3D – i.e. 1186 shares – to the Company before 6 November 2017 so that the Company holds the entire share capital of Avenao Solutions 3D. This condition must be fulfilled before 6 November 2017.

The Board of Directors decided to subdelegate full powers to the Chairman and Chief Executive Officer to:

- note the remittance by the contributors of the above-mentioned transfer orders and the definitive nature of the contribution;
- consequently note:
 - the share capital increase in remuneration of the contribution and the issue of 992,586 new ordinary shares at a par value of €0.50,
 - the definitive nature of the amendments to articles 6 and 7 of the Articles of Association relating to capital formation and share capital;
- make the cash payment of €10.67;
- in general carry out any formalities, make any decisions and enter into any agreements useful or necessary to complete the planned issue, and in particular to:
 - charge costs related to the share capital increase to the issue premium and deduct the necessary amounts from said premium to bring the legal reserve to one-tenth of share capital after the transaction,

- make the corresponding amendments to the Articles of Association and carry out all formalities required, in particular to ensure the tradability and listing of the shares,
- enter into any contract or agreement and sign any document necessary to complete this transaction and to list the new shares on Euronext Paris,
- appoint any person to execute the decisions taken.

Implementation of the subdelegation by the Chairman and Chief Executive Officer on 03 November 2017

The Chairman and Chief Executive Officer, acting within the scope of powers conferred on him by the Board of Directors in its decision of 31 October 2017:

- duly noted the completion of transfer orders by Lenny Vercruysse and Sébastien Vercruysse for the sale to the Company of the balance of the share capital of Avenao Solutions 3D – i.e. 1,186 shares – and the definitive nature of the contribution;
- consequently noted:
 - the share capital increase in remuneration of the contribution and the issue of 992,586 new ordinary shares at a par value of €0.50,
 - the definitive nature of the amendments to articles 6 and 7 of the Articles of Association relating to capital formation and share capital;
- made the cash payment of €10.67.

3. Valuation of the contribution

Under the terms of the contribution agreement, remuneration for the contribution was determined based on a valuation of the PRODWAYS GROUP share at €6.04, this value corresponding to the average PRODWAYS GROUP share price (volume-weighted) over the 20 trading sessions prior to 17 July 2017.

This contribution was examined in a report prepared by Vincent Papazian and Agnès Bricard, appointed auditors by order of the Presiding Judge of the Paris Commercial Court on 13 September 2017, in accordance with article L.225-147 of the French Commercial Code, supplemented by a fairness opinion regarding the remuneration of contributions.

4. Impact of the issue

Impact of the share capital increase on shareholders based on:

- Consolidated equity at 30 June 2017 of €103,590,838.28;
- Number of shares at 30 June 2017 of 49,823,057;
- Potential number of shares resulting from current bonus share award schemes of 668,660.

Impact of the issue on consolidated equity per share

As an illustration, the impact of the share capital increase on equity per share (calculations based on half-year equity at 30 June 2017 and the number of shares comprising the share capital at 30 June 2017) is as follows:

INFORMATION ON THE SHAREHOLDERS' MEETING OF 13 JUNE 2018
 Other reports by the Board of Directors presented to the shareholders' meeting of 13 June 2018

Equity per share (in euros)	Non-diluted basis⁽¹⁾	Diluted basis⁽²⁾
Before issue of new shares under the current share capital increase	2.08	2.05
After issue of 992,586 new shares under the current share capital increase	2.16	2.13

(1) Based on equity of €103,590,838.28 at 30 June 2017 and a number of existing shares of 49,823,057 at 30 June 2017.

(2) In the event of the exercise of instruments giving access to the share capital representing a maximum of 668,660 potential new shares.

Impact of the issue on nonsubscribing shareholders

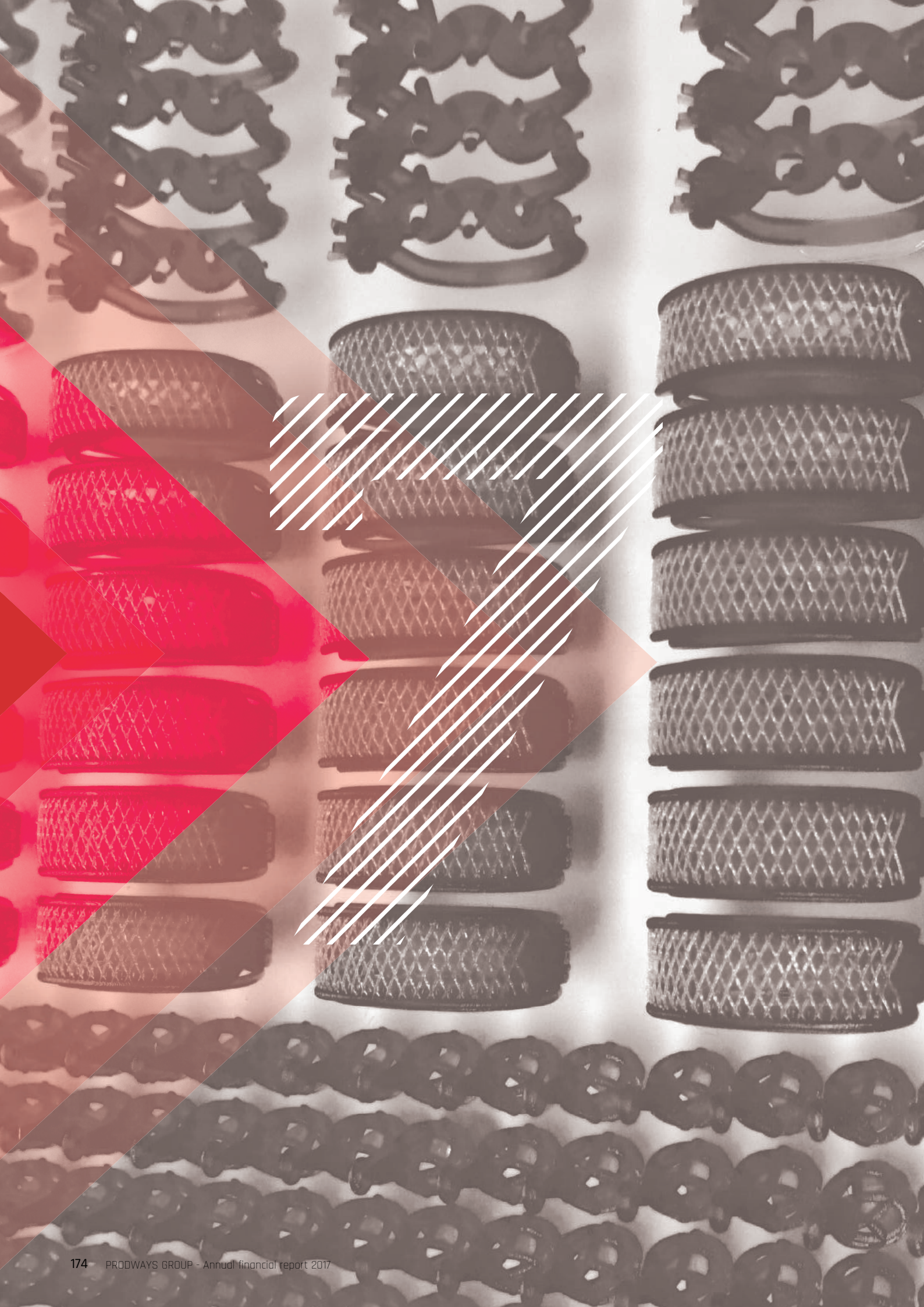
As an illustration, the impact of the share capital increase on a 1% stake in the share capital before the share capital increase

(calculations based on the number of shares comprising the share capital at 30 June 2017) is as follows:

Stake (%)	Non-diluted basis	Diluted basis*
Before issue of new shares under the current share capital increase	1.00%	1.00%
After issue of 992,586 new shares under the current share capital increase	0.98%	0.98%

* In the event of the exercise of all instruments giving access to the share capital representing a maximum of 668,660 potential new shares.

28 November 2017
The Board of Directors



ADDITIONAL INFORMATION

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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 5 May 2017 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 2022 (first appointment).

COREVISE

Member of the Versailles Regional Association of statutory auditors

Represented by Stéphane Marie

26 rue Cambacérès, 75008 Paris, France

Statutory auditor of the Company appointed under the Articles of Association dated 13 March 2014 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 2019 (first appointment).

ALTERNATE statutory auditors

FIDINTER

26 rue Cambacérès, 75008 Paris, France

Alternate statutory auditor of the Company appointed under the Articles of Association dated 13 March 2014 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 2019 (first appointment).

7.2 PERSON RESPONSIBLE FOR THE INFORMATION

7.2.1 Person responsible for the Annual report containing the annual financial report

Raphaël Gorgé as Chairman and Chief Executive Officer of PRODWAYS GROUP SA.

7.2.2 Statement of the person responsible for the Annual report

"After taking all reasonable measures for this purpose, I hereby certify that all the information contained in this Annual financial report 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 Annual report, according to the cross-reference tables on pages 177 to 178) 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 Annual financial report which they read in its entirety."

Signed in Paris, 11 April 2018
Chairman and Chief Executive Officer

7.3 CONCORDANCE TABLES

7.3.1 Concordance table - Annual financial report

This Annual financial report 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 article 222-3 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 Annual financial report 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
1.	Separate financial statements	3.2	99-107
2.	Consolidated financial statements	3.1	60-95
3.	Management report	See concordance table on 7.3.2	177
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8.	Statutory auditors' fees	Note 3.3 to the separate financial statements	179

7.3.2 Concordance table - Consolidated management report pursuant to articles L.225-100 et seq. of the French Commercial Code

	Consolidated management report, article L.225-100 of French Commercial Code	Chapter/Section	Page
	Business operations and risks		
1.	Position and activity of the Company over the past year	1.5	24-26
2.	Results of the activity of the Company, its subsidiaries and companies under its control	1.4	22-23
3.	Key financial and where applicable non-financial performance indicators	1.1	10-11
4.	Analysis of changes to the business, its results and financial position	1.4.1, 1.4.2	22-23
5.	Significant events occurring between the closing of the financial year and the date the management report was drawn up	1.3.4, Note 12.3 to the consolidated financial statements and Note 9.3 to the separate financial statements	21, 94, 107
6.	Trends and outlook	Chairman and CEO's Message, 1.3.2	2, 20
7.	Research and development activities	1.3.3, 1.6.1, Note 6.2 to the consolidated financial statements	21, 26-27, 80-82
8.	Payment times for trade receivables and payables	1.5.4	24
9.	Description of the main risks and uncertainties facing the Company	1.6	26-34

7 ADDITIONAL INFORMATION

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11.	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	1.66, 5.3	34, 131-132
12.	Information on the use of financial instruments (policy and hedging)	Note 8 to the consolidated financial statements, Note 5 and 7 to the separate financial statements	86-89, 103-105, 106
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14.	Significant new shareholdings or controlling interests acquired during the year in companies with head offices on French territory	1.2.3, 1.2.4, 1.3.1, Note 2.2 to the consolidated financial statements	18, 19, 20, 68-69
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Shareholders and share capital			
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25.	Employee share ownership statement	4.3.5	122
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33.	Orders or financial penalties for anti-competitive practices	N/A	-
29.	Amount of intercompany loans granted under article L.511-6-3a of the French Monetary and Financial Code	N/A	
30.	Works council opinion on changes to the Company's financial and legal structure	N/A	
Other information contained in the corporate governance report appended to the management report		See concordance table below	

7.3.3 Concordance table - Corporate governance report pursuant to article L.225-37 of the French Commercial Code

	Corporate governance report, article L.225-37 of French Commercial Code	Chapter/Section	Page
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7 ADDITIONAL INFORMATION

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