REFERENCE DOCUMENT 2016

EGIDE

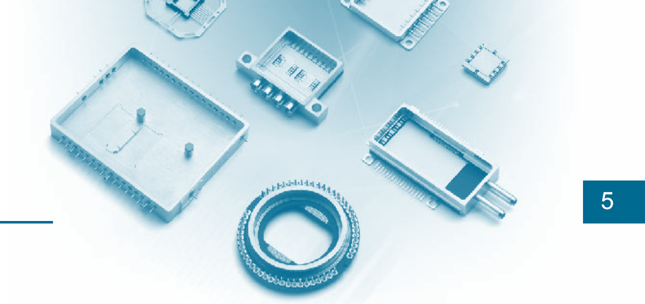
A French corporation *(société anonyme)* with a share capital of 15,800,732
Registered office: Site Sactar - 84500 - Bollene - France
Avignon Companies Register (RCS) No.: 338 070 352

REFERENCE DOCUMENT 2016

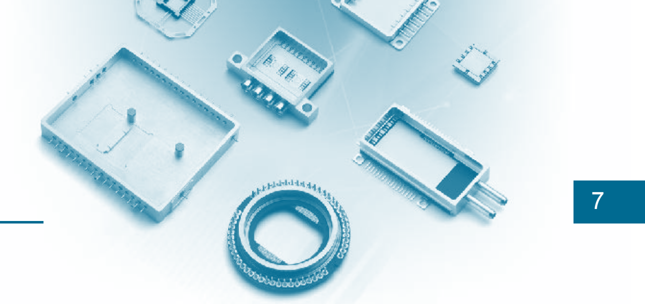
The original French language version of the registration document *(document de référence)* for 2015 was filed with the French financial market authority *(Autorité des Marchés Financiers or AMF)* on June 23, 2017 in compliance with article 212-13 of the AMF General Regulation. The original French language version of this document was prepared by the issuer and is binding on its signatories. This document may be used in support of a financial transaction only if it is supplemented by an offering circular *("note d'opération")* approved by the AMF.

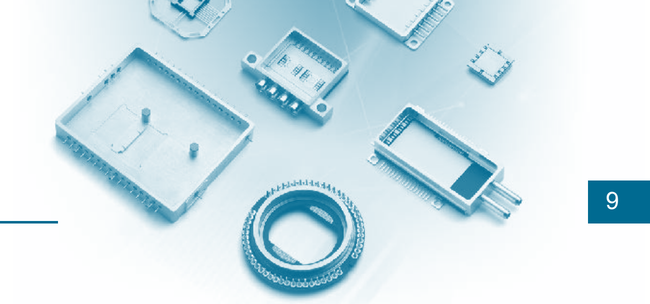
Translation disclaimer: This document is a free translation of "Document de Référence 2016" issued in the French language, registered on June 3, 2016 by the Autorité des Marchés Financiers (French Securities and Exchange Commission). In consequence, this English version has not been registered by this Authority nor been audited by our Statutory Auditors and the English translations of their reports included herein are provided for information only. While all possible care has been taken to ensure that this translation is an accurate representation of the original French document, in all matters of interpretation of information, views or opinions expressed therein, only the original language version of the document in French is legally binding. As such, this translation may not be relied upon to sustain any legal claim, nor be used as the basis of any legal opinion and Egide SA expressly disclaims all liability for any inaccuracy herein.

AMF | AUTORITÉ DES MARCHÉS FINANCIERS



Contents





1 PERSONS RESPONSIBLE

1.1 Person responsible for the document

James F. Collins, Chief Executive Officer

1.2 Responsibility statement

I declare, after having taken all reasonable measures in this regard that to the best of my knowledge the information presented in this 2016 registration document is accurate and there are no omissions likely to alter its import.

I declare that to the best of my knowledge, the financial statements were prepared in accordance with generally accepted accounting principles and give a true and fair view of the assets, liabilities, financial position, and earnings of the company and all entities included in the company's scope of consolidation. I also declare that to the best of my knowledge, the management report included in this document gives a true and fair view of the businesses, earnings, financial position and all entities included in the company's scope of consolidation and describes the main risks and uncertainties faced by the company.

I have obtained a completion of work letter from the statutory auditors in which they indicate that they have verified the information concerning the financial situation and accounts presented in this registration document and read this entire registration document.

Trappes, June 22, 2017

James F. Collins
Chair-Chief Executive Officer

2 STATUTORY AUDITORS

2.1 Statutory Auditors

RSM PARIS (formally SYC SAS)
Bernard Hinfray
26 rue Cambacérès - 75008 Paris
Member of the Paris Regional Association of Statutory Auditors

First appointment: general meeting of June 19, 2009, replacing the firm JWA, having resigned.

Renewal: combined ordinary and extraordinary general meeting of June 16, 2016.

Term expiration date: ordinary general meeting called to approve the financial statements for the period ending December 31, 2021.

PricewaterhouseCoopers Audit
Matthieu Moussy
63 rue de Villiers - 92208 Neuilly sur Seine
Member of the Versailles Regional Association of Statutory Auditors

Date of first appointment: June 29, 2001

Renewal: combined ordinary and extraordinary general meeting of June 26, 2013.

Term expiration date: ordinary general meeting called to approve the financial statements for the period ending December 31, 2018.

2.2 Deputy statutory auditors

FIDINTER (formally MBV & Associés)
39 avenue de Friedland - 75008 Paris

First appointment: general meeting of June 19, 2009, replacing Jean-Marc Le Mer, having resigned. For information, on November 22, 2010, SYC Audit was merged into MBV & Associés, its sole partner, through a simplified merger procedure *(Transmission Universelle de Patrimoine)*.

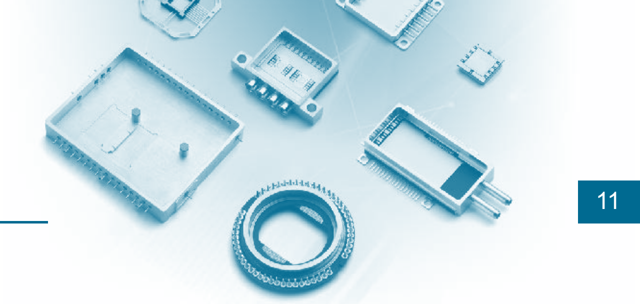
Renewal: annual general meeting of June 16, 2016.

Term expiration date: ordinary general meeting called to approve the financial statements for the period ending December 31, 2021.

Anik Chaumartin
63 rue de Villiers - 92208 Neuilly sur Seine

Date of first appointment: June 26, 2013, replacing Etienne Boris who did not request the renewal of his engagement.

Term expiration date: ordinary general meeting called to approve the financial statements for the period ending December 31, 2018.



2.3 Auditors' fees

In compliance with article 222-8 of the AMF General Regulation, fees paid to auditors excluding tax incurred by Egide Group for fiscal 2015 and 2016 are disclosed below:

	RSM Paris				PWC Audit			
	2015		2016		2015		2016	
	En €	En %	En €	En %	En €	En %	En €	En %
Certification of the accounts	67,300	100%	71,300	100%	82,465	100%	90,026	100%
Other services	7,250	-	-	-	-	-	-	-
TOTAL	**74,550**	**100%**	**71,300**	**100%**	**82,465**	**100%**	**90,026**	**100%**

3 SELECTED FINANCIAL INFORMATION

3.1 Consolidated financials for FY 2014, 2015 and 2016

In compliance with EC regulation No. 1606/2002 of July 19, 2002, Egide Group presents its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. Standards applied include IFRS and IAS (International Accounting Standards), and their interpretations applicable at December 31, 2016.

For the purpose of simplification, these standards and their interpretations are jointly referred to as "IFRS standards" or "IFRS. The financial statements for the period ended December 31, 2016 are the twelfth published by the Group according to IFRS.

For information, selected consolidated financial highlights for the 2014, 2015 and 2016 fiscal years are presented below:

(in thousands of euros)	2014 IFRS	2015 IFRS	2016 IFRS
Revenue	19,967	20,591	22,171
Gross operating profit	(649)	(1,102)	118
Operating profit / (loss)	(935)	(1,483)	(562)
Net financial income (expense)	71	105	(132)
Income (loss) from discontinued operations	NA	NA	NA
Net income/(loss)	**(863)**	**(1,378)**	**(694)**
Non-current assets	4,751	5,487	5,719
Cash and cash equivalents	4,077	2,773	1,075
Borrowings and financial liabilities	4,393	4,724	5,377
Shareholders' equity	7,380	6,989	6,220
Total assets	**15,495**	**15,762**	**16,018**

The reinforcement of our equity capital and capital resources reflects the capital increase in cash by Egide SA for a net amount of €4.8 million in 2014. The increase in financial debt reflects the financing obtained from Bpifrance for research tax credits and pre-financing for tax credit advances (wage and research tax credits).(impact of the presentation of this financing according to IFRS).

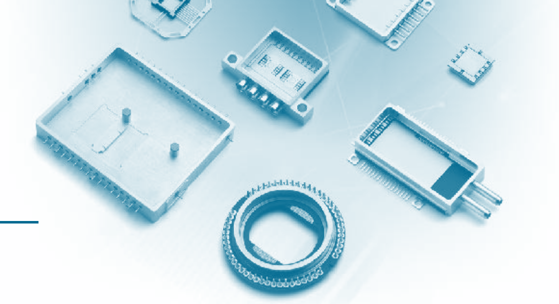
In 2015, the Group launched operations for manufacturing HTCC ceramic packages at the Egide USA site that did not generate revenue in the period. The deterioration in 2015 results reflects the startup costs (€0.67 million) despite growth in consolidated revenue in the period.

In 2016, growth in Group revenue made it possible to generate a marginally positive gross operating profit and significantly reduce the net loss of the period. HTCC ceramic sales in the United States got off to a slower-than-expected start, reflecting mainly an uncertain environment ahead of the US presidential elections.

The gross operating profit corresponds to operating profit before amortization, depreciation and impairment and reversals:

(in thousands of euros)	2014 IFRS	2015 IFRS	2016 IFRS
Gross operating profit	(649)	(1,102)	118
Amortization, depreciation and impairment of fixed assets	(292)	(398)	(611)
Allowances and reversals of impairment and provisions	6	17	(69)
Operating profit / (loss)	**(935)**	**(1 483)**	**(562)**

See section 20.3.1 (consolidated financial statements) of this document.



3.2 Statutory financial information (separate annual financial statements) for FY 2014, 2015 and 2016

For information, selected statutory financial highlights for Egide SA for the 2014, 2015 and 2016 fiscal years are presented below:

(in thousands of euros)	2014	2015	2016
Revenue	12,982	12,342	14,268
Operating profit/(loss)	(1,365)	(1,487)	(961)
Net income/(loss)	**(1,204)**	**(1,052)**	**(684)**
Net fixed assets	2,473	4,642	5,554
Cash and cash equivalents	3,955	2,589	1,050
Borrowings and financial liabilities	437	814	913
Shareholders’ equity	7,259	7,255	6,571
Total assets	**10,804**	**11,383**	**11,523**

The reinforcement of our equity capital and capital resources reflects the capital increase in cash by Egide SA for a net amount of €4.8 million in 2014. The increase in financial debt reflects the financing obtained from Bpifrance for research tax credits and pre-financing for tax credit advances (wage and research tax credits).

In 2015, Egide SA experienced a loss in revenue which had an adverse impact on operating results. Funds raised in 2014 were partially used by Egide USA in connection with the installation of a manufacturing line for HTCC ceramic products, increasing in due proportion the value of the subsidiary's shares (and consequently capitalized). The increase in borrowings reflects the €600,000 loan granted by Bpifrance.

In 2016, robust sales growth (exceeding 15%) made it possible to approach breakeven and significantly reduce the net loss of the period.

See section 20.3.2 (separate parent company financial statements) of this document.

4 RISK FACTORS

After performing a review of risks that could potentially have a material adverse effect on its business, financial position or results (or its ability to meet its targets), the Company considers that there do not exist other risks than those presented below.

4.1 Market risks (foreign exchange, interest rate, equity, credit)

4.1.1 Liquidity risk

After performing a specific review of its liquidity risks, the company considers that it is able to honor its future payment obligations.

See also Section10.3 - Borrowing requirements and funding structure.

4.1.2 Foreign exchange risk

In 2016, exports accounted for 66 % of Egide's revenue, including 39% to North America where sales are invoiced in US dollars. Concerning the 18 % of sales to non-European countries, amounts are invoiced in either euros or US dollars. In the period, Egide SA invoiced sales of US$2.0 million (exchange value of €1.8 million) and Egide USA Inc. invoiced sales of US$8.9 million (€8.1million). In 2016, the US dollar/euro exchange rate (averaging 1.1066 for the year compared to 1.1096 in 2015) had no significant impact on Group sales

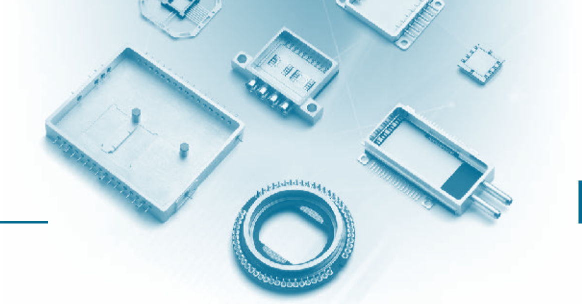
Inflows from sales in US dollars received directly by Egide SA (US$1.8 million in 2016) were used in payment of purchases for components from US suppliers for the same amount (US$1.8 million in 2016). The positive balance in US dollars is maintained in dollar denominated bank accounts. In the event of insufficient currencies, dollars are purchased at the prevailing exchange rate using account balances in euros. Inflows from US dollar-denominated sales received by factoring companies are converted into euros at the prevailing rate of the day while financing for invoices issued in US dollars are also obtained in euros. In consequence, the corresponding risk is therefore at the level of the exchange rate on the translation date. No specific hedging arrangement have been put into place as the cost of such arrangements remain too high.

For the US subsidiary, all purchases and sales are in US dollars. At the end of the reporting period, the Group's foreign exchange risk will be accordingly limited to the result of the period of Egide USA converted into euros for consolidation as well as its US dollar denominated cash balance.

The following table provides a summary of the net position of the Group for the main transaction currencies:

(€ thousands at December 31, 2016)	USD
Foreign currency denominated assets	5,327
Foreign currency denominated liabilities	1,114
Net position before hedging (+ short, - long)	+ 4,213
Off-balance sheet position	-
Net position after hedging	+ 4,213
Impact of an adverse 1 centime change in the euro (- loss, + gain)	- 42
Exchange rate at December 31, 2016 (1 euro =)	1.0541
Impact in thousands of euros	- 40

Also, see section 20.3.1.5.2.3 of this registration document (management of financial risks in the notes to the consolidated financial statements).



4.1.3 Interest rate risk

In 2006, Egide SA set up two factoring agreements factoring agreements for domestic and export trade receivable accounts. The corresponding monthly financing commission applied by the factors to amounts financed is based on the Euribor average 3-month rate at the end of the prior month subject to a 0.60 % minimum. These contracts are not derecognized. In May 2012, Egide USA Inc. obtained a credit facility from Bank of America based on the value of trade receivables and inventories subject to a rate of interest determined as follows: BBA Libor daily floating rate + 3.50%.

Regional loans were obtained in July 2010 by Egide SA from the Provence Alpes Côte d'Azur region, for €0.20 million and from the Vaucluse department for €0.10 million for job retention aid. The loan granted by the French department was paid back in full on December 31, 2016. The regional loan carried no interest rate risk as it is interest free and repayable in 7 years with a grace period of two years.

A €0.60 million "Sofired – PME Défense" loan was obtained in December 2015 from Bpifrance, from which €0.03 million was retained as cash collateral until full repayment of this loan. As a fixed rate loan for an annual rate of 3.85 %, it is not exposed to any interest rate risk. Furthermore, with a seven year term, it benefits from a two-year grace period for the repayment of capital.

Financing to Egide SA from Bpifrance in exchange for the collateralization of French tax credit receivables (research tax credits and the CICE wage tax credit are subject to interest calculated daily at the average 1 month Euribor rate of the previous month plus 3% per annum.

Finally, in May 2012, Egide USA Inc. obtained a US$1.56 million long-term loan from Bank of America to finance the acquisition of its industrial building subject to an interest rate equal to the BBA (British Bankers Association) Libor rate (Adjusted Periodically) + 3.50% . This loan provides for a provision of early redemption based on the application of a default clause (with two covenants attached to this loan), and a clause providing that in the event of noncompliance with one of these covenants, the bank reserves the right to apply a six-point markup to the contractual interest rate. At the end of 2016, these two covenants were in compliance

Given the marginal potential impact of interest rate fluctuations on the statement of comprehensive income linked to the nature of interest rates, the Group has not adopted specific measures for monitoring and managing interest rate risks.

A breakdown is provided below of financial debt at December 31, 2016 by company, maturity and type of rate (fixed or floating rate):

(€ thousands)	Total	Fixed rate	%	Floating rate	%
Prefinancing of tax credits	486			486	100%
Sofired PME Défense loan	606	606	100%		
Finance lease liabilities	288	288	100%		
PRME job protection regional loan	30	30	100%		
Factoring debt	1,774			1,774	100%
Egide SA subtotal	***3,184***	***924***	***29%***	***2,260***	***71%***
Building loans	1,160	-	-	1,160	100%
Factoring debt (revolving credit)	1,033			1,033	100%
Egide USA subtotal	***2,193***	***0***	***0%***	***2,193***	***100%***
Total	**5,377**	**924**	**17%**	**4,453**	**83%**

(€ thousands)	Total	Fixed rate	%	Floating rate	%
Building loans	1,077			1,077	100%
Sofired PME Défense loan	600	600	100%		
Finance lease liabilities	167	167	100%		
Non-current debt subtotal	***1,845***	***767***	***42%***	***1,077***	***58%***
Building loans	83			83	100%
Prefinancing of tax credits	486			486	100%
Finance lease liabilities	121	121	100%		
PRME job protection regional loan	30	30	100%		
Sofired PME Défense loan	6	6	100%		
Factoring and revolving credit debt	2,807			2,807	100%
Current debt subtotal	***3,532***	***157***	***4%***	***3,376***	***96%***
Total	**5,377**	**924**	**17%**	**4,453**	**83%**

Also, see section 10.7 - Commitments and other contractual obligations

4.1.4 Equity risks

As the company does not directly hold shares or treasury shares (other than those of its subsidiary), it is not subject to equity risks.

4.2 Risques juridiques

See also section 20.8 - Legal and arbitration proceedings.

4.2.1 Intellectual property

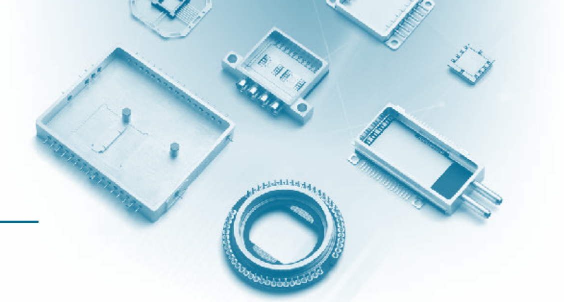
The trademarks used by Egide are registered in France and internationally. As applicable, the company uses the patents to which it has title and files patents when necessary. Licenses used by the company and subsidiaries are considered as assets and as such are not subject to fees.

4.2.2 Specific regulations

Egide's activities depend on legal, regulatory, or administrative authorizations, as well as approval procedures. All measures are taken to update work authorizations for all production sites, including those of the subsidiaries, in concert with the relevant organizations.

4.2.3 Insurance

Egide SA and its subsidiary Egide USA possess all necessary insurance coverage for risk related to their manufacturing activities, in compliance with local requirements applicable in their countries. Cover exists for the following risks with amounts identical to those of 2015:



In millions	Maximum cover	
	Egide SA	Egide USA
Industrial risks	€18.4 million - Deductible: €0.01 million	US$14.5 million
Machinery breakdown	€0.12 million	N/A
Business interruption	Annual gross margin - Deductible 3 d	US$2.4m
Civil liability	€10 million	US$10m
Business travel	€5 million	N/A
Personal vehicle coverage for business use	Unlimited	N/A
Auto	Unlimited	US$1 million
Goods in transit	€0.15 million	N/A
D&O liability	€4.5 million	€4.5 million
Environmental civil liability	€5 million	N/A
Employer's liability	€0.15 million	€0.15 million
Sick leave and occupational illnesses	N/A	US$0.5 million

Total premium for 2016 amounted to €313,000 (€203,000 for Egide SA and €110,000 for Egide USA). Furthermore, policies are regularly updated by the coordinating insurance brokers.

4.2.4 Employment-related disputes

There was no employee-related litigation at year-end.

4.2.5 Risks related to dependence on third parties

In the niche sector in which Egide operates, there inevitably exist customers and suppliers that are more important than others which, without imposing a condition of dependency on the company, put it at risk by fluctuating conditions associated with their respective activities.

In 2016, the largest customer accounted for 19% and the second largest 9 % of consolidated sales compared to respectively 19 % and 14 % in 2015. However, the Group's 10 largest customers account for 63 % of sales and a reduction in activity by one of them could in consequence have a material impact on total sales. In 2016, 20 customers (out of a portfolio of around 160 active customers) accounted for 74% of sales. In 2015, these figures were respectively 80% and 142 customers.

21 suppliers (out of a total of 141 in 2016) accounted for 80% of the Group's technical purchases (mainly components). The Group's top supplier represented 13% of purchases, the top 5, 42% and the top 10, 63%. In 2015, 21 suppliers (out of a total of 132) accounted for 80% of technical purchases. The Group's top supplier represented 13% of purchases, the top 5, 45% and the top 10, 65 %.

4.2.6 Political, economic, and tax risks associated with exports sales

Egide SA's in China and Thailand (approximately 13 % of sales of the French entity in 2016 compared to 14 % in 2015 and 11 % in 2014) are with either subsidiaries of European or US customers or with world-renowned subcontractors with local operations (such as Sanmina-SCI or Fabrinet for example). This limits the company's exposure to the inherent risks of the relevant countries. For sales with local Chinese customers, the risk of customer default is limited by long-standing relationships with these customers. In the event of uncertainties about a new customer, a down payment or advance is requested. Egide USA does not have sales in these two countries.

ITAR (International Trade in Arms Regulations) provisions apply to any company working with US customers on products for military use. If a product is classified ITAR, the industrial property of said product (design, manufacturing process or usage) is prohibited from leaving the US territory under any circumstances, including electronically (through email) without the owner's authorization. In practical terms, this means that the product must be manufactured in the US by a local company. This company may be owned by a foreign company (as in the case Egide USA, whose sole shareholder is indirectly Egide SA in France). What is important is that no employee of Egide SA has access to the characteristics of the ITAR product and that this product is manufactured entirely in the United States. If this rule is infringed, the US site may lose is ITAR license which would prevent it from having access to the US military market.

4.3 Industrial and environmental risks

4.3.1 Industrial risks

The company's operations are not exposed to exceptional risks. Nevertheless, use of hazardous products (hydrogen, chemicals) in connection with operations increases the potential consequences of an explosion or fire if not rapidly brought under control.

With respect to industrial accidents, no serious incidents have been recorded to date in France or the United States. The only incidents recorded to date have concerned limited and superficial burns. Use of nickel, widely employed in the company, sometimes causes allergic skin reactions which may require an occupational illness-related dismissal.

4.3.2 Raw material risks

Materials used by Egide are mainly the kovar (iron-nickel-cobalt alloy), molybdenum, steel, copper-tungsten and glass powder with regards to glass-to-metal sealing and alumina (instead of glass), tungsten and paratungstate for ceramic-to-metal sealing. With respect to surface treatment, the company mainly uses nickel and aurocyanide.

The value of inventories is inevitably impacted by trends for raw materials prices. However, this remains limited as the percentage of pure material represents approximately 10% of the cost of a package. In effect, the largest share originates from the cost of metalwork subcontracting (machining, drawing, casting) unrelated to the price of material worked.

As for fluctuations in the price of gold, these are passed on to the customer through specific supplemental invoices or invoice adjustments applied to the next product price quote. However, given the thinness of the coating on our products (1.27µ on average), the impact is contained.

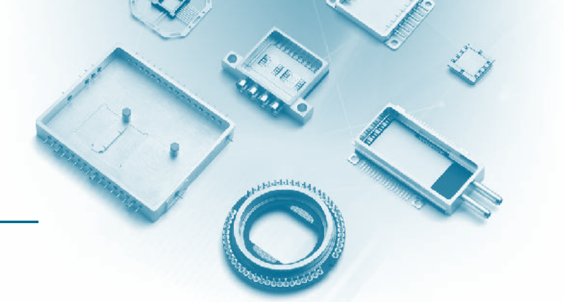
The components purchased by Egide are specific to each client and to each product. Such components are purchased only when the order has been received. As mentioned below (section 4.3.3), production yields of 100% are not achievable in our business. In consequence, components may remain in inventory which explains our sourcing policy (explained in section 20.3.1.5.3.7).

The specific treatment of Kovar is related to the fact that it represents a raw material that is in turn used by Egide's suppliers (machining or metal injection molding (MIM)) to manufacture our basic components (bases, basins, frames, pins, etc.). This material is an alloy of iron, nickel and cobalt generally stored as planks of 1828 x 382 mm of different thicknesses (from 7 to 16 mm) or pipes of different diameters, and does not deteriorate over time. During the market boom for telecommunications companies from 1998 to 2000, Egide used up to 3 tons of Kovar per month. After the burst of the dot-com bubble, the need for machined Kovar structures has significantly decreased and the consumption dropped to about 1 ton per year. To take into account this turnover rate which has become very slow, the company decided to maintain an inventory rate of 75% and keep this rate over a period of several years independently of the level of activity. Indeed, because Kovar has a minimum resale value as a basic raw material, inventory is measured at fair value (market value). For information, at December 31, 2016, the inventory of Kovar amounted to 6.8 tons (7.8 tons at the end of 2015).

4.3.3 Business risks

Egide is specialized in the manufacture of hermetic packages for the protection and interconnection of components. By combining several technology building blocks and requiring a high level of expertise, our industry is not able to ensure a production yield of 100%. In contrast, it is at times possible to rework subpar components to bring them in line with quality standards.

When a product is declared non-hermetic by the customer, i.e. rejected through its incoming acceptance procedures, it is rapidly returned for reparation or replacement. This in turn generates the issuance of a credit when this return is accepted by Egide. In connection with half yearly and annual closings, provisions are recorded if quality-related returns have been recorded after the corresponding reporting period (through credit notes to be issued). With the exception of these credit notes to be issued, no provisions are recorded for customer returns. As returns are relatively infrequent for Egide, it is not possible to set a fixed provision amount and the company prefers amounts to be determined according to actual returns that in general occur very quickly after delivery, allowing them to be booked in the accounts.



Once the products are accepted by the clients (i.e. after sign-off of incoming inventory), Egide is no longer responsible for any subsequent problems that may arise (no after-sales warranty). In consequence, the company does not carry any specific insurance cover for physical injury, consequential material and financial loss after delivery (excluding space and aeronautics applications).

Production yields not reaching 100% are inherent to the industry and concern both Egide and its competitors. This situation is known and factored into the calculation of quotations for its packages.

4.3.4 Environmental risks

With the exception of those governing anti-pollution measures, Egide is not subject to any specific regulations. The hermetic packaging manufacturing process requires the use of hazardous products such as hydrogen and aurocyanide (a solution of gold and cyanide). These products are stored and used according to the standards in force and are under constant surveillance. The sites are also regularly inspected.

Prior to the acquisition of Electronic Packaging Products (renamed Egide USA Inc.) in 2000, Egide performed an environmental audit that did not identify any risk. This was also the case when performing the due diligence for the acquisition of the operating assets and liabilities which led to the creation of the subsidiary Santier Inc. in California in February 2017.

All production equipment used within the Egide Group comply with applicable safety and environmental standards. The Group regularly conducts regulatory verifications using certified entities (verification of fire protection equipment, electrical installations, wastewater disposal systems, etc.). Egide SA is in addition certified ISO 14001.

The Group is also in compliance with European Community Regulation on chemicals and their safe use concerning the Registration, Evaluation, Authorization and Restriction of Chemical substances (EC Directive 1907/2006 of December 18, 2006) or REACH. It also encourages the use of alternative methods in valuating dangers related to substances in order to reduce the number of tests on animals.

4.4 Technological risks

4.4.1 Launch of substitution products

Requirements in terms of hermeticity and heat dissipation are inherent to the very existence of integrated electronic systems or complex chips extremely sensitive to the thermal or atmospheric environment. Hybrid circuits used in the defense and space industries as well as lasers for broadband telecommunications need to be hermetically sealed so that they will work reliably without risk of breakdown. The same applies to immersed or buried optoelectronic circuits since the cost of changing a defective component is prohibitive when compared with the price of the equipment. The demand for high quality also applies to products sought after by civilian sector industries such as aeronautics or, more generally, safety.

However, in the event hermeticity is no longer required, other solutions may be used.

With the integration of Santier Inc. since February 28, 2017, a company specialized in the manufacture of dissipative materials, the Group can now address the needs of the electronics industry in the area of components with heat dissipation capacity that do not require hermeticity.

4.4.2 Price declines

Certain Egide products address applications positioned in "top-of-the-line" segments (long-distance optical telecommunications, aeronautics and space industries, defense and security). While this significantly reduces the impact of price declines, it does not eliminate the risk in the case of high production volumes. Egide's return to the market for data center optics components was made possible by the reduction in production costs, with large volumes expected to limit the impact of low market prices at the level of the Group's margins. Concerning other products involving simpler technologies, with companies in Asia often better positioned in terms of price, Egide has decided not to compete with them indiscriminately.

In addition, whenever possible, it seeks suppliers combining low-cost and reliability for selected components used in the manufacture of its packages, which limits the effects of price declines on margins, and to propose satisfactory prices to the customer in relation to the competition and the market price.

4.5 Other risks

4.5.1 New market entrants

It remains extremely difficult to acquire the expertise necessary to develop and produce hermetic packages. It is necessary to be able to achieve consistent production performances in terms of output and quality in order to meet both technical but also commercial and economic requirements. These constraints constitute barriers to entry for new competitors seeking to develop into Egide's markets. Nevertheless, the phenomenon of declining prices mentioned above facilitates the market penetration of second-tier competitors for high-volume products using a technology not necessarily requiring the same high level of expertise comparable to that of Egide.

4.5.2 Risks associated with the volatility of high-tech markets

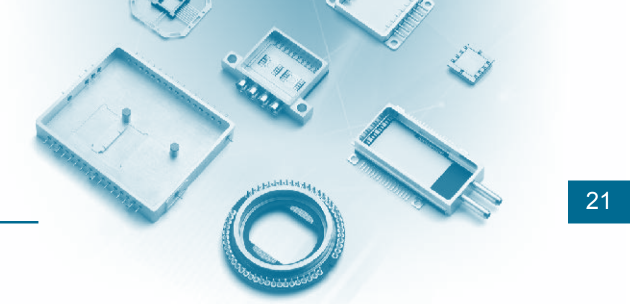
The company is positioned in high-tech market segments in all the sectors it addresses. None of these markets are exempt from risks of a sudden upward or downward cyclical swing as in 2001 in the telecommunications sector, 2009 for aeronautics and 2010 for space. Through its strategy of diversification in several sectors with several customers in each sector, Egide seeks to reduce the effects of this volatility on sales and earnings, even if recently, cycles have been shorter, more intense and linked to a global economic and financial environment with increasingly pronounced impacts and not necessarily directly linked to our commercial activities (2008 subprime crisis, decline in oil prices in 2015 or the US presidential elections in 2016, for example).

4.5.3 Risks associated with geographical locations

The Group's operating units located in France or the United States are not subject to any specific risk associated with their geographic location. The French production site's location a few kilometers from a nuclear power plant does not pose any particular problems.

4.5.4 Risks associated with share price volatility

Any event concerning the company, its competitors, the market in general and one or all of the sectors in which it operates may have a positive or negative effect on the company's share price. Similarly, the company's share may be subject to a degree of liquidity risk, with average trading volume in 2016 of only 12,173 shares per day (or 0.27 % of the capital compared to 64,352 in 2015 or 62,412 in 2014.



4.5.5 Risks related to adverse weather conditions

The French and US production sites are not located in regions subject to the occurrence of extreme weather phenomena, with the exception of Santier Inc., located in San Diego, California, in a region of seismic activity.

The impact of particularly sudden and dangerous climactic events (floods in Thailand in 2011 or Sandy hurricane on the East Coast of the United States in 2012, for example) may however be significant if Group customers are located in the regions affected. Fortunately, such occurrences are rare though remain fully outside the company's control.

4.5.6 Risks associated with the external growth strategy

Since June 1, 2002, the date of the acquisition of assets that would become Egide UK (sold in November 2013) the Egide Group has not made any acquisitions. The company nevertheless remains attentive to potential opportunities while understanding that securing financing in advance is a requisite for successful completion. Should this condition be met or should the group have the resources to meet these conditions, and if the conclusions of the acquisition audits are positive, the Group must integrate the risk associated with the integration of the target company within the group both in terms of management and financing of the future activity. This was the case with the acquisition of the assets and liabilities of TMS LLC in February 2017 resulting in the creation of the subsidiary Santier Inc. The evaluation of this risk is one of the factors taken into account by the board of directors to validate any acquisition opportunity that might be presented to it in the future.

5 INFORMATION ABOUT THE ISSUER

5.1 History and development of the company

5.1.1 Company name

EGIDE S.A.

5.1.2 Place of registration and registration number

The Company is registered with the Avignon Trade and Companies Register (RCS) under number 338 070 352. It was previously registered under the same number in the Versailles Trade and Companies Register (RCS) prior to the transfer of its registered office pursuant to the decision of May 28, 2010.

5.1.3 Date of incorporation and length of life of the company

The company was created on July 11, 1986 for a term of 99 years (until July 10, 2085), saving early dissolution or extension provided for by law. The Egide SA APE code is 2611Z.

5.1.4 Registered office and legal form

The registered office is located at Site Sactar – 84500 Bollène - France (Tel : +33 4 90 30 97 11) as from May 28, 2010. Prior to this it was located at 2 rue René Descartes, then at 4 rue Edouard Branly - Bât. Hermès I, Parc d'Activités de Pissaloup - 78190 Trappes - France (Tel: +33 1 30 68 81 00) where the administrative offices are still located.

Egide is a French public limited company *(société anonyme)* governed by present and future laws and regulations, and in particular the French commercial code as well as the company's bylaws *(statuts)*.

5.1.5 Important events in the development of the business

1986: Created in response to French defense industry needs for hermetic packaging for sensitive components, Egide specializes in glass-to-metal seals.

1992: Egide acquires the "encapsulation" operations of Xéram, at that time a subsidiary of the Pechiney group that developed a ceramic-to-metal sealing activity. Egide becomes the only European High Temperature Cofired Ceramic (HTCC) specialist, enabling it to develop "intelligent" packages.

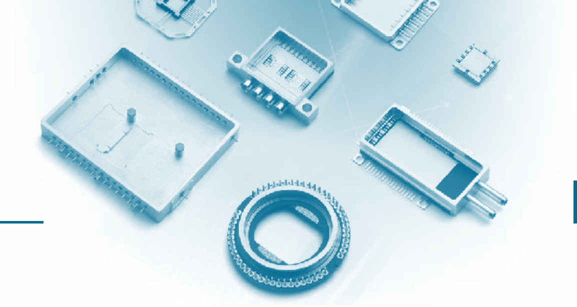
1994: Egide enters the telecommunications market (optical transmissions), which will provide the impetus for its accelerated expansion in 1998.

1999: Egide is listed on the Paris Stock Exchange.

2000: Egide acquires the American packaging manufacturer, Electronic Packaging Products (EPP), renamed Egide USA, ensuring a market presence in the United States. Egide creates a subsidiary in Morocco.

2001: Burst of the Internet bubble, which will have a direct impact on company sales (with the telecommunications sector at that time accounting for 95% of total revenue).

2002: Acquisition of the principal assets of the British company Europlus through the Egide UK subsidiary created for this purpose. Europlus brings metal injection molding (MIM) technology, involving special alloys, necessary for the competitiveness of components, particularly in telecommunications.



2002: Opening of the subsidiary Egima's factory in Morocco, designed for high-volume, low cost production, targeting new commercial markets.

2005: Pursuit of diversification to balance sales across the company's different markets.

2009: Global economic (subprime) crisis with an impact on all the company's markets and requiring the reorganization of the Group's industrial structure. Egima, the Moroccan subsidiary discontinues operations.

2010: Emergence from crisis in the second half of the year, with strong growth in infrared technology markets and significant recovery of the fiber optics telecommunications market. Legal transfer of the registered office (see section 5.1.4).

2011: A good first half performance for sales followed by a decline in the second half linked to the sovereign debt crisis in the euro zone and the United States, triggering a crisis of confidence, reduced visibility and the postponement of orders in the short-term.

2012: A worldwide economic environment slips into a period of entrenched crisis, significantly impacting Egide SA's markets. Markets of the US and English subsidiaries remain less affected.

2013: The UK subsidiary Egide UK and the Moroccan subsidiary Egima are sold.

2014: The Group rolls out an ambitious strategy centered upon its core businesses of hermetic packages for critical applications. Modification in corporate governance separating the functions of Chairman of the Board of Directors (exercised by Philippe Brégi) and Chief Executive Officer (exercised by Eric Michel, then by James F. Collins).

2015: Implementation of the strategic plan. The duplication of the HTCC ceramic packages production line from Bollène (France) to Cambridge (USA) has commenced. This initiative was financed by the €5 million capital increase and is destined to supply the US military market with locally manufactured ITAR-compliant (International Trade in Arms Regulations) ceramic packages . The first order was delivered to the US customer that is a leader in the thermal imaging market. The deployment of the commercial network that began at the end of 2014 continued in the period and capital investments for equipment for the Bollène site have begun.

2016: The ceramic development plan in the United States has slowed down by the uncertain environment linked to the US presidential elections of November which resulted in the freeze in the launching of new military programs that Egide USA intended to focus on; At the same time, sales have been improving for the French entity since 2010. In June, Mr. Brégi stepped down as chair of the board of directors that will henceforth be assured by Mr. Collins, general manager.

2017: The group announced the creation of a new US subsidiary, Santier Inc., based in San Diego California, a manufacturer of metallic components and thermal management materials. The acquisition of the assets and liabilities operated by Santier Inc. was financed by an €8.2 million capital increase completed in February;

5.2 Investments

5.2.1 Main investments

Group investments concern principally the renewal of manufacturing equipment for the US and French manufacturing sites. In 2015, the major investment concerned the creation of the HTCC ceramic packages production line at the Group's US site. An additional kiln was acquired in 2016. At the French site, various materials to improve productivity were also acquired and the air conditioning installations of the Bollène were changed. Intangible assets acquired in 2016 concerned software for the engineering department.

[1] ITAR (International Trade in Arms Regulations) provisions apply to any company working with US customers on products for military use. If a product is classified ITAR, the industrial property of said product (design, manufacturing process or usage) is prohibited from leaving the US territory under any circumstances, including electronically (through email) without the owner's authorization. In practical terms, this means that the product must be manufactured in the US by a local company. This company may be owned by a foreign company (as in the case Egide USA, whose sole shareholder is indirectly Egide SA in France). What is important is that no employee of Egide SA has access to the characteristics of the ITAR product and that this product is manufactured entirely in the United States. If this rule is infringed, the US site may lose is ITAR license which would prevent it from having access to the US military market.

Acquisitions of intangible assets and property, plant and equipment for 2014 to 2016 were as follows:

(in thousands of euros)	2014	2015	2016
Intangible assets	33	131	93
Land and buildings	0	0	28
Plant, machinery and equipment	170	1 618	769
Other tangible fixed assets	38	81	94
Total	**241**	**1 830**	**984**

5.2.2 Main current investments

The Group's budget for capital expenditures was approximately €1.8 million with around one half allocated for Egide SA (a new clean room and chemical gold plating line for optronics, new equipment to improve productivity, building upkeep), 30 % for Egide USA (renovation of the surface treatment area, installation security, software for the engineering department and building upkeep), and 20% for Santier (new machining facilities and building improvements). These investments will be financed from equity, credit lines or through finance leases for the production equipment.

5.2.3 Principal future investments

At Egide SA, capital expenditures to modernize the ceramics installations to lower production costs and improve the company's competitiveness are planned for the medium term. Compliance work for plant buildings will also call for new investments. These commitments are expected to total approximately €2 million.

For Egide USA, other major capital expenditures are not planned other than those for normal equipment renewal; renovation work for the surface treatment installations begun in 2017 will continue into the following year.

For Santier, capital expenditures will be limited following those budgeted for 2017.

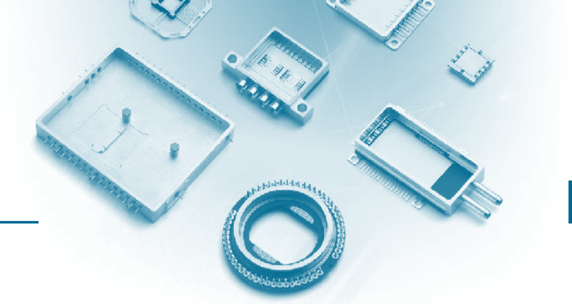
5.2.4 Pledging of assets

Information on assets pledged as security as of date of this document:

Asset pledges:	Inception date	Maturity date	Amount of the asset pledged in € (a)	Total assets in € (b)	% (a) / (b)
Intangible assets Property, plant and equipment Financial assets	May 30, 2012	June 1, 2027	2,000,411	20,029,772	- 10.0 % -
Total			**2,000,411**	**20,029,772**	**10.0 %**

The pledge corresponds to the value of the building and land of Egide USA granted as security to the Bank of America that provided a loan to the US subsidiary to finance the purchase from said property holder. At December 31, 2016, the balance of this debt consisted of €1,160,000 in capital and €1,535,000 interest included.

For information, there are no pledges as security on the capital.



5.2.5 Pledges of items acquired through equipment lease agreements

The following table provides information on pledges linked to lease agreements held by Egide SA as of the date of this document.

Pledge registration date	Equipment	Amount excl. tax	Maturity date
February 14, 2013	Peugeot 208	14,368 €	February 09, 2017
January 16, 2015	15 laptop computers	18,049 €	December 09, 2017
March 13, 2015	Rheometer	29,435 €	February 11, 2020
March 13, 2015	Ceramic cutting machine	17,170 €	February 11, 2020
July 17, 2015	Dimensional measuring machine	38,000 €	June 15, 2020
February 15, 2016	Dimensional measuring machine	35,200 €	December 14, 2020
March 26, 2016	Machining lathe	57,000 €	February 15, 2021
June 22, 2016	Tri-cylinder rolling mill	35,061 €	May 1, 2021
Total		**244,283 €**	

No pledges of any nature are registered at Egide USA.

6 BUSINESS OVERVIEW

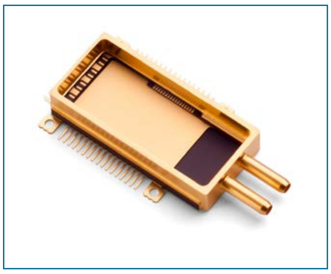
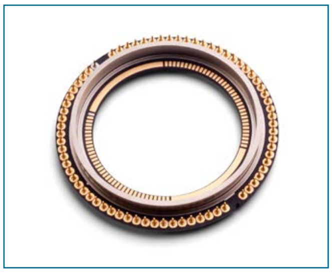
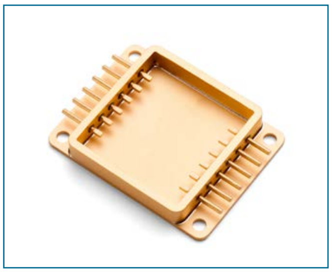
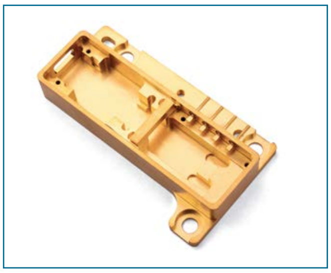
6.1 Principal activities

6.1.1 Hermetic packages

Egide designs, manufactures, and sells hermetic packages to protect and interconnect several kinds of electronic or photonic chips[2].

The purpose of these packages is to protect integrated electronic systems or complex, and therefore fragile, chips, which are sensitive to harsh thermal, atmospheric, or magnetic environments.

These components are the product of complex expertise, drawing upon several disciplines: material structure, particularly special alloys; chemistry and surface treatment; mechanics and thermodynamics, electronics; optoelectronics[3], and hyper frequency modeling[4]. Egide is one of the few companies to master all of the technologies surrounding the two types of material used for these packages in the world today; glass-to-metal and ceramics. The company manufactures its own ceramics and glass beads internally.

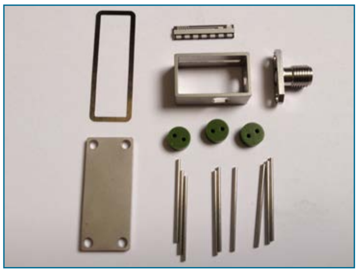
6.1.1.1 Sealing technologies

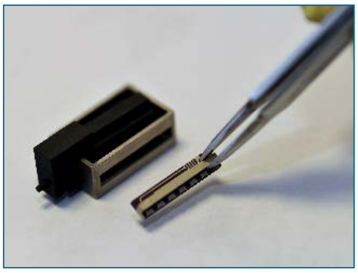
Glass-to-metal

This technology has represented the company's core business since its creation. The body of the component as well as the connection pins are made of metal. These pins are maintained and isolated by glass beads to ensure a perfect hermetic seal in the spot where the pins pierce the metal panels..

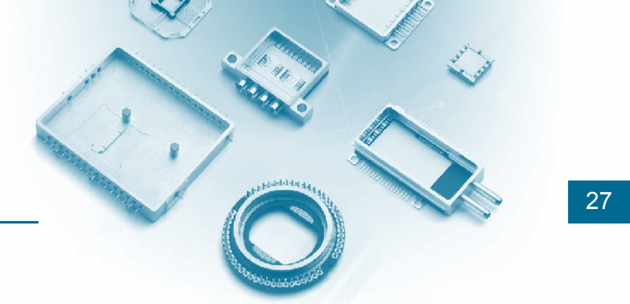
The metals used are special alloys, the most common being kovar, an alloy of iron, nickel, and cobalt. Other metals such as molybdenum, copper-tungsten, aluminum silicon carbide, or titanium are also used for applications where heat dissipation is important or weight is critical.

Metallic packages components are joined by brazing (soldering) them in very high temperature kilns. The braziers are themselves made of special alloys, such as gold-tin, gold-germanium, or silver-copper.





(2) *The science of the study of components allowing for the generation, transmission, processing (modulation, amplification) or conversion of optical signals.*
(3) *Study of electronic components issuing or interacting with light, the foundations of fiber-optic telecommunications.*
(4) *Analysis of a very high radio frequency wave of between 1 GHz and 100 GHz, used in electronics.*



Ceramic-to-metal

In this technology, which is rarer and more difficult to achieve, the packages retain a metallic structure comparable to the glass-to-metal packages materials, using the same alloys and the same soldering, but the glass beads are replaced by ceramic inserts. The packages panels are pierced by a rectangular window in which a ceramic block with screen-printed tracks is hermetically soldered, thus replacing the glass beads..

Other packages require either ceramic components assembled with metal pins, primarily for infrared applications, or complex ceramic bases on which metal frames are inserted for Telecoms applications.

Integration of passive elements

Building on its expertise in complex assembly, Egide has expanded its field of activity by the integration of passive components for some of its clients (dissipative elements, TEC[5], optical). This offer is now part of the Egide range and allows the client to remain focused on its own core business.

6.1.1.2 Surface treatment

Surface treatment is accomplished with electrolytic or chemical deposits (gold, nickel or silver) on a semi-automated, or manual surface treatment production line, depending on the manufacturing site and the applications.

These deposits, at the micron level, are necessary for different package manufacturing:

- nickel plating of ceramic components before assembly
- pre-treatment of metal components
- gold plating of glass-to-metal and ceramic packaging in the final manufacture stage
- silver plating of joints

Egide's great expertise in the area of surface treatment, and the integration of the line into the work flow are major strengths for ensuring optimal quality in the finished product.

6.1.1.3 Ceramics, from powder to component

The ceramic produced by Egide at its Bollene site is known as High Temperature Cofired Ceramic (HTCC). This technology, a source of miniaturization and complex connectivity, results in multiple applications such as making inserts, multi-chip modules substrata (Multi-Chip Modules) or specific components that meet the needs of infrared and high-end telecommunications markets.

---

[5] Thermo Electric Cooler (a cooling technique using thermal electricity). For this, components are used referred to as "Peltier" modules that transform electronic current into a temperature flux).

Egide's expertise covers the entire manufacturing process, from powder to component:

Ceramic production or "green tape" production

"Raw" ceramic is derived from aluminum powder and organic compounds, which, when mixed, yield a paste-like material known as a slurry or slip. The latter is poured onto plastic bands then made flexible by drying and evaporation of solvents. The bands, which are of varying thicknesses, are then cut into sheets before use.

Inks

Also manufactured at the Bollene site, inks are composed of tungsten powder and solvents. They are used for screen printing the conductive tracks on the various ceramic sheets and for filling the vias (minuscule holes on each of the sheets) to establish conduction from one layer to the other.

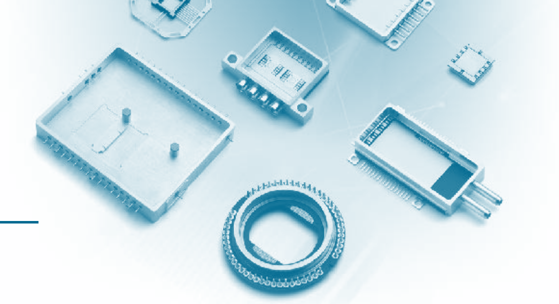
The High Temperature Cofired Ceramic (HTCC) process

Egide handles all operations in the transformation of the "raw" ceramic in a class 10,000 clean room: via and window piercing, via filling, screen printing the conductive tracks, pressing, and cutting. The combined mastery of ceramic and ink production constitutes a definite advantage in the success of the co-firing (aluminum-tungsten) step of the HTCC process. During this process, very robust ceramic components are obtained through the superimposition of different layers, and the pressing and firing in special high temperature kilns (1,600°).


6.1.1.4 Glass beads

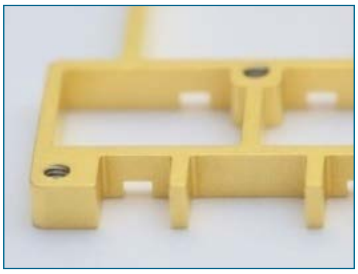
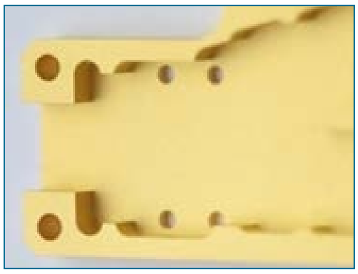
Egide manufactures glass beads used for the glass-to-metal packages. The basic material is glass powder that is agglomerated and then heated at a high temperature (at approximately 600°) in a dedicated kiln. This activity completes the system for production integration and independent sourcing for one of the key glass-to-metal technology steps.





6.1.2 Thermal management materials and metallic components

As at February 28, 2017, the date of Santier Inc.'s creation and the acquisition of the operating assets and liabilities of TMS LLC, the Group has the capacity to manufacture metallic components and thermal management materials such as CuMo (molybdenum copper) or CuW (Copper tungsten) at its industrial site in San Diego, California. Its applications include electronics (high-frequency, optronics) for the ITAR-compliant US defense market and the medical and telecommunications sector. The entity is a potential supplier of thermal management materials used in the manufacture of hermetic packages and a potential customer for HTCC ceramic components manufactured in Cambridge, Maryland (United States).

6.1.3 Business sales mix

Consolidated sales by business breaks down as follows:

	2014		2015		2016	
	K€	%	K€	%	K€	%
Glass-to-metal products	12,412	62.2	13,460	65.4	14,173	63.9
Ceramic products	7,249	36.3	7,020	34.1	7,772	35.1
Engineering	190	0.9	100	0.5	219	1.0
Other (of which the sale of gold)	116	0.6	11	0.0	7	0.0
Total	**19,967**	**100.0**	**20,591**	**100.0**	**22,171**	**100.0**

Segment breakdown of consolidated sales by business breaks down as follows:

	2014		2015		2016	
	K€	%	K€	%	K€	%
Glass-to-metal products	5,400	41.7	5,020	41.3	6,216	44.0
Ceramic products	7,249	56.0	7,020	57.8	7,683	54.4
Engineering	190	1.4	100	0.8	219	1.6
Other (of which the sale of gold)	116	0.9	11	0.1	7	0.0
Egide SA subtotal	**12,955**	**100.0**	**12,151**	**100.0**	**14,124**	**100.0**
Glass-to-metal products	7,012	100.0	8,440	100.0	7,957	98.9
Ceramic products	0	0.0	0	0.0	89	1.1
Engineering	0	0.0	0	0.0	0	0.0
Other	0	0.0	0	0.0	0	0.0
Egide USA subtotal	**7,012**	**100.0**	**8,440**	**100.0**	**8,047**	**100.0**
Total	**19,967**	**-**	**20,591**	**-**	**22,171**	**-**

For information, Santier Inc. will be consolidated as from February 28, 2017;

6.2 Principal markets

Present from the beginning in the defense and space industries, and then in the telecommunications market by means of fiber optics, Egide has extended the scope of its activities to civil aeronautics, security and industrial applications of infrared technology. This historical breakdown no longer reflects the current situation of Group production as the same package may have both military and industrial uses. In consequence, starting January 1, 2016, a new market segmentation was adopted based on applications regardless of the final sector addressed.

6.2.1 Thermal imaging

This family of packages includes products using infrared radiation to form an image. Packages for thermal imaging applications concern cryogenically cooled detectors for military or space applications and also uncooled infrared detectors for military, industrial automotive or medical applications.

In the military field, packages supplied by Egide are used to manufacture very high definition thermal cameras with a nighttime vision range of several kilometers. The desire to improve safety has been rapidly extended to multiple infrared applications: border surveillance, surveillance for industrial buildings and public places, medical diagnostic tools, blind flying assistance, gas detection. Originating from military applications, they have experienced considerable growth, thanks to products used by fire-fighters (seeing through smoke), security (site surveillance), predictive maintenance (diagnosing a short-circuit before it happens), the medical profession (tumor detection) or by the automotive industry (night vision).

The thermal imaging market is fast growing (Source: Marketandmarkets) with component sales representing US$6.2 billion in 2015. This same study forecasts growth of 6.3% between 2015 and 2020.

Using primarily the ceramic technology, the packages for infrared applications are largely supplied by Egide SA. By installing an HTCC ceramic production line at the Egide USA site that has been in service since the end of 2015, the US military market which requires a local production source is also supplied by the Group's US subsidiary.

6.2.2 Power packages

This product family includes packages used for power converters. Typical applications include DC-to-DC converters, motor drives, switch mode power supplies, power hybrid circuits and power thrusters for military, aeronautic and space applications.

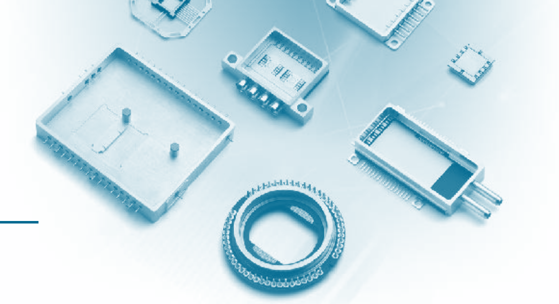
Using primarily the glass to metal seal (GTMS) technology, power converter packages are supplied largely by Egide USA within the group, with the portion produced by Egide SA destined for the aeronautics sector (Full Authority Digital Engine Control or FADEC).

6.2.3 Optronics

This family of packages includes products submitting detecting or receiving light. The best-known final application in this field concerns fiber optic telecommunications.

Accordingly, Egide’s packages are found in several types of optoelectronic sub-assemblies since they call for chips made of sensitive complex materials for which hermetic packages are indispensable:

- transmitters, that transform an electronic signal into an optical signal transported by fiber,
- receivers, which do the opposite
- modulators, which transform a continuous optical signal sequence of 0 and 1,
- amplifiers, which amplify an optical signal by means of high powered lasers,
- multiplexers, which bundle, unbundle, and route communications,
- dispersion compensators that correct certain signal errors,
- wavelength switches (WSS) that allow the reuse of the same wavelength by several users.



While long-distance and metropolitan fiber optics networks account for the major share of the telecommunications market, needs by data centers are rapidly emerging involving very large volumes and low prices. Until now absent from this market, the Group recorded its first order in mid-2016 and obtained qualification for its products at year-end. Serial production will commence in 2017 whereas a second customer in the data center sector will receive prototypes during the year.

Packages for optronics use mainly the ceramic technology that at the present time are supplied by Egide SA, with the US site currently devoted to ITAR compliant (International Trade in Arms Regulations).

6.2.4 Microwave / RF packages

This product family includes packages used by systems operating at frequencies ranging between 3 GHz and 100 GHz. The most frequent applications concern the defense, aerospace and telecommunications markets and in particular wireless base stations (cellular towers), Wi-Fi networks, satellite antennas, radars, air traffic control systems and fiber optic data transport networks.

They are generally manufactured using the HTCC ceramic technology, even though there also exist glass-to-metal connectors (GPO, GPPO, etc.) capable of addressing the customer needs; the RF packages are thus able to be supplied by both of the Group's entities.

6.2.5 Sales mix by application

Consolidated sales by application break down as follows:

	2014		2015		2016	
	K€	%	K€	%	K€	%
Thermal imaging	8,410	42.1	9,248	44.9	9,973	45.0
Power packages	5,569	27.9	5,863	28.5	5,619	25.3
Optronics	3,287	16.4	2,542	12.4	2,476	11.2
Microwave/RF	1,353	6.8	1,735	8.4	2,551	11.5
Other	1,348	6.8	1,203	5.8	1,552	7.0
Total	**19,967**	**100.0**	**20,591**	**100.0**	**22,171**	**100.0**

Consolidated sales by segment break down as follows:

	2014		2015		2016	
	K€	%	K€	%	K€	%
Thermal imaging	7,129	55.1	7,637	62.9	8,637	61.1
Power packages	1,126	8.7	639	5.3	870	6.2
Optronics	2,998	23.1	2,079	17.1	2,099	14.9
Microwave/RF	692	5.3	1,015	8.3	1,376	9.7
Other	1,010	7.8	781	6.4	1,142	8.1
Egide SA subtotal	**12,955**	**100.0**	**12,151**	**100.0**	**14,124**	**100.0**
Thermal imaging	1,280	18.3	1,612	19.1	1,336	16.6
Power packages	4,445	63.4	5,223	61.9	4,744	59.0
Optronics	289	4.1	463	5.5	377	4.7
Microwave/RF	660	9.4	719	8.5	1,175	14.6
Other	338	4.8	423	5.0	415	5.1
Egide USA subtotal	**7,012**	**100.0**	**8,440**	**100.0**	**8,047**	**100.0**
Total	**19,967**	**-**	**20,591**	**-**	**22,171**	**-**

For information, Santier Inc. will be consolidated as from February 28, 2017;

6.2.6 Customer base

The company has an extensive customer base in its different business segments. Among those that may be cited are Foxconn Optical Interconnect (CyOptics), Fabrinet, Lumentum (JDSU), Photop, Alcatel Thales III/V Lab, Airbus Defence & Space, Crane, FLIR, Infineon (International Rectifier), MBDA, Safran Electronics & Defence, SCD, WGST, BKO, Airbus Safran Launcher, Sofradir, Textron, Thales Alenia Space, Aéroflex, Ulis or TT Electronics.

In 2016, Egide Group's top ten customers for all segments combined accounted for 63 % of consolidated sales, the top five 44 % and the Group 's largest customer 19 %.. In 2015 this same breakdown was 68%, 53 % and 19 % respectively. The total number of customers increased from 142 in 2015 to 160 in 2016.

In light of the profile of this portfolio, Egide does not consider it necessary to obtain credit insurance other than coverage obtained in connection with factoring agreements. Furthermore, on occasion advances are requested from new customers, namely those in Asia. Customer invoices are activated by deliveries. The period covered by sales contracts often depends on product order volume. For low volume projects, orders will cover a period of few weeks and will be placed on a regular periodic basis during the course of a year. For programs involving larger volumes, orders will cover a period of several months (up to 18 months) with scheduled deliveries, or several years for master contracts. Major contracts are reported, with applicable, in Chapter 22.

The Group's commercial organization relies on direct employees for each of the operating subsidiaries (5 at Egide SA, 3 at Egide USA and 1 at Santier) as well as a network of specialized but non-exclusive agents for high-tech products covering Italy, the United Kingdom, the United States (East and West Coast, Florida), China, India, Israel, Russia and South Korea. In October 2015, a new vice president for marketing joined the group who is based in France. In March 2017, the business development department, which until then covered the entire group, was divided into two divisions: the chief business development officer took responsibility for sales in Europe and Asia whereas the business development manager for Santier Inc., assumed responsibility for sales in North America.

6.2.7 Consolidated sales by region

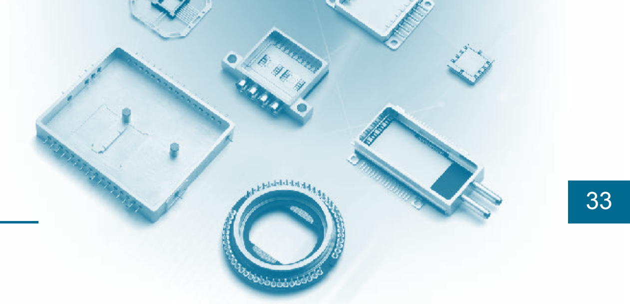
Consolidated sales by region breaks down as follows:

	2014		2015		2016	
	K€	%	K€	%	K€	%
France	7,400	37.1	7,100	34.5	7,460	33.6
European Union (excl. France)	1,477	7.4	1,251	6.0	2,052	9.3
North America	7,600	38.1	9,074	44.1	8,588	38.7
Rest of the world	3,490	17.4	3,166	15.4	4,071	18.4
Total	**19,967**	**100.0**	**20,591**	**100.0**	**22,171**	**100.0**

Segment breakdown of consolidated sales by region:

	2014		2015		2016	
	K€	%	K€	%	K€	%
France	7,400	57.2	7,100	58.4	7,460	52.8
European Union (excl. France)	1,413	10.9	1,151	9.5	1,943	13.8
North America	652	5.0	784	6.5	706	5.0
Rest of the world	3,490	26.9	3,116	25.6	4,015	28.4
Egide SA subtotal	**12,955**	**100.0**	**12,151**	**100.0**	**14,124**	**100.0**
France	0	0.0	0	0.0	0	0.0
European Union (excl. France)	64	0.9	100	1.2	109	1.4
North America	6,948	99.1	8,290	98.2	7,876	97.9
Rest of the world	0	0.0	50	0.6	62	0.7
Egide USA subtotal	**7,012**	**100.0**	**8,440**	**100.0**	**8,047**	**100.0**
Total	**19,967**	**-**	**20,591**	**-**	**22,171**	**-**

For information, Santier Inc. will be consolidated as from February 28, 2017;



6.3 Exceptional events

The telecommunications market (optronics) experienced a crisis of exceptional scope in 2001 and 2002, which persisted until mid-May 2010, despite an upturn in 2008. This crisis resulted in the closing of the Trappes production site.

In 2009, Egide Group companies were severely impacted by the global economic crisis that affected every sector . In response, the company took measures to reorganize industrial operations, including in particular repositioning the subsidiary Egide USA in its domestic military markets (resulting in a 50% reduction in headcount), transferring the production for telecom products to the French site and discontinuing operations of the Moroccan site as from July 1.

In 2011, the euro zone and US debt crises impacted the industry, precipitating a crisis of confidence about the future, low visibility, and the postponing of orders. For Egide, this led first to the rescheduling of deliveries in the third quarter, followed by the deferment of deliveries to the 2012 first quarters whereas demand was concentrated in the last quarter of 2011. All of Egide's customers were to some extent impacted by this trend, regardless of their sector of activity. However, customers of the telecommunication sector were the most affected, requiring Egide to lower sales guidance for the 2011 second half. On that basis, 2011 ended the period with growth in sales from the prior year though at a slower pace (+9%) than expected at the start of the year.

In 2012, the global economic crisis had become entrenched and impacted the development of Egide SA, the only Group entity with significant volume in the telecommunications market, which was severely affected by this crisis. This situation was compounded by a geopolitical development that was responsible for the virtual disappearance of a major Israeli military customer using infrared products. In this bleak context, only the US military, the European space and UK industrial sectors showed growth, even though insufficient to offset the losses incurred in other market segments.

In 2013, for the first time military spending was affected by budget restrictions in the United States, which in turn severely impacted Egide USA sales starting in the second quarter which have remained under budget. For Egide SA, a major customer was required to adapt to an unanticipated shift in demand by its customers to a new range of products not including packages supplied by Egide, significantly impacting the company's sales.

In 2014, Group sales in the telecommunications sector registered a further decline. The primary causes were the loss of a customer (bankruptcy filing), reduced demand by another customer and the lower-than-expected start in the Chinese market for the 100 Gb/s products for which Egide has been qualified.

In 2016, political uncertainties in the United States linked to the presidential elections in November stalled major military programs, leading to delays in the commencement of the HTCC ceramic activity launched in Cambridge, Maryland (USA). This led to considerably lower revenue than expected that was not sufficient to offset the business's operating expenses. With the results of the elections more favorable to the support of military spending, the viability of the ceramic project in the US is however in no way called into question.

Events of the kind described above remain by definition unforeseeable. To minimize potential impacts of such events (on sales and earnings) Egide seeks to achieve maximum diversification in business sectors and to maintain the highest level of state-of-the-art expertise, with very high-tech products providing greater resilience to adverse economic trends.

6.4 Competitive position

Egide has a limited number of competitors at the international level. These consist of either major international groups with divisions manufacturing electronics components, subsidiaries of large groups, or small family-owned type operations. In this universe, Egide is the only independent pure player specialized in manufacturing hermetic packages.

Generally, US competitors operate in the glass-to-metal segment whereas the Japanese are specialized in ceramics. The other Asian competitors are more active in the segment for standard low-cost products, whether glass-to-metal or ceramics, and generally address their local markets.

Main competitors:

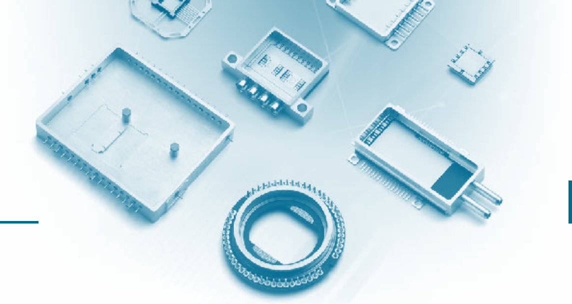
Name	Country	Business application [1]	Revenue	Share listing	Market capitalization
Ametek	United States	TI, P, O, M/RF	€ 1.32 bn [2]	New York	€ 12.5 bn [3]
Kyocéra	Japan	TI, O, M/RF	€ 1.91 bn [4]	Tokyo	€ 19.4 bn [5]
Electrovac	Austria	P, M/RF	Unavailable	Privately held	-
Schott	Germany	O	Unavailable	Privately held	-
Sinclair	United States	P, O	Unavailable	Privately held	-
NTK	Japan	O, M/RF	€ 0.41 bn [6]	Tokyo	€ 4.1 bn [5]
Hirai	Japan	O	Unavailable	Privately held	-
Metallife	South Korea	O	Unavailable	Privately held	-

[1] TI : Thermal imaging – P : Power packages – O : Optronics– M/RF : Microwave/RF
[2] Source: Annual report. Revenue at December 31, 2016 for the electromechanical business unit - US$ 1.48 billion compared to US$ 1.56 billion in 2015
[3] Source: New York Stock Exchange. Stock price at May 26, 2017
[4] Source: Financial press release of May 1, 2014 Revenue at December 31, 2016 for the semiconductors business (calendar year) - ¥ 237.5 billion compared to ¥ 223.4 billion in 2015
[5] Source: Tokyo Stock Exchange. Stock price at May 26, 2017
[6] Source: Press release of January 30, 2017. Revenue at December 31, 2016 for the ceramic components business (calendar year) - ¥ 51.0 billion compared to ¥ 56.9 billion in 2015 (calendar year).

The main competitors operate in sectors covering all applications provided by the Egide group. In contrast, competitors that Egide encounters less frequently are more focused in Optronics applications, and in certain cases, the power or microwave fields. From its US-based manufacturing site, Kyocera can offer its ceramic products to American defense customers which can henceforth be assured by Egide USA. However it must now focus on developing a pipeline of new contracts, with the situation of legacy products under existing contracts no longer economically attractive for potential customers.

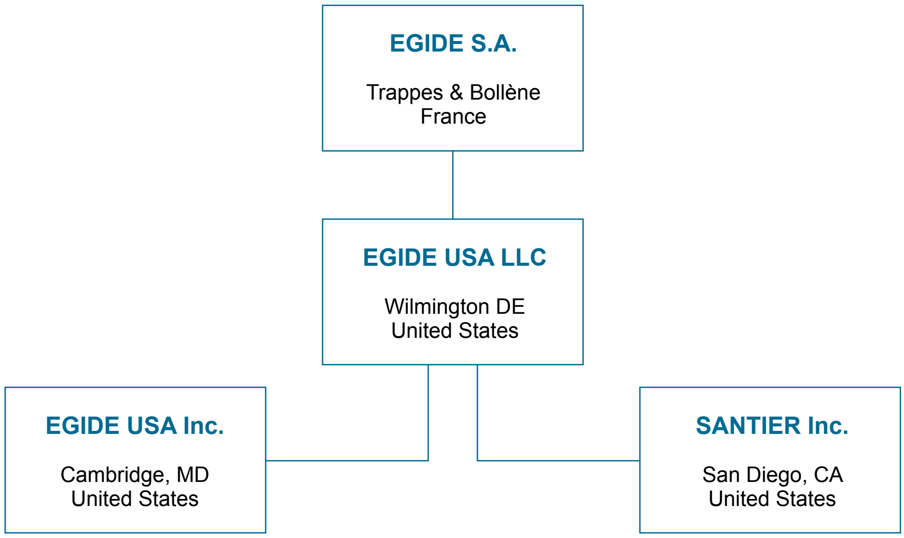
In this context, Egide is not dependent on any patents or licenses as its manufacturing processes, like those of its competitors, are generally based on the know-how and experience of its teams.

Egide has a worldwide reputation for quality and high tech expertise based on its experience in electronics for the defense and space industries that is distinguished by extremely demanding standards (qualification processes, regular audits …), and it occupies a top-tier position.



7 ORGANIZATIONAL STRUCTURE

7.1 Group organization



7.2 Group subsidiaries and structure

Egide SA is the parent company. Egide USA LLC is a directly wholly-owned subsidiary in the United States that in turn wholly-owns two subsidiaries also based in the United States, Egide USA Inc. and Santier Inc.

Egide USA LLC is a holding company held by the parent company exclusively for holding the capital of Egide USA Inc. and Santier Inc.

Egide SA, Egide USA Inc. and Santier Inc. are companies with their own economic activity in the area of hermetically sealed interconnection devices (for the first to mention) and thermal management materials (for the latter which recently joined the Group consolidation scope). On this basis, they possess their own assets which enable them to produce and sell their products independently of each other. These companies furthermore possess their own liquid assets and debts without centralized cash pooling system at the group level.

Egide SA, Egide USA and Santier share the same chairman and chief executive officer. They are each managed by a General Manager and have their own administrative and accounting, sales, engineering, quality assurance and production departments. The Group's finance department oversees the Finance Department of Egide as well as that of the US subsidiaries managed by Santier's chief financial officer (also in charge of finance for Egide USA since March 2017). The business development department is managed by two executives, one attached to Santier responsible for the North America region and the other attached to Egide SA in charge of Europe and Asia.

Transactions between different Group companies result in intercompany billings. Pursuant to the modification of the provisions of Order No. 2014-863 of July 31, 2014, amending article L225-39 of the French commercial code, these chargebacks no longer comply with the rules governing regulated agreements.

See section 20.3.2.4.3.21 - Information on affiliated undertakings and participating interests

See section 20.6 - other financial disclosures regarding Santier, consolidated by the group for the first time on February 28, 2017;

8 PROPERTY, PLANT AND EQUIPMENT

8.1 Significant tangible fixed assets

8.1.1 Manufacturing sites

Egide Group's manufacturing assets are largely concentrated at three sites: Bollène (France), Cambridge (Maryland, USA) et San Diego (California, USA) :

The Bollène site (Egide SA)

A center of excellence for the two sealing technologies, it also has expertise in high temperature cofired ceramic (HTCC). In a building of approximately 5,700 m2, equipped with a 500 m² 10,000 class clean room for the treatment of raw ceramic, would be Bollène assuring the full production cycle for ceramic components from start to finish. The site also provides the assembly, surface treatment and control of metallic glass packages - metal and ceramic - as well as the manufacturing of glass beads. It is equipped with an engineering department for ceramics and for glass-to-metal, as well as R&D resources. This site was rented from a property investor under a 12-year commercial lease commencing in 2010 and extended for three years in May 2015. Previously the site was held as a fully-owned property.

The Cambridge site, MD (Egide USA subsidiary)

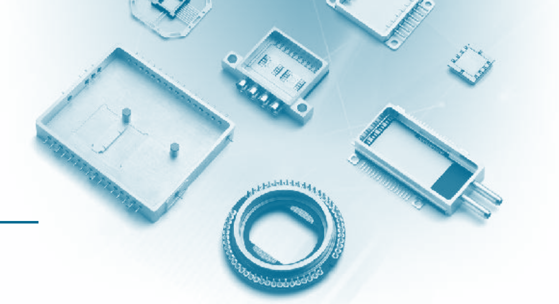
In a building of 5,000 m2, the site is responsible for the assembly, control, and surface treatment of glass-to-metal or ceramic-to-metal packages. Since mid-2015, the site has been equipped with a 300 m² clean room (class 10,000) and production equipment for treatment of raw ceramics supplied by Egide SA. It also produces glass beads. It has a glass-to-metal and ceramic-to-metal engineering department. The building is once again fully owned after its repurchase was negotiated at the end of May 2012. This site was previously rented to a property investor under a 10 year commercial lease that started in 2008 and was discontinued before its expiration at the lessor's request.

The site of San Diego, CA (Santier subsidiary)

In a building of 25,833 sq.ft. (2,400 sq.m.), this site is primarily devoted to metallic components and thermal management materials for the US market. It also provides selected assemblies incorporating HTCC ceramic components purchased from outside sources (and recently supplied by Egide USA). The site is equipped with an assembly workshop (identical to that of Egide SA or Egide USA) as well as a surface treatment facility, in addition to having its own engineering department. The building is rented from a real estate investor under a 10-year commercial lease that will start on 1 January 2018. Until then, the finance lease concluded with the former operator from which the operating assets and liabilities were acquired remains in force (with the transfer completed on February 28, 2017).

Other sites

The administrative, sales, purchasing and graphite machining departments of Egide SA are located in the Paris region (Trappes in the Yvelines department), in a building of approximately 800 m² 8,611 sq.ft. (800 sq.m.)leased from a real estate investor under a 12-year lease that commenced in 2016. For information, said departments were previously housed in a building of approximately 12,916 sq.ft. (1,200 sq.m.) located in the same industrial zone, with a lease expired in March 2017.



8.1.2 Machinery and equipment

In the Group's four production sites, Egide is the owner of its equipment and machinery, including:

- two ceramic casting rooms (at Egide SA) with atmospheric control equipment,
- two white rooms containing numerous equipment for transforming raw ceramic (one at Egide SA and one at Egide USA): machines to punch out vias[6] and windows, machines for filling the vias, machines for screen printing conductors and open-vias, presses, and an automatic cutter,
- glass beads manufacturing equipment,
- debind ovens[7],
- ovens for high temperature (1,600°) sintering of ceramics and molded components[8],
- cutting machines (diamond slitting wheel),
- machines for screen printing of tips,
- ovens for vacuum soldering[9],
- Conveyor kilns for atmosphere-controlled soldering (medium and high temperature),
- Conveyor kilns for hermetic sealing with glass beads,
- Manually-operated or computer controlled electroplating installations[10],
- machines for verifying hermetic sealing,
- Several graphite machining centers,
- Several metal machining centers, including a numerical controlled lathe,
- Wire Electrical Discharge Machining (WEDM) equipment,
- Tri-planetary polishing equipment,
- Several instruments for verifying visual and dimensional characteristics (including 3D gauges),
- Thermal cycling machines.

The equipment for ceramic production at the Bollène site was acquired in large part in 2000. These were installed at the Cambridge site in the summer of 2015. This includes used equipment transferred from the Bollène site.

8.2 Environmental issues that may affect the issuer’s utilization of tangible fixed assets

See section 4.3 - Industrial and environmental risks

8.3 Environmental impact of Group operations

See section 26.2 - Environmental impact

8.4 Information relating to societal commitments in favor of sustainable development

See section 26.3 - Societal commitments in favor of sustainable development

---

(5) Holes drilled in ceramic sheets.
(6) Elimination of binders having a virtually zero impact on the parts.
(7) Sintering is a manufacturing process consisting in forming material by heat without melting. Through heat, the fine material particles are welded together forming the cohesion of the part.
(9) Metal soldering is a process for permanent assembly creating metallic continuity for joined parts.
(10) Electroplating is an industrial process for applying coatings to fabricated materials using electrical current.

9 OPERATING AND FINANCIAL REVIEW

9.1 Financial position

9.1.1 FY 2015

Investments made in connection with the strategic plan (installation of a HTCC ceramic production line at Egide USA and strengthening commercial teams at Egide SA) were financed in full by the capital increase carried out in mid-2014. Expenses associated with this plan were recognized in the period though the amounts estimated the original budget adversely impacted the results of the two units (startup expenses for the HTCC activity at Egide USA and commercial expenses at Egide SA) by not generating an equivalent level of revenue.

On that basis, with revenue remaining below breakeven, the French entity continued to show a loss in 2015. As for the US entity, and even though showing a profit for its traditional operational activity (glass-to-metal hermetic package), the costs of the HTCC ceramic plan in 2015 resulted in a loss;

At December 31, 2015, all Group companies had positive cash balances. Cash and cash equivalents at year end amounted to €2.77 million with €2.58 million for Egide SA and €0.19 million for Egide USA. The research tax credit and wage tax credit (CICE) refunds for Egide SA for fiscal 2014 strengthened the cash position by €0.32 million in June 2015 whereas the capital increase carried out in November generated a net cash inflow of €1.05 million. For 2016, Egide SA and Egide USA will continue to make use of factoring arrangements to finance their working capital requirements.

At the end of 2015, Group debt (excluding factoring entities) amounted to €2.38 million (€1.18 million for Egide SA and €1.20 million for Egide USA) compared to €2.02 million at December 31, 2012. For information, Egide USA's loan is subject to two covenants, both of which were in compliance at year-end. As this was not the case at the end of 2014, the total balance of the loan was accordingly presented under current liabilities in the consolidated statement of financial position.

9.1.2 FY 2016

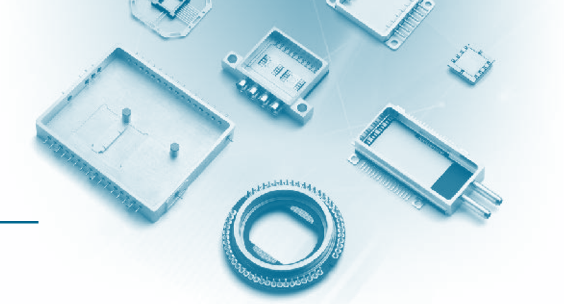
Growth in sales and good cost controls contributed to a positive gross operating profit in 2016 and a significant reduction in the Group's operating and net losses in relation to the previous period. The internal financing capacity is now close to breakeven.

The French entity remains largely under breakeven (with an operating loss of €0.32 million at Egide SA) whereas the US entity has incurred the costs of operating the HTCC ceramic manufacturing line that generated limited sales in 2016 (operating loss of €0.28 million).

At December 31, 2016, all Group companies had positive cash balances. Cash and cash equivalents at year end amounted to €1.08 million with €1.05 million for Egide SA and €0.03 million for Egide USA. The refunds of Egide SA research tax credits (RTC 2012 and 2015) and the wage tax credit (CICE 2015) bolstered the cash position by €0.68 million in 2016. For 2017, Egide SA and Egide USA will continue to make use of factoring arrangements to finance their working capital requirements. Expected refunds for research tax credits and the CICE wage tax credit amount to €0.37 million.

At the end of 2016, Group debt (excluding factoring entities) amounted to €2.57 million (€1.41 million for Egide SA and €1.16 million for Egide USA) compared to €2.38 million at December 31, 2015. For information, Egide USA's loan is subject to two covenants, both of which were in compliance at the end of 2015 and 2016.

In 2017, Egide USA's financing provided mainly by the Bank of America (a real estate loan and a factoring credit line) will be replaced by a US$3.25 million credit facility from Midcap Business Credit. This facility with a maturity of three years will be used to pay back in full the Bank of America debt. It will be guaranteed by Egide USA's building, inventory and trade receivables and accompanied by a covenant (Ebitda ratio on interest + current portion of long-term debt > 1) calculated on a three month rolling basis The portion based on the real estate (US$1.25 million will be repaid in monthly installments of €10,417 starting from the loan agreement's execution date. The residual balance owed at the end of three years will be refinanced.



9.2 Operating results

9.2.1 Historic factors impacting revenue

The telecommunications crisis of 2001 resulted in a sharp drop in Group sales. The global economic crisis of 2009 weighed heavily on the company's development while the crisis that began in mid-2011 also impacted annual sales growth for 2012. In addition, the absence of orders from an Egide SA military export client (infrared products) in 2012 for political and economic reasons, showed that although Egide is not particularly dependent on one or more clients (see § 6.2.5), the company nonetheless remains very sensitive to such events when total sales are low.

In 2013, US defense budgets were for the first time subject to restrictions which had a significant impact on sales for the subsidiary Egide USA. In 2014, Group sales in the telecommunications sector registered a further decline. The primary causes were the loss of a customer (bankruptcy filing), reduced demand by another customer and the lower-than-expected start in the Chinese market for the 100 Gb/s products for which Egide has been qualified. In 2016, US military budgets were once again impacted, this time as a consequence of the presidential elections and the resulting uncertainties. This in turn impacted Egide USA, the lower-than-expected growth from HTCC ceramic products destined for the local US defense market.

In response to these events, the Group structure was constantly adjusted to the level of actual sales. However, despite such measures, in light of minimum fixed costs required to operate all production sites, the level of sales remains decisive for maintaining the company's profitability.

9.2.2 Significant factors likely to have a material effect on operating income

- Market trends (see section 6.2.3)
- Foreign exchange risks (see section 4.1.2)
- Price reductions (see section 4.4.2)
- Exceptional events (see section 6.3)
- Risks related to adverse weather conditions (see section 4.5.5.)

9.2.3 Consolidated balance sheet, income statement and cash flow highlights

Statement of comprehensive income at December 31, 2015 and 2016

(€ millions)	2015		2016	
REVENUE	**20.59**	**100 %**	**22.17**	**100 %**
Raw materials and consumables Change in finished goods and work in progress	- 9.44 + 0.40	44 %	- 9.13 0.00	41 %
Staff costs External charges Taxes other than on income Other operating income and expenses (1)	- 8.92 - 3.63 - 0.31 + 0.22	43 % 17 % 1 % 1 %	- 9.16 - 3.75 - 0.35 + 0.33	41 % 17 % 1 % 1 %
GROSS OPERATING PROFIT (EBITDA) (2)	**- 1.10**	**- 5 %**	**+ 0.11**	**0 %**
Depreciation, amortization and impairment of fixed assets Allowances to and reversals of provisions for impairment	- 0.40 0.00	2 % 0 %	- 0.61 - 0.07	3 % 0 %
NET OPERATING INCOME (LOSS)	**- 1.48**	**- 7 %**	**- 0.56**	**- 3 %**
Net financial expense	+ 0.11	0 %	- 0.13	0 %
NET INCOME/(LOSS) (2)	**- 1.38**	**- 7 %**	**- 0.69**	**- 3 %**
Other comprehensive income	- 0.07	0 %	- 0.03	0 %
COMPREHENSIVE INCOME	**- 1.45**	**- 7 %**	**- 0.72**	**- 3 %**

(1) Of which €0.2 million in research tax credits in 2015 and €0.3 million in 2016.
(2) Discrepancies in reported amounts reflect the rounding of figures

Consolidated statement of financial position at December 31, 2016 (€ millions)

ASSETS		EQUITY AND LIABILITIES	
Fixed assets	5.23	Shareholders' equity	6.22
Other financial assets	0.49	Non-current financial debt	1.88
Inventory and work in progress	3.84	Non-current provisions	0.52
Trade and other receivables	5.15	Current financial debt	3.54
Cash and cash equivalents	1.08	Trade and other payables	3.86
Other current assets	0.23	Other non-current liabilities	0.00
Total	**16.02**	**Total**	**16.02**

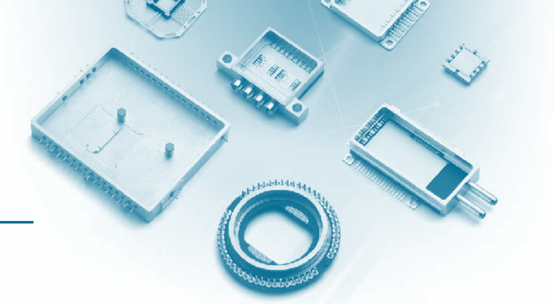
Consolidated statement of cash flows at December 31, 2015 and 2016 (€ millions)

ASSETS	2015	2016
Opening cash and cash equivalents	4.08	2.77
Operating cash flows (excl. HTCC)	- 0.38	+ 0.34
Operating cash flows - HTCC	- 0.62	- 0.40
Change in working capital requirements	+ 0.18	- 1.20
Change in fixed assets (excl. HTCC)	- 0.41	- 0.72
Change in fixed assets - HTCC	- 1.25	- 0.30
Change in financial debt (excluding factoring)	+ 0.24	+ 0.16
Change in factoring debt	- 0.12	+ 0.43
Capital increase	+ 1.05	0.00
Closing cash and cash equivalents	2.77	1.08

Cash burn for 2015 amounted to €1.31million compared to€1.69 million in 2016, breaking down as follows:

En millions d'euros	2015		2016	
	Uses of funds	Sources of funds	Uses of funds	Sources of funds
Operating cash flows	1.00		0.06	
Working capital requirements		0.18	1.20	
Acquisition of non-current assets	1.66		1.02	
Borrowings and financial liabilities		0.12		0.59
Capital increase		1.05		
Total	**2.66**	**1.35**	**2.28**	**0.59**

Refer to the management report in section 20.5.2 of this registration document



10 CAPITAL RESOURCES

10.1 Shareholders' equity

See section 20.3.1.5.4 - Shareholders equity and earnings per share

10.2 Cash flow

See section 9.2.3 - Consolidated cash flow highlights and section 20.3.1.4 - Consolidated cash flow statement

10.3 Borrowing requirements and funding structure

Financial debt at December 31, 2016 breaks down as follows:

Egide SA:

- a factoring agreement for France concluded in 2006 and financed at a floating rate (Euribor + 1.20 points) with a floor of 0.6%,
- an Export factoring agreement concluded in 2006 and financed at a floating rate (Euribor + 1.20 points) with a floor of 0.6%,
- a €200,000 7-year interest-free loan (including a 2-year grace period) obtained in 2010 (from the PACA region);
- a €100,000 7-year interest-free loan (including a 2-year grace period) obtained in 2010 (from the Vaucluse Department);
- a €209,000 advance from Bpifrance in 2014, renewed until July 31, 2017, financed at a floating rate based on the average Euribor one month rate plus 3 points, in exchange for the 2013 research tax receivable assigned as collateral in connection with the "Dailly" law.
- a €123,000 advance from Bpifrance in 2014, renewed until October 31, 2017, financed at a floating rate based on the average Euribor one month rate plus 3 points, in exchange for the 2013 wage tax (Crédit d'Impôt Compétitivité et l'Emploi or CICE) receivable assigned as collateral in connection with the "Dailly" law.
- a €154,900 advance from Bpifrance in 2016 until October 31, 2017 financed at a floating rate based on the average Euribor one month rate plus 3 points, in exchange for the 2016 CICE wage tax credit advance ("en germe") receivable assigned as collateral in connection with the "Dailly" law.
- a €600,000 7-year 3.85% fixed rate "Sofired-PME Défense" loan (with a 2-year grace period) obtained from Bpifrance in 2015.
- equipment finance leases (production equipment for an amount totaling €229,915 excluding tax arranged in 2015 and 2016 at fixed rates between 1.22% and 1.32% and a property finance lease for €14,368 excluding tax arranged in 2013 and terminated at the beginning of 2017 (see section 5.2.5)

Egide USA:

- A credit line backed by trade receivables and inventories obtained in May 2012 at BBA Libor daily floating rate + 3.50 points for a maximum amount of US$1.5 million. This credit line is subject to two covenants calculated quarterly: a ratio of EBITDA to interest plus the current portion of long-term debt of at least 1.20 and a ratio of debt to equity of less than 1.20 at a debt-to-equity ratio of less than 3.0.
- A 15-year US$1.56 million long-term loan obtained in May 2012 subject to variable rate interest equal to the BBA (British Bankers Association) Libor rate (Adjusted Periodically) + 3.50 points. This loan is subject to two covenants calculated quarterly: a ratio of EBITDA to interest plus the current portion of long-term debt of at least 1.20 and a ratio of debt to equity of less than 3.00. The lender reserves the right to apply a six-point increase in the rate above the contractual rate should one of the covenants be breached.

At the end of 2016, total consolidated financial debt amounted to €5,377 million, with the current portion amounting to €3,532 million (including €0.118 million in borrowings and loans, €0.121 in lease financing, €2,807 million in factoring and €0.486 million in research tax credit and CICE wage tax credit refinancing) and €1.845 million in non-current debt (€1.678 million in borrowings and loans and €0.167 million in lease financing). At December 31, 2015 covenants associated with the Egide USA loan were respected.
Other than those mentioned above, there are no other credit lines opened for the company or its subsidiaries.

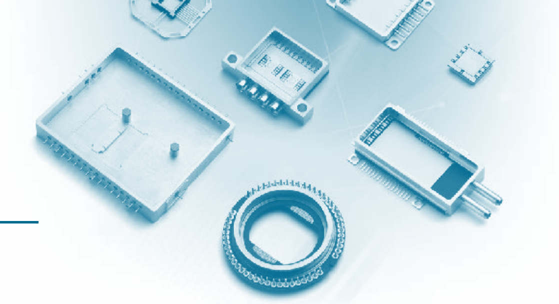
See section 20.3.1.5.3.5 - Statement of payables

In early 2017, financing granted by the Bank of America to Egide USA (a credit line and a long-term loan) were repaid in full and replaced by a credit line provided by Midcap Business Credit LLC. The maximum amount of financing available is US$3,250,000, based on the value of trade receivables and inventories of which €1,250,000 is linked to the market value of the property and movable assets. This amount of €1,250,000 is repayable in monthly installments over a period of 10 years as from 1 March 2017, and subject to interest at the Wall Street Journal Prime Rate (WSJ Prime Rate), +2.50 points. This financing is subject to a covenant based on the fixed charge coverage ratio (Ebitda on interest + the current portion of long-term debt), calculated monthly on a three-month rolling basis. The contract was signed before a term of three years, at the end of which the balance will be refinanced.

In addition, a line of credit was negotiated in May 2017 between Santier and Pacific Mercantile Bank (California) for an amount totaling US$4 million, with a maximum of US$2.5 million based on the value of accounts receivable and inventories (revolving credit); US$1 million will be paid in the form of a loan repayable over a period of 60 months starting on June 1, 2017 and a maximum of US$500,000 will be paid in one or more installments to finance the purchase of industrial equipment (loan repayable over a period of 60 months from as from the date of the fund's availability). This line of credit is subject to interest at the WSJ Prime Rate, +1.50% for the revolving credit, 1.75% for the term loan and 2% for the equipment financing loan. The term loan financing the equipment financing are subject to two covenants, and namely, the Fixed Charges Coverage Ratio (Ebitda on interest + the current portion of long-term debt greater than 1.25) and the requirement of minimum net assets excluding intangibles of €3 million. In addition, for the period from March 1 to December 31, 2017, net income before tax must be not less than US$1 million. The contract was signed for a term of two years (until May 5, 2019), at the end of which the balance will be refinanced.

10.4 Information regarding any restrictions on the use of capital resources

See section 20.3.1.5.6.1.1 - Accounting methods and explanatory notes to the consolidated financial statements / Commitments given



10.5 Anticipated sources of funds

Egide SA regained the status of SME on January 1, 2015 which it will retain until December 31, 2018. With the threshold of 250 employees having been crossed with the subsidiary Santier joining the Group in February 2017, it will have the status of an mid-sized sized company (*Entreprise de Taille Intermédiaireor* ETI).

Based on the status as an SME, Egide SA will qualify for the immediate refund of the French research tax credit and CICE wage tax credit if they are not applied to corporate income tax.

To acquire the production equipment included in the investment budget, to the extent possible, this will be achieved by recourse to lease with a purchase option or lease financing. The Group will nevertheless carefully consider any appropriate solution to limit the use of capital resources.

10.6 Off-balance sheet commitments

See section 20.3.2.4.3.31

10.7 Commitments and other contractual obligations

Information at December 31, 2016 on commitments and obligations of the company and its subsidiaries to make future payments pursuant to major contracts or contingent commitments are summarized below:

Contractual obligations	Total (€ thousands)	Payables by maturity (€ thousands)		
		< 1 year	1 to 5 years	> 5 years
Financial debt				
- *Egide SA (loans)*	636	36	480	120
- *Egide SA (Bpifrance advance)*	486	486	0	0
- *Egide SA (finance lease)*	288	121	167	0
- *Egide USA (loan)*	1,160	83	382	695
Operating leases				
- *Egide SA (Trappes real estate)* [(1)]	864	71	292	500
- *Egide SA (Bollène real estate)* [(2)]	1,728	208	850	670
- *Egide SA (company cars)* [(3)]	36	21	14	0
- *Egide USA (company car)* [(4)]	11	5	6	0
Total	**5,209**	**1,031**	**2,191**	**1,985**

[(1)] A firm 12-year lease commencing on June 1, 2016 - annual rent indexed to the INSEE cost of construction index as from June 1, 2017.
[(2)] A firm 15-year lease commencing on March 3, 2010 and extended for three years in May 2015 - annual rent indexed to the INSEE cost of construction index as from March 1, 2011.
[(3)] Company car leasing agreements for 36 or 48 months for three vehicles, subject to fixed lease payments.
[(4)] A 36 month lease for one vehicle, subject to fixed lease payments.

Other commitments given	Total (€ thousands)	Paiements dus par période (K€)		
		< 1 year	1 to 5 years	> 5 years
Factoring agreements				
- *Egide SA*	1,774	1,774	0	0
- *Egide USA*	1,033	1,033	0	0
Total	**2,807**	**2,807**	**0**	**0**

11 RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES

Egide SA counts ten dedicated engineers and technicians in the Research and Development department, to which are sometimes added, for specific jobs such as microwave simulations, engineers and technicians coming from customer technical support departments. They are tasked with the development of new technological building blocks (materials, procedures, …) and their implementation, while ensuring adequate technical support (assisting product startups, online problem resolution, and successfully executing work required by Egide's study and engineering design contracts.

Programs undertaken or pursued in the period:

- Developments focusing on ceramic processes (organic formulations, conductive ink for vertical interconnect access or screen printing)
- Developments focusing on assembling processes (cleaning techniques, low-temperature sealing, dissipative materials, electrolytic or chemical gold plating)
- Developments focusing on microwave simulations
- Engineering study services:
    - Development of a package for a Semiconductor Optical Amplifier (SOA) (SOA) with polarization diversity optical assembly
    - Development of a package for dynamic control of heat removal for embedded electronics
    - Development of new technological building blocks to produce packages for aerospace applications
    - Development of a new technology for millimeter wave applications for satellite telecommunications

Selected projects fall within the scope of competitiveness clusters or European clusters and on that basis are generally provided with up to 25% and 30%, independently or jointly in financing either from regional authorities, Bpifrance, ESA (European Space Agency) or the French National Research Agency (ANR or *Agence Nationale de la Recherche*). Projects that do not receive financing are paid for in full by Egide. R&D expenditures are not capitalized by the company and recorded as assets.

Expenses incurred that are taken into account to calculate the research tax credit for Egide SA are presented below:

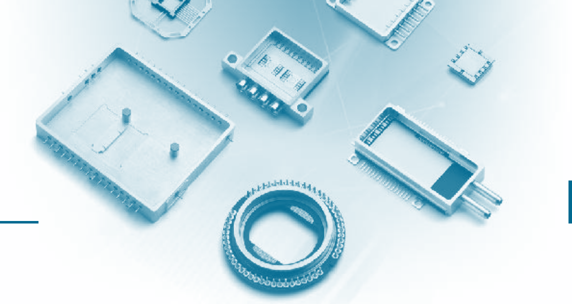
Egide SA	2014	2015	2016
R&D expenditures	€1,094,000	€1,062,000	€1,062,000
% of consolidated sales	5.48 %	5.16 %	4.63 %
Headcount (person equivalents)	12.0	12.5	11.1

Egide USA does not have an R&D unit.

There are no significant intangible items controlled by the Group, including those not recorded under assets. The company does not capitalize research and development expenditures as such expenses do not meet the accounting criteria for recognition as assets.

The trademarks used by Egide have been registered in France and internationally. The company uses the patents to which it has title and files patents when necessary. Licenses that may be used by the company and subsidiaries are considered as assets and as such are not subject to fees.

Recognized in its business sector, Egide SA is certified ISO 9001:2008 and ISO 14001:2004. It is furthermore certified by ASD-EASE (AeroSpace and Defence - European Aerospace Supplier Evaluation). Egide USA is also certified ISO 9001:2008



12 INFORMATION ON TRENDS

12.1 Annual operating highlights

Growth in revenue in 2016 and effective management of the consumption of supplies and staff costs contributed to a positive gross operating profit and a significant decline in the net loss of the period. Cash was used exclusively to finance investments and working capital requirements, and operating cash flows were very marginally negative in 2016.

At the commercial level, Egide SA entered into a Manufacturing and Supply Agreement with Sofradir at the beginning of the year for an initial term of three years, which renews automatically with consent of both parties. In the year under review, the development of the commercial network continued with the recruitment of a sales engineer in the United States to cover the Midwest and mid-Atlantic regions and the signature of two agency agreements, one to represent Egide products in Texas (USA and the other in Turkey. The return to the telecommunications (datacoms) markets led to a first command in July for 40 and 100 Gb/s products with the first deliveries scheduled for the 2017 first half. Finally, sales of HTCC ceramic equipment to the US military market subject to ITAR (International Trade in Arms Regulations) did not meet expectations, as the uncertain political environment linked to the presidential elections in November led to the freezing of many projects. Despite this, communications at the end of June addressing US customers concerned by these "made in USA" ceramic products for military applications allowed Egide USA to initiate discussions with several of the sector's major customers, with the start of sales expected for 2017.

At the industrial level, investments continued with the installation of different pieces of equipment at the Bollène site (tri-cylinder rolling mill, machining lathe and an optical control machine). Renovation work of the building (frontage refurbishment, new windows, external painting,…) covered by the owner was also carried out while the entire air conditioning system was replaced (financed by Egide). At the Cambridge MD site, a second kiln for HTCC ceramic production was installed in order to secure production capacity. The first prototype packages for infrared applications were manufactured and delivered to the customer: qualification was obtained in December and the volume order is expected for the 2017 second quarter. In Trappes, the building lease expired in February 2017 and was not renewed. In its place, a new nine-year lease was signed for a smaller building close to the current building but offering approximately 40% savings in rent, rental charges and related taxes.

In terms of governance, the shareholders' general meeting of 16 June 2016 terminated the functions of Mr. Philippe Brégi, then chairman of the board of directors and appointed two new independent directors Ms. Véronique Laurent-Lasson and Mr. Michel Faure. The board of directors, meeting at the end of this shareholders' meeting, decided to combine the functions of chair and chief executive officer, entrusted to Mr. James F. Collins who has occupied the office of chief executive officer since September 2014.

12.2 Outlook

In 2016, Egide registered growth in sales for the second consecutive year, with the book-to-bill ratio above 1, meaning that order intake outpaced sales billings. This growth and the work of the different teams contributed to improved performances by the Group resulting in a 60% decrease in the operating loss and a positive gross operating profit.

In 2017, the Group will continue to roll out its development plan, and namely supply HTCC ceramic components from the Cambridge site, propose components on a volume basis to the Optronics sector from the Bollène site, integrate the activities of the San Diego site recently included in the Group scope and increase our customer base by leveraging our existing commercial network.

In this context, capital investments will continue at the Bollène site in order to increase production output and capacity for high-volume applications and the qualification of the HTCC ceramic line of Cambridge (Maryland) will be extended to other North American customers in the infrared sector. Order intake is expected to remain at a level of growth above previous years whereas compliance with indicators for performance, on-time delivery and customer return rates will remain key factors for ensuring the profitability of each of the Group entities.

The expected weight of the US market in relation to the rest of the world has led to a reorganization of the commercial division with the creation of North America and Europe-Asia regions. The business development manager of Santier Inc. will assume responsibility for sales in the United States and Canada where the key market opportunities are represented by the defense sector subject to ITAR (International Traffic in Arms Regulations) whereas the Group's current business manager will focus on European and Asian markets, including Russia and India which are under development.

In terms of applications, the strategy will focus on positioning the Group in the optoelectronic market for TOSA/ROSA 40 and 100 Gb/s packages (transmitters and receivers for optical communications used in data centers and long-distance and metropolitan fiber optics networks), consolidating positions in the thermal imaging sector, while extending market share for ITAR-compliant products through the HTCC ceramic production line established in Cambridge (Maryland) and profiting from increased US defense budgets that have until now been curtailed. The goal is to generate sales of between US$0.5 million and US$1 million from HTCC ceramic products in 2017.

The recent integration of the activities of Santier, a manufacturer of dissipative materials, will open up new commercial opportunities in this market, particularly in Europe and Asia where the company has limited or no presence. In addition, it will strengthen Group sales addressing the ITAR-compliant US military markets.

For the year 2017, organic growth in sales (Egide SA + Egide USA) between 5% and 10% is expected, including additional sales from Santier (for 10 months starting on March 1). On that basis guidance for annual sales is within the €32-35 million range.

These lines of development will be pursued while respecting the primary objective that has been set by the Group, namely limiting cash burn throughout the year while improving operating cash flow (or Ebitda).

Over the longer term, the Group's plans to:

- Increase expertise in the high-frequency sector and the production of HTCC ceramic components
- Continue to expand its sales networks to capture maximum opportunities
- Explore new applications for HTCC ceramics in North America (starting with thermal imaging)
- Expand the market for power packages to cover thermal batteries
- Develop sales for thermal management materials supplied by Santier for the market of power amplifiers and diode lasers

These measures are destined to achieve consolidated revenue of €45-€50-million within 3 to 4 years.

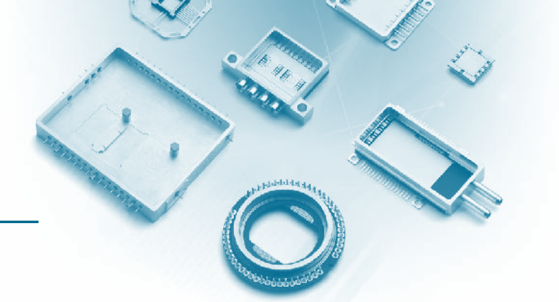
See section 20.6 "Other financial disclosures" for the 2017 first quarter.

12.3 Events likely to have an effect on trends

See section 4.5.2 on risks associated with the volatility of high-tech markets and section 6.3 on exceptional events.

13 PROFIT FORECASTS OR ESTIMATES

The company does not release forecasts.



14 ADMINISTRATIVE AND EXECUTIVE BODIES AND EXECUTIVE MANAGEMENT

14.1 Board of Directors

On the date of this document, the makeup of the Board of Directors of Egide was as follows:

Name	Office	Beginning of term	End of term
James F. COLLINS	Director Chair of the Board Chief Executive Officer	09/11/2014 06/16/2016 09/11/2014	06/30/2017 06/30/2017 06/30/2020
Colette LUCAS	Director	07/07/2014	06/30/2020
Jean-Louis MALINGE	Director	07/07/2014	06/30/2020
Véronique LAURENT- LASSON	Director	06/16/2016	06/30/2020
Michel FAURE	Director	06/16/2016	06/30/2020

There is no Board member elected by employees or a non-voting observer (censeur) serving on the Board No family relations exist between members of the Board of Directors.

Colette Lucas, Véronique Laurent-Lasson, Jean-Louis Malinge and Michel Faure are considered to be independent directors as defined by the Middlenext corporate governance code, as they meet the criteria summarized in the following table:

Independence criteria	C. Lucas	V. Laurent-Lasson	J-L. Malinge	J. F. Collins	M. Faure
Existence of a financial, contractual or family relationship?	Yes	No	No	No	No
Employee or corporate executive officer?	No	No	No	Yes	No
Customer, supplier or banker of the company?	No	No	No	No	No
Lead shareholder?	No	No	No	No	No
Auditor of the company?	No	No	No	No	No
Independent director?	**Yes**	**Yes**	**Yes**	**No**	**Yes**

In 2015, the board of directors retained the services of Asymptotes Conseil, managed by Colette Lucas, for the purposes of an exceptional assignment. In light of the marginal expense represented by this assignment (€13,000 excluding VAT) in relation to the company's external charges, the board decided not to call into question Ms. Lucas' status as an independent director of the company. This mission ended in the beginning of 2016

Each director has a status of shareholder, holding at least one share of the Company in accordance article 14 of its bylaws.

Changes to the Board of Directors in 2016 were as follows:

- On June 16, 2016, the shareholders general meeting terminated the office as director of Mr. Philippe Brégi that exercised the function of chair of the board of directors. In consequence, the board of directors decided to combine the functions of chair and chief executive officer that were entrusted to Mr. James F. Collins, chief executive officer since September 11, 2014.
- On June 16, 2016, the shareholders general meeting decided to appoint two new independent directors for four-year terms, Ms. Véronique Laurent-Lasson and Mr. Michel Faure. It should be noted that the proposal to appoint Ms. Véronique Laurent-Lasson as director was made by the board of directors whereas the appointment of Mr. Michel Faure concerned that of an non-voting board observer *(censeur)*.

Regarding Board practices, readers are referred to the Chairman's report on the Board's makeup and the application of the principle of balanced representation on the Board of men and women, the preparation and organization of the Board's work, internal control and risk management procedures implemented by the company presented in section 16.4 of this document. The company complies with the 19 recommendations of the new version of the Middlenext corporate governance code issued in September 2006 to which it refers.

14.2 Executive management

On the date of this report, the executive management of Egide SA was as follows:

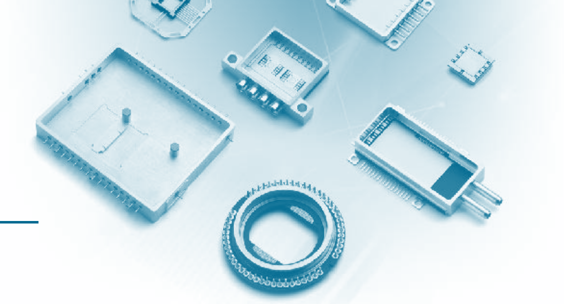
Name	Office	Beginning of term	End of term
James F. Collins Philippe Lussiez	Chief Executive Officer Deputy Chief Executive Officer	09/11/2014 09/11/2014	06/30/2020 06/30/2020

Mr. Philippe Lussiez has been a salaried employee of the company with an employment contract since June 9, 1992 and exercises on this basis the function of chief administrative and financial officer reporting to the chief executive officer.

14.3 Conflicts of interest

There are no loan agreements or guarantees in force between Egide, directors and members of the company's executive committee. No arrangements or agreements have been concluded with the main shareholders, customers or suppliers whereby an individual was selected to serve as a director. To the best of the company's knowledge, no conflict of interest exists between directors' duties and their private interests.

Furthermore, there exist no commitments by members of the Board and executive management relating to the disposal of their equity interests in the company's capital, after a certain period.



14.4 List of directorships and offices

Information on directorships and offices currently held or exercised in the last five years by directors of the company is disclosed below

Abbreviations and definitions:

- Board = Board of Directors
- SB = Supervisory Board
- PR = permanent representative
- Yes = office still exercised at December 31, 2016
- No = office no longer exercised at December 31, 2016

Mr. James F. Collins

Company	Address	Office	2016
Egide SA	Bollène (84)	Director and Chair-CEO	Yes
Egide USA LLC	Wilmington (DE - USA)	Director and Chair	Yes
Egide USA Inc.	Cambridge (MD - USA)	Director and Chair	Yes

Ms. Colette LUCAS

Company	Address	Office	2016
Egide	Bollène (84)	Director	Yes
Asymptotes SAS	Orsay (91)	Chair	Yes

Mr. Jean-Louis MALINGE

Company	Address	Office	2016
Egide	Bollène (84)	Director	Yes
ARCH Ventures Partners	Chicago (IL-USA)	Venture Partner	Yes
Auxora Inc.	Baldwin Park (CA-USA)	Director	No
Kotura Inc.	Monterey Park (CA-USA)	Chair and Chief Executive Officer	No
Yadais SARL	Paris (75)	Managing Partner	Yes

Mr. Michel Faure

Company	Address	Office	2016
Egide	Bollène (84)	Director	Yes
Sogefip	Paris (75)	Managing Partner	Yes
SCI Ambercelles	Paris (75)	Co-Manager	Yes
SCI Anne-Cecile	Paris (75)	Co-Manager	Yes
ACCO Semi Conductors Inc.	Sunnyvale, CA (USA)	Board Observer	Yes
Siparex Proximité Innov.	Paris (75)	Co-chair of the management board	No
Ucopia	Montrouge (92)	PR of Siparex Proximité Innov.	No
Securactive	Paris (75)	PR of Siparex Proximité Innov. on the BD	No
Roctool	Le Bourget du Lac (73)	PR of Siparex Proximité Innov. on the BD	No
Impika	Aubagne (13)	PR of Siparex Proximité Innov. on the BD	No
DSO Interactive	Paris (75)	PR of Siparex Proximité Innov. on the BD	No
Citilog	Arcueil (94)	PR of Siparex Proximité Innov. Non-voting Observer	No

Ms. Véronique Laurent-Lasson

Company	Address	Office	2016
Egide Sponsor Finance	Bollène (84) Paris (75)	Director Chair	Yes Yes

Mr. Philippe Lussiez

Company	Address	Office	2016
Egide Egide USA LLC Egide USA Inc.	Bollène (84) Wilmington, DE (USA) Cambridge, MD (USA)	Deputy CEO & Chief Financial Officer Secretary Secretary	Yes Yes Yes

No director has been convicted for fraud within the last five years or been subject to restrictions prohibiting him or her from managing a company.

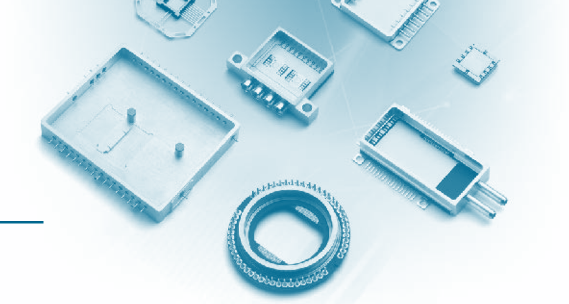
To the best of the company's knowledge, no official public indictment or sanction has been issued against any director of the company. Similarly, no directors have been legally disqualified from serving as members of a Board of Directors, the executive management of a company or a Supervisory Board or from participating in the management of the operations of an issuer in the last five years. Finally, no directors of the company have been a party to any bankruptcy, receivership or liquidation.

14.5 Information on Board members

James F. Collins has a Bachelor's of Science (ceramic engineering) from Rutgers University, New Jersey (United States). He began his career as a Process Engineer at General Refractories in the Chicago, Illinois area, serving the steel industry. In 1983 he left this position to join Coors Ceramics Company in Golden, Colorado, where over 14 years, he held various engineering and management positions, primarily in the Electronic Ceramics industry. In 1996, he joined a division of Phillips Electronics (Cambridge, MD) where he would occupy different management positions. This division was subsequently sold to create Electronic Packaging Products which in December 2000, would become Egide USA Inc. He took charge of the operational division and was appointed vice president. In September 2014, he was appointed chief executive officer of Egide SA.

Colette Lucas holds a degree from ISEP, the graduate engineering school in information and communication technologies. Founding Chair of Asymptotes Conseil, she is also responsible for relations and synergies with business for the Pierre et Marie Curie University (Paris VI). She has extensive technical and commercial experience in the international and French semiconductor market (having worked successively for Texas Instrument, ST and Atmel) along with wide-ranging expertise in human sciences (recruitment, managerial support and team performance). She is a member of the French Institute of Independent Directors (*Institut Français des Administrateurs* or IFA).

Jean-Louis Malinge is a graduate of the INSA Rennes engineering school as well as a holder of an Executive MBA from MIT Sloan School of Boston. He has occupied successively different technical management responsibilities, first in France (Thomson CSF - Socapex, Amphénol and Corning) and subsequently in the United States where in 1995 he became Vice President for R&D of the photonic division of Corning and from 1998 to 2002 served as Vice President & General Manager for this division. In 2004 he became CEO of Kotura, a Californian startup operating in the field of silicon photonics, subsequently acquired in August 2013 by Mellanox Group.



Ms. Véronique Laurent-Lasson began her career with Euronext in charge of international trading activities (admission of foreign securities, fixed income and derivative products). In 2000, she founded the Equity Capital Market Department with the brokerage firm Crédit Mutuel CIC "CM-CIC Securities" comprised of a team of 24 professionals (more than €1 billion in funds raised with more than 40 IPOs, 25 capital increases and more than 40 liquidity agreements under management). In 2006, she joined Kepler as head of the Equity Capital Market team, and then Aelios Finance in November 2010 where she created Aelios Bourse and handled the private placement of Antenne Réunion and the IPO of EOS Imaging. At the present time she is the manager of Sponsor Finance and assists SMEs and medium-size companies in their search to find financing solutions adapted to their needs (private placement, IPOs, capital increases, etc.). A graduate of University of Paris Dauphine, she is also a director of the French Society of Financial Analysts (SFAF), Chair of the IT Group and also the Mid-Group.

Mr. Michel Faure has engineering degrees from the Ecole Polytechnique Paris and Mines Paristech. He began his career as a senior civil servant in the public service (industrial development and assistance to private companies) before joining the private sector, first as a marketing manager in an electronics company and then as a manager of an industrial group in the aerospace and defense sector. He then entered the world of finance by joining the Siparex group, taking charge of an investment portfolio in the security and telecommunication sector.

15 REMUNERATION AND BENEFITS

15.1 Compensation of directors and officers

Total compensation and benefits of any nature paid in 2016 to each corporate officer of Egide SA is disclosed in the tables below (amounts before tax but net of social charges):

Table 1 - Summary of annual compensation, stock options and stock granted to each executive officer		
	Fiscal 2015	Fiscal 2016
Philippe Bregi - Chair (until 06/16/2016)		
Remuneration payable for the fiscal year (see table 2.1) Value of options granted in the period (see table 4) Value of share grants in the period (see table 6)	69,268.15 € None. None.	32,471.17 € None. None.
James F. Collins - Chief Executive Officer (since 09/11/14)		
Remuneration payable for the fiscal year (see table 2.3) Value of options granted in the period (see table 4) Value of share grants in the period (see table 6)	88,615.15 € 9,000.00 € None.	102,344.94€ None. None.
Philippe Lussiez - CFO and Deputy Chief Executive Officer (since 09/11/14)		
Remuneration payable for the fiscal year (see table 2.4) Value of options granted in the period (see table 4) Value of share grants in the period (see table 6)	56,978.13 € None. None.	64,737.70 € None. None.
TOTAL	**223,861.43€**	**199,553.81€**

Table 2.1 - Summary of annual compensation for each executive officer				
	Fiscal 2015		Fiscal 2016	
	Amounts owed	Amounts paid	Amounts owed	Amounts paid
Philippe BREGI				
Fixed compensation Variable compensation Exceptional compensation Attendances' fees Benefits in-kind: Company car - private unemployment insurance for executive officers (GSC)	65,631.99 € None. None. None. 3,636.16 €	65,631.99 € None. None. None. 3,636.16 €	30,462.83 € None. None. None. 2,008.34 €	30,462.83 € None. None. None. 2,008.34 €
TOTAL	**69,268.15 €**	**69,268.15 €**	**32,471.17 €**	**32,471.17 €**

Table 2.2 - Summary of annual compensation for each executive officer				
	Fiscal 2015		Fiscal 2016	
	Amounts owed	Amounts paid	Amounts owed	Amounts paid
James F. COLLINS				
Fixed compensation Variable compensation Exceptional compensation Attendances' fees Benefits in kind: housing	70,310.21 € 48,664.87 € None. None. 18,304.94 €	70,310.21 € €0.00 None. None. 18,304.94 €	83,458.33 € None. None. None. 18,886.61 €	83,458.33 € 48,664.87 € None. None. 18,886.61 €
TOTAL	**137,280.02 €**	**88,615.15 €**	**102,344.94 €**	**151,009.81 €**

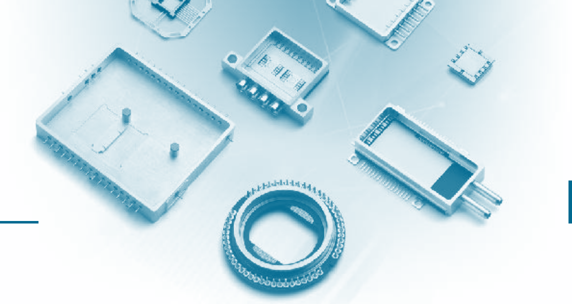


Table 2.3 - Summary of annual compensation for each executive officer				
	Fiscal 2015		Fiscal 2016	
	Amounts owed	Amounts paid	Amounts owed	Amounts paid
Philippe LUSSIEZ				
Fixed compensation	56,978.13 €	56,978.13 €	64,737.70 €	64,737.70 €
Variable compensation	None.	None.	None.	None.
Exceptional compensation	None.	None.	None.	None.
Attendances' fees	None.	None.	None.	None.
Benefits in-kind	None.	None.	None.	None.
TOTAL	**56,978.13 €**	**56,978.13 €**	**64,737.70 €**	**64,737.70 €**

Table 3 - Directors' fees and other remuneration received by non-executive officers		
	Amounts paid in 2015	Amounts paid in 2016
Colette Lucas, director		
- Attendances' fees	5,715.00 €	7,620.00 €
- Other compensation	None.	None.
Jean-Louis Malinge, director		
- Attendances' fees	5,715.00 €	7,620.00 €
- Other compensation	None.	None.
Véronique Laurent-Lasson, Director		
- Attendances' fees	None.	3,810.00 €
- Other compensation	None.	None.
Michel Faure, director		
- Attendances' fees	None.	3,810.00 €
- Other compensation	None.	None.
TOTAL	**11,430.00 €**	**22,860.00 €**

Table 4 - Stock options granted in the period to each executive corporate officer by the issuer and by any Group company						
	Plan No. and date	Nature of options	Valuation of options	Number of options granted in the period	Exercise price	Exercise period
Philippe BREGI	-	-	-	None.	-	-
James F. COLLINS	-	-	-	None.	-	-
Philippe LUSSIEZ	-	-	-	None.	-	-
TOTAL	**-**	**-**	**-**	**-**	**-**	**-**

To the best of the company's knowledge, no hedging instruments have been purchased by the corporate executive officers.

Table 5 - Options to subscribe for new shares or purchase existing shares exercised in the period by each executive corporate officer			
	Plan No. and date	Number of options exercised in the period	Exercise price
Philippe BREGI	-	None.	-
James F. COLLINS	-	None.	-
Philippe LUSSIEZ	-	None.	-
TOTAL	-	-	-

Table 6 - Shares granted (without consideration) to each corporate officer						
Options granted in the fiscal year to	Plan No. and date	Number of shares granted in the period	Valuation of shares	Vesting date	Date of availability	Conditions of performance
Philippe BREGI	None.					
James F. COLLINS	None.					
Philippe LUSSIEZ	None.					
TOTAL	-	-	-	-	-	-

Table 7 - Bonus shares becoming available for each corporate officer			
	Plan No. and date	Number of shares becoming available in the period	Vesting conditions
Philippe BREGI	None.		
James F. COLLINS	None.		
Philippe LUSSIEZ	None.		
TOTAL	-	-	-

Table 8 - Summary of stock option grants			
Information on options to subscribe for or purchase shares on December 31, 2016			
Plan No.	6.2	6.3	7.1
General Meeting date	05/28/2010	05/28/2010	06/26/2013
Date of the Board of Director's meeting	10/06/2011	01/30/2013	11/06/2015
Number of shares available for subscription*	712	725	12,000
Of which number of shares able to be subscribed by James F. Collins	0	0	12,000
Option exercise starting date	10/06/2013	01/30/2015	11/06/2017
Expiry date	10/05/2018	01/29/2020	11/05/2022
Subscription price*	€6.71	€3.67	€2.56
Minimum number of shares arising from each option exercised	20	20	100
Number of shares subscribed at December 31, 2016	0	0	0
Total number of stock options canceled or lapsed	109	122	0
Options outstanding at December 31, 2016	603	603	12,000

** adjustments that may be made after a capital transaction*

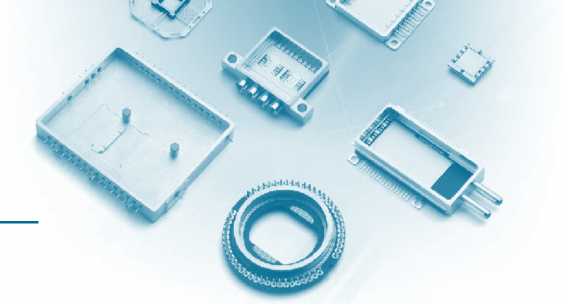


Table 9 - Options granted to the ten non-officer employee beneficiaries receiving the largest number and exercised by the latter		
	Total number of options granted/ shares subscribed	Weighted average price*
Options granted in 2015	-	-
Options exercised in 2015	-	-
Options granted in 2016	-	-
Options exercised in 2016	-	-

** after post-capital transaction adjustments*

Table 10 - Bonus share grant highlights						
21.1.4.4 Information on bonus shares granted at December 31, 2016						
Plan No.	-	-	-	-	-	-
General Meeting date	-	-	-	-	-	-
Board of Directors' meeting date	-	-	-	-	-	-
Number of shares granted	None.	None.	None.	None.	None.	None.
Of which at the:	-	-	-	-	-	-
Vesting date	-	-	-	-	-	-
End of the holding period	-	-	-	-	-	-
Number of shares subscribed at December 31, 2016	-	-	-	-	-	-
Total number of shares canceled or lapsed	-	-	-	-	-	-
Bonus shares granted remaining at year-end	-	-	-	-	-	-

Table 11 - Executive officers								
	Employment contract		Supplemental retirement plan		Compensation or benefits owed on termination or a change in function		Payments relating to non-compete clauses	
	Yes	No	Yes	No	Yes	No	Yes	No
Philippe BREGI		**XX**		**XX**		**XX**		**XX**
James F. COLLINS		**XX**		**XX**		**XX**		**XX**
Philippe LUSSIEZ	**XX ***			**XX**		**XX**		**XX**

** Philippe Lussiez, deputy chief executive officer is also the chief administrative and financial officer, and in that capacity only has benefited from an employment contract since 1992.*

The board of directors sets and modifies annual compensation paid to the Chair of the board of directors and the Chief Executive Officer (corporate officers without employment contracts with Egide SA). Until December 31, 2013, the chief executive officer received only fixed compensation. Since January 1, 2014, compensation of the Chief Executive Officer includes variable compensation for up to 40% of the fixed salary, subject to achieving performance indicators (annually set revenue and EBIT targets). As these performance indicators were not achieved in 2015 and 2016 at the Group level, no variable compensation was paid on this basis. On November 6, 2015, the board of directors also decided to introduce an additional qualitative criteria in the calculation of variable compensation and, on that basis, to grant the Chief Executive Officer a bonus equal to 15% of his annual salary in the event of the successful qualification of the new ceramic installations of the US subsidiary by its initial customer. At the end of fiscal 2016, as the customer had not yet issued final qualification, this bonus was not paid. In 2015, and for the last time, the Chief executive officer received the bonus granted prior to his appointment on the same basis as the key executives of Egide USA and which was based on an annual EBITDA target for the US subsidiary. This bonus amounted to US$54,000 and was paid in 2016 as this target was met.

Benefits in-kind that were granted to the chairman of the board of directors consist of a job-loss insurance policy for chief executives, a company car and mutual insurance coverage. Given his US nationality, the current chairman-chief executive officer does not benefit from French social security coverage though does receive benefits in the form of company housing in France (and related expenses) four round-trip plane tickets from the US to France per year for the benefit of his spouse and a company car in the United States (his country of residence).

It is specified that James F. Collins' total compensation is paid by Egide USA of which one half re-invoiced to Egide SA (amount disclosed in the above table) for his position as chief executive officer of the Group. For information, annual gross compensation paid to Mr. Collins by Egide USA in 2016 amounted to US$220,000.

The deputy chief executive officer, also holder of an employment contract associated with his role as chief administrative and financial officer predating his appointment as officer, is not paid compensation for his function as deputy chief executive officer. His compensation under his employment contract is set by the chief executive officer. He does not receive any benefits in-kind and, in the same manner as certain managers of the company, he benefits from a bonus which may vary from 15% to 22.5% of his annual salary subject to meeting the EBITDA target calculated at the group level.

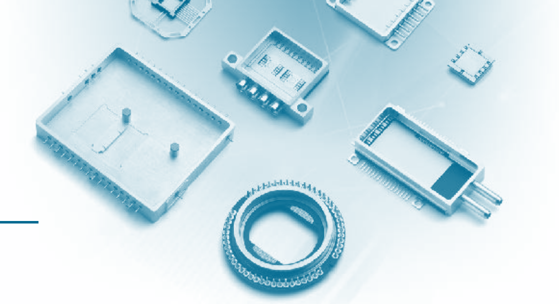
No specific supplemental retirement plan has been implemented nor have any provisions whatsoever been adopted for severance benefits for the benefit of executive officers. The chairman-chief executive officer does not receive attendance fees for his position as an officer of Egide SA nor for any offices held in any other Group companies. These provisions also apply to the deputy chief executive officer.

With regard to stock options, given that the exercise and definitive grant of stock options to the senior executives are carried out under the same conditions as for the other employees, the exercise and allotment of share options are not contingent on criteria linked to future performances. However, in accordance with the provisions of Law No. 2006-1770 of December 30, 2006, the board of directors decided on March 5, 2009 that, in the case of grant of stock options to the CEO, a minimum of 20% of shares resulting from the exercise of options is to be retained in registered form until the CEO ceases to hold office. By extension, these provisions will also apply to the deputy chief executive officer. As of the date of this document, the chairman-chief executive officer held 12.298 stock options (awarded in November 2015) or 0.16% of the share capital and the deputy chief executive officer held no stock options.

In accordance with the provisions of article L225-37-2 of the French commercial code, the principles and criteria applied to determine the compensation of the chairman-chief executive officer and the deputy chief executive officer will be presented to the annual general meeting for your approval:

Compensation	Chair-Chief Executive Officer	Deputy Chief Executive Officer
Fixed portion	Defined by the board of directors according to the structure of the company (size, international dimension, market capitalization), comparables of the sector and equivalent companies in the United States.	Defined by the chairman-chief executive officer according to the structure of the company (size, international dimension, market capitalization), comparables of the sector.
Variable compensation	Defined annually and corresponding to a percentage of the fixed salary according to two criteria linked to the Group's sales and operating result (cumulative maximum: 40%)	Defined annually and corresponding to a percentage of the fixed salary according to the criteria of the Group's gross operating profit (maximum: 22.50 %)
Exceptional compensation	Decided by the board of directors annually according to qualitative(s) criteria(s), and not automatic in nature	Decided by the chairman-chief executive officer
Benefits in-kind	Defined by the board of directors, considering that the chairman-chief executive officer is a US citizen and tax resident for six months of the year;	Decided by the chairman-chief executive officer
Stocks options	Granted without conditions of performance according to the same procedures for all employees of the company and its subsidiaries, subject to requirement to hold at least 20% of the shares for the duration of the term of office.	
Duties	No specific missions as they fall within the scope of the functions exercised	
Other	No benefits such as Golden Hellos, Golden Parachutes or retirement severance payments (excluding those required by law	

The total allocation for attendance fees granted by the annual general meeting of the shareholders is allocated among independent directors in proportion to their attendance at Board meetings. Attendance fees paid in 2016 take into account directors appointed in the year.



No compensation or benefits of any kind other than those mentioned above have been paid to corporate officers of Egide SA for fiscal 2016 by controlled companies within the meaning of article L.225-102-1 of the French commercial code.

Company officers are covered for liability by a D&O policy underwritten by AIG Europe Limited. This policy provides maximum coverage of €4.5 million, with a US$25,000 deductible in the United States per claim and an annual net premium (unchanged in relation to the prior year) of €11,856 excluding tax.

In 2015, the board of directors had retained the services of Asymptotes Conseil, managed by Colette Lucas who is also a director of Egide, for the purposes of an exceptional assignment (coaching the executive committee). This engagement consequently fell under the scope of regulated agreements in accordance to applicable legal provisions. The compensation for these services provided under this agreement was €13,000 and this agreement was terminated in early 2016.

15.2 Accrued retirement and related post-employment benefits

No specific supplementary retirement scheme has been set up for executives. Similarly, no provisions exists providing for payment of severance or similar benefits payable in the event of termination or non-renewal of their functions.

In contrast, at Egide SA non-specific retirement severance benefits for which all employees qualify are accrued for in the annual and consolidated financial statements in the form of a provision calculated in accordance with IAS 19 as are long-service and special seniority benefits. These commitments result from the collective bargaining agreement that apply to each establishment and calculated using the projected benefit method prorated on seniority. (see section 20.3.1.5.3.4).

These provisions apply to foreign subsidiaries which are not subject to requirements to pay additional employment severance benefits or benefits based on seniority in the company.

Ces provisions ne concernent pas les filiales étrangères, ces sociétés n'ayant pas d'engagement de payer des primes complémentaires à l'expiration des contrats de travail des salariés, ni à aucune autre occasion au cours de leur présence au sein de la société.

16 PRACTICES OF THE ADMINISTRATIVE AND MANAGEMENT BODIES

16.1 Board of Directors

See section 14.1 of this document for the list of Board members.

16.2 Service contracts between the company and members of its administrative and management bodies

No service contracts exist between directors and the company or one of its subsidiaries, excluding those mentioned in paragraph 16.4.1.2.

16.3 Information about the issuer's audit committee and compensation committee

In light of the Board's size (five directors) and membership (with the Chairman also serving as CEO and four independent directors), the creation of an independent audit committee was not considered warranted. For that reason, the Board assures the functions and responsibilities of this committee in accordance with the provisions of article L.823-20 of the French commercial code. It is furthermore noted that when the Board meets in the capacity of audit committee, the latter is chaired by an independent director and not the Chairman of the Board or the Chief Executive Officer. In 2016, the Board of Directors met twice in the capacity of audit committee to review the annual financial statements for fiscal 2015 and the interim financial statements for the six-month period ending June 30, 2016. The preparation of financial information and oversight of the effectiveness of internal control and risk management systems is assured by the Board of Directors itself. Executive compensation is also defined by the Board as a Compensation Committee does not exist.

16.4 Chairman's report on internal control and risk management procedures

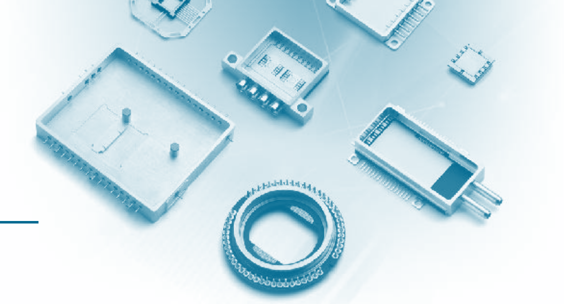
This report was approved by the Supervisory Board on April 21, 2017.

16.4.1 Conditions of preparation and organization of the Board's work

16.4.1.1 Corporate governance code

In accordance with the provisions of article L225-37 of the French commercial code, on April 9, 2010, the Board of Directors adopted the MiddleNext Corporate Governance Code for mid- and small caps as a guideline for the preparation of this report. A new version of this code renamed the "Corporate Governance Code" was published at the end of the year and provided to directors on September 16, 2016. On September 30, 2016 the board of directors asked its members to review the four new recommendations of this code as well as the additional points to be watched. In compliance with recommendation R19 of this code, the board will review on a regular basis the 18 points to be watched defined therein. Reference will be made to the 19 recommendations included in the new version of this code published in September 2016 in each relevant paragraph of this document.

The Middlenext corporate governance code is available for consultation from the following link:
http://www.middlenext.com/IMG/pdf/2016_CodeMiddlenext-PDF_Version_Finale.pdf



AMF (French financial market authority) recommendations on internal control procedures and risk management adapted for small and mid caps published on January 12, 2015 (DOC 2015-01) are also taken into account along with those of the Middlenext code for small and mid cap companies.

16.4.1.2 Board of Directors

The company's Board of Directors has five members, all natural persons.

Name	Office	Beginning of term	End of term
James F. COLLINS	Director Chair of the Board Chief Executive Officer	09/11/2014 06/16/2016 09/11/2014	06/30/2017 06/30/2017 06/30/2020
Colette LUCAS	Director	07/07/2014	06/30/2020
Jean-Louis MALINGE	Director	07/07/2014	06/30/2020
Véronique LAURENT- LASSON	Director	06/16/2016	06/30/2020
Michel FAURE	Director	06/16/2016	06/30/2020

There is no Board member elected by employees or a non-voting observer *(censeur)* serving on the Board

Changes to the Board of Directors in 2016 were as follows:

- On June 16, 2016, the shareholders general meeting terminated the office as director of Mr. Philippe Brégi that exercised the function of chair of the board of directors. In consequence, the board of directors decided to combine the functions of chair and chief executive officer that were entrusted to Mr. James F. Collins, chief executive officer since September 11, 2014.
- On June 16, 2016, the shareholders general meeting decided to appoint two new independent directors for four-year terms, Ms. Véronique Laurent-Lasson and Mr. Michel Faure. It should be noted that the proposal to appoint Ms. Véronique Laurent-Lasson as director was made by the board of directors whereas the appointment of Mr. Michel Faure concerned that of an non-voting board observer (*censeur*).

In accordance with Middlenext recommendation R8, information is provided on the experience and expertise of each director whose appointment is proposed to shareholders. Such information was accordingly provided for the last appointments of June 2016 through the registration document filed with the AMF on June 3, 2016 (chapter 14.5).

The following table summarizes the situation of directors with respect to criteria provided by recommendation R3 of the Middlenext code for defining independence:

Independence criteria	C. Lucas	V. Laurent-Lasson	J-L. Malinge	J. F. Collins	M. Faure
Existence of a financial, contractual or family relation-ship?	Yes	No	No	No	No
Employee or corporate executive officer?	No	No	No	Yes	No
Customer, supplier or banker of the company?	No	No	No	No	No
Lead shareholder?	No	No	No	No	No
Auditor of the company?	No	No	No	No	No
Independent director?	**Yes**	**Yes**	**Yes**	**No**	**Yes**

In compliance with regulations governing regulated agreements, the board of directors has a key role in handling conflicts of interests at every level of the Group. Each year, the board invites the directors to discuss the regulated agreements and to justify, as applicable, their existence and continuation, in compliance with the provisions of the French commercial code and recommendation R2 of the Middlenext code.

Accordingly, when the board of directors entrusted an exceptional mission to Asymptotes Conseil, a company managed by Ms. Colette Lucas, the board considered that this did not call into question her status as independent director of the Company, given the small amount represented by the cost of this assignment (€13,000 excluding tax) in relation to the company's external charges. This mission (coaching based on an analysis of the behavioral preferences of the new executive committee) that ended in early 2016 was furthermore confirmed by the board when it was renewed at the end of 2015.

There were no regulated agreements on the date of this document.

Each director has a status of shareholder, holding at least one share of the Company in accordance article 14 of its bylaws.

Each director is appointed for a four-year term in accordance with statute and MiddleNext code recommendation R9. Directors may also be reappointed (article 13 of the bylaws). it is specified that this term of six years was reduced to four years by approval of the seventeenth resolution submitted to the vote of the annual general meeting of July 16, 2015. With respect to the Company's activity, the duration of this term of office contributes to developing an understanding of the different businesses and monitoring strategies whose implementation often exceeds two years. This provision applies to any new director appointed as from July 16, 2015.

When appointed, all directors are informed of their responsibilities and encouraged to comply with the conduct of business rules relating to the obligations resulting therefrom, statutory rules governing holding multiple offices, their obligation to inform the Board of Directors of conflicts of interest arising following their appointments, show diligence in attending Board and shareholders meetings, ensure that they possess all information necessary about Board meeting agendas prior to rendering decisions and comply with professional secrecy requirements (recommendation R7 of the Middlenext code).

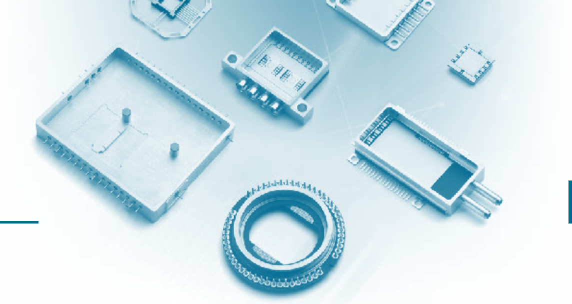
The company also complies with the provisions of articles L225-17 subsection 2 of the French commercial code issued pursuant to Act 2011-103 of January 27, 2011 providing for balanced representation of men and women on Boards of Directors and Supervisory Boards and workplace equality.

16.4.1.3 Board powers and practices (articles 16 and 17 of the bylaws)

The Board of Directors shall determine the business strategy of the company and ensure its implementation. To this purpose, it appoints the Chief Executive Officer who is tasked with managing the company in line with these strategic priorities. Since March 25, 2014 and effective from April 2, 2014, the functions of the chairman of the Board of Directors and the chief executive officer within the company were separated. On June 16, 2016, it was decided by the board of directors to combine again these two functions. Subject to the powers expressly granted to shareholders' meetings and within the limits of the company's corporate purpose, the board of directors may address any matter relating to the efficient operation of the company and settles through its proceedings all items of business relating thereto. It ensures the quality of the information provided to shareholders and the market through financial statements, reports or publications of the company.

The Board rules of procedure and directors' charter were drawn up for the first time on April 9, 2010 to define the Board's operating procedures and can be consulted at the company's website. These provisions comply with recommendation R7 of the Middlenext code. Board of Directors' meetings, called by its Chairman, are held as often as required. The latter ensures that documents, technical files and information relating to agenda items are made available to the Board Members by email, within a reasonable time, and in compliance with recommendation R4 of the Middlenext code. Moreover, each Board Member may obtain from executive management any document he or she considers useful. The Board of Directors examines and makes decisions regarding important items of business, particularly those relating to strategic interests.

As provided in provisions of Article L823-20 paragraph 4 of the French commercial code and recommendation R12 of the Middlenext code, it was decided that the Board of Directors would serve as the audit committee in order to enable all Board members to contribute to monitoring the preparation of financial information and the efficacy of internal control procedures, and taking into account the responsibility of Board members. In exercising his executive functions, when the Board of Directors' meeting is convened in the form of an audit committee, the chief executive officer who is also a director abstains from participating. In such cases, the meeting is chaired by an independent director possessing financial and accounting expertise in view of his or her previous work experience. However, the chief executive officer may be invited to attend part of the meeting depending on the nature of the subject and details, and information he or she may be able to provide to enhance the discussions.



The company also believes that its structure and size associated with the reduced size of the Board of Directors do not require the adoption of a Compensation Committee and a Nominating Committee, as all Board members contribute collectively for all important points pertaining to the management of the company.

If it considers necessary, the Board of Directors may task one of its members with special ad hoc missions for which compensation is provided on a case-by-case basis falling under the scope of regulated agreements.

In general, the board of directors meets in the premises of the company or those of the corporate counsels, and in compliance with recommendation R5 of the Middlenext code, at least four times per year and whenever circumstances so require. Works Committee's members systematically attend Board meetings (physical presence or through videoconferencing) as do statutory auditors when their presence is required by law. Meeting agendas are set by the chairman. Decisions are generally made on a unanimous basis, except for those cases provided for by statute that require the chairman or chief executive officer to abstain. Meeting minutes are taken and provided to the Board Members, upon approval, at the following meeting. The record of attendance meeting as well as all meeting reports are available at the registered office. In fiscal 2016 the Board of Directors met seven times compared with nine times in 2015. The attendance rate in 2016 was 100 % and 94 % in 2015.

Between formal board meetings, when the company developments so warrant, directors are also kept informed on a regular basis of any event and information that may have an effect on the company's obligations and its financial and cash positions.

In consideration of their actual participation in the Board of Directors, each member, with the exception of the Chairman and the Chief Executive Officer, receives attendance fees. For fiscal year 2016, a total gross amount of €36,000 was allocated for this purpose. In compliance with recommendation R10 of the Middlenext code, the allocation of attendance fees is based on the physical presence of directors at meetings.

No particular item that might have an impact in the case of a public offer other than those set out in this report is to be mentioned (provisions of Article L225-100-3 of the French commercial code).

16.4.1.4 Rules governing compensation of executive officers

The Board of Directors sets and may modify annual compensation paid to the chairman, chief executive officer (executive officers without employment contracts) and the deputy chief executive officer. The board decided as from January 1, 2014 that this compensation to the chief executive officer would be accompanied by variable compensation for up to 40% of the fixed salary, subject to achieving performance indicators (annually set revenue and EBIT targets).

Benefits in-kind granted to the Chairman of the Board of Directors are limited to job-loss insurance policy for chief executives, a company car and mutual insurance coverage. Given his US nationality, the chair-chief executive officer does not receive these same benefits which are replaced by benefits in the form payment of company housing in France (and related expenses) plus 4 round-trip plane tickets for the benefit of his spouse.

The deputy chief executive officer, holder of an employment contract for his role as chief administrative and financial officer entered into prior to his appointment, does not receive compensation as a corporate officer (fixed or variable).

No specific supplemental retirement plan has been implemented nor has any provisions whatsoever been adopted for severance benefits. The chairman-chief executive officer does not receive attendance fees for his position as an officer of Egide nor for any offices held in any other Group companies. This is the same thing for the deputy chief executive officer.

With regard to stock options, given that the exercise and definitive grant of stock options to the senior executives are carried out under the same conditions as for the other employees, the exercise and allotment of share options are not contingent on criteria linked to future performances. However, in accordance with the provisions of Law No. 2006-1770 of December 30, 2006, the board of directors decided on March 5, 2009 that, in the case of grant of stock options to the chair and/or the chief executive officer, a minimum of 20% of shares resulting from the exercise of options is to be retained in registered form until the chair and/or the chief executive officer ceases to hold office. By extension, these provisions will also apply to the deputy chief executive officer. As of the date of this document, the chairman-chief executive officer held 12,298 stock options (awarded in November 2015) or 0.16% of the share capital and the deputy chief executive officer held no stock options.

On that basis, the principles for setting compensation for corporate officers applied by the company meet the criteria of comprehensiveness, balance between items of compensation, benchmark, consistency, readability and measurement and transparency. In this respect the company therefore complies with recommendations R13, R15, R16, R17 and R18 of the Middlenext code.

In light of its structure and operating organization, the company has not implemented an external procedure to assess the Board's work. In practice, Board members exchange their views throughout the year during Board and working meetings as well through email exchanges. In contrast, in accordance with the guidelines provided in recommendation R11 of the Middlenext code, a self-assessment questionnaire was given to all directors in 2015 and its conclusions were presented to the board in April 2016. A new questionnaire was distributed in early 2017 to the directors who were asked to express their views both on board practices and the preparation of its work but also areas of improvement were addressed. The main point to be watched concerned the issue of management succession which in line with recommendation R14 of the Middlenext, will be the subject of an ad hoc discussion placed on the agenda of an upcoming board meeting.

16.4.1.5 Limitations on powers of the Chief Executive Officer and Deputy Chief Executive Officer (article 18, paragraph 2 of the Company's articles of association)

Egide SA's Board of Directors ruled on the organization of executive management and decided that it would be exercised by a person other than the Chairman of the Board. At the end of the ordinary general meeting held on June 16, 2016, the board decided that these two functions would be once again merged into one function.

No specific limitation was imposed on the powers of the Chief Executive Officer who exercises said powers in compliance with the legal provisions in force (Article L225-56 of the French). On that basis, Egide's Chief Executive Officer is vested with the widest powers to act in all circumstances in the name of the company. He exercises these powers within the limits of the company's corporate purpose, and subject to the powers reserved by law to shareholders' meetings and to the Board of Directors. He is not limited with respect to the amount of commitments that may be incurred in connection with the company's day-to-day management. By way of exception, the amount for sureties, endorsements and guarantees that may be granted without prior authorization by the Board shall be subject to a limit of €200,000 (Board meeting of September 30, 2016), to be renewed yearly by the Board.

On November 5, 2014, it was furthermore decided that the powers of the deputy chief executive officer will be exercised in accordance with applicable legal provisions, whereby it is specified that beyond the following limits, approval must be obtained from the chief executive officer:

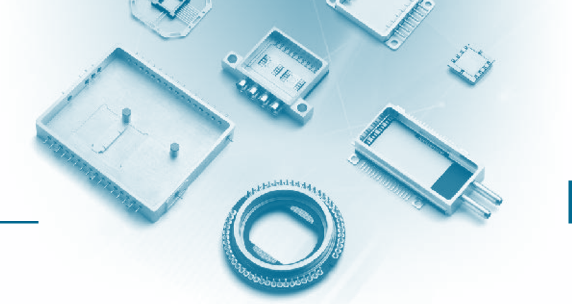
- Signatures for any commitments for amounts exceeding €150,000;
- The hiring of any employees reporting directly to the deputy chief executive officer who is also the chief administrative and financial officer of Egide and as such oversees areas that include information systems, accounting and human resources.
- Modifying the salaries of employees reporting directly or indirectly to the chief administrative and financial officer;
- Selecting or changing the company's advisers (auditors, legal, tax, communications advisors, etc.).

16.4.1.6 Participation in shareholders meetings

The procedures for participating in shareholders' general meetings are set forth in article 25 of the articles of association: "Any shareholder may attend meetings in person or by proxy regardless of the number of shares owned, subject to proof of identity and status as a shareholder of record in the register maintained for that purpose by the company no later than the second business day preceding the date of the Shareholders' Meeting at midnight, Paris time."

Any shareholder may vote by mail using a form completed and sent to the Company under the conditions provided for by law and regulations and that must be received by the Company no later than two days before the meeting date to be taken into account. "

The board of directors attaches considerable importance to promoting dialogue between shareholders and managers and ensuring that the general meeting is materially accessible to all. Before the meeting is held, the directors discuss the draft resolutions to be submitted to a vote and establishes, as applicable, a dialogue with major shareholders who so wish. At the end of the meeting, the board considers the results of the votes when preparing the draft resolutions to be submitted to the next meeting, and in this process compiles with recommendation R12 of the Middlenext code.



16.4.2 Internal control and risk management procedures adopted by the company

This report was drafted according to the guidelines set forth in the reference framework for internal control for small and mid caps published by the AMF and AMF recommendation of July 22, 2010, supplemented by AMF recommendation 2015-01 of January 12, 2015. Procedures in place and drawn up were based on the Quality and Environment Manual of the company as well as discussions with the finance department.

16.4.2.1 General principles of risk management system

Risk management aims to provide comprehensive system that covers all activities, processes and assets of the company. It is organized as a dynamic system, defined and implemented on this basis under the company's responsibility. It includes a set of tools, practices, procedures and actions that enables executives to keep the risks to an acceptable level for the company. These risks are moreover described and explained in the registration document produced each year by the company (in the chapter entitled "Risk factors").

Risk represents the possibility of an event occurring that could affect the company's personnel, assets, environment, objectives or reputation. The objectives of risk management are as follows:

- Create and preserve the company’s value, assets and reputation
- Secure decision-making and the company’s processes to attain its objectives
- Promote the consistency of the company’s actions with its values (credibility)
- Bring the company’s employees together behind a shared vision of the main risks

Within Egide, the risk management system is based on:

- An organizational framework: the executive committee formed by the Chief Executive Officer and line managers (technical, research and development, commercial, industrial, purchasing, ceramics quality and environment, administration and finance) meets on an ad hoc basis.
- A management process: risk mapping was first performed in each sector identifying one or more risks (along with its causes and consequences). Each risk was then assessed according to its impact on objectives and on the value of the Group and according to the level of controls, in light of measures already adopted. After this, lines of action for improvement were defined. Major risks are then classified in a management scoreboard specifying the person responsible for the sector as well as measurement criteria having been selected. Once a year the executive committee holds a special meeting in connection with the risk management assessment procedure to update the risk mapping as required.
- Ongoing controls: with the executive committee having direct responsibility for risk management, the different meetings in which it regularly participates provide opportunities for evaluating, anticipating and drawing appropriate conclusions about the possible effects of risks having occurred.

Specific attention is devoted to the issue of financial risk management. Topics covered include mainly accounting and management systems, IT services, legal issues and in particular the communication of accounting and financial information.

The first priorities seek to ensure the accuracy of the accounts, the absence of fraud or misappropriation and also the correct measurement of production costs to prevent the risk of negative sales margins. With all of the above managed through automated means, particular attention is paid to the data processing, backup and computer systems. With respect to legal affairs, legislative developments are monitored to ensure that any new legal provisions are applied, namely through legal watch (meetings, publications, etc.), and the company consults with its legal counsel when required.

In the area of accounting and financial reporting, particular attention is paid to any items (financial or otherwise) released to the public. Accounting and financial information is first sent to executive management and the Board of Directors as well as to third parties (shareholders, bankers, investors, employees, customers, suppliers, etc.). For each recipient, the frequency and amount of information provided is different.

The executive committee (chief executive officer, sales manager, engineering manager, industrial manager, purchasing manager, ceramics manager, quality and environmental manager, chief administrative and financial officer) are provided weekly reports on Group sales. A monthly cash report is also provided, though solely to the CEO and Chief Financial Officer.

On a monthly basis and when the executive committee meets, this same information is reviewed and compared to the budget drawn up for the year in question. This provides a means to monitor the performance of the company and in this manner ensure its ongoing financial strength. An operating report presents quarterly income statement data by unit and on a consolidated basis. These items are also compared to budget and highlight, as applicable, variances in relation to forecasts. In the event of a significant variances, additional controls are performed by the parent company or its subsidiaries to identify either a material error (accounting recognition problem or omission) or a problem related to the company (for example, poor production output may result in higher than planned material usage).

Every month, the chief executive officer, the chief financial officer and the head of the accounting department are provided with subsidiaries' results by the local financial controller and every week business indicators are sent by the subsidiary managers to the chief executive officer. With the latter spending half his time in the United States, overseeing the US subsidiary is facilitated through direct exchanges with different local departments.

Each month the chief executive officer provides the chairman of the board of directors, through PowerPoint slides, a report on all Group indicators presenting key items relating to orders, invoicing, short-term cash flow forecasts, headcount, production yields, R&D projects, and all comments required to understand these indicators. Information is generally distributed through electronic mail but also may be provided to directors in the form of presentations at working meetings, if necessary.

With respect to communications, the finance Department is responsible for compliance with disclosure obligations as a listed company traded on a regulated market. Only the chief executive officer or the chief financial officer are authorized to proceed with such disclosures. Accordingly, every quarter, the company publishes figures for Group sales for the quarter ended. It also publishes the consolidated interim financial statements for the period ending June 30 as well as the separate annual and consolidated financial statements. These accounts are produced by the finance department and executive management and approved by the Board of Directors. Interim financial statements for the six-month period are subject to a limited review and the annual financial statements to an audit. These controls are performed on the separate statutory accounts of the parent company and on the consolidated financial statements of the Group and on that basis, reports are produced by the company's statutory auditors. All information referred to above is included in a registration document also submitted to the statutory auditors and each year filed with the French financial market authority (*Autorité des Marchés Financiers* or AMF).

In compliance with the European Transparency Directive, regulated information is distributed electronically and to that purpose, the company uses a professional service for its dissemination as defined by the AMF. Information is also available from the company' website while hard copy documents may be obtained from the company's registered office.

16.4.2.2 Coordination of risk management and internal control systems

Risk management and internal control procedures contribute in a complementary manner in the effective management of company operations.

As it has been presented, the risk management system seeks to identify and analyze the main risks to which the company is exposed. Managing this process calls for the implementation of controls which are part of the internal control system.

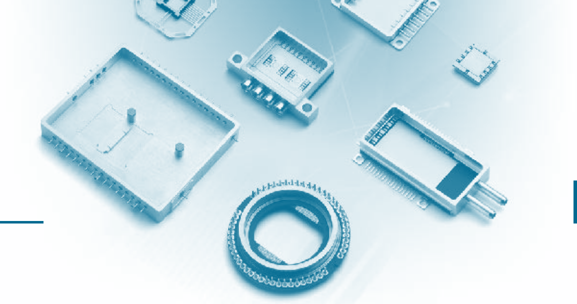
The internal control system in turn is supported by the risk management system for identifying and handling the main risks.

16.4.2.3 General principles of internal control

Internal control is a system implemented by the company for the purpose of ensuring:

- Compliance with laws and regulations;
- Implementation of the instructions and directions given by executive management or the executive board;
- Proper functioning of the company’s internal processes, especially those relating to the protection of its assets;
- The reliability of financial information.

And, more generally, contributing to the effective management of its activities and operations and the efficient use of resources.



By addressing requirements imposed by standards ISO 9001 (and ISO14001 for Egide SA), Egide is equipped with a set of procedures to ensure the effective operation of the quality system in place (contained in its quality & environment manual). The system covers all production activities of the company (commercial services, sourcing, production, shipping). Every year management undertakes to apply the quality and environmental policy set forth in this guideline. Quantified objectives are set and communicated to all personnel and action plans are monitored using process indicators and management tools. These actions are coordinated by the quality and environment department, analyzed in executive committee meetings (see 16.4.2.1 regarding its membership) or management reviews.

The main metrics monitored are the rate of customer returns, the rate for late deliveries, yields, productivity, the quantity of supplies used in relation to the estimates, procurement lead time and effective relations between Egide, its suppliers and customers. This information is supplemented by specific environmental indicators such as ordinary and hazardous waste, the rate of noise pollution and monitoring consumption trends for the main utilities (water, gas, electricity), etc.

Executive management is responsible for all resources made available contributing to the quality of the service.

To ensure compliance with procedures in effect, resources are adopted to monitor and analyze processes (indicators linked to processes) and products (control plans and management tools). An internal audit system is defined and managed by the quality and environment manager with the approval of the quality department and executive management. These audits, performed by different qualified personnel of the company, make it possible to verify the relevance and suitability of the quality and environmental management system in relation to the company's objectives. Information on the preparation, conduct of the audit and the results is produced by the audit manager. The quality and environmental manager who plans and monitors timetables for execution, verifies the audit report and ensures its distribution.

Once a year, the department reviews the quality and environmental management system to ensure it remains relevant, adequate and effective. The management review is prepared by the quality and environment department responsible for establishing an agenda and convening all company managers. This review is based primarily from internal quality reports, client ratings, customer rating results, customer satisfaction surveys, audits by customers or outside entities and prior management reviews.

This review allows the company to measure the efficacy of the quality environmental management system, redefine the corresponding objectives and, if necessary, make adjustments in the quality and environmental strategy. A report is produced on each review under the responsibility of the quality and environmental management. Decisions made in this context provide the basis for action plans (corrective or preventive) and contribute to the company's continuing improvement.

16.4.2.4 Scope of risk management and internal control procedures

The accounting and finance Department complies with statute and accounting standards applicable in each country (France and the United States). It also applies its own rules for operations and control, as in contrast to other departments of the company (purchasing, sales, production, etc.), it is not yet fully integrated in the procedures implemented in connection with ISO 9001:2008 and described in the Quality and Environmental Manual (only an accounting and finance process was created).

Egide SA parent company: management of the finance department is assured by the chief administrative and financial officer who oversees the chief accountant and his deputy. Financial reporting and information systems are also under the finance department's responsibility, which reports directly to executive management. An accounting manual describes accounting procedures for the most important transactions. Resources exist for monitoring regulatory developments (subscription to professional journals), making it possible to identify and anticipate changes in the company's regulatory environment (changes in accounting and tax doctrine). The department's small size imposes a significant degree of self-assessment by staff to facilitate oversight by the accounting manager. The latter, charged with consolidating data at the group level, also verifies their consistency, and, if necessary, takes the necessary corrective measures.

Egide USA Inc. subsidiary: the company has its own accounting and finance organization. Management is assured by the site manager. In the department, a financial controller and an assistant are in charge of day-to-day accounting, issuance of financial statements, and management control and reporting to their management and to the parent company. Egide’s finance department regularly provides support and, once a quarter, comes on-site. For the record, Egide SA's executive management is assured by the former chief executive officer of Egide USA. The Group's chief executive officer who spends half his time in the United States accordingly ensures in a regular manner the application of general policy within the subsidiary

Santier Inc. subsidiary (since February 28, 2017): the company has its own accounting and financial structure managed by a local chief financial officer. Assisted by two employees, the CFO is in charge of day-to-day accounting, issuing financial statements, management control and reporting to the management and the parent company. Egide SA's financial management also provides support and on-site assistance when necessary. The Group's chief executive officer also ensures that the policy he or she has defined is properly implemented in the subsidiary.

Egide USA LLC subsidiary: this structure is the holding company that directly owns the Group's two US subsidiaries (Egide USA Inc. and Santier Inc.). Its sole shareholder is Egide SA. The accounting of this company is maintained at the present time by Egide SA's accounting department, though given the absence of activity, there are very few transactions to record. The company moreover does not have a bank account. Since the integration of the new subsidiary, Santier Inc., at the beginning of the year, involvement by the latter's chief financial officer in the management of the US holding will gradually increase and he will report to Egide SA's finance Department with respect to the US division.

Overall, the subsidiaries apply Group accounting standards which are defined by the parent company. Information for weekly or monthly reporting to the parent company is first checked directly by each subsidiary, with a subsequent review performed, as required, by Egide SA's accounting and financial department.

The main controls which are non-exhaustive, are performed by the finance departments using namely the following procedures:

- Procedures for reconciliation between the main accounting system and subledger management systems,
- Procedures for monitoring and managing accounts receivable (receivables aging, reminders, monitoring settlements, monitoring factoring companies, etc.),
- Procedures for the approval of significant purchases and investments as well as the payment of trade payables,
- Procedures for physical inventory accounts,
- Procedures for inventory monitoring and valuations,
- Procedures for monitoring and managing Group cash (producing cash positions, bank reconciliations, signing authorities, etc.),
- Procedures for the access, backup and security of information systems, managed internally or through IT services companies.

Information systems managers (IT manager or the unit manager in the absence of a dedicated person) furthermore ensure that the company is able to fulfill its record keeping obligations for information, data and processing routines used directly or indirectly to prepare accounting records and financial statements.

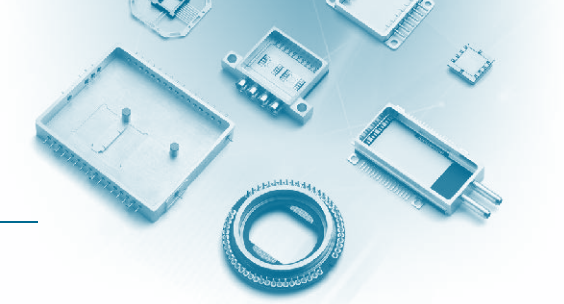
16.4.2.5 Parties involved in risk management and internal control procedures

Risk management and internal control procedures concern both corporate governance bodies (executive management, Board of Directors, audit committee) and the company's staff (risk manager, internal audit, human resources).

16.4.2.5.1 Executive management

Executive management ensures that accounting and financial information produced by the finance department is reliable and provides a true and fair view of the company's earnings and financial situation in a timely manner. To this end, executive management ensures that the system addresses the following points:

- The organization structure and scope of responsibility of the accounting and financial reporting functions
- The incentive and compensation agreements within the accounting and financial reporting functions are compatible with internal control objectives
- The formalization and dissemination of accounting rules and procedures
- Record keeping requirements for information, data and processing routines used to prepare accounting records and financial statements
- Periodic review of the suitability of the systems cited above and the resources made available to the accounting and financial reporting functions (human resources, data processing tools,)
- Procedures for monitoring regulatory developments so that the company can adapt to changes in its environment.



In connection with preparing interim and annual financial statements, executive management ensures that all transactions are recorded in accordance with applicable accounting standards. With respect to closings, it indicates and explains the accounting options adopted for the closing and estimates involving management judgments, indicates changes in accounting methods, and informs the Board of Directors, draws up with the finance department the financial statements and defines the corresponding strategy for financial communications (reported indicators, terms for financial press releases).

16.4.2.5.2 The Board of Directors

For the preparation and control of accounting and financial information and its communication, the Board is informed of any major aspects that are likely to jeopardize business continuity. It checks with executive management that the monitoring and control systems are capable of ensuring that the financial information published by the company is reliable and provides a fair view of the company’s and the group’s earnings and financial situations.

In the performance of these controls, the Board is regularly informed through its Chairman, of key events relating to the company' business operations and its cash position. It is also informed of major investment, divestment or financing projects and approves their completion.

The Board of Directors approves the annual financial statements and examines the interim financial statements. For this purpose, it must obtain any information from executive management that it deems necessary (information about cut-off options, changes in accounting methods and explanations about earnings components) and obtains confirmation from the statutory auditors that they had access to all information needed to perform their duties and assurances that the auditors have made enough progress on their work at the cut-off date to be able to present all their material observations.

16.4.2.5.3 Audit Committee

In light of the Board's size (five directors) and membership (with the Chairman also serving as CEO and four independent directors), the creation of an independent audit committee was not considered warranted. For that reason, the Board assures the functions and responsibilities of this committee in accordance with the provisions of article L.823-20 of the French commercial code. It is furthermore noted that when the Board meets in the capacity of audit committee, the latter is chaired by an independent director and not the Chairman of the Board or the Chief Executive Officer. In 2016, the Board of Directors met twice in the capacity of audit committee to review the annual financial statements for fiscal 2015 and the interim financial statements for the six-month period ending June 30, 2016.

16.4.2.5.4 Risk manager

At Egide, this function is performed by executive management assisted in this role by the executive committee (see 16.4.2.1 for its membership).

16.4.2.5.5 Internal audit

At Egide, this function is performed by executive management assisted in this role by the executive committee (see 16.4.2.1 for its membership).

16.4.2.5.6 Human resources

The company relies on its internal organization, management system and quality monitoring required to maintain its ISO 9001 and ISO 14001 certifications (Egide SA only), as well as its procedures for preparing accounting and financial information to identify as best as possible the main risks associated with the company's business. These standards and procedures incorporate the breakdown of objectives for company personnel, whereby the latter possesses the information required to establish and operate the internal control system.

16.4.2.6 Role of the statutory auditors

In the performance of their engagement, the statutory auditors acquire an understanding and rely on internal audit work, to obtain a better understanding and formulate an opinion on the appropriateness of this work in complete independence.

In its role as responsible for producing financial statements and implementing internal controls for accounting and finance, executive management shares information with the auditors, and ensures that the auditors have access to all information needed to produce financial statements and is informed of the auditors' conclusions on their work that are presented to the audit committee. For all Group companies, these same auditing firms have been selected to audit the accounts, using their local offices for the US entities.

The statutory auditors also present their report on the portion of the Chairman's report on internal control procedures relating to the preparation and treatment of financial and accounting information and attest that the other information required by law has been produced.

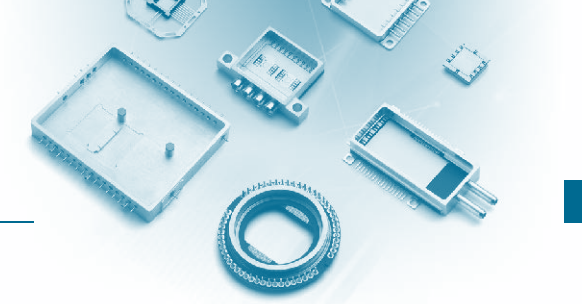
16.4.2.7 Risks related to climate change

To date, the Group has not identified any financial manifest risks related to climate change

16.4.2.8 Limitations of risk management and internal control

No matter how well-conceived and rigorously applied risk management and internal control systems are, they cannot provide an absolute guarantee that the company's objectives will be reached. The probability of reaching these goals depends on more than just the company's will. Every system and process has its limitations. These limitations stem from many factors, such as uncertainty about the outside world, the use of sound judgment or problems that may arise from technical and human failures or from ordinary errors.

Risk management choices are made by weighing the opportunities against the cost of risk management measures, with due consideration of their potential effects on the occurrence and/or consequences of the risk in order to avoid taking needlessly expensive actions.



16.5 Statutory Auditors’ report on the Chairman's report

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

"To the shareholders:

In our capacity as Statutory Auditors of Egide S.A. and in accordance with the provisions of article L225-235 of French commercial code (code de commerce), we hereby present our report on the report prepared by the Chairman of your company in accordance with Article L225-37 of the French commercial code for the fiscal year ended December 31, 2016.

The Chairman is required to prepare a report to be submitted for approval to the Board of Directors describing the internal control and risk management procedures implemented within the Company and providing the other information required by article L225-37 of the French commercial code notably relating to the corporate governance system.

It is our responsibility to:

- Report our observations on the information set out in the Chairman’s report on the internal control and risk management procedures relating to the preparation and processing of financial and accounting information;

- Certify that the report contains the other disclosures required by article L225-37 of the French commercial code, it being specified that it is not our responsibility to assess the fairness of this information.

We performed our procedures in accordance with the relevant professional standards applicable in France.

Information concerning the internal control and risk management procedures relating to the preparation and processing of financial and accounting information

These standard require us to perform procedures to assess the fairness of the information presented in the Chairman’s report on the internal control and risk management procedures relating to the preparation and processing of financial and accounting information. These procedures notably consist in:

- Obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and the existing documentation;

- Obtaining an understanding of the work performed to prepare this information, as well as reviewing supporting documentation;

- Determining whether such significant weaknesses in the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information as we may have identified in the course of our work, are properly disclosed in the Chairman's report.

On the basis of these procedures, we have no matters to report in connection with the information given on the internal control and risk management procedures relating to the preparation and processing of financial and accounting information, contained in the Chairman’s report, prepared in accordance with article L225-37 of the French commercial code.

Other disclosures

We certify that the Chairman’s report contains the other information required by article L225 37 of the French commercial code.

Neuilly-sur-Seine and Paris, April 28, 2017

PricewaterhouseCoopers Audit,
Matthieu Moussy

RSM Paris,
Bernard Hinfray"

16.6 Group executive committee

On the date of this document, the Group's executive committee included eight members and Egide SA's executive committee had five members:

Name	Current function within the Group	Joined the Group on
Mr. James F. COLLINS	Chief Executive Officer	12/29/2000
Mr. Philippe LUSSIEZ	Chief administrative and financial officer / Deputy chief executive officer	06/09/1992
Mr. Didier MARTIN	General Manager of Egide SA (Bollène)	08/03/1992
Mr. Mansoor MOSALLAIE	General Manager of Santier (San Diego)	02/28/2017
Mr. John TRADER	General Manager of Egide USA (Cambridge)	11/27/2006
Mr. Gérald CHRETIEN	Vice President, Marketing	10/01/2015
Mr. Kevin COTNER	Vice President for Sales, North America	02/28/2017
Mr. Ignace DUPON	Vice President for sales, Europe and Asia	12/01/2006

16.7 Group executive committee of Egide SA

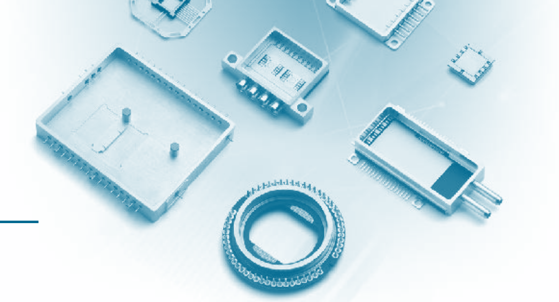
Nom	Current function within Egide SA	Joined the Group on
Mr. Didier MARTIN	General Manager of Egide SA (Bollène)	08/03/1992
Ms. Fatiha BENKOUSSA	Vice President, Quality, Environment and Customer Satisfaction	09/08/2008
Mr. Frédéric DISPERATI	Chief Technical Officer	10/01/1990
Mr. Gérard GUILOINEAU	Vice President, Purchasing	03/15/1993
Mr. Wladimir MUFFATO	Vice President, Ceramic Components	12/19/1994

16.8 Information on executive committee members

Members of the executive management team are either engineers or established academics, combining technical expertise with management skills:

Ms. Fatiha BENKOUSSA has a Masters degree in mechanical engineering and a DESS *("Diplôme d'études supérieures spécialisées")* graduate degree in business management. After working as a production quality engineer in the medical sector, and a purchasing quality engineer for a major automotive parts manufacturer, in September 2008 she joined Egide as the manager in charge of supplier quality and in 2014, product quality. In June 2015, she was appointed to head up the quality, environment and customer satisfaction department, replacing Frédéric Dispérati, called upon to exercise other functions within the company.

Mr. Gérald CHRETIEN is a graduate from the engineering school, ISEP *(Institut Supérieur d'Electronique de Paris)*. He began his career as a hardware engineer, first at CEA, then for Philips TRT and Thomson LTT. In 1984, he joined FORT Fibres Optiques where he created the Transmission department. In 1986, he first joined Alcatel as Manager of the optoelectronic laboratory before contributing to the creation of Alcatel Optronics as Product Manager and then its Director of Marketing in 2000. He joined Avanex France in 2002 as Director of Marketing & Products Strategy before being appointed in 2004 industrial and plant manager for HighWave. In 2006, he co-founded Vectrawave and occupied the function of manager for operations and quality management. Since October 2015, he has served as the head of the marketing department of the Egide Group.



Mr. James F. COLLINS has a Bachelor's of Science (ceramic engineering) from Rutgers University, New Jersey (United States). He began his career as a Process Engineer at General Refractories in the Chicago, Illinois area, serving the steel industry. In 1983 he left this position to join Coors Ceramics Company in Golden, Colorado, where over 14 years, he held various engineering and management positions, primarily in the Electronic Ceramics industry. In 1996, he joined a division of Phillips Electronics (Cambridge, MD) where he would occupy different management positions. This division was subsequently sold to create Electronic Packaging Products which in December 2000, would become Egide USA Inc. He took charge of the operational division and was appointed vice president. In September 2014, he was appointed chief executive officer of Egide SA and in June 2016 chair and chief executive officer.

Mr. Kevin COTNER obtained his Bachelors of Science from the University of Purdue, Indiana (United States) in 1980. He began his career at Hughes Aircraft as a process engineer that same year. He subsequently occupied various engineering and management functions for Teledyne, Toshiba America and then Kyocera America, where he was ultimately appointed General Manager North America. The then joined Santier (TMS LLC) in April 2013 as COO. He became the chair-chief executive officer of the company in August 2013, a function he would occupy until March 2017, the date of its acquisition by Egide. On this date he was appointed Vice President of Egide for the North American region Kevin has more than 30 years of experience in the electronics industry and in an active member of several industry associations.

Mr. Frédéric DISPERATI is a materials science engineer. On joining Egide in 1990, he was responsible for the development of aluminum products, then served as product manager in the engineering department before spending a year and a half in the technical support division at the Egide USA subsidiary. On his return in March 2003, he was appointed as the chief quality officer of Egide SA. His responsibilities were subsequently expanded to cover the environment and customer satisfaction. Following the internal reorganization in June 2015, the became head of the technical department of the Bollène site, replacing Didier Martin called upon to assume other functions within the company.

Mr. Ignace DUPON graduated is a Civil engineer in electronics from the Catholic University of Leuven, Belgium. He started his career as head of production at Atlas Copco in 1990. The year after, he joined Alcatel Bell Telephone before spending 5 years at Alcatel Optronics as Advanced Procurement and Sourcing Manager. He joined Highwave Optical Technologies in 2000 as head of Business Development and in 2003 he became Director of Sales and Marketing at Keopsys. Since 2006, he has been Sales Director for Intexys Photonics. He joined Egide's sales team in 2006 as business development manager. He was then appointed as head of the Asia-Pacific region. In November 2014, he was appointed to head up the Group's sales department, a position previously occupied by Didier Martin. In early 2017, with the integration of Santier, he was appointed Vice President for the Europe/Asia region.

Mr. Gérard GUILOINEAU has a degree as an advanced engineering department technician. After beginning his career with Dassault Electronique, he joined the purchasing department of Egide SA in 1993, after which he became the Group's chief procurement officer in June 2015, a position previously occupied by Wladimir Muffato.

Mr. Philippe LUSSIEZ holds an advanced degree in accounting. After joining Egide group in 1992 as accounting manager for the Bollène site, he was then named group controller responsible for financial reporting when the company was listed on the stock exchange. Since July 1, 2006, he has exercised the functions of chief financial officer, and since October 2013, chief administrative and financial officer of the Group. In September 2014, he was also appointed as deputy chief executive officer of Egide SA.

Mr. Didier MARTIN holds an engineering degree from the Ecole Nationale de Physique et de Chimie in Caen. He possesses considerable experience in the field of semiconductor manufacturing. His profile is as a line manager well-accustomed to the constraints imposed by manufacturing requirements. After serving as production manager, first for the Trappes site, and then Egide SA, he then became head of the sales, technical and R&D department. Following an internal reorganization in June 2015, he became head of the industrial department for the Bollène site, replacing Wladimir Muffato, called upon to exercise other functions within the company. In September 2017, he was appointed General Manager *(directeur general)* of Egide SA.

Mr. Mansoor MOSALLAIE has a Masters Degree in Mechanical Engineering from the University of Carbondale Southern Illinois (USA). He spent more than 20 years at Ametek HCC Industries where he was ultimately appointed General Manager. The subsequently became the Manager of the Hermetic Components division of HI Rel Connectors before joining Santier (TMS LLC) in July 2015 as Vice President in charge of operations. In March 2016, when the company was acquired by Egide, he became the General Manager of Santier. Mansoor has more than 25 years' experience in the industry

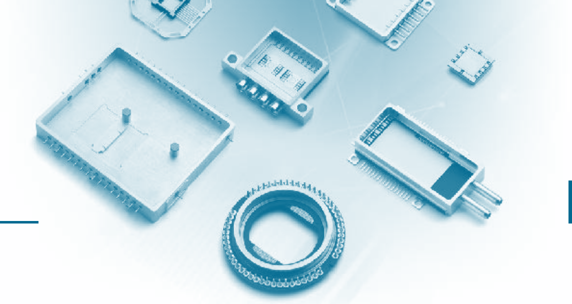
Mr. Wladimir MUFFATO has is a graduate of ENSCI ceramics engineering school *(Ecole Nationale Supérieure de Céramique Industrielle)* of Limoges. Since 1994, Egide has benefited from his experience in the domain of electronic ceramic components. He became the Bollène plant manager in January 2003. Following an internal reorganization, he became head of a new department, "Group ceramic components" in June 2015.

Mr. John TRADER's career began with the with the US Marine Corps. During his enlistment (1977 to 1981), he was trained as an Electronic Technician completing A & B Schools, specializing in F4/TA4 aircrafts. In 1981, upon honorable discharge, he joined Cambridge Scientific Industries as a repair technician. He was promoted to production supervisor in 1985 and factory manager in 2000. In 2003, he was promoted to operations manager until the factory closed in 2006. He then joined Egide USA as chief industrial officer, a position he has occupied until his appointment as General Manager of the company in 2014.

16.9 Other information

In addition their executive functions with Egide, the following persons also held offices in other companies:

Name	Office	Since
Mr. James F. COLLINS	Chair, Egide USA LLC Chair, Egide USA Inc. President of Santier Inc.	12/29/2000 12/29/2000 02/28/2017
Mr. Philippe LUSSIEZ	Corporate Secretary, Egide USA LLC Corporate Secretary, Egide USA Inc. Secretary of Santier Inc.	04/28/2005 04/28/2005 02/28/2017
Mr. Mansoor MOSALLAIE	Director of Santier Inc.	02/28/2017
Mr. John TRADER	Director, Egide USA Inc.	07/21/2016



17 EMPLOYEES

17.1 Breakdown of headcount data

Headcount by function at December 31 for Egide Group:

(Headcount at December 31)	2014	2015	2016
Administration and sales	20	21	23
Production, quality and R&D	206	204	192
Total	**226**	**225**	**215**

Headcount by Group site:

(Headcount at December 31)	2014	2015	2016
Egide Trappes et Bollène	154	148	148
Egide USA	72	77	67
Total	**226**	**225**	**215**

Headcount by type of contract:

(Headcount at December 31)	2014	2015	2016
Fixed-term contracts	2	3	7
Permanent contracts	219	220	206
Apprenticeship contracts	5	2	2
Total	**226**	**225**	**215**

17.2 Statutory profit-sharing, incentive plan, variable compensation agreements

All salaried employees in Egide SA receive fixed compensation. In addition, variable compensation is paid:

- To all staff, incentive compensation linked to the company results. This compensation results from the terms of a voluntary profit-sharing agreement executed *(accord d'intéressement)* by the company and personnel, represented by the union delegates of the company. This agreement was concluded for a three-year period running from January 1, 2016 to December 31, 2018. This incentive compensation is calculated annually from current operating income before tax. This amount is allocated equally to all employees of the company with at least three months of seniority and prorated according to the number of hours worked during the year concerned.

- To all employees, since January 1, 2016, incentive compensation linked to company results based on four criteria relating to production (the rate of hourly deliveries, the product return rates, ceramic components yields and package manufacturing yields) This incentive compensation is paid on a quarterly basis in the form of a bonus earned corresponding to 25% per criteria achieved; The thresholds to be reached for each of these criterion is set by the chief executive officer at the start of the year whereas the quarterly bonus used as the basis for the calculation is set during the mandatory annual negotiations on wages and working conditions.

- To selected employees (executive committee members and key managers), as from January 1, 2016, incentive compensation linked to the production indicators referred to above, sales order intake, the consumption rate for supplies or EBIDTA., This incentive compensation, paid annually, implies above all that the annual budget for EBIDTA has been exceeded which then triggers the payment linked to indicators that are specific to each beneficiary or group beneficiary. The bonus is a percentage of the beneficiary's annual salary with a multiplying factor for executive committee members based on the overperformance rate of the annual EBIDTA target. It is duly noted that the beneficiaries of this incentive compensation will not accumulate the compensation that might be payable quarterly, whereby the latter is included within the total annual amount.

Furthermore, all employees in France are eligible to statutory profit-sharing calculated according to the provisions provided for by law. No statutory profit-sharing and incentive compensation payments have been made over the last five years.

At Egide USA, an incentive plan has been in place for key executives. As from January 1, 2016, the calculation of this incentive compensation is the same as that used for Egide SA employees, i.e. based on production (the rate of hourly deliveries, the product return rates, ceramic components yields and package manufacturing yields), revenue, order intake or EBITDA. This incentive compensation, paid annually, implies above all that the annual budget for EBIDTA has been exceeded which then triggers the payment linked to indicators that are specific to each beneficiary or group beneficiary. The bonus is a percentage of the beneficiary's annual salary with a multiplying factor for executive committee members based on the overperformance rate of the annual EBIDTA target. For fiscal 2016, no bonus was paid. With the exception of direct manufacturing stuff paid based on the number of hours worked, all employees of the US subsidiary receive fixed compensation.

17.3 Stock option plans

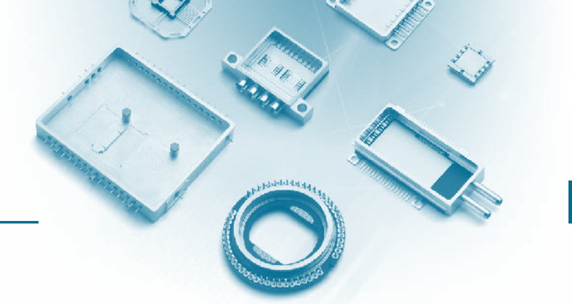
Since the company's initial public offering, stock options have been granted to selected managers. At May 31, 2017, the number of options granted to Egide SA employees and not yet exercised amounted to 121,236 and the number of options granted to Egide USA employees not yet exercised amounted to 202,298 and those granted and not yet exercised by the employees of Santier amounted to 70,000 (or a total of 393,534 options).

With the exception of the Chief Executive Officer, no members of the Board of Directors were granted stock options. As an executive officer of the company and at May 31, 2017, the chief executive officer held a balance of 112,298 options granted on November 6, 2015 (plan No. 7.1) and May 19, 2017 (plan No. 8.1). On this same date, the deputy chief executive officer held 20,000 options awarded on May 19, 2017 (plan 8.1). In compliance with the provisions of Act 2006-1770 of December 30, 2006, at least 20% of shares issued from the exercise of options must be maintained in registered form until the chairman and/or the chief executive officer or deputy chief executive officer ceases to exercise their function.

Highlights for stock option plans in force at May 31, 2017 are presented below:

Plan No.	Plan 6.2	Plan 6.3	Plan 7.1	Plan 8.1	Total
AGM date Board meeting date	05/28/2010 10/06/2011	05/28/2010 01/30/2013	06/26/2013 11/06/2015	06/16/2016 05/19/2017	
Initial number of shares *- of which to corporate officers* *- of which to the top 10 employee beneficiaries* Number of shares after adjustments*	600 0 600 727	651 0 651 740	12,000 12,000 0 12,298	380,000 120,000 255,000 380,000	393,251 132,000 256,251 382,765
Starting date for the exercise of options End date for the exercise of options	10/06/2013 10/05/2018	01/30/2015 01/29/2020	11/06/2017 11/05/2022	05/19/2019 05/18/2024	
Minimum exercisable number	20 shares	20 shares	100 shares	2,500 shares	
Minimum vesting period Minimum holding period	2 years 2 years	2 years 2 years	2 years None	2 years None	
Subscription price*	€6.71	€3.67	€2.56	€2.57	
Number of options exercised Number of options forfeited Number of options remaining to be exercised	0 109 618	0 122 618	0 0 12,298	0 0 380,000	0 231 393,534

** Adjustments that may be made after the capital transaction*



No stock options were exercised in fiscal 2016.

To exercise stock options, the beneficiary must be either an executive officer, or holding an employment contract with the company that has not been terminated by either party. In addition, fulfillment of several conditions set forth at the time of the grant may also be required. Similarly, stock options are automatically forfeited after the exercise date. On that basis, for fiscal 2016, 24,597 options were forfeited by the beneficiaries of plan 5.2 at the end of the specified period of March 4, 2016.

On May 19, 2017, the Board of Directors awarded 380,000 stock options (plan 8.1) to selected employees of Egide SA and its subsidiaries, Egide USA and Santier.

In light of the above, and the maximum number of stock options set at 5 % of the shares making up the share capital (or 395,018 options available to be granted at May 31, 2017), there remains a balance of 1,484 options or 0.02 % of the share capital. On this date, the 393,534 unexercised stock options represent a potential dilution of 4.98 %.

At the end of each reporting period, the fair value measurement of stock options in the consolidated financial statements is determined using the Black & Scholes measurement model (see section 20.3.1.5.4.1.1). Options have an average life of 4 1/2 years with a volatility rate of 30%.

17.4 Social impact of Group operations

See section 26.1 - Information on the social impact of Group operations

17.5 Information on measures to combat discrimination and promote diversity

In accordance with the provisions of Article L225-102-1 subsection 5 of the French commercial code as amended by Article 9 of Law No. 2011-672 of June 16, 2011, every year Egide SA submits to the Works Committee and employee representatives a single report providing information on measures to combat discrimination and promote diversity (see indicators in section 26.1 of this document). Moreover, no discrimination exists with training, professional promotion, working conditions and actual remuneration levels.

18 PRINCIPAL SHAREHOLDERS

18.1 Analysis of share capital and voting rights

Balance at May 31, 2017	Number of shares	Percentage of Capital	Number of voting rights	Percentage of voting rights
James F. Collins, Chair-CEO	69,375	0.88 %	69,375	0.87 %
Free float (registered securities)	55,185	0.70 %	101,158	1.27 %
Free float (bearer securities)	7,775,806	98.42 %	7,775,806	97.86 %
Total	**7,900,366**	**100.00 %**	**7,946,339**	**100.00 %**

This table has been produced based on information provided by CM-CIC Securities, charged with ensuring the security management services for standard registered Egide shares maintained in a custody-only account and recorded directly in the company's share register *(nominatif pur)*. The registered shareholder was not recharged any management fees by the company.

On May 31, 2017, shares held by other directors of the company were as follows: Ms. Colette Lucas 700 actions, Mr. Jean-Louis Malinge 168 actions, Ms. Véronique Laurent-Lasson 100 actions and Mr. Michel Faure 1,668 actions. Mr. Philippe Lussiez has 4,400 shares.

No share is jointly held by employees within the meaning of article L225-102 of the French commercial code.

Also see section 21.1.5 - Changes in share capital within the last three years

18.2 Ownership thresholds subject to disclosure requirements

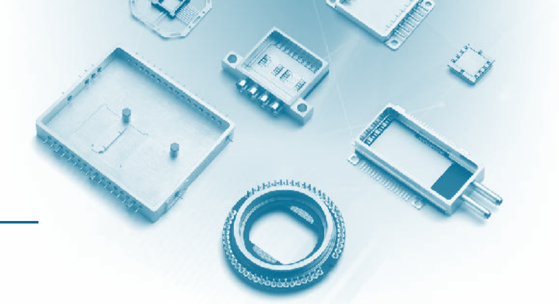
The identity of shareholders owning more than 5 %, 10 %, 15 %, 20 %, 25 %, 30 %, 33.33 %, 50 %, 66.66 %, 90 % and 95 % of the share capital or voting rights at May 31, 2017:

	More than 5 %		More than 10 %		More than 15 %		More than 25 %	
	of the capital	of voting rights	of the capital	of voting rights	of the capital	of voting rights	of the capital	of voting rights
Sigma Gestion [(1)]	X	X	X	X				
Natixis Asset Management [(2)]	X	X						

[(1)] *AMF notice of February 28, 2017 (crossing below the 15% threshold)*
[(2)] *AMF notice of February 21, 2017 (crossing above the 5 % threshold)*

As far as the company is aware, there are no public shareholders holding more than 5% of the capital other than those disclosed in the table above.

No shareholder holds more than 20%, no more than 30% of the capital or voting rights. On that basis, it is not possible to exercise undue control over the company. Furthermore, as far as the Company is aware, there are no agreements the performance of which could, at some future date, lead to a change in its control.



18.3 Existence of different voting rights

In compliance with article 27 of the company's articles of association, double voting rights are granted to fully paid-up shares registered in the same name for at least two years (annual general meeting of January 29, 1999). This right is conferred upon all bonus shares granted to a shareholder in respect of previously existing shares.

On May 31, 2017, there were 119,560 shares in registered form of which 45,973 carried double voting rights.

19 RELATED PARTY TRANSACTIONS

19.1 Regulated agreements

It is noted that the legal provisions governing regulated agreements as defined by article L225-38 of the French commercial code were modified as from August 3, 2014 (Order No. 2014-863 of July 31, 2014) and that henceforth agreements entered into between the company and wholly-owned subsidiaries are no longer included under this category. On that basis, agreements between Egide SA and its subsidiaries Egide USA LLC and Egide USA Inc. are no longer considered as regulated agreements.

Regulated agreements in force at December 31, 2016 are presented below:

Agreements entered into in the fiscal 2016 and previously authorized

- None.

Agreements entered into in prior periods and previously approved whose execution was terminated in the period under review

- None.

Agreements entered into in prior periods with continuing effect during the year

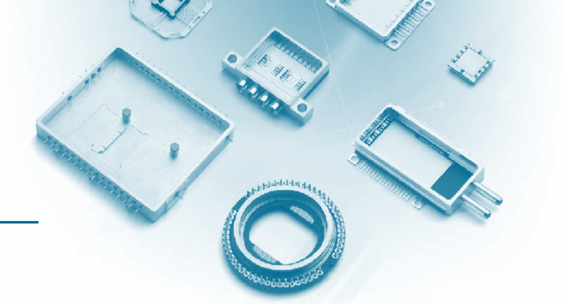
- None.

Agreements entered into in prior periods whose execution was terminated in the period under review

- Assignment of coaching the new executive committee entrusted to Asymptotes Conseil, managed by Colette Lucas, also a director of the company (authorized by the Board of Directors on June 3, 2015, and renewed by the Board on April 28, 2016 for the year 2016). The amount recorded under expenses for 2016 under this agreement is €3,460.00. This assignment was completed in in the first quarter of 2016.

- Undertaking for the benefit of the chairman-chief executive officer, Philippe Brégi, by Egide S.A., in the form of a policy providing unemployment insurance for chief executives taken out by the company (Board of Directors' meeting of November 9, 2004). This agreement was maintained for the benefit of Mr. Philippe Brégi, having become the chairman as from April 2, 2014 (Board of Directors' meeting of March 25, 2014) and renewed by the Board of Directors on April 28, 2016 for fiscal 2016. As the general meeting of June 16, 2016 terminated the functions of director of Mr. Brégi, the latter resigned from the his position as chair of the board of directors, automatically terminating the job loss insurance coverage provided to him and the corresponding regulated agreement. The amount recorded under expenses for 2016 for this agreement is €1,295.20.

Also see section 20.3.1.5.5.1 - Related party transactions and section 20.5.1.1 - Activity of Egide SA



19.2 Auditors' report on regulated agreements

This is a free translation into English of the Statutory Auditors' special report on regulated agreements and regulated commitments issued in French and is provided solely for the convenience of English speaking readers. This report on regulated agreements and regulated commitments should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Commercial Code and the report does not apply to those related party agreements described in IAS 24 or other equivalent accounting standards.

"To the shareholders:

As the Statutory Auditors of your Company, we hereby present you with our report on related-party agreements and commitments

The terms of our engagement do not require us to identify such agreements and commitments, if any, but to communicate to you, based on information provided to us, the principal terms and conditions of those agreements and commitments brought to our attention, without expressing an opinion on their utility and merits. It is your responsibility, pursuant to article R.225-31 of the French commercial code to determine the interest of these agreements and commitments with a view to their approval.

In addition, we are required, where applicable, to inform you in accordance with Article R225-31 of the French commercial code concerning the implementation, during the year, of the agreements and commitments already approved by the General Meeting of Shareholders.

We performed procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors *(Compagnie nationale des Commissaires aux Comptes)* relating to this engagement. These procedures consisted in verifying the consistency of the information provided to us with the relevant source documents.

AGREEMENTS AND COMMITMENTS SUBMITTED FOR APPROVAL TO THE GENERAL MEETING

We hereby inform you that we have not been advised of any agreements or commitments authorized during the past year to be submitted to the general meeting for approval in accordance with Article L. 225-38 of the French commercial code.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE GENERAL MEETING

Agreements and commitments approved in prior years

In accordance with the provisions of article R.225-30 the French commercial code, we were informed that the following agreements and undertakings, already approved in prior periods, remained in force in the period under review.

Assignment for the coaching of the new executive committee

"Task of coaching the new executive committee" entrusted to Asymptotes Conseil, managed by Colette Lucas, also a director of the company (Board of Directors' meeting of June 3, 2015) Fees for this assignment were set at €1,060 before VAT per participant plus a flat fee of €3,460 before VAT. This assignment was completed in in the first quarter of 2016.

Agreement to provide "executive officer" job loss insurance coverage.

Undertaking for the benefit of the chairman-chief executive officer, Philippe Brégi, by Egide S.A., in the form of a policy providing unemployment insurance for chief executives taken out by the company (Board of Directors' meeting of November 9, 2004). This agreement was maintained for the benefit of Mr. Brégi, having become the chairman as from April 2, 2014 (Board of Directors' meeting of March 25, 2014) and renewed by the Board of Directors on April 28, 2016. As the general meeting of June 16, 2016 terminated the functions of director of Mr. Brégi, the latter resigned from the his position as chair of the board of directors, automatically terminating the job loss insurance coverage provided to him and the corresponding regulated agreement. The amount recorded under expenses for 2016 for this agreement is €1,295.20.

Neuilly-sur-Seine and Paris, April 28, 2017
Statutory Auditors

PricewaterhouseCoopers Audit,
Matthieu Moussy

RSM Paris,
Bernard Hinfray"

20 FINANCIAL INFORMATION ON THE ASSETS, FINANCIAL POSITION AND EARNINGS OF THE ISSUER

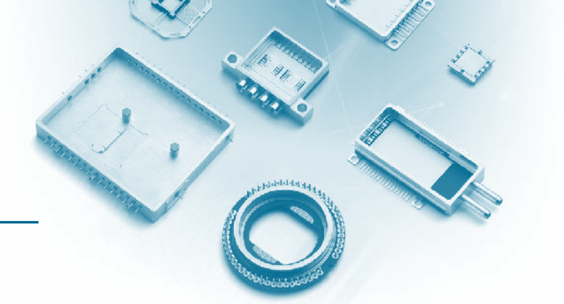
20.1 Consolidated financial highlights (2014 and 2015)

The consolidated and annual financial statements for the fiscal years ended December 31, 2014 and December 31, 2015 as well as the corresponding Auditors' reports, reproduced in the documents mentioned in the following table are incorporated by reference in this registration document.

Printed version of the registration document	2014	2015
AMF registration no:	D14-0576 of June 09, 2015	No. D16-0569 of June 03, 2016
Consolidated financial statements and notes	Pages 78 to 99 (Section 20.3.1)	Pages 77 to 92 (Section 20.3.1)
Statutory Auditors' report on the consolidated financial statements	Page 120 (Section 20.4.1)	Page 113 (Section 20.4.1)
Annual financial statements and notes	Pages 100 to 119 (Section 20.3.2)	Pages 93 to 112 (Section 20.3.2)
Auditors' report on the annual financial statements	Page 121 (Section 20.4.2)	Page 114 (Section 20.4.2)

20.2 Pro forma financial information

None.



20.3 Financial statements

20.3.1 2016 consolidated financial statements

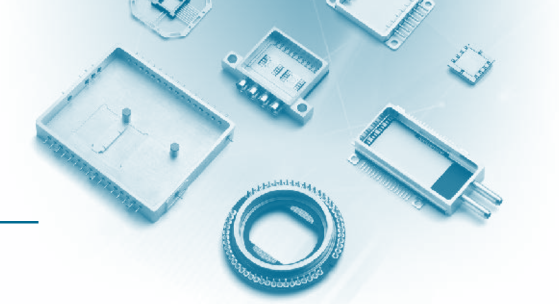
20.3.1.1 Balance sheet

ASSETS (€ thousands)	Notes 20.3.1.5.	Net value at 12/31/2016	Net value at 12/31/2015
Intangible assets	3.1	127	119
Property, plant and equipment	3.1	5,104	4,511
Other financial assets		488	224
Other non-current assets	3.2	0	633
Non-current assets		**5,719**	**5,487**
Inventories	3.3	3,843	3,414
Trade and other receivables	3.4	5,152	3,863
Cash and cash equivalents		1,075	2,773
Other current assets		229	226
Others current assets		**10,299**	**10,275**
TOTAL ASSETS		**16,018**	**15,762**

EQUITY AND LIABILITIES (€ thousands)	Notes 20.3.1.5.	Values at 12/31/2016	Values at 12/31/2015
Paid-in capital	4.1	8,944	8,944
Additional paid-in capital	4.1	2,058	2,058
Legal reserve		356	356
Consolidated reserves		(1,706)	(283)
Net income/(loss)		(694)	(1,378)
Other equity		(2,738)	(2,709)
Attributable to non-controlling interests			0
Shareholders' equity		**6,220**	**6,989**
Provisions	3.5	520	413
Borrowings and financial liabilities	3.6	1,845	2,188
Other non-current liabilities		36	1
Non-current liabilities		**2,401**	**2,601**
Borrowings and financial liabilities	3.6	3,532	2,536
Trade and other payables	3.6	3,861	3,632
Other non-current liabilities		4	4
Current liabilities		**7,397**	**6,172**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**16,018**	**15,762**

20.3.1.2 Statement of comprehensive income

(€ thousands)	Notes 20.3.1.5.	12/31/2016	12/31/2015
Revenue		22,171	20,591
Raw materials and consumables		(9,126)	(9,442)
Change in finished goods and work in progress		(4)	404
Staff costs		(9,157)	(8,921)
External charges		(3,748)	(3,634)
Taxes other than on income		(346)	(314)
Amortization, depreciation and impairment of fixed assets	3.1	(611)	(398)
Allowances and reversals of impairment & provisions	3.5	(69)	17
Other operating income	3.9	401	280
Other operating expenses	3.9	(73)	(65)
Operating profit / (loss)	**3.8**	**(562)**	**(1,483)**
Income from cash and cash equivalents	3.10	9	0
Gross borrowing costs	3.10	(216)	(207)
Net interest expense	3.10	(206)	(207)
Other financial income	3.10	255	467
Other financial expenses	3.10	(181)	(155)
Income before tax		(694)	(1,378)
Income tax	3.7	0	0
Income (loss) from continuing operations		(694)	(1,378)
Income (loss) from discontinued operations		0	0
Net income/(loss)		**(694)**	**(1,378)**
Attributable to the Group		(694)	(1,378)
Earnings per share (in €)	4.2	(0.16)	(0.31)
Diluted earnings per share (in €)	4.2	(0.16)	(0.31)
Items able to be recycled in profit or loss: translation losses and gains from financial statements of subsidiaries presented in foreign currencies		10	(68)
Items unable to be recycled in profit or loss: remeasurement of defined benefit obligations		(39)	0
Other comprehensive income		**(29)**	**(68)**
Comprehensive income		**(723)**	**(1,446)**
Attributable to the equity holders of the parent		(723)	(1,446)
Attributable to non-controlling interests		0	0



20.3.1.3 Statement of changes in shareholders' equity

(€ thousands)	Number of shares	Capital	Additional paid-in capital	Legal and consolidated reserves	Net income/ (loss)	Other equity	Share-holders' equity
Balance at 12/31/2014	**4,065,370**	**8,131**	**1,823**	**930**	**(863)**	**(2,641)**	**7,380**
Net income/(loss) 2015					(1,378)		(1,378)
Other comprehensive income 2015						(68)	(68)
Comprehensive income 2015					**(1,378)**	**(68)**	**(1,446)**
Changes in parent company equity	406,536	813	235				1,048
Earnings appropriation for fiscal 2014				(863)	863		0
Stock options				5			5
Balance at 12/31/2015	**4,471,906**	**8,944**	**2,058**	**73**	**(1,378)**	**(2,709)**	**6,989**
2016 net income/(loss)					(694)		(694)
Other comprehensive income (2016)						(29)	(29)
Comprehensive income 2016				**73**	**(694)**	**(29)**	**(723)**
Changes in parent company equity							0
Earnings appropriation for fiscal 2015				(1,378)	1,378		0
Stock options				(45)			(45)
Balance at 12/31/2016	**4,471,906**	**8,944**	**2,058**	**(1,350)**	**(694)**	**(2,738)**	**6,220**

There are no non-controlling interests in Egide Group.

Notes on paragraph 20.3.1.5 are an integral part of the consolidated financial statements.

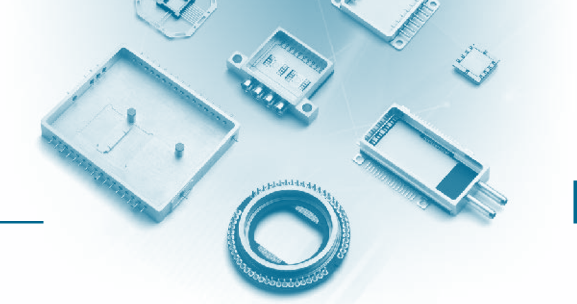
20.3.1.4 Statement of cash-flow

(€ thousands)	Notes 20.3.1.5.	12/31/2016	12/31/2015
Cash flow		***(59)***	***(996)***
- Net income of consolidated operations		(694)	(1,378)
- Adjustments to non-cash income and expenses to net cash provided by operating activities			
- Amortization, depreciation and provisions [1]	3.1, 3.5	(680)	380
- Capital gains from the sale of intangible and intangible assets			(3)
- Other	4.1	(45)	5
Change in operating working capital requirements [2]		**(1,195)**	**184**
- (increase) / decrease in inventories	3.3	(390)	(427)
- (increase) / decrease in trade receivables	3.4	(954)	124
- (increase) / decrease in other receivables	3.4	90	445
- (increase) / decrease in trade payables	3.6	230	168
- (increase) / decrease in tax and employee-related liabilities	3.6	(181)	(110)
- (increase) / decrease in other payables	3.6	10	(17)
Net cash from (used in) operating activities		**(1,254)**	**(811)**
Acquisitions of non-current assets	3.1	(1,022)	(1,667)
Reduction in non-current assets			3
Net cash provided by (used in) investing activities		**(1,022)**	**(1,664)**
Issue of new cash shares	4.1		813
Change in other equity	4.1		235
New bank borrowings	3.6	155	208
Repayment of bank borrowings	3.6	(75)	(692)
Other borrowings	3.6	243	834
Repayment of other borrowings	3.6	(167)	(124)
Financial debt relating to factoring and revolving credit	3.6	425	(118)
Net cash flows provided by (used in) financing activities		**581**	**1,155**
Change in cash and cash equivalents		**(1,696)**	**(1,320)**
Closing cash and cash equivalents*		1,075	2,773
Opening cash and cash equivalents*		2,773	4,077
Effect of changes in exchange rates		2	(15)
Change in cash and cash equivalents		**(1,696)**	**(1,320)**

[1] *Excl. impairment of current assets*
[2] *In net values*

* For information, cash at 12/31/2016 broke down as follows:

	Balance at 12/31/2016	Balance at 12/31/2015
Cash and cash equivalents	1,075	2,773
Bank overdrafts and accrued interest		
Cash according to the cash flow statement	**1,075**	**2,773**



20.3.1.5 Accounting methods and notes on consolidated accounts

20.3.1.5.1 Preliminary remarks

Egide designs, manufactures, and sells hermetic packages (passive electronic components) for the protection and interconnection of electronic systems.

These notes are an integral part of the consolidated financial statements established on December 31, 2016 with a statement of financial position showing total assets of €16,018,000, and a statement of comprehensive income presented in the form of a list showing a net loss of €694,000, adopted by the Board of Directors on April 21, 2017.

The information given below is expressed in thousands of euros, unless stated otherwise.
The financial period ends on December 31 and covers a twelve-month period from January 1, 2016 to December 31, 2016.

20.3.1.5.2 Significant accounting policies and basis of consolidation

20.3.1.5.2.1 Compliance statement

The consolidated financial statements are prepared in accordance with the principles of conservatism, the time period concept (accrual basis of accounting), and going concern.

In compliance with EC regulation No. 1606/2002 of July19, 2002, Egide Group (see section 1.4) presents its consolidated financial statements for the period ended December 31, 2016 in accordance with International Financial Reporting Standards (IFRS) as issued by the IASB and adopted by the European Union at December 31, 2016. Standards applied include IFRS and IAS (International Accounting Standards), and their interpretations applicable at December 31, 2016. For the purpose of simplification, these standards and their interpretations are jointly referred to as "IFRS standards" or "IFRS. These standards may be consulted at the European Commission's website at the following address:
http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm

Application of certain standards, interpretation or amendments to existing standards is mandatory according to IFRS for periods commencing on or after January 1, 2016 though do not have a material impact on the Group consolidated financial statements:

Standard, interpretation	Subject	IASB issue date	EU adoption date
Amendments to IFRS 11	Acquisitions of interests in joint operations	05/06/2014	11/25/2015
Amendments to IAS 16 and IAS 38	Clarification of acceptable methods of depreciation and amortization	05/12/2014	12/03/2015
Amendment to IAS 27	Equity method in separate financial statements	08/12/2014	12/23/2015
Annual improvements (2012-2014)	Annual improvements cycle	09/25/2014	12/15/2015
Amendment to IAS 1	Presentation of financial statements	12/18/2015	12/19/2015
Amendments to IFRS 10, IFRS 12 and IAS 28	Exemption from preparing consolidated financial statements for investment entities	12/18/2014	09/22/2016

The Group's consolidated financial statements at December 31, 2016 did not include possible impacts of those standards, interpretations and amendments adopted by the European Union at December 31, 2016 but for which application was not mandatory for periods commencing on January 1, 2018. The Group is currently analyzing the impact of the application of these standards though does not expect them to have a material impact on the consolidated financial statements.

Standard, interpretation	Subject	IASB issue date	EU adoption date
IFRS 15	Revenue from contracts with customers	05/01/2014	09/22/2016
IFRS 9	Financial instruments (to replace IAS 39)	11/12/2009	11/22/2016

Texts published by IASB at December 31, 2016 but not in effect in the European Union are not expected to have an impact on the Group's financial statements. These include the following:

Standard, interpretation	Subject	IASB issue date
Amendments to IFRS 10 and IAS 28	Sales or contributions of assets between the group and its associates	09/11/2014
Amendments to IAS 12	Recognition of deferred tax assets for unrealized losses	01/19/2016
Amendments to IAS 7	Disclosure initiative	01/29/2016
Amendments to IFRS 2	Classification and measurement of share-based payment transactions	06/20/2016
Annual improvements (2014-2016)	Annual improvements cycle	12/08/2016
IFRIC 22	Foreign currency transactions and advance consideration	12/08/2016

The Group has not yet completed calculating the impact of IFRS 16. Nevertheless, as indicated in paragraph 5.2., unrecognized operating lease commitments amounted to €2.6 million.

Group operations are not affected by seasonality factors.

20.3.1.5.2.2 Critical accounting estimates and judgments

The Group makes estimates and applies assumptions with regard to future activity. The resulting accounting estimates will by definition, rarely be identical to actual results.

The critical accounting estimates and assumptions that could result in a material adjustment to the carrying amount of assets and liabilities during subsequent periods concerned mainly impairment tests the Group may perform on intangible and intangible assets. Specifically, recoverable amounts of cash generating units are determined from calculations for value in use which call for use of estimates.

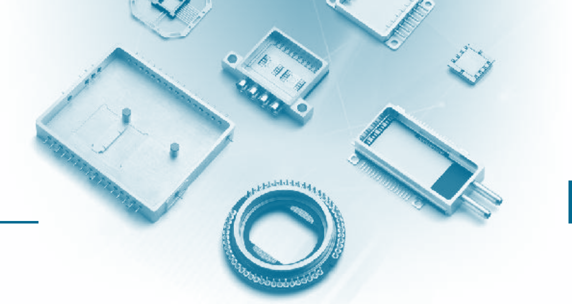
20.3.1.5.2.3 Financial risk management

20.3.1.5.2.3.1 Exchange rate risk

In 2016, exports accounted for 66% of Egide's revenue, including 39% to North America where sales are invoiced in US dollars. Concerning the 18% of sales to non-European countries, amounts are invoiced in either euros or US dollars. In the period, Egide SA invoiced sales of US$2.0 million (exchange value of €1.8 million) and Egide USA Inc. invoiced sales of US$8.9 million (€8.1 million). In 2016, the US dollar/euro exchange rate (averaging 1.1066 for the year compared to 1.1096 in 2015) had no significant impact on Group sales

Inflows from sales in US dollars received directly by Egide SA (€1.8 million dollars in 2016) were used in payment of purchases for components from US suppliers (US$1.8 million in 2016). The positive balance in US dollars is maintained in dollar denominated bank accounts. In the event of insufficient currencies, dollars are purchased at the prevailing exchange rate using account balances in euros. Inflows from US dollar-denominated sales received by factoring companies are converted into euros at the prevailing rate of the day while financing for invoices issued in US dollars are also obtained in euros. In consequence, the corresponding risk is therefore at the level of the exchange rate on the translation date. No specific hedging arrangement has been put into place as the cost of such arrangements remain too high.

For the US subsidiary, all purchases and sales are in US dollars. At the end of the reporting period, the Group's foreign exchange risk will be accordingly limited to the result of the period of Egide USA converted into euros for consolidation as well as its US dollar denominated cash balance.



20.3.1.5.2.3.2 Interest rate risk

In 2006, Egide SA set up two factoring agreements factoring agreements for domestic and export trade receivable accounts. The corresponding monthly financing commission applied by the factors to amounts financed is based on the Euribor average 3 month rate at the end of the prior month subject to a 0.60 % minimum. These contracts are not derecognized. In May 2012, Egide USA Inc. obtained a credit facility from Bank of America based on the value of trade receivables and inventories subject to a rate of interest determined as follows: BBA Libor daily floating rate + 3.50%.

Regional loans were obtained in July 2010 by Egide SA from the Provence Alpes Côte d'Azur region, for €200,000 and from the Vaucluse department for €100,000 for job retention aid. The loan granted by the French department was paid back in full on December 31, 2016. The regional loan carried no interest rate risk as it is interest free and repayable in 7 years with a grace period of two years.

A €600,000 "SOFIRED – PME Défense" loan was obtained in December 2015 from Bpifrance, from which €30,000 was retained as cash collateral until full repayment of this loan. As a fixed rate loan for an annual rate of 3.85 %, it is not exposed to any interest rate risk. Furthermore, with a seven year term, it benefits from a two-year grace period for the repayment of capital.

Financing to Egide SA from Bpifrance in exchange for the collateralization of French tax credit receivables (research tax credits and the CICI wage tax credit are subject to interest calculated daily at the average 1 month Euribor rate of the previous month plus 3% per annum.

Finally, in May 2012, Egide USA Inc. obtained a US$1.56 million long-term loan from Bank of America to finance the acquisition of its industrial building subject to an interest rate equal to the BBA (British Bankers Association) Libor rate (Adjusted Periodically) + 3.50%. This loan provides for a provision of early redemption based on the application of a default clause (with two covenants attached to this loan), and a clause providing that in the event of noncompliance with one of these covenants, the bank reserves the right to apply a six-point markup to the contractual interest rate. At the end of 2016, these two covenants were in compliance

Given the marginal potential impact of interest rate fluctuations on the statement of comprehensive income linked to the nature of interest rates, the Group has not adopted specific measures for monitoring and managing interest rate risks.

20.3.1.5.2.4 Consolidated companies and basis of consolidation

The following companies were consolidated by Egide Group at December 31, 2016:

Company	Place of registration or incorporation	Ownership interest (%)	Consolidation method	Date of first consolidation
Egide SA	Bollène (Vaucluse) (France)	100%	Parent company	NA
Egide USA LLC	Wilmington - Delaware (USA)	100%	Full consolidation	11/08/2000
Egide USA Inc.	Cambridge - Maryland (USA)	100%	Full consolidation	12/29/2000

Subsidiaries over which exclusive control is exercised are fully consolidated. The notion of control is taken to mean the power to define and manage the financial and operational strategies of a company so as to benefit from its activities. Control is presumed to exist in those companies in which the Group directly or indirectly holds majority voting rights therein.
Consolidated companies close their annual financial statements on December 31.
Financial statements are presented in euros, the functional currency of Egide SA and the currency for the presentation of the Group accounts.

The financial statements of Egide USA Inc. (a self-sustaining subsidiary) are translated according to the closing rate method, whereby the statement of financial position (balance sheet) is converted into euros based on the exchange rate prevailing at the end of the reporting period. The comprehensive income statement and the cash flow statement are translated at the average exchange rate for the period. Translation differences are recorded directly in equity under the heading "other equity".
The financial statements of 'Egide USA LLC (integrated subsidiary) are translated according to the historical rate method whereby the statement of financial position is translated according to historical rates, except for monetary items which are translated at closing exchange rate. The comprehensive income statement and the cash flow statement are translated at the average exchange rate for the period. Translation differences are recorded directly in equity under the heading "other equity".

Income and expenses from intercompany transactions are eliminated in the balance sheet when preparing the consolidated financial statements.

20.3.1.5.3 Notes on operating items

20.3.1.5.3.1 Fixed assets

Assets owned by the Group

In light of the "customized" nature of products marketed by Egide, research and development expenditures concern mainly products developed in partnership with customers. These costs recognized under expenses are then incorporated into the costs of prototypes which are invoiced to customers. In consequence, no research and development expenditures are capitalized and accounted for as assets.
Intangible assets presented under assets in the Group's statement of financial position at December 31, 2016 and consisting of patents, licenses and software had been acquired.

Finite life assets are amortized on a straight-line basis over the expected useful life for generating economic benefits for the Group. Amortization periods applied are as follows:

	Straight-line
Licenses Software Patents	5 to 10 yrs. 3 to 5 yrs. 12 years
Buildings Buildings fixtures and fittings Plant, machinery and equipment Office equipment and furniture, other fixtures and fittings	25 years 10 years 3 to 10 yrs. 3 to 10 yrs.

As no residual values are retained at the end of these useful lives, a corresponding deduction is not made from the depreciation base.

Leased assets

Leases that effectively transfer substantially all risks and rewards inherent in the ownership of an asset to the Group are classified as finance leases. The original value of the property is recognized under the corresponding asset and a miscellaneous financial liability is recorded under liabilities. The depreciation period applied to this property is consistent with the normal depreciation periods applied by the Group.
All other leases represent operating leases and the corresponding assets are in this case not recognized in the Group's balance sheet.

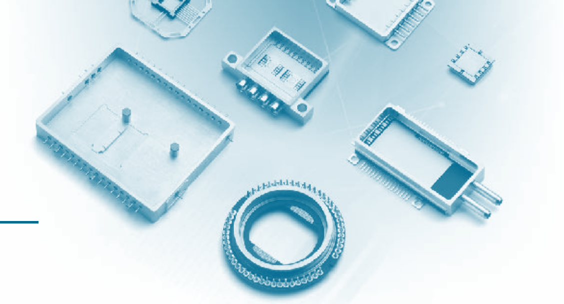
Impairment of intangible and tangible assets

An impairment test is performed whenever there exists an internal or external indicator of a loss in value. An impairment loss is recognized if the recoverable value of the asset concerned is lower than the net carrying value. This impairment loss is deducted from depreciable accounting base over the asset's remaining useful life

Before impairment tests, cash generating units (CGU) are first of the five. A CGU is a group of homogeneous assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

For Egide Group, the following CGU have been defined:
- Egide SA
- Egide USA Inc.

In effect, these profit centers reflect the smallest identifiable groups of assets generating cash flows able to be defined by the Group. The Group accordingly measures discounted future cash flow that will be generated by each CGU. Value in use is determined by comparing the present value of cash flows to the net carrying value of the corresponding intangible and tangible CGU. An impairment loss is recognized if value in use falls below the net carrying value, except if this asset or group of assets have a specific market value which is higher than the carrying value.



Intangible and tangible assets break down as follows:

Gross amounts	Intangible assets	Land and buil-dings	Plant and machinery	Other tangible fixed assets	Work in progress, prepayments	Total
At 12/31/2014	**336**	**1,713**	**14,172**	**1,319**	**333**	**17,873**
Increase Decrease Translation adjust.	131	 197	1 618 (969) 478	81 62	17 (209) 37	1,847 (1,179) 774
At 12/31/2015	**467**	**1,910**	**15,298**	**1,462**	**178**	**19,315**
Increase Decrease Translation adjust.	93 (2)	28 63	769 (49) 199	94 (77) 20	300 (171) 5	1,284 (298) 287
At 12/31/2016	**558**	**2,000**	**16,217**	**1,500**	**312**	**20,587**

Amortization, depreciation and impairment	Intangible assets	Land and buildings	Plant and machinery	Other tangible fixed assets	Work in progress, prepayments	Total
At 12/31/2014	**304**	**131**	**13,220**	**1,063**		**14,718**
Increase Decrease Translation adjust.	44	59 15	247 (969) 459	51 62		401 (969) 536
At 12/31/2015	**348**	**205**	**12,956**	**1,176**		**14,685**
Increase Decrease Translation adjust.	85 (2)	63 7	405 (49) 149	72 (77) 20		624 (128) 175
At 12/31/2016	**431**	**274**	**13,461**	**1,191**		**15,356**

In net values	Intangible assets	Land and buildings	Plant and machinery	Other tangible fixed assets	Work in progress, prepayments	Total
At 12/31/2014	**32**	**1,582**	**952**	**255**	**333**	**3,153**
Increase Decrease Translation adjust.	87	(59) 182	1,371 19	30 0	17 (209) 37	1,446 (210) 238
At 12/31/2015	**119**	**1,705**	**2,342**	**286**	**178**	**4,630**
Increase Decrease Translation adjust.	8	 (35) 56	364 50	22 1	300 (171) 5	694 (206) 112
At 12/31/2016	**127**	**1,726**	**2,756**	**309**	**312**	**5,231**

Decreases reflect the updating of the inventory of fixed assets and the decommissioning of various equipment with a carrying value that was already nil at Egide SA, notably pursuant to the move to a new building at Trappes.

The creation of a clean room at Egide USA required capital expenditures for plant and machinery amounting to €1,246,000 in 2015 and €296,000 in 2016.

The conclusion of lease agreements in early 2015 by Egide SA, in accordance with IAS 17, resulted in the capitalization of the corresponding assets. This included €219,000 for intangible assets (software), €212,000 for plant and machinery and €44,000 for computer equipment representing total capital expenditures of €215,000 in 2015 and €260,000 in 2016.

As the present value of assets recorded in the statement of financial position at December 31, 2016 covers their net carrying value, no additional amounts were recorded for impairment.

20.3.1.5.3.2 Other non-current assets

At December 31, 2016, the balance of this line item was nil though items included under the heading "Other non-current assets" at December 31, 2015 were as follows:

Line items	Balance at 12/31/2016
Egide SA building debt assignment	242
2013 research tax credit	262
2013 CICE wage tax credit	129
Total	**633**

At December 31, 2016, the receivable relating to the sale of the Bollène building in 2010, the collection of which was linked to Egide SA's financial soundness, is now classified under financial assets as it is considered to represent a supplementary guarantee deposit.

The 2013 research tax credit and CICE wage tax credit are presented under current assets at December 31, 2016 (in "Sundry debtors" as they were assigned to Bpifrance in order to obtain pre-financing) since they will be refunded to Egide SA at the end of the 2017 first half.

20.3.1.5.3.3 Inventory and work in progress

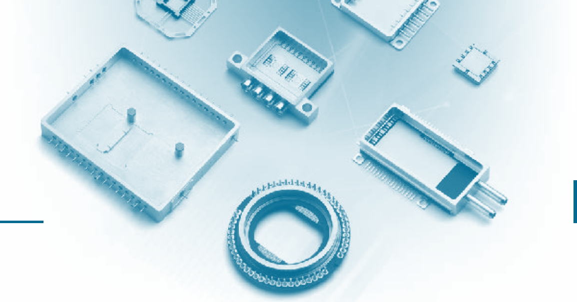
Inventories materials, consumables and trade goods are recognized at their acquisition cost (plus shipping costs) according to the weighted average cost method. Work in progress, finished goods and semi-finished goods are measured at production cost which includes direct manufacturing costs and factory overheads relating to references recognized as correct at the end of the manufacturing process. The costs of manufacturing scrap are expensed in the period. When costs are higher than the selling price, after deducting selling costs for products, a charge for impairment is recorded for the difference.

Depreciation charges are recognized for raw materials, semi-finished and finished goods and based on their age and expectations for their use and sale. For the first year, an impairment charge of 5% is recorded which is increased to 50% to 100% in the second year according to the inventory and 100% the third year based on the actual depreciation schedule. For information, inventories for raw material include components and basic raw materials (minerals). Items in this latter category by nature are subject to different depreciation rules based on factors relating to stock use, transformation into components or resale of an existing market.

Changes in inventory and work in progress and allowances and reversals thereof relating to this inventory are presented in the Group statement of comprehensive income, according to their nature, under "Raw materials and supplies" or "Changes in finished goods and work in progress".

Changes in the inventories and work in progress break down as follows:

Gross value	Raw materials & other supplies	Goods and services in progress	Finished goods	Trade goods	Total
At 12/31/2015	**5,536**	**1,144**	**1,458**	**53**	**8,190**
Increase					
Decrease	(352)	(50)	(522)	(44)	(968)
Translation adjust.	60	16	5		82
At 12/31/2016	**5,244**	**1,110**	**941**	**8**	**7,304**



Impairment	Raw materials & other supplies	Goods and services in progress	Finished goods	Trade goods	Total
At 12/31/2015	**3,732**	**2**	**993**	**49**	**4 776**
Increase	59		33	1	92
Decrease	(803)	(2)	(597)	(45)	(1,448)
Translation adjust.	38		1		40
At 12/31/2016	**3,026**		**429**	**5**	**3,461**

The retirement of inventories of raw materials, semi-finished goods and covers written down for a number of years, resulted in the reversal of the corresponding impairment, as the net value of this inventory was nil.

20.3.1.5.3.4 Trade and other receivables

On initial recognition, receivables are recognized at fair value, and those having maturities of less than one year are discounted as applicable. For subsequent recognition, they are measured at amortized cost using the effective interest method.
Impairment charges are recorded for receivables are subject, as applicable, to collection risks, amounting to the estimated value of the risk.

Receivables in foreign currency are measured at the closing exchange rate on this date. The corresponding translation differences result in the recognition of unrealized foreign exchange losses or gains under net financial income.

The following line items are included under "Trade and other receivables":

Line items	Balance at 12/31/2016	Balance at 12/31/2015
Advances and prepayments on orders	23	11
Accounts receivable	4,067	3,079
Employee and related receivables	25	2
VAT receivables	104	62
Sundry tax receivables (RTC and CICE wage tax credits)	858	682
Sundry debtors	75	18
Total	**5,152**	**3,863**

The 2012 and 2015 research tax credit and the 2015 wage tax credit (CICE) were collected in 2016. At December 31, 2016, the research tax credit and the wage tax credit are no longer presented under Other non-current assets after being refunded in 2017 in the amount of €391,000. The 2016 research tax credit and the wage tax credit amounting to respectively €281,000 and €186,000 will be received in 2017.

It should be noted that the net inflow for Egide SA in 2017 will be €372,000 as Bpifrance had already partially financed the 2013 and 2016 wage tax credits and granted a credit line based on the 2013 research tax credit. The corresponding financial liabilities are recognized under current financial liabilities.

The 2016 research tax credit is included in the statement of comprehensive income under "Other operating income" whereas the CICE 2016 wage tax credit is deducted from "staff expenses".

All R&D expenditures were fully expensed in the income statement (€1.026 million in 2016 and €1.062 million in 2015).

The aged trial balance for accounts receivables and payable is presented below:

	Total	Not due	Past due 0 to 30 days	Past due 31 to 60 days	Past due 61 to 90 days	Past due more than 91 days
Balance at 12/31/2016	**4,067**	3,259	713	10	(13)	98
Balance at 12/31/2015	**3,079**	2,575	428	42	26	8

The balance at December 31, 2016 includes receivables denominated in US dollars amounting to US$1,202,000 or €1,140,000 compared to US$1,321,000 and €1,213,000 one year earlier.

20.3.1.5.3.5 Provisions

At Egide SA retirement severance benefits are accrued for in the consolidated financial statements in the form of a provision calculated in accordance with IAS 19 as are long-service and special seniority benefits. These commitments result from the collective bargaining agreement that apply to each establishment and calculated using the projected benefit method prorated on seniority. The main assumptions used for estimating pension obligations for 2015 and 2016 are as follows:

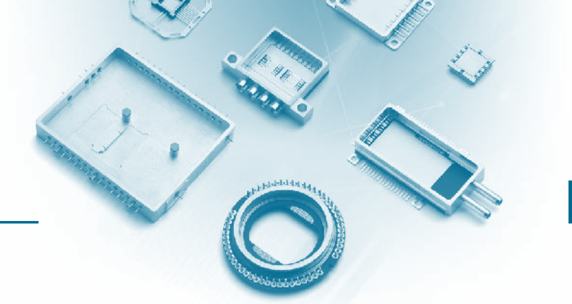
- Retirement age: 65 to 67 (according to the date of birth),
- Salary escalation rate: 2 %
- Life expectancy: based on the INSEE 2009 actuarial table
- Probability of presence determined according to internal statistics specific to each establishment
- The long-term discount rate: 2.33 % (Markit Iboxx Eur corporates AA 10+)
- Provisions are calculated excluding employer contributions

These provisions apply to foreign subsidiaries which are not subject to requirements to pay additional employment severance benefits or benefits based on seniority in the company.

The impact of recurrent discounting and normal changes in variables for calculating the provision (seniority, personnel changes, discount rate, etc.) is fully recognized in the statement of comprehensive income and presented in the statement of financial position under "other equity".

These represent non-current provisions, breaking down as follows:

	Provisions for employee benefits
At 12/31/2014	**430**
Increase Reversal of provisions used in the period Reversal of unused provisions	37 (23) (31)
At 12/31/2015	**413**
Increase Reversal of provisions used in the period Reversal of unused provisions	118 (6) (4)
At 12/31/2016	**520**



20.3.1.5.3.6 Accounts payable

On initial recognition, payables are recognized at fair value, and those having maturities of less than one year are discounted as applicable. For subsequent recognition, they are measured at amortized cost using the effective interest method. Payables in foreign currency are measured at the closing exchange rate on this date. The corresponding translation differences result in the recognition of unrealized foreign exchange losses or gains under net financial income.

The capitalization of finance leases resulted in the recognition under liabilities of a miscellaneous financial liability for the same initial amount. This financial liability is amortized over the lease term.

20.3.1.5.3.6.1 Non-current borrowings falling due in more than one year

Line items	Balance at 12/31/2016	Due within 1 to 5 years	Due after 5 years	Balance at 12/31/2015	Due within 1 to 5 years	Due after 5 years
Building loan - Egide USA Inc. RTC and CICE wage tax credit pre-financing - Egide SA	1,077 0	382	695	1,123 331	351 331	772
Total borrowings from credit institutions	**1,077**	**382**	**695**	**1,454**	**682**	**772**
Sofired PME Défense loan - Egide SA Finance lease liabilities - Egide SA PRME - Egide SA	600 167 0	480 167	120	600 105 29	360 105 29	240
Total misc.	**767**	**647**	**120**	**734**	**494**	**240**
Total borrowings and financial liabilities	**1,845**	**1,029**	**815**	**2,188**	**1,176**	**1,012**

Borrowings and financial liabilities are measured at market prices.

As the covenants relating to the Egide USA Inc. property loan were respected at December 31, 2016, the obligation to present a breakdown of this debt between non-current and current liabilities was respected.

Pursuant to the conclusion of finance leases by Egide SA, the corresponding assets were capitalized in accordance with IAS 17, with a reverse entry of €167,000 under non-current liabilities and €121,000 under current liabilities.

20.3.1.5.3.6.2 Current debt

Debts with maturities of less than one year break down as follows:

Line items	Balance at 12/31/2016	Balance at 12/31/2015
Building loan - Egide USA Inc. RTC and CICE wage tax credit pre-financing - Egide SA	83 486	76
Total borrowings from credit institutions	**568**	**76**
Factoring and revolving credit debt Finance lease liabilities - Egide SA PRME - Egide SA Sofired PME Défense loan - Egide SA	2,807 121 30 6	2,347 57 56
Total misc.	**2,963**	**2,460**
Total borrowings and financial liabilities	**3,532**	**2,536**
Advances and prepayments on orders Trade payables and related accounts Employee and related receivables VAT receivables Other tax payables Sundry creditors Payables for fixed assets	150 2,330 1,026 1 104 122 128	119 2,086 1,194 23 96 79 34
Total trade and other payables	**3,861**	**3,632**

20.3.1.5.3.7 Tax and tax credits

Reconciliation between the theoretical tax and actual tax recognized:

	At 12/31/2016
Pretax profit (loss) of consolidated companies Theoretical tax income from the rate prevailing at December 31, 2016 Impact of loss carryforwards	(733) 244 (244)

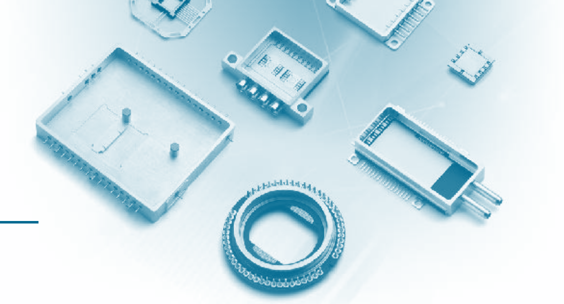
For information, deferred taxes at December 31, 2015 consisted of tax losses carried forward indefinitely amounting to 49,441,000 for Egide SA and €6,035,000 for Egide USA Inc. (with these losses able to be carried forward for a maximum of 20 years).

Deferred tax corresponds to tax loss carryforwards that will not be capitalized in the short-term given the amount of tax losses.

20.3.1.5.3.8 Segment information

Revenue recognition
Products are shipped Ex-Works (EXW) according to Incoterm definition. Revenue is recognized upon the transfer of risks either when products are shipped or from availability for shipment ex-works. The delivery order and the invoice are issued on the date the products are actually removed.
Revenue includes revenues from the sale of products and trade goods as well as associated equipment costs, and amounts invoiced under engineering design or service contracts.

Segment information
In accordance with the Group's internal reporting methods, an operating sector is defined as a component of an entity engaged in ordinary activities generating income and expenses for which financial information is available.



On this basis, for the two segments, operating results regularly reviewed by the chief operating decision-maker of the entity are determined as follows: Egide SA and Egide USA Inc.
Accounting principles applied to information provided for the segments are the same as those used to prepare the consolidated financial statements.
In addition, the breakdown of revenue is subject to specific analysis according to the product applications at the customers and their countries.

Financial highlights for operating segments break down as follows:

Rubriques - En K€	At 12/31/2016			At 12/31/2015		
	Egide SA	Egide USA Inc	Total	Egide SA	Egide USA Inc	Total
Revenue	14,124	8,047	22,171	12,150	8,441	20,591
Operating profit / (loss)	(318)	(282)	(601)	(1,198)	(285)	(1,483)
Net fixed assets	2,134	3,585	5,719	1,519	3,334	4,854
Capital expenditures for the period	624	398	1,022	444	1,223	1,667
Fixed asset impairments / IAS 36	(1,262)	(205)	(1,466)	(1,262)	(205)	(1,466)
Non-current borrowings and financial liabilities	767	1,077	1,845	1,065	1,123	2,188
Current borrowings and financial liabilities	2,416	1,116	3,531	1,641	895	2,535

Revenue by technology application	12/31/2016	12/31/2015
Power packages	5,619	5,863
High-frequency	2,551	1,735
Optronics	2,476	2,542
Thermal imaging	9,973	9,248
Other including engineering studies	1,552	1,203
Total	**22,171**	**20,591**

Revenue by region	12/31/2016	12/31/2015
France	7,460	7,100
EEC excluding France	2,052	1,251
USA in Canada	8,582	9,074
Other countries	4,077	3,165
Total	**22,171**	**20,591**

Customers for which sales individually represent more than 10% of consolidated revenue represented 19% of this revenue in 2016 and 33% in 2015.

20.3.1.5.3.9 Other operating income and expenses

The breakdown for this item is as follows:

Line items	At 12/31/2016		At 12/31/2015	
	Income	Expenses	Income	Expenses
Research tax credit - Egide SA	281		243	
Social security rebate – Egide SA	68			
Attendances' fees		(36)		(18)
Other	52	(37)	37	(47)
Total	**401**	**(73)**	**280**	**(65)**

20.3.1.5.3.10 Net financial income (expense)

Gross borrowing costs include interest expense on loans as shown in the statement of that position and financing commissions linked to factoring.
Other financial income and expenses break down as follows:

En K€	At 12/31/2016		At 12/31/2015	
	Income	Expenses	Income	Expenses
Foreign exchange gains / (losses) Other income and expenses	255	(181)	458 9	(155)
Total	**255**	**(181)**	**467**	**(155)**

20.3.1.5.4 Shareholders equity and earnings per share

20.3.1.5.4.1 Information on paid-in capital

At December 31, 2016, the share capital was made up of 4,471,906 shares of €2 at par representing €8,943,812.

Share premium at December 31, 2016 amounted to €1,741,193.

20.3.1.5.4.1.1 Stock option plans

On June 16, 2016 the general meeting of Egide SA authorized the Board of Directors to grant to members of the executive management and selected personnel of the company or subsidiaries held directly or indirectly, for a period that will expire on August 15, 2019, options conferring a right to subscribe for shares to be issued through a capital increase. The total number of options granted and not yet exercised does not confer a right to subscribe to more than 5% of the shares making up the share capital. The price to subscribe for shares may not be less than 95% than the average trading price during the twenty (20) trading sessions preceding the grant date of the option. The board of directors will set the terms and conditions according to which the options may be exercised and/or conditions of performance and/or presence of the beneficiary in the company or one of its subsidiaries; providing for an initial period during which the options may not be exercised, as well as clauses prohibiting the immediate resale of all or part of said shares, with the holding period thus defined not to exceed three (3) years from the option exercise date.

No stock options were granted in fiscal 2016.

In addition, as plan 5.2 expired on March 4, 2016, a total of 24,597 unexercised options were forfeited by their beneficiaries.

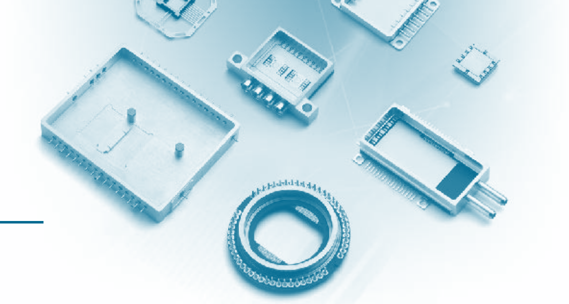
Year-end stock option plan highlights are presented below:

Plan No.	Plan 6.2	Plan 6.3	Plan 7.1	Total
Options granted and not exercised Subscription price	603 €6.71	603 €3.67	12,000 €2.56	13,206

The weighted average price of the 13,206 unexercised stock options at December 31, 2016 was €2.80.

For information, the average price for the Egide SA share for fiscal 2016 was €2.95 and the closing price at December 31, 2016 was €2.59.

With the total number of options granted and not exercised set by the general meeting at a maximum of 5 % of the shares making up the share capital, there remained at December 31, 2016 a balance of 210,389 options available for grants.



Stock options to purchase shares granted to employees are measured at their fair value on the grant date. Fair value measurement of options is determined using the Black & Scholes valuation model based on management assumptions (option life: 4.5 years; volatility: 30%; risk-free rate: 2.20%; no clause for early exercise and no dividend are expected). The resulting amount is recognized in with the statement of comprehensive income for the employees' vesting period with an equivalent increase in equity. Expenses recognized for options lapsing before being exercised are reversed in the comprehensive income statement for the period in which options lapsing due to the departure of employees before the end of the vesting period were recorded.

The company applies IFRS 2 "Share-based payments and equivalents" to equity instruments granted after November 7, 2012 and not yet vested by December 31, 2016. On this date, the fair value of the 13,206 stock purchase options recorded in equity is €8,000 and the weighted average subscription price is €0.58.

20.3.1.5.4.1.2 Capital increase authorizations

The combined extraordinary and ordinary general meeting of June 16, 2016 authorized the Board of Directors to issue, through one or more installments, in amounts and at such times as it chooses, ordinary shares and/or securities constituting debt securities and giving access to the capital of the company, governed by articles L.228-91 et seq. of the French commercial code for a maximum nominal amount of €6 million, maintaining shareholders preferential subscription rights. It furthermore authorized the Board of Directors to increase the number of securities to be issued by up to 15% the initial issue amount for the purpose of providing for an overallotment (greenshoe) option in accordance with market practices. This authorization shall be valid for a term of 26 months from the date of this general meeting, i.e. until August 15, 2018.

These authorizations were not used in the period.

20.3.1.5.4.2 Earnings per share

Earnings per share, diluted or basic, take into account "Net income attributable to Group shareholders" as shown in the statement of comprehensive income.

Basic earnings per share are determined by dividing this result by the weighted average number of shares outstanding in the period. Share issuances resulting from cash capital increases are taken into account as from the date on which the funds are available. There is only one class of shares.
Diluted earnings per share are determined by adjusting the weighted average number of shares according to the maximum impact from converting dilutive instruments into ordinary shares, using the treasury stock method. Stock options are taken into account in calculating the theoretical number of additional shares only if the exercise price is lower than the listed share price on the calculation date.

The following table presents the numbers of shares used for the calculation:

Date for calculation purposes	Number of shares	At 12/31/2016		At 12/31/2015	
			Weighted number	Prorated presence	Weighted number
12/31/1999	643,598	1	643,598	1	643,598
04/03/2000	400	1	400	1	400
07/05/2000	91,999	1	91,999	1	91,999
12/22/2000	245,332	1	245,332	1	245,332
12/31/2001	3,458	1	3,458	1	3,458
12/31/2003	1,428	1	1,428	1	1,428
12/31/2004	7,099	1	7,099	1	7,099
12/31/2005	4,942	1	4,942	1	4,942
08/21/2006	285,738	1	285,738	1	285,738
12/31/2006	1,837	1	1,837	1	1,837
12/31/2007	288	1	288	1	288
12/31/2008	3	1	3	1	3
12/31/2009	153	1	153	1	153
06/10/2011	25	1	25	1	25
02/17/2012	493,080	1	493,080	1	493,080
04/04/2012	5,417	1	5,417	1	5,417
06/30/2014	2,280,573	1	2,280,573	1	2,280,573
11/13/2015	406,536	1	406,536	0.13	50,817
Ordinary shares			**4,471,906**		**4,116,187**
Theoretical number of additional shares			0		0
Impact of dilutive instruments.			**4,471,906**		**4,116,187**

20.3.1.5.5 Auditors' fees

Montants en K€	RSM Paris				PricewaterhouseCoopers Audit			
	2015		2016		2015		2016	
Certification of the accounts	67	90%	71	100%	82	100%	90	100%
Other services	7	10%	-	-	-	-	-	-
Total	**74**	**100%**	**71**	**100%**	**82**	**100%**	**90**	**100%**

20.3.1.5.6 Related parties

20.3.1.5.6.1 Related party transactions

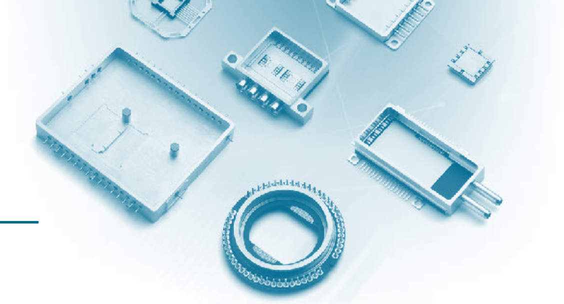
The six executive officers of Egide SA are the Chair-CEO, the Deputy CEO and four independent directors.

Gross compensation paid to the Chairman of the Board of Directors from January 1 to June 16, 2016 amounted to €41,000 including benefits in kind for fiscal 2016 (€39,000 in wages and €2,000 in benefits in kind). This compensation includes only fixed components.

Gross compensation paid for the office of Chief Executive Officer amounted to €218,000 for fiscal 2016 (€199,000 in wages and €19,000 and benefits in kind). Compensation of the Chief Executive Officer includes variable compensation for up to 40% of the fixed salary, subject to achieving performance indicators (annually set revenue and EBIT targets). As these performance indicators were not defined for 2016 at the Group level, no variable compensation was paid on this basis. Given his US nationality, the chief executive officer does not benefit from French social security coverage though does receive benefits in the form of company housing in France (and related expenses) four round-trip plane tickets from the US to France per year for the benefit of his spouse and a company car in the United States.

The Deputy Chief Executive Officer, also holding an employment contract for distinct technical functions as chief administrative and financial officer, does not receive remuneration for his corporate office.

The directors of Egide SA have not received stock options.



For fiscal 2016 attendance fees paid to other members of the Board of Directors totaled €36,000 (gross amount plus a fixed statutory social levy for the *"forfait social"* of €2,000 for Egide SA).

Furthermore, directors are covered for liability by a D&O policy underwritten by Chartis. Coverage under this policy is for a maximum amount of €4.5 million with a deductible for the United States of US$25,000 for an annual premium of €13,000 excluding tax.

20.3.1.5.6.2 Breakdown of average headcount

	2016	2015
Executives and management staff Supervisory staff and technicians, Plant and office staff	48 20 158	45 19 169
Total	**226**	**233**

20.3.1.5.7 Commitments and other contractual obligations

20.3.1.5.7.1 Commitments related to company financing activities

20.3.1.5.7.1.1 Commitments given

20.3.1.5.7.1.1.1 Commitments on behalf of affiliated companies

The company stood guarantee to the benefit of Bank of America in connection with a loan agreement obtained by Egide USA Inc. in May 2012 to finance the purchase of its industrial building for amounts owed by Egide USA Inc. representing at a maximum the amount of principal and interest remaining due, estimated at US$1,618,000 (€1,535,000) at December 31, 2016.

20.3.1.5.7.1.1.2 Commitments in favor of financial institutions

In accordance with articles L313-23 to L313-34 of the French monetary and financial code, Egide assigned to Bpifrance receivables represented by the 2013 research tax credit and the 2013 and 2016 CICE wage tax credit advance *("en germe")*. The assignment of these securitized receivables (Dailly receivables) made it possible to pledge these receivables in exchange for:

- The grant in February 2015 of a cash credit line for 80% of the 2013 research tax credits or €208,000.
- Financing received in July 2014 representing 95% of the 2013 CICE wage tax credit or €123,000.
- Financing received in November 2016 representing 95% of the CICE wage tax credit advance ("en germe") or €155,000.

This pledge guarantees repayment by Egide for all amounts owed under its commitments to Bpifrance.

Off-balance-sheet commitments are summarized below:

Line items	12/31/2016	12/31/2015
Pledges Guarantees given	486 1,535	331 1,632
Total	**2,021**	**1,963**

20.3.1.5.7.1.2 Commitments received

No bank guarantees were issued to the benefit of Egide.

20.3.1.5.7.1.3 Reciprocal commitments

In connection with the factoring arrangement set up in April 2006, Egide SA took out a credit insurance policy designating the factors as beneficiaries for insurance payments to be made in the event of default by the company's customers. Obligations for claims payments by the insurance company are limited with respect to the company to maximum payments equal to €1 million.

20.3.1.5.7.2 Commitments given related to company financing activities

The breakdown by maturity for unrecognized commitments on the operating lease is as follows:

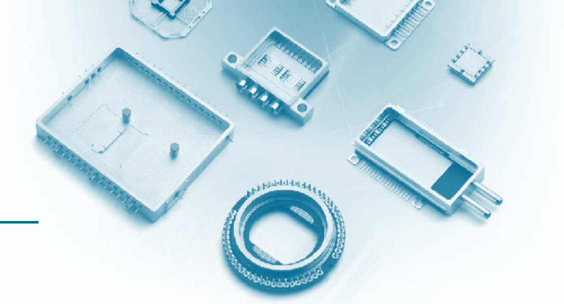
	Values at 12/31/2016	Due within less than 1 year	Due within 1 to 5 years	Due after 5 years
Trappes property lease - Egide SA [1]	864	71	292	500
Bollène property lease - Egide SA [2]	1,728	208	850	670
Company cars - Egide SA [3]	36	21	14	0
Company car - Egide USA Inc. [4]	11	5	6	0
Total	**2,639**	**305**	**1,162**	**1,170**

[1] A firm 12-year lease commencing on June 1, 2016 - annual rent indexed to the INSEE cost of construction index as from June 1, 2017.
[2] A firm 15-year lease commencing on March 3, 2010 - annual rent indexed to the INSEE cost of construction index as from March 1, 2011.
[3] Company car leasing agreements for 36 or 48 months for three vehicles, subject to fixed lease payments.
[4] A company car lease for 36 months for one vehicle, subject to fixed lease payments.

20.3.1.5.8 Post-closing events

In January 2017, the company carried out a capital increase with preferential subdivision rights in the amount of €7.2 million to finance the acquisition of the operating assets and liabilities of Thermal Management Solutions LLC, based in San Diego California.

As this capital increase was oversubscribed at 117.3%, the board of directors exercised the extension option for 15% of the initial amount, thereby increasing the amount to €8.2 million. In consequence, Santier Inc., a wholly-owned subsidiary of Egide USA LLC, itself wholly owned by Egide SA, was created for the purpose of receiving the operating assets and liabilities thus acquired. This new subsidiary has been conducting operations within the Egide Group since February 28, 2017.

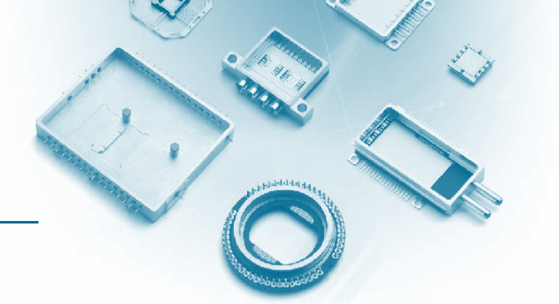


20.3.2 2016 annual financial statements of Egide SA

20.3.2.1 Balance sheet - assets and liabilities (in euros)

ASSETS in euros	Gross value at 12/31/2016	Amortization, depreciation and impairment	Net value at 12/31/2016	Net value at 12/31/2015
Intangible assets	**490,694**	**477,829**	**12,864**	**21,293**
Start-up costs				
Research and development expenditures				
Concessions, patents, licenses	338,245	325,380	12,864	21,293
Goodwill	152,449	152,449	0	0
Other intangible assets				
Property, plant and equipment	**10,475,793**	**9,148,501**	**1,327,292**	**1,102,722**
Land				
Buildings				
Plant, machinery and equipment	9,284,189	8,503,349	780,840	809,255
Other PPE	809,574	529,332	280,242	269,629
PPE under construction	341,910	115,821	226,089	7,329
Advances and prepayments	40,120		40,120	16,510
Financial assets	**77,843,272**	**73,629,295**	**4 213 977**	**3,517,566**
Equity interests	74,484,637	73,629,295	855,342	855,342
Investment-related receivables	2,877,202		2,877,202	2,444,846
Other financial assets	481,433		481,433	217,378
NON-CURRENT ASSETS	**88,809,759**	**83,255,625**	**5,554,133**	**4,641,582**
Inventory and work in progress	**4,750,150**	**2,175,183**	**2,574,967**	**2,141,832**
Raw materials, supplies	3,358,337	1,767,957	1,590,380	1,163,727
Work-in-progress: goods	617,663	426	617,237	565,236
Work-in-progress: services	77,136		77,136	68,926
Intermediate and finished goods	688,860	401,840	287,020	340,618
Trade goods	8,154	4,960	3,194	3,325
Receivables	**677,845**	**0**	**677,845**	**423,351**
Advances and installments paid on orders	19,627		19,627	10,925
Trade receivables and related accounts	658,218		658,218	412,426
Subscribed capital - called and unpaid				
Other receivables	**1,572,042**	**86,493**	**1,485,549**	**1,392,743**
Cash at bank and in hand	**1,050,030**		**1,050,030**	**2,589,104**
Marketable securities				1,051,352
Cash at bank and in hand	1,050,030		1,050,030	1,537,752
Prepaid expenses	**180,548**		**180,548**	**194,297**
CURRENT ASSETS	**8,230,614**	**2,261,676**	**5,968,939**	**6,741,327**
Unrealized losses on foreign exchange				
TOTAL	**97,040,373**	**85,517,301**	**11,523,072**	**11,382,909**

EQUITY & LIABILITIES in euros	Values at 12/31/2016	Values at 12/31/2015
Capital	8,943,812	8,943,812
Additional paid-in capital	1,741,193	1,741,193
Revaluation reserves		
Legal reserve	355,876	355,876
Statutory and contractual reserves		
Tax-based reserves		
Other reserves		
Retained earnings	(3,785,938)	(2,734,079)
Net income for the period	(683,622)	(1,051,859)
Investment grants		
Tax-based provisions		
SHAREHOLDERS' EQUITY	**6,571,322**	**7,254,943**
Advances on conditions	0	6,390
OTHER SHAREHOLDERS' EQUITY	**0**	**6,390**
Provisions for contingencies		
Provisions for expenses	520,175	412,514
PROVISIONS	**520,175**	**412,514**
Borrowings and financial liabilities	**913,365**	**813,780**
Bank borrowings	277,590	122,690
Other financial liabilities	635,775	691,091
Advances and downpayments on orders in progress	**149,506**	**119,396**
Other payables	**3,154,183**	**2,623,474**
Trade payables and related accounts	1,830,452	1,373,382
Tax and employee-related liabilities	1,079,833	1,136,285
Payables to fixed asset suppliers	128,106	34,455
Other liabilities	115,792	79,351
Deferred income		
PAYABLES	**4,217,053**	**3,556,650**
Translation differences (liabilities)	214,522	152,411
TOTAL	**11,523,072**	**11,382,909**



20.3.2.2 Income statement (in euros) - 1st part

Line items	France	Export	12/31/2016	12/31/2015
Sale of goods	30,412	73,857	104,268	299,363
Sold production (goods)	6,903,628	6,338,582	13,242,210	11,302,795
Sold production (services)	525,890	395,607	921,498	739,962
NET REVENUE	**7,459,929**	**6,808,046**	**14,267,976**	**12,342,120**
Change in finished goods and in-progress inventory			(546,055)	165,787
Grants			1,246	665
Reversals of impairment & provisions - Expense reclassifications			1,444,161	90,187
Other income			19,540	23,681
Operating income			**15,186,868**	**12,622,440**
Purchase of trade goods			44,950	28,871
Changes in inventories of goods held for resale			44,417	(845)
Purchase of raw materials & other supplies			4,859,716	4,124,662
Changes in inventory (raw materials & other supplies)			370,514	67,747
Other purchases and external expenses			3,888,403	3,433,715
Taxes other than on income			281,603	265,890
Salaries and wages			4,531,769	4,277,887
Social security contributions			1,666,231	1,545,324
Allowances for amortization, depreciation & impairment of fixed assets			230,547	214,162
Allowances for impairment of current assets			39,804	76,934
Allowances for provisions			117,897	21,114
Other operating expenses			72,135	54,313
Operating expenses			**16,147,987**	**14,109,775**
OPERATING PROFIT			**(961,119)**	**(1,487,335)**
Interest and similar income			3,256	11,330
Reversals of impairment & provisions - Expense reclassifications				940,957
Foreign exchange gains			15,748	248,927
Net proceeds from the disposal of marketable securities			9,470	
Financial income			**28,474**	**1,201,215**
Allowances for depreciation and reserves				940,957
Interest and related expenses			71,731	50,501
Foreign exchange losses			28,095	19,909
Net proceeds from the disposal of marketable securities				
Financial expenses			**99,826**	**1,011,367**
NET FINANCIAL INCOME / (EXPENSE)			**(71,352)**	**189,848**
INCOME FROM ORDINARY ACTIVITIES BEFORE EXCEPTIONAL ITEMS AND TAX			**(1,032,471)**	**(1,297,487)**
Exceptional income from non-capital transactions			68,814	5,200
Exceptional income on capital transactions				2,585
Other capital transactions				
Reversals of impairment & provisions - Expense reclassifications				
Exceptional income			**68,814**	**7,785**
Exceptional expenses on non-capital transactions			975	5,202
Exceptional expenses on capital transactions				
Allowances for depreciation and reserves				
Exceptional expenses			**975**	**5,202**
NET EXCEPTIONAL ITEMS			**67,839**	**2,583**
Income tax			(281,010)	(243,045)
Employee profit sharing				
TOTAL INCOME			**15,284,156**	**13,831,440**
TOTAL EXPENSES			**15,967,777**	**14,883,299**
NET INCOME (LOSS) FOR THE PERIOD			**(683,622)**	**(1,051,859)**

20.3.2.3 Cash flow statement (in euros)

Line items	12/31/2016	12/31/2015
Net income/(loss)	**(683,622)**	**(1,051,859)**
Adjustments for non-cash income and expense or items unrelated to operating activities:		
- Amortization, depreciation and provisions (excl. impairment of current assets)	338,208	196,916
- Capital gains or losses from asset disposals		(2,585)
Change in working capital requirements (net values)	**(237,408)**	**479,472**
- Inventories and work in progress	(433,135)	(73,778)
- Trade receivables	(245,792)	115,958
- Other receivables and prepaid expenses	(87,758)	182,341
- Trade payables	457,069	221,605
- Other payables and deferred income	72,208	33,346
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**(582,822)**	**(378,056)**
Fixed asset purchases		
- Tangible and intangible fixed assets	(353,036)	(180,383)
- Financial assets	(696,411)	(2,228,040)
Fixed asset disposals		
- Tangible and intangible fixed assets		2,585
- Financial assets		
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	**(1,049,447)**	**(2,405,838)**
Issue of new cash shares		1,047,937
Increases in other equity		
Decreases in other equity	(6,390)	(6,390)
Distribution of dividends		
Increase in borrowings	154,900	601,091
Decrease in borrowings	(55,316)	(224,662)
NET CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES	**93,194**	**1,417,975**
Change in cash at bank and on hand	(1,539,074)	(1,365,919)
Change in current bank facilities		
CHANGE IN CASH AND CASH EQUIVALENTS	**(1,539,074)**	**(1,365,919)**
Opening cash and cash equivalents	**2,589,104**	**3,955,023**
- of which marketable securities pledged	*1,051,352*	
- of which available-for-sale market securities	*1,537,752*	
- of which cash at bank and on hand		*3,955,023*
Closing cash and cash equivalents	**1,050,030**	**2,589,104**
- of which available-for-sale market securities	*1,050,030*	*1,051,352*
- of which cash at bank and on hand		*1,537,752*
CHANGE IN CASH AND CASH EQUIVALENTS	**(1,539,074)**	**(1,365,919)**

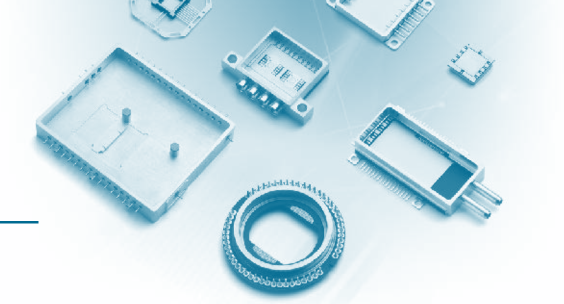
20.3.2.4 Accounting methods and notes on individual accounts

20.3.2.4.1 Preliminary remarks

These notes are an integral part of the annual financial statements established on December 31, 2016 showing total assets of €11,556,997 with a statement of comprehensive income presented in list form showing a loss of €683,622, adopted by the Board of Directors on April 21, 2017. These accounts have also been included in the consolidated financial statements of Egide SA as the parent company.

The financial period runs for twelve months from January 1 to December 31, 2016.

The information given below is expressed in euros or thousands of euros, unless otherwise indicated.



20.3.2.4.2 Accounting policies

The annual financial statements for the period ended December 31, 2016 have been prepared in accordance with applicable accounting standards based on the principles of conservatism, fair presentation, consistency of presentation, the time period concept and going concern.

Account items are measured in accordance with the historical cost method which makes use of nominal costs as expressed in the current national currency.

The annual financial statements have been prepared and presented in accordance with French generally accepted accounting practices (L123-12 to L123-28 of the French commercial code, the decree of November 29, 1983 and ANC Regulation 2016-07 issued by the French accounting standards setter.

20.3.2.5 Additional balance sheet and income statement disclosures

20.3.2.5.1 Critical accounting estimates and judgments

The company makes estimates and applies assumptions with regard to future activity. The resulting accounting estimates will by definition, rarely be identical to actual results.

The critical accounting estimates and assumptions that could result in a material adjustment to the carrying amount of assets and liabilities during subsequent periods concern impairment tests the company may perform on intangible and intangible assets. In effect, in accordance with the accounting method defined in section 10., recoverable amounts are determined from calculations for value in use which call for use of estimates.

20.3.2.5.2 Share capital

At December 31, 2016, the share capital was made up of 4,471,906 shares of €2 at par representing €8,943,812.

20.3.2.5.3 Additional paid-in capital

Share premium at December 31, 2016 amounted to €1,741,193.

20.3.2.5.4 Stock option plans

On June 16, 2016 the general meeting of Egide SA authorized the Board of Directors to grant to members of the executive management and selected personnel of the company or subsidiaries held directly or indirectly, for a period that will expire on August 15, 2019, options conferring a right to subscribe for shares to be issued through a capital increase. The total number of options granted and not yet exercised does not confer a right to subscribe to more than 5% of the shares making up the share capital. The price to subscribe for shares may not be less than 95% than the average trading price during the twenty (20) trading sessions preceding the grant date of the Option. The board of directors will set the terms and conditions according to which the options may be exercised and/or conditions of performance and/or presence of the beneficiary in the company or one of its subsidiaries; providing for an initial period during which the Options may not be exercised, as well as clauses prohibiting the immediate resale of all or part of said shares, with the holding period thus defined not to exceed three (3) years from the option exercise date;

No stock options were granted in fiscal 2016.

In addition, as plan 5.2 expired on March 4, 2016, a total of 24,597 unexercised options were forfeited by their beneficiaries.

Year-end stock option plan highlights are presented below

Plan No.	Plan 6.2	Plan 6.3	Plan 7.1	Total
Options granted and not exercised Subscription price	603 €6,71	603 €3,67	12,000 €2,56	13,206

For information, the average price for the Egide SA share for fiscal 2016 was €2.95 and the closing price at December 31, 2016 was €2.59.

With the total number of options granted and not exercised set by the general meeting at a maximum of 5 % of the shares making up the share capital, there remained at December 31, 2016 a balance of 210,389 options available for grants.

20.3.2.5.5 Capital increase authorization

The combined extraordinary and ordinary general meeting of June 16, 2016 authorized the Board of Directors to issue, through one or more installments, in amounts and at such times as it chooses, ordinary shares and/or securities constituting debt securities and giving access to the capital of the company, governed by articles L.228-91 et seq. of the French commercial code for a maximum nominal amount of €6 million, maintaining shareholders preferential subscription rights. It furthermore authorized the Board of Directors to increase the number of securities to be issued by up to 15% the initial issue amount for the purpose of providing for an overallotment (greenshoe) option in accordance with market practices. This authorization shall be valid for a term of 26 months from the date of this general meeting, i.e. until August 15, 2018.

These authorizations were not used in the period.

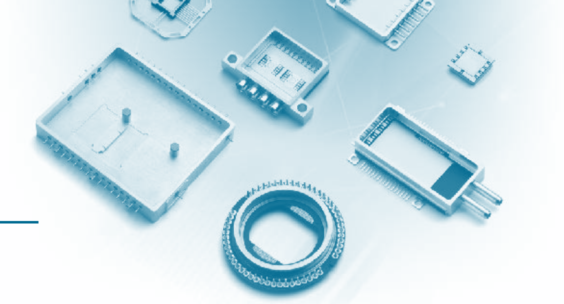
20.3.2.5.6 Statement of changes in shareholders' equity

In euros	12/31/2016	12/31/2015
Reported net income Per share basis	(683 622) (0.15)	(1 051 859) (0,24)
Change in equity (excluding above income/loss) Per share basis	0 0	1 047 937 0,23
Proposed dividend Per share basis	- -	- -
Shareholders' equity at the end of the reporting period before appropriation Impact on retained earnings of a change in accounting methods Appropriation of earnings of prior year decided by the AGM Shareholders' equity at the beginning of the period	8 306 802 - (1 051 859) 7 254 943	8 462 690 - (1 203 824) 7 258 866
Changes during the fiscal year		
Changes in share capital: - 11/13/15: issuance of 406,536 shares at €2.60 per share - 11/13/2015: deduction of share issuance expenses		 1 056 994 (9 057)
Reported shareholders' equity before the AGM and excluding income (loss) for the period	7 254 943	8 306 802
Total changes in shareholders' equity in the period	(683 622)	(3 922)

20.3.2.5.7 Repayable advances

Advances received from government entities and repayable in one or more installments according to conditions defined by agreement are recognized under other equity.

In connection with the compliance measures undertaken for the Bollène production site, in 2004, the company received an advance of €6,900 from the French Water Agency (Agence de l'Eau). This advance was subject to repayment in ten €6,390 installments of as from December 16, 2007. At December 31, 2016, this advance had been repaid in full.



20.3.2.5.8 Provisions

Provisions for retirement severance payments and similar benefits
Provisions are recorded for retirement severance, seniority and long service benefits calculated in accordance with French GAAP (Recommendation 2003-R.01 of the *Conseil National de la Comptabilité)*. Retirement severance and seniority benefits result from the terms of collective bargaining and company-level agreements applicable to each establishment and calculated according to the projected benefit method prorated on seniority. Liabilities for long-service benefits are calculated in accordance with the statutory provisions. The main assumptions used for estimating these obligations are as follows:

- Retirement age: 65 to 67 (according to the date of birth),
- Salary escalation rate: 2 %,
- Life expectancy: based on the INSEE 2009 actuarial table
- Probability of presence determined according to internal statistics specific to each establishment,
- The long-term discount rate: 1.48 % (Markit Iboxx Eur corporates AA 10+)
- Provisions are calculated excluding employer contributions as normally such obligations are not subject to social charges.

The impact of recurrent discounting and normal changes in variables for calculating the provision (seniority, personnel changes, discount rate, etc.) is fully recognized in the income statement.

Other provisions for contingencies and expenses
Provisions for contingencies and expenses are recorded when on the balance sheet date there exists an obligation towards a third-party for which it is probable or certain that an outflow of resources embodying economic benefits will be required to settle the obligation and no equivalent benefit is expected to be received in return after this date.

Changes in the provisions break down as follows:

Line items(euros)	12/31/2015	Allowances	Reversals	12/31/2016
Provisions for foreign exchange losses	0			0
Provisions for retirement severance payments and similar benefits	412,514	117,897	10,236	520,175
Total	**412,514**	**117,897**	**10,236**	**520,175**
Operating allowances and reversals		117,897	10,236	
Financial allowances and reversals				
Exceptional allowances and reversals				

The reversal of provisions used amounted to €5,880.

20.3.2.5.9 Other financial liabilities

In connection with a regional job protection plan, in July 2010 the company received €200,000 from the Provence Alpes Côte d’Azur region and a loan of €100,000 from the Vaucluse department. These 7-year interest-free loans with a two-year grace period are repayable through annual installments of respectively €40,000 and 20,000. At December 31, 2016 the "department" loan had been paid back in full and the balance of the regional loan was €30,000.

A €600,000 "SOFIRED - PME Défense" loan was granted on December 16, 2015 by Bpifrance, from which €30,000 was retained as cash collateral until full repayment of this loan. This loan, repayable in 7 years, provides for a two-year grace period for the repayment of capital and will be subject to annual interest of 3.85%

20.3.2.5.10 Depreciation schedule

Non-financial assets
An impairment test is performed whenever there exists an internal or external indicator of a loss in value. On that basis, an impairment loss is recognized if the recoverable value of the asset concerned is lower than the net carrying value. This impairment loss is deducted from depreciable accounting base over the asset's remaining useful life
Before impairment tests, cash generating units (CGU) are first of the five. A CGU is a group of homogeneous assets that generates cash inflows largely independent of the cash inflows from other assets or groups of assets.
Egide accordingly measures discounted future cash flow that will be generated by each CGU.
Value in use is determined by comparing the present value of cash flows to the net carrying value of the corresponding intangible and tangible assets of the corresponding CGU. An impairment loss is recognized if value in use falls below the net carrying value.

Allowances and reversals of amounts for impairment of fixed assets are presented in the company's income statement under results from operations.

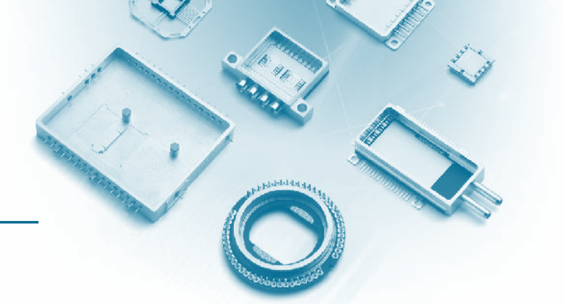
In accordance with French GAAP (CNC recommendation 06-12 of 24 October 2006), to allow for the tax deduction of impairment charges resulting from an impairment test, the irreversible depreciation charge relating thereto at the end of each reporting period is transferred to allowances for depreciation. The amount of this transfer equals the difference between allowances for depreciation calculated from the new depreciable amount (depreciation deducted) and allowances for depreciation that would have been recognized in the absence of impairment. This reversal is spread over the remaining useful life of the asset.

Financial assets
Impairment charges for equity interests are recorded, as applicable, to reflect their useful life for the company. The value is remeasured at the end of the reporting period which may result in the recognition of an impairment.

Inventory and work in progress
Depreciation charges are recognized for raw materials, semi-finished and finished goods and based on their age and expectations for their use and sale. For the first year, an impairment charge of 5% is recorded which is increased to 50% to 100% in the second year and 100% the third year based on the actual depreciation schedule. For information, inventories for raw material include components and basic raw materials (minerals). Items in this latter category by nature are subject to different depreciation rules based on factors relating to stock use, transformation into components or resale of an existing market.

Receivables
Impairment charges are recorded for receivables are subject, as applicable, to collection risks, amounting to the estimated value of the risk.

Line items(euros)	12/31/2015	Allowances	Reversals	12/31/2016
Intangible assets	152,449			152,449
Property, plant and equipment	257,746		36,130	221,616
Financial assets	73,629,295			73,629,295
Inventory and work in progress	3,569,304	39,804	1,433,925	2,175,183
Receivables	86,493			86,493
Total	**77,695,287**	**39,804**	**1,470,055**	**76,265,036**



20.3.2.5.11 Concessions, patents, licenses

Intangible assets are measured at acquisition cost on initial recognition, plus incidental expenses required to bring the asset into usable condition. Transfer duties, commissions and fees relating to acquisition of intangible assets are expensed in the period, in accordance with the option available under French GAAP (CRC regulation No. 2004-06)

In light of the "customized" nature of products marketed by Egide, research and development expenditures concern mainly products developed in partnership with customers. These costs are then incorporated into the costs of prototypes which are invoiced to customers. In consequence, no research and development expenditures are capitalized in the balance sheet and accounted for as such under assets.
Finite life assets are amortized on a straight-line basis over the expected useful life for generating economic benefits for the company. Amortization is calculated according to the following rates:

	Straight-line
Licenses Software Patents	10% to 20 % 20 % to 33.33 % 8.33 %

As no significant residual values were identified for the company's intangible assets, the amortization base does not take into account any residual values at the end of their period of use.
The amortization method, residual amounts and useful lives are reviewed at a minimum at the end of each reporting period, and may modify on a prospective basis the initial amortization schedule.

Changes in the other intangible assets break down as follows:

In euros	Gross value at 12/31/2015	Acquisitions, creations, reclassifications	Disposals, reclassifications, decommissioning	Gross value at 12/31/2016
Concessions, patents, licenses	336,896	3,555	2,206	338,245

Changes in the amortizations break down as follows:

In euros	Accumulated depreciation at 12/31/2015	Allowances	Reversals and derecognition	Accumulated depreciation at 12/31/2016
Concessions, patents, licenses	315,602	11,984	2,206	325,380

Concessions, patents and licenses are not subject to impairment.

20.3.2.5.12 Goodwill

In euros	12/31/2016	12/31/2015
Bollène goodwill	152,449	152,449
Impairment	(152,449)	(152,449)
Net carrying value	**0**	**0**

This goodwill results from the acquisition in 1992 of the Bollène establishment, and notably the MCM-type ceramic packaging activity developed at the site. In compliance with French laws imposing legal production guaranteeing the continuity of the site, this asset is not subject to amortization.

This goodwill was fully written off in 2002 as the products concerned by the acquisition of this technology were no longer marketed.

20.3.2.5.13 Property, plant and equipment

The gross value of asset components is measured at acquisition cost on initial recognition as fixed assets, plus incidental expenses required to bring these assets into usable condition. Transfer duties, commissions and fees relating to acquisition of property, plant and equipment are expensed in the period, in accordance with the option available under French GAAP (CRC regulation No. 2004-06)

Expenditures are capitalized if is likely that the future economic benefits associated with this asset will flow to the company and its costs can be reliably measured. Other expenditures are expensed if they do not meet this definition.

Assets in progress represent assets not yet commissioned at the end of the reporting period.

When significant components of tangible assets are identified with different useful lives, these components are accounted for and depreciated separately according to their own useful lives. Expenditures relating to the replacement or renewal of a tangible asset component are recognized as a distinct asset and the replaced asset is derecognized. Assets with significant components include ceramic kilns requiring the replacement of the equipment's heating system (approximately 20% of the asset's total value) every four years compared with a useful life for the entire asset of 10 years.

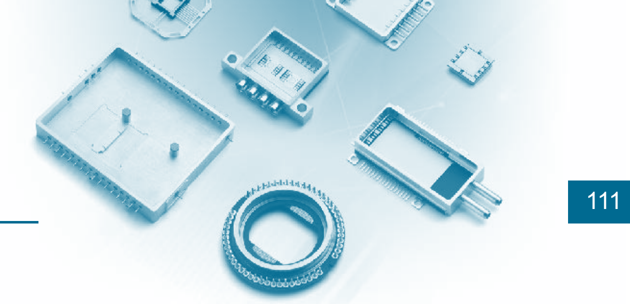
Depreciable assets are depreciated on a straight-line basis over the expected useful life for generating economic benefits for the company. Amortization is calculated according to the following rates:

	Straight-line
Buildings	4 %
Buildings fixtures and fittings	10 %
Furnaces (structure, excluding identified components)	10 %
Ceramic firing furnace heating system (identified component)	25 %
ceramic production equipment (screen printing, via filling, etc.)	12.50 %
Ceramic production facilities (clean room, casting machine, etc.)	10 %
Graphite machining equipment (CNC machining centers)	10 %
Other machinery and equipment	12.50 % to 33.33 %
Office equipment and furniture, other fixtures and fittings	10 % to 33.33 %

As no significant residual values were identified for the company's tangible assets, the depreciation base does not take into account any residual values at the end of their period of use.
The amortization method, residual amounts and useful lives are reviewed at a minimum at the end of each reporting period, and may modify on a prospective basis the initial amortization schedule.

The change in property, plant and equipment breaks down as follows:

Line items (euros)	Gross value at 12/31/2015	Acquisitions, creations, reclassifications	Disposals, reclassifications, decommissioning	Gross value at 12/31/2016
Land	0			0
Buildings	0			0
Plant, machinery and equipment	9,180,990	137,150	33,951	9,284,189
Other PPE	822,896	63,612	76,934	809,574
PPE under construction	159,280	220,129	37,499	341,910
Advances and prepayments	16,510	40,120	16,510	40,120
Total	**10,179,676**	**461,011**	**164,894**	**10,475,793**



Changes in the depreciation of fixed assets break down as follows:

Line items (euros)	Accumulated depreciation at 12/31/2015	Allowances	Reversals and derecognition	Accumulated depreciation at 12/31/2016
Land	0			0
Buildings	0			0
Plant, machinery and equipment	8,265,940	165,565	33,951	8,397,554
Other PPE	553,268	52,999	76,934	529,332
Total	**8,819,208**	**218,563**	**110,885**	**8,926,886**

Allowances for the depreciation of fixed assets are calculated on a straight-line basis with €218,563 recognized under operating results.

Decreases reflect the updating of the inventory of fixed assets and the decommissioning of various equipment with a carrying value that was already nil.

Changes in the depreciation of tangible fixed assets break down as follows:

Line items (euros)	Accumulated depreciation at 12/31/2015	Allowances	Reversals	Accumulated depreciation at 12/31/2016
Plant, machinery and equipment	105,795			105,795
Tangible fixed assets under construction	151,951		36,130	115,821
Total	**257,746**		**36,130**	**221,616**

The discontinuation of operations of the Trappes plant resulted in the recognition of amounts for impairment in 2001 of €455,000 for industrial equipment. This impairment charge for equipment of €349,000 was reversed in 2015 after these assets were decommissioned.

As the present value of assets recorded at December 31, 2016 covers their net carrying value, no additional amounts were recorded for impairment.

20.3.2.5.14 Financial assets

The gross value of investments represents their acquisition cost on initial recognition.
Transfer rights, commissions and fees relating to the acquisition of financial assets are expensed in the period in accordance with the option available under French GAAP (CRC regulation 2004-06).

Line items (euros)	Gross value at 12/31/2015	Change	Gross value at 12/31/2016	Impairment at 12/31/2015	Change	Impairment at 12/31/2016
Egide USA LLC interests	74,484,637		74,484,637	73,629,295		73,629,295
Investment-related receivables Egide USA Inc.	2,444,846	432,356	2,877,202	0		0
Other fixed securities	100		100			
Deposit guarantee	187,278	264,054	451,333			
Cash collateral deposit for the Sofired-PME Défense loan	30,000		30,000			
Total	**77,146,861**	**696,410**	**77,843,272**	**73,629,295**	**0**	**73,629,295**

The increase in investment-related receivables represents advances to Egide USA Inc., corresponding to the transfer of funds to the subsidiary originating from the capital increase of June 2014 for investments planned in connection with the USA ceramic project.

The receivable for €242,000 relating to the sale of the Bollène building in 2010 the collection of which was linked to Egide SA's financial soundness, is now classified under financial assets as it is considered to represent a supplementary guarantee deposit.

Analysis of the equity interest at the end of the reporting period is based on multi-criterion approach capable of taking into account both subjective and objective criteria, and namely, net equity, recent performance, financial prospects, the relative weight in Egide's market capitalization based on sales. The weight of these different criteria may vary from one financial period to the next, in order to take into account selected specific or contextual factors.
Value in use as determined on December 31, 2016 according to this method did not result in the recognition of any impairment for fiscal 2016.

20.3.2.5.15 Inventories and work in progress

Inventories materials, consumables and trade goods are recognized at their acquisition cost (plus shipping costs) according to the weighted average cost method. Work in progress, finished goods and semi-finished goods are measured at production cost which includes direct manufacturing costs and factory overheads relating to references recognized as correct at the end of the manufacturing process. The costs of manufacturing scrap are expensed in the period. When costs are higher than the selling price, after deducting selling costs for products, a charge for impairment is recorded for the difference.

Changes in the inventories and work in progress break down as follows:

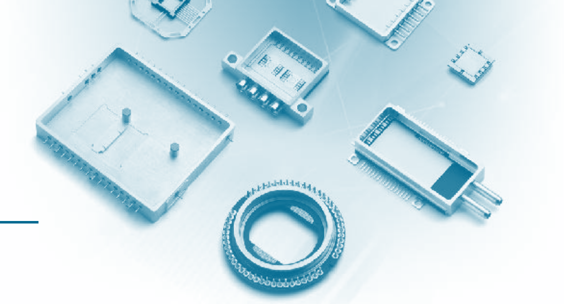
Line items(euros)	Gross value at 12/31/2015	Gross value at 12/31/2016	Impairment at 12/31/2015	Allowances	Reversals	Impairment at 12/31/2016
Raw materials & other supplies	3,728,851	3,358,337	2,565,124	5,981	803,148	1,767,957
Work in progress	636,470	694,799	2,308	426	2,308	426
Finished goods	1,293,244	688,860	952,626	32,669	583,455	401,840
Trade goods	52,571	8,154	49,246	728	45,014	4,960
Total	**5,711,136**	**4,750,150**	**3,569,304**	**39,804**	**1,433,925**	**2,175,183**

A depreciation rate limited to 75% is applied to stock of kovar, (a primary raw material from which certain components used by Egide are machined), regardless of the year of inception for this material. This rate is estimated by taken into account the foretasted rate of depletion for this material and the resale value of this inventory.

The retirement of inventories of raw materials, semi-finished goods and covers written down for a number of years, resulted in the reversal of the corresponding impairment, as the net value of this inventory was nil.

20.3.2.5.16 Trade receivables

Factoring
The trade receivables account is cleared when the receivable is transferred to the factor resulting in the issuance of a subrogation receipt.
The resulting receivable created in favor of the factor is extinguished when the receipt has been financed, after deducting the holdback and fees and commissions payable.
The factoring company which handles export receivables does contractually limit outstanding receivables balances per customer financed to €250,000.



Changes in trade receivables break down as follows:

In euros	Gross value at 12/31/2015	Gross value at 12/31/2016	Impairment at 12/31/2015	Allowances	Reversals	Impairment at 12/31/2016
Trade receivables	412,426	658,218	0			0

Factoring has been in use since April 2006 and concerns domestic and export receivables representing 78 % of actual sales. Receivables assigned to the factor but not yet settled at December 31, 2016 amounted to €2,429,000, thus increasing the value of trade receivables in the absence of factoring to 3,087,000 on this date compared to €3,136,000 at December 31, 2015.

20.3.2.5.17 Receivables and payables

Payables and receivables are registered at face value except provisions for retirement severance payments and similar benefits which correspond to the present value of the future liability.

Statement of receivables (euros)	Gross amount	Less than 1 year	More than 1 year
Investment-related receivables	2,877,202		2,877,202
Other financial assets	481,433		481,433
Advances and down payments paid	19,627	19,627	
Trade receivables	658,218	658,218	
Employee and related receivables	2,938	2,938	
2013 research tax credit receivables (portion not transferred to Bpifrance)	1,908	1,908	
2016 research tax credit	281,010	281,010	
2016 CICE wage tax credit receivable (portion not transferred to Bpifrance)	3,549	3,549	
Miscellaneous tax receivables	86,493		86,493
VAT payables	103,793	103,793	
2016 CVAE added value business tax adjustment	4,533	4,533	
Bpifrance: 2013 research tax credits assigned and not financed	52,062	52,062	
Bpifrance: 2013 CICE wage tax credit assigned	129,147	129,147	
Bpifrance: 2016 CICE wage tax credit assigned	182,204	182,204	
Factors	654,379	654,379	
Sundry debtors	70,025	70,025	
Prepaid expenses	180,548	180,548	
Total	**5,789,069**	**2,343,941**	**3,445,128**

Egide having regained the status of SME (within the meaning of the community regulations) on January 1, 2015, the French research tax credit and the CICE wage tax credit were reimbursed by the tax authorities in mid-2016. The 2015 tax credits will be similarly reimbursed in 2017, considering that the 2016 CICE wage tax credit advance ("en germe") was assigned to and partially financed by Bpifrance.
The 2013 research tax credits for which this status was not eligible will accordingly be reimbursed at the end of the third year after being granted, i.e. in 2017.
The 2013 research tax credit was assigned in February 2015 to BPI France to obtain a cash facility which is presented under "Cash at bank and on hand" at €208,000 representing 80 % of the amount of these tax credits.

The income from the 2016 CICE tax credit was recognized in the income as deduction from staff costs (social security expenses). Bpifrance financed in part the 2016 CICE wage tax credit advance ("en germe") in November 2016. However, the corresponding receivable of €155,000 was maintained under assets as a reverse entry for recognizing the liability for a debt under "Bank borrowings".
In accordance with the provisions of article 244 quater C of the French general tax code, the CICE (Crédit d’Impôt Compétitivité Emploi) wage tax credit for 2015 refunded in June 2016 was used primarily to finance the acquisition of ceramic production equipment in replacement of the equipment sold to Egide USA Inc. and for the purpose of possessing similar equipment and make it easier to provide assistance.

The receivable represented by a €86,000 tax credit arising from withholding tax payable to Morocco (linked to the former subsidiary, Egima, sold in 2013) was fully written down in light of the limited probability of its future application to income tax for Egide SA.

The receivables relating to these factors represent receipts pending financing and the non-financed guarantee fund.

Statement of payables (euros)	Gross amount	Less than 1 year	More than 1 and less than 5 years	More than 5 years
Bank borrowings	277,590	277,590		
Other financial liabilities	635,775	35,775	480,000	120,000
Customer advances and prepayments	149,506	149,506		
Trade payables and equivalent	1,830,452	1,830,452		
Employee and related receivables	518,847	518,847		
Social security and related-payables	455,997	455,997		
VAT payables	1,046	1,046		
Other tax and related payables	103,943	103,943		
Payables for fixed assets	128,106	128,106		
Other liabilities	115,792	115,792		
Total	**4,217,053**	**3,617,053**	**480,000**	**120,000**

20.3.2.5.18 Prepaid expenses

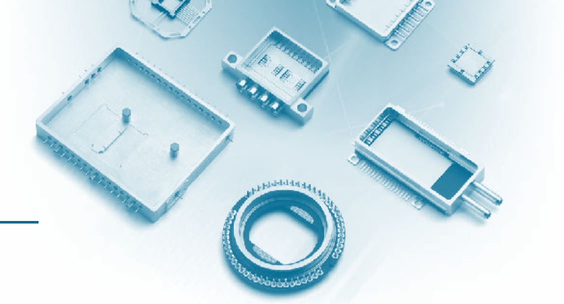
Line items (euros)	12/31/2016	12/31/2015
Rent and rental charges	111,859	103,606
Insurance	9,393	33,099
Miscellaneous expenses (maintenance, etc.)	59,296	57,591
Total	**180,548**	**194,297**

20.3.2.5.19 Accrued expenses

Line items (euros)	12/31/2016	12/31/2015
Accrued interest on miscellaneous borrowings	5,775	1,091
Suppliers - purchase invoice accruals	312,139	290,971
Customers - accrued credit notes	36,358	
Personnel - social security payments	6	1,061
Personnel - personal protection insurance payments	0	164
Personnel - accrued vacation and related expenses	682,250	625,369
Personnel - accrued bonuses and related expenses	13,277	12,055
VAT on credit notes receivable	1,046	466
French government - other accrued expenses	95,183	95,937
Accrued expense voucher payments	1,508	5,053
Accrued commissions	37,475	30,975
Other accrued expenses	34,326	34,326
Total	**1,219,344**	**1,097,468**

20.3.2.5.20 Accrued income

Line items (euros)	12/31/2016	12/31/2015
Suppliers - accrued credit notes	68,025	14,927
Other accrued income	773	242,000
VAT on unbilled trade payables	47,315	46,844
French government - accrued income	4,533	9,556
Total	**120,647**	**313,327**



The receivable for €242,000 relating to the sale of the Bollène building in 2010 the collection of which was linked to Egide SA's financial soundness, is now classified under financial assets as it is considered to represent a supplementary guarantee deposit.

20.3.2.5.21 Subsidiaries and associates

Table of subsidiaries and shareholdings

(euros)	EGIDE USA, LLC Wilmington DE - United States
Capital	US$ 68,878,828
Equity other than share capital (excluding income of the period)	- US$ 366,423
Ownership interest (%)	100 %
Carrying value of shares (euros): - Gross - Net	 €74,484,637 €855,342
Loans and advances granted and not yet repaid	None.
Pledges and guaranties given by the company	None.
Sales ex-VAT for year ended	None.
Profit (loss) at closing	- US$ 283
Dividends received by the company in the period	None.
Others informations	Created on 11/08/2000. Incorporated as holding for Egide USA Inc.

20.3.2.5.22 Translation differences

Purchases and sales in foreign currency are recognized in the income statement at the rate in effect on the transaction date. At the end of the reporting period, payables and receivables in foreign currency are measured at the year-end exchange rate through the accounts for translation differences. Provisions are recorded in the income statement for net unrealized foreign exchange losses (negative foreign exchange balance). Unrealized foreign exchange gains are not recognized in the income statement.
Foreign-currency bank account and cash balances are also subject to adjustments at year-end rates though the resulting gains or losses are recognized directly in financial income and expenses under the heading "translation differences".

Relevant line item (euros)	Currency	Foreign exchange (debit balance)	Foreign exchange (credit balance)
Trade payables Trade payables Trade receivables Receivables associated with investments in Egide USA Inc.	JPY USD USD USD		160 (15,710) 458 229,614
Total			**214,522**

No provision was recorded unrealized foreign exchange.

20.3.2.5.23 Corporate income tax and tax losses

Tax loss carryforwards at the end of 2016 amounted to €50,404,000.

A research tax credit for fiscal 2016 of €281,000 and a CICE wage tax credit of €186,000 were recognized. These tax credits will be refunded in 2017.

20.3.2.5.24 Changes in future tax liabilities at the standard tax rate

Increases (euros)	2016	2015
Unrealized losses on foreign exchange	0	0
Total	**0**	**0**
Tax rate	33.33%	33.33%
Increase in future tax liabilities	**0**	**0**

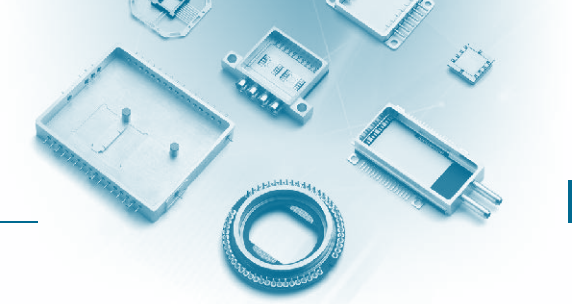
Reduction (euros)	2016	2015
Retirement severance benefits	85,716	21,114
Allowances for seniority bonuses of long-service awards	32,181	0
Unrealized losses on foreign exchange	214,522	152,411
Provision for unrealized foreign exchange losses		0
Tax loss carryforwards	50,408,738	49,440,914
Total	**50,741,157**	**49,614,439**
Tax rate	33.33%	33.33%
Reduction in future tax liabilities	**16,913,719**	**16,538,146**

20.3.2.5.25 Revenue by business segment

Products are shipped Ex-Works (EXW) according to Incoterm definition. Revenue is recognized upon the transfer of risks either when products are shipped or from availability for shipment ex-works. The delivery order and the invoice are issued on the date the products are actually removed.
Revenue includes revenues from the sale of products and trade goods as well as associated equipment costs, and amounts invoiced under engineering design or service contracts.

Revenue in 2016 originated mainly from deliveries of finished products shipped in the period.

Business segments (euros)	12/31/2016	12/31/2015
Glass-to-metal	6,215,606	5,019,310
Ceramic	7,682,595	7,019,983
Engineering	219,368	100,874
Non-core activities	6,459	9,698
Group (Egide USA Inc.)	143,948	192,256
Total	**14,267,976**	**12,342,120**



20.3.2.5.26 Revenue by region

Geographic segments (euros)	12/31/2016	12/31/2015
France	7,459,929	7,100,313
EEC excluding France	1,942,905	1,151,246
USA in Canada	706,341	782,924
Other countries	4,014,853	3,115,381
Group (Egide USA Inc.)	143,948	192,256
Total	**14,267,976**	**12,342,120**

Non-core activities are included mainly in the "France" segment.

20.3.2.5.27 Net financial income (expense)

Line items(euros)	12/31/2016	12/31/2015
Net proceeds from disposals and revenue from marketable securities	9,470	2,996
Net gains (losses) from foreign currency transactions	(12,346)	229,019
Special commission on financing/factoring	(37,837)	(34,176)
Other financial income and expenses	(30,638)	(7,990)
Total	**(71,352)**	**189,848**

The current account balance between Egide SA and its subsidiaries Egide USA Inc. was subject to annual interest of 0.094 %. At year-end, Egide SA recorded financial income representing €2,000 in interest income on current account balances.

20.3.2.5.28 Net exceptional items

Line items(euros)	12/31/2016	12/31/2015
Reductions in social security charges from prior periods.	68,814	
Results from the retirement and disposal of assets components		2,585
Other	(975)	(2)
Total	**67,839**	**2,583**

20.3.2.5.29 Compensation of directors and officers

Gross compensation paid to the Chairman of the Board of Directors from January 1 to June 16, 2016 amounted to €41,000 in 2016, including benefits in kind.

Gross compensation paid for the office of Chief Executive Officer and then Chair-CEO from June 17 to December 31, 2016 amounted to €130,000 in 2016, including benefits in-kind.

The Deputy Chief Executive Officer, also holding an employment contract for distinct technical functions as chief administrative and financial officer, does not receive remuneration for his corporate office.

Attendance fees paid in 2016 to four members of the Board of Directors amounted to €36,000 (gross amount) for fiscal 2016.

20.3.2.5.30 Other commitments

20.3.2.5.30.1 Commitments given

20.3.2.5.30.1.1 Commitments on behalf of affiliated companies

The company stood guarantee to the benefit of Bank of America in connection with a loan agreement obtained by Egide USA in May 2012 to finance the purchase of its industrial building for amounts owed by Egide USA Inc. representing at the maximum the amount of principal and interest remaining, estimated at US$1,617,755 (€1,534,726) at December 31, 2016.

20.3.2.5.30.1.2 Commitments in favor of financial institutions

In accordance with articles L313-23 to L313-34 of the French monetary and financial code, Egide assigned to Bpifrance receivables represented by the 2013 research tax credit and the 2013 and 2016 CICE wage tax credit advance *("en germe")*. The assignment of these securitized receivables (Dailly receivables) made it possible to pledge these receivables in exchange for:

- the grant in February 2015 of a cash credit line for 80% of the 2013 research tax credits or €208,000.
- financing received in July 2014 representing 95% of the 2013 CICE wage tax credit or €123,000.
- financing received in November 2016 representing 95% of the CICE wage tax credit advance ("en germe") or €155,000.

This pledge guarantees repayment by Egide for all amounts owed under its commitments to Bpifrance.

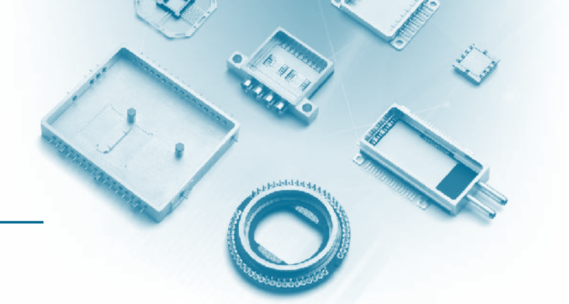
Off-balance-sheet commitments are summarized below:

Line items(euros)	12/31/2016	12/31/2015
Pledges Guarantees given	485,839 1,534,726	330,939 1,631,995
Total	**2,020,565**	**1,962,934**

20.3.2.5.30.1.3 Finance lease liabilities

Finance lease liabilities relate exclusively to the following line items and break down as follows:

Plant and machinery (euros)	12/31/2016
Value of assets at the least inception date	253,999
Allowances for depreciation if the assets have been acquired: *- in the period* *- accumulated depreciation at opening*	 *22,965* *10,576*
Lease payments: *- in the period* *- accumulated depreciation at opening*	 *47,917* *14,788*
Balance of lease payments outstanding at closing	207,667
Residual purchase price	2,540



Other property, plant and equipment (euros)	12/31/2016
Valeur des biens à la date de signature du contrat	38,843
Allowances for depreciation if the assets have been acquired: *- in the period* *- accumulated depreciation at opening*	 *10,312* *18,317*
Lease payments: *- in the period* *- accumulated depreciation at opening*	 *11,336* *18,601*
Balance of lease payments outstanding at closing	7,855
Residual purchase price	6,754

20.3.2.5.30.2 Commitments received

No bank guarantees were issued to the benefit of Egide.

20.3.2.5.30.3 Reciprocal commitments

In connection with the factoring arrangement set up in April 2006, Egide SA took out a credit insurance policy designating the factors as beneficiaries for insurance payments to be made in the event of default by the company's customers. Obligations for claims payments by the insurance company are limited with respect to the company to maximum payments equal to €1.5 million.

20.3.2.5.31 Breakdown of average headcount

	2016	2015
Executives and management staff Supervisory staff and technicians, Employees Workers	29 11 4 110	27 13 4 116
Average headcount	**154**	**160**

20.3.2.6 Post-closing events

In January 2017, the company carried out a capital increase with preferential subdivision rights in the amount of €7.2 million to finance the acquisition of the operating assets and liabilities of Thermal Management Solutions LLC, based in San Diego California.

As this capital increase was oversubscribed at 117.3%, the board of directors exercised the extension option for 15% of the initial amount, thereby increasing the amount to €8.2 million. In consequence, Santier Inc., a wholly-owned subsidiary of Egide USA LLC, itself wholly owned by Egide SA, was created for the purpose of receiving the operating assets and liabilities thus acquired. This new subsidiary has been conducting operations within the Egide Group since February 28, 2017.

20.4 Auditing of historical annual financial information

20.4.1 Auditors' report on the 2016 consolidated financial statements

"To the shareholders,

In accordance with the terms of our engagement entrusted to us by the annual general meeting, we hereby report you for the year ended December 31, 2016, on:

- The audit of the consolidated financial statements of Egide SA as enclosed herewith,
- The justification of our assessments,
- The specific procedures and disclosures required by law.

The financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I - Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. These standards require that we plan and perform the audit to obtain reasonable assurance that the consolidated financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used, the significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion given below

In our opinion, the financial statements for the fiscal year ended December 31, 2015 give a true and fair view of the assets, operations, and financial position of the companies and entities comprising the consolidated group, in accordance with IFRS standards as adopted by the European Union.

II - Justification of our assessments

Pursuant to the provisions of article L.823-9 of the French commercial code defining our obligation to explain our assessments, we draw your attention to the following:

Note 1.2 stipulates that critical accounting estimates and judgments concern primarily he impairment testing of the Group's intangible and tangible assets that may be performed when there exists internal or external indication of a loss in value. Our work has consisted in particular in ensuring that the market value of fixed assets is greater than their net carrying values and the appropriate nature of disclosures provided in notes 1.2 and 2.1.

The assessments on these matters were made in the context of our audit of the consolidated financial statements taken as a whole and therefore helped us form our opinion expressed in the first part of this report.

III - Specific verifications and disclosures

We also carried out the specific verification, as required by law, of information given in the Group management report, in accordance with professional standards applicable in France

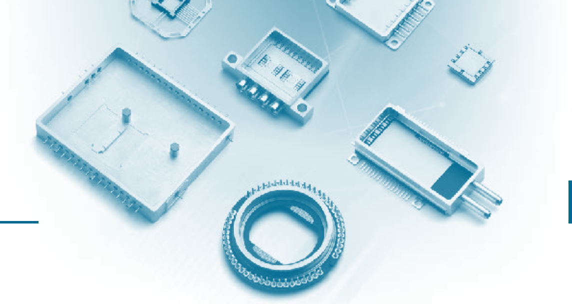
We have no matters to report with respect to the fair presentation of this information and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Paris, April 28, 2017

Statutory Auditors

RSM Paris,
Bernard HINFRAY

PricewaterhouseCooper Audit
Matthieu MOUSSY"



20.4.2 Auditors' report on the 2016 annual financial statements

"To the shareholders:

In accordance with the terms of our engagement entrusted to us by the annual general meeting, we hereby report you for the year ended December 31, 2016, on:

- The audit of the separate annual financial statements of EGIDE SA as enclosed herewith,
- The justification of our assessments,
- The specific verifications and information provided by law.

The financial statements have been approved by the board of directors. Our role is to express an opinion on these financial statements based on our audit.

1 - Opinion on the annual financial statements

We conducted our audit in accordance with professional standards applicable in France. These standards require that we plan and perform the audit to obtain reasonable assurance that the annual financial statements are free of material misstatements. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the annual financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion given below

In our opinion, the annual financial statements give a true and fair view of the financial position and the assets and liabilities of the company as at December 31, 2015 and the results of its operations for the year ended in accordance with French accounting standards.

2 - Justification of our assessments

Pursuant to the provisions of article L.823-9 of the French commercial code defining our obligation to explain our assessments, we bring to your attention the following emphasis of matters:

Note 14 on financial assets indicates that your company records amounts for the impairment of equity securities in investment-related receivables when their useful value falls below their initial acquisition cost.

As presented in note 13 on property, plant and equipment, an impairment test is performed whenever there exists an internal or external indicator of a loss in value. On that basis, an impairment loss is recognized if the recoverable value of the asset concerned is lower than the net carrying value.

We confirmed that these accounting methods referred to above are reasonable and have been properly applied. We have also ensured the appropriate nature of the approach adopted.

Our assessments were made in the context of our audit of the financial statements, taken as a whole, and therefore assisted us in reaching our opinion as expressed in the first part of this report.

3 - Specific verifications and disclosures

We have also performed, in accordance with professional practice standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fairness and consistency with the financial statements of the information given in the management report of the Board of Directors and in the documents sent to shareholders with respect to the financial position and the financial statements.

Regarding the information provided in accordance with the provisions of article L.225-102-1 of the French commercial code on compensation and benefits paid to corporate officers as well as commitments incurred in their favor, we have verified their consistency with the accounts or with the data used to prepare these financial statements, and when necessary, with any information obtained by your company from companies controlling your company or controlled by your company. On the basis of these procedures, in our opinion this information is accurate and provides a fair presentation.

In accordance with French law, we have ensured that the required information relating to the identity of shareholders or holders of voting rights has been disclosed in the management report.

Neuilly-sur-Seine and Paris, April 28, 2017

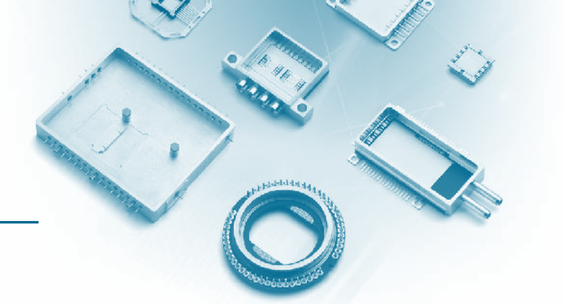
Statutory Auditors

RSM Paris, Bernard HINFRAY	PricewaterhouseCooper Audit Matthieu MOUSSY"

Notes

Notes 1.2 and 2.1 referred to in the Auditors' report on the consolidated financial statements correspond to respectively sections 20.3.1.5.2.2 and 20.3.1.5.3.1 of this registration document.

Notes 13 and 14 referred to in the Auditors' report on the annual financial statements correspond to respectively sections 20.3.2.5.13 and 14 of this registration document.



20.5 Other items disclosed in the Group management report

20.5.1 Review of operations

20.5.1.1 Egide SA operating highlights

Revenue in 2016 amounted to €14.27 million compared to €12.34 million in 2015, an increase of 15.6%.

Applications for infrared products again drove sales for the period (+13.1%) and accounted for 61% of revenue. Microwave applications surged 35% (products for radars) as did the sector for power packages driven by demand from the aeronautics sector. Optronics applications have remained stable in absolute value from one year to the next;

Intercompany billings corresponding to chargebacks between Egide SA and its subsidiaries Egide USA for commercial, financial and technical assistance under the HTCC ceramic project, declined marginally in 2016 from the prior year (from €0.19 million to €0.14 million), with French personnel spending a smaller number of hours at the US site;

The sales mix between the glass-to-metal and the ceramic-to-metal technologies changed slightly. Accordingly, glass-to-metal accounted for 44 % of revenue with sales of €6.22 million in 2016 (41 % in 2015) and ceramic-to-metal €7.68 million, confirming its position as Egide SA's top-selling technology (54% of revenue in 2016 compared to 58% in 2015). Trends for these two technologies are primarily a reflection of the product mix and are not an indication of any underlying trend.

Fees from engineering studies in 2016 amounted to €0.22 million, up from €0.10 million in the prior year. This change is linked solely to a change in the invoicing schedule, with research and development expenditures remaining comparable from one year to the next (approximately €1 million).

France accounted for 53 % of Egide SA's sales in 2016 (non-Group) (compared to 58 % in 2015); Europe excluding France accounted for 14% and North America 5 % of sales in the period. Revenue from other regions in 2016 represented 28 % compared to 26 % in 2015 and concerned, as last year, primarily Israel, China and Thailand.

20.5.1.2 Egide USA operating highlights

Egide USA had revenue of €8.32 million in 2016 (of which €0.26 million from amounts invoiced by the Group to Egide SA mainly in connection with surface treatment subcontracting) compared to €8.50 million in 2015. This decline in sales (excluding intercompany sales) is the result of the uncertain US economic environment in the second half linked to the presidential elections (with none or few new major contracts and military programs initiated by the outgoing administration) following rather promising business trends in the first half with more than 10% growth in revenue (excluding intercompany sales). Between 2015 and 2016, the average Euro/US dollar exchange rate that declined from 1.1096 to 1.1066 had no impact on the subsidiary's sales when translated into euros.

Power applications continued to account for the major share of sales at 59% of total revenue compared to 62% in 2015. This was followed by infrared applications accounting for 17% of sales and microwave applications at 15%. The latter product range registered growth from the prior year exceeding 60%, confirming the trend displayed by Egide SA.

Products sold use virtually only the glass-to-metal seal (GTMS) technology, as the manufacturing operations for the ceramic-to-metal technology represented an insignificant percentage of sales in 2016. The freezing of large military programs referred to above should nevertheless be lifted in 2017 and this technology is destined to grow in the years ahead. All sales (98 %) of the US subsidiary in 2016 as in 2015 (excluding intercompany sales) originated from the US market.

20.5.2 Presentation of results

20.5.2.1 Consolidated results

At December 31, 2016, the following companies were consolidated by Egide Group, it being specified that the Group does not have any branch offices:

- Egide SA, the parent company (consisting of a main establishment located in Bollène and a secondary establishment in Trappes, France)
- Egide USA LLC, a direct wholly-owned subsidiary,
- Egide USA Inc., wholly-owned through Egide USA LLC,

For Egide SA, income and expenses are presented solely in euros. Sales in foreign currency (US dollar) account for approximately 13 % of the French entity's revenue and are offset by purchases in foreign currency from foreign suppliers. For the subsidiary Egide USA, all income and expenses are presented in US dollars. The very limited fluctuation in the Euro/US dollar exchange rates between 2015 and 2016 (with average exchange rates of respectively 1.1096 and 1.1066) had no significant impact on consolidated results. For that reason, the foreign exchange position was not hedged at the Group level.

The main components of comprehensive income for the period are as follows:

IFRS (€m)	2015	2016
Revenue	20.59	22.17
Gross operating profit	(1.09)	+ 0.11
Operating profit / (loss)	(1.48)	(0.56)
Net financial income (expense)	0.11	(0.13)
Net income/(loss)	(1.38)	(0.69)
Other comprehensive income	(0.07)	(0.03)
Comprehensive income	(1.45)	(0.72)

Consolidated revenue amounted to €22.17 million generating a gross operating profit of €0.11 million (compared to an operating shortfall of €1.09 million in 2015 on revenue of €20.59 million). Both the operating and the net losses for the period were significantly reduced in relation to the prior year.

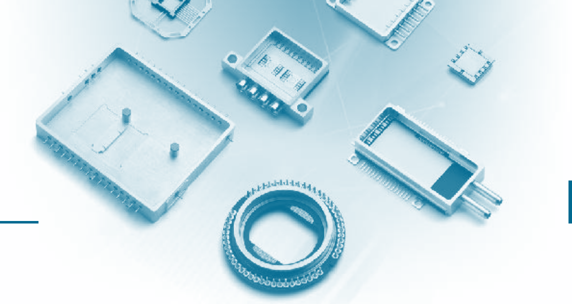
The improvement in the consumption of supplies from 44% to 41% of sales and staff costs from 43% to 41% of sales (with the Group's average headcount declining from 233 in 2015 to 226 in 2016), as well as growth in revenue contributed to a better absorption of fixed costs. These factors had a positive impact on gross operating profit which amounted to €0.11 in 2016. External charges increased very marginally from the prior year largely due to sales commissions. Allowances for depreciation rose reflecting the full-year impact of HTCC ceramic equipment in the United States compared to only three months in 2015.

In compliance with IFRS, the €0.28 million research tax credit of Egide SA was recognized under "operating income". The CICE wage tax credit of Egide SA was recognized as a deduction from "staff costs" for €0.19 million. All R&D expenditures were fully expensed in the income statement (€1.06 million in 2016 and €1.03 million in 2015).

On that basis, the operating loss for 2016 (€0.56 million) was reduced by more than 60% in relation to the previous period (€1.48 million).

Net financial expense included borrowing costs (interest expense linked to the use of factoring by the two Group entities plus interest expense on the US loan) for €0.21 million in 2015, as in 2016. Foreign exchange transactions generated a gain amounting to €0.07 million in 2016 compared to €0.31 million in 2015.

The net loss for the period was reduced by 50% in relation to the previous period from €1.38 million two €0.69 million.



Comprehensive income includes translation losses and gains from financial statements of subsidiaries presented in foreign currencies and actuarial gains and losses on provisions for employee benefits. In light of these items, a comprehensive loss of €0.72 million was recorded for 2016, down from €1.45 million in 2015.

In the statement of financial position, there has been no unamortized goodwill since December 31, 2003. Current cash amounted to €1.08 million, compared to €2.77 million at December 31, 2015. These funds are used in the period mainly for capital investments amounting to €1.02 million and the financing of working capital requirements for €1.25 million. The financing capacity was close to breakeven in 2016 and net sources of funds derived from factoring companies and financial institutions (finance leases) amounted to €0.58 million.

Long-term debt of €1.85 million (€2.19 million at the end of 2015) consisted of:

- A 15-year-long loan obtained by Egide USA to finance the purchase of its industrial building subject to two covenants that were respected at year-end (€1.08 million)
- A 7-year Sofired PME Défense loan obtained by Egide SA in 2015 with a 2 year grace period (€0.60 million)
- Finance lease agreements (€0.17 million)

Current debt represented trade receivables financing from factoring entities (€2.80 million), the current portion of long-term debt (€0.24 million), and pre-financing from Bpifrance of the research tax credit and CICE wage tax credit obtained by Egide SA (€0.49 million). It is specified that Egide does not use financial instruments giving rise to any particular risk.

Working capital represented 77 days of sales compared to 68 days in 2015. This increase reflects mainly the stock increase at Egide SA in preparation for the expected increase in billings in the 2017 first quarter and the increase in trade receivables linked to strong sales at the end of 2016.

20.5.2.2 Parent company annual results

The annual financial statements of Egide SA for the period ended December 31, 2016 have been prepared in accordance French GAAP based on the principles of conservatism, fair presentation, consistency of presentation, the time period concept and going concern.

Revenue for the period amounted to €14.27 million compared to €12.34 million for the previous period, up 15.6%. Operating income totaled €15.19 million compared to €12.62 million one year earlier.

Operating expenses for the period came to €16.15 million, up from €14.11 million in 2015 or 14.5 %. The consumption of raw materials and supplies rose slightly from 33.5 % to 35% of production, though solely the result of a change in the product mix, with the performance indicators slightly improving in 2016. Staff costs represented 40.9% of production in 2016 compared to 46.2% in 2015, reflecting the improved overhead absorption but also the reduction in the number of employees. There were only three days of part-time activity in 2016 compared to 16 days in 2015.

Average headcount for the period (fixed-time contracts and permanent contracts) declined from 160 in 2015 to 154 in 2016. It is noted that the average headcount reported in the 2015 financial statements (149 employees) reflected the formula for calculating "equivalent full-time" positions. This formula was modified by statute (ANC 2016-07) in 2016 to indicate only actual individual employees regardless the amount of time worked.

The CICE wage tax credit was registered as a €0.19 million deduction from staff costs in 2016 (€0.18 million in 2015). Because Egide was again qualified as an SME as from the beginning of 2015, the tax credit will be refunded in 2017.

External charges rose from €3.43 million in 2015 to €3.89 million in 2016. The main line items that increased concern technical subcontracting linked to the product mix, increased sales and the surface treatment activity entrusted to Egide USA for certain references as well as sales commissions linked to growth in revenue. It is noted that half the compensation paid by Egide USA to Mr. James F. Collins is charged back to Egide SA in exchange for his function as the chief executive officer of the group; the corresponding expenses are registered under "external personnel" rather than staff costs.

An impairment test had been performed on December 31, 2005 which involved the measurement of value in use of fixed assets based on business plans produced at the end of 2005 and the resulting cash flow projections. This test resulted in the recognition of an impairment charge of €1.08 million for fiscal 2005. No additional impairment charges have been recognized since. Pursuant to the impairment test performed on December 31, 2016, no additional impairment charges were recognized in the period and the level of impairment was accordingly maintained. Amounts for the depreciation and amortization of fixed assets remained relatively stable at €0.23 million (€0.21 million in 2015).

Research and development expenditures remained stable at approximately €1.1 million. These expenditures are not capitalized and are fully expensed.

The operating loss was €0.96 million, down from €1.49 million one year earlier. Accordingly, despite growth in revenue and improvements at the level of staff costs, it has not yet been possible to reach the breakeven target.

Net financial expenses represented a marginal loss for the period of €0.07 million compared to a net financial income of €0.19 million in 2015 In 2016, this represented primarily interest and similar expenses plus a marginal currency effect. In 2015, this currency effect that was positive (+ €0.23 million) largely offset interest expense.

The pretax current operating loss was €1.03 million compared to a loss of €1.30 million the prior year.

Net exceptional items for 2016 amounted to €0.68 million compared to zero in 2015. This consisted of a rebate of social security charges from prior periods.

Tax credits on research and development expenditures recognized in the period amounted to €0.28 million in 2016 compared to €0.24 million one year earlier.

In light of these items, a net loss of €0.68 million was recorded for 2016 compared to a loss of €1.05 million in 2015.

At December 31, 2016, the company had total assets of €11.52 million compared to €11.38 million for 2014. Cash at year-end amounted to €1.05 million compared to €2.59 million on January 1, 2016. Financial debt of €0.91 million at 31 December 2016 consisted of the €0.60 million "Sofired - PME Défense" loan obtained in December 2015, €0.28 million and pre-financing from Bpifrance of the CICE wage tax credit and the balance of the PRME "job protection" loan *(Prêt Régional au Maintien de l'Emploi)* granted by the Provence-Alpes-Côte d'Azur region and the Vaucluse department for €0.03 million.

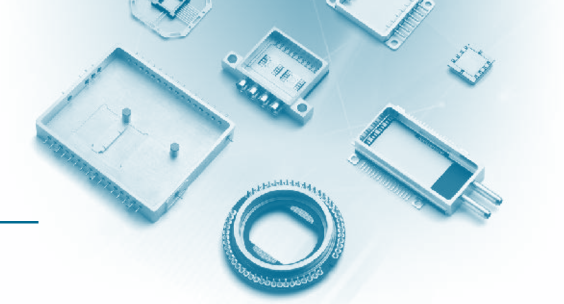
The table of results provided for by article R225-102 paragraph 2 of the French commercial code and the table of portfolio securities at year-end are attached to this report.

20.5.3 Statutory disclosures on the trade payables aging balance (Egide SA)

In accordance with article L441-6-1 of the French commercial code, information on the aging balance for trade payables of Egide SA at December 31, 2015 and 2016 is provided below:

In euros	2015	%	2016	%
Not due (purchase invoice accruals)	265,619	19.34	312,139	17.05
Past due	45,401	3.31	331,982	18.14
At 30 days	414,205	30.16	850,937	46.49
At 60 days	596,186	43.41	322,958	17.64
More than 60 days	51,972	3.78	12,435	0.68
Total	**1,373,383**		**1,830,452**	

Payables outstanding at December 31, 2016 represent invoices for components pending credits to be received, in particular from a specific supplier that has experienced quality issues with parts delivered. The increase in the percentage of payables at 30 days is linked to sourcing from foreign suppliers that apply shorter settlement periods than those in France (contractual payment periods of 60 days from the invoice date under French regulations). Payables exceeding 60 days at December 31, 2016 and 2015 concerned mainly invoices payable in several installments.



20.5.4 Five-year financial summary (Egide SA)

Closing date	12/31/2016	12/31/2015	12/31/2014	12/31/2013	12/31/2012
Length of fiscal year	12 months	12 months	12 months	12 months	12 months
SHARE CAPITAL AT YEAR-END					
Share capital (€)	8,943,812	8,943,812	8,130,740	3,569,594	3,569,594
Number of shares - *common shares* - *preferred shares*	 4,471,906 -	 4,471,906 -	 4,065,370 -	 1,784,797 -	 1,784,797 -
Maximum number of potential shares - *from the conversion the bonds* - *from the exercise of subscription rights*	 - 223,595	 - 223,595	 - 203,268	 - 89,239	 - 89,239
OPERATIONS AND RESULTS (€)					
Sales ex-VAT	14,267,976	12,342,120	12,982,030	12,869,215	14,030,704
Earnings before taxes, employee profit-sharing, impairment, depreciation, amortization and provisions Income tax Allowances for impairment, depreciation, amortization and provisions Net income/(loss)	(2,020,445) (281,010) (1,055,813) (683,622)	(1,072,881) (243,045) 222,023 (1,051,859)	(1,211,938) (318,936) 310,822 (1,203,824)	(733,838) (262,220) (82,720) (388,898)	(915,245) (256,426) 97,767 (756,586)
EARNINGS PER SHARE (€)					
Earnings after tax but before impairment, depreciation, amortization and provisions	(0.39)	(0.19)	(0.23)	(0.26)	(0.37)
Earnings before taxes, employee profit-sharing, impairments, depreciation, amortization and provisions	(0.15)	(0.24)	(0.30)	(0.22)	(0.42)
PERSONNEL					
Average number of employees Payroll(€) Social charges and benefits paid(€)	154 4 531 769 1 666 231	150 4 277 887 1 545 324	167 4 676 758 1 756 403	166 4 599 353 1 637 192	182 5 027 992 1 940 840

20.5.5 Statutory disclosures of marketable securities (Egide SA)

Information of marketable securities presented in the balance sheet of Egide SA at December 31, 2016 is presented below:

Amounts in euros	Quantity	Net value
Fixed securities Egide USA LLC shares	-	0
Subtotal - fixed securities		**0**
Marketable securities -	-	0
Subtotal - Marketable securities		**0**
Total - Net carrying value		**0**

20.5.6 Disclosures on disallowed deductions (Egide SA)

There were no non-deductible luxury expenses within the meaning of the French general tax code recorded in the parent company financial statements for fiscal 2016.

20.5.7 Disclosures on dividends (Egide SA)

In compliance with the disclosure requirement provided for by article 243 *bis* of the French general tax code, we remind you that there have been no dividend distributions for the last three financial periods.

20.5.8 Disclosures on loans granted by the company (Egide SA)

No loans have been granted by the company to micro-enterprises, SMEs or intermediate-sized enterprises (ETI) with which it has economic relations (article L511-6, 3 bis f the French monetary and financial code).

20.6 Other financial disclosures

On February 28, 2017, pursuing its strategy to establish positions in strong growth markets, Egide announced the acquisition of the operating assets and liabilities of TMS LLC (or Thermal Management Solutions, operating its business under the name of Santier) according to terms and conditions set by the parties. These assets and liabilities were integrated in the new company incorporated under and governed by US law, created for that purpose and named Santier Inc.

Egide manages Santier Inc. with the following management teams: Kevin Cotner, former chief executive officer of TMS, as head of the executive management of Santier Inc. whereas Mansoor Mosallaie, ex Vice President of TMS, was appointed Deputy Chief Executive Officer of Santier Inc.

Santier designs and manufactures metallic components (thermal management materials, metal wire cutting, machining) and hermetic and non-hermetic microelectronic housings for electronics applications: the company also has expertise in surface treatment and metal machining. Santier had approximately US$10 million in sales in 2016. This acquisition will have an immediate positive effect on Egide Group's operating margin and net profit.

This acquisition was financed by a capital increase on Euronext Paris for €8.2 million and oversubscribed at 117.3%.

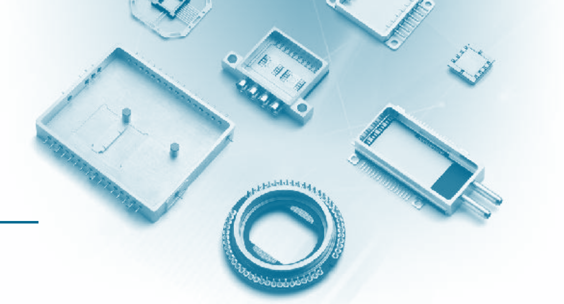
Santier's technology, customer portfolio and organization should generate significant synergies at the level of Egide Group in addition to an immediate improvement in profitability. This acquisition will also allow Egide to acquire an expanded dimension by strengthening its presence in the thermal imaging and worldwide defense markets, with a focus on the United States. Finally, Santier will contribute to developing and expanding Egide Group's offering in all its markets and fully in line with the strategy of diversification that has been conducted by the Group for several years.

Egide has confirmed its outlook, which guidance for annual growth in sales for 2017 expected to reach approximately €35 million.

The Group moreover reported consolidated revenue (unaudited) for the 2017 first quarter of €6.45 million, up 12.1 % in relation to the 2016 first quarter and up 19.9 % from the 2016 fourth quarter.

Santier Inc. joined the Egide Group on February 28, 2017. Revenue for the 2017 first-quarter accordingly includes one month of revenue from Santier Inc. amounting to €0.75 million.

In consequence, at constant structure (i.e. excluding the impact of Santier Inc. sales), revenue in the 2017 first quarter registered a marginal decline of 1.0% year on year and a 5.9% increase from the last quarter of 2016.



In the 2017 first quarter, Egide SA contributed 60% to total consolidated revenue (unaudited), Egide USA 29% and Santier Inc. 11%.

2017 first-quarter sales break down as follows:

- Thermal imaging: 41 %
- Power management: 22 %
- Optronics: 12 %
- High-frequency: 17 %
- Other electronics: 8 %

20.7 Dividend policy

No dividends have been paid for the last three financial periods. In the short-term, the company intends to continue to allocate available funds to financing operations and growth and in consequence, does not plan to distribute dividends in 2017.

20.8 Legal and arbitration proceedings

There are no other governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the company is aware as of the date of this document) which may have or have had during the last twelve months a significant effect on the financial position or profitability of the company.

20.9 Significant change in the Company’s financial or trading position

On the date of this registration document, no other significant changes to the Group's financial or trading position have occurred since December 31, 2016 excluding:

- the €8.2 million capital increase of February 2017 for the purpose of financing the acquisition of the operating assets and liabilities of Thermal Management Solutions LLC,
- the concurrent creation of Santier Inc., based in California, a wholly-owned subsidiary of Egide USA LLC.

See sections 7.2 and 20.6 of this registration document

21 ADDITIONAL INFORMATION

21.1 Share capital

21.1.1 Number of shares and nominal value

Share capital of May 31, 2017 amounted to €15,800,732 divided into 7,900,366 shares with a nominal value of €2 per share. There was only one class of shares, excluding the specific case of shares carrying double voting rights described in section 18.3. Share capital is fully paid up. No security rights, encumbrances or pledges exist on the company's capital.

21.1.2 Unissued authorized capital

Authorizations for capital increases granted by the general meeting to the Board of Directors at May 31, 2017 are summarized below:

	Shareholders' Meeting date	Expiry date of the authorization	Authorized amount (nominal value)	Use of authorizations in prior periods	Use of authorizations on the date this table was prepared	Residual amount on the date this summary was produced
Authorization to increase the capital maintaining preemptive subscription rights	06/16/2016	08/15/2018	**Shares** 6,000,000 € **Debt securities** 6,000,000 €	No	No	**Shares** €0 **Debt securities** 6,000,000 €
Authorization to increase the number of securities to be issued in the event of a capital increase with preemptive subscription rights	06/16/2016	08/15/2018	15% of the initial amount of the increase	No	No	-
Authorization for a capital increase to the benefit of employees with cancellation of preemptive subscription rights	06/16/2016	08/15/2018	**Maximum** 1 % of the capital	No	No	-
Authorization to issue stock options to subscribe for shares	06/16/2016	08/15/2019	5 % of the capital	Yes	Yes	0.02 % of the capital

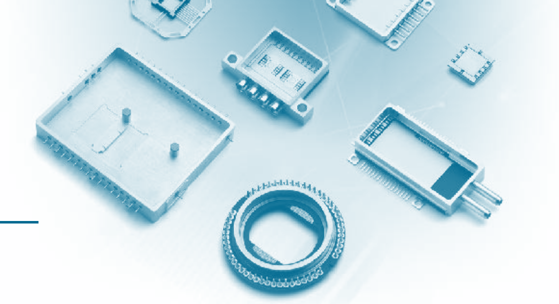
There is only one class of shares, all of which carry the same preferential subscription rights.

21.1.3 Potential share capital

Authorization to issue stock options to subscribe for shares

The general meeting of June 16, 2016 authorized the Board of Directors to issue stock options within the limit of 5% of the share capital. The subscription price will be at least equal to the average weighted price of the last twenty trading sessions subject, as the case may be, to a discount of 5%. This authorization is valid for a period of 38 months, or until August 15, 2019.

Information on plans in force at May 31, 2017 is provided in section 17.3 of this document.



21.1.4 Changes in share capital

Changes in share capital since the company's creation are presented below:

Date	Nature of transaction	Capital increase (€)	Share capital decrease (€)	Additional paid-in capital Gross amount (€)	Number of shares	Par value of shares	Amount of the capital (€)
10/14/1986	Incorporation	457,347			30,000	€ 15.24	457,347
12/15/1987	Increase [1]	320,143			51,000	€ 15.24	777,490
09/30/1988	Increase [1] [2]	654,311			93,920	€ 15.24	1,431,801
11/03/1988	Increase [1]	419,235		76,301	121,420	€ 15.24	1,851,036
11/09/1990	Increase [1] [3]	449,725			150,920	€ 15.24	2,300,760
04/27/1992	Reduction [4]		920,304		150,920	€ 9.15	1,380,456
05/18/1992	Increase [1]	1,829,388			350,920	€ 9.15	3,209,844
06/03/1994	Increase [1]	927,262			452,294	€ 9.15	4,137,107
06/11/1999	Increase [5]	1,749,846		1,751,013	643,598	€ 9.15	5,886,953
04/03/2000	Increase [6]	3,659		3,297	643,998	€ 9.15	5,890,612
07/05/2000	Increase [7]	841,509		11,670,355	735,997	€ 9.15	6,732,121
12/22/2000	Increase [8]	2,244,037		93,435,443	981,329	€ 9.15	8,976,159
06/29/2001	Increase [9]	837,131		(837,131)	981,329	€10	9,813,290
12/31/2001	Increase [10]	34,580		17,152	984,787	€10	9,847,870
12/31/2003	Increase [11]	14,280		7,083	986,215	€10	9,862,150
12/31/2004	Increase [12]	70,990		35,211	993,314	€10	9,933,140
12/31/2005	Increase [13]	49,420		24,512	998,256	€10	9,982,560
02/28/2006	Increase [14]	18,280		9,067	1,000,084	€10	10,000,840
08/17/2006	Increase [15]	2,857,380		2,143,035	1,285,822	€10	12,858,220
12/31/2006	Increase [16]	90		180	1,285,831	€10	12,858,310
12/31/2007	Increase [17]	2,880		5,760	1,286,119	€10	12,861,190
12/31/2008	Increase [18]	30		60	1,286,122	€10	12,861,220
12/31/2009	Increase [19]	1,530		3,060	1,286,275	€10	12,862,750
11/28/2011	Increase [20]	250			1,286,300	€10	12,863,000
11/28/2011	Reduction [21]		10,290,400		1,286,300	€2	2,572,600
02/16/2012	Increase [22]	986,160		1,479,240	1,779,380	€2	3,558,760
12/31/2012	Increase [23]	10,834		18,093	1,784,797	€2	3,569,594
06/30/2014	Increase [24]	4,561,146		570,143	4,065,370	€2	8,130,740
11/16/2015	Increase [25]	813,072		243,922	4,471,906	€2	8,943,812
02/24/2017	Increase [26]	6,856,920		1,371,384	7,900,366	€2	15,800,732

[1] Cash contribution
[2] Of which contributions in kind:: € 158,851.88 (FFR 1,042,000)
[3] Of which offset with debt: € 137,204.12 (FFR 900,000)
[4] Reduction in the par value from € 15.24 (FFR 100) to € 9.15 (FFR 60)
[5] Listing on the Nouveau Marché of the Paris stock exchange - COB approval No. 99-775 of June 7, 1999
[6] Exercise of stock options following the death of a beneficiary
[7] Cash capital increase - COB approval No. 00-884 of May 26, 2000
[8] Cash capital increase - COB approval No. 00-1844 of November 14, 2000
[9] Capitalization of reserves for the conversion of capital into euros increasing the par value of the share from € 9.15 (FFR 60) to € 10 (FFR 65.5957)
[10] Exercise of stock options for fiscal 2001
[11] Exercise of stock options for fiscal 2003
[12] Exercise of stock options for fiscal 2004
[13] Exercise of stock options for fiscal 2005
[14] Exercise of stock options on February 28, 2006
[15] Cash capital increase - AMF clearance (Visa) No. 06-271 of July 21, 2006
[16] Exercise of 36 share warrants in fiscal 2006 resulting in the creation of 9 new shares
[17] Exercise of 1,152 share warrants in fiscal 2007 resulting in the creation of 288 new shares
[18] Exercise of 12 share warrants in fiscal 2008 resulting in the creation of 3 new shares
[19] Exercise of 612 share warrants in fiscal 2009 resulting in the creation of 153 new shares
[20] Exercise of stock options on November 28, 2011
[21] Reduction of the par value from €10 to € 2 - EGM of November 28, 2011
[22] Cash capital increase - AMF clearance (Visa) No. 12-024 of January 17, 2012
[23] Exercise of stock options on December 31, 2012
[24] Cash capital increase - AMF clearance (Visa) No. 14-247 of May 28, 2014
[25] Cash capital increase - Private placement without a public offer
[26] Cash capital increase - AMF clearance (Visa) No. 17-034 of January 25, 2017

The company does not directly hold own shares. This also applies to subsidiaries which do not hold any shares of the parent company.

21.1.5 Changes in share capital in the last three years

The following table presents changes in share capital as a percentage of capital and voting rights for the last three years

	Balance at 12/31/2016			Balance at 12/31/2015			Balance at 12/31/2014		
	Number of shares	Percentage of capital	Percentage of voting rights	Number of shares	Percentage of capital	Percentage of voting rights	Number of shares	Percentage of capital	Percentage of voting rights
P. Brégi	20,226	0.45	0.81	20,226	0.45	0.81	16,380	0.41	0.54
J. F. Collins	39,614	0.89	0.88	39,614	0.89	0.88	5,000	0.12	0.12
Public	4 412,066	98.66	98.31	4,412,066	98.66	98.31	4,043,990	99.47	99.34
Total	**4 471,906**	**100.00**	**100.00**	**4,471,906**	**100.00**	**100.00**	**4,065,370**	**100.00**	**100.00**

Information on the shareholder structure at May 31, 2017 is provided in section 18.1 of this document.

21.2 Memorandum of incorporation and bylaws

21.2.1 Corporate purpose

The company's corporate purpose (article 2 of the bylaws) is:

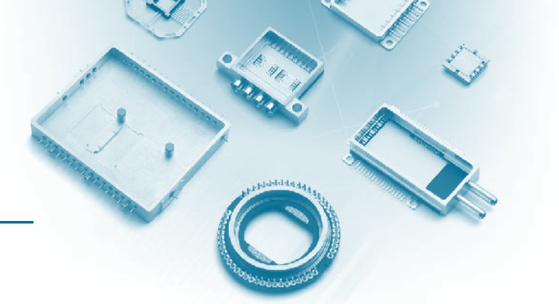
- the design, manufacture, import, export and marketing of all forms of standard or custom design electronic packages,
- in the above areas, acquiring and managing interests and participating directly or indirectly through all means in any company or undertaking created or to be created, and notably by creating a company, contributions, subscribing for or acquiring shares, ownership interests or other securities, mergers, partnerships and through any other means and in any other form used in France and other countries,
- And, in general, any transaction of any nature whatsoever, including either securities and real estate transactions which may be directly or indirectly related to the above or contribute thereto.

21.2.2 Corporate governance

Article 13 of the bylaws: "The company shall be administered by a Board of Directors. The number of Directors shall not be less than three and not more than eighteen subject to exceptions provided for by statutes in the event of a merger. Directors are appointed for terms of four years Every director is eligible for reappointment."

Article 14 of the bylaws: "Directors must own at least one share of the company Directors appointed during the company's term are not required to be shareholders at the time of their appointment though must become so within a period of six months, failing which they shall be considered to have resigned from their office."

Article 15 of the bylaws: "The Board of Directors may appoint from among its members who are individuals, a Chair whose term of office shall not exceed that of his/her term of office as director. No person shall be appointed Chairman of the Board of Directors that is over 67 years of age. If the Chairman exceeds this age, he or she shall be considered to have resigned at the end of the next Board meeting to be held. The Board may also appoint a secretary, who needs not necessarily be a Board member. If the Chairman is absent or prevented from attending, the Board shall appoint for each meeting one of its members to serve as chair. The Chairman and secretary of the meeting may always be reappointed."



Article 16 of the bylaws: "The Board shall meet as often as the interests of the company require and at least once a year. Notice of Board meetings communicated to directors may be made by all means, including orally. A record of attendance is maintained that is signed by Directors participating in the Board meeting. Meetings are conducted and decisions voted according to the conditions of quorum and majority provided for by statute. In the case of a tie, the chair of the meeting shall have the deciding vote. The minutes shall be prepared, and copies or excerpts of the proceedings shall be issued as required by statute. Except when the Board meets for the purpose of transactions covered by articles L232-1 and L233-16 of the French commercial code, the rules of procedure provide that directors who take part in a meeting of the Board by means of videoconferencing or telecommunications allowing their identification and assuring their actual participation, are deemed present, for calculating the quorum and the majority. The form and terms of application of these rules of procedure are set forth by decree of the French Council of State *(Conseil d'Etat)*."

Article 17 of the bylaws: "The Board of Directors shall determine the business strategy of the company and ensure its implementation. Subject to the powers expressly granted to shareholders' meetings and within the limits of the company's corporate purpose, the Board may address any matter relating to the efficient operation of the company and settles through its proceedings all items of business relating thereto. The Board of Directors shall perform at any time such controls and verifications that it judges appropriate. Each director must be provided with all information necessary to perform his or her duties and may obtain from executive management all documents deemed useful for the purpose."

Article 17bis of the bylaws: "The company is assisted by a panel of a maximum of three non-voting observers *(censeurs)*, chosen from among the shareholders or from persons other than shareholders. They are each appointed for a term of four years by the ordinary general meeting of the shareholders, acting on the Board of Directors' proposal. Their functions shall terminate at the end of the ordinary general meeting having been called to approve the financial statements for the year ended, held in the course of the year when their terms expire. If one or more of these positions of the observers becomes vacant between two general meetings, the board of directors may make one or more appointments subject to ratification at the next general meeting. In this case, the observer is appointed for the remainder of his or her predecessor's term. At the end of their terms, observers may be reappointed. The observers participate in meetings of the board of directors to which they are called under the same conditions as directors. They may also attend, at the initiative of the board, meetings of committees created by the latter and they are provided with all documents that are provided to board members. They are subject to the obligation of strict confidentiality with respect to deliberations. They are not vested with any power of decision though they are at the disposal to provide their opinions regarding questions of any nature submitted to them, and notably relating to technical, commercial, administrative or financial matters. In the course of the board's proceedings they exercise an advisory role only and do not participate in the vote. On the chairman's proposal, the board of directors decides on the matter of the observers' remuneration.

21.2.3 Rights attached to shares of the company

Article 9 of the bylaws (form of shares): "From the date they are fully paid up, shares may be in registered or bearer form, at the choice of the holder, subject to provisions set by applicable regulations. "

Article 10 of the bylaws (Disposal and transfer of shares - Registration of shares - Transfer of title for shares): "The shares, regardless of their form, shall be registered in accordance with the provisions and according to procedures provided for by regulations in force. Shares are freely transferable and transferred account-to-account through a securities transfer order. The company may request at any time, in accordance with the provisions of articles L228-2 and L228-3 of the French commercial code, in exchange for payment at its expense, from the entity responsible for clearing securities transactions, as the case may be, for individuals or legal entities respectively, the name or company name, the nationality, the year of birth or year of incorporation and the address of holders of shares which confer present or future rights to vote in its own shareholders meetings, as well as the quantity of shares held by each and if applicable the restrictions which may apply to the securities."

Article 11 des statuts (extrait) : "Any share, in the absence of a distinct class of shares or any share of the same class in the contrary case, confers a right to a net share proportional to the portion of capital it represents, in the earnings and reserves or corporate assets, for any distribution, redemption or allotment, in accordance with the provisions and procedures that may moreover be provided for under these bylaws. Furthermore, each share shall entitle its holder to vote and be represented in the shareholders' meetings in accordance with statutory rules and the provisions of these by-laws. Shareholders shall only be liable up to the amount of the par value of the shares they hold, with any call for funds above this amount prohibited. The rights and obligations attached to the shares are transferred with title to the shares. Ownership of a share automatically entails acceptance of the Company's bylaws and of the resolutions of the general meeting. The heirs, creditors, legal beneficiaries and other representatives of a shareholder may not place liens on the property or securities of the company, nor request the division or public sale, nor interfere in the administration of the company. For the proper exercise of their rights, they shall refer to the corporate records and to the decisions of the shareholders' meeting. Whenever it is required to possess more than one share to exercise a right of any nature in connection with an exchange, a share consolidation or share grants, in the event of an increase or decrease in the share capital or a merger or any other corporate action, owners of individual shares or a number of shares lower than required, may exercise said rights only if they undertake at their personal initiative to combine their shares with others and, as the case may be, purchase or sell the necessary shares. Except where prohibited by statute, all tax exemptions or charges applicable to the total number of ordinary shares as well as all taxation which may be borne by the Company shall be taken into account prior to any allotment or reimbursement either within the course of the life of the Company or upon its liquidation so that, according to their respective nominal values and dates of record, all the existing shares of the same class shall receive the same net amount."

Article 27of the bylaws (excerpt): Voting rights attached to the capital shares and dividend-right (bonus) shares are proportional to the percentage of the share capital that such shares represent and each share carries one voting right. However, a voting right double that of other shares is granted in proportion to the share capital they represent to all fully paid up shares which can be demonstrated to have been registered for at least two years in the name of the same shareholder having requested for the shares to be held in registered form. Furthermore, in the event of a capital increase by the capitalization of reserves, earnings or issue premium, registered shares granted for free to a shareholder shall carry double voting right when issued, if the corresponding shares already held by the shareholder also carry double voting rights. Similarly, in the case of a change in the nominal value of existing shares, the double voting right is maintained for shares at the new nominal value replacing the previous shares. For other shares, double voting rights are acquired, cease or are transferred in the cases and conditions provided for by statute. The company is not authorized to exercise voting rights on shares it has purchased."

21.2.4 Modification of rights attached to shares of the company

Article 29 of the bylaws: "The extraordinary general meeting can modify all provisions of the bylaws and namely decide on the transformation of the company into a company with another non-trading or commercial company form. It may not, however, increase shareholder commitments, except for properly executed transactions resulting from a share consolidation. Such meetings may conduct proceedings only if shareholders present or represented own one third of the shares with voting rights and, on the second notice, one fifth of said shares. If this quorum is not reached, the second meeting may be postponed to a date no later than two months after the date for which it was called. Decisions are adopted by a majority of two thirds of the votes of the shareholders attending or represented at the meeting. As a statutory exception to the preceding provisions, the general meeting which decides to increase the share capital through the capitalization reserves, profits or issue premiums can deliberate on same the conditions as to quorum and majority voting as an ordinary general meeting. In “incorporation” types of extraordinary general meetings, i.e., those which are called to approve a contribution in kind or the grant of a specific benefit, the contributors or beneficiaries have no right to vote either for themselves or as proxies."

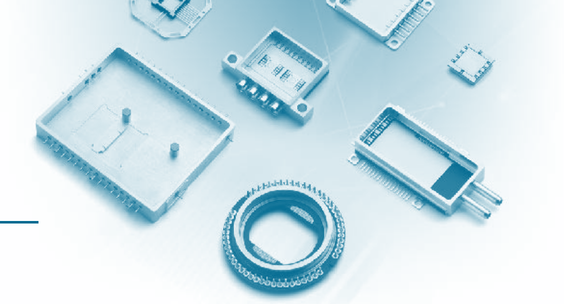
21.2.5 Shareholder meetings

Article 22 of the bylaws: "The decisions of shareholders shall be made at shareholders meetings. Ordinary shareholders meetings shall be those that are held to vote on decisions that do not amend the bylaws. Extraordinary shareholders meetings shall be those called to decide or authorize direct or indirect amendments to the bylaws. Special shareholders meetings shall be held to assemble shareholders of a specific class to rule on a change in the rights pertaining to the shares in that class. Deliberations of shareholders meetings shall be binding for all shareholders, even those who are absent, in disagreement or unavailable or without legal capacity."

Article 23 of the bylaws: "General meetings are called either by the Board of Directors or, failing that, by the independent auditor(s), or by an agent designated by the commercial court in expedited proceedings in accordance with the provisions set by article L225-103 of the French commercial code. During the liquidation period, shareholders meetings shall be called by the liquidators. General meetings of shareholders are to be held at the registered office or at any other venue indicated in the notice of meeting. Shareholders meeting shall be called in accordance with the provisions provided for by applicable regulations. The company is required to publish a notice at least thirty-five (35) days before the meeting in the *Bulletin des Annonces Légales Obligatoires*, containing the information mentioned in article R225-73 of the French commercial code."

Article 24 of the bylaws: The meeting agenda is drawn up by the author of the meeting notice. One or more shareholders, representing at least the required percentage of the registered capital, and acting according to the provisions and deadlines provided for by law, shall have the authority to request by registered letter with acknowledgment of receipt, that draft resolutions be placed on the agenda, other than those concerning the submission of candidates for appointment to the Board of Directors. The meeting may not consider items which are not on the agenda. However, in any circumstances it can revoke one or more directors and have them replaced."

Article 25 of the bylaws: Any shareholder may attend meetings in person or by proxy regardless of the number of shares owned, subject to proof of identity and status as a shareholder of record in the register maintained for that purpose by the company no later than the second business day preceding the date of the Shareholders' Meeting at midnight, Paris time. Any shareholder may vote by mail using a form completed and sent to the Company under the conditions provided for by law and regulations and that must be received by the Company no later than two days before the meeting date to be taken into account."



Article 27of the bylaws (excerpt): "For ordinary and extraordinary general meetings, the quorum shall be calculated based on all shares comprising the registered capital, except at special shareholders meetings, where it shall be calculated based on all shares of the class involved, less shares without voting rights as prescribed by Law."

Article 28 of the bylaws: "An ordinary shareholders meeting shall meet at least once per year, within six months of the close of the fiscal year, to approve the accounts of that fiscal year, subject to extension of this deadline by decision of a court of law. On the first convocation, the meeting may validly deliberate only if the shareholders present or represented by proxy represent at least one fifth of the shares entitled to vote. Upon the second convocation, no quorum is required. Decisions are adopted by a majority of votes of the shareholders attending or represented at the meeting."

Article 30 of the bylaws: "If there are several classes of shares, no change may be made to the rights of the shares of one such class, without the due vote of an extraordinary shareholders meeting open to all shareholders and, in addition, without also a duly conducted vote of a special meeting open only to the owners of the shares of the class in question. Special meetings may conduct proceedings only if shareholders present or represented own one third of the shares with voting rights and, on the second notice, one fifth of said shares for which the modification of their rights is being considered. If this quorum is not reached, the second meeting may be postponed to a date no later than two months after the date for which it was called."

Article 31 of the bylaws: All shareholders are entitled to access to documents necessary to allow them to have full knowledge of relevant facts and make informed judgments about the management and oversight of the company. The nature of these documents and the procedures for their transmission by mail or making them available are defined by law."

21.2.6 Special provisions relating to a change in control

None.

21.2.7 Ownership disclosure thresholds

Article 11 of the bylaws (excerpt): In accordance with the provisions of L233-7 of the French commercial code (Code de Commerce), all shareholders, natural persons or legal entities, acting alone or in concert, who cross thresholds in either direction in respect to the number of shares owned representing more than one twentieth, one tenth, three twentieths, one fifth, one quarter, three tenths, one third, one half, two thirds, eighteen twentieths or nineteen twentieths of the capital or voting rights of the company, must notify the Company. The disclosure requirement also applies within the same time limits whenever the percentage of capital or voting rights held falls below one of the thresholds mentioned above. In the event of noncompliance with this obligation, the provisions provided for by article L233-14 of the French commercial code will apply. "

21.2.8 Special provisions relating to changes to share capital

None.

21.2.9 Purchases by the company of its own shares

Article 37 of the bylaws: "In those cases provided for by statute and/or regulations, the ordinary general meeting may grant an authorization to the company for a period not exceeding eighteen months to purchase its own shares. This meeting must set the terms of the transaction and notably the maximum purchase price, the maximum number of shares to be acquired and the period within which the share buyback must be carried out. "

A request to authorize the implementation of a share buyback program was not proposed to the annual general meeting of the shareholders held in 2016. Such a request will also not be proposed at the general meeting called to be held on June 16, 2017.

21.3 Information on the Company's share

The company' shares were listed on the *Nouveau Marché* of the Paris stock exchange on June 11, 1999. The opening price for the initial public offering was set at €18.30 per share. Prior to this, the share had not been listed in any French or foreign financial market. They are currently listed in Segment C Euronext Paris, under ISIN code FR0000072373.

Based on the daily liquidity of the Egide share in 2016, i.e. daily amount of less than €100,000 on Euronext Paris, the company was informed by Euronext Paris, that its shares were no longer eligible for the SRD “Long-only” deferred settlement service as from December 29, 2016 (eligibility previously obtained on December 29, 2015).

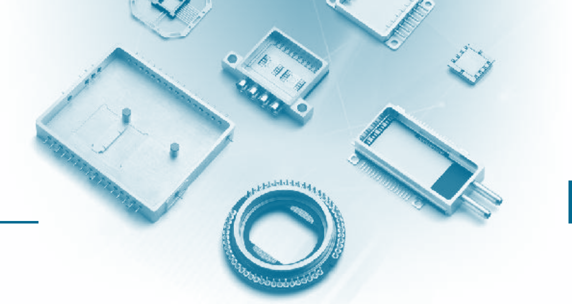
Based on the number of 4,471,906 shares making up the capital at December 31, 2016 and a closing price on the same date of €2.59, the market capitalization was €11.6 million.

On May 31, 2017, the company's market capitalization was €20.15 million (7,900,366 shares at €2.55 per share).

Information on trading price ranges (adjusted) and volume since January 1, 2015 is presented below (Source: Euronext): (Euronext)

	Adjusted share price in euros			Average trading volume
	Low	High	Average closing price	Adjusted number of shares
January 2016	2.54	3.45	3.08	14,605
February 2016	2.44	3.31	2.80	7,161
March 2016	2.88	3.25	2.97	6,702
April 2016	2.89	3.21	3.00	6,784
May 2016	2.75	2.96	2.89	4,646
June 2016	2.24	2.89	2.78	5,558
July 2016	2.68	3.12	2.95	7,310
August 2016	2.84	3.41	3.11	17,326
September 2016	3.08	3.87	3.25	44,248
October 2016	2.82	3.37	3.06	10,470
November 2016	2.56	2.98	2.84	9,118
December 2016	2.54	2.81	2.65	10,706
January 2017	2.57	3.04	2.79	16,355
February 2017	2.37	2.70	2.54	25,739
March 2017	2.37	2.81	2.53	51,253
April 2017	2.39	2.67	2.57	34,710
May 2017	2.52	2.67	2.59	20,050

Egide's share is traded on Euronext Paris through the continuous trading method.



22 MATERIAL CONTRACTS

Long-term contracts having been executed and remaining in force on the date of this registration document are presented below:

Egide SA :

- Bollène building lease agreement executed in 2010 (see sections 8.1.1 and 20.3.1.5.7.2)
- Trappes building lease agreement executed in 2016 (see sections 8.1.1 and 20.3.1.5.7.2)
- The manufacturing and supply agreement with the customer, Sofradir (press release of January 28, 2016)

Egide USA :

- Credit line arranged in 2017 with Midcap Business Credit (see section 10.3)

Santier :

- San Diego building lease agreement executed in 2017 (see section 8.1.1)
- Credit line arranged in 2017 with Pacific Mercantile Bank (see section 10.3)

Excluding those referred to above, no material long-term contracts binding on the company or the Group have been executed in the last two years.

23 THIRD PARTY INFORMATION AND STATEMENTS BY EXPERTS AND DECLARATIONS OF INTEREST

None.

24 DOCUMENTS ON DISPLAY

24.1 List of documents and method of consultation

For the duration of the registration document's validity, the following documents (or copies thereof) may be consulted at the registered office or administrative offices:

- bylaws *(statuts)*
- all reports, letters and other documents, past financial data, and expert opinions or statements requested by the issuer that are included or mentioned in this registration document; and
- consolidated historical financial information on the Group for each of the two fiscal years preceding the publication of this registration document.

24.2 Press releases

Press releases are available for consultation and may be downloaded in French and/or in English from the company's website (www.egide-group.com).

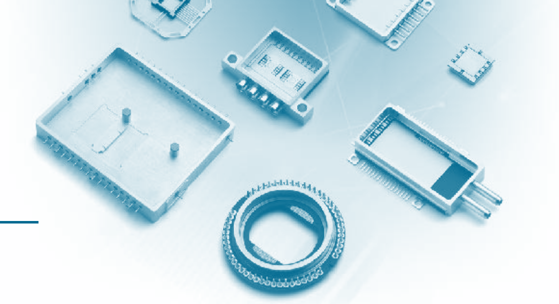
24.2 Publication date of financial disclosures

Date	Information	Venue/Publication
March 31, 2017	Presentation of unaudited accounts for fiscal 2016	SFAF analysts meeting Press release
April 18, 2017	2017 first-quarter sales	Press release
June 16, 2017		AGM date
July 11, 2017	2017 second-quarter sales	Press release
September 29, 2017	2017 first-half results	SFAF analysts meeting
October 10, 2017	2017 third-quarter sales	Press release
January 09, 2018	2017 fourth-quarter sales	Press release

25 INFORMATION ON HOLDINGS

See section 7.2 - Subsidiaries

See section 20.3.2.5.21 - Information on affiliated undertakings and participating interests



26 CSR INFORMATION

In accordance with the provisions of article L225-102-1 subsection 5 of the French commercial code and article R225-105-1 amended by Decree 2016-1138 of August 19, 2016, corporate social responsibility information for the company and subsidiaries of Egide Group on December 31, 2016, includes information on the employment-related and environmental impacts of their activity and their social commitments in favor of sustainable development, as presented below: This reporting boundary includes Egide SA (parent company) and its American subsidiary, Egide USA.

In preparing this report, the company does not refer to any external guidelines but instead follows an internal reporting procedure.

26.1 Information on the employment-related impact of Group operations

Information presented herein has been collected from human resources management of each of these sites (Trappes and Bollène for Egide SA, Cambridge, MD for Egide USA).

a) Employment

Total workforce (all contracts combined)

At December 31, 2015 and 2016, total salaried employees of the Group, including the chairman of the board of directors and the chief executive officer, broke down as follows (by gender and geographic region):

	At December 31, 2015			At December 31, 2016		
	Men	Women	Total	Men	Women	Total
Egide SA (France - Trappes)	15	4	19	12	3	15
Egide SA (France - Bollène)	31	98	129	31	98	133
Egide USA (United States)	24	53	77	21	46	67
Total	**70**	**155**	**225**	**68**	**147**	**215**

By age bracket, the headcount presented above break down as follows:

	At December 31, 2015			At December 31, 2016		
	18-35	36-55	56-70	18-35	36-55	56-70
Egide SA (France - Trappes)	2	12	5	2	9	4
Egide SA (France - Bollène)	21	81	27	25	84	24
Egide USA (United States)	19	25	33	10	25	32
Total	**42**	**118**	**65**	**37**	**118**	**60**

The breakdown of headcount presented above by contract type is as follows:

	At December 31, 2015			At December 31, 2016		
	Permanent contract	Fixed-term contracts	Apprentice-ship contracts	Permanent contract	Fixed-term contracts	Apprenticeship contracts
Egide SA (France - Trappes)	19	0	0	15	0	0
Egide SA (France - Bollène)	124	3	2	125	6	2
Egide USA (United States)	73	4	0	66	1	0
Total	**216**	**7**	**2**	**206**	**7**	**2**

These headcount figures do not take into account long-term sick leave who continue to be counted though do not receive remuneration. Part-time employment is usually at the request of employees and concerns all personnel categories (engineers, technicians, equipment operators, men and women)

In May 2015, Egide had 26 part-time employees (23 in Bollène, 3 in Cambridge-USA) including 11 working half-time or less (8 in Bollène and 3 in Cambridge-USA) and 15 working mainly on a 4/5th basis corresponding to 80% of weekly working hours (all employees at Bollène). The remainder of the workforce were full-time employees.

In 2016, Egide employed 23 part-time employees (22 at Bollène and 1 in Cambridge, Maryland).

Average seniority is 14.1 years at Egide SA and 15.1 years at Egide USA.

Recruitments, departures and dismissals

For 2015 and 2016, Group information on recruitment is provided below :

Changes in headcount	Fiscal 2015			Fiscal 2016		
	Permanent contract	Fixed-term contracts	Apprentice-ship contracts	Permanent contract	Fixed-term contracts	Apprenticeship contracts
Egide SA (France - Trappes)	2	0	0	0	0	0
Egide SA (France - Bollène)	8	16	2	7	18	0
Egide USA (United States)	19	6	0	4	1	0
Total	**29**	**22**	**2**	**11**	**19**	**0**

The 11 permanent employment contracts include 5 new recruitments, 3 fixed-term contracts transformed into permanent contracts and 1 employee transferred from the site of Trappes to that of Bollène. Egide Group does not encounter any particular difficulties in terms of recruitment.

Fixed-term contracts concern primarily temporary increases in workloads. By way of example, fixed-term contracts in 2016 at Egide SA represented 7.04 full-time equivalent employees (4.37 in 2015).

In 2015 and 2016, departures reported by the Group were as follows:

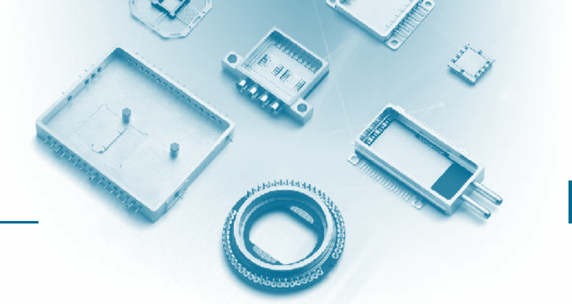
Departures (excluding dismissals)	Fiscal 2015			Fiscal 2016		
	Permanent contract	Fixed-term contracts	Apprentice-ship contracts	Permanent contract	Fixed-term contracts	Apprenticeship contracts
Egide SA (France - Trappes)	0	0	0	4	0	0
Egide SA (France - Bollène)	12	15	5	5	15	0
Egide USA (Etats-Unis)	12	6	0	11	4	0
Total	**24**	**21**	**5**	**20**	**19**	**0**

In 2015, the departure of employees at Egide SA resulted from 2 resignations, 2 parental leaves, 6 retirements, 2 long-term sick leaves, the expiration of 15 fixed-term contracts and 5 apprenticeship contracts periods. At Egide USA, 2 employees had retired and 12 resigned.

In 2016, 3 employees at Egide SA with permanent employment contracts departed following negotiated settlements, 2 resigned, 1 retired, 1 was removed (chairman of the board), 1 departed following the transfer of site (Trappes to Bollène), 1 for long-term illness and 15 departed at the end of their fixed term contracts. At Egide USA, 1 employee retired, 10 resigned and 4 completed their fixed-term employment contract.

In 2015 and 2016, the dismissal of employees by the Group broke down as follows:

Layoffs	Fiscal 2015			Fiscal 2016		
	Permanent contract	Fixed-term contracts	Other	Permanent contract	Fixed-term contracts	Other
Egide SA (France - Trappes)	0	0	0	0	0	0
Egide SA (France - Bollène)	2	0	0	1	0	0
Egide USA (Etats-Unis)	2	0	0	2	0	0
Total	**4**	**0**	**0**	**1**	**0**	**0**



In 2015, at Egide SA, 2 employees were dismissed on grounds of professional incapacity. At Egide USA, proceedings had been initiated to adapt production capacity to the level of work.

In 2016, the dismissal at Egide SA was linked to an incapacity for the position. There were no redundancies at Egide USA.

Compensation information and trends, social charges

All employees of Egide SA received monthly compensation on a 12 or 13 month basis. Employees of Egide USA are paid every two weeks. No employees of the Group are paid based on output.

Gross payroll and employer's social security contributions paid in 2015 and 2016 by Group companies break down as follows:

	Fiscal 2015		Fiscal 2016	
	Gross	Social charges	Gross	Social charges
Egide SA (France) Egide USA (United States)	€ 4,427,887 $ 2,812,866	€ 1,545,324 $ 502,107	€ 4,531,769 $ 2,692,039	€ 1,666,231 $ 518,530

In 2015, the average increase in salary in France was 2.9 %, including a general increase of 1% in accordance with the wage policy agreement concluded between the company and trade union representatives including 1.9 % for other salary increases (changes in grade or function, promotions pursuant to the reorganization of the management team). In the United States, the 5% salary reduction measure applied to all personnel since 2013 had been canceled in this period resulting in a 5% increase in staff costs in relation to the prior year. The CICE wage tax credit amounting to €182,204, was deducted from social charges.

In 2016, the average increase in salary in France was 2.1 %, including a general increase of 1% in accordance with the wage policy agreement concluded between the company and trade union representatives and 1.1 % for other salary increases (changes in grade or function, merit, promotion). No salary increase was granted in the United States in the period. The amount of the CICE wage tax credit was €185,753.

Incentive, statutory profit-sharing and employee savings plans

An incentive compensation agreement was concluded on June 17, 2016 between Egide SA and the company's union delegates. This agreement was concluded for a three-year period running from January 1, 2016 to December 31, 2018, replacing the previous incentive compensation plan whose term had expired. This incentive compensation is calculated annually from pretax current operating profit. This amount is allocated equally to all employees of the company with at least three months of seniority and prorated according to the number of hours worked during the year concerned. In light of the current operating loss, no incentive compensation was paid for 2016 as was the case as well for 2015.

Furthermore, all personnel of Egide SA are qualified for statutory profit-sharing determined according to the calculation base provided for by law. In light of the results, no statutory profit-sharing payments were made for 2015 and 2016. A company savings plan does not exist for employees.

At Egide USA, a bonus system exists for key executives. This plan provides for the payment of variable compensation assessed on annual salary if EBITDA for the period exceeds by at least 85% the budgeted amount. An amount totaling US$140,000 was accrued for and paid in 2016 to a total of ten persons. For fiscal 2016, no bonus payments were made as objectives have not been reached.

b) Work organization

In France, the workweek is five days for 38 1/2 hours. Non-management personnel on an hours per day basis work in reference to a 35 hour workweek to which are added two bonus hours (paid 125%) with an hour and a half break. Non-management personnel on an hourly shift basis work 35 hours per week, to which are added 3 1/2 hours for breaks. Hours for management personnel are annualized.

In the United States, the workweek is 40 hours over 4 days (Monday to Thursday). Non-management personnel benefit from a daily break of one hour (30 minutes for lunch and two 15 minute breaks)) Hours for management personnel are annualized.

Overtime

In 2015 and 2016 overtime payments broke down as follows:

	Fiscal 2015	Fiscal 2016
Egide SA (France - Trappes) Egide SA (France - Bollène) Egide USA (United States)	1,680 8,935 4,021	2,300 11,212 2,452
Total (heures)	**18,373**	**15,964**

For information, an overtime hour represents time worked exceeding the 35 hour workweek in France and the 40 hour workweek in the United States. The major share of overtime at Egide SA is linked to two bonus hours included for work weeks of between 35 and 37 hours.

Absenteeism

In 2015 and 2016 hours of absenteeism broke down as follows:

	Fiscal 2015	Fiscal 2016
Egide SA (France - Trappes) Egide SA (France - Bollène) Egide USA (United States)	826 28,029 890	497 21,716 679
Total (heures)	**29,745**	**22,892**

These absences were mainly due to sick leave (short and long-term) and maternity leaves. Six employees were on long-term sick leave in 2015 and five in 2016 (representing totals of 9,803 and 9,194 hours per year). These hours do not include part-time.

Use of temporary personnel

For fiscal 2015, Egide SA had registered under expenses €5,510 paid to two temporary employment companies in response to a temporary surplus of work and €6,779 to the service company that had assigned personnel to the company (site security expenses), representing an equivalent of 0.29 % of the annual payroll.

For fiscal 2016, Egide SA had registered under expenses €381 paid to a temporary employment company linked to the move to a new site in Trappes and €6,381 to two service companies that assigned personnel to the company (site security expenses), representing an equivalent of 0.15 % of the annual payroll.

Egide USA did not make use of temporary personnel in fiscal 2015 and 2016.

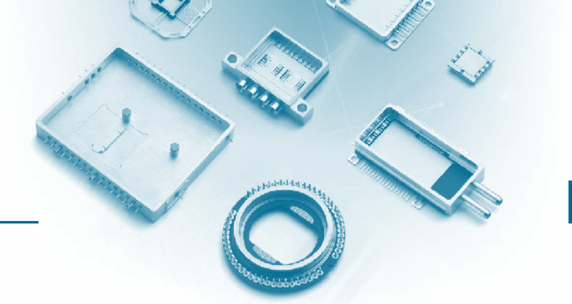
c) Labor relations

Labor relations and collective bargaining agreements

In France, Works Committee elections were organized in 2014. Only a single Works Committee covering the two sites (Bollène and Trappes) was appointed for a four-year term. There is not any Works Committees in other countries.

Excluding formal relations with the Works Committee and labor organizations where they exist, Egide Group promotes direct dialogue between supervising line management and their staff. On that basis, in accordance with needs and current issues, meetings are organized with all or part of the personnel without this being required by a specific structure.

There is only one collective bargaining agreement between Egide SA and its employees which relates to an employee profit-sharing agreement. Concerning the intergenerational hiring agreement the company refers to the agreement of the metallurgy industry. Reflecting its proactive approach, the company maintained its meetings with employees over 55 years of age.



At Egide SA, two French labor unions (Tricastin SPEA (CFDT) and Force Ouvrière) each have a representative at the Bollène site. At Egide USA there are no labor unions.

Territorial impact of its activity in terms of employment and general development

Egide SA has established contacts with local offices of the French employment agency. The human resources department also participates in job forums organized by local authorities. The US subsidiary works with similar organizations where they exist and gives preference to local recruitment. The human resources Department also contacts engineering schools to present the potential opportunities offered by Egide USA.

Relations with social partners

Egide SA maintains contacts with organizations promoting social integration (AGEFIPH or *Association pour la GEstion du Fonds d'Insertion Professionnel des Handicapés)* or sheltered work opportunities (ESAT or *Etablissements et Services d'Aide par le Travail)*. In addition, in connection with the French apprenticeship tax, the company pays a contribution to training establishments.

Similar arrangements do not exist in the US subsidiary.

Foreign subsidiaries and their impact on regional development

Egide has a subsidiary in the United States whose employees originate from the local labor force.

Public service initiatives

With respect to public service initiatives, Egide SA offers employees meal voucher contributions as well as a contribution to a mutual insurance and personal protection plans. In 2016, €129,019 was allocated by the company for meal vouchers (€122,196 in 2015), €61,305 as a partial contribution for the mutual insurance plan) €58,021 in 2015) and €51,022 as a partial contribution for the personal protection plan (€44,960 in 2015). Furthermore, the company allocates a budget to the Works Committee amounting to €53,705 for 2016 (51,217 in 2015) or 1.2% of payroll (of which 0.2% was allocated to the operating budget). This budget is redistributed to employees in the form of gift vouchers, outings, meals, etc.

At Egide USA, partial payment for mutual and personal protection insurance represented a cost to the company of US$245,762 in 2016 (US$226,294 in 2015).

Egide USA set up a 401(k) retirement plan for its employees whereby the company covers the total amount of contributions for the first 3% of pay and one half of additional contribution amounts up to 2% of pay (or a maximum contribution by Egide USA of 4%). Its annual cost for the company in 2016 was US$61,660 (US$44,328 in 2015).

d) Health and safety

Health and safety conditions

The Health, Safety and Working Conditions Committee of Egide SA met four times at Bollène in 2016 (four times in 2015). Similar bodies do not exist at Egide USA.

In 2016, the French company reported 5 work-related accidents involving employees, all resulting in sick leave (compared to 2 in 2015, of which 1 involving sick leave), representing a frequency rate[11] of 18.2% (7.4% in 2015). No occupational accidents were reported by the US subsidiary in 2016 or 2015. For information, no commuting accidents were reported by Egide SA in 2015 (same as in 2014).

No occupational illnesses were reported by Egide SA in 2016. In 2015 one occupational illness was reported (musculoskeletal disorders), with a severity rate[12] of 2.05.

[(11)] *Frequency rate: number of accidents x 1000 / hours worked*
[(12)] *Severity rate: number of lost workdays x 1000 / hours worked*

Rates and contributions for occupational accidents:

Site	2015 rates	2015 contribution	2016 rates	2016 contribution
Trappes (FR)	1.00 %	9,070 €	0.95 %	9,242 €
Bollène (FR)	1.21 %	40,620 €	1.65 %	57,830 €
Cambridge (USA)	N/A	-	N/A	-

Egide uses CMR products (carcinogens, mutagens and reprotoxins) in connection with its industrial operations. In France, a Works Committee meets on a quarterly basis to ensure the safe usage of such products and their replacement by non-CMR products. The list of products used and actions taken by this committee are reviewed by the executive committee at their meetings and at the annual review of risks.

At Egide SA, meetings were held in 2014 with respect to a new law on work-related hardships to explain the 10 criteria for classifying hardship conditions under new French regulations, and providing details on tasks performed within the company, organizing a schedule for assessing the first 4 criteria in 2015 and the remaining 6 in 2016. It has been determined that among the first 4, only that relating to repetitive work should be assessed in connection with Egide's activity. These meetings were organized in the form of working groups with the participation of the Health, Safety and Working Conditions Committee, the human resources manager and the plant safety manager. In connection with the French law on social dialogue and employment ("Rebsamen Law") of August 17, 2015, Egide examined the 10 criteria and concluded that none of them applied to the company These criteria were nevertheless introduced in the Group's statutory reporting document *(document unique)* for monitoring purposes.

Report on agreements concluded relating to occupational health and safety

No specific agreements in group companies have been signed relating to occupational health and safety. Each entity applies local regulations applying in this area (for example Health, Safety and Working Conditions Committee at Egide SA).

In each entity, business vehicle coverage is provided to employees who use their personal vehicle for professional purposes.

e) Training

Training policy

At Egide SA, an assessment of training needs is determined based on input provided by different departments, in general, in January, with a date for reply to each service which is requested by January 31. The human resources manager then transmits the requests to executive management who in turn presents a summary of the monthly executive committee meeting to be held in February. In accord with employee representatives bodies, discussions on the training plan are included in meetings organized for French annual statutory wage negotiations.

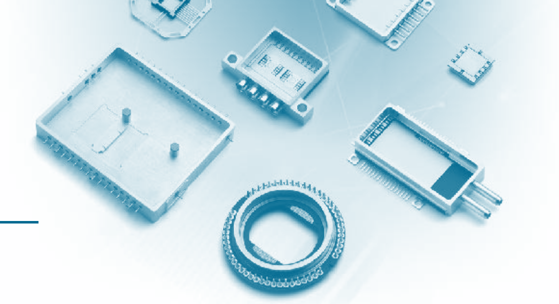
To take into account the economic uncertainties, the trend is to limit whenever possible, the inclusion of external expenditures in the training plan, develop to the extent possible internal training solutions, giving preference to group training over individual training and in consequence, strongly encourage use by employees who so wish, on fixed-term or permanent contracts, of their personal training benefits account *("Compte Personnel de Formation")*.

No obligations exists with respect to training in the Group's foreign subsidiaries. However, individual requests that may arise are reviewed and handled by local management according to the same principles that apply to Egide SA.

Training hours

Total training hours (internal and external) amounted to 1,700 for Egide SA (640 in 2015) and 96 for Egide USA (60 in 2015). In 2016, total expenditures for outside training for Egide SA amounted to €26,653 (€31,485 in 2015) and for Egide USA to US$5,677 (US$1,243 in 2015).

As of January 1, 2015, the French system providing for individual training rights *(Droit Individuel à la Formation or DIF)* was replaced by the so-called Personal Training Account *(Compte Personnel de Formation or CPF)*. On this occasion, management of the system was transferred from the employer to the Caisse des Dépôts et Consignation and personal information relating thereto is henceforth completely private. It is no longer possible to indicate the aggregate amount of hours acquired by employees as with the previous system. These provisions concern only Egide SA.



f) Equal opportunity and non-discrimination

Gender equality in the workplace between men and women

Even though women represent the majority of plant personnel at each of the production sites, there are no positions within the Group that could give rise to unequal treatment between men and women.

Employment and integration of handicapped workers

In 2016, Egide SA employed 14 persons with non-motor-based disabilities at the Bollène site (i.e. equivalent to 12.77 units) and none at the Trappes site (respectively 16 and 0 in 2015 or equivalent to 12.29 and 0 in units). No disabilities were the result of an accident occurring in relation to the company's activities. For information, the statutory obligation (law of February 11, 2005) for 2016 provided for 9 units and for 2015 7 units. On that basis, the French entity had exceeded these requirements.

No similar regulation exist for the Group's US subsidiary which moreover does not employ any disabled workers.

Information on measures to combat discrimination and promote diversity

In pursuance of the provisions of Article L225-102-1 subsection 5 of the French commercial code as amended by Article 9 of Law No. 2011-672 of June 16 2011, every year Egide SA submits to the Works Committee and employee representatives a single report providing information on measures to combat discrimination and promote diversity (see indicators presented above). Moreover, no discrimination exists with training, professional promotion, working conditions and actual remuneration levels.

g) Compliance with the core conventions of the International Labor Organization (ILO)

Egide, a French company, and its US subsidiary respect as a matter of principle the international labor conventions.

26.2 Information on the environmental impact of operations

In accordance with the provisions of article L225-102-1 paragraph 5 of the French commercial code and article R225-105-1 amended by decree No. 2016-1138 of August 19, 2016, selected disclosures relating to environmental impacts of the activity of Egide SA and its subsidiaries held at December 31, 2016 are provided below. Information presented herein was collected from the plant maintenance & security manager and the quality & environment manager for the French entity and from local managers for the US subsidiary.

a) General environmental policy

Compliance by the company with environmental provisions

The activity of Egide SA is subject to a requirement for an operating authorization issued by the regional authorities *("Préfecture")* of Vaucluse. The company is accordingly subject to inspections by a number of regulatory agencies (DREAL, the Water Agency, CARSAT and the APAVE for waste analysis). Egide USA also requires an authorization to operate which is issued by the Maryland Department of the Environment (MDE) and the city of Cambridge in Maryland. It is subject to inspections by MDE and the Environmental Protection Agency. Quarterly waste analysis reports are transmitted to the Department of Works of the city of Cambridge.

Internal departments responsible for environmental issues

Executive management, the plant management (Bollene, Cambridge and Woodbridge) and the Quality Control and Environment department, in consultation with the Health, Safety and Working Conditions Committee for France, are directly responsible for the monitoring environmental impacts of the company's operations. The Group consults, if necessary, with relevant external organizations in the matter.

Environmental certification initiatives

Egide SA's ISO 14001 certification was renewed in December 2015. Although without environmental certification, the Group's American subsidiary complies with applicable standards in force in the United States and adheres to the provisions of its ISO 9001 certification.

Employee training and information initiatives

At Egide SA, training initiatives address environmental issues and are an integral part of the annual training program negotiated with employee representative bodies. This training is provided by the plant maintenance and security manager who was assisted by the quality and environmental manager.

At Egide USA, while no specific training measures exist, information is provided to production managers when appropriate.

Expenditures incurred for the prevention of environmental impacts

Environmental issues are monitored directly by quality and environmental departments of each Group company. For 2015 and 2016 no specific expenditures were incurred other than those relating to these departments.

Provisions and guarantees for environmental risks

No provisions for costs to be incurred in relation to environmental issues have been established at the Group level.

Environmental penalties paid pursuant to a judicial decision

No environmental penalties were paid by the Group in 2015 and 2016.

Environmental objectives for subsidiaries

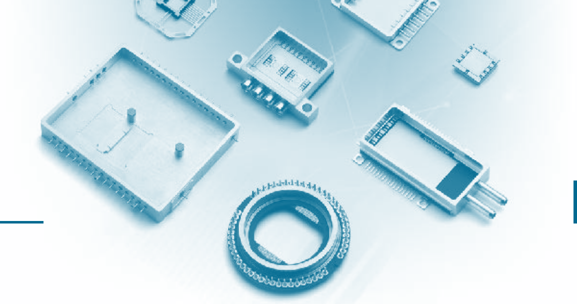
Prior to the acquisition of Egide USA, an environmental audit was performed at Egide's initiative which confirmed that the US subsidiary was in compliance with US laws and regulations. Since then, Egide has ensured that its subsidiary remains in compliance with applicable current and future standards.

As a general rule, Egide ensures that each Group company applies the environmental standards in force in their respective countries.

b) Pollution and waste management

Discharges in the air, water and ground causing serious environmental impacts

Egide SA and Egide USA have surface treatment equipment, composed primarily of a manual and semi-automatic plating chain as well as different types of chemical baths. All this equipment is constructed on holding tanks, linked to storage tanks, to prevent any risk of soil pollution in case of accidental overflow or spillage.



Measures for prevention, recycling and eliminating waste

The waste and by-products generated by Egide Group's production units originated mainly from surface treatment activities. When possible, liquid waste is recycled though generally, this waste is removed then disposed of by specialized waste management companies.

Furthermore, measures have been put into place for the collection of certain ordinary or hazardous waste. Accordingly, at Egide SA special containers are available to staff to sort paper, cardboard, wooden pallets, batteries, ink printer cartridges and used neon bulbs for the purposes of their reuse, recycling or destruction. Similarly, even though not subject to the "WEEE" directive on waste electrical and electronic equipment from private households, used computer equipment (PCs, monitors, printers) are collected and sent for destruction through a dedicated channel. At Egide USA, containers intended for recycling aluminum cans, plastic bottles and paper are installed in the company's premises.

Certified for the ISO 14001 standard, indicators are in place at Egide SA to monitor waste. Data is not available for the American subsidiary Egide USA.

Waste	Unit	Egide SA		Egide USA	
		2015	2016	2015	2016
Non-hazardous waste	Tons	16.3	21.2	NA	NA
Hazardous waste	Tons	601.6	647.9	14.9	11.9

For Egide SA, data is analyzed in relation to number of production units per year in order to monitor these indicators based on the company's actual output.

The difference between levels for hazardous waste between Egide SA and Egide USA reflects the fact that the first disposes of liquid waste while the second disposes of waste concentrated in solid form (resulting from a different internal process for chemical discharges).

Neither Egide SA nor Egide USA have canteens at their premises. As such, the Group is not able to take measures at this level to combat food waste.

Noise and odor pollution

The surface treatment process may produce odors associated with the activity which are however neutralized by exhaust ventilation systems in the electroplating room. In the case of an accidental shutdown of these systems, measures exists for shutting down the production line and evacuating personnel to safety. Extracted air is filtered by equipment which traps all pollutants before being released to the outside.

Air compressors (compressed air supply system) and air cooling towers (kiln cooling) represent the only sources of external noise disturbances. Noise remains however within the limits imposed by standards in force and does not create any significant disturbances in light of the environment where the Group companies are located (rural area with agricultural fields and industrial buildings for Egide SA, urban commercial and traffic area for Egide USA).

There are no internal sound nuisances which may affect employees, other than those relating to operating the machining centers in those units thus equipped. Machine tools generate significant noise levels though comply with regulations in force and are monitored by the occupational physician in France and OHSA (Occupational Health and Safety Authority) in the United States. However, hearing protection gear is made available to Egide personnel.

c) Sustainable use of resources

Water, raw materials and energy consumption

Water consumption for Group operating activities are mainly for cooling the ovens and supplying the electroplating lines. In the interest of reducing expenses and energy efficiency, Egide SA and Egide USA have put into place a closed loop cooling system for the ovens with the installation of cooling towers. Egide USA has in addition equipment operating on an open loop basis hence with considerably higher water consumption. In the same spirit, surface treatment installations have switched from the current rinsing system to a "static bath" system whereby rinsing baths are changed on a periodic basis in contrast to a continually circulating open-loop system. Certain operations at Egide USA nevertheless continue to use the open-loop system.

The Group uses high temperature brazing and high temperature sintering furnaces which use significant amounts of energy. These furnaces also consume gas (nitrogen or hydrogen) obtained through regular deliveries of specialized suppliers.

Finally, to test the hermetic sealing of its products, the group uses helium, also provided in bottles from special suppliers.

Information on consumption is summarized below:

Resource	Unit	Egide SA		Egide USA	
		2015	2016	2015	2016
Water	m^3	7,953	9,514	84,407	68,410
Electricity	kWh	3,344,029	3,313,562	4,323,600	4,231,200
Gas	kWh	1,115,450	1,176,808	4,976,054	3,605,946
Hydrogen	m^3	17,238	15,450	33,302	20,769
Nitrogen	Kg	772,631	837,810	1,163,547	1,020,091

Whether with (Egide SA) or without ISO 14001 certification, the Group endeavors to ensure limited consumption of these resources in conducting its operations.

In connection with its activity, the raw materials used by Egide are mainly ASTM F15 (or Kovar™), alumina, tungsten or ammonium. ASTM F15 is an iron, nickel and cobalt alloy entering into the composition of metal products purchased by the Group from machinists, molders or powder suppliers. While Kovar is sometimes sourced by Egide from specialized French or American companies, it is generally supplied directly by its component suppliers. In 2016 Egide directly purchased of 1,806 kg of kovar in the period (1,557 kg in 2015). Egide USA does not purchase raw materials. Alumina, tungsten or ammonium are used for the manufacture of ceramic components. 300 kilos of tungsten were purchased in 2016 (635 kilos in 2015). 12 tons of Alumina and 1 ton of ammonium were procured in 2015 (none in 2016).

Egide also uses aurocyanide in its surface treatment activities. In 2016, 104 kg of aurocyanide were purchased (47 kg by Egide SA and 57 kg by Egide USA), representing the equivalent of 66.7 kg of gold metal with no difficulties encountered for procurement. In 2015, 97 kg of aurocyanide was purchased (40 kg by Egide SA and 57 kg by Egide USA), representing the equivalent of 66 kg of gold.

This data is analyzed in relation to the number of production units per year in order to monitor these indicators based on the company's actual output.

Soil use

No Group companies use resources originating directly from the soil. The industrial facilities cover an area of 5,700 m² in Bollène, 1,300 m² in Trappes and 5,000 m² in Cambridge MD. In 2015 and 2016, none of the sites were expanded.

d) Climate change

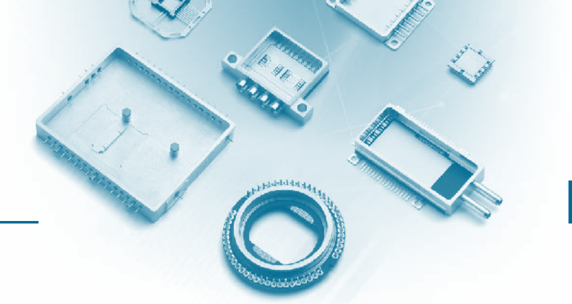
Greenhouse gas emissions

No procedure has been adopted to estimate the impact of possible greenhouse gas emissions from the Group production sites.

Adapting to the consequences of climate change

No specific measure has been identified for the purpose of adapting Group sites to climate change.

Group entities use significant amounts of electricity to operate their equipment. For information, in France 75% of electricity is produced from nuclear energy (i.e. no greenhouse gas emissions).



e) Protection of biodiversity

Measures taken to limit environmental damage

Egide SA operates in an industrial zone bordered by a waste collection facility, agricultural fields, a drainage canal parallel to the Rhône and the Tricastin nuclear power plant. Egide USA is located in a commercial urban area off a road with heavy traffic. The environment of each Group company thus limits adverse impacts on the biological balance, natural habitats, and protected animal or vegetable species. Regarding effluent discharges, Egide SA has decided to store them in and installation built specifically for this purpose to be evacuated and processed on a regular basis by specialized companies. Egide USA recovers pollutants for treatment before discharging the effluents into the municipal networks (after prior pH control). Whenever possible, the Group gives preference to the regeneration of certain used chemical products.

Furthermore, with respect to Egide SA's ISO 14001 certification, a number of measures have been identified and implemented (paper and cardboard recycling, phasing out of the use of flo-pak etc.).

26.3 Information relating to societal commitments in favor of sustainable development

In accordance with the provisions of article L225-102-1 paragraph 5 of the French commercial code and article R225-105-1 amended by decree No. 2016-1138 of August 19, 2016, selected disclosures relating to corporate social responsibility commitments in favor of sustainable development of Egide SA and its subsidiaries included in the consolidation scope at December 31, 2016 are provided below.

a) Territorial, economic and social impact

Employment and regional development

Each Group company gives preference to the local labor force for the recruitment of new staff. Also, regional infrastructure resources are used when available.

Impacts on resident or local populations

The French site is located in an industrial area surrounded by agricultural fields while the US site is located in a commercial area off the main road in a town environment. By their location, the impact of Group entities on resident or local populations is very limited.

b) Relations with persons or organizations interested by the activity of the company

Conditions of dialogue

All persons interested in the activity of the company may freely contact the different Group units. The relevant contact information is available from Egide website.

Corporate partnerships or sponsorship initiatives

No corporate partnerships or sponsorship initiatives have been implemented by Group companies

c) Subcontracting and suppliers

An ethics clause is included in the charter sent by Egide SA to all suppliers (also available at the website) and acceptance by suppliers of a purchase order constitutes acceptance of the provisions of this clause. With most of the suppliers with whom Egide works from Europe or the United States, the company is overall not subject to a risk of their noncompliance with ILO conventions. With respect to suppliers, particularly in Asia where application of ILO conventions can sometimes be challenged, the existence of the Egide purchasing charter helps ensure that these conventions are better applied. In addition, Egide suppliers are regularly audited by the Group's quality department in order to, in particular, ensure compliance with the purchasing charter.

Egide moreover specifically prohibits using suppliers having recourse to child labor or forced labor. By objecting in order from Egide, the supplier unconditionally undertakes to comply and ensure compliance by its own suppliers of this clause.

Egide SA on occasion uses technical subcontracting for the manufacture of certain packages as it does not have the necessary equipment and/or expertise in-house. The company accordingly incurred expenses in 2016 totaling €447,074 (compared to €367,727 in 2015).

d) Fair practices

Actions taken to prevent corruption

The company relies on procedures in place at each unit to prevent all risks of corruption. Otherwise, no specific measures addressing the subject have been adopted.

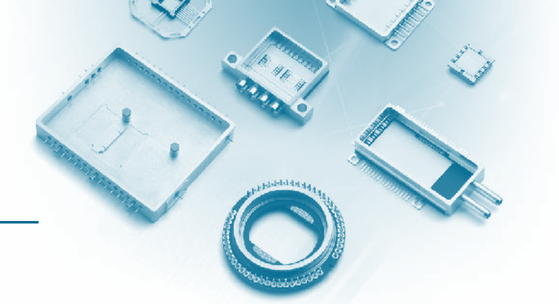
Consumer health and safety measures

The company has an exclusively B2B customer base and none of the products sold by the Group are destined for the consumer segment. However, the ultimate purpose of the components manufactured by Egide is to ensure the protection of electronics in all circumstances and in consequence, the company contributes to the safety of end customers (aeronautics, infrared vision, etc.).

With regards to health, Egide applies the laws and regulations in force in each country (for example REACH).

e) Other actions in favor of the human rights

No specific measures in this area have been adopted at Group companies.



26.4 Verification of the CSR report by an independent third-party

In compliance with the statutory provisions set forth by the legal order published on May 13 2013 determining the conditions in which the independent third party shall perform its engagement to review the CSR report, Egide's executive management appointed the firm Finexfi for that purpose. Finexfi was granted certification by the French National Accreditation Body (COFRAC) under No. 3-1081.

"To the shareholders:

Pursuant to the request by Egide SA and in our capacity as independents assurance providers accredited by COFRAC under No. 3-1081 (for details on the scope refer to www.cofrac.fr), we hereby present our report on consolidated employment-related environmental and social information presented in the annual report prepared for the period ended 12/31/2016 in accordance with the provisions of article L225-102-1 of the French commercial code.

Responsibility of company management

The Board of Directors is responsible for the preparation of the management report including the consolidated social, environmental and societal information in accordance with the requirements of Article R225-105-1 of the French commercial code (hereafter the "Information"), established according to the company's internal reporting standards (the "Guidelines") and which can be obtained from the EGIDE's registered office .

Independence and quality control

Our independence is defined by regulatory requirements, the Code of Ethics of our profession (Code de Déontologie) and Article L822-11 of the French commercial code. In addition, we have put into place a quality control system that includes policies and documented procedures for the purpose of ensuring compliance with conduct of business rules, professional standards and applicable laws and regulations.

Responsibility of the independent third-party assurance providers

On the basis of our work, it is our responsibility to:

- attest that required disclosures are presented in the management report or, if not presented, whether an appropriate explanation is given in accordance with the third paragraph of Article R225-105 of the French commercial code *(Code de Commerce)* and Decree no. 2012-557 24 April 2012 (Statement of Disclosure);
- provide limited assurance on whether the information is fairly presented in all material respects in accordance with the Guidelines adopted (Limited Assurance Report).

STATEMENT OF DISCLOSURE

Our engagement was performed in accordance with professional standards applicable in France:

- We compared the Information presented in the management report with the list as provided for in Article R225-105-1 of the French commercial code;
- We ensured that the Information covers the scope of consolidation, i.e., the company, its subsidiaries as defined by Article L233-1 and the entities it controls as defined by Article L233-3 of the French commercial code;
- In the event of the omission of certain consolidated information, we verified that an appropriate explanation was given in accordance with Decree no. 2012-557 dated 24 April 2012.

On the basis of these procedures, we certify that the annual report includes the required Information.

REASONED OPINION ON THE FAIRNESS OF THE CSR INFORMATION

Nature and scope of work

Our work was carried out over a period of four workdays between April 6, to April 25, 2017.

We performed our work in accordance with the standards applicable in France, ISAE 3000 (International Standard on Assurance Engagements) and with legal order published on May, 13 2013 determining the conditions in which the independent third party performs its engagement.

We conducted three interviews with persons responsible for preparing CSR information from the departments responsible for collecting information and, where appropriate, those in charge of internal control and risk management procedures in order to:

- Assess the suitability of the guidelines in light of their relevance, completeness, impartiality, comprehensibility, and reliability, taking industry best practices into account when necessary;
- Verify that the Company had set up a process for the collection, compilation, processing and control of the CSR Information to ensure its completeness and consistency. We examined the internal control and risk management procedures relating to the preparation of the CSR Information.

We identified the consolidated information to be tested and determined the nature and scope of the tests, taking into consideration their importance with respect to the employment-related social and environmental consequences related to the Company's business and characteristics, its CSR priorities and best industry practices.

With regard to the CSR Information that we considered to be the most important at the consolidating entity level:

- We have consulted documentary sources and conducted meetings to corroborate qualitative information (organization, policies, actions);
- We implemented analytical procedures for quantitative information and verified, using sampling techniques, calculations as well as the consolidation of data;
- We performed detailed tests based on samples[13], consisting in verifying calculations and reconciling data with supporting evidence and verified their consistency and concordance with the other information in the management report.

For the other CSR consolidated information published, we assessed its consistency based on our knowledge of the Company.

Finally, we also assessed the relevance of explanations given for any information not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes used, based on our professional judgment, allow us to express limited assurance. A higher level of assurance would have required us to carry out more extensive work.

Our work covered more than 50 % of the consolidated value of quantitative indicators for employment-related information and more than 50% for environmental-related information.

Because of the use of sampling techniques and other limitations intrinsic to the operation of any information and internal control system, we cannot completely rule out the possibility that a material irregularity in CSR information has not been detected.

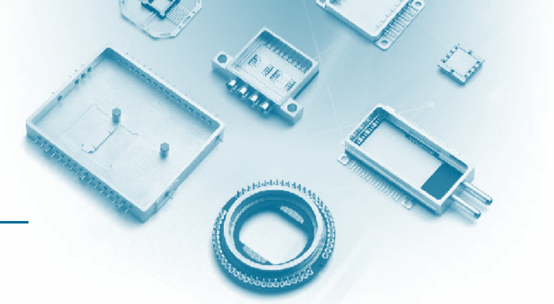
CONCLUSION

Based on our work described in this report, no material misstatements have come to our attention that might cause us to believe that the Information is not fairly presented, in all material respects, in accordance with the Guidelines.

Lyon, April 26, 2017

Independant auditor
FINEXFI - Isabelle Lhoste, partner"

[13] *Intervention at the Bollène site; companies selected for the tests: Trappes, Bollène*



27 AGENDA AND DRAFT RESOLUTIONS FOR THE AGM OF JUNE 16, 2017

27.1 Agenda of the ordinary meeting

- Reading of the management report on operations of the period, the separate parent company financial statements and the consolidated financial statements for the period ended December 31, 2016,
- Reading of the Chair's report on the preparation and organization of the work of the board of directors and internal control and risk management procedures implemented by the company,
- Reading of the auditors' reports on the performance of their engagement, the internal control and risk management procedures and agreements provided for by article L225-38 of the French commercial code,
- Special report of the board of directors on stock options,
- Reading of the third-party assurance report on social and environmental data
- Reading of the supplemental report in connection with the use of a delegation of authority,
- Approval of the separate parent company accounts,
- Net income appropriation,
- Approval of the consolidated financial statements,
- Approval of the Chair's report on the conditions of preparation and organization of the work of the board of directors and internal control and risk management procedures implemented by the company and the Auditors' report thereon prepared in compliance with the provisions of articles 225-235 of the French commercial code,
- Approval of the special report of the board of directors on stock options,
- Reappointment of a director,
- Approval of the system of officer compensation,
- Allocation of attendance fees,
- Powers for formalities.

27.2 Agenda of the Extraordinary Meeting

- Reading of the board of directors' report,
- Reading of the auditors' special reports,
- Delegation of authority to increase the capital with preferential subscription rights maintained,
- A delegation of authority to increase the capital by issuing debt securities giving access to equity securities to be issued, maintaining the preferential subscription right of shareholders,
- Delegation of authority to be given to the board of directors to increase the number of shares to be issued in the case of a capital increase by issuing ordinary shares and/or equity securities giving access to other equity securities or entitlement to debt securities and/or securities giving access to the equity securities to be issued, maintaining the preferential subscription right,
- A delegation of authority to the board of directors to issue, through an offering provided for by article L411-2 II of the French monetary and financial code, shares or other securities giving access to equity securities of the company to be issued, with cancellation of the preferential subscription right,
- Delegation of authority to be granted to the board of directors for the purpose of granting stock options of the company (the "Options") with the preferential subscription right of shareholders waived in favor of selected categories of beneficiaries.
- Delegation of authority to increase the capital with cancellation of the preferential subscription right of shareholders for the benefit of participants of a company savings plan,
- Powers for formalities.

27.3 Ordinary resolutions

RESOLUTION I - Approval of the separate parent company financial statements

The shareholders, acting in accordance with the quorum and majority voting requirements applicable to ordinary general meetings, after considering the reports of the board of directors and the Auditors for the period ended December 31, 2016, approve the annual financial statements as presented and adopted on this date, showing a loss of €683,621.51.

The shareholders also approve the transactions reflected in said financial statements or summarized in these reports.

In application of article 223 *quater* of the French general tax code, they duly note that no expenses or charges covered by 4 of article 39 of said code were incurred for the period under review.

RESOLUTION TWO - Appropriation of earnings

The shareholders, acting in accordance with the quorum and majority voting requirements applicable to ordinary general meetings, on the proposal of the board of directors, decide to allocate the loss for the year as follows:

- To "Retained earnings" accordingly increasing it to an accumulated deficit of €4,469,559.04.

In compliance with the disclosure requirement provided for by article 243 *bis* of the French General Tax Code, readers are informed that no dividends have been paid out over the last three years.

RESOLUTION THREE - Approval of the consolidated financial statements

The shareholders, acting in accordance with the quorum and majority voting requirements applicable to ordinary general meetings, after considering the reports of the board of directors and the Auditors for the period ended December 31, 2016, approve the consolidated financial statements as presented and adopted on this date, showing a loss of €693,861.22.

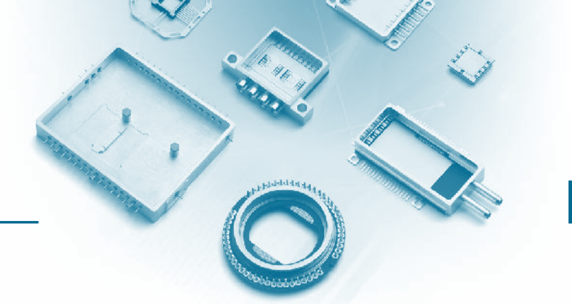
The shareholders also approve the transactions reflected in said financial statements or summarized in these reports.

RESOLUTION FOUR - Approval of the Chair's report on the conditions of preparation and organization of the work of the board of directors and internal control and risk management procedures implemented by the company and the Auditors' report thereon prepared in compliance with the provisions of articles 225-235 of the French commercial code

The shareholders, acting in accordance with the quorum and majority voting requirements applicable to ordinary general meetings, after considering the report of the Chair of the board of directors on the conditions of preparation and organization of the work of the board of directors and internal control and risk management procedures implemented by the company, in accordance with the provisions of article L.225-37 subsection 6 of the French commercial code, and after considering the Auditors' report thereon, approve these reports.

RESOLUTION FIVE - Special report of the board of directors on stock options

The shareholders, acting in accordance with the quorum and majority voting requirements applicable to ordinary general meetings, after considering the report of the Chair of the board of directors on stock options, approve said report.



RESOLUTION SIX - Renewal of the appointment of a director

The shareholders, acting in accordance with the quorum and majority voting requirements applicable to ordinary general meetings, duly noting that the term of office of Mr. James F. Collins expires at the end of this meeting, decide to renew his term of office for four years expiring at the end of the ordinary general meeting to be held for the purpose of approving the financial statements for the period ending December 31, 2020.

RESOLUTION SEVEN - Approval of the system for officer compensation

The shareholders, acting in accordance with the quorum and majority voting requirements applicable to ordinary general meetings, in accordance with the provisions of article L225-37-2 of the French commercial code and after considering the board of directors' report on the principles and criteria for setting, allocating and granting fixed, variable and special compensation making up the total compensation and benefits of any nature granted to the chairman-chief executive officer and the deputy chief executive officer, approve the system of compensation established by the board of directors.

RESOLUTION EIGHT - Allocation of attendance fees

The shareholders, acting in accordance with the quorum and majority voting requirements applicable to ordinary general meetings, decide to set the total amount of attendance fees to be allocated among directors for the year in progress at a gross amount of €60,000 (before statutory social security contributions), an amount that would be increased to a gross amount of €7,500 per each director newly appointed by the annual general meeting.

RESOLUTION NINE - Powers for formalities

The shareholders grant all powers to the holder of a copy or short-form certificate of these minutes for all disclosure and other formalities required by law.

27.4 Extraordinary resolutions

RESOLUTION TEN - Delegation of authority to increase the capital with preferential subscription rights maintained

The shareholders, in accordance with the conditions of quorum and majority that apply at extraordinary general meetings, after considering the board of directors' report, and after duly noting that the capital has been fully paid up,

ruling in accordance with provisions of articles L225-129 et seq. of the French commercial code and notably, articles L225-129-2, L225-135, L225-136 2, and L228-92,

1. Delegate their authority to the board of directors to decide on increasing the capital, through one or more installments, in France or other countries, in amounts and at such times it chooses, either in euros or in another currency, or in any other monetary unit established by reference to several currencies, by issuing ordinary shares of the company or, in accordance with the provisions of article L228-93 of the French commercial code, of any company which directly or indirectly holds more than half of its capital or a company in which it directly or indirectly holds more than half of the capital, whereby it is specified that the shares may be subscribed either through the payment of cash or by the offsetting of debt, and that any issue of preferred shares is excluded;

2. Resolve that the maximum nominal amount of increases in share capital that may be carried out shall not exceed 6 million (6,000,000) euros, whereby it is understood that this amount shall not be included in the amount provided for under other delegations of authority in draft resolutions submitted for approval to this general meeting and that the total amount of these sums may be combined in full or in part as appropriate;

3. Set the duration of this delegation of authority at twenty six (26) months from this date;

4. Decide that the shareholders may exercise in accordance with the applicable laws and regulations, their preferential right to subscribe for ordinary shares or securities issued under this delegation of authority;

5. Decide that the board of directors may establish for the benefit of shareholders a right to apply for excess shares subject to reduction *(à titre réductible)* exercisable in proportion to their rights and within the limit of their demand;

6. Decide that if take-up for shares on the basis of irrevocable entitlement *(à titre irréductible)* with respect to exact rights and, when applicable, for excess shares subject to reduction *(à titre réductible)*, should fail to account for the entire issue, in accordance with article L225-134 of the French commercial code, the board of directors will have the possibility of making use of one of the following options, in the order it chooses:

   - Limit the number of securities issued to the number of applications received, provided that such applications are for at least three quarters of the intended amount,
   - Freely allocate all or part of the shares not taken up on the basis of irrevocable entitlement *(à titre irréductible)* with respect to exact rights and, when applicable, for excess shares subject to reduction *(à titre réductible)*,
   - Offer all or part of the securities not taken up to the public,

7. Duly note that this decision automatically entails, in favor of the holders of securities giving access, immediately or in the future, to the equity securities of the company, waiver by the shareholders of their preferential right to subscribe for equity securities to which these securities shall give a right;

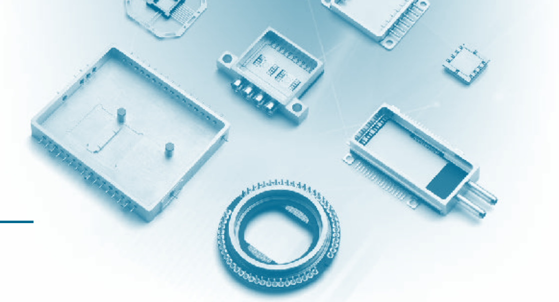
8. Decide that as an exception to the provisions of article L233-32 of the French commercial code, that use of this delegation of authority will be suspended during periods of public offerings;

9. Resolve that the board of directors will possess all powers to implement this delegation of authority, which it may in turn delegate in accordance with applicable laws, notably in order to:

   - Set the terms and conditions of the issue (in particular the issue price), subscription and payment of securities that will be issued by virtue of this delegation of authority;
   - At its sole discretion and if it so deems appropriate, charge issuance costs, duties and fees resulting from capital increases to the corresponding premium and deduct from such premiums amounts necessary to bring the legal reserve in line with one tenth of the new share capital after each capital increase;
   - Record the completion of the capital increases resulting from the issues to be decided by virtue of this delegation of authority and make the corresponding changes to the articles of association;
   - And generally, enter into all agreements, in particular to ensure completion of the proposed issues and accomplish all formalities required for the issuance, listing and servicing securities issued by virtue of this delegation of authority and for the exercise of the rights attached thereto;

10. Duly note that the board of directors will report to the next ordinary general meeting, as required by law and regulation, on the uses made of the authorizations granted under this delegation of authority;

11. Duly note that this authorization supersedes and cancels the previous delegation of authority having the same purpose.



RESOLUTION ELEVEN - Delegation of authority to increase the capital by issuing debt securities giving access to equity securities to be issued, maintaining the preferential subscription right of shareholders

The shareholders, in accordance with the conditions of quorum and majority that apply at extraordinary general meetings, after considering the board of directors’ report, and after duly noting that the capital has been fully paid up:

ruling in accordance with provisions of articles L225-129 et seq. of the French commercial code and notably, article L225-129-2 and articles L228-91 et seq.,

1. Delegate their authority to the board of directors to decide, through one or more installments, in France or other countries, in proportions and at such times of its choosing, either in euros or in another currency, or in any other monetary unit established by reference to several currencies, on the issuance of debt securities giving access to equity securities to be issued of the company, or, in accordance with the provisions of article L228-93 of the French commercial code, of any company which directly or indirectly holds more than half of its capital or a company in which it directly or indirectly holds more than half of the capital, whereby it is specified that debt securities may be subscribed either through the payment of cash or by the offsetting of debt;

2. Resolve that the aggregate nominal amount of increases in share capital that may result from the issuance of debt securities giving access to equity securities of the company to be issued, shall not exceed 6 million (6,000,000) euros or an equivalent value in another currency on the issue date whereby it is understood that this amount shall not be included in the amount provided for under other delegations of authority in draft resolutions submitted for approval to this general meeting and that the total amount of these sums may be combined in full or in part as appropriate;

3. Decide that to this maximum amount of €6,000,000 will be added, as applicable, the nominal amount of additional shares to be issued to preserve, in accordance with applicable legal or regulatory provisions as well as all contractual provisions, the rights of holders of bonds giving access to equity securities of the company to be issued;

4. Set the duration of this delegation of authority at twenty six (26) months from this date;

5. Decide that the shareholders may exercise in accordance with the applicable laws and regulations, their preferential right to subscribe for debt securities issued under this delegation of authority;

6. Decide that the board of directors may establish for the benefit of shareholders a right to apply for excess shares subject to reduction *(à titre réductible)* exercisable in proportion to their rights and within the limit of their demand;

7. Decide that if take-up for shares on the basis of irrevocable entitlement *(à titre irréductible)* with respect to exact rights and, when applicable, for excess shares subject to reduction *(à titre réductible)*, should fail to account for the entire debt issue, in accordance with article L225-134 of the French commercial code, the board of directors will have the possibility of using one of the following options, in the order of its choosing:

    - Freely allocate all or part of the debt securities not taken up on the basis of irrevocable entitlement *(à titre irréductible)* with respect to exact rights and, when applicable, for excess amounts subject to reduction *(à titre réductible)*,
    - Offer all or part of the debt securities not taken up to the public.

8. Duly note that this decision automatically entails, in favor of the holders of debt securities giving access, immediately or in the future, to the equity securities of the company to be issued, waiver by the shareholders of their preferential right to subscribe for equity securities to which these bonds shall give a right;

9. Decide that as an exception to the provisions of article L233-32 of the French commercial code, use of this delegation of authority will be suspended during public offerings;

10. Resolve that the board of directors will possess all powers to implement this delegation of authority, which it may in turn delegate in accordance with applicable laws, for the purpose of notably:

    - Set the terms and conditions of the issue (in particular the issue price), subscription and payment of debt securities that will be issued by virtue of this delegation of authority;
    - Decide, when proceeding with any debt issue, whether it shall be subordinated or not (and as applicable, its seniority in accordance with the provisions of article L228-97 of the French commercial code), set its interest rate (in particular fixed, floating, zero-coupon or indexed interest rates), its term (fixed or perpetual) and other terms of its issuance (including whether to grant guarantees or sureties) and

redemption (including repayment by delivery of assets of the Company); set the conditions according to which such debt securities shall give access to equity securities of the Company to be issued and/or the allocation of debt securities; modify for the duration of the life of the securities in question, the procedures referred to above in compliance with applicable legal formalities;
- Set, as applicable, the procedures for exercising rights attached to the debt securities to be issued and, in particular establish the date of record from which the new shares will carry rights, as well as any other conditions and procedures for completing the issue;
- Suspend, as applicable, the rights attached to these bonds, in compliance with applicable laws and regulations;
- At its sole discretion if it so deems appropriate, charge issuance costs, duties and fees resulting from issuing securities to the corresponding premium and deduct from such premiums amounts necessary to bring the legal reserve in line with one tenth of the new share capital after each capital increase;
- Make all adjustments required in accordance with applicable laws and regulations and establish the procedures for preserving, as applicable, the rights of holders of debt securities giving access to equity securities to be issued;
- Record the completion of the capital increases resulting from the issues to be decided by virtue of this delegation of authority and make the corresponding changes to the articles of association;
- And generally, enter into all agreements, in particular to ensure completion of the proposed issues and accomplish all formalities required for the issuance, listing and servicing debt securities issued by virtue of this delegation of authority and for the exercise of the rights attached thereto;

11. Duly note that the board of directors will report to the next ordinary general meeting, as required by law and regulation, on the uses made of the authorizations granted under this delegation of authority.

12. Duly note that this authorization supersedes and cancels the previous delegation of authority having the same purpose.

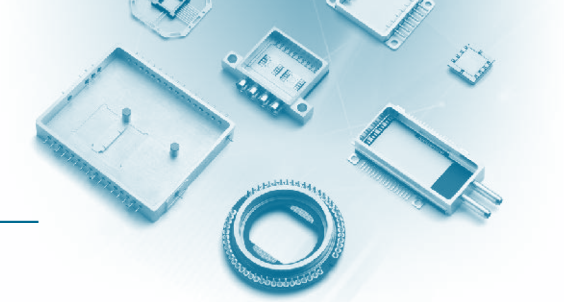
RESOLUTION TWELVE - Delegation of authority to be granted to the board of directors to issue ordinary shares and/or other securities representing equity securities giving access to the other equity securities and/or entitlement to debt securities and/or securities giving access to equity securities to be issued, maintaining shareholders' preemptive rights

The shareholders, acting in accordance with the quorum and majority voting requirements applicable to extraordinary general meetings and duly noting that the capital was fully paid up, after considering the board of directors' report, and in compliance with the provisions of articles L.225-135-1 of the French commercial code:

1. Delegate to the board of directors their authority, which it may in turn sub-delegate in accordance with applicable laws, in connection with issues that may be decided in application of the delegations of authority given to the board of directors under resolution ten and/or resolution eleven, to decide on increasing the number of securities to be issued, in the case of a capital increase through an issue of ordinary shares and/or securities in the form of equity securities giving access to other equity securities or a entitlement to the allotment of debt securities and/or securities giving access to equity securities to be issued maintaining the preferential subscription right, at the same price adopted for the initial issue, in the event of excess demand, within the timetable and limits provided for by applicable regulations on the issue date (on this date, within 30 days from the closing of the subscription period and within the limit of 15% of the initial issue);

2. Set the duration of this authorization at twenty six (26) months from the date of this delegation of authority;

3. Duly note that this authorization supersedes and cancels the previous delegation of authority having the same purpose.



RESOLUTION THIRTEEN - Delegation of authority to be given to the board of directors to increase the share capital by issuing equity securities of the company without preferential subscription rights by private placement as provided for under article L411-2 II of the French monetary and financial code

The shareholders, acting in accordance with the quorum and majority voting requirements applicable to ordinary general meetings, after having considered the board of directors' report and the statutory auditors' special report, and after duly noting that the capital has been fully paid up:

ruling in accordance with provisions of articles L225-129 to L225-129-6, L225-136, L228-91 et seq. of the French commercial code,

1. Delegate to the board of directors their authority, for the purpose of, at its sole discretion, in one or more installments, in proportions and at such times of its choosing, in France or other countries, issuing, through an offering covered by article L411-2 II of the French monetary and financial code, of ordinary shares or securities giving access to equity securities of the company to be issued and/or of any company in which it directly or indirectly holds more than half of its capital, or securities giving an entitlement to the allocation of debt securities, either either in euros or in another currency, or in any other monetary unit established by reference to several currencies, that may be subscribed by payment in cash or by the offsetting of debt, conversion, exchange, redemption, presentation of a warrant or any other means;

2. Resolve resolve that the delegation to be granted shall exclude any issues of preferred shares or securities giving access to preferred shares.

3. Resolve to set as follows the limits of issues that may be carried out by virtue of this delegation of authority:

   - The maximum nominal amount of capital increases that may be carried out of immediately or in the future by virtue of said delegation of authority is set at 10% of the company's share capital, whereby it is understood that this amount shall not be included in the amount provided for under other delegations of authority in draft resolutions submitted for approval to this general meeting and that the total amount of these sums may be combined in full or in part as appropriate;
   - To this amount will be added, as applicable, a nominal amount of additional shares to be issued to preserve, in accordance with applicable legal or regulatory provisions as well as all contractual provisions, the rights of holders of securities giving access to equity securities of the company to be issued;
   - The total amount of equity securities that may be issued under this delegation of authority may not exceed 10% of the share capital per year;

4. Decide that for each of the issues decided in application of this resolution, the number of shares to be issued may be increased in accordance with the provisions provided for by article L225-135-1 of the French commercial code, if the board of directors notes excess demand, this increase in the number of shares to be issued may not however exceed 15% of the amount of the initial issue;

5. Decide that, in the event of insufficient demand, the board of directors may use, in the order it shall determine, the options offered by 1° and 2° of article L225-134 of the French commercial code;

6. Duly note that this delegation of authority automatically entails waiver for the benefit of holders of securities issued by shareholders of their preferential subscription right to the securities thus issued to which these securities will give access immediately or in the future;

7. Decide to cancel the preferential subscription right of shareholders to securities covered by this proposal for the benefit of the persons provided for by article L411-2 II of the French monetary and financial code,

8. Decide, in accordance with the provisions of article L225-136 of the French commercial code that:

   - The issue price of the shares that will be issued by virtue of this delegation of authority shall be set by the board of directors and at least equal to the nominal value of such shares on the issue date and decide furthermore that the price will be set in consideration of market opportunities and shall not be less than the average trading price of the share calculated over a period of three (3) trading days preceding the price-fixing date minus a discount of five percent (5%) in compliance with article L225-136 and article R 225-119 of the French commercial code;

- The issue price of securities giving access to equity securities to be issued by virtue of this delegation of authority will be such that the amount immediately received by the company, increased, as applicable, by amounts it may subsequently receive, will be for each share issued as a result of the securities, at least equal to the minimum price as defined in the above paragraph;

9. Set the period of validity of this delegation of authority at eighteen months (18) from this date

10. Decide that as an exception to the provisions of article L233-32 of the French commercial code, that use of this delegation of authority will be suspended during periods of public offerings;

11. Decide that the board of directors shall possess all authority according to the conditions provided for by law which it may further delegate in accordance with the law to implement this delegation of authority, notably in order to:

    - Set the terms and conditions of the issue, subscription and payment of securities that will be issued by virtue of this delegation of authority;
    - Set, as applicable, the procedures for exercising rights attached to the securities issued or to be issued and, in particular establish the date of record from which the new shares will carry rights, as well as any other conditions and procedures for completing the issue;
    - Suspend, as the case may be, the exercise of rights attached to the shares thus issued for a maximum period of three months;
    - Make all adjustments required, in accordance with applicable laws, and establish the procedures for preserving, as applicable, the rights of holders of securities giving future access to equity securities to be issued;
    - Record the completion of the capital increases resulting from the issues to be decided by virtue of this delegation of authority and make the corresponding changes to the articles of association;
    - In general, conclude all agreements, undertake all measures and formalities useful for the issue of equity securities under this delegation of authority as well as the exercise of the corresponding rights.

12. Duly note that the board of directors will report to the next ordinary general meeting, as required by law and regulation, on the uses made of the authorizations granted under this resolution.

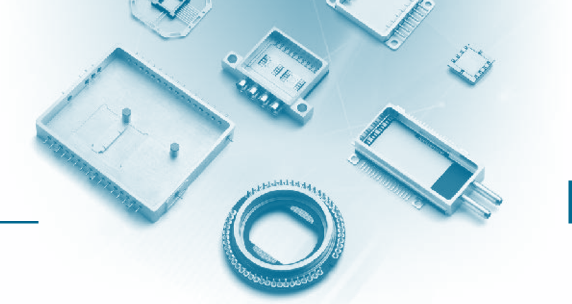
13. Duly note that this authorization supersedes and cancels the previous delegation of authority having the same purpose.

RESOLUTION FOURTEEN - Authorization to be given to the board of directors for the purpose of granting stock options of the company (the "Options") with the preferential subscription rights of shareholders waived in favor of selected categories of designated beneficiaries

The shareholders, in accordance with the conditions of quorum and majority that apply at extraordinary general meetings, after having considered the board of directors' report and the Statutory Auditors' special report, and after duly noting that the capital has been fully paid up:

Authorize the board of directors, in accordance with the provisions of article L225-177 of the French commercial code, to grant, on one or more occasions, options conferring a right to subscribe for new shares to be issued by the company through an increase in capital or the purchase of existing shares of the company originating from shares bought back under the conditions provided by law (the "Options") for the benefit of employees and officers (or certain categories thereof) of the company and affiliated companies or an economic interest group according to the provisions of article L. 2 L225-180-I said code, whereby it is specified that as long as the shares are traded on a regulated market, the board of directors must, to be able to grant stock options to managers of the company referred to in paragraph four of article L225-185 of the French commercial code, comply with the provisions of article L225-186-1 of the French commercial code (to date, stock options or restricted stock awards for the benefit of all the company's employees and at least 90 % of all employees of its subsidiaries within the meaning of article L233-1 of the French commercial code and subject to article L210-3 of said code where the implementation of statutory or voluntary profit-sharing agreements for the benefit of at least 90 % of all the employees of its subsidiaries within the meaning of article L233-1 of the French commercial code and subject to article L210-3 of said code) (the "Beneficiaries").

It decides to set the terms of the authorization thus granted to the board of directors as follows:



1. The total number of Options that may be granted by the board of directors is limited to 10 % of the share capital, whereby the number of shares to which the Options confer a right is not included in the number of shares resulting from other authorizations submitted for approval to this general meeting and that the total number of these shares may be combined, in full or in part, as applicable, with each Option conferring a right to subscribe for and/or purchase one share of the company, whereby it is specified that the number of shares that may be subscribed upon exercising options thus granted and not yet exercised may never exceed more than 10 % of the share capital.

2. The subscription or purchase price of the shares issued from the Options will be determined by the board of directors on the day the options are granted as follows:

    - For options to subscribe for new shares, the price may not be less than 95% than the average trading price during the twenty (20) trading sessions preceding the grant date of the Option;
    - For options to subscribe for existing shares, the price may not be less than 95% than the average trading price during the twenty (20) trading sessions preceding the grant date of the Option or the average purchase price of shares held by the company in accordance with the provisions of articles L225-208 and L225-209 of the French commercial code;

3. The price for subscribing or purchasing ordinary shares thus set may not be modified during the life of the Options except in the event of the occurrence of one of the transactions provided for by article L225-181 of the French commercial code. As long as the Options have not yet been exercised, the company may not carry out the measures requiring the protection of the rights of Option holders by virtue in particular of the provisions of articles L225-181 and L228-99 of the French commercial code unless the holders of the Options have been informed and their rights are reserved according to the conditions defined by the board of directors that will use this present authorization. The rights of the holders of Options will be protected, according to the choice of the board of directors by applying the measures provided in sections 1 and 2 of article L228-99 of the French commercial code or by an adjustment authorized by section 3 of this article. Where an adjustment is necessary as provided by article L228-99 3° of the French commercial code, this adjustment will be specified in the issue contract for which the terms have been set by the board of directors and who will apply the method provided for in article R228-91of the French commercial code subject to the provisions of articles R225-138 et seq. of the French commercial code);

4. The options may be exercised during a period of seven years from the board of directors' grant date;

5. Options may not be granted to employees or officers holding on the date of the board of directors' decision a percentage of the share capital exceeding 10% in accordance with the law;

6. The authorization is granted for a period of thirty-eight (38) months from the date of this meeting;

7. Decide that as an exception to the provisions of article L233-32 of the French commercial code, that use of this delegation of authority will be suspended during periods of public offerings;

8. Finally, it delegates all powers to the board of directors, within the limits set by the law and regulations in force, and the limits set by the general meeting, for the purpose of:

    - Establishing the list of the Beneficiaries of the Options and the allocation of the Options among them;
    - Defining the procedures of the Option plans and in particular the terms and conditions according to which the Options may be exercised; setting the calendar and conditions for exercising the Options, and in particular subject to the exercise of Options to conditions of performance and/or presence of the Beneficiary in the company or one of its subsidiaries; providing for an initial period during which the Options may not be exercised, as well as clauses prohibiting the immediate resale of all or part of said shares, without the holding period thus defined not to exceed three (3) years from the Option exercise date;
    - Determining the conditions and procedures according to which the price and the number of shares may be adjusted to take into account corporate actions provided for by article L 225-181 of the French commercial code;
    - Providing, if it considers appropriate, for the option of temporarily suspending the exercise of options for a period not to exceed three (3) months within the framework of capital transactions involving the exercise of rights attached to shares;
    - Completing or having completed all actions and formalities resulting from the implementation of this authorization, modifying the articles of association and, more generally, doing all that is necessary;
    - Delegating, if it considers appropriate, all powers to the chief executive officer or the deputy chief executive officer to duly record the capital increases and modify the article of association in consequence;

- At its sole discretion if it so deems appropriate, charging issuance costs, duties and fees resulting from capital increases to the corresponding premium and deducting from such premiums amounts necessary to bring the legal reserve in line with one tenth of the new share capital resulting from each capital increase.

Duly noting that in accordance with the application of the provisions of article L225-178 of the French commercial code, this authorization entails the express waiver in favor of the Beneficiaries of the Options by the shareholders of their preferential subscription rights to shares that will be issued as Options are exercised.

The board of directors will inform the shareholders every year at the ordinary annual general meeting of grants made under this authorization in compliance with applicable regulations.

This authorization supersedes and cancels the prior delegation of authority having the same purpose.

RESOLUTION FIFTEEN - Delegation of authority to be given to the board of directors to increase the capital with cancellation of the preferential subscription right of shareholders for the benefit of participants of a company savings plan

The shareholders, acting in accordance with the quorum and majority voting requirements applicable to extraordinary general meetings, and after considering the board of directors' report and the Auditors' report in accordance with articles L.225-129-6 and L.225-138-1 of the French Commercial Code and articles L.3332-1 et seq. of the French Labor Code:

1. Delegate their authority to the board of directors to increase the capital, in one or more installments, by a maximum nominal amount equivalent to 1% of the share capital by issuing shares or any other equity securities reserved for participants of one or more company savings plans (or another plan for which under article L 3332-18 of the French labor code a capital increase may be reserved for participants under equivalent conditions), implemented by the company or within the group formed by the company and companies included in the same consolidation scope or combined accounts in application of the provisions of article L3344-1 of the French labor code (hereafter "Company Savings Plan Participants");

2. Decide that the subscription price of one share or any other equity security that will be issued by virtue of this delegation of authority will be determined by the board of directors in accordance with the provisions of articles L3332-18 et seq. of the French labor code;

3. Decide to cancel the preferential subscription right granted to shareholders by article L225-132 of the French commercial code and reserve subscription to the securities that will be issued by virtue of this delegation of authority to Company Savings Plan Participants;

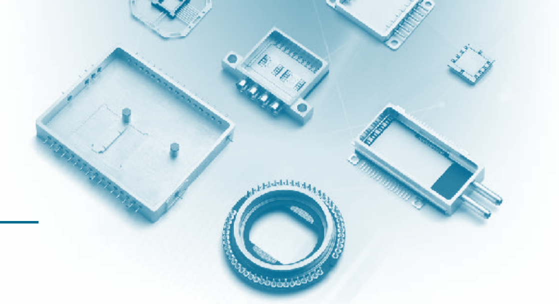
4. Decide to set the duration of this authorization at twenty six (26) months from the date of this delegation of authority;

5. Decide that the board of directors will be vested with all powers to implement this delegation of authority and, and notably, set the terms and conditions for the issues that will be carried out by virtue of this delegation of authority, record of the completion of the capital increase(s) carried out in execution of this delegation of authority, modify the articles of association in consequence, and in general, do all that is required;

6. Duly note that the board of directors will report to the next ordinary general meeting, as required by law and regulation, on the use made of this delegation of authority.

RESOLUTION SIXTEEN - Powers for formalities

The shareholders grant all powers to the holder of a copy or short-form certificate of these minutes for all disclosure and other formalities required by law.



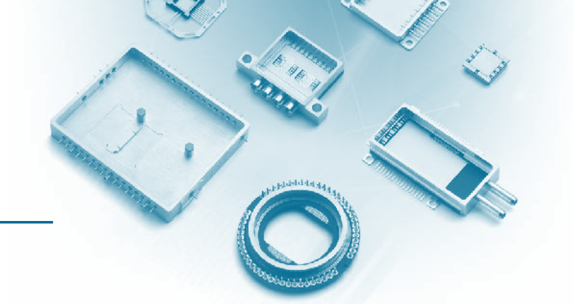
27.5 Summary of the results of voting

Ordinary resolutions	Results of the vote
1 - Approval of the parent company (statutory) accounts	Unanimously approved
2 - Net income appropriation	Unanimously approved
3 - Approval of the consolidated accounts	Unanimously approved
4 - Approval of the Chairman's report on risk management	Unanimously approved
5 - Approval of the special report on stock options	Unanimously approved
6 - Reappointment of a director (Jim Collins)	Unanimously approved
7 - Approval of the system of officer compensation	Unanimously approved
8 - Allocation of attendance fees	Approved by 98.41 %
9 - Powers for formalities	Unanimously approved

Extraordinary resolutions	Results of the vote
10 - Delegation of authority to increase the share capital by issuing equity securities with preferential subscription rights	Unanimously approved
11 - Delegation of authority to increase the capital by issuing debt securities giving access to equity securities to be issued, maintaining the preferential subscription right of shareholders	Approved by 79.05 %
12 - Delegation of authority to increase the number of shares to be issued (extension option)	Approved by 79.03 %
13 - Delegation of authority to increase the share capital by a private placement (article L411-2 II of the French financial and monetary code)	Approved by 77.44 %
14 - Delegation of authority to issue stock options	Approved by 79.03 %
15 - Delegation of authority to increase the capital for the benefit of participants in an employee stock ownership plan (PEE)	Unanimously approved
16 - Powers for formalities	Unanimously approved

28 CROSS-REFERENCES WITH THE MANAGEMENT REPORT

Changes in share capital in fiscal 2016	Section of this document
Annual highlights	12.1
Operating highlights of the company and subsidiaries	20.5.1.
Presentation of annual results for fiscal 2016	20.5.2.2
Presentation of consolidated results for fiscal 2016	20.5.2.1
Presentation of the Group’s financial position	9.1.2.
Post-closing events	20.6
Outlook	12.2
Information on risks	4
Research and development activity	11
Statutory disclosures on the trade payables aging balance (Egide SA)	20.5.3.
Information on executive officers – the system of compensation	14 - 15.1
Information on holdings in the capital	18.1, 21.1.5
Employee stock ownership	18.1
Information on stock options	17.3
Employment-related impact of Egide Group operations	26.1
Information on measures to combat discrimination and promote diversity	17.5
Environmental impact of Egide Group operations	26.2
Social commitments in favor of sustainable development	26.3
Independent assurance report on CSR	26.4
Information on subsidiaries and associates	25
Share trading information	21.3
Disclosures on disallowed deductions	20.5.6.
Disclosures on dividends	20.5.7.
Disclosures on loans granted by the company	20.5.8.
Use of delegations of authority	20.3.2.6 - 20.1.4
Chairman' report on internal control	16.4
Auditors’ reports	16.5, 19.2, 20.4
Five-year financial summary (Egide SA)	20.5.4.
Summary of authorizations granted to the Board of Directors	21.1.2.
Inventory of securities	20.5.5.
Collateral, pledges and guarantees given by the company	20.3.1.5.7



EGIDE - HEADQUARTERS
Site Sactar - CS 20205
84505 Bollène Cedex - France
Tel. : +33 (0)4 90 30 97 11
Fax : +33 (0)4 90 30 05 40

EGIDE - ADMINISTRATIVE OFFICES
Parc d'Activités de Pissaloup
4 rue Edouard Branly
78190 Trappes - France
Tel. : +33 (0)1 30 68 81 00
Fax : +33 (0)1 30 66 06 51

EGIDE - USA
4 Washington Street
Cambridge 21613 MD - USA
Tel. : +1 410 901 6100
Fax : +1 410 901 2324

SANTIER - USA
10103 Carroll Canyon Road
San Diego, 92131 CA - USA
Tel. : +1 858 271 1993

www.egide-group.com

Council and writing: Fin'Extenso - www.finextenso.fr / Design: AGENCE K2 - www.agencek2.com