GROUPE LDLC

REGISTRATION DOCUMENT

2016 - **2017**

The ultimate_**high-tech** experience

OUR PRIORITY: KEEP THE START-UP MINDSET AND STAY FLEXIBLE

"

The key to our success has naturally been our passion for all things high-tech, but also our ability to select and roll out new ideas. This approach is paying off, as proven by our rapid expansion in both BtoC and BtoB. We must maintain and strengthen this start-up mindset in order to launch new projects and meet new challenges, as well as to fuel our entrepreneurial drive and our determination to succeed and move forward together.

Laurent de la Clergerie
Chairman of the Management Board and founder of the LDLC Group

KEY FIGURES AT 30 JUNE 2017

€479.9m
FY 2016/2017 revenues

>700
employees

12
websites including 7 online stores

4
Countries:
France/Belgium/Luxembourg/Switz

39,000 m²
dedicated logistics platform

26
LDLC.COM stores at 21 July 2017

1,700
high-tech partner brands

50,000
listed products

03

OUR SHARED VALUES

"We share the same values as Tony Parker, President of ASVEL. The decision to be an ASVEL partner until 2020 was a natural choice…"

Philippe Sauze
Deputy Chief Executive Officer

2016/2017 MARKED BY STRUCTURING AND THE ROLL-OUT OF OUR GROWTH DRIVERS

During 2016/2017, our main challenge was to integrate Materiel.net while respecting the core values of each brand, staying flexible and focusing on growth across the entire Group. “Procurement” synergies were created without difficulty, while logistics and finance synergies are currently being set up. They will enable us to further improve our performance and efficiency in the services we provide to our customers.
In the BtoB business, we have set ourselves ambitious medium-term targets underpinned by a new organisational structure that will allow us to fully capitalise on this market’s growth. The roll-out of our network of brand stores and franchises continues.
25 new students will be admitted to the LDLC School in this second academic year of its existence.
A number of new projects are currently under review or in the launch phase, including the start of online and offline operations in Spain, with a pilot store in Barcelona.

Laurent de la Clergerie
Chairman of the Management Board and founder of the LDLC Group

Around
1.2
million
Facebook
fans

36.7
million
cybershoppers
in France

Olivier de la Clergerie
Chief Executive Officer

This year has been a year of transformation, thanks to initiatives implemented to step up our future growth. As announced, the first procurement synergies with Materiel.net have been operational since February 2017 and will help us push our margin up a notch.

After the slowdown seen in 2016, LDLC.pro is once again gearing up for the growth expected on the SME market.

The ramp-up of our store network continues, in line with our target to have 100 stores by 2021.

We continued to invest in growth, with the construction of our new head office in Limonest just outside Lyon, the launch of two new e-commerce websites, shop.hardware.fr and larmoiredebébé.com, our strengthened presence in the e-sport sector and the allocation of additional resources for developing our IT system and logistics operations.

Consolidated revenues for the 2016/2017 financial year amounted to €479.9 million, with underlying EBIT of €13.4 million. In 2017/2018, the Group will benefit from new operational advances and will return to strong growth.

Philippe Sauze
Deputy Chief Executive Officer

We have been particularly active on the marketing front in order to take full advantage of our growing reputation. We have focused our efforts on web marketing, including regular newsletters and video releases. We have also launched local campaigns to promote our stores.

In keeping with our pioneering spirit and drive to remain at the cutting edge of new technologies, we were the first to offer our customers a virtual reality experience. In partnership with a number of leading brands, our Lyon store has had a dedicated 20 m² VR space since June 2016. Further innovations are on the cards in 2017, including the creation of LDLC Events.

Lastly, in 2017 LDLC.com won the Customer Service of the Year award for the third year in a row - a source of great pride.

The priority ramp-up of our store network continued, with 26 LDLC.com stores up and running by 21 July. After some truly enterprising initiatives in the Rhône-Alpes region, we now operate across a large part of France and have strengthened our presence in the Ile-de-France region.

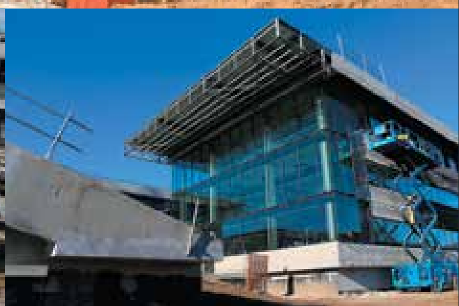
**Inference Operations survey - Viseo Conseil - May-July 2016 - www.escda.fr.*

THE LDLC GROUP INVESTS IN ITS NEW HEAD OFFICE

In view of its rapid growth, in early 2016 the Group decided to begin construction of a new head office in Limonest, just west of Lyon.

The site will boast a surface area of 7,000 square metres, representing an investment of around €23.5 million. Group teams will be pooled under optimum conditions, working alongside the LDLC School. A 150-seat auditorium will be available for all kinds of conferences, seminars and the Annual General Meeting.

Located in a new business park, the LDLC Group hopes to instil this campus with an energy focused on digital development and enterprise. A new "incubator" space will be open to young entrepreneurs from the LDLC School planning to launch their own projects.



7,000 m^2

surface area

350

employees

€23.5m

total investment

Address: 2 Rue des Erables,
69760 Limonest
Architect: Architectures Barillot
25 January 2016: laying of the first stone
Summer 2017: handover of premises
September 2017: staff move in
LDLC School dedicated space: 500 m²

Departments relocating to the site: Finance, Procurement, Marketing, IT, Customer Service, R&D, General Services, the LDLC School, LDLC.pro, LDLC Distribution, Maginea.com, L'armoire de Bébé, Anikop, DLP Connect, Hardware.fr, etc.

PROCUREMENT AND LOGISTICS, CORNERSTONES OF THE GROUP'S PERFORMANCE

Procurement and logistics are essential components in the distance selling business. The acquisition of Materiel.net has given the LDLC Group a second logistics centre, located near Nantes, in addition to its own platform on the outskirts of Lyon.
In order to promote synergies and optimise the organisation of its Procurement and Logistics departments, the Group decided to strengthen the management team by appointing Pascal Dahan as Deputy CEO Procurement & Logistics. Pascal is a seasoned professional with extensive e-commerce experience.

Pascal Dahan
Deputy CEO
Procurement & Logistics

interview

My arrival in October 2016 triggered the start of my three-fold mission: to manage Group procurement and logistics for the sites in Lyon and Nantes, to pool the entities' back office operations and create a shared strategy, and lastly, to gauge the Group's operating capabilities in order to achieve our goals.

Driver 1 is economic, involving the sharing of supplier terms and conditions of purchase. This has enabled the Group to obtain conditions that none of its brands had been able to obtain on a standalone basis.

Driver 2 involves the pooling of back office services, including implementation of the transport management system at Materiel.net.

Driver 3 targets synergies and the optimisation of logistics centres via two platforms with different origins, expertise, degrees of automation and locations, with the possibility of adding further capacity at the Nantes facility. The clearly defined goal is to deploy a Group-wide strategy with a single inventory split between several locations.

The pooling of LDLC and Materiel.net's logistics resources and teams should be completed by autumn 2017. This operation forms part of the "Connect" project which has two components, a purchasing component ("Fulfill") and a logistics component ("Link").

PROCUREMENT/ LOGISTICS DEPT. headcount around
280

Approx.
7,000
parcels shipped per day

21,000 m²

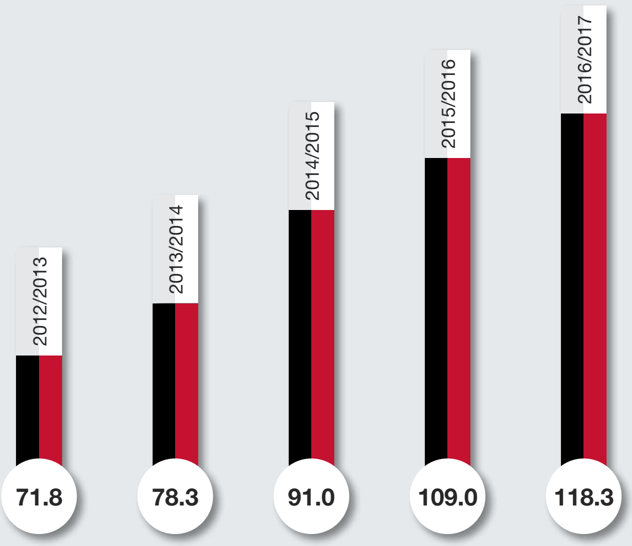
DEDICATED WAREHOUSING IN SAINT-QUENTIN-FALLAVIER
38 - ISÈRE

18,000 m²

DEDICATED WAREHOUSING IN NANTES
44 - LOIRE ATLANTIQUE

LDLC.PRO
HIGH-TECH PARTNER

LDLC.pro 5-year revenues (€m)



LDLC.PRO, STRONG GROWTH OUTLOOK

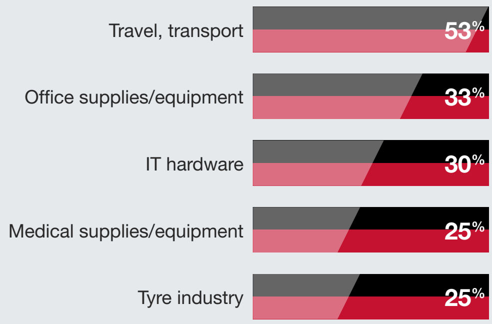
Serving businesses since 2001 via the LDLC.pro brand, in the 2015/2016 financial year the LDLC Group decided to reorganise this segment to pave the way for a second phase of strong growth. This decision was implemented via the addition of a new director. Since June 2016, Philippe Nabet, who joined the LDLC Group in 2010 with Anikop, has been responsible for developing the sales force with a view to achieving revenues of around €300 million by 2021.

Primarily geared towards SMEs, government agencies, local authorities and retailers, LDLC.pro will benefit from the digital expansion in the coming years. With around 2.5 million SMEs on the French market, LDLC.pro currently has 70,000 active accounts.

The sales force, which comprises 70 engineers based in Dardilly, will be joined by a team from Paris in the coming months in order to enhance operations in the No. 1 economic area in France.

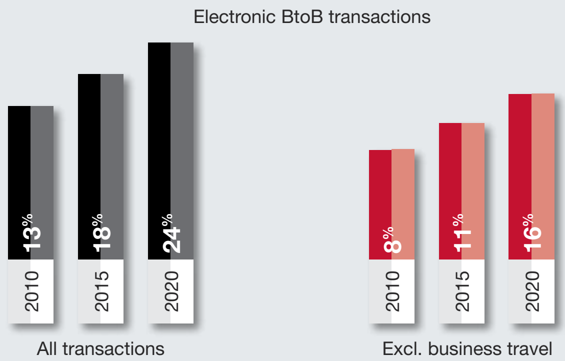
A market worth €500 billion*

Breakdown of BtoB e-commerce sales by sector



Source Fevad/DGE – October 2015

Electronic BtoB transactions (via an e-commerce website or customised digital solution) may account for almost one quarter of sales by 2020.



32%
GROWTH IN BTOB TRANSACTIONS BY 2020

24%
OF TOTAL BTOB SALES

Source: Next ContentCredoc for Fevad and DGE (8 sectors excluding pharmacies and telecoms)

ROLL-OUT OF STORE NETWORK IN LINE WITH BUSINESS PLAN

In keeping with our goal to have 100 stores operating by 2021, at 21 July the LDLC Group had 26 stores, already covering a large portion of France.

Physical and online stores continue to complement each other throughout the customer experience

69% WEB TO STORE

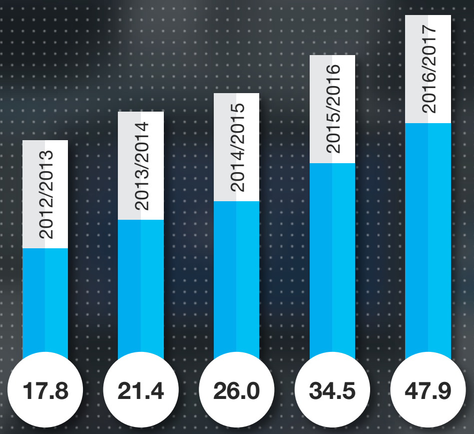
customers sought information online before buying from a store

52% STORE TO WEB

cybershoppers sought advice from a store before buying online

Source: Observatoire du consommateur connecté Fevad / Mediamétrie - June 2016

5-year revenues generated by LDLC Group stores (€m)



AT 21 JULY 2017
26 LDLC.COM STORES &10 MATERIEL.NET CONCEPT STORES

CONCEPT-STORES
LOGISTICS CENTRES
LDLC.COM STORES

Our goal:
OFFER OUR CUSTOMERS THE VERY BEST OF HIGH-TECH
Laurent de la Clergerie

A GROUP DRIVEN BY INNOVATION AND CUSTOMER SERVICE

Customer satisfaction: LDLC.com wins Customer Service of the Year award in 2017 for the third year running

Grand slam for LDLC.com, **which won the Customer Service of the Year* award in 2017** for the 3rd year running, in the Technical Product Distance Selling category. This award holds particular significance for Laurent de la Clergerie, who wholeheartedly believes that customer satisfaction is the key to success. By phone, email and on social networks, the LDLC.com customer relations teams demonstrated their professionalism and efficiency with a score of 18.56/20.

**Inference Operations survey – Viseo Conseil - May to July 2016 – www.escda.fr*

LDLC.com HIGH-TECH EXPERIENCE

JAMAIS 2 SANS 3 ;)

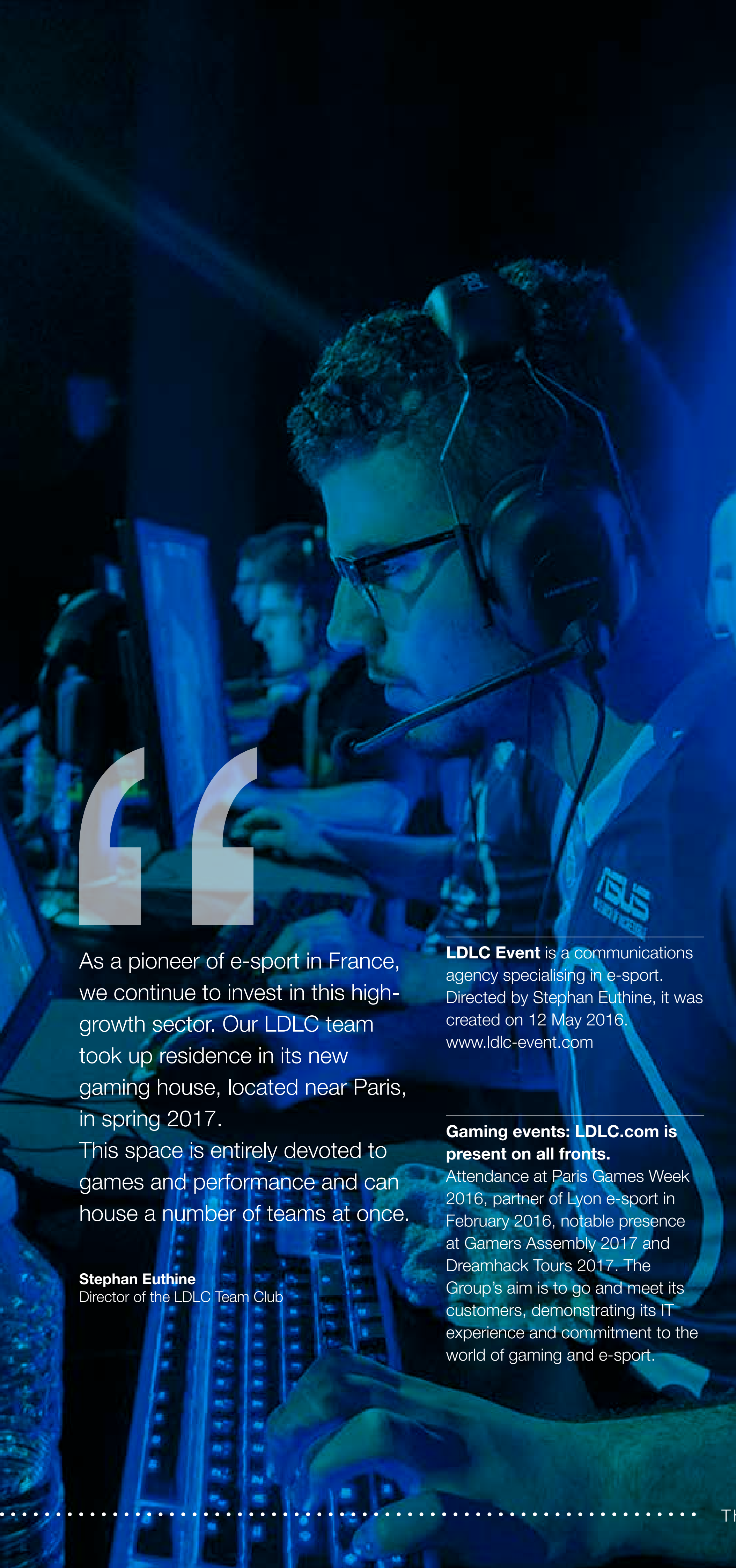
ÉLU SERVICE CLIENT 2017

The Group invests in R&D and launches its first product, the TILTeek FixCard

As high-tech experts with a perfect understanding of user requirements, the LDLC Group decided to set up an R&D department operating directly from Group head office. Staffed by a team of four full-time engineers, the department launched a new IT product, the "TiLTeek FixCard" designed to protect computer components during transport. This proudly French product is the first to be manufactured and marketed by the brand. It joins the 30,000 high-tech products already listed in the Group's catalogue and confirms LDLC's position as an IT specialist. Further innovations are currently under review and will be launched shortly.

Materiel.net launches its first full water cooling PC

Materiel.net has joined forces with France-based modding specialist Watermod, in order to offer an exclusive and completely unique PC. Watermod's Darklight PC includes a water cooling system connected to both processor and graphics card.



> As a pioneer of e-sport in France, we continue to invest in this high-growth sector. Our LDLC team took up residence in its new gaming house, located near Paris, in spring 2017.
> This space is entirely devoted to games and performance and can house a number of teams at once.

Stephan Euthine
Director of the LDLC Team Club

LDLC Event is a communications agency specialising in e-sport. Directed by Stephan Euthine, it was created on 12 May 2016.
www.ldlc-event.com

Gaming events: LDLC.com is present on all fronts. Attendance at Paris Games Week 2016, partner of Lyon e-sport in February 2016, notable presence at Gamers Assembly 2017 and Dreamhack Tours 2017. The Group's aim is to go and meet its customers, demonstrating its IT experience and commitment to the world of gaming and e-sport.

IN A WORD…

Shophardware online store created in October 2016, accessible via shop.hardware.fr. This new website is founded on the reputation of hardware.fr, the No. 1 infosite in France devoted to the PC, and offers desktop and laptop computers, components (processors, memory components, etc.), external devices (screens, printers, etc.) and home network equipment (modems, PLC, etc.).

To connect with potential recruits and customers, **LDLC Distribution** attended a number of events such as Franchise Expo (the biggest franchise convention in France) and IT Partner (first time for LDLC.com).

LDLC.com creates a buzz with "Laurent TV". With a strong social media presence and almost 1.2 million Facebook fans, 500,000 Twitter followers and 90,000 Google+ followers, LDLC.com is stepping up its communication on these networks via increasingly regular video posts.
In line with this strategy, the Group created a buzz on 1 April with "Laurent TV" (La chaîne TV de Laurent), for which a number of humorous scenes from the high-tech world were filmed. Watch the whole video on the LDLC.com Youtube page.

MORE THAN A PLACE
OF LEARNING:
THE LDLC SCHOOL PROMOTES
OUR ECOSYSTEM AND DRIVES
THE DEVELOPMENT OF
OUR ECONOMIC ENVIRONMENT

Olivier de la Clergerie

LDLC SCHOOL,
A SOCIAL INITIATIVE

In response to the lack of digital industry candidates in the Rhône-Alpes region, in 2015 Laurent de la Clergerie decided to create his own school. The LDLC School offers a 3-year initial vocational course geared towards digital industries and entrepreneurship. This solid training is founded on four pillars: Technologies & Practices, Communication Players & Vectors, the Corporate Environment, Prospects & Realities. Students also complete internships in order to gain flexibility in an ever-shifting economy.

At the beginning of the 2016 academic year, second-year students at the LDLC School for digital trailblazers completed a 4-6 month professional internship. The 25 students put their know-how and soft skills to the test in a professional environment. They honed their skills in digital project management, digital communication, web development, e-commerce, robotics and virtual reality. Whether working for start-ups, agencies or SMEs, these future professionals had the chance to develop their skills and discover the wide range of professions available to them thanks to the LDLC School curriculum.

Fostering an entrepreneurial spirit and promoting reflection and creation
30 teachers and instructors from the business world share their expertise.

Discover the LDLC School at
www.lecole-ldlc.com

RESULTS OF THE FINANCIAL YEAR

Simplified income statement (1 April – 31 March)

€m	2016/2017	2015/2016
Revenues	**479.9**	**320.7**
Gross margin	77.4	55.8
EBITDA	**17.9**	**15.0**
Underlying EBIT	13.4	13.8
EBIT	13.4	13.2
Earnings before tax and non-recurring items	12.5	13.1
Net income	**8.1**	**7.9**

Key points to note

- Year-on-year organic growth of 6%.
- Materiel.net was consolidated on 1 April 2016, leading to dilution of the gross margin.
- Major investments in human resources and organisation were made during the year in order to create new growth drivers.
- Control over staff costs.
- Depreciation charges relating to the relocation of the head office (impact of around €600,000).

Simplified balance sheet (1 April – 31 March)

€m	2016/2017	2015/2016
Shareholders' equity	54.9	49.0
Net debt	36.2	43.0
Gearing*	0.66	0.88

**Net debt/equity*

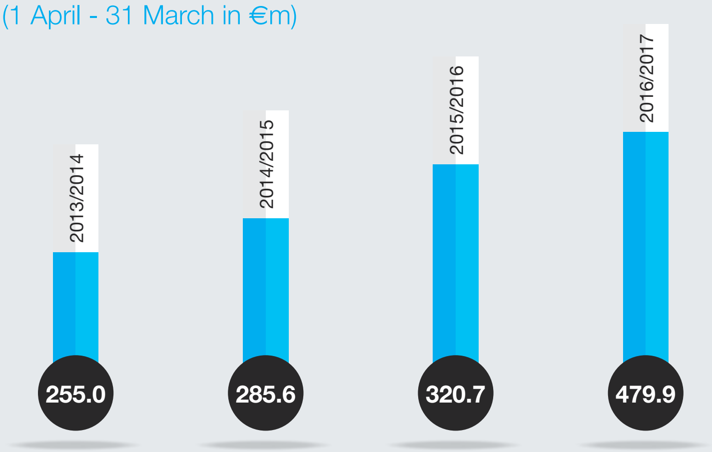
Key points to note

- Tight control over debt with a newly improved debt-to-equity ratio (gearing) (0.78 at 30 September 2016).
- In order to prioritise growth investments, it will be recommended to the Annual General Meeting that no dividend be distributed.

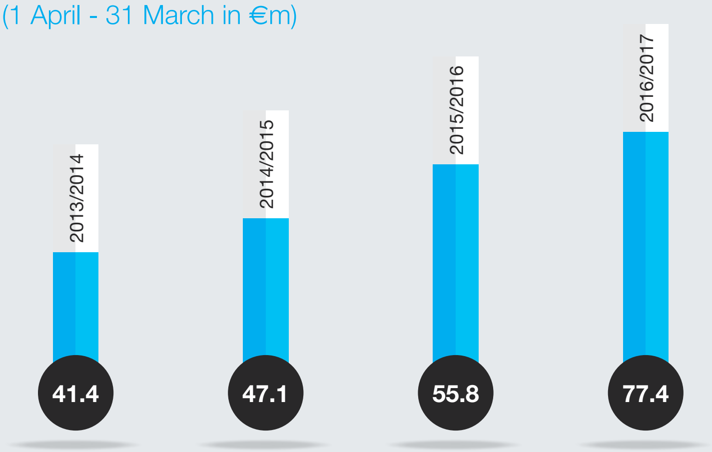
544,000
NEW BtoC & BtoB ACCOUNTS

€321 excl. VAT
GROUP AVERAGE BASKET VALUE

Annual revenue growth
(1 April - 31 March in €m)



Gross margin growth
(1 April - 31 March in €m)



2016/2017 EARNINGS REFLECT A STRUCTURING PHASE THAT WILL ENABLE US TO ACHIEVE OUR OBJECTIVES BY 2021.
THIS PHASE WAS NECESSARY DUE TO THE INTEGRATION OF MATERIEL.NET AND THE STRONG GROWTH POSTED OVER THE LAST 5 YEARS

Olivier de la Clergerie

INVESTOR NOTEBOOK

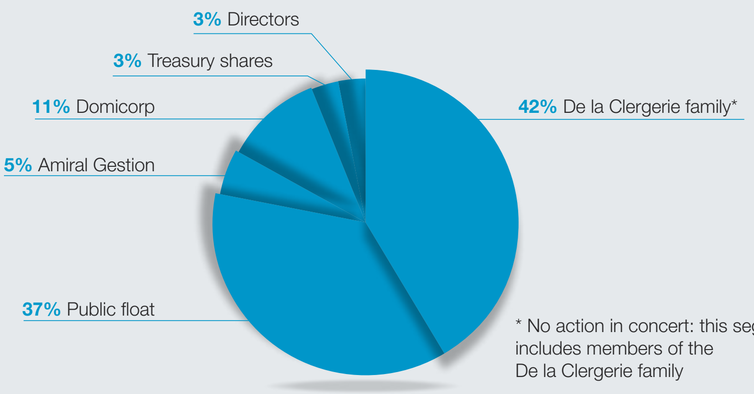
Stock market	**EURONEXT Paris Compartment B**
ISIN code	**FR0000075442 LDL**
Number of shares	**6,322,106**
Index	**CAC All Shares**
Market capitalisation at 10 July 2017	**€169 million**
Analysts tracking the share	**Gilbert Dupont - Ning Godement,**
	ODDO Securities - Antoine Augier de Lajallet

Investor reporting timetable

29 September 2017	Annual General Meeting
26 October 2017	H1 2017/2018 revenues
30 November 2017	H1 2017/2018 results
25 January 2018	Q3 2017/2018 revenues
26 April 2018	FY 2017/2018 revenues
14 June 2018	FY 2017/2018 results

Publication after market close

Shareholder breakdown (at 10 July 2017)



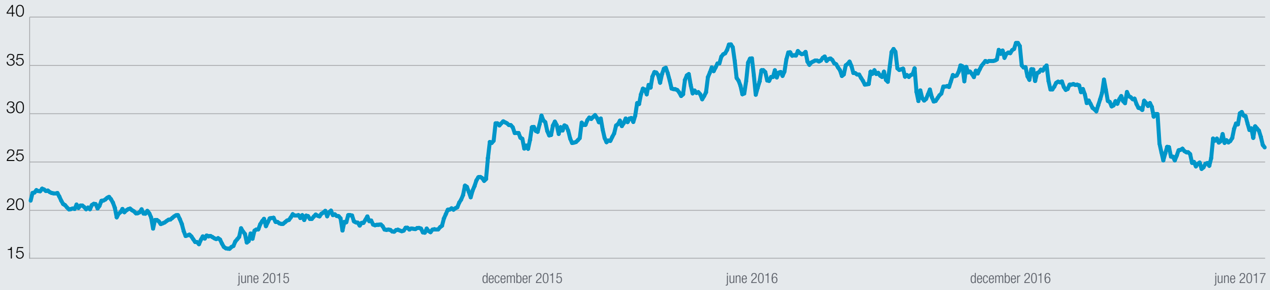
* No action in concert: this segment includes members of the De la Clergerie family

SHARE PRICE AT 10 JULY 2017

€26.50

Share price movements (€)

Historical data 2 January 2015 > 10 July 2017 - ISIN FR0000075442



THE GROUP'S BRANDS

LDLC.com, the online high-tech market leader, offers a catalogue of over 30,000 products spanning over 1,700 brands, including **LDLC**'s own brand. The wide product offering includes computer, audio, telephone, photo and video equipment. The brand has now expanded its operations to the cross-channel market by setting up a chain of brand stores and franchises.
LDLC.com has been awarded NF Service certification by the French AFNOR standardisation association.

LDLC.pro, the Group's website for professionals, provides global solutions that meet the needs of public and private-sector companies. With its unrivalled catalogue of 25,000 products backed by a full range of services, **LDLC.pro** helps its corporate customers find the best solution at the best price.

Materiel.net is a widely reputed specialist in the **online retail of computer equipment.**
The brand has a network of 10 concept stores and a dedicated 18,000 m² logistics platform in western France, acting in synergy with LDLC.com's own logistics centre.

The specialist in smart and unconventional gifts!
Created and run by Materiel.net pop culture aficionados, Manatori is an online store devoted to geeks and their communities. Manatori.com offers a wide range of unusual products ranging from the latest must-have gadgets to collector's items inspired by the worlds of fiction and high-tech.

Maginea.com specialises in household goods, garden equipment and furniture, catering for all members of the family. The website offers 25,000 products by over 600 different brands, including lounge and patio furniture, household linen, lighting and decoration.

L'Armoire de Bébé is an online boutique created in 2015 specialising in the latest trends in **baby clothing and accessories.** This new online store offers a world of baby products at the click of a button, with over 7,000 products by 130 carefully selected brands.

Anikop is the leading French provider of solutions for processing prepaid gift, holiday and restaurant vouchers. An LDLC Group subsidiary, Anikop has maintained a substantial lead over its competitors thanks to its custom-developed image recognition technology.

DLP Connect provides an additional service to professionals by offering solutions in the field of electrical and electronic equipment and installations, including **electrical systems, computer networks, CCTV and** home automation.

Hardware.fr is the No. 1 French infosite dedicated to computer hardware.
Specialising in spare parts, **Hardware.fr** offers articles, benchmarking, advice and a forum to help readers choose the right equipment.
Hardware.fr has attracted over 36.5 million page views.

An exclusive importer-wholesaler of high-tech products, Textorm is a major supplier of high-quality innovative products to hardware retailers.

AMBITIOUS TARGETS AND GROWTH-GENERATING PROJECTS

TARGETS FOR 2021

€1bn in revenues

100 stores

5.5 - 6% EBITDA margin

2017 ACTION PLAN

01 **Complete the creation of synergies with Materiel.net**

02 **Step up the development of the store network**

03 **Generate double-digit growth at LDLC.pro**

04 **Continue to grow BtoC market share**

05 **Extend our European footprint into Spain** (website and pilot store in Barcelona)

"NEWS"

On 19 July 2017, the LDLC Group announced the opening of exclusive negotiations with OLYS, the company that markets the "BIMP" brand. An Apple distributor for both individuals and businesses, OLYS has 14 branches including 7 Apple Premium Reseller stores in France.
The company has 140 employees, including 25 sales persons ready to respond to the requirements of businesses. The OLYS Group posted 2016 revenues of around €40m. A memorandum of understanding on the purchase of OLYS's entire share capital could be signed within the next four months.

"This acquisition, if successful, is important for two reasons," Laurent de la Clergerie said. "First, it strengthens our ties with the Apple universe and balances our offering so that we can confidently handle upcoming innovations in the two universes of PC and MAC. Secondly, the BIMP Group has a strong foothold in the BtoB and education markets, which will allow us to expand our offering in these sectors in terms of both products and services, and will contribute the experience gained by its teams at grass roots level over a period of more than 30 years."

21

REGISTRATION **DOCUMENT**

2016 - **2017**

French limited company (*société anonyme*) with share capital of €1,137,979.08

Registered office: 18 chemin des Cuers – CS40207 – 69574 Dardilly cedex

B403 554 181 Lyon Trade and Companies Register

REGISTRATION **DOCUMENT**

including the Annual Financial Report

2016/2017 financial year

The document may be obtained free of charge from the Company's registered office or downloaded from or the Company website (www.groupe-ldlc.com).

In case of discrepancy between the French and English versions of this annuel report, only the French version should be deemed valid.

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CHAPTER 1. PERSONS RESPONSIBLE

1.1. PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

Olivier Villemonte de la Clergerie, CEO of Groupe LDLC.

1.2. STATEMENT BY THE PERSON RESPONSIBLE FOR THE REPORT

"I hereby certify, having taken all reasonable care to ensure that such is the case, that the information contained in this Registration Document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I hereby certify that, to the best of my knowledge, the financial statements have been drawn up in accordance with applicable accounting standards and provide an accurate presentation of the assets and liabilities, financial position and earnings of the Company and all of the companies within its consolidation scope, and that the management report information included in this Registration Document, as shown in the cross-reference table in Chapter 29, provides a fair presentation of the business performance, earnings and financial position of the Company and all of the companies included in its consolidation scope as well as a description of the principal risks and uncertainties facing them.

I have obtained a letter of completion from the Statutory Auditors in which they state that they have verified the information on the financial position and financial statements provided in this Registration Document and that they have read the whole of the document."

25 July 2017

Olivier Villemonte de la Clergerie

Chief Executive Officer

CHAPTER 2. STATUTORY AUDITORS

2.1. REGULAR STATUTORY AUDITORS

Cap Office, represented by Christophe Reymond, 12 quai du Commerce, 69009 Lyon.

Date of appointment: 28 September 2012

Term of office: 6 years

Expiry of term of office: at the shareholders' General Meeting called to approve the financial statements for the year ending 31 March 2018

Cap Office is a member of the Lyon Regional Institute of Statutory Auditors.

Diagnostic Révision Conseil, represented by Hubert de Rocquigny du Fayel, 20 rue Garibaldi, 69006 Lyon.

Date of renewal of appointment: 27 September 2013

Term of office: 6 years

Expiry of term of office: at the shareholders' General Meeting called to approve the financial statements for the year ending 31 March 2019

Diagnostic Révision Conseil is a member of the Lyon Regional Institute of Statutory Auditors.

2.2. ALTERNATE STATUTORY AUDITORS

Vregille audit & conseil, represented by Christophe Courlet de Vregille, 42 allée Jules Verne, 78170 La Celle-Saint-Cloud.

Date of renewal of appointment: 27 September 2013

Term of office: 6 years

Expiry of term of office: at the shareholders' General Meeting called to approve the financial statements for the year ending 31 March 2019

Vregille audit & conseil is a member of the Versailles Regional Institute of Statutory Auditors.

Fabrice Goenaga, 12 quai du Commerce, 69009 Lyon.

Date of appointment: 28 September 2012

Term of office: 6 years

Expiry of term of office: at the shareholders' General Meeting called to approve the financial statements for the year ending 31 March 2018

Fabrice Goenaga is a member of the Lyon Regional Institute of Statutory Auditors.

CHAPTER 3. SELECT FINANCIAL INFORMATION

The published financial information presented below is taken from the consolidated financial statements for the years ended 31 March 2017, 2016 and 2015 prepared in accordance with IAS/IFRS international accounting standards adopted by the European Union. These standards and interpretations are consistently applied for the financial years presented.

The financial data presented below should be read in conjunction with the consolidated financial statements for the years ended 31 March 2015, 2016 and 2017.

NB: Throughout this document, the parent company, Groupe LDLC, is referred to as “Groupe LDLC” or “the Company”, while the group comprising Groupe LDLC and its subsidiaries is referred to as “the LDLC Group” or “the Group”.

3.1. CONSOLIDATED INCOME STATEMENTS DATA

€000	2016/2017	2015/2016	2014/2015
Revenues	479,878	320,719	285,615
Gross margin	77,429	55,755	47,094
Gross margin - % of revenues (1)	16.1%	17.4%	16.5%
Underlying EBIT (2)	13,417	13,815	9,963
EBIT margin - % of revenues (3)	2.8%	4.3%	3.5%
EBIT	13,405	13,232	9,786
Earnings before tax	12,456	13,078	9,660
Total comprehensive income	8,458	7,131	5,957
Net income, Group share	8,115	7,941	5,846
Earnings per share (€)	1.32	1.43	1.07
Diluted earnings per share (€)	1.32	1.43	1.07
EBITDA (4)	*17,910*	*15,027*	*10,667*

(1) Gross margin divided by revenues.
(2) In accordance with French National Accountancy Council recommendation CNC 2013 R03, underlying EBIT equals total income from ordinary operations less total expenses related to ordinary operations.
(3) Underlying EBIT divided by revenues.
(4) EBITDA equals underlying EBIT plus net depreciation, amortisation and provision allowances included in earnings before tax and non-recurring items (see Note 1.4 to the consolidated financial statements for the year ended 31 March 2017).

3.2. CONSOLIDATED BALANCE SHEET DATA

€000	31/03/2017	31/03/2016	31/03/2015
Non-current assets	50,789	54,361	5,985
Current assets	119,980	108,313	72,111
Shareholders’ equity	54,878	49,048	24,562
Non-current liabilities	44,889	35,934	999
Current liabilities	71,002	77,691	52,535
Borrowings	46,549	51,110	14,862
Cash and cash equivalents	*10,613*	*8,107*	*1,739*
Net cash/(debt)	*(35,937)*	*(43,003)*	*(13,123)*

3.3. DEBT-TO-EQUITY RATIO (CONSOLIDATED BALANCE SHEET DATA)

€000	31/03/2017	31/03/2016	31/03/2015
Borrowings	46,549	51,110	14,863
Cash at end of period	10,613	8,107	1,739
Net debt	35,936	43,003	13,124
Shareholders' equity excluding provisions for R&C	54,878	49,048	24,562
Debt-to-equity ratio [1]	65.48%	87.68%	53.43%

(1) Net debt divided by shareholders' equity (excluding provisions).

3.4. CASH FLOW STATEMENT DATA

€000	2016/2017	2015/2016	2014/2015
Gross operating cash flow before tax	17,083	14,360	10,747
Change in working capital	(1,429)	(301)	(11,045)
Net cash flow from operating activities	11,206	8,925	(4,474)
Net cash flow from investing activities	(1,880)	(39,162)	(1,400)
Net cash flow from financing activities	4,468	36,041	(2,183)

3.5. EBITDA CALCULATION (CASH FLOW STATEMENT DATA)

€000	2016/2017	2015/2016	2014/2015
Net income	8,134	7,941	5,846
Net depreciation, amortisation and provisions	(4,493)	(1,212)	(705)
Net non-recurring operating income/(expense)	(12)	(583)	(177)
Net cost of debt	(953)	(157)	(129)
Other financial income and expenses	3	2	3
Tax expense	(4,322)	(5,137)	(3,814)
EBITDA	*17,910*	*15,027*	*10,667*

EBITDA equals underlying EBIT plus net depreciation, amortisation and provision allowances included in earnings before tax and non-recurring items.

CHAPTER 4. RISK FACTORS

The Company has assessed its risks that could have a material adverse effect on its business activities, financial position or earnings and considers that there are no material risks other than those summarised below.

Nevertheless, investors' attention is drawn to the fact that there could exist other unidentified risks or risks whose occurrence is not considered, as at the registration date of this Registration Document, liable to have a material adverse impact on the Group, its business, financial position, earnings or outlook.

4.1. RISKS RELATING TO OPERATIONS AND CUSTOMERS

A customer follow-up department has been set up in order to minimise the risk of default, although this risk is already low due to the nature of the Company's client base, given that around 75% of its revenues come from individual customers, who tend to pay at the time of order shipment.

The incidence of bank card fraud is also very low (less than 0.2% in 2016). In the interests of continuously improving protection against this risk, the Group has also introduced an internal control system designed to check orders before they are approved.

Lastly, the Group uses a credit insurance firm in order to minimise credit risk from business customers.

4.2. RISKS RELATING TO CHANGES IN THE ECONOMIC ENVIRONMENT AND CONSUMER BEHAVIOUR

The economic environment has little impact on household purchases of high-tech equipment, which remains one of the most buoyant sectors with consumers. That said, fluctuations in the dollar or in prices of components such as memory chips, whose prices may vary considerably in accordance with cyclical trends, are important factors in the high-tech sector. They can lead to a slowdown in Group business, as seen in the second half of the financial year ended. Furthermore, all products, including those purchased in euros, are impacted at some time or other by changes in dollar exchange rates. The Company manages this sales risk via its ability to quickly adjust its selling prices to current market conditions, as well as by adjusting inventory levels wherever necessary, thus spreading the impact of currency fluctuations over time.

4.3. RISKS RELATING TO ACQUISITIONS, DISPOSALS AND OTHER EXTERNAL GROWTH TRANSACTIONS

Groupe LDLC has completed external growth transactions, and could continue to do so, under any legal terms and conditions, in particular via acquisitions of businesses or companies or mergers of different sizes, some of which could be material in relation to the size of the Group.

Such transactions entail a number of risks, including the following: (i) the assumptions underlying the business plans used for the valuation of the target entities may turn out to be inaccurate, in particular regarding synergies and sales demand; (ii) Groupe LDLC could fail to successfully integrate the acquired or merged companies, their technology, product ranges and employees; (iii) Groupe LDLC may be unable to retain specific employees, customers or key suppliers of the acquired companies; (iv) Groupe LDLC may be obliged or may decide to terminate pre-existing contractual relations, under costly and/or unfavourable financial conditions; (v) Groupe LDLC may have to increase its debt in order to finance such external growth transactions; (vi) Groupe LDLC may be required to seek contributions from one or more investors via the issuance of new shares or securities without shareholder preferential subscription rights in order to finance some or all of the corresponding requirements, leading to further dilution of shareholders' equity interests, and (vii) Groupe LDLC may be required to dispose of businesses or limit the growth of specific businesses in order to obtain the authorisations required for the completion of the transactions, in particular with regard to competition regulations.

4.4. PRICE RISK

The IT sector is subject to considerable price fluctuations that may result from changes in the US dollar exchange rate or the price of key components such as memory chips. The Group is therefore exposed to price risk.

The Group has introduced stock rotation analysis tools in order to optimise management of supplies and inventories (see Note 2.4.1.2 to the consolidated financial statements).

4.5. TECHNOLOGY RISKS

The Group's websites are administered by the Company, at specialised data centres responsible for maintenance and security. Measures implemented include cyber-attack protection systems (anti-virus programmes, firewall), data back-up systems, duplicate IT systems in case of equipment failure and a secure payment system set up in partnership with banks.

4.6. RISKS RELATING TO INVENTORIES AND TRANSPORT

The three types of risk related to inventories are: destruction by fire, stockout of specific products and inventory shrinkage due to theft or breakage.

Fire risk is the major risk faced by the Group, as inventory destruction would lead to suspension of deliveries. Besides taking out fully comprehensive business insurance policies, the Company has adopted a proactive risk prevention policy with regard to inventories and inventory shrinkage, by implementing appropriate systems and measures: CCTV systems, alarms, detectors and extinguishers to protect against the significant risk of fire and risks of theft and breakage.

Furthermore, this risk has been minimised since the acquisition of Materiel.net given that, if a problem occurred at one of the Group's two logistics centres, the other centre would be able to cover all delivery requirements.

To minimise stockouts, the Group has installed powerful dedicated inventory management software. The only stockouts affecting the Group are those experienced by its component suppliers.

With regard to transportation, the Group has diversified its carriers, using both the French postal services and private transport companies, thereby mitigating the risks related to industrial action. The real risks would arise from extreme weather conditions (snow, rain) preventing delivery. However, now that the Group has two logistics centres, located in Lyon and Nantes, it has the capacity to deal with this risk.

4.7. SUPPLIER RISKS

The Group has a broad panel of suppliers, most of which are wholesalers. The Group is not dependent on one particular supplier. On the other hand, the Group may choose to confer preferential status on a partner that offers the most advantageous commercial conditions in terms of price, lead times, quality, etc.

To a certain extent, the market served by the LDLC Group is influenced by trends. In this respect, any supply problems encountered by the Group will be shared by its competitors.

Given the volumes of its orders, which have increased since the acquisition of Materiel.net, and its status as the leading high-tech seller in France, the Group has a strong and significant position vis-à-vis its suppliers.

In the financial year ended 31 March 2017, the LDLC Group's main supplier accounted for around 20% of Group procurement, while the top ten suppliers accounted for around 60%.

4.8. LEGAL, REGULATORY AND LITIGATION RISKS

Risk related to intellectual property

The LDLC Group owns various trademarks registered in France or in the countries where the Group markets or is liable to market such trademarks. A clearance search is performed to check the availability of all trademarks and domain names. Given the individual circumstances, such searches cannot eliminate the risk of objections emanating from third-party holders of rights to similar signs.

The Group periodically checks compliance and monitors its intellectual property rights and the assets required for its operations. These checks also afford protection against the risk of intellectual property infringement by third-parties.

All software owned by the Company is a key asset for the Group. The Group's ability to deal with periodic increases in volume is determined by this software's capacity for development and suitability to the Group's operations.

Risk related to regulations and regulatory changes

Across the broad spectrum of its operations, the Group is subject to various regulatory requirements in areas such as digital law, urban planning, establishments open to the public, logistics, consumer law and data protection. The Group must keep track of developments in these areas in order to maintain compliance.

The opening and extension of stores may require administrative permit procedures due to changes in regulations.

The Group is also affected by frequent changes in distance sale regulations related to new practices (cooling-off period, mediation, remote payment), besides the requirements of the "French Data Protection Act" concerning customer personal data and the preparations for the implementation of the European General Data Protection Regulation (GDPR).

Litigation risks

A tax audit was carried out on Groupe LDLC accounts by the French tax authority, covering financial years 2009/2010 to 2012/2013. Initial proposals were made for tax reassessment and the Company received answers to its observations. The proposed tax reassessments concern the French corporate real estate contribution (*cotisation foncière des entreprises* or CFE) and property tax (*taxe foncière*). The Company is contesting these tax reassessment proposals before the Administrative Court of Grenoble, but has already been required to pay the sum of €1,238,000, including penalties. Further details on this issue may be found in Note 2.1 to the consolidated financial statements for the year ended 31 March 2017.

The Group is currently unaware of any other governmental, judicial or arbitration proceedings that are liable to have or that have had, over the past 12 months, a material adverse impact on its financial position or earnings.

Disputes are managed by various Group departments in cooperation with law firms.

4.9. GOODS WARRANTY RISKS

A €150,000 provision has been recorded to cover:

- probable customer service costs arising from sales of goods, following the expiry of the supplier warranty;
- the contractual warranty awarded to customers on sales of goods, which was extended to 2 years from March 2008, 5 years from 2009 year-end or 3 years from December 2016, depending on the option selected by the customer.

4.10. POLICY REGARDING INSURANCE

The LDLC Group's policy on insurance is mainly based on identifying insurable risks through periodic reviews of existing and emerging risks conducted, in close cooperation, by the operating departments, Group senior management and insurance brokers.

The policy is geared towards maintaining or enhancing protection of Group assets, customers and employees whilst keeping costs under tight control.

The Company centralises its policy on insurance in order to guarantee consistency, pool insurance cover and capitalise on economies of scale, insofar as regulations and operating constraints allow. All new companies created are covered right from the outset under the Group insurance programme, under the same terms and conditions applicable to other Group companies.

All insurance policies are contracted with insurers that have the capacity to assume their cover obligations. In general, insurance policies are revised every 3 years on average.

Liability insurance

Groupe LDLC has insured a number of its business activities by covering operating liability up to €7,500,000 per claim and professional liability up to €3,000,000 per insurance year.

Comprehensive business and environmental insurance

Groupe LDLC insures all its premises against damage to property and consecutive business interruption resulting from the usual risks such as fire, flood, theft, etc., subject to a policy limit of €130,000,000 per claim.

Groupe LDLC is also insured against environmental risks including civil liability for harm to the environment, environmental liability, site clean-up costs and insured damage prevention costs.

Directors and officers' liability

Groupe LDLC has taken out a D&O liability policy with a cover limit of €5,000,000 per insurance year. This policy covers civil liability, defence costs and other extensions of cover.

Key personnel

Groupe LDLC has taken out a policy covering death and permanent and total disability for Laurent de la Clergerie and Olivier de la Clergerie.

Goods transport

The LDLC Group transport insurance policy covers damage to goods during transportation, whether by air, sea, rail, road or any other means of transport. Transport risks are covered up to €600,000 per incident.

4.11. COMPETITIVE RISKS

The LDLC Group's niche positioning as a specialised retailer enables it to significantly minimise competitive risks compared to generalist retailers, who do not offer the same degree of expertise or depth of product catalogue. The last few years have seen a trend towards concentration together with the disappearance of a number of online sellers of IT and electronic equipment, mainly due to the takeover of brands by traditional retailers. The LDLC Group jumped on this bandwagon by purchasing the entire share capital of its main competitor, Domisys (a Materiel.net brand), in March 2016.

4.12. FRANCHISING RISKS

To maintain the Group's image, franchises are selected according to a rigorous set of criteria, while training in management, sales, customer service, etc. is provided during the store set-up process. Franchise operations are subsequently monitored by a dedicated team. This system ensures smooth contractual relations and compliance with all requirements applicable to franchises, including level of service and brand image quality. To date, none of the risks previously identified have crystallised.

Franchising operations continue to expand rapidly (see section 6.1 and Chapter 12 of this Registration Document).

4.13. CURRENCY RISK

The Group operates internationally and generates most of its sales in euros. However, it purchases a number of goods in USD. These purchases are the main source of transactional currency risk to which the Group is exposed.

Exchange rate fluctuations are a competitive issue requiring expert management. The Group's currency risk policy is based on minimising the risk through pricing policies and by protecting gross margins. Due to exchange rate fluctuations, the Group is constantly obliged to adapt its pricing policy and therefore revise its sale prices. The Group also uses currency futures to hedge part of its dollar purchases.

See Note 2.4.1.1 to the consolidated financial statements for further details on currency risks.

4.14. LIQUIDITY RISK

The Group keeps close track of liquidity risk via periodic financial reporting.

Notes 2.4.4, 3.10 and 3.14 of the consolidated financial statements provide further details on liquidity risk.

Group financing

For the purposes of the Materiel.net group acquisition, the Group signed a €23 million loan agreement with a pool of five banks in March 2016.

The agreement contains the usual provisions for this type of financing arrangement, including bank covenants, general restrictive undertakings and an acceleration clause.

The Group has made commitments under the agreement that curtail its flexibility in the management of its operations, including, without limitation, with regard to completing certain capital expenditure transactions and making changes to the Group's financial structure, including its debt.

As at 31 March 2017, the Group was in compliance with all of its covenants under the loan agreement (see section 10.4.1 of this Registration Document).

Note 3.14 to the consolidated financial statements sets out the terms and conditions of all Group financing lines.

Cash pooling

In March 2017, Groupe LDLC signed a cash pooling agreement with all of its subsidiaries for a one-year term renewable automatically for further one-year periods. This agreement is intended to centralise Group cash management in order to coordinate and optimise use of surplus cash and coverage of cash requirements as assessed globally across the Group.

The Company performed a detailed review of its exposure to liquidity risk and believes it is able to comply with its maturity schedules.

4.15. INTEREST RATE RISK

The Group uses different types of financing (bank loans, revolving credit facilities, etc.) to finance its growth and capital expenditure policy.

Floating-rate loans are hedged via swaps and caps.

The Group has conducted sensitivity testing in order to measure the impact of changes in borrowing rates on its earnings.

See Notes 2.4.3, 3.14 and 3.16 to the consolidated financial statements for details on interest rate risks.

4.16. CREDIT RISK

Due to its large customer base, the Group does not consider itself exposed to material credit risk.

Nevertheless, the development of its BtoB and franchising businesses could lead to exposure to this risk, which could affect the Group's financial position. The risk is under control, however, thanks to internal procedures whereby these risks are controlled and limited.

Note 2.4.2 to the consolidated financial statements provides further information on credit risks.

CHAPTER 5. INFORMATION REGARDING THE ISSUER

5.1. HISTORY AND DEVELOPMENT OF THE COMPANY

5.1.1. Company name

The Company name is: Groupe LDLC.

5.1.2. Place and number of registration

The Company is registered in the Lyon Trade and Companies Register under the single identification number 403 554 181.

The Company NAF code is 4791B.

5.1.3. Date and term of incorporation

The Company was registered in the Lyon Trade and Companies Register on 25 January 1996 for a term of 99 years ending on 25 January 2095 unless would up early or extended.

5.1.4. Company registered office, legal form and governing law

The Company's registered office is located at:
18 chemin des Cuers, CS40207, 69574 Dardilly cedex, France
Telephone: +33 (0)4 72 52 37 77

The Company is a French limited company (*société anonyme*) with a Management Board and Supervisory Board.

The Company is governed by the laws of France and, with regard to its operation, is specifically subject to the provisions of Articles L.225-1 et seq. of the French Commercial Code.

5.1.5. History

The LDLC Group was founded in 1996 by the current Group Chairman Laurent de la Clergerie, soon afterwards joined by his brother Olivier and sister Caroline. Online selling began in 1997 with the launch of the LDLC.com website. Since then, the Group has expanded its operations mainly via organic growth and acquisitions, firstly in the BtoC sector and later in BtoB.

> **1997**: www.ldlc.com launched in July, specialising since its inception in the sale of high-quality IT components to individual consumers at competitive prices.

> **1998/1999**: opening of a showroom in Lyon to serve as a physical meeting point where customers could come and seek advice on products. Simultaneous expansion of the product catalogue (new software, configuration solutions, games, consoles, etc.).

By the end of 1999, LDLC.com posted 50,000 visitors and 12,000 subscribers generating annual revenues of €3.4 million.

> **April 2000**: initial public offering of LDLC shares on the Paris Stock Exchange unregulated market via a €3.4 million share issue.

Launch of 5-day/week hotline.

Acquisition via contribution of the entire share capital of Hardware.fr, the no. 1 French hardware information website (over 1 million visits per month) in order to expand the range of services offered to customers and enhance the visibility of the LDLC brand via the 81,500 Hardware.fr subscribers.

> **2001/2002**: launch of www.ldlc-pro.com, a dedicated BtoB website, and www.textorm.com, offering both an online catalogue and telephone order service. New version of www.ldlc.com released. The product catalogue comprises several thousand references (laptops, devices, connectivity, etc.).

Launch of Belgian and Swiss versions of www.ldlc.com in 2002.

> **2003/2004**: creation of DLP Connect (80% of share capital), a cable network specialist, in January 2004 in order to expand the BtoB service offering.

Step-up in growth resulting in revenues of around €83 million for the financial year ended 31 March 2004, encouraging the Group to transfer its share to the Paris Second Market in March 2004.

2005 to 2007: faced with a growing volume of orders, the Group created an integrated logistics platform at Saint-Quentin-Fallavier, near Lyon, and rapidly developed its own proprietary IT system in response to issues encountered with IT system suppliers.

> In 2006, the Group decided to open a second store in Paris-Beaugrenelle (15th district).

Always receptive to good ideas, the Group launched Anikop, a company specialising in the processing of prepaid vouchers.

> **2008 to 2012**: the LDLC Group continued to diversify its offering by launching www.maginea.com, a website devoted mainly to household goods, garden equipment and furniture.

In view of its success, to which the stores made an important contribution, and convinced of the need to develop a network of stores while continuing to develop its commercial websites, the Group began to look into ways of setting up stores all over France.

> **2013**: in order to test the store concept outside the environment of a large city, the Group opened a store in Villefranche-sur-Saône.

The Group reached the €200 million revenue mark.

> **2014/2015**: in view of the success of the pilot store in Villefranche-sur-Saône, the LDLC Group decided to launch a network of franchises supplemented by a number of own brand stores.

At the same time, the Group decided to set up its own school. The LDLC School (École LDLC) trains future executives in the digital economy. The three-year course is based on four core themes: Technologies & Practices, Communication Players & Vectors, the Corporate Environment, Prospects & Realities.

Launch of www.larmoiredebébé.com, a commercial website specialising in baby clothing and accessories.

> **2016**: on 31 March 2016, the LDLC Group purchased all shares in Domisys, which manages www.materiel.net, a website specialising in the online sale of IT, high-tech and multimedia equipment. Domisys posted 2015 revenues of €147.1 million.

The acquisition, made at a total price of €39.2 million, was financed partly by cash (€22.7 million), while the balance was paid in the form of 117,079 existing treasury shares and 574,732 new LDLC.com shares issued at a price of €23.86 per share.

Acquired on 31 March 2016, Domisys was consolidated from 1 April 2016 (the start of the LDLC Group's financial year).

> **2017**: creation of LDLC Event, a communication agency subsidiary specialising in e-sport.

Creation of a Gaming House near Paris for the members of its Team LDLC. This new location is designed to help the teams prepare for their competitions.

Construction of a new 7,000 m² head office in Limonest, with relocation scheduled for September 2017. This will lead to the creation of a genuine campus, which will also house the LDLC School.

LDLC.com store network reaches the 25-store mark after the opening of new stores in Vienne and Strasbourg.

Start of exclusive negotiations with a view to acquiring the entire share capital of OLYS, the company that markets the "BIMP" brand, a member of the APPLE universe, in order to expand its product offering and enhance its position in the professional and education markets.

5.2. CAPITAL EXPENDITURE

5.2.1. Main capital expenditure over the last three years

€000	2016/2017	2015/2016	Materiel.net acquisition (change in consolidation scope)	2014/2015
Intangible assets	355	28,420	28,222	15
Net goodwill	0	19,723	19,723	0
Concessions, patents and licences	139	227	199	15
Leasehold rights	0	170	0	0
Trademarks	0	8,300	8,300	0
Other intangible assets	216	0	0	0
Property, plant and equipment	1,509	25,694	24,117	1,340
Land	0	1,386	1,386	0
Buildings	0	14,204	14,204	0
Fixtures and fittings	714	4,079	3,534	672
Equipment	46	4,452	4,276	133
Office equipment and furniture	657	1,350	671	187
PP&E in progress	92	222	45	350
Total acquisitions of intangible assets and PP&E	**1,864**	**54,113**	**52,338**	**1,355**
Expenditure amounts covered by detailed notes below	750	53,373	52,338	796
% of total acquisition amount covered by notes	40%	99%	100%	59%

The year ended 31 March 2017 was marked by the opening of the Bordeaux and Villeurbanne stores, which required PP&E purchases totalling €750,000.

In the year ended 31 March 2016, purchases of intangible assets amounted to €28,420,000, up €28,405,000 from €15,000 the previous year. Acquisitions of PP&E during the same year amounted to €25,694,000, up €24,353,000 from €1,340,000 the previous year. The Materiel.net acquisition accounted for most of this expenditure, namely 98% of new capital expenditure during the year. The remaining 2% mainly covered renovation work at the Paris store (€606,000), the installation of fixtures and fittings in preparation for the opening of the LDLC School (€259,000) and the acquisition of leasehold rights over the Villeurbanne store premises (€170,000).

The main expenditure item for 2014/2015 was the renovation of the Paris (€507,000) and Vaise (€80,000) stores. Other acquisitions comprised the cost of fitting out new premises for the customer service department following relocation (€108,000) and work on the logistics chain (€101,000).

5.2.2. Main capital expenditure planned

The head office of the LDLC Group and its subsidiaries (except Materiel.net) is due to be transferred to Limonest, near Lyon, in late August 2017. The new head office is wholly financed via a lease purchase agreement. Accordingly, on 30 November 2015, a €22 million real estate lease purchase agreement was signed by Finamur, Groupe LDLC and Campus 2017. The repayment schedule will kick off once the Group has taken possession of the building.

The move will also give rise to installation, fit-out and furniture costs with an expected budget of around €1.5 million.

In 2017/2018, the Group plans to refurbish the Vaise and Paris stores at a total cost of around €480,000. The Group also plans to set up a new office and warehouse complex near Paris. The corresponding fit-out and installation work will require a budget of around €600,000.

The Group also plans to open new brand stores, at a total cost of around €3.5 million.

It also plans to set up an office in Spain, at a cost currently estimated at around €600,000.

CHAPTER 6. BUSINESS OVERVIEW

6.1. MAIN BUSINESS ACTIVITIES

6.1.1. Mission and positioning

Since its foundation in 1996, the LDLC Group has established itself as one of the pioneers of e-commerce in France. Bolstered by the numerous awards, it has won for the excellence of its customer relationships and the recognition it has earned through the efficiency of its integrated logistics platform, the LDLC Group has become the no. 1 online IT and high-tech equipment retailer by endeavouring to cater for the growing demand for state-of-the-art technology amongst individuals and professionals alike.

The LDLC Group operates via 12 websites, including 7 online stores, covering a huge segment of the IT and high-tech market as well as the related area of household equipment. In 2013, the Group launched a plan to develop a network of franchises and brand stores in its main market; by 30 April 2017, the LDLC Group had opened 24 stores under the LDLC.com brand.

At 31 March 2017, the Group had over 700 employees.

The LDLC Group offering can be divided into three segments: individual consumers (BtoC), professionals (BtoB) and related businesses.

The LDLC Group operates mainly in France and also in nearby French-speaking countries such as Belgium, Luxembourg and Switzerland.

1. BtoC online business

LDLC.com is the leader in the online high-tech market. LDLC.com offers a catalogue of over 50,000 products spanning over 1,700 brands, including LDLC's own brand. The wide product offering includes computer, audio, telephone, photo and video equipment. The LDLC.com website, which has been awarded NF Service certification by the French AFNOR standardisation association, currently posts a monthly average of 3 million unique visitors and 25 million page views.

Materiel.net was founded in 1999 and joined the LDLC Group in 2016. The website specialises in online retail of high-tech products. Like LDLC.com, Materiel.net has a sterling reputation and currently boasts a catalogue of over 14,000 product references. The website posts a monthly average of 2 million unique visitors.

Maginea.com is an online store specialising in household goods, garden equipment and furniture. The website caters for the whole family via an offering including lounge and garden furniture, household linen, lighting and decoration. The catalogue includes 25,000 products spanning over 600 brands.

L'Armoire de Bébé is an online boutique created in 2015 and specialising in childcare products. It offers a comprehensive range of baby clothing and accessories, with over 7,000 product references and 130 rigorously selected brands.

Created and run by Materiel.net pop culture aficionados, Manatori is an online store devoted to geeks and their communities. Manatori.com offers a wide range of unusual products ranging from the latest must-have gadgets to collector's items inspired by the worlds of fiction and high-tech.

Shop.Hardware.fr markets desktops and laptops, components (processors, memory chips, etc.), devices (monitors, printers, etc.) and everything you need to set up your own home network (modems, PLC components, etc.). This website leverages the reputation of Hardware.fr, the leading French hardware information provider offering articles, reviews, advice and forums to guide visitors in their choice of computer equipment. Hardware.fr has attracted over 36.5 million page views.

Its BtoC division employs 86 consultants committed to serving customers and receives 40 million page views per month.

2. BtoB business

Unlike many of its competitors, in particular generalist suppliers, the LDLC Group's specialist positioning has enabled it to set up a website and services specifically geared to professionals.

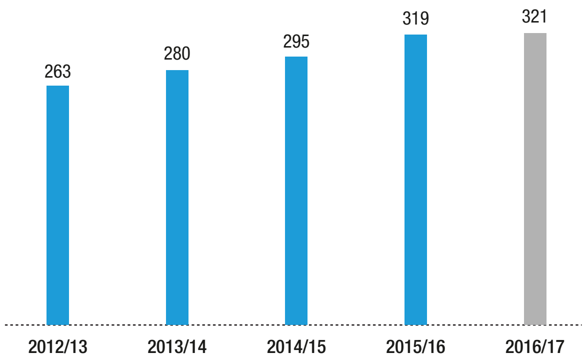
Offering everything from the simplest to the most sophisticated hardware components, **www.ldlc.pro** has rapidly become a trusted partner of companies, government agencies, educational establishments, local authorities and resellers. Acutely aware of businesses' technical and financial requirements, as well as the opportunities available to companies able to guide them through their technical choices, LDLC took the decision to step up the development of its BtoB offering. Around thirty sales engineers are ready to listen to the needs of small and medium sized businesses and propose tailored solutions. LDLC.pro posts 70,000 active accounts, 17,000 of which were acquired in 2016/2017.

DLP Connect provides an additional service to professionals by offering solutions in the field of electrical equipment and installations, including electrical systems, computer networks, CCTV and home automation.

544,000 new accounts (BtoB and BtoC) were created in 2016/2017.

Changes in average basket size (BtoB and BtoC) over a 5-year period

(€ excl. VAT)



3. Related businesses

Textorm is an exclusive importer-wholesaler of high-tech products. Since its foundation, it has grown into a major supplier of high-quality innovative products to hardware retailers.

Anikop is the leading French provider of solutions for processing prepaid gift, holiday and restaurant vouchers. An LDLC Group subsidiary, Anikop has maintained a substantial lead over its competitors thanks to its custom-developed image recognition technology.

4. Network of brand stores and franchises

By effectively deploying different forms of sales outlets via a network of franchises and brand stores, LDLC.com gives customers the chance to discover nearly 2,000 of the products featured in its web catalogue, including computers, smartphones, tablets and other game accessories.

In addition to the high quality of the products on offer, LDLC.com stores are reputed for their level of service: good advice, diagnostics, a comprehensive hardware repair service, quick assembly, computer customisation, etc.

The franchisees purchase their stocks from the central LDLC purchasing department and pay a fee amounting to 4% of their sales (3% for use of the trademark and 1% for communications) in addition to a €37,000 entry fee. In order to maintain its high standards of service, LDLC organises a 25-day training course for new franchisees provided by a dedicated in-house team. Thereafter, franchisees receive guidance throughout all stages of their development. The target depends on the size of the store and generally ranges from €2.5 to 3 million in revenues excluding VAT.

The store concept

Given the investment required in order to open a new LDLC.com store, a minimum personal contribution of €150,000 is required.

Location
Major cities and towns

Reserve storage area
100 to 150 m²

Sales area
150 m²

Services
Advice, assembly workshop, after-sales, Click and Collect, collection point

LDLC.com franchisees are selected primarily according to the following five criteria:

- Commercial mindset: a good feel for customer service is essential.
- An interest in the world of high-tech: if you know the product well, you'll find it easier to sell.
- Management skills: each store is a business - as such, you must know how to manage your purchases, sales, etc.
- Entrepreneurial spirit: opening a shop is a kind of adventure. You must be able to take risks and must be deeply motivated!
- Think in terms of network and brand: when you run a franchise, you have to adhere to the decisions made by the Group. Team spirit is the watchword!

Before a store is opened, LDLC.com helps franchisees to assess their plan by providing the following resources:

- In-house expertise (finance, marketing, purchasing and development departments) to help them prepare an assessment of their business plan.
- Documents and methods: guidelines for analysing market potential and conducting a market survey.
- Initial 25-day pre-opening training course.
- Dedicated professional mentor to help prepare for opening.

The franchisor provides guidance to the franchisee throughout the 9-year term of the franchise agreement.

A dedicated team is on standby to provide day-by-day support. The skills of our multidisciplinary team (coordination, marketing, merchandising, supply chain, etc.) coupled with a collaborative approach ensure the success of each LDLC.com franchise project.

Guidance takes the form of visits from the network coordinator, a telephone helpline, regular events, promotional campaigns to enhance brand image and production of marketing materials.

Summary of financial terms and conditions

Entry fee
€37,350 excl. tax
(including 25-day training
and 15-day initial support)

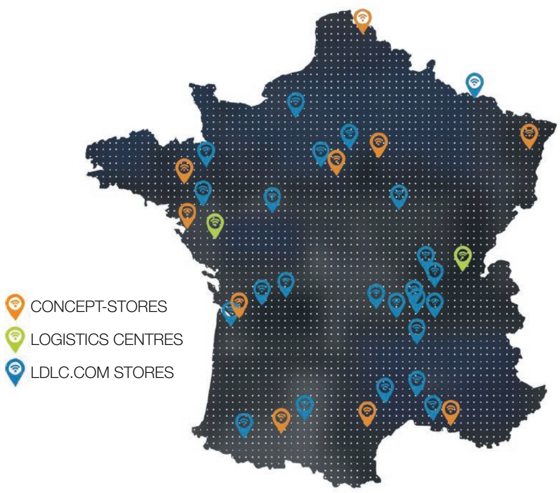
Operating fee
3% of revenues
(excl. tax)

**Marketing/
communication fee**
1% of revenues
(excl. tax)

IT fee
From €900/month
(excl. tax)

The LDLC Group aims to have around 100 brand stores and franchises up and running by the year 2021.

At 30 April 2017, the Group had 24 LDLC stores located all over France, including 19 franchises, in addition to around a dozen Materiel.net concept stores.



Breakdown of revenues by brand over the last three years (€m)

	2016/2017	2015/2016	2014/2015
BtoC	350.2	201.0	187.0
Incl. cross-channel	*47.9*	*34.5*	*26.0*
LDLC.pro	118.3	109.0	91.0
Other	11.4	10.7	7.6
Total revenues	**479.9**	**320.7**	**285.6**

5. Materiel.net, successful integration

Our roadmap		
Catalogue, differentiation approach	✓	Preservation of both brands
Purchasing synergies	✓	1pp margin increase 100% efficient since 1 March 2017
Logistics optimisation	Underway	Completion H2 2018

The initial phase of the Materiel.net integration was focused on logistics. This phase was successfully completed and led to the creation of three performance drivers:

- Driver 1 is economic, involving the sharing of supplier terms and conditions of purchase. This has enabled the Group to obtain conditions that none of its brands had been able to obtain on a standalone basis.
- Driver 2 involves the pooling of back office services, including implementation of the transport management system at Materiel.net.
- Driver 3 targets synergies and the optimisation of logistics centres via two platforms with different origins, expertise, degrees of automation and locations, with the possibility of adding further capacity at the Nantes facility. The clearly defined goal is to deploy a Group-wide strategy with a single inventory split between several locations.

The pooling of LDLC and Materiel.net's logistics resources and teams should be completed by autumn 2017. This operation forms part of the "Connect" project which has two components, a purchasing component ("Fulfill") and a logistics component ("Link").

6.1.2. Competitive advantages

Since its inception, LDLC.com has demonstrated its ability to create a community of customers and computer fans by positioning itself as a genuine high-tech specialist. In 2007, it provided further proof of its pioneer status by setting up a hotline designed to provide advice and customer service in the true sense of the term.

The LDLC Group's customer service is reputed both for its technical expertise and for its ability to provide rapid solutions to customer problems. The customer service department employs 86 advisers and is open Monday to Friday from 9 am to 6 pm and on Saturday from 10 am to 1 pm and from 2 pm to 5 pm. The department is committed to replying to requests sent via social media or email within 4 hours.

One of the features of the LDLC customer service is the ample time allotted for discussion and advice, which gives customers the opportunity to define their needs precisely and receive answers to all their questions. Accordingly, the average speaking time between support contact and customer is often longer than six minutes. The Group has received a number of awards for the quality of this service. **For example, in 2016, for the third year running, LDLC.com won the "Customer Service of the Year" award in the Technical Product Distance Selling category, obtaining a score of 18.56/20** (*Inference Operations* mystery shopping survey – Viséo CI – May to July 2016 – 225 tests were conducted by telephone, email, Internet and social media in order to assess advisers' responsiveness, quality of advice and ability to listen. Read more at escda.fr).

LDLC.com is renowned, not only for the depth of its catalogue, but also for the quality of its own brand products. In order to offer products of unbeatable value for money, in 2012, LDLC.com created its own brand of high-tech products: laptops, tablets, computer components and accessories, etc. This turned out to be a winning strategy, as the LDLC brand is now one of the top five laptop brands sold on LDLC.com (volumes sold in 2016).

Another strength is the LDLC.com custom assembly service, which offers the possibility of putting together a customised machine using components selected by the customer. This unique, highly appreciated service is used extensively by gamers and contributes towards building the Group's pure player reputation.

LDLC is recognised on social media as a specialist. The Group boasts a large community of fans, with nearly 2 million Facebook fans, 500,000 followers on Twitter and 90,000 on Google+ showing a high engagement rate, with 250,000 to 300,000 people interacting every month on our Facebook page.

Backed by long-standing experience of store selling, the first store having been opened in Lyon in 1998 followed by a second store in Paris in 2006, the LDLC Group chose to capitalise on this experience and get closer to its customers in order to listen to and serve them better. The Group has chosen to develop a network of franchises in order to expand its field of action without incurring massive capital expenditure costs. Furthermore, franchising is perfectly in sync with the entrepreneurial spirit that pervades the Group.

One of the first steps was to define a concept in keeping with the fundamental drivers of the Group's success. Veritable showcases of technology, LDLC.com stores differ from standard stores by having a surface area of between 150 and 300 m^2. The store layout is structured around a consultation and demonstration area. Customers can view over 2,000 of the 25,500 products found in the LDLC.com catalogue, which they can also consult via digital terminals installed in the shop. Each product category has its own space dedicated to current special offers and promotions.

Finally, a customer service and custom assembly unit is on hand to provide customers with a personalised, bespoke service. Focal points for meeting customers and sharing advice, these stores act as a window for the LDLC.com website "hyperstore", thus generating mutual synergies between the two sales channels.

The store interior was designed by a specialist firm tasked with creating a friendly and modern atmosphere. A special team is responsible for recruiting franchisees.

The LDLC Group also excels in the quality of its logistics. The Group currently has two logistics centres located in Saint-Quentin-Fallavier (Isère) and Nantes (Loire-Atlantique), entirely managed by Group staff and offering a total warehousing area of 39,000 m^2.

In order to gain control of its entire value chain and thereby ensure quality of service for its customers, in 2005, the LDLC Group took the strategic option of creating its own logistics platform and developing its own proprietary IT system.

The Saint-Quentin-Fallavier complex in the Isère department (30 miles east of Lyon) includes logistics warehouses with a total surface area of 21,000 m^2. Facilities include a goods-in and storage unit with capacity for 5,000 pallets or 1.2 million products, an automated order picking chain capable of handling over 5,000 parcels per day, a shipment area served by 7 carrier firms selected according to customer profile, an assembly taskforce comprising 20 technicians able to configure equipment to the most stringent customer specifications, and a customer service department staffed by 15 technicians ready to resolve any issues arising from defective equipment. All in all, around 130 employees work around the clock to ensure that every Group customer receives their order on time and benefits from a service of truly exceptional quality. This platform also supplies the Group's branches and franchises.

The Nantes facility has a surface area of 18,000 m^2.

6.1.3. An offering geared towards market trends

In view of the volatility of customer requirements and its market environment, the Group constantly adapts its technology offering and organises daily promotional offers and special operations reserved for subscribers to its newsletter. Given its position as the no. 1 French high-tech brand, the LDLC Group relies on quality of service rather than an aggressive pricing policy.

Accordingly, LDLC.com was also one of the first market players to invest in the gaming and e-sport sectors. Since 2011, the Group has taken part in Paris Games Week, setting up a large stand and entering its own e-sport team (Team LDLC). LDLC's involvement in this flagship gaming event has consolidated the brand's positioning as a technology specialist.

The Group has also decided to continue investing in this promising area by creating a specific subsidiary, LDLC Event. LDLC Event aims to strengthen the LDLC Group's reputation amongst gamers as well as, on a more global scale, to demonstrate the Group's commitment to its customer environment via high-tech products. As a further step in this direction, in spring 2017 Team LDLC moved into its very own gaming house. Located near Paris, this space is entirely devoted to gaming and performance. The gaming house has the capacity for four teams of gamers.

In keeping with this innovative mindset, LDLC.com was one of the very first players to install a virtual reality experience zone in its stores. Customers receive a free 20-minute initiation session wearing an HTC VIVE immersive VR headset, which gives them a glimpse of this new environment and a preview of future developments in the high-tech world.

The Group's unique experience has encouraged it to launch additional e-commerce websites such as Maginea.com and, more recently, l'Armoire de Bébé, which has already scored a resounding success with parents in search of fashionable childcare products, while shop.hardware.fr targets young consumers looking for attractively-priced components.

6.2. MAIN MARKETS

6.2.1. LDLC Group target segments

The LDLC Group is first and foremost a pure player in the online/offline high-tech market: it sells computing and multimedia equipment (components, computers and devices, video, audio and telephone equipment, games and game consoles, consumables, connection systems, software) to individual consumers and professionals.

Building on its specialist positioning and high quality of service (advice, logistics, customer service), the LDLC Group has opted not to host a marketplace, thus marking it out from other online retailers in France such as Amazon, Fnac-Darty and Cdiscount.

Since its inception, the Group's growth has been driven by the development of e-commerce and the IT equipment market and market share gains achieved thanks to its positioning as a pure player.

For a breakdown of LDLC Group revenues by business activity over the past three years, see Note 2.5 to the consolidated financial statements in section 20.1 of this Registration Document.

1. E-commerce, a growing market

NB: the data provided below is taken from the 2016 annual survey conducted by FEVAD, the French e-commerce and distance selling federation, which constantly tracks economic developments in e-commerce markets on a standalone basis or in partnership with various institutions, including official national or sector-specific statistics offices, public opinion pollsters and professional federations.

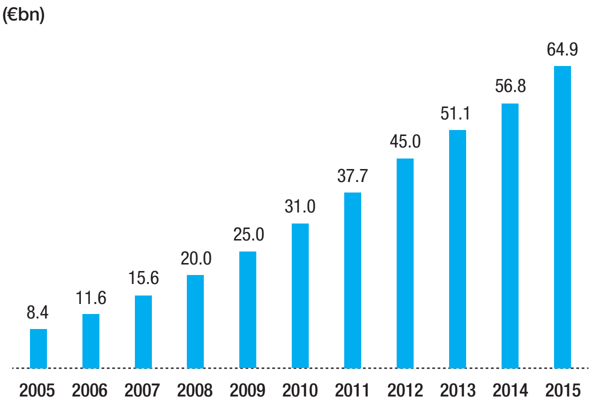
1.a. BtoC e-commerce, continued double-digit growth

In 2015, despite an overall slowdown in consumption, e-commerce revenues in France rose to €64.9 billion, up 14% versus 2014. 835 million online transactions were recorded in 2015, an increase of 19% over 2014 (source: *Médiamétrie - Observatoire des usages Internet* T1 2016).

In 10 years, online sales have grown by 675%.

Sales via mobile terminals (smartphones and tablets) continued to grow, up 40% from 2014 to €6.4 billion.

E-commerce revenues in France



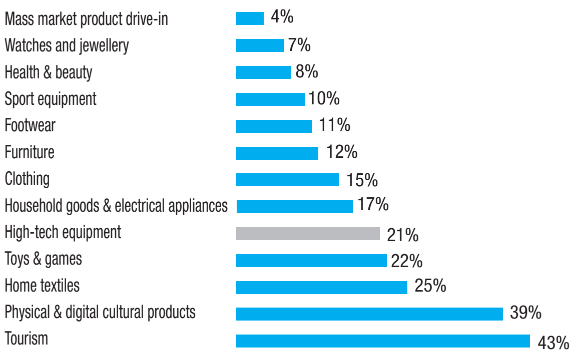
(Source: Fevad iCE 2016)

In 2015, 35.5 million French consumers (78.3% of Internet users) made at least one online purchase (850,000 more than the previous year), while 6.6 million of these had already made a purchase via their smartphone.

E-commerce therefore continues to grow its market share, which currently amounts to 7% of retail sales and still harbours major growth potential (source: FEVAD - INSEE 2016). In 2015, "high-tech equipment", the sector in which the LDLC Group operates, accounted for 21% of the market (source: FEVAD estimate 2016).

2015 market share by sector

(estimates)



(source: estimates by FEVAD - FPS, GFK, IFM, Ipea, Kantar, Nielsen, NPD Group/FCJPE, PhocusWright/L'Écho touristique, Société 5/Franceclat 2016)

Despite the growing number of market players (182,000 commercial websites in France in 2015 compared to 82,000 in 2010, expected to reach 200,000 in 2016), e-commerce is still a concentrated market, as FEVAD estimates that 85% of e-commerce revenues are generated by 5% of commercial websites, while only 0.6% of commercial websites posted revenues of over €10 million in 2015 (61% of total revenues), 4.3% of French commercial websites posted revenues of between €1 and €10 million in 2015 (24% of total revenues) and 95.1% of French commercial websites generated revenues of less than €1 million in 2015 (15% of total revenues) (source: FEVAD iCE2016).

The decrease in average basket size confirms the levelling trend in online purchases: the average transaction amount in 2015 was €78, down 4.5% from 2014 and gradually converging with the average basket size of French purchases via other sales channels. The average consumer carried out 22.9 online transactions totalling €1,780 (2015 data) (source: FEVAD iCE 2016).

Online/offline synergies are strengthening: 69% of store shoppers carried out online research before making their purchase, while 52% of online shoppers sought advice from a shop before buying online. Moreover, 49% (i.e. nearly half) of Internet users consulted consumer reviews online in order to choose the product or the website on which to buy it (source: *Observatoire du consommateur connecté FEVAD/ Médiamétrie* June 2016).

In Europe, BtoC e-commerce revenues were estimated at €455 billion in 2015, up 13% from 2014. The five largest consumers are, in descending order, the UK (€157 billion), France (€64.9 billion), Germany (€59.7 billion), Spain (€18.2 billion) and Italy (€16.6 billion) (source: Ecommerce Europe - 2016 estimates).

The European e-commerce market, which comprises over 750,000 websites according to "Ecommerce Europe" estimates, counts 296 million online purchasers per year, representing 57% of Internet users and over 4.2 billion parcels. Although the percentage of households equipped with Internet coincides with the European average (83%), the proportion of online buyers in France is 12 percentage points higher (65% versus 53% in Europe) (source: Ecommerce Europe 2016).

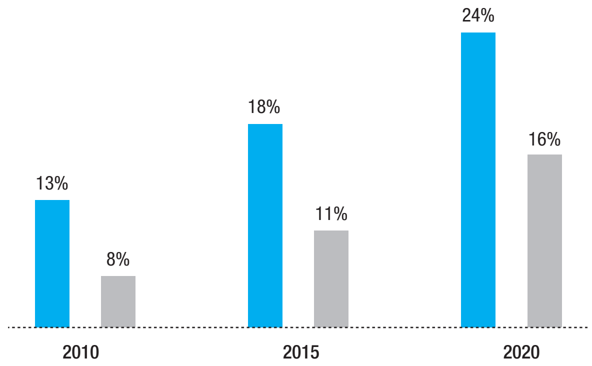
By 2018, the penetration rate of consumer online purchases is expected to reach 9.1% in France, 4.1% in Spain and 3.7% in Italy (source: Euromonitor International).

1.b. BtoB e-commerce, strong growth potential

The French BtoB e-commerce market was estimated by FEVAD at €500 billion in 2015, i.e. around 18% of total BtoB sales (11% excluding business travel), with considerable growth potential over the coming years. According to a FEVAD/DGE survey, 7% of these sales are made via e-commerce websites and 11% via e-procurement solutions.

On the basis of estimates calculated by Next Content – Crédoc on behalf of FEVAD and the French economy and finance ministry's corporate department (DGE - Direction Générale des Entreprises), BtoB online purchases (in 8 business sectors) made from a commercial website or digital solution could account for nearly a quarter of BtoB sales by 2020, representing growth of 32% over five years. BtoB e-commerce would thus account for 24% of total sales in 2020.

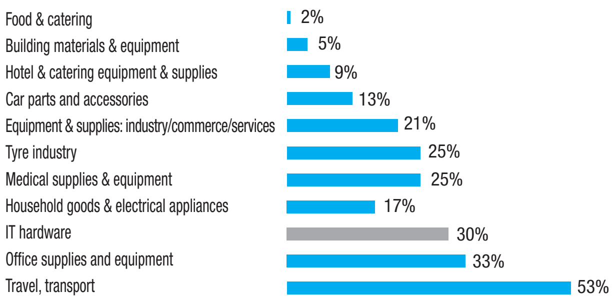
Growth of e-commerce share of BtoB sales



(Source: Next Content 2016)

The "computer hardware" sector which concerns the LDLC Group and, more specifically, LDLC.pro, is the 3rd busiest sector with a 30% share of the market.

BtoB e-commerce sales by sector

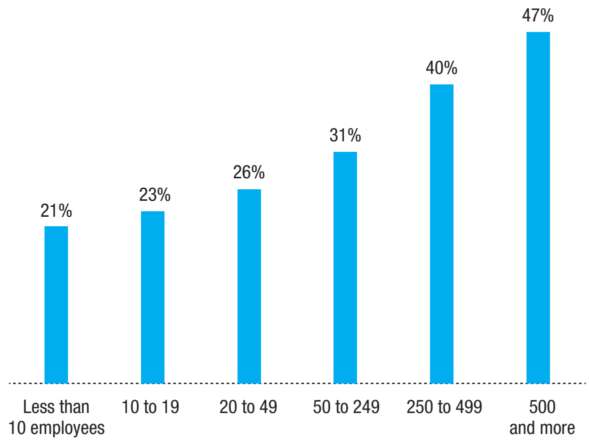


(source: FEVAD/DGE survey October 2015)

According to INSEE, the French national statistics office, slightly over 20% of all French businesses make online purchases (via a website or EDI electronic data interchange system). The practice is more widespread among large companies, notably due to their use of EDI.

Conversely, only 21% of companies with less than 10 employees carry out online purchases.

% of companies making electronic purchases



(source: INSEE survey TIC 2014, 2013 data)

2. IT product market driven by high-tech products and smartphones

The technology market is primarily driven by i) innovation cycles, leading to the boom in smartphone sales for example, ii) household equipment levels, iii) frequency of equipment replacement or upgrading and iv) economic conditions, particularly trends in household incomes.

In 2015, 30.9 million products were sold in France, up 6.2% from the previous year, but down 1.4% in terms of value (source: Xerfi and GFK – January 2016).

According to Gartner, **despite a fourth quarter marked by a return to sluggish growth (0.3%), 8.797 million PCs** were sold in France in 2016 compared to nearly 9 million in 2015 (down 1.9%). The UK experienced a sharper decline (down 8.8%), while Germany posted growth of 4.3%. In France, Gartner noted the positive impact of Christmas special offers on purchases, affecting in particular sales of gaming computers, laptops and ultramobiles. In Germany, large companies are buying workstations equipped with Windows 10 to replace the PCs they installed 5 or 6 years ago. On the other hand, during the year-end period individual consumers showed a preference for up-market configurations (gaming PCs and large-screen smartphones) to the detriment of Android tablets.

In 2017, Gartner expects PC sales to stay flat, at least during the first half. The firm expects that the migration to Windows 10 will continue to drive BtoB sales. Gartner predicts a 4% decline in the EMEA region PC market in 2017 and highlights the fact that users are seeking new computer experiences based on virtual reality, and showing a growing interest in gaming computers, in which PC sellers are increasing their investment.

According to a recent IDC survey (April 2017), in Q1 2017 the PC market recovered in the EMEA region, growing 1.6% and totalling 17.4 million deliveries. According to IDC, notebooks are driving the market with growth of 8.9%. This trend is particularly strong in Western Europe, which posted a 9.2% increase compared to 8.3% in the CEMA region (Central and Eastern Europe, Middle East and Africa). PC deliveries in Western Europe rose globally by 3.1%. The recovery is strong in France (up 8.2%) and Germany (up 5.8%), while the UK slumped 7.9% and things seem to be improving in Southern Europe, particularly in Italy (down 2.6%) and Spain (down 2.8%). Over the whole region, notebook deliveries were up 11.2%, plugging the gap left by falling desktop sales. The improved global economic outlook observed in several countries is encouraging IT expenditure, while the mass market is benefiting from suppliers catching up on delivery delays, the release of lighter and more slender notebooks and the high demand for gaming computers.

In the smartphone market, a February 2017 GFK survey reported 23 million units sold, making 2016 the first year to post a fall in sales (products sold down 6% from 2015). Over 70% of French households are now equipped with smartphones. Market revenues remain impressive at €3.7 billion, up 5%. 2017 is also confirming a levelling trend between operator networks and the large retail sector. Finally, repackaged second-hand smartphones are enjoying sustained growth, with 2 million phones sold. 2017 should see 22.4 million new devices sold, down 3%.

6.2.2. Strategy

Milestones in the LDLC Group's development include the strategic decision to create a network of brand stores and franchises, the addition of a BtoB service (launch of a new website, LDLC.pro, in 2015) and the acquisition of new market share by absorbing its main competitor (Materiel.net). These powerful growth drivers have encouraged the LDLC Group to set ambitious medium-term targets.

By 2021, the Group aims to:

- Double its revenues to reach the €1 billion mark.
- Develop its cross-channel strategy by creating a network of 100 stores (mainly franchises), which means opening around 10 stores every year, to extend its coverage over the whole of France and become the no. 1 French offline retailer of high-tech products.
- Achieve an EBITDA margin of 5.5% to 6%, primarily via the synergies generated with Materiel.net.

(See Chapter 12 of this Registration Document).

In the online BtoC segment, LDLC.com, Materiel.net and shop.hardware.com are expected to continue to grow their market share and post steady revenue growth thanks to their reputation, specialist status and distinct but complementary positioning.

Other factors driving the Group's growth include:

1/ the deployment of a network of stores generating steady growth in revenues as new brand stores and franchises are opened,

2/ acceleration in BtoB sales which, buoyed by a conducive environment (upgrading of company computer fleets, new products, development of e-commerce purchasing), are expected to generate revenues of around €400 million by 2021,

3/ the development of additional related businesses: l'Armoire de Bébé, Maginea, Anikop, launch of innovative products developed by the R&D department, etc.

6.3. COMPETITIVE POSITIONING IN FRANCE

The LDLC Group's competitors include both generalist chains, in particular large retail chains, specialised chains such as Fnac-Darty, Boulanger, But and Cultura, via a network of sales outlets backed in certain cases by a website, and online pure players including generalist players (Amazon, Cdiscount, Rue Du Commerce) and specialists (e.g. Grosbill, Top Achat). One of the major strengths possessed by specialist chains and, especially, online pure players, lies in the depth of the product ranges they offer, together with the related advice and services they provide (home delivery, customer service, etc.).

Since its inception, the LDLC Group has pursued a constant strategy based on a positioning as a high-tech specialist, thereby maintaining a clear identity associated with quality products and services. This firm positioning allows the Group to apply a less aggressive pricing policy than some of its competitors, in particular players such as Amazon and Cdiscount, who pursue a highly aggressive pricing policy that is incompatible with the controlled development targeted by the LDLC Group.

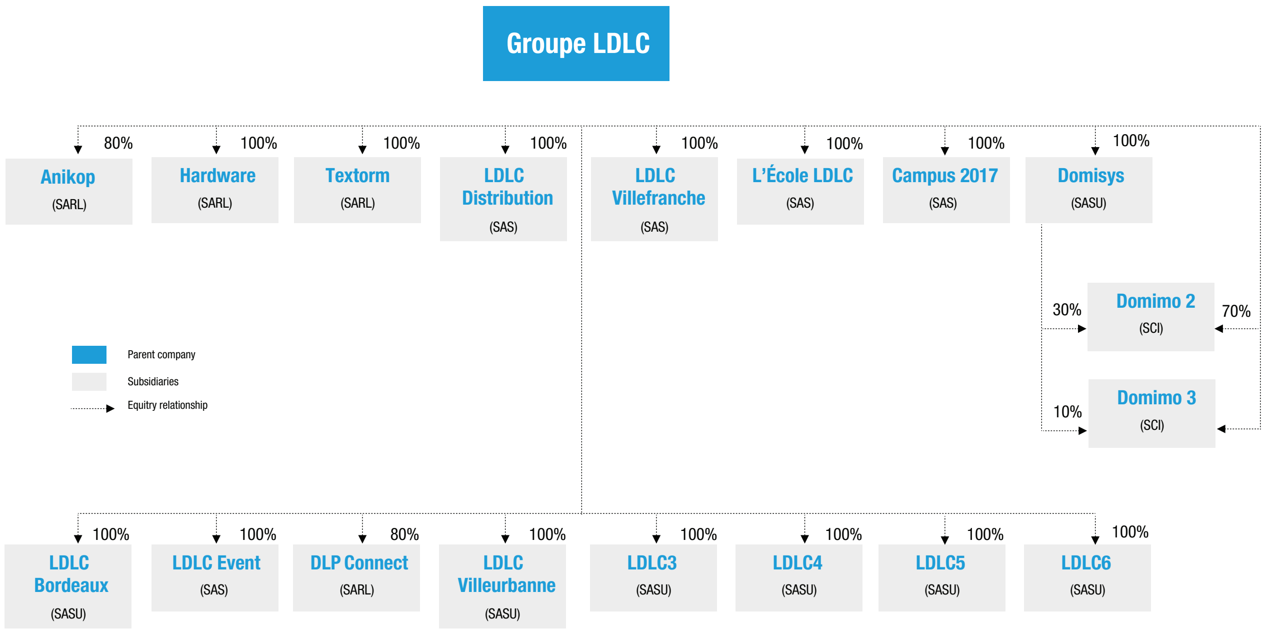
In a concentrating market that has undergone major changes in the past few years (M&As, disappearance of players, etc.), the LDLC Group has demonstrated a clear interest in gathering other companies under its umbrella, a policy illustrated by its early 2016 takeover of Materiel.net, one of its main competitors with a very similar positioning.

Main sector business combinations in France:

- In 2013, Darty acquired Mistergooddeal, a specialist in online retail of household appliances.
- In 2014, German holding company Mutarès acquired Pixmania, placed under court-ordered rehabilitation a few months later then purchased by Ventes du Diable.
- In 2016, four major transactions were completed:
  - Mutarès also acquired Grosbill, previously a member of the Auchan group.
  - Rue Du Commerce, previously owned by property developer Altarea, was acquired by the Carrefour group. The acquisition of Rue Du Commerce also brought Top Achat, its subsidiary since 2009, under Carrefour's wing.
  - Merger between Fnac and Darty, two major players in the specialist retail sector.
  - Acquisition of Materiel.net by the LDLC Group. This acquisition strengthened the Group's leadership in the online high-tech sector and raised Group revenues to around €500 million, placing it among the top 15 French companies.

CHAPTER 7. ORGANISATIONAL CHART AT 30 JUNE 2017

7.1. ORGANISATIONAL CHART



7.2. LIST OF COMPANY SUBSIDIARIES

See Note 2.3 to the consolidated financial statements (section 20.1 of this Registration Document) setting out the Group consolidation scope.

All of the Company's subsidiaries have their registered offices in France.

7.3. SIGNIFICANT EQUITY INVESTMENTS AND TAKEOVERS

In accordance with Articles L.233-6, paragraph 1, and L.247-1, I-1 of the French Commercial Code, below you will find a description of the equity interests acquired by the Company during the year ended in companies having their registered offices in France, representing more than one-twentieth, one-tenth, one-fifth, one-third, one-half or two-thirds of the share capital or voting rights at General Meetings of said companies or the takeover of such a company.

The Company created three new wholly-owned subsidiaries:
- LDLC4, a French simplified joint-stock company with share capital of €30,000 whose registered office is located at 18 chemin des Cuers, 69574 Dardilly Cedex, registered in the Lyon Trade and Companies Register under number 828 609 297.
- LDLC5, a French simplified joint-stock company with share capital of €30,000 whose registered office is located at 18 chemin des Cuers, 69574 Dardilly Cedex, registered in the Lyon Trade and Companies Register under number 828 691 790.
- LDLC6, a French simplified joint-stock company with share capital of €30,000 whose registered office is located at 18 chemin des Cuers, 69574 Dardilly Cedex, registered in the Lyon Trade and Companies Register under number 828 652 578.

The creation of these new subsidiaries is fully in keeping with the Company's strategy of rolling out a network of stores, as described in section 6.2.2 of this Registration Document.

The Company created one new 70%-owned subsidiary:
- LDLC Event, a French simplified joint-stock company with share capital of €30,000 whose registered office is located at 18 chemin des Cuers, 69574 Dardilly Cedex, registered in the Lyon Trade and Companies Register under number 820 257 103.

The creation of this new subsidiary was part of the Company's strategy of developing its gaming and e-sport offering, as described in section 6.1.3 of this Registration Document.

Other than the information presented above, no material changes have been made with regard to equity interests held by the Company since the previous financial year.

Furthermore, the Company has not disposed of any of its equity interests.

7.4. LIST OF EXISTING BRANCHES

In accordance with Article L.232-1 II of the French Commercial Code, a list of currently existing branches is presented below:

Address	Town/city
22 rue de la Gare	Lyon 9 (69)
24 rue de la Gare	Lyon 9 (69)
20 rue du Ruisseau	Saint-Quentin-Fallavier (38)
Boulevard de Satolas	Saint-Quentin-Fallavier (38)
12 rue de l'Église	Paris 15 (75)
42 avenue Général de Croutte	Toulouse (31)

CHAPTER 8. PROPERTY, PLANT AND EQUIPMENT

8.1. PROPERTY AND EQUIPMENT PORTFOLIO

Stores (including franchises) – LDLC Group – France

LDLC Group	Number of locations	Total surface area (m²)
LDLC (*)	24	11,196
Domisys	9	3,037
Total	**33**	**14,233**

(*) Including 19 franchises with a total surface area of 5,787 m².

Warehouses and offices (excluding franchises) – LDLC Group – France

LDLC Group	Number of locations	Total surface area (m²)
LDLC		
Offices and other	3	3,309
Warehouses	2	21,568
Domisys		
Offices and other	2	2,378
Warehouses	1	15,656
Total	**8**	**42,911**

School – LDLC Group – France

LDLC Group	Number of locations	Total surface area (m²)
LDLC	1	552
Total	**1**	**552**

The Group owns property attached to the Domisys business, namely its offices and warehouses as well as a store in Nantes. All other property is rented.

The Group considers that its current warehouse capacity is compatible with its target of achieving revenues of €1 billion by March 2021.

The main Group investments in intangible assets and property, plant and equipment are listed in sections 3.3 and 3.4 of the consolidated financial statements for the year ended 31 March 2017, as featured in section 20.1 of this Registration Document.

The capital expenditure budget for 2017 and 2018 is set out in section 5.2.2 of this Registration Document.

Cash flows related to investing activities are detailed in section 10.2.3 of this Registration Document.

8.2. ENVIRONMENTAL ISSUES POTENTIALLY AFFECTING THE ISSUER'S USE OF ITS PROPERTY, PLANT AND EQUIPMENT

The LDLC Group is aware of the environmental impact of its business and accepts its duty to pursue a proactive environmental policy.

Our priorities are to reduce our impact on the climate and optimise our waste management.

Accordingly, in March 2013, the Group made a commitment to providing transparent, impartial information by displaying an environmental score on several categories of technical product, thereby offering guidance to customers wishing to adopt more responsible consumer habits.

Group tracking of the environmental impact of its business is explained in Note 20 of the CSR report included in the appendices of this Registration Document.

CHAPTER 9. ANALYSIS OF FINANCIAL POSITION AND EARNINGS

Definitions and alternative performance indicators:

Definition of net cash/(debt)

Net cash/(debt) equals gross cash and cash equivalents less gross borrowings.

Definition of gross margin as a % of revenues

This definition is provided in section 9.1.1.1 of this Registration Document.

Definition of EBIT margin as a % of revenues

This definition is provided in section 9.1.1.1 of this Registration Document.

9.1. ANALYSIS OF GROUP FINANCIAL POSITION

The published financial information presented below is taken from the consolidated financial statements for the years ended 31 March 2015, 2016 and 2017 prepared in accordance with IFRS as adopted by the European Union as at the closing dates of said financial statements and of mandatory application at said dates.

The financial data presented below should be read in conjunction with the consolidated financial statements for the year ended 31 March 2017, as featured in section 20.1 of this Registration Document.

9.1.1. Presentation of the Group consolidated financial statements for the last three financial years

9.1.1.1 Key figures - Group income statement

€000	2016/2017	2015/2016	2014/2015
Revenues	479,878	320,719	285,615
Gross margin	77,429	55,755	47,094
Gross margin - % of revenues (1)	16.1%	17.4%	16.5%
Underlying EBIT (2)	13,417	13,815	9,963
EBIT margin - % of revenues (3)	2.8%	4.3%	3.5%
EBIT	13,405	13,232	9,786
Earnings before tax	12,456	13,078	9,660
Total comprehensive income	8,458	7,131	5,957
Net income, Group share	8,115	7,941	5,846
Earnings per share (€)	1.32	1.43	1.07
Diluted earnings per share (€)	1.32	1.43	1.07
EBITDA (4)	*17,910*	*15,027*	*10,667*

(1) Gross margin divided by revenues.
(2) In accordance with French National Accountancy Council recommendation CNC 2013 R03, underlying EBIT equals total income from ordinary operations less total expenses related to ordinary operations.
(3) Underlying EBIT divided by revenues.
(4) EBITDA equals underlying EBIT plus net depreciation, amortisation and provision allowances included in earnings before tax and non-recurring items (see Note 1.4 to the consolidated financial statements for the year ended 31 March 2017).

9.1.1.2 Key figures - Group balance sheet

€000	31/03/2017	31/03/2016	31/03/2015
Non-current assets	50,789	54,361	5,985
Current assets	119,980	108,313	72,111
Shareholders' equity	54,878	49,048	24,562
Non-current liabilities	44,889	35,934	999
Current liabilities	71,002	77,691	52,535
Borrowings	*46,549*	*51,110*	*14,862*
Cash and cash equivalents	*10,613*	*8,107*	*1,739*
Net cash/(debt)	(35,937)	(43,003)	(13,123)

The marked difference in balance sheet items as at 31 March 2016 is due to the Domisys acquisition.

9.1.1.3 Key figures - Group cash flow statement

€000	2016/2017	2015/2016	2014/2015
Gross operating cash flow before tax	17,083	14,360	10,747
Change in working capital	(1,429)	(301)	(11,045)
Net cash flow from operating activities	11,206	8,925	(4,474)
Net cash flow from investing activities	(1,880)	(39,162)	(1,400)
Net cash flow from financing activities	4,468	36,041	(2,183)
Net cash/(debt)	(35,937)	(43,003)	(13,123)

The marked difference in cash flow items for the year ended 31 March 2016 is due to the Domisys acquisition.

9.1.1.4 Group revenues

The following table shows a breakdown of Group revenues by region:

			Change FY 16/17 vs FY 15/16			Change FY 15/16 vs FY 14/15	
€000	2016/2017	2015/2016	€000	%	2014/2015	€000	%
Sales of goods - France	395,141	254,524	140,617	55.2%	223,876	30,648	13.7%
Sales of goods - Export	58,678	46,598	12,080	25.9%	44,110	2,488	5.6%
Total sales of goods	**453,819**	**301,122**	**152,697**	**50.7%**	**267,986**	**33,136**	**12.4%**
Provision of services - France	17,178	13,219	3,959	30.0%	12,400	819	6.6%
Provision of services - Export	8,881	6,378	2,503	39.2%	5,229	1,149	22.0%
Total provision of services	**26,059**	**19,597**	**6,462**	**33.0%**	**17,629**	**1,968**	**11.2%**
Total net revenues	**479,878**	**320,719**	**159,159**	**49.6%**	**285,615**	**35,104**	**12.3%**

Revenues for the year ended 31 March 2017 amounted to €480 million, compared to €321 million for the year ended 31 March 2016 and €286 million for the year ended 31 March 2015.

The increase in revenues for the year ended 31 March 2017 includes €140 million due to the first-time consolidation of the Domisys group, acquired on 31 March 2016. At constant consolidation scope, Group revenues for the 2016/2017 financial year rose 6% over the previous year.

The Group posted double-digit growth for the year ended 31 March 2016 with revenues of €321 million, up over 12% compared to the previous year. This growth was driven by online BtoC/BtoB and cross-channel sales.

Revenues are mostly generated by sales of goods, which account for around 95% of total Group revenues.

Seasonal factors

Group business is strongly impacted by seasonal factors, including a significant increase in store shopping and online purchasing during the lead-up to the Christmas period.

In the year ended 31 March 2017, the Group generated 30% of its full-year consolidated revenues during the third quarter, with 49.2% revenue growth over Q3 2015/2016. At constant consolidation scope (i.e. excluding the Domisys group consolidated on 1 April 2016), Q3 revenues rose 4.8%.

In Q3 2015/2016, the Group posted revenues up 11% from the previous year and accounting for 30% of full-year consolidated revenues.

Q3 2014/2015 revenues accounted for 30.4% of full-year consolidated revenues.

Changes in exchange rates

The Group is exposed to currency risk, mainly relating to the US dollar. The Group uses foreign exchange futures or adjusts its sales prices in order to counteract volatility in the dollar (see Note 2.4.1.1 to the consolidated financial statements for the year ended 31 March 2017).

Number of stores

The following table shows changes in the number of stores over the period:

	2017			2016			2015		
Number of stores	Brand stores	Franchises	Total	Brand stores	Franchises	Total	Brand stores	Franchises	Total
LDLC	5	17	**22**	3	11	**14**	3	5	**8**

The Group opened two brand stores and six franchises during the year ended 31 March 2017.

The brand stores' results are consolidated in the Group financial statements. The Group analyses developments in its revenues over a given period taking into account its entire store park.

Regarding the franchises, the sale of goods to franchisees is included in Group revenues from sale of goods, while the fee based on revenues generated by the franchises from sales to their customers is included in Group service revenues.

9.2. ANALYSIS OF UNDERLYING EBIT AND NET INCOME

9.2.1. Analysis of underlying EBIT

€000	2016/2017	(% of revenues)	2015/2016	(% of revenues)	2014/2015	(% of revenues)
Total net revenues	**479,878**	**100%**	**320,719**	**100%**	**285,615**	**100%**
Other income from operations	385	0.1%	142	0.0%	451	0.2%
Cost of goods sold	(402,834)	(83.9%)	(265,106)	(82.7%)	(238,972)	(83.7%)
Gross margin	**77,429**	**16.1%**	**55,755**	**17.4%**	**47,094**	**16.5%**
Other purchases and external costs	(24,371)	(5.1%)	(14,899)	(4.6%)	(12,980)	(4.5%)
Miscellaneous taxes	(1,956)	(0.4%)	(978)	(0.3%)	(1,096)	(0.4%)
Staff costs	(32,403)	(6.8%)	(24,047)	(7.5%)	(21,440)	(7.5%)
Net depreciation, amortisation and provisions	(4,493)	(0.9%)	(1,212)	(0.4%)	(705)	(0.2%)
Other income and expenses	(788)	(0.2%)	(804)	(0.3%)	(910)	(0.3%)
Underlying EBIT	**13,417**	**2.8%**	**13,815**	**4.3%**	**9,963**	**3.5%**

Underlying EBIT for the year ended 31 March 2017 came to €13,417,000 or 2.8% of full-year consolidated revenues, compared to €13,815,000 or 4.3% of full-year consolidated revenues for the year ended 31 March 2016 and €9,963,000 or 3.5% of full-year consolidated revenues for the year ended 31 March 2015.

The decrease in underlying EBIT recorded in FY 2016/2017 is mainly due to the fall in gross margin, an increase in external costs and an increase in net depreciation, amortisation and provisions.

The decrease in gross margin for FY 2016/2017 is mainly due to:

- the increase in the number of franchises, which order goods and for which the LDLC Group acts as a central purchasing agency;
- the dilution resulting from the acquisition of the Domisys group, whose gross margin is historically lower than that of Groupe LDLC;
- the investments made to stimulate the market, which slowed down towards the end of the year.

The sharp year-on-year increase in “Other purchases and external costs” (up €9,472,000 from €14,899,000 to €24,371,000) was mainly due to the acquisition of the Domisys group at a price of €3,200,000 (excluding marketing and communication costs) and the roll-out of the Group’s development strategy, resulting in major communications, marketing and service costs totalling €3,951,000 (including Materiel.net marketing and communications costs of €1,843,000).

The considerable increase in net depreciation, amortisation and provisions in FY 2016/2017 was mainly due to the Materiel.net acquisition (€1.3 million), trademark amortisation (€830,000) and additional depreciation, amortisation and provision charges related to the upcoming transfer of the LDLC Group and its subsidiaries’ (excluding Materiel.net) head office (see Note 4.3 to the FY 2016/2017 consolidated financial statements).

Underlying EBIT soared nearly 39% in the 2015/2016 financial year. This dramatic increase was mainly due to revenue growth coupled with an increase in gross margin from 16.5% to 17.4%.

The increase in gross margin was due to tight control of purchases, helped by the Company’s significant size in its specialised high-tech product retail sector. Revenue growth was driven by online BtoC/BtoB and cross-channel sales.

9.2.2. Non-recurring operating income/(expenses)

€000	2016/2017	2015/2016	2014/2015
Non-recurring operating income	2	82	93
Non-recurring operating expenses	(13)	(665)	(270)
Net non-recurring operating expenses	**(12)**	**(583)**	**(177)**

For the year ended 31 March 2017, the Group posted net non-recurring operating expenses of €12,000, compared to net expenses of €583,000 in 2015/2016 and €177,000 in 2014/2015.

Most of the non-recurring expenses for FY 2015/2016 were related to the Domisys acquisition (€583,000).

9.2.3. Net financial income/(expense)

€000	2016/2017	2015/2016	2014/2015
Interest on borrowings	731	14	15
Interest paid to banks	217	142	113
Net cost of debt	**948**	**157**	**129**
Other financial income	2	2	3
Other financial expenses	4	0	0
Net financial income/(expense)	**(950)**	**(154)**	**(126)**

The Group posted a net financial expense of €950,000 for FY 2016/2017, compared to €154,000 the previous year and €126,000 the year before that.

The €745,000 increase in interest on borrowings for FY 2016/2017 includes interest charges of €362,000 related to the €23 million loan and €186,000 related to the revolving credit facility contracted by the Group on 31 March 2016 (see Note 3.14 to the consolidated financial statements for the year ended 31 March 2017), in addition to €168,000 related to the Materiel.net acquisition.

9.2.4. Earnings per share

€000	2016/2017	2015/2016	2014/2015
Earnings before tax	**12,456**	**13,078**	**9,660**
Income tax	(4,322)	(5,137)	(3,818)
Net income from equity associates	0	0	4
Net income for the year:	**8,134**	**7,941**	**5,846**
Company shareholders	8,115	7,941	5,846
Minority interests	19	0	0
Weighted average number of shares outstanding	6,161,463	5,557,091	5,464,345
Earnings per share (€)	**1.32**	**1.43**	**1.07**
Diluted earnings per share (€)	**1.32**	**1.43**	**1.07**

Earnings per share corresponds to net income, Group share divided by the average number of shares outstanding during the financial year.

9.3. PRESENTATION OF COMPANY FINANCIAL STATEMENTS AND ACCOUNTING METHODS – COMPANY EARNINGS

The presentation rules and accounting methods applied comply with regulations in force.

The Company financial statements were prepared in a manner consistent with prior years and in accordance with the French chart of accounts ("*plan comptable général*").

The Company financial statements for the year ended 31 March 2017 are presented in section 20.4 of this Registration Document.

For the year ended 31 March 2017, the Company (Groupe LDLC) posted net revenues of €346,910,614 compared to €316,984,835 the previous year.

Operating expenses for the period amounted to €337,852,064, compared to €304,959,094 the previous year.

Operating income totalled €348,962,918, with net operating income amounting to €11,110,854, compared to €13,392,359 for the year ended 31 March 2016.

Financial expenses for the year ended 31 March 2017 amounted to €1,224,646 (compared to €487,059 the previous year), while financial income totalled €736,238 (compared to €998,640 the previous year), resulting in a net financial expense of €488,408, compared to net financial income of €511,581 the previous year.

Earnings before tax and non-recurring items amounted to €10,622,446, compared to €13,903,940 the previous year.

Total non-recurring income amounted to €206,035, while non-recurring expenses amounted to €993,384, giving net non-recurring expenses of €787,348 compared to net non-recurring income of €1,317,028 the previous year.

Given these results, after a corporate income tax charge of €2,768,063, the Company posted a profit of €6,414,356 for the year ended 31 March 2017, compared to a €8,538,044 profit for the previous year.

9.4. GOVERNMENTAL, ECONOMIC, BUDGETARY, MONETARY OR POLITICAL STRATEGY OR FACTORS THAT HAVE OR COULD HAVE A MARKED INFLUENCE, EITHER DIRECT OR INDIRECT, ON THE ISSUER'S OPERATIONS

The loan agreement contracted for the purposes of the Materiel.net acquisition contains the usual provisions for this type of financing arrangement, including bank covenants, general restrictive undertakings and an acceleration clause.

The Group has made commitments under the loan agreement that curtail its flexibility in the management of its operations, including, without limitation, with regard to completing certain types of investment transactions and making changes to the Group's financial structure, including its debt (see Note 4.12 - Liquidity risks, in this Registration Document).

9.5. REVENUES AND EARNINGS OF SUBSIDIARIES AND CONTROLLED COMPANIES

In accordance with Articles L.233-6 para. 2 and R.225-102 of the French Commercial Code, below you will find the revenues and earnings of the Company's subsidiaries and companies that it controls, by business line:

Business line	Revenues	Earnings before tax and non-recurring items	Net earnings after tax	New investments in PP&E	Average headcount	Period
Design, development and operation of websites, site content						
Hardware	430,813	156,105	103,862	None	2	01/04/2016 to 31/03/2017
Business line total	**430,813**	**156,105**	**103,862**	**0**	**2**	
Wholesale trader of all computer hardware and software, plus all related services						
Textorm	1,861,949	(14,803)	(14,803)	None	1 (Groupe LDLC employee)	01/04/2016 to 31/03/2017
Business line total	**1,861,949**	**(14,803)**	**(14,803)**	**0**	**1**	
Installation of cable networks and access control, CCTV and telecommunications systems						
DLP	1,477,037	(28,805)	(28,237)	7,954	10	01/04/2016 to 31/03/2017
Business line total	**1,477,037**	**(28,805)**	**(28,237)**	**7,954**	**10**	
Design, development and sale of software and provision of IT services, maintenance; secondary activity in customer service for goods sold, training						
Anikop	2,332,868	300,060	300,060	41,886	20	01/04/2016 to 31/03/2017
Business line total	**2,332,868**	**300,060**	**300,060**	**41,886**	**20**	
Creation and development of a distribution network for the sale of all equipments and services, as well as the granting of all franchising or licensing rights						
LDLC Distribution	2,433,833	(114,583)	(114,583)	6,830	10	01/04/2016 to 31/03/2017
Business line total	**2,433,833**	**(114,583)**	**(114,583)**	**6,830**	**10**	
Higher education						
École LDLC (LDLC School)	285,587	(396,912)	69,710	1,350	4	01/04/2016 to 31/03/2017
Business line total	**285,587**	**(396,912)**	**69,710**	**1,350**	**4**	
Retail sale of all IT hardware and software and all multimedia and digital products						

Business line	Revenues	Earnings before tax and non-recurring items	Net earnings after tax	New investments in PP&E	Average headcount	Period
LDLC Villefranche	2,080,895	(36,407)	(37,434)	73,535	5	01/04/2016 to 31/03/2017
LDLC Bordeaux	868,984	(171,992)	(171,992)	501,256	4	01/04/2016 to 31/03/2017
LDLC Villeurbanne	1,515,756	(38,000)	(38,000)	249,501	4	01/04/2016 to 31/03/2017
LDLC3	0	(3,987)	(3,987)	None	0	01/04/2016 to 31/03/2017
LDLC4	0	(3,250)	(3,250)	None	0	23/03/2017 to 31/03/2017
LDLC5	0	(3,250)	(3,250)	None	0	23/03/2017 to 31/03/2017
LDLC6	0	(3,250)	(3,250)	None	0	23/03/2017 to 31/03/2017
Business line total	**4,465,635**	**(260,136)**	**(261,163)**	**824,292**	**13**	
Event organisation and management, specifically in the e-sport sector						
LDLC Event	757,027	96,794	58,100	68,483	2	12/05/2016 to 31/03/2017
Business line total	**757,027**	**96,794**	**58,100**	**68,483**	**2**	
Retail sale of all IT hardware, office, hi-fi and multimedia equipment and accessories						
Domisys	173,038,386	2,508,885	1,916,410	590,002	196	01/01/2016 to 31/03/2017
Business line total	**173,038,386**	**2,508,885**	**1,916,410**	**590,002**	**196**	
Acquisition, use and development of land for the construction and leasing of a building						
Domimo 2	1,633,949	453,736	291,936	None	0	01/01/2016 to 31/03/2017
Domimo 3	111,064	50,500	33,381	None	0	01/01/2016 to 31/03/2017
Business line total	**1,745,013**	**504,236**	**325,317**	**0**	**0**	
Acquisition of land and construction of buildings for use as office space via a lease purchase agreement, leasing and administration of said buildings, acquisition and management of all movable property						
Campus 2017	0	(215,979)	(215,979)	41,656	0	01/04/2016 to 31/03/2017
Business line total	**0**	**(215,979)**	**(215,979)**	**41,656**	**0**	
Total	**188,828,148**	**2,534,862**	**2,138,694**	**1,582,454**	**258**	

Hardware:

Hardware.fr expanded its offering by launching its own online store on 24 October 2016. This action contributed to the €61,000 increase in its revenues. The increase in sales was partly offset by advertising expenses related to the e-commerce website (affiliation) and an increase in payroll expenses (editors' fees). The business posted a profit of €104,000 for the year ended 31 March 2017, identical to the previous year's profit.

Textorm:

Revenues fell sharply by €508,000 compared to the previous year, due to the withdrawal of a number of key customers. The effect was compounded by an increase in external costs, resulting in a loss of €15,000 for the year ended compared to a €13,000 profit for the previous year.

LDLC Distribution:

LDLC Distribution saw its revenues increase significantly due to the opening of seven franchises during the year. The business posted revenues of €2.4 million for FY 2016/2017, up 51.5% from €1.6 million the previous year. On the other hand, the company had to restructure in view of the Group's target of having 100 stores in operation by 2021: this led to a considerable increase in payroll expenses. In addition, marketing expenses for existing stores also increased, resulting in a sharp fall in the company's earnings. The company posted a €115,000 loss for 2016/2017 compared to a €29,000 loss the previous year.

LDLC Villefranche:

The Villefranche store posted revenues of €2 million for the year ended 31 March 2017, up 9%. The revenue increase went hand in hand with an increase in the margin to over 20%, mainly due to strong business in the services segment. Although earnings improved this year, the company still posted a loss of €37,000 compared to a €154,000 loss the previous year.

LDLC Bordeaux:

The Bordeaux store opened on 20 September 2016 and generated revenues of €869,000 for its first six months of operation. This store boasts a considerably larger than average surface area, totalling over 500 m². Capital expenditure costs are high, leading to higher depreciation charges than for the other stores. Consequently, the store turned in a net loss of €172,000 for its first financial year ended 31 March 2017.

LDLC Event:

LDLC Event was founded on 12 May 2016 and began operating in June 2016. Its main task is to manage the LDLC Group's e-sport team, Team LDLC. In its first year of operation, the company posted revenues of €757,000 and net income of €58,000.

Domimo 2:

The balance sheet date was deferred to 31 March 2017 to coincide with the Group balance sheet date, resulting in a 15-month financial year for this company.

The €413,000 increase in revenues is therefore due to the additional rent invoiced during the extra 3 months of this extended financial year.

The company posted a profit of €292,000 for the financial year ended 31 March 2017, compared to a €217,000 profit for the year ended 31 December 2015.

For the 2016/2017 financial year, Domimo 2 is no longer a member of the Domicorp tax group.

Domimo 3:

As with Domimo 2, the balance sheet date was deferred to 31 March 2017 to coincide with the Group balance sheet date, resulting in a 15-month financial year for this company.

The €33,000 increase in revenues is therefore due to the additional rent invoiced during the extra 3 months of this extended financial year.

The company posted a profit of €33,000 for the financial year ended 31 March 2017, identical to its FY 2015 profit.

For the 2016/2017 financial year, Domimo 3 is no longer a member of the Domicorp tax group.

Domisys:

Again, Domisys' balance sheet date was deferred to 31 March 2017 to coincide with the Group balance sheet date, resulting in a 15-month financial year for this company.

The €26,000 increase in revenues is therefore due to the additional revenues invoiced during the extra 3 months of this extended financial year. The impact was mitigated, however, by lower revenues historically recorded during the company's first quarter, plus an overall 5.8% decline in business revenues.

The gross margin fell 1.05 percentage point for the financial year ended 31 March 2017 due to more challenging economic and competitive conditions and seasonal effects related to the extra quarter, the low point of the year in terms of margin and revenues.

The company posted net non-recurring expenses of €2,000 for the financial year ended 31 March 2017, compared to net non-recurring income of €3.7 million for the year ended 31 December 2015. This profit was mainly derived from the sale of LDLC shares held by Domisys.

Domisys posted a profit of €1.9 million for the financial year ended 31 March 2017, compared to €5.7 million in 2015.

For the 2016/2017 financial year, Domisys is no longer a member of the Domicorp tax group.

LDLC Villeurbanne:

The store located in Villeurbanne (Lyon) opened on 12 July 2016, meaning that its first year of operation lasted 8.5 months. The store turned in revenues of €1,516,000 and a net loss of €38,000 for its first financial year ended 31 March 2017.

DLP Connect:

DLP Connect revenues rose sharply to €335,000, up 29.3% from the previous financial year.

This increase mainly came from the sale of goods, an activity not exercised by the company during the previous financial year. Sale of goods contributed to a €296,000 increase in revenues, which however generated a low average margin of 6%.

Earnings fell in the financial year ended 31 March 2017: having posted a €7,000 profit for the previous year, this year the company turned in a €28,000 loss, mainly due to a €56,000 increase in external costs.

Anikop:

Anikop posted revenues of €2.3 million for the year ended 31 March 2017, up 16.6% from €2 million the previous year.

The increase in revenues was offset by a €228,000 increase in employee expenses coupled with an increase in import outsourcing.

The company posted a profit of €300,000 for the financial year ended 31 March 2017, compared to a €303,000 profit for the year ended 31 March 2016.

LDLC School:

In this second year of its operation, the LDLC School's numbers were boosted by the arrival of the second cohort of first-year students. This led to a €53,000 increase in revenues.

Operating expenses increased €71,000 or 11.45% in the 2016/2017 financial year, primarily due to building rental charges of €28,000.

As a result, the School posted a profit of €70,000 for the financial year ended 31 March 2017, compared to a €114,000 profit for the year ended 31 March 2016.

Campus:

No revenues were recorded for the year ended 31 March 2017. The head office is under construction and is expected to be delivered by the end of August 2017.

Campus posted a loss of €216,000 for the financial year ended 31 March 2017, compared to a €61,000 loss for the previous year.

9.6. LDLC GROUP RESEARCH AND DEVELOPMENT

In accordance with Article L.232-1 of the French Commercial Code, we hereby inform you that Groupe LDLC has engaged in research and development since the year ended 31 March 2016. In December 2016, the Group brought to market the first product created by its R&D team.

The Group allocated a budget of €245,000 (excluding staff costs) to R&D for the 2016/2017 financial year.

Groupe LDLC received a €93,000 research tax credit for 2016. This tax credit is awarded to companies making significant investments in research and development.

Groupe LDLC considered that the criteria for capitalising R&D costs were not fully satisfied. Accordingly, R&D costs were recognised as expenses for the year.

For further information, see Chapter 11 of this Registration Document.

9.7. POST BALANCE SHEET EVENTS

In accordance with Article L.232-1 II of the French Commercial Code, it is specified that, to the best of our knowledge, no significant events liable to have a material impact on the assessment of the Company's financial position have taken place since the balance sheet date.

CHAPTER 10. GROUP CASH AND CAPITAL

The LDLC Group's main capital requirements are related to funding working capital and operational capital expenditure. In March 2016, the LDLC Group took out a €23 million loan maturing in 2023 to fund the Materiel.net acquisition.

The statement of changes in consolidated shareholders' equity is presented in Note 1.3 to the consolidated financial statements for the year ended 31 March 2017. A breakdown of the share capital is provided in Note 3.11 of the same financial statements, which are found in section 20.1 of this Registration Document.

10.1. INFORMATION ON COMPANY SHORT- AND LONG-TERM FINANCIAL RESOURCES

Cash: cash and cash equivalents amounted to €10,613,000 at 31 March 2017, €8,107,000 at 31 March 2016 and €1,739,000 at 31 March 2015.

Debt: on 31 March 2016, the Group took out a €23 million loan to fund the acquisition of the Materiel.net group. The loan was supplemented by a €15 million revolving credit facility. €15 million had been drawn on this facility at 31 March 2017. There were no drawdowns in the previous financial year.

The Group posted net debt broken down as follows:

€000	31/03/2017	31/03/2016	31/03/2015
Gross borrowings	46,549	51,110	14,862
Cash and cash equivalents	10,613	8,107	1,739
Net cash/(debt)	**(35,937)**	**(43,003)**	**(13,123)**

The following table shows the Group's debt instalment maturities at 31 March 2017:

€000	Total	Due in < 1 year	Due in 1-5 years	Due in > 5 years
Long-term loans and borrowings [1]	**40,361**	**0**	**35,588**	**4,773**
Loans	40,361	0	35,588	4,773
Short-term loans and borrowings	**6,188**	**6,188**	**0**	**0**
Loans	5,689	5,689	0	0
Accrued interest on loans	20	20	0	0
Bank overdrafts	310	310	0	0
Current accounts	170	170	0	0
Total	**46,549**	**6,188**	**35,588**	**4,773**

(1) Including €16,429,000 under the €23 million loan and €15 million under the revolving credit facility.

Financing arrangements related to the Materiel.net acquisition

The Group organised new sources of funding to help finance the Materiel.net acquisition.

Accordingly, on 31 March 2016, it signed a loan agreement with a five-bank pool, consisting of:

- A €23 million long-term line of credit maturing in 7 years, bearing interest at Euribor 3-month plus an "acquisition loan" margin revised annually in accordance with the leverage ratio.

- A €15 million revolving credit facility, subject to minimum drawdowns of €1 million each, intended to partly finance working capital for Groupe LDLC and its subsidiaries. This facility is subject to interest based on the Euribor rate plus a 1.30% revolving credit facility margin. €15 million had been drawn on this facility as at 31 March 2017.

The agreement is subject to compliance with two financial ratios tested every six months:

- Leverage ratio, defined as "consolidated net borrowings" divided by "adjusted consolidated EBITDA" (i.e. Group underlying EBIT plus net depreciation, amortisation and provision allowances included in earnings before tax and non-recurring items).
- Gearing ratio, defined as "consolidated net borrowings" divided by "consolidated equity" (including minority interests).

The agreement also imposes a limit on capital expenditure to be adhered to by all Group companies.

Debt at 31 March 2017:

In March 2017, the Group signed a €1 million loan agreement to fund capital expenditure requirements for new stores (Villeurbanne and Bordeaux), amongst other purposes.

In March 2017, the Group signed a new factoring agreement with Eurofactor. After analysing this agreement in accordance with IAS 39, Group management concluded that it qualified for derecognition.

10.2. CASH FLOW ANALYSIS

10.2.1. Cash flows:

€000	2016/2017	2015/2016	2014/2015
Net cash flow from operating activities	11,206	8,925	(4,474)
Net cash flow from investing activities	(1,880)	(39,162)	(1,400)
Net cash flow from financing activities	4,468	36,041	(2,183)
Net change in cash and cash equivalents	**13,794**	**5,804**	**(8,058)**

10.2.2. Net cash flow from operating activities:

€000	2016/2017	2015/2016	2014/2015
Net income from continuing operations	8,134	7,941	5,846
Elimination of non-cash income and expenses	4,616	1,282	1,054
Tax expense (current and deferred)	4,322	5,137	3,818
Gains/losses on disposal of assets	12	0	32
Elimination of income from discontinued operations net of tax	0	0	(4)
Gross operating cash flow before tax	17,083	14,360	10,747
Tax expense and change in deferred tax	(4,448)	(5,134)	(4,176)
Change in working capital	(1,429)	(301)	(11,045)
Net cash flow from operating activities	**11,206**	**8,925**	**(4,474)**

Net operating cash flow for the year ended 31 March 2017 amounted to an €11.2 million inflow, compared to an €8.9 million inflow in FY 2015/2016 and a €4.5 million outflow the previous year.

The sharp increase in gross operating cash flow (€2.7 million) from FY 2015/2016 to FY 2016/2017 was mainly due to the consolidation of Materiel.net cash flows.

The significant change in working capital recorded as at 31 March 2015 mainly included a €14.4 million increase in inventories partly offset by a €4.4 million increase in trade payables.

10.2.3. Net cash flow from investing activities:

€000	2016/2017	2015/2016	2014/2015
Income from disposal of non-current assets, after tax	2	81	0
Acquisition & disposal of non-current assets	(1,881)	(4,817)	(1,400)
Change in consolidation scope	0	(34,426)	0
Net cash flow from investing activities	**(1,880)**	**(39,162)**	**(1,400)**

For the year ended 31 March 2017, net cash flow from investing activities amounted to a €1,880,000 outflow, including €750,000 of fit-out costs required for the opening of the Bordeaux and Villeurbanne stores.

The sharp increase in net cash flow from investing activities in the previous year (€39,162,000) was due to:

- the acquisition of the Materiel.net group (€34,426,000);
- acquisitions and disposals of non-current assets (€4,817,000).

Other acquisitions mainly include the renovation of the Paris store (€606,000), the purchase of a 10% equity interest in NLCL giving rise to a payment of €1,500,000, and a €1,500,000 loan as part of the financing arrangements for the LDLC Group's new head office.

In the year ended 31 March 2015, net cash flow from investing activities amounted to a €1,400,000 outflow, mainly consisting of renovation costs of around €600,000 for the Paris and Vaise stores.

10.2.4. Net cash flow from financing activities:

€000	2016/2017	2015/2016	2014/2015
Treasury share transactions and bonus shares	445	2,002	391
Other effects	(105)	282	(304)
Transactions on financial instruments	481	(742)	171
Changes in borrowings and other debt	10,427	22,834	(361)
Change in financing from factoring of receivables	(3,699)	421	378
Capital increase (nominal)	0	103	0
Additional paid-in capital + undistributable reserves + retained earnings	0	13,595	0
Decrease in shareholders' equity (dividends)	(3,081)	(2,454)	(2,459)
Net cash flow from financing activities	**4,468**	**36,041**	**(2,183)**

In the year ended 31 March 2017, net cash flow from financing activities amounted to a €4,468,000 inflow, compared to a €36,041,000 inflow the previous year and a €2,183,000 outflow the year before that.

- The increase in borrowings in 2016/2017 was mainly due to the €15 million drawdown on the revolving credit facility. This facility is one of the new sources of funding set up following the Materiel.net acquisition.
  Groupe LDLC took out a new €1 million loan in March 2017 to fund capital expenditure on new stores.
  The €3,699,000 decrease in factoring finance was due to the signing of a new agreement with Eurofactor entailing derecognition. Groupe LDLC will therefore assign its receivables on a non-recourse basis.
- The increase in capital borrowings and other debt in the year ended 31 March 2016 was mainly due to the Materiel.net acquisition, which was financed via a cash contribution, a contribution-in-kind involving the issuance of new shares and the transfer of treasury shares.
  For the purposes of the Materiel.net acquisition, the Group arranged new sources of funding to finance the cash

component of the acquisition, which mainly included a €23 million loan.

The contribution-in-kind was funded via the issuance of 574,732 fully paid-up new Groupe LDLC shares at a par value of €0.18 per share. The price per share was €23.86, which included a contribution premium of €23.60.

The increase in transactions in treasury shares and bonus shares for this year was due to the same reason. Groupe LDLC transferred 117,079 treasury shares as consideration for the acquisition, leading to a €1.1 million increase in this item.

10.3. INFORMATION ON GROUP BORROWING TERMS AND FINANCING STRUCTURE

Information on the financing of the Group's business may be found in section 10.1 "Information on the Company's short- and long-term financial resources" of this Registration Document and in Notes 1.4 and 3.14 to the consolidated financial statements for the year ended 31 March 2017 included in section 20.1 of this Registration Document.

10.3.1. Financing policy

Non-current assets: acquisitions

The Materiel.net acquisition was financed via a cash contribution, for which a €23 million loan was taken out, and a contribution-in-kind financed via an issuance of new shares and transfer of treasury shares. See Note 10.2.4 of this Registration Document and Note 3.14 to the consolidated financial statements for the year ended 31 March 2017.

The Group did not make any other acquisitions.

Non-current assets: property financing

As at 31 March 2017, the Group owned the Nantes concept store and the head office of Domisys in Grandchamps-des-Fontaines via the real estate companies Domimo 3 and Domimo 2. These buildings were financed via loans taken out in 2008 and 2010 for €750,000 and €4 million respectively.

In 2013, an extension was built to the Domisys head office funded via loans totalling €7,850,000 contracted in 2013.

All other premises currently used by the Group are rented.

Non-current assets: financing of other assets

In March 2017, the Group signed a loan agreement for €1million to finance the fitting out of new stores opened during the year ended 31 March 2017.

Financing of working capital

Group working capital is financed via short- and long-term loans (see Note 3.14 to the consolidated financial statements for the year ended 31 March 2017).

The Group has overdraft facilities amounting to €18.5 million and CHF300,000.

The Group has a €15 million revolving credit facility with a €1 million minimum drawdown limit.

Under a new factoring agreement signed in March 2017 with Eurofactor and qualifying for derecognition, the Group assigns its trade receivables on a non-recourse basis.

10.3.2. Summary of borrowings by due date

€000	Principal outstanding	Due in < 1 year	Due in 1-5 years	Due in > 5 years
Loans	46,049	5,689	35,588	4,773

10.3.3. Changes in borrowings

€000	Borrowings
At 31 March 2015	**549**
New borrowings	23,750
Repayment of borrowings	(428)
Other changes	11,756
At 31 March 2016	**35,627**
New borrowings	16,000
Repayment of borrowings	(5,648)
Other changes	70
At 31 March 2017	**46,049**

Other changes for the year ended 31 March 2016 include €12,245,000 of consolidated Materiel.net cash flows.

10.4. INFORMATION ON ALL LIMITATIONS ON THE USE OF CAPITAL OR THAT COULD HAVE A MARKED IMPACT, EITHER DIRECT OR INDIRECT, ON GROUP OPERATIONS

10.4.1. Bank covenants

The Materiel.net acquisition was partly financed via a €23 million loan contracted by the LDLC Group. The loan is subject to compliance with a number of bank covenants (ratios, capex limits, etc.). Failure to comply with these covenants may under specific conditions trigger early repayment.

These ratios were calculated for the first time as at 31 March 2017 and will subsequently be tested every six months.

The ratios shown below apply to the 12-month period from 1 April 2016 to 31 March 2017.

Ratio R1: consolidated net borrowings/consolidated equity (at 31/03/17 < 1.10)

€m	Note	Calculation
Consolidated net borrowings	40.14	A
Consolidated equity	54.87	B
Ratio: consolidated net borrowings/consolidated equity	0.73	A/B

Ratio R2: consolidated net borrowings/consolidated EBITDA (FY ended 31/03/17 < 2.75)

€m	Note	Calculation
Consolidated net borrowings	40.14	A
Consolidated EBITDA	17.91	B
Ratio: consolidated net borrowings/consolidated EBITDA	2.24	A/B

The **amount of capital expenditure** must be lower than the annual limit, which is set at €7 million for the year ended 31 March 2017.

Bank covenants were in compliance at 31 March 2017 and have been submitted to the Statutory Auditors for certification.

10.4.2. Information on market, credit, interest rate and liquidity risks

Group exposure to the various risks as at 31 March 2017 is analysed in Note 2.4 to the consolidated financial statements for the year ended 31 March 2017, as featured in section 20.1 of this Registration Document.

Sensitivity testing conducted on floating-rate borrowings is explained in Note 3.16 to these same financial statements.

10.5. INFORMATION ON EXPECTED SOURCES OF FINANCING FOR CARRYING OUT PLANNED INVESTMENTS

On 30 November 2015, Campus 2017 signed a €22 million lease purchase agreement to finance the acquisition of the site and premises of the future LDLC Group head office. The instalment calendar, restrictive conditions and optional purchase price are set out in the paragraph entitled "Finance lease" under Note 5.2.3 to the consolidated financial statements for the year ended 31 March 2017 featured in this Registration Document.

On 21 April 2017, Groupe LDLC signed a €1.5 million loan to finance the installation, fit-out and furniture costs for the future LDLC Group head office. Groupe LDLC plans to contract new loans totalling €3 million to fund its growth, particularly by opening new brand stores.

CHAPTER 11. RESEARCH AND DEVELOPMENT, PATENTS AND LICENCES

The Group's intellectual property portfolio mainly comprises trademarks and domain names, which are protected by in-house and external legal teams. A special in-house department monitors use of the Group's trademarks and domain names in order to protect them from any attempts at infringement.

The Group has a portfolio of around 45 registered trademarks mostly related to the "LDLC.com" and "Materiel.net" domain names, as well as those pertaining to the various subsidiaries. These trademarks are registered within their region of influence, which is in most cases Europe.

The Group also has a portfolio of over 120 domain names, which include country extensions corresponding to its area of influence, including Belgium, Switzerland and Luxembourg.

The Group recently launched a research and development programme. A dedicated 6-person department was set up, tasked with implementing a proactive innovation policy of designing and marketing innovative products in order to expand the product catalogue.

The Group registered its first patent in France during 2016.

The Group's R&D operations confer entitlement to receive the research tax credit (*Crédit d'Impôt Recherche*) in France. This tax credit is equivalent to a grant, in that it is refundable. Further details may be found in section 9.6 "LDLC Group research and development" of this Registration Document.

CHAPTER 12. INFORMATION ON TRENDS

12.1. MAIN TRENDS HAVING AFFECTED PRODUCTION, SALES AND INVENTORIES, COSTS AND SALE PRICES SINCE THE END OF THE LAST FINANCIAL YEAR UNTIL THE REGISTRATION DOCUMENT DATE

12.1.1. Press release dated 19 June 2017: planned acquisition of OLYS

"In accordance with its acquisition strategy aimed at expanding its product offering and consolidating its position as a high-tech specialist, the LDLC Group today announces the start of exclusive negotiations with OLYS, a company that markets brands including "BIMP".

An Apple distributor for both individuals and businesses, OLYS has 14 branches including 7 Apple Premium Reseller stores in France. The company has 140 employees, including 25 salespersons ready to respond to the requirements of businesses. The OLYS Group posted 2016 revenues of around €40 million.

If closed, this acquisition will generate extensive synergies with the LDLC Group's existing offering.

A memorandum of understanding on the purchase of OLYS's entire share capital could be signed within the next four months.

Progress on this acquisition will be reported as soon as possible in a subsequent release.

"This acquisition is important for two reasons", Laurent de la Clergerie said. *"First, it strengthens our ties with the Apple universe and balances our offering so that we can confidently handle upcoming innovations in the two universes of PC and MAC. Secondly, the BIMP Group has a strong foothold in the BtoB and education markets, which will allow us to expand our offering in these sectors in terms of both products and services, and will contribute the experience gained by its teams at grass roots level over a period of more than 30 years." "*

12.1.2. Press release dated 20 July 2017: Q1 2017/2018 business review

LDLC Group CEO, Olivier de la Clergerie, made the following comments: *"There were no surprises in this first quarter, in which the ongoing surge in memory component prices continued to disrupt the BtoC business, although this business began to show signs of recovery in May and June. Naturally, highlights include the continued ramp-up of our store network, with four new stores opened since the start of our financial year on 1 April, and the confirmed recovery in our BtoB business, which posted growth per equivalent number of business days. The other high point of the period was the announcement of our plan to acquire the entire share capital of OLYS, the company that markets the BIMP brand. If it goes through, this acquisition will give us two major advantages. It will strengthen our ties with Apple, as well as providing us with know-how gained from over thirty years of grassroots experience in the BtoB and education sectors."*

First quarter consolidated revenues (1 April to 30 June) – unaudited

€m	*2017/2018*	*2016/2017*	*Change (%)*
Revenues	*100.8*	*104.2*	*-3.3%*

First quarter figures, corporate data: Q1 revenues amounted to €95.1 million compared to €75.1 million in the previous year.

As seen towards the end of the last financial year, sales continue to be hit by the worldwide shortage of memory chips, which impacts the prices of memory modules and SSDs in particular. April was a difficult period, with revenues down 9%, while May and June saw the beginnings of an uplift suggesting that the start of the financial year may have been impacted by the economic situation and elections in France.

The LDLC Group held up well against this trend, with BtoC revenues totalling €69.6 million for the quarter compared to €72.8 million in Q1 2016/2017.

The store network, which comprised 24 stores on 30 June 2017, contributed €11.5 million to BtoC sales, up 31.3% from last year.

LDLC.pro recorded steady business with revenues of €28.2 million versus €28.5 million last year. Revenues measured in terms of equivalent business days increased, thus confirming that recovery is underway. July's figures confirm this trend.

Other business including Maginéa posted first quarter revenues of €3.0 million, up from €2.9 million the previous year.

Outlooks

The problems encountered by manufacturers due to the price of memory chips are expected to continue, which will affect high-tech sales in the BtoC segment throughout the first half. Group management will be on the look-out for signs of market recovery as seen in May and June.

In addition, the Group will pursue its business plan by (i) stepping up new store openings (26 stores at present: Vienne and Strasbourg opened since 30 June), (ii) establishing operations in Spain by the end of the 2017/2018 financial year (online and with a pilot store in Barcelona) and (iii) developing the BtoB business by setting up a sales team and delivery warehouse in the Paris area and by acquiring OLYS, the company that owns the BIMP brand (see press release dated 19 June).

The LDLC Group has set itself the goal of reaching the billion-euro revenue mark and an EBITDA margin of 5.5%-6.0% by 2021. By that time, the Group plans to have around 100 stores up and running."

12.2. KNOWN TRENDS, UNCERTAINTIES, DEMANDS, COMMITMENTS AND EVENTS REASONABLY LIKELY TO HAVE A MARKED INFLUENCE ON THE COMPANY'S OUTLOOK FOR THE CURRENT YEAR

The current high prices of memory components is a factor that could impact the current financial year.

CHAPTER 13. PROFIT FORECASTS AND ESTIMATES

The Company does not plan to make any profit forecasts or estimates.

CHAPTER 14. CORPORATE BODIES

14.1. MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

14.1.1. Membership of the Management Board

The membership of the Management Board is described in the "Report by the Chairwoman of the Supervisory Board on internal control and corporate governance" in section 16.7 of this Registration Document.

The Management Board members have their business address at the Company's registered office.

The members of the Management Board acquired their management skills and experience through the various employment and management positions they have occupied in the past (see section 14.1.5. of this Registration Document).

14.1.2. Supervisory Board membership and Advisory Board members

The members of the Supervisory Board are presented in the "Report by the Chairwoman of the Supervisory Board on internal control and corporate governance" in section 16.7 of this Registration Document.

The Supervisory Board members have their business address at the Company's registered office.

The members of the Supervisory Board acquired their management skills and experience through the various employment and management positions they have occupied in the past (see section 14.1.5. of this Registration Document).

14.1.3. Other positions held by the members of the Management and Supervisory Boards

In accordance with Article L.225-102-1, paragraph 4 of the French Commercial Code, a list is provided below of all known offices and positions held in any company besides the Company by all corporate officers during the year ended:

Name	Position	Company
Management Board		
Laurent Villemonte de la Clergerie	Non-partner manager	Textorm SARL
	Manager	Idfamily SCI
	Chairman	Katzami SAS
Olivier Villemonte de la Clergerie	Non-partner manager	Anikop SARL
	Non-partner manager	DLP Connect SARL
	Manager	Domimo 2 SCI
	Manager	Domimo 3 SCI
	Board member	Thermador Groupe SA
	Supervisory Board member	La Vie Claire SA
Marc Prieur	Non-partner manager	Hardware.fr SARL
Caroline Villemonte de la Clergerie	Manager	TD Family SCI
Philippe Sauze	Member of the Board of Directors	ASVEL Basket SASP
	Chairman	TRIO Partners SASU
	Chairman	COW Partners SASU

Name	Position	Company
Supervisory Board		
Suzanne Villemonte de la Clergerie	None	None
Marc Villemonte de la Clergerie	None	None
Anne-Marie Bignier	None	None

In addition, a list is provided below of all known offices and positions held in any company besides the Company by all corporate officers during the past five years and which have since expired:

Name	Position	Company
Management Board		
Laurent Villemonte de la Clergerie	Non-partner manager	Plugsquare
Olivier Villemonte de la Clergerie	None	None
Marc Prieur	None	None
Caroline Villemonte de la Clergerie	None	None
Philippe Sauze	None	None
Supervisory Board		
Suzanne Villemonte de la Clergerie	None	None
Marc Villemonte de la Clergerie	None	None
Anne-Marie Bignier	None	None

14.1.4. Disclosures regarding members of the Management and Supervisory Boards

We hereby inform you that:

- Marc Villemonte de la Clergerie (member of the Supervisory Board) and Suzanne Villemonte de la Clergerie (Chairwoman and member of the Supervisory Board) are the parents of Caroline (member of the Management Board), Laurent (Chairman and member of the Management Board) and Olivier (CEO and member of the Management Board) Villemonte de la Clergerie; and
- Anne-Marie Bignier Valentin (member of the Supervisory Board) is the sister of Suzanne Villemonte de la Clergerie.

To the best of the Company's knowledge, there are no other family ties between members of the Management Board and Supervisory Board.

To the best of the Company's knowledge, no member of the Management Board or Supervisory Board has, over the past five years:

- been sentenced for fraud,
- been linked to a bankruptcy, receivership or liquidation in the capacity of executive director, Board member or Supervisory Board member,
- been prohibited by court order from acting in the capacity of a member of a corporate body of an issuer or from being involved in managing or directing the business of an issuer,
- been charged or had official public sanctions imposed on them by statutory or regulatory authorities (including designated professional organisations).

14.1.5. Career summary of members of the Management and Supervisory Boards

> **Laurent Villemonte de la Clergerie**

Chairman of the Management Board and founder of the LDLC Group
Born in 1970, a French national

Having studied economic science and electronic engineering, Laurent de la Clergerie was ideally qualified to start his own website, combining an indispensable knowledge of information technology with the ability to analyse the market.

In 1997, driven by his courage and inspiration, he launched LDLC.com in Lyon. This was the dawn of the age of e-commerce… 20 years later, LDLC.com is now the e-commerce leader in the French IT and high-tech markets.

The LDLC Group has 12 websites, including 7 online stores, 24 stores (including 5 brand stores), around 700 employees and annual revenues of around €500 million.

> **Olivier Villemonte de la Clergerie**

Member of the Management Board - LDLC Group CEO
Born in 1972, a French national

After graduating from ECAM Lyon engineering school in 1994, Olivier de la Clergerie continued his studies at EM Lyon Business School.

In 1996, he helped his brother Laurent set up LDLC.com, a company specialising in the online sale of IT and high-tech products.

After military service in the Czech Republic and a spell at Arthur Andersen as an IT systems auditor, Olivier finally moved to LDLC.com as Chief Financial Officer in March 2000.

Since 2001, Olivier de la Clergerie has been Chief Executive Officer of the LDLC Group, responsible for back office services and the LDLC School.

> **Philippe Sauze**

Member of the Management Board - LDLC Group Deputy CEO responsible for sales, Internet and marketing
Born in 1958, a French national
Joined the Group in December 2011

His job is to coordinate Group strategy in order to guide the Group through its growth, as well as manage operational aspects of the Group in areas such as the web, sales, marketing, communications and project development. His management experience and extensive knowledge of technology sectors are invaluable assets to the management team.

Philippe Sauze spent 15 years working for Electronic Arts (EA), one of the world's leading interactive entertainment groups, as Executive Vice-President, Southern Europe.

> **Marc Prieur**

Member of the Management Board - Director of Hardware.fr
Born in 1979, a French national

Marc Prieur created Hardware.fr, the no. 1 computer hardware website in France, in 1997 while he was still at secondary school. In 2000, the website was acquired by LDLC and became a Group brand. Specialising in spare parts, this information website offers articles, comparisons, advice and a members' forum. In 2016, the website launched an e-commerce operation in the same field. Marc Prieur has been Director of Hardware.fr and a member of the LDLC Group Management Board since 2001.

> **Caroline Villemonte de la Clergerie**

Member of the Management Board
Born in 1975, a French national

Having graduated in financial control at EBP Bordeaux and HEC Paris, Caroline Villemonte de la Clergerie joined her brothers in 1998 right at the start of the LDLC.com adventure. Administrative Director until 2015, she has guided the Group's growth in all aspects of administration and finance. Caroline Villemonte de la Clergerie is a member of the LDLC Group Management Board.

> Anne-Marie Valentin Bignier

Member of the Supervisory Board
Born in 1959, a French national

Anne-Marie Valentin Bignier graduated from HEC Paris with a specialisation in marketing in 1981. In 1983, she joined the EDF group, filling various managerial posts primarily in the areas of customer relations, sales, HR, organisation and auditing. Anne-Marie Valentin Bignier is a member of the LDLC Group Supervisory Board.

> Suzanne Villemonte de la Clergerie

Chairwoman and member of the Supervisory Board
Born in 1947, a French national

Suzanne Villemonte de la Clergerie studied law and psychology. She has been involved in the family business since 1997 and was officially appointed Chairwoman of the LDLC Group Supervisory Board in 2000.

> Marc Villemonte de la Clergerie

Vice-Chairman and member of the Supervisory Board
Born in 1943, a French national

As a graduate of the *École Supérieure de Commerce* in Bordeaux, Marc Villemonte de la Clergerie spent his career at the Renault group. He occupied a number of executive positions, mainly in finance, economics, sales and marketing. Involved right from the start of his children's venture into the world of business, Marc Villemonte de la Clergerie has been Vice-Chairman of the Supervisory Board since 2001 and a member of the Supervisory Board since 2000, the year of its creation.

14.2. CONFLICT OF INTEREST WITHIN CORPORATE BODIES

To the best of the Company's knowledge, there is no potential conflict of interest between the duties of the members of the Company's Management Board and Supervisory Board towards the Company and their private interests or other duties.

At its meeting on 31 March 2017, the Supervisory Board adopted a set of internal regulations, including a clause entitled "Conflict of interest – Disclosure requirement" regarding the prevention of conflicts of interest. This provision requires members of the Supervisory Board who find themselves in any situation entailing or that could entail a conflict of interest between the Company's interests and their own direct or indirect personal interests to notify the Supervisory Board as soon as they become aware of such situation.

To the best of the Company's knowledge, at the date of this Registration Document there is no restriction accepted by the persons referred to in section 14.1 above regarding the sale or transfer, within a specific time period, of their interest in the Company's share capital, except for the restrictions related to pledges as explained in section 21.1.7.2 of this Registration Document.

To the best of the Company's knowledge, there is no arrangement or agreement of any kind entered into with the main shareholders, customers, suppliers or other parties that provides for the appointment of any of the members of the Management Board or Supervisory Board.

CHAPTER 15. COMPENSATION AND BENEFITS

15.1. COMPENSATION PAID TO MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

In order to comply with Article L.225-102-1, paragraph 1 of the French Commercial Code, below you will find, based on the information in our possession, the compensation and benefits of any kind paid during the year to each corporate officer by the Company, or by controlled companies within the meaning of Article L.233-16 of the French Commercial Code.

The tables set out in Appendix 2 of AMF recommendation no. 2014-14 are presented below.

Tables 1: Summary of compensation, options and shares granted to each executive director

	Financial year ended 31/03/2016	Financial year ended 31/03/2017
Laurent Villemonte de la Clergerie, Chairman of the Management Board		
Compensation due for the year *(breakdown in Table 2)*	€278,564.81	€182,392.54
Multi-year variable compensation awarded during the year	None	
Options granted during the year *(breakdown in Table 4)*	None	
Bonus shares granted *(breakdown in Table 6)*	None	
Total	**€278,564.81**	**€182,392.54**

	Financial year ended 31/03/2016	Financial year ended 31/03/2017
Olivier Villemonte de la Clergerie, CEO		
Compensation due for the year *(breakdown in Table 2)*	€285,351.48	€369,544.77
Multi-year variable compensation awarded during the year	None	
Options granted during the year *(breakdown in Table 4)*	None	
Bonus shares granted *(breakdown in Table 6)*	None	
Total	**€285,351.48**	**€369,544.77**

	Financial year ended 31/03/2016	Financial year ended 31/03/2017
Caroline Villemonte de la Clergerie, member of the Management Board		
Compensation due for the year *(breakdown in Table 2)*	€28,231.49	€24,274.08
Multi-year variable compensation awarded during the year	None	
Options granted during the year *(breakdown in Table 4)*	None	
Bonus shares granted *(breakdown in Table 6)*	None	
Total	**€28,231.49**	**€24,274.08**

	Financial year ended 31/03/2016	Financial year ended 31/03/2017
Marc Prieur, member of the Management Board		
Compensation due for the year *(breakdown in Table 2)*	€135,652.68	€182,223.89
Multi-year variable compensation awarded during the year	None	
Options granted during the year *(breakdown in Table 4)*	None	
Bonus shares granted *(breakdown in Table 6)*	None	
Total	**€135,652.68**	**€182,223.89**

	Financial year ended 31/03/2016	Financial year ended 31/03/2017
Philippe Sauze, member of the Management Board		
Compensation due for the year *(breakdown in Table 2)*	€319,811.33	€279,398.78
Multi-year variable compensation awarded during the year	None	
Options granted during the year *(breakdown in Table 4)*	None	
Bonus shares granted *(breakdown in Table 10)*	€733,912.14	€554,761.61
Total	**€1,053,723.47**	**€834,160.39**

Tables 2: Summary of compensation paid to each executive director

The tables presented below list compensation due to executive directors for the years ended 31 March 2016 and 2017 and compensation actually received by them during the same years.

The following terms used in the tables below are defined as follows:

- "Amounts due" corresponds to provisions for compensation owed to the executive director recorded in the annual financial statements at the relevant closing date, the amount of which is not liable to change, irrespective of the payment date,
- "Amounts paid" means the total compensation paid during the year to the executive director.

NB: the amounts of the targets used to calculate each executive director's annual variable compensation as shown in the tables below cannot be disclosed, for confidentiality reasons.

	Financial year ended 31/03/2016		Financial year ended 31/03/2017	
	Amounts due	**Amounts paid**	**Amounts due**	**Amounts paid**
Laurent Villemonte de la Clergerie, Chairman of the Management Board				
Fixed compensation for corporate office (1)	0	€180,000.00	0	€6,974.84 (7)
Annual variable compensation (2)	€159,782.37 (3)	€79,638.99	€102,376.31 (4)	€159,782.37
Multi-year variable compensation	None		None	
Bonuses (5)	0	€15,053.57	0	€12,803.21
Attendance fees	None		None	
Benefits-in-kind (6)	0	€3,872.25	0	€2,832.12
Total	**€159,782.37**	**€278,564.81**	**€102,376.31**	**€182,392.54**

(1) Gross amount before tax.
(2) With regard to annual variable compensation, (i) the only item taken into consideration is Group underlying EBIT before deduction of the employee profit-share, to which a percentage is applied in order to calculate the annual variable compensation; (ii) there is no correlation between the amount of annual variable compensation awarded and the fixed compensation for corporate office.
(3) At its meeting on 28 March 2014, the Company's Supervisory Board decided that the annual variable compensation liable to be awarded to Laurent Villemonte de la Clergerie, provided that he holds at least 2% of the share capital in the form of registered shares at the closing date, would be calculated on the basis of Group underlying EBIT before deduction of the employee profit-share as recognised at the closing date of each financial year, multiplied by a percentage on a sliding scale between 0% (zero EBIT) and 1.5%.
At its meeting on 1 July 2016, the Supervisory Board noted the achievement of the target amount of Group underlying EBIT before deduction of the employee profit-share set for Laurent Villemonte de la Clergerie and noted the corresponding award of his variable compensation for the financial year ended 31 March 2016.
(4) At its meeting on 28 March 2014, the Company's Supervisory Board decided that the annual variable compensation liable to be awarded to Laurent Villemonte de la Clergerie, provided that he holds at least 2% of the share capital in the form of registered shares at the closing date, would be calculated on the basis of Group underlying EBIT before deduction of the employee profit-share as recognised at the closing date of each financial year, multiplied by a percentage on a sliding scale between 0% (zero EBIT) and 1.5%.
At its meeting on 29 June 2017, the Supervisory Board noted the achievement of the target amount of Group underlying EBIT before deduction of the employee profit-share set for Laurent Villemonte de la Clergerie and noted the corresponding award of his variable compensation for the financial year ended 31 March 2017.
(5) Yearly bonus provided for by collective bargaining agreement on distance selling of specialised products.
(6) Company vehicle.
(7) Laurent Villemonte de la Clergerie asked the Supervisory Board to reduce his monthly fixed compensation to one euro net, so that his compensation would be solely based on variable compensation (see point 2 above).

	Financial year ended 31/03/2016		Financial year ended 31/03/2017	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Olivier Villemonte de la Clergerie, Chief Executive Officer				
Fixed compensation for corporate office (1)	0	€185,400.00	0	€185,400.00
Annual variable compensation (2)	€159,782.37 (3)	€79,638.99	€102,376.31 (4)	€159,782.37
Multi-year variable compensation	None		None	
Bonuses (5)	0	€15,089.85	0	€19,553.36
Attendance fees	None		None	
Benefits-in-kind (6)	0	€5,222.64	0	€4,809.04
Total	**€159,782.37**	**€285,351.48**	**€102,376.31**	**€369,544.77**

(1) Gross amount before tax.
(2) With regard to annual variable compensation, (i) the only item taken into consideration is Group underlying EBIT before deduction of the employee profit-share, to which a percentage is applied in order to calculate the annual variable compensation; (ii) there is no correlation between the amount of annual variable compensation awarded and the fixed compensation for corporate office.
(3) At its meeting on 28 March 2014, the Company's Supervisory Board decided that the annual variable compensation liable to be awarded to Olivier Villemonte de la Clergerie, provided that he holds at least 2% of the share capital in the form of registered shares at the closing date, would be calculated on the basis of Group underlying EBIT before deduction of the employee profit-share as recognised at the closing date of each financial year, multiplied by a percentage on a sliding scale between 0% (zero EBIT) and 1.5%.
At its meeting on 1 July 2016, the Supervisory Board noted the achievement of the target amount of Group underlying EBIT before deduction of the employee profit-share set for Olivier Villemonte de la Clergerie and noted the corresponding award of his variable compensation for the financial year ended 31 March 2016.
(4) At its meeting on 28 March 2014, the Company's Supervisory Board decided that the annual variable compensation liable to be awarded to Olivier Villemonte de la Clergerie, provided that he holds at least 2% of the share capital in the form of registered shares at the closing date, would be calculated on the basis of Group underlying EBIT before deduction of the employee profit-share as recognised at the closing date of each financial year, multiplied by a percentage on a sliding scale between 0% (zero EBIT) and 1.5%.
At its meeting on 29 June 2017, the Supervisory Board noted the achievement of the target amount of Group underlying EBIT before deduction of the employee profit-share set for Olivier Villemonte de la Clergerie and noted the corresponding award of his variable compensation for the financial year ended 31 March 2017.
(5) Yearly bonus provided for by collective bargaining agreement on distance selling of specialised products.
(6) Company vehicle.

	Financial year ended 31/03/2016		Financial year ended 31/03/2017	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Caroline Villemonte de la Clergerie, member of the Management Board				
Fixed compensation for corporate office (1)	0	€21,600.00	0	€21,600.00
Fixed compensation as employee (1)	0	€3,908.05	None	
Annual variable compensation (2)	None (3)		None (4)	
Multi-year variable compensation	None		None	
Bonuses (5)	0	€1,289.71	0	€1,284.13
Attendance fees	None		None	
Profit-sharing	None		None	
Benefits-in-kind (6)	0	€1,433.73	0	€1,389.95
Total	**0**	**€28,231.49**	**0**	**€24,274.08**

(1) Gross amount before tax.
(2) With regard to annual variable compensation, (i) the only item taken into consideration is Group underlying EBIT before deduction of the employee profit-share, to which a percentage is applied in order to calculate the annual variable compensation; (ii) there is no correlation between the amount of annual variable compensation awarded and the fixed compensation for corporate office.
(3) At its meeting on 28 March 2014, the Company's Supervisory Board decided that the annual variable compensation liable to be awarded to Caroline Villemonte de la Clergerie, provided that she holds at least 2% of the share capital in the form of registered shares at the closing date, would be calculated on the basis of Group underlying EBIT before deduction of the employee profit-share as recognised at the closing date of each financial year, multiplied by a percentage on a sliding scale between 0% (zero EBIT) and 0.75%.
At its meeting on 1 July 2016, the Supervisory Board noted the achievement of the target amount of Group underlying EBIT before deduction of the employee profit-share set for Caroline Villemonte de la Clergerie. However, Caroline Villemonte de la Clergerie informed the Supervisory Board of her wish not to receive this annual variable compensation, for personal reasons. Accordingly, no annual variable compensation was awarded to Caroline Villemonte de la Clergerie for the financial year ended 31 March 2016.
(4) At its meeting on 28 March 2014, the Company's Supervisory Board decided that the annual variable compensation liable to be awarded to Caroline Villemonte de la Clergerie, provided that she holds at least 2% of the share capital in the form of registered shares at the closing date, would be calculated on the basis of Group underlying EBIT before deduction of the employee profit-share as recognised at the closing date of each financial year, multiplied by a percentage on a sliding scale between 0% (zero EBIT) and 0.75%.
At its meeting on 1 July 2016, the Supervisory Board noted the achievement of the target amount of Group underlying EBIT before deduction of the employee profit-share set for Caroline Villemonte de la Clergerie. However, Caroline Villemonte de la Clergerie informed the Supervisory Board of her wish not to receive this annual variable compensation, for personal reasons. Accordingly, no annual variable compensation was awarded to Caroline Villemonte de la Clergerie for the financial year ended 31 March 2017.
(5) Yearly bonus provided for by collective bargaining agreement on distance selling of specialised products.
(6) Company vehicle in respect of her position as member of the Management Board.

	Financial year ended 31/03/2016		Financial year ended 31/03/2017	
	Amounts due	**Amounts paid**	**Amounts due**	**Amounts paid**
Marc Prieur, member of the Management Board				
Fixed compensation for corporate office (1)	0	€4,800.00	0	€4,800.00
Fixed compensation as employee of Hardware.fr (1)	0	€79,851.07	0	€83,930.76
Annual variable compensation (2)	€79,891.18 (3)	€39,819.49	€51,188.16 (4)	€79,891.18
Multi-year variable compensation	None		None	
Bonus relating to corporate office (5)	0	€2,491.25	0	€4,807.72
Bonus in relation to work as employee of Hardware.fr (6)	0	€6,890.87	0	€6,994.23
Attendance fees	None		None	
Benefits-in-kind (7)	0	€1,582.76 (8) €217.24 (9)	0	€1,800.00 (9)
Total	**€79,891.18**	**€135,652.68**	**€51,188.16**	**€182,223.89**

(1) Gross amount before tax.
(2) With regard to annual variable compensation, (i) the only item taken into consideration is Group underlying EBIT before deduction of the employee profit-share, to which a percentage is applied in order to calculate the annual variable compensation; (ii) there is no correlation between the amount of annual variable compensation awarded and the fixed compensation for corporate office.
(3) At its meeting on 28 March 2014, the Company's Supervisory Board decided that the annual variable compensation liable to be awarded to Marc Prieur, provided that he holds at least 2% of the share capital in the form of registered shares at the closing date, would be calculated on the basis of Group underlying EBIT before deduction of the employee profit-share as recognised at the closing date of each financial year, multiplied by a percentage on a sliding scale between 0% (zero EBIT) and 0.75%.
At its meeting on 1 July 2016, the Supervisory Board noted the achievement of the target amount of Group underlying EBIT before deduction of the employee profit-share set for Marc Prieur and noted the corresponding award of his variable compensation for the financial year ended 31 March 2016.
(4) At its meeting on 28 March 2014, the Company's Supervisory Board decided that the annual variable compensation liable to be awarded to Marc Prieur, provided that he holds at least 2% of the share capital in the form of registered shares at the closing date, would be calculated on the basis of Group underlying EBIT before deduction of the employee profit-share as recognised at the closing date of each financial year, multiplied by a percentage on a sliding scale between 0% (zero EBIT) and 0.75%.
At its meeting on 29 June 2017, the Supervisory Board noted the achievement of the target amount of Group underlying EBIT before deduction of the employee profit-share set for Marc Prieur and noted the corresponding award of his variable compensation for the financial year ended 31 March 2017.
(5) Yearly bonus provided for by collective bargaining agreement on distance selling of specialised products.
(6) 13th month bonus.
(7) Company vehicle.
(8) Benefits-in-kind for work as employee of Hardware.fr
(9) Benefits-in-kind relating to corporate office.

	Financial year ended 31/03/2016		Financial year ended 31/03/2017	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Philippe Sauze, member of the Management Board				
Fixed compensation for corporate office [1]	0	€6,000.00	0	€6,000.00
Fixed compensation as employee [1]	0	€216,022.90	0	€223,199.40
Annual variable compensation [2]	None [3]		None [4]	
Multi-year variable compensation	None		None	
Bonus relating to corporate office [5]	0	€335.00	0	€335.00
Bonus for work as employee	0	€14,947.50 [5] €75,000.00 [6]	€25,000.00 [3]	€15,416.45 [5] €25,000.00 [6]
Profit-sharing	0	€2,896.01	0	€4,555.27
Attendance fees	None		None	
Benefits-in-kind for work as employee [7]	0	€4,609.92	0	€4,892.66
Total	**0**	**€319,811.33**	**€25,000.00**	**€279,398.78**

(1) Gross amount before tax.
(2) With regard to annual variable compensation, (i) the only item taken into consideration is Group underlying EBIT before deduction of the employee profit-share, to which a percentage is applied in order to calculate the annual variable compensation; (ii) there is no correlation between the amount of annual variable compensation awarded and the fixed compensation for corporate office.
(3) At its meeting on 28 March 2014, the Company's Supervisory Board decided that the annual variable compensation liable to be awarded to Philippe Sauze, provided that he holds at least 2% of the share capital in the form of registered shares at the closing date, would be calculated on the basis of Group underlying EBIT before deduction of the employee profit-share as recognised at the closing date of each financial year, multiplied by a percentage on a sliding scale between 0% (zero EBIT) and 0.75%.
Given that Philippe Sauze did not hold 2% of the share capital in the form of registered shares at the 31 March 2016 closing date, he did not qualify for the award of annual variable compensation for the financial year then ended.
(4) At its meeting on 28 March 2014, the Company's Supervisory Board decided that the annual variable compensation liable to be awarded to Philippe Sauze, provided that he holds at least 2% of the share capital in the form of registered shares at the closing date, would be calculated on the basis of Group underlying EBIT before deduction of the employee profit-share as recognised at the closing date of each financial year, multiplied by a percentage on a sliding scale between 0% (zero EBIT) and 0.75%.
Given that Philippe Sauze did not hold 2% of the share capital in the form of registered shares at the 31 March 2017 closing date, he did not qualify for the award of annual variable compensation for the financial year then ended.
(5) Yearly bonus provided for by collective bargaining agreement on distance selling of specialised products.
(6) Target bonuses paid under his employment contract.
(7) Company vehicle in respect of his employment contract.

Tables 3: Attendance fees and other compensation received by non-executive directors

	Financial year ended 31/03/2016	Financial year ended 31/03/2017
Suzanne Villemonte de la Clergerie, Chairwoman of the Supervisory Board		
Attendance fees	None	None
Fixed compensation for corporate office	€21,600.00	€21,600.00
Total	**€21,600.00**	**€21,600.00**

	Financial year ended 31/03/2016	Financial year ended 31/03/2017
Marc Villemonte de la Clergerie, Vice-Chairman of the Supervisory Board		
Attendance fees	None	None
Fixed compensation for corporate office	€16,800.00	€16,800.00
Total	**€16,800.00**	**€16,800.00**

	Financial year ended 31/03/2016	Financial year ended 31/03/2017
Anne-Marie Valentin Bignier, Member of the Supervisory Board		
Attendance fees	None	None
Total	**None**	**None**

Table 4: Stock options granted during the year to each executive director by the issuer and by any Group company

None.

Table 5: Stock options exercised during the year by each executive director

None.

Table 6: Bonus shares granted to each corporate officer during the year ended

None.

Table 7: Bonus shares available for sale by each corporate officer during the year ended

None.

Table 8: History of stock options granted

None.

Table 9: Stock options granted to the first ten non-director employees and options exercised by them

None.

Table 10: History of bonus shares granted

Information on bonus shares [1]				
Date of General Meeting	28/09/2012	28/09/2012	28/09/2012	30/09/2016
Date of Management Board meeting	24/06/2013	28/03/2014	09/07/2014	30/09/2016
Total number of bonus shares granted (to):	11,494	137	161,746	1,500
Philippe Sauze [2]	11,494	0	160,924	0
Vesting date	23/06/2015	27/03/2016	[3]	01/10/2018
End of lock-in period	23/06/2017	27/03/2018	[3]	01/10/2020
Number of shares acquired at 31 March 2017	11,494	137	29,558	None
Total number of shares cancelled or expired	None	None	None	None
Bonus shares outstanding at year-end	0	0	132,188	1,500
Valuation of shares under the method used for the FY 2016/2017 consolidated financial statements	0	0	556,541.90	14,401.69
o/w valuation of bonus shares awarded to Philippe Sauze	0	0	554,761.61	0

(1) In accordance with Article L.225-197-4 of the French Commercial Code, in a special report we have summarised the Management Board's exercise, during the year, of the authorisation granted by the Ordinary and Extraordinary General Meetings of 28 September 2012 and 30 September 2016 to grant Company bonus shares pursuant to Articles L.225-197-1 et seq. of said Code. This report is presented in Chapter 28 of this Registration Document.
(2) For his work as a Company employee responsible for sales, Internet and marketing.
(3) Please see section 1 of the special report on the Management Board's exercise, during the year, of the authorisation granted by the Ordinary and Extraordinary General Meetings of 28 September 2012 and 30 September 2016 to grant Company bonus shares pursuant to Articles L.225-197-1 et seq. of said code. This report is presented in Chapter 28 of this Registration Document.

Table 11:

The following table provides specific information on conditions regarding compensation and other benefits granted to executive directors:

Executive directors	Employment contract		Supplementary pension scheme		Compensation or benefits due or likely to become due following termination or a change of office, including retirement commitments and other annuities		Compensation arising from a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Laurent Villemonte de la Clergerie		X		X		X		X
Date of appointment:	07/03/2000							
Expiry of appointment:	At the end of the Annual General Meeting called to approve the financial statements for the year ended 31/03/2020							
Olivier Villemonte de la Clergerie		X		X		X		X
Date of appointment:	07/03/2000							
Expiry of appointment:	At the end of the Annual General Meeting called to approve the financial statements for the year ended 31/03/2020							
Caroline Villemonte de la Clergerie		X		X		X		X
Date of appointment:	07/03/2000							
Expiry of appointment:	At the end of the Annual General Meeting called to approve the financial statements for the year ended 31/03/2020							
Philippe Sauze	X			X		X	X (1)	
Date of appointment:	27/09/2013							
Expiry of appointment:	At the end of the Annual General Meeting called to approve the financial statements for the year ended 31/03/2020							
Marc Prieur	X (2)			X		X		X
Date of appointment:	14/04/2005							
Expiry of appointment:	At the end of the Annual General Meeting called to approve the financial statements for the year ended 31/03/2020							

(1) A non-compete clause is included in Philippe Sauze's employment contract.
(2) Marc Prieur is an employee of Hardware.fr, a subsidiary of the Company.

15.2. PROVISIONS AND OTHER AMOUNTS RECORDED BY THE COMPANY OR ITS SUBSIDIARIES FOR THE PAYMENT OF CORPORATE OFFICER PENSIONS, RETIREMENT OR OTHER BENEFITS

Besides the provisions for statutory retirement bonuses described under Note 3.13 to the consolidated financial statements presented in section 20.1 of this Registration Document, the Company has not recorded any provisions for the payment of pensions, retirement and other benefits to members of the Management or Supervisory Boards.

The Company did not pay any golden hellos or golden parachutes to the aforementioned directors or to any other corporate officers.

15.3. SUMMARY STATEMENT OF COMPANY SHARE TRANSACTIONS CARRIED OUT DURING THE YEAR ENDED BY DIRECTORS AND PERSONS LISTED UNDER ARTICLE L.621-18-2 OF THE FRENCH MONETARY AND FINANCIAL CODE

Pursuant to Article L.621-18-2 of the French Monetary and Financial Code and Article 223-26 of the AMF General Regulation, the Company has been forwarded information on the following acquisitions, disposals, subscriptions and exchanges of Company shares, carried out by directors or by persons with close personal ties with them, during the financial year ended:

1. Olivier Villemonte de la Clergerie

Month of transaction	Type of transaction	Number of trades	Volume	Average price (€)	Transaction amount (€)
August 2016	Disposal	4	7,000	34.10	238,713.72
September 2016	Disposal	1	17,500	32.50	568,750.00
December 2016	Pledge	1	38,000	34.35	1,305,300.00

2. Laurent Villemonte de la Clergerie

Month of transaction	Type of transaction	Number of trades	Volume	Average price (€)	Transaction amount (€)
June 2016	Disposal	5	3,787	32.94	124,760.51
August 2016	Disposal	4	1,400	35.55	49,770.00
September 2016	Disposal	1	35,000	32.50	1,137,500.00
February 2017	Disposal	1	30,000	31.50	945,000.00

3. Caroline Villemonte de la Clergerie

Month of transaction	Type of transaction	Number of trades	Volume	Average price (€)	Transaction amount (€)
September 2016	Disposal	3	23,232	33.18	770,801.94
December 2016	Pledge	1	15,124	35.78	541,136.72
February 2017	Disposal	3	19,462	31.87	620,261.20

4. Suzanne Villemonte de la Clergerie

Month of transaction	Type of transaction	Number of trades	Volume	Average price (€)	Transaction amount (€)
February 2017	Disposal	3	17,998	31.76	571,598.77

5. Marc Prieur

Month of transaction	Type of transaction	Number of trades	Volume	Average price (€)	Transaction amount (€)
June 2016	Disposal	2	4,139	35.94	148,768.25
July 2016	Disposal	1	1,047	36.50	38,215.50
August 2016	Disposal	1	332	36.56	12,138.88
December 2016	Disposal	4	7,165	34.68	248,506.16
January 2017	Disposal	1	1,279	33.02	42,228.74
February 2017	Disposal	3	23,016	31.71	729,873.54
March 2017	Disposal	1	5,000	31.65	158,225.00

6. Domicorp (legal representative Jean-Philippe Fleury)

Month of transaction	Type of transaction	Number of trades	Volume	Average price (€)	Transaction amount (€)
September 2016	Disposal	1	193,735	32.50	6,296,387.50

15.4. SUPERVISORY BOARD REPORT PREPARED PURSUANT TO ARTICLE L.225-82-2 OF THE FRENCH COMMERCIAL CODE

Dear Shareholders,

At its meeting on 29 June 2017, the Supervisory Board approved the following compensation policy with regard to:

- the members of the Management Board; and
- the members of the Supervisory Board.

This policy, applicable from 1 April 2017, is in line with the policy currently in force at the Company, while taking into account the recommendations of the MiddleNext corporate governance Code to which the Company refers, in application of Article L.225-68 of the French Commercial Code, and making allowance for the specific features of the Company.

This policy will be reviewed annually by the Supervisory Board and presented to the General Meeting of shareholders for approval, subject to a report prepared by the Supervisory Board in application of Article L.225-82-2 of the French Commercial Code.

Compensation policy applicable to members of the Management Board (hereinafter "*Management Board members*")

The compensation awarded to the Management Board members in respect of their office may include a fixed portion, an annual variable portion, an exceptional portion (bonuses) and benefits-in-kind determined by the Supervisory Board in accordance with Article L.225-63 of the French Commercial Code.

For all relevant purposes, the fixed portion is subject to review by the Supervisory Board, which decides whether to keep it unchanged or to adjust it in accordance, for example, with developments in the Company's benchmark market or changes within the LDLC Group. The fixed portion is proportional to the Company's situation and is determined in accordance with changes in Group employees' salaries.

The annual variable portion (hereinafter "annual variable portion") is intended to reflect the Management Board members' involvement in the Group's development. The principles and criteria for calculating, allocating and awarding the annual variable portion are set by the Supervisory Board in accordance with the Company's performance via a percentage sliding scale, depending on the amount of Group underlying EBIT before deduction of the employee profit-share, as recognised at the closing date of each financial year.

In addition, payment of the annual variable portion to all Management Board members is conditional on them holding a specific percentage of the Company's share capital in the form of registered shares at the closing date of the financial year for which the annual variable portion is calculated and due.

Furthermore, in respect of the Management Board members, excluding the Chairman and the Chief Executive Officer, payment of the annual variable portion is also subject to the condition that the Management Board members combine this office with an employment contract at the Company or one of its subsidiaries and that said contract does not provide for variable compensation.

The exceptional portion (hereinafter "exceptional portion") is intended to reflect the Management Board members' personal contribution to the performance of exceptional operations contributing to the Group's development and structuring.

The exceptional portion of the Management Board members' compensation also includes an amount equal to the annual bonus awarded to Company employees under the collective bargaining agreement on "distance selling of specialised products".

When setting the amount of compensation paid to members of the Management Board, the Supervisory Board will make sure that every component of compensation is justified and corresponds to the overall interests of the Company.

Payment of the annual variable and exceptional portions of compensation in respect of the current financial year will be subject to approval by the annual Ordinary General Meeting of shareholders called, in 2019, to approve the financial statements for the year ended 31 March 2018.

The Management Board members will be entitled to receive benefits-in-kind, such as provision of a company vehicle.

Furthermore, the Management Board members will be entitled to cover under the group life and health insurance schemes in place in the Company.

The Management Board receive no other components of compensation as referred to in Article R.225-56-1 of the French Commercial Code.

Compensation policy applicable to members of the Supervisory Board

Pursuant to Article L.225-81, paragraph 1 of the French Commercial Code, the Supervisory Board may allocate compensation to its Chairman and Vice-Chairman.

No attendance fees are awarded to Supervisory Board members.

CHAPTER 16. OPERATION OF CORPORATE BODIES

16.1. COMPANY MANAGEMENT

Further information on the members of the Management Board may be found in Chapter 14 "Corporate bodies" and in section 21.2 "Memorandum and articles of association" of this Registration Document.

16.2. INFORMATION ON AGREEMENTS BETWEEN DIRECTORS AND THE COMPANY OR ONE OF ITS SUBSIDIARIES

On 5 December 2011, Philippe Sauze (member of the Management Board) signed an employment contract with the Company for the position of Deputy Chief Executive Officer, responsible for sales, Internet and marketing.

On 1 August 2000, Marc Prieur (member of the Management Board) signed an employment contract with Hardware, a subsidiary of the Company, for the position of Chief Editor.

There are no other contracts between corporate officers and the Company or any of its subsidiaries.

16.3. SUPERVISORY BOARD AND AUDIT COMMITTEE – CORPORATE GOVERNANCE

Supervisory Board

See the "Report by the Chairwoman of the Supervisory Board on internal control and corporate governance" in section 16.7 of this Registration Document.

Audit Committee

See the "Report by the Chairwoman of the Supervisory Board on internal control and corporate governance" in section 16.7 of this Registration Document.

16.4. GOVERNANCE

The Company's Management Board has decided to use the MiddleNext corporate governance code as the Company's reference Code, considering that this Code is suited to the Company's size and shareholder structure.

The MiddleNext Code may be consulted on the MiddleNext website at: www.MiddleNext.com.

The reference Code contains 19 recommendations specifically related to executive directors and the Supervisory Board.

The Management Board has launched an initiative aimed at gradually bringing the Company into line with the reference Code recommendations, as follows:

MiddleNext Code recommendation	Adopted	Will be adopted	Under consideration	Will not be adopted
I. Supervisory power				
R 1: Code of conduct for Board members	X			
R 2: Conflicts of interests	X			
R 3: Board membership – Independent members			X (1)	
R 4: Provision of information to Board members	X			
R 5: Organisation of Board and committee meetings	X			
R 6: Establishment of committees	X			
R 7: Establishment of Board internal regulations	X			
R 8: Choice of Board members	X			
R 9: Board members' term of office				X (2)
R 10: Board members' compensation			X (3)	
R 11: Establishment of a system for assessing the work of the Board			X (4)	
R 12: Shareholder relations	X			
II. Executive power				
R 13: Definition and transparency of executive directors' compensation	X			
R 14: Succession plans for directors	X (5)			
R 15: Combining employment contract with corporate office	X			
R 16: Severance pay	X			
R 17: Supplementary pension schemes	X			
R 18: Stock options and bonus shares	X			
R 19: Review of checkpoints	X			

(1) If the membership of the Supervisory Board changes, MiddleNext Code recommendation R3 regarding the presence of two independent members will be taken into consideration.

(2) The Supervisory Board considers that the term of office provided for by the articles of association is suited to the nature of the Company, within the limits provided by law. However, in view of the size and composition of the Supervisory Board, the Company does not consider it appropriate to ask the shareholders to vote on an amendment to the articles providing for staggered reappointments.

(3) If changes to the Supervisory Board involve the appointment of independent members, the Company will make provisions for allocating attendance fees to these members, to be distributed according to their attendance and the time they devote to their duties, including membership of any committees.

(4) With a view to complying with MiddleNext Code recommendation no. 11, the Board is currently reviewing the establishment of a self-assessment procedure regarding the Board's work and operation.

(5) In accordance with Article 1.2 of the Company's internal regulations, if it sees fit to do so, the Supervisory Board reviews the question of the successor to the present executive director (and possible other key personnel).

16.5. INTERNAL CONTROL

In accordance with the provisions of Article 222-9 of the AMF General Regulation, and in application of Article L.225-68 of the French Commercial Code, the Chairwoman of the Supervisory Board prepares a report on the membership of the Board, in application of the principle of balanced gender representation on the Board, on the conditions for the preparation and organisation of the work of the Management Board and on internal control and risk management procedures implemented by the Group (see the "Report by the Chairwoman of the Supervisory Board on internal control and corporate governance" in section 16.7 of this Registration Document).

16.6. INFORMATION REQUIRED BY ARTICLE L.225-100-3 OF THE FRENCH COMMERCIAL CODE

16.6.1. Capital structure

See Chapter 18 of this Registration Document.

16.6.2. Restrictions on exercising voting rights and transferring shares imposed by the articles of association, or contractual provisions made known to the Company pursuant to Article L.233-11 of the French Commercial Code

We would remind you that Article 12 of the Company's articles of association on "Rights and obligations attached to shares" provides that:

"Any individual or legal entity, acting alone or in concert, that comes to possess, via any means whatsoever, a number of shares representing 2% of the share capital or voting rights at General Meetings, or any multiple of this amount, must inform the Company within 15 days of crossing this threshold, by registered letter with acknowledgement of receipt addressed to the registered office, of the total number of shares and attached voting rights that it holds as well as, where applicable, the number of shares granting future access to the share capital and the voting rights attached thereto.

This obligation shall apply under the same terms and conditions as those provided for above, whenever the fraction of the share capital or voting rights held falls below one of the determined thresholds.

In the event of non-compliance with any of the foregoing provisions, the shares exceeding the threshold that must be disclosed shall be stripped of voting rights with regard to all Shareholders' Meetings that may take place, until the expiry of a two-year period from when the required disclosure is made. Under the same conditions, the voting rights attached to said shares that were not duly disclosed may not be exercised or assigned by the non-compliant shareholder.

Unless one of the thresholds referred to under Article L.233-7 of the French Commercial Code is crossed, this sanction shall only be applied upon request, recorded in the minutes of the General Meeting, of one or more shareholders holding, together or separately, at least 5% of the share capital and/or voting rights in the Company.

Compliance with said obligation to disclose the crossing of the 2% threshold of the share capital or voting rights at General Meetings, or any multiple of this percentage, does not under any circumstances whatsoever dispense the shareholders, whether individuals or legal entities, from complying with statutory provisions requiring that the Company be informed of any interests exceeding one twentieth, one tenth, three twentieths, one fifth, one quarter, three tenths, one third, half, two thirds, eighteen twentieths or nineteen twentieths of the share capital or voting rights of the Company, in accordance with Articles L.233-7 et seq. of the French Commercial Code."

16.6.3. Direct and indirect interests in the Company's share capital of which it is aware, pursuant to Articles L.233-7 and L.233-12 of the French Commercial Code

See Chapter 18 of this Registration Document.

16.6.4. List of all shareholders holding shares granting special controlling rights and description thereof

The Company is not aware of the existence of any special controlling rights.

16.6.5. Control mechanisms applicable to a potential employee share ownership system where controlling rights are not exercised by the employees

None.

16.6.6. Shareholder agreements known to the Company which may give rise to restrictions on share transfers and the exercise of voting rights

None.

16.6.7. Rules applicable to the appointment and replacement of members of the Management Board and amendments to the articles of association

The applicable rules are those stated in the articles of association. They comply with French law.

16.6.8. Management Board powers, specifically regarding share issues and buybacks

The relevant powers delegated to the Management Board by the General Meeting of the Company's shareholders are set out in sections 21.1.3 "Company share buyback plan" and 21.1.5. "Authorised capital".

16.6.9. Agreements entered into by the Company which are automatically modified or terminated in the event of a change of control

None.

16.6.10. Agreements providing for compensation to be paid to members of the Management Board or to employees, if they resign or are dismissed without genuine and substantive grounds, or if their employment contracts are terminated due to a public tender offer

None.

16.7. REPORT BY THE CHAIRWOMAN OF THE SUPERVISORY BOARD ON THE CONDITIONS FOR ORGANISING AND PREPARING THE WORK OF THE SUPERVISORY BOARD AND INTERNAL CONTROL PROCEDURES

Dear Shareholders,

Pursuant to the provisions of Article L.225-68 of the French Commercial Code, I hereby report to you in my capacity as Chairwoman of the Supervisory Board on:

- the membership of the Board and the application of the principle of balanced gender representation on the Board,
- the conditions of preparation and organisation of the work of the Board, and
- the internal control and risk management procedures implemented by the Company, including procedures related to the preparation and processing of accounting and financial information for the Company and consolidated financial statements.

The purpose of this report is also:

- to present the specific procedures regarding shareholder participation in the General Meeting,
- to present the principles and rules approved by the Supervisory Board to determine the compensation and benefits of all kinds awarded to corporate officers, and
- to mention the publication of the information required under Article L.225-100-3 of the French Commercial Code.

The content of this report, which was prepared mainly on the basis of information forwarded to the Chairwoman of the Supervisory Board by the Company's Management Board, was approved by the Supervisory Board at its meeting on 29 June 2017, in accordance with Article L.225-68, paragraph 11 of the French Commercial Code.

I. Corporate governance

The Company has decided to use the MiddleNext Code published in December 2009 and revised in September 2016 as its corporate governance reference Code, pursuant to the provisions of Article L.225-68 of the French Commercial Code. The Company considers that this Code is suited to the Company's size and shareholder structure.

It may be consulted on the MiddleNext website (www.MiddleNext.com).

The Management Board has launched an initiative aimed at gradually bringing the Company into line with the MiddleNext corporate governance Code recommendations. The revision of the Code prompted the Company to take this action in order to comply with new recommendations, while making allowance for its specific features.

At its meeting on 29 June 2017, the Company's Supervisory Board duly noted the checkpoints specified in the MiddleNext Code, in accordance with recommendation no. 19.

1. Membership of the Management Board

The Company is managed by a Management Board, which performs its duties under the supervision of a Supervisory Board.

The Management Board consists of a maximum of seven members. Members are appointed by the Supervisory Board. However, if the share capital is less than €150,000, a single person may be appointed by the Supervisory Board to perform the duties entrusted to the Management Board. Such person shall have the title of sole Chief Executive Officer.

Members of the Management Board are appointed for a term of five (5) years and may always be reappointed. The duties of members of the Management Board shall cease at the end of the Ordinary General Meeting called to approve the financial statements for the year-ended, held during the year in which their term of office expires.

Nobody aged over 65 may be appointed as a member of the Management Board. A member of the Management Board who has passed this age shall be deemed to have resigned at the end of the next Supervisory Board meeting.

Members of the Management Board may be removed from office at any time, for any reason, by decision of the Supervisory Board.

The Supervisory Board shall determine the compensation awarded to members of the Management Board and shall appoint one of them as Chairman.

At 31 March 2017, the Company's Management Board had 5 members.

Name	Office	Date of appointment and expiry of office
Laurent Villemonte de la Clergerie	Member of the Management Board	First appointment: 7 March 2000 1st reappointment: 19 July 2005 2nd reappointment: 1 July 2010 3rd reappointment: 19 June 2015 Expiry of office: end of General Meeting called to approve the financial statements for the year ended 31 March 2020
	Chairman of the Management Board	First appointment: 7 March 2000 1st reappointment: 19 July 2005 2nd reappointment: 1 July 2010 3rd reappointment: 19 June 2015 Expiry of office: end of General Meeting called to approve the financial statements for the year ended 31 March 2020
Olivier Villemonte de la Clergerie	Member of the Management Board	First appointment: 7 March 2000 1st reappointment: 19 July 2005 2nd reappointment: 1 July 2010 3rd reappointment: 19 June 2015 Expiry of office: end of General Meeting called to approve the financial statements for the year ended 31 March 2020
	Chief Executive Officer	First appointment: 5 March 2001 1st reappointment: 19 July 2005 2nd reappointment: 1 July 2010 3rd reappointment: 19 June 2015 Expiry of office: end of General Meeting called to approve the financial statements for the year ended 31 March 2020
Marc Prieur	Member of the Management Board	First appointment: 14 April 2005 1st reappointment: 19 July 2005 2nd reappointment: 1 July 2010 3rd reappointment: 19 June 2015 Expiry of office: end of General Meeting called to approve the financial statements for the year ended 31 March 2020
Caroline Villemonte de la Clergerie	Member of the Management Board	First appointment: 7 March 2000 1st reappointment: 19 July 2005 2nd reappointment: 1 July 2010 3rd reappointment: 19 June 2015 Expiry of office: end of General Meeting called to approve the financial statements for the year ended 31 March 2020
Philippe Sauze	Member of the Management Board	First appointment: 27 September 2013 1st reappointment: 19 June 2015 Expiry of office: end of General Meeting called to approve the financial statements for the year ended 31 March 2020

In accordance with recommendation no. 1 of the MiddleNext code, members of the Management Board hold no more than two corporate offices in companies whose shares are admitted to trading on a regulated market, including companies outside the Group.

See section 14.1 of this Registration Document for further details regarding the experience and skills of each member of the Management Board.

2. Supervisory Board membership

The Supervisory Board consists of no fewer than three and no more than 18 members, subject to the exception provided for by the French Commercial Code in the event of a merger.

Members may be individuals or legal entities and are appointed by the Ordinary General Meeting of shareholders from amongst their number. In the event of a merger or demerger, members may be appointed by an Extraordinary General Meeting.

No member of the Supervisory Board may stand on the Management Board.

Up to one-third of incumbent Supervisory Board members may benefit from an employment contract corresponding to an actual position.

Members of the Supervisory Board serve for a term of six (6) years ending at the end of the shareholders' Ordinary General Meeting called to approve the financial statements for the year ended, held during the year in which their term of office expires.

They may be re-appointed. They may be removed from office at any time by the Ordinary General Meeting.

No more than one-third of the incumbent members of the Supervisory Board may be aged 80 or over.

The Supervisory Board shall appoint two individuals from amongst its members as Chairman and Vice-Chairman, who shall be tasked with convening Board meetings and chairing discussions. They shall be appointed for the duration of their term of office as Supervisory Board members. The Board shall determine their compensation, as appropriate.

At 31 March 2017, the Company's Supervisory Board had 3 members.

Name	Office	Date of appointment	Reappointments	Date of expiry of office	Audit Committee
Suzanne Villemonte de la Clergerie	Member of Supervisory Board	07/03/2000	29/09/2006 28/09/2012	End of General Meeting called to approve the financial statements for the year ended 31/03/2018	Member
	Chairwoman of Supervisory Board		07/07/2006 22/06/2012		
Marc Villemonte de la Clergerie	Member of Supervisory Board	07/03/2000	29/09/2006 28/09/2012	End of General Meeting called to approve the financial statements for the year ended 31/03/2018	Member and Chairman
	Vice-Chairman of the Supervisory Board		07/07/2006 22/06/2012		
Anne-Marie Bignier Valentin	Member of Supervisory Board	07/03/2000	29/09/2006 28/09/2012	End of General Meeting called to approve the financial statements for the year ended 31/03/2018	Member

See section 14.1 of this Registration Document for further details regarding the experience and skills of each member of the Supervisory Board.

3. Application of the principle of balanced gender representation

In accordance with Article L.225-68 of the French Commercial Code, I hereby inform you that the proportion of men and women on the Supervisory Board is as follows:

- Men: 33.33%
- Women: 66.67%

4. Independent members of the Supervisory Board

The Company applies the definition of independent member set out in recommendation no. 3 of the MiddleNext Code:

- the member is not and has not been, during the last five years, an employee or executive director of the Company or of a company in its Group;
- the member is not and has not been, during the last five years, in a major business relationship with the Company or its Group (customer, supplier, competitor, service provider, creditor, banker, etc.);
- the member is not a major shareholder of the Company and does not hold a significant percentage of its voting rights;
- the member has no close relationship or immediate family ties with a corporate officer or major shareholder;
- the member has not been an auditor of the Company over the last six years.

At its meeting on 29 June 2017, the Supervisory Board reviewed its members' situations in light of these independence criteria and decided that none of its members complied with the independence criteria set out in the MiddleNext corporate governance Code.

5. Terms of office

Supervisory Board members' term of office is set at six (6) years. This complies with MiddleNext Code recommendation no. 9. In view of the size and composition of the Supervisory Board, the Company does not consider it appropriate to ask the shareholders to vote on an amendment to the articles providing for staggered reappointments.

6. Rules of conduct

In accordance with recommendation no. 1 of the MiddleNext Code, all members of the Supervisory Board are made aware of the duties incumbent upon them at the time of their appointment and are encouraged to follow the rules of conduct applicable to their office. At the start of their term of office, they sign the Board internal regulations and undertake to:

- comply with statutory regulations regarding the combination of offices
- comply with applicable regulations
- notify the Board in the event of a conflict of interests arising after their appointment
- regularly attend the meetings of the Board and the General Meeting
- make sure that they have all the required information regarding items on the agenda of Board meetings before making any decision, and
- observe professional secrecy.

7. Selection of Supervisory Board members

The members of the Supervisory Board are selected mainly in terms of their understanding of the workings of the e-commerce market, their knowledge of the Company and their ability to ensure that the Company's strategy is in line with its interests. Information on the experience and skills of each Supervisory Board member is communicated to the General Meeting for the purposes of appointing each new member. The appointment of each new member must be the subject of a separate resolution.

8. Missions of the Management Board and Supervisory Board

Management Board

The Management Board is vested with full powers with regard to third-parties to act on the Company's behalf under all circumstances, within the limits of the Company's objects, subject to the powers expressly assigned by law to the Supervisory Board and Shareholders' Meetings.

In relations with third-parties, the Company is bound even by acts of the Management Board that do not fall within the scope of the Company's objects, unless it can prove that the third-parties were aware that the act exceeded such objects or that, given the circumstances, they could not be unaware of this fact. The mere publication of the articles of association shall not constitute proof of this fact.

The sale or transfer of tangible real property, the total or partial sale or transfer of shareholdings, the creation of security interests as well as sureties, endorsements and guarantees must be authorised by the Supervisory Board.

Transactions in breach of this provision are only binding on third-parties in the cases provided for by law.

The Management Board shall present a report to the Supervisory Board at least once a quarter. Within three months following the annual balance sheet date, the Management Board shall present the Company financial statements and, where applicable, the consolidated financial statements to the Supervisory Board for the purpose of checking and verification.

The Chairman of the Management Board represents the Company in its dealings with third-parties.

The Supervisory Board may assign the same power of representation to one or more members of the Management Board, who shall in such case bear the title of Chief Executive Officer.

Acts and deeds that bind the Company with regard to third-parties must bear the signature of the Chairman of the Management Board or one of the Chief Executive Officers or any proxy duly empowered to such end.

Supervisory Board

The Supervisory Board permanently oversees the management of the Company by the Management Board.

It appoints the members of the Management Board, the Chairman and any Chief Executive Officers and sets the amount of their compensation.

It convenes the General Meeting of shareholders, unless the meeting is convened by the Management Board.

At any time during the year, it shall carry out checks and verifications it deems appropriate and may request any documents it considers useful for the fulfilment of its mission.

It presents its comments on the Management Board report, as well as the financial statements for the year, to the Annual Ordinary General Meeting of shareholders.

II. Conditions of preparation and organisation of the work of the Management Board and Supervisory Board

1. Management Board

The members of the Management Board shall meet as often as the Company's interests require, at the invitation of the Chairman or half of its members, at the registered office or any other location specified in the notice of meeting; meetings may be convened by any means, including orally.

The Chairman of the Management Board chairs the meetings and appoints a secretary, who need not be a member of the Management Board.

The Board is only empowered to take decisions when at least half of its members are present.

Decisions are passed by a majority of members present or represented; each member present or represented shall have one vote. Members of the Management Board may appoint another member of the Management Board as proxy to represent them. Each member may hold only one proxy.

In the event of a split vote, the Chairman of the Management Board shall have the casting vote.

Management Board meetings may be held by videoconference or other means of telecommunication, provided that such systems enable the Management Board members to be identified and ensure their effective participation in the meeting. The nature and conditions of application of such systems are determined by applicable regulations. The Management Board may draw up internal regulations setting down the terms and conditions of use of such systems. Decisions listed in Article L.232-1 of the French Commercial Code may not be adopted by videoconference or any other means of telecommunication.

Report on the Management Board's operations during the 2016 financial year

During the financial year ended 31 March 2017, the Company's Management Board met five times, on the dates listed below.

Date of Management Board meeting	Members present or represented	Attendance rate	Main topics discussed
30 June 2016	Members: 5	Members: 100%	- Review and approval of the Company and consolidated financial statements for the year ended 31/03/2016 - Proposed appropriation of earnings - Agreements listed under Article L.225-86 of the French Commercial Code - Preparation and convening of the Ordinary and Extraordinary General Meeting - Preparation of report on Company and consolidated financial statements - Preparation of special report on share allotments made pursuant to Articles L.225-197-1 to L.225-197-3 of the French Commercial Code
9 July 2016	Members: 3	Members: 60%	- Acknowledgement of the expiry of the vesting period in respect of the 28,736 existing bonus shares granted to Philippe Sauze by the Management Board on 9/07/2014 - Acknowledgement of the expiry of the vesting period in respect of the 72 existing bonus shares granted to Jérôme Tire by the Management Board on 9/07/2014 - Acknowledgement of the expiry of the vesting period in respect of the 750 existing bonus shares granted to Laurent Bousquet by the Management Board on 9/07/2014
30 September 2016	Members: 4	Members: 80%	- Approval of quarterly report on the progress of the Company's business during the second quarter of the financial year, to be presented to the Supervisory Board - Exercise of authorisation granted to the Management Board by the General Meeting to buy back the Company's shares - Exercise of authorisation granted to the Management Board by the General Meeting to grant bonus shares pursuant to Articles L.225-197-1 and L.225-197-2 of the French Commercial Code

Date of Management Board meeting	Members present or represented	Attendance rate	Main topics discussed
27 December 2016	Members: 4	Members: 80%	- Drafting of quarterly report on the progress of the Company's business during the third quarter of the financial year, to be presented to the Supervisory Board - Drafting of management forecasts pursuant to Articles L.232-2, L.232-3, R.232-2 and R.232-3 of the French Commercial Code
31 March 2017	Members: 5	Members: 100%	- Drafting of quarterly report on the progress of the Company's business during the fourth quarter of the financial year, to be presented to the Supervisory Board - Miscellaneous questions

2. Supervisory Board

The Board meets as often as the Company's interests require.

Meetings are convened by any means, including orally. Meetings are held at the registered office or any other location specified in the notice of meeting.

Any member of the Board may appoint another member as proxy to represent him/her at a Board meeting, via any written document, including any electronically signed document.

At least half of the members must be present for the Board's proceedings to be valid.

Decisions are passed by a majority of the votes of members present or represented, where each member present or represented holds one vote and each member present may hold only one proxy.

In the event of a split vote, the person chairing the meeting has the casting vote.

Pursuant to Article 1.3.3. of the Supervisory Board's internal regulations, except in the case of the decisions listed in Article L.225-68, paragraph 5 of the French Commercial Code, Supervisory Board members taking part in a Supervisory Board meeting by videoconference or other means of telecommunication that enable them to be identified and ensure their effective participation in the meeting are deemed present for the purposes of calculating quorum and majority.

Report on the Board's operations during the 2016 financial year

During the financial year ended 31 March 2017, the Company's Supervisory Board met four times.

Date of Supervisory Board meeting	Members and advisory members present or represented	Attendance rate	Main topics discussed
1 July 2016	Members: 2	Members: 67%	- Review of the Company and consolidated financial statements for the year ended 31/03/2016 - Review of the Management Board report containing the management report, including the Group management report - Review of the Management Board's quarterly report on the progress of the Company's business during the first quarter of the financial year - Agreements listed under Articles L.225-86 et seq. of the French Commercial Code - Preparation of the report containing the Supervisory Board's observations - Review of the report prepared by the Chairwoman of the Supervisory Board on the conditions of preparation and organisation of the work of the Supervisory Board and on the Company's internal control procedures - Annual discussion on the Company's policy on professional equality and equal pay
30 September 2016	Members: 2	Members: 67%	- Review of the Management Board's quarterly report on the progress of the Company's business during the second quarter of the financial year
27 December 2016	Members: 2	Members: 67%	- Review of the Management Board's quarterly report on the progress of the Company's business during the third quarter of the financial year
31 March 2017	Members: 2	Members: 67%	- Review of the Management Board's quarterly report on the progress of the Company's business during the fourth quarter of the financial year - Finalisation and adoption of internal regulations - Miscellaneous questions

3. Assessment of the work and operation of the Board

With a view to complying with MiddleNext Code recommendation no. 11, the Board is currently reviewing the establishment of a procedure of self-assessment of the Board's work and operation.

4. Establishment of committees

In accordance with recommendation no. 6 of the MiddleNext Code, we hereby report to you on the Company's decision with regard to special committees.

Audit Committee

On 22 December 2014, the Supervisory Board unanimously decided to assume the role of Audit Committee, for an indefinite period of time, in accordance with the option granted under Article L.823-20 (4) of the French Commercial Code.

The rules governing the membership and operation of the Supervisory Board when meeting as the Audit Committee are set down in the Supervisory Board's internal regulations.

The main rules are as follows:

Membership

As at the date of this Registration Document, when the Supervisory Board meets to perform the duties of the Audit Committee, it is composed of all the members of the Supervisory Board, namely:

- Anne-Marie Valentin Bignier,
- Suzanne Villemonte de la Clergerie, and
- Marc Villemonte de la Clergerie.

Given the specific features of the Company, in order to take into consideration (i) AMF recommendation no. 2010-19 referring, inter alia, to the AMF final report on the Audit Committee dated 22 July 2010, and (ii) recommendation R6 of the MiddleNext corporate governance Code, September 2016 version, the Supervisory Board decided on 27 December 2016 to appoint Marc Villemonte de la Clergerie as Chairman of the Supervisory Board when meeting as the Audit Committee.

In making this decision, the Supervisory Board gave consideration to Marc Villemonte de la Clergerie's specific expertise in accounting and financial matters.

Missions

Without prejudice to the powers of the Supervisory Board, the Supervisory Board meeting as the Audit Committee is endowed in particular with the missions defined in Article L.823-19 of the French Commercial Code.

Manner of operation

The operation of the Supervisory Board when meeting as the Audit Committee is identical to that of all the committees, as defined by Article 2.1 of the Supervisory Board's internal regulations.

The Supervisory Board meeting as the Audit Committee prepares the annual schedule of its meetings. Meetings are held at the registered office or any other location designated by the Chairman. The Chairman of the Supervisory Board when meeting as the Audit Committee drafts the agenda for its meetings.

The Chairman of the Supervisory Board when meeting as the Audit Committee may decide to invite all or some of the Supervisory Board members, Management Board members or any other person of his choosing to specific meetings.

The conditions for referral to the Supervisory Board when meeting as the Audit Committee are as follows:

- It reviews any matter falling within the scope of authority conferred upon it by the internal regulations and sets its annual programme;
- The Chairman of the Supervisory Board may refer to it any matter that is or that should be included on the agenda of the Supervisory Board.

The Supervisory Board and its Chairman may also refer any other matters relevant to its authority to it at any time.

The Chairman of the Supervisory Board when meeting as the Audit Committee is responsible for ensuring that the Committee is provided with the information required by members in order to perform their assignment. Reports on the suggestions, recommendations and opinions issued by the Supervisory Board when meeting as the Audit Committee shall be forwarded to the Supervisory Board.

All information communicated to members of the Supervisory Board when meeting as the Audit Committee or for the purposes of such meetings is, by definition, confidential, even if the Chairman does not present such information as being confidential.

III. Principles and rules approved by the Supervisory Board to determine the compensation and benefits of all kinds awarded to corporate officers

The Company refers to the MiddleNext corporate governance Code, in particular to its recommendations on executive directors' compensation subject to the conditions set out in section 16.4 of this Registration Document.

Details on this compensation and its presentation may be found in Chapter 15 of this Registration Document.

1. Combination of an employment contract with the office of Chairman of the Management Board

None.

2. Compensation awarded to members of the Management Board

The compensation awarded to members of the Management Board in respect of their employment contract (see Chapter 15 of this Registration Document for further details) or corporate office includes the following components:

- fixed compensation,
- variable compensation,
- where applicable, exceptional compensation (bonuses), and
- where applicable, benefits-in-kind, including provision of a Company vehicle.

The members of the Management Board, Chairman of the Management Board and Chief Executive Officer receive a fixed compensation in respect of their corporate office.

They may also receive a variable compensation determined in accordance with the LDLC Group's underlying EBIT for the year and paid during the month following the Annual General Meeting. The criteria for determining the amount of variable compensation payable to corporate officers are precisely defined in advance but are not disclosed in this report for the sake of confidentiality.

The Company does not grant corporate officers any specific benefits in terms of deferred compensation, severance pay or pension commitments, except for a mandatory collective pension scheme set up on 1 May 2010 for the Chairman of the Management Board and the Chief Executive Officer.

In addition, as their main source of compensation, Philippe Sauze (member of the Management Board) and Marc Prieur (member of the Management Board) receive a fixed salary under their employment contract as distinct from their corporate office.

Compensation paid under employment contracts complies with the Group's wage policy.

The Chairwoman and Vice-Chairman of the Supervisory Board receive a fixed compensation in respect of these offices.

No attendance fees are awarded to Supervisory Board members.

IV. Limitations imposed by the Supervisory Board on the powers of the Management Board

The Management Board is vested with full powers with regard to third-parties to act on the Company's behalf under all circumstances, within the limits of the Company's objects, subject to the powers expressly assigned by law to the Supervisory Board and Shareholders' Meetings.

In relations with third-parties, the Company is bound even by acts of the Management Board that do not fall within the scope of the Company's objects, unless it can prove that the third-parties were aware that the act exceeded such objects or that, given the circumstances, they could not be unaware of this fact. The mere publication of the articles of association shall not constitute proof of this fact.

Pursuant to Article 15 of the Company's articles of association, the sale or transfer of tangible real property, the total or partial sale or transfer of shareholdings, the creation of security interests as well as sureties, endorsements and guarantees must be authorised by the Supervisory Board. Transactions in breach of this provision are only binding on third-parties in the cases provided for by law.

V. Specific procedures regarding shareholder participation in the General Meeting

In accordance with Article L.225-68 of the French Commercial Code, I hereby invite you to consult the provisions of Article 20 of the articles of association that lay down the procedures regarding shareholder participation in the Company's General Meeting.

VI. Information that could have an impact in the event of a public tender offer

Pursuant to Article L.225-68 of the French Commercial Code, the information listed under Article L.225-100-3 of the French Commercial Code is set out in section 16.6. of this Registration Document.

VII. Risk management and internal control procedures implemented by the Company

1. Company objectives with regard to internal control and risk management procedures

The purposes of the internal control procedures applicable within the Company are:

- to ensure that managerial acts, the execution of transactions and staff conduct comply with the guidelines imposed on the Company's business activities by its corporate bodies, applicable laws and regulations and the Company's values, standards and internal rules,
- to ensure that the accounting, financial and administrative information forwarded to the Company's bodies gives a true and fair view of the operations and financial position of the Company and its subsidiaries.

One of the goals of internal control is to forestall and control the risks arising from the operations of the Company and its subsidiaries and the risks of error and fraud, particularly with regard to finance and accounting. Like any control system, however, it cannot provide complete assurance that such risks have been fully eliminated.

2. Overview of applicable procedures

a. Overall organisation of internal control and risk management procedures at Company level

(i) Internal control at Company level is organised centrally by department, under the responsibility of a director or departmental manager based at head office and reporting directly to the Management Board and specifically to the Chairman of the Management Board and/or the CEOs.
Internal control procedures are in place at the Company and, where necessary, are amended by decision of senior management, with the coordination and assistance of each director or departmental manager concerned. There are no written procedures or internal procedure manuals or guides.

(ii) The Company has a Strategy Committee consisting of the Chairman of the Management Board, the CEO, the Deputy CEO, the CEO Purchasing and Logistics and the CEO of LDLC Distribution.
(iii) The main departments and individuals responsible for internal control are:

- the members of the Management Board, i.e. Caroline, Laurent and Olivier Villemonte de la Clergerie, Philippe Sauze and Marc Prieur;
- the directors and operating or departmental managers of the Company and its subsidiaries responsible for the following departments:

<u>Sales department</u>

With a staff of around 59, the sales department is responsible for:

- upstream relations with specific manufacturers, including Intel, Microsoft and HP, etc.
- BtoB sales.

One member of this department is responsible for on-site installation and, if a contract is signed, on-site maintenance solely for business customers.

As part of the services it provides to businesses, the Company can also provide cable installation services via its subsidiary, DLP Connect.

<u>IT Systems and Webmaster Service departments</u>

The 34 employees working in this division are responsible for the following IT projects:

- technical development of e-commerce websites (upgrading the browser experience, SEO, etc.). Graphic features are the responsibility of the communication division;
- implementation of security systems (websites, hardware, etc.);
- in-house development of software required for Company operations. During the course of a few years, over thirty software applications have been developed and upgraded, covering all back office operations (order analysis, order

processing, inventory management, statistical operational analysis, analysis of incoming and outgoing phone calls, logistics platform administration).

General services department

The general services department is responsible for the practical implementation of projects involving the relocation or extension of premises, in accordance with determined schedules, given that any delay in implementing specific strategic decisions could strongly impact the Group's operations.

Customer contact centre department

61 people work in the customer contact centre department, which is mainly responsible for customer relations, technical support and telephone contact with the stores, covering all Group e-commerce websites.

Marketing department

The Group has always applied a targeted communications policy in preference to the shock campaigns used by a large number of online traders.

30 employees perform the following tasks:

- organisation of online promotion campaigns, often linked to major calendar events (Company anniversary, Valentine's Day, etc.);
- organisation of customer breakfast presentations, etc.;
- participation in key trade fairs: Cebit, etc.

In terms of marketing, the department is responsible for defining the Group house style, the store concept (friendly atmosphere, etc.), reviewing newsletters prior to circulation, photo illustrations on all e-commerce websites, website content, etc.

Finance department

Accounting:

Around 18 employees are responsible for Group accounting operations, including the following tasks:

- accounts management;
- customer follow-up;
- monitoring cash and supplier payments;
- accounts management for subsidiaries under a service contract;
- receipts processing (cheques, card payments, stores);
- preparation of annual and half-year statements, etc.

Financial control:

One person is in charge of financial control and cash management. This person is also responsible for:

- preparing the annual budget.
- Cash management.

Bank relations are managed directly by senior management.

Human resources department

The department currently has a staff of 6 people responsible for recruitment and hiring, transfers, induction, schedules, payroll and employment contract management as well as managing the training budget.

Purchasing department

With a staff of 28, the purchasing department manages all procurement for the LDLC Group and prepares technical data sheets for the website.

Maginea department

With a staff of around 9, this department manages all procurement for Maginea.com.

"Armoire de Bébé" department

With a staff of around 3, this department manages all procurement for larmoiredebebe.com.

b. Presentation of summary information on internal control and risk management procedures implemented by the Company

Following an analysis carried out by all individuals and departments involved in internal control, a certain number of risks inherent to the Company's business activity have been identified.

The Company introduces systems or procedures designed to minimise the impact of each type of risk.

Inventory risks

Besides taking out fully comprehensive business insurance policies, the Company has adopted a proactive risk prevention policy with regard to inventories by implementing appropriate systems and measures:

- CCTV systems, alarms, detectors and extinguishers to protect against the significant risk of fire and risks of theft and breakage;
- Development of specific, high-performance software to optimise inventory management and minimise the risk of stock-outs.

Technology risks

The Group's websites are administered by the Company at specialised data centres responsible for maintenance and security. Measures implemented include cyber-attack protection systems (anti-virus programmes, firewall), data back-up systems, duplicate IT systems in case of equipment failure and a secure payment system set up in partnership with banks.

Legal risks

The following checks are carried out:
- Checking compliance and monitoring in respect of the Group's intellectual property rights and the assets required for its operations. All software owned by the Company is a key asset for the Group. The Group's ability to deal with periodic increases in volume is determined by this software's capacity for development and suitability to the Group's operations,
- Checking the required disclosures, including disclosures to the French Data Protection Authority (CNIL), and compliance with distance selling regulations.

Arrangement of insurance to cover legal risks identified across the Group in relation to transportation, premises and business customer credit.

Customer risks

A customer follow-up department has been set up in order to minimise the risk of default, although this risk is already low due to the nature of the Company's client base, given that around 65% of its revenues come from individual customers, who tend to pay at the time of order shipment.

The Group uses a credit insurance firm in order to minimise credit risk from business customers (around 35% of revenues).

Goods warranty risk

A provision of €150,000 was recognised to cover:
- probable customer service costs arising from sales of goods, following the expiry of the supplier warranty;
- the contractual warranty awarded to customers on sales of goods, which was extended to 2 years from March 2008, 5 years from 2009 year-end or 3 years from December 2016, depending on the option selected by the customer.

c. Risks related to the preparation of financial and accounting information

The accounting and finance department operates under the responsibility of the Chief Executive Officer, who also performs the duties of Chief Financial Officer. The department includes:
- the accounts department,
- the financial control and cash management department.

All accounting operations are performed in-house by a team of around 18 accountants, including the preparation of reports and brochures for the Company and its subsidiaries.

They also prepare the Company and consolidated financial statements, using standard approved and tested software.

Accounts management is carried out on CEGID software.

Senior management is directly responsible for financial reporting and investor relations.

In terms of financial control, the following reporting items are included in the scoreboard:
- daily revenues presented in weekly periods, including a comparison with the previous month's figures;
- breakdown of revenues by sales segment (general public, businesses and stores);
- margin per product line, once a month.

Annual budgets are drawn up by the financial control department. The budget approach is reconciled with the secondary approach (globally and per sales channel) adopted by senior management. The outcome of this reconciliation is the final budget.

The financial and accounting information is then verified by each Group company's Statutory Auditors. The consolidated financial statements are also verified by the Statutory Auditors.

Lastly, the financial and accounting information is approved by the Management Board on a half-yearly and yearly basis, under the supervision of the Supervisory Board.

All of the aforementioned processes for preparing and processing financial and accounting information contribute towards controlling and minimising the related risks.

16.8. STATUTORY AUDITORS' REPORT, PREPARED IN ACCORDANCE WITH ARTICLE L.225-235 OF THE FRENCH COMMERCIAL CODE, ON THE REPORT PREPARED BY THE CHAIRWOMAN OF THE SUPERVISORY BOARD OF LDLC.COM

For the year ended 31 March 2017

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 LDLC.com and in accordance with Article L.225-235 of the French Commercial Code (*Code de commerce*), we hereby report to you on the report prepared by the Chairwoman of the Supervisory Board of your Company in accordance with Article L.225-68 of the French Commercial Code for the year ended 31 March 2017.

It is the Chairwoman's responsibility to prepare, and submit to the Supervisory Board for approval, a report describing the internal control and risk management procedures implemented by the Company and providing the other information required by Article L.225-68 of the French Commercial Code, in particular relating to corporate governance.

It is our responsibility:

- to report to you on the information set out in the Chairwoman's report on the internal control procedures relating to the preparation and processing of the accounting and financial information; and
- to attest that this report sets out the other information required by Article L.225-68 of the French Commercial Code, it being specified that it is not our responsibility to assess the fairness of this information.

We conducted our work in accordance with 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

The professional standards require that we perform procedures to assess the fairness of the information on internal control and risk management procedures relating to the preparation and processing of financial and accounting information set out in the Chairwoman's report. These procedures mainly consisted of:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information on which the information presented in the Chairwoman's report is based, and of the existing documentation;
- obtaining an understanding of the work performed to support the information given in the report and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of financial and accounting information that we may have identified in the course of our work are properly described in the Chairwoman's report.

On the basis of our work, we have no matters to report on the information given on internal control and risk management procedures relating to the preparation and processing of financial and accounting information, set out in the Chairwoman of the Supervisory Board's report, prepared in accordance with Article L.225-68 of the French Commercial Code.

Other information

We attest that the Chairwoman of the Supervisory Board's report sets out the other information required by Article L.225-68 of the French Commercial Code.

Lyon, 30 June 2017

The Statutory Auditors

Cap Office	Diagnostic Révision Conseil
Christophe Reymond	Hubert de Rocquigny du Fayel

CHAPTER 17. EMPLOYEES

17.1. HEADCOUNT AND BREAKDOWN BY COMPANY OVER THE PAST THREE YEARS

As at 31 March 2017, the Group employed 698 people (excluding Caroline, Suzanne, Laurent, Marc and Olivier Villemonte de la Clergerie) at Groupe LDLC and its subsidiaries LDLC Distribution, Anikop, Hardware.fr, DLP Connect, École LDLC (LDLC School), LDLC Villefranche, LDLC Bordeaux, LDLC Villeurbanne, LDLC Event and Domisys; these include 684 permanent employees, 8 on fixed-term contracts and 6 trainees.

17.2. BREAKDOWN OF HEADCOUNT BY COMPANY (EXCLUDING CORPORATE OFFICERS)

Companies	Number of employees 31/03/2017	Number of employees 31/03/2016	Number of employees 31/03/2015
Groupe LDLC total	**444**	**440**	**446**
Groupe LDLC Boutiques	39	43	41
Groupe LDLC Bureau	246	224	213
Groupe LDLC Logistique	158	173	192
Groupe LDLC Toulouse	1	0	0
Anikop	23	19	17
Hardware.fr	2	1	1
DLP Connect	10	9	12
LDLC Distribution	12	9	3
École LDLC (LDLC School)	4	6	5
LDLC Villefranche	5	5	0
LDLC Bordeaux	5	0	0
LDLC Villeurbanne	5	0	0
LDLC Event	2	0	0
Domisys	186	205	
Grand total	**698**	**694**	**484**

17.3. CORPORATE OFFICER PROFIT-SHARING AND STOCK OPTIONS

See Chapter 15 of this Registration Document.

17.4. AGREEMENTS PROVIDING FOR EMPLOYEE SHARE OWNERSHIP

None.

17.5. COMPANY INCENTIVE AND PROFIT-SHARING AGREEMENTS

Groupe LDLC signed a profit-sharing agreement on 18 March 2004.

Two supplemental agreements were subsequently signed, on 15 December 2009 to provide for an option for employees to request immediate payment of all or part of their entitlements, and on 29 November 2012 to amend the conditions for managing employee savings plans, in order to provide for the appropriation of amounts to a Company Savings Plan (PEE).

This profit-sharing agreement does not cover the subsidiaries.

Groupe LDLC has no incentive scheme agreement.

CHAPTER 18. MAIN SHAREHOLDERS

18.1. CHANGES IN SHAREHOLDING STRUCTURE OVER THE PAST THREE YEARS

	31/03/2015				31/03/2016				31/03/2017			
Share ownership	**Shares**	**% share capital**	**Theoretical voting rights**	**% theoretical voting rights**	**Shares**	**% share capital**	**Theoretical voting rights**	**% theoretical voting rights**	**Shares**	**% share capital**	**Theoretical voting rights**	**% theoretical voting rights**
Laurent Villemonte de la Clergerie [1]	1,339,369	23.30	2,538,738	28.30	1,322,209	20.91	2,506,492	26.41	1,251,746	19.80 [6]	2,363,492	25.82 [6]
Olivier Villemonte de la Clergerie [2]	640,000	11.14	1,128,712	12.58	640,000	10.12	1,134,356	11.95	615,500	9.74 [7]	1,084,630	11.85 [7]
Caroline Villemonte de la Clergerie [3]	671,273	11.68	1,202,546	13.41	671,273	10.62	1,202,546	12.67	628,579	9.94 [8]	1,117,158	12.20 [8]
Suzanne Villemonte de la Clergerie [4]	89,421	1.56	576,414	6.43	89,421	1.41	576,414	6.07	71,423	1.13	562,846	6.15
Sub-total De la Clergerie family [10]	**2,740,063**	**47.67**	**5,446,410**	**60.71**	**2,722,903**	**43.07**	**5,419,808**	**57.11**	**2,567,248**	**40.61**	**5,128,126**	**56.01**
Domicorp [5]	-	-	-	-	885,546	14.01	885,546	9.33	691,811	10.94	691,811	7.56
Domisys [5]	238,025	4.25 [9]	476,050	5.31 [9]	-	-	-	-	-	-	-	-
Other shareholders	2,486,257	43.26	2,765,169	30.82	2,523,374	39.91	2,994,006	31.55	2,902,404	45.91	3,174,065	34.67
Treasury shares	283,029	4.92	283,029	3.16	190,283	3.01	190,283	2.01	160,643	2.54	160,643	1.75
Total	**5,747,374**	**100**	**8,970,658**	**100**	**6,322,106**	**100**	**9,489,643**	**100**	**6,322,106**	**100**	**9,154,645**	**100**

(1) Including the legal ownership of 70,000 Groupe LDLC shares, each with a double voting right attached, it being specified that the voting rights attached to said shares are held by the beneficial owner, namely Suzanne Villemonte de la Clergerie, for all General Meetings and, consequently, are not taken into account in the calculation of Laurent Villemonte de la Clergerie's theoretical voting rights.

(2) Including the legal ownership of 70,000 Groupe LDLC shares, each with a double voting right attached, it being specified that the voting rights attached to said shares are held by the beneficial owner, namely Suzanne Villemonte de la Clergerie, for all General Meetings and, consequently, are not taken into account in the calculation of Olivier Villemonte de la Clergerie's theoretical voting rights.

(3) Including the legal ownership of 70,000 Groupe LDLC shares, each with a double voting right attached, it being specified that the voting rights attached to said shares are held by the beneficial owner, namely Suzanne Villemonte de la Clergerie, for all General Meetings and, consequently, are not taken into account in the calculation of Caroline Villemonte de la Clergerie's theoretical voting rights.

(4) Including, for the calculation of voting rights, the beneficial ownership of 210,000 Groupe LDLC shares, each with a double voting right attached, it being specified that the voting rights attached to said shares are held by the beneficial owner, namely Suzanne Villemonte de la Clergerie, for all General Meetings and, consequently, are not taken into account in the calculation of her equity interest.

(5) *"In letters received on 12 and 13 April 2016, Domisys (Rue Olivier de Serres, AC Erette, 44119 Grandchamps-des-Fontaines), a French simplified joint-stock company with a sole shareholder, stated that on 31 March 2015 it had crossed below the 5% threshold of LDLC.com voting rights following the sale of LDLC.com shares on the stock market, and that it held at that date 219,950 LDLC.com shares representing 439,900 voting rights, i.e. 3.83% of the share capital and 4.90% of voting rights in this company.*

Domisys stated that it had sold all of its LDLC.com shares on 30 December 2015 and that it no longer held any shares in this company.

In a letter received on 6 April 2016, the French simplified joint-stock company Domicorp (Rue Olivier de Serres, ZAC Erette, 44119 Grandchamps-des-Fontaines) stated that, on 31 March 2016, it had exceeded the thresholds of 5% of LDLC.com's share capital and voting rights and 10% of its share capital, and that it held 885,546 LDLC.com shares, representing as many voting rights, i.e. 14.01% of this company's share capital and 9.33% of its voting rights.

This crossing of the thresholds results from Domicorp's acquisition of (i) 574,732 LDLC.com shares issued by LDLC.com as consideration for the contribution of 100,367 Domisys shares, and (ii) 117,079 LDLC.com treasury shares as consideration for the contribution of the remaining Domisys shares as well as the portion of the Domimo 2 and Domimo 3 share capital not held by Domisys.

In the same letters, the following statement of intent was made:

"Domicorp hereby represents that:

- *it is acting alone;*
- *it acquired the 691,811 LDLC.com shares by (i) subscribing to an LDLC.com share capital increase via the issue of 574,732 new LDLC.com shares, as consideration for a contribution of 100,367 Domisys shares and (ii) the transfer of 117,079 LDLC.com treasury shares by LDLC.com as consideration for the transfer of 20,446 Domisys shares;*
- *it does not intend to seek appointment or seek the appointment of one or more persons representing it on the LDLC.com Management Board or Supervisory Board;*
- *it does not intend to increase its equity interest in or take control of the Company;*
- *it does not intend to modify LDLC.com's strategy and does not intend to carry out any of the transactions listed in Article 223-17 I-6 of the General Regulation of the French Financial Markets Authority (AMF);*
- *it holds no financial instruments or agreements referred to in Article L.233-9, Section I-4 and 4 bis, of the French Commercial Code; and*
- *it has not entered into any temporary transfer agreement in respect of the issuer's shares and/or voting rights." (AMF document no. 216C0875 dated 13 April 2016).*

(6) See the notice on the crossing of thresholds published by the AMF during the year ended 31 March 2017: AMF document no. 217C0547 dated 27 February 2017.

(7) See the notice on the crossing of thresholds published by the AMF during the year ended 31 March 2017: AMF document no. 216C2009 dated 9 September 2016.

(8) See the notice on the crossing of thresholds published by the AMF during the year ended 31 March 2017: AMF document no. 217C0548 dated 27 February 2017.

(9) See the notice on the crossing of thresholds published by the AMF during the year ended 31 March 2015: AMF document no. 214C2642 dated 15 December 2014 and AMF document no. 214C2565 dated 9 December 2014.

(10) There is no action in concert between the members of the De la Clergerie family.

"In a letter received on 8 June 2017, the French simplified joint-stock company Amiral Gestion (103 rue de Grenelle, 75007 Paris), acting on behalf of the fund that it manages, stated that, on 5 June 2017, it had exceeded the 5% threshold in LDLC.com's share capital and that it held, on behalf of said fund, 316,902 LDLC.com shares representing as many voting rights, i.e. 5.01% of this company's share capital and 3.46% of its voting rights." (AMF document no. 217C1180 dated 8 June 2017).

To the Company's knowledge, there are no other shareholders that hold, directly or indirectly, alone or in concert, more than 5% of the share capital or voting rights.

18.2. EXISTENCE OF DIFFERENT VOTING RIGHTS

Pursuant to Article 12 of the Company's articles of association, a double voting right, as compared to the voting rights attached to other shares in respect of the fraction of share capital that they represent, is attributed to all fully paid-up shares that are proven to have been registered for at least two years in a single shareholder's name; the period of time during which the shares were held in registered form prior to the date of the Extraordinary General Meeting establishing this right is taken into account.

In the event of a capital increase by capitalisation of retained earnings, reserves, additional paid-in capital or available provisions, a double voting right is conferred as of the issue of registered bonus shares to a shareholder in respect of former shares conferring this right.

All shares converted to bearer shares or for which ownership is transferred shall lose the double voting right. However, transfer by way of inheritance, liquidation, communal property between spouses or gift to a spouse or relative close enough to inherit an estate, shall not incur the forfeiture of the rights acquired and shall not interrupt the two-year period.

The merger or demerger of the Company shall have no impact on the double voting right, which may be exercised within the successor company(ies), if the articles of association of said company(ies) provide for double voting rights.

18.3. CONTROL OF THE COMPANY

At the date this Registration Document was prepared, no shareholder directly or indirectly controlled the Company within the meaning of Section 18.3 of Appendix I of EC Regulation no. 809/2004 of the Commission of 29 April 2004 and AMF position-recommendation no. 2014-14.

The members of the De la Clergerie family are not acting in concert, are not bound by a pact or other binding agreement and freely exercise their voting rights.

18.4. AGREEMENT KNOWN TO THE ISSUER WHICH, IF IMPLEMENTED, COULD SUBSEQUENTLY LEAD TO A CHANGE OF CONTROL

To the Company's knowledge, there is no agreement that could result in a change of control if implemented.

18.5. SHARE MOVEMENTS AND POSITION

At 31 March 2017, the Company's share capital comprised 6,322,106 shares. Market capitalisation at 31 March 2017 amounted to €199,462,444.30.

Trading volumes during the financial year were as follows:

Months	Volume	Average price	High	Low	Amounts (€m)
April 2016	81,244	33.14	34.790	30.610	2.695
May 2016	71,867	33.05	35.400	31.100	2.416
June 2016	160,844	34.52	37.200	27.550	5.506
July 2016	126,863	35.01	37.090	33.170	4.454
August 2016	48,192	35.35	36.500	33.560	1.688
September 2016	180,667	33.99	35.390	31.000	6.014
October 2016	152,285	33.90	36.990	31.100	5.139
November 2016	94,469	33.21	35.800	31.050	3.181
December 2016	90,131	35.41	36.800	33.600	3.195
January 2017	176,178	34.87	37.500	32.500	6.111
February 2017	160,796	32.62	33.890	30.920	5.167
March 2017	117,880	31.38	33.530	29.600	3.677

During the financial year ended, the LDLC.com share reached a high of €37.50 and a low of €27.55.

CHAPTER 19. RELATED PARTY TRANSACTIONS

19.1. RELATED PARTY TRANSACTIONS ENTERED INTO BY THE COMPANY OVER THE PAST THREE YEARS

The regulated agreements entered into during 2015, 2016 and 2017 are mentioned in the Statutory Auditors' special reports presented below (Section 19.2 of this Registration Document).

Concerning the amendment to Philippe Sauze's employment contract, which remained in effect during the year ended 31 March 2017, we remind you that it was decided by mutual agreement that the conditions for granting the 160,924 bonus shares liable to be granted to Philippe Sauze under the employment contract entered into on 5 December 2011 in respect of his position as Deputy Chief Executive Officer, Company employee responsible for sales, Internet and marketing, would be amended by supplemental agreement (see Chapters 15 and 28 of this Registration Document for more details). It was therefore decided that the granting of the remaining bonus shares by the Management Board would no longer be subject to fulfilment of the performance criterion consisting in the Management Board's recognition of Philippe Sauze's right to receive, in his capacity as an employee of the Company, at least 50% of his maximum variable compensation as set out in his employment contract.

This amendment to Philippe Sauze's contract was previously authorised by the Supervisory Board under the conditions set out in Article L.225-86 of the French Commercial Code, in view of Mr Sauze's seniority and already proven contribution to the Group's development. Accordingly, the final vesting of the 160,924 aforementioned shares was no longer conditional on the Management Board's recognition of Philippe Sauze's right to receive, in his capacity as a Company employee, at least 50% of his variable compensation, the payment of which was subject to performance criteria set out in his employment contract.

Concerning the sponsorship, public relations and ticketing agreement entered into on 13 April 2016 with SASP ASVEL Basket (of which Philippe Sauze is a director), which remained in effect during the financial year ended 31 March 2017, we would point out that SASP ASVEL Basket invoiced the Company for €657,410.32 in respect of said financial year.

In accordance with proposal no. 27 of AMF recommendation 2012-05, we hereby inform you of the findings of the Supervisory Board meeting of 29 June 2017 following its annual review of agreements described under Article L.225-86 of the French Commercial Code, carried out in accordance with Article L.225-88-1 of the French Commercial Code.

At its meeting on 29 June 2017, the Supervisory Board performed a follow-up review of these agreements. Considering these agreements to be in compliance with the criteria that led to their initial approval, the Supervisory Board unanimously upheld its authorisation.

19.2. STATUTORY AUDITORS' SPECIAL REPORT ON RELATED-PARTY AGREEMENTS AND COMMITMENTS

Annual General Meeting held to approve the financial statements for the year ended 31 March 2015

This is a free translation into English of the Statutory Auditors' special report on related-party agreements and commitments 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 LDLC.com, we hereby report to you on related-party agreements and commitments.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of the agreements and commitments that have been disclosed to us or that we may have identified as part of our engagement, without commenting on their relevance or substance or identifying any undisclosed agreements or commitments. Under the provisions of Article R.225-58 of the French Commercial Code (*Code de commerce*), it is the responsibility of the shareholders to determine whether the agreements and commitments are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by Article R.225-58 of the French Commercial Code in relation to the implementation during the year of agreements and commitments already approved by the Annual General Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

Agreements and commitments to be submitted for the approval of the Annual General Meeting

Agreements and commitments authorised during the year

In accordance with Article L.225-88 of the French Commercial Code, we were informed of the following agreements and commitments which received prior authorization from the Supervisory Board.

Amendment to the employment contract of Philippe Sauze, Deputy Chief Executive Officer with responsibility for sales, internet and marketing activities

Supervisory Board meeting of 30 June 2014

Person concerned: Philippe Sauze, Deputy Chief Executive Officer and member of the Management Board.

Nature and purpose: it was decided that an amendment should be signed to alter the terms and conditions for the granting of free shares to Philippe Sauze, in a maximum number of 160,924, under his employment contract entered into on 5 December 2011 as Deputy Chief Executive Officer and employee of the Company responsible for sales, internet and marketing activities. It was therefore stipulated that the granting of the remaining free shares by the Management Board would no longer be subject to the achievement of a performance condition, consisting in the Management Board's recognition of Philippe Sauze's right, as an employee of the Company, to receive at least 50% of his maximum variable compensation as defined in his employment contract.

Conditions: this agreement gives rise to the recognition of a non-cash expense of €201,147 (excluding payroll taxes) in LDLC.com's financial statements for the year ended 31 March 2015.

Agreements and commitments already approved by the Annual General Meeting

Agreements and commitments approved in previous years

In accordance with Article R.225-57 of the French Commercial Code, we were informed that the following agreements and commitments, approved by the Annual General Meeting in previous years, remained in force during the year.

Compensation payable to members of the Management Board holding an employment contract with the Company (Supervisory Board meeting of 15 April 2011)

Caroline Villemonte de la Clergerie has been on full-time parental leave since 1 September 2013 and her employment contract has been suspended since that date. The Company did not pay her any compensation under her employment contract during the year ended 31 March 2015.

Lyon, 15 July 2015

The Statutory Auditors

Cap Office	Diagnostic Révision Conseil
Christophe Reymond	Hubert de Rocquigny du Fayel

(Annual General Meeting held to approve the financial statements for the year ended 31 March 2016)

This is a free translation into English of the Statutory Auditors' special report on related-party agreements and commitments 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 LDLC.com, we hereby report to you on related-party agreements and commitments.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of the agreements and commitments that have been disclosed to us or that we may have identified as part of our engagement, as well as the reasons given as to why they are beneficial for the Company, without commenting on their relevance or substance or identifying any undisclosed agreements or commitments. Under the provisions of Article R.225-58 of the French Commercial Code (*Code de commerce*), it is the responsibility of the shareholders to determine whether the agreements and commitments are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by Article R.225-58 of the French Commercial Code in relation to the implementation during the year of agreements and commitments already approved by the Annual General Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

Agreements and commitments to be submitted for the approval of the Annual General Meeting

Agreements and commitments authorised during the year

We were not informed of any agreements or commitments entered into during the year to be submitted for approval at the Annual General Meeting pursuant to the provisions of Article L.225-86 of the French Commercial Code.

Agreements and commitments not authorised in advance

In accordance with Articles L.225-90 and L.823-12 of the French Commercial Code, we inform you that the following agreement was not authorised in advance by the Supervisory Board.

We are required to report to shareholders on the circumstances in which the authorisation procedure was not followed.

Agreement with Asvel Basket SASP

Person concerned: Philippe Sauze, Deputy Chief Executive Officer and member of the Management Board.

Sponsorship, public relations and ticketing services agreement

On 13 April 2016, LDLC.com entered into a sponsorship, public relations and ticketing services agreement with Asvel Basket SASP. This agreement had no material impact on the financial statements for the year ended 31 March 2016.

This agreement was not authorised in advance by the Supervisory Board due to an error of omission.

Agreements and commitments already approved by the General Meeting

Agreements and commitments approved during previous years

In accordance with Article R.225-57 of the French Commercial Code, we were informed that the following agreements and commitments, approved by the Annual General Meeting in previous years, remained in force during the year ended 31 March 2016.

Agreement with Caroline Villemonte de la Clergerie

Compensation payable to a member of the Management Board holding an employment contract with the Company (Supervisory Board meeting of 15 April 2011)

Nature, purpose and terms: Caroline Villemonte de la Clergerie received gross compensation in an amount of €3,908.05 in respect of her employment contract with the Company during the year ended 31 March 2016. It is specified that Caroline Villemonte de la Clergerie's employment contract was terminated on 13 July 2015.

Agreement with Philippe Sauze

Compensation payable to a member of the Management Board holding an employment contract with the Company (Supervisory Board meeting of 30 June 2014)

Nature and purpose: it was decided that an amendment should be signed to alter the terms and conditions for the granting of free shares to Philippe Sauze, in a maximum number of 160,924, under his employment contract entered into on 5 December 2011 as Deputy Chief Executive Officer and employee of the Company responsible for sales, internet and marketing activities. It was therefore stipulated that the granting of the remaining free shares by the Management Board would no longer be subject to the achievement of a performance condition, consisting in the Management Board's recognition of Philippe Sauze's right, as an employee of the Company, to receive at least 50% of his maximum variable compensation as defined in his employment contract.

Conditions: this agreement gives rise to the recognition of a non-cash expense of €276,010 (excluding payroll taxes) in LDLC.com's financial statements for the year ended 31 March 2016.

Lyon, 13 July 2016

The Statutory Auditors

Cap Office	Diagnostic Révision Conseil
Christophe Reymond	Hubert de Rocquigny du Fayel

(Annual General Meeting held to approve the financial statements for the year ended 31 March 2017)

This is a free translation into English of the Statutory Auditors' special report on related-party agreements and commitments 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 LDLC Group, we hereby report to you on related-party agreements and commitments.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of the agreements and commitments that have been disclosed to us or that we may have identified as part of our engagement, as well as the reasons given as to why they are beneficial for the Company, without commenting on their relevance or substance or identifying any undisclosed agreements or commitments. Under the provisions of Article R.225-58 of the French Commercial Code (Code de commerce), it is the responsibility of the shareholders to determine whether the agreements and commitments are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by Article R.225-58 of the French Commercial Code in relation to the implementation during the year of agreements and commitments already approved by the Annual General Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

Agreements and commitments to be submitted for the approval of the Annual General Meeting

Agreements and commitments authorised during the year

We were not informed of any agreements or commitments entered into during the year to be submitted for approval at the Annual General Meeting pursuant to the provisions of Article L.225-86 of the French Commercial Code.

Agreements and commitments already approved by the Annual General Meeting

Agreements and commitments approved in previous years

In accordance with Article R.225-57 of the French Commercial Code, we were informed that the following agreements and commitments, approved by the Annual General Meeting in previous years, remained in force during the year ended 31 March 2017.

Compensation payable to a member of the Management Board holding an employment contract with the Company (Supervisory Board meeting of 30 June 2014)

Person concerned: Philippe Sauze, Deputy Chief Executive Officer and member of the Management Board.

Nature and purpose: it was decided that an amendment should be signed to alter the terms and conditions for the granting of free shares to Philippe Sauze, in a maximum number of 160,924, under his employment contract entered into on 5 December 2011 as Deputy Chief Executive Officer and employee of the Company responsible for sales, internet and marketing activities. It was therefore stipulated that the granting of the remaining free shares by the Management Board would no longer be subject to the achievement of a performance condition, consisting in the Management Board's recognition of Philippe Sauze's right, as an employee of the Company, to receive at least 50% of his maximum variable compensation as defined in his employment contract.

Conditions: this agreement gives rise to the recognition of a non-cash expense of €218,632.10 (excluding payroll taxes) in LDLC Group's financial statements for the year ended 31 March 2017.

Agreement with Asvel Basket SASP

Person concerned: Philippe Sauze, Deputy Chief Executive Officer and member of the Management Board.

Nature and purpose: sponsorship, public relations and ticketing services agreement entered into on 13 April 2016.

Terms: under this agreement, Asvel Basket SASP billed LDLC Group €657,410.32 for the year ended 31 March 2017.

Lyon, 30 June 2017

The Statutory Auditors

Cap Office	Diagnostic Révision Conseil
Christophe Reymond	Hubert de Rocquigny du Fayel

19.3. AGREEMENTS PROVIDED FOR UNDER ARTICLE L.225-102-1, FINAL PARAGRAPH, OF THE FRENCH COMMERCIAL CODE

None.

CHAPTER 20. FINANCIAL INFORMATION ON THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND EARNINGS

20.1. CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. Consolidated financial statements prepared in accordance with IFRS standards for the financial year ended 31 March 2017

All of the data presented below is stated in euro thousands, unless otherwise stated.

1.1. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 31 March	
Assets	**Note**	**2017**	**2016**
Net goodwill *	(3.2)	19,723	19,723
Other net intangible assets *	(3.3)	7,950	8,549
Net property, plant and equipment *	(3.4)	17,707	19,348
Net financial assets	(3.5)	4,397	4,423
Deferred tax	(3.9)	1,012	2,318
Non-current assets		**50,789**	**54,361**
Inventories	(3.6)	75,430	69,091
Trade receivables	(3.7)	17,051	19,713
Other receivables	(3.8)	16,886	11,402
Cash and cash equivalents	(3.10)	10,613	8,107
Current assets		**119,980**	**108,313**
Total assets		**170,769**	**162,673**

		At 31 March	
Equity and liabilities	**Note**	**2017**	**2016**
Share capital	(1.3)	1,138	1,138
Additional paid-in capital	(1.3)	21,053	21,053
Consolidated reserves	(1.3)	25,144	19,675
Treasury shares	(1.3)	(600)	(758)
Net income for the year	(1.3)	8,115	7,941
Total shareholders' equity, Group share		**54,851**	**49,048**
Minority interests	(1.3)	28	0
Non-controlling interests		0	0
Total shareholders' equity		**54,878**	**49,048**
Borrowings due in > 1 yr	(3.14)	40,361	30,354
Deferred tax *	(3.9)	2,946	4,378
Provisions for retirement benefits	(3.13)	1,582	1,203
Non-current liabilities		**44,889**	**35,934**
Borrowings and other current financing	(3.14)	6,188	20,756
Provisions for risks and contingencies	(3.13)	522	377
Trade payables	(3.17)	44,808	35,494
Other payables	(3.18)	19,484	21,064
Current liabilities		**71,002**	**77,691**
Total equity and liabilities		**170,769**	**162,673**

** The financial year ended 31 March 2016 was restated in order to account for Material.net goodwill, as described in Note 3.2.*

1.2. CONSOLIDATED INCOME STATEMENT

		FY ended 31 March	
(€000 unless otherwise stated)	**Note**	**2017**	**2016**
Revenues	(4.1)	479,878	320,719
Other income from operations		385	142
Cost of goods sold		(402,834)	(265,106)
Gross margin		**77,429**	**55,755**
Other purchases and external costs		(24,371)	(14,899)
Miscellaneous taxes		(1,956)	(978)
Staff costs	(4.2)	(32,403)	(24,047)
Net depreciation, amortisation and provisions	(4.3)	(4,493)	(1,212)
Other income and expenses		(788)	(804)
Underlying EBIT		**13,417**	**13,815**
Non-recurring operating expenses	(4.4)	(13)	(665)
Non-recurring operating income	(4.4)	2	82
EBIT		**13,405**	**13,232**
Net cost of debt	(4.5)	(953)	(157)
Other financial income and expenses	(4.5)	3	2
Earnings before tax		**12,456**	**13,078**
Income tax	(4.6)	(4,322)	(5,137)
Net income of consolidated companies		**8,134**	**7,941**
Net income after tax from discontinued operations		0	0
Net income for the year	**(A)**	**8,134**	**7,941**
Revaluation of employee benefits, net of income tax		(157)	(69)
Cash flow hedging		481	(742)
Gains and losses posted to shareholders' equity	**(B)**	**324**	**(811)**
Total comprehensive income	**(A+B)**	**8,458**	**7,131**
Total net income attributable to:			
- owners of the Company		8,115	7,941
- minority interests		19	0
- non-controlling interests		0	0
Earnings per share: income attributable to owners of the Company			
- underlying EBIT per share			
- diluted underlying EBIT per share			
- earnings per share		1.32	1.43
- diluted earnings per share		1.32	1.43

1.3. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Additional paid-in capital	Consolidated reserves	Treasury shares	Shareholders' equity, Group share	Minority interests	Shareholders' equity
Shareholders' equity at 31 March 2015 (corrected)	**1,035**	**7,458**	**17,874**	**(1,804)**	**24,562**	**0**	**24,562**
Net income for the year ended 31 March 2016			7,941		7,941		7,941
Gains and losses posted to shareholders' equity			(811)		(811)		(811)
Changes in treasury shares			1,121	350	1,471		1,471
Bonus shares			530		530		530
Capital increase and additional paid-in capital	103	13,595	3,414	695	17,807		17,807
Dividends paid *			(2,454)		(2,454)		(2,454)
Non-controlling interests					0		0
Shareholders' equity at 31 March 2016	**1,138**	**21,053**	**27,616**	**(758)**	**49,048**	**0**	**49,048**
Net income for the year ended 31 March 2017			8,115		8,115	28	8,143
Gains and losses posted to shareholders' equity			324		324		324
Changes in treasury shares			(5)	159	154		154
Bonus shares			291		291		291
Capital increase and additional paid-in capital					0		0
Dividends paid *			(3,081)		(3,081)		(3,081)
Non-controlling interests					0		0
Shareholders' equity at 31 March 2017	**1,138**	**21,053**	**33,260**	**(600)**	**54,851**	**28**	**54,878**

** i.e. a dividend per share of €0.45 in 2015 and €0.50 in 2016.*

1.4. CONSOLIDATED CASH FLOW STATEMENT

	FY ended 31 March	
(€000 unless otherwise stated)	**2017**	**2016**
Net income from continuing operations	8,134	7,941
Elimination of non-cash income and expenses (a)	4,616	1,282
Tax expense (current and deferred) (b)	4,322	5,137
Gains/losses on disposal of assets	12	0
Sub-total (gross operating cash flow before tax)	**17,083**	**14,360**
Tax expense and change in deferred tax	(4,448)	(5,134)
Change in working capital (c)	(1,429)	(301)
Net cash flow from operating activities	**11,206**	**8,925**
Income from disposal of non-current assets, after tax	2	81
Acquisition & disposal of non-current assets	(1,881)	(4,817)
Change in consolidation scope	0	(34,426)
Net cash flow from investing activities	**(1,880)**	**(39,162)**
Treasury share transactions and bonus shares	445	2,002
Other effects	(105)	282
Transactions on financial instruments (d)	481	(742)
Changes in borrowings and other debt (e)	10,427	22,834
Change in financing from factoring of receivables (f)	(3,699)	421
Capital increase (nominal)	0	103
Additional paid-in capital + undistributable reserves + retained earnings	0	13,595
Decrease in shareholders' equity (dividends)	(3,081)	(2,454)
Net cash flow from financing activities	**4,468**	**36,041**
(Decrease)/increase in cash, cash equivalents and bank overdrafts	**13,794**	**5,804**
Opening cash, cash equivalents and bank overdrafts	(3,491)	(9,295)
Closing cash, cash equivalents and bank overdrafts	10,303	(3,491)

(a) Corresponds to net operating and financial depreciation, amortisation and provisions totalling €4,395,000.
(b) See Note 4.6.
(c) See Note 1.5.
(d) Restatement of financial instruments at the balance sheet date.
(e) See Note 3.14.
(f) See Note 3.14.

Calculation of EBITDA - detailed method (€000)

	01/04/2016 - 31/03/2017	01/04/2015 - 31/03/2016
Net income	8,134	7,941
Net depreciation, amortisation and provisions	(4,493)	(1,212)
Net non-recurring operating income/(expense)	(12)	(583)
Net cost of debt	(953)	(157)
Other financial income and expenses	3	2
Tax expense	(4,322)	(5,137)
EBITDA	**17,910**	**15,027**

Calculation of EBITDA - simplified method (€000)

	01/04/2016 - 31/03/2017	01/04/2015 - 31/03/2016
Underlying EBIT	13,417	13,815
Operating depreciation and amortisation	(4,493)	(1,212)
EBITDA	**17,910**	**15,027**

Given that EBITDA is not an aggregate defined by IFRS and its method of calculation may vary from company to company, please note that EBITDA corresponds to the sum of underlying EBIT and net operating depreciation and amortisation.

1.5. CHANGE IN WORKING CAPITAL

	31/03/2017	31/03/2016
Inventories	(6,340)	(1,181)
Trade receivables	2,661	(4,322)
Other receivables	(5,484)	(45)
Trade payables	9,313	261
Other payables	(1,581)	4,986
Total	**(1,429)**	**(301)**

2. Notes to the consolidated financial statements for the year ended 31 March 2017

(Amounts in €000 unless otherwise stated)

Groupe LDLC is a French limited company (*société anonyme*) with a Management Board and Supervisory Board, having its registered office at 18 chemin des Cuers CS40207 69574, Dardilly Cedex, France. The Company is registered in the Trade and Companies Register under number 403 554 181 and is listed on Euronext Paris.

The consolidated financial statements for the year ended 31 March 2017 were prepared in accordance with international accounting standards and interpretations (IAS/IFRS) adopted by the European Union and applicable as at 31 March 2017. These standards and interpretations are consistently applied for the financial years presented. The consolidated financial statements for the year ended 31 March 2017 present the financial position of Groupe LDLC and its subsidiaries, as well as investments in associates.

The Management Board approved Groupe LDLC's consolidated financial statements for the year ended 31 March 2017 on 29 June 2017. They will be submitted for approval to the next General Meeting of shareholders.

2.1. HIGHLIGHTS

In May 2016, Groupe LDLC created LDLC Event, in which it holds a 70% stake. The company's main activity is the organisation and management of events, particularly in the e-sport sector.

In 2017, Groupe LDLC created LDLC4, LDLC5 and LDLC6, wholly owned subsidiaries whose primary activity is the retail of all kinds of IT hardware and software, multimedia and digital products.

A tax audit was carried out on Groupe LDLC's accounts by the tax authority, covering financial years 2009/2010 to 2012/2013. Initial proposals were made for tax reassessment and the Company received answers to its observations. The proposed tax reassessments concern the French corporate real estate contribution (*cotisation foncière des entreprises* or CFE) and property tax (*taxe foncière*). The Company is contesting these tax reassessment proposals but has already been required to pay the sum of €1,238,000.

Given the present stage of discussions with the tax authority regarding the Company's standpoint on the proposed reassessments and the arguments it holds in its defence, no provision has been recognised and the amounts already paid to the tax authority have been recognised as assets on the company balance sheet, under "Other receivables" (see Note 3.8).

Groupe LDLC and its subsidiaries (excluding Materiel.net) plan to relocate their head office to Limonest in August 2017.

In this regard, the depreciation schedule for non-current assets pertaining to the current head office was brought forward to 31 August 2017, giving rise to an additional charge of €274,000 for the year ended 31 March 2017. A provision for charges relating to the cessation of use of the former premises was also recorded for the remaining period and amounts to €295,000.

2.2. ACCOUNTING POLICIES

2.2.1. Basis of preparation

Pursuant to European Regulation no. 1606/2002 of 19 July 2002, the Group's consolidated financial statements for the year ended 31 March 2017 were prepared in accordance with the international accounting standards published and approved by the European Union as at the closing date of these financial statements and which were mandatory on said date.

The international standards include IFRS (International Financial Reporting Standards), IAS (International Accounting Standards) and IFRIC interpretations (International Financial Reporting Interpretations Committee).

The financial statements presented do not take into account draft standards and interpretations which, at the closing date, are still only at the Exposure Draft stage at the IASB (International Accounting Standards Board) and IFRIC, nor do they take into account standards, amendments and interpretations that were not mandatory in 2016.

All standards, amendments and interpretations adopted by the European Union may be consulted on the European Commission's website at: http://ec.europa.eu/finance/company-reporting/index_en.htm

Standards, amendments and interpretations adopted by the European Union and mandatory for financial years beginning on or after 1 January 2016

- Amendment to IAS 1 "Disclosure Initiative" on information to be provided in the financial statements;
- Amendment to IAS 19 "Employee Benefits" which applies to employee or third-party contributions to defined benefit plans;
- Amendments to IAS 16 (property, plant and equipment) and IAS 38 (intangible assets) on acceptable methods of amortisation and depreciation;
- Amendments arising from the annual improvements to IFRS for 2010-2012;
- Amendments arising from the annual improvements to IFRS for 2012-2014.

The application of these standards, amendments and improvements had no material impact on the Group's consolidated financial statements.

Standards, amendments and interpretations adopted by the European Union, not mandatory for financial years beginning on or after 1 January 2016 and not applied in advance by the Group

- **IFRS 9** "Financial Instruments". Published on 29 November 2016, IFRS 9 sets out the accounting and financial reporting principles with regard to financial assets. These principles will supersede, as of 1 January 2018, those currently set out in IAS 3 "Financial Instruments". The impact of the application of IFRS 9 on the Group's financial statements is currently under review.
- **IFRS 15** "Revenue from Contracts with Customers". This standard will supersede IAS 18 "Revenue" from 1 January 2018. The impact of the application of IFRS 15 on the Group's financial statements is currently under review. The Group will be impacted by the implementation of IFRS 15. These impacts are still being assessed.
- **IFRS 16 "Leases", applicable in 2019** and which will supersede IAS 17. The Group will be impacted by the implementation of IFRS 16. The Company intends to review its leases and their main provisions. These impacts are still being assessed.

2.2.2. General rules of presentation

The balance sheet is presented in accordance with the current/non-current classification defined by revised IAS 1. Therefore, provisions recorded under liabilities, borrowings and financial assets are broken down between items due to be received or settled in more than one year, presented under non-current items, and those due to be received or settled in less than one year, presented under current items. The consolidated income statement is presented on a functional basis, in accordance with the model proposed by the French accounting standards board (*Autorité des Normes Comptables* or ANC) in its recommendation no. 2013-03 of 7 November 2013. The Group applies the indirect method to present its cash flow, in accordance with the format recommended by the ANC in its recommendation no. 2013-03 of 7 November 2013.

2.2.3. Estimates and judgements

In the preparation and presentation of the financial statements, Group management is frequently required to exercise its judgement in order to value or estimate certain items in the financial statements (such as provisions, deferred tax and the valuations used for impairment testing). The probability of future events occurring is also assessed. These valuations or estimates are reviewed at each year-end, and in accordance with the actual occurrence of events, in order to adjust the assumptions initially applied where necessary. During the financial year, Groupe LDLC did not observe any changes in the level of uncertainty relating to these estimates and assumptions, with the exception of the volatility of the discount rate used to calculate social security liabilities.

These estimates are made on the basis of the going concern assumption and are considered by management to be the most appropriate and achievable within the Group's context and based on available feedback.

The consolidated financial statements for the year were prepared on the basis of financial market parameters available at the balance sheet date.

The value of certain assets, such as goodwill and trademarks, is assessed at each balance sheet date on the basis of the long-term economic outlook and Group management's best assessment in a context of reduced visibility. Concerning future cash flows, in accordance with IAS 36, in the notes to the consolidated financial statements the Group has described the assumptions used and the results obtained through tests on sensitivity to changes in these estimates, particularly in the performance of impairment tests on non-current assets.

Estimates may be revised if the circumstances on which they are founded change, or if new information comes to light. Actual results may differ from these estimates and assumptions.

Regarding IAS 38, the Group considers that the conditions for capitalising research and development costs were not fully met. Accordingly, the Company recorded the research and development costs as an expense for the year.

The main estimates and assumptions used by the Group are described in detail in each specific section of the notes to the financial statements, in particular:

Estimate		Nature of the estimate
Notes 2.2.6 and 3.2	Goodwill impairment tests	Allocation of goodwill to a single CGU Key assumptions used in determining value in use (expected cash flows, perpetual growth rate, discount rate at the weighted average cost of capital)
Notes 2.2.11 and 3.6	Inventories	Expected inventory run-off for the calculation of impairment
Notes 2.2.16 and 4.6	Recognition of deferred tax	Assumptions used for recognising deferred tax assets relating to tax loss carryforwards and temporary differences
Note 3.13	Retirement benefits	Discount rate corresponding to the iBoxx Corporates AA rate and salary growth rate

2.2.4. Consolidation scope and criteria

Companies under the exclusive control of Groupe LDLC are fully consolidated. Exclusive control is assessed in accordance with criteria defined by IFRS 10 (direct or indirect control over the financial and operating policies of the relevant business activities, exposure to variable returns and the capacity to use its power to influence those returns). This control is generally presumed to exist in companies in which LDLC.com directly or indirectly holds over 50% of the voting rights of the controlled company. In order to assess this control, potential voting rights that may be immediately exercised are taken into account, including those held by another entity.

At year-end, there were no companies in which the Company exercised joint control or significant influence.

Subsidiaries are fully consolidated as of the date on which control is transferred to the Group, with recognition of the rights of minority shareholders. Subsidiaries are deconsolidated as of the date on which control ceases to be exercised.

The end of the financial year is 31 March for all Group companies.

The Group's consolidation scope during the financial year ended 31 March 2017 is described under Note 2.3.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated for assets sold, unless they are considered to be an indication of impairment. Where applicable, subsidiaries' financial statements are restated in order to align the accounting principles applied with those of other companies within the consolidation scope.

The Company had no equity associates at 31 March 2017.

The list of companies included in the consolidation scope is presented in Note 2.3.

2.2.5. Translation of foreign currency transactions

2.2.5.1. Functional and presentation currency of the financial statements

The consolidated financial statements are presented in euros, which is the Company's functional and presentation currency.

2.2.5.2. Foreign currency transactions and balances

Transactions denominated in currencies other than the functional currency of Group companies are translated into euros using the applicable exchange rates as at the transaction dates. Exchange gains and losses arising from the settlement of these transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rate are recorded on the income statement.

The recognition and valuation of foreign currency transactions are outlined in IAS 21 "The effects of changes in foreign exchange rates".

In order to hedge its exposure to certain exchange rate risks, the Group uses futures contracts and options.

2.2.5.3. Group companies

The Group's entities operate in France and the financial statements are presented in euros.

2.2.6. Business combinations and related goodwill

Goodwill from consolidated companies is recorded as an asset on the balance sheet, under "Net goodwill".

At the acquisition date, any positive difference between the net fair value of the acquired company's identifiable assets and liabilities and the purchase price gives rise to the recognition of goodwill.

The purchase price (or consideration transferred) is valued at the fair value of assets transferred, shareholders' equity issued, liabilities incurred at the acquisition date and any adjustments to the purchase price.

For each business combination, the Group has the possibility to value minority interests either on the basis of their share in the net identifiable assets of the acquired company (partial goodwill method), or at their fair value at the acquisition date (full goodwill method).

The acquiring entity has a period of twelve months following the acquisition date to retrospectively change the values initially attributed to the identifiable assets and liabilities, minority interests valued at fair value and the different components comprising the purchase price.

Beyond this period, any changes are recorded prospectively on the income statement with no adjustment to goodwill.

Goodwill is not amortised and is tested for impairment at least once a year. To test for impairment, goodwill is allocated to cash generating units (CGUs), which are homogeneous groups of assets that jointly generate identifiable cash flows.

CGU impairment testing terms are described in Note 2.2.3.

When a loss of value is identified, the difference between the carrying amount of the asset and its recoverable value is recorded under "Non-recurring operating expenses". Impairment of goodwill is not reversible. Negative goodwill (badwill) is directly recorded on the income statement for the year in which the acquisition took place, under "Non-recurring operating income and expenses" and is entirely attributed to the acquiring entity.

2.2.7. Intangible assets

Costs relating to the purchase of software licences are recorded under assets on the basis of costs incurred to acquire and deploy the software concerned. These costs are amortised over the estimated useful life of the software applications (one to three years).

Costs associated with the development and maintenance of the software are expensed as incurred.

Costs directly associated with the production of identifiable software and websites that are unique in nature and controlled by the Group are recognised as expenses for the year. Costs directly associated with production include the payroll costs of software and website developers, as well as an appropriate share of general production expenses.

The Group has opted to amortise leasehold rights over the remaining term of the lease, i.e. just under 8 years.

The principal amortisation periods used are as follows:

Type of asset	Amortisation period
Software	1-3 years
Trademarks	10 years
Other intangible assets	5-8 years

2.2.8. Property, plant and equipment

Property, plant and equipment are recognised at cost less any accumulated depreciation and impairment. Cost includes all costs directly attributable to the acquisition of the assets concerned and their transfer to their place of operation.

Interest on borrowings is not included in the cost of assets, but is recorded as an expense for the year in which the loans were contracted.

Maintenance and repair costs are recorded as expenses for the period.

Property, plant and equipment are not subject to revaluation.

These assets are depreciated as of their date of commissioning using the straight-line method, in accordance with the estimated useful life. The principal depreciation periods applied are as follows:

Type of asset	Depreciation period
Buildings	15-25 years
Fixtures and fittings	8-10 years
Equipment	8 years
Technical facilities	8-10 years
Office equipment	3 years
Vehicles and delivery equipment	4 years
Furniture	5 years

In accordance with IAS 36, an impairment test is performed whenever there is an indication of a loss of value. An impairment provision is then recorded if the recoverable value of the asset is lower than its net book value.

The recoverable value of an asset is the higher of fair value less costs of disposal and value in use. Impairment thus determined is first offset against goodwill and the remainder is allocated to other assets in proportion to their carrying amounts.

Asset useful lives are reviewed and, if necessary, adjusted at each year-end.

Gains or losses on disposals of PP&E are determined by comparing the income from the sale with the net book value of the asset sold. They are recognised on the income statement.

2.2.9. Lease agreements

2.2.9.1. Finance leases

A lease agreement is considered a finance lease if it transfers to the Group substantially all of the risks and rewards attached to the ownership of the leased asset.

At the beginning of the lease term, finance leases are recognised as assets and liabilities on the balance sheet in equal amounts, at the fair value of the leased asset or, if lower, the discounted value of the minimum payments for the lease in question as at the beginning of the lease term.

Payments made under the lease are broken down between financial expense and amortisation of outstanding debt.

The depreciation policy for assets acquired under finance lease is similar to the policy applied for property, plant and equipment acquired directly by the Company (see Note 2.2.8 on "Property, Plant & Equipment").

No finance lease was restated in the financial statements for the year ended 31 March 2017.

2.2.9.2. Operating leases

Operating leases constitute lease agreements under which a significant portion of the risks and rewards attached to the ownership of the leased asset is effectively retained by the lessor. Payments made under agreements of this kind are recognised according to the straight-line method over the term of the agreement.

2.2.10. Financial instruments

The measurement and recognition of financial instruments are set out in IAS 39 "Financial instruments - recognition and measurement" (see Note 3.15).

2.2.10.1. Financial assets

The designation and classification of financial assets are carried out upon initial recognition and are reviewed at each financial year-end.

The Group initially recognises financial assets at the date on which it becomes a party to the contractual provisions of such financial assets. Financial assets are measured at fair value plus direct transaction costs unless they are classified as financial assets measured at fair value through profit or loss (FVTPL).

The Group manages several categories of financial instruments, which are classified in accordance with the purpose of each acquisition. These categories break down as follows:

- **Loans and receivables**

These include financial assets, other than non-derivative financial instruments, with fixed or determinable payments and which are not listed on an active market. They are valued at amortised cost according to the effective interest rate method. In the event of loss of value, they are written down and a corresponding impairment charge is recorded on the income statement under "Other financial income and expenses".

- **Financial assets at fair value through profit or loss**

These include financial assets that the Group has always had the intention of selling in the short term, generally within a period of less than 12 months. Changes in fair value are recognised on the income statement under "Other financial income and expenses" for the period in which they occurred. This category specifically includes SICAV money-market funds and all derivative instruments.

- **Available-for-sale financial assets**

Assets not allocated to one of the aforementioned categories are classified as "available-for-sale assets". Items allocated to this category include shares in unlisted, non-consolidated companies which the Group intends to retain over the long term. These shares are presented on the balance sheet under financial assets.

"Available-for-sale financial assets" are recognised at their fair value as at the acquisition date, which is in practice close to their acquisition cost. Subsequent valuations are recognised as follows:

- When the fair value can be reliably determined, changes are recognised under other comprehensive income. In the event of a significant or extended decline in the fair value below the acquisition price, an impairment charge is recorded on the income statement.
- Otherwise, the acquisition cost of the available-for-sale financial assets is maintained subject to an impairment test. A provision is recorded when their estimated closing value, based on financial criteria adapted for each company, is lower than the acquisition cost. These impairment provisions are recorded on the income statement.

2.2.10.2. Financial liabilities

Financial liabilities include borrowings, other financing, bank overdrafts and operating liabilities.

Borrowings and financial liabilities are stated at amortised cost according to the effective interest rate method.

Financial liabilities hedged by interest rate swaps are subject to future cash flow hedges. Changes in the fair value of the swap are recognised on the balance sheet via a counter-entry under shareholders' equity for the effective portion, and on the income statement for the ineffective portion.

2.2.10.3. Fair value of derivatives

The Group uses derivatives to reduce its exposure to currency risk.

In accordance with IAS 39, derivatives are valued at fair value.

The fair value of financial assets and liabilities traded on an active market is determined with reference to the stock market price at the balance sheet date for listed financial instruments.

The fair value measurement of other financial instruments, whether assets or liabilities, which are not listed on an active market, is based on different valuation methods and assumptions determined by the Group with regard to existing market conditions at the balance sheet date.

The fair value of current financial assets and liabilities is equal to the carrying amount, given the short-term maturity of these instruments.

The fair value of non-current financial assets and liabilities is calculated by discounting future cash flows.

To hedge interest rate and currency risks, the Group primarily uses derivatives measured at fair value in accordance with IAS 39.

2.2.10.4. Factoring

For several years, the Group has assigned receivables under recourse factoring agreements and, since the financial year ended 31 March 2017, under non-recourse agreements.

Pursuant to IAS 39 "Financial Instruments", which deals with the disposal of financial assets (including trade receivables), the legal analysis regarding the transfer of ownership must meet the following three conditions:

- Transfer of contractual rights to the cash flow of the transferred asset.
- Transfer of substantially all the risks and rewards of owning the transferred asset.
- Transfer of control of the transferred asset.

In accordance with IAS 39, the Group conducted this analysis and considers that the agreement entered into in March 2017 entails derecognition.

This presentation may change in the future should amendments be made to agreements or the disposal process.

2.2.11. Inventories

Pursuant to IAS 2 "Inventories", inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

The method for determining the cost is identical for inventories of similar nature and use within the same entity. Inventories are valued according to the FIFO method.

Borrowing costs are not included in inventories but are recognised under financial expenses for the period in which they are incurred.

The Group may be required to record inventory impairment:
- on the basis of expected run-off;
- if the sales price is lower than the realisable value;
- if items are damaged or become partly or completely obsolete.

2.2.12. Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently valued at amortised cost less provisions for impairment. An impairment provision for trade receivables is recorded when there is an objective indication of the Group's inability to recover the full amounts due, under the conditions initially provided for at the time of the transaction. Significant financial difficulties encountered by the debtor, the probability of bankruptcy or debt restructuring, a breach of obligations or payment default constitute indicators of impairment of a receivable.

The amount of the provision corresponds to the difference between the carrying amount of the asset and the estimated future cash flows, discounted if material, at the initial effective interest rate. The provision is recognised on the income statement under "Net depreciation, amortisation and provisions".

2.2.13. Cash and cash equivalents

"Cash and cash equivalents" includes cash, bank sight deposits and other highly liquid short-term investments with initial maturities of no more than three months. Bank overdrafts appear under current liabilities on the balance sheet, under "Borrowings and other current financing".

Only receivables sold under recourse agreements appear on the balance sheet.

Foreign currency bank transactions are valued at the transaction date. At the end of each month, the accounts are translated at the closing rate. The matching entry for this revaluation is a currency gain or loss account.

The cash flow statement is prepared using the indirect method and presents cash flow from operating, investing and financing activities under separate sections. Cash flows generated by the acquisition or loss of controlling interests in subsidiaries are allocated to net cash flow from investing activities under "Change in consolidation scope".

2.2.14. Treasury shares

Ordinary shares are classified under shareholders' equity.

Groupe LDLC treasury shares, including those acquired in relation to a share buyback plan, are deducted from shareholders' equity at their purchase price. No gain or loss is recognised at the time of the purchase, sale, issue, impairment or cancellation of treasury shares.

The transaction costs directly attributable to share buybacks are also deducted from total shareholders' equity.

Changes to treasury shares during the year are described under Note 3.11.

2.2.15. Earnings per share

Earnings per share corresponds to net income, Group share divided by the average number of shares outstanding during the financial year.

The Group had no potentially dilutive ordinary shares outstanding during the period. Diluted earnings per share is therefore identical to earnings per share.

When earnings per share is negative, diluted earnings per share is identical to this figure.

2.2.16. Income tax

The "Income tax" item in the consolidated income statement corresponds to tax payable in respect of the financial year ended and to changes in deferred tax.

2.2.16.1. Current tax

Current tax assets and liabilities correspond to the tax receivables and liabilities due in less than 12 months.

2.2.16.2. Deferred tax

Deferred tax assets and liabilities of consolidated companies are presented under non-current assets and non-current liabilities, respectively.

The Group recognises deferred tax using the liability method for all temporary differences between the tax base of the assets and liabilities and their carrying amount recorded on the consolidated balance sheet, excluding goodwill.

Net deferred tax balances are determined based on the tax position of each company or the total earnings of all companies in the tax group. A deferred tax asset or liability is valued at the tax rate expected to apply during the year in which the asset is realised or the liability settled, on the basis of tax rates adopted at the balance sheet date. Net deferred tax assets are only recognised if the company or tax group is reasonably certain that it will recover them over subsequent years; assets corresponding to tax loss carryforwards are recorded on the balance sheet.

The recognition of deferred tax relating to tax losses or loss carryforwards is limited to those that are likely to be recovered.

2.2.17. Provisions

2.2.17.1. Long-term employee benefits

The Group recognises all long-term benefits granted to employees. These benefits exclusively relate to retirement bonuses for active employees. The actuarial assumptions used to determine these commitments are reviewed at each balance sheet date. The valuation takes into account, on the basis of actuarial data, the level of compensation, the estimated remaining working life of the employee, life expectancy and staff turnover. Future commitments calculated in this way are discounted to determine their present value.

The Company has no plan assets in place to finance this commitment.

Pursuant to revised IAS 19:

- Impacts relating to actuarial assumptions are immediately recorded under non-reclassifiable items of other comprehensive income at their amount net of tax.
- Impacts of changes to the benefit scheme are immediately recorded on the consolidated income statement. No changes were made to the scheme during the financial year.
- Retirement commitments are presented on the balance sheet in their full amount.

The actuarial assumptions used to calculate retirement bonuses are described in Note 3.13.

2.2.17.2. Other provisions

In accordance with IAS 37 "Provisions, contingent liabilities and contingent assets", a provision is recognised when the Group has a present legal or constructive obligation resulting from a previous event, the amount of which may be reliably estimated, settlement of which is expected to result in an outflow of resources for the Group.

2.2.18. Trade payables

Trade payables have not been discounted insofar as none have been due in more than one year from the balance sheet.

2.2.19. Income from ordinary operations

Income from ordinary operations corresponds to the fair value of the amounts received or receivable as consideration for the assets sold and services provided, in the ordinary course of the Group's business. Income from ordinary operations is presented net of VAT, goods returned, allowances and discounts, and less any inter-company sales. Income from ordinary operations is recognised as follows:

2.2.19.1. Sales of goods

Income from sales of products is presented under "Sales of goods" and is recognised when the following criteria have been satisfied:

- substantially all the risks and rewards of ownership have been transferred to the buyer,
- the amount of revenue and the costs related to the transaction can be measured reliably, and
- it is probable that the economic benefits associated with the transaction will flow to the Company.

Travel costs and other expenses invoiced to customers are included in revenues.

The sales of goods to professionals and consumers presented in the income statement, excluding sales to stores and subsidiaries, are restated taking into account the effect of the last two days of sales (see Note 3.18), given that the Company considers that the risks and rewards of ownership have not yet been transferred to the buyer during this time in view of the average delivery periods recorded by carriers.

2.2.19.2. Sales of services

Sales of services are recognised during the period in which the services are rendered, depending on progress of the transaction valued on the basis of the ratio between services supplied and total services to be supplied.

2.2.20. Underlying EBIT

Underlying EBIT equals total income from ordinary operations less total expenses related to ordinary operations. This is an important indicator enabling the Group's performance to be measured.

2.2.21. EBIT

EBIT corresponds to underlying EBIT less non-recurring operating income and expenses.

Items linked to a major event occurring during the financial year which is exceptional and infrequent in nature are recognised under non-recurring operating income and expenses.

Other non-recurring operating income and expenses primarily include the following items which, where applicable, are described in Note 4.4:

- impairment charges for PP&E and intangible assets, including goodwill,
- acquisition costs for equity investments incurred as part of a business combination,
- income and expenses linked to a major non-recurring event occurring during the financial year which is exceptional and infrequent in nature.

2.2.22. Net cost of debt

Net borrowings include all current and non-current borrowings less cash and cash equivalents.

Net debt includes all current and non-current borrowings less cash and cash equivalents as well as derivatives relating to Group financing having a due date less than one year and which are readily transferable. It also includes any short-term financial investments that present no risk of a substantial change in value even though their maturity at the date of subscription is over 3 months.

2.3. GROUP CONSOLIDATION SCOPE

The consolidation scope and consolidation methods applied are as follows:

Subsidiaries	Business activity	% interest	Date acquired	Consolidation method
Hardware.fr	Design, development and operation of websites, site content	100%	07/2000	Full consolidation
Textorm	Wholesale trader of all computer hardware and software, plus all related services	100%	04/2001	Full consolidation
DLP Connect	Installation of cable networks and access control, CCTV and telecommunications systems	80%	01/2004	Full consolidation
LDLC Distribution	Creation and development of a distribution network for the sale of all equipment and services, as well as the granting of all franchising or licensing rights	100%	01/2013	Full consolidation
Anikop	Design, development and sale of software and provision of IT services, maintenance; secondary activity in customer service FOR goods sold, training	80%	12/2006	Full consolidation

Subsidiaries	Business activity	% interest	Date acquired	Consolidation method
École LDLC	Higher education	100%	11/2014	Full consolidation
LDLC Villefranche	Retail sale of all IT hardware and software and all multimedia and digital products	100%	03/2015	Full consolidation
Campus 2017	Acquisition of land and construction of buildings for use as office space via a finance lease, leasing of said buildings, acquisition and management of all movable property	100%	09/2015	Full consolidation
LDLC Bordeaux	Retail sale of all IT hardware and software and all multimedia and digital products	100%	03/2016	Full consolidation
LDLC Villeurbanne	Retail sale of all IT hardware and software and all multimedia and digital products	100%	03/2016	Full consolidation
LDLC3	Retail sale of all IT hardware and software and all multimedia and digital products	100%	03/2016	Full consolidation
Domisys	Retail sale of all IT hardware, office, hi-fi and multimedia equipment and accessories	100%	03/2016	Full consolidation
Domimo 2	Acquisition, use and development of land	70%	03/2016	Full consolidation
Domimo 3	Acquisition, use and development of land for the construction and leasing of a building	90%	03/2016	Full consolidation
LDLC Event	Organisation and management of events, particularly in the e-sport sector	70%	05/2016	Full consolidation
LDLC4	Retail sale of all IT hardware and software and all multimedia and digital products	100%	03/2017	Full consolidation
LDLC5	Retail sale of all IT hardware and software and all multimedia and digital products	100%	03/2017	Full consolidation
LDLC6	Retail sale of all IT hardware and software and all multimedia and digital products	100%	03/2017	Full consolidation

Domimo 2 and Domimo 3 are both held by Domisys and are therefore fully consolidated.

The LDLC Group holds minority interests in NLCL, Immo Fi 1 and Presse Non-Stop; as the financial statements of these companies are not material, they were not consolidated as at 31 March 2017.

2.4. RISK MANAGEMENT

Via its operations, the Group is exposed to different types of financial risks: market risks (specifically currency risk, risk of change in value due to rapid technological developments and all other price risks), credit risk, interest rate risk and liquidity risk.

2.4.1. Market risks

2.4.1.1. Currency risk

The Group operates internationally and specifically sources supplies abroad: it is therefore exposed to foreign currency risk primarily regarding the US dollar. Currency risk relates to future sales transactions, and assets and liabilities recorded in foreign currencies on the balance sheet.

In order to manage currency risk related to future commercial transactions and to assets and liabilities recorded in foreign currencies on the balance sheet, Group entities use either foreign exchange futures contracts entered into with several financial institutions, or adjust their sales prices.

Pursuant to IAS 39, these financial instruments are analysed with regard to eligibility criteria for hedge accounting. These financial instruments are recorded on the balance sheet at their market value as at the balance sheet date. At 31 March 2017, there were no foreign exchange futures contracts outstanding.

The proportion of goods paid for in USD is around 16%, while foreign exchange hedges were used during the year to settle around 24% of these purchases.

2.4.1.2. Price risk

The Group is exposed to price risk impacting products in the IT and high-tech sector. Tools for analysing inventory turnover enable the Group to anticipate the price deflation inherent to this business by adapting the volumes it purchases in line with product life cycle and sales levels.

2.4.2. Credit risk

Given its large number of customers, the Group does not consider itself to be highly exposed to credit risk. Moreover, the Group has implemented internal procedures that enable it to ensure that customers who buy its products have an appropriate credit history.

However, the development of its BtoB and franchise businesses may have a negative impact on the Group's cash, earnings and financial position. The Group has implemented internal procedures enabling it to mitigate these risks, specifically through a credit insurance policy taken out for its BtoB business. As for its franchise business, risk is low given the payment periods granted by the Group to its customers and the internal monitoring implemented in order to mitigate this risk. Franchise trade receivables are regularly monitored.

2.4.3. Interest rate risk

The Group has several overdraft facilities at its disposal (see Note 3.14).

In order to finance the Materiel.net acquisition, the Group took out a €23 million loan (see Note 3.14).

To cover the risk affecting floating-rate borrowings, the Group entered into swap and cap contracts (see Note 3.16).

A sensitivity test with regard to interest rate risk is included in Note 3.16.

2.4.4. Liquidity risk

In order to manage liquidity risk resulting from the contractual or accelerated payment of financial liabilities, the Group has implemented a financing policy based on:

- maintaining a certain level of cash and cash equivalents, which amounted to €10,613,000 as at 31 March 2017
- plus, at 31 March 2017:
  - a €15 million revolving credit facility, fully drawn
  - loans and credit facilities totalling €31,049 million
  - several overdraft facilities.

Cash and cash equivalents and borrowings are described in Notes 3.10 and 3.14 respectively.

2.5. OPERATING SEGMENTS

For its internal management requirements, and in order to meet IFRS 8 disclosure requirements, the Group analysed the breakdown of its business by operating segment. As a result of this analysis, the Group considers that it operates within a single, combined segment: the distribution of computer hardware and related services. Furthermore, almost all Group revenues are generated in France and neighbouring French-speaking countries. Accordingly, the Group considers that it operates in a single distinct geographical sector. The Group's chief operating decision makers measure the Group's performance with regard to the gross margin generated by its business activities. For these reasons, Group management does not consider it necessary to identify distinct business segments in its internal reporting.

Groupe LDLC's business activity - the sale of computer hardware and provision of related services - targets both professionals and individual customers. No single customer accounts for more than 5% of the Group's sales in terms of revenues.

2.6. POST BALANCE SHEET EVENTS

To the Group's knowledge, no event likely to have a material impact on its consolidated financial statements has occurred since 31 March 2017.

2.7. RELATED PARTY TRANSACTIONS

Groupe LDLC entered into a commercial premises sub-lease agreement with NLCL for an annual amount of €35,000. The rental amount payable under the agreement is in line with normal market conditions.

2.8. CHARGES RELATING TO COMPENSATION AND BENEFITS GRANTED TO DIRECTORS

Directors are those present during the financial year and set out in the corporate governance section of the Annual Report (see Note 5.1).

3. Notes on the balance sheet

3.1. CONSOLIDATION

Consolidation is carried out on the basis of the financial statements for the year ended 31 March 2017.

The consolidated income statement includes the income statements of companies acquired or formed during the financial year as of the date of acquisition or formation. It also includes the income statements of companies sold during the financial year up until the disposal date.

3.2. GOODWILL

Gross values	31/03/2016	Acquisitions	Disposals	31/03/2017
Materiel.net group	19,723	0	0	19,723
Total	**19,723**	**0**	**0**	**19,723**

Amortisation and provisions	31/03/2016	Charges	Write-backs	31/03/2017
Materiel.net group	0	0	0	0
Total	**0**	**0**	**0**	**0**

Goodwill recorded at 31 March 2016 is the result of the Materiel.net group acquisition, which includes the companies Domisys, Domimo 2 and Domimo 3 and corresponds to final residual goodwill (see Note 2.2.6).

On 31 March 2016, Groupe LDLC acquired the entire share capital and voting rights of Domisys and the remaining portion of the share capital of Domimo 2 and Domimo 3, real estate companies of the Materiel.net group, not held by Domisys.

Specialising in online retail of high-tech products, Materiel.net is a brand with a sterling reputation on its specific market; it is recognised for the quality of its customer service and has a network of ten concept stores, which will supplement the Groupe LDLC network, and an 18,000 m^2 dedicated logistics platform in western France (Nantes). Today, Materiel.net has just over 200 employees.

This acquisition is in line with the LDLC Group's strategic priorities and the trend towards consolidation of the e-commerce market. It will enable the LDLC Group to strengthen its leading position in the online high-tech sector, secure a position in the Top 5 e-commerce companies in France (e-Magazine rankings, June 2015 – excluding food industry and tour operators) and step up its development plan. This structural investment offers cost, sales, logistics and industrial synergies.

Assets acquired and liabilities incurred

The fair value of assets and liabilities of entities acquired as at the acquisition date is as follows:

€m	31/03/2016 Fair value
Trademarks	8.3
Other intangible assets	0.1
Property, plant and equipment	15.7
Financial assets	0.8
Non-current assets	**24.8**
Inventories	17.7
Trade receivables	3.6
Other receivables	3.1
Cash and cash equivalents	4.8
Accrued income and prepaid expenses	0.3
Current assets	**29.5**
Assets	**54.3**
Provisions for risks and contingencies	(0.4)
Deferred tax	(4.2)
Borrowings	(12.3)
Non-current liabilities	**(16.8)**
Trade payables	(9.5)
Other short-term liabilities	(4.3)
Accrued expenses and deferred income	(0.0)
Current liabilities	**(13.8)**
Total current and non-current liabilities	**(30.7)**
Net assets - Fair value	**23.6**
Goodwill	19.7
Consideration transferred	**43.3**

In accordance with IFRS 3 "Business Combinations", the LDLC Group estimated the fair value of the assets acquired and liabilities assumed at the acquisition date, resulting in the recording of €19.7 million in goodwill at 31 March 2016. Goodwill mainly represents cost, sales, logistics and industrial synergies.

All of this goodwill was allocated to Groupe LDLC's single CGU. In line with the rationale behind the acquisition, Groupe LDLC and Materiel.net businesses will soon be intertwined, thanks to the consolidation of key functions (including purchasing and logistics). The expected synergies will quickly begin to bear fruit.

The only intangible asset identified is the Materiel.net trademark. The fair value of the trademark was estimated at €8.3 million by an independent appraiser, with a useful life of 10 years.

Property, plant and equipment held by the Domimo 2 and 3 real estate investment companies were revalued at €11.3 million by an independent appraiser.

Changes to the opening balance sheet following the allocation of goodwill are as follows:

Assets €000	**31/03/2016 reported**	**Allocation of goodwill**	**31/03/2016 restated**
Net goodwill	27,143	(7,420)	19,723
Other net intangible assets	249	8,300	8,549
Net property, plant and equipment	16,331	3,017	19,348
Liabilities			
Deferred tax	481	3,897	4,378

Consideration transferred

Groupe LDLC acquired the entire share capital and voting rights in Domisys, as well as all shares in Domimo 2 and Domimo 3, for a total purchase price of €43,324,877.46.

151,792 Domisys shares and the Domimo 2 and Domimo 3 shares were acquired in consideration for the cash payment of €22,708,909.66; the 120,813 remaining Domisys shares were acquired in exchange for 117,079 treasury shares held under the Groupe LDLC share buyback plan adopted at the Ordinary and Extraordinary General Meeting of 25 September 2015; 574,732 new shares issued under a capital increase were transferred in consideration for the in-kind contribution by Domicorp (holding company for Domisys) of 100,367 Domisys shares.

The transfer of 117,079 Groupe LDLC treasury shares to Domicorp and Groupe LDLC's issuance of 574,732 new shares in consideration for the in-kind contribution of 100,367 Domisys shares were carried out on the basis of a price of €29.80 per Groupe LDLC share (share price at 31 March 2016).

Cash payment:	€22,708,909.66
Treasury shares:	
117,079 x €29.80 =	€3,488,954.20
Newly issued shares:	
574,732 x €29.80 =	€17,127,013.60
Consideration transferred:	€43,324,877.46

Acquisition costs of €582,872 were recognised at 31 March 2016 under "Non-recurring operating expenses".

Since the acquisition date, the entities acquired have contributed €140 million in consolidated revenues and €2.4 million to consolidated net income as at 31 March 2017.

The LDLC Group has not identified any indication of goodwill impairment.

To perform impairment tests, goodwill arising from the Domisys acquisition was allocated to Groupe LDLC's single cash generating unit liable to financially benefit from this business combination. In line with the rationale behind the acquisition of Domisys, Groupe LDLC and Domisys business activities will soon be intertwined, thanks to the consolidation of key functions (including purchasing and logistics). The expected synergies will quickly begin to bear fruit.

At 31 March 2017, the Group assessed the value of goodwill allocated to the Groupe LDLC CGU.

Cash flows were valued based on budgets and three-year plans prepared using growth and profit forecasts in line with past performances of the Group and its markets, including the impact of expected synergies on the CGU's margin. Furthermore, these assumptions are in line with consensus forecasts issued by financial analysts tracking the Groupe LDLC share. The 2% growth rate used to project perpetual cash flows is consistent with long-term inflation rates in France.

The discount rate used corresponds to the weighted average cost of capital (WACC) and represents the expected return on capital employed (ROCE). It is calculated using financial data taken from a peer sample of comparable companies, comprising listed companies from the same business sector as the Group. At 31 March 2017, the discount rate determined using market data was 10% for the Groupe LDLC CGU.

Following the goodwill valuation, no impairment was recorded as at 31 March 2017.

At the same time, for assets with an indefinite useful life and used independently of other assets, no impairment is necessary.

Sensitivity tests

The Group analysed the sensitivity of impairment test results, based on different EBITDA margin assumptions used to calculate the terminal value and discount rate.

Sensitivity tests on individual assumptions, including changes that could be reasonably expected to occur (-100 bps for the EBITDA/revenues margin, +50 bps for the discount rate) did not identify scenarios in which the recoverable value would fall below the carrying amount of the assets tested.

3.3. INTANGIBLE ASSETS

Intangible assets break down as follows:

Gross values	31/03/2016*	Acquisitions	Change in scope	Reclassification	Disposals/ retirement	31/03/2017
Materiel.net trademark	8,300					8,300
Software and other intangible assets	784	355		22		1,161
Total	**9,084**	**355**	**0**	**22**	**0**	**9,461**

** The financial year ended 31 March 2016 was restated to account for Material.net goodwill, as described in Note 3.2.*

Intangible assets primarily include the Materiel.net trademark valued at €8.3 million and amortised over 10 years. There are 9 years remaining on the trademark's amortisation schedule, and its net book value amounted to €7.5 million as at 31 March 2017.

Amortisation and provisions	31/03/2016	Change in scope	Charges	Write-backs	31/03/2017
Materiel.net trademark	0		830		830
Software and other intangible assets	535		146		681
Total	**535**	**0**	**976**	**0**	**1,511**

3.4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment break down as follows:

Gross values	31/03/2016	Acquisitions	Change in scope	Reclassification	Disposals/ retirement	31/03/2017
Land *	1,386			(6)		1,380
Buildings *	14,595			(244)	68	14,282
Fixtures and fittings	9,402	714		13	16	10,114
Equipment	6,119	46		65	106	6,124
Office equipment and furniture	2,924	657		202	163	3,620
PP&E in progress	222	92		(52)	6	257
Total	**34,648**	**1,509**	**0**	**(22)**	**359**	**35,777**

** The financial year ended 31 March 2016 was restated to account for Material.net goodwill, as described in Note 3.2.*

Acquisitions include €750,000 in fixture and fitting costs for the opening of stores in Bordeaux and Villeurbanne.

Certain assets are pledged as collateral (see Note 5.2.1).

Depreciation and provisions	31/03/2016	Change in scope	Charges	Write-backs	31/03/2017
Land	6			6	0
Buildings	4,408		934	139	5,203
Fixtures and fittings	6,360		980	100	7,240
Equipment	2,647		570	48	3,169
Office equipment and furniture	1,880		578	1	2,457
Total	**15,301**	**0**	**3,063**	**294**	**18,070**

Groupe LDLC plans to relocate to its new head office in August 2017. The depreciation schedule for fixtures, fittings and furniture at the current head office was modified. The end of the depreciation schedule was moved forward to 31 August 2017. An additional charge of €274,000 was recorded under underlying EBIT.

3.5. EQUITY INTERESTS, OTHER FINANCIAL ASSETS

Gross values	31/03/2016	Change in scope	Reclassification	Acquisitions	Disposals/ retirement	Impairment	31/03/2017
Presse Non-Stop shares	51						51
Other shares	1			1		2	1
Immo Fi 1 shares	474					42	432
NLCL shares	1,500						1,500
Deposits and guarantees	898			23	7		914
Loans	1,500						1,500
Total	**4,423**	**0**	**0**	**24**	**7**	**44**	**4,397**

- In order to finance the investment in the LDLC Group's future head office, a €1.5 million loan was granted to the lessor, Finamur.
- Impairment losses on investments mainly related to Immo FI 1 shares following the write-down of shares by the company itself.

3.6. INVENTORIES

	31/03/2017			31/03/2016		
	Gross value	Impairment	Net value	Gross value	Impairment	Net value
Total goods inventories	**76,609**	**1,217**	**75,392**	**69,953**	**892**	**69,060**
Other supplies	28	0	28	27	0	27
Work in progress	10	0	10	3	0	3
Total inventories and WIP	**76,647**	**1,217**	**75,430**	**69,983**	**892**	**69,091**

Inventories are written down in accordance with the age of the products and the expected difficulty of selling them, and/or in the case of products whose realisable value is lower than cost.

3.7. TRADE RECEIVABLES

Trade receivables break down as follows:

	31/03/2017			31/03/2016		
	Gross	Imp.	Net	Gross	Imp.	Net
Trade receivables	**17,473**	**422**	**17,051**	**20,204**	**492**	**19,713**

All trade receivables are due in less than one year.

Trade receivables include the receivables sold under a factoring arrangement and not yet settled by customers, which amounted to €3.7 million as at 31 March 2016.

At 31 March 2017, the Group had sold €4.2 million in trade receivables to Eurofactor. Given that they were sold under a non-recourse factoring agreement, this transaction entailed the derecognition of these receivables.

3.8. OTHER RECEIVABLES

Other receivables break down as follows:

	31/03/2017			31/03/2016		
	Gross	Imp.	Net	Gross	Imp.	Net
Advances and down payments	509		509	821		821
Supplier credits receivable	3,832	46	3,786	3,944		3,944
Government (income tax, VAT and other income receivable)	5,303		5,303	822		822
Accrued income receivable	317		317	95		95
Eurofactor current account and retainer	243		243	968		968
Sundry receivables	1,276		1,276	1,058		1,058
Prepaid expenses - goods	3,318		3,318	1,351		1,351
Other	40		40	4		4
Domicorp receivables	0		0	317		317
Prepaid expenses	2,093		2,093	2,023		2,023
Total	**16,932**	**46**	**16,886**	**11,402**	**0**	**11,402**

All other receivables and accruals are due or will be settled in less than one year.

Sundry receivables include €1,238,000 corresponding to the amount paid by Groupe LDLC in relation to the tax audit (see Note 2.1).

"Prepaid expenses - goods" includes invoices issued for goods that were delivered after year-end. Materiel.net contributed €736,000 to the increase over the previous year.

The sharp increase in the "Government" line item mainly relates to the income tax receivable.

3.9. DEFERRED TAX

Deferred tax assets break down as follows:

	31/03/2017	31/03/2016
Deferred tax assets		
- rel. to tax loss carryforwards	640	813
- rel. to temp. diff. and IFRS restat.	372	1,506
Total	**1,012**	**2,318**
< 1 year	356	739
> 1 year	656	1,579

Deferred tax liabilities break down as follows:

	31/03/2017	31/03/2016
Deferred tax liabilities		
- rel. to intangible assets (Materiel.net trademark)	2,252	2,857
- rel. to temp. diff. and IFRS restat.	694	1,521
Total	**2,946**	**4,378**
< 1 year	0	0
> 1 year	2,946	4,378

3.10. CASH AND CASH EQUIVALENTS

	31/03/2017			31/03/2016		
Values	**Gross**	**Prov.**	**Net**	**Gross**	**Prov.**	**Net**
Cash	**10,613**		**10,613**	**8,099**		**8,099**
Short-term investments	**0**		**0**	**71**	**(62)**	**9**
Total	**10,613**	**0**	**10,613**	**8,169**	**(62)**	**8,107**

3.11. SHAREHOLDERS' EQUITY AND EARNINGS PER SHARE

Shareholder breakdown at 31 March 2017

At 31 March 2017, the share capital of Groupe LDLC consisted of 6,322,106 shares with a par value of €0.18 each.

The following shareholders held over 5% of the voting rights or share capital as at 31 March 2017:

Shareholders	Number of shares	% share capital	% voting rights
Laurent de la Clergerie	1,251,746	19.80%	26.28%
Domicorp	691,811	10.94%	7.69%
Caroline de la Clergerie	628,579	9.94%	12.42%
Olivier de la Clergerie	615,500	9.74%	12.06%
Suzanne de la Clergerie	71,423	1.13%	6.26%

As a reminder, the articles of association confer double voting rights on shares held in registered form for over two years, in accordance with Article L.225-123 of the French Commercial Code.

	Number of shares	Treasury shares	Number of bonus shares
Total at 31 March 2015	**5,747,374**	**283,029**	**173,377**
New shares	574,732		
Treasury shares purchased/(sold)		(92,746)	
Bonus shares granted			(11,631)
Total at 31 March 2016	**6,322,106**	**190,283**	**161,746**
New shares			
Treasury shares purchased/(sold)		(82)	1,500
Bonus shares granted		(29,558)	(29,558)
Total at 31 March 2017	**6,322,106**	**160,643**	**133,688**

Earnings per share

Earnings per share corresponds to net income, Group share divided by the average number of shares outstanding during the financial year.

The Group had no potentially dilutive ordinary shares outstanding during the period. Diluted earnings per share is therefore identical to earnings per share.

When earnings per share is negative, diluted earnings per share is identical to this figure.

	31/03/2017	31/03/2016
Numerator		
Net income attributable to owners of the Company	8,115	7,941
Net income used to calculate diluted earnings per share	8,115	7,941
Denominator		
Weighted average number of ordinary shares used to calculate basic earnings per share	6,161,463	5,557,091
Impact of dilutive ordinary shares	0	0
Weighted average number of ordinary shares used to calculate diluted earnings per share	6,161,463	5,557,091
Earnings per share (€)	**1.32**	**1.43**
Diluted earnings per share (€)	**1.32**	**1.43**

3.12. NON-CONTROLLING INTERESTS

Non-controlling interests break down as follows:

	31/03/2017	31/03/2016
Balance b/fwd	1,983	2,026
Change in consolidation scope	0	0
Transfer of minority interest losses to Group	0	0
Earnings/(loss) of associates	0	0
Total	**1,983**	**2,026**

3.13. PROVISIONS FOR RISKS AND CONTINGENCIES

Provisions for risks and contingencies break down as follows:

	31/03/2017					31/03/2016				
	Provisions b/fwd	Prov. rec. during FY	Prov. used during FY	Prov. not used/ wrbk during FY	Total	Provisions b/fwd	Prov. rec. during FY	Prov. used during FY	Prov. not used/ wrbk during FY	Total
Customer warranties	107	150	(107)	0	150	115	107	(115)	0	107
Retirement benefits	1,203	395	0	(15)	1,582	784	419	0	0	1,203
Employment disputes	222	23	(106)	(71)	68	0	222	0	0	222
Rent & relocation expenses	0	295	0	0	295	0	0	0	0	0
Other provisions	47	10	(13)	(34)	10	16	47	(16)	0	47
Total	**1,579**	**871**	**(227)**	**(120)**	**2,104**	**914**	**795**	**(131)**	**0**	**1,579**

As at 31 March 2017, the Company is not aware of any circumstances that could require the recording of provisions for risks and contingencies other than the following:

Customer warranties

A provision of €150,000 was recognised to cover:

- probable customer service costs arising from sales of goods, following the expiry of the supplier warranty;
- the contractual warranty granted to customers on sales of goods, which was extended to 2 years from March 2008, 5 years from the end of 2009 or 3 years from December 2016, depending on the option selected by the customer.

Retirement benefits

The main assumptions used to calculate the provision for retirement benefits as at 31 March 2017 are as follows:

Assumptions used	**At 31 March 2017**	**At 31 March 2016**
Economic assumptions		
Executive salary growth rate	3%	2%
Non-executive salary growth rate	2.5%	2%
Discount rate based on IBoxx Corporates AA	1.39%	1.39%
Average remaining service	10-16 years	10-17 years
Demographic assumptions		
Retirement age	60-67 years	60-67 years
Mortality tables	Insee 2015	Insee 2015
Staff turnover	Rate decreasing with age and depending on the actual number of departures from the Company	Rate decreasing with age and depending on the actual number of departures from the Company

Applicable collective bargaining agreements:
- Distance selling undertakings - IDCC 2198
- Retail, stationery, office supply, office/IT equipment and book sellers – IDCC 1539
- Non-contractual private tuition – IDCC 2691
- Manual labourers employed by construction companies – IDCC 1596
- Construction sector managers – IDCC 2420
- Construction employees, engineers and supervisors – IDCC 2609
- Journalists – IDCC 1480
- Consulting firms – IDCC 1486.

The €380,000 increase in the provision consists of:
- Cost of services rendered and expenses: €159,000
- Actuarial differences recognised under "Items of other comprehensive income": €221,000.

Relocation of the head office

A €295,000 provision was recorded following the decision to relocate the head office of Groupe LDLC and its subsidiaries (excluding Materiel.net group). This provision covers expenses relating to the cessation of use of the former premises, from the date these premises are vacated until the expiry of the leases.

3.14. BORROWINGS

Borrowings break down as follows:

	31/03/2017	31/03/2016
Loans	4,773	9,659
Commercial papers	0	0
Due in > 5 years	**4,773**	**9,659**
Loans	35,588	20,695
Commercial papers	0	0
Due in 1-5 years	**35,588**	**20,695**
Total long-term borrowings	**40,361**	**30,354**
Loans	5,689	5,273
Commercial papers	0	0
Accrued interest on loans	20	15
Trade receivables assigned to Eurofactor	0	3,699
Due in < 1 year	**5,708**	**8,988**
Total short-term borrowings	**5,708**	**8,988**
Long- and short-term borrowings	**46,069**	**39,342**
Guarantee deposits received	0	0
Bank overdrafts	310	11,599
Short-term bank loans	0	0
Current accounts	170	170
Dividends payable	0	0
Total borrowings	**46,549**	**51,110**

Short-term loans

New loans bear interest for an indefinite term based on the following rates, depending on the bank issuing the loan:

- from Euribor 3m + 0.80% to Euribor 3m + 1%
- Euribor 1m + 1.5%
- Eonia + 1%

Overdraft authorisations granted to Groupe LDLC amounted to €18.5 million as at 31 March 2017, plus an overdraft of CHF300,000.

On 31 March 2016, Groupe LDLC took out a €23 million loan to partly finance the acquisition of Materiel.net, including related costs and fees. This loan is repayable over a 7-year term and bears interest at Euribor 3 months, plus an "acquisition loan" margin subject to annual revision. The loan is subject to compliance with a number of covenants (ratios, capex limits, etc.). Failure to comply with these covenants may under specific conditions trigger early repayment.

In accordance with the loan agreement, these covenants will be based on the consolidated financial statements for the years ended 31 March 2017 and thereafter.

The loan is subject to two financial ratios that are tested every six months:

- Leverage ratio, defined as "consolidated net borrowings" divided by "adjusted consolidated EBITDA" (i.e. Group underlying EBIT plus net depreciation, amortisation and provision allowances included in earnings before tax and non-recurring items).
- Gearing ratio, defined as "consolidated net borrowings" divided by "consolidated equity" (including minority interests).

The agreement also imposes a limit on capital expenditure incurred by all Group companies.

The loan agreement covenants were in compliance as at 31 March 2017.

The loan shown on the balance sheet is recognised at amortised cost according to the effective interest rate method, in an amount of €19.3 million, which corresponds to the contracted loan net of issuance costs. The interest expense is calculated by applying the effective interest rate including issuance costs.

The agreement also provides for a €15 million revolving credit facility, subject to minimum drawdowns of €1 million each, intended to partly finance working capital for Groupe LDLC and its subsidiaries. This facility is subject to interest based on the Euribor rate, plus a 1.30% revolving credit facility margin. As at 31 March 2017, this facility had been fully drawn.

Following the signing of a new non-recourse factoring agreement in March 2017 with Eurofactor, the receivables sold no longer appear on the Groupe LDLC balance sheet.

Groupe LDLC took out a new €1 million loan in March 2017 to finance investment in its new stores.

3.15. FINANCIAL INSTRUMENTS

Financial instruments break down as follows:

Subscription date	Type of contract	Hedged notional amount	MTM	Balance - shareholders' equity	Balance - net income
18/03/2013	SWAP	2,830,435	165,418	165,418	
15/07/2010	CAP	3,208,333	45,721		45,721
31/03/2016	SWAP	19,714,286	4,544	4,544	
Total			**215,683**	**169,962**	**45,721**

In May 2016, Groupe LDLC entered into an interest rate swap intended to hedge interest rate risk related to the €23 million loan.

Current and non-current assets and liabilities are presented in the table below:

	31/03/2017	Breakdown by accounting classification				
	Carrying amount	Market value	FVTPL	Available-for-sale financial assets	Loans and receivables	Amortised cost
Non-current assets						
Equity interests	1,983	1,983		1,983		
Other non-current financial assets	2,414	2,414			2,414	
Current assets						
Trade receivables	17,051	17,051			17,051	
Other current receivables	6,168	6,168			6,168	
Cash and cash equivalents	10,613	10,613	10,613			
Non-current liabilities						
Non-current loans and borrowings	40,361	40,361				40,361
Current liabilities						
Current loans and borrowings	6,188	6,188				6,188
Trade payables	44,808	44,808				44,808
Other current liabilities	4,384	4,384				4,384

	31/03/2016	Breakdown by accounting classification				
	Carrying amount	Market value	FVTPL	Available-for-sale financial assets	Loans and receivables	Amortised cost
Non-current assets						
Equity interests	2,026	2,026		2,026		
Other non-current financial assets	2,398	2,398			2,398	
Current assets						
Trade receivables	19,713	19,713			19,713	
Other current receivables	7,204	7,204			7,204	
Cash and cash equivalents	8,107	8,107	8,107			
Non-current liabilities						
Non-current loans and borrowings	30,354	30,354				30,354
Current liabilities						
Current loans and borrowings	20,756	20,756				20,756
Trade payables	35,494	35,494				35,494
Other current liabilities	4,753	4,753				4,753

Financial assets include equity interests, while current assets represent operating receivables (excluding tax and social security receivables and prepaid expenses).

The fair value of trade receivables and other current receivables (assets held to maturity) is equal to their carrying amount, considering their short-term maturity.

Financial liabilities include loans, other financing and bank overdrafts and operating payables (excluding tax and social security payables, and deferred income).

Real estate investment company Domimo 2 signed an interest rate swap contract in March 2014, and a cap contract in July 2010. These two contracts are intended to hedge against floating-rate risk.

In accordance with IAS 39, detailed documentation was prepared in order to designate the hedging relationship of future cash flows, illustrating compliance with the standard, namely:

- Description of the strategy
- Demonstration of hedge effectiveness
- Highly probable future cash flows
- Effectiveness measurement methodology
- Regularity of effectiveness testing.

These financial instruments were valued using the hypothetical derivative principle, which enabled a precise and rigorous assessment of the effective and ineffective portions.

The hypothetical derivative results from a combination of the characteristics of the underlying asset used in the hedging relationship as well as those of the hedging instrument.

Retrospective and prospective tests qualify the hedging relationship as effective if the results fall between 80 and 125%.

The hedge derivatives were thus recognised at fair value, with a €170,000 impact on shareholders' equity and €46,000 on net income.

3.16. EXPOSURE TO INTEREST RATE RISK

Exposure to interest rate risk comprises floating-rate financial liabilities exposed to cash flow risk, as follows:

	Repayment schedule at 31/03/2017		
	< 1 year	**1 - 5 years**	**> 5 years**
Other borrowings	4,242	17,063	4,865
Floating-rate financial liabilities	**4,242**	**17,063**	**4,865**

	Repayment schedule at 31/03/2016		
	< 1 year	**1 - 5 years**	**> 5 years**
Other borrowings	4,236	17,037	9,133
Floating-rate financial liabilities	**4,236**	**17,037**	**9,133**

Interest rate risk sensitivity tests

On the basis of information presented above, an interest rate fluctuation of 0.50 basis points would have an impact on the Group's net exposure, over the full year, entailing a €239,000 variation in Group consolidated earnings before tax for the year ended 31 March 2017.

To hedge against floating interest rates, two swaps and one cap contract were set up (see Note 3.15). These contracts are qualified as cash flow hedges within the meaning defined by IAS 39.

At 31/03/2017	**Impact on net income**
+ 0.5 basis points	(239)
- 0.5 basis points	239

Negative figures indicate a financial expense.

3.17. TRADE PAYABLES

Trade payables break down as follows:

	31/03/2017	31/03/2016
Trade payables	36,770	29,017
Supplier L/C & prom. notes payable	4,299	3,532
Supplier invoices not received	3,738	2,945
Total	**44,808**	**35,494**

All trade and related payables are due in less than one year.

3.18. OTHER PAYABLES

Other payables break down as follows:

	31/03/2017	31/03/2016
Advances and down payments received on orders	1,887	2,283
Payable to employees	4,966	5,511
Payable to social security organisations	2,529	2,654
Payable to the government (income tax, VAT, etc.)	4,133	4,151
Other customer credit	2,112	1,671
Other	386	799
Deferred income	3,472	3,995
Total	**19,484**	**21,064**

All other payables are due in less than one year.

"Deferred income" mainly corresponds to the restatement of the last two days of revenues.

3.19. RELATED PARTIES

This item breaks down as follows:

	31/03/2017			31/03/2016		
	Equity interests			Equity interests		
	Gross	Imp.	Net	Gross	Imp.	Net
Financial assets	2,027	(44)	1,983	2,026	0	2,026
Trade receivables	0	0	0	0	0	0
Other receivables	0	0	0	0	0	0
Accrued income and prepaid expenses	0	0	0	0	0	0
Total assets	**2,027**	**0**	**1,983**	**1,501**	**0**	**2,026**
Borrowings	0	0	0	0	0	0
Trade payables	(128)	0	(128)	(6)	0	(6)
Other payables	(170)	0	(170)	(170)	0	(170)
Accrued expenses and deferred income	0	0	0	0	0	0
Total equity and liabilities	**(298)**	**0**	**(298)**	**0**	**0**	**0**

Financial assets mainly correspond to €1,500,000 in NLCL shares. Impairment relates to Phox and Immo FI shares.

Trade payables mainly relate to Phox in an amount of €112,000.

Other payables relate to the shareholder current account between Domisys and Immo FI.

4. Notes to the income statement

4.1. REVENUE BREAKDOWN

	01/04/2016 - 31/03/2017			01/04/2015 - 31/03/2016		
	France	Export	Total	France	Export	Total
Sales of goods	395,141	58,678	453,819	254,524	46,598	301,122
Sales of services*	17,178	8,881	26,059	13,219	6,378	19,597
Total	**412,319**	**67,559**	**479,878**	**267,743**	**52,976**	**320,719**

** Sales of services mainly comprise shipping costs.*

The €140 million increase in revenues for the year ended 31 March 2017 relates to the acquisition of Materiel.net.

4.2. STAFF COSTS AND HEADCOUNT

	01/04/2016 - 31/03/2017	01/04/2015 - 31/03/2016
Wages and salaries (a)	22,259	15,476
Social security contributions	9,436	7,234
Employee profit-sharing	708	1,336
Total	**32,403**	**24,047**
Average headcount	751	724
Non-managerial staff	532	533
Managerial staff	173	155
Temporary workers	46	36

(a) Including a €159,000 provision for retirement bonuses for the year ended 31 March 2017, compared to €189,000 the previous year.

The increase in staff costs in FY 2016/2017 includes an €8.1 million increase related to the acquisition of Materiel.net.

The French competitiveness and employment tax credit (CICE) is based on salaries not exceeding 2.5 times the French minimum wage (SMIC) paid during the year. The CICE rate increased from 6 to 7% on 1 January 2017.

The CICE was recognised as a €1 million reduction in staff costs.

The CICE tax credit is used to increase the Company's competitiveness, primarily via expenditure on modernisation, hiring and training, as well as on improving health and safety conditions in the workplace.

Information on bonus share plans

Date granted	**24/06/2013**	**28/03/2014**	**09/07/2014**	**30/09/2016**
Total number of bonus shares granted	11,494	137	161,746	1,500
Vesting date	23/06/2015	27/03/2016	29,558 shares at 08/07/2016 40,231 shares at 08/07/2017 40,231 shares at 08/07/2018 51,726 shares at 08/07/2019	01/10/2018
Lock-in period	2 years	2 years	2 years	2 years

Share-based payments

Benefits granted by way of bonus shares are measured at fair value as at the date the share-based payments are granted.

In accordance with IFRS 2, given that they relate to equity-settled plans, these benefits are recognised under "Staff costs" as a counter-entry to shareholders' equity and are amortised on a straight-line basis over the vesting period.

- 161,746 existing bonus shares in Groupe LDLC were allotted on 9 July 2014, to be vested after a vesting period of 2-5 years and thereafter subject to a two-year lock-in period. The fair value of these shares amounts to €14.40 per share.
- 1,500 existing bonus shares in Groupe LDLC were allotted on 30 September 2016, to be vested after a vesting period of 2 years and thereafter subject to a two-year lock-in period. The fair value of these shares amounts to €32.20 per share.

This bonus share plan is subject to a condition of presence in the Company, but is not subject to any performance criteria.

For the year ended 31 March 2017, this benefit gave rise to staff costs of €571,000.

During the year ended 31 March 2017, 29,558 shares were fully vested.

4.3. NET DEPRECIATION, AMORTISATION AND PROVISIONS

	01/04/2016 - 31/03/2017	01/04/2015 - 31/03/2016
Net depr./amort. of non-current assets	(4,016)	(974)
Net provisions for inventory impairment	(325)	(307)
Net provisions for impairment of trade receivables	70	76
Net provisions for current account impairment	0	0
Net provisions for customer warranties	(42)	8
Other charges/write-backs	(180)	(15)
Total net depreciation, amortisation and provisions	**(4,493)**	**(1,212)**

Figures presented as (-) denote expenses.

The sharp rise in depreciation, amortisation and provisions for the year ended 31 March 2017 primarily includes €1.3 million relating to Materiel.net, €830,000 in trademark amortisation and €274,000 in property, plant and equipment depreciation, the schedule for which was revised in view of the upcoming head office relocation.

In view of the head office relocation affecting Groupe LDLC and its subsidiaries, excluding Materiel.net, a €295,000 provision was recorded. This provision covers expenses relating to the cessation of use of the former premises, from the date these premises are vacated until the expiry of the leases (see Note 3.13).

4.4. NON-RECURRING OPERATING INCOME AND EXPENSES

This item breaks down as follows:

	01/04/2016 - 31/03/2017	01/04/2015 - 31/03/2016
Net book value of fixed assets sold	13	81
Other operating expenses	0	584
Total non-recurring operating expenses	**13**	**665**
Income from fixed asset disposals	2	80
Other operating income	0	1
Total non-recurring operating income	**2**	**82**
Net non-recurring operating income/(expenses)	**(12)**	**(583)**

Other operating expenses for the year ended 31 March 2016 included €583,000 in acquisition costs relating to Materiel.net group shares.

4.5. NET FINANCIAL INCOME/(EXPENSE)

Net financial income/(expense) breaks down as follows:

	01/04/2016 - 31/03/2017	01/04/2015 - 31/03/2016
Interest on borrowings	(731)	(14)
Interest paid to banks	(215)	(109)
Financing commissions	(2)	(34)
Net cost of debt	**(948)**	**(157)**
Net income/expense on sale of ST investments	(4)	0
Write-back on provisions for risks	0	0
Other financial income and expenses	2	2
Other financial income and expenses	**(2)**	**2**
Net financial income/(expense)	**(950)**	**(154)**

The increase in "Interest on borrowings" includes the €362,000 cost of the €23 million loan, €186,000 in interest paid on the revolving credit facility taken out by Groupe LDLC (see Note 3.14) and Materiel.net interest of €168,000.

4.6. INCOME TAX

Income tax breaks down as follows:

	01/04/2016 - 31/03/2017	01/04/2015 - 31/03/2016
Net income, Group share	8,134	7,941
Current tax income/(expense)	(3,838)	(5,404)
Deferred tax income/(expense) (a)	(484)	267
Net income from equity associates	0	0
Earnings before tax	12,456	13,078
Theoretical tax rate	34.43%	38%
Theoretical tax expense	(4,289)	(4,970)
Permanent differences (b)	73	202
Classification of CVAE as an income tax	(517)	(343)
Tax credits	160	30
Impact of change in tax rate (c)	217	0
Other effects	127	18
Dividend tax	(92)	(74)
Effective tax expense	(4,322)	(5,137)

(a) Including €64,000 in other comprehensive income recorded for the financial year ended 31 March 2017.
(d) Including the CICE tax credit applicable to a tax base of €1 million.
(c) Corresponds to the impact of the change in the tax rate on deferred tax resulting from the 2017 French Financial Security Act, the impact of the removal of the 10.7% non-recurring contribution and the lowering of the income tax rate to 28% by 2019.

The income tax rate applicable in France is the 33.33% base rate plus social security contributions of 3.3%, totalling 34.43%. The 2017 French Finance Act provides for a progressive decrease in the current corporate income tax rate of 33.33% to 28% by 2020 on global income of all companies.

The Group's net tax expense takes this decrease into account, via the application of the 28% tax rate plus the 3.3% contribution for the main items for which tax must be paid from 2020 onwards.

In order to remain consistent with the treatment of similar taxes, the CVAE is recognised under "Income tax" in accordance with IAS 12.

4.7. TAX CONSOLIDATION AGREEMENT

Groupe LDLC, Hardware.fr and Textorm have benefited from the combined reporting scheme since 1 April 2004 and LDLC Distribution since 1 April 2013.

LDLC Villefranche and École LDLC have been tax consolidated since 1 April 2015.

LDLC Bordeaux, LDLC Villeurbanne, LDLC3 and Campus 2017 have been tax consolidated since 1 April 2016.

Groupe LDLC is the tax group parent company.

The tax consolidation agreement provides that each subsidiary shall pay an income tax charge equal to the charge they would have paid in the absence of such agreement.

Tax consolidation arrangements led to a tax saving of €210,000 for the year ended 31 March 2017.

5. Other notes

5.1. COMPENSATION

	01/04/2016 - 31/03/2017	01/04/2015 - 31/03/2016
Short-term benefits		
Fixed compensation	570	736
Variable compensation	506	350
Other benefits		
Shared-based compensation (allotment of bonus shares)	555	734
Total compensation and benefits granted to executive directors	**1,631**	**1,820**

All amounts correspond to short-term benefits (fixed and variable compensation) with the exception of bonus shares worth €555,000 allotted for the financial year ended 31 March 2017 (€734,000 for the year ended 31 March 2016).

5.2. OFF BALANCE SHEET COMMITMENTS

5.2.1. Commitments given

- √ Pledge of shares in Domisys, Domimo 2 and Domimo 3 as security for the €23 million loan.

Under the real estate lease purchase agreement entered into between Finamur, Groupe LDLC and Campus 2017 on 30 November 2015:

- √ Pledge of all Campus 2017 shares, i.e. 150 shares representing its entire share capital and voting rights, held by Groupe LDLC in favour of Finamur in the amount of €22 million.

- √ Undertaking by Groupe LDLC not to sell or transfer its shares in Campus 2017 without Finamur's prior written consent.
- √ Personal joint and several guarantee given by Groupe LDLC to Finamur on behalf of Campus 2017 until the end of the 12th year following the effective date of the lease purchase agreement, for the amount of €3 million during the first 3 years and €2 million thereafter.
- √ Pledge of the €1.5 million loan receivable by Campus 2017 in favour of Finamur as guarantee for the payment of rent.
- √ Transfer of existing and future trade receivables held by Campus 2017 against any tenant for any reason whatsoever and in particular the borrower under the sub-letting agreement with a fixed term of ten years dated 30 November 2015.
- √ Joint and several guarantee for 30% of the outstanding amount of the loan granted by Domisys as security for the loan contracted between OSEO, LCL and Domimo 2, i.e. €858,000 at 31 March 2017.
- √ Lender's lien granted by Domimo 3 for commercial premises located at 188 bis Route de Rennes, 44300 Nantes, as security for the loan entered into between Domimo 3 and Crédit Industriel de l'Ouest on 15 May 2008.
- √ An assignment of rent granted by Domimo 3 as security for the loan entered into between Domimo 3 and Crédit Industriel de l'Ouest on 15 May 2008.
- √ Securities, pledges, the registering of liens or other real rights granted by Domimo 2 over its assets, as security for the loan entered into between Domimo 2 and OSEO Financement on 29 February 2008:
  - lender's lien granted by Domimo 2 amounting to €448,000,
  - full assignment of rent generated under the lease as guarantee in favour of Domisys, in competition with Tameaud bank,
  - full and conditional assignment of life/disability insurance policy taken out by Jean-Philippe Fleury with AGF to cover 50% of the loan,
  - first mortgage of €3.6 million for a building located at Grandchamps-des-Fontaines (44119) ZAC de l'Erette, cadastral section ZB, plot numbers 116, 117 and 119.
- √ Mortgage granted by Domimo 2 up to a limit of €2.6 million for buildings located at ZAC de l'Erette, Rue Olivier de Serres, 44119 Grandchamps-des-Fontaines, plots ZB – 116 – 117 – 119, as security for a loan contracted between Domimo 2 and Crédit Industriel de l'Ouest on 7 July 2010.
- √ Securities, pledges, the registering of liens or other real rights granted by Domimo 2 over its assets as security for a loan contracted between Domimo 2, LCL and OSEO, dated 18 December 2012:
  - first mortgage of €1.1 million for a building located at Grandchamps-des-Fontaines (44119), Rue Olivier de Serres, ZAC de l'Erette, cadastral section ZB, number 121,
  - second mortgage of €1.1 million for a building located at Grandchamps-des-Fontaines (44119), Rue Olivier de Serres, ZAC de l'Erette, cadastral section ZB, numbers 116, 117 and 119,
  - full assignment of rent generated under the lease in favour of Domisys,
  - full and conditional assignment of life/disability insurance policy taken out by Jean-Philippe Fleury, to cover 50% of the loan.
- √ €79,000 joint and several guarantee granted by Groupe LDLC to Jean-Pierre Soubie, owner of the premises located at 24 Rue Berthome in Villemomble (93250).

5.2.2. Commitments received

- √ BNP Paribas has granted SCI Blomet, represented by Mr Chancel, company director, a €400,000 guarantee on behalf of Groupe LDLC to cover the rental payments due on its Paris store.
- √ Domisys benefits from a guarantee under the *Renforcement Haut de Bilan* fund, in respect of the loan taken out with OSEO, amounting to 80% of its capital, i.e. €960,000 as at 31 March 2017. A holdback of €100,000 was retained by the lender, OSEO.
- √ Domisys benefits from a guarantee under the FNG *Prêt Numérique* fund, in respect of the loan taken out with BPI, amounting to 80% of its capital, i.e. €1.19 million at 31 March 2017. An €88,000 holdback was retained by lender BPI as a cash pledge.

√ Domisys benefits from an RSI guarantee under the European Investment Fund, in respect of the loan taken out with Banque Populaire, amounting to 50% of its capital, i.e. €404,000 at 31 March 2017.

5.2.3. Commitments relating to the Company's operations

Finance lease

Campus 2017 signed a lease purchase agreement for the LDLC Group's future head office in Limonest, with a repayment schedule for €22 million ending on 31 December 2029.

Given that the loan is an essential and determining condition of the lease purchase agreement, Campus 2017 shall not be entitled to:

- claim repayment of the amount loaned before the expiry or termination of the lease purchase agreement,
- invoke, for any reason whatsoever, the provisions of Article 1944 of the French Civil Code,
- request that the lessor offset the residual outstanding amount of the loan against any unpaid amounts.

The lease purchase agreement expressly outlines the indivisibility of the Campus loan from the lease purchase transaction, such that any transfer of the lease purchase agreement shall result in the transfer of the corresponding receivable for this loan.

Upon expiry of the lease purchase agreement, the purchase option exercise price shall be €2 million, excluding taxes.

The payment schedule breaks down as follows:

	01/04/2016 - 31/03/2017	01/04/2015 - 31/03/2016
Due in < 1 year	667	0
Due in 1 - 5 years	5,812	4,938
Due in > 5 years	15,521	17,062
Discounted value of future rents	**19,347**	**19,032**

Operating lease

The table below presents all commitments made under operating lease agreements and corresponding to non-cancellable rental payments for stores, logistics platforms and other premises (administrative and head office).

The payment schedule breaks down as follows:

	01/04/2016 - 31/03/2017	01/04/2015 - 31/03/2016
Due in < 1 year	2,566	2,684
Due in 1 - 5 years	2,495	4,653
Due in > 5 years	0	0

6. Statutory Auditors' fees

	Diagnostic Révision Conseil				Cap Office			
	Amount (excl. tax)		%		Amount (excl. tax)		%	
	FY ended 31/03/2016	FY ended 31/03/2017	FY ended 31/03/2016	FY ended 31/03/2017	FY ended 31/03/2016	FY ended 31/03/2017	FY ended 31/03/2016	FY ended 31/03/2017
Audit								
Statutory audits, certification, review of Company and consolidated accounts								
Issuer	58	119	78.38%	80.13%	58	89	87.39%	82.18%
Fully consolidated subsidiaries	16	30	21.62%	19.87%	8	19	12.61%	17.82%
Audit sub-total	**74**	**149**	**100%**	**100%**	**66**	**108**	**100%**	**100%**
Other services								
Non-audit services - Issuer								
	15	29	100%	100%		4		100%
Non-audit services - Fully consolidated subsidiaries								
Other services sub-total	**15**	**29**	**100%**	**100%**		**4**		**100%**
TOTAL	**89**	**178**			**66**	**112**		

Deloitte				**RSM**				**Total**			
Amount (excl. tax)		**%**		**Amount (excl. tax)**		**%**		**Amount (excl. tax)**		**%**	
FY ended 31/03/2016	**FY ended 31/03/2017**	**FY ended 31/03/2016**	**FY ended 31/03/2017**	**FY ended 31/03/2016**	**FY ended 31/03/2017**	**FY ended 31/03/2016**	**FY ended 31/03/2017**	**FY ended 31/03/2016**	**FY ended 31/03/2017**	**FY ended 31/03/2016**	**FY ended 31/03/2017**
								116	208	82.64%	62.66%
	36		100%		39		100%	24	124	17.36%	37.34%
0	**36**		**100%**		**39**		**100%**	**140**	**332**	**100%**	**100%**
								15	33	100%	100%
								15	**33**	**100%**	**100%**
	36				**39**			**155**	**365**		

20.2. STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

(For the year ended 31 March 2017)

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.

This report also includes information relating to the specific verification of information given in the Group's management report.

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 compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended 31 March 2017, on:

- the audit of the accompanying consolidated financial statements of LDLC Group;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Management Board. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at 31 March 2017 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II – Justification of our assessments

In accordance with the requirements of Article L.823-9 of the French Commercial Code *(Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

- the Group assesses whether there is any indication that long-term assets grouped into cash generating units (CGUs) may be impaired at the end of each reporting period and tests goodwill and indefinite-lived assets for impairment on an annual basis, in accordance with the methods described in Notes 2.2.3 and 2.2.6 to the consolidated financial statements. We reviewed the methods used by the Group to test for impairment and the cash flow forecasts and assumptions used, and verified that Note 3.2 provided appropriate disclosures;
- Note 2.2.16.2 to the consolidated financial statements stipulates that future tax reductions resulting from the use of tax loss carryforwards are recognised when their use can be reasonably anticipated. We verified the reasonableness of the assumptions used to estimate the future taxable income justifying the recoverability of these deferred tax assets;
- furthermore, the Group recognises provisions, as described in Notes 2.2.17 and 3.13 to the consolidated financial statements. Our work consisted of assessing the data and assumptions on which these estimates were based, reviewing, on a test basis, the calculations performed by the Group and examining management's procedures for approving these estimates. We assessed the reasonableness of the estimates made.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III – Specific verification

As required by law and in accordance with professional standards applicable in France, we have also verified the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Lyon, 30 June 2017

The Statutory Auditors

Diagnostic Révision Conseil	Cap Office
Hubert de Rocquigny du Fayel	Christophe Reymond

20.3. PROFORMA FINANCIAL INFORMATION

None.

20.4. GROUPE LDLC COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. Groupe LDLC Company financial statements

1.1. BALANCE SHEET

Balance sheet - Assets		**31 March**	
(€000 unless otherwise stated)	**Note**	**2017**	**2016**
Net intangible assets	(2.3.1)	414	192
Net property, plant and equipment	(2.3.2)	2,565	3,199
Net financial assets	(2.3.3)	46,577	46,496
Non-current assets		**49,556**	**49,888**
Inventories and work-in-progress	(2.3.4)	55,905	51,044
Trade receivables	(2.3.5)	15,923	16,054
Other receivables	(2.3.6)	14,157	9,788
Cash and cash equivalents	(2.3.7)	8,099	2,417
Current assets		**94,085**	**79,303**
Accrued income and prepaid expenses	(2.3.8)	4,929	3,018
Total assets		**148,570**	**132,209**

Balance sheet - Equity & liabilities		**31 March**	
(€000 unless otherwise stated)	**Note**	**2017**	**2016**
Share capital	(1.3)	1,138	1,138
Additional paid-in capital	(1.3)	21,053	21,053
Legal reserve	(1.3)	114	103
Other reserves	(1.3)	21,934	16,567
Retained earnings	(1.3)	480	400
Net income for the year	(1.3)	6,414	8,538
Regulated provisions		117	0
Total shareholders' equity		**51,249**	**47,800**
Provisions for risks and contingencies	(2.3.9)	2,330	1,594
Borrowings	(2.3.10)	42,123	41,237
Trade payables	(2.3.11)	38,720	25,886
Tax and social security liabilities	(2.3.12)	8,390	9,598
Other payables	(2.3.13)	3,447	3,178
Accrued expenses and deferred income	(2.3.14)	2,313	2,916
Total equity and liabilities		**148,570**	**132,209**

1.2. INCOME STATEMENT

Income statement (€000 unless otherwise stated)	Note	FY ended 31 March 2017	2016
Sales of goods	(2.3.18)	328,414	299,716
Sales of services	(2.3.18)	18,496	17,269
Purchase of goods		(292,050)	(265,160)
Gross margin		**54,861**	**51,825**
Other income		289	233
Other purchases and external costs		(19,029)	(15,309)
Miscellaneous taxes		(1,802)	(1,600)
Staff costs	(2.3.20)	(19,654)	(19,391)
Net depreciation, amortisation and provisions	(2.3.21)	(2,345)	(1,354)
Other expenses		(1,209)	(1,012)
EBIT		**11,111**	**13,392**
Financial income	(2.3.22)	736	999
Financial expenses	(2.3.22)	(1,225)	(487)
Net financial income/(expense)		**(488)**	**512**
Earnings before tax and non-recurring items		**10,622**	**13,904**
Non-recurring income/(expense)	**(2.3.23)**	**(787)**	**1,317**
Employee profit-sharing		(653)	(1,336)
Income tax	(2.3.24)	(2,768)	(5,347)
Net income		**6,414**	**8,538**

1.3. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(€000)	Share capital	Additional paid-in capital	Legal reserve	Undistributable reserve	Other reserves	Retained earnings	Regl. prov.	Net income for the year	Total shareholders' equity
Shareholders' equity at 31 March 2015	**1,035**	**7,458**	**103**	**0**	**13,271**	**267**	**44**	**5,883**	**28,061**
Appropriation of previous year's earnings					3,296			(3,296)	0
Dividends allotted/ FY ended 31/03/2015						132		(2,586)	(2,454)
Capital increase	103	13,595							13,698
Accelerated depreciation/ amortisation							(44)		(44)
2015/2016 net income								8,538	8,538
Shareholders' equity at 31 March 2016	**1,138**	**21,053**	**103**	**0**	**16,567**	**400**	**0**	**8,538**	**47,800**
Appropriation of previous year's earnings			10		5,367			(5,377)	0
Dividends allotted/ FY ended 31/03/2016						80		(3,161)	(3,081)
Accelerated depreciation/ amortisation							117		117
2016/2017 net income								6,414	6,414
Shareholders' equity at 31 March 2017	**1,138**	**21,053**	**114**	**0**	**21,934**	**480**	**117**	**6,414**	**51,249**

Shareholder breakdown at 31 March 2017

At 31 March 2017, the share capital of Groupe LDLC consisted of 6,322,106 shares with a par value of €0.18 each.

As a reminder, the articles of association confer double voting rights on shares held in registered form for over two years, in accordance with Article L.225-123 of the French Commercial Code.

	Number of shares	Treasury shares	Number of bonus shares
Total at 31 March 2015	**5,747,374**	**283,029**	**173,377**
New shares	574,732		
Treasury shares purchased/(sold)		(92,746)	
Bonus shares granted			(11,631)
Total at 31 March 2016	**6,322,106**	**190,283**	**161,746**
New shares			
Treasury shares purchased/(sold)		(82)	1,500
Bonus shares granted		(29,558)	(29,558)
Total at 31 March 2017	**6,322,106**	**160,643**	**133,688**

2. Notes to the 2016/2017 Company financial statements

(Amounts in €000 unless otherwise stated)

The following notes form an integral part of the Company financial statements for the period from 1 April 2016 to 31 March 2017, which have been approved by the Company's Management Board.

2.1. HIGHLIGHTS OF THE YEAR

In May 2016, Groupe LDLC created LDLC Event, in which it holds a 70% stake. The company's main activity is the organisation and management of events, particularly in the e-sport sector.

In 2017, Groupe LDLC created LDLC4, LDLC5 and LDLC6, wholly owned subsidiaries whose primary activity is the retail of all kinds of IT hardware and software, multimedia and digital products.

A tax audit was carried out on Groupe LDLC's accounts by the tax authority, covering financial years 2009/2010 to 2012/2013. Initial proposals were made for tax reassessment and the Company received answers to its observations. The proposed tax reassessments concern the French corporate real estate contribution (*cotisation foncière des entreprises* or CFE) and property tax *(taxe foncière*). The Company is contesting these tax reassessment proposals but has already been required to pay the sum of €1,238,000.

Given the present stage of discussions with the tax authority regarding the Company's standpoint on the proposed reassessments and the arguments it holds in its defence, no provision has been recognised and the amounts already paid to the tax authority have been recognised as assets on the company balance sheet, under "Other receivables" (see Note 2.3 6).

Groupe LDLC and its subsidiaries (excluding Materiel.net) plan to relocate their head office to Limonest in August 2017.

In this regard, the depreciation schedule for non-current assets pertaining to the current head office was brought forward to 31 August 2017, giving rise to an additional charge of €274,000 for the year ended 31 March 2017. A provision for charges relating to the cessation of use of the former premises was also recorded for the remaining period and amounts to €295,000.

2.2. ACCOUNTING POLICIES

The financial statements are prepared in accordance with French accounting standards board (*Autorité des Normes Comptables* or ANC) regulation no. 201403 of 5 June 2014 as approved by the ministerial order of 8 September 2014.

Generally accepted accounting principles are applied in accordance with the principle of prudence, and the basic assumptions of:

- Going concern,
- Consistency of presentation from one period to the next,
- Accrual basis of accounting,

and generally accepted rules for preparing and presenting the annual financial statements.

The basic method used to measure the items recorded in the accounts is the historical cost method.

The principal methods applied are as follows:

2.2.1. Intangible assets

Intangible assets are stated at cost on the balance sheet. They mainly consist of software licences.

They are amortised on a straight line basis as of commissioning, except for software for which amortisation begins on the acquisition date.

Groupe LDLC has opted to amortise leasehold rights over the remaining term of the lease, i.e. just under 8 years.

The following amortisation periods are applied:

Software	1-3 years
Other intangible assets	5-8 years

2.2.2. Research and development costs

Research and development costs are fully expensed during the year in which they are incurred.

2.2.3. Property, plant and equipment

Property, plant and equipment are measured at purchase cost including purchasing fees and, where applicable, assembly costs if the hardware is purchased by the Company for its own use.

Depreciation is calculated on a straight line basis according to the estimated useful life once the asset is ready for commissioning.

Depreciation periods are as follows:

Fixtures and fittings	8-10 years
Equipment	5-8 years
Technical facilities	8-10 years
Office equipment and hardware	3 years
Furniture	5 years

2.2.4. Financial assets

Financial assets are recorded at cost.

The Company has opted to include acquisition expenses such as transfer taxes, fees, commissions, registration fees and other costs, as specified in French National Accountancy Council (CNC) emergency committee opinion no. 2006 of 7 June 2006, in the acquisition cost of financial assets. These expenses are amortised for accounting purposes over a period of 5 years.

Equity investments are subject to an impairment charge when their value in use falls below their acquisition cost.

Value in use is calculated using various methods based on reported net assets, profit forecasts and compliance with long-term forecasts, as well as on discounted future cash flows as adjusted for net cash.

Other financial assets include treasury shares purchased under a share buyback plan or liquidity contract entered into with an investment services provider. The shares are written down in accordance with the average trading price during the last month of the financial year.

The Company chose to capitalise acquisition expenses for equity investments, which are therefore included in the purchase price. These costs are amortised over 5 years and are subject to accelerated depreciation.

2.2.5. Inventories

Goods are valued using the first in, first out (FIFO) method.

The gross value of goods and supplies includes the purchase price and any ancillary expenses.

An impairment charge is recorded when:
- the estimated realisable value of the inventories is lower than cost,
- it may not be possible to run down inventory stocks under normal conditions.

The net realisable value is the estimated selling price in the ordinary course of business, less costs to sell.

2.2.6. Trade receivables

Trade and related receivables are recorded at their nominal value.

They are written down on an individual basis in accordance with their age and expectation of recovery.

2.2.7. Cash and cash equivalents

Cash and cash equivalents include immediately available cash and treasury shares purchased to cover bonus share plans.

Foreign currency bank transactions are valued at the transaction date. At the end of each month, the accounts are revalued at the closing rate. The matching entry for this revaluation is a currency gain or loss account.

In accordance with the CNC opinion of 6 November 2008, treasury shares assigned to current plans are not written down in accordance with changes in the share price.

2.2.8. Provisions for risks and contingencies

Provisions for risks and contingencies are recognised in accordance with the CRC 200-06 "Regulations on liabilities".

Provisions are recorded in order to provide for a probable outflow of resources in favour of a third party without any corresponding consideration accruing to the Company. Depending on the type of provision concerned, they are estimated on the basis of the most likely assumptions or by using statistical methods.

2.2.9. Transactions in foreign currencies

Income and expenses in foreign currencies are recognised at their equivalent value in euros as at the date of the transaction.

Foreign currency receivables and payables are carried on the balance sheet at their equivalent value in euros as calculated using the closing rate.

The differences arising from the remeasurement of foreign currency receivables and payables at the closing rate are recorded as translation differences on the balance sheet. A provision for risks is recorded to cover unrealised currency losses.

2.2.10. Revenues

In the income statement, revenues from the sale of products are presented under "Sales of goods" and from the related services under "Sales of services".

Sales of products are recognised under "Sales of goods" when the following criteria have been satisfied:

- substantially all the risks and rewards of ownership have been transferred to the buyer,
- the amount of revenue and the costs related to the transaction can be measured reliably, and
- it is probable that the economic benefits associated with the transaction will flow to the Company.

The sales of goods to professionals and consumers presented in the income statement, excluding sales to stores and subsidiaries, are restated taking into account the effect of the last two days of sales, given that the Company considers that the risks and rewards of ownership have not yet been transferred to the buyer during this time in view of the average delivery periods recorded by carriers.

Revenues from the sale of services are recognised once the services have been rendered.

2.2.11. Post balance sheet events

To the Company's knowledge, no event likely to have a material impact on the Company financial statements has occurred since 31 March 2017.

2.3. ADDITIONAL BALANCE SHEET AND INCOME STATEMENT INFORMATION

2.3.1. Intangible assets

Intangible assets break down as follows:

Gross values	31/03/2016	Acquisitions	Reclassification	Disposals/ retirement	31/03/2017
Software and other intangible assets	533	322			855
Total	**533**	**322**	**0**	**0**	**855**

Intangible assets mainly consist of software.

Amortisation and provisions	31/03/2016	Charges	Write-backs	31/03/2017
Software and other intangible assets	341	100		441
Total	**341**	**100**	**0**	**441**

2.3.2. Property, plant and equipment

Property, plant and equipment break down as follows:

Gross values	31/03/2016	Acquisitions	Reclassification	Disposals/ retirement	31/03/2017
Fixtures and fittings	6,140	96		11	6,225
Equipment	1,640	13		14	1,639
Office equipment and furniture	1,986	352		155	2,183
PP&E in progress	0	34			34
Total	**9,766**	**495**	**0**	**180**	**10,081**

Depreciation and provisions	31/03/2016	Charges	Write-backs	31/03/2017
Fixtures and fittings	3,877	676	6	4,547
Equipment	1,384	60	6	1,437
Office equipment and furniture	1,307	380	155	1,533
Total	**6,567**	**1,117**	**167**	**7,517**

Groupe LDLC plans to relocate to its new head office in August 2017. The depreciation schedule for fixtures, fittings and furniture at the current head office was modified. The end of the depreciation schedule was moved forward to 31 August 2017. An additional charge of €274,000 was recorded under EBIT.

2.3.3. Financial assets

Financial assets break down as follows:

	31/03/2016 gross value	Acqui-sitions	Reclas-sifica-tion	Dispo-sals	31/03/2017 gross value	Impair-ment	31/03/2017 net value
Hardware shares	3,033				3,033		3,033
Textorm shares	8				8	(8)	0
DLP Connect shares	24				24		24
Anikop shares	24				24		24
LDLC Distribution shares	100				100		100
École LDLC shares	500				500		500
LDLC Villefranche shares	303				303		303
LDLC Bordeaux shares	30				30		30
LDLC Villeurbanne shares	30				30		30
LDLC3 shares	2				2		2
LDLC Event shares		21			21		21
Campus 2017 shares	2				2		2
LDLC4 shares		30			30		30
LDLC5 shares		30			30		30
LDLC6 shares		30			30		30
Domisys shares	37,684				37,684		37,684
Domimo 2 shares	1,892				1,892		1,892
Domimo 3 shares	223				223		223
NLCL shares	1,500				1,500		1,500
Other shares	1				1		1
Treasury shares	537	2,674		(2,701)	510		510
Deposits and guarantees	604	6			610		610
Total gross	**46,496**	**2,790**	**0**	**(2,701)**	**46,585**	**(8)**	**46,577**

In May 2016, Groupe LDLC created LDLC Event, in which it holds a 70% stake.

In March 2017, its created LDLC4, LDLC5 and LDLC6, wholly owned subsidiaries.

An €8,000 impairment charge was recorded during the year against the Textorm shares.

As at 31 March 2017, Groupe LDLC held 26,955 treasury shares with a market value of €850,000.

2.3.4. Inventories and work-in-progress

Inventories and work-in-progress break down as follows:

	31/03/2017			31/03/2016		
	Gross value	Impairment	Net value	Gross value	Impairment	Net value
Goods inventories	57,001	1,095	55,905	51,759	715	51,044
Total	**57,001**	**1,095**	**55,905**	**51,759**	**715**	**51,044**

Inventories are written down in accordance with the age of the products and the expected difficulty of selling them, and/or in the case of products whose realisable value is lower than cost.

2.3.5. Trade receivables

Trade receivables break down as follows:

	31/03/2017			31/03/2016		
	Gross	Imp.	Net	Gross	Imp.	Net
Trade receivables	16,194	271	15,923	16,239	185	16,054
Total	**16,194**	**271**	**15,923**	**16,239**	**185**	**16,054**

All trade receivables are due in less than one year.

2.3.6. Other receivables

Other receivables break down as follows:

	31/03/2017			31/03/2016
	Gross	Imp.	Net	Net
Advances and down payments	443		443	686
Supplier credits receivable	2,213		2,213	1,870
Government (income tax, VAT and other income receivables)	3,779		3,779	385
Government - income receivables	173		173	141
Income receivables	180		180	81
Eurofactor current account and retainer	1,110		1,110	968
Current account - subsidiaries	5,222	(203)	5,019	4,641
Other	1,241		1,241	1,016
Total	**14,360**	**(203)**	**14,157**	**9,788**

All other receivables are due in less than one year.

The sharp increase in the "Government" line item mainly relates to the income tax receivable.

Other receivables include €1,110,000 relating to the Eurofactor current account and retainer.

"Current account - subsidiaries" mainly concerns current accounts of Anikop (€1,479,000), Campus 2017 (€1,793,000), DLP Connect (€617,000) and LDLC Bordeaux (€703,000).

In March 2017, Groupe LDLC signed a new non-recourse factoring agreement with Eurofactor.

The "Other" line item includes €1,238,000 corresponding to the amount paid by the Company in relation to the tax audit (See Note 2.1).

2.3.7. Cash and cash equivalents

Cash and cash equivalents break down as follows:

	31/03/2017			31/03/2016		
Values	**Gross**	**Prov.**	**Net**	**Gross**	**Prov.**	**Net**
Cash	**7,317**	**0**	**7,317**	**1,504**	**0**	**1,504**
Short-term investments	**782**	**0**	**782**	**913**	**0**	**913**
Total	**8,099**	**0**	**8,099**	**2,417**	**0**	**2,417**

Short-term investments consist solely of 133,668 Groupe LDLC treasury shares, compared to 161,746 shares in 2016.

2.3.8. Accrued income and prepaid expenses

	31/03/2017	31/03/2016
Invoices for goods delivered after the closing date	3,247	1,351
Prepaid expenses/property rent and rental charges	736	682
Sundry prepaid operating expenses	938	983
Sundry prepaid financial expenses	0	0
Total accrued income and prepaid expenses	**4,922**	**3,016**
Unrealised foreign currency losses	7	2
Total	**4,929**	**3,018**

The increase in accrued income relating to goods delivered after the closing date results from the integration of Domisys goods purchases with those of Groupe LDLC from 1 March 2017.

2.3.9. Provisions for risks and contingencies

Provisions for risks and contingencies break down as follows:

	31/03/2017					31/03/2016				
	Provi-sions b/fwd	**Prov. rec. during year**	**Prov. used during FY**	**Prov. not used/ wrbk during FY**	**Total**	**Provi-sions b/fwd**	**Prov. rec. during year**	**Prov. used during FY**	**Prov. not used/ wrbk during FY**	**Total**
Customer warranties	107	150	(107)		150	115	107	(115)	0	107
Retirement benefits	992	330			1,323	753	252	0	(13)	992
Bonus share plans	479	228	(160)		548	234	282	(37)	0	479
Other provisions	15	15	(15)		15	22	15	(22)		15
Provisions rent/rental charges	0	295			295					0
Total	**1,594**	**1,018**	**(282)**	**0**	**2,330**	**1,125**	**656**	**(174)**	**(13)**	**1,594**

As at 31 March 2017, the Company is not aware of any circumstances that could require the recording of provisions for risks and contingencies other than the following:

Customer warranties

A provision of €150,000 was recognised to cover:

- probable customer service costs arising from sales of goods completed before 31 March 2017 to be borne by the Company following expiry of the supplier warranty;
- the contractual warranty awarded to customers on sales of goods, which was extended to 2 years from March 2008, 5 years from the end of 2009 or 3 years from December 2016, depending on the option selected by the customer.

Products not covered by warranty

In particular, a provision for risks is recognised to cover the risk of losses related to defective items returned by customers but not covered by a supplier warranty, in which case the Company must bear the cost of repairing or replacing the item.

Retirement benefits

Groupe LDLC applies ANC recommendation no. 2013-02 of 7 November 2013 and applies the principles of IAS 29 as revised in June 2011 to its statutory financial statements, except for the option of recognising actuarial gains and losses under shareholders' equity.

The main assumptions used to calculate the provision for retirement benefits as at 31 March 2017 are as follows:

- Discount rate: 1.39%
- Wage growth rate: 3% for managers and 2.5% for non-managerial staff, integrating long-term inflation.
- Retirement age: between 60 and 67 years, variable depending on the employee's age.
- Staff turnover: rate decreasing with age and depending on the actual number of departures from the Company.
- Applicable collective bargaining agreement: "Distance selling undertakings" - IDCC 2198.

Purchase vouchers

A contingency provision is recorded for purchase vouchers issued during the year ended and not yet used by customers.

Relocation of head office

A €295,000 provision was recognised following the decision to relocate Groupe LDLC and its subsidiaries' head office (excluding Materiel.net group). This provision covers expenses relating to the cessation of use of the former premises, from the date these premises are vacated until the expiry of the leases.

Bonus shares plans

There are a number of outstanding bonus share plans:

- 161,746 existing bonus shares in Groupe LDLC were allotted on 9 July 2014, to be vested after a vesting period of 2-5 years and thereafter subject to a two-year lock-in period.
- 1,500 existing bonus shares in Groupe LDLC were allotted on 30 September 2016, to be vested after a vesting period of 2 years and thereafter subject to a two-year lock-in period.

These bonus share plans are subject to a condition of presence in the Company but are not subject to any performance criteria.

As at 31 March 2017, the provision for contingencies in respect of bonus share plans stood at €548,000, including a €228,000 provision charge for the year ended 31 March 2017 and a €160,000 write-back following the vesting of 29,558 bonus shares. This provision is intended to cover the probable outflow of resources for each of the 2014 plans, in accordance with the likelihood that the presence condition will be met and in proportion to services rendered. The contra entry to this provision is recorded under staff costs.

Information on bonus share plans

Date granted	24/06/2013	28/03/2014	09/07/2014	30/09/2016
Total number of bonus shares granted	11,494	137	161,746	1,500
Vesting date	23/06/2015	27/03/2016	29,558 shares on 08/07/2016	01/10/2018
			40,231 shares on 08/07/2017	
			40,231 shares on 08/07/2018	
			51,726 shares on 08/07/2019	
Lock-in period	2 years	2 years	2 years	2 years

2.3.10. Borrowings

Borrowings break down as follows:

	31/03/2017				31/03/2016			
	Gross amount	Due in < 1 yr	Due in 1-5 yrs	Due in > 5 yrs	Gross amount	Due in < 1 yr	Due in 1-5 yrs	Due in > 5 yrs
Loans	36,253	3,648	29,319	3,286	23,872	3,326	13,445	7,101
Bank overdrafts	228	228	0	0	11,576	11,576	0	
Trade rec. assigned to Eurofactor	0	0	0	0	3,699	3,699	0	
Guarantee deposits received	0	0	0	0	0	0	0	
Textorm current a/c	0	0	0	0	0	0	0	
École LDLC current a/c	603	603	0	0	0	0	0	
Domisys current a/c	2,540	2,540	0	0	0	0	0	
Hardware current a/c	2,144	2,144	0	0	1,971	1,971	0	
LDLC Distribution current a/c	354	354	0	0	119	119	0	
Total	**42,123**	**9,518**	**29,319**	**3,286**	**41,237**	**20,691**	**13,445**	**7,101**

Bank overdrafts

New loans bear interest for an indefinite term based on the following rates, depending on the bank issuing the loan:

- From Euribor 3m + 0.80% to Euribor 3m + 1%
- Euribor 1m + 1.5%
- Eonia + 1%

Overdraft authorisations granted to Groupe LDLC amount to €18.5 million as at 31 March 2017, plus an overdraft of CHF300,000.

Loans

On 31 March 2016, Groupe LDLC took out a €23 million loan to partly finance the acquisition of Materiel.net, including related costs and fees. This loan is repayable over a 7-year term and bears interest at Euribor 3 months, plus an acquisition loan margin subject to annual revision. To hedge the floating interest on this loan, a swap contract was entered into.

The loan is subject to compliance with a number of covenants (ratios, capex limits, etc.). Failure to comply with these covenants may, under specific conditions, trigger early repayment.

In accordance with the loan agreement, these covenants will be based on the consolidated financial statements for the years ended 31 March 2017 and thereafter.

The loan is subject to two financial covenants that are tested every six months:

- Leverage ratio, defined as "consolidated net borrowings" divided by "adjusted consolidated EBITDA" (i.e. Group underlying EBIT plus net depreciation, amortisation and provision allowances included in earnings before tax and non-recurring items).

- Gearing ratio, defined as "consolidated net borrowings" divided by "consolidated equity" (including minority interests).

The agreement also imposes a limit on capital expenditure incurred by all Group companies.

The loan agreement covenants were in compliance as at 31 March 2017.

The agreement also provides for a €15 million revolving credit facility, subject to minimum drawdowns of €1 million each, intended to partly finance working capital for Groupe LDLC and its subsidiaries. This facility is subject to interest based on the Euribor rate plus a 1.30% revolving credit facility margin. As at 31 March 2017, this facility had been fully drawn.

Groupe LDLC took out a new €1 million loan in March 2017 to finance investment in its new stores.

2.3.11. Trade payables

Trade and related payables break down as follows:

	31/03/2017	31/03/2016
Trade payables	31,946	21,230
Supplier L/C & prom. notes payable	4,299	3,532
Supplier invoices not received	2,474	1,123
Total	**38,720**	**25,886**

All trade and related payables are due in less than one year.

2.3.12. Tax and social security liabilities

Tax and social security liabilities break down as follows:

	31/03/2017	31/03/2016
Payable to employees	3,677	4,358
Payable to social security organisations	1,666	1,700
Payable to the government (income tax, VAT, etc.)	3,047	3,541
Total	**8,390**	**9,598**

The decrease in payables to employees mainly relates to employee profit sharing of €820,000.

All tax and social security liabilities are due in less than one year.

2.3.13. Other payables

Other payables break down as follows:

	31/03/2017	31/03/2016
Customer down payments received on orders	1,488	1,561
Other customer credit, discounts & rebates to be granted	1,958	1,616
Other	1	1
Total	**3,447**	**3,178**

All other payables are due in less than one year.

2.3.14. Accrued expenses and deferred income

This item mainly consists of deferred income amounting to €2,295,000, including €1,781,000 relating to the restatement of shipments not delivered to the end client by the closing date.

2.3.15. Accrued expenses payable

	31/03/2017	31/03/2016
Bank loans and borrowings	11	1
Cash - accrued interest payable	123	133
Trade payables	2,474	1,123
Tax and social security liabilities	4,784	5,568
Other payables	133	177
Total	**7,525**	**7,003**

The increase in "Trade payables" mainly results from the signing of new goods procurement contracts effective from 1 January 2017, including €1,096,000 for Domisys purchases.

2.3.16. Research and development costs

€245,000 in research and development costs was recorded in respect of the financial year. Groupe LDLC considered that the conditions for capitalising these costs had not been fully satisfied.

2.3.17. Accrued income receivable

	31/03/2017	31/03/2016
Customer invoices to be issued	3,334	793
Other income receivable	180	81
Supplier receivables	2,101	1,795
Income receivable from government	173	141
Total	**5,789**	**2,810**

The increase in "Customer invoices to be issued" mainly concerns invoices to be issued to Domisys totalling €2,660,000. This corresponds to goods invoiced directly by suppliers to Groupe LDLC, ownership of which was transferred to Domisys.

2.3.18. Breakdown of net revenues

	01/04/2016 - 31/03/2017			01/04/2015 - 31/03/2016		
	France	Export	Total	France	Export	Total
Sales of goods	280,799	47,615	328,414	253,216	46,500	299,716
Sales of services *	11,838	6,659	18,496	10,978	6,291	17,269
Total	**292,637**	**54,274**	**346,911**	**264,194**	**52,791**	**316,985**

** Sales of services mainly comprise shipping costs invoiced for goods sold.*

2.3.19. Expense transfers

This item breaks down as follows:

	01/04/2016 - 31/03/2017	01/04/2015 - 31/03/2016
Transfer of goods expenses	202	154
Intercompany chargebacks	383	0
Transfer of employee charges	154	101
Transfer of insurance charges	89	59
Total	**829**	**314**

"Intercompany chargebacks" relates to the reinvoicing of shipping costs by Groupe LDLC to its subsidiary Domisys. Following the signing of a master agreement between the Group and a transport cost management provider, all costs are invoiced to Groupe LDLC, which subsequently invoices Domisys for the relevant portion of the costs.

2.3.20. Staff costs and average headcount

	01/04/2016 - 31/03/2017	01/04/2015 - 31/03/2016
Wages and salaries	13,677	13,410
Social security contributions	5,977	5,981
Total	**19,654**	**19,391**
Average headcount *	475	462
Non-managerial staff	353	364
Managerial staff	91	79
Temporary workers	31	19

The French competitiveness and employment tax credit (CICE) is based on salaries not exceeding 2.5 times the French minimum wage (SMIC) paid during the year. The CICE rate increased from 6 to 7% on 1 January 2017.

The CICE is recognised as a reduction in staff costs, as a €621,000 credit entry under account no. 649000.

The CICE tax credit is used to increase the Company's competitiveness, primarily via expenditure on modernisation, hiring and training, as well as on improving health and safety conditions in the workplace.

2.3.21. Net depreciation, amortisation and provisions

	01/04/2016 - 31/03/2017	01/04/2015 - 31/03/2016
Net depr./amort. of non-current assets	(1,217)	(884)
Net provisions for inventory impairment	(381)	(304)
Net provisions for impairment of trade rec.	(85)	76
Net provisions for warranties	(42)	8
Net provisions for retirement benefits	(330)	(252)
Other charges/write-backs	(289)	2
Total net depreciation, amortisation and provisions	**(2,345)**	**(1,354)**

For the year ended 31 March 2017, "Net depreciation/amortisation of non-current assets" includes a €274,000 additional charge recognised in view of the updated depreciation schedule for fixtures, fittings and furniture at the current head office (see Note 2.3.2).

"Other charges/write-backs" includes a €295,000 provision for charges relating to the cessation of use of the former premises, in light of the planned relocation of the Company's head office (see Note 2.3.9).

2.3.22. Net financial income/(expense)

Net financial income/(expense) breaks down as follows:

	01/04/2016 - 31/03/2017	01/04/2015 - 31/03/2016
Discounts received	422	375
Current account income	49	59
Currency gains	260	556
Financial provision write-backs	2	7
Other financial income	3	2
Total financial income	**736**	**999**
Financial depr./amort. and provision charges	218	2
Interest on borrowings	563	14
Current account expenses	47	45
Interest paid to banks	53	109
Financing commissions	2	34
Currency losses	342	283
Other financial expenses	0	0
Total financial expenses	**1,225**	**487**
Net financial income/(expense)	**(488)**	**512**

The "Financial depreciation/amortisation and provision charges" line item includes the provision for the Textorm equity investment and current account, which amount to €8,000 and €204,000 respectively.

For the year ended 31 March 2017, "Interest on borrowings" includes the €362,000 cost of the €23 million loan taken out to partly finance the Materiel.net group acquisition, as well as €186,000 in interest paid on the revolving credit facility (see Note 2.3.10).

2.3.23. Non-recurring income/(expense)

This item breaks down as follows:

	01/04/2016 - 31/03/2017	01/04/2015 - 31/03/2016
Non-rec. income from fixed asset disposals	2	81
Non-rec. income from disposal of fin. assets	0	0
Gains on sale of treas. shares	44	1,855
Non-rec. write-backs on provisions	160	81
Other non-recurring income	1	1
Total non-recurring income	**206**	**2,018**
Non-rec. expenses on fixed asset disposals	13	98
Non-rec. exp. on disposal of fin. assets	0	0
Losses on sale of treas. shares	211	86
Accelerated depr./amort.	117	0
Other non-recurring expenses	653	516
Total non-recurring expenses	**993**	**701**
Non-recurring income/(expense)	**(787)**	**1,317**

Non-recurring expenses include a €500,000 grant awarded to the LDLC School, whose operations form part of Groupe LDLC's CSR initiatives, particularly in its capacity as a listed company.

2.3.24. Income tax

Income tax is calculated as follows:

	01/04/2016 - 31/03/2017					
	Earnings before tax	Corporate income tax at 33.33%	Social sec. charges at 3.3%	Inc. tax on dividends	Impact of tax consolidation and charity donation tax credit	Earnings after tax
EBIT	11,111	(3,812)	(70)	(92)	394	7,531
Net financial income/(expense)	(488)	102				(387)
Non-recurring income/(expense)	(787)	265				(523)
Employee profit-sharing	(653)	445				(207)
Total	**9,182**	**(3,000)**	**(70)**	**(92)**	**394**	**6,414**

Negative tax figures shown in brackets indicate tax expenses.

2.3.25. Future tax (increases) and reductions

The following figures indicate future reductions in the tax base.

	31/03/2017	31/03/2016
Customer warranty provision	150	107
Purchase voucher provision	7	13
Organic	127	114
Retirement benefit provision	330	252
Textorm equity investment provision	8	0
Textorm current account provision	203	0
Head office relocation provision	295	0
Total	**1,120**	**487**

2.3.26. Table - List of subsidiaries and equity interests

	Share capital	Equity other than share capital (including FY 2016/2017 net income)	Interest (%)	Gross value of shareholding	Net value of shareholding	Loans and advances granted/ (received) by the Company and not yet repaid	Guarantees & endorsements given by the Company	FY 2016/2017 revenues excl. VAT	FY 2016/2017 net income/(loss)	Dividends received by Company during the year
Subsidiaries held > 50%										
Anikop	30	(1,366)	80%	24	24	1,479		2,333	300	0
Campus 2017	2	(277)	100%	2	2	1,793		0	(216)	0
DLP Connect	30	(326)	80%	24	24	614		1,477	(28)	0
Domimo 2 *	50	556	70%	1,892	1,892	0		1,312	212	0
Domimo 3 *	10	137	90%	223	223	0		89	25	0
Domisys *	273	16,607	100%	37,684	37,684	(2,540)		139,988	2,022	0
Hardware.fr	20	2,144	100%	3,033	3,033	(2,144)		431	104	0
LDLC Distribution	100	(108)	100%	100	100	(354)		2,434	(115)	0
LDLC Event	30	58	70%	21	21	26		757	58	0
LDLC Villefranche	303	(192)	100%	303	303	162		2,081	(37)	0
LDLC Bordeaux	30	(175)	100%	30	30	703		869	(172)	0
LDLC Villeurbanne	30	(40)	100%	30	30	228		1,516	(38)	0
LDLC3	2	(6)	100%	2	2	10		0	(4)	0
École LDLC	500	79	100%	500	500	(603)		286	70	0
Textorm	8	23	100%	8	0	203		1,862	(15)	0
LDLC4	30	(3)	100%	30	30	0		0	(3)	0
LDLC5	30	(3)	100%	30	30	0		0	(3)	0
LDLC6	30	(3)	100%	30	30	0		0	(3)	0
Subsidiaries held < 50%										
NLCL**	167	1,019	10%	1,500	1,500	0		1,209	(364)	0

** Domimo 2, Domimo 3 and Domisys were acquired on 31 March 2016. The balance sheet date for each of these three companies was moved back three months. Accordingly, the respective figures correspond to financial income and expenses over a 15-month financial year ended 31 March 2017.*
*** The figures for NLCL apply to its last financial year ended 31 December 2016.*

2.3.27. Tax consolidation agreement

Groupe LDLC, Hardware.fr and Textorm have benefited from the combined reporting scheme since 1 April 2004 and LDLC Distribution since 1 April 2013.

LDLC Villefranche and LDLC School have been tax consolidated since 1 April 2015. LDLC Bordeaux, LDLC Villeurbanne, LDLC3 and Campus 2017 have been tax consolidated since 1 April 2016.

Groupe LDLC is the tax group parent company.

The tax consolidation agreement provides that each subsidiary shall pay an income tax charge equal to the charge they would have paid in the absence of such agreement.

Tax consolidation arrangements led to a tax saving of €210,000 for the year ended 31 March 2017.

2.3.28. Compensation of corporate officers

	01/04/2016 - 31/03/2017	01/04/2015 - 31/03/2016
Management Board members	674	642
Supervisory Board members	38	38

2.3.29. Off balance sheet commitments

Commitments given

√ Pledge of shares in Domisys, Domimo 2 and Domimo 3 as security for the €23 million loan.

Under the real estate lease purchase agreement entered into between Finamur, Groupe LDLC and Campus 2017 on 30 November 2015:

√ Pledge of all Campus 2017 shares, i.e. 150 shares representing its entire share capital and voting rights, held by Groupe LDLC in favour of Finamur in the amount of €22 million.

√ Undertaking by Groupe LDLC not to sell or transfer its shares in Campus 2017 without Finamur's prior written consent.

√ Personal joint and several guarantee given by Groupe LDLC to Finamur on behalf of Campus 2017 until the end of the 12th year following the effective date of the lease purchase agreement, for the amount of €3 million during the first 3 years and €2 million thereafter.

√ €79,000 joint and several guarantee granted by Groupe LDLC to Jean-Pierre Soubie, owner of the premises located at 24 rue Berthome in Villemomble (93250).

Commitments received

BNP Paribas has granted SCI Blomet, represented by Mr Chancel, company director, a €400,000 guarantee on behalf of Groupe LDLC to cover the rental payments due on its Paris store.

2.4. OTHER INFORMATION

Consolidation

Groupe LDLC presents the consolidated financial statements for the group of which it is the parent company. Groupe LDLC's registered office is located at 18 chemin des Cuers, 69570, Dardilly, France.

20.5. STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

(For the year ended 31 March 2017)

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements.

This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended 31 March 2017, on:

- the audit of the accompanying financial statements of LDLC Group;
- the justification of our assessments;
- the specific verifications and information required by law.

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

I – Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at 31 March 2017 and of the results of its operations for the year then ended in accordance with French accounting principles.

II – Justification of our assessments

In accordance with the requirements of Article L.823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

- Note 2.2.4 to the financial statements describes the accounting rules and methods applied to value equity investments. As part of our assessment of the accounting rules and methods applied by the Company, we verified that the above-mentioned accounting methods and the related information provided in the notes to the financial statements were appropriate, and we ensured that these methods were properly applied;
- LDLC Group records provisions for retirement benefit obligations, as described in Notes 2.2.8 and 2.3.9 to the financial statements. Our work consisted of assessing the data and assumptions on which these estimates were based, reviewing, on a test basis, the calculations performed by the Group and examining management's procedures for approving these estimates. We assessed the reasonableness of the estimates made.

These assessments were made as part of our audit of the financial statements, taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III – Specific verifications and information

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Management Board, and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of Article L.225-102-1 of the French Commercial Code relating to compensation and benefits received by corporate officers and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling it or controlled by it. Based on this work, we attest to the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of shareholders and holders of the voting rights has been properly disclosed in the management report.

Lyon, 30 June 2017

The Statutory Auditors

Diagnostic Révision Conseil	Cap Office
Hubert de Rocquigny du Fayel	Christophe Reymond

20.6. DATE OF LATEST FINANCIAL REPORTING

The date of the last financial reporting is 31 March 2017.

20.7. DIVIDEND POLICY

20.7.1. Dividends and reserves distributed by the Company over the past three financial years

In accordance with Article 243 B of the French Tax Code, below we have provided information on the dividends paid over the last three financial years and the amounts of income eligible and ineligible for the 40% tax allowance:

	Dividends distributed	Distributed amount eligible for the allowance provided for by Article 158 3 2 of the French Tax Code	Distributed amount not eligible for the allowance provided for by Article 158 3 2 of the French Tax Code
Financial year ended 31/03/2016	€3,161,053.00	€3,161,053.00	None
Financial year ended 31/03/2015	€2,586,318.30	€2,586,318.30	None
Financial year ended 31/03/2014	€2,586,318.30	€2,586,318.30	None

20.7.2 Dividend policy

The Company has no specific dividend policy in place.

20.8. PROPOSED APPROPRIATION OF EARNINGS FOR THE YEAR ENDED 31 MARCH 2017

It is proposed that earnings of €6,414,355.58 for the year ended 31 March 2017 be allocated in full to "Other reserves", which would increase from €21,934,105.71 to €28,348,461.29 accordingly.

20.9. COMPANY NON-TAX DEDUCTIBLE EXPENSES

In accordance with Article 223 quater of the French Tax Code, we hereby inform you that the financial statements for the year ended include €85,609 in non-tax deductible expenses as provided for by Article 39-4 of the French Tax Code and that the corresponding tax charge amounted to €29,475 (rate of 34.43% including social security contributions).

In accordance with Article 223 quinquies of the French Tax Code, we hereby inform you that there is no charge or expense not deductible from earnings subject to corporate income tax, under the meaning provided in Article 39-5 of said Code.

20.10. BREAKDOWN OF THE COMPANY'S TRADE RECEIVABLES AND PAYABLES BY DUE DATE

In accordance with Article L.441-6-1, paragraph 1 of the French Commercial Code, below you will find a breakdown, for the years ended 31 March 2016 and 2017, of outstanding trade receivables and payables by due date.

Financial year ended 31 March 2016

	Article D. 441 I. - 1: Invoices received, overdue but not yet paid at the balance sheet date for the financial year						**Article D. 441 I. - 1: Invoices issued, overdue but not yet paid at the balance sheet date for the financial year**					
	0 day	**1-30 days**	**31-60 days**	**61-90 days**	**91+ days**	**Total (1+ days)**	**0 day**	**1-30 days**	**31-60 days**	**61-90 days**	**91+ days**	**Total (1+ days)**
(A) Late payment breakdown												
Number of invoices concerned	107					471	899					11,900
Total amount of invoices concerned *(note: incl. VAT)*	1,749,954.29	4,161,098.03	693,650.76	83,551.61	424,432.83	5,362,733.23	820,699.91	3,264,042.46	706,810.62	332,103.63	3,523,395.14	7,826,351.85
Percentage of total purchases for the year *(note: incl. VAT)*	0.6%	1.5%	0.2%	0.0%	0.2%	1.9%						
Percentage of full-year revenues *(note: incl. VAT)*							0.3%	1.0%	0.2%	0.1%	1.1%	2.5%
(B) Invoices excluded from (A) relating to payables and receivables under dispute or not recognised												
Number of invoices excluded	0						663					
Total amount of excluded invoices *(note: incl. VAT)*	0						244,154.82					
(C) Reference payment terms used (contractual or statutory - Article L.441-6 or L.443-1 of the French Commercial Code)												
Payment due dates used to determine late payments	☐ Contractual due date: XX days ■ Statutory due date: 60 days						☐ Contractual due date: XX days ■ Statutory due date: 60 days					

Financial year ended 31 March 2017

	Article D. 441 I. - 1: Invoices received, overdue but not yet paid at the balance sheet date for the financial year						Article D. 441 I. - 1: Invoices issued, overdue but not yet paid at the balance sheet date for the financial year					
	0 day	**1-30 days**	**31-60 days**	**61-90 days**	**91+ days**	**Total (1+ days)**	**0 day**	**1-30 days**	**31-60 days**	**61-90 days**	**91+ days**	**Total (1+ days)**
(A) Late payment breakdown												
Number of invoices concerned	147					918	602					18,900
Total amount of invoices concerned *(note: incl. VAT)*	775,050.11	7,253,294.60	610,478.15	190,810.29	580,206.16	8,634,789.20	848,989.58	3,060,366.89	1,253,810.30	856,627.77	5,311,209.56	10,482,014.52
Percentage of total purchases for the year (note: incl. VAT)	0.2%	2.3%	0.2%	0.1%	0.2%	2.8%						
Percentage of full-year revenues *(note: incl. VAT)*							0.2%	0.9%	0.4%	0.2%	1.5%	3.0%
(B) Invoices excluded from (A) relating to payables and receivables under dispute or not recognised												
Number of invoices excluded	0						865					
Total amount of excluded invoices *(note: incl. VAT)*	0						340,776.92					
(C) Reference payment terms used (contractual or statutory - Article L.441-6 or L.443-1 of the French Commercial Code)												
Payment due dates used to determine late payments	☐ Contractual due date: XX days ■ Statutory due date: 60 days						☐ Contractual due date: XX days ■ Statutory due date: 60 days					

20.11. TABLE OF COMPANY RESULTS FOR THE PAST FIVE YEARS

Closing date **Length of reporting period (months)**	**31/03/2017** **12**	**31/03/2016** **12**	**31/03/2015** **12**	**31/03/2014** **12**	**31/03/2013** **12**
Share capital at year-end					
Share capital	1,137,979	1,137,979	1,034,527	1,034,527	1,034,527
Number of shares					
Ordinary shares	6,322,106	6,322,106	5,747,374	5,747,374	5,747,374
Max. no. of shares to be issued					
Via ex. of subscription rights	0	0	0	0	0
Revenues and earnings					
Revenues excl. VAT	346,910,614	316,984,835	283,013,423	252,418,222	205,121,789
Earnings before tax, profit-sharing, depr./amort. and provisions	12,352,878	16,489,421	11,102,082	10,694,319	7,683,834
Income tax	2,768,063	5,346,506	3,542,133	3,251,490	2,494,902
Employee profit-sharing	652,679	1,336,418	868,469	821,388	696,792
Depreciation, amortisation and provisions	2,517,780	1,268,453	808,834	1,352,512	203,097
Net income	6,414,356	8,538,044	5,882,646	5,268,929	4,289,043
Distributed earnings (1) (2)	0	3,161,053	2,586,318	2,586,318	1,896,633
Earnings per share					
EPS after tax and profit-sharing, before depr./amort. and provisions	1.41	1.55	1.16	1.15	0.78
EPS after tax, profit-sharing, depr./amort. and provisions	1.01	1.35	1.02	0.92	0.75
Dividend allotted (2)	0	0.50	0.45	0.45	0.33
Human resources					
Average headcount	444	443	422	367	310
Payroll expenses	13,676,995	13,410,429	12,453,584	10,590,291	9,637,434
Employment benefits paid (social security, welfare actions, etc.)	5,976,868	5,981,004	6,036,904	4,371,455	4,265,852

(1) Including dividends attached to treasury shares held as at the payment date.
(2) Subject to the approval of the Annual General Meeting on 29 September 2017.

20.12. JUDICIAL AND ARBITRATION PROCEEDINGS

A tax audit was carried out on Groupe LDLC's accounts by the tax authority, covering financial years 2009/2010 to 2012/2013. The proposed tax reassessments concern the French corporate real estate contribution (*cotisation foncière des entreprises* or CFE) and property tax (*taxe foncière*). The Company is contesting these tax reassessment proposals before the Administrative Court of Grenoble. The Company was required to pay €1,238,000 (penalties included) (see Note 2.1 to the consolidated financial statements for the year ended 31 March 2017 found in section 20.1 of this Registration Document).

The Group is currently unaware of any other Government, judicial or arbitration proceedings that are liable to have a material adverse impact on the Group's financial position or profitability, or that have had such an impact over the last 12 months.

20.13. MATERIAL CHANGE IN FINANCIAL OR COMMERCIAL POSITION

None.

CHAPTER 21. ADDITIONAL INFORMATION

21.1. SHARE CAPITAL

21.1.1. Share capital amount

At the date of this Registration Document, the Company's share capital amounted to €1,137,979.08, comprising 6,322,106 fully paid-up shares of the same class with a par value of €0.18 each.

The Company's share capital did not change between 1 April 2016 and 31 March 2017.

The Company's shares are listed on Euronext Paris, compartment B.

21.1.2. Non-equity securities

None.

21.1.3. Company share buyback plan

The Company's combined Ordinary and Extraordinary General Meeting held on 30 September 2016 authorised the Management Board to implement, for a period of 18 months from the date of the Meeting, a Company share buyback plan pursuant to Article L.225-209 of the French Commercial Code and in accordance with the AMF General Regulation. The main terms of this authorisation are as follows:

Maximum number of shares that may be purchased: 10% of the total number of shares, provided, however, that (i) if the shares are acquired for the purpose of promoting the liquidity of the Company share, the number of shares used to calculate the aforementioned cap shall be equal to the number of shares purchased less the number of shares resold during the term of the authorisation, and (ii) if the shares are acquired for holding and subsequent tender in exchange or as consideration in relation to a merger, demerger or asset transfer, the number of shares acquired shall not exceed 5% of the total number of shares, as adjusted in accordance with transactions affecting such number.

Purposes of the share buyback plan:

- guarantee the liquidity of the Company's shares pursuant to a liquidity contract to be entered into with an investment services provider in compliance with a code of ethics approved by the French Financial Markets Authority (AMF);
- fulfil obligations related to stock option, bonus share and employee share ownership plans or any other allotments of shares to employees and directors of the Company or related companies;
- hold shares and subsequently tender them in exchange or as consideration in relation to an acquisition, merger, demerger or asset transfer, in compliance with market practices authorised by the French Financial Markets Authority (AMF);
- deliver shares upon the exercise of rights attached to securities granting access to the share capital; or
- cancel all or some of the repurchased shares.

Maximum purchase price per share (excluding fees and commission) : €75.

Maximum amount of funds that may be committed to the share buyback plan: €4,875,000.

Pursuant to Article L.225-211, paragraph 2 of the French Commercial Code, we inform you that the Company performed the following treasury share transactions during the year ended 31 March 2017:

Number of shares purchased during the year ended	79,257
Average share purchase price during the year ended	€33.73
Trading fees	None
Number of shares sold during the year	79,339
Average share sale price during the year ended	€33.59
Number of shares cancelled during the year ended	None
Number of treasury shares registered in the Company's name at 31 March 2017	26,955
Treasury shares held at 31 March 2017 (% of share capital)	0.43%
Net book value of treasury shares at 31 March 2017	€509,625.19
Par value of treasury shares at 31 March 2017	€4,851.90
Market value of treasury shares at 31 March 2017 (share price of €31.55 at this date)	€850,430.25

The information on treasury shares registered in the Company's name at 31 March 2017 (number, percentage of share capital, net book value, par value and market value) only relates to shares held by the Company itself, i.e. less bonus shares allocated pursuant to Article L.225-197-1 et seq. of the French Commercial Code.

The breakdown of treasury shares by purpose at 31 March 2017 is as follows:

Purposes of buyback	**Number of shares**
Liquidity contract entered into with an independent investment service provider, compliant with the new AMAFI code of ethics dated 8 March 2011 and recognised by the AMF on 21 March 2011	1,769
To cover employee share options or other share allocations in accordance with the terms and conditions set out under Articles L.3332-1 et seq. and R.3332-4 of the French Labour Code, or the allocation of Company shares to employees and/or corporate officers of the Company or companies referred to in Article L.225-197-2 of the French Commercial Code, or the allocation of shares as part of the employee profit-sharing scheme	133,688 (relates to allocations of 9/07/2014 and 30/09/2016) (1)
Cancellation of all or some of the shares acquired via a share capital reduction	0
Holding of shares acquired and subsequent tender in exchange or as consideration in relation to financial transactions or acquisitions, in accordance with applicable regulations	25,186
Total	**160,643**

(1) In accordance with Article L.225-197-4 of the French Commercial Code, a special report informs the Ordinary General Meeting each year of transactions carried out pursuant to Articles L.225-197-1 to L.225-197-3 of said Code, and is presented in Chapter 28 of this Registration Document.

No reallocation of Company shares for any other purpose or objective has been carried out.

21.1.4. Securities conferring entitlement to a portion of the share capital

The Company has not issued any convertible or exchangeable securities or warrants, nor any other financial instrument giving access to the share capital.

However, the Company granted bonus shares to Company employees under the terms and conditions set out in Articles L.225-197-1 et seq. of the French Commercial Code. Every year, a special report is presented to the Ordinary General Meeting informing it of transactions carried out in accordance with Articles L.225-197-1 to L.225-197-3 of said Code. This report is included in Chapter 28 of this Registration Document.

Accordingly, we would remind you that the conditions for the full vesting of the 160,924 bonus shares granted to Philippe Sauze (details of which are provided in Chapter 28) were amended. The description of these changes may be found in Chapter 19 of this Registration Document.

No other amendments were made to bonus share plans (see Chapter 28 of this Registration Document).

21.1.5. Authorised capital

The resolutions for issuing capital as approved by the Extraordinary General Meeting of 30 September 2016 are summarised below:

Type of delegation of authority granted to the Company's Management Board pursuant to Articles L.225-129-1 and L.225-129-2 of the French Commercial Code	EGM date	Term Expiry date	Maximum authorised nominal amount of capital increase	Capital increase(s) completed during the year	Means of determining the price	Date and terms of exercise of authority delegated to the Management Board
Delegation of authority to the Management Board to increase the share capital via the issue of ordinary shares or any securities granting access to the share capital, with shareholder pre-emptive subscription rights	30/09/2016 Resolution 10	26 months 30/11/2018	€1,000,000 for increases liable to be carried out, immediately or in the future, via the issue of ordinary shares and any securities granting access, by any means, immediately and/or in the future, to ordinary shares in the Company €1,000,000 for the issue of debt securities (1)	None	_	None
Delegation of authority to the Management Board to increase the share capital via the issue of ordinary shares or any securities granting access to the share capital, without shareholder pre-emptive subscription rights via a public offering	30/09/2016 Resolution 11	26 months 30/11/2018	€1,000,000 for increases liable to be carried out, immediately or in the future, via the issue of ordinary shares and any securities granting access, by any means, immediately and/or in the future, to ordinary shares in the Company €1,000,000 for the issue of debt securities (1)	None	(2)	None

Type of delegation of authority granted to the Company's Management Board pursuant to Articles L.225-129-1 and L.225-129-2 of the French Commercial Code	EGM date	Term Expiry date	Maximum authorised nominal amount of capital increase	Capital increase(s) completed during the year	Means of determining the price	Date and terms of exercise of authority delegated to the Management Board
Delegation of authority to the Management Board to increase the share capital via the issue of ordinary shares or any securities granting access to the share capital, without shareholder pre-emptive subscription rights, in the form of an offering made to qualified investors or a limited group of investors as defined by Article L.411-2 (II) of the French Monetary and Financial Code	30/09/2016 Resolution 12	26 months 30/11/2018	€1,000,000 for increases liable to be carried out, immediately or in the future, via the issue of ordinary shares and any securities granting access, by any means, immediately and/or in the future, to ordinary shares in the Company up to a limit of 20% of the Company's share capital per 12-month period €1,000,000 for the issue of debt securities (1)	None	(2)	None
Delegation of authority to the Management Board to increase the number of shares to be issued in the event of a capital increase with or without pre-emptive subscription rights	30/09/2016 Resolution 14	26 months 30/11/2018	15% of the initial issue amount	None	Same terms for determining price as those applied for the initial issue	None
Delegation of authority to the Management Board to issue ordinary shares or securities granting access to the Company's share capital in the event of a public tender offer initiated by the Company including an exchange component	30/09/2016 Resolution 15	26 months 30/11/2018	€1,000,000 for increases liable to be carried out, immediately or in the future, via the issue of ordinary shares and any securities granting access, by any means, immediately and/or in the future, to ordinary shares in the Company €1,000,000 for the issue of debt securities (1)	None	_	None

Type of delegation of authority granted to the Company's Management Board pursuant to Articles L.225-129-1 and L.225-129-2 of the French Commercial Code	EGM date	Term Expiry date	Maximum authorised nominal amount of capital increase	Capital increase(s) completed during the year	Means of determining the price	Date and terms of exercise of authority delegated to the Management Board
Delegation of power to the Management Board to increase the share capital by up to 10% of the share capital in order to compensate contributions-in-kind of equity securities or securities granting access to the share capital of third-party companies outside the scope of a public exchange offer	30/09/2016 Resolution 16	26 months 30/11/2018	€1,000,000 for increases liable to be carried out, immediately or in the future, via the issue of ordinary shares and any securities granting access, by any means, immediately and/or in the future, to ordinary shares in the Company up to a limit of 10% of the Company's share capital €1,000,000 for the issue of debt securities (1)	None	_	None
Delegation of authority to the Management Board to increase the share capital by capitalisation of additional paid-in capital, reserves, retained earnings or other amounts	30/09/2016 Resolution 18	26 months 30/11/2018	€1,000,000 (3)	None	_	None

Type of delegation of authority granted to the Company's Management Board pursuant to Articles L.225-129-1 and L.225-129-2 of the French Commercial Code	EGM date	Term Expiry date	Maximum authorised nominal amount of capital increase	Capital increase(s) completed during the year	Means of determining the price	Date and terms of exercise of authority delegated to the Management Board
Authorisation granted to the Management Board to grant existing or future bonus shares	30/09/2016 Resolution 19	38 months 30/11/2019	10% of the share capital	None	_	Following the exercise of the Management Board's authorisation on 30 September 2016, in the amount of 1,500 shares, representing 0.02% of the share capital as at the date of the Management Board's decision, the remaining available amount is 9.98% of the current share capital, i.e. 630,710 shares. Pursuant to Article L.225-197-4 of the French Commercial Code, we have outlined the exercise of this authority by the Management Board during the year in a special report

(1) In accordance with resolution 17 adopted by the General Meeting of shareholders on 30 September 2016:

- the aggregate maximum nominal amount of capital increases that may be carried out pursuant to the authority delegated under resolutions 10, 11, 12, 14, 15 and 16 above is set at €1,000,000 (or the foreign currency equivalent thereof as at the date of issue, or equivalent value in units calculated by reference to a basket of currencies), plus the amount of additional shares issued in order to maintain the rights of holders of securities and other rights granting access to shares, in accordance with the law and any applicable contractual provisions,

- the aggregate maximum nominal amount of debt securities that may be issued pursuant to the authority delegated under resolutions 10, 11, 12, 14, 15 and 16 above is set at €1,000,000 (or the foreign currency equivalent thereof as at the date of issue, or equivalent value in units calculated by reference to a basket of currencies); this cap does not apply to debt securities issued or authorised by the Management Board in accordance with Article L.228-40 of the French Commercial Code.

(2) The issue price of the shares and securities issued under this delegation of authority will be set by the Management Board and shall not be lower than the weighted average listed price over the three trading sessions preceding the date on which it is set, less the discount permitted by law where applicable (currently 5%) and adjusted for any differences in dividend/interest entitlement dates.

(3) The aggregate nominal amount of capital increases thus completed, immediately and/or in the future, shall not exceed €1,000,000 plus the amount of any additional shares that must be issued in order to maintain the rights of holders of securities or other rights granting access to shares, pursuant to statutory and regulatory provisions and any applicable contractual provisions, provided that said total nominal amount shall be separate and distinct from the cap defined in resolution 17 above.

21.1.6. Share capital of any Group member under option, or agreed conditionally or unconditionally to be put under option

To the Company's knowledge, there is no option or conditional or unconditional agreement providing for the establishment of such an option on the Company's share capital.

21.1.7. Change in share capital

21.1.7.1. Change in share capital over the past three financial years

The Company's share capital increased on 31 March 2016 from €1,034,527.32 to €1,137,979.08 as a result of the Domisys acquisition.

We would remind you that the Company acquired:

- all shares and voting rights in Domisys (Materiel.net), a French simplified joint-stock company with share capital of €272,605, whose registered office is located at 3 rue Olivier de Serres, ZAC de l'Erette, 44119, Grandchamps-des-Fontaines, registered in the Nantes Trade and Companies Register under number 415 378 249 and whose main business activity is the retail sale of IT, office, hi-fi and multimedia equipment and accessories,
- 3,500 shares in Domimo 2, a French real estate investment company with share capital of €50,000, whose registered office is located at rue Olivier de Serres, ZAC de l'Erette, 44119, Grandchamps-des-Fontaines, registered in the Nantes Trade and Companies register under number 501 599 104, and 900 shares in Domimo 3, a French real estate investment company with share capital of €10,000, whose registered office is located at 3 rue Olivier de Serres, 44119, Grandchamps-des-Fontaines, registered in the Nantes Trade and Companies Register under number 502 904 485.

The Domisys acquisition was carried out as follows:

- sale of 151,792 Domisys shares for cash at a price of €20,739,000,
- exchange of 20,446 Domisys shares for 117,079 LDLC.com treasury shares,
- in-kind contribution of 100,367 Domisys shares in consideration for 574,732 new LDLC shares with a par value of €0.18 each, at a price of €23.86 per share including a share premium of €23.68.

Domimo 2 and Domimo 3 were acquired by means of cash payments amounting to €1,760,000 and €210,000 respectively.

LDLC.com took out a €23 million loan to partly finance the aforementioned acquisitions.

On 31 March 2016, LDLC.com's Management Board exercised the authority granted to it by the Ordinary and Extraordinary General Meeting of 25 September 2015 under its thirteenth resolution and declared its intention to carry out a capital increase of €103,451.76 via the issue of 574,732 new shares with a par value of €0.18 each, at a price of €23.86 including a share premium of €23.68.

The specific terms of the acquisition were presented in an information circular drawn up in accordance with Article 212-5-1 of the AMF General Regulation and Article 12 of AMF Instruction 2005-11 dated 13 December 2005 as amended, which may be consulted on the Company's website at: http://www.groupe-ldlc.com/.

In accordance with Articles L.225-129-5 and R.225-116 para. 1 and 3 of the French Commercial Code, an additional report describing the final terms and conditions of the transactions carried out in accordance with the authorisation granted by the General Meeting, was approved by the Management Board at the time the authorisation was exercised.

The Company's Statutory Auditors verified the compliance of this capital increase with regard to the authority granted by the Ordinary and Extraordinary General Meeting of 25 September 2015 and which they certified in their additional report prepared in accordance with the provisions of Article R.225-116 of the French Commercial Code.

In accordance with applicable statutory and regulatory provisions, these two reports were made available to shareholders at the Company's registered office and were presented directly to them at the Ordinary and Extraordinary Meeting held on 30 September 2016.

21.1.7.2. Portion of the share capital pledged as collateral

To the Company's knowledge, its share capital is subject to the following pledges:

Name of directly registered shareholder	Beneficiary	Start date of pledge	Expiry date of pledge	Condition for release of pledge	Number of shares pledged by issuer	% of share capital pledged by issuer
Laurent Villemonte de la Clergerie	Banque Martin Maurel	28/03/2014	Indefinite	Repayment of short-term bank loans	18,707	0.30
Laurent Villemonte de la Clergerie	Banque Martin Maurel	07/05/2007	Indefinite	Repayment of short-term bank loans	28,030	0.44
Olivier Villemonte de la Clergerie	Banque Palatine	09/06/2017	09/06/2037	Loan repayment	95,000	1.50
Olivier Villemonte de la Clergerie	Banque Palatine	12/12/2016	12/12/2031	Loan repayment	38,000	0.60
Olivier Villemonte de la Clergerie	Banque Martin Maurel	19/06/2015	Indefinite	Repayment of short-term bank loans	77,280	1.22
Caroline Villemonte de la Clergerie	Banque Martin Maurel	31/01/2012	16/02/2024	Loan repayment	27,019	0.43
Caroline Villemonte de la Clergerie	Banque Crédit Agricole Centre Est	27/12/2016	05/01/2029	Loan repayment	15,124	0.24
Marc Prieur	Banque Martin Maurel	18/06/2015	20/07/2023	Loan repayment	53,864	0.85

21.2. MEMORANDUM AND ARTICLES OF ASSOCIATION

21.2.1. Company objects (Article 2 of the articles of association)

The Company's objects are:

- direct, online and mail order sale and sale via franchise networks of all computer hardware and software and all services that may be related thereto,
- as a secondary activity, direct, online and mail order sale of all products related to the home, garden, pets, childcare, leisure activities, education, culture, games and, more broadly, the environment and personal well-being,
- and, more broadly, all industrial, commercial, financial, investment or real-estate transactions that may be directly or indirectly related to the Company's objects or that may facilitate the expansion or development thereof.

21.2.2. Provisions, including those of the articles of association, relating to members of the Supervisory or Management bodies

21.2.2.1. Management Board (Articles 14 and 15 of the articles of association)

Membership of the Management Board

1. The Company is managed by a Management Board, which performs its duties under the supervision of a Supervisory Board.

The Management Board consists of a maximum of seven members. Members are appointed by the Supervisory Board. However, if the share capital is less than €150,000, a single person may be appointed by the Supervisory Board to perform the duties entrusted to the Management Board. Such person shall have the title of sole Chief Executive Officer.

2. Members of the Management Board are appointed for a term of five (5) years and may always be reappointed. The duties of members of the Management Board shall cease at the end of the Ordinary General Meeting called to approve the financial statements for the year-ended, held during the year in which their term of office expires.

Nobody aged over 65 may be appointed as a member of the Management Board. A member of the Management Board who has passed this age shall be deemed to have resigned at the end of the next Supervisory Board meeting.

Members of the Management Board may be removed from office at any time, for any reason, by decision of the Supervisory Board.

3. The Supervisory Board shall determine the compensation awarded to members of the Management Board and shall appoint one of them as Chairman.

The members of the Management Board shall meet as often as the Company's interests require, at the invitation of the Chairman or half of its members, at the registered office or any other location specified in the notice of meeting; meetings may be convened by any means, including orally.

The Chairman of the Management Board chairs the meetings and appoints a secretary, who need not be a member of the Management Board.

The Board is only empowered to take decisions when at least half of its members are present.

Decisions are passed by a majority of members present or represented; each member present or represented shall have one vote. Members of the Management Board may appoint another member of the Management Board as proxy to represent them. Each member may hold only one proxy.

In the event of a split vote, the Chairman of the Management Board shall have the casting vote.

Management Board meetings may be held by videoconference or other means of telecommunication, provided that such systems enable the Management Board members to be identified and ensure their effective participation in the meeting. The nature and conditions of application of such systems are determined by applicable regulations. The Management Board may draw up internal regulations setting down the terms and conditions of use of such systems. Decisions listed in Article L.232-1 of the French Commercial Code may not be adopted by videoconference or any other means of telecommunication.

Powers of the Management Board

1. The Management Board is vested with full powers with regard to third-parties to act on the Company's behalf under all circumstances, within the limits of the Company's objects, subject to the powers expressly assigned by law to the Supervisory Board and Shareholders' Meetings.

In relations with third-parties, the Company is bound even by acts of the Management Board that do not fall within the scope of the Company's objects, unless it can prove that the third-parties were aware that the act exceeded such objects or that, given the circumstances, they could not be unaware of this fact. The mere publication of the articles of association shall not constitute proof of this fact.

The sale or transfer of tangible real property, the total or partial sale or transfer of shareholdings, the creation of security interests as well as sureties, endorsements and guarantees must be authorised by the Supervisory Board. Transactions in breach of this provision are only binding on third-parties in the cases provided for by law.

2. The Management Board shall present a report to the Supervisory Board at least once a quarter. Within three months following the annual balance sheet date, the Management Board shall present the Company financial statements and, where applicable, the consolidated financial statements to the Supervisory Board for the purpose of checking and verification.

3. The Chairman of the Management Board represents the Company in its dealings with third-parties.

The Supervisory Board may assign the same power of representation to one or more members of the Management Board, who shall in such case bear the title of Chief Executive Officer.

Acts and deeds that bind the Company with regard to third-parties must bear the signature of the Chairman of the Management Board or one of the Chief Executive Officers or any proxy duly empowered to such end.

21.2.2.2. Supervisory Board (Articles 16 and 17 of the articles of association)

Membership of the Supervisory Board

1. The Supervisory Board consists of no fewer than three and no more than 18 members, subject to the exception provided for by the French Commercial Code in the event of a merger.

Members may be individuals or legal entities and are appointed by the Ordinary General Meeting of shareholders from amongst their number. In the event of a merger or demerger, members may be appointed by an Extraordinary General Meeting.

No member of the Supervisory Board may stand on the Management Board.

Up to one third of incumbent Supervisory Board members may benefit from an employment contract corresponding to an actual position.

2. Members of the Supervisory Board serve for a term of six years ending at the end of the shareholders' Ordinary General Meeting called to approve the financial statements for the year ended, held during the year in which their term of office expires.

They may be re-appointed. They may be removed from office at any time by the Ordinary General Meeting.

No more than one third of the incumbent members of the Supervisory Board may be aged 80 or over.

3. The Supervisory Board shall appoint two individuals from amongst its members as Chairman and Vice-Chairman, who shall be tasked with convening Board meetings and chairing discussions. They shall be appointed for the duration of their term of office as Supervisory Board members. The Board shall determine their compensation, as appropriate.

4. The Board meets as often as the Company's interests require.

Meetings are convened by any means, including orally. Meetings are held at the registered office or any other location specified in the notice of meeting.

Any member of the Board may appoint another member as proxy to represent him/her at a Board meeting, via any written document, including any electronically signed document.

At least half of the members must be present for the Board's proceedings to be valid.

Decisions are passed by a majority of the votes of members present or represented, where each member present or represented holds one vote and each member present may hold only one proxy.

In the event of a split vote, the person chairing the meeting has the casting vote.

Board members participating in the meeting by means of videoconference technology in accordance with the conditions stipulated by laws and regulations applicable at the time of the meeting are deemed to be present for the purposes of calculating quorum and majority. However, this provision does not apply when the Board votes on the appointment or removal of the Chairman or Vice-Chairman of the Supervisory Board or the appointment or removal of Management Board members.

Powers of the Supervisory Board

The Supervisory Board permanently oversees the management of the Company by the Management Board.

It appoints the members of the Management Board, the Chairman and any Chief Executive Officers and sets the amount of their compensation.

It convenes the General Meeting of shareholders, unless the meeting is convened by the Management Board.

At any time during the year, it shall carry out checks and verifications it deems appropriate and may request any documents it considers useful for the fulfilment of its mission.

It presents its comments on the Management Board report, as well as the financial statements for the year, to the Annual Ordinary General Meeting of shareholders.

21.2.3. Rights, liens and restrictions attached to shares (Articles 10 and 12 of the articles of association)

Type of securities (Article 10 of the articles of association)

Fully paid-up shares are held in either registered or bearer form, depending on the shareholder's preference, unless applicable laws and regulations require that they be held in registered form.

Partly paid-up shares may only take the form of bearer shares once they are fully paid up.

The shares are registered in the share registry under the conditions and in accordance with the terms provided for by applicable laws and regulations.

In order to identify shareholders, the Company is entitled, in accordance with Article L.228-2 of the French Commercial Code and pursuant to the conditions set out in said article, against consideration payable by it, to request at any moment from the central depository that manages the share issuance account in accordance with Article L.228-2 of the French Commercial Code, the name or company name, nationality, year of birth, year of incorporation (in the case of a legal entity) and address of holders of shares conferring, immediately or in the future, the right to vote at shareholder meetings, as well as the number of shares held by each of them and, where applicable, the restrictions attached to such shares.

Voting rights (Article 12 of the articles of association)

1. Each share confers entitlement to a proportional share, in accordance with the fraction of share capital that it represents, in the Company's profits, assets and liquidation surplus.

Furthermore, each share grants entitlement to vote and be represented at General Meetings under statutory conditions and in accordance with the articles of association. It also grants the right to be informed of the Company's progress and to receive certain company documents at the times and under the conditions provided for by law and the articles of association.

The voting right attached to capital or dividend shares is proportional to the fraction of share capital that they represent. Each share confers entitlement to one vote.

2. However, a double voting right, as compared to the voting rights attached to other shares in respect of the fraction of share capital that they represent, is attributed to all fully paid-up shares that are proven to have been registered for at least two years in a single shareholder's name; the period of time during which the shares were held in registered form prior to the date of the Extraordinary General Meeting establishing this right is taken into account.

In the event of a capital increase by capitalisation of retained earnings, reserves, additional paid-in capital or available provisions, a double voting right is conferred as of the issue of registered bonus shares to a shareholder in respect of former shares conferring this right.

All shares converted to bearer shares or for which ownership is transferred shall lose the double voting right. However, transfer by way of inheritance, liquidation, communal property between spouses or gift to a spouse or relative close enough to inherit an estate, shall not incur the forfeiture of the rights acquired and shall not interrupt the two-year period.

The merger or demerger of the Company shall have no impact on the double voting right, which may be exercised within the successor company(ies), if the articles of association of said company(ies) provide for double voting rights.

In the case of shares with a beneficial owner or undivided shares belonging to multiple persons, the voting right is exercised in accordance with Article 13 of these articles of association.

3. The shareholders are only responsible for the Company's liabilities in proportion to their contributions.

The rights and obligations shall remain attached to the share regardless of the owner thereof.

Ownership of a share automatically entails adherence to the Company's articles of association and the decisions of the General Meeting.

4. Whenever it is necessary to hold a certain number of shares in order to exercise any right whatsoever, in the event of an exchange, reverse share split or grant of shares, or as a result of a share capital increase or decrease, merger or other such transaction, owners who do not hold this number shall be required to pool together or, if necessary, purchase or sell the requisite number of shares.

5. Any individual or legal entity, acting alone or in concert, that comes to possess, via any means whatsoever, a number of shares representing 2% of the share capital or voting rights at General Meetings, or any multiple of this amount, must inform the Company within 15 days of crossing this threshold, by registered letter with acknowledgement of receipt addressed to the registered office, of the total number of shares and attached voting rights that it holds as well as, where applicable, the number of shares granting future access to the share capital and the voting rights attached thereto.

This obligation shall apply under the same terms and conditions as those provided for above, whenever the fraction of the share capital or voting rights held falls below one of the determined thresholds.

In the event of non-compliance with any of the foregoing provisions, the shares exceeding the threshold that must be disclosed shall be stripped of voting rights with regard to all Shareholders' Meetings that may take place, until the expiry of a two-year period from when the required disclosure is made. Under the same conditions, the voting rights attached to said shares that were not duly disclosed may not be exercised or assigned by the non-compliant shareholder.

Unless one of the thresholds referred to under Article L.233-7 of the French Commercial Code is crossed, this sanction shall only be applied upon request, recorded in the minutes of the General Meeting, of one or more shareholders holding, together or separately, at least 5% of the share capital and/or voting rights in the Company.

Compliance with said obligation to disclose the crossing of the 2% threshold of the share capital or voting rights at General Meetings, or any multiple of this percentage, does not under any circumstances whatsoever dispense the shareholders, whether individuals or legal entities, from complying with statutory provisions requiring that the Company be informed of any interests exceeding one-twentieth, one-tenth, three twentieths, one-fifth, one-quarter, three-tenths, one-third, half, two-thirds, eighteen twentieths or nineteen twentieths of the share capital or voting rights of the Company, in accordance with Articles L.233-7 et seq. of the French Commercial Code.

21.2.4. Terms and conditions for amending shareholder rights

Only the Extraordinary General Meeting is authorised to amend the provisions of the articles of association; it may not however increase shareholders' commitments, save in the case of transactions resulting from a consolidation of shares performed in accordance with the law.

21.2.5. General Meetings of shareholders

21.2.5.1. Organisation of meetings (Articles 20, 21, 22 and 23 of the articles of association)

Collective decisions of shareholders are taken during Ordinary, Extraordinary or Separate Meetings, depending on the type of decision to be taken.

Separate Meetings are attended by holders of a specific class of share, called to vote on any amendment to the rights attached to such shares. These meetings are convened and conduct business under the same conditions as the Extraordinary General Meetings.

√ Notice of meeting - Admission to meetings - Powers

General Meetings are convened and conduct business under the terms and conditions defined by law. The notice of meeting can be sent via any electronic means of communication used under the terms and conditions provided for by decree, to the address communicated by the shareholder.

Meetings are held at the registered office or any other location specified in the notice of meeting.

All shareholders have the right to attend meetings in person or through a representative, subject to the terms and conditions provided for by law, upon justification of the registration of their shares in their name or their agent acting on their behalf, in application of the seventh paragraph of Article L.228-1 of the French Commercial Code, two business days prior to the meeting at midnight, Paris time, either in the registered share register kept by the Company, or in the bearer share register administered by an intermediary as referred to in Article L.211-3 of the French Monetary and Financial Code.

All shareholders may be represented by their spouse, civil partner, another shareholder or any other individual or legal entity of their choosing; to exercise this representation, the agent must provide proof of the authority granted to them.

All shareholders may vote by post or remotely via a form completed and sent to the Company in accordance with statutory and regulatory terms and conditions. The postal voting form must be received by the Company three days prior to the date of the meeting in order to be taken into account. The Company will accept remote, electronic voting forms until the day before the General Meeting, no later than 3 pm, Paris time.

√ Attendance sheet – Committee – Minutes of proceedings

1. An attendance sheet, duly signed by the shareholders in attendance and shareholder representatives, to which the proxy forms authorising each representative are attached, as well as, where applicable, the postal or remote voting forms, is certified by the meeting committee.

2. Meetings are chaired by the Chairman of the Supervisory Board or, in his/her absence, by the Vice-President of the Supervisory Board or by a member of the Board specifically appointed for this purpose. Failing this, the meeting shall appoint its own Chairman.

Two shareholders are appointed as scrutineers for the meeting, who must be present and willing, and who hold, both personally and as representatives, the largest number of votes.

The committee thus formed appoints a secretary, who may or may not be a shareholder.

The minutes of proceedings are drawn up and copies or extracts of the discussions are issued and certified in accordance with the law.

√ Ordinary General Meeting

The Ordinary General Meeting takes all decisions that do not amend the articles of association.

It meets at least once a year, within the applicable statutory and regulatory timeframes, in order to approve the financial statements for the year ended.

It only validly conducts business if the shareholders present, represented or having voted by post or remotely hold at least, upon first notice of meeting, one fifth of the shares with voting rights attached. Upon the second notice of meeting, no quorum is required.

It takes decisions based on the majority of votes cast by shareholders in attendance or represented, including shareholders having voted remotely or by post.

In addition, shareholders attending the Ordinary General Meeting via videoconference or by a means of telecommunication enabling them to be identified pursuant to statutory and regulatory conditions, shall be deemed present for the purposes of calculating the quorum and majority.

√ Article 22 - Extraordinary General Meeting

Only the Extraordinary General Meeting is authorised to amend the provisions of the articles of association; it may not however increase shareholders' commitments, save in the case of transactions resulting from a consolidation of shares performed in accordance with the law.

It only validly conducts business if the shareholders present, represented or having voted remotely or by post hold, upon first notice of meeting, at least one quarter and, upon second notice of meeting, one-fifth of the shares with voting rights attached. If the latter quorum is not met, the second meeting may be postponed by no more than two months following the date on which it was initially convened.

It takes decisions based on a two-thirds majority of votes held by shareholders in attendance or represented, including shareholders having voted remotely or by post.

In addition, shareholders attending the Extraordinary General Meeting via videoconference or by a means of telecommunication enabling them to be identified pursuant to statutory and regulatory conditions, shall be deemed present for the purposes of calculating the quorum and majority.

√ Article 23 - Separate Meetings

If there are multiple classes of shares, no amendment may be made to the rights attached to the shares of any given class without a duly conducted vote by an Extraordinary General Meeting open to all shareholders and, in addition, a duly conducted vote by a Separate Meeting open only to the holders of the share class concerned.

Separate Meetings validly conduct business only if the shareholders in attendance or represented hold at least, upon first notice of meeting, one-third and, upon second notice of meeting, one-fifth of shares with voting rights attached for which the amendment to the rights is planned.

For all other matters, Special Meetings are convened and deliberate under the same conditions required for Extraordinary General Meetings, subject to special provisions applicable to meetings of non-voting priority dividend shares.

In addition, shareholders attending the Separate Meeting via videoconference or by a means of telecommunication enabling them to be identified pursuant to statutory and regulatory conditions, shall be deemed present for the purposes of calculating the quorum and majority.

21.2.5.2. Powers of General Meetings (Articles 20, 21, 22 and 23 of the articles of association)

Collective decisions of shareholders are taken during Ordinary, Extraordinary or Separate Meetings, depending on the type of decision to be taken.

The Ordinary General Meeting takes all decisions that do not amend the articles of association.

Only the Extraordinary General Meeting is authorised to amend the provisions of the articles of association; it may not however increase shareholders' commitments, save in the case of transactions resulting from a consolidation of shares performed in accordance with the law.

21.2.6. Provisions providing for the deferral or prevention of a change of control

√ Crossing of thresholds (Article 12 of the articles of association)

Any individual or legal entity, acting alone or in concert, that comes to possess, via any means whatsoever, a number of shares representing 2% of the share capital or voting rights at General Meetings, or any multiple of this amount, must inform the Company within 15 days of crossing this threshold, by registered letter with acknowledgement of receipt addressed to the registered office, of the total number of shares and attached voting rights that it holds as well as, where applicable, the number of shares granting future access to the share capital and the voting rights attached thereto.

This obligation shall apply under the same terms and conditions as those provided for above, whenever the fraction of the share capital or voting rights held falls below one of the determined thresholds.

In the event of non-compliance with any of the foregoing provisions, the shares exceeding the threshold that must be disclosed shall be stripped of voting rights with regard to all Shareholders' Meetings that may take place, until the expiry of a two-year period from when the required disclosure is made. Under the same conditions, the voting rights attached to said shares that were not duly disclosed may not be exercised or assigned by the non-compliant shareholder.

Unless one of the thresholds referred to under Article L.2337 of the French Commercial Code is crossed, this sanction shall only be applied upon request, recorded in the minutes of the General Meeting, of one or more shareholders holding, together or separately, at least 5% of the share capital and/or voting rights of the Company.

Compliance with said obligation to disclose the crossing of the 2% threshold of the share capital or voting rights at General Meetings, or any multiple of this percentage, does not under any circumstances whatsoever dispense the shareholders, whether individuals or legal entities, from complying with statutory provisions requiring that the Company be informed of any interests exceeding one-twentieth, one-tenth, three twentieths, one-fifth, one-quarter, three-tenths, one-third, half, two-thirds, eighteen twentieths or nineteen twentieths of the share capital or voting rights of the Company, in accordance with Articles L.233-7 et seq. of the French Commercial Code.

√ Double voting rights (Article 12 of the articles of association)

A double voting right, as compared to the voting rights attached to other shares in respect of the fraction of share capital that they represent, is attributed to all fully paid-up shares that are proven to have been registered for at least two years in a single shareholder's name; the period of time during which the shares were held in registered form prior to the date of the Extraordinary General Meeting establishing this right is taken into account.

In the event of a capital increase by capitalisation of retained earnings, reserves, additional paid-in capital or available provisions, a double voting right is conferred as of the issue of registered bonus shares to a shareholder in respect of former shares conferring this right.

All shares converted to bearer shares or for which ownership is transferred shall lose the double voting right. However, transfer by way of inheritance, liquidation, communal property between spouses or gift to a spouse or relative close enough to inherit an estate, shall not incur the forfeiture of the rights acquired and shall not interrupt the two-year period.

The merger or demerger of the Company shall have no impact on the double voting right, which may be exercised within the successor company(ies), if the articles of association of said company(ies) provide for double voting rights.

21.2.7. Specific provisions governing changes to the share capital

Changes to the share capital are made in accordance with the terms and conditions provided for by law.

21.2.8. Provisions relating to dividend rights (Articles 27 and 28 of the articles of association)

√ Determination and appropriation of earnings

If the financial statements for the year as approved by the General Meeting show earnings available for distribution, as defined by law, the General Meeting shall decide whether to allocate them to one or more reserve accounts for which it manages the appropriation or use, to allocate them to retained earnings or to distribute them.

The income statement summarises income and expenses for the year and presents, as the difference between them less any depreciation, amortisation and provisions, the profit or loss for the financial year.

In order to constitute the legal reserve, at least 5% is taken from earnings for the year less any retained losses brought forward. However, this is no longer required when the legal reserve amounts to one-tenth of the share capital.

Distributable earnings comprise earnings for the year plus retained earnings brought forward, less any retained losses brought forward and amounts transferred to reserves in accordance with the law and the articles of association.

The General Meeting may decide to distribute amounts deducted from available reserves, by expressly specifying the reserve items from which the deductions are made. However, dividends are deducted as a priority from earnings for the year.

Save in case of a capital decrease, no amount may be distributed to shareholders if shareholders' equity is lower than or, following such distribution, would fall below the share capital amount plus any reserves that may not be distributed in accordance with the law and articles of association. The revaluation surplus is not available for distribution. It may be incorporated in full or in part into the share capital.

However, after deduction of amounts transferred to reserves in accordance with the law, the General Meeting may deduct any amounts that it deems appropriate to transfer to any optional, ordinary or extraordinary reserve accounts, or to retained earnings.

After approval of the financial statements by the General Meeting, any losses are carried forward, to be offset against subsequent years' earnings until they are fully covered.

√ Article 28 - Payment of final and interim dividends

When the balance sheet prepared during or at the end of the financial year and certified by a statutory auditor shows that, since the end of the previous financial year, the Company has generated a profit, after recognition of requisite depreciation, amortisation and provisions and less, if applicable, any previous losses and amounts transferred to reserves, in accordance with the law and the articles of association, said profit may be distributed as interim dividends before the financial statements for the year have been approved. The amount of interim dividends may not exceed the amount of the profit thus determined.

For all or part of the interim or final dividends distributed, the General Meeting may grant shareholders a choice between a cash or share-based payment, in accordance with statutory requirements.

The conditions for payment of dividends in cash are determined by the General Meeting or, otherwise, by the Management Board.

The payment of dividends in cash must take place within a maximum of nine months following the balance sheet date, unless extended by court order.

CHAPTER 22. MATERIAL AGREEMENTS

Groupe LDLC entered into a material agreement (in addition to those entered into during the normal course of business) that gives rise to a significant obligation or commitment.

The contract concerned is a financing agreement entered into in relation to the Domisys acquisition, as described in Note 3.14 to the 2016/2017 consolidated financial statements.

CHAPTER 23. THIRD-PARTY INFORMATION, EXPERT STATEMENTS AND DISCLOSURE OF INTERESTS

Not applicable.

CHAPTER 24. DOCUMENTS AVAILABLE TO THE PUBLIC

Copies of this Registration Document are made available, free of charge, at the Company's registered office located at 18 chemin des Cuers CS 40207 – 69574, Dardilly Cedex, France.

It can also be consulted on the Group website (www.groupe-ldlc.com) and on the AMF website (www.amf-france.org).

The articles of association, minutes of General Meetings and other Company documents, as well as historical financial information and any expert assessment or statement made at the Group's request that must be made available to shareholders as required by law, can be consulted free of charge at the Company's registered office.

Regulated information, as defined in the AMF General Regulation, is also made available on the Group website (www.groupe-ldlc.com).

CHAPTER 25. INFORMATION ON SHAREHOLDINGS

Information regarding groups in which Groupe LDLC holds an equity interest liable to have a material impact on the valuation of its assets and liabilities, financial position or earnings, is presented in Chapter 7 “Organisational chart” and Chapter 20 “Financial information on the issuer’s assets and liabilities, financial position and earnings” of this Registration Document.

We also invite you to consult Note 2.3 to the consolidated financial statements and Note 2.3.26 to the Company financial statements presented in Chapter 20 of this Registration Document.

CHAPTER 26. SOCIAL AND ENVIRONMENTAL REPORT

HUMAN RESOURCES INFORMATION

Pursuant to Article R.225-105-1 of the French Commercial Code established by decree no. 2012-557 dated 24 April 2012, the Company has presented the following human resources information. As specified in the methodological note, the information relates to the Group.

26.1. EMPLOYMENT

26.1.1. Total headcount and breakdown of employees by gender, age and region

As at 31 March 2017, the Group employed 698 people (excluding Caroline, Suzanne, Laurent, Marc and Olivier Villemonte de la Clergerie) at Groupe LDLC and its subsidiaries LDLC Distribution, Anikop, Hardware.fr, DLP Connect, École LDLC (LDLC School), LDLC Villefranche, LDLC Bordeaux, LDLC Villeurbanne, LDLC Event and Domisys; these include 684 permanent employees, 8 on fixed-term contracts and 6 trainees.

- **Breakdown of headcount by company (excluding corporate officers):**

Companies	Number of employees at 31/03/2017	Number of employees at 31/03/2016	Number of employees at 31/03/2015
Groupe LDLC total	444	440	446
Groupe LDLC Boutiques	39	43	41
Groupe LDLC Bureau	246	224	213
Groupe LDLC Logistique	158	173	192
Groupe LDLC Toulouse	1	0	0
Anikop	23	19	17
Hardware.fr	2	1	1
DLP Connect	10	9	12
LDLC Distribution	12	9	3
École LDLC (LDLC School)	4	6	5
LDLC Villefranche	5	5	0
LDLC Bordeaux	5	0	0
LDLC Villeurbanne	5	0	0
LDLC Event	2	0	0
Domisys	186	205	
Total	**698**	**694**	**484**

> Breakdown of Groupe LDLC employees by age (excluding corporate officers):

Age bracket	Number of employees	Percentage
<26	44	10%
26-35	195	43%
36-45	142	32%
46-55	51	12%
56-66	12	3%
>66	0	0%

> Breakdown of Anikop employees by age:

Age bracket	Number of employees	Percentage
<26	2	9%
26-35	5	22%
36-45	11	47%
46-55	5	22%
56-66	0	0%

> Breakdown of Hardware employees by age:

Age bracket	Number of employees	Percentage
<26	0	0%
26-35	0	0%
36-45	2	100%
46-55	0	0%
56-66	0	0%

> Breakdown of DLP Connect employees by age:

Age bracket	Number of employees	Percentage
<26	2	20%
26-35	1	10%
36-45	4	40%
46-55	3	30%
56-66	0	0%

> Breakdown of LDLC Distribution employees by age:

Age bracket	Number of employees	Percentage
<26	0	0%
26-35	5	42%
36-45	7	58%
46-55	0	0%
56-66	0	0%

> Breakdown of École LDLC employees by age:

Age bracket	Number of employees	Percentage
<26	0	0%
26-35	1	25%
36-45	2	50%
46-55	1	25%
56-66	0	0%

> Breakdown of LDLC Villefranche employees by age:

Age bracket	Number of employees	Percentage
<26	1	20%
26-35	2	40%
36-45	2	40%
46-55	0	0%
56-66	0	0%

> Breakdown of LDLC Bordeaux employees by age:

LDLC Bordeaux was created on 18 March 2016. 1 employee was transferred from the LDLC Group.

Age bracket	Number of employees	Percentage
<26	1	20%
26-35	2	40%
36-45	2	40%
46-55	0	0%
56-66	0	0%

> Breakdown of LDLC Villeurbanne employees by age:

LDLC Villeurbanne was created on 18 March 2016. Its employees were transferred from the LDLC Group.

Age bracket	Number of employees	Percentage
<26	0	0%
26-35	5	100%
36-45	0	0%
46-55	0	0%
56-66	0	0%

> Breakdown of LDLC Event employees by age:

Age bracket	Number of employees	Percentage
<26	0	0%
26-35	1	50%
36-45	1	50%
46-55	0	0%
56-66	0	0%

> Breakdown of Domisys employees by age:

Age bracket	Number of employees	Percentage
<26	5	3%
26-35	87	47%
36-45	80	43%
46-55	12	6%
56-66	2	1%

> Breakdown of Groupe LDLC employees by gender (excluding corporate officers):

Gender	Total	Percentage
F	160	36%
M	284	64%
Total	**444**	**100%**

> Breakdown of Anikop employees by gender:

Gender	Total	Percentage
F	6	26%
M	17	74%
Total	**23**	**100%**

> Breakdown of Hardware employees by gender:

Gender	Total	Percentage
F	0	0%
M	2	100%
Total	**2**	**100%**

> Breakdown of DLP Connect employees by gender:

Gender	Total	Percentage
F	0	0%
M	10	100%
Total	**10**	**100%**

> Breakdown of LDLC Distribution employees by gender:

Gender	Total	Percentage
F	5	42%
M	7	58%
Total	**12**	**100%**

> Breakdown of École LDLC employees by gender:

Gender	Total	Percentage
F	2	50%
M	2	50%
Total	**4**	**100%**

> Breakdown of LDLC Villefranche employees by gender:

Gender	Total	Percentage
F	0	0%
M	5	100%
Total	**5**	**100%**

> Breakdown of LDLC Bordeaux employees by gender:

Gender	Total	Percentage
F	0	0%
M	5	100%
Total	**5**	**100%**

> Breakdown of LDLC Villeurbanne employees by gender:

Gender	Total	Percentage
F	0	0%
M	5	100%
Total	**5**	**100%**

> Breakdown of LDLC Event employees by gender:

Gender	Total	Percentage
F	0	0%
M	2	100%
Total	**2**	**100%**

> Breakdown of Domisys employees by gender:

Gender	Total	Percentage
F	42	23%
M	144	77%
Total	**186**	**100%**

26.1.2. Hires and dismissals

Groupe LDLC:

The Company's staff turnover rate is a reflection of its young and dynamic workforce, which entails an ongoing search for employees to replace those who have left or who are on maternity leave. Once again, this year the Company faced the difficult challenge of filling certain vacant positions, such as account managers, sales representatives, technical support technicians and IT systems developers.

Groupe LDLC's growth requires an expansion of the workforce, in order to handle increased business and strengthen teams. Almost all support services have increased their permanent staff.

Hires from 01/04/2016 to 31/03/2017: 74

Departures from 01/04/2016 to 31/03/2017: 69

- 8 transfers to other Group companies
- 14 expired fixed-term contracts
- 16 voluntary departures
- 6 terminations of trial period, including 2 instigated by the employee and 4 by the employer
- 10 terminations by mutual agreement
- 13 dismissals, including 2 employees deemed unfit for work, 5 for gross negligence and 6 on other grounds
- 2 voluntary retirements

Anikop:

Hires from 01/04/2016 to 31/03/2017: 8

Departures from 01/04/2016 to 31/03/2017: 4

- 2 terminations of trial period instigated by the employer
- 1 voluntary departure
- 1 termination by mutual agreement

Hardware:

Hires from 01/04/2016 to 31/03/2017: 1 freelance contributor

Departures from 01/04/2016 to 31/03/2017: 1 freelance contributor

- 1 expired fixed-term contract

DLP Connect:

Hires from 01/04/2016 to 31/03/2017: 4

Departures from 01/04/2016 to 31/03/2017: 4

- 2 expired fixed-term contracts
- 1 transfer
- 1 dismissal on other grounds

LDLC Distribution:

Hires from 01/04/2016 to 31/03/2017: 4

Departures from 01/04/2016 to 31/03/2017: 1

- 1 termination of trial period instigated by the employer

École LDLC:

Hires from 01/04/2016 to 31/03/2017: 1

Departures from 01/04/2016 to 31/03/2017: 2

- 1 dismissal on genuine and substantive grounds
- 1 voluntary departure

LDLC Villefranche:

Hires from 01/04/2016 to 31/03/2017: 0

Departures from 01/04/2016 to 31/03/2017: 0

LDLC Bordeaux:

Hires from 01/04/2016 to 31/03/2017: 6

Departures from 01/04/2016 to 31/03/2017: 1

- 1 voluntary departure

LDLC Villeurbanne:

Hires from 01/04/2016 to 31/03/2017: 6

Departures from 01/04/2016 to 31/03/2017: 1

- 1 expired fixed-term contract

LDLC Event:

Hires from 01/04/2016 to 31/03/2017: 2

Departures from 01/04/2016 to 31/03/2017: 0

Domisys:

Hires from 01/04/2016 to 31/03/2017: 34

Departures from 01/04/2016 to 31/03/2017: 56

- 14 expired fixed-term contracts
- 22 voluntary departures
- 5 terminations of trial period, including 1 instigated by the employee and 4 by the employer
- 8 terminations by mutual agreement
- 5 dismissals, including 2 employees deemed unfit for work, 2 for gross negligence and 1 on other grounds
- 2 early terminations of fixed-term contracts, including 1 instigated by the employee and 1 by the employer

26.1.3. Compensation and changes thereto

26.1.3.1. Groupe LDLC compensation

This year, management wishes to thank and reward the employees for their dedication and hard work.

Increases to compensation were agreed to in line with the mandatory annual negotiation agreement (French NAO) signed on 19 April 2017 and were implemented on 1 April 2017.

In order to reduce absenteeism, a gross monthly attendance bonus of €25 for all non-managerial staff (excluding subsidiaries) is offered under the following conditions:

- Having accumulated no unpaid absences (arrivals/departures during the month), unjustified and unpaid absences, industrial accidents, unpaid holidays, parental leave, sick leave, maternity leave, paternity leave, etc.
- Monthly bonus paid without deferral of payment.
- Prorata payment during paid holidays and holidays for special events (weddings, etc.).

An average increase of 2% is also offered to employees with at least 6 months of service as 1 April 2017. The criteria for granting each of these increases remains the responsibility of each department manager.

Regarding the application of the attendance bonus, the conditions for the variable quarterly bonus differ as follows:

Dardilly: Bonus indexed to a collective or individual objective (assessed by each manager) per department (excluding CR, which continues to be based on previous indicators relating to its business).

Boutiques: Bonus indexed to a collective or individual objective (assessed by each manager) per store.

SQ: Collective objective by business sector.

26.1.3.2. Group payroll charges

- Groupe LDLC gross annual payroll charge for the period from 01/04/2016 to 31/03/2017: €13,623,923.07.
- Anikop gross annual payroll charge for the period from 01/04/2016 to 31/03/2017: €793,825.54.
- Hardware gross annual payroll charge for the period from 01/04/2016 to 31/03/2017: €131,099.22.
- LDLC Distribution gross annual payroll charge for the period from 01/04/2016 to 31/03/2017: €437,317.55.
- École LDLC gross annual payroll charge for the period from 01/04/2016 to 31/03/2017: €217,885.51.
- DLP Connect gross annual payroll charge for the period from 01/04/2016 to 31/03/2017: €321,022.26.
- LDLC Villefranche gross annual payroll charge for the period from 01/04/2016 to 31/03/2017: €149,510.91.
- LDLC Bordeaux gross annual payroll charge for the period from 01/04/2016 to 31/03/2017: €73,904.97.
- LDLC Villeurbanne gross annual payroll charge for the period from 01/04/2016 to 31/03/2017: €110,055.24.
- LDLC Event gross annual payroll charge for the period from 01/04/2016 to 31/03/2017: €86,818.68.
- Domisys gross annual payroll charge for the period from 01/04/2016 to 31/03/2017: €5,988,531.34.

26.1.3.3. Profit-sharing

Groupe LDLC

An employee profit-sharing agreement was signed on 18 March 2004 and is still in force. A profit-sharing bonus will be paid this year, in July 2017. The gross amount of the LDLC profit-share for the year ended 31 March 2017 amounts to €652,679.13 (including the CSG-CRDS general social contribution/social debt repayment contribution). The fixed social security contribution calculated on the basis of the profit-share amounted to €130,535.83.

Domisys

An employee profit-sharing agreement was signed on 4 March 2008 and is still in force. A profit-sharing bonus will be paid this year, in July 2017. The gross amount of the Domisys profit-share for the year ended 31 March 2017 amounts to €54,916 (including the CSG-CRDS general social contribution/social debt repayment contribution). The fixed social security contribution calculated on the basis of the profit-share amounted to €11,089.

There are no profit-sharing schemes in place in the other subsidiaries.

26.2. WORK ORGANISATION

26.2.1. Organisation of working hours

Groupe LDLC

Work at the Company is primarily based on a 35-hour (in cycles or not) or 37.5-hour working week, including the granting of rest days to offset overtime worked. Since the end of 2004, all new employees have been systematically hired on the basis of a 35-hour working week.

At the Saint-Quentin-Fallavier site, teams work in two 8-hour shifts or in normal daytime hours, with schedules adjusted to business requirements and employee preferences. At the Dardilly site, working hours are organised in terms of days, while managers work a fixed number of hours per period and customer service staff (technical support/order information) work in shifts; staff at the Lyon and Paris stores also follow this kind of schedule.

Groupe LDLC signed an agreement on night-time work in 2013. Voluntary employee teams were set up at the Saint-Quentin-Fallavier site in order to handle end-of-year volumes.

In 2015, two supplemental agreements were signed with the trade union representative, which changed the working period to 6.30 pm to 2.00 am, including an unpaid 30-minute break from 8.30 pm to 9.00 pm. The night shift also has two breaks from 11.00 pm to 11.10 pm and 12.30 am to 12.40 am, for which they are paid at the full night-time rate.

Compensation for work carried out between 9.00 pm and 6.00 am was increased by 20%. Night-time work also gave rise to time off in lieu.

14 people worked at night in 2016/2017, i.e. 3.15% of LDLC Group employees:

	Managers	Engineers/ supervisors	Employees	Total
2016/2017		6	8	**14**

93 people work in shift teams as at 31 March 2017, i.e. 20.94% of Groupe LDLC employees:

	Managers	Engineers/ supervisors	Employees	Total
2016/2017		6	87	**93**

Domisys

Domisys employees hold contracts on the basis of 169 hours a month, i.e. 39 hours per week from Monday to Friday, except at stores, most of which are open from Monday to Saturday or Tuesday to Saturday, depending on the store's headcount.

A unilateral decision regarding the obligations of systems and network administration employees was signed on 12 March 2010.

At LDLC Group subsidiaries, including Domisys, no employees work in shift teams or in alternating hours.

26.2.2. Absenteeism

The total rate of absenteeism at all LDLC Group sites over the period was 7.14%, including:
- 4.66% sick leave
- 1.15% industrial accidents
- 0.06% travel accidents
- 0.75% maternity leave
- 0.52% other (unpaid leave).

The total rate of absenteeism at Anikop over the period was 7.32%, including:
- 2.38% sick leave
- 1.84% industrial accidents
- 2.79% parental leave
- 0.38% other absences.

The total rate of absenteeism at DLP Connect over the period was 2.96%, including:

- 2.69% sick leave
- 0.27% other absences.

The total rate of absenteeism at LDLC Distribution over the period was 0.64%, including:

- 0.64% sick leave.

The total rate of absenteeism at École LDLC over the period was 1.90%, including:

- 0.65% parental leave
- 1.26% sick leave.

The total rate of absenteeism at LDLC Villefranche over the period was 0.87%, including:

- 0.08% other absences
- 0.78% sick leave.

The total rate of absenteeism at LDLC Villeurbanne over the period was 6.64%, including:

- 0.26% sick leave
- 6.18% travel accidents
- 0.20% other absences.

The total rate of absenteeism at LDLC Bordeaux over the period was 6.29%, including:

- 2.14% sick leave
- 4.15% parental leave.

The total rate of absenteeism at all Domisys sites over the period was 2.38%.

Hardware.fr and LDLC Event are not impacted by absenteeism.

26.3. INDUSTRIAL RELATIONS

26.3.1. Organisation of industrial relations, including staff information, consultation and negotiation procedures

Meetings with staff representative bodies are held regularly and within applicable statutory timeframes. Representatives are informed and consulted on legal matters within statutory timeframes, and information is regularly shared with them outside meetings.

Regarding the Works Council, the collective bargaining agreement on distance selling applied by the Company provides for the payment of a total grant of 0.2%. In agreement with the Works Council, the decision was therefore taken to transfer the grant amount to cover welfare actions.

Subsidiaries do not have employee representatives, given the staff sharing arrangements applied. Anikop, however, elected employee representatives in June 2014.

26.3.2. Overview of collective agreements

Groupe LDLC

A supplemental agreement to the employee profit-sharing agreement and the regulations of the employee share ownership plan were signed on 29 November 2012. (In force).

An agreement relating to the implementation of a personal protection scheme was signed on 29 March 2007. (In force).

An agreement on dressing/undressing time for staff working in the warehousing area at Saint-Quentin-Fallavier was signed on 20 December 2007 and approved by a vote held on 16 January 2008. The agreement provides for time off in lieu for the period from 24 April 2006 to 31 December 2007, for all employees present during this period (in proportion to time present) and the establishment of a time recovery system for the future. A supplemental agreement to this agreement was signed on 30 May 2011 in order to adjust the conditions for taking these days off. Accordingly, from 1 January 2008, every employee receives 3 additional rest days per year (“dressing days”), prorated for incomplete years. (In force).

An agreement on gender equality was signed on 13 December 2011. A new agreement was signed on 1 April 2016.

A three-year company agreement on the hiring of seniors was signed on 10 December 2009.

An inter-generational agreement was signed on 4 July 2013, effective 1 September 2013 for a three-year term. A supplemental agreement to this agreement was signed on 25 November 2015. The inter-generational agreement was renewed on 1 September 2016.

The mechanism for the profit-sharing bonus was repealed, effective 1 January 2015 (Article 19 of the French Social Security Financing Act for 2015).

A company agreement on night work was signed on 25 October 2013, effective 18 November 2013. Two supplemental agreements were signed on 17 November 2015 and 7 December 2015.

A Christmas bonus agreement was signed on 26 October 2016.

No other agreements was signed in 2016.

The Group does not plan to implement an incentive scheme.

Domisys

Domisys is subject to collective bargaining agreement IDCC 1539 on stationery and the sale of office equipment.

The last staff representative elections were held on 23 September 2013. A statement of vacant elective office was signed during the first round.

A single staff representative body (DUP) bringing together staff delegates (DP) and members of the Works Council was formed. The members of the DUP and management (or its representative) meet once a month.

A number of unilateral decisions and action plans are in force at Domisys:

- Unilateral decision on preferential prices signed on 21 January 2009 and implemented 22 October 2015.
- Unilateral decision on personal protection for managers under Articles 4 and 4 bis of the 1947 National Collective Bargaining Agreement (CCN) and another for non-managers not governed by Articles 4 and 4 bis of the CCN.
- Unilateral decision on healthcare costs dated 31 December 2015. This corresponds to an update in line with the manager agreement as well as an update in line with the recently negotiated contract with Mutuelle Générale.
- Unilateral decision on restaurant vouchers signed on 1 July 2010 and updated 18 July 2013.
- A gender equality action plan was signed on 14 September 2012.
  It is reviewed and presented to the Works Council on an annual basis.
  The plan was last updated on 16 December 2016.
- An inter-generational agreement action plan was signed on 21 May 2015. It is reviewed with regard to changes in indicators and is presented to the Works Council on an annual basis.
  It was last updated on 19 May 2016.

26.4. HEALTH AND SAFETY

26.4.1. Occupational health and safety conditions

Group management intends to continue improving conditions at work and pursuing initiatives to reduce arduous tasks. Training sessions, specific initiatives and working groups have been set up in order to achieve this goal.

The Quality, Safety and Environment Officer follows an action plan covering all Group sites and addressing the major safety challenges: workstation design, arduous work, safety training, hazard prevention, etc.

During the reporting period, several workstation assessments were carried out.

Under a specific integration programme for temporary workers and new recruits, our safety officer spends time at the Saint-Quentin site familiarising employees with occupational safety procedures and their new workstations.

These training hours are monitored by the Quality, Safety and Environment Officer, as they are deemed to provide information and encourage awareness of workstation risks, including training on the correct movements and postures to adopt in order to prevent accidents at work.

In 2015, a study was carried out by an independent firm (SECAFI) to assess psychosocial risk factors within the Company.

26.4.2. Overview of occupational health and safety agreements signed with trade unions or staff representatives

Two health and safety committees based at Dardilly and Saint-Quentin-Fallavier meet every quarter, in the presence of their members, the Chairman or Chairman's representative and the Company doctor.

No agreement on occupational health and safety was signed during the year.

Subsidiaries do not have employee representatives given their staff sharing arrangements. Only Anikop has employee representatives.

26.4.3. Industrial accidents, including frequency and severity thereof, and occupational sickness

Industrial accidents are closely monitored by the QSE officer, who keeps a record of accidents, with or without lost time, at all sites.

Number of industrial accidents:

Site	Activity	Accidents with no lost time	Lost time accidents	Travel accidents
Saint-Quentin	Logistics platform	2	22	1
Saint-Quentin 2	Logistics platform annex	0	0	0
Dardilly	Registered office	3	0	2
Vaise	Store	0	1	0
Paris	Store	1	2	0
Anikop	Subsidiary	0	0	1
DLP Connect	Subsidiary	1	0	0
LDLC distribution	Subsidiary	0	0	0
Hardware.fr	Subsidiary	0	0	0
Villefranche	Subsidiary	0	0	0
Villeurbanne	Subsidiary	0	0	1
Bordeaux	Subsidiary	1	0	0
Event	Subsidiary	0	0	0
École LDLC	Subsidiary	0	0	0
Domisys	Subsidiary	0	5	0

Frequency and severity rates:

	Groupe LDLC			
	Logistique	**Bureau**	**Boutiques**	**Subsidiaries**
Frequency rate (FR)	42.6	0	41	0
Severity rate (SR)	1.32	0	1.11	0

Occupational sickness: 0 occupational sicknesses declared.

26.5. TRAINING

26.5.1. Safety training

Every year, Groupe LDLC organises different safety training programmes for employees at all of its sites. Training is provided by a specialised training firm.

The programme includes:
- Occupational first aid initial & refresher training.
- Forklift training (CACES 1 - 3 - 5).
- AWP training (PEMP 3).
- Fire evacuation procedure training.
- Electrical authorisation initial & refresher training.
- Occupational health training.
- Fire safety training.

Every year, Domisys organises different safety training programmes for its employees at all of its sites. Training is provided by a specialised training firm or in-house by a previously trained employee. The programmes include:
- Occupational first aid initial & refresher training.
- Forklift training (CACES 1 - 3 - 5) (in-house for the theory portion and at a training firm for the practical and exam portions).
- Initial fire extinction and evacuation procedure training.
- Electrical authorisation initial & refresher training.
- In-house training in difficult client management.

26.5.2. Training policies

Ongoing professional training enables every employee, regardless of age, to participate in paid or unpaid training programmes so as to adapt to changes in their occupation or structure, or in order to pursue a career change.

Via budgeted annual initiatives, Groupe LDLC tries to reach this goal as effectively as possible, whilst seeking solutions to problems that may arise along the way.

In 2017, Groupe LDLC intends to continue the progress made in 2016 by addressing the following issues:
- Enhance the management skills of managers and team leaders, in order to anticipate employee-related problems and boost staff morale.
- Ensure the professional development of employees so that they can keep up with constantly changing techniques and legal or administrative constraints.

For a company, to achieve long-term success, it must constantly challenge its methods and pursue structural growth; this includes ensuring the development of its employees.

Groupe LDLC intends to continue financing its employees' training requirements, thereby contributing towards the adaptation and development of employees and the preservation of their jobs.

As in 2016, departmental managers will not be responsible for reporting their department's training requirements; Group management will draw up official training priorities in order to respond to changes in its structure and meet its new strategic goals.

This year, we will continue preparing an annual training plan tailored to employees' needs, the Company's development, changes in job functions and the preservation of jobs.

Groupe LDLC has always strived, depending on its staffing requirements, to facilitate the integration and training of young people in the Company. In this respect, Groupe LDLC has always made use of vocational training contracts and apprenticeships, including two in 2016/2017.

26.5.3. Total training hours

Groupe LDLC:

Over the 2016 calendar year, 1,764 hours of training were dispensed under the Groupe LDLC training programme:

- **Training programme (TP):** 31 courses under the TP totalling 1,764 hours broken down as follows: 243 hours of IT training, 14 hours of legal training, 167 hours of human resources training, 910 hours of management training, 332 hours of safety training, 42 hours of sales training, 14 hours of administrative training and 42 hours of logistics training.

Anikop:

Over the 2016 calendar year, 53 hours of training were dispensed under the Anikop training program:

- **Training programme (TP):** 1 42-hour management training course for 1 employee, 2 safety training courses totalling 11 hours.

Hardware:

None.

DLP Connect:

In 2016, 124 hours of training were dispensed under the DLP Connect training programme:

- **Training programme (TP):** 7 courses under the TP totalling 124 hours, including 83 hours of safety training and 41 hours of technical training.

LDLC Distribution:

Over the 2016 calendar year, 149 hours of training were dispensed under the LDLC Distribution training programme:

- **Training programme (TP):** 7 courses under the TP totalling 149 hours, including 98 hours of management training, 2 hours of safety training, 14 hours of legal training, 14 hours of human resources training and 21 hours of trainer training.

École LDLC (LDLC School):

In 2016, 10 hours of training were dispensed under the École LDLC training programme, i.e. around 2 hours of training per employee:

- **Training programme (TP):** 1 course under the TP totalling 10 hours of safety training.

LDLC Villefranche:

In 2016, 42 hours of training were dispensed under the LDLC Villefranche training programme:

- **Training programme (TP):** 1 course under the TP totalling 42 hours of management training.

LDLC Bordeaux:

In 2016, 15 hours of training were dispensed under the LDLC Bordeaux training programme, i.e. around 3 hours of training per employee:

- **Training programme (TP):** 2 courses under the TP totalling 15 hours in safety training.

LDLC Villeurbanne:

In 2016, 42 hours of training were dispensed under the LDLC Villeurbanne training programme:

- **Training programme (TP):** 1 course under the TP totalling 42 hours in management training.

LDLC Event:

In 2016, 7 hours of training were dispensed under the LDLC Event training programme:

- **Training programme (TP):** 1 course under the TP totalling 7 hours of sales training.

Domisys:

In 2016, 25 training initiatives were dispensed, i.e. 1,083 hours of training, broken down as follows:

- 651 hours of safety training
- 114 hours of management training
- 240 hours of customer relations/sales technique training
- 78 hours for other training (BIOS, real estate loans).

26.6. EQUAL TREATMENT

26.6.1. Measures to promote professional equality between men and women

The Company signed an agreement on the matter on 13 December 2011, renewed in 2016, demonstrating its willingness to formalise a company policy regarding professional equality between men and women, throughout their professional careers from the moment they are hired.

In the 2016 calendar year, Groupe LDLC hired 66 people, 40.90% of whom were women. This gender disparity results from the fact that, despite efforts to redress the balance, the IT field still has a predominantly male workforce. This explains why fewer women are hired than men. Furthermore, women accounted for only 35% of the employees who received training during the 2016 calendar year. The proportion of women at the Company during the same period was 35.28%.

Over the financial year, Anikop hired 6 employees, including 2 women.

Over the financial year, DLP Connect hired 4 male employees. A job advertisement for an electrician was posted. No female candidates applied.

The LDLC School (L'École LDLC) hired 1 female employee during the financial year.

LDLC Distribution hired 4 employees during the financial year, including 1 woman.

LDLC Villefranche-sur-Saône posted no job advertisement during the financial year.

LDLC Villeurbanne hired 6 male employees during the financial year.

LDLC Bordeaux hired 6 male employees during the financial year.

LDLC Event hired 2 male employees during the financial year.

Hardware hired 1 male employee during the financial year.

Domisys signed an action plan in 2012 which is reviewed on an annual basis. It was last updated on 16 December 2016.

At 31 March 2017, Domisys employed 42 women out of a total headcount of 186, i.e. 22.5%. Between 1 April 2016 and 31 March 2017, 34 employees were hired, including 10 women representing 29.4% of new recruits.

In terms of training, of the 129 employees trained in 2016, 20 (15.5%) were women.

26.6.2. Measures to promote the employment and integration of disabled persons

As at 31 March 2017, 14 disabled employees were working for Groupe LDLC.

As at 31 March 2017, Domisys employed 8 disabled workers, i.e. 4.3% of its headcount.

No disabled employees are working at the other Group subsidiaries.

Groupe LDLC maintains ties with a French employment agency, *Cap Emploi*, in order to promote the professional integration of disabled persons, as well as with the AGEPHIP network as part of the programme to help keep disabled workers in employment.

Furthermore, a disabled-friendly company (French EA or *entreprise adaptée*) connects us with disabled workers in order to replace maintenance staff at our sites in Saint-Quentin-Fallavier and Dardilly during their holidays.

These same measures apply within the subsidiaries.

26.6.3. Non-discrimination policy

The Company applies a non-discrimination policy with regard to hiring, professional development and compensation.

The same principle applies within the subsidiaries.

26.7. PROMOTION OF AND COMPLIANCE WITH THE ILO FUNDAMENTAL CONVENTIONS ON FREEDOM OF ASSOCIATION AND THE RIGHT TO COLLECTIVE BARGAINING, THE ELIMINATION OF DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION, THE ABOLITION OF FORCED OR COMPULSORY LABOUR, AND THE EFFECTIVE ABOLITION OF CHILD LABOUR

The Group's global policy complies with the general principles of international law (OECD, ILO, EU), as well as domestic legislation, which prohibit all types of discrimination, harassment, forced labour and child labour. In particular, the Group works to uphold the dignity of its employees, subcontractors, temporary workers and suppliers.

Furthermore, our Company respects freedom of association and the right to collective bargaining, and complies with statutory provisions relating to this matter.

These same principles apply across the board at all Group subsidiaries.

ENVIRONMENTAL INFORMATION

26.8. OVERALL ENVIRONMENTAL POLICY

26.8.1. Organisational measures within the Company and its subsidiaries for dealing with environmental issues and assessment/certification initiatives

A number of Group departments are responsible for environmental matters. The main responsibility lies with the Quality, Safety and Environment (QSE) Officer and General Services Coordinator, but the legal, transport, purchasing and logistics departments also play an important role. The QSE Officer's role is to ensure compliance with environmental regulations, in particular for the Saint-Quentin-Fallavier facilities, which are specifically subject to French ICPE environmental regulations. Based at head office and reporting directly to senior management, the General Services department liaises between the QSE Officer and head office, the stores and the LDLC School (École LDLC). Integrated at the beginning of the financial year, the Group's subsidiary Domisys manages these issues independently through its Safety and Maintenance Officer, with support from the Group's General Services department, which instils respect for the environment into the daily management and monitoring of all Company and subsidiary facilities.

No environmental certification procedures are currently under way.

This year, the scope includes the Villeurbanne and Bordeaux stores as well as the Toulouse and Villemomble (LDLC Event) sites, which were opened during the 2016/2017 financial year.

Domisys was also included within the scope of this report.

26.8.2. Staff training and awareness schemes related to environmental protection

The Group is pursuing its policy of improving the sorting of waste from operations at source in order to promote the recycling of materials. The Group has introduced an indicator to measure the rate of waste recycling. Employees are made aware of the importance of waste sorting and are instructed in the use of the various sorting bins installed on our sites. Notices are displayed to remind employees of these instructions.

26.8.3. Resources assigned to the prevention of environmental risks and pollution

Given the non-industrial nature of the Company's business and its use of logistics, environmental risks are considered to be low. For this reason, the Company has not introduced specific measures for the prevention of environmental and pollution risks.

The Group makes sure that it complies with the regulations applicable to its operations and with the conditions of its permits to operate the Saint-Quentin-Fallavier and Grandchamps-des-Fontaines sites (French ICPE-listed sites subject to authorisation).

26.8.4. Provisions and guarantees for environmental risks

For the reasons explained above, the Group recognises no provisions or guarantees for environmental risks.

26.9. POLLUTION

26.9.1. Measures to prevent, reduce and remedy atmospheric, water and soil pollution constituting a significant danger to the environment

During its normal course of business, the Group does not generate atmospheric, water or soil pollution other than sanitary wastewater, which is channelled into the local sewage systems.

Moreover, as a preventive measure, the Company has installed oil interceptors in the car parks at its Saint-Quentin-Fallavier and Grandchamps-des-Fontaines sites, as well as a fire water retention system.

26.10. CIRCULAR ECONOMY

26.10.1. Waste prevention and management

26.10.1.1. Measures for preventing, recycling, reusing, repurposing and eliminating waste

During the 2016/2017 financial year, the Group's operations generated 593 tons of waste, including 372 tons at LDLC sites.	***2015/2016: 358t*** ***2014/2015: 365t***

Product end-of-life

As a manufacturer and "bringer to market" (own brand products, direct imports, packaging and printed matter) the Group has a duty to contribute financially and/or directly (management of waste recycling processes) towards the management of the relevant recycling chains. For this purpose, the Group has chosen to fulfil this duty via certified environmental organisations. The Group has identified four relevant areas of EPR (Extended Producer Responsibility): electrical and electronic equipment, packaging, batteries, graphic papers and furniture. Furthermore, the Group is affiliated with a number of environmental organisations covering the areas that concern it (waste electrical and electronic equipment (WEEE), packaging, batteries, paper and furniture) and contributes funding for the end-of-life management of the products it sells.

LDLC is affiliated with a specific organisation for each of these types of material (Ecologic, Adelphe, Screlec, Ecofolio and Ecomobilier). Every year, the Group discloses the volume of items brought to market and pays the invoices issued by the organisation.

Furthermore, as an electrical and electronic equipment retailer, the Group is responsible for informing consumers of the right way to dispose of used products and is required to take back used products when customers replace them with an equivalent new product ("1 for 1" principle). This information is provided to consumers by store assistants and via the "Environment" page of the Group website in the case of online purchases.

During the 2016/2017 financial year, the Group collected and transferred 22 tons of WEEE to the relevant recycling organisation.

During the 2016/2017 financial year, the LDLC sites collected and transferred 17 tons of WEEE to the relevant recycling organisation, identical to the previous year's figure. This waste is mainly derived from defective product returns or collected end-of-life products. This figure is included in the calculation of the waste recycling rate.

Other recyclable waste, including paper, cardboard, shrink wrap and pallets, is sorted at source on site and then collected and recycled by the relevant recycling firms.

Accordingly, in 2016/2017, the Group recycled 77% of its waste (paper, cardboard, shrink wrap, WEEE and pallets), including 75% of its LDLC site waste, compared to 74% in the previous year.

Type of waste	Group volume (tons)	LDLC sites volume (tons)	Volume (tons) 2015/2016
Paper, cardboard and shrink wrap	365	222	211
Wooden pallets	67	39	38
Non-hazardous waste	134	93	91
Special waste = liquids generated from maintenance of logistics chains	0.4	0.4	0.5
Waste electrical and electronic equipment (WEEE)	22	17	17
Agglomerated wood	3	/	/
Other (aluminium and scrap metal for shredding)	0.5	/	/
Total	**591.9**	**371.4**	**357.5**

This year, the Group looked into potential ways of repurposing certain products that would otherwise be discarded by the Group. Two organisations were contacted, which resulted in the following initiatives:

- Recently replaced furniture at the Saint-Quentin-Fallavier canteen and Maginea customer service department was donated to the TRIRA association. The canteen furniture was used to equip a facility at a second chance school. 67% of the six pallets of products from the Maginea customer service department were reused; at times, certain products were repurposed, such as a dog kennel that was used to extend a chicken coop. The remaining 33% was either discarded or reused as “secondary material” by TRIRA.
- 1,071 Groupe LDLC products were donated in 2016, as follows: 925 musical instruments were given to four associations, while a pallet of 146 jackets was distributed to one association. These donations were made through “Agence du Don en Nature”, enabling us to benefit from a tax credit.

26.10.2. Sustainable use of resources

26.10.2.1. Water consumption and supply geared towards local restrictions

For its operations, the Group only uses water from the municipal mains supply for purely sanitary purposes. Given the level of consumption and the fact that the Group’s sites are located in France, no restrictions on consumption or specific water consumption issues have been identified.

26.10.2.2. Raw material consumption and measures to improve efficiency of use

Group raw material consumption is limited to the packaging required for wrapping and shipping products ordered (cardboard and bubble wrap).

We aim to use the most suitable sizes of cardboard boxes in order to avoid excessive use of this material. We now use four sizes of cardboard at the Saint-Quentin-Fallavier site. Two formats are used for preparing parcels, while a special format is used for hard drives. We introduced a fourth, small format in order to reduce our cardboard consumption and adapt our packaging in line with our increasingly compact catalogue items.

Like the Saint-Quentin-Fallavier site, the Grandchamps-des-Fontaines facility optimises all of its packaging operations by adapting the height of the cardboard packaging to the volume of the products concerned.

26.10.2.3. Energy consumption, measures to improve energy efficiency and use of renewable energies

In terms of energy consumption, the main cost item and issue is consumption of electricity. The Group consumes electricity on all of its sites for lighting, air conditioning, computer equipment, order picking chains, forklifts and other uses.

The Saint-Quentin-Fallavier and Grandchamps-des-Fontaines warehouses are heated by gas. The Lyon store is heated using domestic heating oil, which is also used to power the sprinkler system at the Grandchamps-des-Fontaines site. The sprinkler system operates with the assistance of two motor pump groups (GMP), enabling the pressurisation of the automatic extinguisher network in the event that it is triggered. These two GMPs operate using diesel, and operational tests are carried out every week, resulting in regular diesel consumption.

Total energy consumption for the year was 5,940 MWh.

Energy consumption	Quantity (kWh)	LDLC sites volume (kWh)	Quantity (kWh)
Electricity	3,071,737	2,071,087	
Gas	2,774,708	2,050,976	*2015/2016: 3,814,308*
Domestic heating oil	94,416	86,739	*2014/2015: 3,494,014*
Total	**5,940,861**	**4,208,802**	

The Group currently has no official energy consumption policy or target. However, it has made investments to promote the use of efficient equipment and less energy-intensive technologies in the newest buildings and major renovations. It has also introduced a number of measures to reduce consumption.

The Group continues to monitor its electricity consumption in order to analyse and improve the energy efficiency of its operations.

26.11. CLIMATE CHANGE

26.11.1. Main sources of greenhouse gas emissions generated by the Company's operations, in particular through the use of its goods and services

Group locations are not subject to the EU emissions trading system or to the requirement to produce a greenhouse gas emissions report pursuant to Article 75 of the French Grenelle II Act.

	LDLC sites
Group greenhouse gas emissions are as follows: • Electricity: 258,026 kg CO_2eq including 173,971 generated by LDLC sites • Gas: 649,282 kg CO_2eq including 479,928 generated by LDLC sites • Domestic heating oil: 28,325 kg CO_2eq including 26,022 generated by LDLC sites	**2016/2017: 679,921 kg CO_2eq** **2015/2016: 622,640 kg CO_2eq** **2014/2015: 557,680 kg CO_2eq**

SOCIAL INFORMATION

26.12. LOCAL ECONOMIC AND SOCIAL IMPACT OF THE COMPANY'S OPERATIONS IN TERMS OF EMPLOYMENT, REGIONAL DEVELOPMENT AND IMPACT ON LOCAL COMMUNITIES

Throughout France, the LDLC Group employs on average 755 people (including 51 temporary workers) based at its head office and subsidiaries (offices, stores, logistics platforms and school). These jobs represent our direct contribution to the local employment market. We also contribute indirectly by creating jobs and providing business for our suppliers and service providers.

Nevertheless, in view of our size and the location of our sites in firmly established urban areas and logistics hubs, we consider that our impact in terms of employment and regional development is not significant for these areas and we have not identified any specific related issues.

26.13. RELATIONS WITH THE COMPANY'S STAKEHOLDERS, INCLUDING PROFESSIONAL INTEGRATION ORGANISATIONS, EDUCATIONAL INSTITUTIONS, ENVIRONMENTAL PROTECTION ORGANISATIONS, CONSUMER ASSOCIATIONS AND LOCAL COMMUNITIES

26.13.1. Conditions of stakeholder dialogue

Via our business of trading and selling products online, we are able to maintain a relationship with our customers, suppliers and employees, who comprise our three main categories of stakeholder.

LDLC.com seeks to provide its customers with premium-quality service. Responsiveness and compliance with order shipment deadlines are essential for our business and constitute two of our main selling points.

Between 2 May and 8 July 2016, Viséo Customer Insights[1], organiser of the Customer Service of the Year awards in France, tested the quality and responsiveness of LDLC.com's customer service department. On the basis of 225 points of contact via email, phone, Internet and social networks, for which we obtained an average rating of 18.56/20, we came first in the "Technical Product Distance Selling" category. Accordingly, the Group's drive towards improving customer relations were once again rewarded, in the form of the 2017 Customer Service of the Year award.

We also listen carefully to what customers have to say about our products, as their opinions can influence our decision whether to continue marketing a certain product.

Our relationship with our suppliers is explained in more detail in section 3 below, "Subcontracting and suppliers".

26.13.2. Partnerships and sponsorship

Groupe LDLC is a major partner of ASVEL basketball club.

Groupe LDLC made donations totalling €195,000 during the 2016/2017 financial year.

(1) "Technical Product Distance Selling" category - Inference Operations mystery shopper survey - Viséo CI - May to July 2016, via 225 points of contact including phone calls, emails, web surfing and social networking sites.

26.14. SUBCONTRACTING AND SUPPLIERS

26.14.1. Inclusion of social and environmental considerations in the Company's procurement policy

The Group has not specifically drawn up a responsible procurement policy including social and environmental criteria that would be applicable to its suppliers or to specific product ranges.

26.14.2. The importance of subcontracting and inclusion of social and environmental responsibility issues in the relationship with suppliers and subcontractors

Purchases of goods account for a significant portion of our expenses. Most of these purchases are made in Europe. Direct imports account for around 12% of our goods purchases.

Breakdown of purchases per region:

Region	Purchases (%)
European Union	88.24%
Non-EU (mainly Asia)	11.76%

Supplier and subcontractor social and environmental responsibility is not specifically factored into our relationships, as priority is given to product quality.

In practice, we rarely enter into direct contact with the manufacturers of the products we sell, and we lack the critical mass to impose social and environmental responsibility requirements on our suppliers.

Nevertheless, most of our purchases are made from European wholesalers. We also try to cultivate long-term relationships with our many suppliers, who are recognised players in the sector.

26.14.3. Fair practices

Measures to prevent bribery and corruption

The Group has not introduced a formal set of procedures or code of conduct for the prevention of bribery and corruption.

Nevertheless, the Company's purchasing practices are aimed at minimising the related risks. For example, the purchasing department is centralised and all transactions are managed at the head office in Dardilly under the direct supervision of senior management. Buyers are allocated capped lines of credit and individual buyer margins are monitored daily so that any anomalies can be quickly identified.

Responsibility for purchases of products classified as strategic, whose prices may vary considerably from day to day for example, lies with Laurent Villemonte de la Clergerie, for non-EU purchasing, and the Chief Procurement Officer for EU purchases.

26.14.4. Consumer health and safety

The Group monitors the conformity of the products it sells via a system of random audits carried out on its suppliers based within and outside the EU. The purpose of these audits is to review documentation in order to ascertain whether the products comply with current regulations and, in particular, with the requirements of the European CE marking system and the New Approach directives.

In terms of data privacy (especially with regard to consumers), the Group is committed to ensuring strict compliance with the requirements of the French Data Protection Act (*Loi informatique et libertés*). In order to achieve this, an employee has been given the task of making all the relevant disclosures to the French Data Protection Authority (CNIL) on behalf of all LDLC Group companies.

26.14.5. Other initiatives relevant to this section regarding the promotion of human rights

Given that the LDLC Group's employees are based in France, the Company has not identified any specific risks of violation of human rights in respect of its employees. As stated in the section on subcontracting and suppliers, we rarely enter into direct contact with the manufacturers of the products we sell, and we lack the critical mass to impose requirements on our suppliers. Therefore, the Company has not introduced any specific human rights initiatives.

METHODOLOGICAL NOTE CONCERNING THE ENVIRONMENTAL, HUMAN RESOURCES AND SOCIAL INFORMATION INCLUDED IN SECTION 26 OF THIS REPORT

Reporting context

Pursuant to Article L.225-102-1 of the French Commercial Code, the environmental, human resources and social information presented in section 26 of this report covers the financial year ended 31 March 2017.

Reporting scope

The consolidation scope comprises the Group subsidiaries that are fully consolidated for the purposes of the Group financial statements, i.e. the subsidiaries that are exclusively controlled by the Group, whether directly or indirectly (see Note 2.3 to the consolidated financial statements).

We would point out that certain financially consolidated Group subsidiaries were not included in the CSR report, as these companies do not conduct any operations. These companies include Domimo 2 and Domimo 3, LDLC3, LDLC4, LDLC5, LDLC6 and Campus 2017.

The reporting scope has been extended this year and now includes Domisys, LDLC Event, LDLC Bordeaux, LDLC Villeurbanne and the Groupe LDLC Toulouse site.

Reporting period

Unless otherwise stated, the figures disclosed relate to the financial year beginning on 1 April 2016 and ending on 31 March 2017.

Reasons for exclusion of specific information

The Group's business activity consists of the trading and retail of products. Its operations primarily include the reception, storage, packaging and shipping of manufactured goods, assembly of computer components and all services related to online selling. Therefore, the Group is not directly engaged in any industrial activity involving the processing or transformation of materials or production. Generally speaking, there are no night-time operations on Group sites and Group operations are conducted inside its buildings.

The premises occupied by the Group consist of office buildings, sales outlets and warehouses situated in urban areas or existing logistics hubs. All Group facilities are located in France.

For the aforementioned reasons, the Group has not identified any specific risks or requirements related to its operations or facilities with regard to the following issues, which are therefore not included in this report:

- Noise and all other forms of specific pollution;
- Efforts to combat food waste;
- Land use;
- Adaptation to the consequences of climate change; and
- Preservation or promotion of biodiversity.

Notes on specific indicators

Human resources information

Headcount

Headcount is expressed in number of employees and includes all persons paid by and working for the Company as at the closing date (31 March 2017), excluding trainees and temporary workers.

Absenteeism

Absence taken into consideration includes short and long-term sick leave, absence due to industrial and travel accidents, parental leave, unjustified absence and personal leave (referred to as "other absences").

The theoretical number of hours used to calculate the rate of absenteeism equals the theoretical number of hours worked per month (151.67) x times the number of FTE employees.

The rate of absenteeism equals the ratio between the number of hours of absence and the number of theoretical hours of presence.

Frequency rate

The industrial accident frequency rate equals the number of lost-time industrial accidents per million hours worked: no. of lost-time industrial accidents/no. of hours worked x 1,000,000.

Only lost-time industrial accidents occurring during the year are counted; travel accidents resulting in lost time are not included. Accidents incurred by trainees and temporary employees are also excluded. Hours of absence are deducted from the number of hours worked, while overtime hours are added to this number.

Severity rate

The industrial accident severity rate equals the number of working days lost due to industrial accidents per 1,000 hours worked: no. of days lost due to industrial accidents/ no. of hours worked x 1,000.

Number of training hours

Training may take place outside working hours, within the scope of the French CPF personal training allowance scheme, or during working time. Training provided under a training plan or professional qualification contract is included in the calculation. The Group does not provide training to temporary employees or to trainees on work-study placements.

Quantitative information regarding the training plan relates to the 2016 calendar year.

Environmental information

Waste

French regulations are applied for the purposes of defining waste and determining whether it is hazardous. Reporting covers all Group facilities. Waste generation is calculated on the basis of volumes removed from Group facilities during the reporting period. The total volume of waste generated is determined on the basis of the quantities stated on invoices and waste monitoring documents, where available. This excludes ordinary industrial waste generated by the Domisys sites in Nantes, Orvault, Chelles, Rennes, Bordeaux, Toulouse, Lille, Strasbourg and Aix. Among the LDLC sites, ordinary industrial waste generated by locations in Paris, Villeurbanne, Bordeaux and the LDLC School (École LDLC) are also excluded.

Paper and cardboard waste generated by the LDLC School is also excluded, as this is managed by the local waste collection services.

As paper and cardboard waste from the Paris store and Domisys sites (except Grandchamps-des-Fontaines) is collected in bulk, the figures have been estimated on the basis of the weighing of a representative sample of containers in order to determine an average weight, which was used for the calculation.

The quantities of WEEE collected include all items collected from Group sites and pooled together at Saint-Quentin-Fallavier or Grandchamps-des-Fontaines. The total quantity of WEEE is based on the quantities stated on the invoices and waste monitoring documents issued by the company hired to collect and process this waste.

Our non-hazardous waste is fed into the relevant industrial recycling chains (e.g. waste paper and cardboard are recycled by paper mills). On the other hand, WEEE is recycled by specialised recycling firms.

Energy

Energy consumption equals the total amount of energy (electricity, gas and domestic heating oil) invoiced to the Group by its suppliers over the reporting period. Consumption at the Saint-Quentin-Fallavier site has been estimated on the basis of surface area and a survey of the building’s energy profile. With regard to this year, part of the Q4 gas consumption was estimated on the basis of the previous year, as it was not possible to obtain the relevant data.

For domestic heating oil, we have applied the conversion factor provided by the French “Base Carbone” database, Version 7.3, domestic fuel France.

Greenhouse gas emissions

Greenhouse gas emissions have been calculated on the basis of energy consumption over the reporting period multiplied by the standard emission factor for each source of energy (electricity, gas and domestic heating oil) - source: decree of 8 February 2012 amending the decree of 15 September 2006 on energy performance surveys on existing buildings put up for sale in mainland France.

CHAPTER 27. REPORT BY THE INDEPENDENT THIRD PARTY ON THE CONSOLIDATED ENVIRONMENTAL, HUMAN RESOURCES AND SOCIAL INFORMATION INCLUDED IN THE MANAGEMENT REPORT

For the year ended 31 March 2017

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 standards applicable in France.

To the Shareholders,

In our capacity as independent third party, certified by COFRAC under number 3-1060[(1)] and member of the PwC network to which one of the Statutory Auditors of LDLC Group belongs, we hereby report to you on the consolidated environmental, human resources and social information for the year ended 31 March 2017, included in the management report (hereinafter the "CSR Information"), pursuant to Article L.225-102-1 of the French Commercial Code (*Code de commerce*).

Company's responsibility

The Management Board is responsible for preparing the Company's management report including the CSR Information required by Article R.225-105-1 of the French Commercial Code in accordance with the guidelines used by the Company (hereinafter the "Guidelines"), which are available on request from the Company's head office.

Independence and quality control

Our independence is defined by regulatory texts, the French code of ethics (*Code de déontologie*) of our profession and the requirements of Article L.822-11-3 of the French Commercial Code. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements and applicable legal and regulatory requirements.

Statutory Auditor's responsibility

On the basis of our work, our responsibility is to:

- attest that the required CSR Information is included in the management report or, in the event of non-disclosure of the CSR Information, that an explanation is provided in accordance with the third paragraph of Article R.225-105 of the French Commercial Code (Statement regarding the completeness of CSR Information);
- express a limited assurance conclusion that the CSR Information taken as a whole is, in all material respects, fairly presented in accordance with the Guidelines (Conclusion on the fairness of CSR Information).

Our work was carried out by a team of five persons between February and June 2017 and lasted around four weeks.

We performed our work in accordance with the order dated 13 May 2013 defining the conditions under which the independent third party performs its engagement and with French professional standards, as well as with ISAE 3000[(2)] concerning our conclusion on the fairness of CSR Information.

(1) Whose scope is available at www.cofrac.fr.

(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information

1. Statement regarding the completeness of CSR Information

Nature and scope of our work

On the basis of interviews with the individuals in charge of the relevant departments, we obtained an understanding of the Company's sustainability strategy regarding the human resources and environmental impacts of its activities and its social commitments and, where applicable, any actions or programmes arising from them.

We compared the CSR Information presented in the management report with the list provided in Article R.225-105-1 of the French Commercial Code.

For any consolidated information that is not disclosed, we verified that explanations were provided in accordance with Article R.225-105, paragraph 3 of the French Commercial Code.

We verified that the CSR Information covers the scope of consolidation, i.e., the Company, its subsidiaries as defined by Article L.233-1 and the entities it controls as defined by Article L.233 3 of the French Commercial Code within the limitations set out in the methodological note, presented in the section of the management report entitled “Methodological note concerning the environmental, human resources and social information included in section 26 of this report”.

Conclusion

Based on this work and given the limitations mentioned above, we attest that the required CSR Information has been disclosed in the management report.

2. Conclusion on the fairness of CSR Information

Nature and scope of our work

We conducted around ten interviews with the persons responsible for preparing the CSR Information in the departments responsible for collecting the information and, where appropriate, responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and understandability, and taking into account industry best practices where appropriate;
- verify the implementation of data-collection, compilation, processing and control processes to ensure the completeness and consistency of the CSR Information and obtain an understanding of the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and scope of our tests and procedures based on the nature and importance of the CSR Information with respect to the characteristics of the Company, the human resources and environmental challenges of its activities, its sustainability strategy and industry best practices.

Regarding the CSR Information that we considered to be the most important (as specified in the appendix):

- at parent entity level, we referred to documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions), performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data. We also verified that the information was consistent and in agreement with the other information in the management report;
- at the level of a representative sample of sites selected by us[3] on the basis of their activity, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to verify that procedures are properly applied, and we performed tests of details, using sampling techniques, in order to verify the calculations and reconcile the data with the supporting documents. The selected sample represents on average 90% of headcount considered of sufficient relevance for human resources reporting purposes and between 79% and 100% of environmental data considered of sufficient relevance for environmental reporting purposes.

For the remaining consolidated CSR Information, we assessed its consistency based on our understanding of the Company.

Sites: Dardilly, Saint Quentin Fallavier, Lyon (Vaise) and Grandchamp des Fontaines

We also assessed the relevance of explanations provided for any information that was not disclosed, either in whole or in part, taking into consideration industry best practices set out in the Global Reporting Initiatives guidelines.

We believe that the sampling methods and sample sizes used, based on our professional judgement, are sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures. Due to the use of sampling techniques and other limitations inherent to information and internal control systems, the risk of not detecting a material misstatement in the CSR Information cannot be totally eliminated.

Conclusion

Based on our work, nothing has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly, in all material respects, in accordance with the Guidelines.

Neuilly-sur-Seine, 30 June 2017

The independent third party
PricewaterhouseCoopers Audit

Hubert de Rocquigny du Fayel	Sylvain Lambert
Partner	Partner in charge of the Sustainable Development Department

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

Human resources information:

- total headcount and breakdown by gender, age and geographical region;
- new hires and dismissals;
- absenteeism;
- workplace health and safety conditions;
- work-related accidents, particularly the frequency rate and severity rate, as well as occupational illnesses;
- training policies;
- total number of training hours.

Environmental information:

- efforts made by the Company to take account of environmental issues and, where applicable, any environmental assessment and certification procedures;
- prevention, recycling, reuse, other forms of recovery and elimination of waste;
- energy consumption and measures taken to improve energy efficiency and the use of renewable energy;
- significant sources of greenhouse gas emissions generated due to the Company's activities, including the use of goods and services that it produces.

Social information:

- the importance of outsourcing and taking into consideration CSR issues in dealings with suppliers and their own subcontractors;
- measures taken to ensure consumer health and safety.

CHAPTER 28. SPECIAL REPORT ON ALLOTMENT OF BONUS SHARES PRESENTED TO THE ORDINARY AND EXTRAORDINARY GENERAL MEETING ON 29 SEPTEMBER 2017 (ARTICLE L.225-197-4, FRENCH COMMERCIAL CODE)

Dear Shareholders,

In accordance with Article L.225-197-4 of the French Commercial Code, in this special report we have summarised the Management Board's exercise, during the year, of the authorisation granted by the Ordinary and Extraordinary General Meetings of 28 September 2012 and 30 September 2016 to allot Company bonus shares pursuant to Articles L.225-197-1 et seq. of said Code.

The information required by applicable regulations is included in separate sections below.

1. Share allotments carried out in accordance with Articles L.225-197-1 to L.225-197-3 of the French Commercial Code

Under the terms and conditions of resolution 11 adopted by the Extraordinary General Meeting of 28 September 2012 and Resolution 19 adopted by the General Meeting of 30 September 2016 and pursuant to Articles L.225-197-1 to L.225-197-6 and L.225-129-2, paragraph 3 of the French Commercial Code, the Management Board was authorised to allot existing or future Company bonus shares in one or more instalments, to all or some of the employees and/or corporate officers of the Company and the companies defined in Article L.225-197-2 of the French Commercial Code.

Under the foregoing authorisation, at its meetings held on 24 June 2013, 28 March 2014, 9 July 2014 and 30 September 2016, the Management Board unanimously decided to grant existing Company bonus shares to the following employees and corporate officers:

Name of employee or corporate officer	Company or Group to which the employee belongs	Date granted	Share value (closing price on allotment date)	Number of shares granted	Vesting period	Lock-in period
Philippe Sauze Company employee responsible for sales, Internet and marketing	LDLC.com	24/06/2013	9.68	11,494	2 years, expiring 23/06/2015	2 years, from 24/06/2015 to 23/06/2017
	LDLC.com	09/07/2014	17.10	160,924	1st tranche (28,736 shares): 2 years, expiring 08/07/2016 2nd tranche (40,231 shares): 3 years, expiring 08/07/2017 3rd tranche (40,231 shares): 4 years, expiring 08/07/2018 4th tranche (51,726 shares): 5 years, expiring 08/07/2019	1st tranche: 2 years, from 09/07/2016 to 08/07/2018 2nd tranche: 2 years, from 09/07/2017 to 08/07/2019 3rd tranche: 2 years, from 09/07/2018 to 08/07/2020 4th tranche: 2 years, from 09/07/2019 to 08/07/2021

Name of employee or corporate officer	Company or Group to which the employee belongs	Date granted	Share value (closing price on allotment date)	Number of shares granted	Vesting period	Lock-in period
Jérôme Tire Company employee, Director of Maginea	LDLC.com	28/03/2014	22.32	137	2 years, expiring 27/03/2016	2 years: from 28/03/2016 to 27/03/2018
	LDLC.com	09/07/2014	17.10	72	2 years, expiring 08/07/2016	2 years: from 09/07/2016 to 08/07/2018
Laurent Bousquet Company employee, SEO Director	LDLC.com	09/07/2014	17.10	750	2 years, expiring 08/07/2016	2 years: from 09/07/2016 to 08/07/2018
Philippe Nabet Company employee Sales Director	Groupe LDLC	30/09/2016	33.30	500	2 years, expiring 30/09/2018	2 years: from 01/10/2018 to 01/10/2020
Laurence Lacombe Company employee IT Systems Director	Groupe LDLC	30/09/2016	33.30	1,000	2 years, expiring 30/09/2018	2 years: from 01/10/2018 to 01/10/2020
Total				**174,877**		

Shares granted to beneficiaries shall fully vest at the end of the two-year vesting period, beginning on the allotment date as indicated above, and shall be subject to a two-year lock-in period as of the vesting date.

However, bonus shares shall only fully vest to beneficiaries provided that they are still employed by the Company on the vesting date. Accordingly, in the event that a beneficiary's employment contract is terminated during the vesting period on any grounds whatsoever, save those described below, the beneficiary shall forfeit all rights to the bonus shares granted, as of a date determined in the beneficiary's plan regulations.

Notwithstanding the foregoing provisions, the beneficiaries shall still be entitled to benefit from the bonus shares in the event that they lose their position as a Company employee as a result of:

Disability	In the event that the departing beneficiary suffers a recognised second or third category disablement as defined by Article L.341-4 of the French Social Security Code.
Death	In accordance with Article L.225-197-3 of the French Commercial Code, in the event that the beneficiary dies, his or her heirs may request that the shares be vested within six months of the death.

2. Bonus shares granted to corporate officers by the Company or by related companies within the meaning provided in Article L.225-197-2 of the French Commercial Code or by controlled entities within the meaning provided in Article L.233-16 of the French Commercial Code

Below we have presented the amount and value of bonus shares that were granted by the Company during the year to corporate officers, in respect of the offices and duties exercised within the Company, as well as those granted by related companies, pursuant to Article L.225-197-2 of the French Commercial Code, and by controlled entities, as defined in Article L.233-16 of the French Commercial Code.

None.

3. Bonus shares having fully vested to corporate officers, granted by the Company, related companies as defined in Article L.225-197-2 of the French Commercial Code, or controlled companies as defined in Article L.233-16 of the French Commercial Code

Below we have presented the amount and value of bonus shares having fully vested to corporate officers during the year (expiration of vesting period), in respect of the offices and duties exercised within the Company, as well as those of related companies pursuant to Article L.225-197-2 of the French Commercial Code and controlled companies as defined in Article L.233-16 of the French Commercial Code.

None.

4. Amount and value of bonus shares granted to the ten non-director employees granted the highest number of bonus shares by the Company and by related companies or groups as defined by Article L.225-197-2 of the French Commercial Code

The table below presents the amount and value of bonus shares granted during the year by the Company and by related companies or groups, as defined by Article L.225-197-2 of the French Commercial Code, to each of the ten non-director Company employees who received the highest number of bonus shares.

Name of employee	Company or Group to which the employee belongs	Allotment date	Share value (closing price on allotment date)	Number of shares granted	Vesting period	Lock-in period
Philippe Nabet Company employee Sales Director	Groupe LDLC	30/09/2016	33.30	500	2 years, expiring 30/09/2018	2 years: from 01/10/2018 to 01/10/2020
Laurence Lacombe Company employee IT Systems Director	Groupe LDLC	30/09/2017	33.30	1,000	2 years, expiring 30/09/2018	2 years: from 01/10/2018 to 01/10/2020
Total				**1,500**		

5. Bonus shares having fully vested to the ten non-director Company employees granted the highest number of bonus shares by the Company and by related companies or groups as defined by Article L.225-197-2 of the French Commercial Code

The table below presents the amount and value of bonus shares having fully vested during the year (expiration of vesting period) to the ten non-director Company employees granted the highest number of bonus shares by the Company and by related companies or groups, as defined by Article L.225-197-2 of the French Commercial Code.

Name of employee	Company or Group to which the employee belongs	Allotment date	Share value (closing price on allotment date)	Number of shares granted	Vesting period	Lock-in period
Philippe Sauze Company employee responsible for sales, Internet and marketing	LDLC.com	24/06/2013	9.68	11,494	2 years, expiring 23/06/2015	2 years: from 24/06/2015 to 23/06/2017
Jérôme Tire Company employee, Director of Maginea	LDLC.com	28/03/2014	22.32	137	2 years, expiring 27/03/2016	2 years: from 28/03/2016 to 27/03/2018
Philippe Sauze Company employee responsible for sales, Internet and marketing	LDLC.com	09/07/2014	17.10	28,736	2 years, expiring 08/07/2016	2 years: from 09/07/2016 to 08/07/2018
Jérôme Tire Company employee, Director of Maginea	LDLC.com	09/07/2014	17.10	72	2 years, expiring 08/07/2016	2 years: from 09/07/2016 to 08/07/2018
Laurent Bousquet Company employee SEO Director	LDLC.com	09/07/2014	17.10	750	2 years, expiring 08/07/2016	2 years: from 09/07/2016 to 08/07/2018
Total				**41,189**		

CHAPTER 29. CROSS-REFERENCE TABLES

The cross-reference table presented below enables the following information to be identified in the Registration Document:

- √ Information comprising the Annual Financial Report (Article L.451-1-2 of the French Monetary and Financial Code and Article 222-3 of the AMF General Regulation).
- √ Information comprising the Annual Management Report (Articles L.225-100 et seq. of the French Commercial Code).

Annual Financial Report cross-reference table

Annual Financial Report		Registration Document	Pages
1	Statement by the person responsible for the Annual Financial Report	Section 1.2	28
2	Management Report	See table below	See table below
3	Report prepared by the Chairman of the Supervisory Board on internal control and corporate governance	Section 16.7	98
4	Corporate Social Responsibility report	Chapter 26	207
5	IFRS consolidated financial statements	Section 20.1	118
6	Statutory Auditors' report on the IFRS consolidated financial statements	Section 20.2	158
7	Statutory Auditors' report on the report prepared by the Chairman of the Supervisory Board	Section 16.8	111
8	Company financial statements	Section 20.4	160
9	Statutory Auditors' report on the Company financial statements	Section 20.5	181
10	Report by the independent third-party on the environmental, human resources and social information	Chapter 27	228

Management Report cross-reference table

	Annual Management Report	Registration Document	Pages
1	Company financial position and business during the financial year ended	Chapters 6 & 20	42 / 118
2	Analysis of financial statements and earnings	Chapters 9 & 20	56 / 118
3	Appropriation of earnings	Section 20.8	183
4	Non tax-deductible expenses	Section 20.9	183
5	Dividends paid	Section 20.7.1	183
6	Main risks and uncertainties facing the Company / Company's use of financial instruments	Chapter 4	32
7	Information on supplier payment terms	Section 20.10	184
8	Research and development activities	Chapter 11 & Section 9.6	73 / 66
9	Forecast changes and outlook	Chapters 6 & 12	42 / 74
10	Material post-balance sheet events	Section 9.7 & Chapter 12	66 / 74
11	Employee share ownership at financial year-end	Section 17.3	109
12	Corporate governance	Chapter 16	94
13	General information on corporate officers	Chapter 14	77
14	Compensation, retirement benefits and other annuities paid to corporate officers	Chapter 15	81
15	Information relating to agreements between the Company and (i) a director holding over 10% of the voting rights in a company or (ii) a company holding over half of the Company's share capital	Section 19.3	117
16	Summary statement of Company share transactions carried out during the year ended by directors and persons listed under Article L.621-18-2 of the French Monetary and Financial Code	Section 15.3	91
17	Revenues of subsidiaries and controlled companies	Chapters 7 & 25 and Section 9.5	52 / 62 / 206
18	Significant interests acquired in companies registered in France, takeovers of such companies or disposal of such interests	Chapter 7	52
19	Information on share capital breakdown and treasury shares – Share buyback plan	Sections 21.1 & 18.1	188 / 110
20	Changes in the share capital during the financial year	Section 21.1.1	188
21	Share performance – Share price risk	Section 18.5 & Chapter 4	112 / 32
22	Delegations of power or authority to perform capital increases	Section 21.1.5	190
23	Information required by Article L.225-100-3 of the French Commercial Code	Section 16.6	96
24	Table of results of the past five years	Section 20.11	186

2012-2013 2013-2014 2014-2015 2015-2016 2016-2017 ...

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