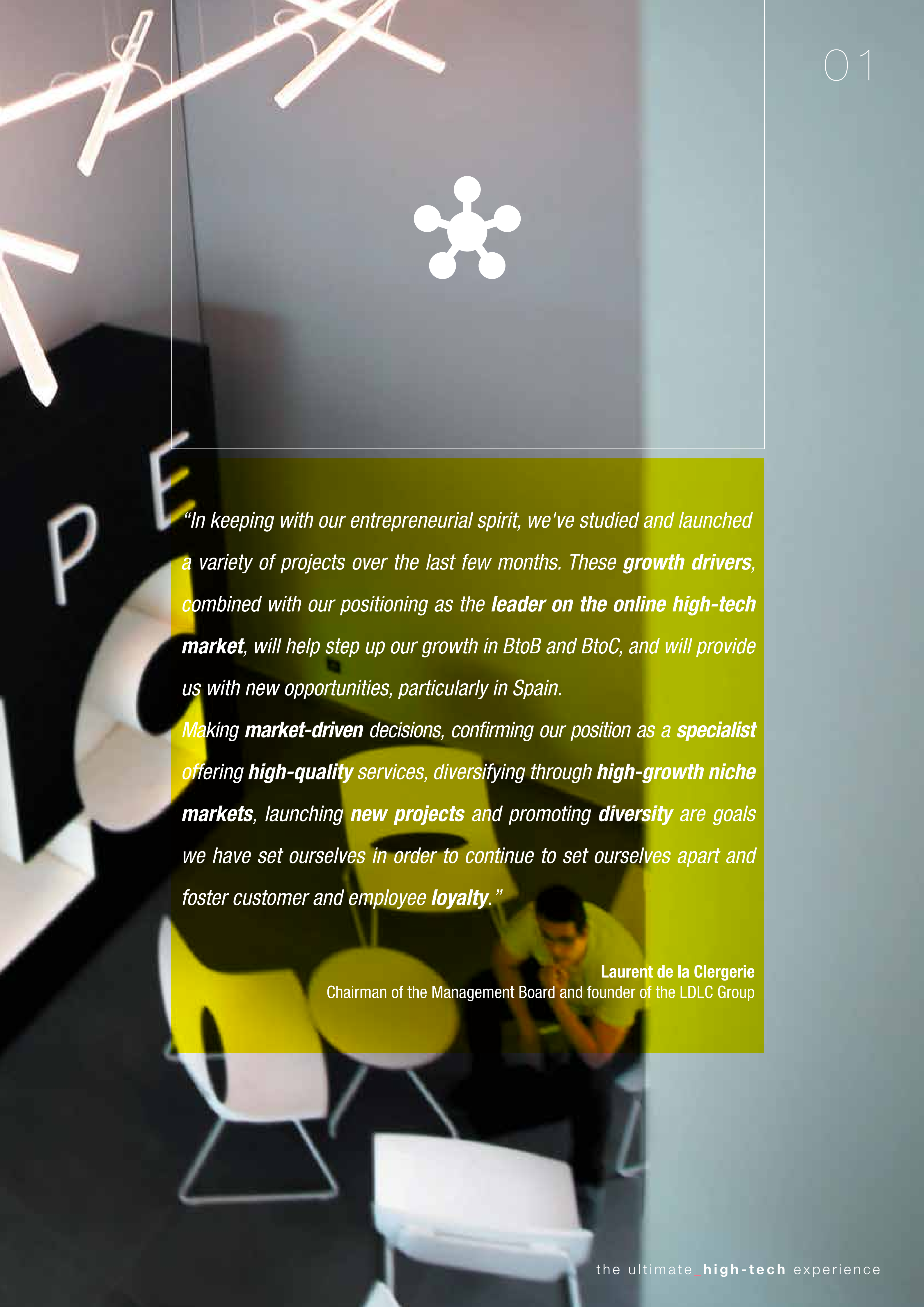
GROUPE LDLC

REGISTRATION DOCUMENT

2017 - 2018

the ultimate_**high-tech** experience

“AGILITY MEANS BEING ABLE TO SPEED UP AT THE RIGHT MOMENT”



*"In keeping with our entrepreneurial spirit, we've studied and launched a variety of projects over the last few months. These **growth drivers**, combined with our positioning as the **leader on the online high-tech market**, will help step up our growth in BtoB and BtoC, and will provide us with new opportunities, particularly in Spain.*

*Making **market-driven** decisions, confirming our position as a **specialist** offering **high-quality** services, diversifying through **high-growth niche markets**, launching **new projects** and promoting **diversity** are goals we have set ourselves in order to continue to set ourselves apart and foster customer and employee **loyalty**."*

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

LDLC GROUP: E-COMMERCE PIONEER AND FRENCH LEADER ON THE ONLINE HIGH-TECH MARKET

LDLC Group is a specialised multi-brand distributor. It operates via 11 websites, including 6 online stores, covering a huge segment of the the IT and high-tech market, as well as the related area of household and childcare equipment. At 31 March 2018, the LDLC Group had a network of 29 LDLC.com brand stores and 11 Apple Premium Reseller stores.
Winner of a number of customer service awards and recognised for the efficiency of its integrated logistics platform, LDLC Group serves individual consumers (BtoC) and professionals (BtoB).

8 chapters **of our story:**

1996-1997:
creation of the company and launch of LDLC.com.

1998:
opening of the 1st store in Lyon.

2000:
listed on the Paris Stock Exchange.

2001-2002:
creation of LDLC.pro. Launch of LDLC.com in Switzerland and Belgium.

2005-2007:
construction of an integrated logistics platform with a proprietary IT system. Opening of a store in Paris.

2013:
launch of an LDLC concept store and development of a network of physical stores.

2016:
acquisition of Materiel.net.

2017-2018:
construction and move to a new head office in Limonest.
Acquisition of OLYS Group, Apple distributor for professionals and individual consumers. Opening of the 1st physical L'Armoire de Bébé store.

"OUR OPERATING PLAN IS STILL UNDERWAY, BOLSTERED BY THE ADDITION OF NEW PROJECTS"

"Although the economic environment during the 2017-2018 financial year was complicated by the continued surge in memory component prices, we managed to maintain the pace of our operating plan, aiming to boost our strengths and launch projects designed to drive short-term growth. Combined with our sound fundamentals and sales and operating efficiency, these acceleration drivers give us confidence in our ability to roll out our development plan for 2018-2019.

We also demonstrated our ability to make structural external acquisitions during the financial year, including the successful and more or less complete consolidation of Materiel.net, and the purchase of a 100% interest in the Olys Group, which operates the BIMP and GDA i-Tribu retail outlets that act as Apple distributors for business and retail customers.

Based on our positioning as a specialised multi-brand distributor, we expect to post double-digit like-for-like growth in the 2018-2019 financial year at constant consolidation scope, and will naturally benefit from the integration of the Olys Group."

Olivier de la Clergerie
Chief Executive Officer of LDLC Group.

04

PIONEER

QUALITY & SERVICES

START-UP SPIRIT

LEADER

STRENGTH

INTERNATIONAL

KEY FIGURES AT 31 MARCH 2018

€472.1m
in revenues at 31 March 2018

Close to 1,000
employees

39,000 m²
integrated logistics platform

11
websites including 6 online stores

29
LDLC.COM stores at 31 March 2018

4
countries: France / Belgium / Luxembourg / Switzerland

50,000
listed products

1,700
high-tech partner brands

Opening in 2018-2019 of two stores in Spain (Madrid and Barcelona) and launch of the website.

Opening on 27 April 2018 of the first L'Armoire de Bébé store (childcare) in Limonest (Rhone).

A CAMPUS THAT REFLECTS OUR STYLE

In an exceptional setting, the new Campus LDLC located in Limonest, in the Rhone region, houses the Group's head office and the LDLC School. This 7,000 m² office complex is made up of three buildings: offices, the LDLC School and the dome-shaped hub.

With its green spaces, the Campus was designed to foster cooperation, and offers social areas such as the gym, pétanque (bowls) strip, the amphitheatre, and the industrial style canteen, where after-work drinks are held every Thursday evening. A concierge desk offers employees a range of services to make their lives easier: baked goods, parcel pick-up, dry-cleaning, sandwiches, etc.

In keeping with its core values, LDLC has scattered fun details around the campus, with various allusions. Meeting rooms are decked out in iconic video game colours reminiscent of Mario, Pac-Man, Sonic and Zelda, and a dozen or so break areas are styled with tropical, retro and western flavours. Worlds imagined entirely in-house by the Group's production studio teams.

Bikes and electric cars are also provided, providing employees with light transport solutions.

TRANSFER IN AUGUST 2017

18	300	7,000 m²	60
months of construction work	**parking spaces**	**in office space**	**trees planted**

“The head office is an entrepreneur's dream. Inspired by US firms, I wanted to combine all of the Group's driving forces at a single location, with a start-up spirit and places to share and discuss ideas.
I wanted this Campus to be conceived, designed and imagined for the employees. It was also important for us to gather at a central point, in order to foster team spirit and create a positive Group dynamic. The LDLC School, which is now located alongside the head office, also adds to this appeal. Budding talent will be learning alongside Group professionals, and will push teams to approach their projects from new angles.”

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

WITH SOME 500 EMPLOYEES AND STUDENTS ALREADY AT THE SITE

GROUP NEWS MONTH-BY-MONTH

JUNE 2017

- LDLC Group announces its plan to purchase a 100% interest in the OLYS Group.

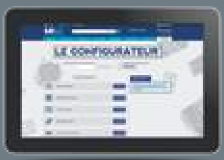
AUGUST 2017

- The Group's head office and the LDLC School move to the new Campus in Limonest (Rhone).

OCTOBER 2017

- Paris Games Week, LDLC.com and Materiel.net showcase their talent at the temple of video games.

- A custom PC configurator (part-picker) is made available on LDLC.com.



- LDLC.com voted "Best Customer Service 2018" for the 4th year running. *(BVA Group survey-Viséo CI - May-July 2017-Read more at www.escda.fr).*

NOVEMBER 2017

- The Group organises the 3rd national convention of LDLC.com store networks, attracting around sixty participants.
- Black Friday (24 November) is a resounding success, with over €7 million in orders.
- Materiel.net offers its customers five limited edition PCs signed by five artists from the "C'est Pas Nous" collective.

DECEMBER 2017

- The first edition of LDLC PRO TALKS is held on 6 December, information sessions and discussions intended for IT system customers and professionals.
- The Group's new recruitment website carrières.groupe-ldlc.com/fr is launched.

JANUARY 2018

- A BtoB sales unit is launched in Gennevilliers (Hauts-de-Seine).
- The OLYS Group acquisition is finalised.

FEBRUARY 2018

LDLC.com wins three awards:
- Qualiweb Trophy 2018
- Cross-channel Trophy
  (no. 1 in Email, Twitter, Facebook and LiveChat),
- Qualiweb E-commerce Trophy
  (no. 1 in customer service via email amongst e-commerce merchants).

MARCH 2018

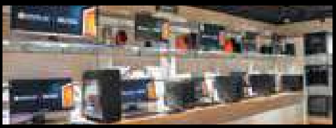
They did it!

Group employees step up to the plate: from 9-23 March 2018, the Group's employees took up the “À vos baskets” sports challenge, in support of the Léon Bérard centre in Lyon, dedicated to the fight against cancer. Over five days, 58 employees took turns riding bicycles and rowing in the head office gym, totalling 1,599 kilometres.

The €10,000 collected will be donated by the Group to the Léon Bérard centre, and will contribute to the funding of a 300 m² space at the hospital devoted to physical activity, prevention and patient well-being.

APRIL 2018

L’Armoire de Bébé opens its 1st store in Limonest (Rhone).



Materiel.net launches a new range of PCs, including three devoted entirely to gaming.

LDLC.com opens it 30th store in Pas-de-Calais.

IDENTIFYING AND TAKING ON NEW CHALLENGES

The Group strengthens its position in BtoB and becomes an Apple Premium Reseller

On 25 January 2018, the LDLC Group finalised the purchase of the entire share capital of the OLYS Group, whose marketed brands include BIMP and GDA i-Tribu, Apple distributors for individual consumers and professionals.

Widely recognised by companies and educational institutions, and already boasting a network of stores conveniently located in the Auvergne-Rhône-Alpes and Occitanie regions. OLYS strengthens the Group's BtoB offering by contributing more than 30 years of experience in this area.

“We are delighted to have made this merger a reality”, commented Olivier de la Clergerie. “OLYS strengthens our ties with the Apple universe and balances our offering, so that we can handle upcoming innovations in the two universes of PC and MAC. This partnership with OLYS gives us an additional advantage in terms of our vision of the Group's long-term development.”

LDLC.pro ramps up operations in the Ile de France region

LDLC.pro aims to generate revenues of €300 million by 2021. In order to achieve this goal, the Group is stepping up its deployment on a national scale. Already boasting a team of 90 employees in Limonest dedicated to professional customers, LDLC.pro has strengthened its presence in the Paris region with the creation of a business unit in Gennevilliers in February 2018. Currently comprising 10 on-the-move and permanent sales people, this BtoB structure is designed to welcome 80 people, in order to serve more companies of all sizes and local authorities in the Ile de France area. Given that 75% of IT decisions are made in Ile de France, LDLC.pro needed to ensure its physical presence.

For over 17 years, LDLC.pro has been involved in every stage of its customers' IT projects, whose expertise covers fields such as audit, project management, deployment and training, as well as the management and maintenance of fleets.

www.ldlc-pro.com

www.ldlc-event.com

In order to capitalise on its position as a pioneer and its experience and know-how in the e-sport segment, in May 2016 the LDLC Group created LDLC Event. Led by Stéphan Euthine, LDLC Event is a communications agency that focuses on events organisation and management, specifically in the e-sport sector. Its four areas of expertise include consulting (training, product tests), media content (social networks and videos), communications (press releases, sponsorship), and production (events organisation and e-sport programmes).

During 2017-2018, the LDLC Group laid the foundation for its roll-out in Spain

The Group's decision to set up operations on the Iberian peninsula was driven by a high-potential local market, currently void of an online and offline high-tech distributor with an approach like the LDLC Group's.

This project involved several months of work and close collaboration between several Group departments. A dedicated team was set up by the IT Systems Department in order to develop the new website and adapt it to the specific features of the Spanish market. A bilingual manager was hired to analyse the market, determine the locations of the Madrid and Barcelona stores in conjunction with the LDLC Distribution management team, organise supplies and deliveries with the Procurement and Logistics department and hire local staff. Finally, teams have been hired and trained to offer high-quality customer service.

In the medium term, Spain is a major growth driver for the Group, with the pilot stores in Madrid and Barcelona helping to define the development plan for the store network in this region.

www.ldlc.com

L'Armoire de Bébé opens its 1st store in Limonest

Three years after its launch and backed by the success of its e-commerce website, in April 2018 L'Armoire de Bébé, specialist in childcare products for babies and toddlers, opened its first store in Limonest, in the west of Lyon. This original concept store shelves more than 2,800 products and offers customers access to 8,500 products online, as well as additional services (advice, assembly, workshops and reviews).

One of the concept's original features is the 500 m² sales area organised around 8 product categories (bathroom, kitchen, clothing, soft toys and games, bottles and feeding, decoration, furniture and transport solutions) in which customers shrink to the size of a child, surrounded by giant furniture. The shopper is guided through the store by an oversized high chair, a giant chest of drawers and gigantic lamps.

www.larmoiredebebe.com

A BOLSTERED ORGANISATIONAL STRUCTURE

Serving our customers all throughout France

AT 31 MARCH 2018

29 **LDLC STORES**

9 **MATERIEL.NET CONCEPT STORES**

11 **APPLE PREMIUM RESELLER STORES (BIMP, GDA I-TRIBU)**

1 **L'ARMOIRE DE BÉBÉ STORE**

"OUR STORE MANAGERS PERFECTLY EMBODY THE LDLC GROUP'S CORE VALUES, AND ARE ALL PASSIONATE ABOUT TECHNOLOGY"

Won over by LDLC.com's corporate culture and plans, and with extensive experience in the development of of sales networks, after a number of years at major international groups Eric Schneider joined the LDLC Group in April 2017. His primary objective is to develop and drive the network of franchises and branches, aiming at having around one hundred stores in 3 to 4 years' time.

"To achieve this goal, one of the first steps I took was to rethink the size of the LDLC.com stores. There are now two types of space. 300 m² stores, located on the outskirts of towns, and 200 m² stores, in city centres. The second store type enables the Group to consolidate its presence in urban areas and more easily attract franchisees, the minimum personal contribution now set at €75,000. Furthermore, we are currently considering testing a 3rd store type, a little smaller than 100 m², in order to set up convenient store locations in major cities and smaller towns.

We are also making significant efforts to ensure the continuous improvement of our tools, processes and organisation, in order to pool our expertise and best practices. Particular attention is also paid to franchisee and employee profiles, as well as the support provided to them over time. This support, training and transfer of knowledge, specifically via a mentoring program, aims to ensure the success and sustainability of stores and to pass on the Group's core values.

Other than creating our distribution network, we are also exploring further opportunities enabling us to offer our in-store customers even more services and value, and to promote online and offline synergies.

We are starting to reap the initial rewards of these efforts, with an ever-increasing number of store openings. The success of the LDLC.com concept is demonstrated by the fact that over a third of our current franchisees intend to open a new store within 12 months, and the rate of new franchise applications is growing."

Interview

with Eric Schneider,
Chief Executive Officer
of LDLC Distribution

His objective:
working with his team of 25 employees, develop the network of LDLC.com franchises and branches.

His approach:
focus on every stakeholder:
happy teams =
happy customers =
value creation
(revenues and results).

His conviction:
distribution channels complement each other, but aren't in competition.

His winning strengths:
the reputation of the LDLC.com brand and a unique offering, based on a specialist positioning and the quality of advice and services provided by computer enthusiasts.

His guiding belief:
commit to controlled development.

THE SUCCESS OF THE LDLC SCHOOL CONTINUES WITH A 3RD COHORT OF STUDENTS

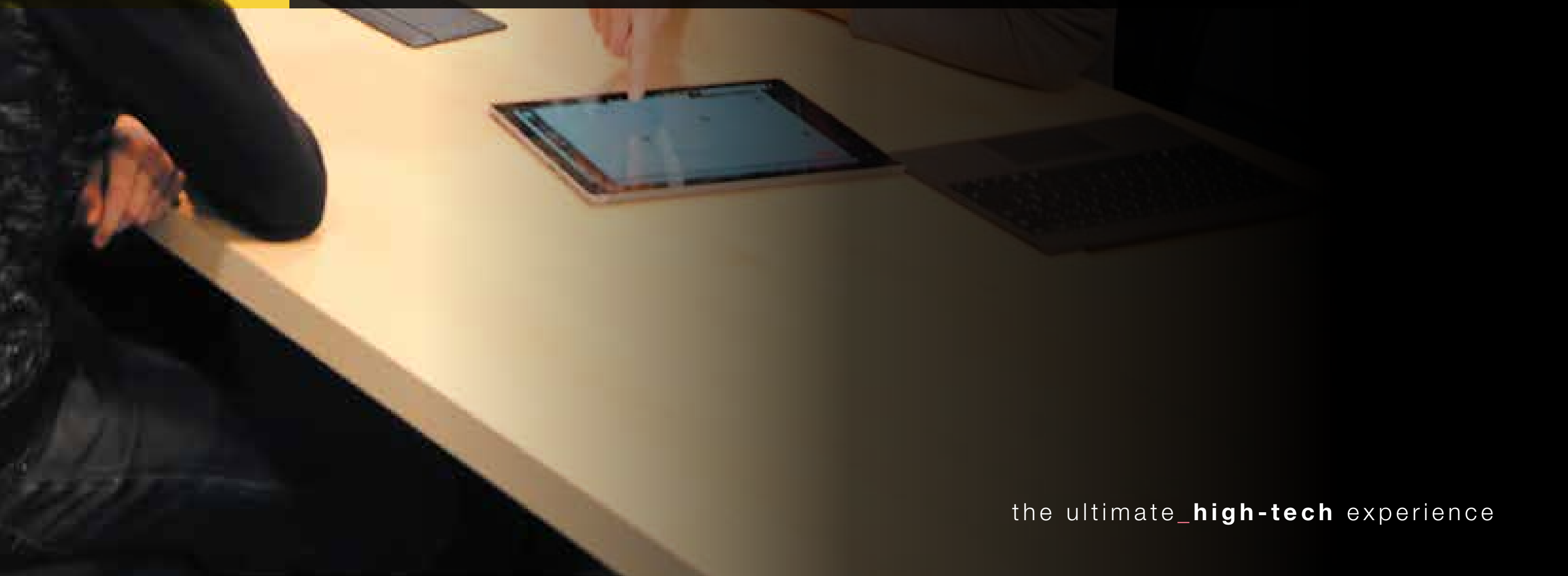
5 student projects to follow:

- **“Paye ta planche”** lists the best bar platters in Lyon: **payetaplanche.fr**
- **Acthulhu** transposes political events in France into a fantastical role-playing universe: **acthulhu.fr**
- **RedNugget** finds “nuggets” on Youtube: **rednugget.fr**
- **“Au gamer apaisé”** offers video game advice: **augamerapaise.fr**
- **“La planche à repasser”** analyses the latest sci-fi news: **laplanchearepasser.fr**

Since its very beginnings, the LDLC Group has combined performance and its responsibility to its employees and customers. This approach is at the heart of the Group's development strategy, in line with its start-up spirit. The LDLC Group therefore bases its relationships on mutual respect and is committed to providing its employees with everything they need to succeed.

It was with this employee-focused approach in mind that the LDLC School was created in 2015. At the start of the 2017 school year, the 3rd cohort of students stepped into the classroom. The 1st wave of students will finish the course in September 2018. The LDLC School offers a 3-year vocational tertiary course, geared towards digital industries and entrepreneurship. The training programme covers four topics: technology & practices, communication players and vectors, the corporate environment, and prospects & realities (general culture). The LDLC School today has 80 students.

Concrete example of the high quality of training provided. During their final year, the 24 students in the class of 2015, divided into five groups, were given the task of becoming web influencers in their respective fields. This project enabled them to step into the shoes of an entrepreneur, in order to successfully carry out a project aimed at generating influence (Be Influent). The collective goal was to create an online media platform, build a community, help it flourish and ensure that the project lasts over the long-term, with the aim of becoming influential players in their field.
For a period of one year, the students received continuous support, ongoing assessments of their work, and coaching sessions led by professionals, providing them with support in areas such as website structure, SEO, online community management, video creation and advertising. The project will come to an end in September 2018 with the creation of a white paper on digital influence best practices.



KEY FINANCIAL INDICATORS IN EURO MILLIONS

Simplified income statement (1 April - 31 March)

€m	2017/2018	2017/2018		2016/2017
		H1	H2	
Revenues	**472.1**	**215.5**	**256.6**	**479.9**
Gross margin	80.3	36.0	44.3	77.4
EBITDA	**14.7**	**6.6**	**8.1**	**17.9**
Underlying EBIT	10.3	4.4	5.9	13.4
Net income	**5.4**	**2.5**	**2.9**	**8.1**

Key points to note

- Significant improvement in results in the second half.
- Increase in the gross margin, driven by Purchasing synergies set up with Materiel.net.
- Outlay under tight control, despite the numerous development projects launched (new websites, Spain, BtoB in Paris).

Key balance sheet items (at 31 March)

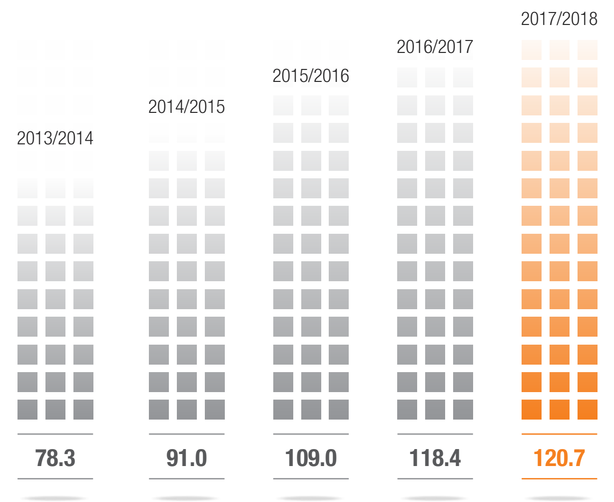
€m	2017/2018	2016/2017
Shareholders' equity	60.7	54.9
Net debt	51.4	36.2
Gearing*	0.85	0.66

** Net debt/equity*

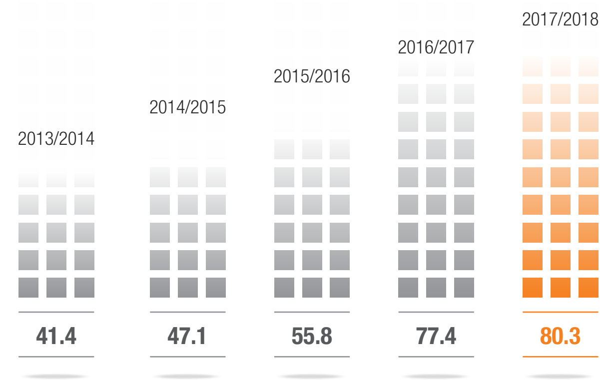
Key points to note

- Debt-to-equity ratio under tight control despite a difficult economic environment and a period of significant investment.

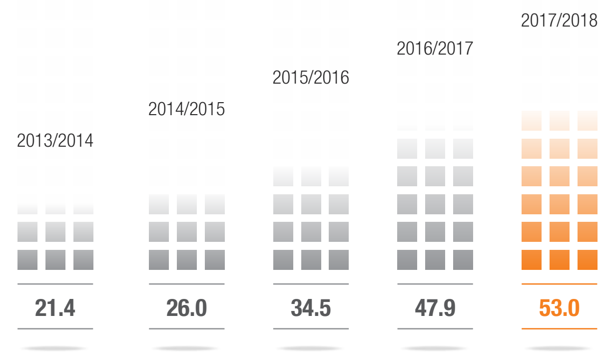
LDLC.pro 5-year revenues
(1 April - 31 March)



5-year gross margin
(1 April - 31 March)



LDLC.com store 5-year revenues
(1 April - 31 March)



€344 excl. VAT
Average basket value
LDLC.com
(compared to €321 in 2016-2017)

INVESTOR NOTEBOOK

Stock market	**EURONEXT Paris Compartment C**
ISIN code	**FR0000075442 LDL**
Number of shares	**6,322,106**
Index	**CAC All Shares**
Market capitalisation at 9 July 2018	**€121 million**
Analysts tracking the share	**Gilbert Dupont - Ning Godement, ODDO Securities - Jérémy Garnier**

Investor reporting timetable

28 September 2018	Annual General Meeting
25 October 2018	H1 2018/2019 revenues
6 December 2018	H1 2018/2019 results
31 January 2019	Q3 2018-2019 revenues
25 April 2019	FY 2018-2019 revenues
20 June 2019	FY 2018-2019 results

Publication after market close

Shareholder breakdown

Total number of shares at 6 July 2018: 6,322,106

Clergerie Family
Laurent de la Clergerie: 19.40%
Caroline de la Clergerie: 9.94%
Olivier de la Clergerie: 9.74%
Suzanne de la Clergerie: 1.13%

- De la Clergerie family*: 40.21%
- Domicorp: 4.75%
- Keren Finances: 6.1%
- Amiral Gestion: 4.9%
- Treasury shares: 2.08%
- Public float: 41.96%

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

Share price at 9 July 2018
€19.20
per share

Share price movements (€)

- 1-year high: €30.9
- 1-year low: €15.36
- 3-year high: €37.50

GROUP BRANDS

LDLC.COM

The leader on the online high-tech market, LDLC.com offers a catalogue of more than 50,000 products, from over 1,700 brands, including the **LDLC** brand for certain products, in the IT, audio, telephone and image segments, amongst others. This specialist position has expanded into the cross-channel market, with a chain of brand stores and franchises.
LDLC.com has been awarded NF Service certification by the French AFNOR standardisation association.

LDLC.PRO

LDLC.pro, the Group's website for professionals, provides global solutions to meet the needs of public and private-sector companies. With its unrivalled catalogue of 44,000 products and a full range of services, **LDLC.pro** helps its corporate customers find the best solution at the best price.

MATERIEL.NET

Materiel.net is a widely reputed **specialist in the online retail of computer equipment.** Specialising in gaming PCs, Materiel.net has a network of 9 concept stores and an 18,000 m² integrated logistics centre in the west of France (Nantes).

BIMP

An Apple Premium Reseller, BIMP offers IT solutions to individual consumers and professionals, on macOS, Windows and mobile platforms. The BIMP Group has 18 branches including 11 Apple Premium Reseller stores in France.

MAGINÉA

Maginea.com specialises in **household goods, garden equipment and furniture**, catering for all members of the family. From lounge and patio furniture, to household linen, lighting and decoration, the website offers 13,000 products from over 400 brands.

L'ARMOIRE DE BÉBÉ

L'Armoire de Bébé is an online boutique created in 2015 specialising in the latest trends in **baby clothing and accessories.** It offers a comprehensive range of baby items, with over 8,500 product references and 200 rigorously selected brands. The first store opened in April 2018.

ANIKOP

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

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

HARDWARE.FR

Hardware.fr is the No. 1 French infosite dedicated to computer hardware. Specialising in spare parts, **Hardware.fr** offers articles, comparisons, advice and a forum to guide readers in their choice of IT equipment. **Hardware.fr has attracted over 15.8 million page views.**

LDLC EVENT

A communications agency specialising in e-sport, LDLC Event offers its customers 7 years of professional experience in the field of e-Sport, as well as all the expertise, responsiveness, and versatility it has acquired: brand management, Pro Gamer team management or targeted programmes in different communities.

POWERFUL GROWTH DRIVERS TO STEP UP DEVELOPMENT

OUR 2018/2019 ROADMAP

01 Consolidate our position as the leader on the high-tech online market

02 Innovation and diversification of our offering E.g. LDLC.com becoming exclusive distributor of Shadow for France (1st digital PC)

03 Steady increase in store openings

04 Development of BtoB, particularly in the Ile de France region

05 Strong synergies with the OLYS Group

06 Roll-out in Spain

OUTLOOK

DOUBLE-DIGIT LIKE-FOR-LIKE GROWTH IN 2018-2019 AND ONGOING EFFECT OF OLYS GROUP INTEGRATION

OUR TARGETS FOR 2021

> Post revenues of €1 billion

> Achieve EBITDA of 5.5-6% of revenues

> Create a network of 100 stores

REGISTRATION **DOCUMENT**

2017 - **2018**

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

Registered office: 2 rue des Erables – CS21035 – 69578 Limonest Cedex

B403 554 181 Lyon Trade and Companies Register

REGISTRATION **DOCUMENT**

including the Annual Financial Report

2017/2018 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 annual report, only the French version should be deemed valid.

CONTENT

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."

13 July 2018

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

At its meeting held on 13 June 2018, the Company's Management Board, having received a favourable opinion from the Audit Committee, decided to submit a proposal to reappoint the joint regular statutory auditor, Cap Office, for approval at the Annual General Meeting scheduled for 28 September 2018.

Cap Office is a member of the Lyon Regional Institute of statutory auditors.

Pricewaterhousecoopers Services France, represented by Nicolas Brunetaud, Grand Hôtel Dieu, 3 cours du Midi, 69002 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

Pricewaterhousecoopers Services France 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

At its meeting held on 13 June 2018, the Company's Management Board, having received a favourable opinion from the Audit Committee, decided to submit a proposal to reappoint the joint alternate statutory auditor, Fabrice Goenaga, for approval at the Annual General Meeting scheduled for 28 September 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 2018, 2017 and 2016 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 2018, 2017 and 2016.
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	31/03/2018	31/03/2017	31/03/2016
Revenues	472,101	479,878	320,719
Gross margin	80,304	77,429	55,755
Gross margin - % of revenues (1)	17.0%	16.1%	17.4%
Underlying EBIT (2)	10,266	13,417	13,815
EBIT margin - % of revenues (3)	2.2%	2.8%	4.3%
EBIT	8,693	13,405	13,232
Earnings before tax	7,710	12,456	13,078
Total comprehensive income	5,285	8,458	7,131
Net income, Group share	5,440	8,115	7,941
Earnings per share (€)	0.88	1.32	1.43
Diluted earnings per share (€)	0.88	1.32	1.43
EBITDA (4)	*14,637*	*17,910*	*15,027*

(1) Gross margin divided by revenues.
(2) In accordance with French National Accountancy Council recommendation CNC 2013 R.03, 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 deducted from underlying EBIT (see Note 1.4 to the consolidated financial statements for the year ended 31 March 2018).

3.2. CONSOLIDATED BALANCE SHEET DATA

€000	31/03/2018	31/03/2017	31/03/2016
Non-current assets	94,536	50,789	54,361
Current assets	157,712	119,980	108,312
Shareholders' equity	60,712	54,878	49,048
Non-current liabilities	76,591	44,889	35,934
Current liabilities	114,944	71,002	77,691
Borrowings	*83,014*	*46,549*	*51,110*
Cash and cash equivalents	*31,593*	*10,613*	*8,107*
Net cash/(debt) (1)	(51,422)	(35,937)	(43,003)

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

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

€000	31/03/2018	31/03/2017	31/03/2016
Borrowings	83,014	46,549	51,110
Cash at end of period	31,593	10,613	8,107
Net debt	51,422	35,937	43,003
Shareholders' equity excluding provisions for R&C	60,712	54,878	49,048
Debt-to-equity ratio (1)	84.70%	65.48%	87.68%

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

3.4. CASH FLOW STATEMENT DATA

€000	2017/2018	2016/2017	2015/2016
Gross operating cash flow before tax	12,260	17,083	14,360
Change in working capital	21,168	(1,429)	(301)
Net cash flow from operating activities	30,887	11,206	8,925
Net cash flow from investing activities	(43,610)	(1,880)	(39,162)
Net cash flow from financing activities	33,815	4,468	36,041

3.5. EBITDA CALCULATION (CASH FLOW STATEMENT DATA)

€000	2017/2018	2016/2017	2015/2016
Net income	5,440	8,134	7,941
Net depreciation, amortisation and provisions	(4,372)	(4,493)	(1,212)
Net non-recurring operating income/(expense)	(1,573)	(12)	(583)
Net cost of debt	(1,094)	(953)	(157)
Other financial income and expenses	111	3	2
Tax expense	(2,270)	(4,322)	(5,137)
EBITDA	14,637	17,910	15,027

EBITDA equals underlying EBIT plus net depreciation, amortisation and provision allowances deducted from underlying EBIT.

CHAPTER 4. RISK FACTORS

Investors are encouraged to take all information contained in this Registration Document into account before deciding to acquire or subscribe to Company shares, including the risk factors described in this section. For the purposes of preparing this document, the Company has assessed the risks that could have a material adverse effect on its business activities, financial position or earnings and considers that there are no significant 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

The Group is likely to be exposed to the risk of default, notably due to the characteristics of the individual consumer market in which the Company operates, which generates a host of small receivables which may be difficult to recover individually.

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 0.4% in 2017). 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, as well as a procedure for continuous improvement.

The Group uses a credit insurance firm in order to minimise credit risk from business customers.

A significant increase in unpaid receivables could have a direct or indirect material adverse effect on the Group's business, financial position, results, growth and outlook.

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 US 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 financial year ended. Furthermore, all products, including those purchased in euros, are impacted at some time or other by changes in US 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.

Should one or more of these events occur, the Group may suffer a direct or indirect material adverse effect on its business, financial position, results, growth and outlook.

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

The Company 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) the Company could fail to successfully integrate the acquired or merged companies, their technology, product ranges and employees; (iii) the Company may be unable to retain specific employees, customers or key suppliers of the acquired companies; (iv) the Company may be obliged or may decide to terminate pre-existing contractual relations, under costly and/or unfavourable financial conditions; (v) the Company may have to increase its debt in order to finance such external growth transactions; (vi) the Company 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) the Company 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.

Should one or more of these events occur, the Group may suffer a direct or indirect material adverse effect on its business, financial position, results, growth and outlook.

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.

A weakness or failure of these systems could disrupt the normal functioning of operations with potential material impacts on commercial and financial performances, particularly regarding websites, order and payment systems, especially during peak business periods such as the end of the calendar year.

Should one or more of these events occur, the Group may suffer a direct or indirect material adverse effect on its business, financial position, results, growth and outlook.

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 risk 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.

Should one or more of these events occur, the Group may suffer a direct or indirect material adverse effect on its business, financial position, results, growth and outlook.

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 2018, the LDLC Group's main supplier accounted for around 15% of Group procurement, while the top ten suppliers accounted for around 55%.

In the event of a breakdown in business relations between the Group and its main suppliers, tougher conditions imposed by said suppliers, or the non-renewal of early termination of the Group's main merchandise supply or service agreements, the Group may suffer a direct or indirect material adverse effect on its business, financial position, results, growth and outlook.

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.

However, the Group cannot guarantee that the steps taken to protect its intellectual and industrial property rights will be effective, or that third-parties will not infringe, misappropriate or have its intellectual and industrial property rights cancelled.

Should one or more of these events occur, the Group may suffer a direct or indirect material adverse effect on its business, financial position, results, growth and outlook.

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 implementation of the European General Data Protection Regulation (GDPR).

Compliance with these regulations may result in an adverse material impact on the Group's business (in particular a decrease in prices, lower margin, loss of market share), financial position, results, growth and outlook.

In addition, financial sanctions and/or the publication of such sanctions may be imposed on the Group, should the Group's attempts at compliance be deemed insufficient, which could have a direct or indirect material adverse effect on the Group's business, financial position, results, growth and outlook.

Litigation risks

The Group may regularly be the subject of disputes and complaints, or be involved in a dispute, arbitration or other legal proceedings.

In the event of claims made against the Group by one or more of its contractual counterparties or any other interested party, such claims, whatever their foundation, may adversely impact the Group's business, operating results and outlook.

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

To the Group's knowledge, there are no pending government, judicial or arbitration proceedings to which the Group is party liable to have or that have had, over the past 12 months, a material impact on its financial position.

We would remind you that a tax audit was carried out on the Company's 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 concerned the French corporate real estate contribution (*cotisation foncière des entreprises* or CFE) and property tax (*taxe foncière*). Despite the arguments put forward in its defence, the Company's claims were rejected. The €1,238,000 payment made by the Company was recognised under other operating expenses for the 2017/2018 financial year (see Note 2.1 to the consolidated and Company financial statements).

4.9. 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. See section 10.1 and, more specifically, the breakdown of the Group's debt maturities at 31 March 2018.

Collateral pledged for loans granted is detailed in Note 5.2.1 to the consolidated financial statements.

Group financing

In order to finance its acquisitions and business operations, on 31 March 2016 the Company entered into a loan agreement with a pool of five banks (see Chapter 22 of this Registration Document).

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.

The Group may be unable to meet some of its obligations under the loan agreement, in particular restrictive clauses, and notably in the event of circumstances affecting Group markets or operations. Non-compliance with any of these clauses, particularly covenant clauses, may constitute a breach under the loan agreement, for which the loan agreement agent may, and upon request of the lenders, must: (i) cancel, with immediate effect, the commitments of each lender, (ii) trigger the loan agreement's acceleration clause for the amounts due (including interest accrued on said amounts and all other amounts owed under the loan agreement).

In the event the acceleration clause is triggered for the amounts owed under the loan agreement, the Group may be faced with insufficient cash. This situation may give rise to an adverse material impact on the Group's reputation, business, results, outlook, financial position and assets and liabilities.

As at 31 March 2018, 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

Since March 2017, Groupe LDLC has been signatory to a cash pooling agreement with all of its subsidiaries for a one-year term, which may be tacitly renewed for further one-year periods. New subsidiaries of Groupe LDLC are integrated one by one into this agreement. 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.

4.10. GOODS WARRANTY RISK

Compliance with regulations for Group products is an important factor for which insufficient consideration may have potentially adverse impacts on the Group's reputation, operations and financial performance, in addition to legal consequences.

A provision of €126 thousand has been recorded 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.

4.11. 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. The OLYS group still has its own policy on insurance and, in line with current Group practice, will be incorporated under the LDLC Group's policies.

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

This policy was revised during the year ended and resulted in improved cover while reducing fees.

Groupe LDLC has insured a number of its business activities by covering operating liability up to €10,000,000 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.

4.12. 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 risk.

4.13. 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. The OLYS acquisition, in January 2018, has once again strengthened the LDLC's Group positioning as high-tech specialist, in particular in the professional Apple universe.

However, intensification in the competitive landscape could have material adverse impacts on the Group's image, revenues, earnings, financial position, market share and outlook.

4.14. 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.

If the support and monitoring of these franchises reveal that their practices do not comply with Group regulations, standards or values, this may have an impact on the Group's financial and operational performances, as well as its reputation.

To this end, a dedicated unit for monitoring franchises was set up. This system ensures smooth contractual relations and compliance with all requirements applicable to franchises, including level of service and brand image quality.

4.15. 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.

4.16. INTEREST RATE RISK

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

The share of floating-rate borrowings comprises 40% of total debt, 94% of which is hedged through financial instruments (swap and cap contracts).

The Group has conducted sensitivity testing in order to measure the impact of changes in borrowing rates on its earnings. An interest rate fluctuation of 0.50 basis points would have a €449 thousand impact on the Group's consolidated earnings before tax for the year ended 31 March 2018.

See Notes 2.4.3, 3.14 and 3.16 to the consolidated financial statements for details on interest rate 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 wound up early or extended.

5.1.4. Company registered office, legal form and governing law

The Company's registered office is located at:
2 rue des Érables, Limonest (69578) – CS 21035, 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 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 phone 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).

> **2017/2018**: creation of LDLC Event, a communication agency subsidiary specialising in e-sport.

Creation of a Gaming House near Paris for members of 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 completed in September 2017. This has led 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.

On 25 January 2018, the LDLC Group finalised the purchase of the entire share capital of the OLYS group, whose marketed brands include BIMP and GDA i-Tribu, Apple distributors for individual consumers and professionals. The OLYS group is consolidated from 31 March 2018.

Opening of the first "L'Armoire de Bébé" bricks-and-mortar store in April 2018.

5.2. CAPITAL EXPENDITURE

5.2.1. Main capital expenditure over the last three years

€000	2017/2018	OLYS acquisition (change in consolidation scope)	2016/2017	2015/2016	Materiel.net acquisition (change in consolidation scope)
Intangible assets	18,859	15,048	355	28,420	28,222
Net goodwill	*13,891*	*13,891*	*0*	*19,723*	*19,723*
Concessions, patents and licences	*453*	*263*	*139*	*227*	*199*
Leasehold rights	*1,219*	*889*	*0*	*170*	*0*
Trademarks	*0*	*-*	*0*	*8,300*	*8,300*
Other intangible assets			*216*		
Intangible assets in progress	*3,295*	*5*	*0*	*0*	*0*
Property, plant and equipment	31,933	5,586	1,509	25,693	24,116
Land	*1,995*		*0*	*1,386*	*1,386*
Buildings	*20,647*	*807*	*0*	*14,204*	*14,204*
Fixtures and fittings	*4,481*	*2,552*	*714*	*4,079*	*3,534*
Equipment	*239*	*15*	*46*	*4,452*	*4,276*
Vehicles and delivery equipment	*338*	*338*			
Office equipment and furniture	*3,036*	*1,814*	*657*	*1,350*	*671*
PP&E in progress	*1,197*	*61*	*92*	*222*	*45*
Total acquisitions of intangible assets and PP&E	**50,792**	**20,634**	**1,864**	**54,113**	**52,338**
Expenditure amounts covered by detailed notes below	48,638	20,634	750	53,373	52,338
% of total acquisition amount covered by notes	96%	100%	40%	99%	100%

In the year ended 31 March 2018, the OLYS group acquisition generated goodwill of €14 million plus expenditure of €1,157,000 on intangible assets and €5,586,000 on property, plant and equipment, accounting for 80% of intangible asset acquisitions, and 17% of PP&E acquisitions during the year.

Software, website and IT development projects accounted for 17% of new investments in intangible assets.

The significant increase in PP&E expenditure in 2017/2018 is explained by the costs related to the relocation of the Group head office, which led to €23,497,000 of PP&E expenditure including €22 million in respect of the capitalisation of the real estate lease purchase agreement and €1,497,000 for furnishing. This accounted for 74% of new expenditure during the year.

For the year ended 31 March 2018, the Group incurred expenditure of €581,000 on works required for opening new stores, while €694,000 of research and development costs were capitalised.

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, acquisitions of intangible assets amounted to €28,420,000, while acquisitions of property, plant and equipment totalled €25,694,000. The Materiel.net acquisition accounted for 98% of new expenditure during the period. 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).

5.2.2. Main capital expenditure planned

The Group plans to fit out additional premises next to its new head office in Limonest and to refurbish the premises in Nantes in order to accommodate the Group's growth over the coming years. A budget of around €1.5 million will therefore be allocated to installation, fit-out and furniture costs.

In 2018/2019, the Group also plans to open new brand stores covering all Group brands at a total cost of around €3.5 million.

The opening of an office in Spain has been postponed slightly. Accordingly, an investment of around €1 million is still envisaged in relation to two physical locations in Madrid and Barcelona.

Over the next two years, the Group also plans to invest around €4.5 million to upgrade its logistics resources.

Lastly, next year the Group plans to invest around €2 million in in-house projects, including research and development and IT projects.

Section 10.5 of this Registration Document contains the financing arrangements for the main capital expenditure items outlined above.

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 11 websites, including 6 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 31 March 2018, the LDLC Group had opened 29 stores under the LDLC.com brand.

At 31 March 2018, the Group had around 1,000 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 (management estimate). 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 2 million unique visitors and 18.4 million page views. The engagement rate is very high (25% on Facebook).

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 13,000 products spanning over 400 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 8,500 product references and 200 rigorously selected brands.

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 attracts over 15 million page views per month.

Its BtoC division employs 86 consultants committed to serving customers and receives 32 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 has built up around 80,000 active accounts over the last three years, including 17,000 new accounts in 2017/2018.

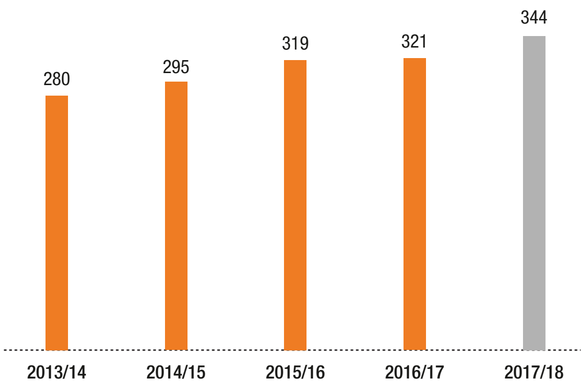
DLP Connect provides an additional service to professionals by offering solutions in the field of electrical equipment and installations, including electrical systems, computer networks, CCTV and home automation.

BIMP, an Apple Premium Reseller, offers IT solutions to individual consumers and professionals, on macOS, Windows and mobile platforms.

470,000 new accounts (BtoB and BtoC) were created in 2017/2018.

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

(€ excl. VAT)



3. Related businesses

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 franchises 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 €37,350 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 €75,000 is required.

Sales area

Reserve storage area

Services

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

Location

Major cities and towns

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 31 March 2018, the Group had 29 LDLC.com stores, including 22 franchises located all over France, plus 9 Materiel.net concept stores and 18 OLYS group stores including 11 Apple Premium Reseller outlets.

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

	2017/2018	2016/2017	2015/2016
BtoC	340.1	350.2	201.0
Incl. cross-channel	*53.0*	*47.9*	*34.5*
LDLC.pro	120.7	118.3	109.0
Other	11.3	11.4	10.7
Total revenues	**472.1**	**479.9**	**320.7**

5. Materiel.net, successful integration

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 is more or less complete, and logistics resources are now shared between the two entities.

On 28 September 2018, the Groupe LDLC Annual General Meeting will vote to approve the merger of Domisys into Groupe LDLC.

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 9am to 6pm and on Saturday from 10am to 1pm and from 2pm to 5pm. 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 2018 and for the fourth year running, LDLC.com won the "Customer Service of the Year" award in the Technical Product Distance Selling category, obtaining a score of 18.46/20** (Inference Operations mystery shopping survey – Viséo CI – May to July 2017 – 225 tests were conducted by phone, 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) (management estimate).

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 1,961,477 Facebook fans, 696,300 followers on Twitter and 151,161 on Instagram at 30 April 2018 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 100 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 m².

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 m². 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 m².

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.

In order to capitalise on its experience and expertise, the Group created LDLC Event, a communications agency specialising in e-sport.

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 decided not to host a marketplace for the time being, thus setting it apart 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 2017 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. Some of the following market data was not updated by FEVAD as at 31 December 2017. In these cases, we have left the previous data.

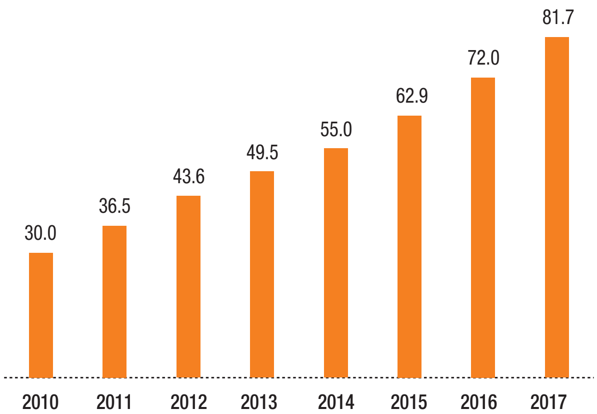
1.a. BtoC e-commerce, continued double-digit growth

In 2017, despite an overall slowdown in consumption, e-commerce revenues in France rose to €81.7 billion, up 13.5% versus 2016. 1,029 million online transactions were recorded in 2016, an increase of 23% over 2015 (source: FEVAD iCE).

From 2005 to 2017, online sales grew by an average of 21% per year (source: FEVAD iCE).

Sales via mobile terminals (smartphones and tablets) continued to grow, up 60% from 2016 to €11.2 billion (source: FEVAD iCE).

E-commerce revenues in France
(€bn)

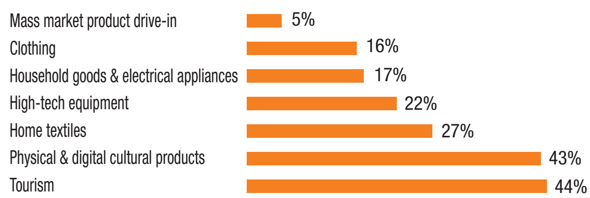


(Source: FEVAD iCE 2017)

In 2017, 36.6 million French consumers (82.7% of Internet users) made at least one online purchase (1,100,000 more than the previous year), while 9.3 million of these (25% of smartphone owners, versus 6.6 million in 2016) had already made a purchase via their smartphone (source: Médiamétrie Q1 2017).

E-commerce therefore continues to grow its market share, which currently amounts to 8% of retail sales and still harbours major growth potential (source: FEVAD - INSEE 2017). In 2016, "high-tech equipment", the sector in which the LDLC Group operates, accounted for 22% of the market (source: FEVAD estimate 2017).

2016 market share by sector
(estimates)



(Source: estimates by FEVAD, GIK, Nielsen, IFMPhocusWright/L'Echo touristique 2017)

Although the number of operators continues to grow (204,000 e-commerce websites in France in 2016 versus 82,000 in 2010), the sector remains concentrated according to FEVAD estimates, with 84% of e-commerce revenues generated via 4.5% of the websites. Accordingly, in 2016, 0.5% of French e-commerce websites generated revenues of over €10 million (61% of total revenues), 4% generated revenues of €1 to 10 million (23% of total revenues) and 95.5% generated revenues below €1 million (16% of total revenues) (Source: FEVAD iCE 2017).

The decrease in average basket size confirms the levelling trend in online purchases: the average transaction amount in 2016 was €70, down 7% from 2015 and gradually converging with the average basket size of French purchases via other sales channels. The average consumer carried out 28 online transactions totalling around €2,000 (2015 data: 22.9 transactions totalling €1,780) (Source: FEVAD iCE 2017).

Online/offline synergies are strengthening: 69% of store shoppers carried out online research before making their purchase, while 52% of online shoppers sought advice in store before buying online (source: FEVAD 2015). 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 €603 billion in 2017, up 14% from 2016. The five largest consumers are, in descending order, the UK (€197 billion), Germany (€86 billion), France (€82 billion), Spain (€28 billion) and the Netherlands (€24 billion) (Source: Ecommerce Europe - 2017 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).

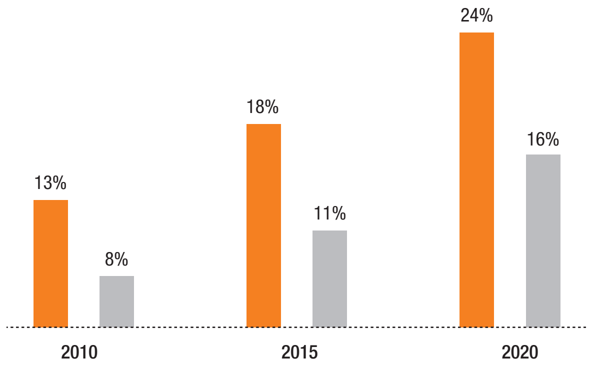
By 2018, the penetration rate of consumer online purchases is expected to reach 9.1% in France, 4.1% in Spain and 3.7% in Italy (Source: Euromonitor International).

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

The French BtoB e-commerce market was estimated by INSEE, the French national statistics office, at €460 billion in 2016, i.e. around 18% of total BtoB sales (11% excluding business travel), with considerable growth potential over the coming years. According to a recent INSEE survey, in 2015 revenues of €86 billion were generated via a single e-commerce website and €340 billion via a single EDI solution.

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 excluding telecommunications and pharmacies) made from a commercial website or digital solution could account for 24% of BtoB sales by 2020, representing growth of 32% over five years.

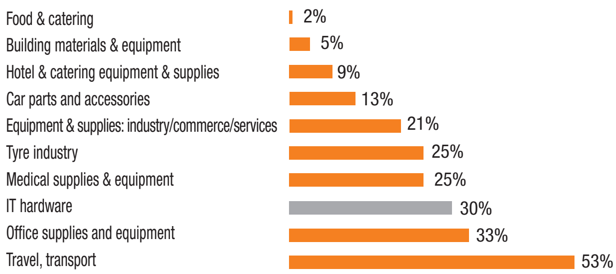
Growth of e-commerce share of BtoB sales



(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

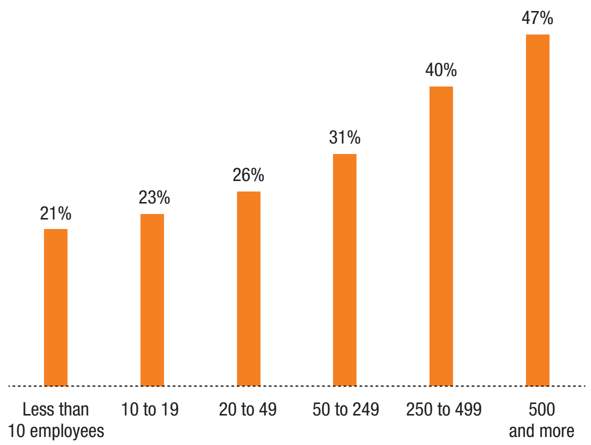


(Source: FEVAD/DGE survey October 2015)

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.

According to the research firm, sales of computers, tablets and mobile phones will reach 2.29 billion units in 2018, up 1.3% from 2017.

Sales of traditional PCs (notebooks and desktops) are expected to fall from 204 million units last year to 196 million, a dramatic decline only partly offset by the increase in high-end ultramobile sales (up 15.5% to 67 million units) and more standard ultramobiles (up 0.6% to 159 million units). According to Gartner, the value of PCs will rise 7% due to the increase in the average price of terminals (up 9.1% in 2017 and an estimated 5.6% this year). Gartner explains this inflation in terms of a shortage of components, including DRAM components. In general, manufacturers prefer to pass on component price increases to their customers. The next few months are likely to be challenging for manufacturers strongly or exclusively positioned in the BtoC sector, especially as Gartner predicts that the shortage of DRAMs will last until the end of 2018, with a delayed impact on PC prices.

Manufacturers more firmly established on the BtoB market, such as HP, Lenovo and Dell, are holding their ground. The PC remains the preferred model workstation for this type of customer and upgrading programmes driven by migration to Windows 10 will maintain corporate demand for PCs.

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.

According to IDC, global tablet sales fell by around 12% in Q1 2018, despite the increase in sales of detachable keyboard tablets. Only Apple and Huawei managed to increase both market share and sales of tablets. In Q1 2018, Apple sold 9.1 million iPads, thus increasing its market share by 3.9 percentage points to 28.8%. These sales included 1.8 million iPad Pros, making Apple the leading manufacturer of detachable keyboard tablets.

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.,

4/ the integration of the OLYS group and the synergies to be implemented, particularly in the BtoB sector.

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.

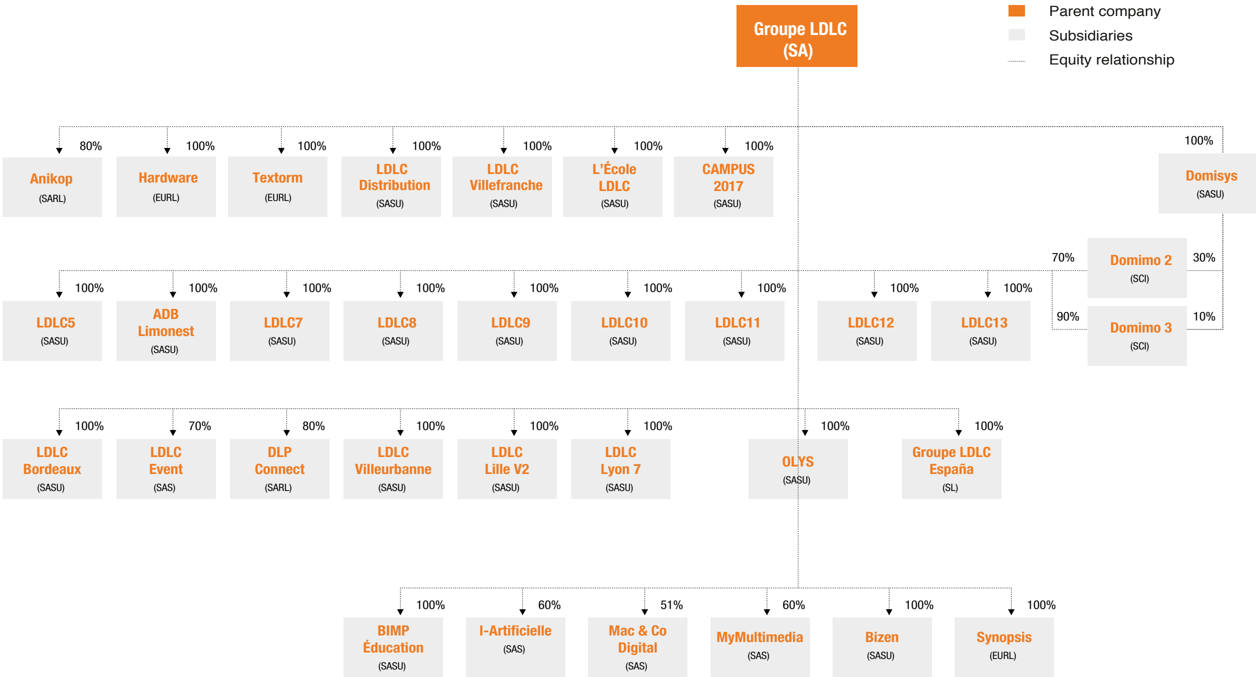
In 2017, the LDLC Group acquired the OLYS group. Ceconomy acquired the shares held by Artemis (Pinault family holding company) in Fnac-Darty representing 24.3% of the share capital.

In February 2018, French insurance broker SFAM purchased an equity stake of over 11% in Fnac-Darty.

CHAPTER 7. ORGANISATIONAL CHART

7.1. ORGANISATIONAL CHART AT 31 MARCH 2018

The following organisational chart shows the Company and all of its subsidiaries as defined by Article L.233-1 of the French Commercial Code at 31 March 2018.



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 office in France, except for Groupe LDLC España S.L, which is registered in Madrid.

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, half or two-thirds of the share capital or voting rights at General Meetings of said companies or the takeover of such a company.

During the year ended 31 March 2018, the Company created eight new wholly-owned subsidiaries:

- LDLC7, a French simplified joint-stock company with share capital of €30,000 whose registered office is located at 2 rue des Érables, 69760 Limonest, registered in the Lyon Trade and Companies Register under number 838 340 131,
- LDLC8, a French simplified joint-stock company with share capital of €30,000 whose registered office is located at 2 rue des Érables, 69760 Limonest, registered in the Lyon Trade and Companies Register under number 838 340 156,
- LDLC9, a French simplified joint-stock company with share capital of €30,000 whose registered office is located at 2 rue des Érables, 69760 Limonest, registered in the Lyon Trade and Companies Register under number 838 318 582,
- LDLC10, a French simplified joint-stock company with share capital of €30,000 whose registered office is located at 2 rue des Érables, 69760 Limonest, registered in the Lyon Trade and Companies Register under number 838 340 172,
- LDLC11, a French simplified joint-stock company with share capital of €30,000 whose registered office is located at 2 rue des Érables, 69760 Limonest, registered in the Lyon Trade and Companies Register under number 838 341 675,
- LDLC12, a French simplified joint-stock company with share capital of €30,000 whose registered office is located at 2 rue des Érables, 69760 Limonest, registered in the Lyon Trade and Companies Register under number 838 341 881,
- LDLC13, a French simplified joint-stock company with share capital of €30,000 whose registered office is located at 2 rue des Érables, 69760 Limonest, registered in the Lyon Trade and Companies Register under number 838 341 832,
- Groupe LDLC España, a Spanish *sociedad limitada unipersonal* with share capital of €50,000 whose registered office is located at Paseo de la Castellana, número 144, escalera 1ª, planta baja, puerta 2ª, 28046 Madrid (Spain), registered in the Madrid Company Register, volume 37598, sheet 180, entry no. 1 page M-670114.

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.

Furthermore, as announced in press releases dated 19 June 2017, 16 October 2017 and 25 January 2018 and in accordance with the Company's M&A strategy aimed at expanding its offering and strengthening its position as a high-tech specialist, on 25 January 2018 the Company acquired the entire share capital and voting rights of the OLYS group, operator of the BIMP and GDA i-Tribu brands, Apple distributors for individual consumers and professionals.

Other than the information presented above, no material changes were made with regard to equity interests held by the Company during the year ended 31 March 2018. Furthermore, the Company has not disposed of any of its equity interests.

In order to streamline the Group's legal structure, the Company and Domisys have agreed on the merger of Domisys by absorption into the Company under the procedure provided for by Articles L.236-1 et seq. and R.236-1 et seq. of the French Commercial Code, in particular the provisions of Article L.236-11 of the Code on the "simplified" merger procedure, given that the Company holds all of the share capital and voting rights of Domisys.

Notwithstanding the provisions of Article L.236-11 of the Code, on 13 June 2018 the Company's Management Board decided on the optional submission of this transaction for shareholder approval at a General Meeting called to vote on 28 September 2018 in accordance with the quorum and majority conditions required for Extraordinary General Meetings.

The legal terms of the transaction will be set down in a draft merger agreement to be filed with the Lyon and Nantes Commercial Courts within the statutory and regulatory timeframes and publicised in accordance with legal and regulatory requirements.

In accordance with the same objectives, OLYS plans to merge two of its wholly-owned subsidiaries, BIMP Éducation and Synopsis, as at the registration date of this Registration Document. The relevant statutory and regulatory filings and public notices will be completed in respect of these two transactions.

7.4. LIST OF EXISTING BRANCHES

In accordance with Article L.232-1 II of the French Commercial Code, a list of Company branches existing as at the registration date of this Registration Document 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)
47 route principale du Port	Gennevilliers (92)

CHAPTER 8. PROPERTY, PLANT AND EQUIPMENT

8.1. PROPERTY AND EQUIPMENT PORTFOLIO

Stores (including franchises) – Groupe LDLC – France

Groupe LDLC	Number of locations	Total surface area (m²)
LDLC (*)	29	12,353
Domisys	9	2,885
OLYS	21	3,531
Total	**59**	**18,769**

(*) Including 22 franchises with a total surface area of 6,537m².

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

Groupe LDLC	Number of locations	Total surface area (m²)
LDLC		
Offices and other	3	6,797
Warehouses	3	25,893
Domisys		
Offices and other	2	2,378
Warehouses	1	15,656
OLYS		
Offices and other	4	1,702
Warehouses	1	130
Total	**14**	**52,556**

LDLC School – Groupe LDLC – France

Groupe LDLC	Number of locations	Total surface area (m²)
LDLC	1	488
Total	**1**	**488**

The Group owns property attached to the Domisys business, namely its offices and warehouses as well as a store in Nantes. Since September 2017, the new Group head office in Limonest has been covered by a lease purchase agreement entered into by CAMPUS 2017.

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. New warehouse space has been acquired with a view to enhancing the Group's local service as part of a drive to improve quality and develop services, particularly for BtoB customers.

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 2018, as featured in Section 20.1 of this Registration Document.

The capital expenditure budget for 2018 and 2019 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 Chapter 26 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 2016, 2017 and 2018 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 2018, 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	2017/2018	2016/2017	2015/2016
Revenues	472,101	479,878	320,719
Gross margin	80,304	77,429	55,755
Gross margin - % of revenues(1)	17.0%	16.1%	17.4%
Underlying EBIT(2)	10,266	13,417	13,815
EBIT margin - % of revenues(3)	2.2%	2.8%	4.3%
EBIT	8,693	13,405	13,232
Earnings before tax	7,710	12,456	13,078
Total comprehensive income	5,285	8,458	7,131
Net income, Group share	5,440	8,115	7,941
Earnings per share (€)	0.88	1.32	1.43
Diluted earnings per share (€)	0.88	1.32	1.43
EBITDA (4)	*14,637*	*17,910*	*15,027*

(1) Gross margin divided by revenues.
(2) In accordance with French National Accountancy Council recommendation CNC 2013 R.03, 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 deducted from underlying EBIT (see Note 1.4 to the consolidated financial statements for the year ended 31 March 2018).

9.1.1.2 Key figures - Group balance sheet

€000	31/03/2018	31/03/2017	31/03/2016
Non-current assets	94,536	50,789	54,361
Current assets	157,712	119,980	108,313
Shareholders' equity	60,712	54,878	49,048
Non-current liabilities	76,591	44,889	35,934
Current liabilities	114,944	71,002	77,691
Borrowings	*83,014*	*46,549*	*51,110*
Cash and cash equivalents	*31,593*	*10,613*	*8,107*
Net cash/(debt)	(51,422)	(35,937)	(43,003)

The marked difference in balance sheet items as at 31 March 2018 is due to the OLYS acquisition.

9.1.1.3. Key figures - Group cash flow statement

€000	2017/2018	2016/2017	2015/2016
Gross operating cash flow before tax	12,260	17,083	14,360
Change in working capital	21,168	(1,429)	(301)
Net cash flow from operating activities	30,887	11,206	8,925
Net cash flow from investing activities	(43,610)	(1,880)	(39,162)
Net cash flow from financing activities	33,815	4,468	36,041
Net cash/(debt)	(51,422)	(35,937)	(43,003)

The marked difference in cash flow items for the year ended 31 March 2018 is due to the OLYS acquisition.

9.1.1.4. Group revenues

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

			Change FY 17/18 vs FY 16/17			Change FY 16/17 vs FY 15/16	
€000	2017/2018	2016/2017	€000	%	2015/2016	€000	%
Sales of goods - France	389,065	395,141	(6,076)	(1.5%)	254,524	140,617	55.2%
Sales of goods - Export	59,064	58,678	386	0.7%	46,598	12,080	25.9%
Total sales of goods	**448,129**	**453,819**	**(5,690)**	**(1.3%)**	**301,122**	**152,697**	**50.7%**
Provision of services - France	16,109	17,178	(1,069)	(6.2%)	13,219	3,959	30.0%
Provision of services - Export	7,862	8,881	(1,018)	(11.5%)	6,378	2,503	39.2%
Total provision of services	**23,972**	**26,059**	**(2,087)**	**(8%)**	**19,597**	**6,462**	**33.0%**
Total net revenues	**472,101**	**479,878**	**(7,777)**	**(1.6%)**	**320,719**	**159,159**	**49.6%**

Revenues for the year ended 31 March 2018 amounted to €472 million, compared to €480 million for the year ended 31 March 2017 and €321 million for the year ended 31 March 2016.

Group revenues for the 2017/2018 financial year were down 1.60%, mainly due to rising memory component prices. Nevertheless, there were strong signs of recovery in the fourth quarter, with revenues up 0.6% from Q4 2016/2017.

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.

The Group generated 30% of its full-year consolidated revenues during the third quarter, down 1.9% from Q3 2016/2017.

In the previous financial year, the Group also generated 30% of its full-year consolidated revenues during the third quarter, up 49.2% from 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.

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 2018).

Number of stores

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

Number of stores / collection points	2018			2017			2016		
	Brand stores	Franchises	Total	Brand stores	Franchises	Total	Brand stores	Franchises	Total
LDLC	7	22	**29**	5	17	**22**	3	11	**14**
Materiel.net	9	0	**9**	9	0	**9**	10	0	**10**
OLYS “BIMP”	21	0	**21**						
Total	37	22	**59**	14	17	**31**	13	11	**24**

The Group opened two brand stores and five franchises during the year ended 31 March 2018. 21 new stores joined the network following the OLYS group acquisition on 25 January 2018.

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	2017/2018	(% of revenues)	2016/2017	(% of revenues)	2015/2016	(% of revenues)
Total net revenues	**472,101**	**100%**	**479,878**	**100%**	**320,719**	**100%**
Non-recurring operating income	368	0.1%	385	0.1%	142	0.0%
Cost of goods sold	(392,165)	(83.1%)	(402,834)	(83.9%)	(265,106)	(82.7%)
Gross margin	**80,304**	**17.0%**	**77,429**	**16.1%**	**55,755**	**17.4%**
Other purchases and external costs	(25,973)	(5.5%)	(24,371)	(5.1%)	(14,899)	(4.6%)
Miscellaneous taxes	(2,302)	(0.5%)	(1,956)	(0.4%)	(978)	(0.3%)
Staff costs	(36,092)	(7.6%)	(32,403)	(6.8%)	(24,047)	(7.5%)
Net depreciation, amortisation and provisions	(4,372)	(0.9%)	(4,493)	(0.9%)	(1,212)	(0.4%)
Other income and expenses	(1,299)	(0.3%)	(788)	(0.2%)	(804)	(0.3%)
Underlying EBIT	**10,266**	**2.2%**	**13,417**	**2.8%**	**13,815**	**4.3%**

Underlying EBIT for the year ended 31 March 2018 came to €10,266,000 or 2.2% of full-year consolidated revenues, compared to €13,417,000 or 2.8% for the year ended 31 March 2017 and €13,815,000 or 4.3% for the year ended 31 March 2016.

The decrease in 2017/2018 underlying EBIT was mainly due to a €7.8 million (1.6%) fall in revenues compared to the previous year. The impact of this reduction was partly offset by a 0.90% percentage point increase in the gross margin ratio compared to the previous year due to the initial impact of expected synergies generated by the Materiel.net acquisition on goods purchases.

The €3,689,000 increase in staff costs in FY 2017/2018 is in line with Group growth, which led to a spate of hiring during the year (see Note 4.2 to the consolidated financial statements for the year ended 31 March 2018).

The decrease in underlying EBIT recorded in FY 2016/2017 was 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 was 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 increase in "Other purchases and external costs" (up €9,472,000 from €14,899,000 in 2015/2016 to €24,371,000 in 2016/2017) was mainly due to the €3.2 million Domisys acquisition (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 (€569,000) related to the transfer of the Groupe LDLC and 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 the gross margin ratio from 16.5% to 17.4%.

This increase in the gross margin ratio for the year ended 31 March 2018 was related 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. Net non-recurring operating expenses

€000	2017/2018	2016/2017	2015/2016
Non-recurring operating income	10	2	82
Non-recurring operating expenses	(1,583)	(13)	(665)
Net non-recurring operating expenses	**(1,573)**	**(12)**	**(583)**

For the year ended 31 March 2018, the Group posted net non-recurring operating expenses of €1,573,000, compared to net expenses of €12,000 in 2016/2017 and €583,000 in 2015/2016.

The sharp increase in non-recurring expenses recorded in 2017/2018 was due to the recognition of local taxes amounting to €1,238,000 paid to the French tax authority following a tax audit and €347,000 of acquisition costs for the OLYS group acquisition (see Note 2.1 to the consolidated financial statements for the year ended 31 March 2018).

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

9.2.3. Net financial income/(expenses)

€000	2017/2018	2016/2017	2015/2016
Interest on borrowings	956	731	14
Interest paid to banks	138	217	142
Net cost of debt	**1,094**	**948**	**157**
Write-backs of prov. for imp. of financial assets	42	0	0
Other financial income	107	2	2
Other financial expenses	38	4	0
Net financial income/(expenses)	**(983)**	**(950)**	**(154)**

The Group posted a net financial expense of €983,000 for FY 2017/2018, compared to €950,000 the previous year and €154,000 the year before that.

Interest on borrowings of €956,000 for the year ended include the costs of the €15.3 million loans taken out by the Group for the 2018 OLYS group acquisition (€74,000) and the loan related to the capitalisation of the head office (€276,000) (see Notes 3.14 and 4.5 to the consolidated financial statements for the year ended 31 March 2018).

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	2017/2018	2016/2017	2015/2016
Earnings before tax	**7,710**	**12,456**	**13,078**
Income tax	(2,270)	(4,322)	(5,137)
Net income from equity associates	0	0	0
Net income for the year:	**5,440**	**8,134**	**7,941**
Company shareholders	5,440	8,115	7,941
Minority interests	0	19	0
Weighted average number of shares outstanding	6,201,163	6,161,463	5,557,091
Earnings per share (€)	**0.88**	**1.32**	**1.43**
Diluted earnings per share (€)	**0.88**	**1.32**	**1.43**

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 2018 are presented in Section 20.4 of this Registration Document.

For the year ended 31 March 2018, Groupe LDLC posted net revenues of €447,204,138 compared to €346,910,614 the previous year.

Operating expenses for the period amounted to €452,283,284, compared to €337,852,064 the previous year.

Operating income totalled €458,082,628, with net operating income amounting to €5,799,344, compared to €11,110,854 for the year ended 31 March 2017.

Financial expenses for the year ended 31 March 2018 amounted to €644,577 (compared to €1,224,646 the previous year), while financial income totalled €597,851 (compared to €736,238 the previous year), resulting in a net financial expense of €46,726 compared to a €488,408 expense the previous year.

Earnings before tax and non-recurring items amounted to €5,752,618, compared to €10,622,446 the previous year.

Total non-recurring income amounted to €269,681, while non-recurring expenses amounted to €1,689,623, giving net non-recurring expenses of €1,419,942 compared to €787,348 the previous year.

Given these results, after a corporate income tax charge of €251,728 the Company posted a profit of €4,080,948 for the year ended 31 March 2018, compared to a €6,414,356 profit for the previous year.

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

The amendment to the combined 2016 and 2018 acquisition loan agreements 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 Article L.233-6, paragraph 2 and Article 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	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	526,415	242,864	161,176	5,040	2	01/04/2017 to 31/03/2018
Business line total	**526,415**	**242,864**	**161,176**	**5,040**	**2**	
Wholesale trader of all computer hardware and software, plus all related services						
Textorm	588,262	(17,368)	(17,368)	0	0	01/04/2017 to 31/03/2018
Business line total	**588,262**	**(17,368)**	**(17,368)**	**0**	**0**	
Installation of cable networks and access control, CCTV and telecommunications systems						
DLP Connect	1,990,784	28,632	29,019	17,709	12	01/04/2017 to 31/03/2018
Business line total	**1,990,784**	**28,632**	**29,019**	**17,709**	**12**	
Design, development and sale of software and provision of IT services, maintenance; secondary activity in customer service for goods sold, training						
Anikop	2,411,052	241,148	240,649	53,172	23	01/04/2017 to 31/03/2018
Business line total	**2,411,052**	**241,148**	**240,649**	**53,172**	**23**	
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						

Business	Revenues	Earnings before tax and non-recurring items	Net earnings after tax	New investments in PP&E	Average headcount	Period
LDLC Distribution	2,316,110	(217,883)	(219,167)	30,695	13	01/04/2017 to 31/03/2018
Business line total	**2,316,110**	**(217,883)**	**(219,167)**	**30,695**	**13**	
Higher education						
École LDLC	336,719	133,147	62,945	62,102	4	01/04/2017 to 31/03/2018
Business line total	**336,719**	**133,147**	**62,945**	**62,102**	**4**	
Retail sale of all IT hardware and software and all multimedia and digital products						
LDLC Villefranche	2,014,670	(28,992)	(29,412)	1,686	5	01/04/2017 to 31/03/2018
LDLC Bordeaux	1,656,622	(106,234)	(106,234)	10,000	5	01/04/2017 to 31/03/2018
LDLC Villeurbanne	2,350,795	97,964	82,099	None	5	01/04/2017 to 31/03/2018
LDLC Lille V2	82,649	(144,973)	(144,973)	214,510	2	01/04/2017 to 31/03/2018
LDLC Lyon 7	31,183	(105,071)	(105,071)	190,827	2	01/04/2017 to 31/03/2018
LDLC5	0	(4,520)	(4,520)	None	0	01/04/2017 to 31/03/2018
LDLC7	0	(3,100)	(3,100)	None	0	20/03/2018 to 31/03/2018
LDLC8	0	(3,150)	(3,150)	None	0	20/03/2018 to 31/03/2018
LDLC9	0	(3,100)	(3,100)	None	0	20/03/2018 to 31/03/2018
LDLC10	0	(3,150)	(3,150)	None	0	20/03/2018 to 31/03/2018
LDLC11	0	(3,100)	(3,100)	None	0	20/03/2018 to 31/03/2018
LDLC12	0	(3,150)	(3,150)	None	0	20/03/2018 to 31/03/2018
LDLC13	0	(3,100)	(3,100)	None	0	20/03/2018 to 31/03/2018
Groupe LDLC España	0	0	0	0	0	29/03/2018 to 31/03/2018
Business line total	**6,135,919**	**(313,676)**	**(329,961)**	**417,023**	**19**	
Retail store sale of personal equipment and childcare products						
ADB Limonest	0	(138,350)	(138,350)	175,354	0	01/04/2017 to 31/03/2018
Business line total	**0**	**(138,350)**	**(138,350)**	**175,354**	**0**	
Organisation and management of events, particularly in the e-sport sector						

Business	Revenues	Earnings before tax and non-recurring items	Net earnings after tax	New investments in PP&E	Average headcount	Period
LDLC Event	836,900	(298,913)	(298,913)	9,698	2	01/04/2017 to 31/03/2018
Business line total	**836,900**	**(298,913)**	**(298,913)**	**9,698**	**2**	
Retail sale of all IT hardware, office, hifi and multimedia equipment and accessories						
Domisys	133,287,732	3,433,137	2,219,234	509,241	192	01/04/2017 to 31/03/2018
Business line total	**133,287,732**	**3,433,137**	**2,219,234**	**509,241**	**192**	
Acquisition, use and development of land for the construction and leasing of a building						
Domimo 2	1,333,269	423,858	282,181	3,800	0	01/04/2017 to 31/03/2018
Domimo 3	89,425	45,206	30,066	0	0	01/04/2017 to 31/03/2018
Business line total	**1,422,694**	**469,064**	**312,247**	**3,800**	**0**	
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						
CAMPUS 2017	949,239	(333,375)	(333,375)	334,001	0	01/04/2017 to 31/03/2018
Business line total	**949,239**	**(333,375)**	**(333,375)**	**334,001**	**0**	
Trade, representation in any form whatsoever of computer hardware and all derived products, telephone and network equipment and multimedia						
OLYS	61,798,012	559,078	(25,594)	824,999.68	115	01/01/2017 to 31/12/2017
BIMP Éducation	4,685,344	566,044	387,089	1,085	1	01/01/2017 to 31/12/2017
I-Artificielle	453,406	(217,295)	(207,705)	0	2	01/01/2017 to 31/12/2017
Mac & Co Digital	3,044,045	195,615	128,772	4,894	13	01/01/2017 to 31/12/2017
MyMultimedia	335,574	(13,994)	(14,320)	347	4	01/04/2017 to 31/12/2017
Bizen	2,356	(7,771)	(7,771)	0	0	24/06/2016 to 31/12/2017
Synopsis	221,419	17,954	15,682	0	3	01/01/2017 to 31/12/2017
Business line total	**70,540,156**	**1,099,631**	**276,153**	**831,326**	**138**	
Total	**221,341,982**	**4,328,058**	**1,964,289**	**2,449,160**	**405**	

Hardware:

Hardware posted revenues of €526,000 for the 2017/2018 financial year, up 22% from €431,000 the previous year. Revenue growth was fuelled by the launch of the e-commerce website on 24 October 2016.

As a result of the levelling of expenses and increase in revenues, net income rose from €104,000 in FY 2016/2017 to €161,000.

Textorm:

The Textorm business was discontinued on 1 October 2017. Given that 2017/2018 revenues cover a period of only six months, revenues fell from €1,862,000 in FY 2016/2017 to €588,000.

The company posted a net loss of €17,000 for the year ended compared to a €15,000 loss the previous year.

DLP Connect:

DLP Connect achieved strong revenue growth over the year ended, posting revenues of €514,000, up nearly 35% over the previous year. This increase was mainly due to the company's involvement in the furnishing of the new Group head office.

Earnings improved accordingly and the company posted net income of €29,000 for the year ended, compared to a €28,000 loss the previous year.

Anikop:

Anikop posted 2017/2018 revenues of €2.4 million, up over 3% from €2.3 million the previous year.

Net income fell, however, from €300,000 in 2016/2017 to €241,000, mainly due to a €105,000 increase in staff costs.

LDLC Distribution:

LDLC Distribution's revenues dipped from €2,434,000 in 2016/2017 to €2,316,000, due to the fact that only 7 stores were opened during the year, compared to 8 the previous year.

In addition, LDLC Distribution was forced to adapt its governance in order to meet the Group's growth target to have 100 stores up and running by 2021. As such, the company hired a CEO which led to an increase in payroll charges.

For year ended 31 March 2018, LDLC Distribution posted a net loss of €219,000 compared to €115,000 the previous year.

École LDLC:

In this third year of its operation, the LDLC School's numbers swelled with the arrival of the third cohort of first-year students, thus reaching a total of 75 students. This led to a €51,000 increase in revenues and a €43,000 increase in tuition costs for the year ended 31 March 2018.

As a result, the School posted a profit of €63,000 in 2017/2018 compared to a €70,000 profit the previous year.

LDLC Villefranche:

The Villefranche store's revenues fell €66,000 (3%) from €2,081,000 to €2,015,000, partly offset by a 1.31% increase in the gross margin due to the ramp-up of in-store services.

The store posted a net loss of €29,000 compared to €37,000 the previous year.

LDLC Bordeaux:

Given that 2017/2018 revenues cover a period of 12 months compared to 6 months in the previous financial year, the Bordeaux store's revenues doubled from €869,000 in 2016/2017 to €1,657,000, with a corresponding impact on expenses.

Earnings improved, as the company posted a €106,000 loss for the year ended compared to €172,000 the previous year.

LDLC Villeurbanne:

The Villeurbanne store (Rhône) was inaugurated on 12 July 2016 and has therefore just completed its first full year of business. Revenues rose sharply as a result, up €835,000 from €1,516,000 to €2,351,000.

Earnings also improved dramatically from a €38,000 loss in 2016/2017 to a €82,000 profit.

LDLC Lille V2:

The Lille store opened on 2 March 2018 and generated revenues of €83,000 for the year ended 31 March 2018.

The store posted a net loss of €145,000 compared to a €4,000 loss the previous year.

LDLC Lyon 7:

The LDLC Lyon 7 store opened on 23 March 2018. The store posted revenues of €31,000 and a net loss of €105,000 for the year ended, compared to a €3,000 loss the previous year.

LDLC Lyon 7 has been a member of the Groupe LDLC tax group since 1 April 2017.

ADB Limonest:

The ADB Limonest store opened in early April 2018 and therefore generated no revenues for the year ended 31 March 2018.

The store posted a €138,000 loss for the 2017/2018 financial year, compared to a €3,000 loss the previous year.

ADB Limonest has been a member of the Groupe LDLC tax group since 1 April 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.

For its second financial year, LDLC Event posted revenues of €837,000, up 10.55% from €757,000 the previous year. The €299,000 loss generated in 2017/2018, compared to net income of €58,000 in 2016/2017, was due to a sharp rise in investments in gamers on certain teams.

Domisys:

The previous financial year was extended to 15 months in order to synchronise the Domisys and Group balance sheet dates on 31 March 2017. Accordingly, the year just ended is a 12-month financial year compared to the previous 15-month financial year.

The €39,800 fall in revenues is therefore explained by this difference and the extra quarter of invoicing included in the previous year's results, a difference exacerbated by a fall of nearly 5% in the company's overall revenues partly offset by a 1.34% percentage point increase in the gross margin ratio compared to the previous year. The signing of Group-level agreements with goods suppliers enabled Domisys to benefit from Group purchasing conditions, which led to an improvement in the margin and a refocus on Materiel.net's core business in gaming products.

2017/2018 net income came to €2.2 million, up from €1.9 million the previous year.

Domisys has been a member of the Groupe LDLC tax group since 1 April 2017.

Domimo 2:

The previous financial year was extended to 15 months in order to synchronise the Domisys and Group balance sheet dates on 31 March 2017. Accordingly, the year just ended is a 12-month financial year compared to the previous 15-month financial year.

The €301,000 fall in revenues is therefore explained by this difference and the extra quarter of invoiced rental payments included in the previous year's results.

The company posted a profit of €282,000 for the financial year ended 31 March 2018, compared to a €292,000 profit for the previous year.

SCI Domimo 2 has been a member of the Groupe LDLC tax group since 1 April 2017.

Domimo 3:

The previous financial year was extended to 15 months in order to synchronise the Domisys and Group balance sheet dates on 31 March 2017. Accordingly, the year just ended is a 12-month financial year compared to the previous 15-month financial year.

The €21,600 fall in revenues is therefore explained by this difference and the extra quarter of invoiced rental payments included in the previous year's results.

The company posted a profit of €30,000 for the financial year ended 31 March 2018, compared to a €33,000 profit for the previous year.

SCI Domimo 3 has been a member of the Groupe LDLC tax group since 1 April 2017.

CAMPUS 2017:

Following completion of the new Group head office, CAMPUS 2017 began its sub-lease activity on 31 July 2017 and recorded revenues of €949,000 for the year ended 31 March 2018. This year marks the beginning of repayments under the lease purchase agreement signed in connection with the construction of the head office.

A sub-lease agreement was signed between Groupe LDLC and CAMPUS 2017, which charges the Company annual rent of €1,420,000.

CAMPUS 2017 posted a €333,000 loss for the 2017/2018 financial year, compared to a €216,000 loss the previous year.

OLYS:

OLYS joined the LDLC Group following its acquisition on 25 January 2018. At the balance sheet date, OLYS had 22 establishments in France, including 18 BIMP stores. Since the transfer of its head office, the company has been based at 51 ter rue de Saint-Cyr, Lyon.

In 2017, OLYS acquired several subsidiaries (Mac & Co Digital and MyMultimedia) and completed a number of mergers (FBX Systemes, Reseaunance, GDA, ITRIBU and Allcom). The financial statements of these merged companies were consolidated retrospectively from 1 January 2017.

OLYS relocated two of its stores, the Marseille store to the centre of the Grand V La Valentine shopping mall and the Clermont-Ferrand store in rue Saint-Herem (where the number of shoppers had declined) to a larger premises in the JAUDE II shopping centre. These new locations will consolidate the company's positioning in the French regions.

The balance sheet date was deferred to 31 March 2018 to coincide with the Group balance sheet date, resulting in a 15-month financial year for this company.

However, given the nearness of the acquisition and Group balance sheet dates, Group management decided to consolidate the OLYS group consolidated financial statements for the year ended 31 December 2017 in the Group consolidated financial statements for the year ended 31 March 2018.

OLYS revenues for 2017 amounted to €62 million compared to €35 million for the year ended 31 December 2016. Although primarily driven by the mergers completed during the year, the increase also includes 10% like-for-like growth.

OLYS posted a €25,000 loss for the year ended 31 December 2017, compared to a €657,000 profit for its previous financial year.

BIMP Éducation:

BIMP Éducation is a subsidiary owned by OLYS since its establishment two years ago. BIMP Éducation joined the LDLC Group following the acquisition of OLYS on 25 January 2018. Since the transfer of its head office, the company has been based at 51 ter rue de Saint-Cyr, Lyon.

The balance sheet date was deferred to 31 March 2018 to coincide with the Group balance sheet date, resulting in a 15-month financial year for this company.

However, given the nearness of the acquisition and Group balance sheet dates, Group management decided to consolidate the OLYS group consolidated financial statements for the year ended 31 December 2017 in the Group consolidated financial statements for the year ended 31 March 2018.

Revenues for 2017 amounted to €4.7 million compared to €1.6 million for the year ended 31 December 2016. The sharp increase in revenues was partly due to fact that the previous financial year was an 11-month year, but also due to the signing of major public procurement contracts, including with the Isère departmental council. The company is also supplying services to a rapidly growing number of private schools.

BIMP Éducation posted net income of €387,000 for the year ended 31 December 2017 compared to €112,000 the previous year.

I-Artificielle:

I-Artificielle is a subsidiary owned by OLYS following the merger between OLYS and former holding company FINANCIERE OLYS in 2016. I-Artificielle joined the LDLC Group following the acquisition of OLYS on 25 January 2018. Since the transfer of its head office, the company has been based at 51 ter rue de Saint-Cyr, Lyon and has a sales outlet in Compiègne.

The balance sheet date was deferred to 31 March 2018 to coincide with the Group balance sheet date, resulting in a 15-month financial year for this company.

However, given the nearness of the acquisition and Group balance sheet dates, Group management decided to consolidate the OLYS group consolidated financial statements for the year ended 31 December 2017 in the Group consolidated financial statements for the year ended 31 March 2018.

The Compiègne store does not generate the same volume of business as the Group's other stores. Given that the shareholder of ASO Développement discontinued its business at the end of 2016, the sales generated by this company came to an end. However, revenues have been maintained via the BIMP customer service and amounted to €453,000 for the year ended 31 December 2017 compared to €493,000 the previous year.

The company posted a loss of €208,000 for the financial year ended 31 December 2017 compared to a €217,000 loss the previous year.

Mac & Co Digital:

Mac & Co Digital is a subsidiary owned by OLYS following a share purchase completed on 7 April 2017. It joined the LDLC Group following the acquisition of OLYS on 25 January 2018. The company is based in Blois.

The balance sheet date was deferred to 31 March 2018 to coincide with the Group balance sheet date, resulting in a 15-month financial year for this company.

However, given the nearness of the acquisition and Group balance sheet dates, Group management decided to consolidate the OLYS group consolidated financial statements for the year ended 31 December 2017 in the Group consolidated financial statements for the year ended 31 March 2018.

Revenues are on the rise thanks mainly to the signing of a new contract with the Loir-et-Cher departmental council to supply tablets to lower secondary schools in the region.

Mac & Co Digital posted 2017 net income of €129,000 compared to €193,000 for the previous 15-month financial year ended 31 December 2016.

MyMultimedia:

MyMultimedia is a subsidiary owned by OLYS following a share purchase completed on 25 October 2017. The company joined the LDLC Group following the acquisition of OLYS on 25 January 2018. It is based in Bourg-en-Bresse.

Although MyMultimedia applies a 31 March balance sheet date, given the nearness of the acquisition and Group balance sheet dates, Group management decided to consolidate the OLYS group company financial statements for the year ended 31 December 2017 in the Group consolidated financial statements for the year ended 31 March 2018.

Despite the dip in MyMultimedia revenues for the year ended 31 December 2017, the launch of Apple customer service and OLYS brand operations in Bourg-en-Bresse is expected to drive revenue growth.

MyMultimedia posted a €14,000 loss for the 9 months ended 31 December 2017 compared to net income of €17,000 for the full year ended 31 March 2017.

Bizen:

Bizen is a subsidiary owned by OLYS since its establishment during the year. The company joined the LDLC Group following the acquisition of OLYS on 25 January 2018. Since the transfer of its head office, the company has been based at 51 ter rue de Saint-Cyr, Lyon.

As at 31 December 2017, Bizen completed its first financial year spanning a 19-month period beginning on 24 June 2016.

The balance sheet date was deferred to 31 March 2018 to coincide with the Group balance sheet date, resulting in a 22-month financial year for this company.

However, given the nearness of the acquisition and Group balance sheet dates, Group management decided to consolidate the OLYS group consolidated financial statements for the year ended 31 December 2017 in the Group consolidated financial statements for the year ended 31 March 2018.

The company is currently being set up and is devoted to services to individuals. Business is already growing strongly in Group stores.

For the financial year ended 31 December 2017, Bizen posted revenues of €2,000 and an €8,000 loss.

Synopsis:

Synopsis was initially acquired by Groupe LDLC on 25 January 2018 then sold to OLYS on 26 January 2018. It is based at 51 ter rue de Saint-Cyr, Lyon.

The balance sheet date was deferred to 31 March 2018 to coincide with the Group balance sheet date, resulting in a 15-month financial year for this company.

However, given the nearness of the acquisition and Group balance sheet dates, Group management decided to consolidate the OLYS group consolidated financial statements for the year ended 31 December 2017 in the Group consolidated financial statements for the year ended 31 March 2018.

Revenues for the financial year ended 31 December 2017 amounted to €221,000 compared to €251,000 for the year ended 31 December 2016. Next year, it is planned that the company will become the Group's exclusive public relations division.

Synopsis posted a €16,000 profit for the financial year ended 31 December 2017, compared to a €4,000 profit for the previous year.

9.6. GROUPE LDLC 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.

In respect of the 2017/2018 financial year, the Group considers that the conditions for capitalising research and development costs were partly met. Accordingly, research and development costs were recognised under either expenses or non-current assets, depending on the project.

€694,000 in research and development costs were capitalised in respect of the 2017/2018 financial year.

Groupe LDLC received a €170,000 research tax credit for the 2017 calendar year, compared to €93,000 in 2016. This tax credit is awarded to companies making significant investments in research and development.

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

9.7. POST BALANCE SHEET EVENTS

The merger of Domisys into Groupe LDLC is planned for the first half of 2018/2019.

In accordance with Article L.232-1 II of the French Commercial Code, it is specified that, to the best of our knowledge, no other 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 January 2018, the LDLC Group took out two loans amounting to €5.3 million and €10 million to finance the OLYS and Synopsis acquisitions. In March 2016, the LDLC Group took out a €23 million loan to finance the acquisition of the Materiel.net group.

The repayment period for the €10 million loan was aligned with the repayment period for the 2016 acquisition loan, with the last instalment due on 31 March 2023. Repayment of the €5.3 million loan will end on 31 January 2025.

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 2018. 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 €31,593,000 at 31 March 2018, €10,613,000 at 31 March 2017 and €8,107,000 at 31 March 2016.

Debt: the Group took out two loans amounting to €5.3 million and €10 million to finance the OLYS and Synopsis acquisitions on 25 January 2018. In addition, a €23 million loan was taken out to finance the March 2016 acquisition. These loans were supplemented by a €15 million revolving credit facility.

A €22 million real estate liability was recognised in respect of the new Group head office following handover of the premises on 31 July 2017.

The Group posted net debt broken down as follows:

€000	31/03/2018	31/03/2017	31/03/2016
Gross borrowings	83,014	46,549	51,110
Cash and cash equivalents	31,593	10,613	8,107
Net cash/(debt)	**(51,422)**	**(35,937)**	**(43,003)**

The following table shows the Group's debt instalment maturities at 31 March 2018:

€000	Total	Due in < 1 year	Due in 1-3 years	Due in 3-5 years	Due in > 5 years
Long-term loans and borrowings(1)	**71,779**	**0**	**36,144**	**19,458**	**16,177**
Loans	71,779	0	36,144	19,458	16,177
Short-term loans and borrowings	**11,235**	**11,235**	**0**	**0**	**0**
Guarantee deposits received	1	1	0	0	0
Loans	10,634	10,634	0	0	0
Accrued interest on loans	27	27	0	0	0
Bank overdrafts	197	197	0	0	0
Current accounts	376	376	0	0	0
Total	**83,014**	**11,235**	**36,144**	**19,458**	**16,177**

(1) Including €25.7 million relating to the 2016 and 2018 acquisition loans, €19.5 million relating to the finance lease agreement and €15 million under the revolving credit facility.

Group financing related to the 2016 Materiel.net acquisition and 2018 acquisition of OLYS and Synopsis

The Group organised new sources of funding to help finance the March 2016 Materiel.net acquisition and the January 2018 acquisition of OLYS and Synopsis.

Accordingly, on 31 March 2016, the Group signed a loan agreement with a five-bank pool. A second amendment to the 31 March 2016 loan agreement was signed on 19 January 2018 and provides for the following:

- A €23 million long-term line of credit for the 2016 acquisition maturing in 7 years, bearing interest at Euribor 3-month plus an "acquisition loan" margin revised annually in accordance with the leverage ratio.
- A €10 million long-term line of credit for the 2018 acquisition whose repayment period and loan terms and conditions are aligned with those of the €23 million 2016 acquisition loan.
- 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 revolving credit facility margin subject to annual revision in accordance with the leverage ratio. As at 31 March 2018, this facility had been fully drawn.

Swaps have been entered into to hedge the floating rates applicable to these 2016 and 2018 acquisition loans.

Amendment 2 to the combined 2016 and 2018 acquisition loan agreements is subject to compliance with two bank 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 deducted from underlying EBIT).
- 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.

On 19 January 2018, the Group took out a €5.3 million loan to supplement the €10 million loan. This loan is repayable over a 7-year term and subject to a fixed interest rate of 1.31% per annum with repayment deferred for 8 quarters.

Debt at 31 March 2018:

A €22 million finance lease liability was recognised as at 31 March 2018 in relation to the capitalisation of the new Group head office in Limonest.

In April 2017, Groupe LDLC took out a new €1.5 million loan to finance expenditure on the new head office.

In January and March 2018, Groupe LDLC took out two new €1.5 million loans to finance Group capital expenditure.

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	2017/2018	2016/2017	2015/2016
Net cash flow from operating activities	30,887	11,206	8,925
Net cash flow from investing activities	(43,610)	(1,880)	(39,162)
Net cash flow from financing activities	33,815	4,468	36,041
Net change in cash and cash equivalents	**21,093**	**13,794**	**5,804**

10.2.2. Net cash flow from operating activities:

€000	2017/2018	2016/2017	2015/2016
Net income from continuing operations	5,440	8,134	7,941
Elimination of non-cash income and expenses	4,505	4,616	1,282
Tax expense (current and deferred)	2,270	4,322	5,137
Gains/losses on disposal of assets	45	12	0
Elimination of income from discontinued operations net of tax	0	0	0
Gross operating cash flow before tax	12,260	17,083	14,360
Tax expense and change in deferred tax	(2,540)	(4,448)	(5,134)
Change in working capital	21,168	(1,429)	(301)
Net cash flow from operating activities	**30,887**	**11,206**	**8,925**

Net operating cash flow for the year ended 31 March 2018 amounted to a €30.9 million inflow, compared to an €11.2 million inflow in FY 2016/2017 and an €8.9 million inflow the previous year.

The sharp increase in change in working capital at 31 March 2018 is due to a significant increase in trade payables, which rose by €21 million between 31 March 2017 and 31 March 2018 following the renegotiation of agreements leading to the extension of supplier payment terms.

The sharp increase in gross operating cash flow (€2.7 million) from FY 2016/2017 to FY 2017/2018 was mainly due to the consolidation of Materiel.net cash flows.

10.2.3. Net cash flow from investing activities:

€000	2017/2018	2016/2017	2015/2016
Income from disposal of non-current assets, after tax	0	2	81
Acquisition & disposal of non-current assets	(30,393)	(1,881)	(4,817)
Change in consolidation scope	(13,217)	0	(34,426)
Net cash flow from investing activities	**(43,610)**	**(1,880)**	**(39,162)**

FY 2017/2018 net cash flow from investing activities amounted to a €43,610,000 net outflow, mainly consisting of:

- €23,497,000 on the construction and furnishing of the new Group head office;
- €3,925,000 of expenditure on in-house IT projects and research and development;
- a €13,217,000 cash payment for the acquisition of OLYS and Synopsis.

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.

FY 2015/2016 net cash flow from investing activities amounted to a €39,162,000 outflow comprising:

- 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 €1.5 million and a €1.5 million loan as part of the financing arrangements for the LDLC Group's new head office.

10.2.4. Net cash flow from financing activities:

€000	2017/2018	2016/2017	2015/2016
Treasury share transactions and bonus shares	364	445	2,002
Other effects	(183)	(105)	282
Transactions on financial instruments	35	481	(742)
Changes in borrowings and other debt	33,600	10,427	22,834
Change in financing from factoring of receivables	0	(3,699)	421
Capital increase (nominal)	0	0	103
Additional paid-in capital + undistributable reserves + retained earnings	0	0	13,595
Decrease in shareholders' equity (dividends)	0	(3,081)	(2,454)
Net cash flow from financing activities	**33,815**	**4,468**	**36,041**

In the year ended 31 March 2018, net cash flow from financing activities amounted to a €33,815,000 inflow, compared to a €4,468,000 inflow the previous year and a €36,041,000 inflow the year before that.

The sharp increase in loans and borrowings during the year ended 31 March 2018 was mainly due to:

- the two loans totalling €15.3 million taken out for the purposes of the OLYS and Synopsis acquisition in January 2018 (see Note 10.1 of this Registration Document),
- the €20.8 million finance lease liability related to the capitalisation of the new Groupe LDLC head office,
- three new €1.5 million loans taken out to finance Group expenditure, particularly on furnishing the new Group head office.

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 finance investment in its 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.

On 31 March 2016, the Group arranged new sources of funding to finance the cash component of the Materiel.net 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 €23.68.

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 2018 included in Section 20.1 of this Registration Document.

10.3.1. Financing policy

Non-current assets: acquisitions

In January 2018, the acquisition of OLYS and Synopsis was paid for by means of a cash contribution financed by two loans amounting to €10 million and €5.3 million. See Note 10.1 of this Registration Document and Note 3.14 to the consolidated financial statements for the year ended 31 March 2018.

In March 2016, 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 2018.

The Group did not make any other acquisitions.

Non-current assets: property financing

On 30 November 2015, CAMPUS 2017 signed a real estate lease purchase agreement on the new Group head office in Limonest. The premises were handed over on 31 July 2017, leading to the capitalisation of land and buildings in the amount of €22 million as at 31 March 2018.

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 January and March 2018, Groupe LDLC took out two new €1.5 million loans to finance Group capital expenditure.

In April 2017, Groupe LDLC took out a €1.5 million loan to finance expenditure on the new head office.

In March 2017, the Group signed a loan agreement for €1 million 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 2018).

The Group has overdraft facilities amounting to €10.8 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	82,413	10,634	55,602	16,177

10.3.3. Changes in borrowings

€000	Loans
31/03/2016	**35,627**
New borrowings	16,000
Repayment of borrowings	(5,648)
Other changes	70
31/03/2017	**46,049**
New borrowings	41,635
Repayment of borrowings	(8,041)
Other changes	2,769
31/03/2018	**82,413**

Other changes for the year ended 31 March 2018 include €2,769,000 of consolidated OLYS 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 Groupe LDLC on 31 March 2016. As part of the financing arrangements for the OLYS and Synopsis acquisition, a second amendment to the 31 March 2016 loan agreement was signed on 19 January 2018.

Amendment 2 to the combined 2016 and 2018 acquisition loan agreements provides for compliance with a number of bank covenants (ratios, capex limits, etc.). Failure to comply with these covenants may under specific conditions trigger early repayment.

The ratios are tested every six months.

The ratios shown below apply to the 12-month period from 1 April 2017 to 31 March 2018.

Ratio R1: consolidated net borrowings/consolidated equity (at 31/03/2018 < 1.20)

€m	Note	Calculation
Consolidated net borrowings	52.91	A
Consolidated equity	60.71	B
Ratio: consolidated net borrowings/consolidated equity	0.87	A/B

Ratio R2: consolidated net borrowings/adjusted consolidated EBITDA (FY ended 31/03/2018 < 5.2)

€m	Note	Calculation
Consolidated net borrowings	52.91	A
Adjusted consolidated EBITDA (*)	15.81	B
Ratio: consolidated net borrowings/adjusted consolidated EBITDA	3.35	A/B

(*) Adjusted consolidated EBITDA includes EBITDA derived from the two target companies' (OLYS and Synopsis) financial statements for the 12-month period ended 31 December 2017.

The **amount of capital expenditure** is below the overall €12 million cap set for the two financial years ended 31 March 2018 and 31 March 2017.

Bank covenants were in compliance at 31 March 2018 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 2018 is analysed in Note 2.4 to the consolidated financial statements for the year ended 31 March 2018, 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

Groupe LDLC plans to take out new loans amounting to around €5 million in order to finance the expenditure described in Section 5.2.2.

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 245 domain names, which include country extensions corresponding to its area of influence, including Belgium, Switzerland and Luxembourg.

The Group has led a research and development programme since 2016, for which 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.

In December 2016, the Group launched the sale of the first product created by its R&D team on its e-commerce site LDLC.com. All of the production behind this product, from inception to sale, including packaging, was performed in France.

The Group registered its first patent in France in 2016, and registered a second in 2017.

At 31 March 2018, there were seven people in the research and development department. A number of projects are currently underway, a few of which are in line to be put on the market during the upcoming financial year.

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 repayable. More information is provided 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

Press release dated 14 June 2018: *"2017-2018 full-year results - Confirmed rebound in business volumes in Q4 - Strong increase in net income in second half"*

Group CEO Olivier de la Clergerie made the following comments: *"The overall performance in 2017/2018 was disrupted by a complex economic environment due to the ongoing and sharp increase in the price of memory components throughout the period. However, we did not slow down our operating plan, which aims to boost our advantages and to launch high-growth projects in the short and medium term. We also demonstrated our ability to make structural external acquisitions during the financial year, including the successful consolidation of Materiel.net, and the purchase of a 100% interest in the OLYS Group, which operates the BIMP and GDA i-Tribu retail outlets that act as Apple distributors for business and retail customers. The improvement in business volumes recorded in the last quarter, and our sound fundamentals, combined with our new expansion drivers, give us confidence in our ability to execute our operating plan. Based on our positioning as a specialised multi-brand distributor, we are aiming for double-digit like-for-like growth in the 2018-2019 financial year, and will derive a mechanical benefit from the addition of the OLYS Group."*

Simplified full-year income statement (1 April to 31 March)

€m	2017/2018	H1 2017/2018	H2 2017/2018	2016/2017
Revenues	472.1	215.5	256.6	479.9
Gross margin	80.3	36.0	44.3	77.4
EBITDA	14.7	6.6	8.1	17.9
EBIT	8.7	4.1	4.6	13.4
Earnings before tax and non-recurring items	7.7	3.7	4.0	12.5
Net income for the year	5.4	2.5	2.9	8.1

EBITDA = Earnings Before Interest, Taxes, Depreciation and Amortisation.
NB: The OLYS group was consolidated on 31 March 2018, and made no contribution to net income for the financial year.

Overview of the financial year

The Group generated revenues of €472.1 million over the financial year. BtoB revenues increased to €120.7 million, representing 25.5% of total revenues. The store network roll-out continues with 29 stores at 31 March 2018, posting revenues of €53 million.

The Group's average basket continued to increase, and amounted to €344, excluding VAT, up from €321 excluding VAT the previous year. The Group attracted 470,000 new (BtoC and BtoB) customers during the year.

The gross margin recorded a marked increase. The "Purchasing" synergies implemented with Materiel.net enabled a 0.9 point increase in the margin, which now amounts to 17% of revenues compared to 16.1% in the previous financial year. The gross margin amounted to 17.2% of revenues in the second half.

EBITDA amounted to 3.1% of revenues compared with 3.7% in the previous financial year as a result of the significant number of expansion plans launched during the year (move to the new head office in Limonest, development of the information systems and IT platforms, launch of the operations in Spain, setting up a BtoB team in the Paris region, etc.).

Net financial expense amounted to €1.0 million compared to €0.9 million in 2016/2017, while the tax charge amounted to €2.3 million, down from €4.4 million. Net income Group share amounted to €5.4 million overall.

The balance sheet structure remains sound, which includes both the OLYS group and the LDLC Group's new head office. Shareholders' equity amounted to €60.7 million (€54.9 million at 31 March 2017) compared to tightly-controlled net debt of €51.4 million (€36.2 million at 31 March 2017), resulting in a debt-to-equity (gearing) ratio of 0.85 at financial year-end, up from 0.66 last year.

Dividend: as part of the current development trend, the Annual General Meeting scheduled for 28 September 2018 will be asked not to pay any dividend for the financial year just-ended. The Meeting will also be asked to approve the merger & absorption of Domisys by LDLC Group.

Operational priorities and objectives

The 2018-2019 financial year will benefit from the consolidation of the OLYS group, and should also reap the initial rewards of the major growth investments made in 2017/2018, including double-digit like-for-like growth.

Given its solid fundamentals and the initiatives implemented, the LDLC Group reaffirms its goal of reaching €1 billion in revenues by 2021, with an EBITDA margin of between 5.5% and 6%. The Group will have around 100 stores at that point.

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 "Supervisory Board report on 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 "Supervisory Board report on 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 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

For further information, see Section 16.7 "Supervisory Board report on corporate governance" of this Registration Document.

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 Valentin Bignier(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.

> **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.

> **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, as 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

For further information, see Section 16.7 "Supervisory Board report on corporate governance" of this Registration Document.

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 223-22-A et seq. of the AMF General Regulation, the Company has presented a summary statement of transactions mentioned under Article L.621-18-2 of the French Monetary and Financial Code carried out during the year ended 31 March 2018:

1. Laurent Villemonte de la Clergerie

Month of transaction	Type of transaction	Number of trades	Volume	Average price (€)	Transaction amount (€)
June 2017	Pledge	1	95,000	26.80	2,546,000.00
November 2017	Pledge	1	309,470	20.71	6,409,123.70
March 2018	Disposal	1	25,000	20.00	500,000.00
March 2018	Pledge	1	75,000	17.68	1,326,000.00

2. Marc Prieur

Month of transaction	Type of transaction	Number of trades	Volume	Average price (€)	Transaction amount (€)
March 2018	Disposal	1	10,000	20.00	200,000.00

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 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 until 29 November 2017) signed an employment contract with the Company for the position of Deputy Chief Executive Officer responsible for sales, Internet and marketing. Philippe Sauze's employment contract came to an end on 28 February 2018.

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 COMMITTEES – CORPORATE GOVERNANCE

16.3.1. Supervisory Board

For further information, see Section 16.7 "Supervisory Board report on corporate governance" of this Registration Document.

16.3.2. Audit Committee

For further information, see Section 16.7 "Supervisory Board report on corporate governance" of this Registration Document.

16.4. GOVERNANCE

For further information, see Section 16.7 "Supervisory Board report on corporate governance" of this Registration Document.

16.5. INTERNAL CONTROL

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.

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 CEO Purchasing and Logistics, the IT Systems Director 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, and Marc Prieur;
- the directors and operating or departmental managers of the Company and its subsidiaries responsible for the following departments:

Sales department

With a staff of around 75, the sales department is responsible for:

- upstream relations with specific manufacturers, including Intel, Microsoft and HP, etc.
- BtoB sales.

As part of the services it provides to businesses, the Company can also provide cable installation services via its subsidiary, DLP Connect.

IT Systems and Webmaster Service department

Some 60 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, backed by a team of around 10 employees, 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

Just under 70 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.

Around 40 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: Paris Games Week, etc.;
- social network outreach.

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 20 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 around 15 people responsible for recruitment and hiring, transfers, induction, schedules, payroll and employment contract management as well as managing the training budget.

Transport, procurement and logistics department

With a staff of 30, the purchasing department manages all procurement for the LDLC Group and prepares technical data sheets for the website.

The logistics and transport department ensure the proper execution of client orders for the Group, as well as delivery.

Maginea department

With a staff of around 5, this department manages all procurement for Maginea.com.

"Armoire de Bébé" department

With a staff of around 5, this department manages all procurement for larmoiredebebe.com.

Research and development department

With a team comprising around five people, the R&D department works on new product or patent design for the LDLC Group in order to ensure its development.

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. For further information, see Chapter 4 of this Registration Document.

c) Procedures 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.

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

For further information, see Section 16.7 "Supervisory Board report on corporate governance" of this Registration Document.

16.7. SUPERVISORY BOARD REPORT ON CORPORATE GOVERNANCE

Dear Shareholders,

In accordance with the provisions of Article L.225-68 paragraph 6 of the French Commercial Code, we have summarised the information, adapted to companies with a Supervisory Board, where applicable, as mentioned in Articles L.225-37-3 to L.225-37-5 of the French Commercial Code, as well as the observations of the Supervisory Board on the Management Board's report and on the financial statements for the year ended 31 March 2018.

We have also summarised in this report the information referred to in Articles L.225-82-2 and L.225-100 (II) of the French Commercial Code.

The content of this report, prepared on the basis of information provided to the Supervisory Board, was approved by the Supervisory Board at its meeting held on 13 June 2018.

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.225-37-4-8 of the French Commercial Code, applicable by reference to Article L.225-68 of said 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.

MiddleNext Code recommendation	Adopted on 31 March 2018	Not adopted on 31 March 2018
I. Supervisory power		
R 1: Code of conduct for Board members	X	
R 2: Conflicts of interest	X	
R 3: Board membership – Independent members		X(1) *(undergoing adoption)*
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(6)	
R 8: Choice of Board members	X	
R 9: Board members' term of office		X(2)
R 10: Board members' compensation		X(3) *(undergoing adoption)*
R 11: Establishment of a system for assessing the work of the Board		X(4) *(undergoing adoption)*
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) In order to comply with MiddleNext Code recommendation 11, the Board approved the Board's self-assessment procedure and its related questionnaire at its meeting of 13 June 2018. The Supervisory Board will perform its self-assessment according to the terms of said procedure during its next meeting called to review the parent company and consolidated financial statements.
(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).
(6) The internal regulations of the Company's Supervisory Board can be consulted, upon request, at the registered office.

At its meeting on 13 June 2018, the Company's Supervisory Board duly noted the checkpoints specified in the MiddleNext Code, in accordance with recommendation 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.

In addition, in accordance with Article L.225-66 of the French Commercial Code, the articles of association may authorise the Supervisory Board to 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.

At 31 March 2018, the Company's Management Board had 4 members. As a reminder, the term of office of Management Board member Philippe Sauze came to an end on 29 November 2017.

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

In accordance with recommendation no1 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) Membership of the Supervisory Board

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 2018, 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 the Supervisory Board	7 March 2000	29 September 2006 28 September 2012	End of General Meeting called to approve the financial statements for the year ended 31 March 2018	Member
	Chairwoman of the Supervisory Board		7 July 2006 22 June 2012	At its meeting held on 13 June 2018, the Company's Management Board decided to submit a proposal to reappoint Supervisory Board member Suzanne Villemonte de la Clergerie for the approval of the Annual General Meeting scheduled for 28 September 2018.	
Marc Villemonte de la Clergerie	Member of the Supervisory Board	7 March 2000	29 September 2006 28 September 2012	End of General Meeting called to approve the financial statements for the year ended 31 March 2018	Member and Chairman
	Vice-Chairman of the Supervisory Board		7 July 2006 22 June 2012	At its meeting on 13 June 2018, the Company's Management Board decided to submit a proposal to reappoint Supervisory Board member Marc Villemonte de la Clergerie for the approval of the Annual General Meeting scheduled for 28 September 2018.	
Anne-Marie Valentin Bignier	Member of the Supervisory Board	7 March 2000	29 September 2006 28 September 2012	End of General Meeting called to approve the financial statements for the year ended 31 March 2018	Member
				At its meeting held on 13 June 2018, the Company's Management Board decided to submit a proposal to reappoint Supervisory Board member Anne-Marie Valentin Bignier for the approval of the Annual General Meeting scheduled for 28 September 2018.	

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 on the Supervisory Board

In accordance with Article L.225-37-4 (5) of the French Commercial Code applicable by reference to Article L.225-68, paragraph 6 of said Code, below we have listed the Board's proportional breakdown by gender:

- Number of male Board members: 1, i.e. 33.33%
- Number of female Board members: 2, i.e. 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 13 June 2018, 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. 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 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 corporate interests. Information on the experience and skills of each Supervisory Board member is provided to the General Meeting for the purposes of appointing each new member. The appointment of each new member is 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.

In accordance with Article L.225-68 of the French Commercial Code, 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 of the balance sheet date, the Management Board shall present the Company and consolidated financial statements, accompanied by the related management report, as well as, where applicable, the report referred to in Article L.225-68 of the French Commercial Code, for the purposes of audit 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.

In accordance with Article 14 of the articles of association, 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 financial year ended 31 March 2018

During the financial year ended 31 March 2018, the Company's Management Board met eight times.

Date of Management Board meeting	Members present or represented	Attendance rate	Main topics discussed
29 June 2017	Members: 5	Members: 100%	- Review and approval of the Company financial statements for the year ended 31 March 2017 - Review and approval of the consolidated financial statements for the year ended 31 March 2017 - Proposed appropriation of earnings - Review of agreements referred to in Articles L.225-86 et seq. of the French Commercial Code - Review of the draft 2016/2017 Registration Document including the annual financial report – Powers of the Chairman of the Management Board and the Chief Executive Officer for the purposes of finalising the Registration Document - Exercise of authorisation granted to the Management Board by the General Meeting of 30 September 2016 to grant bonus shares pursuant to Articles L.225-197-1 and L.225-197-2 of the French Commercial Code – Establishing the list of beneficiaries – Approval of bonus share allocation plans
29 September 2017	Members: 5	Members: 100%	- Exercise of authorisation granted by the General Meeting of 29 September 2017 to trade Company shares in accordance with the conditions of Article L.225-209 of the French Commercial Code and Articles 241-1 et seq. of the General Regulation of the French Financial Markets Authority (AMF)
13 November 2017	Members: 5	Members: 100%	- Exercise of authorisation granted to the Management Board by the General Meeting of 30 September 2016 to grant bonus shares pursuant to Articles L.225-197-1 and L.225-197-2 of the French Commercial Code – Establishing the list of beneficiaries – Approval of bonus share allocation plans
30 November 2017	Members: 4	Members: 100%	- Review and approval of the consolidated first half financial position at 30 September 2017 - Preparation of the first half business report pursuant to Article L.451-1-2 (III) of the French Monetary and Financial Code

Date of Management Board meeting	Members present or represented	Attendance rate	Main topics discussed
4 January 2018	Members: 4	Members: 100%	- Preparation of the quarterly report on the progress of the Company's business during the third quarter of the financial year beginning 1 April 2017
15 January 2018	Members: 4	Members: 100%	- Approval (i) of the terms and conditions of the financing expected to be granted to the Company for the acquisition of the entire share capital of OLYS and Synopsis, and (ii) the granting of security interests by the Company
23 February 2018	Members: 3	Members: 75%	- Exercise of authorisation granted to the Management Board by the General Meeting of 30 September 2016 to grant bonus shares pursuant to Articles L.225-197-1 and L.225-197-2 of the French Commercial Code – Establishing the list of beneficiaries – Approval of bonus share allocation plans
30 March 2018	Members: 4	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

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 Supervisory 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 Supervisory Board's operations during the financial year ended 31 March 2018

During the financial year ended 31 March 2018, the Company's Supervisory Board met five times.

Date of Supervisory Board meeting	Members present or represented	Attendance rate	Main topics discussed
29 June 2017	Members: 3	Members: 100%	- Review of the Company and consolidated financial statements for the year ended 31 March 2017 - Review of the draft 2016/2017 Registration Document including the annual financial report and the Management Board report to the General Meeting - Approval of the observations of the Supervisory Board on the Management Board's report and on the financial statements for the year - Relocation of the Company's head office to Limonest (Rhône) on 1 September 2017
10 October 2017	Members: 3	Members: 100%	- Review of the Management Board's quarterly report on the progress of the Company's business during the second quarter of the financial year
30 November 2017	Members: 3	Members: 100%	- Review of the first half financial position drawn up at 30 September 2017 - Review of the first half business report prepared by the Management Board pursuant to Article L.451-1-2 (III) of the French Monetary and Financial Code
4 January 2018	Members: 3	Members: 100%	- Review of the Management Board's quarterly report on the progress of the Company's business during the third quarter of the financial year beginning 1 April 2017
30 March 2018	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

3. Assessment of the work and operation of the Board

In order to comply with MiddleNext Code recommendation no 11, the Supervisory Board approved the Board's self-assessment procedure and its related questionnaire at its meeting held on 13 June 2018. The Supervisory Board will perform its own self-assessment according to the terms of said procedure at its next meeting called to review the Company and consolidated financial statements scheduled for 2019.

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. 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 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.

IV. Specific procedures regarding shareholder participation in the General Meeting

Pursuant to Article L.225-37-4 (9) of the French Commercial Code applicable by reference to Article L.225-68, paragraph 6 of the same Code, we encourage you to consult Article 20 of the articles of association, which set out the procedures for shareholder participation at the Company's General Meetings, and presented in Chapter 21 of this Registration Document.

V. List of all offices and duties exercised in any company during the financial year ended 31 March 2018

To ensure compliance with the provisions of Article L.225-37-4 (1) of the French Commercial Code, applicable by reference to Article L.225-68 paragraph 6 of said Code, we have summarised the list of offices and duties exercised in any company (with the exception of the Company, see paragraph I of this section) during the financial year ended 31 March 2018 by each incumbent corporate officer at 31 March 2018.

Name	Position	Company
Management Board		
Laurent Villemonte de la Clergerie	Non-partner manager Manager Chairman Non-partner co-manager	Textorm SARL IDFAMILY SCI KATZAMI SAS Synopsis SARL
Olivier Villemonte de la Clergerie	Non-partner manager Non-partner manager Manager Manager Board member Member of the Supervisory Board Non-partner co-manager	Anikop SARL DLP Connect SARL Domimo 2 SCI Domimo 3 SCI Thermador Groupe SA La Vie Claire SA Synopsis SARL
Marc Prieur	Non-partner manager	Hardware.fr SARL
Caroline Villemonte de la Clergerie	Manager	TD Family SCI
Supervisory Board		
Suzanne Villemonte de la Clergerie	None	None
Marc Villemonte de la Clergerie	None	None
Anne-Marie Bignier Valentin	None	None

In addition, to ensure compliance with European Commission Regulation no. 809/2004 of 29 April 2004, a list is provided below of the offices and duties exercised in any company over the last five years by all corporate officers.

Name	Position	Company
Management Board		
Laurent Villemonte de la Clergerie	None	None
Olivier Villemonte de la Clergerie	None	None
Marc Prieur	None	None
Caroline Villemonte de la Clergerie	None	None
Supervisory Board		
Suzanne Villemonte de la Clergerie	None	None
Marc Villemonte de la Clergerie	None	None
Anne-Marie Bignier Valentin	None	None

VI. Compensation paid to corporate officers during the financial year ended 31 March 2018 (Article L.225-37-3 of the French Commercial Code applicable by reference to Article L.225-68 paragraph 6 of said Code)

To ensure compliance with the provisions of Article L.225-37-3 of the French Commercial Code applicable by reference to Article L.225-68 paragraph 6 of said Code, below you will find, based on the information in our possession, the compensation and benefits of any kind paid during the financial years ended 31 March 2017 and 31 March 2018, including the allocation of equity securities, debt securities or securities granting access to the share capital or giving right to the allocation of debt securities of the Company or companies referred to in Articles L.228-13 and L.228-93. Compensation and benefits listed hereunder include those received from controlled companies, as defined under Article L.223-16, as well as the company that controls the Company.

We hereby inform you that:

- all members of the Management Board or Supervisory Board are entitled, upon presentation of corresponding receipts, to the repayment of travel and business trip expenses, as well as expenses incurred during the performance of their duties and in the Company's interest;
- no commitment of any kind has been made by the Company in favour of its corporate officers relating to remuneration, compensation or benefits owed or likely to be owed due to the taking up, termination or change of a corporate officer's duties or after the performance of said duties, in particular pension and other annuities.

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 March 2017	Financial year ended 31 March 2018
Laurent Villemonte de la Clergerie, Chairman of the Management Board		
Compensation due for the year *(breakdown in Table 2)*	€182,392.54	€113,041.10
Multi-year variable compensation awarded during the year	None	None
Options granted during the year *(breakdown in Table 4)*	None	None
Bonus shares granted *(breakdown in Table 6)*	None	None
Total	**€182,392.54**	**€113,041.10**

	Financial year ended 31 March 2017	Financial year ended 31 March 2018
Olivier Villemonte de la Clergerie, CEO		
Compensation due for the year *(breakdown in Table 2)*	€369,544.77	€308,667.29
Multi-year variable compensation awarded during the year	None	None
Options granted during the year *(breakdown in Table 4)*	None	None
Bonus shares granted *(breakdown in Table 6)*	None	None
Total	**€369,544.77**	**€308,667.29**

	Financial year ended 31 March 2017	Financial year ended 31 March 2018
Caroline Villemonte de la Clergerie, member of the Management Board		
Compensation due for the year *(breakdown in Table 2)*	€24,274.08	€24,552.34
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	**€24,274.08**	**€24,552.34**

	Financial year ended 31 March 2017	Financial year ended 31 March 2018
Marc Prieur, member of the Management Board		
Compensation due for the year *(breakdown in Table 2)*	€182,223.89	€154,650.45
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	**€182,223.89**	**€154,650.45**

	Financial year ended 31 March 2017	Financial year ended 31 March 2018 (2)
Philippe Sauze, member of the Management Board (1)		
Compensation due for the year *(breakdown in Table 2)*	€279,398.78	€202,756.49
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)*	€554,761.61	€342,314.08
Total	**€834,160.39**	**€545,070.57**

(1) Philippe Sauze's term of office as a member of the Management Board came to an end on 29 November 2017.
(2) Taking into account Philippe Sauze's resignation as a member of the Management Board, effective as of 29 November 2017, the amounts recorded in this column relate to the period between 1 April 2017 and 30 November 2017.

Table 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 2017 and 2018 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 March 2017		Financial year ended 31 March 2018	
	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	€6,974.84 [6]	0	€1,418.05 [6]
Yearly bonus calculated according to the collective bargaining agreement on distance selling of specialised products	0	€12,803.21	0	€5,965.98
Annual variable compensation [2]	€102,376.31 [3]	€159,782.37	€48,094.39 [4]	€102,376.31
Benefits-in-kind[5]		€2,832.12		€3,280.76
Total	**€102,376.31**	**€182,392.54**	**€48,094.39**	**€113,041.10**

(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 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.
(4) At its meeting on 29 June 2017, 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 2.25%.
At its meeting held on 13 June 2018, the Supervisory Board noted the achievement of the Group underlying EBIT target before deduction of the employee profit-share set for Laurent Villemonte de la Clergerie, and noted the corresponding allocation of his variable compensation for the financial year ended 31 March 2018. The criteria for determining the amount of said variable compensation is conditional on the approval of the General Meeting of shareholders scheduled for 28 September 2018 in accordance with Article L.225-100 of the French Commercial Code.
(5) Company vehicle in respect of his position as member of the Management Board.
(6) 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 March 2017		Financial year ended 31 March 2018	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Olivier Villemonte de la Clergerie, CEO				
Fixed compensation for corporate office[1]	0	€185,400.00	0	€185,400.00
Yearly bonus calculated according to the collective bargaining agreement on distance selling of specialised products	0	€19,553.36	0	€16,322.58
Annual variable compensation [2][3]	€102,376.31 [4]	€159,782.37	€32,062.93 [5]	€102,376.31
Benefits-in-kind[6]	0	€4,809.04	0	€4,568.40
Total	**€102,376.31**	**€369,544.77**	**€32,062.93**	**€308,667.29**

(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%.
(4) 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) At its meeting held on 13 June 2018, the Supervisory Board noted the achievement of the Group underlying EBIT target before deduction of the employee profit-share set for Olivier Villemonte de la Clergerie, and noted the corresponding allocation of his variable compensation for the financial year ended 31 March 2018. The criteria for determining the amount of said variable compensation is conditional on the approval of the General Meeting of shareholders scheduled for 28 September 2018 in accordance with Article L.225-100 of the French Commercial Code.
(6) Company vehicle in respect of his position as member of the Management Board.

	Financial year ended 31 March 2017		**Financial year ended 31 March 2018**	
	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
Yearly bonus calculated according to the collective bargaining agreement on distance selling of specialised products	0	€1,284.13	0	€1,283.59
Fixed compensation as employee[1]	0	None	None	
Annual variable compensation[2][3]	None[4]		None[5]	
Benefits-in-kind[6]	0	€1,389.95	0	€1,668.75
Total	**0**	**€24,274.08**	**0**	**€24,552.34**

(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 meetings on 2 April 2013 and 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 (i) has an employment contract with the Group and (ii) proves 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%.
(4) Given that there was no employment contract entered into between Caroline Villemonte de la Clergerie and a member of the Group as at 31 March 2017, she did not qualify for the allocation of annual variable compensation for the financial year ended 31 March 2017.
(5) Given that there was no employment contract entered into between Caroline Villemonte de la Clergerie and a member of the Group as at 31 March 2018, she did not qualify for the allocation of annual variable compensation for the financial year ended 31 March 2018.
(6) Company vehicle in respect of her position as member of the Management Board.

	Financial year ended 31 March 2017		Financial year ended 31 March 2018	
	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
Yearly bonus calculated according to the collective bargaining agreement on distance selling of specialised products	0	€4,807.72	0	€3,226.51
Fixed compensation as employee of Hardware.fr(1)	0	€83,930.76	0	€86,435.78
Annual variable compensation (2)	€51,188.16 (3)	€79,891.18	€16,031.46 (4)	€51,188.16
Bonus in relation to duties as an employee of Hardware.fr(5)	0	€6,994.23	0	€7,200.00
Benefits-in-kind(6)	0	€1,800.00	0	€1,800.00
Total	**€51,188.16**	**€182,223.89**	**€16,031.46**	**€154,650.45**

(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 held 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 (i) has an employment contract with the Group and (ii) proves 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.
(4) At its meeting held on 29 June 2017, the Company's Supervisory Board decided that the annual variable compensation liable to be awarded to Marc Prieur, provided that he (i) has an employment contract with the Group and does not receive annual variable compensation under this contract and (ii) proves 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 held on 13 June 2018, the Supervisory Board noted the achievement of the Group underlying EBIT target before deduction of the employee profit-share set for Marc Prieur, and noted the corresponding allocation of his variable compensation for the financial year ended 31 March 2018. The criteria for determining the amount of said variable compensation is conditional on the approval of the General Meeting of shareholders scheduled for 28 September 2018 in accordance with Article L.225-100 of the French Commercial Code.
(5) 13th month bonus.
(6) Company vehicle in respect of his position as member of the Management Board.

	Financial year ended 31 March 2017		Financial year ended 31 March 2018[10]	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Philippe Sauze, member of the Management Board[8]				
Fixed compensation for corporate office[1]	0	€6,000.00	0	€4,000.00
Yearly bonus calculated according to the collective bargaining agreement on distance selling of specialised products	0	€335.00	0	€335.00
Fixed compensation as employee[1][9]	0	€223,199.40	0	€152,258.05
Annual variable compensation[2]	None[3]		None[4]	
Bonus for work as employee	€25,000[6]	€15,416.45[5] €25,000.00[6]	0	€25,000.00[6] €15,692.15[5]
Profit-sharing	0	€4,555.27	0	€2,165.05
Benefits-in-kind in respect of duties as an employee[7]	0	€4,892.66	0	€3,306.24
Total	**€25,000**	**€279,398.78**	**0**	**€202,756.49**

(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 meetings held on 2 April 2013 and 28 March 2014, the Company's Supervisory Board decided that the annual variable compensation liable to be awarded to Philippe Sauze, provided that he (i) has an employment contract with the Group and (ii) proves 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.
(4) At its meeting held on 29 June 2017, the Company's Supervisory Board decided that the annual variable compensation liable to be awarded to Philippe Sauze, provided that he (i) has an employment contract with the Group and does not receive annual variable compensation under this contract and (ii) proves 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 was no longer an employee of a Group company at 31 March 2018, he did not qualify for the allocation of annual variable compensation for the financial year ended 31 March 2018.
(5) Yearly bonus provided for by collective bargaining agreement on distance selling of specialised products under his employment contract.
(6) Target bonuses paid pursuant to his employment contract.
(7) Company vehicle in respect of his employment contract.
(8) Philippe Sauze's term of office as a member of the Management Board came to an end on 29 November 2017.
(9) Philippe Sauze's employment contract with the Company came to an end on 28 February 2018.
(10) Taking into account Philippe Sauze's resignation as a member of the Management Board, effective as of 29 November 2017, the amounts recorded in this column relate to the period between 1 April 2017 and 30 November 2017.

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

	Financial year ended 31 March 2017	Financial year ended 31 March 2018
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 March 2017	Financial year ended 31 March 2018
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 March 2017	Financial year ended 31 March 2018
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

Please see the Management Board's special report on bonus shares granted, prepared in accordance with Article L.225-197-4 of the French Commercial Code.

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	30/09/2016	30/09/2016	30/09/2016
Date of Management Board meeting	24/06/2013	28/03/2014	09/07/2014	30/09/2016	29/06/2017	13/11/2017	23/02/2018
Total number of bonus shares granted (to):	11,494	137	161,746	1,500	10,000	2,000	70,000
Philippe Sauze [(2)]	11,494	0	160,924	0	0	0	0
Vesting date	23/06/2015	28/03/2016	(3)	30/09/2018	(3)	13/11/2019	(3)
End of lock-in period	23/06/2017	28/03/2018	(3)	01/10/2020	(3)	14/11/2021	(3)
Number of shares acquired at 31 March 2018	11,494	137	69,789	None	None	None	None
Total number of shares cancelled or expired	None	None	None	None	None	None	None
Bonus shares outstanding at year-end	None	None	91,957	1,500	10,000	2,000	70,000
Valuation of shares under the method used for the FY 2017/2018 consolidated financial statements	None	None	342,314.08	25,436.40	61,152.67	9,231.26	51,363.95
o/w valuation of bonus shares awarded to Philippe Sauze	None	None	342,314.08	0	0	0	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 in office at 31 March 2018:

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							
Marc Prieur	X (1)			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) Marc Prieur is an employee of Hardware.fr, a subsidiary of the Company.

VII. Corporate officer compensation and draft resolutions (Articles L.225-82-2 and L.225-100 (II) of the French Commercial Code)

At its meeting on 13 June 2018, 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 2018, is in line with the compensation policy approved by the General Meeting of shareholders on 29 September 2017, while taking into account the recommendations of the MiddleNext corporate governance Code to which the Company refers, 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.

Approval of the compensation policy applicable to members of the Management Board (hereinafter "Management Board members") (Resolutions 6 and 7)

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 fixed portion of the Management Board members' compensation also includes an annual bonus awarded to Company employees calculated according to the collective bargaining agreement on "distance selling of specialised products".

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.

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 2019.

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.

Approval of the compensation policy applicable to members of the Supervisory Board (Resolution 8)

In accordance with 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.

Approval of compensation paid or allocated to Laurent Villemonte de la Clergerie, Chairman of the Management Board, for the financial year ended 31 March 2018

Pursuant to Article L.225-100 of the French Commercial Code, and in consideration of the vote that took place at the General Meeting of 29 September 2017 on the compensation policy proposed for the financial year ended 31 March 2018, you are asked to approve the fixed, variable, and exceptional items comprising the total compensation and benefits of any kind paid or allocated to Laurent Villemonte de la Clergerie for his duties as Chairman of the Company's Management Board (Resolution 9) for the financial year ended 31 March 2018, as presented hereunder:

Items of compensation paid or allocated for the financial year ended 31 March 2018 *(Article R.225-56-1 French Commercial Code)*	**Amounts**	**Notes**
Annual fixed compensation	€1,418.05	
Yearly bonus calculated according to the collective bargaining agreement on distance selling of specialised products	€5,965.98	
Multi-year variable compensation	None	
Bonus compensation	None	
Attendance fees related to duties as a corporate officer	None	
Stock options granted	None	
Bonus shares granted	None	
Remuneration, compensation or benefits owed or likely to be owed for taking up corporate office	None	
Commitments referred to in the first and sixth paragraphs of Article L.225-42-1 of the French Commercial Code	None	
Compensation and benefits of any kind owed or likely to be owed, under agreements entered into, directly or via an intermediary, for duties performed for the Company, or any company under its control, as defined by Article L.233-16, any company that controls it, as defined by the same article, or any company placed under the same control as the Company as defined by said article	None	
Any other item of compensation granted in respect of the corporate office	None	
Benefits of any kind granted in respect of the corporate office	€3,280.76	Please refer to footnote (6) under Table 2 regarding Laurent Villemonte de la Clergerie
The following items, granted for the financial year ended 31 March 2018 will only be paid by means of a cash contribution to Laurent Villemonte de la Clergerie if Resolution 9 is adopted		
Annual variable compensation	€48,094.39	Please refer to footnote (4) under Table 2 regarding Laurent Villemonte de la Clergerie

Approval of compensation paid or allocated to Olivier Villemonte de la Clergerie, CEO, for the financial year ended 31 March 2018

Pursuant to Article L.225-100 of the French Commercial Code, and taking into account the vote of the General Meeting of 29 September 2017 on the compensation policy proposed for the financial year ended 31 March 2018, you are asked to approve the fixed, variable, and exceptional items comprising the total compensation and benefits of any kind paid or allocated to Olivier Villemonte de la Clergerie for his duties as the Company's Chief Executive Officer (Resolution 10) for the financial year ended 31 March 2018, as presented hereunder:

Items of compensation paid or allocated for the financial year ended 31 March 2018 *(Article R.225-56-1 French Commercial Code)*	**Amounts**	**Notes**
Annual fixed compensation	€185,400	
Yearly bonus calculated according to the collective bargaining agreement on distance selling of specialised products	€16,322.58	
Multi-year variable compensation	None	
Bonus compensation	None	
Attendance fees related to duties as a corporate officer	None	
Stock options granted	None	
Bonus shares granted	None	
Remuneration, compensation or benefits owed or likely to be owed for taking up corporate office	None	
Commitments referred to in the first and sixth paragraphs of Article L.225-42-1 of the French Commercial Code	None	
Compensation and benefits of any kind owed or likely to be owed, under agreements entered into, directly or via an intermediary, for duties performed for the Company, or any company under its control, as defined by Article L.233-16, any company that controls it, as defined by the same article, or any company placed under the same control as the Company as defined by said article	None	
Any other item of compensation granted in respect of the corporate office	None	
Benefits of any kind granted in respect of the corporate office	€4,568.40	Please refer to footnote (6) under Table 2 regarding Olivier Villemonte de la Clergerie
The following items, granted for the financial year ended 31 March 2018 will only be paid by means of a cash contribution to Olivier Villemonte de la Clergerie if Resolution 10 is adopted		
Annual variable compensation	€32,062.93	Please refer to footnote (5) under Table 2 regarding Olivier Villemonte de la Clergerie

Approval of compensation paid or allocated to Marc Prieur, member of the Management Board, for the financial year ended 31 March 2018

Pursuant to Article L.225-100 of the French Commercial Code, and taking into account the vote of the General Meeting of 29 September 2017 on the compensation policy proposed for the financial year ended 31 March 2018, you are asked to approve the fixed, variable, and exceptional items comprising the total compensation and benefits of any kind paid or allocated to Marc Prieur for his duties as member of the Management Board (Resolution 11) for the financial year ended 31 March 2018, as presented hereunder:

Items of compensation paid or allocated for the financial year ended 31 March 2018 *(Article R.225-56-1 French Commercial Code)*	**Amounts**	**Notes**
Annual fixed compensation	€4,800	
Yearly bonus calculated according to the collective bargaining agreement on distance selling of specialised products	€3,226.51	
Multi-year variable compensation	None	
Bonus compensation	None	
Attendance fees related to duties as a corporate officer	None	
Stock options granted	None	
Bonus shares granted	None	
Remuneration, compensation or benefits owed or likely to be owed for taking up corporate office	None	
Commitments referred to in the first and sixth paragraphs of Article L.225-42-1 of the French Commercial Code	None	
Compensation and benefits of any kind owed or likely to be owed, under agreements entered into, directly or via an intermediary, for duties performed for the Company, or any company under its control, as defined by Article L.233-16, any company that controls it, as defined by the same article, or any company placed under the same control as the Company as defined by said article	None	
Any other item of compensation granted in respect of the corporate office	None	
Benefits of any kind granted in respect of the corporate office	€1,800	
The following items, granted for the financial year ended 31 March 2018 will only be paid by means of a cash contribution to Marc Prieur if Resolution 11 is adopted		
Annual variable compensation	€16,031.46	Please refer to footnote (5) under Table 2 regarding Marc Prieur

Approval of compensation paid or allocated to Caroline Villemonte de la Clergerie, member of the Management Board, for the financial year ended 31 March 2018

Pursuant to Article L.225-100 of the French Commercial Code, and taking into account the vote of the General Meeting of 29 September 2017 on the compensation policy proposed for the financial year ended 31 March 2018, you are asked to approve the fixed, variable, and exceptional items comprising the total compensation and benefits of any kind paid or allocated to Caroline Villemonte de la Clergerie for her duties as member of the Company's Management Board (Resolution 12) for the financial year ended 31 March 2018, as presented hereunder:

Items of compensation paid or allocated for the financial year ended 31 March 2018 *(Article R.225-56-1 French Commercial Code)*	**Amounts**	**Notes**
Annual fixed compensation	€21,600	
Yearly bonus calculated according to the collective bargaining agreement on distance selling of specialised products	€1,283.59	
Annual variable compensation	None	
Multi-year variable compensation	None	
Bonus compensation	None	
Attendance fees related to duties as a corporate officer	None	
Stock options granted	None	
Bonus shares granted	None	
Remuneration, compensation or benefits owed or likely to be owed for taking up corporate office	None	
Commitments referred to in the first and sixth paragraphs of Article L.225-42-1 of the French Commercial Code	None	
Compensation and benefits of any kind owed or likely to be owed, under agreements entered into, directly or via an intermediary, for duties performed for the Company, or any company under its control, as defined by Article L.233-16, any company that controls it, as defined by the same article, or any company placed under the same control as the Company as defined by said article	None	
Any other item of compensation granted in respect of the corporate office	None	
Benefits of any kind granted in respect of the corporate office	€1,668.75	

Approval of compensation paid or allocated to Philippe Sauze, member of the Management Board, for the financial year ended 31 March 2018

Pursuant to Article L.225-100 of the French Commercial Code, and taking into account the vote of the General Meeting of 29 September 2017 on the compensation policy proposed for the financial year ended 31 March 2018, you are asked to approve the fixed, variable, and exceptional items comprising the total compensation and benefits of any kind paid or allocated to Philippe Sauze for his duties as member of the Management Board (Resolution 13) for the financial year ended 31 March 2018, as presented hereunder (it being reminded that Philippe Sauze's term of office as a member of the Management Board came to an end on 29 November 2017):

Items of compensation paid or allocated for the financial year ended 31 March 2018

(Article R.225-56-1 French Commercial Code)	**Amounts**	**Notes**
Annual fixed compensation	€4,000.00	
Annual variable compensation	None	
Yearly bonus calculated according to the collective bargaining agreement on distance selling of specialised products	€335.00	
Annual variable compensation	None	
Multi-year variable compensation	None	
Bonus compensation	None	
Attendance fees related to duties as a corporate officer	None	
Stock options granted	None	
Bonus shares granted	None	
Remuneration, compensation or benefits owed or likely to be owed for taking up corporate office	None	
Commitments referred to in the first and sixth paragraphs of Article L.225-42-1 of the French Commercial Code	None	
Compensation and benefits of any kind owed or likely to be owed, under agreements entered into, directly or via an intermediary, for duties performed for the Company, or any company under its control, as defined by Article L.233-16, any company that controls it, as defined by the same article, or any company placed under the same control as the Company as defined by said article	None	
Any other item of compensation granted in respect of the corporate office	None	
Benefits of any kind granted in respect of the corporate office	None	

Approval of compensation paid or allocated to Suzanne Villemonte de la Clergerie, Chairwoman of the Supervisory Board, for the financial year ended 31 March 2018

Pursuant to Article L.225-100 of the French Commercial Code, and taking into account the vote of the General Meeting of 29 September 2017 on the compensation policy proposed for the financial year ended 31 March 2018, you are asked to approve the fixed, variable, and exceptional items comprising the total compensation and benefits of any kind paid or allocated to Suzanne Villemonte de la Clergerie for her duties as Chairwoman of the Supervisory Board (Resolution 14) for the financial year ended 31 March 2018, as presented hereunder:

Items of compensation paid or allocated for the financial year ended 31 March 2018

(Article R.225-56-1 French Commercial Code)	**Amounts**	**Notes**
Annual fixed compensation	€21,600	
Annual variable compensation	None	
Multi-year variable compensation	None	
Bonus compensation	None	
Attendance fees related to duties as a corporate officer	None	
Stock options granted	None	
Bonus shares granted	None	
Remuneration, compensation or benefits owed or likely to be owed for taking up corporate office	None	
Commitments referred to in the first and sixth paragraphs of Article L.225-42-1 of the French Commercial Code	None	
Compensation and benefits of any kind owed or likely to be owed, under agreements entered into, directly or via an intermediary, for duties performed for the Company, or any company under its control, as defined by Article L.233-16, any company that controls it, as defined by the same article, or any company placed under the same control as the Company as defined by said article	None	
Any other item of compensation granted in respect of the corporate office	None	
Benefits of any kind granted in respect of the corporate office	None	

VIII. Agreements provided for under Article L.225-37-4 (2) of the French Commercial Code

To ensure compliance with Article L.225-37-4 (2) of the French Commercial Code applicable by reference to Article L.225-68 paragraph 6 of said Code, we hereby remind you that this Registration Document must include (with the exception of agreements relating to day-to-day operations entered into under arm's length terms) agreements entered into during the year-ended, directly or via an intermediary, between:

- a corporate officer or a shareholder holding more than 10% of a company's voting rights,
- and another company in which the aforementioned company holds, directly or indirectly, more than half of the share capital.

No agreement of this kind was entered into during the financial year ended 31 March 2018.

IX. Information that could have an impact in the event of a pubic tender offer

Pursuant to Article L.225-37-5 of the French Commercial Code applicable by reference to Article L.225-68 paragraph 6 of said Code, we have summarised below the elements known by the Company likely to have an impact in the event of a public tender or exchange offer:

Capital structure

See Chapter 18 of this Registration Document.

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.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 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."

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.

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.

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

None.

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

None.

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.

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 X. hereunder.

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

For further information, see Chapter 22 of this Registration Document.

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.

X. Summary of valid delegations of authority granted by the General Meeting of shareholders relating to capital increases, pursuant to Articles L.225-129-1 and L.225-129-2

In accordance with the provisions of Article L.225-37-4 (3) of the French Commercial Code, applicable by reference to Article L.225-68 paragraph 6 of said Code, a table summarising the valid delegations of authority granted by the General Meeting of shareholders in respect of capital increases, pursuant to Articles L.225-129-1 and L.225-129-2 is attached to this report, and shows the use made of these delegations of authority during the year ended.

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 determin-ing 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 determin-ing 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 determin-ing 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 determin-ing 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 determin-ing 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 delegation of authority at its meetings held on 30 September 2016, 29 June 2017, 13 November 2017 and 23 February 2017 amounting to 1,500 shares, 10,000 shares, 2,000 shares and 70,000 shares respectively, representing 1.32% of the share capital, the remaining available amount being 5.94% of the current share capital, i.e. 375,333 shares, also taking into account the Management Board's exercise of previous authorisations. 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.

XI. Observations of the Supervisory Board on the report of the Management Board and on the financial statements for the year ended 31 March 2018

During its meeting held on 13 June 2018, the Supervisory Board reviewed the Company and consolidated financial statements prepared by the Management Board as at 31 March 2018, as well as its related report, and stated that it had no observations to make.

16.8. STATUTORY AUDITORS' REPORT, PREPARED PURSUANT TO ARTICLE L.225-235 OF THE FRENCH COMMERCIAL CODE, ON THE REPORT OF THE GROUPE LDLC SUPERVISORY BOARD

We invite you to consult the paragraph entitled "Corporate governance report" in the statutory auditors' report on the Company financial statements for the year ended 31 March 2018, which is found in Section 20.8.

CHAPTER 17. EMPLOYEES

17.1. HEADCOUNT AND BREAKDOWN BY COMPANY OVER THE PAST THREE YEARS

As at 31 March 2018, the Group employed 979 people (excluding Caroline, Suzanne, Laurent, Marc and Olivier Villemonte de la Clergerie and Marc Prieur) 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, LDLC Lyon 7, LDLC Lille V2, Domisys and OLYS; these include 934 permanent employees, 19 on fixed-term contracts, 16 trainees and 10 apprentices.

Breakdown of headcount by company (excluding corporate officers):

Companies	Number of employees 31/03/2018	Number of employees 31/03/2017	Number of employees 31/03/2016
Groupe LDLC total	**503**	**444**	**440**
Groupe LDLC Boutiques	41	39	43
Groupe LDLC Bureau	308	246	224
Groupe LDLC Logistique	146	158	173
Groupe LDLC Toulouse	1	1	0
Groupe LDLC Gennevilliers	7		
Anikop	23	23	19
Hardware.fr	2	2	1
DLP Connect	15	10	9
LDLC Distribution	15	12	9
École LDLC	5	4	6
LDLC Villefranche	5	5	5
LDLC Bordeaux	5	5	0
LDLC Villeurbanne	5	5	0
LDLC Event	2	2	0
LDLC Lyon 7	3	0	0
LDLC Lille V2	3	0	0
Domisys	189	186	205
OLYS total	**204**		
OLYS	181		
BIMP Éducation	1		
I-Artificielle	2		
Synopsis	2		
Bizen	1		
MyMultimedia	3		
Mac & Co Digital	14		
Grand total	**979**	**698**	**694**

17.2. CORPORATE OFFICER PROFIT-SHARING AND STOCK OPTIONS

See Section 16.7 “Supervisory Board report on corporate governance” of this Registration Document.

17.3. AGREEMENTS PROVIDING FOR EMPLOYEE SHARE OWNERSHIP

None.

17.4. 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

The table below shows the change in the breakdown of the Company's share capital and voting rights between 31 March 2016 and 31 March 2018, including shareholders that hold, directly or indirectly, alone or in concert, more than 5% of the share capital or voting rights:

	31/03/2016				31/03/2017				31/03/2018 (12)			
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)	1,322,209	20.91	2,506,492	26.41	1,251,746	19.80 (6)	2,363,492	25.82 (6)	1,226,746 (11)	19.40	2,313,492 (11)	24.21
Olivier Villemonte de la Clergerie (2)	640,000	10.12	1,134,356	11.95	615,500	9.74 (7)	1,084,630	11.85 (7)	615,500	9.74	1,090,274	11.41
Caroline Villemonte de la Clergerie (3)	671,273	10.62	1,202,546	12.67	628,579	9.94 (8)	1,117,158	12.20 (8)	628,579	9.94	1,117,158	11.69
Suzanne Villemonte de la Clergerie (4)	89,421	1.41	576,414	6.07	71,423	1.13	562,846	6.15	71,423	1.13	562,846	5.89
Sub-total de la Clergerie family (9)	**2,722,903**	**43.07**	**5,419,808**	**57.11**	**2,567,248**	**40.61**	**5,128,126**	**56.01**	**2,542,248**	**40.21**	**5,078,126**	**53.14**
Domicorp (5)	885,546	14.01	885,546	9.33	691,811	10.94	691,811	7.56	691,811	10.94	1,141,821	11.95
Domisys (5)	-	-	-	-	-	-	-	-	-	-	-	-
Keren Finance	-	-	-	-	-	-	-	-	385,447 (10)	6.10	385,447 (10)	4.03
Other shareholders	2,523,374	39.91	2,994,006	31.55	2,902,404	45.91	3,174,065	34.67	2,581,657	40.84	2,825,583	29.56
Treasury shares	190,283	3.01	190,283	2.01	160,643	2.54	160,643	1.75	120,943	1.91	120,943	1.26
Total	**6,322,106**	**100**	**9,489,643**	**100**	**6,322,106**	**100**	**9,154,645**	**100**	**6,322,106**	**100**	**9,557,564**	**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, ZAC 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) There is no action in concert between the members of the de la Clergerie family.

(10) See the notice on the crossing of thresholds published by the AMF during the year ended 31 March 2018: AMF document no. 217C2626 dated 13 November 2017.

(11) See notice on the crossing of thresholds published by the AMF: AMF document no. 218C0839 dated 7 May 2018.

(12) See the the French simplified joint stock company Amiral Gestion's notice on having exceeded the threshold published during the year ended 31 March 2018: AMF document no. 217C1180 dated 8 June 2017 and AMF document no. 217C1723 dated 26 July 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. DISCLOSURES REGARDING THE CROSSING OF THRESHOLDS PUBLISHED SINCE 31 MARCH 2018

Shareholder	Notification date	Number of shares held	% of share capital declared	Number of voting rights held	% of voting rights declared	Threshold crossing (1) (a) above (b) below	AMF document number
Domicorp	9 May 2018	655,030	10.36%	1,105,040	11.56%	(a)	218C0853
		575,217	9.10%	1,025,227	10.73%	(b)	
	18 May 2018	481,212	7.61%	781,212	8.17%	(b)	218C0893
	8 June 2018	300,000	4.75%	600,000	6.28%	(b)	218C1030
Laurent Villemonte de la Clergerie	6 July 2018	1,226,746	19.40%	2,313,492	25.40%	(a)	218C1216

(1) (a): Threshold exceeded.
(b): Crossed below threshold.

18.3. 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.

18.4. 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.

18.5. 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.

18.6. SHARE MOVEMENTS AND POSITION

At 31 March 2018, the Company's share capital comprised 6,322,106 shares. Market capitalisation at 31 March 2018 amounted to €102,544,559.32.

Trading volumes during the financial year were as follows:

Months	Volume	Average price	High	Low	Amounts (€m)
April 2017	154,596	29.177	31.550	24.900	4.264
May 2017	301,234	25.388	26.680	24.200	7.652
June 2017	276,818	28.080	30.590	25.480	7.582
July 2017	119,466	26.524	29.100	24.800	3.112
August 2017	189,327	25.574	26.010	24.940	4.818
September 2017	165,783	25.488	26.300	25.100	4.205
October 2017	156,349	24.111	26.500	21.520	3.749
November 2017	222,697	20.513	23.560	19.200	4.500
December 2017	97,734	19.913	20.810	19.050	1.939
January 2018	126,339	20.198	22.200	17.420	2.533
February 2018	90,713	17.636	18.500	16.380	1.594
March 2018	55,946	16.945	18.320	15.920	0.938

During the financial year ended, the Groupe LDLC share reached a high of €31.55 and a low of €15.92.

CHAPTER 19. RELATED PARTY TRANSACTIONS

19.1. RELATED PARTY TRANSACTIONS ENTERED INTO BY THE COMPANY OVER THE PAST THREE YEARS

Regulated agreements entered into during the financial year ended 31 March 2018 are mentioned in the statutory auditors' special report presented hereunder (Section 19.2 of this Registration Document).

Concerning the amendment to Philippe Sauze's employment contract, which remained in effect for part of the year ended 31 March 2018, we hereby 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 way of 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 remuneration as set out in his employment contract.

The 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 2018, we would point out that SASP ASVEL Basket invoiced the Company for €634,610.32 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 13 June 2018 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. The Supervisory Board unanimously resolved that due to the nature of Philippe Sauze's voluntary departure as a member of the Management Board effective as of 29 November 2017, there was no need to decide whether or not to maintain authorisations relating to agreements concerning him and presented in the statutory auditor's special report.

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 2018)

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 Groupe LDLC, 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 submitted for the approval of the Annual General Meeting

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 2018.

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 until 29 November 2017.

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 €139,792.67 (excluding payroll taxes) in Groupe LDLC's financial statements for the year ended 31 March 2018.

Agreement with Asvel Basket SASP

Person concerned: Philippe Sauze, Deputy Chief Executive Officer and member of the Management Board until 29 November 2017.

Nature and purpose: Sponsorship, public relations and ticketing services agreement entered into on 13 April 2016.

Conditions: Under this agreement, Asvel Basket SASP billed Groupe LDLC €634,610.32 for the year ended 31 March 2018.

Lyon, 14 June 2018

The Statutory Auditors

Cap Office	PricewaterhouseCoopers Services France
Christophe Reymond	Nicolas Brunetaud

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 2018

1. Consolidated financial statements for the year ended 31 March 2018

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**	**2018**	**2017**
Net goodwill	(3.2)	33,614	19,723
Other net intangible assets	(3.3)	11,712	7,950
Net property, plant and equipment	(3.4)	42,922	17,707
Net financial assets	(3.5)	4,976	4,397
Deferred tax	(3.9)	1,312	1,012
Non-current assets		**94,536**	**50,789**
Inventories	(3.6)	82,151	75,430
Trade receivables	(3.7)	27,315	17,051
Other receivables	(3.8)	16,654	16,886
Cash and cash equivalents	(3.10)	31,593	10,613
Current assets		**157,712**	**119,980**
Total assets		**252,248**	**170,769**

		At 31 March	
Equity and liabilities	**Note**	**2018**	**2017**
Share capital	(1.3)	1,138	1,138
Additional paid-in capital	(1.3)	21,053	21,053
Consolidated reserves *	(1.3)	33,934	25,837
Treasury shares *	(1.3)	(1,036)	(1,292)
Net income for the year	(1.3)	5,440	8,115
Total shareholders' equity, Group share		**60,528**	**54,851**
Minority interests	(1.3)	184	28
Non-controlling interests		0	0
Total shareholders' equity		**60,712**	**54,878**
Borrowings due in > 1 yr	(3.14)	71,779	40,361
Deferred tax	(3.9)	2,526	2,946
Provisions for retirement benefits	(3.13)	2,286	1,582
Non-current liabilities		**76,591**	**44,889**
Borrowings and other current financing	(3.14)	11,235	6,188
Provisions for risks and contingencies	(3.13)	235	522
Trade payables	(3.17)	80,700	44,808
Other payables	(3.18)	22,774	19,484
Current liabilities		**114,944**	**71,002**
Total equity and liabilities		**252,248**	**170,769**

** The difference between the final price of the capital increase carried out in connection with the Domisys acquisition (fair value of securities issued on the acquisition date) and the initial redemption value of the securities, previously classified under treasury shares, was transferred to consolidated reserves at 31 March 2016.*

1.2. CONSOLIDATED INCOME STATEMENT

(€000 unless otherwise stated)	Note	FY ended 31 March 2018	2017
Revenues	(4.1)	472,101	479,878
Other income from operations		368	385
Cost of goods sold		(392,165)	(402,834)
Gross margin		**80,304**	**77,429**
Other purchases and external costs		(25,973)	(24,371)
Miscellaneous taxes		(2,302)	(1,956)
Staff costs	(4.2)	(36,092)	(32,403)
Net depreciation, amortisation and provisions	(4.3)	(4,372)	(4,493)
Other income and expenses		(1,299)	(788)
Underlying EBIT		**10,266**	**13,417**
Non-recurring operating expenses	(4.4)	(1,583)	(13)
Non-recurring operating income	(4.4)	10	2
EBIT		**8,693**	**13,405**
Net cost of debt	(4.5)	(1,094)	(953)
Other financial income and expenses	(4.5)	111	3
Earnings before tax		**7,710**	**12,456**
Income tax	(4.6)	(2,270)	(4,322)
Net income of consolidated companies		**5,440**	**8,134**
Net income after tax from discontinued operations		0	0
Net income for the year	**(A)**	**5,440**	**8,134**
Revaluation of employee benefits, net of income tax		(189)	(157)
Cash flow hedging		35	481
Gains and losses posted to shareholders' equity	**(B)**	**(154)**	**324**
Total comprehensive income	**(A+B)**	**5,285**	**8,458**
Total net income attributable to:			
- owners of the Company		5,440	8,115
- minority interests		0	19
- 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		0.88	1.32
- diluted earnings per share		0.88	1.32

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 2016 (corrected) *	**1,138**	**21,053**	**28,308**	**(1,450)**	**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**	**33,952**	**(1,292)**	**54,851**	**28**	**54,878**
Net income for the year ended 31 March 2018			5,440		5,440		5,440
Gains and losses posted to shareholders' equity			(154)		(154)		(154)
Changes in treasury shares			(27)	255	228		228
Bonus shares			136		136		136
Capital increase and additional paid-in capital					0		0
Dividends paid **			0		0		0
Non-controlling interests			28		28	157	184
Shareholders' equity at 31 March 2018	**1,138**	**21,053**	**39,373**	**(1,036)**	**60,528**	**184**	**60,712**

** The difference between the final price of the capital increase carried out in connection with the Domisys acquisition (fair value of securities issued on the acquisition date) and the initial redemption value of the securities, previously classified under treasury shares, was transferred to consolidated reserves at 31 March 2016.*
*** i.e. a dividend per share of €0.00 for the financial year ended 31 March 2017 and €0.50 for the financial year ended 31 March 2016.*

1.4. CONSOLIDATED CASH FLOW STATEMENT

(€000 unless otherwise stated)	FY ended 31 March 2018	FY ended 31 March 2017
Net income from continuing operations	5,440	8,134
Elimination of non-cash income and expenses (a)	4,505	4,616
Tax expense (current and deferred) (b)	2,270	4,322
Gains/losses on disposal of assets	45	12
Sub-total (gross operating cash flow before tax)	**12,260**	**17,083**
Tax expense and change in deferred tax	(2,540)	(4,448)
Change in working capital (c)	21,168	(1,429)
Net cash flow from operating activities	**30,887**	**11,206**
Income from disposal of non-current assets, after tax	0	2
Acquisition & disposal of non-current assets	(30,393)	(1,881)
Change in consolidation scope	(13,217)	0
Net cash flow from investing activities	**(43,610)**	**(1,880)**
Treasury share transactions and bonus shares	364	445
Other effects	(183)	(105)
Transactions on financial instruments (d)	35	481
Changes in borrowings and other debt (e)	33,600	10,427
Change in financing from factoring of receivables (f)	0	(3,699)
Capital increase (nominal)	0	0
Additional paid-in capital + undistributable reserves + retained earnings	0	0
Decrease in shareholders' equity (dividends)	0	(3,081)
Net cash flow from financing activities	**33,815**	**4,468**
(Decrease)/increase in cash, cash equivalents and bank overdrafts	**21,093**	**13,794**
Opening cash, cash equivalents and bank overdrafts	10,303	(3,491)
Closing cash, cash equivalents and bank overdrafts	31,396	10,303

(a) Corresponds to net operating and financial depreciation, amortisation and provisions totalling €4,205,000.
(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)

	01/04/2017 - 31/03/2018	01/04/2016 - 31/03/2017
Net income	5,440	8,134
Net depreciation, amortisation and provisions	(4,372)	(4,493)
Net non-recurring operating income/(expense)	(1,573)	(12)
Net cost of debt	(1,094)	(953)
Other financial income and expenses	111	3
Tax expense	(2,270)	(4,322)
EBITDA	**14,637**	**17,910**

Calculation of EBITDA - simplified method (€000)

	01/04/2017 - 31/03/2018	01/04/2016 - 31/03/2017
Underlying EBIT	10,266	13,417
Operating depreciation and amortisation	(4,372)	(4,493)
EBITDA	**14,637**	**17,910**

Figures stated in brackets have a positive impact on the EBITDA calculation.

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

	31/03/2018	31/03/2017
Inventories	(1,958)	(6,340)
Trade receivables	(131)	2,661
Other receivables	1,596	(5,484)
Trade payables	20,911	9,313
Other payables	750	(1,581)
Total	**21,168**	**(1,429)**

2. Notes to the consolidated financial statements for the year ended 31 March 2018

(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 2 rue des Érables CS21035, Limonest Cedex 69578, France. The Company is registered in the Trade and Companies Register under number 403 554 181 and is listed on regulated market Euronext Paris.

The consolidated financial statements for the year ended 31 March 2018 were prepared in accordance with international accounting standards and interpretations (IAS/IFRS) adopted by the European Union and applicable as at 31 March 2018. These standards and interpretations are consistently applied for the financial years presented. The consolidated financial statements for the year ended 31 March 2018 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 2018 on 13 June 2018.

2.1. HIGHLIGHTS

On 1 September 2017, Groupe LDLC and its subsidiaries (excluding Materiel.net) relocated their head office to Limonest, financed by a real estate lease purchase agreement (see Note 5.2.3).

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 concerned the French corporate real estate contribution (*cotisation foncière des entreprises* or CFE) and property tax (*taxe foncière*). Despite the arguments put forward in its defence, Groupe LDLC's claims were rejected. Accordingly, the €1,238,000 charge paid by Groupe LDLC was recognised under other operating expenses in the 2017/2018 financial statements (see Note 4.4).

On 25 January 2018, Groupe LDLC purchased the entire share capital of OLYS and Synopsis. The total value of the OLYS shares is €15,347,000, including €347,000 in acquisition costs, and €10,000 in Synopsis shares (see Note 2.3). On 26 January 2018, Synopsis was sold back to OLYS at the same purchase price of €10,000.

Groupe LDLC took out two loans amounting to €10 million and €5.3 million to finance payment of the price of the aforementioned acquisitions.

All of the accounting impacts of these acquisitions are presented in Note 3.2 "Goodwill" to the consolidated financial statements.

Where the notes refer to the OLYS group, this relates to OLYS, BIMP Éducation, I-Artificielle, Synopsis, MyMultimedia, Mac & Co Digital and Bizen.

With regards to the OLYS group, only the balance sheet aggregates at 31 December 2017 were taken into account in the consolidated financial statements for the year ended 31 March 2018.

The other changes in consolidation scope during the financial year included the following:

- In March 2018, Groupe LDLC created LDLC7, LDLC8, LDLC9, LDLC10, LDLC11, LDLC12 and LDLC13, wholly owned subsidiaries whose primary activity is the retail of all kinds of IT hardware and software, multimedia and digital products.
- On 29 March 2018, Groupe LDLC created its first overseas subsidiary, Groupe LDLC España, based in Madrid, Spain, and wholly owned by Groupe LDLC. The company's business comprises direct and franchise sale of all kinds of IT hardware and software, electronic equipment and all related services.

The Group's consolidation scope is provided under Note 2.3.

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 2018 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 not mandatory for financial years beginning on or after 1 April 2017.

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 2017

- Amendment to IAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses.
- Amendment to IAS 7 – Disclosure Initiative.
- IFRS annual improvements, 2014-2016 cycle, in particular IFRS 12. This text clarifies the application scope for mandatory disclosures.

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 2017 and not applied in advance by the Group

- **IFRS 1 and IAS 28**: modifications applicable to financial years beginning on or after 1 January 2018.
- Amendment to IFRS 2 – Classification and Measurement of Share-based Payment Transactions.
- Amendment to IAS 40 – Transfers of Investment Property.
- IFRS annual improvements, 2015-2017 cycle.
- IFRIC 22 Interpretation – Foreign Currency Transactions and Advance Consideration.
- IFRIC 23 Interpretation – Uncertainty over Income Tax Treatments.
- **IFRS 9**: Financial instruments. Published in 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 39 – Financial Instruments.
  To make the transition to IFRS 9, the Group has reviewed the following points:
  - Impairment: the Group has reviewed its method for recording impairment for trade receivables Given that retail sales for individual consumers involves a low debt level and risk of non-recovery, the application of IFRS 9 will not have a material impact on accounting methods for these transactions.
  - Hedge accounting: the Group makes use of foreign exchange futures in order to hedge its specific foreign currency commitments, as well as interest rate swap contracts for certain loans. The derivative contracts entered into currently qualify as cash flow hedges. IFRS 9 will have a limited impact on the accounting treatment of these transactions.

For the year ended 31 March 2018, the Group did not make use of any foreign exchange futures.

- **IFRS 15** "Revenue from Contracts with Customers". IFRS 15 will come into force for annual reporting periods beginning on or after 1 January 2018. It will be the new unified standard for revenue recognition, and will replace IAS 18 and IFRIC 13 in particular.
  To make the transition to IFRS 15, the Group first performed a qualitative and quantitative analysis of the principal areas that could have an impact on the financial statements. The following areas were the subject of an in-depth analysis:
  - principal versus agent considerations,
  - warranties,
  - franchise agreements.

  Generally, in light of the analyses undertaken, the Group does not expect the application of IFRS 15 on its financial statements to have a material impact on net income.

- **IFRS 16 "Leases" will come into force for annual reporting periods beginning on or after 1 January 2019** and will replace IAS 17 and IFRIC 4.
  This new standard will require operating leases to be recognised on the balance sheet.
  To make the transition to IFRS 16, the Group reviewed its real estate and movable asset lease agreements.
  The following areas are currently the subject of an in-depth analysis:
  - selection of transition method;
  - term of application;
  - rate to retain;
  - exhaustive review of all pertinent information.

The Group is currently calculating the impact that the application of this standard will have on the financial statements, and expects that it will be significant due to the number of existing real estate leases, notably for warehouses and stores.

The most significant change to the financial statements will be that all lease agreements will be carried on the lessee's balance sheet. Accordingly, the Group expects a sharp increase in non-current assets and debt levels.

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.

With regard to IAS 38, research and development costs are capitalised only if all of the following criteria are met:

- technical and commercial feasibility of completing the asset for sale or use,
- intention to complete and use or sell the asset,
- ability to use or sell the asset,
- the way in which the intangible asset will generate probable future economic benefits,
- availability of adequate technical, financial, and other resources to complete and use or sell the asset,
- the ability to measure the attributable expenditure reliably over its development.

The Group considers that the conditions for capitalising research and development costs were met for certain projects. Accordingly, research and development costs were recognised under either expenses or non-current assets, depending on the project.

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 Groupe LDLC 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, and the Company had no equity associates.

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, with the exception of NLCL. Regarding the OLYS group, its financial position was drawn up at 31 December 2017 and was the subject of a limited review as at this date.

The list of companies included in the consolidation scope is presented in 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.

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 may use futures contracts and options.

2.2.5.3. Group companies

The Group's entities operate primarily in France and the financial statements are presented in euros. Groupe LDLC España was created in March 2018 and is the only company to operate outside France, in Spain. Business operations are expected to start up during the upcoming financial year.

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 (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 or under non-current assets, depending on whether the related project qualifies for recognition as an asset. Costs directly associated with production include payroll costs for software and website developers, as well as subcontractor costs for the development of software and websites.

The Group has opted to amortise leasehold rights over the remaining term of the lease.

The principal amortisation periods used are as follows:

Type of asset	Amortisation period
Software	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. Impairment 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).

Finance-lease agreements are restated in the financial statements for the year ended 31 March 2018 (see Note 3.4).

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 may use 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 year-end.

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 (shares held by the Company) are deducted from shareholders' equity at their purchase price. Any gains or losses arising from the purchase, sale, issue or cancellation of treasury shares are recorded directly in shareholder's equity without affecting earnings.

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 date.

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	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
École LDLC	Higher education	100%	11/2014	Full consolidation

Subsidiaries	Activity	% interest	Date acquired	Consolidation method
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
LDLC Lille V2	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, hifi 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
LDLC Lyon 7	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
ADB Limonest	Retail store sale of personal equipment and childcare products	100%	03/2017	Full consolidation
LDLC7	Retail sale of all IT hardware and software and all multimedia and digital products	100%	03/2018	Full consolidation
LDLC8	Retail sale of all IT hardware and software and all multimedia and digital products	100%	03/2018	Full consolidation
LDLC9	Retail sale of all IT hardware and software and all multimedia and digital products	100%	03/2018	Full consolidation
LDLC10	Retail sale of all IT hardware and software and all multimedia and digital products	100%	03/2018	Full consolidation

Subsidiaries	Activity	% interest	Date acquired	Consolidation method
LDLC11	Retail sale of all IT hardware and software and all multimedia and digital products	100%	03/2018	Full consolidation
LDLC12	Retail sale of all IT hardware and software and all multimedia and digital products	100%	03/2018	Full consolidation
LDLC13	Retail sale of all IT hardware and software and all multimedia and digital products	100%	03/2018	Full consolidation
OLYS	Trade, representation in any form whatsoever of computer hardware and all derived products, telephone and network equipment and multimedia	100%	01/2018	Full consolidation
BIMP Éducation	Trade of computer hardware and all derived products, telephone and network equipment and multimedia, software development, and provision of maintenance, training, assembly, set-up, and other services primarily in the education sector	100%	01/2018	Full consolidation
I-Artificielle	Sale of products and services: computers, external devices, software and all complementary hardware or equipment developed by specialised companies in this sector	60%	01/2018	Full consolidation
Synopsis	Advice, training and creation in marketing, communication via any medium, advertising campaigns, sales promotions	100%	01/2018	Full consolidation
MyMultimedia	Purchase, sale, installation, repair of IT equipment, video games and marketing of all associated or related products	60%	01/2018	Full consolidation
Mac & Co Digital	IT, telecoms, digital, software, services	51%	01/2018	Full consolidation
Bizen	Home service and support related to IT and the internet, assistance, repair, maintenance, IT courses	100%	01/2018	Full consolidation
Groupe LDLC España	Direct and franchise sale (including physical store, online, or mail order sales) of all kinds of IT hardware and software, electronic equipment and all related services	100%	03/2018	Full consolidation

Domimo 2 and Domimo 3 are both held by Domisys and are therefore fully consolidated.

BIMP Éducation, I-Artificielle, Synopsis, MyMultimedia, Mac & Co Digital and Bizen are controlled by OLYS.

At 25 January 2018, OLYS had a 59% equity stake in BIMP Éducation. At 13 February 2018, OLYS purchased the remaining 41% of shares in BIMP Éducation.

The LDLC Group holds minority interests in NLCL, Phox, 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 2018

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 2018, there were no foreign exchange futures contracts outstanding.

The proportion of goods paid for in USD is around 19% and no foreign exchange hedges were used during the year to settle 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 and loans at its disposal (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 €31,593,000 as at 31 March 2018
- plus, at 31 March 2018:
  - a €15 million revolving credit facility, fully drawn at 31 March 2018
  - loans and credit facilities totalling €67,413,000
  - 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

The merger of Domisys into Groupe LDLC is planned for the first half of 2018/2019.

To the Group's knowledge, no other event likely to have a material impact on its consolidated financial statements has occurred since 31 March 2018.

2.7. RELATED PARTY TRANSACTIONS

Groupe LDLC entered into a commercial premises sub-lease agreement with NLCL, which was terminated on 31 August 2017. The expense for the year ended was €10,500. The rental amount payable under the agreement was in line with normal market conditions.

Groupe LDLC paid NLCL a €150,000 advance which will bear interest at 1%.

The sale of a building by Immo FI gave rise to a share capital redemption (see Note 3.5).

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

The financial statements were consolidated on the basis of a 31 March 2018 balance sheet date for all companies except the OLYS group companies, whose financial statements were consolidated on the basis of a 31 December 2017 balance sheet date. This choice is justified by the nearness of the acquisition and the balance sheet dates, and the non-material amounts represented by two months' income statement in relation to the Group financial statements as a whole.

The OLYS group posted revenues of €66,144,000 and net income of €276,000 for the 2017 calendar year.

The amounts shown under "Change in scope" in the following tables correspond to the OLYS group.

3.2. GOODWILL

Gross values	31/03/2017	Acquisitions	Disposals	31/03/2018
Materiel.net group	19,723	0	0	19,723
OLYS group	0	13,891	0	13,891
Total	**19,723**	**13,891**	**0**	**33,614**

Amortisations and impairments	31/03/2017	Charges	Write-backs	31/03/2018
Materiel.net group	0	0	0	0
OLYS group	0	0	0	0
Total	**0**	**0**	**0**	**0**

OLYS group acquisition

On 25 January 2018, the LDLC Group acquired all voting rights in OLYS as well as OLYS's equity stake in five companies under its exclusive control. Accordingly, OLYS is fully consolidated in the LDLC Group financial statements.

This acquisition bolsters the LDLC Group's BtoB offering by expanding its range of Apple-related products and services. As a result, the Group now offers a comprehensive and competitive range of solutions to meet all the hardware and software requirements of existing and future customers.

Fair value measurement of minority interests

The Group opted to measure minority interests at their acquisition date fair value. The minority interests in three OLYS subsidiaries (BIMP Éducation, I-Artificielle and Mac & Co Digital) were measured on the basis of additional acquisition agreements already signed or under negotiation. In view of the non-material nature of MyMultimedia's business, the fair value of the interests held by third-parties was measured using accounting methods.

Assets acquired and liabilities incurred

Goodwill was measured provisionally at 31 March 2018 on the basis of the carrying amount of the acquirees' assets acquired and liabilities incurred as at 31 December 2017, as shown below:

(€000)	31/12/2017 Fair value
Other intangible assets	1,023.5
Property, plant and equipment	2,343.8
Financial assets	289.1
Deferred tax	449.4
Non-current assets	**4,105.7**
Inventories	4,762.0
Trade receivables	10,132.7
Other receivables	1,457.6
Cash and cash equivalents	1,864.5
Current assets	**18,216.7**
Total assets	**22,322.4**
Minority interests	(184.4)
Total shareholders' equity	**(184.4)**
Provisions for risks and contingencies	(353.4)
Borrowings due in > 1 year	(1,807.2)
Non-current liabilities	**(2,160.6)**
Borrowings and other current financing	(1,243.7)
Trade payables	(14,980.7)
Other payables	(2,634.3)
Current liabilities	**(18,858.8)**
Total equity and liabilities	**(21,203.7)**
Net assets - Fair value	**1,118.64**
Goodwill	*13,891.4*
Consideration transferred	**15,010.0**

The final fair values of the assets acquired and liabilities assumed, residual goodwill and the allocation of goodwill to Group CGUs will be determined during the purchase price allocation to be completed over the 12 months following the acquisition date.

Goodwill mainly represents cost, sales, logistics and industrial synergies.

Given the recent acquisition date, no indication of impairment was identified as at 31 March 2018.

Consideration transferred

Groupe LDLC acquired the entire share capital and voting rights in OLYS and Synopsis for a total purchase price of €15,010,000.

The entire acquisition price was financed with cash.

Acquisition costs of €347,154 were recognised in the 2017/2018 financial statements under "Non-recurring operating expenses".

Other goodwill

At 31 March 2018, the Group assessed the value of goodwill arising from the Domisys acquisition and allocated to the Groupe LDLC CGU.

Cash flows were valued based on budgets and five-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. 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 2018, 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 2018.

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	31/03/2017	Acquisitions	Change in scope	Reclassification	Disposals/ retirement	31/03/2018
Materiel.net trademark	8,300					8,300
Software and other intangible assets	991	190	263		0	1,444
Leasehold rights	170	330	889			1,389
Intangible assets in progress	0	3,290	5			3,295
Total	**9,461**	**3,811**	**1,157**	**0**	**0**	**14,428**

Intangible assets primarily include the Materiel.net trademark valued at €8.3 million and amortised over 10 years. There are 8 years remaining on the trademark's amortisation schedule, and its net book value amounted to €6.6 million as at 31 March 2018.

The increase in intangible assets in progress comes from in-house software, website and computer development projects totalling €3,231,000.

Amortisations and impairments	31/03/2017	Change in scope	Charges	Write-backs	31/03/2018
Materiel.net trademark	830		830		1,660
Software and other intangible assets	660	133	197	0	990
Leasehold rights	22		45		66
Total	**1,511**	**133**	**1,072**	**0**	**2,717**

3.4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment break down as follows:

Gross values	31/03/2017	Acquisitions	Change in scope	Reclassifi-cation	Disposals/ retirement	31/03/2018
Land	1,380	1,995				3,375
Buildings	14,282	19,840	807	165		35,094
Fixtures and fittings	10,114	1,929	2,552	58	557	14,096
Equipment	6,124	223	15			6,363
Vehicles and delivery equipment	0		338			338
Office equipment and furniture	3,620	1,223	1,814	34	512	6,178
PP&E in progress	257	1,137	61	(257)		1,197
Total	**35,777**	**26,347**	**5,586**	**0**	**1,068**	**66,641**

Acquisitions mainly comprise capitalised land and the construction of the new LDLC Group head office, amounting to €2 million and €20 million respectively (see Note 3.14).

Acquisitions of furniture and fittings mainly relate to the furnishing of the new Groupe LDLC head office (€1,497,000) and the new premises at Gennevilliers (€348,000).

Disposals concern the sale of office equipment and furniture, fixtures and fittings in the former premises (€971,000 gross).

The increase in property, plant and equipment in progress comes from research and development projects totalling €694,000.

Depreciations and impairments	31/03/2017	Change in scope	Charges	Write-backs	31/03/2018
Land	0				0
Buildings	5,203	451	1,464		7,118
Fixtures and fittings	7,240	1,507	864	605	9,006
Equipment	3,169	13	563		3,745
Vehicles and delivery equipment	0	183			183
Office equipment and furniture	2,457	1,088	588	467	3,666
Total	**18,070**	**3,242**	**3,479**	**1,072**	**23,720**

3.5. EQUITY INTERESTS AND OTHER FINANCIAL ASSETS

Gross values	31/03/2017	Change in scope	Reclas- sifica- tion	Acquisi- tions	Disposals/ retirement	Impairment	31/03/2018
Presse Non-Stop shares	51						51
Other shares	2	28				2	29
Immo FI 1 shares	474				126		348
NLCL shares	1,500						1,500
Deposits and guarantees	914	190		216	10		1,310
Loan holdback	0	60		265			325
Loans	1,500				87		1,413
Total	**4,441**	**279**	**0**	**481**	**223**	**2**	**4,976**

For the purpose of acquiring OLYS, Groupe LDLC took out a loan subject to a €265,000 cash collateral holdback.

Following the sale of a building by real estate holding company Immo FI, company shares amounting to €126,000 were redeemed.

In order to finance the investment in the LDLC Group head office, a €1.5 million loan was granted to the lessor, Finamur. The first instalment was repaid on 1 August 2017.

3.6. INVENTORIES

	01/04/2017 - 31/03/2018			01/04/2016 - 31/03/2017		
	Gross value	Impairment	Net value	Gross value	Impairment	Net value
Goods for resale	83,607	1,590	82,018	76,609	1,217	75,392
Total goods inventories	**83,607**	**1,590**	**82,018**	**76,609**	**1,217**	**75,392**
Other supplies	42	0	42	28	0	28
Work in progress	91	0	91	10	0	10
Total inventories and WIP	**83,740**	**1,590**	**82,151**	**76,647**	**1,217**	**75,430**

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.

The increase in inventories as at 31 March 2018 includes a €4.8 million increase related to the OLYS group acquisition.

3.7. TRADE RECEIVABLES

Trade payables break down as follows:

	01/04/2017 - 31/03/2018			01/04/2016 - 31/03/2017		
	Gross	Imp.	Net	Gross	Imp.	Net
Trade receivables	**27,968**	**653**	**27,315**	**17,473**	**422**	**17,051**

All trade receivables are due in less than one year.

At 31 March 2018, the Group had sold €5.3 million in trade receivables to Eurofactor. €4 million of these receivables were sold under a non-recourse factoring agreement and were derecognised accordingly. As at 31 March 2017, assigned receivables amounted to €4.2 million.

The increase in net trade receivables as at 31 March 2018 includes a €10,133,000 increase related to the OLYS group.

3.8. OTHER RECEIVABLES

Other receivables break down as follows:

	01/04/2017 - 31/03/2018			01/04/2016 - 31/03/2017		
	Gross	Imp.	Net	Gross	Imp.	Net
Advances and down payments	516		516	509		509
Supplier credits receivable	4,154	39	4,115	3,832	46	3,786
Government (income tax, VAT and other income receivable)	6,083		6,083	5,303		5,303
Accrued income receivable	314		314	317		317
Eurofactor retainer	292		292	243		243
Current account	250		250	0		0
Sundry receivables	50		50	1,276		1,276
Prepaid expenses - goods	2,835		2,835	3,318		3,318
Other	25		25	40		40
Prepaid expenses	2,174		2,174	2,093		2,093
Total	**16,692**	**39**	**16,654**	**16,932**	**0**	**16,886**

All other receivables and accruals are due or will be settled in less than one year.

"Prepaid expenses - goods" relates to invoices for goods delivered after the financial year-end.

The sharp fall in "Sundry receivables" is mainly due to the termination of the proceedings between Groupe LDLC and the French tax authority following a tax audit (€1,238,000) (see Note 2.1).

The increase in other receivables at 31 March 2018 includes a €1.5 million increase related to the OLYS group acquisition.

3.9. DEFERRED TAX

Deferred tax assets break down as follows:

	01/04/2017 - 31/03/2018	01/04/2016 - 31/03/2017
Deferred tax assets		
- rel. to tax loss carryforwards	1,023	640
- rel. to temp. diff. and IFRS restat.	289	372
Total	**1,312**	**1,012**
< 1 year	171	356
> 1 year	1,141	656

The increase in deferred tax assets at 31 March 2018 includes a €449,000 increase related to the OLYS group acquisition, including €357,000 due to the recognition of tax loss carryforwards and €91,000 related to retirement bonuses.

Deferred tax liabilities break down as follows:

	01/04/2017 - 31/03/2018	01/04/2016 - 31/03/2017
Deferred tax liabilities		
- rel. to intangible assets (Materiel.net trademark)	1,876	2,252
- rel. to temp. diff. and IFRS restat.	650	694
Total	**2,526**	**2,946**
< 1 year	0	0
> 1 year	2,526	2,946

3.10. CASH AND CASH EQUIVALENTS

	01/04/2017 - 31/03/2018			01/04/2016 - 31/03/2017		
Values	**Gross**	**Prov.**	**Net**	**Gross**	**Prov.**	**Net**
Cash	**31,590**		**31,590**	**10,613**		**10,613**
Short-term investments	**2**		**2**	**0**		**0**
Total	**31,593**	**0**	**31,593**	**10,613**	**0**	**10,613**

As at 31 March 2018, Groupe LDLC recorded a sharp increase in cash and cash equivalents. The €20,980,000 increase was mainly due to renegotiation of supplier agreements and OLYS group cash amounting to €1.9 million.

3.11. SHAREHOLDERS' EQUITY AND EARNINGS PER SHARE

Shareholder breakdown at 31 March 2018

At 31 March 2018, 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 2018:

Shareholders	Number of shares	% share capital	% voting rights
Laurent de la Clergerie	1,226,746	19.40%	24.21%
Domicorp	691,811	10.94%	11.95%
Caroline de la Clergerie	628,579	9.94%	11.69%
Olivier de la Clergerie	615,500	9.74%	11.35%
Suzanne de la Clergerie	71,423	1.13%	5.89%

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 2016	**6,322,106**	**190,283**	**161,746**
New shares			
Treasury shares purchased/(sold)		(82)	1,500
Bonus share plans		(29,558)	(29,558)
Total at 31 March 2017	**6,322,106**	**160,643**	**133,688**
New shares			
Treasury shares purchased/(sold)		531	25,186
Bonus share plans		(40,231)	(40,231)
Total at 31 March 2018	**6,322,106**	**120,943**	**118,643**

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.

Earnings per share	01/04/2017 - 31/03/2018	01/04/2016 - 31/03/2017
Numerator		
Net income attributable to owners of the Company	5,440	8,115
Net income used to calculate diluted earnings per share	5,440	8,115
Denominator		
Weighted average number of ordinary shares used to calculate basic earnings per share	6,201,163	6,161,463
Impact of dilutive ordinary shares	0	0
Weighted average number of ordinary shares used to calculate diluted earnings per share	6,201,163	6,161,463
Earnings per share (€)	**0.88**	**1.32**
Diluted earnings per share (€)	**0.88**	**1.32**

3.12. NON-CONTROLLING INTERESTS

Non-controlling interests break down as follows:

	01/04/2017 - 31/03/2018	01/04/2016 - 31/03/2017
Balance b/fwd	1,983	1,983
Sundry changes	(84)	0
Change in consolidation scope	28	0
Transfer of minority interest losses to Group	0	0
Earnings/(loss) of associates	0	0
Total	**1,928**	**1,983**

3.13. PROVISIONS FOR RISKS AND CONTINGENCIES

Provisions for risks and contingencies break down as follows:

	01/04/2017 - 31/03/2018					01/04/2016 - 31/03/2017				
	Provi-sions b/fwd	Prov. rec. during FY	Prov. used during FY	Prov. not used/ wrbk during FY	Total	Provi-sions b/fwd	Prov. rec. during FY	Prov. used during FY	Prov. not used/ wrbk during FY	Total
Customer warranties	150	126	(150)		126	107	150	(107)	0	150
Retirement benefits	1,582	714		(10)	2,286	1,203	395	0	(15)	1,582
Employment disputes	68	24		(34)	57	222	23	(106)	(71)	68
Rent & relocation expenses	295		(277)		18	0	295	0	0	295
Other provisions	10	32	(7)		34	47	10	(13)	(34)	10
Total	**2,104**	**895**	**(433)**	**(45)**	**2,521**	**1,579**	**871**	**(227)**	**(120)**	**2,104**

The increase in provisions at 31 March 2018 includes a €353,000 increase related to the OLYS group acquisition.

As at 31 March 2018, 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 €126,000 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 2018 are as follows:

Assumptions used	**At 31 March 2018**	**At 31 March 2017**
Economic assumptions		
Executive salary growth rate	2.5%	3%
Non-executive salary growth rate	2.5%	2.5%
Discount rate based on iBoxx Corporates AA	1.37%	1.39%
Average remaining service	10-18 years	10-16 years
Demographic assumptions		
Retirement age	60-67 years	60-67 years
Mortality tables	Insee 2017	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 €704,000 increase in the provision consists of:

- Cost of services rendered and expenses: €52,000
- Actuarial differences recognised under shareholders' equity: €299,000
- Provision carried over from OLYS group: €353,000.

3.14. BORROWINGS

Borrowings break down as follows:

	01/04/2017 - 31/03/2018	01/04/2016 - 31/03/2017
Loans	2,766	4,773
Finance lease liabilities	13,412	0
Due in > 5 years	**16,177**	**4,773**
Loans	49,544	35,588
Finance lease liabilities	6,058	0
Due in 1-5 years	**55,602**	**35,588**
Total long-term borrowings	**71,779**	**40,361**
Loans	9,263	5,689
Accrued interest on loans	27	20
Finance lease liabilities	1,371	0
Due in < 1 year	**10,661**	**5,708**
Total short-term borrowings	**10,661**	**5,708**
Long- and short-term borrowings	**82,440**	**46,069**
Guarantee deposits received	1	0
Bank overdrafts	197	310
Short-term bank loans	0	0
Current accounts	376	170
Dividends payable	0	0
Total borrowings	**83,014**	**46,549**

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 + 3.5%
- Eonia + 1%

Overdraft authorisations granted to Groupe LDLC amounted to €10.77 million as at 31 March 2018, plus an overdraft of CHF300,000.

Long-term 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 in accordance with the leverage ratio.

On 19 January 2018, Groupe LDLC took out two loans amounting to €10 million and €5.3 million to finance the acquisition of OLYS and Synopsis and related costs and fees.

A second amendment to the €10 million loan agreement dated 31 March 2016 was signed on 19 January 2018 in order to align the repayment period with the 2016 acquisition loan. The last instalment will fall due on 31 March 2023. The terms of the €23 million loan apply in the same way as for the €10 million loan.

These €23 million and €10 million loans include 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 revolving credit facility margin subject to annual revision in accordance with the leverage ratio. As at 31 March 2018, this facility had been fully drawn.

Swaps have been entered into to hedge the floating rates applicable to these 2016 and 2018 acquisition loans.

The amendment to the 2016 and 2018 acquisition loan agreements provides for 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 covenants are contractually based on the consolidated financial statements and are tested every six months.

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 underlying EBIT).
- 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 are in compliance as at 31 March 2018.

The €5.3 million loan is repayable over a 7-year term and subject to a fixed interest rate of 1.31% per annum with repayment deferred for 8 quarters. The first instalment combining principal repayment and interest is scheduled for 30 April 2020, with the last instalment due on 31 January 2025.

The €23 million and €10 million loans are carried on the balance sheet at amortised cost according to the effective interest rate method, in amounts of €16.1 million and €8.9 million, which corresponds to the contracted loans net of issuance costs. The interest expense is calculated by applying the effective interest rate including issuance costs.

Groupe LDLC also took out the following loans during the year:

- A new €1.5 million loan in April 2017 to finance expenditure on the new head office.
- Two new loans, each amounting to €1.5 million, taken out in January and March 2018 to finance Group expenditure.

In addition, 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.

Lastly, the OLYS group acquisition resulted in a €3.1 million increase in Group borrowings.

Finance lease liabilities

Finance lease liabilities relate to the capitalisation of the new Groupe LDLC head office in Limonest, for which the repayment schedule provides for a €22 million repayment over 12 years ending on 31 July 2029. €20.8 million of this liability was outstanding at 31 March 2018.

Rental amounts are reviewed annually on 31 July and amounted to €1.7 million for the first year.

As at 31 March 2018, the property had a net book value of €21.5 million.

Upon expiry of the finance lease agreement, the purchase option exercise price is €2 million.

All commitments under the finance lease agreement are set out in Chapter 20, Note 5.2.1 of the 2017/2018 Registration Document.

At 31 March 2018, total liabilities relating to real estate operating assets stood at €26.6 million.

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	2,465,217	115,895	115,895	
15/07/2010	CAP	2,625,000	13,683		13,683
31/03/2016	SWAP	16,428,571	1,082	1,082	
Total			**130,660**	**116,977**	**13,683**

In May 2016, Groupe LDLC entered into an interest rate swap intended to hedge interest rate risk related to the €23 million loan. Following the January 2018 acquisition, which led to the signing of amendment 2 to the March 2016 loan agreement and the addition of a loan with a notional amount of €9.1 million, a new swap contract was entered into in April 2018 to replace the May 2016 swap.

Current and non-current assets and liabilities are presented in the table below:

	At 31/03/2018	Breakdown by accounting classification				
	Carrying amount	Market value	FVTPL	Available-for-sale financial assets	Loans and recei-vables	Amor-tised cost
Non-current assets						
Equity interests	1,928	1,928		1,928		
Other non-current financial assets	3,048	3,048			3,048	
Current assets						
Trade receivables	27,315	27,315			27,315	
Other current receivables	5,562	5,562			5,562	
Cash and cash equivalents	31,593	31,593	31,593			
Non-current liabilities						
Non-current loans and borrowings	71,779	71,779				71,779
Current liabilities						
Current loans and borrowings	11,235	11,235				11,235
Trade payables	80,700	80,700				80,700
Other current liabilities	5,093	5,093				5,093

	At 31/03/2017	Breakdown by accounting classification				
	Carrying amount	Market value	FVTPL	Available-for-sale financial assets	Loans and recei-vables	Amor-tised 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	6,172	6,172			6,172	
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

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 €117,000 impact on shareholders' equity and €14,000 on net income.

3.16. EXPOSURE TO INTEREST RATE RISKS

Exposure to interest rate risks comprises floating-rate financial liabilities exposed to cash flow risk, as follows:

	Repayment schedule at 31/03/2018		
	< 1 year	**1 - 5 years**	**> 5 years**
Other borrowings	6,122	24,152	646
Floating-rate financial liabilities	**6,122**	**24,152**	**646**

	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**

Interest rate risk sensitivity tests

On the basis of the 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 €449,000 variation in Group consolidated earnings before tax for the year ended 31 March 2018.

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 pursuant to IAS 39.

At 31 March 2018	Impact on net income
+ 0.5 basis points	(449)
- 0.5 basis points	449

Negative figures indicate a financial expense.

3.17. TRADE PAYABLES

Trade payables break down as follows:

	01/04/2017 - 31/03/2018	01/04/2016 - 31/03/2017
Trade payables	68,689	36,770
Supplier L/C & prom. notes payable	8,634	4,299
Supplier invoices not received	3,376	3,738
Total	**80,700**	**44,808**

All trade and related payables are due in less than one year.

The increase in trade payables is due to the extension of supplier payment terms, mainly following the renegotiation of agreements.

The increase in trade payables at 31 March 2018 includes a €15,000 increase related to the OLYS group acquisition.

3.18. OTHER PAYABLES

Other payables break down as follows:

	01/04/2017 - 31/03/2018	01/04/2016 - 31/03/2017
Advances and down payments received on orders	1,976	1,887
Payable to employees	5,733	4,966
Payable to social security organisations	3,404	2,529
Payable to the government (income tax, VAT, etc.)	6,105	4,133
Other customer credit	2,449	2,112
Other	668	386
Deferred income	2,439	3,472
Total	**22,774**	**19,484**

All other payables are due in less than one year.

"Deferred income" mainly corresponds to the restatement of the last two days of revenues.

Groupe LDLC is currently undergoing a customs audit.

The increase in other payables at 31 March 2018 includes a €2,634,000 increase related to the OLYS group acquisition.

3.19. RELATED PARTIES

	31/03/2017 - 31/03/2018			01/04/2016 - 31/03/2017		
	Equity interests			Equity interests		
	Gross	Imp.	Net	Gross	Imp.	Net
Financial assets	1,929	(2)	1,927	2,027	(44)	1,983
Trade receivables	60	0	60	0	0	0
Other receivables	150	0	150	0	0	0
Accrued income and prepaid expenses	0	0	0	0	0	0
Total assets	**2,139**	**(2)**	**2,138**	**2,027**	**(44)**	**1,983**
Borrowings	0	0	0	0	0	0
Trade payables	(117)	0	(117)	(128)	0	(128)
Other payables	(179)	0	(179)	(170)	0	(170)
Accrued expenses and deferred income	0	0	0	0	0	0
Total equity and liabilities	**(296)**	**0**	**(296)**	**(298)**	**0**	**(298)**

Financial assets mainly correspond to €1.5 million in NLCL shares.

Trade receivables consist of NLCL receivables recognised in the financial statements of DLP Connect and Anikop.

Other receivables relate to the NLCL current account.

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

	01/04/2017 - 31/03/2018			01/04/2016 - 31/03/2017		
	France	Export	Total	France	Export	Total
Sales of goods	389,065	59,064	448,129	395,141	58,678	453,819
Sales of services*	16,109	7,862	23,972	17,178	8,881	26,059
Total	**405,174**	**66,926**	**472,101**	**412,319**	**67,559**	**479,878**

** Sales of services mainly comprise shipping costs.*

4.2. STAFF COSTS AND HEADCOUNT

	01/04/2017 - 31/03/2018	01/04/2016 - 31/03/2017
Wages and salaries (a)	25,110	22,259
Social security contributions	10,742	9,436
Employee profit-sharing	239	708
Total	**36,092**	**32,403**
Average headcount	932	751
Non-managerial staff	654	532
Managerial staff	236	173
Temporary workers	41	46

(a) Including a €51,000 provision for retirement bonuses for the year ended 31 March 2018, compared to €159,000 the previous year.

The increase in headcount at 31 March 2018 includes 138 OLYS group employees.

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 rate was 7% during the 2017 calendar year and is 6% for the 2018 calendar year.

The CICE was recognised as a €1.2 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	29/06/2017	13/11/2017	23/02/2018
Total number of bonus shares granted	11,494	137	161,746	1,500	10,000	2,000	70,000
Vesting date	23/06/2015	27/03/2016	29,558 shares on 08/07/2016 40,231 shares on 08/07/2017 40,231 shares on 08/07/2018 51,726 shares on 08/07/2019	30/09/2018	1,000 shares on 29/06/2019 1,000 shares on 29/06/2020 2,000 shares on 29/06/2021 3,000 shares on 29/06/2022 3,000 shares on 29/06/2023	13/11/2019	20,000 shares on 23/02/2020 25,000 shares on 23/02/2021 25,000 shares on 23/02/2022
Lock-in period	2 years	2 years	2 years	2 years	2 years	2 years	1 year

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 €13.98 per share.
  The beneficiary of this plan left the Company during the year and the presence condition was waived.
- 1,500 existing bonus shares in Groupe LDLC were allotted on 30 September 2016, to be vested after a two-year vesting period and thereafter subject to a two-year lock-in period. The fair value of these shares amounts to €32.20 per share.
- 10,000 existing bonus shares in Groupe LDLC were allotted on 29 June 2017, to be vested after a two-year vesting period and thereafter subject to a two-year lock-in period. The fair value of these shares amounts to €28.49 per share.
- 2,000 existing bonus shares in Groupe LDLC were allotted on 13 November 2017, to be vested after a two-year vesting period and thereafter subject to a two-year lock-in period. The fair value of these shares amounts to €19.55 per share.
- 13,186 existing shares in Groupe LDLC and 56,814 shares Groupe LDLC planned to buy back on the market were allotted on 23 February 2018, to be vested after a vesting period of 2-4 years and thereafter subject to a one-year lock-in period. The fair value of these shares amounts to €17.94 per share.

This bonus share plan is subject to a condition of presence in the Company but is not subject to any performance criteria.

Chargeback agreements were set up with the subsidiaries in respect of the June 2017, November 2017 and February 2018 plans.

For the year ended 31 March 2018, this benefit gave rise to staff costs of €489,000.

During the year ended 31 March 2018, 40,231 shares were vested.

4.3. NET DEPRECIATION, AMORTISATION AND PROVISIONS

	01/04/2017 - 31/03/2018	01/04/2016 - 31/03/2017
Net depr./amort. of non-current assets	(4,503)	(4,016)
Net provisions for inventory impairment	(235)	(325)
Net provisions for impairment of trade receivables	53	70
Net provisions for current account impairment	0	0
Net provisions for customer warranties	23	(42)
Other charges/write-backs	290	(180)
Total net depreciation, amortisation and provisions	**(4,372)**	**(4,493)**

Figures presented as (-) denote expenses.

"Other charges/write-backs" includes a €277,000 provision for charges relating to the departure from the former premises following the relocation of the Company's head office (see Note 3.13).

4.4. NON-RECURRING OPERATING INCOME AND EXPENSES

This item breaks down as follows:

	01/04/2017 - 31/03/2018	01/04/2016 - 31/03/2017
Net book value of fixed assets sold	55	13
Other operating expenses	1,528	0
Total non-recurring operating expenses	**1,583**	**13**
Income from fixed asset disposals	10	2
Other operating income	0	0
Total non-recurring operating income	**10**	**2**
Net non-recurring operating income/(expenses)	**(1,573)**	**(12)**

Other operating expenses for the year ended 31 March 2018 include a €1,238,000 payment made to the French tax authority following a tax audit (see Note 2.1) and €347,000 of acquisition costs for OLYS shares.

4.5. NET FINANCIAL INCOME/(EXPENSE)

Net financial income/(expense) breaks as follows:

	01/04/2017 - 31/03/2018	01/04/2016 - 31/03/2017
Interest on borrowings	(956)	(731)
Interest paid to banks	(116)	(215)
Financing commissions	(22)	(2)
Net cost of debt	**(1,094)**	**(948)**
Net income/(expense) on sale of ST investments	0	(4)
Write-back of provisions for impairment of financial assets	42	0
Other financial income and expenses	69	2
Other financial income and expenses	**111**	**(2)**
Net financial income/(expense)	**(983)**	**(950)**

Interest on borrowings for the year ended 31 March 2018 breaks down as follows (see Note 3.14):
- €304,000 cost of the €23 million loan used to partly finance the Materiel.net acquisition
- €74,000 cost of the €15.3 million loans used to finance the OLYS acquisition
- €131,000 cost of the revolving credit facility.

4.6. INCOME TAX

Income tax breaks down as follows:

	01/04/2017 - 31/03/2018	01/04/2016 - 31/03/2017
Net income, Group share	5,440	8,134
Current tax income/(expense)	(1,681)	(3,838)
Deferred tax income/(expense) (a)	(589)	(484)
Net income from equity associates	0	0
Earnings before tax	7,710	12,456
Theoretical tax rate	34.43%	34.43%
Theoretical tax expense	(2,655)	(4,289)
Permanent differences (b)	355	73
Classification of CVAE as an income tax	(558)	(517)
Tax credits	70	160
Impact of change in tax rate (c)	156	217
Other effects	196	127
Dividend tax	166	(92)
Effective tax expense	(2,270)	(4,322)

(a) Including €57,000 in other comprehensive income recorded for the financial year ended 31 March 2018.
(b) Including a €1.2 million non-taxable CICE tax credit.
(c) Reduction in corporate income tax rate to 25% by 2022.

The income tax rate applicable in France is the 33.33% base rate plus social security contributions of 3.3%, totalling 34.43%. The 2018 French Finance Act provides for a progressive decrease in the current corporate income tax rate from 33.33% to 25% by 2022, applicable to all profits generated by all companies.

The Group's net tax expense takes this decrease into account, via the application of the 25% tax rate plus the 3.3% contribution for the main items for which tax must be paid from 2022 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 LDLC School have been tax consolidated since 1 April 2015.

LDLC Bordeaux, LDLC Villeurbanne, LDLC Lille V2 and CAMPUS 2017 have been tax consolidated since 1 April 2016.

LDLC Lyon 7, LDLC5, ADB Limonest, Domisys, Domimo 2 and Domimo 3 have been tax consolidated since 1 April 2017.

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 €426,000 for the year ended 31 March 2018.

5. Other notes

5.1. COMPENSATION

	01/04/2017 - 31/03/2018	01/04/2016 - 31/03/2017
Short-term benefits		
Fixed compensation	604	570
Variable compensation	728	506
Other benefits		
Shared-based compensation (allotment of bonus shares)	342	555
Total compensation and benefits granted to executive directors	**1,674**	**1,631**

All amounts correspond to short-term benefits (fixed and variable compensation) with the exception of bonus shares worth €342,000 allotted for the financial year ended 31 March 2018 (€555,000 for the year ended 31 March 2017).

5.2. OFF BALANCE SHEET COMMITMENTS

5.2.1. Commitments given

- Pledge of shares in Domisys, Domimo 2 and Domimo 3 as security for a €23 million loan.
- Pledge of shares in OLYS as security for the €10 million 2018 acquisition 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 to 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 to Finamur as guarantee for the payment of rents.
- 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.
- CAMPUS 2017 has undertaken not to grant any pledge, transfer or assignment except for the transfer of trade receivables to Finamur in respect of existing and future trade receivables held by CAMPUS 2017 against any tenant for any reason whatsoever, in particular Groupe LDLC under the 10-year fixed-term sub-letting agreement dated 30 November 2015 or any subsequent sub-tenant.
- CAMPUS 2017 has undertaken not to pledge its business assets or any components thereof without Finamur's prior written consent.
- 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. €747,300 at 31 March 2018.
- 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
- 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 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 to Domisys.

√ €79,000 joint and several guarantee granted by Groupe LDLC to Jean-Pierre Soubie, owner of the premises located at 24 rue Berthome in Villemonble (93250).

√ Groupe LDLC is acting as surety for LDLC Lille V2 for the amount of €39,000 to cover the commercial lease signed on 31 August 2017 between the lessor, SCI Immocrous, and LDLC Lille V2 (formerly LDLC3).

√ Pledge of the sales business of the OLYS establishment located at 67 rue Vendôme, 69006 Lyon, to Société Générale as security for a €270,000 loan.

√ Pledge of the trading business of the OLYS establishment located at ZAC de Chateaufarine, 25000 Besançon, to Société Générale as security for a €260,000 loan.

√ Pledge of the trading business of the OLYS establishment located at 7 rue de la Poste, 74000 Annecy, to Société Générale as security for a €251,000 loan.

√ Pledge of the trading business of the OLYS establishment located at 7 rue de la Poste, 74000 Annecy, to Société Générale as security for a €125,000 loan with an outstanding balance of €77,000.

√ Pledge of the trading business of the OLYS establishment located at 4 rue du Commandant Dubois, 69003 Lyon, to Crédit Coopératif as security for a €600,000 loan.

√ Pledge of 153,000 Mac & Co Digital shares held by OLYS with a value of €153,000, comprising 51% of the company's share capital and voting rights, to Société Générale as security for a €150,000 loan.

√ Pledge of the business assets of the OLYS establishment located at Centre Commercial CARRE JAUDE, 2 rue Giscard de la Tour Fondue, 63000 Clermont-Ferrand, to Société Générale as security for a €345,000 loan.

√ Pledge of the business assets of the OLYS establishment located at Centre Commercial Grand V, 117 Traverse de la Montre, 13011 Marseille, to Société Générale as security for a €92,000 loan.

√ Pledge of the equipment business of the OLYS establishment located at 9 boulevard Clémenceau, 66000 Perpignan, to CIC Sud-Ouest as security for a €324,000 loan.

√ Pledge of the trading business of the OLYS establishment located at 39 rue René Fonck Zone Frejorgues Ouest, 34130 Mauguio, to CIC Sud-Ouest as security for a €283,200 loan.

- Pledge of the equipment business of the OLYS establishment located at 36 rue Saint Guilhem, 34000 Montpellier, to CIC Sud-Ouest as security for a €104,160 loan.
- Pledge of the equipment business of the OLYS establishment located at 36 rue Saint Guilhem, 34000 Montpellier, to Banque Populaire du Sud as security for a €200,000 loan.
- Pledge of the equipment business of the OLYS establishment located at 400 avenue du Docteur Baillet, Centre Commercial Cap Costières, 30000 Nîmes, to Banque Populaire du Sud as security for a €320,000 loan.
- €41,000 security commitment to Honda Finance under a lease purchase agreement on movable assets belonging to Mac & Co Digital, with an outstanding balance €45,000.
- Security commitments to Sogelease under lease purchase agreements on movable assets located at the following OLYS establishments:
  - 4 rue du Commandant Dubois, 69003 Lyon
  - 20 rue Servient, 69003 Lyon
  - 67 rue Vendôme, 69006 Lyon

  totalling €125,000, outstanding balance €55,000.
- Security commitment to FINANCO under a lease purchase agreement on movable assets located at the following OLYS establishments:
  - 39 rue René Fonck Zone Frejorgues Ouest, 34130 Mauguio
  - 36 rue Saint Guilhem, 34000 Montpellier

  totalling €17,000, outstanding balance €13,000.
- Security commitment to Mercedes Benz Financial Services France under a lease purchase agreement on movable assets belonging to MyMultimedia, amounting to €37,000, outstanding balance €11,000.
- Personal joint and several guarantee for €50,000 given by OLYS on behalf of Mac & Co Digital to Techdata under a commercial agreement.
- Advertising on a telephone rental agreement for the OLYS establishments at:
  - 4 rue du Commandant Dubois, 69003 Lyon
  - 20 rue Servient, 69003 Lyon
  - 67 rue Vendôme, 69006 Lyon

  for the benefit of Franfinance Location as guarantee for a €37,000 rental agreement, outstanding balance €18,000.

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.
- BNP Paribas has issued Groupe LDLC a €126,000 guarantee in favour of Comunidad de Bienes to cover rental payments for Spanish subsidiary Groupe LDLC España's Barcelona store.
- Swiss Federal Tax Administration, Value Added Tax Division, CHF55,000 guarantee to secure payment of Swiss VAT owed by Groupe LDLC. Guarantee applicable for an indefinite term.
- Swiss Federal Customs Administration, CHF13,020 guarantee to secure payment of customs duties and customs VAT owed by Groupe LDLC. Guarantee applicable for an indefinite term.
- In May 2016, Groupe LDLC entered into an interest rate swap intended to hedge interest rate risk related to the €23 million loan (see Note 3.15).
- In April 2018, Groupe LDLC entered into an interest rate swap intended to hedge interest rate risk related to the €10 million loan (see Note 3.15).
- In January 2015, Groupe LDLC entered into a master agreement with Caisse d'Épargne regarding transactions in financial futures. There are no agreements currently in force.

- In January 2015, Groupe LDLC signed a master futures agreement with Crédit Agricole for purchasing USD. There are no agreements currently in force.
- 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.
- Domisys benefits from a guarantee under the *Renforcement Haut de Bilan* fund, in respect of the loan taken out with OSEO, covering 80% of the principal, i.e. €640,000 as at 31 March 2018. A €100,000 holdback 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, covering 80% of the principal, i.e. €910,000 at 31 March 2018. 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, covering 50% of the principal, i.e. €226,600 at 31 March 2018.
- OLYS benefits from a guarantee under the "Regional Competitiveness and Employment" operating programme financed jointly by the EU Structural Funds and the Languedoc-Roussillon region as part of the JEREMIE scheme (Joint European Resources for Micro to Medium Enterprises) in relation to a €200,000 loan taken out with Banque Populaire Sud-Ouest covering 80% of the principal, i.e. €55,000.
- OLYS benefits from a guarantee under the "Regional Competitiveness and Employment" operating programme financed jointly by the EU Structural Funds and the Languedoc-Roussillon region as part of the JEREMIE scheme (Joint European Resources for Micro to Medium Enterprises) in relation to a €320,000 loan taken out with Banque Populaire Sud-Ouest covering 80% of the principal, i.e. €85,000.

5.2.3. Commitments relating to the Company's operations

The following tables show all commitments and obligations under finance leases and operating leases.

Finance lease

The following table shows the discounted present value of future rental payments included under "Borrowings and other financing" with respect to capitalised assets that meet IAS 17 criteria for finance leases:

	01/04/2017 - 31/03/2018	01/04/2016 - 31/03/2017
Due in < 1 year	1,358	667
Due in 1 - 5 years	5,760	5,812
Due in > 5 years	11,620	15,521
Discounted value of future rents	**18,739**	**19,347**

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:

	Groupe LDLC 01/04/2017 - 31/03/2018	Change in scope	Total 01/04/2017 - 31/03/2018	01/04/2016 - 31/03/2017
Due in < 1 year	2,267	784	3,051	2,566
Due in 1 - 5 years	4,554	2,516	7,070	2,495
Due in > 5 years	1,236	1,474	2,709	0

The increase in operating lease liabilities is mainly due to new leases on LDLC Lille V2, LDLC Lyon 7 and ADB Limonest stores and the renewal of the Groupe LDLC Vaise store leases.

6. Statutory auditors' fees

	PRICEWATERHOUSECOOPERS				Cap Office			
	Amount (excl. tax)		%		Amount (excl. tax)		%	
	FY ended 31/03/2017	FY ended 31/03/2018	FY ended 31/03/2017	FY ended 31/03/2018	FY ended 31/03/2017	FY ended 31/03/2018	FY ended 31/03/2017	FY ended 31/03/2018
Audit								
Statutory audits, certification, review of Company and consolidated accounts								
Issuer	119	109	80.13%	75.54%	89	88	82.18%	75.02%
Fully consolidated subsidiaries	30	35	19.87%	24.46%	19	29	17.82%	24.98%
Audit sub-total	**149**	**144**	**100%**	**100%**	**108**	**117**	**100%**	**100%**
Other services								
Non-audit services - Issuer								
	29	24	100%	100%	4	2	100%	100%
Non-audit services - Fully consolidated subsidiaries								
Other services sub-total	**29**	**24**	**100%**	**100%**	**4**	**2**	**100%**	**100%**
TOTAL								

Non-audit services comprised the following:
- report by the independent third-party on the environmental, human resources and social information,
- certification of bank covenants,
- limited reviews of subsidiaries.

Deloitte				RSM				Total			
Amount (excl. tax)		**%**		**Amount (excl. tax)**		**%**		**Amount (excl. tax)**		**%**	
FY ended 31/03/2017	**FY ended 31/03/2018**	**FY ended 31/03/2017**	**FY ended 31/03/2018**	**FY ended 31/03/2017**	**FY ended 31/03/2018**	**FY ended 31/03/2017**	**FY ended 31/03/2018**	**FY ended 31/03/2017**	**FY ended 31/03/2018**	**FY ended 31/03/2017**	**FY ended 31/03/2018**
								208	197	62.66%	57.07%
36	40	100%	100%	39	43	100%	100%	124	148	37.34%	42.93%
36	**40**	**0**	**100%**	**39**	**43**	**0**	**100%**	**332**	**345**	**100%**	**100%**
								33	26	100%	100%
								33	**26**	**100%**	**100%**

20.2. STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH IFRS AS ADOPTED WITHIN THE EUROPEAN UNION FOR THE YEAR ENDED 31 MARCH 2018

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 includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. 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,

Opinion

In compliance with the engagement entrusted to us by your General Meeting, we have audited the accompanying consolidated financial statements of Groupe LDLC for the year ended 31 March 2018.

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 2018, and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit reference framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules applicable to us for the period from 1 April 2017 to the date of our report and in particular we did not provide any non-audit services prohibited by Article 5(1) of Regulation (EU) No 537/2014 or the French Code of Ethics (*Code de déontologie*) for Statutory Auditors.

Justification of our assessments – Key audit matters

In accordance with the provisions of Articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the key audit matters relating to the risks of material misstatement that, in our professional judgement, were most significant in the audit of the consolidated financial statements, as well as how our audit addressed such risks.

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 as expressed above. We do not express an opinion on specific items of the consolidated financial statements.

Measurement of the recoverable amount of goodwill

Description of risk

As part of its business development, the Group carried out targeted external growth transactions and recognised goodwill from two acquisitions, one from the acquisition of the Materiel.net group and the other from the recent acquisition of the OLYS group. Goodwill corresponds to the difference between the acquisition price and the fair value of the net assets and liabilities of the acquired entities on the acquisition date.

The carrying amount of goodwill in the consolidated balance sheet was €33.6 million at 31 March 2018, or an aggregate 13% of the total assets. Goodwill from the OLYS acquisition (€13.9 million at 31 March 2018) is not yet definitive as the transaction occurred less than 12 months ago.

Goodwill is tested for impairment whenever there are indications of impairment and otherwise at least once a year. For impairment testing purposes, goodwill is allocated to cash generating units (CGUs) such as those described in Note 3.2 to the consolidated financial statements.

An impairment loss is recognised if the recoverable amount of a given item falls below its carrying amount.

The recoverable amount of an asset corresponds to the higher of its fair value less costs to sell and the value in use of the CGU. Value in use of a CGU is based on discounted projected future cash flows. Consequently, the impairment test results are sensitive to the assumptions used, in particular those related to the calculation of the discount rate applied to estimated future cash flows and those related to future changes in revenue volume and value.

We deemed the measurement of the recoverable amount of goodwill to be a key audit matter given the materiality of the goodwill in the consolidated balance sheet and the high degree of judgement required of management to determine the assumptions used to carry out the impairment tests.

How our audit addressed this risk

Our work consisted primarily in:

- examining the methodology used by Groupe LDLC and assessing its compliance with the applicable accounting standards, in particular the methods used by management to define the CGUs;
- verifying the consistency of the data used for impairment tests with that used for the medium-term business plans drawn up by management;
- corroborating the reasonableness of the key assumptions used by management to discount the estimated future net cash flows (such as the discount rate and the long-term growth rate) with reference to external market data and keeping in mind the economic and financial context for each CGU;
- assessing, primarily through interviews with management, the consistency of the future cash flow projections of the CGUs by comparing them to past performance and our knowledge of the businesses;
- assessing the sensitivity analysis, calculated by management, of the value of different assets to changes in the main assumptions used.

We also examined the appropriateness of the disclosures provided in Note 3.2 to the consolidated financial statements.

Measurement of inventories

Description of risk

The goods inventories included in the balance sheet at 31 March 2018, for a net amount of €82.2 million, represented 33% of the total balance sheet. As described in Note 2.2.11 to the consolidated financial statements, they were measured at the lower of cost and net realisable value.

The net realisable value of an asset is its estimated selling price in an orderly transaction, net of costs yet to be incurred for the completion of the sale.

Groupe LDLC may recognise an impairment loss against inventories based on their projected turnover, if they are partially or completely obsolete or if the selling price has decreased.

The market for IT equipment is sensitive to changes in technology and price fluctuations. There is therefore a risk that the net realisable value of certain goods may be less than their cost, and consequently a risk of over-evaluated inventory; in addition, estimating the future turnover of goods requires judgement. Accordingly, we deemed the measurement of inventories to be a key audit matter.

How our audit addressed this risk

Our work consisted primarily in:

- assessing the consistency of the data and the reasonableness of the assumptions used by management to determine the net realisable value by comparing them to past transactions (turnover times for purchases and sales, selling prices) and estimated turnover projections;
- using sampling techniques to compare the cost of items in inventory with their market selling price, and using database queries to identify items with slow turnover times and verify that they have been correctly measured at their net realisable value when it is less than their unit cost.

Verification of the information pertaining to the Group presented in the management report

As required by law and in accordance with professional standards applicable in France, we have also verified the information pertaining to the Group presented in the management report prepared by the Management Board.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Disclosures resulting from other legal and regulatory requirements

Appointment of Statutory Auditors

We were appointed Statutory Auditors of Groupe LDLC by the Annual General Meeting held on 28 September 2012 for Cap Office and on 28 May 2001 for PricewaterhouseCoopers Services France.

At 31 March 2018, Cap Office was in the sixth consecutive year of its engagement and PricewaterhouseCoopers Services France was in the seventeenth consecutive year of its engagement, including fourteen years since the Company’s shares were admitted to trading on a regulated market.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for preparing consolidated financial statements presenting a true and fair view in accordance with IFRS as adopted in the European Union, as well as for implementing the internal control procedures it deems necessary for the preparation of consolidated financial statements free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the company’s ability to continue as a going concern, for disclosing any matters relating to its ability to continue as a going concern and for adopting the going concern basis of accounting, unless it intends to liquidate the company or cease its operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The consolidated financial statements were approved by the Management Board.

Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements taken as a whole are free of material misstatement. Reasonable assurance corresponds to a high level of assurance, but does not guarantee that an audit carried out in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In accordance with the provisions of Article L.823-10-1 of the French Commercial Code, our audit of the financial statements does not constitute a guarantee of the longer-term viability or quality of the company’s management.

As part of an audit performed in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgement throughout the audit.

They also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the consolidated financial statements;
- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. This assessment is made on the basis of audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the entity to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in their audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the consolidated financial statements and assess whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. The Statutory Auditors are responsible for directing, supervising and performing the audit of the consolidated financial statements as well as for the opinion expressed thereon.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit programme implemented, as well as the results of our audit. We also bring to its attention any material weaknesses that we have identified in internal control procedures relating to the preparation and processing of financial and accounting information.

Our report to the Audit Committee includes the risks of material misstatement that in our professional judgement, were of most significance in the audit of the consolidated financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No 537-2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Lyon, 14 June 2018

The Statutory Auditors

PricewaterhouseCoopers Services France	Cap Office
Nicolas Brunetaud	Christophe Reymond

20.3. PROFORMA FINANCIAL INFORMATION

None.

20.4. GROUPE LDLC COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1. Groupe LDLC Company financial statements

1.1. BALANCE SHEET

Balance sheet - Assets		31 March	
(€000 unless otherwise stated)	Note	2018	2017
Net intangible assets	(2.3.1)	3,930	414
Net property, plant and equipment	(2.3.2)	4,643	2,565
Net financial assets	(2.3.3)	62,156	46,577
Non-current assets		**70,728**	**49,556**
Inventories and work-in-progress	(2.3.4)	56,870	55,905
Trade receivables	(2.3.5)	16,626	15,923
Other receivables	(2.3.6)	18,171	14,157
Cash and cash equivalents	(2.3.7)	27,915	8,099
Current assets		**119,582**	**94,085**
Accrued income and prepaid expenses	(2.3.8)	4,292	4,929
Total assets		**194,602**	**148,570**

Balance sheet - Equity & liabilities		31 March	
(€000 unless otherwise stated)	Note	2018	2017
Share capital	(1.3)	1,138	1,138
Additional paid-in capital	(1.3)	21,053	21,053
Legal reserve	(1.3)	114	114
Other reserves	(1.3)	28,348	21,934
Retained earnings	(1.3)	480	480
Net income for the year	(1.3)	4,081	6,414
Regulated provisions		246	117
Total shareholders' equity		**55,459**	**51,249**
Provisions for risks and contingencies	(2.3.9)	3,900	2,330
Borrowings	(2.3.10)	55,084	42,123
Trade payables	(2.3.11)	63,811	38,720
Tax and social security liabilities	(2.3.12)	9,106	8,390
Other payables	(2.3.13)	5,617	3,447
Accrued expenses and deferred income	(2.3.14)	1,624	2,313
Total equity and liabilities		**194,602**	**148,570**

1.2. INCOME STATEMENT

Income statement (€000 unless otherwise stated)	Note	FY ended 31 March 2018	2017
Sales of goods	(2.3.18)	430,202	328,414
Sales of services	(2.3.18)	17,002	18,496
Purchase of goods		(390,971)	(292,050)
Gross margin		**56,233**	**54,861**
Other income		2,882	289
Other purchases and external costs		(21,789)	(19,029)
Miscellaneous taxes		(2,155)	(1,802)
Staff costs	(2.3.20)	(25,036)	(19,654)
Net depreciation, amortisation and provisions	(2.3.21)	(1,394)	(2,345)
Other expenses		(2,942)	(1,209)
EBIT		**5,799**	**11,111**
Financial income	(2.3.22)	598	736
Financial expenses	(2.3.22)	(645)	(1,225)
Net financial income/(expense)		**(47)**	**(488)**
Earnings before tax and non-recurring items		**5,753**	**10,622**
Non-recurring income/(expense)	**(2.3.23)**	**(1,420)**	**(787)**
Employee profit-sharing			(653)
Income tax	(2.3.24)	(252)	(2,768)
Net income		**4,081**	**6,414**

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 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**
Appropriation of previous year's earnings					6,414			(6,414)	
Dividends allotted/ FY ended 31/03/2017									0
Accelerated depreciation/ amortisation							129		129
2017/2018 net income								4,081	4,081
Shareholders' equity at 31 March 2018	**1,138**	**21,053**	**114**	**0**	**28,348**	**480**	**246**	**4,081**	**55,459**

Shareholder breakdown at 31 March 2018

At 31 March 2018, 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 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**
New shares			
Treasury shares purchased/(sold)		531	25,186
Bonus shares granted		(40,231)	(40,231)
Total at 31 March 2018	**6,322,106**	**120,943**	**118,643**

2. Notes to the 2017/2018 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 2017 to 31 March 2018, which have been approved by the Company's Management Board.

2.1. HIGHLIGHTS OF THE YEAR

On 1 September 2017, Groupe LDLC and its subsidiaries (excluding Materiel.net) relocated their head office to Limonest.

A tax audit was carried out on Groupe LDLC's 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 concerned the French corporate real estate contribution (*cotisation foncière des entreprises* or CFE) and property tax (*taxe foncière*). Despite the arguments put forward in its defence, the Company's claims were rejected. Accordingly, the €1,238,000 charge paid by Groupe LDLC was recognised under non-recurring expenses in the 2017/2018 financial statements (see Note 2.3.23).

On 25 January 2018, Groupe LDLC purchased the entire share capital of OLYS and Synopsis. The total value of the OLYS shares is €15,347,000, including €347,000 in acquisition costs and €10,000 worth of Synopsis shares (see Note 2.3.3). On 26 January 2018, Synopsis was sold back to OLYS for the same purchase price of €10,000.

Groupe LDLC took out two loans amounting to €10 million and €5.3 million in order to finance the aforementioned acquisitions.

Since March 2017, goods purchasing by Group companies has been pooled by Groupe LDLC, giving rise to the signing of master agreements with suppliers. The main accounting items affected are:

- Other receivables
- Other payables, including credits to be issued amounting to €2.1 million
- Goods purchases
- A €112 million increase in revenues
- Expense transfers mainly consist of intercompany chargebacks of transport costs amounting to €0.8 million.

In March 2018, Groupe LDLC created LDLC7, LDLC8, LDLC9, LDLC10, LDLC11, LDLC12 and LDLC13, wholly-owned subsidiaries whose primary activity is the retail of all kinds of IT hardware and software, multimedia and digital products.

On 29 March 2018, Groupe LDLC created its first overseas subsidiary, Groupe LDLC España, based in Madrid, Spain, and wholly owned by Groupe LDLC. The company's business comprises the direct and franchise sale of all kinds of IT hardware and software, electronic equipment and all related services.

2.2. ACCOUNTING POLICIES

The financial statements are prepared in accordance with the French chart of accounts ("*plan comptable général*") as set out in French accounting standards board (*Autorité des Normes Comptables* or ANC) regulation no 2014-03 of 5 June 2014 as approved by 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, leasehold rights and IT project development costs.

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	3 years
Other intangible assets	5-8 years

2.2.2. Research and development costs

Research and development costs are recognised under non-current assets or expenses for the period in which they are incurred, depending on whether the related project qualifies for recognition as an asset.

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.

The following amortisation periods are applied:

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

First-time application of ANC regulation 2015-05 on financial futures and hedging transactions applicable to financial years beginning on or after 1 January 2017 led to the transfer of currency gains and losses on commercial transactions from financial income and expense to operating income and expenses (EBIT).

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. Related-party transactions

Transactions with related-parties are entered into under arm's length terms and are therefore not concerned by ANC regulations no 2010-02 and 2010-03.

2.2.12. Post balance sheet events

The merger of Domisys into Groupe LDLC is planned for the first half of 2018/2019.

To the Company's knowledge, no event likely to have a material impact on the Company financial statements has occurred since 31 March 2018.

2.3. ADDITIONAL BALANCE SHEET AND INCOME STATEMENT INFORMATION

2.3.1. Intangible assets

Intangible assets break down as follows:

Gross values	31/03/2017	Acquisitions	Reclassification	Disposals/ retirement	31/03/2018
Software and other intangible assets	855	462			1,317
Intangible assets in progress		3,231			3,231
Total	**855**	**3,693**	**0**	**0**	**4,548**

Intangible assets mainly consist of software, leasehold rights and IT project development costs.

The increase in intangible assets mainly arose from new leasehold rights acquired (€300,000) and in-house IT project developments recorded under intangible assets in progress (€3,231,000).

The capitalised production account corresponding to the capitalisation of IT project expenses is presented under "Other purchases and external costs" on the income statement.

Depreciation, amortisation and impairment	31/03/2017	Charges	Write-backs	31/03/2018
Software and other intangible assets	441	177		618
Total	**441**	**177**	**0**	**618**

2.3.2. Property, plant and equipment

Property, plant and equipment break down as follows:

Gross values	31/03/2017	Acquisi-tions	Reclassifi-cation	Disposals/ retirement	31/03/2018
Fixtures and fittings	6,225	1,008		602	6,631
Equipment	1,639	181			1,820
Office equipment and furniture	2,183	921	34	438	2,700
PP&E in progress	34	906	(34)		906
Total	**10,081**	**3,016**	**0**	**1,040**	**12,058**

Depreciation and provisions	31/03/2017	Charges	Write-backs	31/03/2018
Fixtures and fittings	4,547	520	602	4,465
Equipment	1,437	45		1,482
Office equipment and furniture	1,533	373	438	1,468
Total	**7,517**	**938**	**1,040**	**7,415**

Acquisitions of property, plant and equipment mainly relate to the furnishing of the new Groupe LDLC head office (€1,497,000) and the new premises at Gennevilliers (€348,000).

Disposals mainly relate to the relocation of the head office (€971,000).

Property, plant and equipment in progress at 31 March 2018 mainly comprises research and development projects (€694,000).

The capitalised production account corresponding to the capitalisation of research and development project expenses is presented under "Other purchases and external costs" on the income statement.

2.3.3. Financial assets

Financial assets break down as follows:

	31/03/2017 gross value	Acqui-sitions	Reclas-sifica-tion	Dispo-sals	31/03/2018 gross value	Impair-ment	31/03/2018 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
LDLC Lille V2 shares	2				2		2
LDLC Event shares	21				21		21
CAMPUS 2017 shares	2				2		2
LDLC Lyon 7 shares	30				30		30
LDLC5 shares	30				30		30
ADB Limonest 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
OLYS shares		15,347			15,347		15,347
LDLC7 shares		30			30		30
LDLC8 shares		30			30		30
LDLC9 shares		30			30		30
LDLC10 shares		30			30		30
LDLC11 shares		30			30		30
LDLC12 shares		30			30		30
LDLC13 shares		30			30		30
Groupe LDLC España shares		50			50		50
Treasury shares	510	2,246		(2,718)	38		38
Deposits and guarantees	610	178			788		788
Loan holdback		265			265		265
Total gross	**46,585**	**18,297**	**0**	**(2,718)**	**62,164**	**(8)**	**62,156**

On 25 January 2018, Groupe LDLC purchased the entire share capital of OLYS and Synopsis. The acquisitions were made at a price of €15,347,000 for OLYS, including €347,000 acquisition costs and €10,000 for Synopsis.

On 26 January 2018, Groupe LDLC sold the entire share capital of Synopsis back to OLYS at a price of €10,000.

In March 2018, Groupe LDLC created LDLC7, LDLC8, LDLC9, LDLC10, LDLC11, LDLC12, LDLC13 and Groupe LDLC España, all wholly owned subsidiaries.

In order to acquire OLYS, Groupe LDLC took out a loan subject to a €265,000 cash collateral holdback.

As at 31 March 2018, Groupe LDLC held 2,300 treasury shares with a market value of €38,000.

2.3.4. Inventories and work-in-progress

Inventories and work-in-progress break down as follows:

	01/04/2017 - 31/03/2018			01/04/2016 - 31/03/2017		
	Gross value	Impairment	Net value	Gross value	Impairment	Net value
Total goods inventories	**58,174**	**1,304**	**56,870**	**57,001**	**1,095**	**55,905**

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:

	01/04/2017 - 31/03/2018			01/04/2016 - 31/03/2017		
	Gross	Imp.	Net	Gross	Imp.	Net
Trade receivables	16,958	332	16,626	16,194	271	15,923
Total	**16,958**	**332**	**16,626**	**16,194**	**271**	**15,923**

All trade receivables are due in less than one year.

2.3.6. Other receivables

Other receivables break down as follows:

	01/04/2017 - 31/03/2018			01/04/2016 - 31/03/2017
	Gross	Imp.	Net	Net
Advances and down payments	506		506	443
Supplier credits receivable	3,510		3,510	2,213
Government (income tax, VAT and other income receivables)	3,625		3,625	3,779
Government - income receivables	341		341	173
Accrued income receivable	1,886		1,886	180
Eurofactor current account and retainer	1,614		1,614	1,110
Current account - subsidiaries	6,686	0	6,686	5,019
Other	3		3	1,241
Total	**18,171**	**0**	**18,171**	**14,157**

All other receivables are due in less than one year.

Other receivables include €1,614,000 relating to the Eurofactor current account and retainer.

As a reminder, in March 2017 Groupe LDLC signed a new non-recourse factoring agreement with Eurofactor.

The sharp increase in "supplier credits receivable" is mainly due to the establishment of Group-wide master agreements for goods suppliers (see Note 2.1).

"Current account - subsidiaries" mainly concerns current accounts of Anikop (€1,230,000), CAMPUS 2017 (€2,594,000), DLP Connect (€605,000) and LDLC Bordeaux (€719,000).

The sharp increase in "accrued income receivable" is mainly due to chargebacks under bonus share plans for employees of Groupe LDLC subsidiaries (€1,638,000).

The sharp fall in "Other receivables" is mainly due to the termination of the proceedings between Groupe LDLC and the French tax authority following a tax audit (€1,238,000) (see Note 2.1).

2.3.7. Cash and cash equivalents

Cash and cash equivalents break down as follows:

	01/04/2017 - 31/03/2018			01/04/2016 - 31/03/2017		
Values	**Gross**	**Prov.**	**Net**	**Gross**	**Prov.**	**Net**
Cash	**26,916**	**0**	**26,916**	**7,317**	**0**	**7,317**
Short-term investments	**999**	**0**	**999**	**782**	**0**	**782**
Total	**27,915**	**0**	**27,915**	**8,099**	**0**	**8,099**

Short-term investments consist solely of 118,643 Groupe LDLC treasury shares, compared to 133,668 shares the previous year.

2.3.8. Accrued income and prepaid expenses

	01/04/2017 - 31/03/2018	01/04/2016 - 31/03/2017
Invoices for goods delivered after the closing date	2,588	3,247
Prepaid expenses/property rent and rental charges	660	736
Sundry prepaid operating expenses	1,022	938
Sundry prepaid financial expenses	0	0
Total accrued income and prepaid expenses	**4,269**	**4,922**
Unrealised foreign currency losses	23	7
Total	**4,292**	**4,929**

2.3.9. Provisions for risks and contingencies

Provisions for risks and contingencies break down as follows:

	01/04/2017 - 31/03/2018					01/04/2016 - 31/03/2017				
	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	150	126	(150)		126	107	150	(107)		150
Retirement benefits	1,323	266			1,589	992	330			1,323
Bonus share plans	548	1,797	(237)		2,109	479	228	(160)		548
Other provisions	15	34	(15)		34	15	15	(15)		15
Provisions rent/rental charges	295	0	(277)		18	0	295			295
Employee provisions	0	24			24					0
Total	**2,330**	**2,248**	**(678)**	**0**	**3,900**	**1,594**	**1,018**	**(282)**	**0**	**2,330**

As at 31 March 2018, 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 €126,000 was recognised to cover:
- probable customer service costs arising from sales of goods completed before 31 March 2018 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 2018 are as follows:

Assumptions used	At 31 March 2018	At 31 March 2017
Economic assumptions		
Executive salary growth rate	2.5%	3%
Non-executive salary growth rate	2.5%	2.5%
Discount rate based on iBoxx Corporates AA	1.37%	1.39%
Average remaining service	10-18 years	10-16 years
Demographic assumptions		
Retirement age	60-67 years	60-67 years
Mortality tables	Insee 2017	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 agreement: "Distance selling undertakings" - IDCC 2198.

Purchase vouchers

"Other provisions" includes a contingency provision for purchase vouchers issued during the year ended and not yet used by customers.

Relocation of head office

A €295,000 provision was recognised as at 31 March 2017 following the decision to relocate Groupe LDLC and its subsidiaries' head office (excluding Materiel.net group). This provision covered expenses relating to the departure from the former premises, from the date these premises were vacated until the expiry of the leases. A €277,000 write-back was recorded at 31 March 2018.

Bonus shares plans

There are a number of outstanding bonus share plans:

- 161,746 existing 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 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.
- 10,000 existing shares in Groupe LDLC were allotted on 29 June 2017, to be vested after a vesting period of 2-6 years and thereafter subject to a two-year lock-in period.
- 2,000 existing shares in Groupe LDLC were allotted on 13 November 2017, to be vested after a vesting period of 2 years and thereafter subject to a two-year lock-in period.
- 13,186 existing shares in Groupe LDLC and 56,814 shares Groupe LDLC planned to buy back on the market were allotted on 23 February 2018, to be vested after a vesting period of 2-4 years and thereafter subject to a one-year lock-in period.

This bonus share plan is subject to a condition of presence in the Company but is not subject to any performance criteria.

As at 31 March 2018, the contingency provision in respect of bonus share plans stood at €2,109,000. This provision is intended to cover (i) the probable outflow of resources for each of the 2014-2017 plan tranches, in accordance with the likelihood that the presence condition will be met and in proportion to services rendered, and (ii) expenses related to the June 2017, November 2017 and February 2018 plans, which are subject to chargeback agreements with the subsidiaries (see Note 2.3.17). The contra entry to this provision is recorded under staff costs.

The cost applied to non-existent shares is the share price at the closing date, i.e. €16.22.

Information on bonus share plans

Date granted	**24/06/2013**	**28/03/2014**	**09/07/2014**	**30/09/2016**	**29/06/2017**	**13/11/2017**	**23/02/2018**
Total number of bonus shares granted	11,494	137	161,746	1,500	10,000	2,000	70,000
Vesting date	23/06/2015	27/03/2016	29,558 shares on 08/07/2016 40,231 shares on 08/07/2017 40,231 shares on 08/07/2018 51,726 shares on 08/07/2019	30/09/2018	1,000 shares on 29/06/2019 1,000 shares on 29/06/2020 2,000 shares on 29/06/2021 3,000 shares on 29/06/2022 3,000 shares on 29/06/2023	13/11/2019	20,000 shares on 23/02/2020 25,000 shares on 23/02/2021 25,000 shares on 23/02/2022
Lock-in period	2 years	2 years	2 years	2 years	2 years	2 years	1 year

2.3.10. Borrowings

Borrowings break down as follows:

	01/04/2017 - 31/03/2018				01/04/2016 - 31/03/2017			
	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	51,289	6,297	42,872	2,120	36,253	3,648	29,319	3,286
Bank overdrafts	103	103	0	0	228	228	0	0
Trade rec. assigned to Eurofactor	0	0	0	0	0	0	0	0
Guarantee deposits received	0	0	0	0	0	0	0	0
Textorm current a/c	0	0	0	0	0	0	0	0
École LDLC current a/c	727	727	0	0	603	603	0	0
Domisys current a/c	0	0	0	0	2,540	2,540	0	0
Hardware current a/c	2,135	2,135	0	0	2,144	2,144	0	0
LDLC Distribution current a/c	150	150	0	0	354	354	0	0
Domimo 2 current a/c	488	488	0	0	0	0	0	0
OLYS current a/c	190	190	0	0	0	0	0	0
Total	**55,084**	**10,092**	**42,872**	**2,120**	**42,123**	**9,518**	**29,319**	**3,286**

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%
- Eonia + 1%

Overdraft authorisations granted to Groupe LDLC amount to €9.7 million as at 31 March 2018, 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 in accordance with the leverage ratio.

On 19 January 2018, Groupe LDLC took out two loans amounting to €10 million and €5.3 million to finance the acquisition of OLYS and Synopsis and related costs and fees.

A second amendment to the €10 million loan agreement dated 31 March 2016 was signed on 19 January 2018 in order to align the repayment period with the 2016 acquisition loan. The last instalment will fall due on 31 March 2023.

The terms of the €23 million loan apply in the same way as for the €10 million loan.

These €23 million and €10 million loans also include 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 revolving credit facility margin subject to annual revision in accordance with the leverage ratio. As at 31 March 2018, this facility had been fully drawn.

Swaps have been entered into to hedge the floating rates applicable to these 2016 and 2018 acquisition loans.

The amendment to the 2016 and 2018 acquisition loan agreements provides for compliance with a number of bank covenants (ratios, capex limits, etc.). Failure to comply with these covenants may under specific conditions trigger early repayment.

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 underlying EBIT).
- 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 bank covenants were in compliance as at 31 March 2018.

The €5.3 million loan is repayable over a 7-year term and subject to a fixed interest rate of 1.31% per annum with repayment deferred for 8 quarters. The first annual instalment is due on 30 April 2020 and the last on 31 January 2025.

Groupe LDLC also took out the following loans during the year:

- A new €1.5 million loan in April 2017 to finance expenditure relating to the new head office.
- Two new loans, each amounting to €1.5 million, taken out in January and March 2018 to finance Group expenditure.

2.3.11. Trade payables

Trade and related payables breaks down as follows:

	01/04/2017 - 31/03/2018	01/04/2016 - 31/03/2017
Trade payables	52,446	31,946
Supplier L/C & prom. notes payable	8,634	4,299
Supplier invoices not received	2,731	2,474
Total	**63,811**	**38,720**

All trade and related payables are due in less than one year.

The increase in "trade payables" is due to the extension of supplier payment terms, mainly following contract renegotiation.

2.3.12. Tax and social security liabilities

Tax and social security liabilities break down as follows:

	01/04/2017 - 31/03/2018	01/04/2016 - 31/03/2017
Payable to employees	3,399	3,677
Payable to social security organisations	1,881	1,666
Payable to the government (income tax, VAT, etc.)	3,826	3,047
Total	**9,106**	**8,390**

The increase in government payables mainly relates to VAT (€513,000).

All tax and social security liabilities are due in less than one year.

Groupe LDLC is currently undergoing a customs audit.

2.3.13. Other payables

Other payables break down as follows:

	01/04/2017 - 31/03/2018	01/04/2016 - 31/03/2017
Customer down payments received on orders	3,288	1,488
Other customer credit, discounts & rebates to be granted	2,323	1,958
Other	5	1
Total	**5,617**	**3,447**

The increase in this item is mainly due to the establishment of Group-wide master agreements for goods suppliers (see Note 2.1).

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 €1,620,000, including €1,100,000 relating to the restatement of shipments not delivered to the end client by the closing date.

2.3.15. Accrued expenses payable

	01/04/2017 - 31/03/2018	01/04/2016 - 31/03/2017
Bank loans and borrowings	18	11
Cash - accrued interest payable	103	123
Trade payables	2,731	2,474
Tax and social security liabilities	4,537	4,784
Other payables	121	133
Total	**7,511**	**7,525**

2.3.16. Research and development costs

Research and development costs incurred during the year were recognised under either expenses or non-current assets depending on the project. A €544,000 expense was recorded in respect of research and development costs. Project costs eligible for capitalisation totalled €694,000, recognised under non-current assets in progress.

2.3.17. Accrued income receivable

	01/04/2017 - 31/03/2018	01/04/2016 - 31/03/2017
Customer invoices to be issued	3,139	3,334
Other income receivable	1,886	180
Supplier receivables	3,246	2,101
Government - income receivables	341	173
Total	**8,612**	**5,789**

"Customer invoices to be issued" mainly concerns invoices to be issued to Domisys totalling €2,224,000. This corresponds to goods invoiced directly by suppliers to Groupe LDLC, ownership of which was transferred to Domisys.

The increase in "Other income receivable" is mainly due to chargebacks under bonus share plans for employees of Groupe LDLC subsidiaries (€1,638,000).

2.3.18. Breakdown of net revenues

	01/04/2017 - 31/03/2018			01/04/2016 - 31/03/2017		
	France	Export	Total	France	Export	Total
Sales of goods	382,427	47,775	430,202	280,799	47,615	328,414
Sales of services *	10,655	6,347	17,002	11,838	6,659	18,496
Total	**393,082**	**54,122**	**447,204**	**292,637**	**54,274**	**346,911**

** Sales of services mainly comprise shipping costs invoiced for goods sold.*

As stated in Note 2.1, €112 million of the increase in revenues came from sales made by Groupe LDLC to its subsidiary Domisys following the pooling of supplier procurement contracts.

2.3.19. Expense transfers

This item breaks down as follows:

	Mainly impacted income statement item	01/04/2017 - 31/03/2018	01/04/2016 - 31/03/2017
Transfer of goods expenses	Purchase of goods	268	202
Expense transfers related to transport cost chargebacks	Purchase of goods	825	383
Intercompany chargebacks	Other purchases and external costs	919	0
Transfer of employee charges	Other income	1,829	154
Transfer of insurance charges	Purchase of goods	50	89
Total		**3,892**	**829**

The sharp increase in intercompany chargebacks is mainly due to chargebacks to subsidiaries of amounts previously recognised under revenues and now recorded under expense transfers.

This item mainly consists of shipping costs invoiced by Groupe LDLC to its subsidiary Domisys following the signing of a Group-wide master agreement with a goods supplier (see Note 2.1).

The sharp increase in "Transfer of employee charges" is mainly due to chargebacks under bonus share plans for employees of Groupe LDLC subsidiaries (€1,638,000).

2.3.20. Staff costs and average headcount

	01/04/2017 - 31/03/2018	01/04/2016 - 31/03/2017
Wages and salaries	16,322	13,677
Social security contributions	8,713	5,977
Total	**25,036**	**19,654**
Average headcount *	514	475
Non-managerial staff	359	353
Managerial staff	126	91
Temporary workers	29	31

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 rate was 7% from 1 January to 31 December 2017 and has been 6% since 1 January 2018.

The CICE is recognised as a reduction in staff costs, as a €761,000 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

	01/04/2017 - 31/03/2018	01/04/2016 - 31/03/2017
Net depr./amort. of non-current assets	(1,116)	(1,217)
Net provisions for inventory impairment	(208)	(381)
Net provisions for impairment of trade rec.	(61)	(85)
Net provisions for warranties	23	(42)
Net provisions for retirement benefits	(266)	(330)
Net provisions for employee risks and contingencies	(24)	0
Other charges/write-backs	257	(289)
Total net depreciation, amortisation and provisions	**(1,394)**	**(2,345)**

"Other charges/write-backs" includes a €277,000 provision for charges relating to the departure from the former premises following the 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:

	01/04/2017 - 31/03/2018	01/04/2016 - 31/03/2017
Discounts received	338	422
Current account income	53	49
Currency gains	0	260
Financial provision write-backs	203	2
Other financial income	3	3
Total financial income	**598**	**736**
Financial depr./amort. and provision charges	0	218
Interest on borrowings	542	563
Current account expenses	26	47
Interest paid to banks	17	53
Financing commissions	22	2
Currency losses	38	342
Other financial expenses	0	0
Total financial expenses	**645**	**1,225**
Net financial income/(expense)	**(47)**	**(488)**

Financial write-backs relate to the provision covering the Textorm subsidiary current account.

As stated in Note 2.2.9, first-time application of ANC regulation 2015-05 on financial futures and hedging transactions applicable to financial years beginning on or after 1 January 2017 led to the transfer of currency gains and losses on commercial transactions from financial income and expense to operating income and expenses (EBIT).

Interest on borrowings for the year ended 31 March 2018 breaks down as follows (see Note 2.3.10):

- €304,000 cost of the €23 million loan used to partly finance the Materiel.net acquisition
- €74,000 cost of the €15.3 million loans used to finance the OLYS acquisition
- €131,000 cost of the revolving credit facility.

2.3.23. Non-recurring income/(expense)

This item breaks down as follows:

	01/04/2017 - 31/03/2018	01/04/2016 - 31/03/2017
Non-rec. income from fixed asset disposals	0	2
Non-rec. income from disposal of fin. assets	10	0
Gains on sale of treas. shares	21	44
Non-rec. write-backs on provisions	237	160
Other non-recurring income	2	1
Total non-recurring income	**270**	**206**
Non-rec. expenses on fixed asset disposals	0	13
Non-rec. exp. on disposal of fin. assets	10	0
Losses on sale of treas. shares	299	211
Accelerated depr./amort.	129	117
Other non-recurring expenses	1,251	653
Total non-recurring expenses	**1,690**	**993**
Non-recurring income/(expense)	**(1,420)**	**(787)**

Other non-recurring expenses include a €1,238,000 payment made to the French tax authority following a tax audit (see Note 2.1).

The €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, was recognised under other operating expenses for the year ended 31 March 2018, whereas in the previous year this grant was recognised under non-recurring expenses.

2.3.24. Income tax

Income tax is calculated as follows:

	01/04/2017 - 31/03/2018					
	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	5,799	(1,740)	(37)	166	604	4,793
Net financial income/(expense)	(47)	83				37
Non-recurring income/(expense)	(1,420)	454				(966)
Employee profit-sharing	0	218				218
Total	**4,333**	**(985)**	**(37)**	**166**	**604**	**4,081**

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.

	01/04/2017 - 31/03/2018	01/04/2016 - 31/03/2017
Customer warranty provision	126	150
Purchase voucher provision	12	7
Organic	163	127
Retirement benefit provision	266	330
Textorm equity investment provision	0	8
Textorm current account provision	0	203
Head office relocation provision	18	295
Total	**585**	**1,120**

2.3.26. Table - List of subsidiaries and equity interests

	Share capital	Equity other than share capital (including FY 2017/2018 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 2017/2018 revenues excl. VAT	FY 2017/2018 net income/(loss)	Dividends received by Company during the year
Subsidiaries held > 50%										
Anikop	30	(1,126)	80%	24	24	1,230		2,411	241	0
CAMPUS 2017	2	(610)	100%	2	2	2,594		949	(333)	0
DLP Connect	30	(297)	80%	24	24	605		1,991	29	0
Domimo 2	50	838	70%	1,892	1,892	(488)		1,333	282	0
Domimo 3	10	167	90%	223	223	15		89	30	0
Domisys	273	18,826	100%	37,684	37,684	284		133,288	2,219	0
Hardware.fr	20	2,305	100%	3,033	3,033	(2,135)		526	161	0
LDLC Distribution	100	(327)	100%	100	100	(150)		2,316	(219)	0
LDLC Event	30	(241)	70%	21	21	381		837	(299)	0
LDLC Villefranche	303	(221)	100%	303	303	130		2,015	(29)	0
LDLC Bordeaux	30	(281)	100%	30	30	719		1,657	(106)	0
LDLC Villeurbanne	30	42	100%	30	30	43		2,351	82	0
LDLC Lille V2	2	(151)	100%	2	2	346		83	(145)	0
École LDLC	500	142	100%	500	500	(727)		337	63	0
Textorm	8	6	100%	8	0	0		588	(17)	0
LDLC Lyon 7	30	(108)	100%	30	30	190		31	(105)	0
LDLC5	30	(8)	100%	30	30	0		0	(3)	0
ADB Limonest	30	(142)	100%	30	30	0		0	(138)	0
LDLC7	30	(3)	100%	30	30	0		0	(3)	0
LDLC8	30	(3)	100%	30	30	0		0	(3)	0
LDLC9	30	(3)	100%	30	30	0		0	(3)	0
LDLC10	30	(3)	100%	30	30	0		0	(3)	0
LDLC11	30	(3)	100%	30	30	0		0	(3)	0
LDLC12	30	(3)	100%	30	30	0		0	(3)	0
LDLC13	30	(3)	100%	30	30	0		0	(3)	0
OLYS*	954	1,280	100%	15,347	15,347	(190)		61,798	(26)	0
Groupe LDLC España**	50	0	100%	50	50	0		0	0	0
Subsidiaries held < 50%										
NLCL***	167	778	10%	1,500	1,500	150		1,886	(241)	0

** OLYS was acquired on 25 January 2018. The company's balance sheet date used to be 31 December but will be shifted to 31 March 2018 to coincide with the Groupe LDLC financial year. The financial data reported below for OLYS covers the 12-month period ending 31 December 2017.*
*** Groupe LDLC España was created on 28 March 2018 and launched operations on 1 April 2018. Its first financial year will end on 31 March 2019.*
**** The figures for NLCL apply to its last financial year ended 31 December 2017.*

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, LDLC Lille V2 and CAMPUS 2017 have been tax consolidated since 1 April 2016.

LDLC Lyon 7, LDLC5, ADB Limonest, Domisys, Domimo 2 and Domimo 3 have been tax consolidated since 1 April 2017.

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 €426,000 for the year ended 31 March 2018.

2.3.28. Compensation of corporate officers

	01/04/2017 - 31/03/2018	01/04/2016 - 31/03/2017
Management Board members	512	674
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 a €23 million loan.
- √ Pledge of shares in OLYS as security for a €10 million loan.
- √ In May 2016, Groupe LDLC entered into an interest rate swap intended to hedge interest rate risk related to the €23 million loan.
- √ In April 2018, Groupe LDLC entered into an interest rate swap intended to hedge interest rate risk related to the €10 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 Villemonble (93250).
- √ Groupe LDLC is acting as surety for LDLC Lille V2 for the amount of €39,000 to cover the commercial lease signed on 31 August 2017 between the lessor, SCI Immocrous, and LDLC Lille V2 (formerly LDLC3).

Commitments received

- √ BNP Paribas is acting as surety for Groupe LDLC to cover €400,000 in rental payments owed to SCI Blomet, represented by Mr Chancel, company director, for its Paris store.
- √ BNP Paribas has issued Groupe LDLC a €126,000 guarantee in favour of *Comunidad de Bienes* to cover rental payments for the Spanish subsidiary Groupe LDLC España's Barcelona store.

- √ Swiss Federal Tax Administration, Value Added Tax Division, CHF55,000 guarantee to secure payment of Swiss VAT owed by Groupe LDLC. Guarantee applicable for an indefinite term.
- √ Swiss Federal Customs Administration, CHF13,020 guarantee to secure payment of customs duties and customs VAT owed by Groupe LDLC. Guarantee applicable for an indefinite term.
- √ In January 2015, Groupe LDLC entered into a master agreement with Caisse d'Épargne regarding transactions in financial futures. There are no agreements currently in force.
- √ In January 2015, Groupe LDLC signed a master futures agreement with Crédit Agricole for purchasing USD. There are no agreements currently in force.

2.4. OTHER INFORMATION

Consolidation

Groupe LDLC, SIRET business registration number 403 554 181 00178, presents the consolidated financial statements for the Group of which it is the parent company. Groupe LDLC's registered office is located at 2 rue des Érables, 69760 Limonest, France.

20.5. STATUTORY AUDITORS' REPORT ON THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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 includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. 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,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of Groupe LDLC for the year ended 31 March 2018.

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 August 2017 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are described in the "Responsibilities of the Statutory Auditors relating to the audit of the financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules applicable to us for the period from 1 April 2017 to the date of our report and in particular we did not provide any non-audit services prohibited by Article 5(1) of Regulation (EU) No 537/2014 or the French Code of Ethics (*Code de déontologie*) for Statutory Auditors.

Emphasis of matter

Without qualifying our opinion, we draw your attention to the matter set out in Note 2.2.9 to the parent company financial statements, which describes the change of accounting policy as a result of the first-time application of Regulation 2015-05 of the ANC (France's national accounting standards body) of 2 July 2015 on forward financial instruments and hedging.

Justification of assessments – Key audit matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the financial statements.

Valuation and impairment of equity investments

Description of risk

As stated in Note 2.2.4 to the financial statements, equity investments are carried in the statement of financial position at cost (after statutory reassessment, where applicable), including ancillary expenses. At 31 March 2018, the carrying amount of equity investments recognised in the statement of financial position amounted to €62.2 million, representing 32% of total assets.

At the closing date, the Company measures its investments at their value at the balance sheet date. If this amount is lower than the carrying amount, an impairment loss is recognised for the difference.

The value at the balance sheet date is determined based on the Company's share in net assets, which may, if necessary, be reassessed according to the financial outlook based on each subsidiary's business model and economic environment.

Given the materiality of the investments and the inherent uncertainty in the components and assumptions used by management in measuring its equity investments, we considered this to be a key audit matter.

How our audit addressed this risk

In order to assess the reasonableness of the values at the balance sheet date of equity investments, based on the information provided to us, our audit work consisted mainly in evaluating the relevance of the measurement method used by management, verifying the underlying data and, depending on the investment:

For valuations based on historical data:
- Verifying that the equity values used were consistent with the financial statements of the entities for which an audit or analytical procedures were performed and that any remeasurements of equity were supported by documentary evidence.

For valuations based on forecast data:
- Obtaining the cash flow projections and assessing the consistency of the assumptions used by comparing them with past performances and the economic environment, in particular the method used to determine the discount rate and long-term growth rate.

Measurement of inventories

Description of risk

The goods inventories included in the balance sheet at 31 March 2018, for a net amount of €56.9 million, represented 29% of the total balance sheet. As described in Note 2.2.5 to the financial statements, they were measured at the lower of cost and net realisable value.

The net realisable value of an asset is its estimated selling price in an orderly transaction, net of selling costs.

Groupe LDLC may recognise an impairment loss against inventories based on their projected turnover, if they are partially or completely obsolete or if the selling price has decreased.

The market for IT equipment is sensitive to changes in technology and price fluctuations. There is therefore a risk that the net realisable value of certain goods may be less than their cost, and consequently a risk of over-evaluated inventory; in addition, estimating the future turnover of goods requires judgement. Accordingly, we deemed the measurement of inventories to be a key audit matter.

How our audit addressed this risk

Our work consisted primarily in:
- assessing the consistency of the data and the reasonableness of the assumptions used by management to determine the net realisable value by comparing them to past transactions (turnover times for purchases and sales, selling prices) and estimated turnover projections;
- using sampling techniques to compare the cost of items in inventory with their market selling price, and using database queries to identify items with slow turnover times and to verify that they have been correctly measured at their net realisable value when it is less than their unit cost.

Verification of the management report and of the other documents provided to the shareholders

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French law.

Information given in the management report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements

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 Executive Board and in the other documents provided to the shareholders with respect to the financial position and the financial statements.

Report on corporate governance

We attest that the Supervisory Board's report on corporate governance sets out the information required by Articles L.225-37-3 and L.225-37-4 of the French Commercial Code.

Concerning the information provided in accordance with the requirements of Article L.225-37-3 of the French Commercial Code relating to remuneration 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.

Concerning the information provided in accordance with the requirements of Article L.225-37-5 of the French Commercial Code relating to items that the Company deems liable to have an impact in the event of a public purchase or exchange offer, we verified the consistency of said information with the underlying documents provided to us. Based on this work, we have no matters to report with regard to this information.

Other 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.

Disclosures resulting from other legal and regulatory requirements

Appointment of Statutory Auditors

We were appointed Statutory Auditors of Groupe LDLC by the Annual General Meeting held on 28 September 2012 for Cap Office and on 28 May 2001 for PricewaterhouseCoopers Services France.

At 31 March 2018, Cap Office was in the sixth consecutive year of its engagement and PricewaterhouseCoopers Services France was in the seventeenth consecutive year of its engagement, including fourteen years since the Group's shares were admitted to trading on a regulated market.

Responsibilities of management and those charged with governance relating to the financial statements

Management is responsible for preparing financial statements presenting a true and fair view in accordance with French accounting principles, and for implementing the internal control procedures it deems necessary for the preparation of financial statements free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless it expects to liquidate the company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The financial statements were approved by the Management Board.

Responsibilities of the Statutory Auditors relating to the audit of the financial statements

Objective and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements taken as a whole are free of material misstatement. Reasonable assurance corresponds to a high level of assurance, but does not guarantee that an audit carried out in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In accordance with the provisions of Article L.823-10-1 of the French Commercial Code, our audit of the financial statements does not constitute a guarantee of the longer-term viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit. They also:

- identify and assess the risks of material misstatement of the entity's financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the financial statements;
- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. This assessment is based on audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the entity to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the financial statements and assess whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit programme implemented, as well as the results of our audit. We also bring to its attention any material weaknesses that we have identified in internal control procedures relating to the preparation and processing of financial and accounting information.

Our report to the Audit Committee includes the risks of material misstatement, that, in our professional judgement, were of most significance in the audit of the financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No 537-2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Lyon, 14 June 2018

The Statutory Auditors

PricewaterhouseCoopers Services France	Cap Office
Nicolas Brunetaud	Christophe Reymond

20.6. DATE OF LATEST FINANCIAL REPORTING

The date of the last financial reporting is 31 March 2018.

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 bis 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 March 2017	None	None	None
Financial year ended 31 March 2016	€3,161,053.00	€3,161,053.00	None
Financial year ended 31 March 2015	€2,586,318.30	€2,586,318.30	None

20.7.2. Dividend policy

The Company has no specific dividend policy in place.

However, under the loan agreement dated 31 March 2016 as amended on 16 May 2017 and 19 January 2018, the Company has undertaken to put to the shareholder vote only dividend, interim dividend, reserve or other distributions that fulfil certain conditions, including the condition that they do not exceed 40% of consolidated net income for the relevant financial year.

20.8. PROPOSED APPROPRIATION OF EARNINGS FOR THE YEAR ENDED 31 MARCH 2018

At its meeting held on 13 June 2018, the Company's Management Board, having noted that the profit for the year ended 31 March 2018 amounted to €4,080,948.36, unanimously resolved to propose to the General Meeting that said profit, plus the credit balance of the "Retained earnings" account, i.e. €479,657.04, be allocated in full to "Other reserves", which will increase from €28,348,461.29 to €32,909,066.69 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 €109,595 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 €37,737 (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 2017 and 2018, of outstanding trade receivables and payables by due date.

Financial year ended 31 March 2017

	Article D. 441-4 I. - 1°: Invoices received, overdue but not yet paid at the balance sheet date for the financial year						Article D. 441-4 I. - 2°: 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	505					10,668
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	830,802.31	2,137,357.73	740,161.80	201,720.56	239,723.21	3,318,963.30
Percentage of total purchases for the year *(note: incl. VAT)*	0.2%	2.1%	0.2%	0.1%	0.2%	2.5%						
Percentage of full-year revenues *(note: incl. VAT)*							0.2%	0.5%	0.2%	0.0%	0.1%	0.8%
(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											
(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: - ■ Statutory due date: 60 days						☐ Contractual due date: - ■ Statutory due date: 60 days					

Financial year ended 31 March 2018

	Article D. 441-4 I. - 1°: Invoices received, overdue but not yet paid at the balance sheet date for the financial year						Article D. 441-4 I. - 2°: 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	262					1,933	534					10,008
Total amount of invoices concerned *(note: incl. VAT)*	2,154,363.55	11,356,543.79	1,483,757.32	377,063.44	478,625.07	13,695,989.62	937,371.05	2,989,040.71	816,336.17	275,936.98	411,820.37	4,493,134.23
Percentage of total purchases for the year *(note: incl. VAT)*	0.5%	2.4%	0.3%	0.1%	0.1%	2.9%						
Percentage of full-year revenues *(note: incl. VAT)*							0.2%	0.6%	0.2%	0.1%	0.1%	0.9%
(B) Invoices excluded from (A) relating to payables and receivables under dispute or not recognised												
Number of invoices excluded	0						901					
Total amount of excluded invoices *(note: incl. VAT)*	0						446,033.44					
(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: - ■ Statutory due date: 60 days						☐ Contractual due date: - ■ Statutory due date: 60 days					

The trade receivables presented above include all receivables assigned to Eurofactor.

20.11. TABLE OF COMPANY RESULTS FOR THE PAST 5 YEARS

Closing date **Length of reporting period (months)**	**31/03/2018** **12**	**31/03/2017** **12**	**31/03/2016** **12**	**31/03/2015** **12**	**31/03/2014** **12**
Share capital at year-end					
Share capital	1,137,979	1,137,979	1,137,979	1,034,527	1,034,527
Number of shares					
Ordinary shares	6,322,106	6,322,106	6,322,106	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	447,204,138	346,910,614	316,984,835	283,013,423	252,418,222
Earnings before tax, profit-sharing, depr./amort. and provisions	5,416,465	12,352,878	16,489,421	11,102,082	10,694,319
Income tax	251,728	2,768,063	5,346,506	3,542,133	3,251,490
Employee profit-sharing	0	652,679	1,336,418	868,469	821,388
Depreciation, amortisation and provisions	1,083,789	2,517,780	1,268,453	808,834	1,352,512
Net income	4,080,948	6,414,356	8,538,044	5,882,646	5,268,929
Distributed earnings (1) (2)	0	0	3,161,053	2,586,318	2,586,318
Earnings per share					
EPS after tax and profit-sharing, before depr./amort. and provisions	0.82	1.41	1.55	1.16	1.15
EPS after tax, profit-sharing, depr./amort. and provisions	0.65	1.01	1.35	1.02	0.92
Dividend allotted (2)	0	0	0.50	0.45	0.45
Human resources					
Average headcount	485	444	443	422	367
Payroll expenses	16,322,354	13,676,995	13,410,429	12,453,584	10,590,291
Employment benefits paid (social security, welfare actions, etc.)	8,713,159	5,976,868	5,981,004	6,036,904	4,371,455

(1) Including dividends attached to treasury shares held as at the payment date.
(2) Subject to the approval of the Annual General Meeting on 28 September 2018.

20.12. JUDICIAL AND ARBITRATION PROCEEDINGS

The Group is currently unaware of any pending government, judicial or arbitration proceedings liable to have a material adverse impact on the Group's financial position or profitability or any such proceedings that have had such an impact over the last 12 months.

As mentioned earlier, a tax audit was carried out on the Company's 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 concerned the French corporate real estate contribution (cotisation foncière des entreprises or CFE) and property tax (taxe foncière). Despite the arguments put forward in its defence, the Company's claims were rejected. The €1,238,000 payment made by the Company was recognised under other operating expenses for the 2017/2018 financial year (see Note 2.1 to the consolidated and Company financial statements).

20.13. MATERIAL CHANGE IN FINANCIAL OR COMMERCIAL POSITION

The Company financial statements for the year ended 31 March 2018 were approved by the Management Board on 13 June 2018 and reviewed by the Supervisory Board on the same day.

No material change in the Group's financial or commercial position has occurred since this date. Nevertheless, we invite you to read Chapter 7 of this Registration Document regarding the Group's plans for restructuring.

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 2018.

The Company share is listed on Euronext Paris, compartment C.

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 29 September 2017 authorised the Management Board, with the option of further delegation in accordance with the law, to acquire or procure the acquisition of Company shares, in accordance with Articles L.225-209 et seq. of the French Commercial Code, for a period of 18 months from the date of the Meeting. The main terms of this authorisation are as follows:

Maximum number of shares that may be purchased: 10% of the share capital as adjusted in accordance with transactions affecting the share capital after the date of the General Meeting, 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) the number of shares held for subsequent tender as consideration or in exchange in relation to a merger, demerger or asset transfer shall not exceed 5% of the share capital as adjusted in accordance with transactions affecting the share capital after the date of the General Meeting.

Purposes of the share buyback plans:

- to guarantee the liquidity of the Company share pursuant to a liquidity contract entered into with an investment services provider in compliance with a Code of ethics approved by the French Financial Markets Authority (AMF) and with market practices authorised by the AMF or;
- to meet obligations arising from share option programmes, or other allocations of shares, to employees or to members of the administrative or management bodies of the Company or of an associate company; or
- to meet obligations arising from debt financial instruments that are exchangeable into equity instruments; or
- to hold shares and subsequently tender them as consideration or in exchange in relation to an acquisition, merger, demerger or asset transfer, in compliance with market practices authorised by the AMF; or
- to 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 2018:

Number of shares purchased during the year ended	96,580
Average share purchase price during the year ended	€23.26
Trading fees	None
Number of shares sold during the year	96,049
Average share sale price during the year ended	€23.15
Number of shares cancelled during the year ended	None
Number of shares used during the year ended (treasury shares awarded to Philippe Sauze under his bonus share plan [(1)])	40,231
Number of treasury shares registered in the Company's name at 31 March 2018 [(2)]	120,943
Treasury shares held at 31 March 2018 (% of share capital)	1.91%
Net book value of treasury shares at 31 March 2018 (purchase price value)	€1,036,446.29
Par value of treasury shares at 31 March 2018	€21,769.74
Market value of treasury shares at 31 March 2018 (share price of €16.22 at this date)	€1,961,695.46

(1) In accordance with Article L.225-197-4 of the French Commercial Code, every year the Ordinary General Meeting is informed of transactions carried out pursuant to Articles L.225-197-1 to L.225-197-3 of said Code via a special report, which is presented in Chapter 28 of this Registration Document.
(2) In accordance with AMF recommendation no. 2015-10, we hereby inform you that the administrative costs incurred for holding these shares amounted to €2,072.84 for 2017.

The breakdown of treasury shares by purpose at 31 March 2018 is as follows:

Purpose of buyback	**Number of shares**
To guarantee the liquidity of the Company share pursuant to a liquidity contract entered into with an investment services provider in compliance with a Code of ethics approved by the AMF and with market practices authorised by the AMF	2,300
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	118,643 (relates to allocations on 09/07/2014, 30/09/2016, 29/06/2017, 13/11/2017 and 23/02/2018) [(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	0
Total	**120,943**

(1) In accordance with Article L.225-197-4 of the French Commercial Code, every year the Ordinary General Meeting is informed of transactions carried out pursuant to Articles L.225-197-1 to L.225-197-3 of said Code via a special report, which is presented in Chapter 28 of this Registration Document.

In accordance with the authorisation granted by the Ordinary General Meeting on 29 September 2017, during the year ended 31 March 2018 all shares initially purchased in line with the market practice allowing treasury shares to be purchased for holding and subsequent tender in relation to merger/acquisition transactions (before the planned transaction was abandoned on 3 July 2016) were reassigned to the purpose of Meeting obligations arising from share option programmes, or other allocations of shares, to employees or to members of the administrative or management bodies of the Company or of an associate company (Article 5(2), Market Abuse Regulation (EU) no. 596/2014 of 16 April 2014 and European Commission Delegated Regulation (EU) 2016/1052).

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 vesting of the 160,924 bonus shares granted to Philippe Sauze (details of which are provided in Chapter 28) were amended. A description of these changes can be found in Chapter 19 of this Registration Document.

21.1.5. Authorised capital

Resolutions on issues approved by the General Meeting on 30 September 2016 are summarised in Section 16.7 “Supervisory Board report on corporate governance”.

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

On 31 March 2016, the Company’s share capital increased 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 no. 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 setting out 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 General 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 as at the registration date of this Registration Document:

Name of directly registered shareholder	Beneficiary	Start date of pledge	Expiry date of pledge	Condition for release of pledge	Number of issuer shares pledged	% of issuer share capital pledged
Laurent Villemonte de la Clergerie	Banque Rothschild Martin Maurel	28/03/2014	Indefinite	Repayment of short-term bank loans	28,030	0.44
Laurent Villemonte de la Clergerie	Banque Rothschild Martin Maurel	24/11/2017	Indefinite	Repayment of short-term bank loans	309,470	4.89
Laurent Villemonte de la Clergerie	Banque Palatine	09/06/2017	09/06/2037	Loan repayment	95,000	1.50
Laurent Villemonte de la Clergerie	Banque Palatine	06/03/2018	12/06/2037	Loan repayment	75,000	1.19
Olivier Villemonte de la Clergerie	Banque Palatine	12/12/2016	12/12/2031	Loan repayment	38,000	0.60
Caroline Villemonte de la Clergerie	Banque Rothschild 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 Rothschild Martin Maurel	18/06/2015	20/07/2023	Loan repayment	53,864	0.85
Marc Prieur	Banque Rothschild Martin Maurel	24/05/2018	20/07/2023	Loan repayment	30,000	0.47

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.

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 reappointed. 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 Supervisory Board shall determine their compensation, as appropriate.

4. The Supervisory 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 Supervisory Board may appoint another member as proxy to represent him/her at a Supervisory Board Meeting, via any written document, including any electronically signed document.

At least half of the members must be present for the Supervisory 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.

Supervisory 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 Supervisory 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 not be held in bearer form: only fully paid-up shares may be held in this form.

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 or, in the case of a legal entity, year of incorporation, postal address and, where applicable, email 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 shareholder and any 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.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 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 representative must provide proof of the proxy 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 said 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 duly executed reverse stock split.

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 duly executed reverse stock split.

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 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.

√ 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

We have listed below (i) material agreements to which the Company or any other Group member is party, other than those entered into during the normal course of business, and (ii) all other agreements to which the Company or any other Group member is party, other than those entered into during the normal course of business, whereunder any Group member assumes a material obligation or commitment with regard to the whole Group.

22.1. LOAN AGREEMENT DATED 31 MARCH 2016 AS AMENDED ON 16 MAY 2017 AND 19 JANUARY 2018

For the purposes of the Materiel.net acquisition (see Section 21.1.7 of this Registration Document), the Company entered into a loan agreement dated 31 March 2016, subsequently amended by amendment no.1 dated 16 May 2017 and amendment no. 2 dated 19 January 2018 in relation to the OLYS acquisition (see Section 7.3 of this Registration Document).

The main terms of this agreement are set out in Note 3.14 to the consolidated financial statements for the year ended 31 March 2018.

22.2. REAL ESTATE LEASE PURCHASE AGREEMENT DATED 30 NOVEMBER 2015

In order to increase the Group's capacity to accommodate its development ambitions, on 30 November 2015 CAMPUS 2017 (Group member), the Group's real estate subsidiary, entered into a lease purchase agreement regarding the new head office for part of the Group at 2 rue des Érables, Limonest (69760).

We would remind readers that on 29 June 2017, the Supervisory Board resolved to relocate the Company's head office from 18 Chemin des Cuers, CS40207, 69574 Dardilly cedex to 2 rue des Érables, CS21035, 69578 Limonest cedex as of 1 September 2017.

In accordance with Article L.225-65 of the French Commercial Code, the Ordinary General Meeting of 29 September 2017 ratified the move in its ninth resolution.

The main terms of the lease purchase agreement are set out in Note 3.14 to the consolidated financial statements for the year ended 31 March 2018.

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 may be obtained, free of charge, from the Company's registered office at 2 rue des Érables – CS 21035 – 69578 Limonest 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 by the AMF General Regulation, is also made available on the Group website at 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 explained in the methodological note, the information relates to the Group.

Given the nature of the Group's business, human resources issues are a key focus of its CSR policy. Accordingly, the Group has identified six priority objectives and strives to achieve them through specific and concrete measures.

- Ensure employee safety and well-being
- Attract and retain talent
- Develop employability
- Drive innovation by promoting diversity and social balance
- Get involved in the community and support entrepreneurship
- Reduce the Group's carbon footprint

These objectives are described in detail in the following section in the order set out in French Decree no. 2012-557 dated 24 April 2012.

26.1. EMPLOYMENT

Human resources policy geared towards quality of life at work

As a fast-growing services and retail group, LDLC regards its employees as its greatest asset. The vast majority of the workforce (95.48%) are employed under permanent contracts, and most operations are insourced in order to maintain control over the entire chain. Furthermore, the digital sector and the challenges facing certain professions (developers, account managers, etc.) require an innovative human resources policy. Guided by a start-up mindset underpinned by innovation, Group policy aims to open the Company's doors to a variety of profiles and help employees develop their skills and build their careers, in order to attract talent, meet hiring requirements and retain employees.

Diversity of background and age is one of the Group's key success factors, as the wide range of experience and cultures encourages sharing and creativity. In order to foster such diversity, emphasis is placed on gender balance and disability. For example, workstations are adapted as required in order to accommodate disabled employees. In addition, in order to drive growth and geographical expansion, the Group encourages internal promotion, a factor that enhances mobility and motivation.

Operating in an ever-changing sector and aware of the importance of professional development for each employee, the Group is committed to training employees in order to develop their employability. The Group provides technical, management and language training in order to develop employees' potential and help them improve their skills and performance with regard to Group strategy. That said, a strategic workforce planning agreement has not yet been negotiated owing to the wide range of occupations represented in the Group.

The existence and regular renewal of staff agreements (equal opportunities, inter-generational agreement, Christmas bonus for logistics and store teams, etc.) are a clear sign of healthy industrial relations. Pay rises (2%), which are negotiated via the mandatory annual negotiation agreement (French NAO) and pegged to the market, also help bolster staff morale across the Group. Working hours are organised in accordance with the type of work involved, with fixed hours prevailing in the logistics facilities and stores and more flexible schedules for office jobs. Staff satisfaction is globally illustrated by the low levels of absenteeism (5.59%) and turnover among employees who have been at the Company for at least 5 years (2.80%).

These rates are also the result of the Group's commitment to quality of life at work on a number of different levels: respect and attentiveness to employee's opinions by management, thereby encouraging initiative, efforts to make the workplace more pleasant and comfortable, provision of rest areas, sports facilities and concierge services, etc.

Here too, in a challenged area of activity, the promotion of well-being at work helps foster employee loyalty and attract new potential and talent.

26.1.1. Total headcount and breakdown of employees by gender, age and region

As at 31 March 2018, the Group employed 775 people (excluding Caroline, Suzanne, Laurent, Marc and Olivier Villemonte de la Clergerie and Marc Prieur) 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, LDLC Lyon 7, LDLC Lille V2 and Domisys; these include 740 permanent employees, 17 on fixed-term contracts, 12 trainees under professional qualification contracts and 6 apprentices.

OLYS, acquired on 25 January 2018, is not included in these figures.

- **Breakdown of headcount by company (excluding corporate officers):**

Companies	Number of employees at 31/03/2018	Number of employees at 31/03/2017	Number of employees at 31/03/2016
Groupe LDLC total	503	444	440
Groupe LDLC Boutiques	41	39	43
Groupe LDLC Bureau	308	246	224
Groupe LDLC Logistique	146	158	173
Groupe LDLC Toulouse	1	1	0
Groupe LDLC Gennevilliers	7		
Anikop	23	23	19
Hardware.fr	2	2	1
DLP Connect	15	10	9
LDLC Distribution	15	12	9
École LDLC	5	4	6
LDLC Villefranche	5	5	5
LDLC Bordeaux	5	5	0
LDLC Villeurbanne	5	5	0
LDLC Event	2	2	0
LDLC Lyon 7	3	0	0
LDLC Lille V2	3	0	0
Domisys	189	186	205
Total	**775**	**698**	**694**

> Breakdown of Groupe LDLC employees by age (excluding corporate officers):

Age bracket	Number of employees	Percentage
<26	54	11%
26-35	219	44%
36-45	158	31%
46-55	60	12%
56-66	12	2%
>66	0	0%
Total	**503**	**100%**

> Breakdown of Anikop employees by age:

Age bracket	Number of employees	Percentage
<26	1	4%
26-35	4	17%
36-45	12	52%
46-55	6	26%
56-66	0	0%
Total	**23**	**100%**

> 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%
Total	**2**	**100%**

> Breakdown of DLP Connect employees by age:

Age bracket	Number of employees	Percentage
<26	3	20%
26-35	2	13%
36-45	5	33%
46-55	5	33%
56-66	0	0%
Total	**15**	**100%**

> Breakdown of LDLC Distribution employees by age:

Age bracket	Number of employees	Percentage
<26	2	13%
26-35	5	33%
36-45	7	47%
46-55	1	7%
56-66	0	0%
Total	**15**	**100%**

> Breakdown of École LDLC employees by age:

Age bracket	Number of employees	Percentage
<26	0	0%
26-35	2	40%
36-45	2	40%
46-55	1	20%
56-66	0	0%
Total	**5**	**100%**

> Breakdown of LDLC Villefranche employees by age:

Age bracket	Number of employees	Percentage
<26	0	0%
26-35	3	60%
36-45	2	40%
46-55	0	0%
56-66	0	0%
Total	**5**	**100%**

> Breakdown of LDLC Bordeaux employees by age:

Age bracket	Number of employees	Percentage
<26	0	0%
26-35	3	60%
36-45	2	40%
46-55	0	0%
56-66	0	0%
Total	**5**	**100%**

> Breakdown of LDLC Villeurbanne employees by age:

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%
Total	**5**	**100%**

> 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%
Total	**2**	**100%**

> Breakdown of LDLC Lyon 7 employees by age:

Age bracket	Number of employees	Percentage
<26	1	33%
26-35	1	33%
36-45	1	33%
46-55	0	0%
56-66	0	0%
Total	**3**	**100%**

> Breakdown of LDLC Lille V2 employees by age:

Age bracket	Number of employees	Percentage
<26	0	0%
26-35	1	33%
36-45	2	67%
46-55	0	0%
56-66	0	0%
Total	**3**	**100%**

> Breakdown of Domisys employees by age:

Age bracket	Number of employees	Percentage
<26	14	7%
26-35	84	45%
36-45	75	40%
46-55	14	7%
56-66	2	1%
Total	**189**	**100%**

> Breakdown of Groupe LDLC employees by gender (excluding corporate officers):

Gender	Total	Percentage
F	177	35%
M	326	65%
Total	**503**	**100%**

> Breakdown of Anikop employees by gender:

Gender	Total	Percentage
F	8	35%
M	15	65%
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	15	100%
Total	**15**	**100%**

> Breakdown of LDLC Distribution employees by gender:

Gender	Total	Percentage
F	6	40%
M	9	60%
Total	**15**	**100%**

> Breakdown of École LDLC employees by gender:

Gender	Total	Percentage
F	2	40%
M	3	60%
Total	**5**	**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 LDLC Lyon 7 employees by gender:

Gender	Total	Percentage
F	1	33%
M	2	67%
Total	**3**	**100%**

> Breakdown of LDLC Lille V2 employees by gender:

Gender	Total	Percentage
F	0	0%
M	3	100%
Total	**3**	**100%**

> Breakdown of Domisys employees by gender:

Gender	Total	Percentage
F	46	24%
M	143	76%
Total	**189**	**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 01/04/2017 to 31/03/2018: 128

Departures from 01/04/2017 to 31/03/2018: 79

- 12 expired fixed-term contracts
- 1 fixed-term contract terminated at the employer's initiative
- 30 voluntary departures
- 12 terminations of trial period, including 3 instigated by the employee and 9 by the employer
- 14 terminations by mutual agreement
- 7 dismissals, including 2 employees deemed incompetent for non-professional reasons, 1 for professional reasons, 2 for gross negligence and 2 for other reasons
- 2 voluntary retirements
- 1 death

Anikop:

Hires from 01/04/2017 to 31/03/2018: 6
Departures from 01/04/2017 to 31/03/2018: 6

- 2 terminations of trial period instigated by the employer
- 1 voluntary departure
- 3 terminations by mutual agreement

Hardware:

Hires from 01/04/2017 to 31/03/2018: 1 freelance contributor
Departures from 01/04/2017 to 31/03/2018: 1 freelance contributor

- 1 expired fixed-term contract

DLP Connect:

Hires from 01/04/2017 to 31/03/2018: 4
Departures from 01/04/2017 to 31/03/2018: 2

- 1 termination by mutual agreement
- 1 termination of trial period instigated by the employer

LDLC Distribution:

Hires from 01/04/2017 to 31/03/2018: 4
Departures from 01/04/2017 to 31/03/2018: 1

- 1 termination by mutual agreement

École LDLC:

Hires from 01/04/2017 to 31/03/2018: 1
Departures from 01/04/2017 to 31/03/2018: 0

LDLC Villefranche:

Hires from 01/04/2017 to 31/03/2018: 3
Departures from 01/04/2017 to 31/03/2018: 3

- 1 voluntary departure (transfer to another subsidiary)
- 1 dismissal for other reasons
- 1 termination of fixed-term contract by mutual agreement

LDLC Bordeaux:

Hires from 01/04/2017 to 31/03/2018: 1
Departures from 01/04/2017 to 31/03/2018: 1

- 1 termination by mutual agreement

LDLC Villeurbanne:

Hires from 01/04/2017 to 31/03/2018: 2
Departures from 01/04/2017 to 31/03/2018: 2

- 1 expired fixed-term contract
- 1 termination of trial period instigated by the employee

LDLC Event:

Hires from 01/04/2017 to 31/03/2018: 0
Departures from 01/04/2017 to 31/03/2018: 0

LDLC Lyon 7:

Hires from 01/04/2017 to 31/03/2018: 3
Departures from 01/04/2017 to 31/03/2018: 0

LDLC Lille V2:

Hires from 01/04/2017 to 31/03/2018: 3
Departures from 01/04/2017 to 31/03/2018: 0

Domisys:

Hires from 01/04/2017 to 31/03/2018: 53
Departures from 01/04/2017 to 31/03/2018: 49

- 9 expired fixed-term contracts
- 19 voluntary departures
- 7 terminations of trial period, including 5 instigated by the employer and 2 by the employee
- 9 terminations by mutual agreement
- 3 dismissals for gross negligence
- 2 early terminations of fixed-term contracts by mutual agreement

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 23 April 2018, and were implemented on 1 April 2018.

An average budget amounting to 2% of the payroll is allocated to raising basic fixed salaries.

The criteria for granting individual pay rises remains the responsibility of each department manager.

All LDLC Group managers receive a long-service bonus in return for their loyalty, subject to the same conditions as non-managers. The amounts of the gross monthly bonus are as follows:

- €30 > 3 years of service,
- €70 > 6 years of service,
- €120 > 9 years of service,
- €150 > 12 years of service,
- €180 > 15 years of service.

A "top-up" bonus has also been introduced to supplement the contractual annual bonus equal to 67% of 1/12 of annual compensation.

This will be paid on a three-year sliding scale so that, together with the contractual bonus, a 13th month bonus will be attained by 2020.

In order to streamline the overall LDLC Group compensation structure, stimulate long-term performance and foster cohesion and trust between teams, it was agreed that all variable bonuses would be reincorporated into the gross fixed salaries of the employees in question, except for sales personnel and store managers.

26.1.3.2. Group payroll charges

- Groupe LDLC gross annual payroll charge for the period from 01/04/2017 to 31/03/2018: €15,405,629.64.
- Anikop gross annual payroll charge for the period from 01/04/2017 to 31/03/2018: €899,940.23.
- Hardware gross annual payroll charge for the period from 01/04/2017 to 31/03/2018: €142,008.25.
- LDLC Distribution gross annual payroll charge for the period from 01/04/2017 to 31/03/2018: €627,003.88.
- École LDLC gross annual payroll charge for the period from 01/04/2017 to 31/03/2018: €194,050.01.
- DLP Connect gross annual payroll charge for the period from 01/04/2017 to 31/03/2018: €358,142.33.
- LDLC Villefranche gross annual payroll charge for the period from 01/04/2017 to 31/03/2018: €173,896.36.
- LDLC Bordeaux gross annual payroll charge for the period from 01/04/2017 to 31/03/2018: €136,794.02.
- LDLC Villeurbanne gross annual payroll charge for the period from 01/04/2017 to 31/03/2018: €150,599.17.

- LDLC Event gross annual payroll charge for the period from 01/04/2017 to 31/03/2018: €120,887.90.
- LDLC Lyon 7 gross annual payroll charge for the period from 22/01/2018 to 31/03/2018: €12,206.13.
- LDLC Lille V2 gross annual payroll charge for the period from 22/01/2018 to 31/03/2018: €15,732.39.
- Domisys gross annual payroll charge for the period from 01/04/2017 to 31/03/2018: €5,631,096.92.

26.1.3.3. Profit-sharing

Groupe LDLC

An employee profit-sharing agreement was signed on 18 March 2004 and is still in force.

The LDLC Group will not make a profit share payout for the 2017-2018 financial year.

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 2018. The gross amount of the Domisys profit-share for the year ended 31 March 2018 amounts to €239,330.31 (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 €47,866.07.

There are no profit-sharing schemes in place in the other subsidiaries.

26.2. WORK ORGANISATION

Working hours are organised in accordance with the type of work involved, with fixed hours prevailing in the logistics facilities and stores and more flexible schedules for office jobs. Staff satisfaction is globally illustrated by the low levels of absenteeism (5.59%) and turnover among employees who have been at the Company for at least 5 years (2.8%).

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 Limonest 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.

In 2017, a decision was taken not to introduce night-time work but to hire temporary workers to bolster the workforce.

117 people work in shift teams as at 31 March 2018, i.e. 23% of Groupe LDLC employees:

	Managers	Engineers/ supervisors	Employees	Total
2017/2018	0	17	100	117

Furthermore, in 2017 Groupe LDLC signed a unilateral decision regarding standby duty for IT Systems Department employees.

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 employee works in shift teams or in alternating hours.

26.2.2. Absenteeism

Planned absences such as paid holidays and parental leave are not included in absenteeism statistics.

The total rate of absenteeism at all LDLC Group sites over the period was 5.59%, including:
- 3.68% sick leave
- 0.86% industrial accidents
- 0.03% travel accidents
- 1.02% other (unpaid leave).

The total rate of absenteeism at Anikop over the period was 0.61%, including:
- 0.35% sick leave
- 0.26% other absences.

The total rate of absenteeism at Hardware.fr over the period was 0%.

The total rate of absenteeism at DLP Connect over the period was 4.49%, including:
- 4.23% sick leave
- 0.26% other absences.

The total rate of absenteeism at LDLC Distribution over the period was 1.37%, including:
- 1.29% sick leave
- 0.08% other absences.

The total rate of absenteeism at École LDLC over the period was 7.06%, including:
- 6.94% sick leave
- 0.12% other absences.

The total rate of absenteeism at LDLC Villefranche over the period was 0.75%, including:
- 0.59% sick leave
- 0.16% other absences.

The total rate of absenteeism at LDLC Bordeaux over the period was 0%.

The total rate of absenteeism at LDLC Villeurbanne over the period was 1.90%, including:
- 0.82% travel accidents
- 0.88% industrial accidents
- 0.20% other absences.

The total rate of absenteeism at LDLC Event over the period was 0%.

The total rate of absenteeism at LDLC Lyon 7 over the period was 0%.

The total rate of absenteeism at LDLC Lille V2 over the period was 0%.

The total rate of absenteeism at all Domisys sites over the period was 2.95%, including:
- 2.19% sick leave
- 0.10% industrial accidents
- 0.07% travel accidents
- 0.59% other absences.

26.3. INDUSTRIAL RELATIONS

The existence and regular renewal of staff agreements (equal opportunities, inter-generational agreement, Christmas bonus for logistics and store teams, etc.) are a clear sign of healthy industrial relations. Pay rises (2%), which are negotiated via the mandatory annual negotiation agreement (French NAO) and pegged to the market, also help to maintain high staff morale across the Group.

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 staff representatives, given the staff sharing arrangements applied. Anikop, however, held elections for staff representatives in June 2017 and officially recorded a lack of candidates.

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.

Christmas bonus agreements were signed on 24 November 2017, 26 October 2016 and 24 November 2011.

A unilateral decision regarding standby duty for IT Systems Department employees was signed on 1 February 2017.

A work-life balance agreement was signed on 23 April 2017.

No other agreements were signed in 2017.

Furthermore, in 2017 Group LDLC held staff elections to reappoint representatives (Works Council, staff representatives, and health, safety and working conditions committee members) whose terms of office were due to expire.

At all facilities (Limonest, Saint-Quentin-Fallavier, Paris and Lyon Vaise), the first round of elections was held from Tuesday 26 September 2017 to 29 September 2017 and the second round from 10 October 2017 to 13 October 2017.

Lyon Vaise held a by-election to replace the staff representative who left the Company in February 2018.

Works Council members and staff representatives hold separate monthly meetings attended by management or its representative.

The health, safety and working conditions committee holds quarterly meetings attended by management or its representative.

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 6 September 2017. A statement of vacant elective office was signed during the first round. The second round was held on 21 September 2017.

The single staff representative body (DUP) comprising staff representatives (DP) and members of the Works Council was reappointed. 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 1947 CCN, signed on 1 July 2014;
- Unilateral decision on healthcare costs dated 22 December 2017;
- 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;
  It was last updated on 28 December 2017;
- 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 8 June 2017;
- The quality of life at work agreement was signed on 24 April 2017.

The Group internal regulations and IT charter were reviewed and brought into compliance with recent legislation (GDPR, French Sapin II Act, etc.).

26.4. HEALTH AND SAFETY

26.4.1. Occupational health and safety conditions

Beyond occupational health and safety, the quest for quality of life

The LDLC Group's occupational health and safety policy seeks to ensure proper working conditions for all employees. The aim is continuous improvement in order to reduce the amount of arduous work, raise employee awareness and provide training to prevent exposure to risks.

The policy draws on a document known as the "single risk assessment document" (DUER), which identifies sensitive issues affecting each facility so that action plans can be drawn up in accordance with specific features and requirements identified. This document is revised once a year in consultation with the health, safety and working conditions committee.

Warehouse staff are provided with personal protective equipment (PPE) in order to prevent injuries. In addition, preventive measures are taken in order to limit the need to wear PPE. For example, a container ventilation system limits exposure to chemical risk when the container is opened for unpacking. As a result, the Group has not recorded a single occupational sickness to date.

As a further preventive measure, employees are trained in "physical behaviour at work". These sessions, which in 2017 replaced the "movements and postures" training provided by the HSE officer, are dispensed by a vocational training organisation specialising in movements, postures and human physiology. Employees can thus improve their understanding of the human body in addition to increasing their awareness. Initially introduced at the logistics facilities, the scheme will be extended to all employees in 2018-2019.

In 2017, a new milestone was reached with the launch of a global psychosocial risks assessment survey at one department in the Saint-Quentin-Fallavier facility. A questionnaire was drawn up and individual interviews were held with employees. In 2018 the survey will be carried out in the four departments of the logistics warehouse with a view to preparing a specific action plan. It is worth noting that employees at this facility have permanent access to a social consultant and psychological consultant, who may also be contacted by phone by head office workers.

Measures taken at the logistics facilities focus on reducing manual load handling by means of handling equipment such as high-lift electric pallet transporters. Electrically operated sit-stand workstations are currently being installed in one department each year. Accordingly, in late 2017 the decision was made to replace 23 workstations in the customer service department in 2018. The reinstallation of this department will also provide an opportunity to reconsider layout and goods movements in order to expand the working area and minimise handling operations.

In the stores, both handling (goods stocking) and workstation ergonomics (particularly at checkouts) are taken into consideration.

At head office, workstation ergonomics and layout are a core concern. Before the move to the Limonest Campus, the health, safety and working conditions committee audited all departments in order to ascertain employee expectations. All workstations have been refitted and one or two adjustable height workstations have been acquired for each department in order to make work more comfortable for taller or shorter employees. Seats have been replaced with swivel chairs with car-style bucket seat and a wide range of adjustment options (seating positions, back rests, head rest, etc.). In 2017, a survey of PC screens was carried out and will result in all small screens being replaced with at least 22” screens. In addition, a guidebook has been prepared explaining correct computer workstation posture, including examples of in-situ stretching exercises.

Reducing risk via muscle warm-up and massage

For several years now, the Group has implemented measures to prevent risks of workplace accidents caused by load transportation and handling, which have been identified as the two principal risk factors within the Group. These measures include the StiMCore method of muscle warm-up before occupying workstations at the Saint-Quentin-Fallavier warehouse. Six employees have been trained to coach daily sessions at 6.30 am. These 10-minute sessions are held during work hours and are open to anyone wishing to take part. In addition, free massages are provided by appointment by an osteopath at all logistics facilities and at head office. Since 2017, an additional seated massage service has been provided in the Limonest Campus rest room. Next year this service will be rolled out at other Group locations.

A pleasant and comfortable working environment

The new LDLC Group head office in Limonest is a campus designed to provide a state-of-the-art working environment in line with the Group’s start-up mindset. The Campus houses four buildings that maximise the use of natural light and offer views onto tree-lined grassy areas through extensive glass panelling. The leafy, dome-shaped central hub may be used as a venue for meetings or a relaxing break with colleagues. The Campus is fitted with special noise-absorbing ceiling panels, while the open plan customer relations area is equipped with U-shaped workstations to enhance sound insulation. Windows are double or triple glazed, with integrated blinds when exposed to sunlight.

Relaxation, sport, concierge service: a wealth of services provided to employees

A spacious canteen with pub-style decor is available for employees and LDLC School students in the Campus green dome. There is also a fitness centre (run by *The Corporate Gym*) which opens in the morning, at lunchtime and/or in the evening, depending on the day, available to employees for a modest monthly fee. Relaxation rooms are also available during break times and are fitted with games facilities such as foosball, table tennis tables and bowls. The Saint-Quentin-Fallavier site, where the staff premises were renovated in 2016, offers the same facilities for employee relaxation.

The Campus also has a concierge service (“*Ma Conciergerie*”) located in the office building. Open every morning, the service provides fresh bread, parcel reception services, emergency accessories, dry cleaning and other services, thus helping to improve quality of life and save time on a daily basis. A similar arrangement was set up at Saint-Quentin-Fallavier in January 2018.

The working environment: a key priority

The Group encourages informal meetings and friendly exchanges among and between teams, whose average age is relatively young (35.67 years). This helps to maintain a feeling of belonging, improve interpersonal relationships, raise awareness of each other’s work and foster a spirit of collaborative intelligence where management pays close attention to ideas put forward by employees. Accordingly, every Thursday evening, an after-work get-together is held at the Limonest head office and is regularly attended by Group Chairman Laurent de La Clergerie. This practice was introduced at Saint-Quentin-Fallavier in April 2018.

Many initiatives are organised at the instigation of LDLC Group employees, including an indoor football team, badminton and squash tournament, jogging and trail running. For example, the procurement, Anikop marketing, customer contact, accounts and Pro1 departments organised an interdepartmental football competition, known as the LDLC Challenge Cup, for which Anikop developed a specific application.

The IT Systems Department organised a hackathon in which the winner received his or her weight in coffee and sweets. In mid-May, the Works Council organised its traditional barbecue on the UFR Staps campus at La Doua (Villeurbanne), providing employees and their families an opportunity to socialise and take part in a range of activities.

The third national LDLC.com store network convention was held on 6 and 7 November. POS representatives, managers and key head office personnel met over two days to discuss, work and socialise together.

26.4.2. Overview of occupational health and safety agreements signed with trade unions or staff representatives

Two health and safety committees based at Limonest 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 staff representatives, given the staff sharing arrangements applied. Anikop, however, held elections for staff representatives in June 2017 and officially recorded a lack of candidates.

26.4.3. Industrial accidents, including frequency and severity thereof, and occupational sickness

Industrial accidents are closely monitored by the HSE 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	3	17	4
Saint-Quentin 2	Logistics platform annex	0	0	0
Dardilly	Registered office	2	2	8
Vaise	Store	0	0	0
Paris	Store	0	0	0
Anikop	Subsidiary	1	0	0
DLP Connect	Subsidiary	1	0	0
LDLC Distribution	Subsidiary	1	0	1
Hardware	Subsidiary	0	0	0
Villefranche	Subsidiary	0	0	0
Villeurbanne	Subsidiary	1	0	0
Bordeaux	Subsidiary	0	0	0
Event	Subsidiary	0	0	0
École LDLC	Subsidiary	0	0	0
Lyon 7	Subsidiary	0	0	0
Lille V2	Subsidiary	0	0	0
Domisys	Subsidiary	4	3	5

Frequency and severity rates:

	Groupe LDLC			
	Logistique	Bureau	Boutiques	Subsidiaries
Frequency rate (FR)	33.1	4	0	0
Severity rate (SR)	1.15	0.04	0	0

Occupational sickness: no occupational sickness reported.

26.5. TRAINING

Operating in an ever-changing sector and aware of the importance of professional development for each employee, the Group is committed to training employees in order to develop their employability. The Group provides technical, management and language training in order to develop employees' potential and help them improve their skills and performance with regard to Group strategy. That said, a strategic workforce planning agreement has not yet been negotiated owing to the wide range of occupations represented in the Group.

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)
- Fire evacuation procedure initial & refresher training
- Electricity qualification initial & refresher training
- Firefighter force initial & refresher training
- Occupational health training
- Training in physical behaviour in the workplace (including movements and postures).

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 pre-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
- Electricity qualification initial & refresher training
- In-house training in difficult client management.

26.5.2. Training policies

Develop employability

As a fast-growing, globalising Group, LDLC Group is deeply committed to enhancing employees' skills and furthering their professional development. Training is provided to help employees pursue their careers at the Group through internal promotion, but also to foster their personal development by providing them with skills that will serve them throughout their careers.

The training budget has risen sharply over the last three years: training expenditure in 2017 amounted to €396,713.57 for 6,876 hours of training. The percentage of the payroll charge assigned to training rose to 2.58%, well above the statutory minimum of 1.60%.

The training plan is drawn up with two goals in mind, serving the Group's growth strategy and Meeting the needs of each profession. After the annual performance reviews have been conducted, the human resources department discusses training requests made by employees with each department head. This enables the Group to prepare a pragmatic annual training plan tailored to employees' needs, market expectations, the Company's development, changes in job functions and the preservation of jobs.

In line with the measures implemented in 2016, in 2017 the training plan targeted two issues, (i) enhancing managers' and team leaders' management skills with a view to preventing workplace issues and maintaining a healthy staff environment, and (ii) developing employee skills in order to help them master work techniques and new legal and administrative requirements. Given that the Group operates in a rapidly and constantly changing sector in terms of working practices, it aims to provide employees with expertise and methods suited to their actual requirements, enabling them to meet customer expectations.

The human resources department works on financial engineering for training in conjunction with stakeholders, including the OPCA training grant organisations. The department also makes extensive use of the CPF personal training account scheme and professional qualification contracts. The Company is keen to take in students, who represent a rich source of potential future recruits, under internships, work-study arrangements and professional qualification contracts. Accordingly, in 2017, 18 places were offered to young people to guide them through the first stages of their professional life.

26.5.3. Total training hours

Groupe LDLC:

Over the 2017 calendar year, 6,876 hours of training were dispensed under the Groupe LDLC training programme:

- **Training programme (TP):** 97 courses under the TP totalling 6,876 hours broken down as follows: 1,374 hours of IT training, 63 hours of legal training, 630 hours of management training, 700 hours of safety training, 1,911 hours of business training, 182 hours of communications training, 399 hours of tax training, 280 hours of sales training and 1,337 hours of language courses.

Anikop:

Over the 2017 calendar year, 45 hours of training were dispensed under the Anikop training program and one employee joined the department under a professional qualification contract:

- **Training programme (TP):** One 42-hour IT training course for 2 employees and one 3-hour safety training course.

Hardware:

None.

DLP Connect:

In 2017, 540 hours of training were dispensed under the DLP Connect training programme:

- **Training programme (TP):** 21 courses under the TP totalling 540 hours, including 91 hours of management training, 14 hours of legal training, 406 hours of safety training and 29 hours of IT training.

LDLC Distribution:

Over the 2017 calendar year, 133 hours of training were dispensed under the LDLC Distribution training programme:

- **Training programme (TP):** 7 courses under the TP totalling 133 hours, including 14 hours of interdepartmental management training, 18 hours of safety training, 14 hours of legal training, 35 hours of IT training, 35 hours of language courses and 17 hours of induction training.

École LDLC:

In 2017, 35 hours of training were dispensed under the LDLC School training programme:

- **Training programme (TP):** One course under the TP totalling 35 hours of IT training.

Domisys:

In 2017, 9 training courses were organised involving 511 hours of training, including:

- 126 hours of safety training
- 91 hours of IT system training (web application and server security, Business Analysis)
- 14 hours of other training (Inside software)
- 280 hours of internal training (customer service certification).

26.6. EQUAL TREATMENT

26.6.1. Measures to promote professional equality between men and women

The Group strives to achieve gender equality wherever possible at all levels of the hierarchy. As the IT sector tends to attract more men than women, job applicants are predominantly male. Although it is not always easy to achieve balanced team membership for this reason, the Group seeks to hire more women for its specialist IT teams and store staff. Gender balance objectives are more easily achieved in other departments such as customer relations, human resources, accounting and logistics. Staff diversity also involves all segments of the age spectrum. Given the need for more experienced, and therefore more senior, profiles to steer the Group's growth and expansion, LDLC also seeks to hire personnel aged over 46.

The professional equality agreement signed in 2011 was renewed in 2016. This agreement bears witness to the Group's desire to incorporate career-long gender equality into its official policy. The agreement stipulates that favourable conditions will be offered to men and women in the following areas: working conditions, effective compensation, training, hiring, promotion and work-life balance.

The agreement has resulted in an increase in the number of women at the Group, even though the workforce remains predominantly male. Women currently account for 31% of Group headcount. During the financial year, the LDLC Group hired 128 people, 33.5% of whom were women. Women accounted for 31% of the employees who received training during the 2017 calendar year. The proportion of women at the Company during the same period was 35.42%.

During the financial year:
- Anikop hired 6 employees, including 2 women.
- Hardware.fr posted no job advertisements.
- DLP Connect hired 4 employees. No female candidates applied.
- LDLC Distribution hired 4 employees, including 2 women.
- The LDLC School hired 1 male employee.
- LDLC Villefranche hired 3 male employees.
- LDLC Bordeaux hired 1 male employee.
- LDLC Villeurbanne hired 2 male employees.
- LDLC Event posted no job advertisements.
- LDLC Lyon 7 hired 3 employees including, 1 woman.
- LDLC Lille V2 hired 3 male employees.

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 2018, Domisys employed 46 women out of a total headcount of 189, i.e. 24.3%.

Between 1 April 2017 and 31 March 2018, 53 employees were hired, including 18 women representing 34% of new recruits.

Women accounted for 16% of the employees who received training during the 2017 calendar year.

26.6.2. Measures to promote the employment and integration of disabled persons

Job offers are open to disabled applicants and workstations are adapted to their requirements. The LDLC Group works closely with a French employment agency, Cap Emploi, in order to promote the professional integration of officially recognised disabled persons (French RQTH certification), as well as with the AGEPHIP network and Cap Emploi as part of the programme to help keep disabled workers in employment and adapt workstations to their needs. During their holidays, maintenance staff at Saint-Quentin-Fallavier and Limonest are replaced by disabled workers provided by L'EA, a company that outsources disabled workers.

In 2017, a committed disability policy was rolled out in order to raise managerial awareness and destigmatise the issue. Managers received special training, and communication campaigns were organised to raise employee awareness: the Company magazine, *Mémoire Vive*, included a section on disability, posters were put up and a dedicated message was posted on the new Group recruitment website at carrieres.groupe-ldlc.com.

The LDLC Group employs 15 disabled persons.

As at 31 March 2018, Domisys employed 6 disabled workers, i.e. 3.17% of its headcount.

No disabled employees are working at the other Group subsidiaries.

26.6.3. Non-discrimination policy

Driven by its conviction that staff diversity is a key strength both in terms of social aspects and as a catalyst for innovation, the LDLC Group pursues an extremely inclusive recruitment policy. Instead of simply focusing on qualifications, Group recruiters look at the skills and personal attributes that each candidate can offer.

The Group applies a non-discrimination policy across the board with regard to hiring, professional development and compensation. The Group implements measures in order to cultivate healthy attitudes and raise managerial awareness so that professional equality and acceptance of disability, two cornerstones of its HR policy, are effectively implemented in practice.

In 2017, a training programme for managers focusing on preventing discrimination at job interviews was launched in cooperation with the APEC management employment agency. The training was designed to raise managers' awareness of questions and issues to avoid due to their discriminatory nature. The programme will continue in 2018.

The Company applies a non-discrimination policy with regard to hiring, professional development and compensation.

These same principles apply across the board at all Group 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 LDLC Group mainly operates in France and a number of other European countries including Spain, Belgium and Luxembourg. Given its locations, it is not directly exposed to risks in terms of human rights violation, child labour, forced labour or freedom of association. In these countries, the Group is strongly committed to compliance with the general principles of international law (OECD, ILO, EU) and domestic legislation.

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

The Group has identified environmental impacts related to transportation, energy consumption in buildings and waste (products and packaging). The Group's overall environmental policy is therefore managed in tandem by the QSE officer and general services coordinator, in conjunction with the legal, transport, procurement and logistics departments. The aims of this policy include continuous improvement of operational waste sorting at source in order to recycle as much waste as possible. For this purpose, separate sorting bins are installed for use by employees, who are encouraged to adopt good practices via awareness campaigns (mainly posters).

Regarding transportation, the Group outsources all customer deliveries to recognised carriers. During the 2017/2018 financial year, 60% of shipments were ensured by the French postal service, mainly using the Colissimo system which is subject to a carbon neutral commitment.

This year, the new head office in Limonest joined this system.

26.8.2. Staff training and awareness schemes related to environmental protection

The Group's environmental policy and initiatives are presented to employees via the welcome kit and during their induction. Waste sorting and recycling procedures are displayed on posters located around each site.

26.8.3. Resources assigned to the prevention of environmental risks and pollution

As a commercial company, the LDLC Group has little impact on the environment.

As a preventive measure, oil interceptors have been installed in the car parks at its Saint-Quentin-Fallavier and Grandchamps-des-Fontaines sites, as well as a fire water retention system.

For this reason, the Group has not introduced specific measures for the prevention of environmental and pollution risks. Working closely with logistics facility owners, the Group sees that its operations are conducted in compliance with regulations and with operating permits for the Saint-Quentin-Fallavier and Grandchamps-des-Fontaines sites, which are French ICPE-classified environmental protection facilities 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

The Group's business activities do not generate atmospheric, water or soil pollution other than sanitary wastewater, which is channelled into the local sewage systems. Water is mainly drawn from the urban mains system and is used solely for sanitary purposes.

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 2017/2018 financial year, the Group's operations generated 614 tons of waste, including 439 tons at LDLC sites.	***2016/2017: 593t***

Groupe LDLC generated 436 tons of waste across all LDLC sites.

Waste reduction and recycling

As a product distributor and retailer, the LDLC Group has a duty to contribute financially and/or directly towards managing the relevant product life cycles. Five categories of EPR (Extended Producer Responsibility) are relevant to the Group: electrical and electronic equipment, packaging, batteries, graphic papers and furniture. The Group uses approved environmental organisations (Ecologic, Adelphe, Screlec, Ecofolio and Ecomobilier) to achieve this goal and helps finance the end-of-life management of the products it sells.

Moreover, the website and store personnel provide customers with information on the responsible management of used products and the Group's duty to recover them when an equivalent new item is purchased (the "1 for 1" scheme).

Waste electrical and electronic equipment (WEEE) is mainly derived from defective product returns and collected end-of-life products. During the 2017/2018 financial year, the LDLC Group collected 22 tons of WEEE and transferred it to the relevant recycling organisation, identical to the previous year's figure. This figure is included in the calculation of the waste recycling rate.

Other recyclable waste (paper, cardboard, shrink wrap and pallets) is sorted at source on site and recycled by specialised waste collection and treatment firms. In 2017/2018, glassine (a smooth glossy paper used to protect self-adhesive labels) was incorporated into the sorting system. In addition, the balers used to compact recyclable materials at Saint-Quentin-Fallavier were replaced with more efficient machines able to process larger amounts of waste.

Accordingly, in 2017/2018 the Group recycled 72% of its waste (paper, cardboard, shrink wrap, WEEE and pallets), including 70% of its LDLC site waste, compared to 75% in the previous year. The decrease was mainly due to the head office relocation, which led to a change in the management of non-recyclable waste. This waste was previously collected by the municipal waste collection service and therefore not included in our figures. The waste is now treated by a service provider and is therefore included.

Groupe LDLC recycled 70% of its waste.

Lastly, office layouts have been redesigned in order to encourage waste sorting. As the adoption of eco-friendly behaviour does not come naturally to all employees, the Group is currently reviewing potential awareness-raising campaigns in order to make progress in this area.

Increase in voluntary waste collection

To coincide with the head office move to Limonest, individual wastepaper bins were replaced with voluntary collection points installed on each floor of the buildings: yellow bins for miscellaneous waste and red bins for paper. Each water cooler is fitted with a plastic cup collector, and plastic bottle and can collectors are placed next to coffee machines and in the cafeteria. Cigarette butts and ash are collected in ash trays supplied by Cyclope. Batteries, both for personal and professional use, are collected by the concierge service at head office and the Saint-Quentin-Fallavier site.

The move: an opportunity to recycle furniture

The Group reviewed possible solutions for guaranteeing a second life for redundant furniture before moving out of its former head office in Dardilly. An open day was organised for companies operating in the solidarity economy with the support of Valdelia, a company specialising in the management and treatment of used business furniture. The companies invited were able to claim the furniture that interested them. Furniture was also offered to two other companies and a school. As a result, a second home was found for a wide range of items including office chairs, desks, cabinets, wardrobes, coat stands, café tables, microwave ovens, wastepaper bins and coffee tables. Non-treated WEEE was donated to the TRI-RA charity, a member of the Emmaus network.

Type of waste	Group volume (tons)	LDLC site volume (tons)	Group volume (tons) 2016/2017	Groupe LDLC volume (tons)
Paper, cardboard and shrink wrap	335.9	220.1	365	218.7
Wooden pallets	58	44	67	44
Non-hazardous waste	169.2	132.9	134	130.7
Special waste = liquids generated from maintenance of logistics chains	0.6	0.4	0.4	0.4
Waste electrical and electronic equipment (WEEE)	22.5	18.7	22	18.7
Agglomerated wood	4.4	/	3	/
Other	23.6	23.6	0.5	23.6
Total	**614.2**	**439.6**	**591.9**	**436.0**

26.10.2. Sustainable use of resources

26.10.2.1. Water consumption and supply geared towards local restrictions

As mentioned above, 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

Optimised product packaging

Raw material consumption concerns the packaging required for shipping orders. Packaging consists of cardboard boxes and bubble wrap. The most appropriate sizes and formats are used in order to reduce the amount of packaging and cardboard used. Four formats are used at Saint-Quentin-Fallavier, two for parcels, one for hard drives and a smaller format to meet the planned ramp-up in sales of small products. At Grandchamps-des-Fontaines, efforts are made to reduce the size of boxes in accordance with parcel contents.

26.10.2.3. Energy consumption, measures to improve energy efficiency and use of renewable energies

Although the Group does not have an official energy consumption policy, it nevertheless strives to minimise and optimise consumption and CO_2 emissions. The Group regularly invests in upgrading its equipment and technology base in order to improve energy efficiency. New buildings and renovations provide opportunities to adopt energy-efficient solutions and procedures. Furthermore, employees are encouraged to adopt measures to help cut consumption.

Electricity is the primary cost and energy item. Electricity is used on all sites for lighting, air conditioning, computer hardware, order picking chains, fork lifts etc. The monitoring of electricity consumption allows the Group to analyse and optimise the energy efficiency of its operations.

Total energy consumption for the year was 5,557 MWh.

Gas is also used at the Saint-Quentin-Fallavier and Grandchamps-des-Fontaines warehouses, while the Lyon store heating system and Grandchamps-des-Fontaines sprinkler system are both oil-powered.

Energy consumption	Group consumption (kWh)	LDLC sites consumption (kWh)	Consumption (kWh)
Electricity	3,504,845	2,441,195	
Gas	1,987,210	1,368,554	***2016/2017: 5,940,861***
Domestic heating oil	65,338	63,808	
Total	**5,557,393**	**3,873,557**	

Groupe LDLC consumed 3,659,398 kWh of energy across all LDLC sites.

Premises designed to reduce energy consumption

Although the new LDLC Group headquarters is not HQE certified, it was designed for acoustic efficiency and low energy consumption. For example, all windows have double or triple glazing. The south façade has been specially treated for heat insulation and windows are fitted with blinds on all façades, except for the north façade, on which the number of windows has been minimised in order to keep out the cold.

The head office and branches are fitted with LED lighting and presence detectors to reduce electricity consumption. Apart from those installed in passageways, there are no ceiling lights: offices are lit by presence detector lamps, thus avoiding the whole space being lit up if only one person is working there. The heat pump system is also expected to generate energy savings.

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 and only Groupe LDLC is required to produce a greenhouse gas emissions report, pursuant to Article 75 of the French Grenelle II Act. The Group has not conducted a carbon audit of its business activity.

Group greenhouse gas emissions are as follows:

- Electricity: 294,407 kg CO_2eq including 187,071 generated by Group LDLC
- Gas: 465,007 kg CO_2eq including 320,242 generated by Group LDLC
- Domestic heating oil: 19,601 kg CO2eq including 19,142 generated by Group LDLC

Groupe LDLC

2017/2018: 779,015 kg CO_2eq

2016/2017: 935,633 kg CO_2eq

Promoting eco-friendly transport among employees

10 electric bicycles and 2 electric cars will soon be made available during working hours at the Limonest headquarters. The aim is to allow employees who get to work via public transport or car sharing to pop out of the Campus if need be. A broader transport plan is currently under review and discussions are underway with companies based in the Techlid business park to set up a joint car-sharing facility.

Use of the French postal service to reduce CO_2 emissions from transport

60% of customer deliveries are carried by the French postal service ("La Poste"). The choice of this courier specialist was determined not only by La Poste's commitments in terms of quality and response time, but also for environmental reasons in view of the company's energy transition initiatives. La Poste is Europe's foremost supplier of voluntary carbon offsets. Accordingly, all of its courier, parcel delivery and digital offers are guaranteed carbon neutral.

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

Historically based in the Auvergne Rhône-Alpes region, the LDLC Group now has locations in a number of employment catchment areas nationwide.

- Lyon and the surrounding area, where the Group head office and LDLC School are situated.
- Saint-Quentin-Fallavier (Isère), where the Group's first logistics warehouse is situated.
- Grandchamps-des-Fontaines (Loire-Atlantique), the historical base of Materiel.net, where a logistics warehouse and the Domisys head office are located.
- Gennevilliers (Paris area) more recently through the establishment of an LDLC.pro location.

In addition, the Group store network, which markets the LDLC, Materiel.net and "L'Armoire de Bébé" brands, covers around 40 towns and cities in France. The Group's development strategy, particularly with regard to the store network, in France and overseas will strengthen its local presence between now and 2020.

Through its locations and operations, the Group indirectly contributes to the local employment market and economy via its service providers and suppliers.

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

The Group is strongly committed to fostering dialogue with all of its stakeholders. As a trading company, the Group maintains close ties with its customers and suppliers through its employees. Accordingly, it has developed a number of spaces and tools to encourage dialogue with each stakeholder.

The customer relations department, the stores and the website (via customer reviews) are some of the main tools for dialogue with customers. Responsiveness and compliance with order shipment deadlines are essential for our business and constitute two of our main selling points.

In 2017, Viséo Customer Insights[(1)], organiser of the Customer Service of the Year awards in France, tested the quality and responsiveness of the LDLC Group'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 18.46/20, we came first in the Technical Product Distance Selling category for the fourth year running. Accordingly, the Group's drive towards

(1) Technical Product Distance Selling category - BVA Group survey - Viséo CI - May to July 2017. Read more at www.escda.fr.

improving customer relations were once again rewarded, in the form of the 2018 Customer Service of the Year award.

The organisation of special events geared towards professionals, such as the Talk LDLC Pro, enables BtoB customer feedback to be taken into account. Annual negotiations with suppliers are an opportunity to pass on customer expectations and brainstorm new solutions.

The after-work get-togethers with employees also provide an opportunity to share ideas in a relaxed atmosphere. The HR policy is geared towards promoting initiative and cooperation. Accordingly, LDLC Pro employees are regularly invited to share their opinions with management. For example, every two months management organises a "let's talk about it" Meeting where employees can raise any subject they want with no holds barred.

Lastly, LDLC's involvement in various events such as professional trade fairs and business forums enables its teams to meet a wide range of stakeholders.

26.13.2. Partnerships and sponsorship

The LDLC Group sponsorship and patronage policy is guided by the desire to express its core values of boldness, passion, proximity, solidarity and fun. The Group has a special attachment to the Lyon area and supports a number of local and regional initiatives and projects. The Group also supports projects related to its fields of preference, namely digital technology and entrepreneurship, two essential driving forces for the Company's founders. Among other things, the LDLC Group partners the *Printemps des Entrepreneurs* event (Entrepreneur Spring), an annual event organised by the Lyon-Rhône branch of Medef, the largest employer federation in France, and Blend Web Mix, a two-day conference on the Internet masterminded by Cuisine du Web.

In 2017/2018, the Group set up around 20 new partnerships and charity initiatives, some of which were instigated by employees. These initiatives help to boost LDLC's image and affirm its identity. For the founders, it is also a means of expressing their gratitude to the region and its economic operators for everything they have received from them throughout their careers.

Major partner of ASVEL

A committed partner of the Villeurbanne basketball club since 2012, in 2016 the LDLC Group signed an agreement with ASVEL to act as a major partner for the coming four seasons until 2020. This partnership was the brainchild of two like-minded businessmen, Laurent de La Clergerie and Tony Parker, who share the same outlook on life. Besides his sporting and business goals, Tony Parker is involved in a number of community projects such as the Tony Parker Academy and the creation of a new state-of-the-art basketball stadium known as the Arena, which will have a capacity to welcome over 10,000 spectators.

Sponsor of the Nuits de Fourvière festival

The LDLC Group decided to channel its sponsorship initiatives into a single event. The choice fell on the *Nuits de Fourvière* (the "Fourvière Nights"), a major cultural festival staged in Lyon. This summer festival has strong symbolic value for the city and its inhabitants, and attracts a large number of visitors from all over France. Group funding contributes towards the event's success.

The 4L Trophy rally

In February 2018, the LDLC Group sponsored an all-woman team taking part in the 4L Trophy rally, the world's largest sporting and humanitarian student rally. Proud of its involvement for the 5th time in this adventure which combines support for student projects, sporting prowess and humanitarian actions, the Group entrusted its graphic studio with a complete makeover of the team's Renault 4L, which was christened LDLC Machine. The event was also a valuable opportunity for promoting gender equality.

€10,000 raised for the Léon-Bérard cancer research centre

From 19/23 March 2018, LDLC Group employees took up the "*À vos baskets*" sports challenge in support of the Léon Bérard cancer research centre in Lyon. 58 employees took turns riding exercise bicycles and rowing in the head office gym in Limonest, clocking up a total of 1,599 kilometres. Laurent de La Clergerie committed to donating €10,000 to the Léon Bérard centre. The donation will be used to finance a 300 m² facility inside the hospital dedicated to physical exercise, prevention and well-being of cancer patients.

Supporting education and enterprise

In 2015, Group founder and chairman Laurent de la Clergerie launched the LDLC School in Lyon. The aim of this socially-minded project was to create an innovative curriculum in terms of both form and content, tailored to the current features of digital professions, in order to contribute to the development of the digital ecosystem and growth of the French economy.

The LDLC School aims to identify future talent and train managers and entrepreneurs through a unique curriculum leading to professional qualification. The school's manifesto is to help students to be agile, versatile, creative, inventive, ingenious, mature and ready to enter the world of work, in order to drive the digital transformation of businesses.

All students having obtained the French baccalaureate (UK ‘A’ level equivalent) are eligible to apply. There is no need to submit a CV or marks: applicants perform online tests and attend a motivation interview. Another unique feature is the cost of tuition, a mere €1,996, the year of the Group’s foundation and symbol of the Group’s commitment to society by making this learning experience available to a wide spectrum of the population.

The LDLC School provides unique training in technology-based professions and the use of technology, the digital economy and web marketing. This three-year course is geared towards launching careers and entrepreneurship. Comprising a total of ten months of internships, the course focuses on technologies and practices, communication players and vectors, the corporate environment, prospects and realities. The teaching staff comprises twenty permanent lecturers, all professionals in the digital economy and including some Group employees.

Of the two year-levels currently enrolled at the school, more than 40% of students were attracted by the idea of starting their own company. The school’s unique approach helps cultivate the start-up mindset and prepare young people for the innovative business world through direct contact. Quarterly seminars and project sprints are organised for this purpose in order to foster creativity and pragmatism.

Based at the LDLC Campus in Limonest, the LDLC School offers students a uniquely modern and bright academic setting. Boasting three classrooms, a data room, a Crash & Design room, project rooms and a research unit shared with Group R&D fitted with a 3D printer, the school enables students to share their lives with LDLC employees via the communal areas, facilities and services located on the Campus. This symbiosis is conducive to sharing and joint exploration of innovative projects.

In 2017, the school had 51 students. The Group plans to set up an incubator to help LDLC School alumni launch their own projects.

26.14. SUBCONTRACTING AND SUPPLIERS

26.14.1. Inclusion of social and environmental considerations in the Company’s procurement policy

As a distributor and retailer, the Group acts as an intermediary between top hardware brands and customers, be they private individuals, professionals or government agencies. As such, and given its relative size on the market, the Group has no influence on how its suppliers assume their social responsibility regarding issues such as protection of the environment and defence of human rights.

For these reasons, the Group has not specifically drawn up a responsible procurement policy taking into account social and environmental criteria applicable to suppliers or 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

The Group does not manufacture products and therefore does not outsource any manufacturing. Products are generally purchased in Europe via intermediaries and wholesalers. Direct imports only account for around 7.74% of our goods purchases.

Breakdown of purchases per region:

Region	Purchases (%)
European Union	90.90%
Non-EU (mainly Asia)	9.10%

26.14.3. Fair practices

Measures to prevent bribery and corruption

The Group has structured its procurement in such a way as to eliminate all potential risks vis-à-vis suppliers. Accordingly, the procurement department is centralised at the Limonest head office and organised as follows:

- “Strategic” procurement (such as LDLC brand products or products whose prices may vary considerably from day to day) is kept separate from “trade” procurement and placed under the direct responsibility of Laurent Villemonte de la Clergerie, for non-EU purchasing, and the Chief Procurement Officer for EU purchases. Strategic procurement accounts for 30% of total procurement.
- Responsibility for trade procurement from intermediaries and wholesalers lies with the Chief Procurement Officer. Product managers and buyers are allocated capped lines of credit and individual buyer margins are monitored daily

so that any anomalies can be quickly identified. Trade procurement accounts for 70% of total procurement.
- "General" procurement is not organised at present given the limited amounts involved.

Risks related to gift requests, fraud, bribery, corruption and conflicts of interest are managed via a number of internal procedures. For example, requests to open a new bank account or change a supplier's bank details are subject to a double signing procedure, systematic verification with the supplier and line manager consultation.

Furthermore, the Group recently added corruption and conflicts of interest to its risk map in accordance with the French Sapin II Act.

26.14.4. Consumer health and safety

As the Group does not manufacture products, even those under its own brand, it has no influence over the manner in which consumer health and safety are taken into consideration by manufacturers. Nonetheless, in keeping with its commitment to provide quality customer service, the Group conducts ad hoc audits on suppliers in order to test product conformity.

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. We rarely enter into direct contact with 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 2018.

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. This applies in particular to Domimo 2 and Domimo 3, LDLC5, LDLC7, LDLC8, LDLC9, LDLC10, LDLC11, LDLC12, LDLC13, LDLC14, CAMPUS 2017 and Groupe LDLC España.

The reporting scope has been extended this year to include LDLC Lille V2, Lyon 7, ADB Limonest and the Groupe LDLC Gennevilliers site.

Reporting period

Unless otherwise stated, reported figures relate to the financial year beginning on 1 April 2017 and ending on 31 March 2018.

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 2018), excluding trainees and temporary workers.

Absenteeism

Absence taken into consideration includes short and long-term sick leave, absence due to industrial and travel accidents, 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 2017 calendar year.

Environmental information

Waste

French regulations are applied for the purposes of defining waste and determining whether it is hazardous. The reporting scope covers all Group locations except Gennevilliers, Lille V2, Lyon 7, ADB Limonest and OLYS (BIMP). 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, the LDLC School (École LDLC) and LDLC Event is also excluded.

The waste management provider measures the tonnage of ordinary industrial waste generated by the Limonest head office and forwards this information to the Group.

Paper and cardboard waste generated by the LDLC School is also excluded, as this was 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. NB: not all gas consumption figures have been provided due to a change in the Saint-Quentin 2 building administrator.

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. The Group vehicle fleet is too small to be worth including in the total GHG emissions record.

CHAPTER 27. REPORT BY THE INDEPENDENT THIRD-PARTY ON THE ENVIRONMENTAL, HUMAN RESOURCES AND SOCIAL INFORMATION

27.1. REPORT BY ONE OF THE STATUTORY AUDITORS, APPOINTED AS AN INDEPENDENT THIRD-PARTY, ON THE CONSOLIDATED ENVIRONMENTAL, HUMAN RESOURCES AND SOCIAL INFORMATION PRESENTED IN THE MANAGEMENT REPORT

For the year ended 31 March 2018

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 includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. 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 Auditor of Groupe LDLC, appointed as an independent third-party and certified by COFRAC under number 3-1060 (available on the website www.cofrac.fr), we hereby report to you on the consolidated environmental, human resources and social information for the year ended 31 March 2018, presented 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 Audit Committee is responsible for preparing the management report including the CSR Information required by Article R.225-105-1 of the French Commercial Code in accordance with the CSR Reporting 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).

It is not, however, our responsibility to express an opinion on compliance with any other applicable legal provisions, particularly Law no. 2016-1961 of 9 December 2016 on transparency, anti-corruption and the modernisation of the economy, also known as the Sapin II law.

Our work was carried out by a team of five persons between early January and mid-May 2018 and lasted around four weeks. We were assisted in our work by our experts in corporate social responsibility.

We performed our work in accordance with the professional auditing standards applicable in France, with the decree of 13 May 2013 determining the conditions in which the independent third-party performs its engagement and, for the reasoned opinion on fairness, with 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 companies it controls as defined by Article L.233-3 of the French Commercial Code.

Conclusion

Based on our work, we certify that the required CSR Information is presented in the management report.

2. Conclusion on the fairness of CSR Information

Nature and scope of our work

We conducted four interviews with six 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 entities, the company Groupe LDLC and Materiel.net, selected by us 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 65% of headcount considered of sufficient relevance for HR reporting purposes and, on average, 69% 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.

We also assessed the relevance of explanations provided for any information not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes used, based on our professional 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.

Lyon, 14 June 2018

The independent third-party
PricewaterhouseCoopers Audit

Nicolas Brunetaud
Partner

Pascal Baranger
Director
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, including an indicator of total employees on the payroll;
- hires and dismissals, including indicators for hires and dismissals during the year;
- absenteeism, including an absenteeism rate indicator;
- workplace health and safety conditions;
- work-related accidents, particularly the frequency rate and severity rate, as well as occupational illnesses, including frequency and severity indicators;
- training policies;
- total number of training hours, including a total training hours indicator.

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, including indicator for quantities of waste produced;
- energy consumption and measures taken to improve energy efficiency and the use of renewable energies, including an energy consumption indicator;
- significant sources of greenhouse gas emissions generated due to the Company's activities, including the use of goods and services that it produces, including a CO_2 emissions indicator.

Social information:

- the importance of outsourcing and of taking into consideration CSR issues in dealings with suppliers and their own subcontractors, including a direct import rate indicator;
- measures taken to prevent corruption;
- measures taken to ensure consumer health and safety.

27.2. REPORT BY ONE OF THE STATUTORY AUDITORS, APPOINTED AS AN INDEPENDENT THIRD-PARTY, ON THE ENVIRONMENTAL, HUMAN RESOURCES AND SOCIAL INFORMATION PRESENTED IN THE MANAGEMENT REPORT

For the year ended 31 March 2018

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To the Shareholders,

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Company's responsibility

The Audit Committee is responsible for preparing the management report including the CSR Information required by Article R.225-105-1 of the French Commercial Code in accordance with the CSR Reporting 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).

It is not, however, our responsibility to express an opinion on compliance with any other applicable legal provisions, particularly Law no. 2016-1961 of 9 December 2016 on transparency, anti-corruption and the modernisation of the economy, also known as the Sapin II law.

Our work was carried out by a team of five persons between early January and mid-May 2018 and lasted around one week. We were assisted in our work by our experts in corporate social responsibility.

We performed our work in accordance with the professional auditing standards applicable in France, with the decree of 13 May 2013 determining the conditions in which the independent third-party performs its engagement and, for the reasoned opinion on fairness, with 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 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.

Conclusion

Based on our work, we certify that the required CSR Information is presented in the management report.

2. Conclusion on the fairness of CSR Information

Nature and scope of our work

We conducted four interviews with six 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 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. 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, Limonest and Saint-Quentin-Fallavier, selected by us on the basis of their activity, their contribution to the 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 90% of headcount considered of sufficient relevance for HR reporting purposes and, on average, 54% of environmental data considered of sufficient relevance for environmental reporting purposes.

For the remaining CSR Information, we assessed its consistency based on our understanding of the Company.

We also assessed the relevance of explanations provided for any information not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes used, based on our professional 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.

Lyon, 14 June 2018

The independent third-party
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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, including an indicator of total employees on the payroll;
- hires and dismissals, including indicators for hires and dismissals during the year;
- absenteeism, including an absenteeism rate indicator;
- workplace health and safety conditions;
- work-related accidents, particularly the frequency rate and severity rate, as well as occupational illnesses, including frequency and severity indicators;
- training policies;
- total number of training hours, including a total training hours indicator.

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, including indicator for quantities of waste produced;
- energy consumption and measures taken to improve energy efficiency and the use of renewable energies, including an energy consumption indicator;
- significant sources of greenhouse gas emissions generated due to the Company's activities, including the use of goods and services that it produces, including a CO_2 emissions indicator.

Social information:

- the importance of outsourcing and of taking into consideration CSR issues in dealings with suppliers and their own subcontractors, including a direct import rate indicator;
- measures taken to prevent corruption;
- 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 28 SEPTEMBER 2018 (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 authorisations, at its meetings held on 24 June 2013, 28 March 2014, 9 July 2014, 30 September 2016, 29 June 2017, 13 November 2017 and 23 February 2018, the Management Board unanimously decided to grant existing Company bonus shares under the following terms.

Date of General Meeting	**28/09/2012**	**28/09/2012**	**28/09/2012**	**30/09/2016**	**30/09/2016**	**30/09/2016**	**30/09/2016**
Date of Management Board Meeting	**24/06/2013**	**28/03/2014**	**09/07/2014**	**30/09/2016**	**29/06/2017**	**13/11/2017**	**23/02/2018**
Total number of bonus shares granted (to):	11,494	137	161,746	1,500	10,000	2,000	70,000
Philippe Sauze (1)	11,494	0	160,924	0	0	0	0
Vesting date	23/06/2015	28/03/2016	(2)(3)(4)	30/09/2018 (8)	(9)	13/11/2019 (11)	(12)
End of lock-in period	23/06/2017	28/03/2018	(5)(6)(7)	01/10/2020	(10)	14/11/2021	(13)
Number of shares acquired at 31 March 2018	11,494	137	69,789	None	None	None	None
Total number of shares cancelled or expired	None	None	None	None	None	None	None
Bonus shares outstanding at year-end	None	None	91,957	1,500	10,000	2,000	70,000
Share value (closing price on allotment date)	€9.68	€22.32	€17.10	€33.30	€28.49	€19.55	€17.94

Date of General Meeting	**28/09/2012**	**28/09/2012**	**28/09/2012**	**30/09/2016**	**30/09/2016**	**30/09/2016**	**30/09/2016**
Date of Management Board Meeting	**24/06/2013**	**28/03/2014**	**09/07/2014**	**30/09/2016**	**29/06/2017**	**13/11/2017**	**23/02/2018**
Valuation of shares under the method applied to the 2017/2018 consolidated financial statements	None	None	342,314.08	25,436.40	61,152.67	9,231.26	51,363.95
o/w valuation of bonus shares awarded to Philippe Sauze	None	None	342,314.08	0	0	0	0

(1) These bonus shares were granted to Philippe Sauze in his capacity as Deputy Chief Executive Officer and Company employee responsible for sales, Internet and marketing.

(2) Philippe Sauze will acquire his bonus shares at the end of vesting periods defined as follows by the Management Board:
- *Tranche 1 (28,736 shares): 2 years, expiring midnight 8 July 2016*
- *Tranche 2 (40,231 shares): 3 years, expiring midnight 8 July 2017*
- *Tranche 3 (40,231 shares): 4 years, expiring midnight 8 July 2018*
- *Tranche 4 (51,726 shares): 5 years, expiring midnight 8 July 2019*

(3) Other plan beneficiaries will acquire their bonus shares at the end of a two-year vesting period expiring midnight 8 July 2016.
The Management Board decided to waive the presence condition applicable to Philippe Sauze (i.e. that he must still be an employee of the Company) on the tranches 3 and 4 vesting dates in respect of the remaining 91,957 bonus shares to be vested.

(4) However, in accordance with the last paragraph of Article L.225-197-3 of the French Commercial Code, if the beneficiary dies during the vesting period, his or her heirs may request vesting of the shares within six months of his or her death.
Likewise, if a beneficiary suffers 2nd or 3rd degree disability as defined by Article L.341-4 of the French Social Security Code, the beneficiary may request vesting of the shares before the end of the vesting period.

(5) Pursuant to the Management Board's decision, bonus shares acquired by Philippe Sauze are subject to a two-year lock-in period beginning on the vesting date of each tranche:
- *Tranche 1: 2 years, expiring midnight 8 July 2018;*
- *Tranche 2: 2 years, expiring midnight 8 July 2019;*
- *Tranche 3: 2 years, expiring midnight 8 July 2020;*
- *Tranche 4: 2 years, expiring 8 July 2021.*

(6) Pursuant to the Management Board's decision, bonus shares acquired by other beneficiaries are subject to a two-year lock-in period beginning on the vesting date, i.e. midnight 8 July 2018.

(7) By way of exception, if a beneficiary dies during the lock-in period, his or her heirs shall be entitled to sell or transfer the relevant shares. The same applies if a beneficiary suffers 2nd or 3rd degree disability as defined by Article L.341-4 of the French Social Security Code.

(8) Bonus shares shall only vest provided that the beneficiaries are still employed by the Company on the vesting date.

(9) Bonus shares shall vest only after a vesting period defined as follows by the Management Board:
- *Tranche 1 (1,000 shares): 2 years, expiring midnight 29 June 2019;*
- *Tranche 2 (1,000 shares): 3 years, expiring midnight 29 June 2020;*
- *Tranche 3 (2,000 shares): 4 years, expiring midnight 29 June 2021;*
- *Tranche 4 (3,000 shares): 5 years, expiring midnight 29 June 2022;*
- *Tranche 5 (3,000 shares): 6 years, expiring midnight 29 June 2023.*

Bonus shares shall only vest provided that the beneficiary is still employed by LDLC Distribution on the vesting date.
However, in accordance with a resolution of the 30 September 2016 General Meeting, shares will vest before the end of the vesting period if the beneficiary suffers 2nd or 3rd degree disability as defined by Article L.341-4 of the French Social Security Code.
In accordance with Article L.225-197-3 of the French Commercial Code, if the beneficiary dies, his or her heirs may request vesting of the shares within six months of his or her death. There are no lock-in requirements in respect of these shares.

(10) The beneficiary has committed to a two-year lock-in period beginning on the vesting date of each bonus share tranche, as follows:
- *Tranche 1: 2 years, expiring midnight 30 June 2021;*
- *Tranche 2: 2 years, expiring midnight 30 June 2022;*
- *Tranche 3: 2 years, expiring midnight 30 June 2023;*
- *Tranche 4: 2 years, expiring midnight 30 June 2024;*
- *Tranche 5: 2 years, expiring midnight 30 June 2025.*

(11) Bonus shares shall only vest provided that the beneficiary is still employed by the Company or a related company, as defined by Article L.225-197-2 of the French Commercial Code, on the vesting date.

(12) Bonus shares shall vest only after a vesting period defined as follows:
- *Tranche 1 (10,000 shares): 2 years, expiring at 11.59 pm on 23 February 2020;*
- *Tranche 2 (12,500 shares): 3 years, expiring at 11.59 pm on 23 February 2021;*
- *Tranche 3 (12,500 shares): 4 years, expiring at 11.59 pm on 23 February 2022.*

Shares will only vest provided that the beneficiary fulfils the following conditions, as applicable:
- *Tranche 1 bonus shares shall only vest provided that, as at the Tranche 1 vesting date, the beneficiary has been employed by OLYS, a related company as defined by Article L.225-197-2 of the French Commercial Code, or by the Company since 23 February 2018 and is still an employee at said vesting date,*
- *Tranche 2 bonus shares shall only vest provided that, as at the Tranche 2 vesting date, the beneficiary has been employed by OLYS, a related company as defined by Article L.225-197-2 of the French Commercial Code, or by the Company since 23 February 2018 and is still an employee at said vesting date,*
- *Tranche 3 bonus shares shall only vest provided that, as at the Tranche 3 vesting date, the beneficiary has been employed by OLYS, a related company as defined by Article L.225-197-2 of the French Commercial Code, or by the Company since 23 February 2018 and is still an employee at said vesting date.*

However, in accordance with Article L.225-197-1 of the French Commercial Code and a resolution of the 30 September 2016 General Meeting, bonus shares will vest before the end of the vesting period if the beneficiary suffers 2nd or 3rd degree disability as defined by Article L.341-4 of the French Social Security Code. In accordance with Article L.225-197-3 of the French Commercial Code, if the beneficiary dies, his or her heirs may request vesting of the bonus shares within six months of the death. There are no lock-in requirements in respect of these shares.

(13) Bonus shares are subject to the following one-year lock-in periods starting on the vesting date:
- *Tranche 1: zero hour 24 February 2020 to zero hour 24 February 2021,*
- *Tranche 2: zero hour 24 February 2021 to zero hour 24 February 2022,*
- *Tranche 3: zero hour 24 February 2022 to zero hour 24 February 2023.*

However, the bonus shares may be freely sold or transferred before the end of the lock-in period if the beneficiary dies or suffers 2nd or 3rd degree disability as defined by Article L.341-4 of the French Social Security Code.
Likewise, if the beneficiary dies, his or her bonus shares may be freely sold or transferred in accordance with Article L.225-197-3 of the French Commercial Code.

2. Bonus shares granted to corporate officers by the Company, by related companies as defined by Article L.225-197-2 of the French Commercial Code or by controlled entities as defined by Article L.233-16 of the French Commercial Code

During the year, no bonus shares were granted by the Company, by related companies as defined by Article L.225-197-2 of the French Commercial Code or by controlled entities as defined by Article L.233-16 of the French Commercial Code to any of these corporate officers in respect of offices and duties exercised within the Company.

3. Bonus shares having 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

During the year, no bonus shares were vested by the Company, by related companies as defined by Article L.225-197-2 of the French Commercial Code or by controlled entities as defined by Article L.233-16 of the French Commercial Code to any of these corporate officers in respect of offices and duties exercised within the Company following expiry of the vesting period.

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.

Group companies concerned	Allotment date	Number of employees concerned	Number of shares granted	Share value (closing price on allotment date)
LDLC Distribution	29/06/2017	1	10,000	€28.49
Groupe LDLC and LDLC Distribution	13/11/2017	3	2,000	€19.55
OLYS	23/02/2018	2	70,000	€17.94
		6	**82,000**	

5. Bonus shares having 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.

Group companies concerned	Allotment date	Number of employees concerned	Number of shares vested	Share value (closing price on allotment date)
Groupe LDLC	09/07/2014	1 (1)	40,231	€17.10
		1	**40,231**	

(1) 40,231 shares were vested to Philippe Sauze in 2017/2018 upon expiry of the Tranche 3 vesting period under the 9 July 2014 bonus share plan. As a reminder, at this date Philippe Sauze was both member of the Management Board and employed by the Company under an employment contract in respect of which the aforementioned bonus shares were granted.

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	Page
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	Supervisory Board report on corporate governance	Section 16.7	88
4	Corporate Social Responsibility report	Chapter 26	230
5	IFRS consolidated financial statements	Section 20.1	131
6	Statutory auditors' report on the IFRS consolidated financial statements	Section 20.2	178
7	Statutory auditors' report on the Supervisory Board report on corporate governance	Section 16.8	123
8	Company financial statements	Section 20.4	182
9	Statutory auditors' report on the Company financial statements	Section 20.5	206
10	Report by the independent third-party on the environmental, human resources and social information	Chapter 27	257

Management Report cross-reference table

Annual Management Report		Registration Document	Page
1	Company financial position and business during the financial year ended	Chapters 6 & 20	43 / 131
2	Analysis of financial statements and earnings	Chapters 9 & 20	57 / 131
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4	Non tax-deductible expenses	Section 20.9	210
5	Dividends paid	Section 20.7.1	210
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	211
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12	Corporate governance	Chapter 16	85
13	General information on corporate officers	Chapter 14	81
14	Compensation, retirement benefits and other annuities paid to corporate officers	Chapter 15	84
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	-
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	84
17	Revenues of subsidiaries and controlled companies	Chapters 7 & 25 and Section 9.5	52/63/229
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	215 / 126
20	Changes in the share capital during the financial year	Section 21.1.1	215
21	Share performance – Share price risk	Section 18.5 & Chapter 4	128 / 32
22	Delegations of power or authority to perform capital increases	Section 21.1.5	-
23	Information required by Article L.225-100-3 of the French Commercial Code	Section 16.6	88
24	Table of results of the past five years	Section 20.11	213

2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 | 2017-2018 | ...

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