

REGISTRATION DOCUMENT 2017_2018

INCLUDING THE ANNUAL FINANCIAL REPORT



s itec

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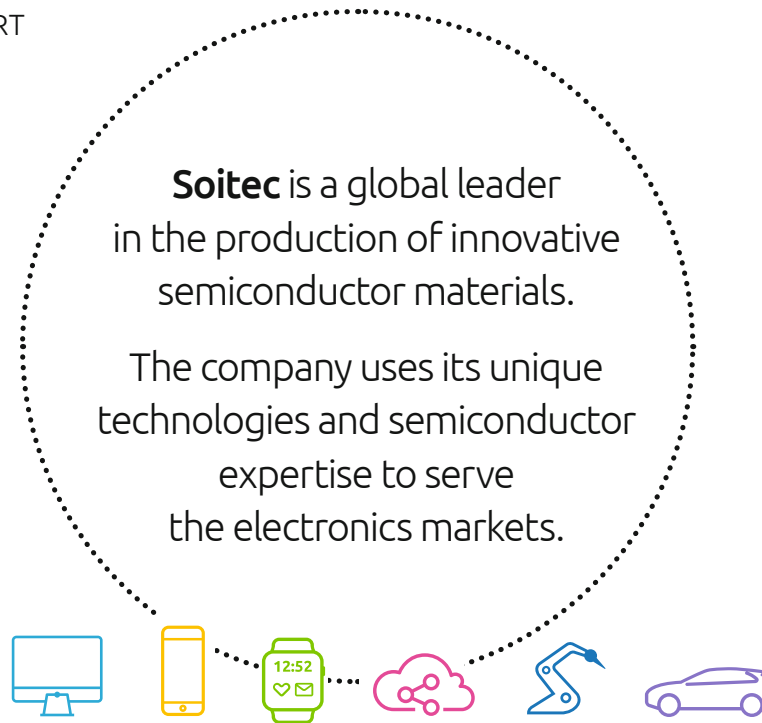
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REGISTRATION DOCUMENT 2017_2018

INCLUDING THE ANNUAL FINANCIAL REPORT

The Registration Document may be viewed and downloaded at the website www.soitec.com



The Company's business operations and financial position is described in the French version of the Company's Registration Document 2017-2018 registered by the *Autorité des marchés financiers* (the "AMF") (the "Document de Référence") under visa no. D. 18-0586 dated June 18, 2018. Copies of the French language *Document de Référence* are available through the Company and may also be consulted on the AMF's website (www.amf-france.org) and on the Company's website (www.soitec.com).

Your attention is drawn to the risk factors described in Chapter 4 of the *Document de Référence* in French language. In the event of a discrepancy between this document and the *Document de Référence* in French language, the *Document de Référence* in French language shall prevail.

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JOINT INTERVIEW

GROWTH, PROFITABILITY, DEBT REDUCTION, TECHNOLOGICAL ACHIEVEMENTS, RECRUITMENT, INVESTMENT PROJECTS: THE 2017-2018 FINANCIAL YEAR WAS VERY STRONG FOR SOITEC



THIERRY SOMMELET,
Chairman of the Board of Directors

The 2017-2018 financial year marked a sharp acceleration in Soitec's growth. What were the key drivers of this success?

PAUL BOUDRE: Our radio frequency (RF-SOI) and power (Power-SOI) products have become industry standards. This is particularly the case in the area of mobility, given that our technology can be found in almost all smartphones sold around the world. This success is undeniable. But the strong growth in 2017-2018 results from the growth in our new product categories: FD-SOI, Imagers, Photonics, 300mm RF-SOI substrates. This success reflects the change in our approach. We are increasingly working with all players throughout the value chain, all the way up to the end client, and are meeting their requirements better by involving them in the design phase for electronic products.

THIERRY SOMMELET: This success also confirms the strategic decision, taken at the beginning of 2015, to refocus Soitec on Electronics, its core business. This was a new beginning for the Group, enabling it to rally and unite its teams around a forward-looking project, in a true entrepreneurial spirit and in line with the most stringent principles in terms of social responsibility and ethics. This shift, which took place in 2016-2017 with the withdrawal from the Solar and Lighting businesses, really began to bear fruit in 2017-2018.

You also posted clearly improved results. Is Soitec now on the path towards sustainable profitability?

PB: After years of losses, Soitec returned to profit in 2016-2017 and posted largely positive results in 2017-2018. In addition to the increase in sales, we are reaping the rewards of our ongoing efforts to increase the productivity of our industrial facilities, keep our costs under tight control and position ourselves on promising markets. The improvement in our operating margins enables us to generate cash and continue innovating and increasing our production capacities, in order to take advantage of the development of the semiconductor market.

"Strong performances have bolstered the success of Soitec's strategic refocusing on Electronics, the heart of our business"

THIERRY SOMMELET

We provide unique technologies that meet the electronics challenges of the future, such as mobility, connectivity and low power consumption. For example, we are working on innovation platforms in China with China Mobile, in order to prepare for the arrival of 5G, on artificial intelligence in California and on connected cars in Europe.

TS: The challenge for Soitec is effectively being able to capture the growth potential in the Electronics market while maintaining its restored profitability over the long term. This is why, in addition to approving strategic and investment decisions, the Board of Directors pays a lot of attention to operational rigor and financial discipline, which must continue to guide Soitec's management in order to consolidate its recovery and to continue to grow profitably.

Remember that in 2016, Soitec was in a precarious financial position. How did you manage to stabilize the balance sheet?

TS: In 2016, three strategic partnerships - Bpifrance, CEA Investissement and NSIG - believed in the strength of Soitec's plan and its potential for recovery. By subscribing to reserved capital increases, they enabled us to set a virtuous circle in motion. The financial markets followed suit via another share issue. We were able to start reducing our debt and making capacity investments in Bernin. Last year, we proposed the early redemption of our convertible bonds and, thanks to our

stock market performance, 99% were converted. We therefore reduced our debt without any cash outflow. Today, Soitec has a particularly strong balance sheet and a restored net cash and shareholders' equity position.

PB: I would add that this financial solidity is essential for our products to be adopted. Indeed, for those players within our ecosystem, this is the guarantee of our ability to finance new capacities capable of producing the quantities they need, and that they can therefore commit to our technology.

Soitec was admitted to the SBF 120 last year. Is this important for the Company?

TS: We're proud to have joined the SBF 120 since it increases our visibility on the financial markets. It is the direct result of our stock market trajectory, which itself reflects both the improvement in our results and investor confidence in our outlook.

PB: By communicating our performance, objectives and the progress of our projects, we enter into honest dialogue with our shareholders and attract new investors. We are delighted that the markets value our efforts in this respect.

You mentioned your investment plans. Could you give us a little more detail about these plans?

PB: Our production capacities are quickly going to become insufficient. At Bernin I, which is fully operational, we have already increased capacity from 850,000 to 900,000 200mm wafers per year, and we're aiming for 950,000 wafers this year. Bernin II is expected to hit full capacity in early 2019, i.e. 650,000 300mm wafers per year. We have already made investments at this site, specifically in order to be able to produce FD-SOI. This year, we plan to extend the building in order to be able to subsequently increase capacity from 650,000 to 800,000 wafers per year, all 300mm product categories combined. Finally, at our Singapore plant, which remained inactive until

last year, we will complete the investments dedicated to a pilot line before gradually adding to equipment, aiming to achieve capacity of 800,000 300mm wafers.

“Our technologies meet the electronics challenges of the future, including mobility, connectivity and low power consumption”

PAUL BOUDRE

TS: Soitec operates on high-tech markets, however it is an industrial company whose future growth depends on increasing its production capacity. We must therefore manage its development through cautious planning of investments in its industrial facilities. Our guiding policy is, moreover, only to implement our investments gradually and subject to having a clear understanding of our clients' commitment. Paul and his team continually exercise complete vigilance in this respect, working very closely with the Board.

How do you plan to handle the expected increase in business?

PB: The refocusing carried out two years ago also involved a profound transformation of the company's cultural, managerial and digital operations. The guiding principle was to rethink our working methods to promote simplicity and agility, by giving more freedom and agency to each individual. Meanwhile, given a need to reinforce our teams we hired 150 people last year, mainly in France and, to a lesser extent, in Singapore. This year, our goal is to hire 200 new employees in Bernin. Around one hundred new hires are also planned in Singapore and in our other foreign subsidiaries. This recruitment drive will help enrich our teams with complementary experiences and improve the diversity our workforce in terms of skills, cultures and personalities.



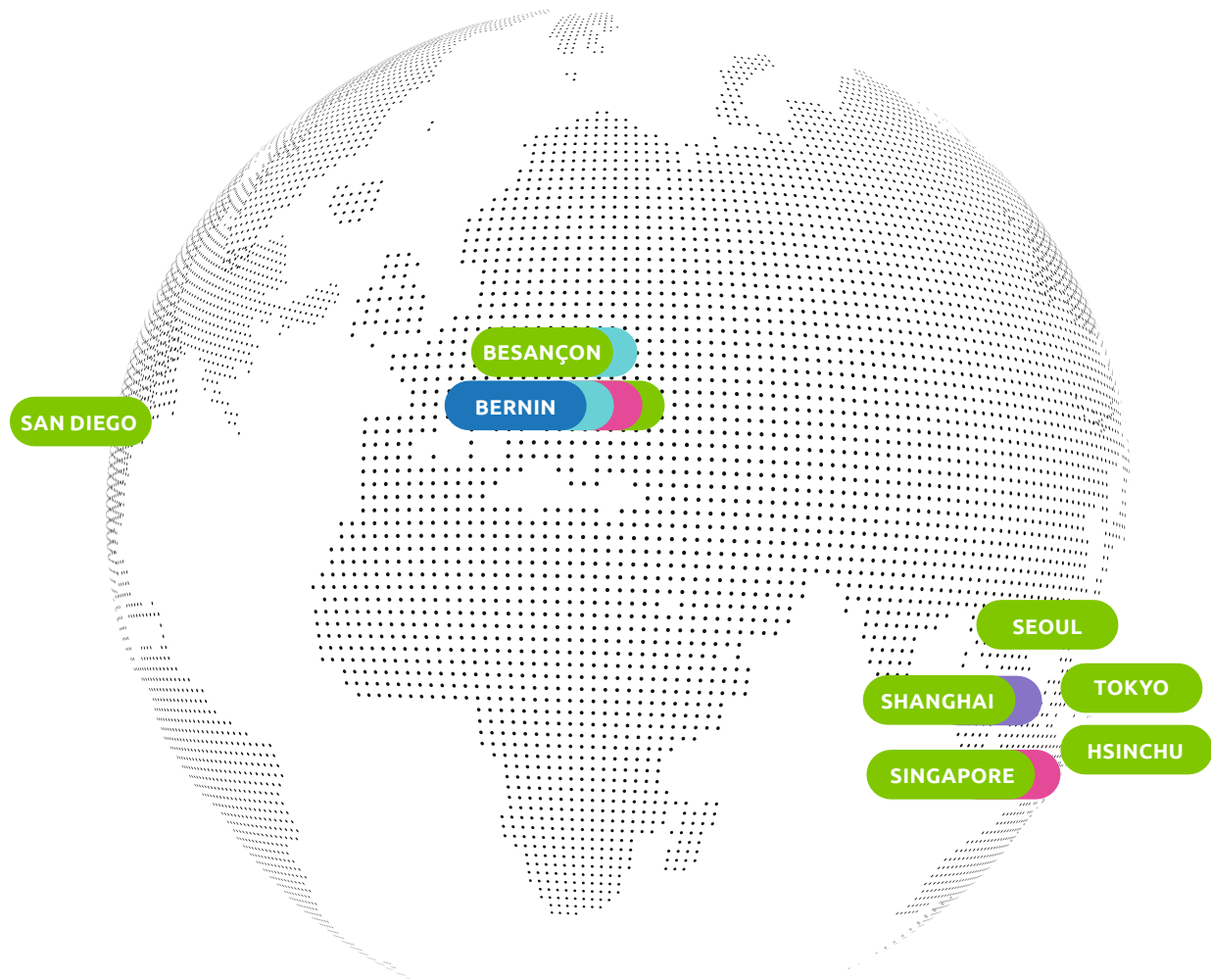
PAUL BOUDRE,
Chief Executive Officer

TS: It is deeply satisfying to see Soitec become an attractive employer once again, capable of hiring talent in France and abroad. To add to Paul's comments, I would like to emphasize that the Company's economic recovery directly contributes to the favorable dynamics of the entire ecosystem in Grenoble, in which Soitec is a stakeholder alongside other manufacturers, research laboratories and renowned higher education institutions. We also welcome the launch of the Nano2022 Plan of which Soitec is one of the seven industry leaders. This new plan demonstrates the ongoing attention paid by the government to this high tech sector, and should allow the innovation and growth dynamic in Grenoble's ecosystem to be further boosted.

SOITEC AN OVERVIEW

— WITH MORE THAN 3,000 PATENTS, SOITEC PURSUES A STRATEGY OF DISRUPTIVE INNOVATIONS TO OFFER ITS CLIENTS PRODUCTS THAT COMBINE PERFORMANCE, ENERGY EFFICIENCY, AND COMPETITIVENESS.

SOITEC OPERATES INDUSTRIAL SITES, R&D CENTERS, AND SALES OFFICES IN EUROPE, THE US, AND ASIA HEADQUARTERS



● HEADQUARTERS ● PRODUCTION ● R&D ● SALES OFFICE ● PARTNER: SIMGUI

- 26% GROWTH IN REVENUE AND SHARP INCREASE IN PROFITS — 2018
- A SUCCESSFUL FINANCIAL TURNAROUND — 2017
- BALANCE SHEET RESTRUCTURING VIA TWO CAPITAL INCREASES — 2016
- REFOCUS ON CORE BUSINESS AND NEW CORPORATE STRUCTURE — 2015
- MOVE INTO THE SOLAR MARKET — 2010
- PRODUCTION IN ASIA BEGINS — 2008
- SOI TAKES ON THE WORLD — 2007
- NEW APPLICATIONS FOR SMART CUT™ TECHNOLOGY — 2006
- FIRST ESTABLISHMENT IN ASIA — 2004
- OPENING UP TO NEW MATERIALS — 2003
- BERNIN II, THE BEGINNINGS OF THE 300 MM LINE — 2002
- INTRODUCTION ON THE STOCK MARKET AND FIRST PRODUCTION SITE — 1999
- TRANSITION TO INDUSTRIAL SCALE — 1997
- BIRTH OF A START-UP — 1992

KEY CONSOLIDATED DATA

REVENUE CONSOLIDATED

2017-2018

€ **310.6** M



87%

of sales made internationally



40

customers



3,500

patents



4

production lines

1,092

employees



69%

of employees are managers, engineers and technicians



100%

of smartphones use the RF-SOI technology by Soitec



>6 billion

chips in the automobile sector use Power-SOI wafers by Soitec



50 billion

potential devices for the Internet of Things



>20 billion

RF integrated circuits use RF-SOI wafers by Soitec



PERSON RESPONSIBLE



1.1 PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

Paul Boudre, Chief Executive Officer

1.2 DECLARATION BY THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

I hereby certify, after taking all reasonable measures to this end, that the information contained in this Registration Document gives, to my knowledge, a true and fair view of the situation and does not include any omission likely to alter the scope.

I certify that, to my knowledge, the financial statements are drawn up in accordance with applicable accounting standards and give a true and fair view of the assets, financial position and results of the Company and all companies included in the consolidated group, and that the management report included in this Registration Document (see reconciliation table) presents a true and fair view of business developments, results and financial position of the Company and companies included in the consolidated group and a description of the main risks and uncertainties they face.

I have obtained from the statutory auditors an assignment completion letter in which they state that they audited the information on the financial position and statements given in this Registration Document and have also read the entire Registration Document.

June 18, 2018

Paul Boudre
Chief Executive Officer



STATUTORY AUDITORS

Principal statutory auditors

KPMG represented by Jacques Pierre and Stéphane Devin

Tour EQHO, 2, avenue Gambetta, 92066 Paris La Défense Cedex

- date of first appointment: July 25, 2016;
- expiration date of this appointment: The Ordinary Shareholders' General Meeting called to approve the financial statements for the fiscal year ending March 31, 2022.

Ernst & Young Audit represented by Nicolas Sabran

Tour Oxygène, 10-12, boulevard Marius-Vivier-Merle, 69393 Lyon Cedex 03

- date of first appointment: July 25, 2016;
- expiration date of this appointment: The Ordinary Shareholders' General Meeting called to approve the financial statements for the fiscal year ending March 31, 2022.

Alternate statutory auditors

Salustro Reydel (alternate for KPMG)

Tour EQHO, 2, avenue Gambetta, 92066 Paris La Défense Cedex

- date of first appointment: July 25, 2016;
- expiration date of this appointment: The Ordinary Shareholders' General Meeting called to approve the financial statements for the fiscal year ending March 31, 2022.

Auditex (alternate for Ernst & Young Audit)

1-2, place des Saisons, 92037 Paris La Défense Cedex

- date of first appointment: July 25, 2016;
- expiration date of this appointment: The Ordinary Shareholders' General Meeting called to approve the financial statements for the fiscal year ending March 31, 2022.

SELECTED FINANCIAL INFORMATION



This chapter presents the selected financial information for the 2017-2018 fiscal year.

Business in 2017-2018 was marked by **sharp revenue growth of 26%, a significant improvement in operating income of €71.5 million (23% of revenue), and net profit of €86.5 million** (up from €8.4 million in 2016-2017).

Total consolidated revenue was up 26% to €310.6 million in 2017-2018 (up 31% at constant exchange rates compared to the previous year). This primarily reflects 9% growth at constant exchange rates in 200-mm wafer sales and 95% growth at constant exchange rates in 300-mm wafer sales.

Operating income amounted to €71.5 million, compared to a loss of €19.5 million in the previous year, notably due to the combined effect of growth in sales volumes of wafers, controlled industrial performance, and a decrease in Other operating expenses.

Net profit came to €86.5 million, reflecting positive results from continuing operations in Electronics of €92.1 million and a negative impact of €5.6 million of discontinued operations.

CONSOLIDATED INCOME STATEMENT

<i>(in € million)</i>	2017-2018	2016-2017	2015-2016 (adjusted)*	2015-2016 (reported)
Revenue	310.6	245.7	233.2	233.2
Gross profit	106.9	77.4	62.2	62.2
Current operating income/(loss)	67.4	27.7	22.4	22.4
% revenue	21.7%	11.3%	9.6%	9.6%
Other operating income and expenses	4.1	(8.2)	(29.4)	(29.4)
Operating income/(loss)	71.5	19.5	(7.0)	(7.0)
% revenue	23.0%	7.9%	-3.0%	-3.0%
Income/(loss) from discontinued operations	(5.6)	1.1	(33.6)	(38.6)
NET PROFIT/(LOSS) (GROUP SHARE)	86.5	8.4	(72.2)	(71.7)
% revenue	27.8%	3.4%	-31.0%	-30.7%

* Error correction on an accrued liability in the amount of €0.6 million and restatement of financing activities relating to the South African solar power plant in accordance with IFRS 5.

As at March 31, 2018, the Group's net cash position improved due to the combined impact of the **increase in available cash** (€120 million at March 31, 2018, up from €109 million at March 31, 2017) and the **decrease in debt** (€78.3 million in financial debt at March 31, 2018, down from €120.9 million at March 31, 2017, mainly resulting from the conversion of the remaining convertible bonds into ordinary shares). **Changes in equity** primarily result from net profit recorded for the fiscal year and the impact of the conversion of OCEANE bonds.

BALANCE SHEET

<i>(in € million)</i>	2017-2018	2016-2017	2015-2016 (adjusted)*	2015-2016 (reported)
Non-current assets	215.5	161.0	159.9	159.9
Current assets	120.2	90.2	90.3	90.3
Cash	120.0	109.3	49.1	49.1
Assets held for sale and related to discontinued operations	24.0	29.1	25.9	25.9
TOTAL ASSETS	479.7	389.6	325.1	325.1
Total equity	278.6	149.1	(7.8)	(7.1)
Financial debt	78.3	120.9	218.9	218.9
Operating liabilities	110.7	105.9	97.5	96.8
Liabilities held for sale and related to discontinued operations	12.2	13.7	16.5	16.5
TOTAL EQUITY AND LIABILITIES	479.7	389.6	325.1	325.1

* Correction through equity of a charge to be paid in the amount of €0.8 million.

SELECTED FINANCIAL INFORMATION

EBITDA posted by the Electronics segment increased sharply to €90.6 million in fiscal 2017-2018 (compared to €41 million in the previous year) and the **Electronics EBITDA margin came to 29.2%** (up from 16.7% in 2016-2017).

EBITDA represents operating income (EBIT) before depreciation, amortization, non-monetary items related to share-based payments and changes in provisions on current assets and provisions for risks and contingencies, excluding income on asset disposals. This indicator is a non-IFRS quantitative measure used to measure the Company's ability to generate cash from its operating activities.

EBITDA

<i>(in € million)</i>	March 31, 2018	March 31, 2017
EBITDA - Electronics	90.6	41.0
<i>EBITDA margin - Electronics</i>	29.2%	16.7%
EBITDA - Other businesses	(2.7)	(8.9)
EBITDA - Group	88.0	32.1
<i>EBITDA margin - Group</i>	28.3%	13.1%

Cash flow from operational activities was positive for 2017-2018 in the amount of €35.1 million. It was comprised of positive cash flow of €40 million from the Electronics division, offset by negative cash flow of -€4.9 million from discontinued operations. **Capital expenditure** was stepped up in order to respond to growing sales volumes.

STATEMENT OF CASH FLOWS

<i>(in € million)</i>	March 31, 2018	March 31, 2017	March 31, 2016
Net cash generated by/(used in) operating activities	35.1	31.6	(12.5)
Net cash generated by/(used in) investing activities	(18.8)	(2.4)	26.9
Net cash generated by financing activities	(2.1)	32.3	12.4
Effects of exchange rate fluctuations	(3.6)	(1.3)	(0.7)
CHANGE IN NET CASH POSITION	10.7	60.2	26.2

RISK FACTORS AND INTERNAL CONTROL AND RISK MANAGEMENT MECHANISMS



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In addition to the information contained in this Registration Document, investors are invited to give careful consideration to the main significant risks outlined in paragraph 4.1 below before deciding whether to invest. Investors could lose all or part of their investment if those risks were to materialize.

The Group operates in a constantly changing environment. The Company considers significant risks to be those that, as of the date of this Registration Document, could potentially have a material adverse effect on the business, financial position, earnings, image or outlook of the Company and/or its subsidiaries, and could lead to a sharp fall in the Company's share price.

In addition, other risks and uncertainties which are not yet known, or which the Company does not regard as significant as of the date of this Registration Document, could also have the same adverse effect.

A process of continuous improvement in risk management and control is in place within the Company. The aims of the internal control mechanism described in paragraph 4.2.1 below are the identification, qualification, and reduction of the likelihood of occurrence of the risks and their potential impacts on the Group. This mechanism is supported by the existence of an insurance program described in paragraph 4.2.3 below, in addition to the ethics, compliance, security and data protection policies set out in the Company's 2017-2018 corporate social responsibility (CSR) report and in Chapter 17 of this Registration Document.

4.1 RISK FACTORS

4.1.1 RISKS RELATED TO THE COMPANY'S BUSINESS

4.1.1.1 Cyclical risks in the Electronics segment

Sensitivity of the Electronics segment's results to changes in technology trends and to the development of new vertical integration models.

The semiconductor industry is characterized by technologies and standards that can evolve rapidly in some end markets (such as consumer electronics), as well as by frequent launches of new products. It is also known for the succession of technology nodes for fine etching used by microprocessor manufacturers to install their circuits on silicon wafers. These technological leaps lead to constraints for our clients, who may have difficulties taking them on, which could result in a decrease in demand for our products. For microprocessors that require a high level of computing performance and have low levels of electricity consumption (servers, laptops, tablets, smartphones, gaming consoles), the semiconductor industry has several technological options for the next generations of products.

Much of the revenue from the Electronics segment during the last fiscal year came from sales of 200 mm-diameter wafers for RF-SOI and Power-SOI applications (about 60% of revenue), and from sales of 300 mm-diameter wafers. Although the Company is confident about the prospects for adoption of its FD-SOI (fully-depleted SOI) technology, the foundry market remains extremely competitive.

Positioned as a supplier of silicon wafers to the foundries, the Company depends on end users to adopt the technological solutions it offers in cooperation with the foundries. Beyond technical performance, the degree to which the technologies developed by the Company are adopted depends on their cost in comparison to other technical solutions available on the market. End users, like the foundries, may decide at any time to postpone or even abandon their SOI projects if they consider that the price-performance ratio is not favorable in relation to the solutions offered by the Company, or for specific reasons that are unrelated to the Company's product features. This is all the more pronounced during periods of transition from one manufacturing node to another, given the investments made, which is the case today with the choice between planar technologies and 3D.

Since there is no guarantee of exactly when FD-SOI will take off in the medium term, the Company's future growth in the semiconductor market, and its economic and financial strength, could be impacted.

Apart from the Electronics segment's profit being sensitive to the technological developments described above, the recent concentration phenomena witnessed in the semiconductor industry could see new strategic directions emerge that could potentially pose a threat to the Company (e.g. in the event of withdrawal of a product line that uses SOI substrates).

Sensitivity of the profits from the Electronics segment to client demand

In some years, the semiconductor sector witnesses rapid changes in client outlook or the unforeseen accumulation of inventory in the supply chain due to changes in end users' demands and macroeconomic conditions. This phenomenon is intensified for RF-SOI products due to fierce competition that results in pricing pressure for the sale of SOI wafers produced by the Company and/or a loss of its market share.

A large part of the profit in the Electronics segment comes, not from long-term supply contracts regarding set quantities, but rather from contracts for supplying finished products on the basis of sales predictions coming from key clients. Therefore, the industry is regularly required to implement capacity investments, hire personnel and build up raw material and finished product inventory to meet a demand that could potentially drop substantially.

However, terms and conditions of sale include clauses that may reduce this risk (automatic billing of products after a set length of inventory time, minimum advanced notice before adjusting consumption forecasts, take-or-pay penalties in cases where capacity investments may be at stake). Additionally, the Company endeavors to limit risk by negotiating symmetrical conditions for the supply of raw materials as much as possible, reducing the time of its production cycle and standardizing its products to meet the demand of several clients through shared infrastructure and identical stored references.

Contractual agreements between the Company and its key clients do not include non-standard clauses, the implementation of which could have a significant impact on its business or its growth. But even in cases where the general terms and conditions of sale or other previously negotiated contractual agreements provide for the application of penalties in the event of a major review of clients' consumption forecasts, the Company may be required to waive these penalties to protect its relations with its clients or take into account standard practices in the sector.

Lastly, there is a lag between the announcements made by the end users in regard to their potential medium-term strategic choices, and these choices translate in orders from the suppliers of these end users, which adds to the difficulty for the Company to anticipate changes in its order booklet.

Cyclical aspect of the semiconductor industry and inventory management

The semiconductor industry is less cyclical now than in the past, given the growing number of final applications in mobile telephony, the automotive sector, the internet of things, etc.

Nevertheless, a downward cycle in the semiconductor industry may have a significant impact on the demand for the Company's products, which could lead to a de facto drop in its revenue and profit. Its inability to sell its products may have a significant negative impact on its inventory, revenue and earnings.

Although the Company currently considers its inventory to be in line with the current economic climate, this is still marked by an overall economic uncertainty that may lead to lower demand than estimated.

Current forecasts relating to the Company's business remain nuanced due to the uncertainties relating to the technological transition underway and the time frame for adopting FD-SOI (Fully-Depleted SOI) technology (see above section entitled "Sensitivity of the Electronics segment's profits to technological changes and to the development of new vertical integration models"). FD-SOI wafer sales have been recorded throughout the 2017-2018 year (for retail electronic products, cars and industry) have grown steadily, quarter after quarter, without the corresponding contribution being very significant as yet. Therefore, the Company must reconcile the increase in demand observed in the domain of radiofrequency applications with the marked uncertainties in FD-SOI technology.

Impact of short-term changes on the Electronics segment's profits

Within the framework of its strategy for industrial leadership, the Company carried out major investments to respond to the anticipated changes in demand. These investments figure on the profit and loss statement as fixed depreciation costs and operating expenses.

During the 2017-2018 fiscal year, the Company estimates that more than 50% of its operating costs in the Electronics segment may be treated as fixed. Faced with major uncertainties related to current changes in technology (see section entitled "Sensitivity of the Electronics segment's profits to technological changes and to the development of new vertical integration models"), the Company must maintain a level of investment that is compatible with the favorable changes in demand for SOI wafers for radiofrequency applications, the current production capacities of which are close to saturation, and for developing the FD-SOI solution.

In this context, the cost-control and industrial performance optimization measures put in place by the Company must be combined with the need to have suitable production means for products in development in the Company, both in 200mm, for radiofrequency applications, and in 300mm for business related to penetration of the FD-SOI solution. Over the 2017-2018 fiscal year, this resulted in the reopening of the Singapore plant. For the 2018-2019 period, the Group should undertake major investments in capacity.

Any sudden unfavorable change in demand may have a significant impact on the Company's profits given the difficulties in immediately reducing its fixed costs without definitively compromising its future in the semiconductor domain.

The semiconductor market is highly competitive and marked by particularly quick technological developments

The silicon substrate industry is able to respond to the stakes related to the consumer electronics market, characterized by:

- growing consolidation;
- a talent for innovation;
- and reduced time-to-market for new products.

The need for regular reduction in manufacturing costs puts significant pressure on the players in the sector. Beyond technical performance, the degree to which the technologies developed by the Company are adopted depends on their cost in comparison to other technical solutions available on the market. End users, like the foundries, may decide at any time to postpone or even abandon their SOI projects if they consider that the price-performance ratio is not favorable in relation to the solutions offered by the Company, or for specific reasons that are unrelated to the Company's product features.

This is particularly evident during periods of transition from one technical node to another, given the investments made, which is the case today with the choice between planar technology and 3D. The acceptance of Smart Cut™ technology by silicon leaders in license contracts entered into with the Company is a factor for developing this technology with the foundries, allowing the existence of several supply sources for SOI substrates and contributing to virtuous competition. Also, the Company's main competitor for SOI products, Shin-Etsu Handotai, is also a sub-licensee who participates in developing the market.

The Company remains confident about maintaining its competitive position and the competitiveness of its technology, but cannot rule out that this may be weakened in the long term, with adverse impacts on its earnings. Indeed, the Company's technologies currently in the RF-SOI and Power-SOI market, which make up most of its revenue, could be replaced by more cost-effective technologies.

In addition, the semiconductor industry is in consolidation phase and is increasingly focusing on turning toward a production capacities outsourcing model (foundries). As a consequence, the market of the foundries that offer their production capacities to the semiconductors players is very competitive, with dominant position on certain technological nodes. As a result, the success of FD-SOI is closely tied to commercial successes of the foundries' which support FD-SOI technology, but which are not those which are in dominant position on the nodes currently in commercial exploitation. Several factors besides the technological value of FD-SOI could come into play in the success of its business development: marketing and business strategies of the foundries supporting FD-SOI technologies toward fabless companies, their financial health, the technological and business competition of the dominant foundries, etc.

4.1.1.2 Risks of dependence on third parties

Risks relating to the concentration of clients in the semiconductor sector

The concentration of clients is a typical characteristic for semiconductor sector suppliers. This concentration is combined, in the case of the Company, with the phenomenon of market capture related to the technological choices put out by its key clients.

Although the Company is aiming to balance its client structure over time by gradually moving to new clients during large volume production phases using the substrates it supplies to them, there is no assurance of achieving this in the short term. Likewise, the Company is dependent on the technological choices of its clients'

customers. Even if these technological choices are unfavorable to the technical solutions for the Company's substrate products, there would be an immediate effect on the Company's business volume with its key clients.

During the 2017-2018 fiscal year, the Company's top client only accounted for 15% of the Group's revenue (versus 21% the previous year) and its second-largest client 14% (versus 11% for the previous year). Eight clients generated over 5% of the Group's revenue (the same number as the previous year), and all together they accounted for 71% of sales in the segment (compared to 80% for the previous fiscal year).

The expected penetration of FD-SOI (Fully-Depleted SOI) technology may once again result, in the adoption phase, in a concentration of the client portfolio for the Electronics segment. Still, to reduce its exposure, the Company seeks to introduce and develop other products for new applications (radiofrequency, potency, photonics, and image capture).

Risks related to the quantification of key client final markets in the Electronics segment

The Company had no direct information to quantify the expected impacts of key client launches (or of their customers) on the Electronics segment of new products on their respective markets.

The Company's business forecasts may consequently be challenged by a different assessment and/or a review by their clients of their own forecasts. It should be noted that the Company adapts its sales forecasts according to indications from its clients with regard to their SOI wafer needs, provided that the wafer inventory that the Company has placed at client sites only represents a few weeks of their expected consumption.

If demand for 300 mm products (PD-SOI, RF-SOI, Imager-SOI, and Photonics-SOI) is confirmed, the Company could have to make additional capacity investments in future fiscal years. Financing for these new investments remains to be defined, but should include the Company soliciting the financial markets in the coming years, in line with what the Company has done in the past.

The risk of Electronics segment client insolvency

The concentration of the client portfolio in the Electronics segment is not synonymous with a significant credit risk. In the Electronics sector, the average payment period for key clients is less than 60 days.

The risk of non-payment is reduced because the Company's clients include large international groups in the microelectronic industry. The Company has not seen a significant default of payment in its Electronics segment during the last three fiscal years.

Furthermore, the Company has implemented internal follow-up and monitoring procedures for its payment default risks and, generally, for managing credit risk.

Nevertheless, these procedures may not guarantee the Company protection against the insolvency of one or more of its clients. Should such an event occur, there would be a negative impact on the Company's earnings and financial position.

Dependence on silicon suppliers and the impact on the Company's earnings

Given the cyclical nature of the semiconductor industry and the consequences of silicon consumption, the Company may have problems obtaining supplies in the event of a sharp increase in demand, which would be detrimental to its business.

If global demand for silicon exceeds the capacity of the few suppliers of crude silicon, it could lead to substantial price increases or to the Company not being able to supply enough silicon to meet the demand of the Company's customers.

As part of the partnerships entered into with silicon suppliers, specifically Shin-Etsu Handotai (SEH), the latter has agreed to supply the raw materials that the Company could need. As part of its supply agreement with SEH, which remains in effect until 2023, the Company has agreed to obtain 60% of its supply needs from SEH. Volumes and financial terms and conditions with these supplies are renegotiated every year.

Nevertheless, the Company retains the right to buy from other suppliers, which provides other supply sources, and control its purchase price.

The price of silicon is adjusted on a half-yearly basis with key suppliers. Repercussion in the sale price of a price adjustment for silicon is set out in the agreements signed with the key clients, so that the Company may guarantee a strict consistency, with it being specified that the length of the production cycle and the amount of inventory of primary materials is less than three months of consumption. SOI often being in direct competition with the Company's clients' bulk silicon, a long-term difference between the purchase price of the raw materials and the sale price of finished products is unlikely.

The silicon costs represent between 40% and 50% of the cost price for an SOI wafer, higher than that of other consumable materials and other kinds of costs. To sustainably reduce the cost of silicon in its cost price, the Company has implemented a strategic cost-control program using an internally developed process, entirely dedicated to using raw materials more efficiently.

The Company is confident in its capacity to successfully implement this strategic program, but nevertheless it cannot exclude that an increase in the price of primary materials may have a significant impact on earnings.

Dependence on Shanghai Simgui Co. Ltd.

In October 2016, Shanghai Simgui Co. Ltd., the Company's industrial partner based in Shanghai, successfully finalized initial client qualifications for its 200 mm SOI wafers.

Industrial production ramped up during the 2017-2018 fiscal year on an initial capacity tranche, enabling the Company to have additional capacity to meet its clients' needs and continue to enjoy strong sales growth in 200 mm wafers.

It may be noted that the growth in demand of 200 mm wafers can be served by the Company's 200 mm plant in Bernin, which plans to increase its capacity in 2018-2019 to 950,000 wafers per year, but also by increasing the industrial capacity of the Chinese plant of Shanghai Simgui Co. However, the Company is uncertain about whether or not Shanghai Simgui Co. Ltd. will be able to produce the expected quantities and qualities. If Shanghai Simgui Co. Ltd. were to fall short, this would have a significant impact on the Company's earnings.

4.1.1.3 Business continuity plan

The business continuity plan has been completely revised and reinforced for better adaptation for a multi-site organization. The implementation of a new business continuity plan for Bernin is underway to reinforce the methods currently in place. This continuity plan is tested out every year *via* an operational exercise.

In order to anticipate risks that may lead to operations being interrupted, the Company has prevention and protection methods that guarantee business continuity. The methods implemented allow for securing the supply and delivery to the clients.

As part of the prevention program established with its insurers, the Company is working to reduce risks at its production site and their potential impacts on business continuity. However, the Company's 200 mm and 300 mm production is carried out at a single site in Bernin. Therefore, if the entire site experiences a prolonged outage, the Company will be unable to supply its customers for a prolonged period of time.

4.1.1.4 Risks relating to the Group discontinuing the Solar Energy business

The Group's decision to refocus on its core business and withdraw from the Solar Energy business led the Company to present Solar Energy net income as "net after taxes from discontinued operations" in the financial statements as of March 31, 2018.

There are certain risks and obligations arising from specific contractual warranties given on sales of solar energy equipment. These are treated as off-balance-sheet commitments. These warranties may be as long as 10 years for malfunctioning equipment, and as long as 25 years for energy production performance, commencing when the equipment is put into service.

As a result, the Company bears a risk of indemnification under these warranties and will have to maintain a small organization responsible for monitoring and managing them. A provision to cover known risks, compensation risks and costs related to dissolving the solar business was recognized and reviewed in the financial statements of March 31, 2018, taking into consideration certain assumptions.

Although they are reviewed at regular intervals, it is still possible that the costs of customer warranties or asset disposals will ultimately differ from the assumptions used.

In addition, dissolving the Solar Energy business may trigger delay in the elaboration and release processes of the audited statutory financial statements of the local affiliates, and could make the Group bear significant additional costs resulting from the tax treatment related to potentially abandoning receivables held by the Company from operating subsidiaries running this business. Although the Group is actively exploring avenues to minimize these costs, the Group cannot in any way guarantee that it will be able to do so.

4.1.1.5 Environmental risks

Use of hazardous products

The manufacturing process implemented by the Company includes the use of chemicals that could be a safety hazard for people as well as hazardous for the natural environment. They include products currently used in the microelectronic industry, such as hydrofluoric acid, hydrochloric acid, ammonia, various liquid solvents, hydrogen chloride, gaseous ammonia, dichlorosilane and hydrogen for gases, arsenic and phosphorus for solids as well as substrates for III-V materials such as gallium arsenide and indium phosphide.

The Company complies with local laws and regulations relating to the use and storage of these chemicals as well as the disposal of Hazardous Waste, which is required after use.

An internal procedure related to managing chemicals ensures a preliminary approval by the Health and Safety/Environmental Department prior to introducing new chemicals at each site.

The Company has effective material resources to combat any chemical risks from work accidents (bodily injury) or industrial incidents (spills/leaks). The Company may also rely on an IOP (internal operation plan) crisis management structure implemented by the Group and based on the internal intervention teams specifically trained to take action in this type of scenario.

All of this ensures the proper management of the chemical risks; nevertheless, the Company does not exclude any risk that may have unfavorable consequences on the health of people, the environment, its brand image, its profits and its financial situation.

Financial risks linked to the climate change and actions taken by the Company to reduce them

The financial risks linked to climate change and the actions taken by the Company to reduce them by implementing a low-carbon energy strategy in all areas of the business are set out in the Company's 2017-2018 corporate social responsibility (CSR) report, as well as in paragraph 17.4.3 of this Registration Document.

4.1.1.6 Computer risks

As an industrial company operating in the high-tech industry and expanding internationally, the Company relies heavily on its information system for all its business activities. Because of this, the Company can be exposed to threats such as cyber-attacks of any kind aiming to impact the industrial businesses, to steal sensitive information for non-authorized use, or to attempt fraud.

Although the Company complies with best practices in this area and rolls out organizational (such as ISO 27000), technical (implementation of local outsourced infrastructure with state-of-the-art security), and human resources (with a sharp focus on personnel training) to ensure that its information system is properly managed and secured, the Company cannot rule out every risk that could have adverse consequences on the systems or data it is responsible for, its brand image, its results, its financial position or its regulatory obligations.

4.1.2 LEGAL RISKS

4.1.2.1 Litigation

The Company is involved in certain lawsuits described in paragraph 9.1.6 of this Registration Document.

4.1.2.2 Industrial property

The Company is committed to protecting its industrial property.

Some patents protecting the techniques used in manufacturing the Company's products are owned by the CEA-Leti or other organizations which are responsible for protecting them. The Company holds several exclusive licenses for CEA patents used in Smart Cut™ and Smart Stacking™ terminologies. Smart Cut™ designs technology protected by a portfolio of several thousand patents. Even though the first patent in the Smart Cut™ portfolio became part of the public domain during the 2012-2013 fiscal year, various other improvement patents for the technology are still in force. Therefore, the Company does not regard the expiration of the initial patents for this technology as a major risk.

With over two hundred new patents filed each year worldwide, the Company is frequently listed as one of the 50 most active French companies in terms of patent filing (source: *Palmarès 2016 des déposants de brevets published by l'Observatoire de la propriété intellectuelle* – <https://www.inpi.fr/fr/le-palmares-deposants-brevets-2017>)

This policy also extends to the protection of its trademarks (e.g., Soitec, Smart Cut™ or Smart Stacking™).

The Company strengthens and expands its intellectual property each year in the key technological sectors of its current and future activities. In fact, the continued increase in patents has enabled the Company to maintain a competitive edge on the market.

For example, at the end of 2012, the Company announced the renewal of the license agreement originally granted to Shin-Etsu Handotai in 1997 for manufacturing SOI substrate. Additionally, at the beginning of 2013, the Company announced the license agreement for Smart Cut™ technology entered into with Sumitomo Electric, for manufacturing GaN substrate. At the end of 2013, the Company granted a Smart Cut™ technology license to SunEdison Inc., and in 2014, to Shanghai Simgui Technology Co. Ltd.

The absence of sufficient protections, the invalidation of the circumvention of patents licensed to or owned by the Company, or an alleged infringement of third-party rights, may have negative impacts on its business and financial position. Likewise, in order to protect its technologies and ensure its rights are respected, the Company may file lawsuits through the courts, if necessary. This type of litigation involves large costs and significant personnel commitment for a long period of time, and may also have a negative impact on the Company's business and financial position. In addition, the Group cannot rule out the possibility that litigation may result in a patent being canceled or the Company needing to pay royalties to a third party.

4.1.2.3 The importance of research and development efforts for the Group

The Company allocates a large portion of its revenue to research and development.

This research and development effort partly depends on financial and tax incentives that may be called into question and increase the impact of these expenses on operating income in the future.

Moreover, some contracts that the Company has entered into contain stipulations that aim to improve returns on its products in the long term, resulting in increased compensation. If the Company has a difficult time satisfying these contractual commitments, it may have a negative effect on its profits and operating income.

4.1.3 FINANCIAL RISKS

The data presented below come from the audited financial statements as of March 31, 2018.

4.1.3.1 Interest-rate risk

The Group's medium and long-term debt is partly variable rate and partly fixed rate.

As of March 31, 2018, the Group does not hold any hedging instruments for financial debt:

<i>(in € thousand)</i>	March 31, 2018	March 31, 2017
Financial debt	(78,259)	(120,860)
Fixed rate	(23,941)	(64,494)
Variable rate	(54,318)	(56,366)

A 1% increase in interest rates applied to floating-rate debt and investments would have led to a decrease of approximately €484 thousand in financial income/(expense).

A 1% decrease in interest rates applied to floating-rate debt and investments would have led to an increase of approximately €130 thousand in financial income/(expense).

4.1.3.2 Foreign exchange risk

The Group's objectives are to hedge foreign exchange risk on commercial transactions recognized in the statement of financial position and on highly probable future transactions. The Group's foreign exchange risk policy for future commercial transactions carried out in dollars is to hedge a significant part of the foreign exchange risk for the following year at the end of the fiscal year *via* derivative instruments based on operating budgets. The currency risks identified are hedged by forward sales or options contracts, in order to minimize the EUR/USD currency position. The useful life of these instruments is in line with the Group's settlement flows. Additionally, the Group's policy is not to use instruments for speculative purposes. Currency risk on EUR/ZAR remains unhedged.

The Group remains exposed to book currency translation risk since it publishes its consolidated financial statements in euros.

The conversion rates used to convert the subsidiaries' financial statements whose operating currency is different from the euro have the following exchange value in euros:

Currencies	Average rate		Closing rate	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
US dollar	0.851940	0.914414	0.811622	0.935366
Yen	0.007667	0.008429	0.007625	0.008365
South African rand	0.068630	0.072536	0.068395	0.070223

Impact of the change in the dollar/euro exchange rate on the Group's earnings

Most transactions on the semiconductor market are carried out in US dollars. In addition, nearly all of the revenue in the Electronics segment is invoiced in USD, likewise for silicon purchases, which account for between 45% and 55% of production costs. Other costs, which mostly correspond to local resources in Bernin, are mainly invoiced in euros.

The US dollar depreciated by 7% compared to the euro between the 2016-2017 fiscal year and the 2017-2018 fiscal year. The Group shows that for the Electronics segment, the 34.4% gross profit for the 2017-2018 fiscal year will be at 34% if the euro/dollar parity stays at the same level as the previous year.

The Group hedges its commercial transactions in USD by using forward sales and options with maturities that range up to 18 months.

Level of exposure to foreign exchange risk

The level of exposure to foreign exchange risk is described in note 5.4.3 of the notes to the 2017-2018 consolidated financial statements contained in Chapter 20 of this Registration Document.

The table below shows the net positions in euros and foreign currency (financial line items on the consolidated balance sheet by transaction currency):

(in € thousand)	EUR	JPY	USD	NTD	SGD	KRW	ZAR	CNY	March 31, 2018
Assets	164,985	1,000	80,851	28	2,553	511	23,764	4,536	278,229
Liabilities	(149,093)	(8,621)	(36,952)	(72)	(2,652)	(91)	(3,626)	(20)	(201,129)
Net position before hedging	15,892	(7,621)	43,899	(44)	(99)	420	20,138	4,516	77,100
Financial hedging instruments of financial position items	-	(1,587)	21,685	-	-	-	-	-	20,098
Net position after hedging	15,892	(6,034)	22,214	(44)	(99)	420	20,138	4,516	57,002

The following table shows the unrealized gains on existing financial instruments as at March 31 to cover exchange rate risks:

Type of contract (in € thousand)	Currency	March 31, 2018		March 31, 2017	
		Market value (net)	Hedged position	Market value (net)	Hedged position
Hedge of statement of financial position items:		2,753	-	(870)	-
Of which eligible for hedge accounting (hedging of trade receivables):		2,755	-	-	-
Forward sales	USD to EUR	1,418	10,145	-	-
Options	USD to EUR	1,337	11,540	-	-
Of which not eligible for hedge accounting:		(2)	-	-	-
Forward sale (hedging of trade receivables)	USD to EUR	-	-	(870)	22,449
Forward purchase (hedging of trade payables)	JPY to EUR	(2)	1,587	-	-
Cash flow hedges:		11,215	-	707	-
Of which eligible for hedge accounting:		11,371	-	3,388	-
Forward sales	USD to EUR	5,374	60,872	637	101,955
Options	USD to EUR	5,997	67,188	2,751	114,115
Of which not eligible for hedge accounting:		(156)	-	(2,681)	-
Options	USD to EUR	(156)	78,727	(2,681)	114,115
TOTAL HEDGES		13,968		(162)	

The market value was estimated using one or more commonly used models.

The Group's foreign exchange risk hedging policy consists in covering most of the following year's exposure. As a consequence, changes in USD exchange rates should continue to have a minimal impact on profit.

As of March 31, a 10% impairment of the euro compared to the US dollar, to the South African rand, to the Japanese yen and to other currencies in which assets and liabilities are held could result in an additional gain of €4.6 million.

An appreciation of 10% of the euro in relation to these currencies as of March 31 would result in an additional loss of €3.7 million.

In both cases, the impact of the South African Rand accounts for approximately 49% of the total impact calculated.

4.1.3.3 Liquidity risk

The Group recorded net income of €86.5 million over the 2017-2018 fiscal year, and presented shareholders' equity of €278.6 million at year-end compared with +€149.1 million as of March 31, 2017.

The Group's available cash flow improved during the 2017-2018 fiscal year, from €109 million at March 31, 2017, to €120 million at March 31, 2018. This improvement primarily results from positive cash flows generated by business during the year.

Financial debt excluding discontinued operations decreased from €120.9 million at March 31, 2017 to €78.3 million at March 31, 2018, primarily explained by the conversion of remaining 2018 OCEANE bonds into ordinary shares. Net debt improved significantly, from net debt of €11.6 million at March 31, 2017 to net cash of €41.7 million at March 31, 2018.

Based on the above, the Group has therefore prepared its consolidated financial statements on a going-concern basis.

The table below shows the breakdown of financial liability of the Group by date:

(in € thousand)	Less than 1 year		From 1 to 2 years		From 2 to 3 years		From 3 to 5 years		Longer than five years		Total	
	Nominal	Interest	Nominal	Interest	Nominal	Interest	Nominal	Interest	Nominal	Interest	Nominal	Interest
Financing lease agreement:												
Furnishing financing lease agreement	2,155	81	1,080	42	1,087	34	2,196	46	2,210	16	8,728	219
Borrowings:												
Bank loan	46	7	44	5	35	4	50	3	-	-	175	19
Other borrowings and debts:												
Committed credit line used	15,144	274	17,600	199	18,467	109	9,712	39	-	-	60,923	621
Redeemable advances	1,070	-	997	-	1,485	-	2,803	-	1,850	-	8,205	-
Financial service providers	1	-	-	-	-	-	-	-	-	-	1	-
Derivative financial instruments	124	-	34	-	-	-	-	-	-	-	158	-
Trade payables and other debts	58,587	-	-	-	-	-	-	-	-	-	58,587	-
TOTAL FINANCIAL LIABILITIES	77,427	362	19,755	246	21,074	147	14,761	88	4,060	16	136,777	859

Confirmed credit lines

In 2012, the Group signed confirmed credit lines with its banking partners for a total amount of €72,000 thousand to mature on March 31, 2017 and which are repayable over five years. One of these lines was restructured for an amount of €8,000 thousand, repaid on August 31, 2014. On May 27, 2015, the amount outstanding at this date, *i.e.*, €37.2 million, had been restructured in the form of credit lines repayable in full (principal and interest) at maturity in November 2019. Over the last two fiscal years (2016-2017 and 2017-2018), these credit lines were restructured again in order to resume the payment of interest and the amortization of capital according to a new schedule ending in November 2021.

These credit lines carry a commitment fee of 0.15% to 0.20%, and a utilization fee ranging from Euribor +0.60% to Euribor +1.00% depending on the facility.

Within the framework of the mobilization of receivables on the research tax credit and CICE, the Group signed credit lines with BPI for a total amount of €24.4 million to mature between September 2018 and September 2022. These credit lines carry a commitment fee of 0.30%, as well as a utilization fee of 1-month Euribor +0.70%.

4.1.3.4 Credit risk

The financial instruments on which the Group potentially incurs a credit risk are mainly cash, liquid assets subject to restrictions and trade receivables.

The Group has implemented a cash flow management policy with the objective of optimizing its investments in short-term and low risk financial instruments. The Group's liquid assets are mainly invested with large international financial institutions.

The Group markets its products to actors in the semiconductor industry mainly located in the United States, Asia and Europe. As of March 31, 2018, the Group has eight clients that accounted for more than 5% of the Electronics segment's revenue; together, they accounted for 71% of revenue. As of March 31, 2017, the Group had eight clients accounting for more than 5% of the Group's revenue; together, they accounted for 80% of restated revenue.

The Group frequently evaluates its clients' credit risk and financial position and funds provisions for potential losses on receivables that cannot be recovered. The amount of these losses remained within the limits forecast by the Management.

4.1.3.5 Risks relating to the materiality of off-balance sheet commitments

The Group has off-balance sheet commitments for its ongoing operations, as described in more detail in note 5.2 to the 2017-2018 consolidated financial statements contained in Chapter 20 of this Registration Document.

4.1.3.6 Recoverable amount of non-current assets

The value of the Group's non-current assets is distributed among several cash generating units (CGUs). At year-end on March 31, 2015, the Company performed impairment test procedures on each of the CGUs based on updated business plans, which led to recognizing non-current asset depreciation.

These tests were updated during the 2017-2018 fiscal year, and no additional impairment was recorded. The basic assumptions and the amount of impairment losses are detailed in notes 2.4.G and 3.4 of the notes to the consolidated financial statements contained in paragraph 20.3 of this Registration Document.

4.2 INTERNAL CONTROL AND RISK MANAGEMENT MECHANISMS**4.2.1 INTERNAL CONTROL MECHANISM****4.2.1.1 Definition and purpose**

Internal control is a system set within the Company, and defined and implemented under its responsibility, that aims to ensure the achievement of the following objectives:

- reliability of accounting and financial information that is published;
- compliance with the laws and regulations that the Company and its subsidiaries are subject to, particularly in the area of the production of accounting and financial information;
- implementation of instructions and guidelines set by the governing bodies of the Company;
- ensuring the proper functioning of the internal procedures of the Company, especially those intended to safeguard its assets.

In general, Group internal control contributes to the management of its activities, to the efficiency of its operations and to the efficient use of its resources.

By helping to identify and, wherever possible, prevent and control the risks inherent to the various activities of the Group, be they operational, financial or compliance-related, the internal control mechanism plays a key role in the management and decision-making processes.

The Company's objective is to ensure that the internal control system allows for the prevention of, to the extent possible, the risks to which it is exposed.

However, internal control cannot provide absolute assurance that the objectives of the Company will be achieved and that the risks of errors or fraud have been completely controlled or eliminated.

4.2.1.2 Reference framework

The Group's internal control mechanism is based on the recommendations of the "Reference Framework," published by the AMF in 2007 and updated in 2010, which the Company strives to follow in deploying its internal control mechanism.

Adopted by the Group in 2009, it applies to all entities within the scope of consolidation of the Group, and has resulted in the introduction of:

- internal control procedures applicable to all entities belonging to the Group;
- rules of access to the IT systems suited to roles and responsibilities of staff and to the principle of separation of tasks;
- rules for supervising accounting and financial operations that are identified as critical.

The formalization of these rules helps to strengthen key internal controls and make the internal control process more reliable, in addition to preventing and controlling major risks inherent to the business.

4.2.1.3 Internal control actors

In view of the need to monitor and manage the risks inherent to its business, the Company implements the necessary means to ensure that its internal control environment remains effective.

In the absence of an Internal Control Department, the Finance Department of the Company spearheads internal control.

In addition, the control and management of risks, other than financial ones, is central to the operation of the Company *via* the ongoing involvement of the Legal Department and Operational Departments.

In this sense, all Group employees play a primary role in internal control.

The Company's Executive Committee identifies and treats key issues and approves the operational and strategic objectives. It ensures the implementation of the strategy and examines the options enabling its proper implementation, especially in the areas of technology and strategic options, safety, and human and financial recourses. In addition, the Executive Committee is responsible for supervising the Company's internal control system, and in doing so relies on the Group's Finance and Legal Departments. Each quarter, it monitors the progress of this action plan approved by the Audit and Risk Committee, and ensures that the internal control mechanism is working efficiently.

Lastly, in accordance with the Corporate Governance Code of Listed Corporations published by the AFEP and MEDEF, the Audit and Risks Committee has various responsibilities for internal control and risk management. These include evaluating the Group's internal control systems; reviewing the action plans for internal control and following up on the findings, recommendations and subsequent actions; examining and formulating recommendations for annual capital expenditure and non-recurring expenses; regularly reviewing the Company's main financial risks and significant off-balance-sheet commitments; and examining the relevance of the risk analysis and monitoring procedures. In this respect, the Audit and Risks Committee gives its opinion on the organization of internal audit after being informed of its work program. It also oversees the implementation of a procedure for identifying, quantifying and preventing major risks associated with the Group's business.

The Audit and Risks Committee provides the Board of Directors with useful information on internal control and risk management, where it considers this to be appropriate or necessary.

4.2.1.4 Risk mapping

The Company is now looking to reinforce the internal control mechanism established several years ago, by presenting an annual risk map to the Audit and Risks Committee to give it a more systematic monitoring tool. The map includes an analysis of the overall risk, compensating controls and residual risk by category: business, compliance, operations, research & development, finance, etc.

The Company has completed its risk mapping exercise, which has enabled it to identify and work on several scenarios concerning the main risks that could affect the Company's business at the Group and local levels.

This risk map was submitted to the Audit and Risks Committee at its latest meeting on June 12, 2018. On this occasion, it was sent to the Statutory Auditors.

The risk map will be updated at least once a year with the help of the Executive Committee.

4.2.1.5 Internal control assessment

The assessment of the internal control mechanism is specifically reported to the Audit and Risks Committee in the form of an assessment of the internal controls carried out by the Statutory Auditors as part of their audit work for the certification of the financial statements.

The observations made following this assessment are reflected in an action plan prepared by the Internal Control Department and submitted to the Audit and Risks Committee at its meeting to review the annual financial statements.

In conclusion, the internal control procedures are now adapted to the size of the enterprise and the nature of its activities, thus responding to executives' and shareholders' needs.

The Company has successfully completed most of the projects it initiated, aiming to bring its internal control environment in line with that of the AMF's "Reference Framework."

4.2.2 ROLE OF THE LEGAL DEPARTMENT

To optimize the control of legal risks, in April 2005 the Company established a department to manage the Group's legal affairs.

This department is headed up by a Group General Counsel and has three lawyers in France, one lawyer in the United States and one assistant. The recruitment of two new lawyers is currently in progress: one will join the French team, the other will be based in Singapore.

It is under the direct authority of the Chief Executive Officer.

4.2.2.1 Scope of intervention

The Legal Department intervenes on all legal matters involving the Group, both in France and abroad, apart from employment law (which is the remit of the Human Resources Department) and tax law (which is the remit of the Finance Department).

It is primarily responsible for matters relating to business law in the broad sense, trademark law, corporate law, financial law and securities market law.

The Legal Department also serves as the secretariat of the Board of Directors and its five Committees. In that respect, it is actively involved in preparing and holding Board and Committee meetings. The Legal Department ensures that the matters to be reviewed and/or approved by them, under the laws, regulations, Rules of Procedure of the Board of Directors, or good governance rules (such as those set out in the Corporate Governance Code of Listed Corporations published by the AFEP and MEDEF), are actually brought before the directors and, if necessary, submitted for prior approval and/or subsequent ratification.

The Legal Department also takes up matters regarding legal and regulatory compliance facing the Group. Where appropriate, it manages, monitors and promotes this within the Group.

The Legal Department is also responsible for defining the Group's policy on insurance, and for arranging and managing all insurance policies concerning the Group.

Lastly, the Legal Department manages pre-litigation and litigation involving companies of the Group.

4.2.2.2 Means of intervention

Each employee in the Group may bring a matter before the Legal Department.

Where the matter was not directly referred by a director of the Group (hereinafter “VP”), the claim must be approved by a VP before the Legal Department will take it up.

The involvement of Legal Department is compulsory in a certain number of cases, such as where a subject is of strategic importance to the Group and it involves significant financial issues or brings about a modification of its legal structure, or where it involves negotiating and drafting contracts that could be characterized as regulated agreements, or contracts that involve providing guarantees or sureties, or long-term contracts (of three years or more), or contracts with unusual clauses or those involving the Group’s intellectual property. The Legal Department also has the obligation to act in support of staff that is affected by contracts whose purpose is to negotiate, concede a right, acknowledge responsibility or solicit compensation. Issues relating to pre-litigation, litigation, insurance or Group image or reputation also must be brought before the Legal Department.

A contract approval procedure has been established. This requires that, prior to the signature of a contract by the General Management (or by a person authorized by mandate or proxy to represent General Management), a tracking ticket must be validated by the staff member in charge of a case, director concerned by a contract and/or the manager of the competent Business Unit. In addition, depending on the purpose, type, parties to and/or the amount of a contract, the Finance Department, the Intellectual Property Department and/or the R&D Director must also validate the tracking ticket. Lastly, the Legal Department must sign the tracking ticket if it participated in negotiating, reviewing and/or drafting the contract.

In any event, each contract concluded by one or several of the Group’s companies (except for employment contracts or other contracts falling within the area of employment law), must at the very least be submitted to the Legal Department as soon as possible. Accordingly, the Legal Department is able to keep a copy of these in its physical and electronic archives, and if necessary, participate in following up on them. The Legal Department strives to store an original copy of each contract in a secure location with restricted access, to the extent possible. The same is true regarding the various registers concerning the Group’s companies.

In performing its tasks, the Legal Department is supported by external lawyers where matters involve foreign law, or where matters concern specialized areas that fall outside the area of expertise of the Legal Department.

4.2.3 INSURANCE PROGRAM

In addition to the means of prevention and protection deployed, the Company has a comprehensive insurance program, notably providing coverage for:

- risks of property damage and loss of business;
- risks related to the transport of goods;
- risks related to environmental damage;
- risks of the financial consequences of civil liability which could be incurred on account of its operation or the movement of its products around the world.

Other insurance policies are taken out for smaller risks.

The Group’s policy for risk management and insurance corresponds to the following objectives:

- spreading the risk over different first-tier insurance companies;
- subscribing to Group insurance policies to permit consistency of transferred risks and purchased insurance coverage, as well as to improve economies of scale, taking into account the specific character of the Group’s businesses;
- putting in place deductibles adapted to the size and capacity of each insured entity.

Damages to goods and operating losses

Assets are covered by the insurance policies of “All risks except” type. These policies are adapted to different production sites and include regular visits by our insurers’ appraisers to adjust the amounts of the coverage and deductibles in relation to the actual risks.

The combined deductibles “property damage” and “loss of business” are adjusted to the site, and operating losses are usually insured for periods of eighteen months. This program integrates the “additional operating costs” guarantee and a guarantee of “deficiency of suppliers and/or clients.”

Transporting merchandise

For freight forwarding, the Group’s policy for managing risk and insurance leads it to underwrite insurance policies providing cover for its goods over the whole of its supply chain, from suppliers to clients.

Civil liability for environmental harm

The guarantee “Civil liability for damage to the environment” covers our production site in France.

Civil liability

“Civil Liability” insurance is intended to cover the liability of the Company both during the operation of the business, and after delivery of products or within the framework of defense in criminal proceedings and appeals. This insurance is taken out for all production and distribution sites with the same insurance companies. These policies take into account the specificities of each production site as well as the risks relating to different geographic areas where the products are delivered.

Civil liability of senior executives and corporate officers

“Senior executive and corporate officer liability” insurance aims to cover all senior executives and corporate officers in the Company as well as its subsidiaries against the financial consequences of third party civil liability incurred due to mismanagement or professional misconduct while carrying out their duties.

Covering risks of fraud and malicious acts

“Fraud and Malicious Acts” insurance aims to cover financial damage of the Company and its subsidiaries resulting from a fraudulent act (such as abuse of trust, fraud, forgery and use of forged documents, counterfeiting or falsification of checks or theft) or acts of hostility (such as introducing a computer virus) committed by their agents or by third parties, as well as any expenditure that could be incurred from this.

4.2.4 PROCEDURES RELATING TO THE PREPARATION AND PROCESSING OF ACCOUNTING AND FINANCIAL INFORMATION

4.2.4.1 Principles and Key Actors

4.2.4.1.1 General organization

The Group's accounting and financial organization is incorporated into the operational control system in place within the Group and is a component of this system.

The Company's Finance Department, placed under the responsibility of the Chief Financial Officer, includes:

- an Accounting Department;
- a Management Control Department;
- a Consolidation and Internal Control Department;
- a Treasury Department;
- an Investor Relations and Financial Reporting Department.

Some of the Company's subsidiaries have an Accounting/Management Control Department and a Treasury Department headed by a financial controller placed under the authority of the Group's Chief Financial Officer. Other Group subsidiaries have an external Accounting Department placed under the responsibility of a financial controller who reports to the head of the Company's Group Management Control Department.

4.2.4.1.2 Application of the accounting rules

The Company is autonomous in maintaining and keeping its accounting books. The Accounting Departments make the entries, prepare the general ledger and prepare the social accounting declarations. Pursuant to Regulation (EC) No. 1606/2002 of July 19, 2002, the Company has published its consolidated financial statements in accordance with the international accounting standards (IFRS) since April 1, 2005.

4.2.4.2 Role of the Finance Department

4.2.4.2.1 Key role of the Chief Financial Officer

The Chief Financial Officer is a member of the Executive Committee, the internal management structure, and his main role is to achieve operational consistency around the Chairman and CEO, to whom all the members of the Executive Committee report directly.

The Chief Financial Officer is responsible for centralizing and presenting all the management indicators tracked by the Company's General Management and the Board of Directors.

4.2.4.2.2 Support of management and control of Group performance

The Group is organized into two Business Units: Communication & Power, and Digital Electronics.

The Group's management is organized by Business Unit based on the following principles:

- each operational unit is coordinated by a manager;
- together with the different operational units and functional departments, the Finance Department prepares a budgetary plan for each fiscal year for the individual operational units and a comprehensive consolidated plan;

- detailed monthly reporting on the performance of the operational units (revenue and profitability indicators) and monthly reporting on the consolidated results of the Group are sent to the Chairman and CEO and to the members of the Executive Committee;
- regular management meetings between the members of the Company's General Management and the managers of the operational units that are attended by the Finance Department take place each month;
- investment authorizations are centralized and all approved by an *ad hoc* committee.

The subsidiaries' control procedures rely on a centralized control system based on subsidiary accounting and cash flow tracking.

During the fiscal year, the Group has continued its "Strategic Planning" process with the identification of the major strategic challenges for the Group in the medium term. This process, placed under the responsibility of the Chairman and CEO, leads the Group to a regular revision of its strategic challenges.

4.2.4.3 Role of the Board of Directors

4.2.4.3.1 Controls and verifications

Each year, the annual budget, a breakdown of the long-term plan, is approved by the Board of Directors, after analysis and approval by the Audit and Risks Committee. This budget is used for the management of the economic performance of each operational unit and of the entire Group.

At each meeting of the Board of Directors, the Chief Financial Officer presents the Group's actual situation compared to the annual budget.

4.2.4.3.2 Closing of the books

The draft annual consolidated and individual financial statements, along with notes, are sent prior to the Board meeting convened to approve the financial statements of the fiscal year to the members of the Audit and Risks Committee.

This Committee meets prior to the meeting of the Board of Directors finalizing the financial statements, and reviews the financial statements. The Audit and Risks Committee also meets with the statutory auditors without the Group Management and obtains their opinion on the accounting information presented.

The financial statements, once approved by the Audit and Risks Committee, are submitted to the Board of Directors, where they are approved.

4.2.4.3.3 Dealings with the statutory auditors

Pursuant to the legal provisions, the financial statements of the Soitec Group are audited by joint statutory auditors. Their mission includes all of the companies included in the scope of consolidation. Each company is subject to a complete audit or a limited review, as appropriate, twice a year. The statutory auditors are informed ahead of the preparation process of the financial statements. They present a summary of their work to the Group Finance Department and to the Audit and Risks Committee at each half-yearly and year-end close.

In performing their duties, the statutory auditors are also called upon to (i) familiarize themselves with the organization and operating of the internal control procedures applied, (ii) to present their observations, as appropriate, on the description given of the internal control and risk management procedures on the preparation and processing of the accounting and financial information, and (iii) to certify the preparation of other information required under Article L. 225-37 of the French Commercial Code of the Chairman of the Board of Directors report on corporate governance, internal control and risks management procedures and risk management, which, for such purposes, have been reviewed by the statutory auditors.

Ernst&Young and KPMG were appointed for a period of six years beginning at the Shareholders' General Meeting of July 25, 2016, and ending at the close of the Shareholders' General Meeting called to approve the financial statements for the year ended March 31, 2022.

4.2.4.4 Process for preparing published accounting and financial information

4.2.4.4.1 Quality criteria

The Company is committed to publishing true and accurate information, and to bring to the public's knowledge, as soon as possible, any event which may have a significant impact on the price of its financial instruments.

All of the Company's financial reporting documents are published on the Company's website under the heading "Company/Investors" at <https://www.soitec.com/en/investors> and are available for a minimum of five years.

4.2.4.4.2 Principles and key steps in the preparation of the published financial information

The accounting and financial information is developed using data prepared by the Finance Department.

The Head of Investor Relations is responsible for preparing the first draft of the document including the significant elements to be brought to the public's attention, which he submits for approval to the Chief Financial Officer and then to the Chairman and CEO. The Legal Department may also participate in drafting and/or reviewing said draft copy.

The draft is approved by all involved persons internally and is then sent to the members of the Audit and Risks Committee and/or, as appropriate, the Board of Directors. These entities then have the opportunity to make comments and/or suggestions of modifications they deem important.

If the draft has been validated by the Audit and Risks Committee and/or the Board of Directors, as appropriate, it is published under the terms typical to the field.

At each stage, the accuracy and precision of the information, its consistency, its prudent and non-misleading nature are the key points that undergo a systematic check.

a) Investments/divestments/research and development

Research and development costs are accounted for as expenses as they occur, if the criteria required by IAS 38 making their activation possible on the balance sheet are not met, while amounts received in connection with contracts or grants are deducted from gross research and development costs to get a net amount allocated to the income statement. Some research and development costs may benefit from a research tax credit, which is deducted from the research and development costs in accordance with IAS 20.

Conditional grants in light of incurred expenses are accounted for based on the degree of probability that these grants will be paid, based on a final valuation validated by the Finance Department.

b) Cash Flow/Financing and financial instruments

The Company adopts a very conservative policy for investing temporary surpluses, which are invested exclusively in cash products. The Company's cash assets are primarily expressed in euros and in US dollars and are essentially concentrated in first-rate financial institutions or directly invested in securities issued by sovereign governments. Financial equilibrium between the entities of the Group is managed by means of:

- annual cash flow forecasts revised on a monthly basis;

- a centralized Group cash flow management system from the parent Company.

The Group's Finance Department handles its subsidiaries' financing wherever the regulations allow this, through cash centralization agreements or intra-Group financing contracts, and payment and collection of flows in foreign currencies.

This centralization allows General Management:

- to manage and analyze changes in its external debt;
- to manage the interest rate risk inherent in contracted debt;
- to finance the subsidiaries in their currency wherever the regulations so permit;
- to assimilate and manage foreign exchange risk inherent in commercial and financial flows.

The centralized worldwide choice of partner banks and their effective management over time are important components of internal control. Thanks to this organization, the Finance Department is able to ensure extensive control of the Group's cash flow operations.

c) Consolidation

The consolidation process is a centralized process in the Soitec Group.

Monthly reporting, budgets and the consolidation of accounting data are managed on a single IT system.

The objectives of the consolidation and management system in terms of control are as follows:

- proceed with automated monitoring of the consistency of the financial data submitted by the subsidiaries;
- process collected information faster;
- increase the degree of homogenization *via* formatted submission and retrieval tables;
- apply international accounting standards (IFRS). Accounting principles and definitions are formalized and available to all users.

These tools are intended to improve the reliability of the data provided and also allow faster processing of data.

The financial statements of the subsidiaries are centralized by the Finance Department in order to harmonize the local financial statements with the Group's accounting principles.

The subsidiaries prepare a detailed financial report every month in accordance with the model selected by the Group. This model has been developed so as to permit precise analysis of the formation of financial flows, as well as that of revenues by comparing them with the budgets.

The reporting procedure thus aims to supply Management with a detailed analysis of changes in results and of specific key indicators, and makes it possible to measure the efficiency of the organization that has been implemented.

The reporting stages may be summarized as follows:

- preparation and approval of an annual detailed budget, which is then updated on a monthly basis;
- monthly reporting on the results, cash flow and investment;
- detailed analysis of differences;
- quarterly budgetary review during the coordination and control meetings.

The results and forecasts are reviewed on a quarterly basis to ensure that the objectives are achieved. The monthly budget is used as a control tool to validate and analyze the actual monthly results. Regular tracking of the results makes it possible to take the necessary corrective measures as needed.

d) Procedure for reporting and consolidation of data

The published consolidated financial statements are prepared by the Finance Department on the basis of the audited financial statements of the subsidiaries.

The financial statements are prepared by the subsidiaries in compliance with the Group's accounting regulations and following a schedule defined by the Finance Department.

The main accounting estimates and options used by the Group are mentioned in advance of the closing of the accounts with the statutory auditors.

e) Group controls

The data provided by the subsidiaries is verified by the consolidation team at headquarters, which carries out consistency checks and validates the accounting entries presenting the highest risks prior to the consolidation of the financial statements.

These financial statements are consolidated at Group level. The Group Finance Department is therefore the only body empowered to make consolidation accounting entries.

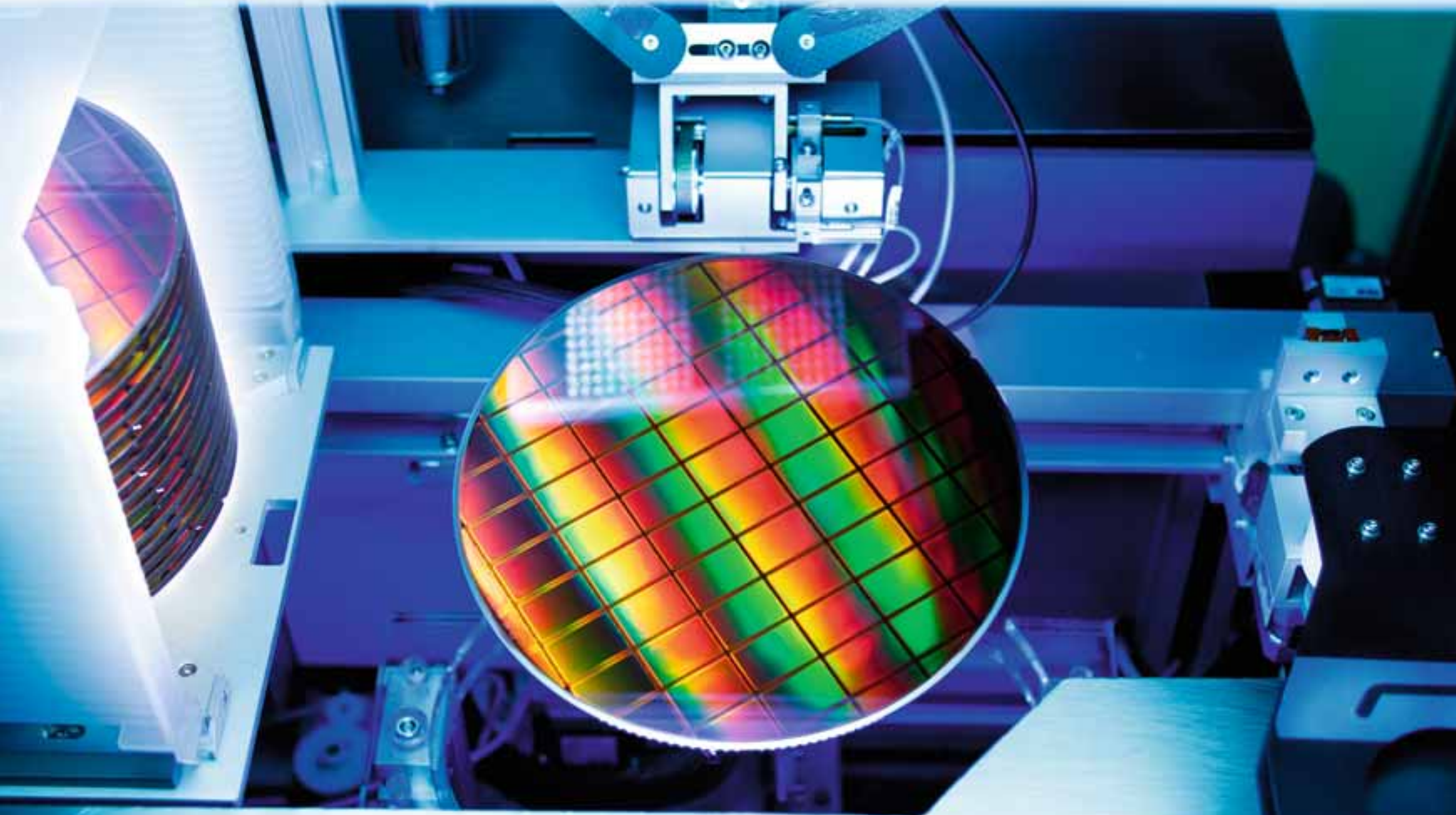
The statutory auditors of the parent company audit the consolidated financial statements. The statements sent by the subsidiaries are reviewed by local external auditors as necessary.

The statutory auditors draw up, as part of their mission, letters of recommendation on the procedures and financial statements which are monitored by the Group's Finance Department.

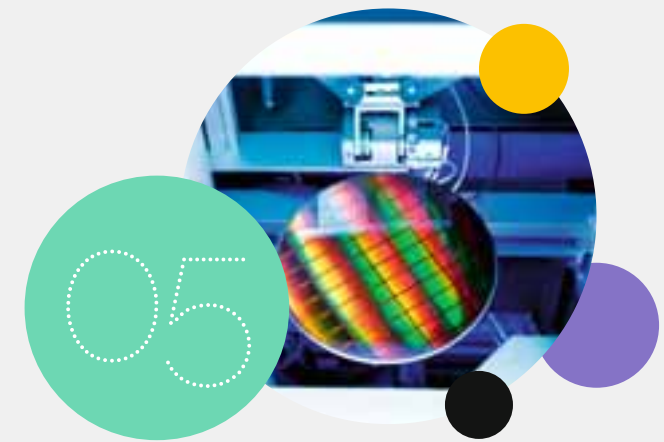
f) Management of external financial data

The Group's financial statements are prepared using data from the accounting software package and are then incorporated in the half-year and annual reports, which are reviewed by the external auditors.

The Group's publications are drafted in accordance with the information collected by the Finance Department and systematically validated by the Group Chief Financial Officer.



INFORMATION ON THE COMPANY



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5.1 HISTORY AND DEVELOPMENT OF THE COMPANY

5.1.1 COMPANY'S NAME AND TRADING NAME

The Company's corporate name is Soitec. The Company's trading name is Soitec.

5.1.2 COMPANY'S PLACE AND NUMBER OF REGISTRATION

The Company is registered with the Grenoble Trade and Companies Register under number 384 711 909 RCS Grenoble.

Its business activity code is 2611Z.

5.1.3 COMPANY'S DATE OF INCORPORATION AND TERM

The Company was formed on February 27, 1992.

The Company's term is set at 80 years with effect from its registration date with the Trade and Companies Register, except in case of early winding-up or extension. As the Company was registered on March 11, 1992, its legal personality will expire on March 11, 2072.

5.1.4 COMPANY'S REGISTERED OFFICE, LEGAL FORM AND REGULATIONS

The Company's registered office is located at Parc Technologique des Fontaines – Chemin des Franques – 38190 Bernin – France. The Company's telephone number is +33 (0)4 76 92 75 00.

The Company is incorporated in the form of a French joint stock corporation with a Board of Directors (French *société anonyme à Conseil d'administration*). It is governed by French laws and notably by the legal and regulatory provisions of the French commercial Code.

5.1.5 MAJOR EVENTS IN THE DEVELOPMENT OF THE COMPANY'S BUSINESS

1992 – Creation of a start-up

André-Jacques Auberton-Hervé and Jean-Michel Lamure, engineers at CEA-Leti, Grenoble (*Commissariat à l'énergie atomique/Laboratoire d'électronique et des technologies de l'information*), founded Soitec to produce SOI (Silicon-on-Insulator) and use, on an industrial scale, the Smart Cut™ process invented in 1991 in a laboratory by Michel Bruel.

1997 – Transition to industrial scale

With the development of the first SOI applications in a laboratory and the implementation of a pilot line for its Smart Cut™ technology (1996), Soitec proved the potential of its technology. A strategic partnership was formed with the Japanese company Shin-Etsu Handotai (SEH), the leader in the silicon industry. The decision to build an initial production plant in Bernin, near Grenoble, was made.

1999 – Stock market listing and first production site

Soitec was listed on the Nouveau Marché of the Paris Stock Exchange (which has since become Euronext Paris) and inaugurated Bernin I, the largest SOI production center in the world. Its production capacity increased in stages to 800,000 200 mm and smaller diameter wafers a year. The Company employed over 100 people, compared to four when it was formed.

2002 – Bernin II, the start of the 300 mm

Soitec saw the fruition of its efforts to develop its technology on 300 mm wafers with the opening of the Bernin II production plant, which can produce 720,000 wafers a year. For the first time, revenue broke the €100 million barrier.

2003 – Launch of new materials

With the takeover of the assets of Picogiga International, a specialist in technologies for III-V compound materials, Soitec started to open up its Smart Cut™ technology to materials other than silicon. The first gallium nitride (GaN)-on-insulator substrate was scheduled to be manufactured starting the following year.

2004 – First site opened in Asia

Soitec opened a commercial subsidiary, Soitec Asia, in Tokyo. The next year, an office was opened in Taiwan. The Company now had more than 500 employees.

2006 – New applications for Smart Cut™ technology

The R&D NanoSmart project, which started with the CEA-Leti, aims to develop new applications for Smart Cut™ technology. €200 million were invested over five years. The acquisition of TraciT Technologies, a specialist in molecular adhesion and mechanical-chemical thinning, coincided with the objective to expand markets.

2007 – SOI set to conquer the world

SOI production continued to ramp up: for the first time, Soitec broke the 1,000-employee barrier. André-Jacques Auberton-Hervé, Chairman and CEO of Soitec, was elected Chairman of the SOI Industry Consortium, which is comprised of around 30 of the world's largest manufacturers and research laboratories in the promotion of SOI.

2008 – Start of production in Asia

Soitec manufactured its first SOI wafers in Asia at its Pasir Ris production site in Singapore. This unit features 4,000 sq. m of clean rooms and in time can attain a capacity of 800,000 300 mm wafers per year.

2010 – Entry on the solar market

Soitec acquired 80% of Concentrix Solar, one of the world's leading suppliers of concentrated photovoltaic systems, and entered the booming market of the solar industry. The first solar farms were installed in the United States, South Africa and the Middle East.

2011 – Acquisition of Altatech Semiconductor

Soitec acquired Altatech Semiconductor, which specializes in the development of high performance equipment for semiconductor production.

2015 – A refocusing on Electronics, the Company's core business

The Company refocused on Electronics, its core business. The Company's governance structure changed: the duties of the Chairman of the Board of Directors were separated from those of the Chief Executive Officer on January 16 and then were recombined on September 11.

2016 – The Company restructures its balance sheet with two capital increases totaling €151.9 million. The Board of Directors is made up of 13 members

2017 – A successful financial turnaround

2018 – 26% growth in revenue, and profits up sharply

The major events in the development of the Company's business in the 2017-2018 fiscal year were covered by press releases and posted online on the Company's website (see Chapter 24.2).

5.2 CAPITAL EXPENDITURE

The objective of the Company's capital expenditure policy is to keep production capacity in line with the demand expressed by customers or anticipated by the Company while assuring the profitability of the capital expenditure.

In general, the Company launches a new production line when over 80% of the capacity of the existing lines is used. Most of the production equipment used by the Company is standard equipment in the semiconductor industry. Therefore, there is little risk of a supply or support outage. The manufacturing lead times of the equipment suppliers are generally six to nine months. The same equipment is used in the research and development clean room for the development and pre-industrialization of new products. Finally, capital expenditures on information systems remain high (automated production management, logistic flows) even though the Company has been using the cloud more.

5.2.1 MAIN CAPITAL EXPENDITURES IN THE 2017-2018 FISCAL YEAR

During the past year, investment decisions on industrial equipment were substantial at around €100 million, to meet increasing demand for sales of SOI wafers and to reduce the risk of dependency on the supply of the raw material, silicon.

Investment orders at the Bernin I and II sites rose to €55 million, enabling capacity to be increased to 650,000 units per year for 300-mm SOI wafers and 900,000 units a year for 200-mm SOI wafers. Most of this capital expenditure was at Bernin II, totaling €39 million.

In addition, a strategic investment totaling €48 million was made at the Singapore site to:

- plan ahead for increasing capacity beyond that of the Bernin II site with the installation of a pilot 300-mm fully-depleted SOI wafer line (capital expenditure of €26 million in 2017-2018). This was done with a view to the short-term qualification of the Singapore site by customers of this line of technology and being ready to rapidly increase our production capacity;
- limit the risk of dependency on our raw material supply by setting up a 300-mm epitaxy and material recycling production capacity requiring capital expenditure totaling €22 million.

5.2.2 MAIN EXPECTED CAPITAL EXPENDITURES

The main expected capital expenditures will be for the Bernin and Singapore sites.

In the 2018-2019 financial year, investments are expected to amount to approximately €120 million. This amount includes the capital expenditure required to boost annual 200mm wafer production capacity at the Bernin I plant from 900,000 to 950,000 wafers. It also includes capital expenditure committed to build up capacity at the Bernin II plant dedicated to 300 mm wafer production with the long-term objective of moving from a capacity of 650,000 to one of 800,000 wafers per year. Lastly, it includes the continued investment announced in equipment for the 300mm wafer pilot line in Singapore, as well as 300mm material recycling lines (enabling us to reduce our dependence on silicon wafer supplies) and capital expenditure enabling us to boost internal epitaxy capacity.

Reference should also be made to note 3.3 of the appendix to the consolidated financial statements shown in paragraph 20.3.1.2 of this Registration Document, and to note 3 to the consolidated financial statements, beginning on page 126 of the annual report for the fiscal year ended March 31, 2017, and submitted in the form of a Registration Document to the AMF on July 4, 2017, under number D.17-0720, and note 3.3 to the consolidated financial statements, beginning on page 84 of the annual report for the fiscal year ended March 31, 2016, submitted in the form of a Registration Document to the AMF on June 4, 2016, under number D.16-0665, for additional information on the capital expenditures made by the Company and how they were funded, particularly the use of leases.



OVERVIEW OF ACTIVITIES



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6.1 PRINCIPAL ACTIVITIES

Soitec designs and produces innovative semiconductor materials that are used in manufacturing electronic components. These products are substrates onto which the circuits of electronic components are etched and cut. The Company offers new and competitive solutions to pursue the miniaturization of chips, increase their performance and reduce their energy consumption. These products are used to manufacture chips for consumer electronics devices and mobile electronics in smartphones, automotive applications, the Internet of Things (IoT), and datacenters, etc.

Soitec stands out with its technological and industrial expertise in disruptive technologies that are protected by numerous patents. The primary technologies developed by Soitec for the semiconductor market include Smart Cut™, Smart Stacking™ and epitaxy.

6.1.1 TECHNOLOGIES

Smart Cut™ technology

Smart Cut™ technology, Soitec's core technology, is a veritable scalpel on the atomic scale that can be used to transfer ultra-fine monocrystalline layers from a donor substrate to a receiver substrate *via* ionic implantation and molecular adhesion. It stretches the traditional limits of depositing layers between metals while providing total control of thickness uniformity for layers of silicon and oxide at the atomic mesh. Furthermore, with Smart Cut™ technology, donor substrates can be reused and production can be industrialized to serve a wide range of applications. The technology has numerous applications when combined with other Soitec offerings.

Smart Cut™ technology makes it possible to offer integrated circuit manufacturers a competitive alternative to bulk silicon, thanks to performance gains, reduced energy consumption and lower manufacturing costs due to a simplified device architecture.

Smart Stacking™ technology

Smart Stacking™ technology is a method for transferring wafers onto other materials. It can be used to transfer etched and partially etched wafers onto other components.

For example, it can be used to manufacture silicon transistors and then transfer them onto sapphire, which is more suitable for radio-frequency devices. Finally, this technology makes it possible to use 3D stacking to create several layers of components, thereby increasing the density of the resulting device. It is compatible with a wide range of substrates. It comes into play in producing materials used in the electronic components of back-lit sensors and radio-frequency sensors.

Epitaxy

Soitec also has acknowledged know-how and expertise in epitaxy. This technique enables layers of semiconductor materials to be grown on compound semiconductors or insulator substrates.

6.1.2 ORGANIZATION OF THE BUSINESSES INTO TWO BUSINESS UNITS

The Soitec Group is now split into two Business Units following a strategic realignment and new organizational structure that was implemented in 2015 to pull the Group's businesses back to a core focus on electronics. Electronics includes Soitec's traditional activities in semiconductor materials: at active production lines in Bernin, France, producing 200-mm and 300-mm wafers and recycling 300-mm materials, and at Pasir Ris in Singapore, which will shortly resume production of 300-mm wafers, recycling of 300-mm materials and epitaxy.

The Group uses distribution subsidiaries and sales offices in the primary regions where semiconductor companies operate, *i.e.* Europe, the United States, and Asia (Seoul, Taipei, Tokyo, Singapore and Shanghai). Activities also include research and development work involving III-V compound semiconductor materials.

The two Business Units are organized first and foremost in accordance with the final applications relating to wafers of different diameters developed and sold by the Group. Each Business Unit has its own resources for developing new products. The two Business Units share production resources at the Bernin I industrial lines and the Company's Chinese partner's capacity for 200-mm wafers, as well as the Bernin II lines for 300-mm wafers. They also use common sales, marketing, logistics and administrative support resources.

Digital Business Unit

This Business Unit is essentially dedicated to emerging digital applications and technologies:

- FD-SOI, or Fully-Depleted SOI, is mainly used in manufacturing FD-SOI transistor-based circuits and represents the primary growth opportunity of the Business Unit. In the current era of mobile electronics, this technology offers performance, energy efficiency and ultimately lower costs for several types of integrated circuits: applications processors for entry-level and mid-range smartphones, image sensor processors and vision processors for self-driving vehicles, processors and controllers for the Internet of Things, and mobile "smart home" and industrial applications (industry 4.0);
- the Imager-SOI and Photonics-SOI products are intended for the smartphone and datacenter markets;
- PD-SOI, or Partially-Depleted SOI, is mainly used in digital processors for servers and in Application-Specific Integrated Circuits (ASIC). This product line is currently winding down its life cycle.

Communication & Power Business Unit

The activities of this Business Unit are related primarily to the following areas:

- SOI products for radio-frequency applications in the mobile markets (RF-SOI products for cell phones, tablets and automotive applications);
- SOI products used in power electronics (Power-SOI for automotive and industrial applications and household appliances).

This Business Unit also covers all activities concerning III-V compound materials to meet the needs of new applications such as uLED screens for smartphones and connected watches, 5G network infrastructure stations, and power electronics for electric cars, etc. Soitec III-V substrates provide solutions such as transferring a thin layer of crystalline material from a gallium nitride (GaN or InGaN) or indium phosphide (InP) donor substrate to another substrate to produce a variety of very-high-quality wafers at competitive prices.

6.1.3 PRODUCTS

RF-SOI wafers

Soitec's range of RF-SOI products was developed to serve the antenna switch market for cellular and Wi-Fi applications. Soitec offers HR-SOI for the Wi-Fi – 2G-3G Cellular market and its RFeSI™ product line for 4G/LTE Cellular and LTE Advanced applications. In addition to being used for antenna switches, RF-SOI is currently being applied in power amplifiers by several RF-specialist companies.

A specific feature of RF-SOI products designed and manufactured using Smart Cut™ technology is a base substrate with very low electromagnetic loss. By definition, this substrate is a so-called high-resistance substrate. Soitec works with all players in the RF ecosystem (research centers, telephone manufacturers, bulk substrate suppliers, RF fabless companies, etc.) to continuously improve its product performance in response to the increasingly demanding specifications of 4G/LTE, LTE Advanced and future 5G standards for mobile telephony.

Each year, new generations of cell phones appear on the market to meet 4G/LTE, LTE Advanced, LTE Advanced Pro and soon 5G sub-6-GHz standards. These devices are steadily increasing data-transfer performance, now exceeding download speeds of 1 Gb per second. For antenna switches, these changes in standards bring increasingly strict specifications, mainly in terms of linearity. Soitec's range of products is constantly evolving and advancing to meet these changing specifications.

The number of approved frequency bands and band combinations for mobile phones has increased from six in 2004 to almost 300 today. Each frequency band requires new antenna switches. In LTE Advanced Pro, the number of antenna has been doubled with MIMO 4x4 technology. As the integration of components has become a priority, the constraints of performance and the cost of telephones also are now subject to space limitations. The RF-SOI technology market developed by Soitec currently represents 90% of the market share for antenna switches (according to Soitec's estimates).

Growth in the RF-SOI market has led semiconductor manufacturers to add 300-mm production capacity at five foundries.

FD-SOI wafers

The wafers used for fully-depleted (FD), planar transistor technology are composed of an extremely thin silicon layer on an insulating oxide layer (buried oxide or BOx). They provide specific properties for manufacturing transistors in this silicon layer, ideally suited to a wide range of low-power applications. This technology offers a unique position in various markets: Internet of Things, RF transmitter/receiver (4G and 5G network) and embedded consumer applications (smart home, multimedia processors and advanced driver assistance systems, or ADAS).

Benefits of FD-SOI technology: there are numerous benefits to FD-SOI technology. First, it offers an alternative to bulk silicon technology, addressing multiple specifications from a single technology platform, whereas other alternative technologies require several different technology platforms. FD-SOI technology readily integrates low-power and high-performance digital functionality alongside high-performance radio frequency capability. The different stages involved in manufacturing an FD-SOI circuit are also simplified, keeping the total cost of production on a par with alternative bulk technologies, despite the higher cost of the base substrate.

Second, FD-SOI technology allows extremely low power voltages to ensure optimum energy consumption. This feature is particularly important for the Internet of Things, where devices are expected to have a life expectancy of several decades.

Third, FD-SOI technology has the remarkable property of being extremely resistant to ionizing radiation. This has made FD-SOI the preferred technology whenever computing capabilities need to be deployed in a hostile environment in terms of ionizing radiation (e.g. space, automotive or industrial environments).

The fourth notable property of FD-SOI lies in its ability to dynamically modulate the transistor threshold voltage through back-gate polarization, known as "body bias". This obviates the need for margins at the circuit design level to absorb variations in transistor characteristics during the circuit manufacturing phase and during real-world operation (temperature changes, aging). This opens up significant prospects, such as the possibility of designing smaller, more energy-efficient circuits and resilient circuits where the aging phenomena are self-compensating over time.

Lastly, another crucial aspect of FD-SOI is its ability to handle radio frequency signals in the millimeter wave spectrum. This frequency spectrum will be more widely used in future when 5G standards and automotive radar applications come on stream. FinFET advanced CMOS technology is not compatible with the entire millimeter wave spectrum, making FD-SOI a key technology whenever components operating in this RF spectrum need to be integrated with digital blocks in the same chip.

FD-SOI products: several products benefiting from FD-SOI technology are already on the market:

- **electronic GPS components:** the first consumer electronics product based on 28-nm FD-SOI technology was unveiled in April 2016. It was a sports smartwatch, the AMAZFIT by Huami, that houses a GPS chip created on a FD-SOI substrate, giving it a record energy-efficiency level. With the GPS activated, the smartwatch can be used continuously for 35 hours – a battery life that is two to five times longer than that of similar watches available on the market. Several other brands of connected watch now use FD-SOI-based GPS components, including Casio;
- **vision processor for advanced driver assistance systems (ADAS):** the new generation of ADAS Mobileye processors are based on 28-nm FD-SOI technology. Mobileye is the world leader in vision and artificial intelligence. The EyeQ®4 is a chip-based vision assistance system that is currently available on the market with calculating performance eight times superior to its predecessor;
- **ultra-low-power application processors:** in March 2017, NXP Semiconductors, which has become the world's leading supplier of semiconductors for automobiles and industry following its acquisition of the US group Freescale, announced the first application processors based on 28-nm FD-SOI technology. The innovative design of NXP's two new series of processors, i.MX 7ULP and i.MX 8X, in combination with the intrinsic benefits provided by FD-SOI gives its processors specific advantages and prepares them for fast-growing markets. The i.MX 7ULP generic application processor designed with ultra-low-power features has the advantage of greatly reduced energy use, which is particularly well suited for the Internet of Things, smart home applications and wearable technology, etc. As for i.MX 8X processors, they are intended for embedded applications specifically used in the automotive and industrial sectors. They provide high levels of reliability, an essential characteristic in these two markets;
- **system-on-chip devices for driver assistance applications:** in February 2017, NXP also announced the first system-on-chip (SoC) device intended for the driver assistance system that is based on GlobalFoundries' 22FDX technology. This integrated system was designed by the German company Dream Chip Technologies;
- **system-on-chip devices for interactive satellite terminals:** in March 2017, Eutelsat and STMicroelectronics announced a low-power, low-cost SoC solution for interactive satellite terminals. This SoC, which was adopted for the first time, is a very-low-energy, 28-nm FD-SOI system that is currently the most eco-energy SoC available, due to Eutelsat's capability in achieving remarkable levels of performance and efficiency;

- **low-power multimedia processor:** in April 2018, Sony announced that it was using a new FD-SOI chip, the CXD5602, to manage the embedded intelligence of its Xperia™ Ear Duo wireless headset. It also unveiled other future versions integrating LTE (4G) wireless communication capability.

In addition to these initial products, FD-SOI technology has been chosen by various customers – including Lattice, STMicroelectronics and NXP – as the preferred technology platform for a wide range of embedded applications. Other, as yet undisclosed, customers are also adopting the technology for NB-IoT applications, RF connectivity (4G, 5G and Wifi), radar and edge computing. There are currently some 100 products in the process of being launched at foundries.

Foundries and design centers: FD-SOI technology is now available in various foundries and design centers:

- **Renesas/65 nm:** Renesas has developed an FD-SOI technology called “Silicon On Thin Box” (SOTB), which boasts exceptional low-power properties. Gains of a factor of 25 have been demonstrated compared with alternative bulk silicon technology. This technology is expected to take off in the next few years;
- **STMicroelectronics/28 nm:** STMicroelectronics has been a pioneer in the development of FD-SOI technology. Initially focused on purely digital applications, STMicroelectronics now plans to expand the use of its 28-nm FD-SOI technology to cover a wide range of applications (ADAS processor, microcontroller, radar, etc.);
- **Samsung/28 nm & 18 nm:** Samsung initially transferred STMicroelectronics 28-nm technology to include it in its foundry offering, before deciding to develop its own 18-nm technology. Combined with a non-volatile eMRAM memory and multiple RF options, this technology is particularly attractive for all low-energy applications. It is now central to Samsung’s foundry strategy;
- **GlobalFoundries 22 nm & 12 nm:** GlobalFoundries has developed its own 22-nm node, offering an excellent compromise between performance and power dissipation to achieve performance equivalent to FinFET but at a lower cost. A 12-nm node is currently in development. Like Samsung, GlobalFoundries proposes combining the technology with non-volatile eMRAM memory options accompanied by RF options to maximize the technology’s appeal;
- **Design centers:** the main IP vendors and CAD solutions now market a wide range of FD-SOI offerings to facilitate circuit design by fabless customers.

FD-SOI technology is ideally placed to address the constraints of low power, reliability and cost found in a growing number of applications. FD-SOI already has around 100 design wins to its credit, according to the foundries offering this technology.

Power-SOI wafers for power semiconductors

The automotive industry was one of the first industries (starting in the 2000s) to begin using SOI in mass production for power applications. The semiconductor market for cars is constantly growing due to the increase in the number of electronic components per vehicle and the number of vehicles sold.

Other industries rely on SOI for power semiconductors used in electric motors for industrial and consumer applications, lighting, power generation, medical devices, etc. To meet the needs of their customers, most power semiconductor manufacturers have developed SOI-BCD platforms (Bipolar, CMOS, DMOS), including NXP, Microchip, STMicroelectronics, Renesas, Infineon, TI, TowerJazz and X-Fab.

Photonic wafers on silicon (Photonics-SOI)

The explosion of internet traffic and the need for calculation capacity in the cloud raises demand for data-transmission systems with increasingly larger outputs over ever-shorter distances.

One of the technical means of responding to this demand is optical transmission (light signal transmission) rather than electrical transmission. This is already the case for an increasing number of datacenter links. At present, the majority of optical links are based on discrete technology (InP, GaAs).

To accommodate the steady increase in data speeds, new, more integrated technologies that dissipate less power are needed. Silicon photonics addresses this issue by integrating a large number of optical components on silicon platforms compatible with CMOS applications.

The main industry players are currently focused on developing this technology (Intel, Microsoft, Cisco, Google, etc.). Silicon photonics is set to become the standard for all 100 Gb/s applications and should continue to expand to 400 Gb/s. In future, it will also be a vital way of integrating optical transmissions closer to the chip.

Silicon photonics has numerous applications aside from datacenters, such as interconnections supporting 5G infrastructure and automotive network interconnections.

SOI imaging wafers (Imagers-SOI)

SOI imaging wafers are designed for 3D image sensors operating in the infrared spectrum. Owing to the electrical and optical properties of the buried oxide layer, sensors based on Imager-SOI technology offer exceptional infrared functionality, opening the way to facial recognition applications for smartphones with an unparalleled level of security. This type of application is expected to see strong growth in the future.

6.1.4 PRODUCTION CAPACITY

Production capacity in France and Asia

Based in Bernin, Soitec has the world’s largest SOI industrial production site. This includes a total of 4,500 square meters of cleanrooms located in three facilities in France. In addition, the Group has a Singapore production unit which is in the process of resuming operation. In 2015, it entered into a partnership with the Chinese company Shanghai Simgui Technology Co., Ltd. (Simgui) for 200-mm wafer production (see the Soitec press release dated May 26, 2014).

Production partnership in China

For more than a decade, China’s importance has continued to grow within the global electronics value chain (semiconductor manufacturers, foundries, fabless companies, design houses, OEMs, etc.). Soitec already had a presence in China through its sales of SOI wafers when it announced a partnership with Simgui, a Chinese manufacturer of silicon wafers for the semiconductor industry. This partnership has led to Simgui manufacturing 200-mm SOI wafers using Soitec’s Smart Cut™ technology as well as granting Simgui the exclusive right to market, distribute and sell 200-mm SOI wafers in China, but not anywhere else in the world.

In March 2017, Soitec announced the start of mass production of 200-mm SOI wafers at the Simgui industrial site that has been certified by Soitec's leading key customers. This partnership constitutes an important step for Soitec in managing its worldwide production capabilities, allowing it to meet demand for 200-mm SOI wafers used in manufacturing semiconductors dedicated to the growth markets of communications and electronic power applications.

The first 200-mm SOI wafers produced on the Simgui site in Shanghai using Soitec's proprietary Smart Cut™ technology were certified by leading customers at the end of 2016. Additional certification was confirmed in 2017-2018. The certification process is also under way for other customers. This manufacturing line in China noticeably increases Soitec's production capacity in 200-mm SOI wafers to meet the requirements of growing worldwide demand and, at the same time, represents a key step in establishing a SOI ecosystem in China and further validating Smart Cut™ as a standard technology.

6.2 PRIMARY MARKETS

An electronics business boosted by the market transition to mobility and connectivity

Soitec's SOI and other innovative engineered substrates provide the foundation for manufacturing the low-power, high-performance, high-reliability and cost-effective semiconductor devices required by the electronics industry.

The applications/customers mix of the Soitec Group is changing

For several years, the breakdown of the Group's revenue in electronics has been shifting. This change is accompanying the transition of the electronics market toward mobile applications, such as telephony and the Internet of Things, and the strengthening of semiconductor content in certain areas, such as the automotive and industrial sectors.

Although PD-SOI products are reaching the end of their lifetime (7% of revenue in 2017-2018, compared with around 75% of revenue up until 2011-2012), the Company benefits from strong growth drivers in several product lines:

- sales of wafers for RF applications (RF-SOI products) jumped from around 10% in 2011-2012 to nearly 46% in 2017-2018;
- sales of wafers for analog applications in power semiconductors (power-SOI products) have also grown, representing nearly 19% of revenue in the 2017-2018 fiscal year, compared with around 10% in 2011-2012;
- more recently, other 300-mm products from the portfolio of the Digital Business Unit (FD-SOI products for the automotive sector and the Internet of Things, "Imager-SOI" products for smartphones and "photonics-SOI" products for datacenters) have recorded steady quarter-on-quarter growth.

Overall, in terms of the proportion of the Group's revenue accounted for by 200-mm/300-mm sales, demand remains buoyant for 200-mm wafers (5% growth in sales in 2017-2018 compared with the previous year), while the percentage of 300-mm wafers sold rose to 34% of total revenue for the 2017-2018 fiscal year, compared with 23% in 2016-2017.

The customer base also has been changing for several years. In general, Soitec has improved its risk profile by diversifying and reducing the relative weight of its largest customers. While three customers accounted for 80% of revenue in 2011-2012, with the leading customer accounting for around two-thirds of revenue, eleven customers represented 80% of revenue in 2017-2018, with the leading customer accounting for less than 15% of sales.

The following tables can be used to assess the change in the breakdown of revenue by region, customer and wafer size.

GEOGRAPHIC BREAKDOWN OF REVENUE FROM THE ELECTRONICS DIVISION

	2017-2018	2016-2017	2015-2016
United States	25%	22%	28%
Europe	41%	46%	41%
Asia	33%	33%	31%

BREAKDOWN OF REVENUE BY CUSTOMER

	2017-2018	2016-2017	2015-2016
Top five customers	57%	60%	57%
Customers 6 to 10	25%	26%	28%
Other customers/Royalties	18%	13%	15%

The top five customers for 2017-2018 were NXP Semiconductors, STMicroelectronics, TowerJazz, UMC and GlobalFoundries EFK (Fishkill).

6.3 EXCEPTIONAL EVENTS

On January 16, 2015, the Board of Directors unanimously decided to immediately implement and develop a strategic plan aimed at refocusing Soitec's activities on electronics, its core business. As at March 31, 2018, the plan to divest other divisions which the Group had sought to develop (Solar Energy, Lighting, Equipment) had been completed for Lighting and Equipment and was ongoing for Solar Energy. All production and R&D operations in the Solar Energy division have stopped and most of the assets have been sold, except for the stake in the Touwsrivier solar power plant in South Africa. There remains only a limited number of guarantees for which a light operational structure and certain key skills have been maintained within the Group.

6.4 DEPENDENCES

Dependence or risk of dependence is detailed in Chapter 4 dealing with risk factors, particularly paragraph 4.1.1.

6.5 COMPETITIVE POSITION

Soitec is the leading manufacturer and supplier of SOI wafers for thin films (thin SOI as opposed to thick SOI). It was the pioneer in manufacturing SOI wafers with its Smart Cut™ technology and today represents nearly 100% of SOI wafers sold throughout the world (internal estimate).

The primary direct competitor of Soitec is the Japanese firm Shin-Etsu Handotai, which obtained a license to use Smart Cut™ in 1997. SunEdison Semiconductor, acquired in December 2016 by the Taiwanese company GlobalWafers, also began to market SOI wafers during 2010 and entered a licensing agreement with Soitec in November 2013.

Currently, we estimate that Soitec's market share in SOI wafers ranges between 65% and 70%.

ORGANIZATION CHART



7.1 **GROUP**
7.1.1 Group Organization Chart
7.1.2 Group organization

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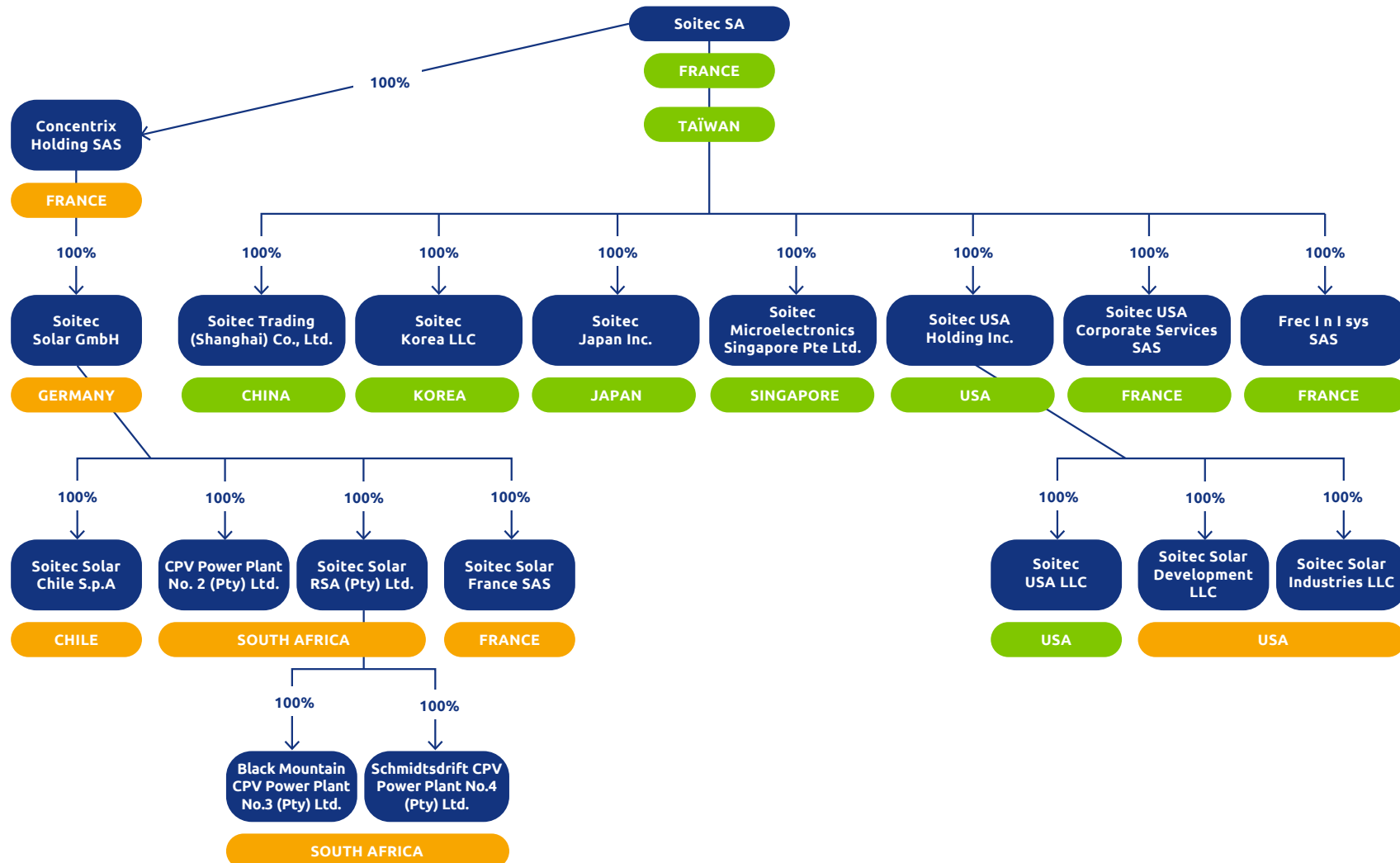
7.2 **LIST OF THE COMPANY'S SUBSIDIARIES AND EQUITY INTERESTS** 37

7.1 GROUP

7.1.1 GROUP ORGANIZATION CHART

The Organization Chart below shows the Company's subsidiaries on the submission date of this Registration Document.

The percentages indicated below correspond to the percentages of capital and voting rights.



7.1.2 GROUP ORGANIZATION

In the 2017-2018 Registration Document, the Group's financial statements are broken down by the two business segments as follows:

- the Electronics segment, namely the production and marketing of substrates and components for the semiconductor industry. The wafers produced and sold are 300 mm wafers and thin wafers (mainly 200 mm);
- the Other Activities segment covering the Group's discontinued operations and primarily the Solar Energy segment, which involved the production and marketing of concentrator photovoltaic modules, the development, design and construction of turnkey solar power plant projects and the operation of photovoltaic installations. It notably includes the financing activities related to the Touwsrivier solar power plant in South Africa (a 20% equity-accounted investment and a loan provided to one of the plant's shareholders), which are classified as assets held for sale, and some maintenance activities which are still ongoing, primarily in Europe and the United States.

7.2 LIST OF THE COMPANY'S SUBSIDIARIES AND EQUITY INTERESTS

Name Registered office	Share capital Total equity (in local currency)	Held by the Group Dividends received	Gross value of shares Net value of shares (in €)	Loans & advances Guarantees (in €)	Revenue Profit € (loss) (in €)
Subsidiaries (more than 50%)					
Soitec USA Holding Inc.* 11182 El Camino Real, Suite 260 San Diego, CA 92130 United States	1,000 274,825,448	100% -	16,796 16,796		- 439,385
Soitec USA LLC* 11182 El Camino Real Suite 260 San Diego CA 92130 United States	10,000 10,062,073	100%* -	16,796 16,796		76,160,646 1,677,260
Soitec Japan Inc. West Tower 20F, Otemachi First Square 1-5-1 Otemachi, Chiyoda-Ku Tokyo Japan 100-0004	300,500,000 498,111,463	100% -	2,636,988 2,636,988		19,427,889 808,268
Soitec Microelectronics Singapore Pte Ltd. 81 Pasir Ris Industrial Drive 1 Singapore 518220 Singapore	93,395,220 (51,253,916)	100% -	67,197,054 0	74,386,592	80,911,409 1,971,672
Soitec Korea LLC Kyunggi-do hwasung-si Bansong Dong 93-10 Shinyoung Gwell Korea	500,000,000 641,891,480	100% -	328,483 328,483		0 12,523
Soitec Corporate Services Parc Technologique des Fontaines Chemin des Franques 38190 Bernin France	1,000 (9,887)	100% -	1,000 1,000		0 (2,513)

Name Registered office	Share capital Total equity (in local currency)	Held by the Group Dividends received	Gross value of shares Net value of shares (in €)	Loans & advances Guarantees (in €)	Revenue Profit € (loss) (in €)
Soitec Trading (Shanghai) Co. Ltd. 3261 Dong Fang Road Shanghai China	860,594 905,750	100% -	102,138 102,138		0 1,026
Frec n sys 18, rue Alain Savary 25000 Besançon France	32,500 164,296	100% -	1,335,287 1,335,287	489,753 -	407,784 231,137
Concentrix Holding Parc Technologique des Fontaines Chemin des Franques 38190 Bernin – France	100,000 100,000	100% -	100,000 100,000		- -
Holdings (10% to 50%)					
Ceotis Éclairage 37 Rue des Mathurins 75008 Paris – France	937,270 (756,469)	30% -	281,181 -	214,000	5,276,312 (70,817)
Exagan 7 Parvis Louis Néel 38040 Grenoble Cedex 9 – France	108,256 3,853,817	15.24% -	905,895 905,895		226,400 (1,892,148)
Other securities – equity interests below 10%					
Technocom 2 23 Rue Royale 75008 Paris – France	18,556,039 21,820,751	8% -	2,025,000 1,745,839		0 (529,593)
Shanghai Simgui Co. Ltd. 200 Puhui Road Jiading District Shanghai China	315 000 000 828,320,206	2.7% -	4,440,962 4,440,962		70,955,503 1,022,191
Greenwaves Technologies Pépinière des entreprises Bergès Avenue des Papeteries 38190 Villard Bonnot	1,139,349 2,816,365	5.72% -	500,000 500,000		- (319,268)
Cissoid Chemin du Cyclotron 6 B-1348 Louvain La Neuve Belgium	1,706,054 1,552,861	0.19% -	339,903 0	-	1,000,076 (153,193)

* Soitec USA LLC, formerly known as Soitec USA Inc., is now wholly owned by Soitec USA Holding Inc. (formerly known as Soitec Solar Inc.), and thus indirectly by Soitec S.A.

The capital and shareholders' equity are shown in local currency:

- euros for Concentrix Holding, Frec|n|sys, Soitec Corporate Services, Ceotis Éclairage, Exagan, Greenwaves, Technocom 2, and Cissoid;
- US dollars for Soitec USA Holding Inc., Soitec USA LLC and Soitec Microelectronics Singapore Pte Ltd.;
- Korean won for Soitec Korea LLC;
- Chinese yuan for Soitec Trading (Shanghai) Co. Ltd. and Shanghai Simgui Co. Ltd.; and
- Japanese yen for Soitec Japan Inc.

All other amounts are shown in euros.

Technocom 2 distributed €463,147.50 to Soitec S.A. during the fiscal year relative to its holding in this Company.

For holdings below 10%, no loan, advance or deposit was granted during the fiscal year.



PROPERTY, PLANT AND EQUIPMENT

8.1 MAJOR OR PLANNED PROPERTY, PLANT AND EQUIPMENT

The total gross value of the Group's property, plant and equipment amounted to €689 million as at March 31, 2018, compared to €676 million as at March 31, 2017, with these two values not taking account of the fixed assets of discontinued operations.

The total net value of the Group's property, plant and equipment, excluding discontinued operations, amounted to €134 million as at March 31, 2018, *i.e.*, 28% of the total consolidated balance sheet, compared to €113 million, or 29% of the total consolidated balance sheet as at March 31, 2017.

The change in the value of tangible fixed assets is detailed in paragraph 20.3.1.2 in note 3.3 of this Registration Document.

It should be noted that the capacity of the Bernin I production plant (small diameter wafers) was increased to approximately 900,000 wafers a year for the product mix provided in the budget; its use rate is very high.

Bernin II production capacity (300 mm SOI) has been adapted according to changes in the product mix (PD-SOI being wound down, growth of FD-SOI, Imager-SOI, Photonics-SOI and RF-SOI products) and is now around 650,000 wafers per year. Bernin's capacity for recycling the 300 mm material amounts to 300,000 wafers a year.

The Singapore plant, which had been placed on standby, is being started up again and, in the first instance, capital expenditure will allow for the use of epitaxy production capacities, 300 mm material recycling and SOI (pilot FD-SOI product line).

It should be noted that the capacities mentioned in this paragraph are for information purposes, and may be significantly impacted by the product mix, the change in client specifications and changes in the production process.

Some production equipment of the Bernin site is held under a lease agreement.

Please refer to note 3.3 to the consolidated financial statements in paragraph 20.3.1.2 of this Registration Document for further information on the financing terms for property, plant and equipment, and paragraph 5.2 of this Registration Document for further information on the main expected capital expenditures, which are on the order of €120 million for 2018-2019.

8.2 ENVIRONMENTAL ISSUES WHICH MAY AFFECT THE COMPANY'S USE OF ITS FIXED ASSETS

No additional significant environmental constraint was recorded in the fiscal year ending March 31, 2018.

Please refer to the environmental information contained in Chapter 17.4.3 of this Registration Document for further information on environmental matters.

REVIEW OF FINANCIAL POSITION AND RESULTS



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9.1 GROUP'S FINANCIAL POSITION AND RESULTS

9.1.1 ACCOUNTING ASPECTS

This section forms part of the Soitec S.A. management report. It should be read in parallel with the consolidated financial statements for the fiscal year ending March 31, 2018 and presented under section 20.3.1. below (the "consolidated financial statements").

Pursuant to Regulation (EC) No. 1606/2002 of July 19, 2002 on the application of international accounting standards, the consolidated financial statements of the Group have been prepared in accordance with the standards and interpretations published by the International Accounting Standards Board (IASB), adopted by the European Union and made compulsory for the approval of accounts.

This reference framework, available on the European Commission's website (http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm), incorporates the international accounting standards (IAS and IFRS), the Standing Interpretations Committee – SIC, and the International Financial Reporting Interpretations Committee – IFRIC.

Please refer to the notes to the consolidated financial statements in Chapter 20.3.1.2.

The accounting rules and methods applied to prepare the financial statements are the same as those used in the consolidated financial statements for the fiscal year ended March 31, 2017, after taking account of, or with the exception of, the new standards and interpretations described in note 2 of the notes to the consolidated financial statements.

The Other Businesses segment, which includes discontinued operations, and in particular, businesses from the Solar Energy division, is shown in the financial statements under discontinued operations, in line with IFRS 5.

9.1.2 SUMMARY OF THE GROUP'S BUSINESS IN 2017-2018

Business in the 2017-2018 fiscal year was marked by a sharp increase in revenue, net profit of €86.5 million (up from net profit of €8.4 million in 2016-2017), substantial improvement in EBITDA, a decrease in debt, and a marked improvement in the Group's shareholders' equity.

Income statement

(in € million)	2017-2018	2016-2017	2015-2016 (adjusted)*	2015-2016 (reported)
Revenue	310.6	245.7	233.2	233.2
Gross profit	106.9	77.4	62.2	62.2
Current operating income	67.4	27.7	22.4	22.4
% of revenue	21.7%	11.3%	9.6%	9.6%
Other operating income and expenses	4.1	(8.2)	(29.4)	(29.4)
Operating income/(loss) (EBIT)	71.5	19.5	(7.0)	(7.0)
% of revenue	23.0%	7.9%	-3.0%	-3.0%
Income/(loss) from discontinued operations	(5.6)	1.1	(33.6)	(38.6)
NET PROFIT/(LOSS) (GROUP SHARE)	86.5	8.4	(72.2)	(71.7)
% of revenue	27.8%	3.4%	-31.0%	-30.7%
Basic earnings/(loss) per share (in €)*	2.79	0.30	(6.25)	(0.31)

* Restatement of finance activities related to the solar power plant in South Africa in accordance with IFRS 5, correction of a €0.6 million error and calculation of the net profit (loss) per share taking into account the reverse stock split effective on February 8, 2017 (one new share against twenty old ordinary shares).

Consolidated total revenue increased by 26% to €310.6 million in 2017-2018, compared to €245.7 million in 2016-2017. It increased 31% at constant exchange rates. This primarily reflects 9% growth at constant exchange rates in 200 mm wafer sales and 95% growth at constant exchange rates in 300 mm wafer sales.

The gross margin improved substantially, increasing from €77.4 million (31.5% of revenue) to €106.9 million (34.4% of revenue) under the combined effect of a growth in wafer sales volumes and controlled operating performance.

Research and development costs decreased €10.4 million compared to the 2016-2017 fiscal year and represent 2.6% of consolidated revenue. This decrease mainly resulted from the recognition of €7.5 million of redeemable advances (non-recurring effect) in the income statement, and by strong prototype sales.

Administrative and sales costs were stable at €31.2 million in 2017-2018, compared with €31 million in 2016-2017.

The Group posted a sharp increase in current operating income, which amounted to €67.4 million (21.7% of revenue), compared to current operating income of €27.7 million in the previous year.

Other operating income and expenses primarily include reversals of provisions for impairment (net income of €4.1 million, compared to an €8.2 million loss in the previous year).

For the 2017-2018 fiscal year, discontinued operations resulted in a loss of €5.6 million, primarily reflecting the adjustment of residual solar assets valuation and provisions to cover costs of compensation or withdrawal from solar activities.

Net income (Group share) resulted in a profit of €86.5 million, a sharp increase compared to net profit of €8.4 million recorded for 2016-2017. It benefited from the non-recurring positive effect of the recognition of a deferred tax asset of €25 million relating to tax loss carry-forwards in France. Basic earnings per share are a €2.79 gain, compared with a €0.30 gain in the previous fiscal year.

EBITDA

(in € million)	2017-2018	2016-2017
EBITDA – Electronics	90.6	41.0
EBITDA margin – Electronics	29.2%	16.7%
EBITDA – Other businesses	(2.7)	(8.9)
EBITDA – Group	88.0	32.1
EBITDA margin – Group	28.3%	13.1%

EBITDA posted by the Electronics segment increased sharply to €90.6 million in fiscal 2017-2018 (compared to €41 million in the previous year) and the Electronics EBITDA margin came to 29.2% (up from 16.7% in 2016-2017).

EBITDA represents current operating income (EBIT) before depreciation, amortization, non-monetary items related to share-based payments and changes in provisions on current assets and provisions for risks and contingencies, and excluding income on asset disposals. This indicator is a non-IFRS quantitative measure used to measure the Company's ability to generate cash from its operating activities.

The improved EBITDA performance in 2017-2018 should therefore be linked to the increase in operating income, primarily explained by the increase in revenue and a strong operating performance.

Balance sheet

(in € million)	2017-2018	2016-2017	2015-2016 (adjusted)*	2015-2016 (reported)
Non-current assets	215.5	161.0	159.9	159.9
Current assets	120.2	90.2	90.3	90.3
Cash and cash equivalents	120.0	109.3	49.1	49.1
Assets held for sale and related to discontinued operations	24.0	29.1	25.9	25.9
TOTAL ASSETS	479.7	389.6	325.1	325.1
Total equity	278.6	149.1	(7.8)	(7.1)
Financial debt	78.3	120.9	218.9	218.9
Operating liabilities	110.7	105.9	97.5	96.8
Liabilities held for sale and related to discontinued operations	12.2	13.7	16.5	16.5
TOTAL EQUITY AND LIABILITIES	479.7	389.6	325.1	325.1

* Correction through equity of a charge to be paid in the amount of €0.8 million.

The Group's available cash and cash equivalents improved during the 2017-2018 fiscal year, from €109 million at March 31, 2017, to €120 million at March 31, 2018. This improvement primarily results from positive cash flows generated by operating activities during the year.

Financial debt excluding discontinued operations decreased from €120.9 million at March 31, 2017 to €78.3 million at March 31, 2018, primarily explained by the conversion of remaining convertible bonds into ordinary shares. Net debt (financial debt less cash and cash equivalents) improved significantly from net debt of €11.6 million at March 31, 2017 to net cash of €41.7 million. At the same time, equity grew from €149.1 million to €278.6 million as of March 31, 2018.

9.1.3 GROUP'S POSITION AND RESULTS DURING FISCAL YEAR 2017-2018

9.1.3.1 Revenue

The Electronics division accounted for 100% of Group revenue for fiscal year 2017-2018 (as in the previous fiscal year). Sales totaled €310.6 million, up 31% at constant exchange rates compared to the 2016-2017 fiscal year.

Breakdown by products of the Electronics division's sales

(in € million)	Sales March 31, 2018	Sales March 31, 2017	Annual change (%)	Key customers	Income	Applications
Electronics – 300 mm SOI	106.3	56.7	+88%	Global Foundries, ST Microelectronics, Intel	PD SOI, FD SOI, RF-SOI, Imager-SOI, Photonics-SOI	Servers, PCs, Gaming consoles, Smartphones
Electronics small diameters	192.4	182.5	+5%	Tower Jazz, UMC, Global Foundries, NXP, SSMC, Sony, TSMC	eSI, HR-SOI, Power-SOI	Smartphones, Tablets, Automotive, Industrial
Royalties	11.9	6.6	+82%			
<i>Total Electronics</i>	<i>310.6</i>	<i>245.7</i>	<i>+26%</i>			
TOTAL REVENUE	310.6	245.7	+26%			

Compared to the previous fiscal year, sales of 200 mm wafers increased 5% to €192.4 million, compared to €182.5 million in 2016-2017. These sales reflect continued high demand for RF-SOI substrates (radio frequency applications) and Power-SOI (power applications) specifically designed for the mobility and automotive markets. The 200 mm SOI wafer production unit in Bernin is operating at full capacity. The agreement entered into with the Chinese subcontractor Simgui now gives access to additional industrial capacity to meet growing demand.

Sales of 300 mm SOI wafers grew 88% to €106.3 million, compared to €56.7 million in 2016-2017. This increase reflects both steady growth in sales of FD-SOI wafers quarter after quarter during 2017-2018, as well as the sharp increase in SOI wafer sales intended for emerging applications (Imager-SOI substrates in the image sensor sector and Photonics-SOI substrates, driven by the need to increase data transmission speed in data centers). It also reflects an acceleration in sales of 300mm RF wafers as well as stable sales of PD-SOI products reaching end-of-life (dedicated to PC and video game console markets).

Geographic breakdown of revenue from the Electronics division

	2017-2018	2016-2017	2015-2016
United States	25%	22%	28%
Europe	41%	46%	41%
Asia	33%	33%	31%

Breakdown of revenue by customer

	2017-2018	2016-2017	2015-2016
Top five customers	57%	60%	57%
Customers 6 to 10	25%	26%	28%
Other customers/Royalties	18%	13%	15%

The top five customers accounted for 57% of sales during the 2017-2018 fiscal year, compared to 60% during the previous year.

Other Activities: this sector combines Solar Energy (revenue of €1.2 million in 2017-2018 compared to €0.9 million in 2016-2017 and €22.5 million in 2015-2016), Lighting (no sales in the last two years, and revenue of 1.2 million in 2015-2016), and Equipment (no revenue in the last two years, and €3 million in sales in 2015-2016). In the scope of the strategy refocusing on the Electronics business, in March 2016 the Group sold its subsidiary Altatech, which conducted the Equipment business. In the same month, the staff and residual assets of the Lighting activity were transferred to a non-consolidated company called Ceotis, and in December 2015 the Group concluded the sale of its subsidiary Soitec Phoenix Labs, which encompassed research and development activities in the lighting field. Pursuant to IFRS 5 on discontinued operations, the financial results for these Other Activities are no longer provided in detail, but incorporated in a single line item in the consolidated income statement, representing the impact on Group net profit/loss.

9.1.3.2 Gross profit

Gross profit corresponds to total revenue minus the total cost of sales. The cost of sales is equal to the total of the cost of production and distribution as well as license fees (in particular, CEA-Leti for the use of the SmartCut™ technology).

Gross profit for the Other Activities segment does not appear in the Group's gross profit due to its being reclassified under discontinued operations for net income.

Production costs include the cost of raw materials, mainly silicon, manufacturing costs, including direct labor costs, depreciation and maintenance costs on production equipment and clean room infrastructure, and overhead costs allocated to production.

The gross margin improved significantly, increasing from €77.4 million (31.5% of revenue) in 2016-2017 to €106.9 million (34.4% of revenue) in 2017-2018. The improvement in operating profitability mainly results from the increase in volumes of wafers produced and sold and controlled production costs for the Bernin production lines. The 200-mm line is running at full capacity, the loading rate of the Bernin 300-mm line is growing steadily quarter after quarter, and the increase in costs of the Pasir Ris line which is being reactivated did not have a significant impact on the gross margin.

9.1.3.3 Research and development costs

R&D costs are recorded when they occur if the criteria required under IAS 38 enabling their recording in the balance sheet are not verified.

Research and development costs are essentially made up of the following:

- salaries and payroll taxes, including share-based payments;
- operating costs of clean-room equipment and equipment required for research and development;

- material used for finalizing and manufacturing prototypes;
- subcontracting to public research centers or private laboratories, cooperation agreements;
- costs relating to maintaining and strengthening the Group's intellectual property rights.

Provided the agreements are signed and the administrative authorizations obtained, the amounts received in subsidy contracts are deducted from gross R&D costs to reach a net amount recorded in the income statement.

A portion of the subsidies used to finance the R&D activities may be granted in the form of redeemable advances. In accordance with IAS 38 and IAS 20 standards, if the Group believes that the technical and commercial probability of success of a project has become too low, the related development costs are not capitalized but rather they are recorded directly against income, and the corresponding repayable advances are recorded as a deduction from these expenses, regardless of the notifications by the financial institutions which can only take action once milestones are reached, thus putting an end to the program or triggering the repayment of advances. Depending on changes to the probability of the technical or commercial success of a project, the Group may be prompted to record a financial liability regarding the sales prospects to be generated by the new products developed under the subsidy programs. As a result, a proportion of the redeemable advances received for the Nanosmart and Guépard subsidy programs were recognized as income based on reimbursement assumptions deriving from their business plan.

A significant upward adjustment in long-term forecasts for FD-SOI or SOI sales for radio frequency applications may result in the reclassification as debt of a portion of the redeemable advances received under the Nanosmart program recorded as income. The theoretical maximum amount that could be reclassified is €9.5 million, and the probability of reaching such a level is very low. Similarly, a significant upward revision of the long-term sales forecasts of "compound" products, including InPOGaAs for radiofrequency, photonic and solar space applications, could result in the reclassification as debt of a portion of the redeemable advance received under the Guépard program recognized as income. The theoretical maximum amount that could be reclassified is €7.5 million, and the probability of reaching such a level is extremely low. Conversely, if sales forecasts are revised downward, the maximum amount of advances posted as liabilities in the balance sheet which could be reclassified as income is €8.2 million.

Soitec S.A. receives research tax credits (CIR). This credit is presented as a deduction from research and development costs, in accordance with IAS 20. Research tax credits recorded in the financial statements for fiscal year 2017-2018 totaled €12 million.

Net R&D expenditures amounted to €8.2 million (2.6% of revenue), compared to €18.7 million (7.6% of revenue) the previous year. This decrease primarily results from a non-recurring redeemable advance of €7.5 million recognized in the income statement and from strong prototype sales.

9.1.3.4 Sales and marketing expenses

Sales and marketing expenses for the Electronics business were stable at €7.8 million.

9.1.3.5 General and administrative expenses

Overheads and administrative costs were also stable at €23.5 million in 2017-2018, compared to €23.2 million in 2016-2017.

9.1.3.6 Current operating income/(loss)

Current operating income is calculated by deducting net research and development costs, general and administrative expenses and sales and marketing expenses from gross profit. Impacted by the significant

increase in the gross margin and the non-recurring positive impact of the decrease in net research and development costs, current operating income increased sharply (up 143%), amounting to €67.4 million (21.7% of revenue) compared to 27.7 million in 2016-2017.

9.1.3.7 Operating income/(loss)

Operating profit consists of the current operating income and other operating income and expenses.

For the 2017-2018 fiscal year, the Group recorded net income of €4.1 million under other operating income and expenses (compared to a net expense of €8.2 million in 2016-2017).

This income primarily results from the reversal of provisions for impairment recorded during 2012-2013 relating to the Bernin 300 mm production line. The loading rate forecast for 2018-2019 led to the conclusion that this provision was no longer necessary.

Operating income amounted to €71.5 million, compared to €19.5 million in the previous fiscal year.

9.1.3.8 Financial income/(expense)

In fiscal year 2017-2018, the Group recorded a net financial income of €3.1 million, compared to a €11.6 million expense in the previous year. This net income represents the following items:

- €5.6 million in reversals of provisions for financial assets (compared to income of €1.2 million at March 31, 2017) recognised primarily following the recovery of a guarantee deposit (relating to the Touwsrivier solar power plant bond), which was significantly impaired in 2015-2016;
- -€0.4 million in financial expenses relating to OCEANE bonds (compared to a €6.6 million expense in the previous year, a decrease in line with the redemption of 59% of OCEANE bonds on June 8, 2016 and the early conversion of the remaining OCEANE bonds in August 2017);
- a -€0.5 million interest expense on leases (versus -€1.1 million as of March 31, 2017);
- -€0.8 million in other financial expenses and income (versus -€2.6 million in 2016-2017);
- the foreign exchange result was a -€0.8 million expense, compared to a -€2.5 million loss during the 2016-2017 fiscal year.

9.1.3.9 Income/(loss) from discontinued operations

Net loss from discontinued operations amounted to €5.6 million during the 2017-2018 fiscal year. This loss primarily reflects the adjustment in the value of remaining solar assets and provisions to cover the costs of compensation or withdrawal from the solar business.

The Company continued the cessation and divestment of its remaining assets in the Solar Energy segment: the sale on May 1, 2017 of the Newberry plant in the United States, the stoppage of maintenance activities on the Fort Irvin site without a request for the facilities to be dismantled, and the preparation and restructuring of the legal entities for the sale of the remaining financial assets related to the Touwsrivier solar power plant in South Africa to a third party. With the progress of steps taken with a view to selling these assets held for sale, a transaction may be concluded within the next twelve months.

9.1.3.10 Profit (loss) and taxes

The Group posted €86.5 million in net profit (Group share), compared to a €8.4 million in 2016-2017.

Profit/(loss) before tax from continuing operations amounted to a €74.6 million gain (compared to +€7.9 million in 2016-2017) and the income tax was a €17.5 million income (compared to €0.7 million charge in the previous year), taking into account the recognition of deferred tax assets in relation to tax loss carry-forwards in France of €25.4 million.

The net loss from discontinued operations after taxes was €5.6 million (versus a €1.1 million gain the previous year).

Diluted earnings per share was a €2.74 gain, divided between continuing operations (€2.92) and discontinued operations (-€0.18). 2016-2017 diluted earnings per share totaled a gain of €0.30 per share, split between continuing operations (€0.26) and discontinued operations (€0.04).

9.1.3.11 Financing and liquid assets

As a result of net profit and the conversion of the balance of its OCEANE convertible bonds into ordinary shares, the Group restored its shareholders' equity, which amounted to €278.6 million at March 31, 2018, up from €149.1 million at March 31, 2017. This change mainly comprises the conversion of OCEANE bonds, with an impact on the share capital of €2.1 million and on the share issue premium of €39.2 million, and the profit of €86.5 million.

Gross financial debt amounted to €78.3 million as of March 31, 2018, compared to €120.9 million as of March 31, 2017. Available cash and cash equivalents increased from €109.3 million as of March 31, 2017, to €120 million as of March 31, 2018.

The main items of financial debt are as follows: €8.7 million relating to leases (of which €7.7 million in new leases contracted during the fiscal year, bearing interest at the rate of 0.6836%), €8.2 million in redeemable advances, and €61 million in credit lines broken down between a non-current portion of €45.8 million and a current portion of €15.2 million.

Further information on the financing of the Company and of the Group is provided in note 3.15 of the appendix to the consolidated financial statements on loans and financial debts.

9.1.3.12 Consolidated cash flow

Cash flow from operational activities was positive for 2017-2018 in the amount of €35.1 million. It was comprised of positive cash flow of €40 million from the Electronics division, offset by negative cash flow of -€4.9 million from discontinued operations.

Net cash used by investing activities amounted to -€18.8 million in 2017-2018 (compared to -€2.4 million in 2016-2017):

- continuing operations: cash outflows amounted to -€19.9 million in 2017-2018, compared to -€5.8 million in 2016-2017. This cash outflow primarily reflects capital expenditure during the fiscal year to provide the Bernin site with additional industrial capacities and the initial investments made to relaunch the Singapore site;
- discontinued operations: cash inflows amounted to +€1.2 million in 2017-2018 (compared to +€3.4 million in 2016-2017) and mainly concern shareholders' loan repayments in South Africa.

Cash flows from financing activities were negative for fiscal 2017-2018 (-€2.1 million), mainly relating to €18.4 million in new credit lines and €20.6 million in loan repayments.

At March 31, 2018, the Group had available cash (including cash equivalents) of €120 million.

9.1.3.13 Balance sheet

Please refer to paragraph 9.1.2 above.

9.1.3.14 Factors likely to influence revenue

Please refer to the paragraph on risk factors in Chapter 4 of this Registration Document.

9.1.4 MAIN RELATED-PARTY TRANSACTIONS

Since November 29, 2017, the Board of Directors has been comprised of 12 members. Besides the Chief Executive Officer, the 11 other members were selected based on their experience in the semiconductor market, or their professional experience in other areas beneficial to the Group's development. The semiconductor market is characterized by a small number of players, such that the Group maintains or is likely to have business relations with the companies Global Foundries, Shin-Etsu Handotai, Shanghai Simgui, Ltd., and the French Alternative Energies and Atomic Energy Commission (CEA), where Mr Douglas Dunn, Mr Satoshi Onishi, Mr Xi Wang, and Mr Christophe Gégout respectively hold or held positions, as disclosed in the individual summary sheets in paragraph 14.1.1.1.8 of this Registration Document.

When the financing plan was set up in connection with the conciliation procedure approved by the Grenoble Commercial Court on May 5, 2015, Shin-Etsu Handotai Europe Ltd., Bpifrance Participations, and CEA Investissement granted the Group a financing facility for a total amount of €54 million. The Group made a partial repayment in August 2015 and the balance of €44 million was repaid in May 2016. In respect of these loans, no impact is to be recorded in the 2017-2018 fiscal year, with the exception of the €18 million inventory pledge granted to Shin-Etsu Handotai Co. Ltd., the execution whereof has continued.

During the year ended March 31, 2018, purchases of raw materials from Shin-Etsu Handotai represented €82,426 thousand (€65,999 thousand in the year ended March 31, 2017). A multi-year contract was also signed to guarantee a supply of raw materials over the next few years, against which an off-balance-sheet commitment of €24 million was declared in the notes to the Group's consolidated financial statements.

The Company invoiced royalties to Shin-Etsu Handotai of €3,248 thousand for fiscal year 2017-2018 (€2,835 thousand for fiscal year 2016-2017).

Global Foundries is one of Soitec's main customers; sales of wafers amounted to \$74.3 million for the 2017-2018 fiscal year (\$63 million for the 2016-2017 fiscal year). Global Foundries and the Company also signed long-term agreements for the bulk delivery of SOI.

In fiscal 2017-2018, the Company paid CEA €5,241 thousand under the research and development contract (€5,263 thousand in fiscal 2016-2017) and €4,247 thousand in patent royalties (€4,591 thousand in fiscal year 2016-2017) and \$470 thousand for settlement of the dispute with Silicon Genesis ("SiGen") to end the proceedings known as "Inter Partes Review" (proceedings instituted by CEA that needed to be stopped effectively in order to allow the Company free access to the patents in question).

During the year, the Company paid Shanghai Technology Co. Ltd. \$9.1 million to purchase 200 mm SOI wafers (\$2.7 million for the 2016-2017 fiscal year).

The Company had invoiced \$1 million to Shanghai Technology Co. Ltd. under the service contract and \$7.7 million for Silicon substrates (versus \$1 million and \$2.8 million respectively for the 2016-2017 fiscal year).

The Company invoiced Exagan for clean-room services in the amount of €398 thousand for the 2017-2018 fiscal year (compared to €255 thousand for the 2016-2017 fiscal year).

9.1.5 MAJOR CONTRACTS

During fiscal 2016-2017 and 2017-2018, the Company did not enter into any agreements outside the normal course of its business.

9.1.6 LEGAL AND ARBITRATION PROCEEDINGS

In late March 2017, Soitec and Silicon Genesis Corporation (SiGen) agreed to end litigation between them regarding importing and selling certain Silicon-on-Insulator (SOI) wafers by Soitec (see the press releases dated October 21, 2016, and March 29, 2017). The two companies agreed to end all ongoing litigation and to drop the proceedings before the US International Trade Commission (USITC), and all the amounts due under this dispute were settled in the 2017-2018 fiscal year. This agreement strengthens the Company's position in terms of intellectual property and enables the Company to better serve and protect its customers and partners.

The Company underwent audits by tax and customs authorities, and readjustment notifications were filed and provisioned during the 2017-2018 fiscal year.

There are no other governmental, judicial or arbitration proceedings, including any proceedings to the Company's knowledge which are pending or threatened, and likely to have or having had in the last 12 months significant effects on the Group's financial position or profitability.

9.1.7 SUBSEQUENT EVENTS

No material events have occurred since the balance sheet date.

9.1.8 OUTLOOK FOR THE GROUP IN 2018-2019 FISCAL YEAR

With regard to fiscal year 2018-2019, sales are expected to grow by more than 35% at a constant exchange rate, and the Electronics EBITDA margin (EBITDA/Sales) is expected to achieve about 27%. Operating profitability is expected to further benefit from the high manufacturing margin of the Bernin I production site which is expected to continue operating at full capacity. However, the strong increase expected in the Electronics EBITDA margin for fiscal year 2018-2019 will primarily come from the strong operating leverage that should be seen in the Bernin II production site, as result of a higher utilization rate of the plant's capacities, for a return to full use by the end of the fiscal year. Conversely, the EBITDA margin for fiscal year 2018-2019 should be adversely impacted by increased costs due to the reopening of the Singapore plant as well as the euro's rise against the US dollar.

Please refer to the information in Chapter 12 of this Registration Document for additional information on trends and capital expenditure.

9.2 COMPANY'S FINANCIAL POSITION AND RESULTS

This chapter corresponds to part of the Company's management report. It should be read in parallel with the annual financial statements for the fiscal year ended March 31, 2018 appearing in Chapter 30 of this Registration Document (the "Annual Financial Statements").

The annual financial statements for the fiscal year ended March 31, 2018, have been prepared in accordance with the presentation rules and assessment methods stipulated by current regulations. The presentation rules and assessment methods used are the same as those for the previous fiscal year.

The Company (Soitec S.A.) is the parent company of the Group.

The Company, as a production plant, supplies some of its subsidiaries. It also undertakes certain sales activities worldwide in addition to those of subsidiaries and retailers.

The relations between the Company and its subsidiaries are formalized through contracts, both with regard to the distribution of the Company's products and the operation of the subsidiaries.

9.2.1 ACCOUNTING ASPECTS

The annual financial statements of the Company as of March 31, 2018, are presented pursuant to the accounting principles generally accepted in France for annual financial statements.

9.2.2 COMPANY'S FINANCIAL POSITION

The Company's total net revenue showed an increase to €296 million in 2017-2018, compared to €238.2 million in 2016-2017.

Please refer to Chapter 20.3.1.2 of this Registration Document for further information on the Company's business activities during the 2017-2018 fiscal year.

9.2.3 MAIN CHANGES IN THE COMPANY'S BALANCE SHEET

The main changes on the balance sheet in 2017-2018 are a sharp decrease in financial assets, due to the sales of Soitec Solar GmbH securities and related receivables, and a sharp increase in non-current assets resulting from investments made in production equipment.

In the 2017-2018 financial year, the Company increased its holding in Technocom 2 by €250 thousand and acquired a new capital stake in the company Greenwaves in the amount of €0.5 million (equivalent to 5.72% of the company's capital)

Soitec also acquired a new company, Frec|n|sys, for €1.3 million.

Shareholders' equity also increased: this change mainly results from the conversion of OCEANE bonds

9.2.3.1 Balance sheet: assets

Total fixed assets

Fixed assets rose from €118.4 million as of March 31, 2017, to €137.4 million as of March 31, 2018.

Intangible assets in progress included €3,286 thousand relating to development projects capitalized in accordance with Article 311-3.2 of the French General Accounting Standard.

The Company recovered €8.8 million in guarantee deposits relating to a financing operation for the South African solar power plant.

Current assets

Current assets increased from €226 million as of March 31, 2017, to €242 million as of March 31, 2018.

Items recorded under current assets changed little: significant increase in inventories and work-in-progress, decrease in trade receivables.

Marketable securities stable at €40 million at March 31, 2018.

The Company has available cash-flow of €66.4 million, compared to €57.2 million during the previous year.

9.2.3.2 Balance sheet: liabilities

Total equity

As a result of net profit and the conversion of the balance of its OCEANE bonds into ordinary shares, Group shareholders' equity amounted to €201.8 million at March 31, 2018, up from €113.5 million at March 31, 2017. This change is comprised mainly of the conversion of OCEANE bonds, with an impact on the share capital of €2.1 million, the gross issue premium of €39.2 million, and the profit of €47.5 million.

The Shareholders' General Meeting of March 23, 2018, voting under the quorum and majority conditions required for Ordinary Shareholders' General Meetings, having read the Board of Directors' report, noted that after appropriation of earnings for the fiscal year ended March 31, 2017, as decided by the Combined Ordinary and Extraordinary Shareholders' General Meeting on July 26, 2017, "Retained earnings" posted a debit balance of €865,102,270.86 and decided to settle it in full, *i.e.* €865,102,270.86, by offsetting it against "Share premiums from issues, mergers and contributions", which amounted to €926,285,268.95 before the offset. It noted that, as a result of this offsetting transaction, the "Retained earnings" – item is now entirely cleared, and "Share premiums from issues, mergers, and contributions" item shows a positive balance of €61,182,998.09.

Provisions for contingencies and expenses

Provisions for liabilities and charges amounted to €3.3 million as of March 31, 2018, compared to €4.3 million as of March 31, 2017. No material provisions had been recorded at March 31, 2018.

Debts

On August 8, 2017, the Company successfully completed an early conversion of its OCEANE bonds with a 98.74% rate of conversion into shares.

The sharp decrease in "other debt" resulted from the pre-payment of the moratorium granted by URSSAF as well as the repayment of the operating current account with the subsidiary Soitec Singapore.

9.2.4 FORMATION OF THE COMPANY'S OPERATING PROFIT

In the fiscal year ended March 31, 2018

The Company's revenue amounted to €296 million, compared to €238.3 million the previous fiscal year, *i.e.* an increase of 24%.

Total operating income amounted to €340.6 million, up from €275.9 million in the previous year, an increase of 23%. This increase is primarily due to the increase in sales of wafers and income and the classification of foreign exchange differences on trade receivables and payables under operating income, and no longer under financial income.

Operating costs for the fiscal year amounted to €294 million compared to €269 million the previous fiscal year, and operating profit was €46.6 million, compared to €6.9 million in profit for the previous fiscal year.

The financial statements for the year revealed €47,547,826.89 in profit, compared to €20,348,131.75 the previous fiscal year.

For further information on the Company's financial position, please refer to the management reports prepared by the Company's Board of Directors for the previous fiscal years, particularly page 54 of the annual report for the fiscal year ending March 31, 2017, and filed on July 4, 2017, in the form of a Registration Document to the French Financial Markets Authority (AMF) under number D.17-0720 and page 37 of the annual report for the fiscal year ending March 31, 2016, submitted in the form of a Registration Document to the AMF filed under number D.16-0665.

9.2.5 PROPOSAL FOR APPROPRIATION OF EARNINGS FOR FISCAL YEAR 2017-2018

The Board of Directors will submit to a vote of the Shareholders' General Meeting scheduled for July 26, 2018 the proposition to appropriate 5% of earnings for the year ended March 31, 2018, amounting to €47,547,826.89, to the statutory reserve, *i.e.* €2,377,391.34, thus increasing the existing €3,393,046.69 amount to €5,770,438.03 and to allocate the remaining €45,170,435.55 to "retained earnings."

9.2.6 NON TAX-DEDUCTIBLE EXPENSES

In accordance with the provisions of Article 223 *quater* of the General Tax Code, we bring to your attention that the accounts for the year just ended include the sum of €112,471.80 corresponding to non-deductible expenses.

9.2.7 INFORMATION REQUIRED BY ARTICLE D. 441-4 ART. 1 OF THE COMMERCIAL CODE RELATING TO THE PAYMENT TERMS OF SUPPLIERS AND CUSTOMERS

INVOICES RECEIVED AND ISSUED OUTSTANDING ON THE CLOSING DATE OF THE FISCAL YEAR ENDED

	Invoices received not settled on the closing date of the year ending					
	0 day (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day ad more)
(A) Slices of late payment						
Number of invoices concerned	2					255
Total amount of invoices concerned € TTC	10,574	3,804,118	1,364,601	86,707	119,239	5,374,665
% of total purchase amount for the year	0%	2%	1%	0%	0%	2%
(B) Invoices excluded from (A) relating to disputed and unrecorded debts and receivables						
Number of invoices excluded			9			
Total amount of excluded invoices			262,705			
(C) Reference payment periods used						
Payment deadlines used to calculate late payments	Contractual deadlines (mainly 45 days after issue date of the supplier invoice)					

	Unpaid invoices issued on the closing date of the fiscal year that has expired					
	0 day (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day ad more)
(A) Slices of late payment						
Number of invoices concerned	15					43
Total amount of invoices concerned € TTC	1,235,521	(2,562,980)	146,517	80,107	12,133	(2,324,224)
% of sales for the year	0.41%	(0.85%)	0.05%	0.03%	0.00%	(0.77%)
(B) Invoices excluded from (A) relating to disputed and unrecorded debts and receivables						
Number of invoices excluded			2			
Total amount of excluded invoices		11,175				
(C) Reference payment periods used						
Payment deadlines used to calculate late payments	Contractual deadlines					

CASH FLOW AND CAPITAL RESOURCES



10.1 GROUP'S SHORT- AND MEDIUM-TERM CAPITAL

Information on shareholders' equity is provided in paragraphs 20.3.1.1 (table showing the change in consolidated shareholders' equity) and 20.3.1.2 (Notes to the consolidated financial statements at March 31, 2018), in note 3.13 relating to issued capital and reserves, of this Registration Document.

10.2 SOURCE AND AMOUNT OF GROUP CASH FLOW

The Group generated €11 million in cash flow in the 2017-2018 fiscal year, compared to cash generation of €60 million in the previous fiscal year, and available cash at the end of the fiscal year as at March 31, 2018, amounted to €120 million.

Cash flow from operational activities was positive for 2017-2018 in the amount of €35.1 million. It was comprised of positive cash flows of €40 million from the Electronics division, offset by negative cash flow of -€4.9 million from discontinued operations.

Net cash used by investing activities amounted to -€18.8 million in 2017-2018 (compared to -€2.4 million in 2016-2017):

- continuing operations: cash outflows amounted to -€19.9 million in 2017-2018, compared to -€5.8 million in 2016-2017. This cash outflow primarily reflects capital expenditure during the fiscal year to provide the Bernin site with additional industrial capacities and the initial investments made to relaunch the Singapore site;
- discontinued operations: cash inflows amounted to +€1.2 million in 2017-2018 (compared to +€3.4 million in 2016-2017) and mainly concern shareholders' loan repayments in South Africa.

Cash flows from financing activities were negative for fiscal 2017-2018 (-€2.1 million), mainly relating to €18.4 million in new loans and €20.6 million in debt repayments.

10.3 GROUP'S BORROWING TERMS AND FINANCING STRUCTURE

As a result of net profit and the conversion of the balance of its OCEANE bonds into ordinary shares, the Group restored its shareholders' equity, which amounted to €278.6 million at March 31, 2018, up from €149.1 million at March 31, 2017. This change mainly comprises the conversion of OCEANE bonds, with an impact on the share capital of €2.1 million and on the share issue premium of €39.2 million, and the profit of €86.5 million.

Gross financial debt amounted to €78.3 million as of March 31, 2018, compared to €120.9 million as of March 31, 2017. The main items of financial debt are as follows: €8.7 million relating to leases (of which €7.7 million in new leases contracted during the fiscal year, bearing interest at the rate of 0.6836%), €8.2 million in redeemable advances, and €61 million in credit lines broken down between a non-current portion of €45.8 million and a current portion of €15.2 million.

Available cash flow increased from €109.3 million as of March 31, 2017, to €120 million as of March 31, 2018.

Net debt improved significantly from net debt of €11.6 million at March 31, 2017 to net cash of €41.7 million.

Further information on the financing of the Company and the Group is provided in note 3.15 of the appendix to the consolidated financial statements.

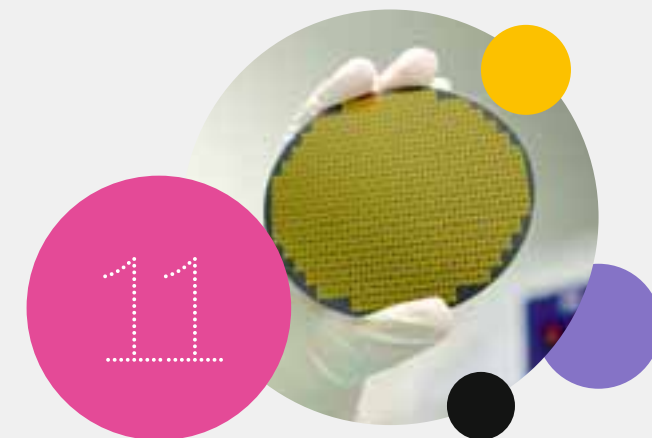
10.4 RESTRICTIONS ON THE USE OF CAPITAL

Not applicable.

10.5 INFORMATION ON EXPECTED SOURCES OF FINANCING

The Group's primary objective is to have the necessary and sufficient financial resources to fund the growth of its business. As such, it systematically reinvests its earnings to promote an industrial growth strategy oriented toward strong product innovation. To this end, it has in the past called on its shareholders to finance its capital spending through capital increases and convertible bond issues. Lastly, it makes regular use of finance lease solutions to fund certain industrial facilities.

RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES



11.1 SOITEC GROUP'S RESEARCH AND DEVELOPMENT POLICY

11.1.1 SOITEC'S CULTURE IS INNOVATION

As a growth-oriented company, the Company's innovation operations are based on two key focus areas: developing product solutions to address market needs and overlapping significant portions of the R&D and product definition phases, which enable the Company to step up competitiveness and give the Company a very strategic and one-of-a-kind positioning for its technological solutions.

Developing substrate technologies and engineering reaps unique and competitive advantages for the substrates' intended applications. Their industrialization results in innovative materials that create a decisive and competitive leap in functionality for partner customers in the markets for which they are intended.

Soitec is the world leader in manufacturing innovative substrates for the Microelectronics sector, including the SOI in its various forms, using film transfer and high-quality material stacking technologies.

The Company dedicates a significant portion of its revenue to generating groundbreaking manufacturing processes to perfect or develop products that create vital market advantages.

Through its R&D process, Soitec aims to develop high value-added substrates that increase performance while improving the energy efficiency of electronic circuits.

This innovation strategy aligns with two classic industry focus areas: continuity of Moore's law for microelectronic circuits (More Moore) and adding new functions (More than Moore) including heterogeneous materials integration (*i.e.* silicon, III-V composite products, piezoelectric materials, insulators, etc.).

More Moore

To meet the challenges of continuing to miniaturize the mechanisms for technological nodes below 28 nm, Soitec is developing FD-SOI products with uniform thicknesses for ultra-fine active monocrystalline silicon layers (10 nm), and ultra-fine oxides (10 nm).

This combination is the basis for manufacturing high-speed transistors that simultaneously use ultra-low leakage currents.

As a result, FD-SOI substrates make it possible to manufacture adapted integrated circuits for low-voltage operation with very low power consumption while maintaining strong performance. This represents key advantages for connected-object markets: the benefits of high-speed devices that also guarantee long battery life.

Since miniaturization is becoming increasingly difficult and thus very costly, the microelectronics industry is building on vertical integration, meaning integrating functionalities by stacking fine thicknesses to create three-dimensional circuit architecture.

Our thin film transfer technologies are perfectly adapted to 3D integration, so this is a significant focus area for our R&D, which will address industry needs over the medium and long term.

More than Moore

More than Moore applications have become vital for the industry in various sectors, such as smartphones and connected objects. As a result, this is a market segment that needs a lot of innovation and where Soitec's R&D is very active.

To increase circuit functionality and manage their increasing complexity, Soitec is developing functional SOI type substrates for Analog/RF, image capture/MEMS and Power/Automotive applications.

Performance needs change quickly, punctuated by each generation of products, which is why Soitec is developing new-generation SOI products.

The Company also takes advantage of synergies between its core layer transfer technologies such as Smart Cut™, Smart Stacking™ and its expertise in epitaxy to create new structures using composite semiconductor materials with gallium nitride (GaN), InP and LiTaO₃ piezoelectric products.

11.1.2 RESEARCH AS CLOSE AS POSSIBLE TO INDUSTRIAL SITES

Soitec conducts R&D projects in partnership with benchmark institutions in Europe, in the United States and in China to increase the impact of R&D, to speed up product transformation and to position itself in markets that are still being defined.

Soitec also relies on the technological and industrial environment of the Grenoble region, a major European microelectronics center, which brings together numerous players in research, higher education and industry.

Soitec also has developed numerous R&D partnerships with its industrial customers and also participates in professional initiatives and groupings (competitiveness centers, SOI Industry Consortium).

Soitec benefits from collaboration and this mutual enhancement to offer technological breakthrough products offering new outlooks for its customers.

11.1.3 A WORLDWIDE PATENT PORTFOLIO

To support and protect its innovation policy worldwide, Soitec submits more than 200 patent applications each year and regularly forms part of the top 50 French applicants, alongside very large industrial groups.

Its exclusive Smart Cut™ technology is consequently covered by several hundreds of patents. These patents correspond to successive improvements made by Soitec to extend this technology to new products, improve certain stages or optimize costs.

Soitec also files numerous patents each year on advanced and innovative substrates.

The Company's portfolio has a total of almost 3,500 patents in effect with an average age not exceeding more than five years. The Company's patent portfolio which is owned by the Company is supplemented by patents licensed from its research partners.

These additional patents reinforce the protection covering Soitec's key technologies: Smart Cut™, Smart Stacking™. This proactive industrial property activity is intended to protect the unique nature of Soitec's key technologies, which the Company can make available to its licensees within the framework of technology transfers.

11.2 ACCOUNTING OF RESEARCH AND DEVELOPMENT COSTS

R&D costs are recorded when they occur if the criteria required under IAS 38 enabling their recording in the balance sheet are not verified.

Research and development costs are essentially made up of the following:

- salaries and payroll taxes, including share-based payments;
- operating costs of clean-room equipment and equipment required for research and development;
- material used for finalizing and manufacturing prototypes;
- subcontracting to public research centers or private laboratories, cooperation agreements;
- costs relating to maintaining and strengthening the Group's intellectual property rights.

Provided the agreements are signed and the administrative authorizations obtained, the amounts received in subsidy contracts are deducted from gross R&D costs to reach a net amount recorded in the income statement.

A portion of the subsidies used to finance the R&D activities may be granted in the form of redeemable advances. In accordance with IAS 38 and IAS 20 standards, if the Group believes that the technical and commercial probability of success of a project has become too low, the related development costs are not capitalized but rather they are recorded directly against income, and the corresponding repayable advances are recorded as a deduction from these expenses, regardless of the notifications by the financial institutions which can only take action once milestones are reached, thus putting an end to the program or triggering the repayment of advances. Depending on changes to the probability of the technical or commercial success of a project, the Group may be prompted to record a financial liability regarding the sales prospects to be generated by the new products developed under the subsidy programs. As a result, a proportion of the redeemable advances received for the Nanosmart and Guépard subsidy programs were recognized as profit (loss), based on reimbursement assumptions deriving from their business plan.

A significant upward revision of long-term sales forecasts of FD-SOI or SOI for radio frequency applications could result in the reclassification as debt of a portion of the redeemable advances received under the Nanosmart programme recorded as profit (loss). The theoretical maximum amount that could be reclassified is €9.5 million, and the probability of reaching such a level is extremely low. Similarly, a significant upward adjustment of long-term forecasts for sales of "compound" products, including InPOGaAs for radiofrequency, photonic and solar space applications, may lead to a reclassification as debt of a portion of the redeemable advance received under the Guépard programme recorded as profit (loss). The theoretical maximum amount that could be reclassified is €7.5 million, and the probability of reaching such a level is extremely low. Conversely, if sales forecasts are revised downward, the maximum amount of advances posted as liabilities in the balance sheet which could be reclassified as profit (loss) is €8.2 million.

Soitec S.A. receives research tax credits (CIR). This credit is presented as a deduction from research and development costs, in accordance with IAS 20. Research tax credits recorded in the financial statements for fiscal year 2017-2018 totaled €12 million.

Net R&D expenditures amounted to €8.2 million (2.6% of revenue), compared to €18.7 million (7.6% of revenue) the previous year. This decrease primarily results from a redeemable advance of €7.5 million recognized in the income statement, and strong prototype sales.

INFORMATION ON TRENDS



12.1 MAIN TRENDS THAT HAVE IMPACTED OPERATIONS DURING FISCAL YEAR 2017-2018

The Group made a return to strong revenue growth. Demand for 300 mm wafers increased during the 2017-2018 fiscal year and sales of FD-SOI, Imager-SOI, Photonics-SOI and RF-SOI products took over from those of end-of-life PD-SOI. Demand for 200-mm wafers for radio frequency and power applications remained stable and the Bernin I production line operated at full capacity.

Simgui, Soitec's Shanghai-based industrial partner, was qualified by our clients for the production of 200 mm SOI wafers. This means that Soitec can serve the burgeoning radio frequency (RF) and power electronics markets.

The Group's operating performance (optimization of 200 mm product volumes, increase in 300 mm products, yield enhancement, materials management, and cost and investment management ensured) enhanced operating margins. It should be noted that the average capacity utilization rate for 300 mm wafer production at Bernin II increased from 19% in fiscal 2016-2017 to 37% in 2017-2018.

Measures have been taken to restart production at the Singapore site. This involves firstly the implementation of a pilot FD-SOI production line as a first step of a larger scale production of 300 mm wafers on this site in a longer term perspective.

12.2 EXISTENCE OF ANY KNOWN TRENDS, UNCERTAINTY OR REQUEST, OR ANY COMMITMENT OR EVENT THAT MAY REASONABLY BE EXPECTED TO INFLUENCE THE COMPANY'S OUTLOOK

Concerning the 2018-2019 fiscal year, the Group is targeting revenue growth on a constant exchange rate basis of over 35%. Demand in RF-SOI 200 mm wafer products and Power-SOI remains sustained, enabling the Bernin I site to continue operating at full capacity, while benefiting from additional production capacity from our Chinese subcontractor, Simgui. Growth in 300 mm wafer sales is expected in the 2018-2019 fiscal year, driven notably by increases in FD-SOI product and Photonics-SOI sales, as well as sustained demand for Imager-SOI products and growth in sales of RF-SOI 300 mm wafer products. The utilization rate of the 300 mm wafer production line at the Bernin II site should be close to 100% by the end of fiscal 2018-2019 or the beginning of fiscal 2019-2020.

The Group is targeting an Electronics EBITDA margin (EBITDA/Revenue) of around 27% in fiscal 2018-2019. Operating profitability should continue to benefit from high production margins at the Bernin I industrial site. As in fiscal 2017-2018, higher utilization rates at the Bernin II industrial site should offer strong operational leverage. Conversely, the 2018-2019 EBITDA margin will be impacted by an increase in costs related to the reopening of the Singapore plant, as well as unfavorable exchange-rate impacts.

Regarding capital expenditure, the Group has a capex plan for about €120 million in fiscal year 2018-2019 in new development projects for its existing industrial sites. This amount includes the capital expenditure required to – boost annual 200 mm wafer production capacity at the Bernin I plant from 900,000 to 950,000 wafers. Build up capacity at the Bernin II plant dedicated to 300 mm wafer production with the long-term objective of moving from a multi-product capacity of 650,000 to one of 800,000 wafers per year. It also includes continued capital expenditure, as planned, to equip the 300 mm wafer pilot production line in Singapore, as well as the 300 mm material recycling lines, and capital expenditure for boosting the internal capacity of epitaxy. For

INFORMATION ON TRENDS

Existence of any known trends, uncertainty or request, or any commitment or event that may reasonably be expected to influence the Company's outlook

the Singapore site, the Group plans to gradually build up to a total multi-product capacity of 800,000 300 mm wafers per year, to meet long-term demand for RF-SOI and FD-SOI products. As a reminder, the total for the pilot production line and the 800,000 wafer production capacity represents a total capital expenditure of US\$270 million.

Customer commitments will trigger the gradual rollout of capex for capacity.

However, these trends and objectives remain subject to different risk factors to which the Group is exposed, and which are described in Chapter 4 of the Registration Document 2016-2017 and Chapter 4 of this Registration Document.

PROFIT FORECASTS OR ESTIMATES



13.1 FORECAST ASSUMPTIONS

Not applicable.

13.2 STATUTORY AUDITORS' REPORT ON THE FORECASTS INCLUDED IN THE REGISTRATION DOCUMENT FOR THE FINANCIAL YEAR ENDING MARCH 31, 2018

Not applicable.

13.3 LONG-TERM OBJECTIVES

The Group does not mention a long-term operating margin objective in its reporting.

13.4 PROFIT FORECAST IN A PENDING PROSPECTUS

Not applicable.



ADMINISTRATIVE AND MANAGEMENT BODIES AND EXECUTIVE MANAGEMENT



14.1 INFORMATION AND DETAILS ABOUT ADMINISTRATIVE AND MANAGEMENT BODIES AND EXECUTIVE MANAGEMENT

- 14.1.1 Board of Directors
- 14.1.2 General Management

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14.2 ADMINISTRATIVE AND MANAGEMENT BODIES AND EXECUTIVE MANAGEMENT CONFLICTS OF INTERESTS

- 14.2.1 Potential conflicts of interest
- 14.2.2 Arrangements or agreements under which a member of the administrative or management bodies or the Executive Management has been selected to hold one of these duties.
- 14.2.3 Limitations agreed to by the members of the administrative and management bodies or the Executive Management with respect to their stakes in the Company's share capital

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14.1 INFORMATION AND DETAILS ABOUT ADMINISTRATIVE AND MANAGEMENT BODIES AND EXECUTIVE MANAGEMENT

14.1.1 BOARD OF DIRECTORS

Soitec is a French joint-stock corporation (*société anonyme*) with a single-tier structure, with a Board of Directors.

At its meeting held on July 1, 2005, the Board of Directors adopted a set of internal regulations (the “**Internal Regulations**”) that sets out rules governing its composition, its tasks, its operation and its responsibilities, and also organizes relations between directors and the Company. It constitutes an operational framework and is regularly updated to account for changes in legal and regulatory provisions, as well as good practices in the area of corporate governance.

The Internal Regulations have undergone several modifications, the latest of which dates from June 13, 2018.

The Board of Directors draws on the work of five committees that it set up: the Audit and Risks Committee, the Compensation Committee, the Nomination Committee, the Strategic Committee, and the Restricted Strategic Matters Committee.

Their composition, roles and tasks are detailed in the Internal Regulations.

This information, as well as a description of the respective activities of the five committees during the fiscal year ended on March 31, 2018, are shown in paragraph 16.3 of this Registration Document.

14.1.1.1 Composition of the Board of Directors

14.1.1.1.1 Changes in the composition of the Board of Directors in the 2017-2018 fiscal year

At April 1, 2017, the Board of Directors was made up of thirteen directors.

As announced in a press release dated July 26, 2017, at the end of the Shareholders’ General Meeting held on the same day, Victoire de Margerie succeeded Joseph Martin by becoming a director of the Company. Furthermore, the Board of Directors announced the separation of the duties of Chairman and Chief Executive Officer, by electing Victoire de Margerie as its head. Thus, the Company’s governance structure has come into line with best practices. The Board of Directors welcomed the progress made, in terms of governance, during the last two years of transition under the chairmanship of Paul Boudre. In that time, he has continued to serve the Company as Chief Executive Officer.

On November 28, 2017, Victoire de Margerie resigned as director and Chairwoman of the Board of Directors.

During its meetings the following day, the Board of Directors noted the aforementioned resignation of Victoire de Margerie, and also acknowledged the resignations of Bpifrance Investissement and Xi Wang, who were respectively replaced by Thierry Sommelet and Nabeel Gareeb, appointed by co-optation on the same day. Their nomination was subsequently ratified by the shareholders at their last Shareholders’ General Meeting on March 23, 2018.

In addition, at its meetings on November 29, 2018, the Board of Directors decided to elect Douglas Dunn as senior independent director and select Thierry Sommelet as the new Chairman for a transition period expiring at the close of the Shareholders’ General Meeting convened to approve the accounts for the 2017-2018 fiscal year.

Lastly, the Compensation and Nomination Committee was split into two separate committees: the Compensation Committee, on the one hand, and the Nomination Committee, on the other. Please refer to paragraph 16.3 of this Registration Document for further information on the Committees of the Board of Directors.

In conclusion, since November 29, 2017, and still to date, the Board of Directors has had twelve directors.

This complies with Article L. 225-17 of the French Commercial Code, which states that “*Joint-stock corporations are administered by a Board of Directors made up of at least three members. The bylaws set the maximum number of Board members, which may not exceed 18.*”

It is further specified that:

- there are no family ties among any of the 12 directors;
- Paul Boudre is the only director who is a member of the General Management;
- the Board of Directors does not have an observer;
- the Board of Directors does not have a director appointed by the employees, nor does it have a director who represents employee shareholders. Nevertheless, four representatives of the Works Council attend all the meetings of the Board of Directors in an advisory capacity, in accordance with Article L. 2323-63 of the French Labor Code.

The current number of twelve directors is related to the stipulations of a shareholders’ agreement signed on March 7, 2016, between Bpifrance Participations, CEA Investissement, National Silicon Industry Group/NSIG Sunrise S.à.r.l. (hereinafter collectively referred to as the “**Strategic Investors**”) and the Company (hereinafter the “**Shareholders’ Agreement**”).

Indeed, the Company has undertaken, in the Shareholders’ Agreement, to propose the required resolutions to its shareholders’ vote in order to ensure that each of its three Strategic Investors has, until the term of the Shareholders’ Agreement:

- two representatives on the Board of Directors, provided that its stake is equal to or greater than 10% of the share capital of the Company; or
- one representative on the Board of Directors provided that its stake is between 5% and 10% of the share capital of the Company.

For this purpose, the three Strategic Investors have undertaken to each cast a positive vote on such resolutions.

It is specified that Bpifrance, CEA Investissement and NSIG, for their individual parts, have further agreed that directors identified as being affiliated with them resign from their post within the Board of Directors and the Committees, if applicable, if the stake of their company should fall below the level of 10% of share capital of the Company, and that the second director identified as being affiliated with them do the same, if the stake of their company should fall below the level of 5% of the share capital of the Company.

As at April 1, 2017, the representatives of the three Strategic Investors in the Board of Directors were as follows:

- for Bpifrance Participations: Bpifrance Investissement, represented by Thierry Sommelet and Bpifrance Participations, represented by Sophie Paquin;
- for CEA Investissement: CEA Investissement, represented by Guillemette Picard, and Christophe Gegout;
- for NSIG Sunrise S.à.r.l.: Weidong (Leo) Ren and Xi Wang.

As a result of the changes in directors made on November 29, 2017, at 2017-2018 fiscal year end, and to date, the representatives of the three Strategic Investors on the Board of Directors are as follows:

- for Bpifrance Participations: Thierry Sommelet and Bpifrance Participations, represented by Sophie Paquin;
- for CEA Investissement: CEA Investissement, represented by Guillemette Picard, and Christophe Gegout;
- for NSIG Sunrise S.à.r.l.: Nabeel Gareeb and Weidong (Leo) Ren.

It is specified that the Shareholders' Agreement has been entered into for a period expiring at the close of the Shareholders' Ordinary General Meeting that will be convened in 2021 to cast a vote on the financial statements of the fiscal year ending on March 31, 2021.

14.1.1.1.2. Upcoming changes in the composition of the future Board of Directors

As set out above and announced by way of a press release dated November 29, 2017, Thierry Sommelet was elected as Chairman of the Board of Directors for a transition period expiring at the close of the Shareholders' General Meeting convened in order to cast a vote on the financial statements of the fiscal year ended on March 31, 2018.

At its last meeting on June 13, 2018, the Board of Directors, upon the recommendation of the Nomination Committee, decided to extend his term of office as Chairman of the Board of Directors beyond the initially term fixed.

Furthermore, pursuant to the recommendation of the Nomination Committee which met on June 1, 2018, the Board of Directors shall propose to the shareholders, during their Shareholders' General Meeting convened on July 26, 2018, to appoint Eric Meurice as a director of the Company for a period of three years, i.e. until the close of the Ordinary Shareholders' General Meeting to be held in 2021 to cast a vote on the financial statements of the fiscal year ending on March 31, 2021.

Eric Meurice would thus take over from Douglas Dunn, whose term of office is due to expire at the close of the said Shareholders' General Meeting because he has reached an age limit set by the Internal Regulations of the Board of Directors.

If said Shareholders' General Meeting votes in favor of Eric Meurice's appointment as a new director of the Company, he would take over from Douglas Dunn as the senior independent director of the Company. He would also be selected by his peers as a member of the Nomination Committee and the Strategic Committee. In addition, he would take over the chairmanship of the latter.

14.1.1.1.3 Length of director terms in the Company

Since the Shareholders' General Meeting held on July 25, 2016, the length of directors' terms has been reduced by one year, from four to three years. The terms ongoing at that date were reduced by one year.

Directors appointed beginning from that date are appointed for a period of three years expiring at the end of the Shareholders' General Meeting called to approve the financial statements of the past fiscal year, and held in the year in which the directors' terms of office expire.

These directors' terms are eligible for renewal.

14.1.1.1.4 Duties and functions of the directors

The Company applies the provisions of Article L. 225-21 of the French Commercial Code relating to the number of offices held.

It also complies with the recommendation appearing in paragraph 18 of the AFEP-MEDEF Code, which requires that *"All directors should give their duties the necessary time and attention. An executive officer should not hold more than two other directorships in listed corporations, including foreign corporations, not affiliated with his or her group. He or she must also seek the opinion of the Board before accepting a new directorship in a listed corporation. If the corporation has a separate Chairman, the Board may draw up specific recommendations on this issue, taking into account the individual's particular situation and the specific missions conferred to him/her."*

As of March 31, 2018, and still to date, no member of the Board of Directors holds more than four offices in publicly-listed companies.

14.1.1.1.5 Directors' expertise and management experience

The criteria for selecting the members of the Board of Directors include their expertise and management experience. In addition, some directors have international expertise and experience in the semiconductor sector.

The individual summary sheets shown in paragraph 14.1.1.8 below present each director's business and illustrate their expertise and experience; the majority of them hold or have held senior executive positions in top companies, most of which are listed companies.

14.1.1.1.6 Balanced representation of men and women within the Board of Directors

As announced in the previous 2016-2017 Registration Document, since the Shareholders' General Meeting held on July 26, 2017, the composition of the Board of Directors complies with the provisions of Articles L. 225-17 and L. 225-18-1 of the French Commercial Code (created by law no. 2011-103 dated January 27, 2011 relating to balanced gender representation within Boards of Directors and Supervisory Boards and to professional equality, known as the Copé-Zimmermann Act) under the terms whereof *"The Board of Directors is composed while seeking balanced gender representation"* and *"The proportion of directors from each gender may not be below 40% in companies whose shares are admitted for trading on a regulated market."*

Indeed, on that date, Victoire de Margerie was elected as a director and took the seat of Joseph Martin, who had indicated he did not wish to have his term renewed. Thus, from that date and until November 28, 2017, the Board of Directors had six women directors out of a total of 13 members, a proportion of 46.15%.

Since November 28, 2017 and to date, following the resignation of Victoire de Margerie as director and Chairwoman of the Board of Directors, the Board of Directors has had five women directors out of a total of 12 members, a proportion of 41.66%.

14.1.1.1.7 Sanctions applying to directors and managers

To the Company's knowledge, no Company director has been sentenced for fraud during the past five years, nor been associated with a bankruptcy, administrative receivership or liquidation during the past five years.

Moreover, none of these persons has been charged with or publicly sanctioned for an offense by a legal or regulatory authority or professional organization, and none has been banned by a court from acting as a member of a management, executive or supervisory body, or from being involved in the management or running of an issuer.

14.1.1.1.8 Individual summary sheets of directors

Directors present at March 31, 2018 and to date

**THIERRY SOMMELET**

Chairman of the Board of Directors

Member of the Audit and Risks Committee, Strategic Committee and Restricted Strategic Matters Committee

Number of shares held: 0

Date of first appointment: July 2, 2013

Date of start of current term: November 29, 2017 ⁽¹⁾

Date of end of the term: Shareholders' General Meeting called to cast a vote on the financial statements for the fiscal year ending on March 31, 2019

French
48 years old**BUSINESS ADDRESS**SOITEC
Chemin des Franques
Parc Technologique des
Fontaines
38190 BERNIN**PRINCIPAL POSITIONS HELD OUTSIDE THE COMPANY:**

Director and Head of Technology, Media, Telecom in the Mid & Large Cap Executive Committee of Bpifrance (France)

CURRENT OFFICES HELD OUTSIDE THE COMPANY:

- Chairman of the Supervisory Board of Greenbureau (France)
- Director of:
 - Ingenico** (France) (since May 2018)
 - Talend (United States)**
 - Tyrol Acquisition 1 S.C.A. (Luxembourg)
- Permanent representative of:
 - Bpifrance Participations, director at Technicolor** (France) (since January 2017)
 - Bpifrance Investissement, director Idemia France (France) (since June 2017)

OFFICES HELD OUTSIDE THE COMPANY THAT EXPIRED OVER THE PAST FIVE YEARS:

- Director of:
 - TDF (France) (until 2015)
- Member of the Supervisory Board of:
 - Sipartech (France) (until August 2016)
 - Group Mäder (France) (until June 2015)
 - Cloudwatt (France) (until March 2015)
- Permanent representative of:
 - Bpifrance Investissement, member of the Supervisory Board of Mersen** (France) (until May 2018)
 - Bpifrance Participations, member of the Supervisory Board of Inside Secure** (France) (until December 2016)

PROFESSIONAL EXPERIENCE:

Director, holding the position of Director and Head of Technology, Media, Telecom in the Mid & Large Cap Executive Committee at Bpifrance, the private financing division of the Banque Publique d'Investissement (formerly known under the name Fonds Stratégique d'Investissement, or "FSI"), Thierry Sommelet has some 15 years' experience in private and public financing in the technology, media and telecommunications sector.

He also is a member of the Boards of Directors or Supervisory Boards of several Technology, Media and Telecom companies, including listed companies in France and the United States.

Thierry Sommelet began his career working in capital markets at Crédit Commercial de France in 1992 in Paris, then in New York.

After serving as Manager of the financial engineers' team at Renaissance Software (now part of the Sungard group) in Los Altos, then COO of InfosCE in 2001, he joined the Investments and Digital Participations Department of Caisse des Dépôts et Consignations in 2002, which he headed up starting in 2007.

After joining the Fonds Stratégique d'Investissement in 2009, in which he was an investment manager in the telecommunications network sector, Thierry Sommelet joined the teams at Bpifrance Investissement when it was created in 2013.

Thierry Sommelet is a graduate of the *École nationale des ponts et chaussées*. He also holds an MBA from INSEAD.

** Listed company.

(1) Appointment by co-optation passed by the Board of Directors during its meeting held on November 29, 2017 for the remaining term of office of Bpifrance Investissement, which resigned, and ratified by the shareholders during the Shareholders' General Meeting held on March 23, 2018.



PAUL BOUDRE

Chief Executive Officer

Member of the Strategic Committee

Number of shares owned: 13,122

Date of first appointment: July 3, 2012

Date of start of current term: July 25, 2016

Date of end of the current term: Shareholders' General Meeting called to cast a vote on the financial statements for the fiscal year ending on March 31, 2019

French
59 years old

BUSINESS ADDRESS

SOITEC
Chemin des Franques
Parc Technologique des
Fontaines
38190 BERNIN

PRINCIPAL POSITIONS HELD OUTSIDE THE COMPANY:

N/A

CURRENT OFFICES HELD OUTSIDE THE COMPANY:

- Director of Soitec Japan Inc.* (Japan)
- Director of Soitec Microelectronics Singapore Pte. Ltd.* (Singapore)
- Permanent Representative of Soitec
- Director of Exagan (France)
- Director of Fogale Nanotech (France)
- Director of AENEAS
- Director of SOI Industry Consortium
- Member of SEMI's European Advisory Board

OFFICES HELD OUTSIDE THE COMPANY THAT EXPIRED OVER THE PAST FIVE YEARS:

N/A

PROFESSIONAL EXPERIENCE:

Since 2015, Paul Boudre has been the Chief Executive Officer of Soitec, a world leader in innovative semiconductor materials. He is also a member of the Board of Directors.

He joined the Company in 2007, as Director of Sales, Marketing and Business Development, where he focused on the development of new opportunities in the market and the SOI (*silicon-on-insulator*) ecosystem, making it possible to adopt this technology for consumer and "More Than Moore" applications.

Apart from his role at Soitec, Paul Boudre also sits on several Boards of Directors: FOGALE Nanotech, one of the leaders in high-precision metrology solutions; Exagan, manufacturer of GaN power switches; AENEAS, the European association in charge of promoting nanoelectronic activities, and the SOI Industry Consortium, an international organization dedicated to understanding, developing and adopting technologies based on the SOI, which was launched with the assistance of Paul Boudre. He is also on the European Advisory Board of SEMI, a global industrial association serving the manufacturing supply chain for the electronics industry.

For more than 30 years, Paul Boudre has been active in the semiconductor industry, where he has acquired solid international experience. During his 10 years at KLA-Tencor, one of the first five global equipment manufacturers for the semiconductor industry, he led the group's European operations, then took the position of Vice-President for Europe and the USA. Previously, he also carried out management duties in the industrial units of IBM Semiconductor (now belonging to GlobalFoundries), STMicroelectronics, Motorola Semiconductor (now belonging to NXP Semiconductors), and Atmel. Paul Boudre is a graduate of the École nationale de chimie de Toulouse.

* Company belonging to the Soitec Group.

ADMINISTRATIVE AND MANAGEMENT BODIES AND EXECUTIVE MANAGEMENT

Information and details about administrative and management bodies and executive management

**MONICA BELTRAMETTI****Independent Director**

Member of the Audit and Risks Committee, Strategic Committee, Compensation Committee, and Nomination Committee

Number of shares held: 175

Date of first appointment: April 11, 2016

Date of start of current term: April 11, 2016

Date of end of the term: Shareholders' General Meeting called to cast a vote on the financial statements for the fiscal year ending on March 31, 2019

Italian
67 years old**BUSINESS ADDRESS**SOITEC
Chemin des Franques
Parc Technologique des
Fontaines
38190 BERNIN**PRINCIPAL POSITION HELD OUTSIDE THE COMPANY:**

Head of Global Innovation Europe for Naver (France)

CURRENT OFFICES HELD OUTSIDE THE COMPANY:

- Director of Atlantis (France)

OFFICES HELD OUTSIDE THE COMPANY THAT EXPIRED OVER THE PAST FIVE YEARS:

N/A

PROFESSIONAL EXPERIENCE:

Monica Beltrametti has been Head of Global Innovation Europe for Naver since January 2018.

Before that, she was Director of Research at Xerox for approximately 25 years, and Vice President of Xerox Innovation for about ten years.

Monica Beltrametti headed the Computing and Network Services at the University of Alberta from 1991 to 1993.

She graduated with a degree in astrophysics from the University of Munich, after earning a master's in physics from the University of Göttingen.



LAURENCE DELPY

Independent Director

Chairwoman of the Nomination Committee

Member of the Audit and Risks Committee, Strategic Committee, Compensation Committee, and Restricted Strategic Matters Committee

Number of shares held: 675

Date of first appointment: April 11, 2016

Date of start of current term: April 11, 2016

Date of end of the term: Shareholders' General Meeting called to cast a vote on the financial statements for the fiscal year ending on March 31, 2019

French
47 years old

BUSINESS ADDRESS

SOITEC
Chemin des Franques
Parc Technologique des
Fontaines
38190 BERNIN

PRINCIPAL POSITIONS HELD OUTSIDE THE COMPANY:

Director of mobile networks at Nokia for the Asia-Pacific region and Japan (China)

CURRENT OFFICES HELD OUTSIDE THE COMPANY:

N/A

OFFICES HELD OUTSIDE THE COMPANY THAT EXPIRED OVER THE PAST FIVE YEARS:

N/A

PROFESSIONAL EXPERIENCE:

Since 2016, Laurence Delpy has managed Nokia's mobile network business for the Asia-Pacific region and Japan. She has been living and working in the Asia-Pacific region since 1996. Previously, she served as Vice President of Alcatel-Lucent's mobile business in Asia and Deputy Vice President of the network business in China within their joint venture, Alcatel-Lucent Shanghai Bell. Previously, she was Vice President and CEO of the GSM product line and also worked in the sales team of a Telstra subsidiary in Australia. Laurence Delpy graduated from the Ecole Supérieure de Gestion in Paris, France and holds a degree in Business Administration. She also holds a certificate in general administration obtained at Insead in Singapore.

ADMINISTRATIVE AND MANAGEMENT BODIES AND EXECUTIVE MANAGEMENT

Information and details about administrative and management bodies and executive management

**DOUGLAS DUNN**

Senior Independent Director

Chairman of the Strategic Committee

Member of the Nomination Committee

Number of shares held: 0

Date of first appointment: July 9, 2004

Date of start of current term: July 26, 2017

Date of end of the term: Shareholders' General Meeting called to cast a vote on the financial statements for the fiscal year ending on March 31, 2020

British
74 years old**BUSINESS ADDRESS**

SOITEC

Chemin des Franques
Parc Technologique des
Fontaines
38190 BERNIN**PRINCIPAL POSITIONS HELD OUTSIDE THE COMPANY:**

Company Director

CURRENT OFFICES HELD OUTSIDE THE COMPANY:

- Non-executive independent director of Global Foundries Inc. (United States)
- Vice-Chairman of the Supervisory Board of BE Semiconductor Industries NV** (Netherlands)

OFFICES HELD OUTSIDE THE COMPANY THAT EXPIRED OVER THE PAST FIVE YEARS:

- Member of the Supervisory Board of TomTom NV** (Netherlands) (until May 2017)

PROFESSIONAL EXPERIENCE:

Douglas Dunn has around 50 years' professional experience in the electronics industry, 43 of which were spent in the semiconductor sector.

In December 2014, he withdrew from his operational role in the Dutch company ASML, a leader in the supply of photolithographic equipment for the semiconductor industry, where he had held the position as Chairman and CEO for six years.

Prior to this, he was Chairman and CEO of the Semiconductor and Electronics Retail Division of the Philips Group in the Netherlands. He was also a member of the Philips Management Committee.

From 1980 to 1993, Douglas Dunn was CEO of GEC-Plessey Semiconductors, after having held various management positions at Motorola Semiconductors from 1969 to 1980.

Douglas Dunn graduated with a degree in electrical and electronics engineering from Sheffield College of Advanced Technology.

In 1992, he was awarded an OBE by Queen Elizabeth II for service to the semiconductor industry. In 2004, he was made an Officer of the Order of Orange-Nassau in the Netherlands for contributions to the Dutch electronics industry.

** Listed company.



NADINE FOULON-BELKACÉMI

Independent Director

Chairwoman of the Compensation Committee

Member of the Audit and Risks Committee, Nomination Committee and Restricted Strategic Matters Committee

Number of shares held: 0

Date of first appointment: April 11, 2016

Date of start of current term: April 11, 2016

Date of end of the term: Shareholders' General Meeting called to cast a vote on the financial statements for the fiscal year ending on March 31, 2019

French
54 years old

BUSINESS ADDRESS

SOITEC
Chemin des Franques
Parc Technologique des
Fontaines
38190 BERNIN

PRINCIPAL POSITIONS HELD OUTSIDE THE COMPANY:

Director - Key Accounts for Orange Business Services (France)

CURRENT OFFICES HELD OUTSIDE THE COMPANY:

N/A

OFFICES HELD OUTSIDE THE COMPANY THAT EXPIRED OVER THE PAST FIVE YEARS:

N/A

PROFESSIONAL EXPERIENCE:

Since the beginning of 2018, Nadine Foulon-Belkacémi has been a Director of Key Accounts for Orange Business Services, managing more than 250 major French corporate customers for Orange.

From 2013 to 2017, Nadine Foulon-Belkacémi was Director of Orange Nord de France in charge of all operating activities of Orange (deployment of networks, trade, after-service sales, etc.) and the management of over 6,000 employees.

She returned to Orange in 2009 and managed consumer research and development activities, managing over 1,000 experts in audiovisual, cyberdefense, Cloud, VoIP, software development, IoT, etc. The Orange Group then asked Nadine Foulon-Belkacémi to optimize the innovation chain in Orange.

Previously, in her career, she assumed various strategic responsibilities in research and development, strategy, marketing and human resources at groups like Alstom, Alcatel and Essilor.

Nadine Foulon-Belkacémi graduated from Chimie Paris Tech (École nationale supérieure de chimie de Paris) and holds a Masters in Telco management and strategy from INSEAD and EM Lyon.

ADMINISTRATIVE AND MANAGEMENT BODIES AND EXECUTIVE MANAGEMENT

Information and details about administrative and management bodies and executive management



NABEEL GAREEB

Member of the Strategic Committee

Number of shares held: 0

Date of first appointment: November 29, 2017 ⁽²⁾

Date of start of current term: November 29, 2017 ⁽²⁾

Date of end of the term: Shareholders' General Meeting called to cast a vote on the financial statements for the fiscal year ending on March 31, 2019

American
53 years old

BUSINESS ADDRESS

SOITEC
Chemin des Franques
Parc Technologique des
Fontaines
38190 BERNIN

PRINCIPAL POSITIONS HELD OUTSIDE THE COMPANY:

Member of the CEO office of National Silicon Industry Group (NSIG) (China)

CURRENT OFFICES HELD OUTSIDE THE COMPANY:

N/A

OFFICES HELD OUTSIDE THE COMPANY THAT EXPIRED OVER THE PAST FIVE YEARS:

N/A

PROFESSIONAL EXPERIENCE:

Since 2017, Nabeel Gareeb has been with the National Silicon Industry Group, in order to establish a materials ecosystem to support the growth of the semiconductor industry in China. Thus he came back into the public sphere. He began working at a company producing computer-aided design software (CAD/CAM) that was bought by IBM. In 1987, he joined Accenture to implement operational consulting solutions in Southern California. In 1992, he joined International Rectifier, a semiconductor manufacturer listed on the New York Stock Exchange, where he later became Managing Director. He worked there for about ten years, during which he contributed towards increasing the company's revenue five-fold to \$1 billion a year, while generating a considerable increase in profits. At that time, the company's market capitalization peaked at \$4 billion. In 2002, Nabeel Gareeb became CEO of MEMC Electronic Materials, Inc., an international manufacturer of wafers for the semiconductor industry, listed on the New York Stock Exchange. During his term, the company's revenue had quadrupled to \$2 billion a year, while generating a significant increase in profits and returns. At that time, the company's market capitalization reached \$20 billion. Subsequently, Nabeel Gareeb retired from public life in 2008 and spent ten years managing his personal investments, financing start-up companies and managing the philanthropic activities of his private foundation. Nabeel Gareeb obtained his Bachelor in Sciences in Electrical and Computer Engineering from Harvey Mudd University and his Master in Sciences in technical management from the Claremont Graduate School.

⁽²⁾ Appointment by co-optation by the Board of Directors on November 29, 2017 for the remaining term of office of Xi Wang, who resigned, ratified by the shareholders at the Shareholders' General Meeting held on March 23, 2018.

**CHRISTOPHE GÉGOUT**

Chairman of the Audit & Risks Committee

Member of the Strategic Committee and Restricted Strategic Matters Committee

Number of shares held: 0

Date of first appointment: April 20, 2015 ⁽³⁾Date of start of current term: May 2, 2016 ⁽⁴⁾

Date of end of the term: Shareholders' General Meeting called to cast a vote on the financial statements for the fiscal year ending on March 31, 2019

French
42 years old**BUSINESS ADDRESS**SOITEC
Chemin des Franques
Parc Technologique des
Fontaines
38190 BERNIN**PRINCIPAL POSITIONS HELD OUTSIDE THE COMPANY:**

Deputy Managing Director of the French Atomic Energy Commission (CEA) (France)

CURRENT OFFICES HELD OUTSIDE THE COMPANY:

- Chairman of the Board of Directors of CEA Investissement (France)
- Director of Supernova Invest (France) (since April 2017)
- Member of the Supervisory Board of Neoen (France) (since June 2015)
- Permanent representative of:
 - CEA Investissement, non-voting Board member on the Board of Directors of AREVA** (France)
 - CEA, director at FT1CI (France)

OFFICES HELD OUTSIDE THE COMPANY THAT EXPIRED OVER THE PAST FIVE YEARS:

- Permanent representative of:
 - CEA, member of the Supervisory Board of AREVA** (France) (2009-2014)
- Director of:
 - AREVA NC (France) (2011-2016)
 - AREVA Mines (France) (2013-2016)

PROFESSIONAL EXPERIENCE:

Since 2015, Christophe Gégout has been a member of the Supervisory Board at Neoen (renewable energies) and a permanent representative of CEA Investissement as a non-voting member on Areva's Board of Directors. In April 2017, he was also appointed as director of Supernova Invest. Before that, between April 2009 and December 2015, Christophe Gégout held positions as Finance Director at the French Atomic Energy Commission (CEA), where he became Deputy Managing Director in September 2015. He has also been Chairman of CEA Investissement, a subsidiary of CEA, since January 2010. Between 2001 and 2003, he held senior management positions at the French Treasury, then, between 2003 and 2007, in the Budget Department. Christophe Gégout is a graduate of the École polytechnique, Sciences-Po Paris, and ENSAE (French national school of statistics and economic administration).

** Listed company.

(3) Appointment as permanent representative of CEA Investissement, director appointed by co-optation by the Board of Directors on April 20, 2015, for the remaining term of office of Mr Christian Lucas, who resigned, ratified by the shareholders at the Shareholders' General Meeting on July 10, 2015.

(4) Appointment as a director in his own right at the Ordinary and Extraordinary Shareholders' Meeting of April 11, 2016, approved contingent upon final completion of the share capital increases reserved for Bpifrance Participations, CEA Investissement and National Silicon Industry Group (NSIG). The actual start date of the term is the same date of final completion of said reserved capital increases, i.e. May 2, 2016.

ADMINISTRATIVE AND MANAGEMENT BODIES AND EXECUTIVE MANAGEMENT

Information and details about administrative and management bodies and executive management

**SATOSHI ONISHI****Number of shares held:** 100**Date of first appointment:** July 10, 2015**Date of start of current term:** July 10, 2015**Date of end of the term:** renewal of the term of office proposed at the Shareholder's General Meeting of July 26, 2018Japanese
55 years old**BUSINESS ADDRESS**SOITEC
Chemin des Franques
Parc Technologique des
Fontaines
38190 BERNIN**PRINCIPAL POSITIONS HELD OUTSIDE THE COMPANY:**

Director of the Office of the President of Shin-Etsu Chemical Co. Ltd. (Japan)

CURRENT OFFICES HELD OUTSIDE THE COMPANY:

N/A

OFFICES HELD OUTSIDE THE COMPANY THAT EXPIRED OVER THE PAST FIVE YEARS:

- President and Chief Executive Officer of Shin-Etsu Handotai Europe Ltd. (United Kingdom) (2012-2018)

PROFESSIONAL EXPERIENCE:

Satoshi Onishi was recently appointed as director of the Office of the President of Shin-Etsu Chemical Co. Ltd. Previously, for more than five years, he was President & CEO of Shin-Etsu Handotai Europe Ltd., a UK-based company. He joined Shin-Etsu Chemical Co. Ltd. in 1985, where he initially worked for the IT division of Shin-Etsu Handotai Co. Ltd. During that time, he designed and developed, as project manager, numerous Shin-Etsu basic systems, applied both Company-wide and to manufacturing processes. Satoshi Onishi is an economics graduate from the University of Kagawa (Japan) in 1985, he also holds a master's degree in Industrial Systems Engineering from the University of Florida



SOPHIE PAQUIN

Permanent representative of Bpifrance Participations, director

Member of the Compensation Committee and the Nomination Committee

Number of shares held: 3,636,007 ⁽⁵⁾

Date of first appointment: July 25, 2016

Date of start of current term: July 25, 2016

Date of end of the term: Shareholders' General Meeting called to cast a vote on the financial statements for the fiscal year ending on March 31, 2019

French
40 years old

BUSINESS ADDRESS

SOITEC
Chemin des Franques
Parc Technologique des
Fontaines
38190 BERNIN

PRINCIPAL POSITIONS HELD OUTSIDE THE COMPANY:

General Counsel of Bpifrance Investissement (France)

CURRENT OFFICES HELD OUTSIDE THE COMPANY:

- Permanent representative of Bpifrance Participations, Chairman of the Board and director of Altia Industry (France)
- Director of Cosmeur SAS (France)
- Director of Tyrol Acquisition 1 SCA (Luxembourg)

OFFICES HELD OUTSIDE THE COMPANY THAT EXPIRED OVER THE PAST FIVE YEARS:

- Permanent representative of Bpifrance Participations, Director of Vexim** (France) (until 2016)

PROFESSIONAL EXPERIENCE:

Sophie Paquin has been General Counsel at Bpifrance Investissement since June 1, 2014. Before that, Sophie Paquin worked at the firm Latham & Watkins for eight years, specializing in mergers and acquisitions and corporate finance for both French and international companies. She joined the Strategic Investment Fund when it was founded and worked in particular on structuring, negotiating and documenting investment transactions. In 2013, she worked with Bpifrance's Managing Director to help Bpifrance establish the legal and operational aspects of the Company as part of an assignment to set up the public investment bank. Sophie Paquin is a lawyer and a graduate of ESSEC.

** Listed company.

(5) Shares held by Bpifrance Participations.

ADMINISTRATIVE AND MANAGEMENT BODIES AND EXECUTIVE MANAGEMENT

Information and details about administrative and management bodies and executive management

**GUILLEMETTE PICARD****Permanent representative of CEA Investissement, director**

Member of the Compensation Committee and the Nomination Committee

Number of shares held: 3,636,007 ⁽⁶⁾**Date of first appointment:** May 2, 2016 ⁽⁷⁾**Date of start of current term:** July 25, 2016**Date of end of the term:** Shareholders' General Meeting called to cast a vote on the financial statements for the fiscal year ending on March 31, 2019French
42 years old**BUSINESS ADDRESS**SOITEC
Chemin des Franques
Parc Technologique des
Fontaines
38190 BERNIN**PRINCIPAL POSITIONS HELD OUTSIDE THE COMPANY:**

Director of Big Data and Artificial Intelligence at Allianz (France)

CURRENT OFFICES HELD OUTSIDE THE COMPANY:

N/A

OFFICES HELD OUTSIDE THE COMPANY THAT EXPIRED OVER THE PAST FIVE YEARS:

N/A

PROFESSIONAL EXPERIENCE:

Guillemette Picard has been director of Big Data and Artificial Intelligence at Allianz since 2017. She has 15 years' experience in technological development and financing in various industrial sectors.

From 2013 to 2017, she was Investment Director at ENGIE New Ventures. Previously, she worked at the European Investment Bank in project financing, including the demonstration of new technologies.

From 2004 to 2011, she worked for Schlumberger (based in the United States and in Europe), where she was in charge of developing sensors and data analysis models. She has filed four patents in this field.

Guillemette Picard graduated with an engineering degree from the École polytechnique. She also holds a PhD from ESPCI Paris Tech.

⁽⁶⁾ Shares held by CEA Investissement.⁽⁷⁾ Appointment as the new permanent representative of CEA Investissement, director, recognized by the Board of Directors on May 2, 2016, following the appointment of Christophe Gégout as director in his own name and at the correlative end of his role as permanent representative of CEA Investissement.



WEIDONG (LEO) REN

Member of the Audit and Risks Committee, Compensation Committee and Nomination Committee

Number of shares held: 0

Date of first appointment: April 11, 2016 ⁽⁸⁾

Date of start of current term: May 2, 2016 ⁽⁸⁾

Date of end of the term: Shareholders' General Meeting called to cast a vote on the financial statements for the fiscal year ending on March 31, 2019

Chinese
47 years old

BUSINESS ADDRESS

SOITEC
Chemin des Franques
Parc Technologique des
Fontaines
38190 BERNIN

PRINCIPAL POSITIONS HELD OUTSIDE THE COMPANY:

Chief Executive Officer of Anxin Capital (China) (since September 2016)

CURRENT OFFICES HELD OUTSIDE THE COMPANY:

- Chairman of the Board of Directors of Norstel AB (Sweden) (since December 2016)

OFFICES HELD OUTSIDE THE COMPANY THAT EXPIRED OVER THE PAST FIVE YEARS:

- Co-founder and Chief Executive Officer of National Silicon Industry Group (NSIG) (China)
- Director of:
 - Okmetic Oyj (Finland) (July 2016 – Dec. 2017)
 - Zing Semiconductor Corporation (China) (June 2016 - May 2017)
- Chief Executive Officer of China Fortune-Tech Capital Co., Ltd. (China) (until 2015)

PROFESSIONAL EXPERIENCE:

Since the end of 2016, Weidong (Leo) Ren he has been Chief Executive Officer of Anxin Capital and Chairman of the Board of Directors of Norstel AB. Previously, in August 2015, Weidong (Leo) Ren co-founded National Silicon Industry Group, of which he was Chief Executive Officer until 2017, and which is one of three strategic investors in the Company via its subsidiary NSIG Sunrise S.à.r.l.

In 2013, he co-founded and became the CEO of China Fortune-Tech Capital Co., Ltd., and specializes in private equity/venture capital and mergers and acquisitions activities in the semiconductor industry (until 2015).

From 2011 to 2013, Weidong Ren held the position of Mergers and Acquisitions Director and was a member of the Investment Decisions Committee at Heaven-Sent Capital Co., Ltd., and, with an industrial partner, acquired 100% of the shares in Steyr Motors GmbH.

Until 2011, he worked for many years at Lucent Technologies, then Alcatel-Lucent, where, in his role as Vice-Chairman, he contributed to generating revenue of \$1.5 billion, by achieving quarterly revenue and profit objectives for six years.

Weidong (Leo) Ren graduated in IT and communications from the Xi'an Institute of Post & Telecommunications, and obtained an Executive MBA from the University of Beijing in 2004.

⁽⁸⁾ Appointment as a director in his own right at the Ordinary and Extraordinary Shareholders' Meeting of April 11, 2016, approved contingent upon final completion of the share capital increases reserved for Bpifrance Participations, CEA Investissement and National Silicon Industry Group (NSIG). The actual start date of the term is the same date of final completion of said reserved capital increases, i.e. May 2, 2016.

ADMINISTRATIVE AND MANAGEMENT BODIES AND EXECUTIVE MANAGEMENT

Information and details about administrative and management bodies and executive management

Directors who will be nominated at the Shareholders' General Meeting on July 26, 2018**ERIC MEURICE**

Senior Independent Director

Chairman of the Strategic Committee

Member of the Nomination Committee

Number of shares owned: 0

Date of first appointment: First appointment proposed at the Shareholders' General Meeting of July 26, 2018

Start date of last term: N/A

Expiry date of term: N/A

French
62 years old**BUSINESS ADDRESS**

SOITEC

Chemin des Franques
Parc Technologique
des Fontaines
38190 BERNIN**PRINCIPAL POSITIONS HELD OUTSIDE THE COMPANY:**

Company Director

CURRENT OFFICES HELD OUTSIDE THE COMPANY:

- NXP Semiconductors NV** (Netherlands)
- IPG Photonics Corporation** (United States)
- Umicore, SA ** (Belgium)
- Meyer Burger AG ** (Switzerland)

OFFICES HELD OUTSIDE THE COMPANY THAT EXPIRED OVER THE PAST FIVE YEARS:

- ARM Holdings PLC** (United Kingdom)

PROFESSIONAL EXPERIENCE:

Eric Meurice is director within the Boards of NXP Semiconductors N.V. since April 2014, IPG Photonics Corp. since June 2014, UMICORE SA since April 2015 and Meyer Burger AG since May 2018.

Previously, Eric Meurice was the Chairman-CEO of ASML Holding N.V., an equipment manufacturer for the semi-conductor industry, from October 2004 to June 2013, and its Chairman until March 2014. Under his leadership, ASML became the world's largest seller of lithography equipment, encouraging its largest customers to make capital and investment commitments unmatched in the industry.

From 2001 to 2004, he was Executive Vice President of Thomson-RCA Television division, which merged the company with the TCL Corporation group, a leading Chinese consumer electronics company.

From 1995 to 2001, he led Western Europe, Eastern Europe, and emerging markets in the EMEA region for Dell Computer.

Before 1995, Eric Meurice acquired significant experience in the industrial and technological fields within ITT Semiconductors, Intel Corporation and Renault SA.

He was also a director of Verigy Ltd. until its acquisition by Advantest Corporation in 2011, and ARM Holdings plc until March 2014.

Eric Meurice graduated from Ecole Centrale de Paris (France), and has a Master's degree in economics from Panthéon-Sorbonne University in Paris (France), and an MBA from Stanford University (California, USA).

** Listed company.

Directors whose term of office expired in the 2017-2018 fiscal year



VICTOIRE DE MARGERIE

Independent Director

Chairman of the Board of Directors

Member of the Strategic Committee and the Compensation and Nomination Committee

Number of shares owned: 0

Date of first appointment: July 26, 2017

Date last term started: July 26, 2017

Date last term expired: July 26, 2017

French
55 years old

BUSINESS ADDRESS

SOITEC
Chemin des Franques
Parc Technologique
des Fontaines
38190 BERNIN

PRINCIPAL POSITIONS HELD OUTSIDE THE COMPANY:

- Chairman of Rondol Industrie (France)
- Vice-Chairman of World Materials Forum

CURRENT OFFICES HELD OUTSIDE THE COMPANY:

- Member of the Supervisory Board of Eurazeo (France) (since 2012)
- Director of:
 - Arkema ** (France) (since 2012)
 - Babcock International ** (United Kingdom) (since 2016)

OFFICES HELD OUTSIDE THE COMPANY THAT EXPIRED OVER THE PAST FIVE YEARS:

- Italcementi** (Italy) (until 2016)
- Morgan Advanced Materials** (UK) (until 2016)

PROFESSIONAL EXPERIENCE:

Victoire de Margerie is a senior executive well known in the industry. She has held a variety of top executive management posts in the materials industry in France, Germany, and the United States, notably with Atochem (now Arkema) from 1987 to 1995, Carnaud Metal Box (now Crown Cork & Seal) from 1995 to 1997, and Pechiney (now Rio Tinto Alcan) from 1998 to 2003.

She was also a Professor in strategy at the Grenoble School of Management between 2003 and 2011.

Since 2012, Victoire de Margerie has chaired Rondol Industrie (a group in which she is the main shareholder) and since 2015 has been Vice-Chairman of the World Materials Forum that brings together top executives from around the world who are specialized in the materials and associated applications industry (aeronautics, automotive, electronics, packaging and construction). She has also been a member of the Supervisory Board of Eurazeo (since 2012) and served as a director of Arkema (also since 2012) and of the British engineering services company Babcock International (since 2016). Victoire de Margerie graduated from the prestigious HEC School of Management in Paris (in 1983) and from Sciences Po Paris and Ph.D. (1986) and obtained a Doctorate in Management Sciences from the University of Paris II (in 2007).

** Listed company.

ADMINISTRATIVE AND MANAGEMENT BODIES AND EXECUTIVE MANAGEMENT

Information and details about administrative and management bodies and executive management

**JOSEPH MARTIN****Independent Director**

Member of the Audit and Risks Committee and the Compensation and Nomination Committee

Number of shares owned: 100

Date of first appointment: July 9, 2004

Date last term started: May 28, 2014

Date last term expired: July 26, 2017

Irish/American
70 years old**BUSINESS ADDRESS**SOITEC
Chemin des Franques
Parc Technologique des
Fontaines
38190 BERNIN**PRINCIPAL POSITIONS HELD OUTSIDE THE COMPANY:**

Company Director

CURRENT OFFICES HELD OUTSIDE THE COMPANY:

- Chairman of the Board of Directors of Brooks Automation Inc.* (United States) (since 2006)
- Director of:
 - Collectors Universe Inc.** (United States)
 - Embry-Riddle Aeronautical University (United States)

OFFICES HELD OUTSIDE THE COMPANY THAT EXPIRED OVER THE PAST FIVE YEARS:

- Director of:
 - SynQor, Inc. (United States) (until 2014)

PROFESSIONAL EXPERIENCE:

Since 2006, Joseph R. Martin has been Chairman of the Board of Directors of Brooks Automation, a global leader in automation systems and instrumentation and vacuum solutions for various markets, listed on NASDAQ. Joseph Martin is also a member of the Board of Directors of Collectors Universe, Inc., a NASDAQ-listed company that provides collectors with services for the valuation and rating of valuable goods and items. Until his retirement in 2006, Joseph Martin held the position of co-Chairman of the Board of Directors of Fairchild Semiconductors, an NYSE-listed company for which he was previously Vice-Chairman of the Board of Directors. Up until 2001, he was also a member of the Board of Directors of ChipPac, Inc., a NASDAQ-listed company, and until 2014, he was a member of the Board of Directors of SynQor, Inc.

Joseph R Martin also holds a Higher Professional Certificate awarded by the American Institute of Directors. In 2000, CFO Magazine awarded him the title of Finance Director of the Year for restructuring operations.

Joseph Martin is one of the Directors of Embry-Riddle Aeronautics University, from which he graduated with a Bachelor of Science degree. He also holds an MBA from the University of Maine.

** Listed company.



XI WANG

Member of the Strategic Committee

Number of shares owned: 0
 Date of first appointment: April 11, 2016 ⁽⁹⁾
 Date last term started: May 2, 2016 ⁽⁹⁾
 Date last term expired: November 29, 2017

Chinese
 51 years old

BUSINESS ADDRESS

SOITEC
 Chemin des Franques
 Parc Technologique des Fontaines
 38190 BERNIN

PRINCIPAL POSITIONS HELD OUTSIDE THE COMPANY:

CEO of the Shanghai Institute of Microsystems and Information Technologies (since 2010)

CURRENT OFFICES HELD OUTSIDE THE COMPANY:

- Chairman of Shanghai Simgui Technology Co. Ltd. (China) (since 2004)
- Chairman of National Silicon Industry Group (China) (since December 2015)

OFFICES HELD OUTSIDE THE COMPANY THAT EXPIRED OVER THE PAST FIVE YEARS:

N/A

PROFESSIONAL EXPERIENCE:

Xi Wang is Chairman of Shanghai Simgui Technology Co. Ltd. (since 2004), CEO of the Shanghai Institute of Microsystems and IT Technologies, Chinese Academy of Sciences (since 2010), and Chairman of the National Silicon Industry Group (since December 2015). Xi Wang graduated from the University of Tshinghua. He specializes in material sciences and has a Master's and PhD in material science from the Shanghai Institute of Metallurgy.

(9) Appointment as a director in his own right at the Ordinary and Extraordinary Shareholders' Meeting of April 11, 2016, approved contingent upon final completion of the share capital increases reserved for Bpifrance Participations, CEA Investissement and National Silicon Industry Group (NSIG). The actual start date of the term is the same date of final completion of said reserved capital increases, i.e. May 2, 2016.

ADMINISTRATIVE AND MANAGEMENT BODIES AND EXECUTIVE MANAGEMENT

Information and details about administrative and management bodies and executive management

14.1.1.1.9 Summary tables

Full name or Company name	Age (years)	Nationality	Number of shares	Independent status	Board of Directors		Changes during the 2017-2018 fiscal year		
					Attendance at 04/01/2017	Attendance at 03/31/2018 and to date	First appointment	Reappointment	Expiry/Resignation
Thierry Sommelet	48		0	x	x	✓ ☆	11/29/2017 ⁽¹⁾	-	-
Paul Boudre	59		13,122	x	✓	✓	-	-	-
Monica Beltrametti	67		175	✓	✓	✓	-	-	-
Bpifrance Investissement (represented by Thierry Sommelet)	48		0	x	✓	x	-	-	11/29/2017
Bpifrance Participations (represented by Sophie Paquin)	40		3,636,007	x	✓	✓	-	-	-
CEA Investissement (represented by Guillemette Picard)	42		3,636,007	x	✓	✓	-	-	-
Laurence Delpy	47		675	✓	✓	✓	-	-	-
Victoire de Margerie	55		0	✓	x	x	07/26/2017	-	11/28/2017
Douglas Dunn	74		0	x	✓	✓	-	07/26/2017	-
Nadine Foulon-Belkacémi	54		0	✓	✓	✓	-	-	-
Nabeel Gareeb	53		0	x	x	✓	11/29/2017 ⁽⁶⁾	-	-
Christophe Gegout	42		0	x	✓	✓	-	-	-
Joseph Martin	70		100	✓	✓	x	-	-	07/26/2017
Satoshi Onishi	55		100	x	✓	✓	-	-	-
Weidong (Leo) Ren	47		0	x	✓	✓	-	-	-
Xi Wang	51		0	x	✓	x	-	-	11/29/2017
TOTAL/AVERAGE	53	9 FR 2 USA 2 CHI 1 IT 1 UK 1 JAP	7,286,186	3 CURRENTLY, 4 DURING FISCAL YEAR	13	12	3	1	4

☆ signifies Chairman

(1) Appointment by cooptation by the Board of Directors on November 29, 2017, for the period remaining in the term of Bpifrance Investissement, which resigned; ratified by the shareholders at the Shareholders' General Meeting on March 23, 2018.

(2) Of which two years as the permanent representative of Bpifrance Participations, then Bpifrance Investissement.

(3) Bpifrance Participations has been successively represented by Fabienne Demol (from 2013 to 2015), Thierry Sommelet (from 2015 to July 26, 2016), and Sophie Paquin (from July 26, 2016 to the present).

(4) Appointment by co-optation by the Board of Directors on April 20, 2015, for the period remaining in the term of Christian Lucas, who resigned; ratified by the shareholders at the Shareholders' General Meeting on July 10, 2015.

(5) CEA Investissement was successively represented by Christophe Gegout (from April 20, 2015 to May 2, 2016) and Guillemette Picard (from May 2, 2016 to the present date).

(6) Appointment by co-optation by the Board of Directors on November 29, 2017, for the period remaining in the term of Xi Wang, who resigned; ratified by the shareholders at the Shareholders' General Meeting on March 23, 2018.

(7) Appointed by the Shareholders' Ordinary and Extraordinary Meeting on April 11, 2016, the appointment being contingent upon the definitive completion of the share capital increases reserved for Bpifrance Participations, CEA Investissement and National Silicon Industry Group (NSIG). The starting date of the mandate corresponds to the date on which these reserved capital increases were definitively completed, i.e. May 2, 2016.

(8) Of which 1 year as permanent representative of CEA Investissement.

ADMINISTRATIVE AND MANAGEMENT BODIES AND EXECUTIVE MANAGEMENT

Information and details about administrative and management bodies and executive management

Current term of office		Background			Committees						Average attendance rate at Board and Committee meetings
Start date	Expiry Date	Date of first appointment	Number of years in office	Total number of terms	Audit and Risks Committee	Compensation Committee	Nomination Committee	Strategic Committee	Restricted Strategic Matters Committee		
11/29/2017 ⁽¹⁾	Shareholders' General Meeting called to cast a vote on the financial statements for the fiscal year ending on 03/31/2019	11/29/2017 ⁽¹⁾	3 ⁽²⁾	1	✓	✗	✗	✓	✓	100%	
07/25/2016	Shareholders' General Meeting called to cast a vote on the financial statements for the fiscal year ending on 03/31/2019	07/03/2012	6	2	✗	✗	✗	✓	✗	100%	
04/11/2016	Shareholders' General Meeting called to cast a vote on the financial statements for the fiscal year ending on 03/31/2019	04/11/2016	2.17	1	✓	✓	✓	✓	✗	94%	
-	-	07/25/2016	1.33	1	-	-	-	-	-	83%	
07/25/2016	Shareholders' General Meeting called to cast a vote on the financial statements for the fiscal year ending on 03/31/2019	07/02/2013	5 ⁽³⁾	2	✗	✓	✓	✗	✗	94%	
07/25/2016	Shareholders' General Meeting called to cast a vote on the financial statements for the fiscal year ending on 03/31/2019	04/20/2015 ⁽⁴⁾	3.17 ⁽⁵⁾	2	✗	✓	✓	✗	✗	80%	
04/11/2016	Shareholders' General Meeting called to cast a vote on the financial statements for the fiscal year ending on 03/31/2019	04/11/2016	2.17	1	✓	✓	✓☆	✓	✓	99%	
-	-	07/26/2017	0.33	1	-	-	-	-	-	100%	
07/26/2017	Shareholders' General Meeting called to cast a vote on the financial statements for the fiscal year ending on 3/31/2020	07/09/2004	14	4	✗	✗	✓	✓☆	✗	85%	
04/11/2016	Shareholders' General Meeting called to cast a vote on the financial statements for the fiscal year ending on 03/31/2019	04/11/2016	2.17	1	✓	✓☆	✓	✗	✓	81%	
11/29/2017 ⁽⁶⁾	Shareholders' General Meeting called to cast a vote on the financial statements for the fiscal year ending on 03/31/2019	11/29/2017 ⁽⁶⁾	0.58	1	✗	✗	✗	✓	✗	100%	
05/02/2016	Shareholders' General Meeting called to cast a vote on the financial statements for the fiscal year ending on 03/31/2019	04/11/2016 ⁽⁷⁾	3.17 ⁽⁸⁾	1	✓☆	✗	✗	✓	✓	71%	
-	-	07/09/2004	13	3	-	-	-	-	-	70%	
07/10/2015	Shareholders' General Meeting called to cast a vote on the financial statements for the fiscal year ended on 03/31/2018	07/10/2015	3	1	✗	✗	✗	✗	✗	100%	
05/02/2016	Shareholders' General Meeting called to cast a vote on the financial statements for the fiscal year ending on 03/31/2019	04/11/2016 ⁽⁷⁾	2.08	1	✓	✓	✓	✗	✗	93%	
-	-	04/11/2016 ⁽⁷⁾	1.50	1	-	-	-	-	-	60%	
-	1 IN 2018 10 IN 2019 1 IN 2020	-	3.92	1.5	6	6	7	7	4	87%	

14.1.1.2 Functioning of the Board of Directors

In accordance with Article L. 225-35 of the French Commercial Code, the Board of Directors determines the focuses of the Company's business and ensures their implementation. Subject to the powers expressly attributed to the Shareholders' General Meetings and within the limit of the Company's corporate purpose, it shall consider any issue affecting the smooth functioning of the Company and shall resolve the matters relating to it.

The Board of Directors exercises continuous control over the management of the Company which is overseen by the Chief Executive Officer, Paul Boudre.

Board meetings are convened by the Chairman, Thierry Sommelet, whenever necessary and at least four times a fiscal year.

To enable the Board of Directors to perform the checks and verifications it deems appropriate, prior to every Board meeting, all members receive documentation that relates to the agenda and is needed for the Board to fulfill its mission.

Members of the Board of Directors are also informed on an ongoing basis of all material transactions relating to the Company.

In the 2017-2018 fiscal year, the Board of Directors met 9 times: on May 2, June 14, July 26, October 21, November 29 (two meetings), December 14, 2017, and January 30 and March 28, 2018.

The average attendance rate at Board of Directors' meetings was 84%.

The issues on the agenda for the fiscal year ended March 31, 2018 included:

- the Group's business and its strategy for the next 5 years;
- the launch of a pilot FD-SOI substrate production line at the Group's plant in Singapore;
- the Group's subsidiaries and holdings, notably in Frec|n|sys, acquired in October 2017;
- the review and approval of the statutory and consolidated, annual and half-yearly financial statements;
- the approval of the Company's provisional management report;
- the early redemption of the 2018 OCEANE bonds issued by the Company in 2013, and redeemed in July/August 2017, which enabled the Company to pay down debt in the amount of €41.8 million, build up equity and report a positive net cash position;
- recognition of the capital increases, the largest of which, representing around 3.48%, stemmed from the success of the aforementioned early redemption operation, resulting in the conversion of 98.74% of the outstanding 2018 OCEANE bonds into shares;
- approval of the 2018-2019 budget;
- self-assessment of the Board of Directors for the 2016-2017 fiscal year;
- the reappointment of Douglas Dunn as director, which was submitted for shareholder approval at the Shareholders' General Meeting on July 26, 2017;
- the selection of Victoire de Margerie as candidate for director to replace Joseph Martin, whose term expired at the aforementioned Shareholders' General Meeting;
- the change in the Company's mode of governance, which resulted, on that same date, in the election of Victoire de Margerie as Chairwoman of the Board of Directors and the correlated separation of the duties of Chairman of the Board and Chief Executive Officer, in line with best practices;

- the changes in the composition and chairmanship of the Board of Directors as described in paragraph 14.1.1.1 of this Registration Document, which led to the election of Thierry Sommelet as the new Chairman of the Board of Directors;
- the election of a senior independent director in the person of Douglas Dunn;
- the change in the organization and composition of the Board of Directors' Committees;
- the selection of Eric Meurice as candidate to succeed Douglas Dunn as senior independent director, Chairman of the Strategic Committee, and member of the Nomination Committee. It is specified that Douglas Dunn's term of office will expire at the close of the Shareholders' General Meeting convened on July 26, 2018 because he has reached an age limit set by the Internal Regulations of the Board of Directors;
- the reappointment of Satoshi Onishi as director, which will be submitted for shareholders' approval during the aforementioned Shareholders' General Meeting;
- the executive corporate officer succession plan;
- setting the amount of the variable part of the Chief Executive Officer's compensation for the 2016-2017 fiscal year;
- determining the compensation policy for executive corporate officers for the 2017-2018 fiscal year;
- drafting the new allocation rules relating to director's attendance fees for the 2017-2018 fiscal year;
- determining the amount of attendance fees due to the former Chairman of the Board for the 2017-2018 fiscal year;
- preparation of the principles and criteria for the determination, distribution and allocation of the variable components of the compensation of the Chief Executive Officer for the current 2018-2019 fiscal year;
- the continuation of the July 26, 2016 free preferred share allocation plan;
- the implementation of two free ordinary share allocation plans reserved for Group employees as compensation for their past efforts and in recognition of their seniority;
- the convening of two Shareholders' General Meetings of which; the annual Shareholder's General Meeting of July 26, 2017 and an Extraordinary Shareholders' Meeting of March 23, 2018 ;
- prior authorization for entry into related-party agreements covered in paragraph 19.2 of this Registration Document;
- a review of undertakings, endorsements and guarantees granted by the Company;
- a review of the Board of Directors' Internal Regulations;
- the revision of the Group's Code of good conduct to include measures 1 and 2 of the anti-corruption section of law No. 2016-1691, dated December 9, 2016 (the "Sapin II law");
- the adoption of an Audit and Risks Committee charter that sets out the rules according to which this Committee will monitor and approve the Statutory Auditors' performance of services other than account certification (also known under the acronym "SACC" in French language); and
- the setting of a schedule for future Board of Directors' meetings.

14.1.1.3 Assessment of the Board of Directors

In accordance with the recommendations of paragraphs 6.2 and 9 of the AFEP-MEDEF Code, the Board of Directors performs a yearly self-assessment of its composition, organization and functioning, as well as those of its Committees, to provide an appraisal of the preparation and quality of the work completed during the past fiscal year.

ADMINISTRATIVE AND MANAGEMENT BODIES AND EXECUTIVE MANAGEMENT

Information and details about administrative and management bodies and executive management

This assessment is made on the basis of a questionnaire prepared by the Nomination Committee, which each director completes after the end of each fiscal year. This questionnaire deals with the following topics:

- self-assessment of the Board of Directors and its Committees (composition, frequency of renewal of the terms of office, directors' selection process, role, functioning, organization of meetings, access to information, agenda, work, decisions, compensation of directors and corporate governance);
- duties and functions of the directors;
- directors' management expertise and experience;
- independence of directors.

As part of this assessment, directors may, if they so wish, express themselves freely on any matter relating to the Board of Directors and its Committees. They may also discuss them individually with the Chairwoman of the Nomination Committee and the Chairman of the Board of Directors.

For the 2017-2018 fiscal year, the Board of Directors conducted its self-assessment, led by the Nomination Committee.

The conclusions of this exercise were presented to the directors at their meeting of June 13, 2018.

The latter were satisfied with the organization and functioning of the Board and its Committees, and the constant improvement of the group within the Board of Directors.

Among the improvements identified, was the desire for wider access to some of the Group's information documents, particularly with regard to preparatory documents for Strategic Committee meetings. It was also decided to carry out an external evaluation of the Board of Directors at the end of the 2018-2019 fiscal year, as part of the ongoing reflection on the evolution of the Board of Directors, taking into account the challenges and opportunities that await the Group and the fact that 10 terms of office out of 12 are simultaneously expiring in 2019.

Finally, the directors have been called to decide whether each of them is to be considered as independent or not, in accordance with the recommendations set forth in paragraph 8 of the AFEP-MEDEF Code.

Following discussions, the Board of Directors first found that among its 12 directors, three are independent, namely Monica Beltrametti, Laurence Delpy and Nadine Foulon-Belkacémi. The latter three do not have an executive position within the Company or the Group, do not have any relationship of any type whatsoever with the Company, the Group, or Executive Management that could compromise the exercise of their respective freedom of judgment, and all three lack any ties relating to vested interests with the latter.

The Board of Directors additionally noted that the non-independent directors are thus qualified due to the existence of business relationships with the Company and other companies in which some directors occupy executive positions, because they represent shareholders who own more than 10% of the share capital and voting rights of the Company, or because of the number of years that they have been Board members of the Company.

Consequently, the proportion of independent directors serving on the Board of Directors at March 31, 2018 and today is 25%.

Accordingly, the Company is not in compliance with the recommendation in paragraph 8.3 of the AFEP-MEDEF Code, which states that the proportion of independent directors should represent one-half of the Board members in widely held companies without controlling shareholders.

The Company is pursuing its objective to increase the proportion of independent directors on the Board of Directors. To this end, since the beginning of the 2016-2017 fiscal year, the Board of Directors' search for future directors has been focused on selecting candidates qualifying for independent status, while respecting the appropriate balance of the Board's composition notably with regard to skills and diversity, as well as the provisions of the shareholders' agreement applicable in this area (see paragraph 14.1.1.1 above).

In the case of Eric Meurice, whose appointment as a new director will be submitted for approval at the next Shareholders' General Meeting to be held on July 26, 2018, the Board of Directors concluded that due to the director's term of office that he holds since April 2014 in NXP Semiconductors N.V., one of the Company's main customers, Eric Meurice must be considered as a non-independent director.

In this regard, the Board of Directors wishes to stress that, despite Eric Meurice's profile as non-independent director, his experience as a senior executive and executive director of many internationally-renowned technology companies, acquired primarily in the semiconductor industry, the multicultural dimension of his career, and his current experience as a director of international companies, have convinced the Board of Directors that Eric Meurice is the best candidate to succeed Douglas Dunn, whose term of office will expire at the close of the Shareholders' General Meeting to be held on July 26, 2018 because he has reached an age limit set by the Internal Regulations of the Board of Directors.

Thus, if the Company's shareholders vote in favor of Eric Meurice's appointment as a new director of the Company, he will take over from Douglas Dunn as the senior independent director. He will also be selected by his peers as a member of the Nomination Committee and the Strategic Committee. In addition, he will take over the chairmanship of the latter.

Due to the concurrence of the departure of Douglas Dunn and the arrival of Eric Meurice on the Board of Directors, the proportion of independent directors would be maintained at the same level as at present, i.e. 25%.

In this context, the Board of Directors recalls that the terms of 10 out of 12 directors will expire simultaneously at the end of the Shareholders' General Meeting called in 2019 to approve the financial statements for the current year ending on March 31, 2019.

In view of this deadline, the Nomination Committee will continue to strive to focus its research on future nominees in order to increase the independence ratio of the Board of Directors, while ensuring, above all, that candidates have integrity, and are competent, active, present and involved in the Board of Directors, as well as recommended under paragraph 8.1 of the AFEP-MEDEF Code.

14.1.2 GENERAL MANAGEMENT

The Company's Executive Management is seen to be by the Chairman and CEO, Paul Boudre, and his management team on the Executive Committee.

14.1.2.1 The Executive Committee (or ExCom)

On the date hereof, the ExCom is made up of 10 people, comprised of one corporate officer and nine employees of the Company.

The ExCom meets whenever necessary, and in any event holds weekly conference calls.



PAUL BOUDRE
Chief Executive Officer



BERNARD ASPAR
Director of the Communications
& Power Business Unit



JACQUES ELIE LEVY
General Counsel



PASCAL LOBRY
Head of Human Resources



CHRISTOPHE MALEVILLE
Director of the Digital
Electronics Business Unit



LAURENT MAUMET
Director of Quality and
Operational Support Functions



CARLOS MAZURÉ
Director of Research
& Development



CYRIL MENON
Director of Industrial Operations



RÉMY PIERRE
Chief Financial Officer



THOMAS PILISZCZUK
Director of Marketing,
Business Development and Sales

14.1.2.2 General Management powers

Separation of the duties of Chairman of the Board of Directors and Chief Executive Officer

The deliberations of the Board of Directors on September 11, 2015, resulted in the governance of the Company being reunified and entrusted to Paul Boudre, who consequently became Chairman of the Board of Directors and retained the general management of the Company.

After a transition of two years under his chairmanship, which successfully steered the Company through a turnaround while accomplishing considerable progress in terms of governance, on July 26, 2017, the Board of Directors announced its decision, made on May 2, 2017, to separate the duties of the Chairman of the Board of Directors and the Chief Executive Officer.

Since then, the Company's governance structure has been in line with best practices.

The present Chairman of the Board of Directors, Thierry Sommelet, took office on November 29, 2017, following the previous day's resignation of Victoire de Margerie as a director of the Company and Chairwoman of the Board of Directors. Victoire De Margerie was elected to chair the Board on July 26, 2017, after being appointed director on the same day at the Shareholders' General Meeting.

Thierry Sommelet represents the Board of Directors. As Chairman, he convenes meetings of the Board to determine the strategic direction of the Company's business and ensure its implementation, as well as to deal with all matters relating to the proper functioning of the Company and through deliberation settle matters that concern it. In accordance with Article L. 225-51 of the French Commercial Code, Thierry Sommelet organizes and supervises the work carried out by the Board of Directors and submits a report thereof at Shareholders' General Meetings. He oversees the proper functioning of the Board of Directors and its Committees, and in particular ensures that the Board members are able to fulfill their duties.

Paul Boudre retains his position as Chief Executive Officer in charge of the executive management of the Company. He continues to devote himself to developing Soitec's business and managing operations designed to capture growth in the Electronics markets, as well as to securing the Company's restored profitability over the long term.

In accordance with Article L. 225-56 of the French Commercial Code, as Chief Executive Officer, Paul Boudre holds full powers to act in all circumstances on behalf of the Company. He exercises his authority within the limit of the corporate purpose of the Company and subject to the powers that the law expressly bestows on Shareholders' General Meetings, on the Board of Directors and on the Chairman as well as the limitation of powers defined in Article 3c) of the Board of Directors' Internal Regulations (as described below).

Paul Boudre represents the Company in all third-party dealings. The Company is bound even by its actions that do not fall within the corporate purpose of the Company, unless it can prove that the third party knew that said action exceeded that purpose or must have known it given the circumstances; however, publication of the bylaws shall not of itself be sufficient proof thereof. The Company's bylaws or the decisions of the Board of Directors limiting the powers of the Chief Executive Officer are not binding on third parties.

Limits on the Chief Executive Officer's powers

The composition of the Board of Directors, the work of its Committees, and the measures taken within the scope of the Board of Directors' Internal Regulations help establish the balance of powers between the Board of Directors and General Management.

By defining the respective powers of the governing bodies, the Rules of Procedure further establish a right of review of the Board of Directors.

Thus, apart from the consultation and/or prior authorization that the Chief Executive Officer must obtain from the Board, under terms set out by the law and regulations, the Board's prior authorization is required for the following major operations:

1. the Chief Executive Officer must obtain prior authorization from the Board of Directors for the following decisions:
 - (i) decisions to establish operations abroad, through creating an establishment, direct or indirect subsidiary, or through acquiring an interest, as well as decisions to withdraw from these operations, and
 - (ii) sizable transactions likely to affect the Group's strategy or change its capital structure or scope of activity, in particular, merger and acquisition decisions;
2. prior authorization from the Board of Directors is needed to undertake the following transactions, to the extent that their individual or combined amount exceeds €20 million:
 - (i) to acquire or dispose of any interest in any company created or to be created, participate in the creation of any company, group or organization, subscribe to any issue of shares or bonds,

ADMINISTRATIVE AND MANAGEMENT BODIES AND EXECUTIVE MANAGEMENT

Administrative and management bodies and executive management conflicts of interests

- (ii) agree to any exchange, with or without equalization payment, concerning property, shares or securities,
 - (iii) in the event of litigation, execute any agreement or settlement, accept any compromise, and
 - (iv) grant sureties on company assets;
3. prior authorization from the Board of Directors is needed to undertake any non-budgeted expenditure or investment, including any acquisition or sale of fixed assets, it being understood that a project comprising more than one phase must be taken as a whole, to the extent that their individual or combined amount exceeds €5 million;
 4. prior authorization from the Board of Directors is needed to undertake the following transactions, to the extent that their cumulative individual or combined amount exceeds €30 million per year:
 - (i) grant or contract any borrowings or loans, credits or advances, excluding leasing or financing equipment and property, and
 - (ii) acquire or sell, in any way, any loans and receivables;
 5. prior authorization from the Board of Directors is needed for decisions on the launch of any project likely to incur, in the first five years of implementation, non-budgeted investments, expenses, commitments or liabilities of more than €50 million, individually or combined;
 6. prior authorization of the Board of Directors is needed for decisions on (i) any transfer (by sale, licensing, or any other means) of industrial property rights relating to Soitec's core business (including Smart Cut™ technology) to a third party, or (ii) concerning any commercial cooperation or partnership agreement (excluding agreements exclusively or almost exclusively on the sale of the Company's products in the ordinary course of business) generating estimated annual income (or expenses, as the case may be) of more than €7 million.

14.2 ADMINISTRATIVE AND MANAGEMENT BODIES AND EXECUTIVE MANAGEMENT CONFLICTS OF INTERESTS

14.2.1 POTENTIAL CONFLICTS OF INTEREST

Since November 29, 2017, the Board of Directors has been comprised of 12 members. Besides the Chief Executive Officer, the other 11 members were selected for their experience in the semiconductor market, or for their professional experience in other areas relevant to the Group's development.

The semiconductor market is characterized by a small number of players. As such, the Group maintains, or is likely to have business relations with Global Foundries, Shin-Etsu Handotai, Shanghai Simgui, Ltd. and the French Alternative Energies and Atomic Energy Commission (CEA), where Douglas Dunn, Satoshi Onishi, Xi Wang and Christophe Gégout respectively hold or held positions, as disclosed in the individual summary sheets shown in paragraph 14.1.1.1.8 of this Registration Document.

For information on the main related-party transactions carried out in the fiscal years ended March 31, 2017 and March 31, 2018, see Note 5.3 "Related-party disclosures" to the 2017-2018 consolidated financial statements in Chapter 20 of the present Registration Document.

In addition, in accordance with the recommendation in paragraph 8.4 of the AFEP-MEDF Code, and upon the recommendation of the Compensation and Appointments Committee, the Board of Directors assesses and reviews the circumstances of each director on an annual basis, especially with regard to the independence criteria outlined in paragraph 8 of the AFEP-MEDEF Code.

The conclusions of this assessment carried out by the Board of Directors at its meeting of June 13, 2018 for the 2017-2018 fiscal year are presented in paragraph 14.1.1.3 of this Registration Document.

Furthermore, in accordance with Article L. 225-40 of the French Commercial Code, all directors are responsible for notifying the Board of Directors as soon as they become aware of any agreement that falls under the purview of Article L. 225-38 of the French Commercial Code (related-party transactions). In such cases, directors must recuse themselves from the Board of Directors' vote to authorize the signing of such an agreement. The Chairman of the Board of Directors informs the statutory auditors on any authorized and concluded agreements and submits them to the Shareholders' Ordinary General Meeting for approval. The statutory auditors present a special report on these agreements to the Shareholders' Ordinary General Meeting, which provides a decision on this report. Directors who are involved may not take part in the vote, and their shares shall not be taken into account to calculate quorum and majority.

Pursuant to Article L. 225-40 of the French Commercial Code, regulated agreements concluded during the 2017-2018 fiscal year as well as the regulated agreement that remained in force throughout the period are described in the Statutory Auditors' special report on related-party agreements and commitments which is presented in paragraph 19.2 of the present Registration Document.

In accordance with Article L. 225-37-4 2° of the French Commercial Code, it is specified that during the fiscal year ended March 31, 2018, there were no agreements concerning non-current transactions or which had been concluded under abnormal conditions, either directly or by way of an intermediary, between any corporate officers or any shareholders with more than 10% of the Company's voting rights and a subsidiary of the Company.

Lastly, in accordance with the provisions of the Board of Directors' Internal Regulations, directors must do their utmost to avoid any situation that could cause a conflict of their moral or material interests with the interests of the Group.

Each director is obligated to notify the Board of Directors of any situation involving a direct, indirect or even potential conflict of interest.

In the event of a real or potential conflict of interest, the director (s) involved shall recuse themselves from participating in discussions or any decision within the Board of Directors or its Committees, and shall not have access to documents related to said conflict or potential conflict.

However, recused directors shall have an opportunity to present their position before recusing themselves from the discussions.

14.2.2 ARRANGEMENTS OR AGREEMENTS UNDER WHICH A MEMBER OF THE ADMINISTRATIVE OR MANAGEMENT BODIES OR THE EXECUTIVE MANAGEMENT HAS BEEN SELECTED TO HOLD ONE OF THESE DUTIES.

See paragraph 14.1.1.1.1 of this Registration Document for information on a shareholders' agreement concluded on March 7, 2016 between the companies Bpifrance Participations, CEA Investissement, National Silicon Industry Group/NSIG Sunrise S.à.r.l. and the Company, and the stipulations relative to the composition of the Company's Board of Directors.

14.2.3 LIMITATIONS AGREED TO BY THE MEMBERS OF THE ADMINISTRATIVE AND MANAGEMENT BODIES OR THE EXECUTIVE MANAGEMENT WITH RESPECT TO THEIR STAKES IN THE COMPANY'S SHARE CAPITAL

14.2.3.1 Number of shares owned by Company directors

Pursuant to Article L. 225-25 of the French Commercial Code, Article 13 of the Company's bylaws does not require the directors to own at least one Soitec share.

In accordance with the recommendation of paragraph 19 of the AFEP-MEDEF Code, the Board of Directors' Internal Regulations stipulates, as an internal measure, that the directors, excluding elected salaried directors, own a significant number of shares in the Company, set at 100 shares, in a registered share account.

14.2.3.2 Conditions concerning the retention period of free shares attributed to executive corporate officers

In accordance with Article L. 225-197-1 of the French Commercial Code concerning the ordinary shares that could be attributed to Paul Boudre should he fulfill the conditions set out in the free preference share plan implemented by the Board of Directors on July 26, 2016, the Board decided that 10% of these shares must be held in registered form by Paul Boudre until the expiry of his mandate as Chief Executive Officer of the Company.

14.2.3.3 Compliance with stock market regulations

In accordance with the provisions of Regulation (EU) No. 596/2014 of the European Parliament and of the Council dated April 16, 2014 on market abuse ("MAR Regulation"), Article 4 i) of the Board of Directors' Internal Regulations prohibits directors and executives from carrying out any transactions on the securities of the Company during periods prior to the publication of the results and, in general, as long as they are privy to inside information.

ARTICLE 4 I) OF THE BOARD OF DIRECTORS' INTERNAL REGULATIONS

Prohibited transactions are any transactions carried out, directly or indirectly, on Company shares, debt securities, derivative instruments or any other related financial instrument by directors and officers, for their own account or on behalf of a third party:

- during the 30-day period preceding the dates of publication of the Company's annual consolidated financial statements or, failing this, its annual individual financial statements, as well as its interim financial statements (half-yearly and, where applicable, quarterly);
- during the period between the date when the Company becomes aware of inside information and the date this information is made public.

The obligation to abstain from trading for a certain period ("close period") applies when directors are privy to confidential information, including data concerning the accounting and financial position of the Company.

The AMF therefore recommends that close periods applicable to directors be limited to at least 30 calendar days prior to the publication of the annual or half-yearly financial statements and at least 15 calendar days before the publication of quarterly information.

Directors who are subject to these close period restrictions are authorized to trade in Company securities only on the day following the publication of the information concerned, subject to compliance with the provisions of both the MAR Regulation and the French Monetary and Financial Code relating to insider trading.

14.2.3.4 Standstill provision of Strategic Investors

Under the terms of the Shareholders' Agreement concluded on March 7, 2016 (hereinafter referred to as "**Shareholders' Agreement**") between the companies Bpifrance Participations, CEA Investissement, National Silicon Industry Group/NSIG Sunrise S.à.r.l. (the "**Strategic Investors**") and Soitec, the company NSIG Sunrise S.à.r.l., which held 14.495% of Soitec's share capital and voting rights at the time, pledged not to increase its capital or voting rights stake above the 14.50% threshold by way of purchasing shares either existing or resulting from the conversion of the 2018 OCEANES bond for a period of three years running from the implementation of Soitec's capital increase, with shareholder's preferential subscription right maintained, launched on June 8, 2016 (the "**Standstill Period**"). This commitment was made on the condition that no other shareholder of the Company breaks through the 14.50% threshold, either directly or indirectly, or alone or in concert.

However, NSIG Sunrise S.à.r.l. remains free to subscribe to any other future capital increase of the Company.

On expiry of the Standstill Period, if NSIG exceeds the aforementioned threshold of 14.5% during the following two years, NSIG will forfeit its rights in terms of governance (the undertakings of the Company and of the two other Strategic Investors relating to the appointment of NSIG Sunrise S.à.r.l. representatives on the governance management bodies would become void).

Following the share disposals carried out in June 28, 2017 (see paragraph 14.2.3.6 below), each of the three Strategic Investors now owns 11.49% of the Company's share capital. For more information concerning the Company's shareholding structure, please refer to paragraph 18.1 of this Registration Document.

14.2.3.5 Prohibition of transfers to a Company's competitor by Strategic Investors

During the term of the Shareholders' Agreement, the three Strategic Investors have undertaken not to transfer, by any means whatsoever, any shares or securities issued by the Company (including the 2018 OCEANE bonds that existed at the time) to a competitor of the Company.

14.2.3.6 Requirements for ordered transfers incumbent on Strategic Investors

Pursuant to the Shareholders Agreement, after the mandatory 90-day lock-up period (during which trading in shares is prohibited) which followed the settlement-delivery of the Company's June 8, 2016 capital increase with shareholders' preferential subscription rights maintained, the sale of shares held by each of the three Strategic Investors is subject to orderly transfer requirements.

On June 28, 2017, each of the three Strategic Investors acquired an identical number of 757,788 Soitec shares, making for a total of 2,273,364 shares equivalent to 7.5% of the Company's share capital. The transaction was carried out by way of an accelerated bookbuild reserved for institutional investors.

14.2.3.7 Levels of share capital and voting rights held by Strategic Investors

Pursuant to the Shareholders Agreement, for the duration of the Standstill Period (as defined in paragraph 14.2.3.4 above), each of the three Strategic Investors pledged that the proportion of their voting rights in the Company would not exceed the proportion their shares represent in the share capital of the Company.

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15.1 INTERESTS OF CORPORATE DIRECTORS AND OFFICERS AND EXECUTIVE COMMITTEE MEMBERS

15.1.1 COMPENSATION AND BENEFITS OF ANY KIND OF THE EXECUTIVE COMMITTEE (EXCOM) MEMBERS FOR THE 2016-2017 AND 2017-2018 FISCAL YEARS

Total gross compensation for the nine salaried ExCom members, including direct and indirect benefits, amounted to €10,387 thousand for the fiscal year ended March 31, 2018, versus €2,690 thousand for the previous fiscal year ended March 31, 2017 and is broken down as follows:

(In thousands of euros)	March 31, 2017	March 31, 2018
Short-term benefits	2,690	2,656
Post-employment benefits	-	-
Accounting valuation of preferred shares allocated during the fiscal year*	-	7,731
Total gross remuneration paid	2,690	10,387

* The valuation of preferred shares corresponds to a valuation carried out under IFRS 2. For all intents and purposes, it should be noted that, for the previous fiscal year ended March 31, 2017, a proportion of a free preferred share allocation plan giving access to the share capital of the Company, with conditions of presence and performance, had been awarded by the Board of Directors to each of the 9 salaried members of the Executive Committee, in the form of conditional rights to preferred shares. In this context, during the fiscal year ended on March 31, 2018, each of these 9 members was definitively awarded the preferred shares deriving from their respective conditional rights, since, on the definitive allocation date, they had each satisfied the condition of presence applicable to them pursuant to the plan's rules.

For more information on the ExCom members, please refer to paragraph 14.1.2.1 of this Registration Document.

15.1.2 COMPENSATION AND BENEFITS OF ANY KIND PAID TO NON-EXECUTIVE CORPORATE OFFICERS FOR THE 2016-2017 AND 2017-2018 FISCAL YEARS

15.1.2.1 Directors' fees

15.1.2.1.1 Amount of directors' fees that may be allocated

The Shareholders' General Meeting of January 20, 2012, set the cap for directors' fees at €450,000 with effect from April 1, 2011. It had been stated that this decision would be maintained and this same sum would be allocated to the Board of Directors for subsequent years until otherwise decided by the Shareholders' General Meeting.

During the 2017-2018 fiscal year, in consideration of its plan to dissociate the duties of Chairman of the Board of Directors of the Company and those of Chief Executive Officer and to allocate director's fees amounting to €50,000 as compensation for the duties of Chairman, the Board of Directors proposed the following to the shareholders, during the Shareholders' General Meeting held on July 26, 2017:

- set the global amount of the annual director's fees allocated to the Board of Directors at €500,000 for the fiscal year started on April 1, 2017;

- consider that this decision would be maintained until the shareholders take a new decision; and
- acknowledge that the sums owed by the Company for (i) the part of any potential social contributions and (ii) the corporate contribution, payable by the Company in connection with the payment of the directors' fees will not be included in the said €500,000 envelope, and will then be additionally borne by the Company.

Since this proposal was adopted during the aforementioned Shareholders' General Meeting, the global annual distributable directors' fees for the 2017-2018 fiscal year amounted to €500,000.

In addition, despite the increase in the number of directors during the fiscal year 2016-2017 (with the Board of Directors increasing from 7 to 13 members at the time, and comprising 12 at present), no increase in the Directors' fees other than that of the Chairman of the Board of Directors has been submitted to the vote of shareholders since 2012.

Thus, it will be proposed that shareholders, during their Shareholders' General Meeting on July 26, 2018, review the total annual amount of Directors' fees allocated to the Board of Directors for the fiscal year beginning April 1, 2018 and set this at €720,000, it being specified that the amounts due by the Company for (i) the part of any potential social contributions and (ii) the corporate contribution payable by the Company in connection with the payment of the Directors' fees, will not be included in said envelope of €720,000 and will accordingly be borne additionally by the Company. This decision shall apply until a new resolution is adopted at the Shareholders' General Meeting.

15.1.2.1.2 Rules for allocating distributable directors' fees

During its meeting held on June 14, 2017, upon recommendation of the Compensation and Nomination Committee, and subject to a positive vote of shareholders' during the Shareholders' General Meeting of July 26, 2017 for increasing the global annual distributable directors' fees from €450,000 to €500,000, the Board of Directors decided to set the rules for distributing the directors' fees as indicated in the inset below.

On July 26, 2017, following adoption by the Shareholders' General Meeting of the resolution for increasing the global annual distributable directors' fees to €500,000, the Board of Directors met on the same day and acknowledged the fact that the distribution rules that it had approved during its meeting of June 14, 2017 could come into force, retroactively from April 1, 2017.

EXCERPT FROM THE MINUTES OF THE BOARD OF DIRECTORS' MEETING OF JULY 26, 2017

The Board of Directors decided to set the rules for the distribution of directors' fees, retroactively from April 1, 2017, as follows:

- seat on the Board of Directors: €20,000;
- seat on a Committee, except for the Restricted Strategic Matters Committee: €9,000;
- chair of a Committee: €10,000;
- chair of the Board of Directors: €50,000.

Regular attendance at the meetings of the Board of Directors and the Committees will be rewarded.

Participation in meetings *via* conference call or video conferencing will be considered equivalent to physical attendance.

Each director's fees will be pro-rated to the actual length of that director's term of office, with regard to the compensation period under consideration.

Directors' fees shall be allocated exclusively to directors who have no operational and/or executive duties within the Group.

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15.1.2.1.3 Directors' fees paid

In accordance with the above-mentioned rules regarding directors' fees, Paul Boudre (as Chairman and CEO, then as Chief Executive Officer) did not receive any directors' fees for the fiscal year just ended (2017-2018) nor for the previous fiscal year (2016-2017).

Furthermore, Thierry Sommelet notified the Company of his decision to waive the directors' fees that he would be entitled to as a director, a member of the Audit and Risks Committee and the Strategic Committee, and Chairman of the Board of Directors, from November 29, 2017 (date of his co-optation by the decision of the Board of Directors) until March 31, 2018.

Thus, total directors' fees paid for the 2017-2018 fiscal year were gross €406,301, versus gross €434,143 for the previous fiscal year ended March 31, 2017.

Details of these payments are shown in the table below:

Table 3 of Appendix 3 of the AFEP-MEDEF Code**TABLE ON DIRECTORS' FEES AND OTHER COMPENSATION RECEIVED BY CORPORATE DIRECTORS**

Corporate directors	Amount paid during the 2016-2017 fiscal year	Amount paid during the 2017-2018 fiscal year
Monica Beltrametti		
Directors' fees	45,712	45,174
Other compensation	00	00
Bpifrance Investissement (represented by Thierry Sommelet)		
Directors' fees	38,000	20,772
Other compensation	0	0
Bpifrance Participations (represented by Sophie Paquin)		
Directors' fees	19,863	29,786
Other compensation	0	0
CEA Investissement (represented by Guillemette Picard)		
Directors' fees	26,537	25,893
Other compensation	0	0
Laurence Delpy		
Directors' fees	45,712	55,568
Other compensation	0	0
Victoire de Margerie		
Directors' fees	N/A	30,378
Other compensation	N/A	0
Douglas Dunn		
Directors' fees	34,833	34,702
Other compensation	0	0
Nadine Foulon-Belkacémi		
Directors' fees	45,507	41,824
Other compensation		0

Corporate directors	Amount paid during the 2016-2017 fiscal year	Amount paid during the 2017-2018 fiscal year
Nabeel Gareeb		
Directors' fees	N/A	9,773
Other compensation	N/A	0
Christophe Gégout		
Directors' fees	48,000	36,833
Other compensation	0	0
Joseph Martin		
Directors' fees	38,000	8,398
Other compensation	0	0
Satoshi Onishi		
Directors' fees	20,000	20,000
Other compensation	0	0
Weidong (Leo) Ren		
Directors' fees	34,773	38,546
Other compensation	0	0
Xi Wang		
Directors' fees	26,537	8,655
Other compensation	0	0
TOTAL	434,143	406,301

15.1.2.2 Travel costs

Travel costs incurred by directors in the performance of their duties will be reimbursed by the Company, upon presentation of expenses receipts.

15.1.3 COMPENSATION AND BENEFITS OF ANY KIND PAID TO EXECUTIVE CORPORATE OFFICERS FOR THE 2016-2017 AND 2017-2018 FISCAL YEARS**15.1.3.1 Rules applicable to the compensation policy of the executive corporate officers**

At its meeting of December 8, 2008, the Company's Board of Directors formally adopted the AFEP-MEDEF recommendations published on October 6, 2008, on the compensation of corporate officers of companies whose shares are traded on a regulated market.

Since then, the Board of Directors has determined the compensation of executive corporate officers in accordance with the principles stated in the AFEP-MEDEF Code, particularly in its paragraph 24.

To do so, it builds on the recommendations of the Compensation Committee (and prior to November 29, 2017, on the recommendations of the Compensation and Nomination Committee).

When the corporate officers are members of the Board of Directors, they do not participate in discussions on their compensations and abstain from voting on these topics. Since the 2017-2018 fiscal year, the principles and criteria for determining, distributing and allocating the fixed, variable and exceptional components of

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total compensation and benefits of all kinds that may be allocated to executive corporate officers for the performance of their duties have been submitted to the Shareholders' General Meeting at least once a year for approval, in accordance with the provisions of Article L. 225-37-2 of the French Commercial Code.

Furthermore, in accordance with the provisions of Article L. 225-100 of the French Commercial Code, and for the first time for the 2017-2018 fiscal year, the Shareholders' General Meeting rule on the fixed, variable and exceptional components of total compensation paid and/or on the benefits of all kinds that have been allocated or paid to each of the executive corporate officers for that fiscal year, in separate resolutions. Variable and exceptional compensation allocated to each of the executive corporate officers for the past fiscal year cannot be paid until after approval by the Shareholders' General Meeting of the compensation of each person concerned.

15.1.3.2 Compensation and benefits of any kind paid to executive corporate officers for the fiscal year ended on March 31, 2018

15.1.3.2.1 Concerning Thierry Sommelet, Chairman of the Board of Directors

In view of the dissociation of the duties of the Chairman of the Board of Directors and those of the Chief Executive Officer planned to be implemented in July 2017, the principles and criteria for the determination, distribution and allocation of the fixed, variable and exceptional parts making up the total compensation and benefits of any kind attributable to the Chairman of the Board of Directors for fiscal year 2017-2018 were subject to the 8th resolution submitted for approval to the Shareholders' General Meeting held on July 26, 2017, in accordance with Article L. 225-37-2 of the French Commercial Code (*ex-ante* say on pay).

These principles and criteria were approved beforehand by the Board at its meeting of June 14, 2017 on the recommendation of the Compensation and Nomination Committee at its meetings of June 10 and 14, 2017.

This 8th resolution had been adopted at 93.9%, thus approving the compensation policy of the Chairman of the Board of Directors for the 2017-2018 fiscal year, with the following components:

- €50,000 in gross annual compensation made up of directors' fees, to be pro-rated to the date on which he takes office during the fiscal year;
- a payment of directors' fees for his attendance to the Board of Directors' meetings and, as the case may be, his attendance at the meetings of committees of which he is a member and/or Chairman, under the same conditions as the Company's directors other than Paul Boudre.

Thierry Sommelet was elected Chairman of the Board of Directors on November 29, 2017, following the previous day's resignation of Victoire de Margerie as a director and as Chairwoman of the Board of Directors.

Pursuant to the compensation policy set out above, and considering the length of his term of office in the 2017-2018 fiscal year, Thierry Sommelet was entitled to €16,849 gross in directors' fees for his duties as Chairman of the Board of Directors, and €12,805 gross for his attendance at meetings of the Board of Directors, the Audit and Risks Committee, and the Strategic Committee.

Nevertheless, Thierry Sommelet informed the Company of his choice not to receive any compensation for his duties on the Board of Directors.

As a result, no resolution will be proposed for the shareholders' vote during the Shareholders' General Meeting convened for July 26, 2018, to approve the fixed, variable and exceptional parts making up the total compensation and benefits of any kind paid or granted to Thierry Sommelet, Chairman of the Board of Directors, for the fiscal year ended March 31, 2018 (*ex-post* "say on pay"), insofar as the Company did not pay any compensation to the latter for said fiscal year.

15.1.3.2.2 Concerning Paul Boudre, Chief Executive Officer

Pursuant to Article L. 225-37-2 of the French Commercial Code, the principles and criteria for the determination, distribution and allocation of the fixed, variable and exceptional parts making up the total compensation and benefits of any kind attributable to Paul Boudre for his term of office as CEO for the 2017-2018 fiscal year were submitted for approval to the Shareholders' General Meeting of July 26, 2017 (*ex-ante* say on pay).

These principles and criteria were approved beforehand by the Board at its meeting of June 14, 2017 on the recommendation of the Compensation and Nomination Committee at its meetings of June 10 and 14, 2017.

This 8th resolution had been adopted at 93.9%, and thus Paul Boudre's compensation policy for the 2017-2018 fiscal year was approved by shareholders.

In accordance with the above, the compensation of Paul Boudre for his duties as Chief Executive Officer during the 2017-2018 fiscal year was made up of the following elements:

- a fixed annual compensation in the total amount of €450,000 payable in twelve monthly installments throughout the fiscal year, bearing in mind that this amount was set in 2010 by the Board of Directors, that it has not been revised since, and that it has been applied to Paul Boudre since September 2015, when he took office as Chairman & CEO of the Company; and
- a variable annual compensation based on various objectives, to be awarded after fiscal year-end and to be paid only after the approval of the Shareholders' General Meeting.

It is specified that Paul Boudre did not receive any new allocation of performance shares or preferred shares in the 2017-2018 fiscal year.

For all intents and purposes, it should be noted that, for the previous fiscal year ended March 31, 2017, a proportion of a free preferred share allocation plan giving access to the share capital of the Company, with conditions of presence and performance, had been awarded to him by the Board of Directors at its meeting of July 26, 2016, in the form of conditional rights to preferred shares. In this context, during the fiscal year ended March 31, 2018, Paul Boudre was definitively awarded the preferred shares deriving from his conditional rights, due to the fact that he satisfied the condition of presence and tenure as Chief Executive Officer, applicable to him pursuant to the plan's rules, on the allocation date, in this case July 26, 2017.

As in the two previous fiscal years (2015-2016 and 2016-2017), the variable part of Paul Boudre's compensation for the 2017-2018 fiscal year could range from 0% to 150% of the fixed part.

Hitting the target values set by the Board, on the recommendation of the Compensation and Nomination Committee, accounted for a variable part amounting to 100% of the fixed part, with budgetary commitments accounting for 90% of the target financial criteria (as in the previous fiscal year). Exceeding the target values of the objectives could be taken into account for up to 150%.

At its meeting on June 13, 2018, in accordance with the recommendation of the Compensation Committee at its meeting on the previous day, the Board of Directors set the variable part of Paul Boudre's compensation at 124.29% of the fixed part for the 2017-2018 fiscal year.

This figure of 124.29% was calculated on the basis of quantifiable targets achieved, namely:

- financial objectives, representing 75% of all the objectives applicable to the variable part: sales level, EBITDA level in absolute terms, cash level and selling, and general and administrative (SG&A) expenses level were measured at March 31, 2018; and

- strategic objectives, representing 25% of all the objectives applicable to the variable part: the achievement during 2017-2018 fiscal year of some contributions identified as primary growth levers for the Company were measured.

The amount of compensation paid or granted to Paul Boudre for the year ended March 31, 2018 was calculated on a gross basis.

Moreover, Paul Boudre had benefits in kind amounting to €21,208 during the 2017-2018 fiscal year, including a car and a voluntary insurance policy against employment loss, as well as complementary retirement schemes like the ones implemented for the previous year, as described in paragraph 15.2 below.

For the sake of clarity, it is pointed out that neither for his term of office as director as well as Chairman of the Board of Directors, nor for his term of office as Chief Executive Officer for part of the 2017-2018 fiscal year, *i.e.* April 1 to July 26, 2017, was Paul Boudre paid any compensation in addition to what he earned as Chief Executive Officer.

Lastly, Paul Boudre received no additional compensation or directors' fees from entities under the Company's control.

In accordance with the provisions of Article L. 225-100 of the French Commercial Code, the Board of Directors will propose that the shareholders, during the Shareholders' General Meeting convened for July 26, 2018, approve the fixed, variable and exceptional parts making up the total compensation and benefits of any kind paid or allocated to Paul Boudre, CEO, for the fiscal year ended March 31, 2018 (*ex-post* say on pay), as described above. This proposal is subject to the 7th resolution, the content of which is reproduced in Chapter 29.1 of this Registration Document, and commented in the Board of Directors' report at the Shareholders' General Meeting indicated in 29.2 of this Registration Document.

15.1.3.2.3 Concerning Victoire de Margerie, former Chairwoman of the Board of Directors

As stated in section 15.1.3.2.1 above, in view of the separation of duties of the Chairman of the Board of Directors and the Chief Executive Officer planned for July 2017, the principles and criteria for determining, allocating and distributing fixed, variable and exceptional components of total compensation and benefits in kind, attributable to the Chairman of the Board of Directors in respect of the 2017-2018 fiscal year, were the subject of the 8th resolution submitted for the approval of the Shareholders' General Meeting of July 26, 2017, in accordance with Article L. 225-37-2 of the French Commercial Code (*ex ante* say on pay).

These principles and criteria were approved beforehand by the Board at its meeting of June 14, 2017 on the recommendation of the Compensation and Nomination Committee at its meetings of June 10 and 14, 2017.

This 8th resolution had been adopted at 93.9%, thus approving the compensation of the Chairman of the Board of Directors for the 2017-2018 fiscal year, comprised of the following elements:

- €50,000 in gross annual compensation made up of directors' fees, pro-rated to the actual date on which she takes office during the fiscal year;
- a payment of directors' fees for her attendance at Board of Directors' meetings and, as the case may be, for her attendance at committee meetings at which she is a member and/or chairwoman, under the same conditions as the Company's directors, other than Paul Boudre.

Readers are reminded that Victoire de Margerie was elected Chairwoman of the Board of Directors on July 26, 2017 following her appointment as a director by the Shareholders' General Meeting which met on the same day; and that on November 29, 2017, the Board of Directors took formal note of her resignation from both positions the previous day, on November 28, 2017.

Following her departure, pursuant to the compensation policy set out above and considering her term of office during the 2017-2018 fiscal year, Victoire de Margerie received directors' fees of €17,260 gross in respect of her duties as Chairwoman of the Board of Directors, as well as €13,118 gross in respect of her attendance at Board of Directors, Strategic Committee and Compensation and Nomination Committee meetings.

Accordingly, the total of all compensation components paid by the Company to Victoire de Margerie in respect of the 2017-2018 fiscal year amounted to €30,378 gross.

Pursuant to Article L. 225-100 of the French Commercial Code, the Board of Directors recommended that the shareholders, during the previous Extraordinary Shareholders' General Meeting convened on March 23, 2018, approve the fixed, variable and exceptional components of the total compensation and benefits in kind paid or allocated to Victoire de Margerie, in respect of the then-current 2017-2018 fiscal year (*ex-post* say on pay), as detailed above.

This proposition was the subject of the 4th resolution submitted for the approval of the shareholders during the aforementioned General Meeting held on March 23, 2018, and was adopted at 99.9%.

15.1.3.3 Summary tables

Pursuant to Article L. 225-102-1 of the French Commercial Code and to the recommendations appearing in paragraph 25 of the AFEP-MEDEF Code, gross compensation and benefits of all kinds paid by the Company to each corporate officer in respect of the two previous fiscal years, 2016-2017 and 2017-2018, is shown in the tables below:

15.1.3.3.1 Table 1 of Appendix 3 to the AFEP-MEDEF Code

SUMMARY TABLE OF COMPENSATION, STOCK OPTIONS AND SHARES ALLOCATED TO EACH EXECUTIVE CORPORATE OFFICER (IN EUROS)

Thierry Sommelet Chairman of the Board of Directors <i>since November 29, 2017</i>	Fiscal year 2016-2017	Fiscal year 2017-2018
Compensation due for the fiscal year (details in table 1.4.2.3.2)	N/A	0
Valuation of stock options allocated during the fiscal year	N/A	N/A
Valuation of bonus shares allocated during the fiscal year	N/A	N/A
Valuation of other long-term compensation plans	N/A	N/A
TOTAL	N/A	0

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SUMMARY TABLE OF COMPENSATION, STOCK OPTIONS AND SHARES ALLOCATED TO EACH EXECUTIVE CORPORATE OFFICER (IN EUROS)

Paul Boudre Chief Executive Officer since January 16, 2015 Chairman of the Board of Directors from September 11, 2015 to July 26, 2017*		
	Fiscal year 2016-2017	Fiscal year 2017-2018
Compensation due for the fiscal year (details in table 1.4.2.3.2)	1,015,825	1,030,513
Valuation of stock options allocated during the fiscal year	N/A	N/A
Accounting valuation of performance shares allocated during the fiscal year**	N/A	1,870,999
Valuation of other long-term compensation plans	N/A	N/A
TOTAL	1,015,825	2,901,512

* As stated in section 15.1.3.2.2, for taking office as Chairman of the Board of Directors in addition to his office as Chief Executive Officer for part of the 2017-2018 fiscal year, i.e. April 1 to July 26, 2017, Paul Boudre was not paid any compensation in addition to what he earned as Chief Executive Officer.

** The valuation of preferred shares corresponds to a valuation carried out under IFRS 2. For all intents and purposes, it should be noted that, for the previous fiscal year ended March 31, 2017, a proportion of a free preferred share allocation plan giving access to the share capital of the Company, with conditions of presence and performance, had been awarded to him by the Board of Directors at its meeting of July 26, 2016, in the form of conditional rights to preferred shares. In this context, during the fiscal year ended March 31, 2018, Paul Boudre was definitively awarded the preferred shares deriving from his conditional rights, due to the fact that he satisfied the condition of presence and tenure as Chief Executive Officer, applicable to him pursuant to the plan's rules, on the allocation date, in this case July 26, 2017.

SUMMARY TABLE OF COMPENSATION, STOCK OPTIONS AND SHARES ALLOCATED TO EACH EXECUTIVE CORPORATE OFFICER (IN EUROS)

Victoire de Margerie Chairwoman of the Board of Directors from July 26, 2017 to November 28, 2017		
	Fiscal year 2016-2017	Fiscal year 2017-2018
Compensation due for the fiscal year (details in table 1.4.2.3.2)	N/A	30,378
Valuation of stock options allocated during the fiscal year	N/A	N/A
Valuation of bonus shares allocated during the fiscal year	N/A	N/A
Valuation of other long-term compensation plans	N/A	N/A
TOTAL	N/A	30,378

15.1.3.3.2 Table 2 of Appendix 3 to the AFEP-MEDEF Code

SUMMARY TABLE OF COMPENSATION OF EACH EXECUTIVE CORPORATE OFFICER (IN EUROS)

Thierry Sommelet Chairman of the Board of Directors since November 29, 2017	Fiscal year 2016-2017		Fiscal year 2017-2018	
	Amount due for the fiscal year	Amounts paid during the fiscal year	Amount due for the fiscal year	Amounts paid during the fiscal year
Fixed compensation	N/A	N/A	N/A	N/A
Annual variable compensation	N/A	N/A	N/A	N/A
Variable/fixed portion	N/A	N/A	N/A	N/A
Exceptional compensation	N/A	N/A	N/A	N/A
Directors' fees	N/A	N/A	0	0
Benefits in kind	N/A	N/A	N/A	N/A
TOTAL	N/A	N/A	0	0

SUMMARY TABLE OF COMPENSATION OF EACH EXECUTIVE CORPORATE OFFICER (IN EUROS)

Paul Boudre Chief Executive Officer since January 16, 2015 Chairman of the Board of Directors from September 11, 2015 to July 26, 2017 ⁽¹⁾	Fiscal year 2016-2017		Fiscal year 2017-2018	
	Amount due for the fiscal year	Amounts paid during the fiscal year	Amount due for the fiscal year	Amounts paid during the fiscal year
Fixed compensation	450,000	450,000	450,000	450,000
Annual variable compensation	545,355	450,000 ⁽³⁾	559,305 ⁽⁴⁾	545,355 ⁽⁵⁾
Variable/fixed portion	121.19%	100%	124.29%	121.19%
Exceptional compensation	-	-	-	-
Directors' fees	N/A	N/A	N/A	N/A
Benefits in kind	20,470 ⁽²⁾	20,470 ⁽²⁾	21,208 ⁽²⁾	21,208 ⁽²⁾
TOTAL	1,015,825	920,470	1,030,513	1,016,563

(1) As stated in section 15.1.3.2.2, for taking office as Chairman of the Board of Directors in addition to his office as Chief Executive Officer for part of the 2017-2018 fiscal year, i.e. April 1 to July 26, 2017, Paul Boudre was not paid any compensation in addition to what he earned as Chief Executive Officer.

(2) The amount of these benefits in kind corresponds to the granting of a car and voluntary insurance policy against employment loss.

(3) Variable compensation for fiscal year 2015-2016 paid during fiscal year 2016-2017.

(4) Variable compensation for fiscal year 2017-2018 that will be paid during the current 2018-2019 fiscal year, subject to prior approval of the 7th resolution that will be submitted to shareholder vote during the Shareholders' General Meeting to be held on July 26, 2018.

(5) Variable compensation for fiscal year 2016-2017 paid during fiscal year 2017-2018.

SUMMARY TABLE OF COMPENSATION OF EACH EXECUTIVE CORPORATE OFFICER (IN EUROS)

Victoire de Margerie Chairwoman of the Board of Directors from July 26, 2017 to November 29, 2017	Fiscal year 2016-2017		Fiscal year 2017-2018	
	Amount due for the fiscal year	Amounts paid during the fiscal year	Amount due for the fiscal year	Amounts paid during the fiscal year
Fixed compensation	N/A	N/A	N/A	N/A
Annual variable compensation	N/A	N/A	N/A	N/A
Variable/fixed portion	N/A	N/A	N/A	N/A
Exceptional compensation	N/A	N/A	N/A	N/A
Directors' fees	N/A	N/A	30,378	30,378
Benefits in kind	N/A	N/A	N/A	N/A
TOTAL	N/A	N/A	30,378	30,378

Moreover, no additional compensation or directors' fees were awarded to the executive corporate officers by any company controlled by the Company.

15.1.3.3.3 Table 4 in Appendix 3 to the AFEP-MEDEF Code, listing share subscription or purchase options granted to each executive corporate officer by the Company and by any Group company during the 2017-2018 fiscal year

No share subscription or purchase options were granted to the executive corporate officers during the 2017-2018 fiscal year.

15.1.3.3.4 Table 5 of Appendix 3 to the AFEP-MEDEF Code, listing share subscription or purchase options exercised by each executive corporate officer during the 2017-2018 fiscal year

No share subscription or purchase options were exercised by the executive corporate officers during the 2017-2018 fiscal year.

15.1.3.3.5 Table 6 of Appendix 3 of the AFEP-MEDEF Code

PERFORMANCE SHARES ALLOCATED DURING THE FISCAL YEAR TO EACH COMPANY'S CORPORATE OFFICER BY THE ISSUER AND BY ANY GROUP COMPANY

Name	Plan number and date	Number of preferred shares allocated definitively during the fiscal year	Accounting valuation of preferred shares*	Allocation date of the conditional rights to preference share	Preferred shares definitive allocation date	Availability date (after conversion of the preferred shares into ordinary shares)
Paul Boudre Chief Executive Officer	Free preferred-share allocation plan dated 7/26/2016	44,947	1,870,999	07/26/2017	07/26/2017	07/26/2019

* The valuation of preferred shares corresponds to a valuation carried out under IFRS 2. For all intents and purposes, it should be noted that, for the previous fiscal year ended March 31, 2017, a proportion of a free preferred share allocation plan giving access to the share capital of the Company, with conditions of presence and performance, had been awarded to him by the Board of Directors at its meeting of July 26, 2016, in the form of conditional rights to preferred shares. In this context, during the fiscal year ended March 31, 2018, Paul Boudre was definitively awarded the preferred shares deriving from his conditional rights, due to the fact that he satisfied the condition of presence and tenure as Chief Executive Officer, applicable to him pursuant to the plan's rules, on the allocation date, in this case July 26, 2017.

Performance conditions

Performance conditions applicable to all beneficiaries of this free preferred-share allocation plan of July 26, 2016, including Paul Boudre, are detailed in paragraph 21.1.4.1.2 of this Registration Document.

In summary, they mainly comprise:

- conditions of continued employment at the Company; and
- reaching objectives based on the following criteria, making it possible to determine the ratio for converting preferred shares into ordinary shares:
 - 50% depends on achieving objectives based on the Group's average consolidated EBITDA levels (resulting from the Group's consolidated financial statements in accordance with IFRS) for the 2017-2018 and 2018-2019 fiscal years, and
 - 50% depends on meeting objectives based on the weighted average volume of the Company's ordinary share stock market price during the 30 trading days after the Group's consolidated financial statements are published for the 2018-2019 fiscal year.

15.1.3.3.6 Table 7 of Appendix 3 to the AFEP-MEDEF Code, listing performance shares that have become available to each executive corporate officer during the 2017-2018 fiscal year

No performance share became available to any of the executive corporate officers during the 2017-2018 fiscal year.

15.1.3.3.7 Table 8 of Appendix 3 to the AFEP-MEDEF Code

No allocation, exercise or cancellation of stock options took place in favor of the executive corporate officers during the 2017-2018 fiscal year.

15.1.3.3.8 Table 9 of annex 3 of the AFEP-MEDEF Code

HISTORY OF PERFORMANCE SHARES ALLOCATIONS - INFORMATION ON PERFORMANCE SHARES

	Plan No. 1	Plan No. 2	Plan No. 3	Plan No. 4
Date of Shareholders' General Meeting	04/11/2016 and 04/29/2016	-	-	-
Date of Board of Directors' meeting	07/26/2016	-	-	-
Total number of allocated shares, including the number that may be allocated to:	295,703 ⁽¹⁾	-	-	-
Paul Boudre	44,947 ⁽¹⁾	-	-	-
Date of conditional allocation	07/26/2016 ⁽²⁾	-	-	-
Vesting date of the shares	07/26/2017 ⁽³⁾	-	-	-
End of the holding period	07/26/2019 ⁽⁴⁾	-	-	-
Performance conditions	yes	-	-	-
Vested shares as of March 31, 2018	269,365 ⁽¹⁾	-	-	-
Cumulative number of canceled or void shares	0	-	-	-
Remaining performance shares at the end of the fiscal year (March 31, 2018)	26,338 ⁽¹⁾	-	-	-

(1) Preferred shares.
 (2) Grant date of conditional rights to preferred shares
 (3) Grant date of the preferred shares.
 (4) Availability date of the ordinary shares (after conversion of the preferred shares into ordinary shares).

COMPENSATION AND BENEFITS

Interests of corporate directors and officers and Executive Committee members

15.1.3.3.9 Table 10 of Appendix 3 to the AFEP-MEDEF Code, summarizing each executive corporate officer's multi-annual variable compensation

No multi-annual variable compensation is included as an item of compensation for the Chairman & CEO.

15.1.3.3.10 Table 11 of Appendix 3 to the AFEP-MEDEF Code

SUMMARY OF THE COMPANY'S APPLICATION OF THE AFEP-MEDEF CODE

	Employment contract		Supplementary pension scheme		Compensation or benefits due or likely to be due because of termination of service or change in functions		Compensation relating to a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Senior executive company officers								
Thierry Sommelet Chairman of the Board of Directors since November 29, 2017		✓		✓		✓		✓
Paul Boudre* Chief Executive Officer since January 16, 2015 Chairman of the Board of Directors from September 11, 2015 to July 26, 2017	✓		✓			✓	✓	
Victoire de Margerie Chairwoman of the Board of Directors from July 26, 2017 to November 28, 2017		✓		✓		✓		✓

* Paul Boudre's employment contract was suspended on the day he was appointed Chief Operating Officer, which took effect on June 1, 2008 (following the Board of Directors' decision at its meeting on May 16, 2008).

15.1.3.4 Commitments of all kinds undertaken by the Company for its corporate officers in respect of commencement, termination or change in corporate officer functions

In respect of his salaried functions under his employment contract (suspended since his appointment as Chief Operating Officer) and in accordance with the applicable collective provisions, Paul Boudre is bound by a non-compete clause for one year after his employment contract is terminated. This one-year period may be renewed once.

In the event that this non-compete clause is applied, Paul Boudre shall be paid financial compensation corresponding to 60% of his gross compensation during the non-compete period. The Company has the option to release Paul Boudre from this non-compete provision, with the agreement of the latter.

15.1.4 COMPENSATION POLICY FOR EXECUTIVE CORPORATE OFFICERS FOR THE CURRENT FISCAL YEAR ENDING ON MARCH 31, 2019

In accordance with Article L. 225-37-2 of the French Commercial Code, during their Shareholders' General Meeting to be held on July 26, 2018, the Company's shareholders will be asked to approve the 8th resolution submitted to them regarding the principles and criteria for determining, allocating and distributing the fixed, variable and exceptional components of the total compensation and benefits in kind payable to the executive corporate officers for the performance of their duties during the current fiscal year ending on March 31, 2019, and which is their compensation policy (*ex-ante* say-on-pay).

These principles and criteria adopted by the Board of Directors at its meetings on March 28 and June 13, 2018, upon recommendation of the Compensation and Nomination Committee having met on March 27 and June 12, 2018, would be as follows:

— With respect to Paul Boudre:

In his capacity as Chief Executive Officer, his compensation would be made up of the following items:

- (i) a fixed annual compensation, payable in 12 equal monthly installments during the course of the fiscal year, and
- (ii) a variable annual compensation based on various objectives, to be awarded after fiscal year-end and to be paid only after the approval of the Shareholders' General Meeting.

At its last meeting on June 13, 2018, on recommendation of the Compensation Committee, which met the day before, the Board of Directors expressed its intention to adjust the Chief Executive Officer's compensation, in light of the fact that it had not been reviewed since 2010, and that since then, the Group had experienced significant changes in both business and results.

In this regard, the Board of Directors instructed the Compensation Committee to make a recommendation to this end, to take also into account the gap seen against market practices for similar companies.

The Board of Directors has already noted that in the event of reassessment of the fixed part of his compensation, this would be consistent with the principles laid down in the AFEP-MEDEF Code, since it would be carried out a relatively long time after the Chief Executive Officer's fixed compensation had last been increased. Where appropriate, the amount of Paul Boudre's new compensation, as well as the reasons for it, will be made public.

Finally, pursuant to Article L. 225-100 of the French Commercial Code, the shareholders would be invited to approve this new compensation at the Shareholders' General Meeting (*ex post* say-on-pay).

Furthermore, the Board of Directors has decided that, the variable part of Paul Boudre's compensation for the 2018-2019 fiscal year could range from 0% to 165% of the fixed portion.

Hitting the target values set by the Board on the recommendation of the Compensation Committee should give rise to a variable portion amounting to 100% of the fixed portion, with budgetary commitments accounting for 90% of the target financial criteria (as in the previous two fiscal years). Exceeding the target values of the objectives may be taken into account for up to 150%. Finally, Paul Boudre's compensation would be increased by 10% if an additional strategic objective is reached, which would bring the variable part of his compensation to 165% of the fixed part.

The variable portion of Paul Boudre's compensation would be calculated in accordance with the fulfillment of entirely quantifiable objectives:

- financial objectives, representing 75% of all the objectives applicable to the variable portion: revenue level, EBITDA in absolute value and the cash level would be measured at 2018-2019 fiscal year-end, and
- strategic objectives, representing 25% of all the objectives applicable to the variable portion: the achievement during 2018-2019 fiscal year of some contributions identified as primary growth levers for the Company would be measured.
- an additional strategic objective, which, if achieved during the 2018-2019 fiscal year, would generate a 10% increase in the variable compensation that Paul Boudre could obtain on the basis of the two sets of objectives mentioned in the two points above, thus increasing the maximum proportion of his annual variable compensation to 165% of the fixed portion.

The amount of compensation paid would be calculated on a gross basis.

Moreover, Paul Boudre would have benefits in kind including in particular a car and a voluntary insurance policy against employment loss, as well as complementary retirement schemes of the same nature as those already existing during the past fiscal year.

Finally, Paul Boudre, in his capacity as a Board member, would not receive any compensation beyond that which he would receive in consideration for his position as Chief Executive Officer and Paul Boudre would not receive any additional compensation or directors' fees from any company under the Company's control.

— **With respect to the Chairperson of the Board of Directors:**

In his capacity as Chairman of the Board of Directors, Thierry Sommelet would receive fixed annual compensation amounting to €50,000 gross a year payable on one or more occasions during the fiscal year.

Thierry Sommelet would also be entitled to directors' fees for attending meetings of the Board and the committees he sits on, namely the Audit and Risks Committee, the Strategic Committee, and the Restricted Strategic Matters Committee, under the same conditions as the directors of the Company, other than Paul Boudre.

Pursuant to Article L. 225-100 II of the French Commercial Code, the amounts resulting from the implementation of principles and criteria set out above, comprising the compensation policy for executive corporate offices for the current fiscal year ending March 31, 2019, will be submitted to the shareholders for approval at the Shareholders' General Meeting, which will be called in 2019 to cast a vote on the financial statements for said fiscal year. Furthermore, in accordance with Article L. 225-37-2 of the French Commercial Code, payment of variable and exceptional compensation to executive corporate officers will be subject to approval of the compensation of the person concerned by an Ordinary Shareholders' General Meeting under the conditions provided for in Article L. 225-100 of said Code.

15.2 SUMS PROVISIONED FOR THE PURPOSE OF PAYING PENSIONS SCHEMES, RETIREMENT SCHEMES OR OTHER BENEFITS

In addition to compulsory supplementary schemes, the Company has set up the following schemes for all or certain Company employees, as well as for Paul Boudre.

These schemes are compliant with the recommendations of the AFEP-MEDEF Code about supplementary retirement schemes for the corporate officers.

— **Article 83 – Supplementary defined benefits retirement scheme:**

Within this retirement scheme, the rights are individualized according to the contribution rate.

The rights to defined benefits are vested even in case of resignation or dismissal.

At retirement, annuity settlement is compulsory.

In case of death before retirement, the designated beneficiary shall receive a capital lump sum.

In case of death after retirement, if the reversion has been chosen, all or part of the pension is paid to the partner in life or to other beneficiaries if the agreement so provides.

For all its employees, as well as for Paul Boudre, the Company contributes between 1.80% and 4.71% of gross compensation depending on employee salaries and categories.

— **Article 39 – Supplementary defined benefits pension scheme set up for certain senior executives (of which there are seven for the 2017-2018 fiscal year) and for Paul Boudre:**

Within this collective retirement scheme, the rights are based on a percentage of the last compensation. The period and amount of the reference salary correspond to the gross compensations of the last 12 months, excluding exceptional compensations or premiums.

Rights relating to defined benefits are lost in case of termination of the employment within the Company before retirement, other than in the event of involuntary departure after the age of 55 where no further employment is held before retirement.

At retirement, annuity settlement is compulsory.

In terms of percentage of the reference compensation, annual potential rights correspond to 9.80% of the annual gross compensation (as described above), after deduction of the annuity settlement paid as per Article 83 scheme.

On March 31, 2018, the sums provisioned for the purpose of making pension payments, retirement payments or other benefits for the nine ExCom members amounted to €1,901 thousand.

With regard to the amount provisioned by the Company for the 2017-2018 fiscal year to make pension payments, retirement payments or other benefits to Paul Boudre, they represented a total of €1,385 thousand at March 31, 2018. Note that at year-end 2017-2018, the estimated retirement pension amount that could be paid to Paul Boudre under Article 39 totaled €53 thousand.



FUNCTIONING OF THE ADMINISTRATIVE AND MANAGEMENT BODIES



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16.1 TERMS OF OFFICE OF THE ADMINISTRATIVE AND MANAGEMENT BODIES

Please refer to the summary table found in paragraph 14.1.1.1.9 of this Registration Document.

16.2 SERVICE AGREEMENTS PROVIDING FOR THE GRANTING OF FUTURE BENEFITS

There is no service contract binding the administrative or management bodies with the Company or any of its affiliates or granting any future benefits of such a contract.

16.3 BOARD OF DIRECTORS' COMMITTEES

As of April 1, 2017, in accordance with the deliberations of the Board of Directors' meeting dated November 16, 2004 and April 29, 2016, the latter was equipped with the following four permanent Committees:

- the Audit and Risks Committee;
- the Compensation and Nomination Committee;
- the Strategic Committee;
- the Restricted Strategic Matters Committee.

During its meeting held on November 29, 2017, the Board of Directors decided to split the Compensation and Nomination Committee into two separate committees: the Compensation Committee, on the one hand, and the Nomination Committee, on the other. On this occasion, all the Board members of the former Compensation and Nomination Committee became members of the two newly created Committees. Furthermore, Douglas Dunn, elected as senior independent director by his peers on the same date, joined the Nomination Committee. Lastly, Nadine Foulon-Belkacémi retained chairmanship of the Compensation Committee, and Laurence Delpy was elected to head the Nomination Committee.

As a result, since November 29, 2017 and to date, five of the Board of Directors' permanent Committees co-exist in the Company.

The Committees are tasked with providing in-depth thought and analysis to the Board of Directors before its discussions, and contributing to the decision-making process.

The Committees do not have any decision-making power, and the opinions or recommendations that the Committees submit to the Board of Directors are not binding to the Board of Directors in any way.

The composition, organization, practices and tasks of each of the five Committees are set out in the Internal Regulations of the Board of Directors, the stipulations whereof are detailed below.

A summary of the activity of the five Committees during the 2017-2018 fiscal year is outlined in paragraph 16.3.4 below.

16.3.1 COMPOSITION OF THE FIVE COMMITTEES

Members of the Committees must be directors and are appointed individually by the Board of Directors. A permanent representative of a legal entity who is a director may also be appointed to a Committee, provided that the replacement of this permanent representative results in immediate loss of status as a Committee member.

One person may be a member of several Committees.

The Chairperson of each Committee is appointed by of the Committee itself, among its members.

The term of office of a director appointed to one or more Committee(s) shall coincide with the duration of his or her term of office as a director.

The terms of office of Committee members may be renewed.

The following table summarizes changes in the composition of each of the Board of Directors' Committees from the beginning of the 2017-2018 fiscal year and to date:

Full name or Company name	Changes during the 2017-2018 fiscal year			Attendance as of April 1, 2017				Attendance as of March 31, 2018 and to date				Average attendance rate at Committee meetings	
	First appointment	Reappointment	Expiration/Resignation	Audit and Risks Committee	Compensation and Nomination Committee	Strategic Committee	Restricted Strategic Matters Committee	Audit and Risks Committee	Compensation Committee	Nomination Committee	Strategic Committee		Restricted Strategic Matters Committee
Thierry Sommelet	11/29/2017 ⁽¹⁾	-	-	-	-	-	-	✓	✗	✗	✓	✓	100%
Paul Boudre	-	-	-	✗	✗	✓	✗	✗	✗	✗	✓	✗	100%
Monica Beltrametti	-	-	-	✓	✓	✓	✗	✓	✓	✓	✓	✗	88%
Bpifrance Investissement (represented by Thierry Sommelet)	-	-	11/29/2017	✓	✗	✓	✓	-	-	-	-	-	90%
Bpifrance Participations (represented by Sophie Paquin)	-	-	-	✗	✓	✗	✗	✗	✓	✓	✗	✗	100%
CEA Investissement (represented by Guillemette Picard)	-	-	-	✗	✓	✗	✗	✗	✓	✓	✗	✗	81%
Laurence Delpy	-	-	-	✓	✓	✓	✓	✓	✓	✓☆	✓	✓	98%
Victoire de Margerie	07/26/2017	-	11/28/2017	-	-	-	-	-	-	-	-	-	-
Douglas Dunn	-	07/26/2017	-	✗	✗	✓☆	✗	✗	✗	✓	✓☆	✗	82%
Nadine Foulon-Belkacémi	-	-	-	✓	✓☆	✗	✓	✓	✓☆	✓	✗	✓	73%
Nabeel Gareeb	11/29/2017 ⁽²⁾	-	-	-	-	-	-	✗	✗	✗	✓	✗	100%
Christophe Gegout	-	-	-	✓☆	✗	✓	✓	✓☆	✗	✗	✓	✓	75%
Joseph Martin	-	-	07/26/2017	✓	✓	✗	✗	-	-	-	-	-	90%
Satoshi Onishi	-	-	-	✗	✗	✗	✗	✗	✗	✗	✗	✗	-
Weidong (Leo) Ren	-	-	-	✓	✓	✗	✗	✓	✓	✓	✗	✗	86%
Xi Wang	-	-	11/29/2017	✗	✗	✓	✗	-	-	-	-	-	100%
TOTAL/AVERAGE	3	1	4	7	7	7	4	6	6	7	7	4	90%

☆ means Chairman/Chairwoman of the Committee.

(1) Appointment by co-optation by the Board of Directors on November 29, 2017, for the period remaining in the term of Bpifrance Investissement, which resigned, ratified by the shareholders at the Shareholders' General Meeting on March 23, 2018.

(2) Appointment by co-optation by the Board of Directors on November 29, 2017, for the period remaining in the term of Xi Wang, who resigned, ratified by the shareholders at the Shareholders' General Meeting on March 23, 2018.

16.3.2 ORGANIZATIONAL AND OPERATING RULES OF THE FIVE COMMITTEES

16.3.2.1 Rules for all five Committees

Each Committee can meet at any time upon the request of the Chairperson, of a majority of its members, of the Chairman of the Board of Directors, or of one-third of the directors.

Each Committee's meetings are convened (via any means) by the Committee Chairperson or by two Committee members.

Committees can meet in person, via videoconference, or through other means of telecommunication that make it possible for their members to be identified.

For the Committee's meetings to be quorate, at least half of Committee members must be present or deemed to be present. A Committee member can be represented only by another member of the same Committee.

The Committees' working language is English.

At the end of each of its meetings, conclusions, proposals, opinions and/or recommendations of each of the five Committees are recorded in a report written in English that is communicated to the members of the Committee in question.

Each Committee Chairperson (or member of the Committee appointed for that purpose) reports the Committee's work to the Board of Directors along with the Committee's opinions and/or recommendations, enabling the Board of Directors to discuss and deliberate in full knowledge of the facts.

16.3.2.2 Specific rules for each of the five Committees

16.3.2.2.1 Frequency of meetings for the five Committees

The Audit and Risks Committee meets at least four times per year, and in particular before the annual and half-yearly financial statements are closed.

The Compensation Committee meets at least once a year, prior to the approval of the agenda of the Shareholders' Ordinary General Meeting, to examine the draft resolutions that will be submitted to the shareholders for voting and which concern the setting of the compensation of the Chairman of the Board of Directors, the Chief Executive Officer, any Deputy CEO(s), and any members of the Board of Directors who are salaried or corporate officers.

The Compensation Committee meets at least once a year, prior to the approval of the agenda of the Ordinary Shareholders' General Meeting, to examine the draft resolutions that will be submitted to the shareholders for voting and which concern the terms of office of the members of the Board of Directors.

The Strategic Committee meets at least twice a year.

The Restricted Strategic Matters Committee meets as often as it deems necessary.

16.3.2.2.2 Additional participants in the five Committees' meetings

For the Audit and Risks Committee, the following people attend meetings in addition to Committee members:

- the Chief Financial Officer or his deputy for that purpose, or these two persons together;
- as the case may be, the Statutory Auditors' representatives or the Company's head of internal control;
- the Secretary of the Board of Directors;
- any person whom the Audit and Risks Committee wishes to hear.

Regarding the Compensation Committee and the Nomination Committee, none of whose members can be a corporate officer, the Chief Executive Officer may be invited to meetings of these two Committees. Within the Compensation Committee, the Chief Executive Officer cannot take part in deliberations concerning his compensation. Within the Nomination Committee, the Chief Executive Officer is a party to the work involved in the selection or appointment of new directors.

The CEO is invited to each meeting of the Strategic Committee (if he is not already a member of it).

He is also invited to all meetings of the Restricted Strategic Matters Committee.

16.3.2.2.3 Independence of the members of the five Committees

In accordance with the recommendation in paragraph 8.4 of the AFEP-MEDF Code, the Board of Directors in its meeting held on June 13, 2018, and on recommendation of the Nomination Committee, assessed and reviewed the circumstances of each director, especially with regard to the independence criteria outlined in paragraph 8 of the AFEP-MEDEF Code.

Detailed comments made by the Board of Directors on this subject are detailed in paragraph 14.1.1.3 of this Registration Document.

In summary, with regard to the five Committees, the Board of Directors has deemed that:

- 3 of the 6 Audit and Risks Committee members are independent directors, i.e. a percentage of 50%;
- 3 of the 6 Compensation Committee members are independent directors, i.e. a percentage of 50%;
- 3 of the 7 Nomination Committee members are independent directors, i.e. a percentage of 42.86%;
- 2 of the 7 Strategic Committee members are independent directors, i.e. a percentage of 28.57%;
- 2 of the 4 Restricted Strategic Matters Committee members are independent directors, i.e. a percentage of 50%.

16.3.3 TASKS AND POWERS OF THE FIVE COMMITTEES

16.3.3.1 Tasks and powers of the Audit & Risks Committee

The Audit and Risks Committee assists the Board of Directors in ensuring the accuracy and fairness of the Company's statutory and consolidated financial statements and the quality of the information provided.

In accordance with Article L. 823-19 of the French Commercial Code and the AFEP-MEDEF Code, the Board of Directors entrusts it with the task:

- (i) as regards the accounts and financial information:
 - to monitor the quality of the procedures for preparing the financial information and ensure that their implementation is monitored,
 - to examine the annual financial statements before they are presented to the Board of Directors for approval; To this end, the Audit and Risks Committee hears (i) the Statutory Auditors, who present the main points concerning the results and accounting methods used, and (ii) a presentation from the Chief Financial Officer describing the risk exposure and material off-balance-sheet commitments,
 - to ensure the relevance of accounting methods used and examine changes in accounting principles and rules used in preparing the financial statements, and preventing any breach of these rules,
 - to monitor any changes in the scope of consolidated companies and receive, if any, all necessary explanations,
 - to examine the intermediate and preliminary results as well as the accompanying comments before publication,
 - to ensure the quality of procedures in place, ensuring compliance with stock market regulations,
 - to be informed on an annual basis of the financial strategy and conditions of the Group's main financial transactions;
- (ii) concerning the Company's external audit:
 - to regularly communicate with the Company's Statutory Auditors,
 - to manage the procedure for selecting the Statutory Auditors and submit the result of such selection to the Board of Directors; Upon decision of the Board of Directors, the selection and renewal of the Statutory Auditors is preceded by a call for tenders,
 - to assess the proposals for appointing Company Statutory Auditors and issue a recommendation regarding their appointment,
 - each year, to assess the amount of their compensation for conducting statutory audits,
 - to ensure the Statutory Auditors' independence, in particular by assessing with them the risks affecting their independence and the safeguarding measures taken to mitigate such risk and by ensuring that the amount of fees paid by the Company and its Group, or the portion it represents in the revenue of such firms and networks, is such as not to threaten the independence of the Statutory Auditors,
 - to supervise the enforcement of the rules for the use of Statutory Auditors for work other than statutory audit and pre-approve the use of the Statutory Auditors for such work; Within this framework, in an Audit and Risks Committee charter as validated on November 29, 2017 and appended to the Internal Regulations of the Board of Directors, the latter has set the rules applicable to the procedure of pre-approval by the Audit and Risks Committee for services other than the certification of accounts that may be entrusted to the Company's Statutory Auditors and their networks,

- each year, to examine with the Statutory Auditors their audit schedules, conclusions and recommendations, and any follow-up;
- (iii) concerning the Company's internal control:
 - to assess, with those responsible for internal audit, the Group's internal control systems,
 - to examine, with those responsible for internal control, their action plans and conclusions of such action plans, recommendations and follow-up,
 - to examine and formulate recommendations concerning annual capital expenditure,
 - to examine and formulate recommendations concerning exceptional capital expenditure that is not included in the annual capital expenditure;
- (iv) as regards risks:
 - to regularly review with the head of internal control, the Company's main financial risks and material off-balance-sheet commitments,
 - to give its opinion on the organization of internal control and be informed of this department's work schedule,
 - to examine the relevance of risk analysis and monitoring procedures, by ensuring the implementation of a procedure for identifying and preventing major risks associated with the Group's activities.

In an Audit and Risks Committee charter, which was approved by the Board of Directors on November 29, 2017 and since that date has been appended to its Internal Regulations, and in the absence of a procedure imposed by the texts, the Audit and Risks Committee has set up a procedure that allows it to meet its obligations under Article L. 822-11-2 of the French Commercial Code regarding the approval of services other than the certification of accounts that may be provided by the Statutory Auditors or their networks.

Under the terms of said charter, each year, the Audit and Risks Committee will review and pre-approve the list of these services and the list of prohibited services. If needed, these lists may be reviewed and amended by the Audit and Risks Committee at any time. The duration of any pre-approval will be 12 months, unless decided otherwise by the Audit and Risks Committee.

The Appendices of the said charter present:

- account certification services that do not require the prior approval of the Audit and Risks Committee other than that required for the audit fees budget;
- services other than the certification of accounts required by the texts, the implementation of which is required by the law or a regulation, which does not require the prior approval of the Audit & Risks Committee ⁽¹⁾;
- services other than the certification of non-prohibited accounts, receiving prior approval according to the type of tasks ⁽²⁾. This prior approval according to type is adapted for services usually provided by the Statutory Auditor, for which an independence analysis has already been carried out, and which do not present risks for the independence of the Statutory Auditors. The list of these pre-approved services by type will be reviewed at least once a year by the Audit and Risks Committee;
- services other than the certification of non-prohibited accounts, which require individual approval. The Audit and Risks Committee makes a decision after analyzing the risks in terms of independence and the safeguard measures applied by the Statutory Auditor. It formalizes its conclusions; and
- those tasks which the Statutory Auditors and their network are prohibited from carrying out.

(1) as confirmed by H3C on November 7, 2016.

(2) as confirmed by H3C on July 26, 2017.

To fulfill its remit, the Audit and Risks Committee undertakes the following:

- it must hear the Statutory Auditors, as well as the Chief Financial Officer and the heads of the Accounting and Treasury Departments. Such discussions must be able, when the Audit and Risks Committee desires it, to be held outside the presence of the Company's General Management;
- the Committee may also commission, when needed, external experts on topics under its remit, the cost of which is to be borne by the Company, after having informed the Board of Directors and provided it reports its findings to the Board of Directors at its next meeting;
- as regards internal control, the Audit and Risks Committee must receive the internal audit reports or a periodic summary of such reports;
- it must receive from the Board of Directors the documentation needed for each meeting at least eight (8) days before the meeting.

16.3.3.2 Tasks and powers of the Compensation Committee

The Compensation Committee is charged by the Board of Directors with:

- submitting to the Board of Directors recommendations on the compensation, pension and personal protection schemes, benefits in kind and various financial rights, attributed to the Chairman of the Board of Directors, to the CEO, to the Chief Operating Officers and any salaried members of the Board of Directors or corporate officers;
- submitting to the Board of Directors recommendations concerning allocations of options allowing subscription or acquisition of shares of the Company, as well as allocations of free shares or any other financial instrument to the Group's corporate officers and/or employees;
- making recommendations on the compensation of members of the Board of Directors;
- making recommendations on the CEO's and Chief Operating Officers' compensation, including setting the criteria of the variable compensation;
- being informed of the compensation policy for the principal senior executives who are not corporate officers. Particularly when undertaking this task, the Compensation Committee consults the corporate officers.

16.3.3.3 Tasks and powers of the Nomination Committee

The Nomination Committee is charged by the Board of Directors with:

- implementing a procedure to select future independent directors;
- submitting proposals to the Board of Directors on the selection of new directors, their co-optation, appointment or renewal; the Nomination Committee takes account of the desired balance of the composition of the Board of Directors in view of the composition and change in the Company's shareholding;
- preparing, nearing expiry of their terms of office, recommendations for the succession of corporate officers; it must also prepare a replacement plan in the event of unforeseeable vacancy.

16.3.3.4 Tasks and Powers of the Strategic Committee

The Strategic Committee's tasks are as follows:

- to assist the Board of Directors in that of its powers which consists in determining and regularly reviewing the Company's and Group's strategy;
- and to this end, analyze the Group's situation and vectors of growth in order to submit proposals to the Board of Directors on the Group's strategy; and

- through its examination and discussions, clarify the Group's strategic objectives submitted to the Board of Directors and to assess the validity and consequences of the most important strategic decisions submitted to the Board of Directors.

The Strategic Committee may, in the exercise of its duties, contact the Company's principal executives after having informed the Chairman of the Board of Directors and provided it reports its findings to the Board of Directors.

The Strategic Committee may also commission external technical studies on topics under its remit, the cost of which is to be borne by the Company, after having informed the Board of Directors and provided it reports its findings to the Board of Directors at its next meeting.

16.3.3.4 Tasks and powers of the Restricted Strategic Matters Committee

The Restricted Strategic Matters Committee's responsibility is to report on any planned transfer (whether by sale, license or by any other means) or any other joint venture project involving Smart Cut™, and to issue recommendations to the Board of Directors accordingly.

16.3.4 ACTIVITIES OF THE FIVE COMMITTEES DURING THE 2017-2018 FISCAL YEAR

16.3.4.1 Activity of the Audit and Risks Committee

During the 2017-2018 fiscal year, the Audit and Risks Committee met eight times, with a member attendance rate of 80.31%.

For the purposes of carrying out its mission, the Committee had the opportunity for independent discussions with the Company's statutory auditors.

At each closing of the statutory and consolidated financial statements, the Audit and Risks Committee verified that such closing was undertaken properly and read the statutory auditors' report, which included a review of all the Company's consolidation transactions and accounts.

The Committee also examined the off-balance-sheet commitments, as well as the risks and accounting options retained for establishing provisions. In addition, the Committee reviewed the terms of the financial press releases and financial reports published by the Group in the 2017-2018 fiscal year as well as the financial, accounting and economic elements submitted for shareholder approval at the Shareholders' General Meetings on July 26, 2017 and March 23, 2018.

The Committee also examined the report by the Chairman of the Board on corporate governance, internal control and risk-management procedures, drawn up in the previous fiscal year ended March 31, 2017, in accordance with the provisions in force of Article L. 225-37 of the French Commercial Code.

Furthermore, the Committee reviewed the developments in applicable legal and accounting regulations. Within this context, the Committee worked towards implementing a charter to determine the rules by which it will monitor and validate information provided by the statutory auditors other than that used to certify the financial statements (also known under the acronym "SACC" in French language). This charter was validated by the Board of Directors on January 30, 2018 and has since been appended to its Internal Regulations. The Committee also participated in the work carried out to ensure the Group complies with the provisions of Law no. 2016-1691 of December 9, 2016, the so-called "Sapin II Law" and reminded management of the importance of implementing the means to be perfectly compliant as soon as possible.

During the fiscal year ended March 31, 2018, the other main topics treated by the Audit and Risks Committee included:

- the early redemption of the 2018 OCEANES bonds issued by the Company in 2013, and redeemed in July/August 2017, which enabled the Company to pay down debt in the amount of €41.8 million, build up equity and report a positive net cash position;
- the Group's business and its key strategic directions for the next five years;
- the Group's subsidiaries and holdings, notably in Frec|n|sys, acquired in October 2017;
- the review of the statutory provisional financial statements;
- the review of the 2018-2019 budget; and
- the review of undertakings, endorsements and guarantees granted by the Company.

16.3.4.2 Activity of the Compensation and Nomination Committee

During 2017-2018, before the Board of Directors' voted on November 29, 2017 to split the Compensation and Nomination Committee into two separate entities, this Committee met eight times, with an attendance rate of 97.50%.

Its recommendations mainly concerned the following:

- the self-assessment by the Board of Directors of work carried out in the 2016-2017 fiscal year;
- the renewal of Douglas Dunn's director mandate which was submitted for Shareholder approval at the Shareholders' General Meeting on July 26, 2017;
- the selection of Victoire de Margerie as a candidate to succeed Joseph Martin, whose term as director expired at the above Shareholders' General Meeting;
- the change in the Company's corporate governance, which resulted in the appointment on the same date of Victoire de Margerie as Chairwoman of the Board of Directors, and the dissociation of the duties of Chairman of the Board and Chief Executive Officer, in line with best practices;
- the change in the composition of the Board of Directors' Committees;
- the amount of the variable part of the Chief Executive Officer's compensation for the 2016-2017 fiscal year;
- the compensation policy for executive corporate officers for the 2017-2018 fiscal year;
- the new allocation rules relating to directors' fees for the 2017-2018 fiscal year;
- the further implementation of the July 26, 2016 free preferred-share allocation plan; and
- the implementation of 2 free ordinary-share allocation plans reserved for employees in compensation for their past efforts and in recognition of their seniority.

16.3.4.3 Activity of the Compensation Committee

Between November 29, 2017, when the Board of Directors voted to split the Compensation and Nomination Committee into two separate entities, and the closing of the 2017-2018 fiscal year, the Compensation Committee met three times, with an attendance rate of 94.4%.

The main topics addressed by the Compensation Committee at these three meetings were:

- the implementation of two free ordinary-share allocation plans reserved for employees in compensation for their past efforts and in recognition of their seniority;

- the continuation of the July 26, 2016 free preferred-share allocation plan;
- the principles and the criteria for the determination, breakdown and attribution of the Chief Executive Officer's variable compensation for the 2018-2019 fiscal year.

16.3.4.4 Activity of the Nomination Committee

Between November 29, 2017, when the Board of Directors voted to split the Compensation and Nomination Committee into two separate entities, and March 31, 2018, the Nomination Committee met nine times, with an attendance rate of 81%.

On its agenda were:

- the corporate officers' succession plan;
- the selection of Eric Meurice as candidate to succeed Douglas Dunn as senior independent director and Chairman of the Strategic Committee. Douglas Dunn's term of office will expire at the end of the Shareholders' General Meeting called for July 26, 2018, because he has reached an age limit set by the Internal Regulations of the Board of Directors;
- the renewal of Satoshi Onishi's directorship, which will be submitted for shareholders' approval at the aforementioned July 26, 2018 Shareholders' General Meeting; and
- the self-assessment by the Board of Directors for the 2017-2018 fiscal year;

16.3.4.5 Strategic Committee business

During the 2017-2018 fiscal year, the Strategic Committee met four times, with an attendance rate of 91.7%.

The main topics addressed by the Committee at these four meetings were:

- the Group's business and its strategy for the next five years;
- the launch of a pilot FD-SOI substrate production line at the Group's plant in Singapore; and
- the Group's subsidiaries and holdings, notably in Frec|n|sys, acquired in October 2017.

16.3.4.6 Restricted Strategic Matters Committee business

The Restricted Strategic Matters Committee held no meetings in the 2017-2018 fiscal year.

16.4 STATEMENT ABOUT CORPORATE GOVERNANCE

The Company has adopted the AFEP-MEDEF Code of Corporate Governance for Publicly Listed Companies as amended in November 2016 (the **AFEP-MEDEF Code**) as its corporate governance **reference framework**.

This Code may be consulted at the following site www.afep.com, using this link:

<http://www.afep.com/uploads/medias/documents/Code%20de%20gouvernement%20d'entreprise%20des%20soci%C3%A9t%C3%A9s%20cot%C3%A9es%20novembre%202016.pdf>

The following recommendations of the AFEP-MEDEF Code are exceptions within the Company, as stated below:

Recommendation by AFEP-MEDEF	Company's position and justification
<p>Recommendation relating to the independence of the senior independent director (paragraph 6.3): The senior independent director should be independent.</p>	<p>Douglas Dunn, although a non-independent director, was selected by his peers to become a senior independent director because of his outstanding career in the electronics industry (including forty-three years in the semiconductors sector), and due to his role as a Company director for more than thirteen years and his proven experience in governance. The directors considered that all of Douglas Dunn's qualifications justified a derogation from the recommendation of the AFEP-MEDEF Code concerning the independence of the senior independent director.</p> <p>The same reasoning led the Board of Directors to select Eric Meurice to succeed Douglas Dunn as senior independent director (subject to his prior appointment as director by the shareholders on the occasion of the Shareholders' General Meeting convened for July 26, 2018), despite the fact that Eric Meurice is also non-independent as a result of the term of the directorship that he has been exercising since April 2014 at NXP Semiconductors N.V, counted among the Company's main clients.</p> <p>In fact, his experience as a senior manager and executive director of many world-renowned technology companies, acquired mainly in the semiconductor sector, the multicultural dimension of his career, as well as his current experience as a director of international companies were determining factors considered in the Board of Directors' decision-making process.</p>

FUNCTIONING OF THE ADMINISTRATIVE AND MANAGEMENT BODIES

Statement about corporate governance

Recommendation by AFEP-MEDEF	Company's position and justification	Recommendation by AFEP-MEDEF	Company's position and justification
<p>Recommendation relating to the proportion of independent directors on the Board of Directors (paragraph 8.3): The proportion of independent directors should amount to half of the members of the Board of Directors in widely held companies without controlling shareholders.</p>	<p>With 3 directors satisfying the conditions of independence stated in paragraph 8 of the AFEP-MEDEF Code out of a total of 12 members of the Board of Directors, the proportion of independent directors is 25%. While the quality of the Board of Directors cannot be summed up as the percentage of independent directors serving on the Board but rather the fact that all members must, above all, be honest, competent, active, present and involved (as defined in paragraph 8.1 of the AFEP-MEDEF Code), the Company is pursuing its objective to increase the proportion of independent directors serving on its Board of Directors. To this end, since the beginning of the 2016-2017 fiscal year, the Board of Directors has focused its search for future directors on candidates qualifying for independent status, while respecting the appropriate balance of the Board's composition notably in terms of skills and diversity, as well as the provisions relative to the Board of Directors specified in the shareholders' agreement (see paragraph 14.1.1.1.1 of the present Registration Document).</p>	<p>Recommendation relating to the makeup of the Audit Committee (paragraph 15.1): The proportion of independent directors on the Audit Committee must be at least two-thirds.</p>	<p>With 3 satisfying the conditions of independence out of six directors on the Audit and Risks Committee, the proportion of independent directors on that Committee is 50%. The Audit and Risks Committee is composed of all three independent directors serving on the Board of Directors and three other non-independent directors who have been selected as members of this Committee due to their accounting and financial expertise, in accordance with the recommendation of paragraph 15.1 of the AFEP-MEDEF Code.</p>
<p>Recommendation relating to the meetings of the Board of Directors (paragraph 10.3): It is recommended that a meeting be set up each year without the senior executive company officers in attendance.</p>	<p>While no Board of Directors' meetings were officially organized without the presence of the Chief Executive Officer in the 2017-2018 fiscal year, the Company's non-Executive Directors met on several occasions within the context of the Board of Director and Committee meetings.</p>	<p>Recommendation relating to the composition of the Nomination Committee (paragraph 16.1): The majority of directors serving on the Nomination Committee must be independent.</p>	<p>With 3 directors satisfying the conditions of independence out of seven directors on the Nomination Committee, the proportion of independent directors on said Committee is 42.86%. The Nomination Committee, separated from the Compensation Committee on November 29, 2017, is composed in a balanced manner: it comprises the three independent directors serving on the Board of Directors, three non-independent directors appointed on a proposal from the Company's three strategic investors, and the senior independent director.</p>
<p>Recommendation relating to term of duties of directors (paragraph 13.2): Terms are staggered in order to avoid reappointment of the Board en masse and to ensure that the reappointment process operates smoothly.</p>	<p>The terms of 10 out of 12 directors will expire simultaneously at the close of the Shareholders' General Meeting called to cast a vote on the financial statements for the current fiscal year ending on March 31, 2019. The coinciding of these term endings is due to the following events, all of which occurred during the same fiscal year, 2016-2017:</p> <ul style="list-style-type: none"> the need to introduce women into the Board of Directors resulted in the appointment of three new directors on April 11, 2016; the signature of a shareholders' agreement with Bpifrance Participations, CEA Investissement and National Silicon Industry Group (see below) resulted in the appointment of four new directors on May 2, 2016; the reduction of the term of directors from four to three years that was approved on July 25, 2016, resulted in the expiration of the term of one director and that person's reappointment on the same date. <p>In the light of this deadline, the Nomination Committee is tasked with identifying and reflecting on specific points related to the evolving composition of the Board of Directors and the introduction of a better process to stagger director mandates.</p>	<p>Recommendation relative to the composition of the Compensation Committee (paragraph 17.1): The majority of directors serving on the Nomination Committee must be independent.</p>	<p>With 3 directors satisfying the conditions of independence out of seven directors on the Compensation Committee, the proportion of independent directors on that Committee is 50%. The Compensation Committee, separated from the Nomination Committee on November 29, 2017, is composed in a balanced manner: it comprises the three independent directors serving on the Board of Directors and three non-independent directors appointed on a proposal from the Company's three strategic investors.</p>

Recommendation by AFEP-MEDEF	Company's position and justification
<p>Recommendation relating to director ethics (paragraph 19): Excluding legal provisions to the contrary, a director must personally own shares, in accordance with the stipulations of the Articles of Association and rules of procedure, and own a minimum number of shares that is significant with regard to directors' fees.</p>	<p>Article 1 d) of the Board of Directors' Rules of Procedure stipulates that <i>"In accordance with Article 13 of the Company bylaws, directors are not obliged to hold shares in the Company. However, in order to comply with paragraph 19 of the Corporate Governance Code, unless otherwise required by law, the directors (both natural persons and permanent representatives of corporate legal entities) will ensure that they are shareholders of the Company in their personal capacity and have a minimum number of shares that is significant in relation to the directors' fees allocated.</i></p> <p><i>One hundred (100) registered shares is considered a significant number of shares. Directors are prohibited from transferring these shares during their term of office."</i></p> <p>Nevertheless, the legal and regulatory provisions relating to securities transactions carried out by the executives of listed companies, as well as those relating to the prevention of insider transactions, make the purchase of shares by directors a complex operation.</p> <p>Accordingly, at present only six of the Board's twelve members are shareholders in the Company.</p>
<p>Recommendation relating to director ethics (paragraph 19): Directors regularly attend and participate in all meetings of the Board and meetings of any committees to which they may belong; they also attend Shareholders' General Meetings.</p>	<p>The average rate of attendance at Board and Committee meetings was 87.3% during the 2017-2018 fiscal year.</p> <p>Firstly, it should be noted that, in accordance with the rules of good governance also cited in the Rules of Procedure of the Board of Directors, in the event of a real or potential conflict of interest, the director concerned shall recuse themselves from participating in discussions or any decision within the Board of Directors or its Committees concerned, and shall not have access to documents related to said conflict or potential conflict. In such cases, the director concerned will be considered absent from the meeting held on this subject.</p> <p>In addition, directors make their best effort to be able to participate either in person or via conference call in as many Board and Committee meetings as possible, or they ensure they are represented if they cannot attend.</p> <p>Nevertheless, Distance and time zones that exist between places of residence and workplaces of the 12 directors, as well as their respective professions, sometimes make attendance difficult.</p> <p>Finally, the large number of meetings held during the fiscal year ended March 31, 2018 (nine at Board level and 32 at Committee level) made it more difficult for directors to participate in all the meetings to which they were convened.</p> <p>Regarding director attendance at Shareholders' General Meetings, it should be noted that nine out of the 13 directors attended the last Annual Shareholders' General Meeting held on July 26, 2017.</p>
<p>Recommendation relating to the termination of an employment contract upon appointment as corporate officer (paragraph 21.1): It is recommended that an employee's employment contract be terminated when that employee becomes a corporate officer of the Company or a company of the Group, either through contractual termination or by resignation.</p>	<p>The Board determined that in the case of Mr Paul Boudre, his seniority at the time of appointment justified his retaining his employment contract; this contract was established prior to his taking up his duties as Chief Operating Officer, then Chief Executive Officer.</p>

Recommendation by AFEP-MEDEF	Company's position and justification
<p>Recommendation relating to the obligation of corporate officers to own shares (paragraph 22): The Board of Directors sets a minimum number of shares that corporate officers must own in registered form up until the end of their functions.</p>	<p>The Board of Directors did not set a minimum number of shares that corporate officers must own in registered form up until the end of their duties.</p> <p>Notwithstanding, Paul Boudre currently owns 13,122 registered shares in the Company.</p> <p>In addition, pursuant to Article L. 225-197-1 of the French Commercial Code concerning the ordinary shares that could be attributed to Paul Boudre should he fulfill the conditions set out in the free preferred-share allocation plan implemented by the Board of Directors on July 26, 2016, the Board decided that 10% of these shares must be held in registered form by Paul Boudre until the end of his duties as Chief Executive Officer of the Company.</p> <p>Finally, the Internal Regulations of the Board of Directors stipulate that all directors, with the exception of elected employee directors, must hold a significant number of Company shares, which is fixed at 100 shares, registered in registered form.</p>
<p>Recommendation relating to the conclusion of a non-competition agreement with corporate officers (paragraph 23.1): The purpose of the conclusion of a non-competition agreement is to restrict the freedom of a corporate officer to work for a competitor.</p>	<p>No non-competition agreement has been concluded with Mr Paul Boudre since he has been a corporate officer of the Company.</p> <p>Notwithstanding, his employment contract, which has not been terminated despite the existence of his corporate duties (see above), contains a non-competition clause.</p>



EMPLOYEES AND CORPORATE SOCIAL RESPONSIBILITY



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17.1 JOB INDICATORS

Total headcount (including registered employees) at March 31, 2018: 1,092 employees, of which 127 on fixed-term contracts vs. 942 at March 31, 2017.

For more information on employees, please refer to paragraph 17.4.2.1.

17.2 INTERESTS AND STOCK OPTIONS HELD BY THE ADMINISTRATIVE AND MANAGEMENT BODIES

17.2.1 INTERESTS HELD IN THE COMPANY'S SHARE CAPITAL BY THE ADMINISTRATIVE AND MANAGEMENT BODIES

17.2.1.1 Number of Company shares held by the administrative and management bodies

At June 13, 2018, the administrative and management bodies owned the following number of shares making up the share capital of the Company:

Name or Company name	Position	Number of shares owned
Thierry Sommelet	Chairman of the Board of Directors	0
Paul Boudre	CEO and director	13,122
Monica Beltrametti	Director	175
Bpifrance Participations (represented by Sophie Paquin)	Director	3,636,007
CEA Investissement (represented by Guillemette Picard)	Director	3,636,007
Laurence Delpy	Director	675
Douglas Dunn	Director	0
Nadine Foulon-Belkacémi	Director	0
Nabeel Gareeb	Director	0
Christophe Gégout	Director	0
Satoshi Onishi	Director	100
Weidong Ren	Director	0

17.2.1.2 Transactions on the financial instruments of the Company carried out by directors and persons closely associated with them

In accordance with Article L. 621-18-2 of the French Monetary and Financial Code and Articles 223-23 and 223-26 of the General Regulation of the AMF (French Financial Markets Authority), the tables below present, in chronological order, a summary of the transactions carried out on the Company's shares, during the 2017-2018 fiscal year and up to June 13, 2018, by the corporate officers, as well as by certain executives of the Company, and persons with whom they have close personal ties, insofar as the cumulative amount of said transactions made by any one of the aforementioned persons exceeded €20,000 during a calendar year.

Discloser	Bpifrance Participations	CEA Investissement	NSIG Sunrise S.A.R.L.
Position	Director	Director	Legal entity closely related to Weidong (Leo) Ren, director
Issuer	Soitec	Soitec	Soitec
Type of financial instrument	Ordinary shares	Ordinary shares	Ordinary shares
Financial instrument identification code	FR0013227113	FR0013227113	FR0013227113
Number of financial instruments	757,788	757,788	757,788
Type of transaction	Disposal	Disposal	Disposal
Transaction date	June 28, 2017	June 28, 2017	June 28, 2017
Place of transaction	Excluding trading platform	Excluding trading platform	Excluding trading platform
Unit price	€54.60	€54.60	€54.60
Total amount of the transaction	41,375,224.80	41,375,224.80	41,375,224.80

Discloser	Paul Boudre	Paul Boudre	Paul Boudre
Position	Chairman & CEO*	Chairman & CEO*	Chairman & CEO*
Issuer	Soitec	Soitec	Soitec
Type of financial instrument	Ordinary shares	Ordinary shares	Ordinary shares
Financial instrument identification code	FR0013227113	FR0013227113	FR0013227113
Number of financial instruments	678	678	678
Type of transaction	Donation	Donation	Donation
Transaction date	June 30, 2017	June 30, 2017	June 30, 2017
Place of transaction	Euronext Paris	Euronext Paris	Euronext Paris
Unit price	€54.49	€54.49	€54.49
Total amount of the transaction	€36,944.22	€36,944.22	€36,944.22

* Paul Boudre was Chairman & CEO on the date of the transaction. At June 13, 2018, he was Chief Executive Officer and director.

Discloser	Claire Boudre	Thomas Boudre	Charles Boudre
Position	Private individual closely related to Paul Boudre, Chairman & CEO*	Private individual closely related to Paul Boudre, Chairman & CEO*	Private individual closely related to Paul Boudre, Chairman & CEO*
Issuer	Soitec	Soitec	Soitec
Type of financial instrument	Ordinary shares	Ordinary shares	Ordinary shares
Financial instrument identification code	FR0013227113	FR0013227113	FR0013227113
Number of financial instruments	678	678	678
Type of transaction	Disposal	Disposal	Disposal
Transaction date	July 3, 2017	July 3, 2017	July 3, 2017
Place of transaction	Euronext Paris	Euronext Paris	Euronext Paris
Unit price	€53.00	€53.00	€53.00
Total amount of the transaction	€35,934.00	€35,934.00	€35,934.00

* Paul Boudre was Chairman & CEO on the date of the transaction. At June 13, 2018, he was Chief Executive Officer and director.

17.2.2 SHARE SUBSCRIPTION OR PURCHASE OPTIONS ATTRIBUTED TO ADMINISTRATIVE AND MANAGEMENT BODIES

The last stock-option and stock-purchase plans implemented by the Company (one of which was reserved for Paul Boudre, Chief Executive Officer) expired at the end of fiscal 2016-2017.

No share subscription or purchase options were attributed to the administrative and management bodies in fiscal year 2017-2018, either by the Company or the companies it controls within the meaning of Article L. 233-16 of the French Commercial Code, or the companies or consortia related to the Company under the conditions set forth in Article L. 225-180 of the French Commercial Code.

As of the date hereof, there are no share subscription or purchase option plans currently in force.

Please refer to the special report on transactions carried out on share subscription or purchase options for fiscal year 2017-2018, prepared in accordance with Article L. 225-184 of the French Commercial Code, in paragraph 21.1.5.2 of the present Registration Document.

For all intents and purposes, you are also invited to consult paragraphs 21.1.4.1.2 and 21.1.5.3 of the present Registration Document, which give details on the free preferred share allocation plan profiting to Paul Boudre, Chief Executive Officer, and also reproduces the special report on transactions carried out on free shares in fiscal year 2017-2018, prepared in accordance with the provisions of Article L. 225-197-4 of the French Commercial Code.

17.3 AGREEMENT PROVIDING FOR EMPLOYEES PROFIT-SHARING SCHEMES AND PARTICIPATION OF THE EMPLOYEES IN THE COMPANY'S SHARE CAPITAL

Readers are invited to consult paragraphs 21.1.4.1.2, 21.1.4.1.3, 21.1.5.2 and 21.1.5.3 of this Registration Document describing the free allocations of shares granted to the employees, giving them the opportunity, under certain conditions, to participate in the Company's share capital.

In accordance with Article L. 225-102 of the French Commercial Code, it is stated, on the basis of the information coming from the registered shareholders' list dated March 31, 2018, that the participation of the employees in the Company's share capital corresponds to 40,261 shares in registered accounts, *i.e.* approximately 0.13% of the capital.

17.4 CORPORATE SOCIAL RESPONSIBILITY

17.4.1 INTRODUCTION

Soitec's CSR strategy

Soitec is integrating its CSR strategy fully into its business. Decisions and deliberations are guided by the Group's commitment to achieve a more sustainable and more equitable world. Soitec's CSR strategy breaks down traditionally into three major sustainable development areas: People, Planet, and Ethical Business.

PEOPLE. In 2017-2018, economic growth was accompanied by large-scale recruitment, a program that will continue throughout 2018-2019 and which is particularly challenging with respect to team-profile diversification. In addition, reflections initiated in 2016-2017 on the style of management that could be adopted within the Group bore fruit in 2017-2018 with the implementation of several actions related to Quality of Working Life (QWL).

PLANET. The Grésivaudan Valley in France, the cradle of Soitec's history, is one of the most beautiful regions in the country, yet one of the most polluted. Soitec is therefore all the more attentive when it comes to issues regarding our Planet and strives every year to improve its installations and processes to take better account of the impact of its activities on climate change.

ETHICAL BUSINESS. Given that the products Soitec develops occupy a central position in the daily upheavals of life on the Planet in the medium term, the Company is exposed to a complex ecosystem with numerous customers and is positioned well upstream in the value chain, with specialized products made from rare resources. In its interactions, Soitec strives to act on a global scale in accordance with demanding social and ethical principles. In 2017-2018, Soitec notably reinforced its rules concerning issues, such as the fight against corruption and the protection of data and privacy. In addition, Soitec launched an extensive training program to initiate its employees in the Company's Code of good conduct to raise their awareness of business ethics.

FOCUS

THE TRANSFORMATION OF SOITEC

In January 2015, Soitec implemented a change of strategy by refocusing on its core business, microelectronics. This strategic shift prompted the new management team to launch the "Transformation Project," a program designed to implement an in-depth cultural, managerial and digital transformation. The Transformation program involves the fundamental aspects of the Company and its ways of working so as to gain in simplicity and agility and to give everyone the power to act in order to develop autonomy at all levels of the organization. This Transformation is a driver for improving Soitec's efficiency and performance. It aims to make the Company a lasting entity where it is good to work. The goal is to achieve long-lasting change in the Company's corporate culture. This transformation is based on four principles: simplicity, trust, responsibility and freedom of action. These principles move in the direction of greater responsibility, placing sustainable development at the heart of Soitec's business.

One of the first implementations of this transformation was the establishment of the initiatives system. It is presented in this introduction because it is the source of several changes - innovations that are discussed later in the report. One initiative is a subject addressed by a group of employees for a given issue. All employees can create an initiative on a subject that directly concerns their position or, more broadly, touches on the working environment or organization in the Company. This initiative system gives substance to the principle of freedom of action and taking responsibility, since all employees, regardless of their position, are free to identify a subject for review, with no prior approval, and are responsible for moving it forward. It brings out ideas conceived in the field, in a process that is participatory, steeped in goodwill and tending toward decentralized responsibility, and implements the actions it identifies.

These initiatives are an innovation toward a new way of working, while retaining the objective of implementing specific actions. The initiatives process has made it possible to put the principles of assuming responsibility and freedom of action to full-scale tests and thus influence corporate culture. Through this system of initiatives, topics are put forward by employees themselves and sponsored by a member of the Executive Committee. In this way, Group employees act as the ambassadors of change, and as such, exert a much greater influence than management would if it had initiated the change.

With this in mind, a team of nearly 80 people worked together to reflect upon and identify the organization capable of enabling Soitec achieve its ambitions to meet its growth objectives (see chapter 17.4.2.2.1 *Toward better social dialogue*).

17.4.2 PEOPLE

17.4.2.1 Employment indicators

Overall, Soitec's headcount increased by 15.9% in 2017-2018 due to the start-up of operations in Bernin and the reopening of a production plant in Singapore. In addition, Soitec acquired Frec|n|sys, a French company based in Besançon with eight employees.

A sharp increase in the workforce is expected in 2018-2019 both in France and in Asia to meet the ramp-up in order volumes.

17.4.2.1.1 Headcount and breakdown of workforce by age and work region

Total headcount (including registered employees) at March 31, 2018: 1,092 employees, of which 127 on fixed-term contracts vs. 942 at March 31, 2017.

Average age at March 31, 2018: 39.9 years vs. 40.5 years at March 31, 2017. This is the first year since 2010-2011 that the average age of Soitec employees has dropped. This trend was due to the Group's extensive recruitment campaigns which, in particular, attracted employees at the beginning of their careers.

Soitec confirmed its commitment to integrate and train new talents by recruiting 18 employees under work-study contracts during the fiscal year, representing a threefold increase on last year (+12).



BREAKDOWN OF WORKFORCE

Electronics France	Electronics United States	Electronics Asia	Other Activities
1,031 employees of which 109 employed under fixed-term contracts and 18 under work-study contracts.	14 employees	44 employees	3 employees

The Electronics business is deployed across the following entities:

In France

- Soitec S.A. (Bernin);
- Frec|n|sys (Besançon)

In the United States

- Soitec USA LLC (San Diego).

In Asia

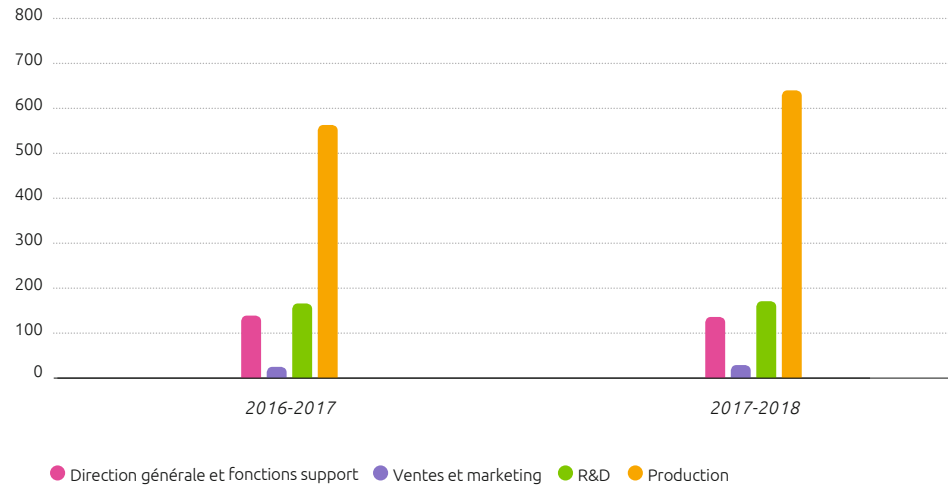
- Soitec Microelectronics Singapore Pte Ltd., Soitec Japan Inc., Soitec Trading (Shanghai) Co., Soitec Korea LLC (Singapore, Japan, China, South Korea, Taiwan).

Other Activities include:

- Soitec Solar Industries LLC. (San Diego).

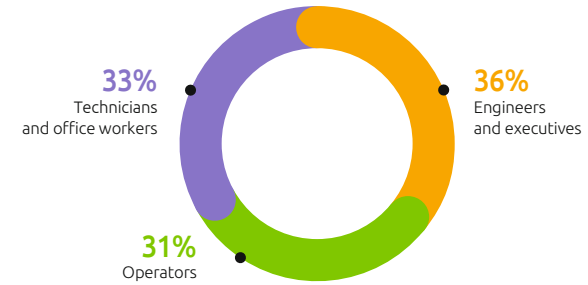
In fiscal 2017-2018, there was a sustained increase in the average number of employees in the Production and the Sales & Marketing Departments (up 14% and 16% respectively). Staff levels were maintained in the Research and Development Department (+3%) and remained under control in Support Functions (-2%).

Breakdown of average 2017-2018 workforce at Group level (number of posts)	2016-2017	2017-2018
Executive management and support functions	139	136
Sales and marketing	25	29
R&D	166	171
Production	563	640
TOTAL	893	976



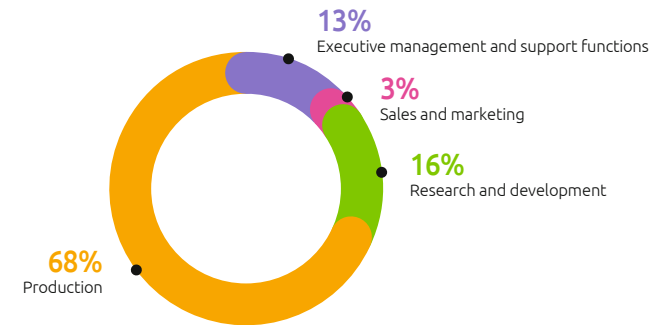
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BREAKDOWN OF WORKFORCE* BY CATEGORY AT MARCH 31, 2018



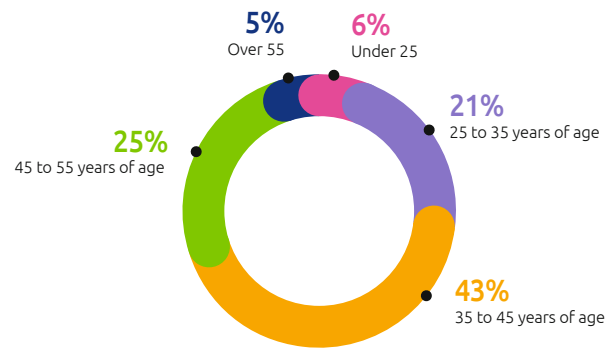
* Registered employees.

BREAKDOWN OF WORKFORCE* BY ACTIVITY AT MARCH 31, 2018



* Registered employees.

BREAKDOWN OF WORKFORCE* BY AGE GROUP AT MARCH 31, 2018



* Registered employees.

HEADCOUNT AND BREAKDOWN OF WORKFORCE BY AGE AND WORK REGION CSR

Status of registered employees	Electronics France	Electronics United States	Electronics Asia	Other Activities	Group
Headcount at March 31, 2018	1,031	14	44	3	1,092
of which fixed-term contracts	109	0	0	0	127
of which work-study contracts	18	0	0	0	18
Average age	39.8	50.5	44.4	40.3	29.9
Breakdown by category					
Operators	33%	0%	0%	0%	33%
Technicians and office workers	34%	14%	9%	67%	31%
Engineers and executives	33%	86%	91%	33%	36%
Breakdown by activity					
Executive management and support functions	13%	29%	20%	0%	13%
Sales and marketing	1%	64%	16%	0%	3%
Research and development	17%	7%	2%	0%	16%
Production	69%	0%	61%	100%	68%
Breakdown by age bracket					
Under 25 years of ages	7%	0%	0%	0%	6%
25 to 35 years of age	22%	7%	14%	0%	21%
35 to 45 years of age	43%	29%	50%	67%	43%
45 to 55 years of age	24%	29%	27%	33%	25%
Over 55 years of age	4%	36%	9%	0%	5%

CSR: data verified by the independent third-party body.

17.4.2.1.2 Recruits, departures and turnover

The Group's global turnover rate continued to fall narrowing to 5.5% in 2017-2018 from the year-earlier level of 5.7%, despite a 0.7% increase in France over the period. Given the sound economic health of companies in the Grenoble labor pool, the resignation rate, albeit still extremely low, doubled at the Bernin site this year.

CHANGE IN HEADCOUNT CSR

	Electronics France	Electronics United States	Electronics Asia	Other Activities	Group
Changes in headcount in 2016-2017	120	1	31	-2	150
o/w operators	54	0	0	0	54
o/w technicians and office workers	37	0	2	-2	37
o/w engineers and executives	29	1	29	0	59
Recruits	259	2	31	0	292
Permanent work contracts	86	2	31	-	119
Fixed-term contracts	173	0	0	0	173
of which outgoing	139	1	0	2	142
Resignations	29	1	-	-	30
Group departure plan	0	-	-	-	0
Dismissals	15	0	0	2	17
Terminations by mutual agreement	3	0	0	0	3
End of fixed-term contract	75	0	0	0	75
Other reasons for departure	17	-	-	-	17
Turnover rate	5.4%	7.2%	0.0%	54.1%	5.5%
Resignation rate	3.4%	0.0%	0.0%	0.0%	3.3%

	Electronics France	Electronics United States	Electronics Asia	Other Activities	Group
Turnover rate*	5.4%	7.2%	0%	54.1%	5.5%
Resignation rate*	3.4%	0%	0%	0%	3.3%

* Turnover and resignation rates are defined in Chapter 17.4.5.2.2, Calculation methods.

17.4.2.1.3 Trends in payroll expenses

Despite the increase in staff numbers (+0.9% on average of the number of jobs held) and the average salary increase of 2.3% related to Soitec's pay policy, payroll expenses remained contained (+2%).

2017-2018	2016-2017
Gross payroll expenses	Gross payroll expenses
€77.95 million of which €23.86 million in employer contributions	€68.17 million of which €24.35 million in employer contributions
Average annual salary	Average annual salary
€41,053	€40,107
Average salary increase: 2.3%	Average salary increase: 2.16%

Soitec S.A. employees are involved in achieving Group results through the award of an incentive bonus.

INCENTIVE AWARDS AND CONTRIBUTIONS

Year	Incentive (in € thousand)	Contributions to employee savings plans (in € thousand)
2001-2002	15	65
2002-2003	0	0
2003-2004	0	58
2004-2005	189	127
2005-2006	629	253
2006-2007	1,775	483
2007-2008	0	0
2008-2009	973	517 ⁽¹⁾
2009-2010	294	113
2010-2011	1,322	937 ⁽²⁾
2011-2012	557	2,138
2012-2013	38	1,096
2013-2014	1,456	383
2014-2015	0	214
2015-2016	745	328
2016-2017	909	542
2017-2018	1,636	829

(1) Includes contributions under BSAAR warrants in the amount of €317 thousand.

(2) Includes contributions under BSAAR warrants in the amount of €182 thousand.

FOCUS

AN ACTION PLAN FOR ALL THAT INVOLVES EMPLOYEES IN COMPANY GROWTH

After several difficult years encountered by Soitec, followed by its spectacular economic and financial turnaround, the Board of Directors decided to launch an allocation plan of free ordinary shares reserved for the Company's employees in a bid to involve them in achieving the Group's growth objectives and to recognize and put a value on their participation in value creation.

These plans, which are contingent upon the beneficiaries' continued employment within the Company and are subject to seniority conditions, went into effect on March 28, 2018 with a view to recognizing past efforts contributing to the Company's recovery made by employees and their seniority. Subject to the beneficiaries' continued employment with the firm between March 29, 2017 and March 28, 2018, employees received a number of bonus shares for their participation in efforts carried out in past years. In addition, the loyalty of employees with at least three years' seniority was also rewarded in the form of an additional free share allocation plan.

Henceforth, the number of free shares attributed within the framework of the first plan to reward employees for services rendered in the past, represented roughly 0.4% of the share capital (*i.e.* 138 shares maximum per beneficiary) at March 28, 2018, at the date the shares were awarded. Regarding the second plan launched to reward staff seniority, employee beneficiaries were awarded a maximum number of 91 shares, equivalent to around 0.2% of the Company's share capital at end-March 2018.

Ordinary shares thus attributed will be actually and definitively acquired by the beneficiaries subject to their being on the Company payroll on the first business day after March 28, 2020.

In addition, the Board of Directors is preparing another free share allocation plan which, in addition to presence conditions, will be contingent upon a set of performance objectives to be achieved over the next three years. This plan will be presented for shareholder approval at the General Shareholder's Meeting in July 2018.

For more details concerning the two free share allocation plans in force on March 28, 2018, please consult Chapter 21.

17.4.2.1.4 Absenteeism

At March 31, 2018, the absenteeism rate of Soitec S.A. was 4.7%, down slightly on the previous year.

At March 31, 2018 (on a 12-month rolling basis)	4.7%
At March 31, 2017 (on a 12-month rolling basis)	4.3%

This increase on the previous year was due to the significant ramp-up in production at factories and the fact that these are turning at full capacity, which led to employee fatigue despite and extensive recruitment strategy. Since the integration of new employees requires time for training and assimilation, the positive impact of the recruitment strategy on operational workloads will take some months to feed through.

Moreover, in order to address these absenteeism trends, Soitec's workplace health service launched a flu vaccination campaign.

17.4.2.1.5 Organization of working time

Soitec S.A.'s organization of working time by population type was defined by a collective agreement in March 2000.

For production and production support staff, the schedule in place is based on five alternating teams, which provides for 24-hour staffing, 365 days per year. The average actual working time for hourly staff members is 30.75 hours per week. The schedule of personnel working on a continuous schedule is composed of four annual cycles, during which employees work on a schedule different from their usual schedule. This system of changing shifts makes it possible for employees on night shifts, for example, to occasionally work on day shifts.

In 2016, collective discussions were conducted to reorder work schedules so as to improve the shift-changing system (see *2016-2017 Registration Document*, page 104).

For staff in administrative and support functions (especially at headquarters and R&D), actual work time is 34.6 hours⁽¹⁾. Employees are awarded recuperation days under the agreement due to a reduction in work time (RTT) implemented on March 1, 2000. In accordance with the agreement to reduce work time implemented at the same time, engineers and managers work a maximum of 218 days per year.

There are 81 employees working part-time (all in France), which represents 7.5% of the total headcount.

A teleworking agreement was also negotiated (see Chapter 17.4.2.2.2 *Report on collective agreements*).

FOCUS**REVIEW OF CLOCKING BREAK PERIODS WITHIN A COORDINATED FRAMEWORK**

Within the framework of its transformation program, the Company initiated a campaign in 2016 to reflect upon the possibility of implementing a self-regulation system to manage staff break times in the clean room.

A work group comprising employees and managers met eight times during the period to analyze how operators' break times function and to reflect upon the possibility of implementing a similar system in the clean room. A certain number of obstacles to adopting this type of functioning were identified, notably regarding the consequences of such a measure on inter-personal relations. The Group therefore concluded that a self-regulation system could only be possible if carried out in an environment that was both peaceful and equitable for everyone.

A survey was sent to all employees concerned, who were asked to choose between:

- adopting a new management approach based on a framework that offers flexibility in the form of an additional break that employees manage autonomously, on the condition that this does not interfere with the smooth running of business operations;
- or retaining the management approach in force.

The first option was approved by the majority of respondents and implemented in September 2017.

(1) This data includes RTT days.

17.4.2.2 Dialogue with employees**17.4.2.2.1 Toward better social dialogue**

In fiscal 2017-2018, the social dialogue was particularly productive, not only regarding discussions held between the employee representative bodies and unions, but also in the spirit recommended by the National Cross-Industry Agreement, dated June 19, 2013, "toward a policy of improving the quality of working life and professional equality," within the framework of a dialogue extended to all Company employees by means of transformation initiatives and in favor of ongoing reflection on the Company's development.

Agreement concerning the exercise of trade union rights

Prompted by its decision to enhance the effectiveness of social dialogue, the Group renegotiated the principles and means related to social dialogue in 2017-2018 and signed a new agreement relative to the exercise of trade union rights in April 2018.

The provisions of the agreement aim to promote social innovation, to affiliate and unify all employees *via* a rich and participative social dialogue, to strengthen the active partnership with trade union organizations, and allocate additional resources for the purpose of optimizing the exercise of trade union rights while taking into account the specific features of the Company.

One of the key challenges raised regarding the application of this agreement will be ensuring that the transition to the Social and Economic Committee (SEC) is carried out successfully pursuant to transitory provisions to be implemented in November 2019. All signatories to the agreement must be well prepared in advance to ensure that the merging of the employee-representative bodies is carried out smoothly without compromising current terms.

An initiative to review union trajectories:

At Soitec, social dialogue is a central pillar underpinning the quality of working-life issues. More broadly, it is a catalyst that enables staff teams to express themselves, voice their expectations and give feedback. This enables employees to participate in the consensual development and implementation of the key components of the human resources policy.

In this context, collaborating with employees who are motivated to represent the collective interest and different points of view, the Company and staff delegates can share a number of objectives, even though a joint approach of this kind is still quite rare in France. These shared objectives would be to encourage career initiatives and, as such, fight preconceived ideas about this kind of vocational commitment; to ensure that career paths are valued; and to benefit from experience to ensure smooth career paths and facilitate change.

Consequently, at the beginning of 2017, Soitec's management welcomed the request of several trade union organizations to initiate a dialogue on enhancing offices held and trade union trajectories in the Company. This was a particularly acceptable proposal since the format for discussion was in line with the Group's "transformation initiatives," thus enabling all parties involved to overcome certain prejudices and share their feelings and expectations more freely.

Six meetings were held in fiscal 2017-2018, with an attendance rate of around ten participants per meeting. These meetings were held in a climate of mutual trust, enabling participants to express their expectations in terms of training and skills validation for works-council management missions, negotiations and situations of confrontation within the Company, or for out-of-house purposes. The meetings also enabled agreement on setting up a social dialogue framework for union delegates and management to address individual situations. To better position the approach within the broader context of union representative trajectories and to draw inspiration from work models adopted by other companies, the initiative sought support and advice from two sociologists specialized in union involvement; Sophie Bérout (Lyon 2 University - Laboratoire Triangle ENS Lyon University Lyon II IEP Lyon) and Baptiste Giraud (LEST Aix-Marseille University), who shared the fruit of their work with the group.

Already, two members of the initiative have decided, on the basis of this joint review, to earn a Master 2 in Political Science at Lumière University Lyon 2 at the start of the 2018-2019 academic year. More broadly, the initiative considered that it had shared the observations, expectations and recommendations constituting the basis for the negotiations and finalization of a company-wide agreement on the subject.

Involvement of managers in defining Soitec's target organization capable of supporting growth

In keeping with the Group's solid commitment to transform the Company, the management team decided to reflect upon a target organization to address growth issues in a concerted manner, by involving a larger team.

As such, 60 managers shared their views on Soitec's strengths and the identified risk areas in order to ensure growth for the Group and prepare for the future. In this way, everyone contributed to and fueled the review process by sharing their points of view and personal experience in the field. Individual interviews and in-depth discussions on various topics (including quality, customer relations, supplier management, raw-material sourcing, R&D and product development) served to define the first stages of a new organization.

Participants then took part in a two-and-a-half-day seminar in December to identify and analyze the various possible organizational scenarios and make recommendations. The Executive Committee will use these recommendations to finalize the project.

Management is convinced that enabling a larger association of teams at the upstream stage of the project will provide the best possible solution for the Group to meet its future challenges. It also intends to use this approach to affiliate all teams with the organizational project, which will be implemented gradually, without jeopardizing Company business during growth periods.

In-house events organized by, and for, employees

Involving employees upstream in event planning boosts pride in belonging to the Company. As such, in 2017-2018, the two major in-house events of the year were organized by a group of fifteen or so employees.

- an Open House Day for families of employees, organized in October 2017. This event featured workshops that were designed and hosted by employees and which enabled visitors to find out more about Soitec, its activities and businesses. Around 1,000 people attended the event, which helped to boost the Group's reputation in the region;
- the annual corporate evening gala in December which was also organized by Company employees. They proposed, orchestrated and oversaw the proceedings and the entertainment.

This new approach made for a convivial evening that was more spontaneous and more sincere than the considerably more formal gala evenings of the past.

The tremendous satisfaction expressed by employees on both counts has reinforced Soitec's belief that it is important these events be organized for, and by, employees. The same approach will be used next year.



17.4.2.2 Report on collective agreements

Social dialogue is a privileged means used to support company developments. Since 2015, joint efforts made by the Company and its social partners have resulted in the signing of several agreements enabling the Company to cope more effectively with human and economic issues and to be more forceful in dealings with its environment.

The Mandatory Annual Agreement (MAA) and the Collective Bonus Agreement

The aim of both of these agreements is to foster collective working by promoting the mobilization of teams so as to achieve a joint operational objective and also ensure equal treatment of all employees.

While the Collective Bonus Agreement has enabled all organizations to benefit from a collective bonus, the Mandatory Annual Agreement (which concerned 365 individuals) has made it possible to standardize performance-related bonuses and move towards achieving a more equitable system.

Staff equity is also reinforced by the underlying objective of the agreement on annual negotiations to ensure the monitoring of payroll measures with a view to reducing the average gender pay gap between the average salaries of female and male executives by one point.

Amendment to the Incentive Agreement

To ensure that all employees share the fruits of growth, an amendment to the incentive agreement was signed on June 29, 2017. This amendment made it possible to adjust the monitoring indicators and the objectives used to calculate incentives in fiscal 2017-2018.

Given the increase in the number of workplace accidents, and with a view to promoting social support in periods of intense training and support of new recruits, the signatories agreed to introduce a new performance-related criterion. As such, the frequency of lost-time workplace accidents replaced the near misses objective as of the second half of fiscal 2017-2018.

In addition, the amendment enabled the Group to review the calculation of Soitec Électronique's consolidated economic performance criteria (EBITDA) for 2017-2018 to take into account the values retained in defining the budget.

Agreement to promote the employment of disabled persons

Soitec and its social partners renewed their strong commitment concerning the employment of disabled persons by holding negotiations on the issue and signing a new collective agreement on June 28, 2017.

Two major challenges were defined to maintain the positive results concerning the employment of disabled persons:

- to ensure the retention of disabled employees at Soitec, by stepping up monitoring and support and enhancing their employability throughout their professional careers;
- to promote the recruitment of qualified people with disabilities for long-term positions, by diversifying our recruitment sources and by financing training programs with a view to preparing the hiring of new employees or their integration into professional life.

Concrete actions, focused on the skills and aptitudes of all of our employees, enable the reception, integration, training and continued employment of disabled people, while respecting the constraints specific to the activities developed by the Company and the working environment.

For more details on the actions implemented by Soitec to promote the employment of disabled people, see Chapter 17.4.2.4.4 *Disabled employees*.



Teleworking agreement

This collective agreement, which was signed by all of the Group's unions, is the result of a trial teleworking agreement and is in line with the Company's aim to implement the teleworking initiative and make it accessible to all eligible employees (see Chapter 17.4.2.3.1 *Managing the Quality of Working Life (QWL) – Teleworking experimentation: a real success*).

This agreement demonstrates the Company's agility with regard to change enabling it to reconcile the growing demand of employees to exercise their right to teleworking with the normal functioning of the Group in a changing and highly operational context.

Negotiations were also launched last year concerning Quality of Working Life and Intergenerational issues.

17.4.2.3 Ensuring employee well-being and safety CSR

17.4.2.3.1 Managing the Quality of Working Life (QWL)

The Company and its partners are committed to negotiating a collective agreement on the Quality of Working Life (QWL), an issue that, for several years, has been taking an increasingly larger place at the center of corporate culture.

The change in Soitec's management pillars that has been taking place since 2015 has put listening and dialogue at the heart of social relations. As a result, the quality of working relationships and, more broadly, of working life are at the heart of the Group's Transformation.

The aim is to make Soitec a durable business where corporate performance and technological and social innovation go hand-in-hand with the fulfillment of all of its employees.

The aim is to define a clear framework for actions and commitments to promote QWL, as well as to involve and encourage employees to be attentive to and promote QWL.

Toward the signing of a QWL agreement

In the case of Soitec, a company which is characterized by a highly technological environment, is in the full throes of internationalization and has a wide range of working hours, new rules must be introduced to protect all of the Group's employees who are exposed to the risk of hyper-connectivity.

Soitec has committed to making every effort to ensure the regulatory control of its digital tool in order to ensure that employees' rest and leave periods are respected, and to strike a balance between their personal and professional lives.

Negotiations are ongoing and an agreement should be reached in 2018-2019.

Employees and managers: central players in the QWL agreement

To better manage and keep improving the quality of working life for its employees, Soitec intends to assess employees' feelings on this issue on a more regular basis.

As part of its strategy to develop the ways of working and empower employees, Soitec has assigned the implementation of this process to a group of employees involved in the "QWL Lab" initiative ("Lab QVT").

QWL Lab members, in association with management and the CHSCT, drew up a questionnaire which will be distributed several times a year. Unlike intermittent, more comprehensive surveys, these regular questionnaires should enable the Group to perceive signs of weakness at an earlier stage, on the one hand (and therefore react more rapidly so as to prevent situations from deteriorating), and measure the impact of actions carried out, on the other hand (so that they can be adjusted when necessary).

The QWL Lab also defined the roles and responsibilities of everyone involved in the process, in a bid to make quality of working life a core concern in team management, and to involve and empower employees in enhancing the quality of working life within their teams.

All employees will be invited to answer, in total anonymity, twenty questions or so on subjects such as autonomy, the quality of relations with the reporting line, colleagues, inter-departmental collaboration, the work environment, workloads, work-life balance, and communication.

The findings will then be analyzed collectively within each team, by the members of the team themselves. The manager's role should be to monitor the process, stimulate discussion on these subjects, help team

members to identify priority work areas and propose a plan of action. These actions should be finalized and achievable within a few months, which will enable the Group to advance step by step and install a continuous improvement approach.

Manager affiliation and involvement are key to ensuring the success of the QWL approach.

Training and mentoring days are organized for managers to raise their awareness to the importance of the quality of working life as a catalyst for performance and to lend them support in putting the findings of these sessions into practice within their teams, as well as in hosting brain-storming sessions and identifying actions by their colleagues.

This awareness-raising module is perfectly in line with the more global manager support program concerning the deployment of Soitec's four new managerial pillars:

- listen;
- dialogue;
- anticipate;
- grow and develop.

The deployment of this approach involves the practical application of the types of conduct that have been identified and are required to activate these four pillars. Managers receive support from the HR team and management throughout the entire process.

Clearly, certain situations cannot always be managed exclusively at team level but may require a more global analysis and the means to carry out cross-sector actions. The QWL Lab will share its analysis and recommendations for actions to be taken to deal with these issues with department heads and the CHSCT.



Quality of Working Life conference for managers

Doctor Florence Benichoux, CEO of BetterHuman, a firm specialized in health and the quality of working life, shared her thoughts and convictions with Soitec managers on two occasions this year. The first of these was at a conference organized for managers to raise their awareness to the quality of working life and explain what it implies, as well as to identify the societal trends that make it a major issue for companies today and examine in what way it is an underused source of performance.

Her second intervention was during a management seminar, when she discussed in greater detail the reality of the psychosocial risks to which Group employees are exposed, as well as the manager's role in dealing with these and how managers need to develop their skills to meet these new challenges.

Midi Soitec lunchtime conferences: an opportunity to get better acquainted

To foster the reciprocal knowledge of Soitec's departments, in-house seminars are organized for employees by one or more other employees. Topics covered during these lunch-time seminars include Soitec's technologies, products, commitments and major policies. In 2017-2018, 7 *Midi Soitec* lunch-time conferences were organized on the topics of:

- Soitec's RF-SOI products;
- training;
- the security of Google tools;
- microelectronics in the French Grésivaudan Valley;
- brands;
- photonics;
- quality.

A conference on cerebrovascular accidents (CBV), which was hosted by external speakers, concluded the cycle of public health conferences initiated in 2016-2017.

Teleworking experimentation: a real success

In 2016-2017, teleworking trials were conducted with forty employees. The objective was to measure the impact of this new method of organization on employees (quality of life, involvement, performance, relations with the Company and maintaining social ties), its teams (cohesion, results and workload), and its managers (maintaining social ties and distance management), as well as on the Company (overall performances).

The results of this one-year experiment were extremely positive, making it possible to define the framework for a new working organization that is adapted to meet employees' expectations and the Company's operational needs. An agreement was negotiated at the beginning of 2018 and signed by management and the social partners in April.

Teleworking is in keeping with the Company's Transformation program and, more broadly, with its Quality of Working Life policy. The signatories to the agreement are convinced that this new form of labor organization will contribute towards enhancing employees' well being at work and allow them greater flexibility and freedom in organizing their work.

17.4.2.3.2 Rethinking the working environment

As part of the Company's transformation, an initiative called *Bien chez SOI* was created in order to enhance the layout of work areas and shared spaces at the Bernin site, with several objectives in mind:

- modify open plan work areas in order to guarantee the application of design standards, and thus maintain comfort at work, in agreement with the Company's Management and its Hygiene, Safety and Working Conditions Committee (CHSCT);

- adapt existing spaces in order to welcome new employees without impacting comfort at work for existing employees;
- rethink working methods in order to adapt spaces to new working arrangements: being able to isolate oneself in order to concentrate, and work in small or large groups in a single space were key criteria in building agile and scalable spaces.

The plans, as well as the decoration and furniture and equipment, were designed by the employees themselves, with help from professional interior designers.

Accordingly, three levels of office space, two balconies, a patio and meeting areas were created. Other work is also under way in the break room, the relaxation room, and a reception area.



17.4.2.3.3 Safety: priority given to improving behaviors

Soitec pays considerable attention to health and safety conditions, with the Health, Safety and Environment (HSE) Department, the Medical Department, Executive Management, Site Management, and employee representative bodies, particularly the CHSCT, making joint efforts in this regard.

Since April 2007, a safety management program called “Safe” has been in place, with the objective of ensuring sustained safety performance equal to the standards of the profession.

This program consists mainly of the following actions:

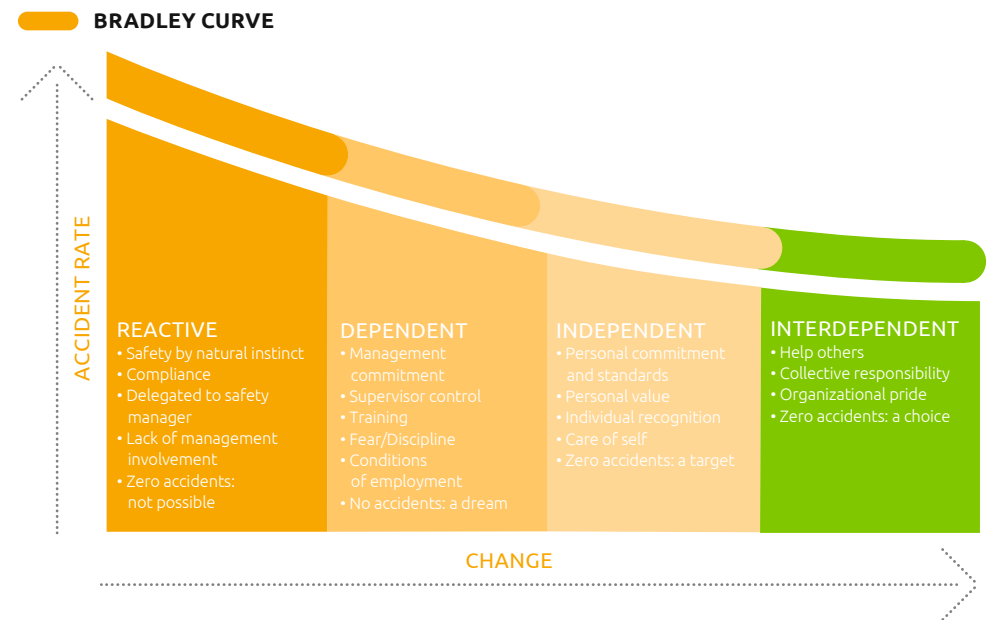
- **analysis of safety risks** for all workstations and new projects, under the responsibility of management and with support from the HSE Department. This analysis follows a methodology resulting in the ranking of risks and the implementation of prevention measures (workstation layout and implementation of collective or individual protection measures) and the drafting of safety instructions;
- the **focus on training** employees for different types of risks that they may encounter in their work (chemical, ergonomic, ionizing radiation, electrical, etc.) as well as their role and responsibility related to safety;
- regular on-site **safety visits**, called “Safety Tours”, by managers;
- **systemic analysis of hazardous situations, near-accidents and accidents** and sharing lessons learned;

- **communication and awareness-raising activities** related to safety for all employees with the active participation of management;
- integration of **safety criteria in performance evaluation** for each manager;
- **continuous improvement of safety management processes for the work of subcontractors** at the site.

Safe 3: a program focused on cultural transformation

A third phase in the Safe Program was launched at the end of 2015-2016, with the goal of transforming the culture, focused on improving workplace safety behavior. This project started through a safety diagnostic phase to evaluate safety leadership of management and the level of our employees’ safety ethos, with the support of an outside consultant.

The expected result of this third phase is the long-term achievement of an interdependent level of maturity in terms of safety, such as that described in the Bradley Curve below, which is used as a reference in this respect.



Several major actions ensued during 2017-2018:

- **refresher training in safety tours** was provided to all industrial operations managers in order to remind them of the initial purpose and best practices of a safety tour, but above all to present the constructive feedback method and thus improve the quality of discussions between employees and managers. Following these training sessions, it is now possible to hold safety tours as a manager/employee team, aiming to strengthen employees’ feeling of setting an example in terms of safety, outside of any hierarchical structure;
- the **enhancement of IT tools will enable quantitative and qualitative coordination of safety tours**. In particular, this has made it possible to refocus safety tours on immediate action, improve the closing rate of deferred actions, conduct more regular safety tours and ensure that they are led by two employees in order to guarantee compliance quality;

- the implementation of an approach aimed at better understanding human error and the role it plays in safety, and at identifying technical, human and organizational measures in order to prevent, detect and resolve the consequences of such errors. This work is supported by awareness-raising initiatives regarding human error. This approach initially involved a pilot group from the Facilities Department, which was able to implement practices to increase reliability during technical shutdowns and other worksites. The second phase will be extended to the entire Facilities and Maintenance Departments, with the involvement of joint contractors, via training of in-house coordinators and the creation of training sites;
- the definition of a benchmark with companies that have committed to the development of a safety culture;
- the implementation of a new method of analyzing risks for new high-risk facilities and equipment.

The Bernin production site successfully underwent a follow-up audit as part of its OHSAS 18001 certification by the LRQA certification organization. No issues of non-compliance were identified with regard to safety. This audit identified areas for improvement that were rolled out over 2017-2018 to contribute to the continued improvement of the safety management system.

Osteopathy sessions offered to employees

During the Health, Safety and Wellness days held in November 2016, an osteopathy workshop was organized for the Company’s employees. For two days, five osteopaths in their final year of training at the Lyon school of osteopathy, CEESO, led hands-on sessions and a conference.

Given the success of this initiative, the Company continued to provide this service as of September 2017, by offering employees a one-hour osteopathy session during work hours. Consultations are provided by a certified osteopath from the Grenoble region. One hundred and forty employees took advantage of this initiative in 2017-2018. This service was financed by insurance firm Generali, under a personal protection policy taken out with this organization.

Gestes Pro, a program centered around ergonomics for production employees

The Gestes Pro program was launched during the year in two pilot areas in clean rooms. Its goal is to create conditions that will support significant cultural change: handling boxes and baskets with both hands, in order to reduce the risk of wrist and thumb damage. This program is supported by working groups comprised of volunteer operators who have carried out the following actions: identifying workstations where two-handed handling was being prevented, seeking solutions to adapt the workstations concerned, and sharing these analyses with the other members of their team. Given that feedback on this pilot phase was positive, this approach will be extended to all work areas at the Bernin 1 plant during 2018-2019.

17.4.2.3.4 Monitoring work accidents and occupational illnesses

Lost-time workplace accidents among Soitec employees

MONITORING INDICATORS

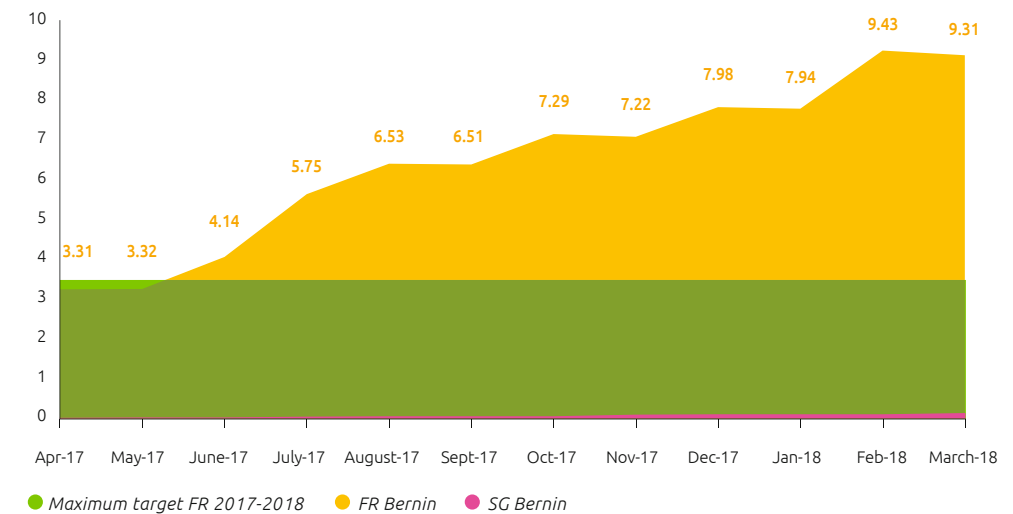
The Frequency Rate (FR)⁽¹⁾ and Severity Rate (SR)⁽¹⁾ safety indicators are monitored and disclosed to employees on a monthly basis via the intranet and newsletter. They are presented in graph form and calculated on a rolling year basis, to monitor changes over time.

(1) Frequency and severity rates are defined under Chapter 17.4.5.2.2 Calculation methods.

SOITEC S.A. RATE ^{CSR}

At the end of March 2018

Frequency rate (FR) for number of lost-time accidents reported		Severity rate (SR) relating to number of days lost	
At the end of March 2018	At the end of March 2017	At the end of March 2018	At the end of March 2017
9.3 (12 accidents in 2017-2018)	1.68 (2 accidents in 2016-2017)	0.14 (179 days lost in 2017-2018)	0.02 (24 days lost in 2016-2017)

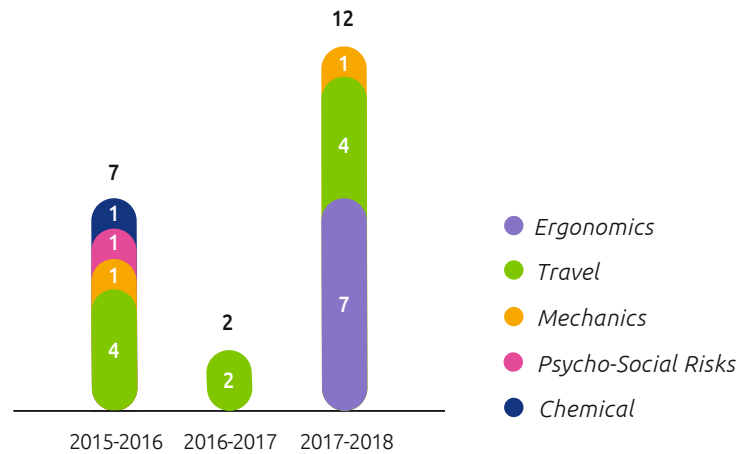


For 2017-2018, the objective of a frequency rate lower than 3.5 had been set consistent with targets achieved in 2016-2017, and the rate for the profession in France (equal to 5.05⁽¹⁾).

The number of lost-time workplace accidents increased sharply during 2017-2018, returning to a historically high level for the Company.

(1) Data from 2015, ACSIEL, Alliance Électronique, grouping all the entities in the electronics value chain together.

TYPE OF LOST-TIME WORKPLACE ACCIDENTS



ANALYSIS OF ACCIDENTS

An analysis is systematic for lost-time accidents or any other significant accident or near miss. These analyses are carried out using the 8D methodology and the cause tree analysis, in working groups, with the victim present if possible, as well as CHSCT, Medical Department and HSE representatives. These must be steered by managers and are intended to:

- precisely identify the root causes of accidents;
- determine and implement preventive and corrective actions;
- maintain traceability of all of these events and monitor improvements of the system;
- provide feedback to staff regarding these accidents.

A report of the analysis is then distributed at a minimum to CHSCT, the Medical Department, the accident victim, and that person's immediate supervisor; then, a summary is sent to all employees in the monthly newsletter Safe, to share the feedback. An internal procedure titled "Dealing with Safety and Environmental Accidents and Incidents" describes how to send the report depending on severity of the accident.

In 2017-2018, 14 8D analyses were performed following reported lost-time accidents. At year-end, seven of these 8Ds were closed.

These analyses revealed that a lack of vigilance was the primary root cause of our workplace accidents.

The vast majority of lost-time workplace accidents recorded are not "occupation-based" accidents relating to chemicals, mechanical risks or handling, for example, but rather are minor ergonomic accidents (lumbar and back pain, pain in upper limbs) and travel accidents.

To build on these analyses and identify indirect causes relating to the work environment, systematic visits by the workplace physician were also implemented at management's request. Furthermore, several situations were the subject of joint assessments by management and CHSCT representatives.

Strengthening caring and supportive behaviors in teams, personal discipline and accountability, and shared vigilance is a major goal of Phase 3 of the Safe program (See Chapter 17.4.2.3.3 *Safety: priority given to improving behaviors*), which is expected to improve these results.

Lost-time accidents among subcontractors working on-site

During 2017-2018, a single lost-time accident occurred affecting an employee of an external company working with Soitec. More than five years have passed since the last recorded lost-time accident (February 21, 2013).

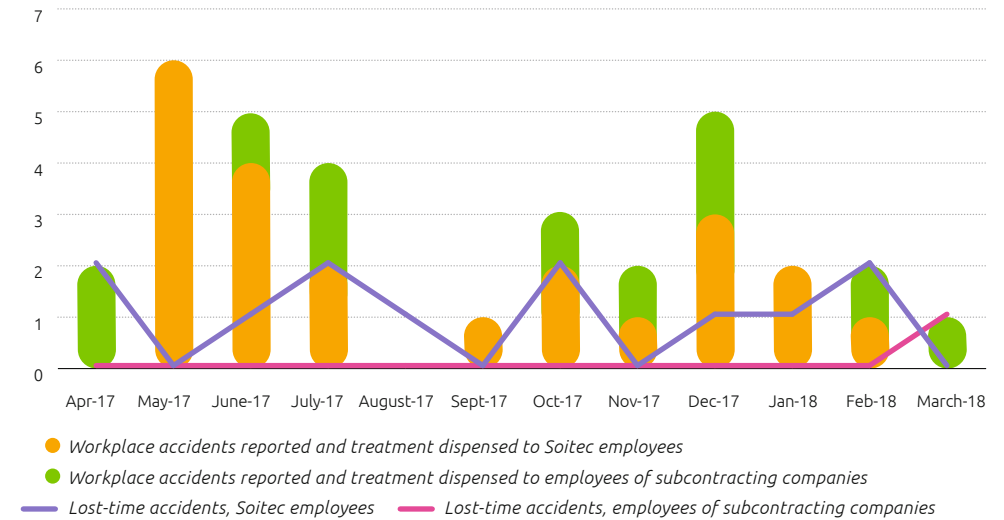
Analyses of accidents, involving 8D analyses for lost-time accidents, are systematically requested from companies concerned *via* their clients.

A report on all lost-time accidents, or of all other major accidents or near misses, is made by a working group with the participation of Soitec's client, the manager of the subcontracting company, the HSE Department, and a representative of the Soitec CHSCT.

Treatment of minor work accidents that do not result in lost time

An indicator for monitoring the number of times treatment is dispensed at the infirmary or by site emergency staff following a work accident exists and is communicated monthly to employees through the Safe newsletter.

FOLLOW-UP ON WORKPLACE ACCIDENTS AND TREATMENT



The number of treatment cases rose slightly (22 in 2017-2018 compared with 18 in 2016-2017). Major treatment and all chemical related accidents are subject to an 8D analysis.

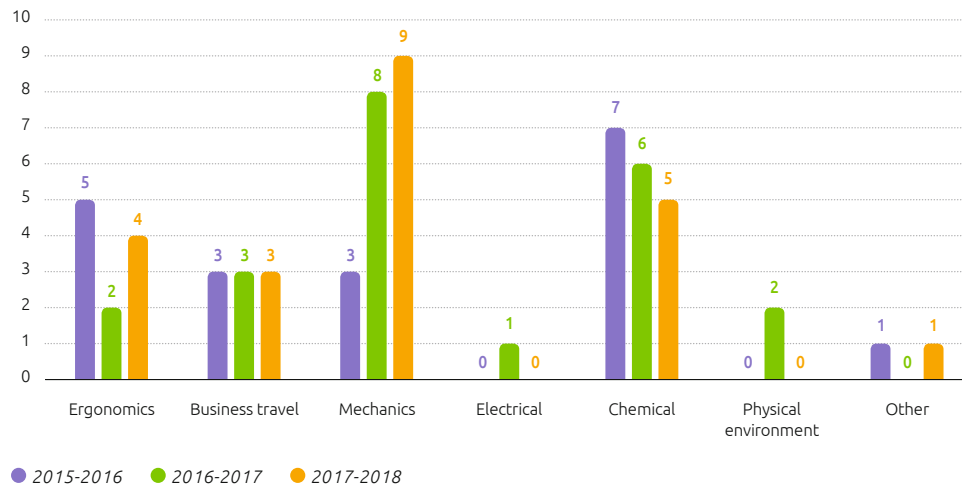
There was a noticeable increase in accidents of mechanical origin (collisions, cuts) and a decrease in those with ergonomic causes. The other categories were stable overall, in particular chemical-related accidents.

A very large majority of accidents are due to behavior, *i.e.*, non-compliance with good practices rules and recommendations, and/or lack of vigilance.

The breakdown of treatment by sector indicates that 70% of accidents occur with Production and Maintenance employees.

Changes in treatment types of the last five fiscal years show no clear trend.

TYPE OF WORKPLACE ACCIDENTS REPORTED, AND TREATMENTS



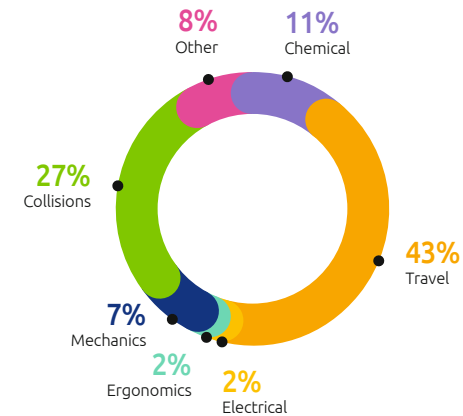
Near misses

In order to facilitate reporting and monitoring of near misses, a new reporting and monitoring tool was developed for near misses in early 2016-2017. Indeed, providing notice of situations leading to near misses reduces the probability of a more serious event. The impact was extremely significant, with the number of near misses reported totaling 102 for 2017-2018.

Near misses are systematically recorded and analyzed, and the person reporting them is informed of what corrective action has been triggered and its tracking process. Indeed, near misses are the subject of corrective actions. Depending on criticality, near misses may be subject to an 8D analysis.

The major near misses reported during the year relate to risks of collision and travel. Near misses of a chemical and mechanical nature are declining perceptibly, with the proportion of this type cut by one-third. Near misses involving chemicals increased slightly after a sharp decline in previous years. In contrast, it has been observed that ergonomic risk, which constitutes a major source of accidents, is under-detected and inadequately reported.

TYPES OF NEAR MISSES – 2017-2018



An analysis of all near misses is carried out each half year in order to better prepare for the possible recurrence of such events.

Occupational illnesses

At the end of March 2018, 12 occupational illnesses were attributed to Soitec by the *Caisse primaire d'assurance maladie*, since the creation of the Company in 1992. They relate to shoulder, elbow and wrist issues primarily affecting operators. Each workstation and position concerned was the subject of a study in order to identify actions to improve the ergonomics of working conditions.

For four years, Soitec has been participating in the TMSPRO process under the aegis of CARSAT. This four-phase process seeks to implement and perpetuate a structure, methods and tools for assessing and diminishing the risk of musculoskeletal disorders in the Company. In 2016-2017, CARSAT confirmed that Soitec had completed all of the phases in the process.

The roll-out of the ergonomic workstation optimization initiative was continued in 2017-2018. Over the coming year, priority will be placed on implementing a management system to maintain these systems.

In addition to actions to improve workstation ergonomics, two initiatives have been created in order to integrate real, active prevention for musculoskeletal disorders, with the implementation of warm-up and stretching exercises at workstations in order to support personal and professional wellbeing:

- for industrial operations employees, warm-up exercises before settling in to the workstation, led by an in-house coach (for more details, see the *2016-2017 Registration Document*, page 110);
- for administrative employees, a rapid e-learning tool developed in-house by the HSE and Medical Departments. It was deployed across all administrative teams in 2017-2018.

17.4.2.3.5 Creation of an independent Medical Department

In order to provide Soitec employees with regular medical checks by a doctor familiar with Soitec's workstations and specificities, an independent Medical Department was created in May 2017. Comprising a workplace physician and two nurses, this department is committed to compliance with the business sector's strict professional and Ethical Code, in total independence from the Company. This change has strengthened Soitec's health initiatives. Accordingly:

- 421 additional exams were organized in 8 months by this new department, making it possible to carry out on-request or periodic examinations, in addition to medical exams upon recruitment, while only 92 medical exams were performed over the first four months of 2017 ⁽¹⁾ (by the inter-company medical service);
- at the end of 2017, despite the accumulated delay at the beginning of the year, the Company was completely up to date with its required medical visits;
- one nurse is completing a university diploma in ergonomics in order to support employees in improving the ergonomics of their work stations.

17.4.2.4 Attracting and developing diverse talent

17.4.2.4.1 A new induction day to better integrate employees

When the next phase in growth and employee integration was launched, the human resources team redesigned the induction day program for a more welcoming and structured integration. The day now combines a presentation of the Company, its history, culture, policies and shared highlights, in order to create bonds between new employees and develop their sense of belonging to the Company.

In addition to raising awareness of rules for safety, clean concept, or IT security, each employee acquires geographical and corporate reference points during this induction day, enabling them to take up their position more easily.

In order to manage the quality of this integration phase, every employee receives a questionnaire at the end of their first quarter at Soitec, which is intended to assess their level of satisfaction.

17.4.2.4.2 Training employees ^{CSR}

Number of training hours



(1) For workplace medicals, data is calculated per calendar year.

These figures reflect the company's growth with numerous integrations and specific training pathways, as well as the continuity of a powerful approach in terms of developing employees' skills.

In this regard, in 2017-2018, Soitec helped eight operators and four technicians take on greater responsibility through the use of development charters, thanks to training leading to qualifications or diplomas in fields such as technical management, quality, physical measurements or industrial maintenance.

Operator Instructor Project

The increase in production staff raised the issue of the proper integration of new production operator employees. A working group comprised of 14 people, including seven operators from all of the teams, was created in order to create a new operator-instructor business, by defining and assessing transferable tasks.

To date, five operator-instructor positions have been created. Half of their time is dedicated to production, enabling them to keep watch over what's happening on the ground and production site changes, while the other half is dedicated to the creation, improvement and organization of training materials, as well as reports to team managers, so that they have greater visibility over the activity.

This approach allows them to benefit from pedagogical and managerial support for skills management, thus increasing the operator's development prospects.



The trend towards digitized training

One of the structural drivers of the Company's digital transformation is the digitization of training. With this in mind, following work carried out by a project team, in June 2017 Soitec set up its LMS (learning management system), named Soitec University.

This platform combines classroom training management and e-learning or mix-learning course monitoring. Via a personalized dashboard, every employee is informed of training they must complete and has access to past training sessions. It provides flexibility, autonomy and faster access to training needs.

Soitec's training catalogue has been enhanced with 25 e-learning modules, mix-learning modules or tutorials on cross-divisional and specific themes, such as office automation, safety, the environment, quality, or Soitec's Code of Ethics. By the end of 2018, around one dozen additional modules are expected to be created.

In the medium term, the aim is to also offer other learning platforms and systems, such as MOOCs and virtual classrooms.

By creating a community of learners in connection with in-house and external instructors, thanks to the collaborative forum accessible on Soitec University, Soitec wants every employee, regardless of their position, to be deeply involved and invested in their own training.

Midi Soitec on training

Life-long learning is a principle that every employee should live by. Companies' economic and social environments are constantly evolving, and employees need to ensure their employability over the long term. The Company must also constantly help its employees develop their skills, in order to ensure the sustainability of its business, yet above all, it expects its employees to be proactive in this respect.

During a *Midi Soitec* meeting, the training team presented the different training systems and tools available for each employee to take control of their skills development in partnership with their manager and the human resources team.



Operator Skills Initiative

Building on last year's work on annual reviews (see the *2016-2017 Registration Document*, page 110), and still aiming to evaluate employees in a more collaborative manner, a group comprised of production operators and volunteer supervisors worked on the assessment of production operator skills.

The objective was to build a simple skills reference framework, integrated into the annual review, which would help focus discussions on employee development with an adaptable tool better suited to each individual situation, rather than a generic job description.

This tool is intended to enable each operator to:

- improve self-evaluation of their skills;
- have their technical and interpersonal skills recognized;
- obtain greater visibility over their future development within their business, regardless of their level or experience.

The Group conducted a brainstorming session in order to identify the main operator skills and expertise that provide the Company with added value, and in particular those that help increase collective efficiency. Six areas of expertise were identified, with eight to 12 levels making up each one.

Valuing teamwork, sharing information and knowledge transfer were all important to the Group, as well as providing the option to change the nature of the work, regardless of an employee's rank. These goals were perfectly in line with the discussions held in the prior year as part of the "Delegation" and "Well-being at work" initiatives on employee autonomy and social support.

An experimentation phase was carried out, resulting in validation of the new reference framework.

Thanks to this new tool, operators can more easily self-assess their skills, enabling them and their manager to improve their awareness of differences in perception, and therefore to address important subjects straightaway. The tool helps identify more concrete areas for improvement.

The 2017-2018 reviews will be held at the beginning of 2018-2019 using this new tool, giving employees even greater agency during their annual review and over their skills development.

17.4.2.4.3 Promoting gender equality ^{CSR}

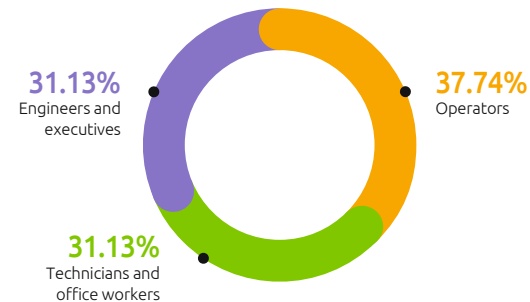
Soitec has been committed since 2007 to a policy that promotes gender equality. The objectives of actions implemented in this direction *via* agreements signed with the union organizations in 2007-2010 and 2011-2014 were:

- develop gender diversity and promote hiring of women;
- promote the development of women in the Company and increase the number of women in all levels of responsibility;
- guarantee equal pay between men and women;
- promote balance between professional and family life.

The guidelines of the latest agreement for 2015-2018 reinforce Soitec's determination in obtaining better representation of women in the Company at the highest levels of responsibility. In this regard, several actions were implemented for 2017-2018.

Women currently represent 33% of employees and work in every activity line.

BREAKDOWN OF FEMALE EMPLOYEES BY CATEGORY ^{CSR}



Increased representation of women at the highest levels of responsibility, through the internal *Toutes en action* program

In order to act decisively on general types of behavior and on the cultural and societal obstacles to advancement, a program named *Toutes en action* was created in 2016-2017 (see the *2016-2017 Registration Document*, page 111). It primarily targets female managers who wish to reinforce their leadership skills and their impact on the Company.

Two new groups joined the program in 2017-2018. This program fed off of dialogue with women and managers on the issue of women's careers. It borrows from the "Springboard" program that several Soitec employees had a chance to try out, and focuses on better awareness of the organizational, cultural and behavioral obstacles encountered by women in their careers. Each participant was challenged to reflect on her own behavior and to acquire or develop her own levers, such as assertiveness or working on increasing personal visibility and self-marketing.

This program is now included in Soitec's training catalogue.



The *Toutes ensemble vers la mixité* ("Working together for diversity") initiative to combat gender stereotypes and promote internal discussions

A diversity initiative was created in May 2017 by nine male and nine female employees, in order to discuss gender equality at work, raise awareness of stereotypes, and contribute to changing behaviors. The working group developed a newsletter communications campaign, presenting figures, articles, and studies for everyone to reflect on.

Three themes were addressed:

- stereotypes that guide girls and boys from a young age in their choice of profession;
- stereotypes regarding family gender roles and their impact on professional life;
- stereotypes regarding skills attributed to men and women, and their impact on the promotion of women to the highest levels of responsibility.

Over 300 employees, *i.e.* 30% of staff, participated in the first two quizzes, and the winners won a book of their choosing that combats stereotypes (non-gendered books for children, graphic novels and comic books on equality, etc.).

Female employee/director discussions

In July 2017, discussions were held between female employees having undertaken the *Toutes en action* program and female Soitec directors. At these meetings, they had the opportunity to present their individual professional backgrounds, the obstacles and opportunities encountered, as well as their ambitions or plans. This initiative has given rise to a mentoring program for female employees.

Equal pay

The gender pay gap at the Soitec Group is 14.3%.

It is worth noting that this gap mainly reflects executive pay (13.3%), while the difference in technician pay is minimal (1.1%) and non-existent between male and female operators.

	2016-2017	2017-2018
Pay gap	11.11%	14.3%

This gender discrepancy in terms of pay is mainly due to the low proportion of women occupying the most senior positions. Furthermore, the departure of women with high salaries during 2017-2018 contributed to the increase in the wage gap.

However, Soitec's compensation policy helps control the gender pay gap at constant scope (employees present for at least one year as at March 31, 2018): the gap comes to 13.6% and a slight narrowing in the executive pay gap is observed.

Greater representation of women on the Board of Directors

In 2016-2017, in order to comply with gender equality criteria for Boards of Directors imposed by the French Copé-Zimmermann law, Soitec's Board of Directors welcomed five new female directors.

In 2017, Soitec was ranked 62 out of 120 in the Ethics & Boards study on the representation of women in decision-making bodies. This ranking reflects the fact that the Compensation Committee and Appointments Committee are primarily comprised of women and are chaired by women. Furthermore, for several months now, the Soitec Board of Directors has been chaired by a woman, Ms Victoire de Margerie.

Inn.OTech, a program that favors diversity starting in adolescence

For 11 years, Soitec has participated in the **Inn.OTech** initiative, formerly "High Tech U," to introduce secondary-school students to scientific or technical jobs (see Chapter 17.4.4.1.2 *Young People*). The objective of this program is to help them in their future choices and to spotlight the careers of technician and engineer. In selecting participants for the program, Soitec and the other partners put special emphasis on ensuring exact parity between girls and boys, as they are conscious of the stereotypes about career paths of young people, especially girls. This year, part of the session was open to representatives hailing from the national education and university spheres, MEDEF, and local authorities who came to observe the program. Particular focus was placed on the issue of diversity during discussions between participants.



17.4.2.4.4 Disabled workers CSR

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employees recognized
as disabled
at December 31, 2017

Soitec and its staff representatives renewed their strong commitment concerning the employment of disabled persons by holding negotiations on the issue and ultimately signing a new collective agreement on June 28, 2017 (see Chapter 17.4.2.2.2 *Overview of collective agreements*).

Actions to promote employment

This year, thanks to a range of measures implemented within the structure, and despite a sharp increase in staff, Soitec has maintained a disabled worker employment rate of 5.90%. With nine employees newly recognized as disabled, the percentage of employees with an RQTH⁽¹⁾ (recognition of disability) is 4.98% of French employees. Soitec has also implemented a number of provisions to support employees in dealing with their disability, such as individual health checks with the workplace physician, assistance and support from the independent Medical Department in preparing the RQTH application, financial support for hearing aids, and modifications to workstations or accommodation (for medical exams or improved living conditions).

Soitec has also been committed to hiring disabled workers through its participation in the LinkDay® recruitment forum for a number of years, organized by Execo. For 2017, it was held on June 9 at the Minalogic site. Following a conference on mental disabilities, companies welcomed candidates to their booth to discuss their professional goals and potential career opportunities. This event enables Soitec to step up and boost its current or future recruitment drives, thanks to initial contact with candidates in an environment that promotes genuine discussion. Soitec is convinced by the potential of this event to diversify its teams, and has once again committed to organizing LinkDay® at the Bernin site in 2018, together with Execo.

Soitec also uses ESATs (French vocational integration organizations) for certain subcontracted services, such as the maintenance of its green spaces.

Educating employees about disabilities

As part of its inclusive employment policy and the latest collective bargaining agreement in favor of the employment of disabled workers, a group of employees created the *Disabilities* initiative, in order to bring the European Disability Employment Week to life at Soitec, from November 13-19, 2017.

In partnership with Execo, members of the initiative organized various fun yet powerful actions, such as a graphic novel exhibition in the break room, role-playing and awareness raising games (*Jeu des déficiences*®, *Han'jeu*) and a conference on the theme "*Innovation and disabilities*." The goal was to raise employee awareness, change mentalities and eliminate prejudices surrounding disabilities.

17.4.2.4.5 Fighting all forms of discrimination**Training the HR team in non-discriminatory practices**

In accordance with the French "Equality and Citizenship" law of January 27, 2017, all recruiters within the Human Resource Department underwent training in "non-discriminatory hiring practices." Following a presentation of the legal framework, the HR team was given the opportunity to discuss its hiring practices, as well as to reaffirm its commitment to combating all kinds of discrimination on a daily basis during the recruitment process.

(1) RQTH: Reconnaissance de la Qualité de Travailleur Handicapé (Recognition of disabled status of employees).

Hiring without discrimination

For one year, Soitec has been committed to the simulation-based recruitment method offered by French employment agency Pôle Emploi for the recruitment of its production operators. The advantage of this system is twofold. Firstly, it helps promote diversity and revitalizes teams, thanks to the integration of candidates with extremely varied personal and professional backgrounds, and promotes a method that guarantees equality of opportunity among candidates. Through this method, a work situation is simulated where candidates are evaluated for their aptitude to fit into the work environment at Soitec. By removing CVs from the mix and focusing on candidates' aptitude, Soitec is determined to eliminate any bias that may occur in standard recruiting processes. In 2017-2018, 60 out of the 71 operators hired under permanent contracts of over six months were found through situation-based recruitment.

17.4.2.4.6 Involving employees in the development of the Soitec employer brand

Soitec is aware that its employer reputation has a significant impact in meeting the growth challenge and resulting recruitment drives. With over 300 new hires announced for 2018, this represents a major challenge for the coming months, aiming to attract new employees with varied backgrounds and strengthen the diversity of teams in terms of skills, cultures and personalities.

Because employees are the Company's most important ambassadors, the *Tous acteurs du recrutement* ("We are all recruiters") initiative was created at Soitec in order to involve them in making Soitec more visible and promoting the employer brand. Following a brainstorming session, this group of 18 employees discussed subjects such as social media, recruitment events, and how to improve communication with younger generations.

17.4.2.4.7 Promoting cooperation: a new intranet system to drive change in collaborative methods

Four years ago, Soitec's digital transformation was launched *via* the deployment of a number of collaborative tools. In 2017-2018, the deployment of a new intranet platform, *Yuzit*, has strengthened this initiative and helped make progress in this regard.

Entirely created and designed by a group of volunteer employees, this new tool focuses on collaboration and user needs. It can be accessed on any digital platform at Soitec or outside the Company. It combines all of the Google Suite applications in a hub that can be accessed by all users. The home page can also be personalized to suit browsing habits and needs. Access has been designed according to user needs and is not modelled on a company organizational chart. Employees are free to create communities based on shared professional or personal interests, and contribute to discussions on these themes. Finally, gateways have been developed between the intranet and other existing IT tools at Soitec, making it the central access point to information and collaboration.

Soitec therefore intends to capitalize on this development in order to facilitate cooperation between teams, in a context of the Company's growth and international expansion, as well as the transformation of working practices, such as the development of telework.

Much more than a traditional intranet system, this is a next-generation intranet platform, still underdeveloped within companies, falling somewhere between an intranet and corporate social network that prioritizes the sharing of information and communication between employees.

17.4.3 PLANET

17.4.3.1 An organized management system CSR

Soitec has been committed to sustainable development from very early on. As early as 2001, Soitec obtained ISO 14001 certification, to which it added ISO 50001 certification in 2015. An environmental and energy management system makes it possible to accurately and regularly assess the Company's environmental impact and to implement continuous improvement actions.

17.4.3.2 Consistently raising employee awareness

Convinced that employees' engagement requires awareness, Soitec conducts yearly actions with its employees to discuss environmental and energy issues. Here is what has been achieved in 2017-2018.

17.4.3.2.1 Environment & Energy Days

On May 11-12, 2017, staff had the option of attending a two-day environmental and energy awareness-raising course during working hours. Interactive educational workshops were held on topics ranging from electric cars and bikes to waste-free cooking, composting, how to make natural household products and what happens to the waste generated by Soitec.

17.4.3.2.2 E-learning Waste sorting

As part of Soitec's digitization of its training tools, an e-learning module has been created on the subject of waste sorting. This reminds staff of the rules for sorting waste in the clean room, technical facilities, offices, break rooms and company restaurant. It also explains how the waste is managed and stored on site, and then recycled or processed externally.

17.4.3.2.3 Real-time data on energy consumption

Since early 2018, a screen in the break rooms has displayed the electricity drawn from the grid (or instantaneous power consumption) to raise awareness among all employees of the amount of electricity we use. This is compared against the consumption at football matches to give an idea of the scale.

The screen also displays recommended actions and behavior that can improve or optimize energy usage.

17.4.3.2.4 Other regular initiatives:

Environment presentation during the welcome session for new employees

A welcome session is routinely held for new hires and for external companies working on site at Soitec. During the session, a presentation is given on the safety and environmental risks at the Bernin site.

Environmental/energy training course

New hires undergo two hours of environmental/energy awareness training. This training course educates them about the environmental regulations applicable to the site and shows them the prevention and protection measures put in place to avoid any environmental pollution.

17.4.3.3 Limiting pollution at the site

17.4.3.3.1 Atmospheric discharges



Characteristics and prevention

The main gaseous discharges from the site originate from:

— **production activity** related to the use of various chemicals which may include:

- liquid products: hydrochloric acid, hydrofluoric acid, ammonia, isopropyl alcohol, slurry, acetic acid, etc.,
- gaseous products: hydrogen chloride, ammonia, etc.

Such products are responsible for the emission of pollutants: volatile organic compounds, chlorides, fluorides, ammonia, etc.;

— **boilers** that emit nitrogen oxides, carbon monoxide and carbon dioxide.

Three types of prevention have been put in place:

— **collection:** the site has two extraction networks:

- a network for collecting effluents carrying acid and toxic gases,
- a network for collecting effluents carrying basic gases.

These different gases are treated in gas scrubbers specific to the type of effluent;

— **treatment:**

- discharges from production activity: gaseous effluents are neutralized by spraying water and reagent in the scrubbers. The polluted wash water is recovered and is then either treated at an internal neutralization station or eliminated at an approved external treatment center. Some concentrated toxic gases are treated as soon as they exit equipment through scrubbers,

- boiler exhaust discharges: a burner on each boiler is used to burn gaseous pollutants;

— **monitoring chimney discharges:**

- gaseous discharges from scrubbers are monitored quarterly by an approved body for the following parameters: acidity (H⁺), alkalinity (OH⁻), volatile organic compounds (VOCs), fluorine and inorganic fluorine compounds (HF), ammonia (NH₃), hydrogen chloride and other inorganic gaseous chlorine compounds. The results of the measurements taken are sent quarterly to DREAL,

- gaseous discharges from boilers are monitored every two years by an approved body for the nitrogen oxide parameter NO_x in NO₂ equivalent. The results of the measurements taken are sent to DREAL.

Results for fiscal year 2017-2018

The results from gas scrubbers and boilers are compliant with regulatory thresholds.

ATMOSPHERIC DISCHARGES 2017-2018

Parameters	Regulatory Limit Value		Number of measures	Discharge point	Annual average		Number of exceedances	
	Flows (g/h)	Concentration (mg/Nm ³)			Flow (g/h)	Concentration (mg/Nm ³)	Flow (g/h)	Concentration (mg/Nm ³)
Acidity	50	0.5	4	Chimney B1/B2	0	0	0	0
Alkalinity	850	10			143.3	0.14	0	0
NH ₃	500	10			182.5	0.78	0	0
COV	1,700	20			315.7	2.27	0	0
HCl	300	5			39	0.15	0	0
HF	110	1	9.25	0.035	0	0		
Acidity	10	0.5	4	Bldg K chimney	0	0	0	0
Alkalinity	100	10			0.74	0.03	0	0
NH ₃	100	10			0	0	0	0
COV	350	20			204.7	10.1	0	0
HCl	100	5			2.75	0.088	0	0
HF	30	1	1.52	0.05	0	0		
Acidity	30	0.5	4	Bldg 3 chimney	0	0	0	0
Alkalinity	500	10			45.8	0.52	0	0
NH ₃	1,000	10			30	0.33	0	0
COV	900	20			113.2	1.5	0	0
HCl	300	5			30.67	0.31	0	0
HF	50	1	1.82	0.014	0	0		
Acidity	10	0.5	4	MOCVD heat extractor	0	0.25	0	0
Alkalinity	130	10			0.08	0.01	0	0
NH ₃	100	10			0	0	0	0
COV	270	20			33.5	3.7	0	0
HCl	60	5			1.5	0.17	0	0
HF	10	1	0.45	0.045	0	0		

* VOC: volatile organic compounds; NH3: ammonia; HCl: hydrochloric acid; HF: hydrofluoric acid.

17.4.3.3.2 Aqueous discharges

Characteristics and means of prevention

The different aqueous discharges from the site are sewage water (effluents from toilets and kitchen facilities), industrial effluents (effluents from production and technical facilities) and rainwater discharges. Various means of prevention have been put in place at the site based on the type of discharge.

SEWAGE WATER DISCHARGE

Internal sewage water is collected by a separate network connected to the communal sewage network. Domestic wastewater is then treated by the Montbonnot wastewater treatment plant (SIZOV).

INDUSTRIAL WASTEWATER DISCHARGES

Concentrated industrial effluents are recovered in tanks and treated externally. Diluted industrial effluents are collected in internal neutralization stations. They are neutralized by passing them through four successive neutralization tanks where the injection of an acidic or basic reagent returns the effluent's pH to neutral before final discharge into the communal network. A blocking tank diverts and stores the effluent in case of a malfunction of a neutralization station and thus avoids the discharge of a non-compliant effluent into the communal network. Bernin's communal industrial wastewater system discharges into the Isère.

Finally, discharges from the station are monitored as follows:

- continuous monitoring of pH, temperature and flow;
- monitoring every six hours of the ammonia nitrogen;
- daily self-checks for chemical oxygen demand (COD), fluoride (F-), total phosphorus (P) and ammonia nitrogen (N-NH₄) parameters;
- weekly monitoring of biological oxygen demand over five days;
- monthly check for total hydrocarbons (HC) and suspended solids (SS);
- comparative analyses of self-checks carried out once a year by an accredited laboratory;
- unplanned and planned checks by local authorities;
- results sent monthly to DREAL and the Bernin Town Hall;
- there is a signed agreement between Soitec and the Bernin Town Hall authorizing the discharge of industrial effluent into the communal network.

RAINWATER DISCHARGE

Rainwater from rooftops and car parks is collected in two separate networks. Hydrocarbon separators have been installed to filter rainwater from car parks and traffic areas. Rainwater is then discharged into the site's three storm basins before joining the communal network or seeping into the ground.

Analyses of hydrocarbon concentration, water temperature and pH are carried out once a year on each of the two networks.

Results for fiscal year 2017-2018

During the year, the maximum daily concentration of ammonia nitrogen was exceeded on three occasions and the maximum daily flow was exceeded on two occasions.

Two of these were due to several simultaneous events:

- a washer leak caused by a loose pump seal;
- a water sampler malfunction;
- a malfunction in the level sensor used to calculate flow.

Several corrective measures were taken:

- replacement of the washer pump seal;
- change in maintenance procedures;
- reminder for operators of the procedures to be followed;
- change in level sensor;
- repair of water sampler.

The last occasion was caused by the overflow of the "ammonia" waste containment tank. This is connected to the neutralization station, resulting in a higher concentration of ammonia nitrogen at the site discharge point.

AQUEOUS DISCHARGES 2017-2018

	Regulatory Limit Value				Number of measures	Annual average		Number of exceedances	
	Flow (kg/l)		Concentration (mg/l)			Flow (kg/l)	Concentration (mg/l)	Flow (kg/l)	Concentration (mg/l)
	Monthly mean	Daily max	Monthly mean	Daily max					
DBO5	32	78	10	20	52	6.59	3.09	0	0
DCO	96	234	30	60	365	15.82	7.43	0	0
Fluorides	22	46	7	12	365	9.12	4.24	0	0
Total hyd.				0.1	12		0.1	0	0
SS	16	39		10	365	5.49	2.63	0	0
Ammonium	32	58	10	15	365	16.31	7.63	2	2
Phosphora	3	19	1	5	365	0.53	0.24	0	0
pH	5.5 < pH < 8.5				365	5.5 < pH < 8.5			0

17.4.3.3.3 Prevention of soil pollution

Soil pollution at Soitec may come from the following sources:

- vehicles in traffic areas and car parks;
- leaks in chemical product storage systems;
- leaks during storage and decanting;
- chemicals or when transporting products on-site;
- water used for fire extinguishing.

To limit the risks, the Bernin site has several means of prevention:

- a rainwater collection system with oil separators is installed under the surface of traffic areas and car parks;
- the distribution of concentrated chemical products is done in dual-envelope conduits with leak detection;
- chemicals are stored in holding tanks made with a waterproof resin resistant to corrosive attacks;

— there are:

- a leak detection system in the chemical holding tanks,
- a sealed unloading area for storing and decanting chemicals,
- valve closures in the rainwater networks to protect against accidental spills,
- water catchment basins for Bernin 1, Bernin 2 and Bernin 3,
- an organization and a procedure for emergencies;

— on-site firefighters are trained to deal with leaks of chemical products;

— an IOP (internal operating plan) is in place with exercises conducted each year;

— risks relating to work by external companies are managed through prevention plans.

Safety inspections are organized by the contractors and site inspections by its firefighters.



17.4.3.3.4 Amount of provisions and guarantees for environmental risks

Soitec has never recorded an industrial or environmental pollution incident critical to its human and natural environment.

Nevertheless, to comply with the Decree of May 31, 2012 on the methods for determining and updating the amount of financial guarantees, Soitec recorded provisions for contingencies and pollution: a proposal for financial guarantees of €339,000 was sent to DREAL in December 2013, with notification sent to the Prefect, with a view to establishing the guarantees by the end of July 2019.

17.4.3.3.5 Measures to prevent, reduce and repair discharges into the air, water and soil seriously affecting the environment ^{CSR}

Due to the storage and use of hazardous substances and preparations, the Bernin site is classified as low-threshold Seveso.

As such, the Seveso 3 Directive and the regulations relating to this type of facility apply to it.

Soitec has therefore carried out hazard studies for this site to identify sources of risk, possible accident scenarios, their effects on people and the environment, and their likelihood of occurrence.

Soitec has studied seven major accident scenarios that could lead to one or more dangerous phenomena. These scenarios have led to the definition of the risk control measures (or safety barriers) that are currently in place. These are sets of technical or organizational elements necessary and sufficient to functionally ensure a reduction of the probability of an accident and a limitation of its effects and consequences.

These scenarios have shown that Soitec's Bernin site cannot be the cause of accidents likely to trigger consequences outside of the facility's walls, nor does it have a domino effect on a nearby facility.

Hazard studies are also an indispensable basis for drawing up emergency preparedness plans, called "internal operating plans" (IOPs). To implement its IOP, Soitec has a team of in-house firefighters, a technical team and a crisis management unit that can be mobilized 24/7. This IOP organization is tested annually to assess its level of performance in a continuous improvement process.

Since 2010, Soitec has also implemented a major accident prevention policy (MAPP). Awareness and training actions are regularly deployed at Soitec to ensure that its MAPP is appropriated at all levels, from management to operational staff, as well as by outside subcontractors and service providers.

17.4.3.3.6 Taking into account noise disturbances and all other forms of pollution specific to an activity

Noise pollution

The main activities contributing to the increase in noise levels are:

- inside technical facilities: refrigeration units, fresh air treatment plants, boiler rooms, ventilators for air recyclers, electrical rooms, etc.;
- outside: cooling towers, exhaust fans.

The site is subject to the Decree of January 23, 1997, and to the requirements of the Prefectoral Decree authorizing its operation. The operation of the entire site must meet:

- a maximum noise level at the site property line of 60 dB(A) during the day and 50 dB(A) at night in the regulated emergence areas and 70 dB(A) during the day and 60 dB(A) at night in the uninhabited areas;
- a maximum emergence of 5 dB(A) during the day and 3 dB(A) at night.

RESULTS

Noise measurement campaigns are carried out by an approved organization every three years or following the installation of new facilities or the significant modification of existing ones. The last measurement campaign was carried out in the previous fiscal year, in March 2016 (see 2016-2017 *Registration document*, page 29).

Measurement of sound levels in regulated emergence areas:

- daytime compliance (<5 dB(A));
- nighttime compliance (<3 dB(A)).

Measurement of ambient sound levels at the property line:

- daytime compliance (<70 dB(A) or <60 dB(A));
- nighttime compliance (<60 dB(A) or <50 dB(A)).

The site is not responsible for discernible noise levels outside the property lines. Projects requiring the installation of on-site facilities are subject to a study to determine whether these facilities are likely to emit noise and increase the perceived level at the property line. Based on the study's results, measures will be put in place to keep the noise level at the property line unchanged.

Visual pollution

Following a request from DREAL to improve our security fence, Soitec chose to combine safety and the environment by planting a hedge along the southern perimeter of the site to avoid the visual pollution caused by an extra mechanical fence.

Since the hedge is composed of thorny shrubs whose branches are interwoven to form a solid, compact, uniform barrier, that is impassable unless loud, heavy-duty equipment is used.

17.4.3.4 Better management of waste and sustainable use of resources

17.4.3.4.1 Waste management CSR

The characteristics of waste and the resources employed

The main categories of waste generated at the site are:

- non-hazardous waste (NHW): cardboard, paper, wood, plastics, glass, etc.;
- solid hazardous waste (SHW): batteries, solids contaminated by chemical products, etc.;
- liquid hazardous waste (LHW): hydrofluoric acid, ammonia, isopropyl alcohol, etc.

Sorting is necessary to recover waste. The resources in place to optimize sorting are:

- an on-site waste platform for sorting NHW;
- premises for recovering SHW;
- optimized segregation of LHW;
- sorting containers set up within the site's various premises;
- internal audits of Soitec staff and subcontractors;
- staff education.

In order to ensure that waste is properly recovered or destroyed after it leaves the site:

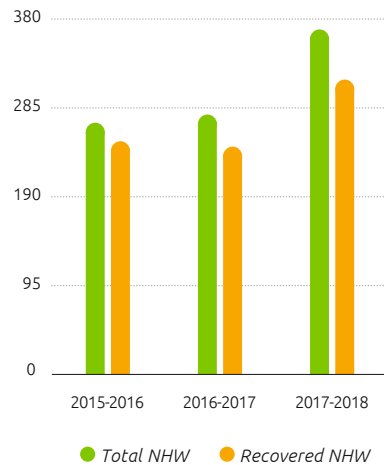
- waste tracking slips are prepared;
- external audits of Soitec's waste treatment providers are performed;
- an annual report on waste production is sent to DREAL.

All waste is recycled, recovered or disposed of in approved centers.

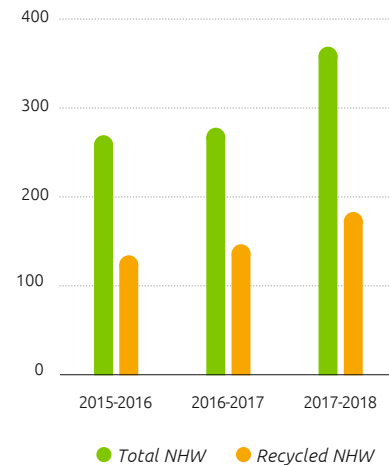
EMPLOYEES AND CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility

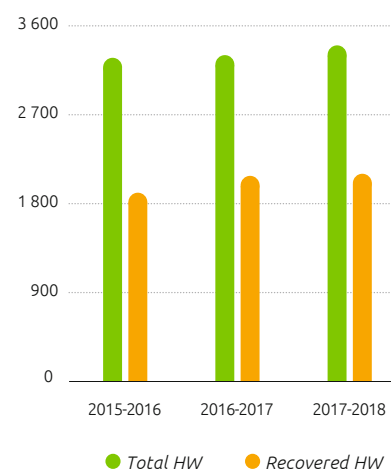
PERCENTAGE OF RECOVERED NHW



PERCENTAGE OF RECYCLED NHW



PERCENTAGE OF RECOVERED HW



Reducing waste at the source

Different actions have been undertaken according to the types of waste:

- polypropylene plastic chocks: these are collected and used by one of our raw material suppliers;
- paper: recycled paper is used and staff are encouraged to use double-sided printing;
- packaging: reusable containers for the transport of finished products have been introduced to reduce the tonnage of packaging waste.

Improving the recovery of particular forms of waste

NON-HAZARDOUS WASTE

Many types of NHW other than paper, cardboard and plastic are recycled:

- plastic containers which contained unclassified chemical products;
- stainless steel and aluminum waste;
- plastic cups;
- wooden pallets;
- food packaging;
- plastic bottle caps and bottles, aluminum cans.

Bottle caps are donated to the charity "Les bouchons d'Amour."

The printer fleet has been streamlined and staff are encouraged to reduce paper use.

A comprehensive waste management service is in place, and a person assigned to handle waste sorting is present on site.

In 2017, the company restaurant introduced the sorting of yogurt pots when customers return their trays. This ensures that yogurt pots are recycled and that the site is compliant with the new sorting rules introduced by Grésivaudan council.

In the same year, containers were placed in the two break rooms to collect print newspapers, which are then recycled.

SOLID AND LIQUID HAZARDOUS WASTE

IPA (isopropyl alcohol) is regenerated and reused as a reagent in the ONDEO treatment facility in Crolles.

Concentrated ammonia is incinerated with energy recovery which is used for heat at the chemical facility at Pont-de-Claix.

WEEE (waste electrical and electronic equipment) is recycled through the charity *Solidarité Enfance*.

We are working daily with the waste management service provider to achieve continual improvement in reducing transport of bulk hazardous waste to approved treatment centers.

Reducing waste volume

The Bernin site has:

- two cardboard and NHW compactors to reduce the volume of transport needed for such waste;
- an evaporator/concentrator to reduce the volume of bulk ammonia and fluoride HW. The concentrate is sent for incineration with energy recovery, and the distillate is sent to a site neutralization facility.

The management of the waste storage platform is optimized to sort waste as well as possible.

17.4.3.4.2 Combating food waste

At the Company restaurant, waste is sorted by the users, and biowaste is sent for methanization.

The restaurant operator has conducted several awareness campaigns on bread waste. For the last two years, there has been a charge for the second piece of bread.

In 2017-2018, two workshops on food waste were held during the *Environment & Energy Days* (see Chapter 17.4.3.2.1 *Environment & Energy Days*):

- waste-free cooking;
- bread-weighing when returning trays in the company restaurant.

17.4.3.4.3 Sustainable use of resources

Water consumption and supply in accordance with local constraints

Soitec’s water comes from the public drinking water supply managed by the town of Bernin.

Bernin has three 900 m³ tanks to provide water to the companies present downstream from the Chemin des Franques. This represents 86% of the volume delivered to the town.

The tanks are supplied by SIERG waters, coming from the Romanche water catchment of the underground alluvial aquifer located in the towns of Vizille and Saint-Pierre-de-Mésage.

SIERG withdraws 49% of the authorized flow from these waters. The amount taken is offset by river seepage. SIERG has a security capture on the Olle at Oz-en-Oisans basin. Technically, SIERG’s current water distribution network functions effectively and its yield is excellent.

Pursuant to a prefectoral order, the annual maximum withdrawal from the public water network is 1,350,000 m³.

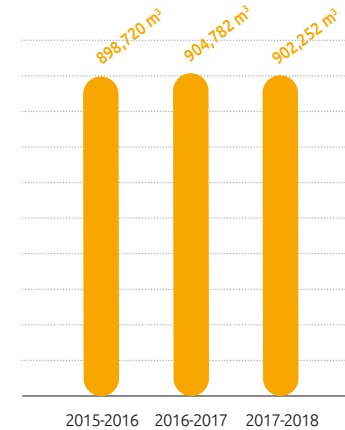
Several actions were carried out to reduce water consumption in 2017-2018:

- the processes for making ultra-pure water on site were improved by introducing recycling loops for “waste water” in the 200 mm production unit. This *SEPTOPERM* project has saved about 70,000 m³ of water, equivalent to 28 Olympic swimming pools, or 8% of the total annual consumption of the site. The project has also reduced the use of chemicals (necessary for antibacterial treatments);
- with a view to improving water consumption management at the site, a database was set up to map all entities that use water. A Sankey diagram for water use was also created to identify the main contributors;
- action plans were put in place with these main contributors to reduce their consumption in these entities.

In an effort to conserve natural resources and avoid the use of chlorine treatments, a decision was taken to re-vegetate the ornamental ponds at the site entrance, rather than reseal them. Architects from the firm Groupe 6 helped the Company choose plants in keeping with the reflection of the Chartreuse Mountains on the building façades. The plant varieties are described on small panels.



CHANGE IN WATER CONSUMPTION CSR



Consumption of raw materials

To manufacture its products for its customers, Soitec uses silicon, sapphire, lithium tantalate, chemicals and gas and, for shipping, cardboard, tape, foam, pallets and reusable containers. Silicon, which is the main raw material used, is not subject to any risk of shortages due to its inherent composition. To recycle the unused wafers exiting the SOI line by cleavage, Soitec has a so-called refresh process. This consists of polishing and cleaning these wafers to give them a level of defects, uniformity and thickness equivalent to the initial wafers that Soitec buys from its suppliers. They are thus reintroduced to the SOI line to undergo a new manufacturing cycle. This process has a dual purpose for Soitec: to increase profitability and preserve the silicon raw material. Waste silicon is sold to solar energy manufacturers to make solar panels. At the supply chain level, new, smaller packages have been approved to consolidate more products into the same volume shipped, which has reduced overall transport volume by one-third. Data pertaining to raw materials quantities are confidential and are therefore not provided in this report.



Energy consumption and measures taken to improve energy efficiency and use of renewable energies

ISO 50001 certified since 2015, Soitec is committed to managing its energy consumption and is working on measuring and improving its energy efficiency and renewable energy use.

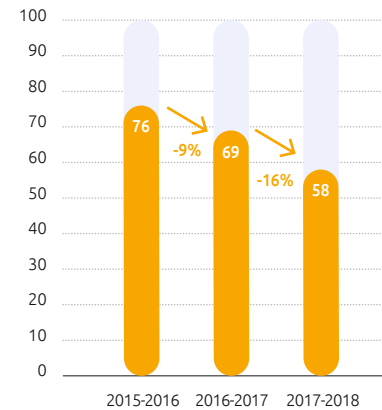
As part of the energy management system, an energy review is carried out annually. For 2017-2018, this energy review refined our significant energy uses (SEUs) and associated them with actions. For:

- **the production of ultra-pure water** at the Bernin 2 site: operational monitoring and investment in variable speed drives, a measure already in place at Bernin 1, allowed a 17% gain in production efficiency (kWh/m³ produced) at both sites;
- **power consumption** of variable drives: Soitec is continuing to roll out variable speed drives;
- **cold production**: Soitec invested in a cooling system with twice the performance coefficient of the unit it replaced. As well as being efficient, this system will be the first in France to run on hydrofluorolefins (HFOs), an alternative gas to conventional refrigerants that has virtually no impact in terms of potential greenhouse effect. Performance will be quantified next winter;
- **heat production**: “water logic” has been built into the automated program to optimize the production temperature by factoring in the external temperature. Performance will be quantified next winter;
- **consumption of specific equipment**: all clean-room equipment has been evaluated as “primary energy” to identify the most energy-intensive equipment and prioritize action plans. Several opportunities have been identified for optimizing parameters. Structurally, the conversion of safety exhaust into heat exhaust has continued, thereby recycling more air.



Overall, while site consumption has remained stable, these actions have significantly increased production, thereby reducing Soitec’s energy footprint on the finished product by more than 16% (kWh per production unit).

CONSUMPTION KWH / PRODUCTION UNIT



In 2017-2018
at confirmed isoperimeter

↓
-4.5%
in gas consumption

-2.5%
in electricity consumption

↓
**EQUIVALENT
PERFORMANCE IN PRIMARY
ENERGY OF
3.04%**

17.4.3.5 Regulating impacts on climate change

17.4.3.5.1 Greenhouse gases (GHG)

Soitec’s carbon footprint report was updated in December 2015 and sent to the Isère Prefecture.

In order to comply with the Decree of January 25, 2016, relating to the IT system for sending greenhouse gas emission reports, Soitec’s 2015 carbon footprint report was recorded on the ministry’s IT platform. It relates to the limits set by law No. 2010-788 of July 12, 2010, relating to the National Commitment to the Environment and complies with the specifics described in the implementing decree No. 2011-829 of July 11, 2011.

The tables below refer to the measurements taken from January 1, 2014 to December 31, 2014. Therefore, only scopes 1 and 2 (direct and indirect emissions relating to electricity and heat consumption) are recognized as follows:

GREENHOUSE GAS EMISSIONS – 2014 CARBON ASSESSMENT

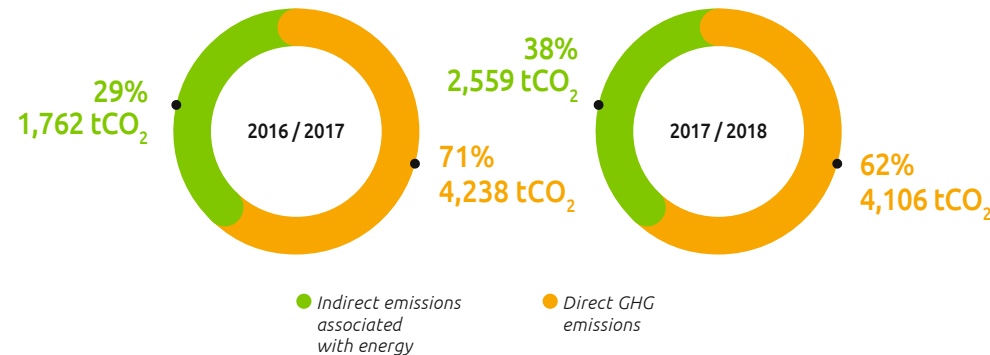
Categories of emissions	Types of emissions	Total (tCO ₂ e)	Uncertainty (tCO ₂ e)	Uncertainty (%)
Direct greenhouse gas emissions (Scope 1)	• Fossil fuel heating, etc.	3,818	270	7.1
	• Vehicle fuel	94	15	16
	• Refrigerant fluids and medical gases	326	96	29.4
	TOTAL	4,238	287⁽¹⁾	6.8⁽²⁾
Indirect emissions associated with energy (Scope 2)	• Electricity	1,762	279	15.8
	TOTAL	1,762	279	15.8

(1) The total corresponds to the square root of the sum of the squares of each uncertainty.
 (2) The total corresponds to total uncertainty in tCO₂e divided by total emissions.

For the 2017-2018 fiscal year, the significant greenhouse gas emissions items generated by Soitec’s business are the result of gas and electricity consumption.

In the category of “Direct emissions from stationary combustion sources,” greenhouse gas emissions amounted to 4,106 tCO₂eq, for gas consumption of 18,751 MWh.

In the category of “Indirect emissions related to electricity consumption,” greenhouse gas emissions stood at 2,559 tCO₂eq, for electricity consumption of 60,917 MWh [CSR](#).



Scope 3 covers emissions related to company suppliers, staff and customer transport, supply chain, recycling and end-of-life products. Soitec is conscious of the impact these emissions have on climate change and has already undertaken numerous actions to mitigate that impact. Over the past several years, the Company has been seeking to permanently optimize logistics flows and shipping containers by involving its suppliers and subcontractors (see chapter “Ethical Business”, 17.4.4.2.4 *Incorporating societal and environmental concerns into the purchasing policy and in relations with suppliers and subcontractors*). It has focused in particular on transport, through investments and changes to its policies in a move towards cleaner forms of transport (see Chapter 17.4.3.7 *More sustainable forms of transport*).

17.4.3.6 Protecting biodiversity

17.4.3.6.1 Storm basins

Soitec has three storm tanks at its Bernin site. These are buffer basins that collect rainwater during rainy periods from the site’s rooftops and covered areas so that it gradually seeps into the soil or runs off toward the town collector. The sizing of these basins is standardized according to the site’s surface area and the region’s weather data.

To comply with regulations, Bernin 1 and Bernin 3 have been transformed into a catchment basin for firefighting water. The purpose of the fire basin is to recover the extinguishing water potentially polluted by chemicals present at the site and by products of materials combustion.

In contrast, the Bernin 2 storm basin has been preserved to protect the flora and fauna that have developed there.

A project has been set up in association with the Saint-Ismier Horticultural School for that purpose (for more details about the project, see page 33 of the *2016-2017 Registration Document*).

Since then, each year, students maintain the pond, prune trees and plant new species.



17.4.3.6.2 A partnership with the department of Isère

Soitec became involved in sustainable development and local conservation issues very early on. It works with the department of Isère on environmental issues and the protection of sensitive natural areas (SNA) around Grésivaudan, particularly the Marais de Montfort de Crolles wetland area (which is the closest to Soitec geographically). Over the coming year, several initiatives are planned for employees: a conference hosted by the department on sensitive natural areas around Grésivaudan, the protection of fauna and flora and human activities in these areas, guided tours of the Marais de Montfort site, and a call for cultural projects to be launched by the department to create a new identity for the wetland area.



17.4.3.7 More sustainable forms of transport

17.4.3.7.1 Reducing employee air travel

In 2017-2018, Soitec tightened its financial rules on air travel. This has resulted in fewer business trips and more remote meetings, thereby reducing Soitec's carbon footprint.

17.4.3.7.2 Partnership with regional public transport operators

As part of its mobility plan, Soitec has signed a partnership agreement with G'R4 (the company that manages Tougo, the public transport network for the Grésivaudan area) and CarPostal Interurbain (which operates Express lines 1, 2 and 3 in the Grenoble region for the departmental transport network Transisère).

The aim of these agreements is to encourage our employees to use public transport by giving each new Tougo and Transisère pass holder a 25% discount on their annual pass.

Given that commuting is not only the main cause of traffic congestion, but also offers the most potential for change, Soitec is committed to working with its local partners to reduce the number of single-occupancy vehicles.

The common goal is more environmentally-friendly commuting and business travel. The parties are convinced that a decline in the number of single-occupancy vehicles will ease congestion, which affects not only the local economy but also the health and quality of life of local residents. Through this partnership, Soitec is committed to encouraging the use of alternative modes of transport such as public transport, cycling, walking or car-sharing to reduce solo car use.

17.4.3.7.3 Installation of electric-vehicle charging points

Conscious of the environmental implications of staff commuting to work, Soitec is keen to help employees invest in clean vehicles. Six electric-vehicle charging points have therefore been installed in the Company's car park.



17.4.3.7.4 Electric bikes for employee use

To promote alternative means of travel, Soitec decided to encourage cycling. The *Environment & Energy Days* that took place in May 2017 featured a bike maintenance workshop and an event to raise awareness of the benefits of cycling. Employees were subsequently given the use of a fleet of six electric bikes for commuting during the spring, summer and autumn months. For Soitec, the aim was to spark an interest in this sustainable form of transport. At the end of the period, Soitec decided to sell the bikes at a discounted rate to staff who expressed an interest.

Given the scheme's success, Soitec decided to repeat it in 2018-2019.



17.4.4 ETHICAL BUSINESS

17.4.4.1 Getting involved in the regions

Soitec is located in a dynamic economic area and is committed to developing employment, bringing scientific communities together, and sharing its passion for innovation, especially among youth. To support its growth, in early 2018 Soitec announced that it would be expanding its recruitment plan.

17.4.4.1.1 In matters of employment and regional development ^(CSR)

An ambitious recruitment plan for 2018

In early 2018, Soitec announced plans to recruit 200 people at its Bernin site near Grenoble in France, and around 100 people in Singapore and its other foreign subsidiaries. The jobs will provide a boost to the local economy, particularly in the Auvergne Rhône-Alpes region, where the Company's head office is located. As a result, Soitec has joined the top 100 ⁽¹⁾ companies with the highest recruitment over the coming year. The Company is looking to recruit in all job categories. This year will see double the number of internship and work-study opportunities on offer compared with the previous year, as well as opportunities for International Volunteers in Business at its Singaporean subsidiary.

(1) Survey conducted from November 20 to December 1, 2017, based on a questionnaire prepared by the editorial staff at L'Usine Nouvelle and sent to nearly 500 companies in industry, services, and the digital segment.

Quote from Pascal Lobry, Human Resources Executive Vice President at Soitec

"The main challenge of this recruitment plan is to broaden the expertise of Soitec's staff with complementary experiences gained in different environments, and to improve the diversity of our teams in terms of skills, cultures and personalities. The fresh insights of the people joining Soitec will be an invaluable part of this process."



Universal Service Employment Vouchers co-funded by Soitec

Universal Service Employment Vouchers, or CESU, were introduced by Soitec on January 1, 2009 under a company-wide agreement. In 2017, Soitec extended the scheme with an annual budget of €45 thousands. The vouchers are available to all employees with more than six months' seniority and a child less than four years old. They may be used to pay for personal services. This measure enables Soitec to support parent employees in their quest for a work-life balance, while helping to foster local employment.

Sponsorship actions to support the region's ecosystem

Soitec strengthens its local ties through agreements with high-profile local partners active in the Grenoble region and throughout the department of Isère. In recent years, Soitec has sponsored one of its employees, Xavier Philippe, who is a triathlete and manager of Team Argon 18 France. The fact that he competes in international events such as the renowned Hawaii Ironman® and at internal company events is a source of pride for employees and their families. In 2017-2018, Soitec launched a review to diversify its actions and build new, lasting relationships with the ecosystem in the Auvergne Rhône-Alpes region. New sponsorship and corporate philanthropy initiatives are expected to emerge in 2018-2019.



Other actions

— Soitec is also a member of the Ecobiz community within the Grenoble Chamber of Commerce and Industry (CCI).

As such, Soitec department heads regularly attend workshops organized by the CCI to share best practices and participate in local economic initiatives.

— Finally, it should be noted that Soitec is Bernin's largest taxpayer through its payment of the business tax and the water tax. In this way, it contributes to the municipality's development.

17.4.4.1.2 Young people

Inn.OTech

For a number of years, interest in post-secondary study in industrial sectors has been waning. Secondary school students specialize in scientific subjects, but few are in the technological field of semiconductors, which remains unknown, despite the Company's growing digitization. In order to encourage secondary school students to consider professions in high technology after graduating, Soitec and its partners, STMicroelectronics and Grenoble-INP, launched the Inn.OTech program. Other companies in this sector have joined this initiative. This involves holding sessions for 36 secondary school students at a time, with an even female-to-male ratio, from two secondary schools in the Grenoble area.

Two sessions are held each year for four secondary schools. Each session lasts three days, and each day takes place at a different site, which gives the students an opportunity to get a feel for the various industrial and academic environments: STMicroelectronics Crolles, then Grenoble-INP, and finally at Soitec's Bernin site. Each day consists of interactive workshops led by the companies' employees or by university students. Ultimately, Soitec and its partners aim to reinvigorate the pool of graduates and motivate them to consider these technical fields, which offer great opportunities to young women. Inn.OTech's success is measured by questionnaires filled out by the students at the end of each session, as well as by the interest shown by the faculty in participating in the program. Students at each school report back; this helps to maintain their enthusiasm to have their schools participate again the following year. Through this project, Soitec is locally engaged and builds fruitful partnerships with schools, engineering colleges and technology companies in the area.

School Open Days and other school visits

Soitec regularly hosts groups of students who come to learn about Soitec's business, clean rooms, products and know-how. When relevant, they also meet with employees in a "speed dating" format to better understand the microelectronics professions. These gatherings are often very enriching and the feedback from the schools is extremely positive. Over the past year, several classes visited, including:

- students from the ESCA School of Management in Casablanca, Morocco, as part of a partnership between ESCA and the Grenoble School of Management;
- students from La Moulinière Middle School in Domène, as part of the School Open Day initiatives co-led by the Grenoble CCI;
- ninth-grade students at the Copernico Technical High School in Brescia, Italy, as part of an exchange program with the Emmanuel Mounier High School in Grenoble.

17.4.4.1.3 Offering schemes that unite the Company

B2B cross-country

For the fourth consecutive year, Soitec organized a cross-country race for its employees and invited other companies in the area to take part, such as Petzl and STMicroelectronics. The event is primarily an opportunity for staff to socialize and interact. However, it is also an opportunity for Soitec to donate to one or more charities nominated by its employees. For example, in 2017-2018 Soitec donated to *Loisirs Pluriel Porte des Alpes*, a charity that helps children with disabilities take part in leisure activities, and *Cassandra*, which raises money for leukemia research.

Blood donation

Every year, in association with the French Blood Service, Soitec organizes two donation sessions at its site. The Company's employees can take time off during work to donate. By encouraging staff to take part, more patients can benefit from these blood products. In 2017-2018, two donation sessions were held in October and February. From the 96 donors who took part, 85 donations were collected.

17.4.4.2 Partnering for sustainable growth

Soitec strives to act globally in accordance with demanding social and ethical principles. The Company has adopted a Code of good conduct that outlines the broad principles and guidelines that define its business practices and internal relationships.

It defines a corpus of rules that, in accordance with the legal, regulatory and cultural framework of the countries in which the Company operates, are expected to govern the daily individual and collective actions carried out on Soitec's behalf. It also provides useful guidance for Soitec employees so that they can make the right decisions and take the appropriate action at work, and in general conduct themselves in the most upright and exemplary manner possible. The Code applies to all countries where the Group's entities conduct business. It is aimed at all Soitec employees in their dealings with each other and with shareholders, investors, government agencies, authorities, customers and suppliers. It is appended to the Company's Internal Regulations and is communicated to all employees.

To familiarize staff quickly with the Code of good conduct, Soitec opted to develop an e-learning course. In 2017, a working group was set up to produce a 45-minute module with a final test for employees and external firms working for Soitec on-site. Between September 2017 and the end of March 2018, 40% of Soitec's workforce completed the training.

17.4.4.2.1 Promoting and respecting the International Labor Organization's Fundamental Conventions

Soitec is a partner of the RBA (Responsible Business Alliance, formerly EICC), which sets standards to ensure a safe working environment and conditions within the electronics supply chain or sectors where electronics is one of the main components. This approach focuses on respect for staff, health, safety, the environment and business ethics.

17.4.4.2.2 Anti-corruption measures

Soitec attaches the utmost importance to compliance with the rules prohibiting corruption, influence peddling and money laundering.

It adheres in particular to the principles of the OECD Convention, which prohibits any form of corruption.

Soitec's commitment to this point is highlighted in its Code of good conduct: *"Soitec supports international action in favor of preventing corruption. It adheres fully to the principles of the OECD convention on the fight against the corruption of foreign public officials in international business transactions and to the 2009 Recommendation of the OECD that aims to strengthen the fight against the corruption of foreign public officials in international business. Soitec prohibits corruption in all forms in trade relations and complacent behavior with regard to this violation whatever the country in which business is conducted. Soitec also attaches the utmost importance to compliance with rules prohibiting money-laundering"*.

The Company also undertakes to comply with the French anti-corruption regulations. In 2017, it took steps to implement the eight anti-corruption measures defined by the Sapin II law, effective since June 1, 2017.

The Code of good conduct has now been revised to meet the requirements of the law. It is reinforced by the publication of a *Gifts and Entertainment Policy*, which provides guidance for employees on ethical business conduct.

In accordance with the French Sapin II law and in line with Soitec's adherence to the standards defined by the RBA, a whistle-blowing process has been put in place. This defines the terms and ensures confidentiality for the whistle-blower and the content of the whistle-blowing report in compliance with local laws.

17.4.4.2.3 Preserving consumer health and safety

Soitec applies the RoHS 2 Directive (2011/65/EU), which seeks to limit the use of certain particular or hazardous substances in electrical and electronic equipment in order to protect the health of consumers and of the planet. Soitec requires its suppliers of wafers, primary packaging and packing materials – *i.e.*, everything the customer will receive – to ensure that their products comply with the "Green Partner" requirement (JGPSSI standards and directives – Japan Green Procurement Survey Standardization, RoHS 2 – Restriction of Hazardous Substances, JIG – Joint Industry Guide). This ensures the absence or restriction of substances that are prohibited, specific, or hazardous to health and the environment in products and their manufacture. This requirement is accompanied by the commitment to use items that do not pose problems in terms of recycling.

17.4.4.2.4 Incorporating societal and environmental concerns into the purchasing policy and in relations with suppliers and subcontractors ^[CSR]

Soitec has issued a Quality Policy to its major suppliers and subcontractors who send their employees to work at Soitec sites.

This policy includes a list of requirements for ethics, safety, health and sustainable development.

With a view to sustainability, Soitec continuously seeks to streamline its logistics flows and rationalize its shipping containers. Soitec suppliers and subcontractors are systematically involved in such initiatives.

Production stages carried out on the raw material upstream of SOI manufacturing are made by American and Japanese subcontractors, in particular for so-called Refresh stages during which silicon wafers from the manufacture of SOI are regenerated as raw material and are thus reused.

Several initiatives have been undertaken in recent years:

- for the past two or three years, to reduce greenhouse gas emissions, Soitec has worked with its transport providers, parts suppliers, raw materials suppliers and customers to aggregate transport on specific days rather than multiplying shipments of small quantities;
- new, smaller packages have been approved to consolidate more products into the same volume shipped, reducing overall transport volume by one-third. For packaging, new suppliers have been certified, and the use of recyclable materials is now compulsory;
- for the past four years, whenever we have negotiated agreements, our suppliers, partners and customers have automatically been directed toward delivery solutions using reusable containers. This type of packaging will also be introduced at the Singapore plant. Thus, the proportion of containers for export will exceed 30% in 2018;
- if deadlines allow, maritime transport is favored for equipment transfers, and for some consumables supplies;
- with regard to Simgui, Soitec's Chinese partner, shipments directly to the customer are the preferred option in order to minimize the distances traveled by the products.

With regard to its raw materials supply, Soitec ensures that suppliers of materials such as lithium tantalate are in compliance with the “Conflict-Free Smelter Program”. Soitec goes to reasonable lengths to ensure that potential sources of minerals contained in its products do not finance groups or countries that violate human rights, by sourcing “conflict-free minerals” in accordance with the OECD Due Diligence Guidance and the US Dodd-Frank Act. Soitec applies strict conditions on the selection and monitoring of critical suppliers in relation to their use of energy, the environment, and in particular waste disposal companies. The safety performance criteria are integrated in the selection table for on-site assessment of service providers.

17.4.4.2.5 Protection of data and privacy

Mindful of the importance of personal data and the privacy of its employees and stakeholders in general, Soitec has been committed to this process for years:

- its first data processing survey was carried out in 1998;
- the rights and duties of each individual have been set out in its information security charter since 2007;
- and, at Soitec’s request, the French Data Protection Authority (CNIL) performed an audit in 2012, when the confidentiality of personal data was enshrined in the Code of good conduct.

The arrival of the new European General Data Protection Regulation (GDPR) was anticipated in 2016 with a renewed focus on this subject:

- a Data Protection Officer (DPO) was appointed in 2016;
- the Company’s key people for this issue have been audited to complete the internal record of processing activities;
- the principle of *Privacy by Design* has been incorporated in projects since 2017;
- contracts are negotiated with subcontractors handling data under Soitec’s responsibility;
- awareness-raising is being carried out across the board to make this topic a key aspect of the corporate culture and to ensure buy-in from all employees.

Apart from regulatory compliance, Soitec is convinced that the new regulation is a real opportunity to improve both internal and stakeholder confidence, which is essential to the development of its business. It will therefore strive for continuous improvement in this area so that everyone’s privacy is protected and respected, both now and in the future.

17.4.5 CSR PERFORMANCE

17.4.5.1 Concordance table with the French Grenelle II law

Decree No. 2016-1138 of August 19, 2016, adopted in implementation of Article L. 225-102-1 of the French Commercial Code and relating to environmental information contained in the management reports of companies.

	Chapter	Page number in Registration Document
Social information		
Employment		
Total number and breakdown of employees by gender, age and geographical area	17.4.2.1.1 17.4.2.4.3	104 - 106 117
New hires and dismissals	17.4.2.1.2	106
Compensation and changes in compensation	17.4.2.1.3	106 - 107
Labor organization		
Organization of working time	17.4.2.1.5	108
Absenteeism	17.4.2.1.4	107
Labor relations		
The organization of social dialogue, including procedures for informing, consulting and negotiating with staff	17.4.2.2.1	108 - 109
Report on collective agreements	17.4.2.2.2	109 - 110
Health and safety		
Occupational health and safety conditions	17.4.2.3	110 - 113
Review of agreements with trade unions or employee representatives on health and safety in the workplace	17.4.2.2.2	109 - 110
Workplace accidents, including their frequency and severity, as well as occupational illnesses	17.4.2.3.4	113 - 115
Training		
Training policies implemented	17.4.2.4.2	116 - 117
Total number of training hours	17.4.2.4.2	116
Equal treatment		
Measures taken to promote gender equality	17.4.2.4.3	117 - 118
Measures taken to promote the employment and integration of persons with disabilities	17.4.2.4.4	119
Anti-discrimination policy	17.4.2.4.5	119
Promotion and compliance with the provisions of the fundamental conventions of the International Labor Organization on:		
Freedom of association and the right to collective bargaining	17.4.4.2	130
	17.4.4.2	130
The elimination of discrimination in terms of employment and profession	17.4.2.4.5	119
The elimination of forced or mandatory labor	17.4.4.2	130
The effective abolition of child labor	17.4.4.2	130
Environmental information		
General environmental policy		
The Company’s organization to take account of environmental issues and, as appropriate, the environmental assessment or certification steps	17.4.3.1	120

	Chapter	Page number in Registration Document
Training and education of salaried employees on environmental protection	17.4.3.2	120
Resources allocated to preventing environmental risks and pollution	17.4.3.3	120 - 123
The amount of provisions and guarantees for environmental risks, provided that such information is unlikely to cause serious harm to the Company in an ongoing dispute	17.4.3.3.4	122
Pollution		
Measures to prevent, reduce and repair discharges into the air, water and soil seriously affecting the environment	17.4.3.3.5	122 - 123
Taking into account noise disturbances and all other forms of pollution specific to an activity	17.4.3.3.6	123
Circular economy		
<i>Waste prevention and management</i>		
Measures for prevention, recycling, reuse, other forms of recovery and disposal	17.4.3.4.1	123 - 124
Actions to combat food waste	17.4.3.4.2	124 - 125
<i>Sustainable use of resources</i>		
Water consumption and water supply in accordance with local constraints	17.4.3.4.3	125
Consumption of raw materials and measures taken to improve efficiency in their use	17.4.3.4.3	125
Energy consumption and measures taken to improve energy efficiency and use of renewable energies	17.4.3.4.3	126
Use of soil	17.4.3.3.3	122
Climate change		
The significant amounts of greenhouse gas emissions generated as a result of the Company's business, in particular through the use of the goods and services it produces	17.4.3.5.1	127
Adaptation to the consequences of climate change	17.4.3.5	127
Protection of biodiversity		
Measures taken to protect or develop biodiversity	17.4.3.6	127 - 128
Information relating to societal commitments for sustainable development		
Territorial, economic, and social impact of the Company's business		
In matters of employment and regional development	17.4.4.1.1	128 - 129
On the neighboring or local populations	17.4.4.1.2	129
Relations with persons or organizations interested in the Company's activity, particularly outsourcing agencies, educational institutions, environmental defense organizations, consumer associations and local residents		
Conditions of dialogue with such persons or organizations	17.4.4.1	128 - 130
Partnership or sponsorship actions	17.4.4.1.1	129
Subcontracting and suppliers		
Taking into account social and environmental issues in the Company's procurement policy	17.4.4.2.4	130 - 131
The importance of subcontracting and the taking into account of suppliers' and subcontractors' social and environmental responsibility in relations with them	17.4.4.2.4	130 - 131
Fair practices		

	Chapter	Page number in Registration Document
Actions taken to prevent corruption	17.4.4.2.2	130
Measures taken in favor of the health and safety of consumers	17.4.4.2.3	130
Other actions taken in favor of human rights		
Other actions taken in favor of human rights	17.4.4.2.1	130

17.4.5.2 Reporting methodology

17.4.5.2.1 Scope

For the chapter on "People," the workforce is calculated for all Soitec sites worldwide. It includes all employees, including the executive corporate officer. All data starting with paragraph 1.4 "Absenteeism" are calculated for Soitec S.A., which represents 94% of the workforce. For the "Planet" chapter, the data are calculated for the Bernin site only. The Singapore site is excluded from the scope for this year, since it has been open for less than a year. Bernin and Singapore are Soitec's only industrial facilities.

17.4.5.2.2 Calculation methods

Figures are given by fiscal year, unless otherwise stated. Soitec's fiscal year starts on April 1 and ends on March 31.

Social data

Social data are calculated based on the registered workforce and on the jobs held (not including suspended employment contracts):

- **registered workforce:** breakdown of employees by age, geographical area, change in headcount, turnover rate, ratio of women to men;
- **jobs held:** breakdown of employees by job, resignation rate, absenteeism, hardship.

The turnover rate corresponds to the sum of resignations, dismissals, terminations by mutual agreement and departures as part of the collective employee departure plans over the previous 12 months, relative to the average annual workforce under open-ended contract. It is calculated based on the size of the workforce.

The resignation rate corresponds to the sum of resignations over the last 12 months, relative to the average annual workforce on open-ended contracts. It is calculated based on the number of jobs held.

Absenteeism is the number of hours of absence for sickness, occupational illness and therapeutic part-time work divided by the number of theoretical hours. It is calculated over a rolling 12-month period.

The number of hours of training per employee is obtained by dividing the total number of hours of training by the average number of jobs held during the year.

The frequency rate corresponds to the number of lost-time accidents in the fiscal year multiplied by one million and divided by the number of hours worked over the period.

The severity rate is the number of calendar days off work multiplied by 1,000 and divided by the number of hours worked. It should be noted that days off for work accidents are no longer counted beyond 150 days of absence.

The frequency rate and severity rate indicators are tracked and published monthly. They are presented in graph form and calculated on a rolling year basis to capture their change over time.

These safety indicators are accessible to all staff on the internal portal as well as in the monthly "Safe" newsletter.

Lost-time accidents correspond to the number of accidents resulting in at least one day not worked, not counting the day of the accident.

Care corresponds to the number of accident events that resulted in medical care provided by the internal medical team or firefighters.

Near misses are "unexpected" and sudden events or circumstances putting a person or persons in dangerous situations without causing bodily harm.

The share of workers with disabilities is calculated based on the regulations in force.

Environmental information

Energy and water consumption is based on invoiced consumption.

To calculate greenhouse gases, the factor used for electricity is the "factor per use – industry" published by ADEME: 0.042 kgCO₂/kWh. The factor used for natural gas is ADEME's French emission factor for gas consumption in kWh HHV: 0.219 kgCO₂/kWh.

Noise measurements are carried out at the property line and for regulated emergence zones (REZ), during daytime and nighttime periods. The measurements are carried out in accordance with AFNOR NFS 31 010, "Characterization and measurement of environmental noise – specific methods of measurement" from December 1996, using a Class I integrating sound-level meter, 01dB ACOEM mark, in accordance with NFS-31-109.

INDUSTRIAL WASTEWATER DISCHARGES

One discharge point was identified. It is located downstream of the neutralization stations and is equipped with flow measurement equipment and a sampler controlled by the flowmeter.

– **Flow measurement:** before discharge into the natural environment, a speed-measuring probe and an ultrasonic probe for height measurement were set up. These two probes enable measurement of the discharge rate of industrial wastewater after neutralization. The flow rate is measured daily.

– **Sampler:** a sampler was also installed on this same point of discharge. The sample is controlled by volume. An average sample is recovered over 24 hours (a given day at midnight until the following day at midnight). Such samples are taken daily. They enable analysis of the following parameters: COD, fluoride, phosphate, ammoniacal nitrogen, pH, flow rate. Weekly analyses (BOD5) and monthly analyses (suspended solids, hydrocarbons) are carried out by an external laboratory.

ATMOSPHERIC EMISSIONS

The samples and the analyses are carried out by the APAVE.

– **Sampling strategy**

In accordance with NF EN 15259 and LAB REF 22, the sampling strategy with respect to the homogeneity of the gaseous effluents is as follows:

- for particulate and vesicular pollutants: measurement by grid of the section to be measured;
- for gaseous pollutants with non-isokinetic sampling: measurement by grid of the section to be measured;

- for gaseous pollutants with non-isokinetic sampling:
 - measured at any point of the measuring section when the measurement section is considered to be homogeneous,
 - measured at a representative point when the measurement section is heterogeneous and has a representative point,
 - measured by grid of the measurement section when this section is heterogeneous and does not have a representative point.

– **Method of sampling and analysis**

- Non-isokinetic removal by bubbling/filtration method:
 - principle: non-isokinetic sampling of the fumes using a borosilicate glass probe equipped with a device for measuring the volume taken from dry gas with filtration. The probe temperature is maintained above the +20°C dew point temperature of the gases. Gaseous pollutants are trapped by bubbling with scrubbers equipped with diffusers;
 - applicable standards, sampling materials and methods of analysis:

Component researched	Corresponding standard	Absorption solution	Efficiency	Number	Type of diffuser	Rinsing	Analysis
HCl	NF EN 1911	Demineralized water	>95%	2	Sintered	Absorption solution	Ion chromatography
HF	NF X 43-304	NaOH 0,1 N	>90%	2	Sintered	Absorption solution	Basic extraction (NaOH solution) followed by ion chromatography
NH3	NF X 43-303	H ₂ SO ₄ 0,1 N	>95%	2	Sintered	Absorption solution	Ion chromatography
Acidity/Basicity	NF X 43-317	Buffer solution at pH 5.5	-	2	Sintered	Absorption solution	Titrimetry

- Sampling by analyzer:
 - principle: the analysis is done continuously. The analyzer is calibrated before and after each test from a certified standard gas mixture. The watertightness of the line is checked by injecting the standard gas at the top of the line. Before entering the analyzer, the gases are taken out by stainless steel probe. The analog output of the analyzer is connected to a recorder;
 - applicable standards, sampling materials and methods of analysis:

Component researched	Corresponding standard	Measurement principle	Packaging	Type of line
TVOC	NF EN 12619	Flame ionization detector	-	Heated

Waste is handled by an external service provider. Upon arrival at the storage or processing center, each container is weighed to obtain the actual tonnage.

17.4.5.3 Auditor's report

Report by one of the Statutory Auditors, appointed as independent third party, on the consolidated human resources, environmental and social information included in the management report

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

For the year ended 31 March 2018

To the Shareholders,

In our capacity as Statutory Auditor of Soitec S.A, (hereinafter named the "Company"), appointed as independent third party and certified by COFRAC under number 3-1049⁽¹⁾, we hereby report to you on the consolidated human resources, environmental and social information for the year ended 31 March 2018, included in the management report (hereinafter named «CSR Information»), pursuant to article L. 225-102-1 of the French Commercial Code (*Code de commerce*).

Company's responsibility

The Board of Directors is responsible for preparing a company's management report including the CSR Information required by article R. 225-105-1 of the French Commercial Code in accordance with the procedures used by the Company (hereinafter the "Guidelines"), summarised in the management report and 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 a part or all 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 (Attestation 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).

However, it is not our responsibility to express an opinion on the compliance with the other relevant legal provisions applicable if necessary, in particular those envisaged by article L. 225-102-4 of the French Commercial Code (Duty of care) and by the law n° 2016-1691 of December 9, 2016 known as Sapin II (fight against corruption).

Our work involved six persons and was conducted between March and June 2018 for a two-week period. We were assisted in our work by our CSR experts.

We performed our work in accordance with the order dated 13 May 2013 defining the conditions under which the independent third party performs its engagement, with the professional guidance issued by the French Institute of statutory auditors (*Compagnie nationale des commissaires aux comptes*) relating to this engagement, and with ISAE 3000⁽²⁾ concerning our conclusion on the fairness of CSR Information.

(1) Whose scope is available at www.cofrac.fr.

(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

1. Attestation 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 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 controlled entities as defined by article L.233-3 of the French Commercial Code within the limitations set out in the methodological note "reporting methodology", presented in section 28 of the Registration Document.

Conclusion

Based on the work performed and given the limitations mentioned above, we attest that the required CSR Information has been disclosed in the management report.

2. Conclusion on the fairness of CSR Information

Nature and scope of our work

We conducted around ten interviews with the persons responsible for preparing the CSR Information 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 process to reach 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⁽¹⁾ :

- 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 Bernin industrial site level, selected by us on the basis of its activity, its contribution to the consolidated indicators, its location and a risk analysis, we conducted interviews to verify that procedures are properly applied and to identify potential undisclosed data, 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 100% of headcount considered as material data of social issues and 100% of environmental data considered as material data⁽²⁾ of environmental issues.

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 that was not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes we have 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 the work performed, no material misstatement has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

Paris-La Défense, 13th June 2018

KPMG S.A.

Anne Garans
Partner

Stéphane Devin
Partner

Jacques Pierre
Partner

Sustainability Services

La CNCC considère que la traduction n'est pas signée, dans la mesure où il s'agit d'une traduction libre en anglais du rapport original établi en français. En effet, la signature est le graphisme par lequel une personne s'identifie dans un acte et par lequel elle exprime son approbation du contenu du document. En outre, l'apposition d'une signature sur un rapport lui confère la qualité d'être un original. Or, au cas particulier, l'original est représenté par la version française du rapport.

(1) *Social indicators: Workforce on 31 March 2018 and breakdown by gender and age; Headcount variation including and hires and layoffs; Share of women in the workforce and breakdown by category (Operators, ETAM and Engineer/Executive); Frequency rate of work-related accidents; Severity rate of work-related accident.*

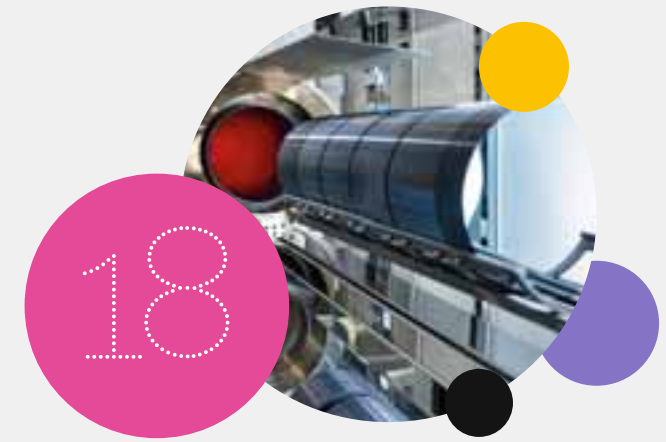
Environmental indicators: Electricity consumption; Natural gas consumption; Water consumption; Direct emissions from stationary combustion sources installations (scope 1) ; Indirect emissions due to electricity consumption (scope 2).

Qualitative information: Occupational health and safety conditions; Policies implemented regarding training; Measures implemented to promote gender equality ; Measures implemented to promote employment and integration of disabled people; The organization of the company to integrate environmental issues; Measures of prevention, reduction or repair of discharges into the air, water and ground, impacting severely the environment; Measures of prevention, recycling, reuse, other forms of recovery and disposal of waste; Integration of social and environmental issues into the company procurement policy; Importance of subcontracting and consideration, in the relationship with subcontractors and suppliers of their social and environmental responsibility; Territorial, economic and social impact of the company activity regarding regional employment and development.

(2) *Please refer to the environmental indicators list presented in footnote 3.*



MAIN SHAREHOLDERS



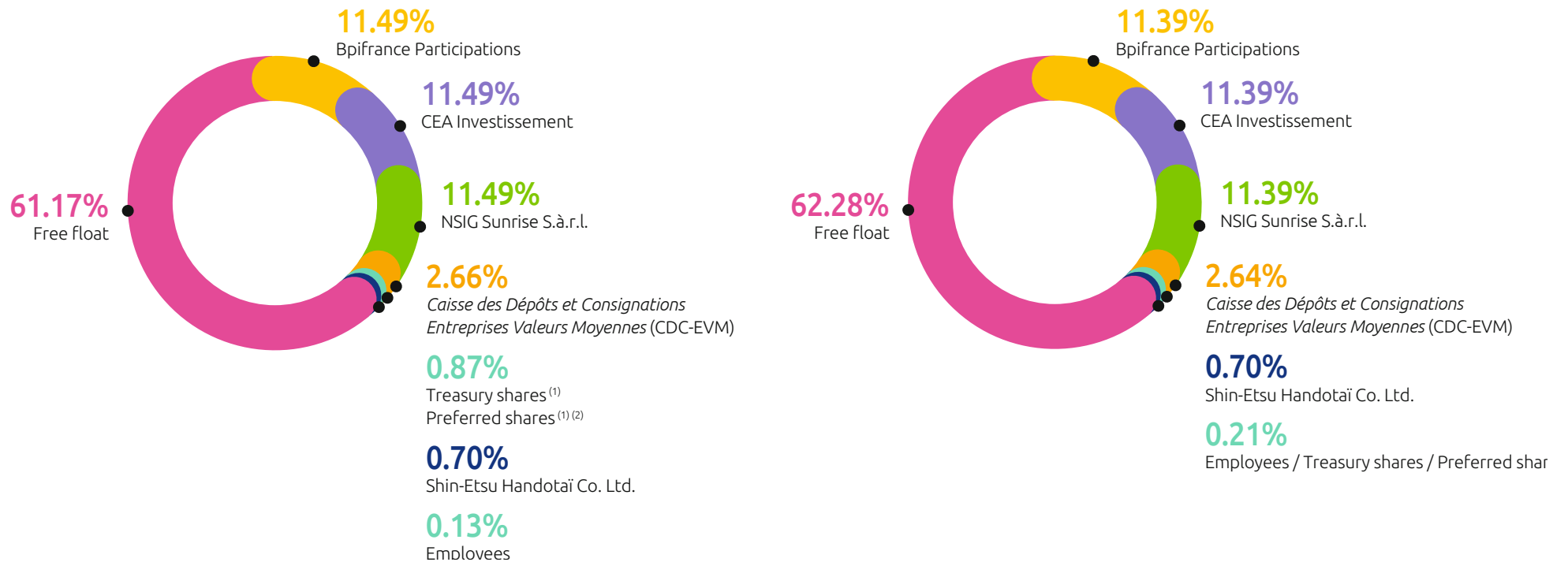
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MAIN SHAREHOLDERS

Breakdown of capital and voting rights

18.1 BREAKDOWN OF CAPITAL AND VOTING RIGHTS

Unless otherwise stated, the number of shares and voting rights mentioned in this paragraph 18.1 are given after the Company's reverse stock split, which became effective on February 8, 2017.

18.1.1 SHAREHOLDING STRUCTURE AT MARCH 31, 2018

(1) Non-voting shares.

(2) Preferred shares with a par value of €0.10 each, not admitted to trading.

18.1.2 CHANGES IN THE MAIN SHAREHOLDERS OVER THE PAST THREE YEARS

The table below shows the number of shares and voting rights and the corresponding percentages held as of March 31, 2018 by the main shareholders (directly or indirectly more than 5% of the share capital) and core shareholders. It also shows the changes over the last three years in their respective positions in terms of percentages of shares and voting rights that may be exercised.

Shareholders	Situation as of March 31, 2018						Situation as of March 31, 2017		Situation as of March 31, 2016	
	Number of shares	Percentage of shares	Number of theoretical voting rights ⁽¹⁾	Percentage of theoretical voting rights ⁽¹⁾	Number of voting rights that may be exercised ⁽²⁾	Percentage of voting rights that may be exercised ⁽²⁾	Percentage of shares	Percentage of voting rights that may be exercised	Percentage of shares	Percentage of voting rights that may be exercised
Free float	19,348,478	61.17	19,882,373	61.75	19,882,373	62.28	54.33	55.24	84.75	81.47
NSIG Sunrise S.à.r.l.	3,636,008	11.49	3,636,008	11.29	3,636,008	11.39	14.50	14.21	0.00	0.00
CEA Investissement	3,636,007	11.49	3,636,007	11.29	3,636,007	11.39	14.50	14.21	0.00	0.00
Bpifrance Participations	3,636,007	11.49	3,636,007	11.29	3,636,007	11.39	14.50	14.21	9.54	13.40
<i>Caisse des Dépôts et Consignations Entreprises Valeurs Moyennes (CDC-EVM)</i>	843,100	2.66	843,100	2.62	843,100	2.64	1.42	1.40	3.74	3.39
Shin-Etsu Handotai Co Ltd.	222,629	0.70	222,629	0.69	222,629	0.70	0.73	0.73	1.92	1.74
Employees	40,261	0.13	67,124	0.21	67,124	0.21	n.c.	n.c.	n.c.	n.c.
Treasury shares ⁽³⁾	5,077	0.02	5,077	0.02	0.00	0.00	0.02	0.00	0.05	0.00
Preferred shares ⁽³⁾⁽⁴⁾	269,365	0.85	269,365	0.84	0.00	0.00	N/A	N/A	N/A	N/A
TOTAL	31,636,932	100.00	32,197,690	100.00	31,923,248	100.00	100.00	100.00	100.00	100.00

(1) The total number of theoretical voting rights (or "gross" voting rights) is used as the basis for calculating the crossing of thresholds. In accordance with Article 223-11 of the AMF General Regulation, this number is calculated on the basis of all shares to which voting rights are attached at the reporting date, including non-voting shares and shares qualifying for double voting rights.

(2) The total number of voting rights that may be exercised (or "net" voting rights) is calculated after taking into account, at the reporting date, the number of shares qualifying for double voting rights, less the number of non-voting shares.

(3) Non-voting shares.

(4) Preferred shares with a par value of €0.10 each, not admitted to trading.

18.1.3 COMMENTS ON THE BREAKDOWN OF CAPITAL AND VOTING RIGHTS

Since two years, following the successive completion of two major capital increases – one reserved, the other with shareholders maintaining their preferential subscription rights – three strategic investors have made up a significant proportion of the Company's shareholder base: Bpifrance Participations, CEA Investissement and NSIG Sunrise S.à.r.l. They each currently hold 11.49% of the shares constituting the Company's share capital.

Furthermore, a study of the shareholding structure conducted in March 2018 revealed that about 40% of the Company's capital is held by institutional investors, mainly located in Europe and the United States, compared with 30% at the beginning of the 2017 calendar year.

The free float comprises the remainder, *i.e.* about 25% of the Company's shares.

Of this 25%, employee share ownership is stable but fairly insignificant (0.13% as of March 31, 2018). This could increase significantly in the next few years, owing to the future release of the free share allocation plans set up for employees in the last two fiscal years.

Lastly, a tiny percentage of the capital consists of non-voting shares: ordinary shares held in treasury representing approximately 0.02% of the capital, and preferred shares not admitted to trading, representing around 0.85% of the total shares, compared with 0.04% of the share capital (this difference being due to their par value of €0.10 each, different from that of ordinary shares, which have a fixed par value of €2.00 each).

18.1.4 THRESHOLDS CROSSED IN THE LAST THREE FISCAL YEARS

Except for the two most recent disclosures – one made by the *Caisse des Dépôts et Consignations* concerning thresholds crossed on June 28, 2017, and the other by GIC Private Limited concerning a threshold crossed on May 11, 2018 – the number of shares and voting rights mentioned in this paragraph 18.1.4 are given before the Company's reverse stock split, which became effective on February 8, 2017.

Dimensional Fund Advisors LP disclosed having crossed:

- on May 26, 2015, below the 3% statutory threshold of the Company's capital, holding 6,655,273 shares of the Company, representing 2.877% of the capital of the latter as of that date.

EPIC Bpifrance disclosed it had indirectly crossed *via* Bpifrance Participations:

- on April 29, 2016, below the legal threshold of 10% of the Company's voting rights, holding 22,071,781 shares of the Company, representing 9.54% of the Company's capital at that date, and 22,071,781 voting rights, representing 9.08% of the Company's voting rights at that date;

- on May 2, 2016, above the legal thresholds of 10% of the Company's capital and voting rights, holding 53,701,944 shares of the Company, representing 14.5% of the Company's capital at that date, and 53,701,944 voting rights, representing 14.05% of the Company's voting rights at that date.

NSIG Sunrise S.à.r.l. disclosed having crossed:

- on May 2, 2016, above the legal thresholds of 10% of the Company's capital and voting rights, holding 53,701,944 shares of the Company, representing 14.5% of the Company's capital at that date, and 53,701,944 voting rights, representing 14.05% of the Company's voting rights at that date.

CEA Investissement disclosed having crossed:

- on May 2, 2016, above the legal thresholds of 10% of the Company's capital and voting rights, holding 53,701,944 shares of the Company, representing 14.5% of the Company's capital at that date, and 53,701,944 voting rights, representing 14.05% of the Company's voting rights at that date.

Caisse des Dépôts et Consignations, through Bpifrance Participations, disclosed having crossed:

- on April 29, 2016, below the legal threshold of 15% of the voting rights of the Company, directly and indirectly holding 30,713,405 voting rights representing 12.63% of the Company's voting rights at that date;
- on May 2, 2016, above the legal thresholds of 15% of the Company's capital and voting rights, directly and indirectly holding 62,343,568 shares representing 16.83% of the Company's capital at that date, and 62,343,568 voting rights, representing 16.31% of the Company's voting rights at that date;
- on June 28, 2017, below the legal thresholds of 15% of the Company's capital and voting rights, directly and indirectly holding 4,343,048 shares representing 14.33% of the Company's capital at May 31, 2017, and 4,343,048 voting rights, representing 14.05% of the Company's voting rights at May 31, 2017.

GIC Private Limited disclosed having crossed:

- on May 11, 2018, above the statutory thresholds of 3% of the Company's capital, and holding 1,057,347 shares of the Company, representing 3.3421% of the latter's capital as at March 31, 2018, the same number of voting rights, *i.e.* 1,057,347, representing 3.2839% of the Company's voting rights as at March 31, 2018.

To the Company's knowledge, no other natural or legal person than the abovementioned ones, acting alone or in concert, would hold, directly or indirectly, a number of shares of the Company representing more than 5% of its share capital or of its voting rights, and who would then be obliged to inform the Company in accordance with the applicable national laws.

18.2 DIFFERENT VOTING RIGHTS

Voting right is proportional to the capital represented by the shares.

When meetings are held, each share carries one vote.

However, following the decision of the Combined Ordinary and Extraordinary Shareholders' General Meeting of November 30, 1998, the Company's by-laws provide that a double voting right is conferred to shares held in registered form for at least two (2) years by the same shareholder, effective as of August 31, 2000.

The double voting right ceases for any share converted to bearer or subject to a transfer.

The exact number of voting rights of the main shareholders and core shareholders of the Company as of March 31, 2018, as well as their respective proportion relative to the total number of voting rights that may be exercised at the Company's Shareholder's General Meetings, are described in paragraph 18.1.2 above.

18.3 CONTROL OF THE COMPANY

To the Company's knowledge, there is no shareholder who holds, directly or indirectly, a portion of the share capital or the voting rights of the Company that would put them in a control position.

Reference is made to paragraph 21.2.6 of this Registration Document for a detailed description of the Memorandum of Association, the by-laws, any charter or regulation of the Company which might entail delaying, deferring or preventing a change of its control.

18.4 AGREEMENT WHICH MIGHT ENTAIL A CHANGE OF CONTROL

To the Company's knowledge, there is no agreement whose implementation might entail, in the future, a change of its control.

RELATED PARTY TRANSACTIONS



19.1 MAIN RELATED-PARTY TRANSACTIONS

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19.2 STATUTORY AUDITORS' REPORT ON RELATED PARTY AGREEMENTS AND COMMITMENTS

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19.1 MAIN RELATED-PARTY TRANSACTIONS

For information on the main related-party transactions carried out in the fiscal years ended March 31, 2017 and March 31, 2018, see note 5.3 "Related-party disclosures" to the 2017-2018 consolidated financial statements in Chapter 20 of the present Registration Document.

19.2 STATUTORY AUDITORS' REPORT ON RELATED PARTY AGREEMENTS AND COMMITMENTS

This is a translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders of Soitec,

In our capacity as Statutory Auditors of your Company, we hereby present to you our report on related party agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements and commitments indicated to us, or that we may have identified in the performance of our engagement, as well as the reasons justifying why they benefit the Company. We are not required to give our opinion as to whether they are beneficial or appropriate or to ascertain the existence of other agreements and commitments. It is your responsibility, in accordance with Article R. 225-31 of the French Commercial Code (*Code de commerce*), to assess the relevance of these agreements and commitments prior to their approval.

We are also required, where applicable, to inform you in accordance with Article R. 225-31 of the French Commercial Code (*Code de commerce*) of the continuation, during the year ended 31 March 2018, of the agreements and commitments previously approved by the Shareholders' General Meeting.

We performed those procedures which we deemed necessary in compliance with professional guidance issued by the French Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes*) relating to this type of engagement. These procedures consisted of verifying the consistency of the information provided to us with the relevant source documents.

AGREEMENTS AND COMMITMENTS SUBMITTED FOR APPROVAL TO THE SHAREHOLDERS' GENERAL MEETING AUTHORIZED AND EXECUTED DURING THE LAST FISCAL YEAR

In accordance with Article L. 225-40 of the French Commercial Code (*Code de commerce*), we have been notified of the following related party agreements and commitments which received prior authorization from your Board of Directors.

1. With the Commissariat à l'énergie atomique et aux énergies alternatives (CEA)

Person concerned: Christophe Gegout, Director

a) Nature and purpose

On June 21st, 2017, following the authorization from the Board of Directors on June 14th, 2017, your Company signed an agreement with the CEA by which the CEA terminated legal proceedings in respect of three patents of Silicon Genesis (SiGen) held with the United States Patents and Trademarks Office (USPTO). SiGen had previously raised a formal objection with the United States International Trade Commission concerning your Company's registration of these patents. This dispute has been settled by way of a settlement agreement through which your Company has obtained the right to use the disputed patents. As a result, the legal proceedings brought by the CEA will be brought to a close.

Conditions

As a result of this settlement agreement, during the fiscal year 2017-2018, your Company reimbursed legal costs of CEA of USD 470,491.59 incurred in respect of the legal proceedings brought with the USPTO.

Reasons justifying why the Company benefits from this agreement

Your Board of Directors gave the following reasons: this agreement is part of the litigation settlement.

b) Nature and purpose

The multiannual research & development agreement between your Company and the CEA expired on April 30th, 2017. This agreement had initially been concluded for a period of five years and four months, from January 1st, 2012 to April 30th, 2017.

On July 19th, 2017, whilst waiting to sign a new agreement, and following authorization from the Board of Directors on June 14th, 2017, your Company and the CEA signed an addendum to cover the period from May 1st to December 31st, 2017.

Since that date, the collaboration between the CEA and your Company is ongoing. A new contract is currently under negotiation and will be signed shortly.

Conditions

Under the terms of this agreement, the CEA invoiced your Company EUR 5,241,000 for the fiscal year 2017-2018.

Reasons justifying why the Company benefits from this agreement

Your Board of Directors gave the following reasons: this agreement represents the continuation of an existing agreement.

2. With the company Globalfoundries U.S., Inc. (GF)

Person concerned: Douglas Dunn, Director

a) Nature and purpose

In April 2017, following authorization from the Board of Directors on March 30th, 2017, your Company signed a contract with GF entitled « Materials Supply Agreement » (« MSA ») with effect from April 25th, 2017.

The MSA stipulates the general purchase terms applied to GF and some of its subsidiaries concerning your Company's products. In return, your Company agrees to provide the products which are identified in purchase orders or addenda to the MSA.

This contract is applicable for five years (until March 31st, 2022) and is automatically renewed each year if it is not specifically terminated.

This contract also stipulates the terms for delivery, storage, warranty period and the responsibilities of both parties.

b) Nature and purpose

In September 2017, following authorization from the Board of Directors on March 30th, 2017, your Company signed a contract with GF entitled « Long Term Addendum to Materials Supply Agreement » (« LTA »), applied retrospectively with effect from July 1st, 2017.

This contract is applicable for five years and is automatically renewed each year if it is not specifically terminated.

The LTA is governed by the rules set out in the « Materials Supply Agreement ».

The LTA stipulates the terms under which GF and its subsidiaries will obtain FD-SOI from your Company for a major part of their needs.

The prices depend on quantities purchased and the efficiency of the products. Prices may also decrease if GF enables a reduction in the acquisition costs of certain equipment used to manufacture the products.

The price of raw materials has no impact on the prices granted to GF.

This contract also stipulates the delivery terms and rules for consignment goods.

c) Nature and purpose

In April and May 2017, following authorization from the Board of Directors on March 30th, 2017, your Company signed a contract with GF Dresden entitled « Product Purchase Agreement » (« PPA »), attached as an appendix to the « Materials Supply Agreement » (« MSA »).

This PPA is applicable for the same term as the MSA i.e. five years (until March 31st, 2022) and is automatically renewed each year if it is not specifically terminated.

The PPA is an addendum to the MSA which sets the terms and conditions applicable to certain consignment goods purchased solely by GF Dresden. The MSA is therefore applicable to the PPA.

The PPA lists the products that will be purchased from your Company by GF Dresden in the context of consignment sales. It also sets out the specific terms applicable to such consignment sales.

Reasons justifying why the Company benefits from this agreement

Your Board of Directors gave the following reasons: definition of rules and general purchase terms, delivery and storage with this client.

Conditions

Under the terms of these three contracts, sales of wafers between your Company and GF represented USD 74,300,000 for the fiscal year 2017-2018.

AGREEMENTS AND COMMITMENTS PREVIOUSLY APPROVED BY THE SHAREHOLDERS' GENERAL MEETING IN PRIOR FISCAL YEARS

In accordance with Article R. 225-30 of the French Commercial Code (*Code de commerce*), we have been notified that the implementation of the following agreements and commitments, which were approved by the Shareholders' General Meeting in prior fiscal years, continued during the past fiscal year.

With Bpifrance Participations, CEA Investissement and National Silicon Industry Group/NSIG Sunrise S.à.r.l., shareholders of your Company

The implementation of the shareholders' agreement executed on March 7th, 2016, between your Company and its three majority shareholders, Bpifrance Participations, CEA Investissement and National Silicon Industry Group/NSIG Sunrise S.à.r.l., which was previously authorized by the Board of Directors on March 3rd, 2016, continued during the entire fiscal year.

We bring to your attention the fact that the continuation of the shareholders' agreement outlined above concerning, principally, the governance of your Company, is justified by each of the three shareholders referred to above maintaining their shareholding throughout the fiscal year ended March 31st, 2018.

Paris-La Défense and Lyon, on June 13th, 2018

The Statutory Auditors
French original signed by

KPMG S.A.

Ernst & Young Audit

Jacques Pierre

Stéphane Devin

Nicolas Sabran



FINANCIAL INFORMATION

NET ASSETS, FINANCIAL POSITION AND EARNINGS



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20.1 HISTORICAL FINANCIAL INFORMATION

Pursuant to Article 28 of the European Regulation (EC) No. 809/2004, the following information is included in this Registration Document:

- the Group's consolidated financial statements at March 14, 2016 and the corresponding audit reports appearing on pages 72 *et seq.* and on page 119 of the Registration Document, submitted to the French Financial Markets Authority on July 4, 2016 under number D.16-0665;
- the Company's annual financial statements at March 31, 2016 and the corresponding audit reports appearing on pages 110 *et seq.* and on page 111 of the Registration Document, submitted to the French Financial Markets Authority on July 4, 2016 under number D.16-0665;
- the Group's consolidated financial statements at March 31, 2017 and the corresponding audit reports appearing on pages 121 *et seq.* and on page 152 of the Registration Document, submitted to the French Financial Markets Authority on July 4, 2017 under number D.17-0720;
- the Company's annual financial statements at March 31, 2017 and the corresponding audit reports appearing on pages 152 *et seq.* and on page 154 of the Registration Document, submitted to the French Financial Markets Authority on July 4, 2017 under number D.17-0720.

The parts of these documents that are not included are either not relevant for the investor, or are covered elsewhere in this Registration Document.

The Registration Documents cited above are available on the Company's website (www.soitec.com) and the website of the French Financial Markets Authority (www.amf-france.org).

20.2 PRO FORMA FINANCIAL INFORMATION

Not applicable.

20.3 FINANCIAL STATEMENTS

20.3.1 CONSOLIDATED FINANCIAL STATEMENTS AT MARCH 31, 2018

20.3.1.1 Consolidated financial statements at March 31, 2018

Consolidated income statement

<i>(in € thousand)</i>	Notes	For the fiscal year ended March 31, 2018	For the year ended March 31, 2017
Sales	3.1	310,631	245,710
Cost of sales		(203,759)	(168,282)
Gross profit		106,871	77,428
Sales and marketing expenses		(7,750)	(7,843)
Research and development costs	4.2	(8,230)	(18,656)
General and administrative expenses		(23,492)	(23,200)
Current operating income		67,398	27,729
Other operating income	4.4	4,299	-
Other operating expenses	4.4	(222)	(8,195)
Operating income	3.1	71,475	19,532
Financial income	4.5	6,422	1,388
Financial expense	4.6	(3,303)	(12,989)
Financial income/(expense)		3,119	(11,602)
Profit before tax	4.7	74,594	7,931
Income tax	4.7	17,485	(682)
Net profit from continuing operations		92,080	7,249
Net profit/(loss) from discontinued operations	4.9	(5,566)	1,128
CONSOLIDATED NET PROFIT FOR THE PERIOD		86,514	8,375
NET PROFIT (GROUP SHARE)		86,514	8,375
Basic earnings per share <i>(in €)</i>	4.8	2.79	0.30
Diluted earnings per share <i>(in €)</i>	4.8	2.74	0.30

Basic earnings per share totaled €2.79, divided between continuing operations (€2.97) and discontinued operations (-€0.18).

Diluted earnings per share totaled €2.74, of which +€2.92 represents continuing operations and -€0.18 represents discontinued operations.

Consolidated statement of comprehensive income

<i>(in € thousand)</i>	Notes	March 31, 2018	March 31, 2017
Consolidated net profit for the period		86,514	8,375
Items of comprehensive income that may be reclassified to the income statement			
• of which: foreign exchange gains/(losses) on translation of foreign operations		(528)	4,265
• of which: changes in the fair value of hedging instruments		(6,804)	3,234
• of which: taxes on items recognized in the other items of comprehensive income		10,113	1,031
		(3,837)	-
Items of comprehensive income that may not be reclassified to the income statement			
• of which: actuarial gains/(losses) on defined benefit plans		(31)	(2,892)
• of which: changes in the fair value of fixed assets		(31)	(2,672)
		-	(220)
Income and expenses recognized in the other items of comprehensive income		(559)	1,373
COMPREHENSIVE INCOME FOR THE PERIOD		85,955	9,748
<i>Total comprehensive income (Group share)</i>		<i>85,955</i>	<i>9,748</i>

Consolidated statement of financial position

<i>Assets (in € thousand)</i>	Notes	March 31, 2018	March 31, 2017
Non-current assets			
Intangible assets	3.2.	8,179	4,009
Property, plant and equipment	3.3.	134,343	113,475
Non-current financial assets	3.5.	9,114	12,167
Other non-current assets	3.6.	44,914	31,341
Deferred tax assets	4.7.	18,998	-
Total non-current assets		215,548	160,992
Current assets			
Inventories	3.7.	39,952	33,642
Trade receivables	3.8.	56,823	39,975
Other current assets	3.9.	10,672	14,840
Current financial assets	3.10.	12,787	1,797
Cash and cash equivalents	3.11.	119,957	109,286
Total current assets		240,192	199,540
Assets held for sale and related to discontinued operations	3.12.	23,964	29,069
TOTAL ASSETS		479,704	389,601

Equity and liabilities (in € thousand)	Notes	March 31, 2018	March 31, 2017
Equity			
Share capital	3.13.1	62,762	60,623
Share premium	3.13.1	61,200	887,516
Treasury shares	3.13.2	(432)	(475)
Reserves and retained earnings		148,721	(806,050)
Other reserves	3.13.3	6,325	7,501
Equity (Group share)		278,576	149,115
Total equity		278,576	149,115
Non-current liabilities			
Long-term financial debt	3.15	59,649	104,656
Provisions and other non-current liabilities	3.16	11,449	15,180
Total non-current liabilities		71,098	119,836
Current liabilities			
Short-term financial debt	3.15	18,610	16,204
Trade payables	3.17	42,427	44,430
Provisions and other current liabilities	3.18	56,806	46,271
Total current liabilities		117,843	106,906
Liabilities held for sale and related to discontinued operations	3.12	12,187	13,744
TOTAL EQUITY AND LIABILITIES		479,704	389,601

Statement of changes to equity

(in € thousand)	Number of shares ⁽²⁾	Share capital	Share premium	Treasury shares	Reserves and retained earnings	Other reserves	Equity (Group share)	Total equity
March 31, 2016 reported	231,324,184	23,132	780,442	(475)	(816,339)	6,129	(7,111)	(7,111)
Impact of error correction ⁽¹⁾	-	-	-	-	(726)	-	(726)	(726)
March 31, 2016 restated ⁽²⁾	11,566,209	23,132	780,442	(475)	(817,065)	6,129	(7,837)	(7,837)
Items of comprehensive income that may be reclassified to the income statement						4,265	4,265	4,265
• of which: foreign exchange gains/(losses) on translation of foreign operations	-	-	-	-	-	3,234	3,234	3,234
• of which: changes in the fair value of instruments eligible for hedge accounting	-	-	-	-	-	1,031	1,031	1,031
Items of comprehensive income that may not be reclassified to the income statement						(2,892)	(2,892)	(2,892)
• of which: changes in the fair value of fixed assets	-	-	-	-	-	(220)	(220)	(220)
• of which: actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	(2,672)	(2,672)	(2,672)
Total income and expenses for the fiscal year recognized in the other items of comprehensive income	-	-	-	-	-	1,373	1,373	1,373
Income/(loss) from continuing operations	-	-	-	-	7,249	-	7,249	7,249
Income/(loss) from discontinued operations	-	-	-	-	1,128	-	1,128	1,128
COMPREHENSIVE INCOME FOR THE PERIOD	-	-	-	-	8,375	1,373	9,748	9,748
Exercise of stock options and/or definitive allocation of free shares	9,474	19	-	-	(19)	-	-	-
Capital increase	18,735,827	37,472	114,415	-	-	-	151,887	151,887
Capital increase costs	-	-	(7,341)	-	-	-	(7,341)	(7,341)
Share-based payments	-	-	-	-	2,603	-	2,603	2,603
Other	-	-	-	-	56	-	56	(56)
MARCH 31, 2017	30,311,510	60,623	887,516	(475)	(806,050)	7,501	149,115	149,115

(1) In the course of the application of IAS 8, the statement of financial position at March 31, 2016 was corrected for a tax expense of €726 thousand for the Singapore subsidiary.

(2) The number of ordinary shares was divided by 20 following the reserve stock split effective on February 8, 2017 following a decision approved by the General Shareholders' Meeting of July 25, 2016 to exchange 20 ordinary shares with a par value of €0.10 each for one new share with a par value of €2.00.

<i>(in € thousand)</i>	Number of shares	Share capital	Share premium	Treasury shares	Reserves and retained earnings	Other reserves	Equity (Group share)	Total equity
March 31, 2017	30,311,510	60,623	887,516	(475)	(806,050)	7,501	149,115	149,115
Items of comprehensive income that may be reclassified to the income statement						(528)	(528)	(528)
• of which: foreign exchange gains/(losses) on translation of foreign operations	-	-	-	-	-	(6,804)	(6,804)	(6,804)
• of which: changes in the fair value of instruments eligible for hedge accounting	-	-	-	-	-	10,113	10,113	10,113
• of which: taxes on items recognized in the other items of comprehensive income	-	-	-	-	-	(3,837)	(3,837)	(3,837)
Items of comprehensive income that may not be reclassified to the income statement						(31)	(31)	(31)
of which: changes in the fair value of fixed assets	-	-	-	-	-	-	-	-
of which: actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	(31)	(31)	(31)
Total income and expenses for the fiscal year recognized in the other items of comprehensive income	-	-	-	-	-	(559)	(559)	(559)
Income/(loss) for the period from continuing operations	-	-	-	-	92,080	-	92,080	92,080
Income/(loss) for the period from discontinued operations	-	-	-	-	(5,566)	-	(5,566)	(5,566)
COMPREHENSIVE INCOME FOR THE PERIOD	-	-	-	-	86,514	(559)	85,955	85,955
Exercise of stock options and/or definitive allocation of free shares	269,365	27	-	-	(27)	-	-	-
Impact of conversion of OCEANES	1,056,057	2,112	39,171	-	(1,396)	-	39,887	39,887
Capital increase costs (following conversion of OCEANES)	-	-	(385)	-	-	-	(385)	(385)
Share-based payments	-	-	-	-	3,970	-	3,970	3,970
Treasury-share transactions	-	-	-	43	-	(22)	21	21
Other*	-	-	(865,102)	-	865,710	(605)	3	3
MARCH 31, 2018	31,636,932	62,762	61,200	(432)	148,721	6,325	278,576	278,576

* Reclassification essentially related to the decision of the Shareholders' General Meeting of March 23, 2018 to allocate the Company's negative carry-forward account to share premiums.

Statement of cash flows

<i>(in € thousand)</i>	Notes	March 31, 2018	March 31, 2017
Net profit from continuing operations		92,080	7,249
Net profit/(loss) from discontinued operations		(5,566)	1,128
CONSOLIDATED NET PROFIT		86,514	8,375
Adjustments for:			
Depreciation and amortization expenses	4.3	18,648	20,822
Reversals of impairment of fixed assets and accelerated depreciation/amortization	3.3	(3,273)	(309)
Provisions, net	3.5-3.7-3.8-3.9-3.10	(1,018)	(1,220)
Provisions for retirement benefit obligations	5.1	847	547
Income on asset disposal		(3)	(967)
Taxes	4.7	(17,485)	681
Financial income/(expense)	4.5-4.6	(3,119)	11,602
Share-based payments		3,970	2,603
Redeemable cash advances with no cash effect		(4,850)	876
Non-cash items relating to discontinued operations		2,884	(10,002)
Increase/(decrease) in cash relating to:			
Inventories		(4,900)	(3,963)
Trade receivables and related accounts		(20,882)	1,397
Other receivables		(6,806)	(4,662)
Trade payables and related accounts		(2,873)	2,837
Other liabilities		(10,366)	1,793
Change in working capital requirement on discontinued operations		(2,210)	1,154
NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES		35,080	31,564
<i>Of which continuing operations</i>		<i>39,971</i>	<i>39,287</i>
Purchases of intangible assets		(5,816)	(1,173)
Purchases of property, plant and equipment		(21,003)	(5,784)
Proceeds from sales of intangible assets and property, plant and equipment		4	983
Acquisition of subsidiary, net of cash acquired		(1,272)	-
(Acquisition) and disposal of financial assets		8,161	146
Investment/divestment flows related to discontinued operations		1,161	3,383
NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES		(18,765)	(2,445)
<i>Of which continuing operations</i>		<i>(19,927)</i>	<i>(5,828)</i>

<i>(in € thousand)</i>	Notes	March 31, 2018	March 31, 2017
Proceeds from shareholders: capital increases and exercise of stock options		-	143,794
Drawings of credit lines		18,396	11,048
Repayment of borrowings (including financial leases)		(20,584)	(114,426)
Interest received		649	164
Interest paid		(1,803)	(7,996)
Financing flows related to discontinued operations		1,266	(225)
NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES		(2,076)	32,360
<i>Of which continuing operations</i>		<i>(3,342)</i>	<i>32,584</i>
Effects of exchange rate fluctuations		(3,566)	(1,260)
CHANGE IN NET CASH POSITION		10,671	60,217
<i>Of which continuing operations</i>		<i>13,136</i>	<i>64,783</i>
Cash at beginning of the period		109,286	49,068
Cash at end of the period		119,957	109,286

20.3.1.2 Notes to the consolidated financial statements for the year ended March 31, 2018

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1. OVERVIEW OF THE COMPANY AND BUSINESS

Soitec S.A. is a French joint-stock corporation (*société anonyme*) listed in Euronext Paris compartment B. Soitec S.A. and its subsidiaries are referred to hereinafter as the "Group". Soitec S.A. is hereafter referred to as the "Company".

In fiscal year 2017-2018, the Group operated in two business segments:

- the Electronics segment, namely the production and marketing of substrates and components for the semiconductor industry. The wafers produced and sold are 300 mm wafers and thin wafers (mainly 200 mm);
- the Other Activities segment covering the Group's discontinued operations and primarily the Solar Energy segment, which involved the production and marketing of concentrator photovoltaic modules, the development, design and construction of turnkey solar power plant projects, and the operation of photovoltaic installations. It notably includes the financing activities related to the Touwsrivier solar power plant in South Africa (a 20% equity-accounted investment and a loan provided to one of the plant's shareholders), which are classified as available for sale and some maintenance activities which are still ongoing, primarily in Europe and the United States.

On June 13, 2018, the Board of Directors finalized the Group's annual consolidated financial statements for the year ended March 31, 2018, which will be submitted to vote to the Shareholders' General Meeting to be held on July 26, 2018.

2. ACCOUNTING POLICIES

2.1 Statement of compliance

Pursuant to Regulation (EC) No. 1606/2002 of July 19, 2002 on the application of international accounting standards, the consolidated financial statements of the Group have been prepared in accordance with the standards and interpretations published by the International Accounting Standards Board (IASB), adopted by the European Union and made compulsory for the approval of accounts.

These standards, available on the European Commission's website (http://ec.europa.eu/internal_market/accounting/ias/index_en.htm), include international accounting standards (IAS and IFRS), as well as the interpretations of the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC).

2.2 Basis of preparation

Presentation currency

The Group's presentation currency is the euro. The consolidated financial statements are stated in thousands of euros and all amounts are rounded to the nearest thousand unless stated otherwise.

Change in accounting policies

The accounting policies are identical to those applied in the consolidated financial statements for the year ended March 31, 2017, with the exception of standards, amendments and interpretations, adopted by the European Union, which are mandatory for reporting periods beginning on or after April 1, 2017:

- amendment to IAS 7: Disclosure Initiative;
- amendment to IAS 12: Recognition of Deferred Tax Assets for Unrealized Losses;
- annual improvements, 2014-2016 cycle.

These new standards and interpretations had no material impact on the Group's financial statements.

- The European Union adopted the standards published by the IASB, which are mandatory for reporting periods beginning on or after:
 - January 1, 2018:
 - IFRS 9, Financial Instruments,
 - IFRS 15, Revenue from Contracts with Customers;
 - January 1, 2019:
 - IFRS 16, Leases.
- The IASB has also issued the following standards, amendments and interpretations, available for early adoption at April 1, 2018 but not yet adopted by the European Union:
 - IFRS 14, Regulatory Deferral Accounts,
 - annual improvements to IFRS, 2014-2016 cycle,
 - amendments to IFRS 2, relating to the classification and measurement of certain share-based payment transactions,
 - IFRIC 22, Foreign Currency Transactions and Advance Consideration.

The Group has elected not to early-adopt the new standards, amendments and interpretations the application of which is optional at March 31, 2018.

The impact of IFRS 15 has been assessed and will be limited (impact on equity opening balance for 2018-2019 fiscal year of less than €0.5 million). The impact of the other standards, amendments and interpretations that have not been adopted early by the Group is currently being assessed.

2.3 Highlights of the year

Early conversion of the OCEANES

The Company continued actions to reduce its debt. On August 8, 2017, it successfully completed an early conversion of its OCEANE bonds with a 98.74% rate of conversion into shares. As a result, the holders of OCEANE bonds who opted for the allocation of shares were granted 1,056,057 new ordinary shares in exchange for 16,001,014 OCEANE bonds. The other holders received repayment of their OCEANE bonds in cash (204,250 OCEANE bonds not presented for conversion), for a total of approximately €541 thousand.

At the end of the early conversion process, the Company's share capital was increased by €2,112 thousand, *i.e.* around 3.48%, and the share premium was increased by the amount of €38,786 thousand.

Announcement of a long-term agreement on the FD-SOI with a major strategic customer

A long-term agreement to supply FD-SOI wafers was signed with GlobalFoundries in September 2017. This strategic step will help to guarantee the high-volume supply of products based on the FD-SOI technology.

The September 19, 2017 press release is available on the Company's website (www.soitec.com).

Announcement of the reopening of the Paris Ris plant (Singapore)

In September 2017, the Group announced the launch of a pilot line to produce fully-depleted silicon-on-insulator (FD-SOI) wafers in its Singapore plant. This launch is the first step toward manufacturing FD-SOI wafers in Singapore and supplying the global semiconductor market with FD-SOI substrates from different production sites.

The Group plans to obtain qualifications by customers of its line in the first half of 2019, and then boost capacity on the basis of commitment from the market. The amount of the investment to launch this pilot line represents approximately US\$40 million (or approx. €33 million), to be spent over a 24-month period.

To reduce the risk of its dependency on raw material supply, the Group has also decided to set up a production capacity for 300-mm material recycling and to develop in-house epitaxy capacities.

Acquisition of Frec|n|sys

On October 5, 2017, the Group acquired 100% of the shares and voting rights of Frec|n|sys, a start-up specializing in the design and manufacture of acoustic wave based filters and sensors for harsh environments. In addition to growing Frec|n|sys current activity, the acquisition will enable the Group to accelerate the development and test of engineered substrates adapted for acoustic wave filter devices in the front-end module and to play a more important role in the development of sensor materials.

Free share allocation plan for the employees of Soitec

On March 23, 2018, the Board of Directors decided to launch a free ordinary share allocation plan for the Company's employees in a bid to involve them in achieving the Group's growth objectives and to recognize and reward their participation in value creation.

Subject to conditions of presence and seniority, this plan, effective as of March 28, 2018, allocates a certain number of shares to the employees for their loyalty to the Company and their contribution to the efforts made in recent years. The 187,749 free shares allocated represent approximately 0.6% of the Company's share capital at March 28, 2018.

Ordinary shares thus allocated will be effectively vested to the beneficiaries, subject to their being on Soitec's payroll on the first business day after March 28, 2020.

The financial impact on the financial statements at March 31, 2018 is discussed in section 3.14.1.

Reversal of provisions for accelerated impairment related to the Bernin site

The utilization rate of the 300 mm wafer production plant in Bernin has improved significantly and is planned to be at an average of 70% over the 2018-2019 fiscal year, with a steady growth quarter after quarter. Under these conditions, the provision for impairment of the Bernin site, which had become irrelevant, was reversed at March 31, 2018 and recognized as other operating income for a total amount of €3.8 million.

2.4 Significant accounting policies

A. Principles and scope of consolidation

All the companies which the Group controls are fully consolidated.

The Group considers that it has exclusive control over an entity when (i) it has power over the entity, (ii) it is exposed to or has rights to variable returns through its links to this entity, and (iii) it has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date control is effectively transferred until the date that control ceases.

At March 31, 2018, the consolidated financial statements include the accounts of the Company and of the subsidiaries listed below:

Entity	Date of consolidation	Percentage interest	Country	Functional currency
Soitec USA LLC	1997	100%	United States	US dollar
Soitec Japan Inc.	June 2004	100%	Japan	Japanese Yen
Soitec Microelectronics Singapore Pte Ltd.	June 2006	100%	Singapore	US dollar
Soitec Korea LLC	July 2011	100%	South Korea	US dollar
Soitec Corporate Services SAS	July 2012	100%	France	Euro
Soitec Trading Shanghai Co., Ltd.	November 2013	100%	China	Yuan
Frec n sys SAS	October 2017	100%	France	Euro
Entities in the Solar Energy segment:				
Soitec Solar GmbH	December 2009	100%	Germany	Euro
Soitec Solar Inc.*	December 2009	100%	United States	US dollar
Soitec Solar Industries LLC	December 2009	100%	United States	US dollar
Soitec Solar Development LLC	September 2010	100%	United States	US dollar
Soitec Solar France S.A.S	October 2011	100%	France	Euro
Soitec Solar Chile S.p.A.	July 2013	100%	Chile	Chilean peso
Soitec Solar RSA Ltd.	April 2011	100%	South Africa	Rand
CPV Power Plant No. 1 Ltd. (Touwsrivier)	October 2009	20%	South Africa	Rand
CPV Power Plant No. 1 Bond SPV Ltd.	September 2012	20%	South Africa	Rand
Concentrix Holding SAS	March 2018	100%	France	Euro
Project entities** in the solar segment:				
CPV Power Plant No. 1 Equity SPV Ltd.	February 2014	100%	South Africa	Rand
CPV Power Plant No. 2 (Pty) Ltd.	September 2010	100%	South Africa	Rand
Black Mountain CPV Power Plant No. 3 (Pty) Ltd.	March 2012	100%	South Africa	Rand
Schmidtsdrift CPV Power Plant No. 4 (Pty) Ltd.	March 2012	100%	South Africa	Rand

* Formerly known as Soitec Solar Inc.

** As part of its Solar Energy business, the Group established special purpose entities to hold the permits, administrative authorizations, costs and income associated with a solar power plant project. In general, the intention was to sell these legal entities to investors once the projects were sufficiently advanced.

The following entities were removed from the scope of consolidation during the year:

Entity	Change in scope
Newberry Solar 1 LLC	Sold Company
Sorrel Solar Farm LLC	Merged Company
Soitec Solar Real Estate LLC	Merged Company

Balances and transactions between Group companies are eliminated in consolidation.

Business combinations are accounted for using the acquisition method. In the event of an acquisition, the acquired entity's identifiable assets and liabilities that meet the IFRS 3 recognition criteria are carried at fair

value as determined at the acquisition date, except non-current assets classified as assets held for sale which are recorded at fair value less selling costs.

Accounting rules governing business combinations and transactions with non-controlling interests include the following:

- acquisition costs are expensed at the acquisition date;
- the impact of repurchases of non-controlling interests in a subsidiary that is already controlled and of divestments of interests with no loss of control is recognized directly within equity without impacting goodwill or income;
- changes in the value of assets and liabilities relating to acquisitions recognized on a provisional basis (due to independent appraisal reports or further analyses not yet having been completed) are recorded as a retrospective adjustment to goodwill if they occur within 12 months of the acquisition date. After this period, any changes are recorded directly in the income statement. Contingent consideration (earn-outs) is measured at acquisition-date fair value. If the obligation to pay contingent consideration meeting the definition of a financial instrument was classified in equity it is not remeasured and is recognized in equity when settled. If not, any other contingent consideration is remeasured at fair value at each closing date and changes in contingent consideration, along with amounts owed to non-controlling interests (calls and puts) are recognized directly in the income statement.

B. Conversion of the financial statements of foreign subsidiaries

The Group's presentation currency is the euro. The Company's functional currency is the euro and the functional currencies of its subsidiaries are:

- euro;
- US dollar;
- yen;
- rand;
- Chilean peso;
- yuan.

Details of subsidiaries' functional currencies are provided in note 2.4.A.

The financial statements of Group entities with functional currencies other than the euro are translated into euros as follows:

- assets and liabilities are translated at the closing rate on March 31, 2018;
- income statement items of each foreign operation are translated at the average exchange rate for the period or fiscal year which is deemed to represent the rate applicable on the effective transaction date;
- exchange differences resulting from the application of these different rates are recognized in other items of comprehensive income and accumulated in reserves under "Foreign exchange gains/(losses) on translation of foreign operations."

Monetary items forming part of a net investment in a foreign operation include debt, loans and receivables denominated in foreign currencies that relate to a foreign business and for which settlement is neither planned nor probable in the foreseeable future. Exchange differences relating to these items are recognized among other items of comprehensive income (OCI), under "Foreign exchange gains/(losses) on translation of foreign operations."

C. Intangible assets**GOODWILL**

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purposes of impairment testing, goodwill is allocated to each of the cash-generating units (CGU) or groups of CGUs that are expected to benefit from the combination. Goodwill is not amortized but is tested for impairment at the end of each reporting period or whenever there are indications that its value may be impaired. Impairment losses recognized against goodwill cannot be reversed.

OTHER INTANGIBLE ASSETS

Intangible assets acquired separately by the Group are recognized at their acquisition cost, which corresponds to their acquisition-date fair value for assets acquired through business combinations. They mainly include software applications, which are accounted for at their purchase price and amortized using the straight-line method (1 to 5 years) along with project development costs (amortized over their estimated useful lives, typically 10 years).

Development costs must be capitalized under IAS 38 if the following criteria are met:

- the Group has the intention and technical ability to complete the development project;
- it is highly probable that the future economic benefits attributable to the development costs will flow to the Group, which is generally evidenced by orders or contracts;
- the costs can be measured reliably;
- the Group has the capacity to use or sell the intangible asset;
- the Group has the necessary resources to complete the project.

Research and development costs that do not fully meet the above criteria are expensed as incurred within "Research and development costs".

D. Property, plant and equipment

Property, plant and equipment are measured at acquisition cost less accumulated depreciation and any impairment losses. Subsequent expenditure is included in the carrying amount of the asset or, where applicable, recognized as a separate asset when it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of replaced components is no longer recognized. All repair and maintenance costs are recognized in the income statement.

Depreciation is calculated on a straight-line basis over the following estimated useful lives:

Buildings, fixtures and fittings	15 to 30 years
Equipment and tooling	3 to 8 years
Other fittings and fixtures	5 to 10 years
Transport equipment	5 years
IT and office equipment	3 to 7 years
Office furniture	5 to 10 years

Residual value may be recognized where appropriate. The assets' residual value, useful life and depreciation method are reviewed at the end of each annual reporting period and amended on a prospective basis where applicable.

E. Operating leases

Property leases or equipment leases (financial leases with or without purchase options) are recognized in the statement of financial position at the lower of the fair value of the leased asset and the present value of minimum lease payments, where substantially all of the risks and rewards inherent to ownership have been transferred to the Group. Financial lease payments are apportioned between the finance charge and the repayment of the outstanding liability. When the lease contains a transfer-of-title clause upon the completion of its term, the asset depreciation conditions are the same as those applied to similar types of assets owned by the Group. Where this is not the case, the assets are depreciated in the same manner over the term of the lease.

Leases classified as operating leases are not restated and rental payments made are expensed as incurred.

F. Fixed asset acquisition expenses

For property, plant and equipment, intangible assets and investment property, these acquisition expenses increase the value of the assets.

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to get ready for its intended use or sale (generally over six months) are included in the cost of that asset. All other borrowing costs are expensed as incurred.

G. Impairment of non-current assets

IAS 36 defines the procedures that a company must apply to ensure that the carrying amount of its assets does not exceed their recoverable amount, which is the amount that is expected to be recovered from their use or sale. Besides goodwill and intangible assets with an indefinite life that are systematically tested for impairment each year, the recoverable amount of an asset is estimated whenever there is an indication that the asset's value may be impaired.

CASH-GENERATING UNITS (CGU)

A cash-generating unit is the smallest group of identifiable assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

In the Electronics business segment, the Group has identified two CGUs, each of which is centrally managed with production capacity organized so as to optimize utilization regardless of geographical location. These two CGUs are:

- *Electronics 300 mm*, primarily serving the digital market and leveraging the production capacity of the Bernin 2 plant and the Singapore plant;
- *Electronics small diameters*, primarily serving the radio-frequency and power markets and leveraging the production capacity of the Bernin 1 plant.

Concerning the Other Activities segment (Solar Energy business segment):

On January 19, 2015, the Group announced its decision to withdraw from this business segment and to dispose of its main assets, and accordingly classified the related assets under discontinued operations held for sale.

IMPAIRMENT INDICATORS

The Group regularly compares actual results to forecast results for all of its businesses, in order to identify any indicators of impairment.

DETERMINING THE RECOVERABLE AMOUNT

When circumstances or events indicate that a non-current asset may be impaired, the Group reviews the recoverable amount of the asset (or of the group of assets to which it belongs).

The recoverable amount is the higher of its fair value less costs to sell and its value in use. It is estimated separately for each asset. Where this is not possible, assets are pooled into groups of CGUs for which the recoverable amount is then calculated.

Fair value less selling costs is the amount that could be obtained from the sale of an asset in an arm's length transaction between knowledgeable willing parties, less costs to sell.

Value in use is the present value of the future cash flows expected to be derived from the continuous use of an asset and from its disposal at the end of its useful life. Value in use is determined using cash flows estimated on the basis of business plans or budgets typically drawn up for a period of five years, taking into account the specific risks inherent to the technological nature of the Group's business activity.

IMPAIRMENT

An impairment loss is recognized as soon as the carrying amount of an asset or the CGU to which it belongs exceeds its recoverable amount. Impairment losses are expensed under "Other operating income and expenses".

Except in the case of goodwill, impairment losses recognized in previous years may be reversed if, and only if, there has been a change in the estimates used to calculate the recoverable amount of the asset since the previous recognition of an impairment loss. However, the reversal of an impairment loss must not result in the carrying amount of the asset exceeding the carrying amount that would have been determined had no impairment been recognized for the asset in previous years.

H. Financial assets

Financial assets are classified into four categories depending on their nature and the purpose for which they are held:

- held-to-maturity assets;
- financial assets at fair value through profit or loss;
- loans and receivables;
- assets available for sale.

The Group has no held-to-maturity assets. Except for assets carried at fair value through profit or loss, all financial assets are initially recognized at cost, which represents the fair value of the price paid plus acquisition costs.

All standard purchases and sales of financial assets are recognized at the settlement date.

LOANS AND RECEIVABLES

These are financial assets, issued or acquired by the Group, which are received in exchange for a direct transfer of money, goods or services to a debtor. They are initially measured at fair value plus directly attributable transaction costs. After initial recognition, they are carried at amortized cost calculated using the effective interest rate method. Non-current financial assets consist of loans, deposits, guarantees and restricted cash. Current financial assets mainly consist of receivables initially recognized at their fair value.

Trade receivables, the maturities of which are generally between 30 and 90 days, are recognized at their nominal value, which is deemed to reflect their fair value. These receivables are then carried at amortized cost, less any impairment losses on non-recoverable amounts.

An impairment loss is recognized whenever there is an objective indication that the Group may not be able to recover some or all of its receivables. Identified non-recoverable receivables are written off in full.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

These represent assets held for trading, *i.e.*, assets acquired by the Company with a view to selling them in the near term. They are stated at their fair value, with any changes in fair value recognized in the income statement.

ASSETS AVAILABLE FOR SALE

Classified as non-current financial assets, these represent the Group's equity interests in companies over which it does not exercise significant influence or control. They are initially measured at fair value plus directly attributable transaction costs. Following initial recognition, they are stated at their fair value, with any changes in fair value recognized in the other items of comprehensive income until the asset is either sold, cashed in or otherwise removed from the scope of consolidation or until it is demonstrated that the asset has suffered a prolonged and material loss in value. In such cases, the gain or loss previously recognized in other items of comprehensive income is transferred to income.

I. Financial liabilities

Financial liabilities are classified into two categories:

- financial liabilities at amortized cost;
- financial liabilities at fair value through profit or loss.

FINANCIAL LIABILITIES AT AMORTIZED COST

Borrowings and other financial liabilities (including trade payables) are carried at amortized cost using the effective interest rate method. Issuance costs, issue premiums and redemption premiums are included in the amortized cost of borrowings and debt. They are shown as reductions or increases in borrowings, as appropriate, and are amortized on an actuarial basis.

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

These represent liabilities held for trading purposes, *i.e.*, liabilities intended to be settled in the near term. They are stated at fair value, with changes in fair value recognized in the income statement.

J. Financial Instruments

HEDGING DERIVATIVE INSTRUMENTS

The Group hedges its currency risk on certain transactions denominated in US dollars using derivatives (forward sales, options). These derivative instruments are solely designed to hedge currency risks on fixed commitments or highly probable future transactions.

Derivatives are initially recognized at fair value upon acquisition. Attributable transaction costs are recognized in the income statement when incurred. In the absence of a hedging relationship, following initial recognition, changes in the fair value of derivatives are immediately expensed.

If the derivative is designated as a hedge of the fair value of assets or liabilities recognized in the consolidated statement of financial position, changes in the value of the derivative and of the hedged item are recognized in the income statement in the same period.

If the derivative is designated as a cash flow hedge, changes in the value of the effective portion of the derivative are recognized in the other items of comprehensive income. It is recognized in the income statement when the hedged item is itself recognized in income. However, the ineffective portion of the derivative is immediately recognized in financial income/(expense).

FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group applies IFRS 7 regarding financial instruments measured at fair value in the statement of financial position. Fair value measurements are broken down by level in the fair value hierarchy, as follows:

- the instrument is quoted in an active market: Level 1;
- fair value is determined using valuation techniques based on observable inputs, other than the prices quoted in level 1, either directly (prices) or indirectly (pricing data): Level 2;
- at least one significant fair value component is based on non-observable inputs: Level 3.

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service or regulatory agency, and those prices represent regularly occurring market transactions. These instruments are classified in Level 1.

The fair value of financial instruments not quoted in an active market (*e.g.*, over-the-counter derivatives) is calculated using valuation techniques. These valuation techniques maximize the use of observable market data where available and rely as little as possible on the Group's own estimates. If all inputs required to calculate the fair value of an instrument are observable, the instrument is classified in Level 2 of the fair value hierarchy.

If one or more of the principal inputs is not based on observable market price data, the instrument is classified in Level 3.

K. Inventories

Inventories of raw materials and consumables are stated at acquisition cost. A provision for impairment is set aside for obsolete or surplus items.

Finished goods are carried at production cost except for those whose cost exceeds their selling price during the start-up phase of production and obsolete or surplus items. A provision for impairment writes down the carrying amount of finished goods to their realizable value less proportionate selling expenses.

Work-in-progress is measured using the same principles in accordance with the percentage of completion of production.

L. Assets held for sale

Non-current assets held for sale (or disposal groups) are classified as "Assets held for sale" when it is highly likely that they will be recovered principally through a sale transaction rather than through continuing use. Assets held for sale may be a component of an entity, a disposal group or a separate non-current asset.

On initial classification as held for sale, non-current assets and disposal groups are carried at the lower of their carrying amount and their fair value less costs to sell.

Impairment losses resulting from the classification of an asset (or a group of assets and liabilities) as held for sale or distribution plus gains and losses from subsequent measurements are recognized in income. Once classified as assets held for sale, intangible assets and property plant and equipment are no longer depreciated.

The fair value of the assets held for sale is estimated by the Group management on the basis of multiple criteria including in particular some values from recent acquisition proposals and from reports by experts involved in the preparation for the sale of these assets to a third party.

M. Cash and cash equivalents

Cash and cash equivalents primarily consist of cash held in interest-bearing accounts and fixed-term deposits, which are not time-bound, which are not exposed to a significant interest-rate risk and which are accessible at any time.

Investments with a maturity of more than three months with no early exit options along with investments in money-market UCITS (OPCVM) which do not meet the criteria for recognition as cash equivalents under IAS 7 are classified within other financial assets.

N. Total equity**EQUITY INSTRUMENTS AND CONVERTIBLE BONDS**

Classification in equity depends on a specific analysis of the characteristics of each instrument issued.

TRADING COSTS ON EQUITY INSTRUMENTS

External costs directly attributable to capital transactions or equity instruments are recognized net of tax as a deduction from equity. Other costs are expensed as incurred.

TREASURY SHARES

Purchases of treasury shares are recorded as a deduction from equity based on their acquisition cost. Any gains or losses upon disposal or use are recognized in other reserves. When treasury shares are used as payment for an acquisition, the value used for accounting purposes corresponds to their market price at the transaction date.

SHARE-BASED PAYMENTS

In accordance with IFRS 2 – Share-based Payment, equity-settled transactions are measured at the grant date. The fair value of these instruments, determined by an independent expert, is calculated using a model that reflects the instrument's characteristics. This valuation model accounts for the exercise price and life of the option, the price of the underlying shares, the expected volatility of the share price and the risk-free interest rate over the life of the option. The value of these options is recognized on a straight-line basis in employee-related costs between the grant date and the exercise date, with a corresponding adjustment to equity, since the options all relate to equity-settled plans.

For free share awards, fair value is also determined according to the characteristics of the plan, market data at the date of the allocation and an assumption of the employee's continuing presence on the payroll at the end of the vesting period. If the plan does not specify the vesting arrangements, the expense is recognized in full as soon as the plan is awarded. Otherwise, the expense is recognized over the vesting period as and when the vesting conditions are met.

O. Provisions

A provision is recognized when the Group has a present (legal or constructive) obligation arising from a past event, the amount of which can be estimated reliably, and the settlement of which is expected to result in an outflow of resources embodying economic benefits for the Group. The provisions are updated when the impact of the update is significant.

A provision for restructuring is only recognized when there is an implicit obligation to a third party, originating from a decision of Management materialized before fiscal year-end by the existence of a detailed and formalized plan and the announcement of this plan to the persons concerned.

Contingent liabilities consist of a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the control of the entity, or a present obligation for which an outflow of resources is unlikely. Contingent liabilities are not recognized but are disclosed in the notes.

P. Retirement benefit obligations and related benefits**RETIREMENT INDEMNITIES AND RELATED BENEFITS**

French law provides for the lump-sum payment of retirement indemnities. This indemnity is determined depending on the years of service and the level of remuneration at the time of retirement. Entitlements are only enjoyed by employees working in the Company at retirement age.

OTHER PENSION PLANS

The Group has entered into an agreement to supplement statutory retirement benefits.

In addition to statutory benefits, the Group operates a supplementary pension plan for certain employees. This defined benefit plan is managed by an outside agency.

In the US, Soitec USA Inc. pays into a funded pension plan under section 401(k) of the US Internal Revenue Code. This defined contribution pension plan is exempt from tax and covers the majority of US employees.

Defined benefit plans are measured on an actuarial basis using the projected unit credit method, which factors in demographic (salary trends, age upon retirement, staff turnover, mortality rate) and financial (discount and inflation rate) assumptions. Actuarial gains and losses resulting from the revision of calculation assumptions are immediately recognized in other items of comprehensive income (equity) under "Actuarial gains/(losses) on defined benefit plans".

For defined contribution plans, payments are expensed as incurred. There are no actuarial liabilities to this end.

Q. Revenue recognition

Revenue recognition comes mainly from the sales of products. It is supplemented by license income. Revenue is recognized when it is probable that future economic benefits will flow to the Group and the revenue can be measured reliably.

Revenue recognition criteria and procedures in the Electronics segment:

- sales of silicon wafers are recorded as a profit when the transfer of risks and benefits takes place pursuant to the conditions of sale specified in the customer contracts;
- licensing revenue is recognized on a straight-line basis over the period during which the rights are granted or may be recognized on the basis of a percentage of sales as defined in the contract. When the license agreements provide, in addition to royalties, for payments of advances or interim invoices allowing for the financing of the developments implemented to respond to the specific needs of a customer, these are recorded as earnings over the foreseeable duration of the use by the customer of the transferred technology.

R. Gross profit

Gross margin represents "income from ordinary activities" less the total cost of sales. Cost of sales includes the cost of resources used in the production of goods sold (raw materials, consumables, employee-related costs, depreciation and amortization, energy and fluids).

S. Sales and marketing expenses

Sales and marketing expenses comprise costs incurred by the Sales & Business Development and Strategic Marketing Departments. They primarily consist of employee-related costs and expenses relating to trade fairs, consulting and travel.

T. Research and development costs

This item includes costs that do not meet the criteria for recognition as intangible assets. These costs are net of prototype sales made as part of the research and development business, any research tax credits and grants recognized in income for the period.

Grants received, corresponding to grants for which the financing agreements have been signed and the administrative authorizations obtained, are deducted from the amortization of capitalized development costs (if the project meets the criteria set out in IAS 38) or are recognized in the income statement in proportion to the research and development costs expensed during the period on the projects concerned. Grants are invoiced to the relevant bodies following project reviews, based on the milestones set out in the grant agreements.

Support for research and development activities may also take the form of repayable advances. These advances are recognized within borrowings and debt if the corresponding projects meet the criteria for capitalization as research and development costs or if it is likely that the advance will be repaid. Where these criteria are not met, the accounting treatment of repayable advances is in line with that applied to grants obtained (*i.e.*, recognition on a pro rata basis in the income statement against research and development costs).

U. General and administrative expenses

General and administrative expenses comprise costs incurred by support functions less the portion allocated to production costs. These support functions include: General Management, finance, human resources, legal, communications, quality, and IT.

V. Other operating income and expenses

This item shows the effects of major events occurring during the accounting period that are liable to skew analyses of the Group's recurring performance. This includes a limited number of unusual, abnormal, infrequent and material income and expense items. It includes non-recurring restructuring costs, impairment losses charged against non-current assets and goodwill, and transaction costs related to acquisitions of equity interests.

W. Financial income/(expense)

Financial income/(expense) comprises the cost or income of debt, dividends received from non-consolidated subsidiaries, changes in the fair value of financial assets excluding cash and derivatives not eligible for hedge accounting, gains and losses on the disposal of financial assets excluding cash, gains and losses on discounting and foreign exchange gains and losses on items not included in net debt.

X. Income tax and deferred taxes

Income tax expense represents the sum of income tax payable by Group companies and deferred taxes. Income tax expense is recognized in income except where it relates to items directly recognized in the other items of comprehensive income. Then, it is also recognized in the other items of comprehensive income.

Deferred tax is accounted for using the liability method. The amount of tax expense calculated is influenced by the change in the receivable or liability attributable to the change in the income tax rate from one year to the next (liability method of tax allocation).

For financial leases, the Group initially recognizes deferred tax on the net amount of any positive and negative temporary differences resulting from the initial recognition of the financial lease, and recognizes any subsequent changes in income.

A deferred tax asset is recognized when the following conditions are met:

- the entity has sufficient taxable temporary differences involving the same taxation authority and the same taxable entity or tax group, which will result in taxable amounts against which the unused tax credits or tax losses may be utilized before they expire;
- it is probable that the entity will generate taxable income before the unused tax credits or tax losses expire.

No deferred tax asset is recognized to the extent that it is unlikely that the entity will post taxable income against which the unused tax credits or tax losses can be utilized.

Y. Earnings per share

Earnings per share are calculated based on the weighted average number of shares depending on the date of issuance of shares during the fiscal year, less any treasury shares held. Diluted earnings per share are calculated using the treasury stock method, which adds to the denominator the number of shares that would result from dilutive instruments (options), less the number of shares that may be bought back at market price using the funds raised from exercising the relevant instruments. The number of shares used to compute diluted earnings per share takes into account the weighted average number of ordinary shares outstanding during the period, adjusted for the impact of the potential ordinary shares that could result from the exercise of options, share warrants and other financial instruments that may be converted into ordinary shares, where their impact is dilutive. Dilutive instruments are not taken into account in the calculation of diluted earnings per share when they lead to a reduction in the loss per share based on the average number of shares outstanding.

Z. Discontinued operations

A discontinued operation is a component of an entity that has either been disposed of or is classified as held for sale, and:

- represents either a separate major line of business or a geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

The discontinued operation classification must be used as soon as the operation has been sold or the business meets the conditions to be classified as held for sale.

The discontinued operation classification results in the separate presentation of “Net income/(loss) from discontinued operations” in the income statement.

This line comprises the following items:

- income generated by the discontinued operation as well as any expenses directly attributable to the operation, net of tax, for the entire period presented;
- any impairment losses that may have been recognized when the disposal group was recognized as held for sale in accordance with IFRS 5;
- the gain or loss on disposal at the time the assets and liabilities relating to the disposal group are effectively no longer recognized.

The net cash flows attributable to operating, investing and financing activities of discontinued operations are calculated as the difference between these various headings and the amounts of continuing operations in the statement of cash flows and separately in the notes to the financial statements.

Soitec continued with the sale of residual assets of the Solar Energy business. Since the criteria set out in IFRS 5 are met, the net income/(loss) from the discontinued operations are therefore shown separately within “net profit/(loss) from discontinued operations” in the income statement. The share of income/(loss) of equity-accounted companies, which concerns assets held for sale in the Solar Energy business segment, is also shown within “Net income/(loss) from discontinued operations”.

2.5 Significant accounting judgments and estimates

As part of the normal process of preparing consolidated financial statements, the determination of certain items requires Group Management to make estimates and assumptions that affect the amounts reported for assets and liabilities, as well as the disclosures provided in certain notes as of the reporting date and the amounts reported for income and expenses for the period. This specifically relates to the depreciation of non-current assets, the evaluation of the cost of the free preferred share plan, inventory depreciation, the recognition of tax loss carryforwards, the amount of provisions for contingencies and charges or provisions for employee and commercial obligations. These assumptions and estimates are prepared on the basis of available information or situations prevailing at the reporting date. Depending on the changes in the assumptions used or economic conditions that differ from those existing as of now, the amounts in the Group’s future financial statements could differ significantly from the current estimates, particularly with respect to the cost of closing or disposing of the business activities in the Solar Energy segment and the recoverable amount of the Singapore assets. Regarding the assets held for sale, the expected selling prices are not inferior to their net book value.

3. NOTES TO THE STATEMENT OF FINANCIAL POSITION

3.1 Segment reporting

As mentioned in the “Overview of the Company and business”, the Group has two business segments:

- the production and marketing of substrates and components for the semiconductor industry (Electronics);
- the Group’s other discontinued operations (Other Businesses), for the most part Solar Energy (operation and maintenance of photovoltaic installations).

EBITDA presented in the segment analysis table represents current operating income (EBIT) before depreciation, amortization, non-monetary items related to share-based payments, and changes in provisions on current assets and provisions for risks and contingencies and excluding income on asset disposals. This indicator is a non-IFRS quantitative measure used to measure the Company’s ability to generate cash from its operating activities. EBITDA is not defined by an IFRS standard and should not be considered an alternative to any other financial indicator.

Key segment information is presented below:

BREAKDOWN OF THE CONSOLIDATED INCOME STATEMENT

<i>(in € thousand)</i>	March 31, 2018			March 31, 2017		
	Electronics	Other Activities	Total	Electronics	Other Activities	Total
Sales	310,631	310,631	310,631	245,710	245,710	245,710
Gross profit	106,871	106,871	106,871	77,428	77,428	77,428
Gross research and development costs	(43,879)	(43,879)	(43,879)	(45,193)	(45,193)	(45,193)
Sales of prototypes and other income	8,772	8,772	8,772	4,393	4,393	4,393
Grants and repayable advances	26,877	26,877	26,877	22,144	22,144	22,144
Net research and development costs	(8,230)	(8,230)	(8,230)	(18,656)	(18,656)	(18,656)
Sales and marketing expenses	(7,750)	(7,750)	(7,750)	(7,843)	(7,843)	(7,843)
General and administrative expenses	(23,492)	(23,492)	(23,492)	(23,200)	(23,200)	(23,200)
Current operating income	67,398	67,398	67,398	27,729	27,729	27,729
Other operating income	4,299	4,299	4,299	-	-	-
Other operating expenses	(222)	(222)	(222)	(8,195)	(8,195)	(8,195)
Other operating income and expenses	4,077	4,077	4,077	(8,195)	(8,195)	(8,195)
Operating income (EBIT)	71,475	71,475	71,475	19,532	19,532	19,532
Depreciation	18,648	18,648	18,648	20,822	20,822	20,822
(Reversal of) impairment and accelerated depreciation/amortization of fixed assets	(3,273)	(3,273)	(3,273)	(309)	(309)	(309)
Share-based payments	3,970	3,970	3,970	2,603	2,603	2,603
Provisions, net	(1,018)	(1,018)	(1,018)	(1,219)	(1,219)	(1,219)
Provision for retirement benefit obligations	847	847	847	547	547	547
(Gains)/losses on disposals of assets	(3)	(3)	(3)	(967)	(967)	(967)
EBITDA from discontinued operations		(2,681)	(2,681)	(8,873)	(8,873)	(8,873)
EBITDA	90,647	(2,681)	87,966	41,006	(8,873)	32,138

BREAKDOWN OF THE STATEMENT OF FINANCIAL POSITION

<i>(in € thousand)</i>	March 31, 2018			March 31, 2017		
	Electronics	Other Activities	Total	Electronics	Other Activities	Total
Intangible assets, net	8,179		8,179	4,009		4,009
<i>of which goodwill</i>	1,402		1,402			
Property, plant and equipment, net	134,343		134,343	113,475		113,475
Non-current financial assets	9,114		9,114	8,201	3,966	12,167
Other non-current assets	44,914		44,914	31,341		31,341
Non-current assets (1)	196,550		196,550	157,026	3,966	160,992
Inventories	39,952		39,952	33,642		33,642
Trade receivables	56,823		56,823	39,975		39,975
Current financial assets	12,787		12,787	1,797		1,797
Other current assets	10,672		10,672	14,840		14,840
Current assets (2)	120,234		120,234	90,254	-	90,254
Trade payables	42,427		42,427	44,430		44,430
Other current and non-current liabilities	68,255		68,255	61,451		61,451
Current and non-current liabilities (3)	110,682		110,682	105,881	-	105,881
Assets held for sale and related to discontinued operations (a)		23,964	23,964		29,069	29,069
Liabilities held for sale and related to discontinued operations (b)		12,187	12,187		13,744	13,744
Net assets held for sale and related to discontinued operations (4 = a - b)		11,777	11,777		15,325	15,325
CAPITAL EMPLOYED (1) + (2) - (3) + (4)	206,102	11,777	217,879	141,399	19,291	160,690

Current and non-current financial assets and other non-current assets are included in the breakdown of the segment statement of financial position at March 31, 2018 and March 31, 2017.

Non-current financial assets for the Solar Energy business segment at March 31, 2017 reflected a guarantee deposit related to the South African bond for a net amount of €3,966 thousand. This guarantee deposit was reimbursed in fiscal 2017-2018 in the amount of €8,822 thousand.

BREAKDOWN OF REVENUE

Revenue by segment and product type breaks down as follows:

<i>(in € thousand)</i>	March 31, 2018	March 31, 2017
Electronics – 300 mm SOI	106,300	56,663
Electronics small diameters	192,413	182,495
Royalties	11,918	6,551
<i>Total Electronics</i>	<i>310,631</i>	<i>245,710</i>
TOTAL REVENUE	310,631	245,710

3.2 Intangible assets

Intangible assets break down as follows:

<i>(in € thousand)</i>	Gross value	Accumulated amortization	Provision for impairment	Net value
March 31, 2016	73,863	(54,888)	(13,296)	5,678
Goodwill – Electronics segment	13,295	-	(13,295)	-
Capitalized development projects	3,710	(2,226)	-	1,484
Concessions, patents and other rights	5,511	(4,962)	-	548
Software	52,557	(51,510)	-	1,047
Intangible assets in progress	929	-	-	929
March 31, 2017	76,003	(58,698)	(13,296)	4,009
Goodwill – Electronics segment	14,697	-	(13,295)	1,402
Capitalized development projects	0	0	-	-
Concessions, patents and other rights	5,511	(5,494)	-	17
Software	54,386	(52,827)	-	1,559
Intangible assets in progress	5,437	-	(238)	5,199
MARCH 31, 2018	80,032	(58,321)	(13,533)	8,179

As at March 31, 2018, intangible assets in progress included €3,286 thousand related to development projects capitalized in accordance with IAS 38.

In the year ended March 31, 2018, changes in the net value of each fixed asset category break down as follows:

<i>(in € thousand)</i>	Goodwill	Capitalized development projects	Concessions, patents and other rights	Software	Intangible assets in progress	Total
March 31, 2016	-	1,855	1,072	2,099	653	5,678
Assets put into service	-	-	-	897	(897)	-
Acquisitions	-	-	-	-	1,173	1,173
Depreciation (expense for the period)	-	(371)	(524)	(1,948)	-	(2,843)
March 31, 2017	-	1,484	548	1,047	929	4,009
Assets put into service	-	-	-	1,313	(1,313)	0
Acquisitions	-	-	-	-	5,816	5,816
Change in scope	1,402	-	-	-	-	1,402
Currency translation adjustments	-	-	-	-	(26)	(26)
Depreciation (expense for the period)	-	(1,484)	(531)	(801)	-	(2,817)
Impairment and accelerated depreciation/amortization	-	-	-	-	(207)	(207)
MARCH 31, 2018	1,402	-	17	1,559	5,199	8,179

- The major part of the goodwill arising from the acquisition of Frec|n|sys is related to the know-how and technical skills of the Company's employees, and the synergies expected from the Company's integration into the business. This is calculated as follows:

<i>(in € thousand)</i>	
Consideration transferred (a)	1,335
Fair value of net identifiable assets (b)	(67)
GOODWILL (A) - (B)	1,402

All of the €1,335 thousand transferred by the counterparty corresponds to the cash paid to shareholders. This represents the total cost of the acquisition, the associated costs being insignificant.

The details of the identified net assets at the date of acquisition are presented in the following table:

<i>(in € thousand)</i>	Carrying amount	Adjusted for fair value	Fair value recognized at time of acquisition
Property, plant and equipment	72		72
Inventories	40		40
Trade receivables	71		71
Cash and cash equivalents	63		63
Other current and fixed assets	429		429
Borrowings	(256)		(256)
Retirement benefit obligations		(11)	(11)
Trade and other payables	(475)		(475)
TOTAL IDENTIFIABLE ASSETS ACQUIRED	(56)	(11)	(67)

- As at March 31, 2018, intangible assets in progress included €3,286 thousand related to development projects capitalized in accordance with IAS 38.

3.3 Property, plant and equipment

Property, plant and equipment break down as follows:

<i>(in € thousand)</i>	Gross value	Accumulated depreciation	Provision for impairment	Net value
March 31, 2016	677,265	(530,354)	(26,269)	120,642
Buildings*	246,169	(169,683)	(45)	76,442
Equipment and tooling*	407,956	(359,333)	(19,285)	29,338
Other property, plant and equipment*	11,888	(11,457)	(60)	371
Property, plant and equipment in progress	9,829	-	(2,506)	7,323
March 31, 2017	675,842	(540,473)	(21,894)	113,474
Buildings*	236,929	(167,139)	(41)	69,749
Equipment and tooling*	414,300	(358,744)	(14,392)	41,164
Other property, plant and equipment*	11,901	(11,288)	0	613
Property, plant and equipment in progress	25,699	-	(2,880)	22,819
MARCH 31, 2018	688,828	(537,172)	(17,313)	134,343

* Of which assets financed under financial leases:

<i>(in € thousand)</i>	Gross value	Accumulated depreciation	Provision for impairment	Net value
March 31, 2016	70,366	(46,889)	(7,380)	16,097
Buildings	(3,663)	(1,124)	-	2,539
Equipment and tooling	66,883	(50,283)	(5,980)	10,620
Other property, plant and equipment	47	(39)	-	8
March 31, 2017	70,593	(51,446)	(5,980)	13,167
Buildings	3,178	(975)	-	2,203
Equipment and tooling	46,390	(33,197)	(4,582)	8,611
Other property, plant and equipment	43	(40)	-	3
MARCH 31, 2018	49,611	(34,212)	(4,582)	10,817

For the year ending March 31, 2018, changes in the net value of each category of property, plant and equipment break down as follows:

<i>(in € thousand)</i>	Buildings	Equipment and tooling	Other	Property, plant and equipment in progress	Total
March 31, 2016	82,918	31,838	665	5,221	120,642
Assets put into service	786	5,806	119	(6,711)	-
Changes in the fair value	(220)	-	-	-	(220)
Acquisitions	-	-	-	8,504	8,504
Currency translation adjustments	2,217	-	-	-	2,217
Depreciation (expense for the period)	(9,259)	(8,306)	(413)	-	(17,978)
Impairment and accelerated depreciation	-	-	-	309	309
March 31, 2017	76,442	29,338	371	7,323	113,474
Assets put into service	2,642	18,859	501	(22,002)	-
Changes in the fair value	-	-	-	-	-
Acquisitions	-	-	-	38,154	38,154
Change in scope	-	68	4	-	72
Currency translation adjustments	(4,439)	(47)	(2)	(514)	(5,002)
Depreciation (expense for the period)	(8,039)	(7,532)	(261)	-	(15,832)
Impairment and accelerated depreciation/ amortization*	3,143	478	-	(142)	3,479
MARCH 31, 2018	69,749	41,164	613	22,819	134,343

* The major part of these amounts consists of reversals of provisions for impairment recognized in the income statement under "Other operating income" (see notes 3.4 and 4.4).

3.4 Value of non-current assets

Impairment testing

The Singapore plant was built in 2008 in order to increase 300 mm-wafer production capacity. Due to the downturn in demand, most of the production of 300 mm wafers had been transferred to the Bernin plant in September 2013, and the Singapore clean room had since been dormant. Pursuant to IAS 36, at December 31, 2015, the Company re-appraised the market value of its asset and, at the same time, determined its value in use on the basis of its business plan. As a result of this test, the Group had recognized an impairment loss of €20 million in fiscal 2015-2016. The reopening of the Singapore site, announced in September 2017, and the updated value in use at March 31, 2018 (based on the Group's business plan which confirms the need to expand capacity to produce 300-mm wafers) confirms that no additional impairment charge should be recognized as of March 31, 2018.

The Bernin 300-mm wafer production site is expecting an average utilization rate of 70% over the 2018-2019 fiscal year with a steady growth quarter after quarter. Under these conditions, the provision for impairment related to the Bernin site, which had become irrelevant, was reversed at March 31, 2018, for a total amount of €3.8 million.

3.5 Non-current financial assets:

Non-current financial assets break down as follows:

<i>(in € thousand)</i>	March 31, 2018	March 31, 2017
Financial assets – Investments	8,498	7,743
Loans	180	180
Deposits and guarantees	3	8,822
Restricted cash	-	133
Derivative financial instruments (positive fair value)	1,512	1,833
Gross value	10,193	18,711
Financial assets – Investments	(900)	(1,509)
Loans	(180)	(180)
Other financial assets	-	(4,856)
Provision for impairment	(1,080)	(6,545)
NON-CURRENT FINANCIAL ASSETS, NET	9,114	12,167

The changes in deposits and guarantees and the provision on other financial assets represent a guarantee deposit related to the bond issue in South Africa, which was recovered during the first half of fiscal 2017-2018.

The derivative financial instruments presented as non-current expire after March 31, 2019.

“Financial assets – Investments” break down as follows:

<i>(in € thousand)</i>	March 31, 2018			March 31, 2017		
	Gross value	Provisions	% held	Gross value	Provisions	% held
Cissoïd	340	(340)	0.36%	340	(340)	0.36%
Exagan	906	-	15.32%	906	-	15.32%
Simgui ⁽¹⁾	4,441	-	2.69%	4,441	-	2.69%
Ceotis	281	(281)	30.00%	281	(281)	30.00%
Technocom ⁽²⁾	2,025	(279)	8.00%	1,775	(888)	8.00%
Greenwaves Technologies	500	-	5.88%	-	-	-
Other	5	-	-	-	-	-
TOTAL FINANCIAL ASSETS – INVESTMENTS	8,498	(900)	-	7,743	(1,509)	-

(1) The Group's investment in China-based Simgui amounting to €4,441 thousand was acquired as part of a partnership to develop production capacity of 200 mm SOI wafers. No impairment loss was identified at March 31, 2018.

(2) Soitec increased its investment in Technocom by €250 thousand and conserved an 8% stake in the Company. Provisions were funded for 14% of the value of the investment.

3.6 Other non-current assets

Other non-current assets break down as follows:

<i>(in € thousand)</i>	March 31, 2018	March 31, 2017
Tax receivables	42,557	30,819
Prepayments on orders of fixed assets	2,023	170
Deposits and guarantees	334	352
Gross value	44,914	31,341
OTHER NON-CURRENT ASSETS, NET	44,914	31,341

The tax receivable of €42.6 million at March 31, 2018 represents:

- the non-current portion of the research tax credit for the 2015 and 2016 calendar years, and Q1 2018, for €39.1 million (€27.5 million at March 31, 2017);
- the non-current portion of the French job competitiveness tax credit (CICE) for the calendar years 2015, 2016, 2017 and Q1 2018, for €3.5 million (€3.3 million at March 31, 2017).

The total amount of the research tax credit receivable (current portion and non-current portion) is €39.4 million at March 31, 2018 (€35.5 million at March 31, 2017).

3.7 Inventories

Inventories break down as follows:

<i>(in € thousand)</i>	March 31, 2018	March 31, 2017
Raw materials	25,292	19,555
Work-in-progress	11,595	8,113
Finished products and goods	9,278	14,057
Gross value	46,165	41,723
Provisions for depreciation	(6,212)	(8,081)
INVENTORIES, NET	39,952	33,642

3.8 Trade receivables

Trade receivables break down as follows:

<i>(in € thousand)</i>	March 31, 2018	March 31, 2017
Trade receivables, gross	57,380	40,529
Provisions for depreciation	(557)	(554)
TRADE RECEIVABLES, NET	56,823	39,975

Changes in the provision for impairment of trade receivables break down as follows:

<i>(in € thousand)</i>	March 31, 2018	March 31, 2017
Provision for impairment at beginning of period	(554)	(402)
Expense for the period	(11)	(147)
Reversals of utilized provisions: bad debts	-	-
Reversals of surplus provisions	2	-
Currency translation adjustment	12	(5)
Change in scope	(5)	-
Provision for impairment at end of period	(557)	(554)

At March 31, 2018, the aged analysis of receivables is as follows:

<i>(in € thousand)</i>	Total trade receivables	Not due	Less than 30 days past due	30 to 60 days past due	60 to 90 days past due	More than 90 days past due
Gross value	57,380	53,317	1,924	1,317	148	674
Provision for impairment	(557)	(10)	-	-	-	(547)
Net value at March 31, 2018	56,823	53,307	1,924	1,317	148	127
Gross value	40,529	38,209	859	926	-	535
Provision for impairment	(554)	(12)	-	(6)	-	(536)
Net value at March 31, 2017	39,975	38,197	859	920	-	(1)

3.9 Other current assets

Other current assets break down as follows:

<i>(in € thousand)</i>	March 31, 2018	March 31, 2017
Tax and social security receivables ⁽¹⁾	2,558	9,581
Prepaid expenses	716	586
Grants receivable ⁽²⁾	4,972	4,137
Advances, goods paid for on order	1,086	384
Deposits and guarantees	38	63
Other	1,301	89
Gross value	10,672	14,840
Provisions for depreciation	-	-
CURRENT ASSETS, NET	10,672	14,840

(1) At March 31, 2018, tax receivables included a research tax credit amounting to €1.3 million for the 2014 calendar year (vs. €7.5 million at March 31, 2017 for the 2013 calendar year).

(2) Operating grants receivable break down as follows:

<i>(in € thousand)</i>	March 31, 2018	March 31, 2017
Operating grants receivable at beginning of period	4,137	4,760
Received during the period	(6,557)	(8,045)
Recognized in income	7,392	7,421
Operating grants receivable at end of period	4,972	4,137

In accordance with IAS 20, research and development subsidies receivable are recorded as grants receivable when the financing agreements have been signed and administrative authorizations obtained. They are booked in the income statement in proportion to the research and development expenses recognized during the period and eligible for subsidized projects, after verifying that the grant conditions were met. Grants are invoiced and recognized according to the milestones set out in the agreements.

3.10 Current financial assets

These break down as follows:

<i>(in € thousand)</i>	March 31, 2018	March 31, 2017
Loans	34	34
Accrued interest	34	19
Prepaid expenses	95	159
Derivative financial instruments (positive fair value)	12,614	1,586
Other	10	-
Gross value	12,787	1,797
Provisions for depreciation	-	-
CURRENT FINANCIAL ASSETS, NET	12,787	1,797

The derivative financial instruments presented in current financial assets, consist of vanilla options and forward sales contracts with maturity dates falling prior to or on March 31, 2019.

3.11 Cash and cash equivalents

Cash and cash equivalents break down as follows:

<i>(in € thousand)</i>	March 31, 2018	March 31, 2017
Cash	79,957	68,286
Cash equivalents	40,000	41,000
TOTAL CASH AND CASH EQUIVALENTS	119,957	109,286

Cash at bank is principally denominated in euros (80% of the total) and in US dollars (17% of the total).

Cash includes cash held in interest-bearing accounts and cash equivalents are deposits available without notice.

In order to determine whether an investment is eligible to be classified as a cash equivalent, the Group complies with the AMF guidance issued on May 3, 2011 relative to the classification of UCITS money-market funds as cash equivalents in accordance with IAS 7.

3.12 Assets and liabilities held for sale and related to discontinued operations

Following the decision to withdraw from the Solar Energy sector, the Group shut down all its production and research and development activities in San Diego (US) and Freiburg (Germany) and continued to sell off its remaining assets. These remaining held for sale assets include the financial assets related to the solar power plant in South Africa: the equity-accounted investments in CPV Power Plant No. 1 and CPV Bond (20% interests), and the financing (principal and interest) provided to one of the shareholders of the Touwsrivier plant, for which the Group believes that the highly probable sale criterion within 12 months has been met.

The remaining assets and liabilities are presented below:

<i>(in € thousand)</i>	Assets and liabilities held for sale and related to discontinued operations	
	March 31, 2018	March 31, 2017
Solar power plant projects	-	1,360
Equity-accounted companies	7,684	8,698
Non-current financial assets	12,584	16,495
Other non-current assets	6	8
Non-current assets	20,274	26,561
Inventories	-	-
Trade receivables	143	869
Other current assets	1,363	287
Current financial assets	2,184	1,352
Current assets	3,690	2,508
TOTAL ASSETS (1)	23,964	29,069
Long-term financial debt	-	-
Provisions and other non-current liabilities	-	-
Non-current liabilities	-	-
Short-term financial debt	1,977	1,165
Trade payables and related accounts	384	573
Provisions and other current liabilities	9,826	12,006
Current liabilities	12,187	13,744
TOTAL LIABILITIES (2)	12,187	13,744
NET ASSETS (1) - (2)	11,777	15,325

The assets and liabilities held for sale relating to the Touwsrivier solar power plant in South Africa at March 31, 2018 are comprised of:

- a 20% interest in CPV Power Plant No. 1 (Touwsrivier) and its subsidiary CPV Bond. The investments were measured at fair value (€7,684 thousand at March 31, 2018 compared with €8,698 thousand at March 31, 2017);
- a receivable in the amount of €12,584 thousand at March 31, 2018 (compared with €16,495 thousand at March 31, 2017).

With respect to the remaining assets and liabilities:

- at March 31, 2017, Solar power plant projects concerned the net assets of the Newberry power plant in the United States totaling €1,360 thousand. This power plant was sold on May 1, 2017. The impact of this operation in the accounts at March 31, 2018 is insignificant;

- Current financial assets and short-term financial debt relate to cash payable to a third party following the distributions by CPV Power Plant No. 1;
- “Provisions and other current liabilities” consists mainly of the provisions detailed below (€8,564 thousand) and the income tax debt of the South-African subsidiaries (€1,126 thousand).

The provisions are related to operations that have been discontinued or sold and the commitments underlying these discontinuations or sales of operations:

<i>(in € thousand)</i>	March 31, 2017	Expense for the period	Reversals (utilized)	Reversals (not utilized)	Currency translation adjustment	Reclas-sifications	March 31, 2018
• Employee departure plan	3	-	-	-	-	-	3
• Cost of cessation of operations	-	-	(167)	-	-	498	331
Bernin site	3	-	(167)	-	-	498	335
• Employee departures	184	-	-	(110)	-	-	74
• Dismantling of solar power plants (excl. US) & compensation	3,988	1,665	(184)	(502)	-	(498)	4,469
• Cost of cessation of operations	1,453	1,017	(423)	-	-	-	2,047
Freiburg site	5,626	2,682	(607)	(612)	-	(498)	6,590
• Cost of cessation of operations	1,257	745	(776)	-	(165)	-	1,061
• Dismantling of solar power plants located in the United States & compensation	2,116	81	(909)	(916)	(197)	-	174
San Diego site	3,372	826	(1,685)	(916)	(362)	-	1,235
• Cost of cessation of operations	172	338	(100)	-	(5)	-	404
South African site	172	338	(100)	-	(5)	-	404
TOTAL	9,174	3,846	(2,560)	(1,528)	(367)	-	8,564

The cost of cessation of operations has been estimated essentially on the basis of forecasts of the maintenance expenses to be incurred prior to selling or extinguishing the current commitments.

The provisions for compensation are based on management estimates about contract-based risks to spend resources on the ongoing litigations.

Performance guarantee commitments are described in note 5.2.

The Company continued the cessation of its activities and the divestment of its remaining assets in the Solar Energy segment: sale on May 1, 2017 of the Newberry power plant in the United States, termination of maintenance activities on the Fort Irvin site without being requested to dismantle the facility, work of preparation and restructuring of the legal entities for the sale to a third party of the remaining financial assets related to Touwsrivier solar power plant in South Africa. The progress of the measures taken with a view to selling these assets held for sale allows to consider that a transaction could be concluded within the next twelve months.

3.13 Issued capital and reserves

3.13.1 Share capital and share premiums

At March 31, 2018, the number of Company shares outstanding was 31,636,932. These included ordinary shares with a par value of €2 per share and preferred shares with a par value of €0.10 per share.

<i>(in number of shares)</i>	March 31, 2018	March 31, 2017
Ordinary shares with a par value of €2	31,367,567	30,311,510
Preferred shares at a par value of €0.1	269,365	-
TOTAL	31,636,932	30,311,510

In fiscal year 2017-2018, the share capital was increased by €2,139 thousand to €62,762 thousand at end March 2018, as detailed in the table below:

Date	Type of transaction	Ordinary shares issued and fully paid up <i>(in number of shares)</i>	Share capital Share premium	
			Increase (decrease) <i>(in € thousand)</i>	
March 31, 2016		11,566,209	23,132	780,442
May 2, 2016	Reserved capital increase	6,951,702	13,903	62,565
May 27, 2016	Capital increase with maintenance of the preferential subscription right	2,908,848	5,818	12,799
June 8, 2016	Capital increase with maintenance of the preferential subscription right	8,875,278	17,751	39,051
June 14, 2016	Issues of free shares	9,474	19	
December 2, 2016	Issue of shares following the conversion of OCÉANE bonds			
December 6, 2016	Cancellation of shares	(1)		
	Capital increase costs deducted from the share premium			(7,341)
March 31, 2017		30,311,510	60,623	887,516
July 26, 2017	Allocation of preferred shares	236,157	24	
August 8, 2017	Issue of shares following the conversion of OCÉANE bonds	1,056,057	2,112	38,786
December 6, 2017	Allocation of preferred shares	3,798	0	
March 23, 2018	Allocation of the negative carry-forwards of the Company to share premiums	-	-	(865,102)
March 30, 2018	Allocation of preferred shares	29,410	3	
MARCH 31, 2018		31,636,932	62,762	61,200

3.13.2 Treasury shares

At March 31, 2018, the Company had 5,077 treasury shares.

	March 31, 2018	March 31, 2017
Number of treasury shares	5,077	5,572
Gross value <i>(in € thousand)</i>	432	475
Unrealized capital gain/(loss) <i>(in € thousand)</i>	(111)	(245)

The cost of these treasury shares along with gains or losses on disposal are deducted from equity.

3.13.3 Other reserves

<i>(in € thousand)</i>	Revaluation differences	Actuarial gains/(losses) on retirement benefit obligations	Changes in fair value of foreign exchange hedging	Gains/(losses) on disposals of treasury shares	Other changes	Currency translation adjustment	Total
March 31, 2016	705	(927)	-	1,023	(16,148)	21,476	6,129
Changes in the period	(220)	(2,672)	1,031	-	-	3,234	1,373
March 31, 2017	485	(3,599)	1,031	1,023	(16,148)	24,710	7,502
Changes in the period	-	(31)	6,276	(22)	44	(7,444)	(1,177)
MARCH 31, 2018	485	(3,630)	7,307	1001	(16,104)	17,266	6,325

Actuarial gains and losses on defined benefit plans are recorded in the other items of comprehensive income against the provision for retirement benefit obligations.

The currency translation adjustment reserve includes all foreign exchange differences arising from the translation of the financial statements of foreign operations, as well as the foreign exchange differences arising from the conversion of monetary items forming part of a net investment in a foreign operation.

3.13.4 Dividends

The Board of Directors will submit a proposition to the Shareholders' General Meeting on July 26, 2018 to carry forward the income to reserves and retained earnings and not to distribute dividends.

3.14 Share-based payments

3.14.1 Impact of share-based payments on the consolidated income statement

Following the decision to implement a free preferred share allocation plan, contingent rights to preferred shares were allocated to eligible employees and corporate officers in 2016-2017. These rights enabled the definitive allocation of 269,365 preferred shares in fiscal 2017-2018 and will allow the definitive allocation of 26,338 preferred shares in fiscal 2019-2020. These preferred shares will be converted into ordinary shares, subject to presence conditions and the fulfillment of a set of performance objectives related to reaching a target stock market price and internal performance criteria based on achieving a target EBITDA for the 2017-2018 and 2018-2019 fiscal years.

A free ordinary share allocation plan for all employees of the Company was also implemented on March 28, 2018. Subject to conditions of presence and seniority, this plan allocates 187,749 shares to Company employees for their loyalty and for their contribution to the efforts made in the recent years (around 0.6% of the Company's share capital at March 28, 2018). Ordinary shares thus allocated will be effectively vested to the beneficiaries, subject to their being on the payroll of Soitec on the first business day after March 28, 2020.

The expense recognized in the income statement for these two free share plans for the year ended March 31, 2018 is €4,695 thousand, including social security contributions (compared with €8,024 thousand for the year ended March 31, 2017).

3.14.2 Information on changes in stock option plans

No new stock option plans were launched during the current fiscal year and there were no stock option plans in force as of March 31, 2017.

The table below summarizes information relating to changes in stock option plans and the weighted average exercise price per share:

<i>(in number)</i>	Shares (in number)	Weighted average exercise price per share (in €)	Price range (in €)
March 31, 2016*	300,800	15.30	15.11 - 16.41
Allocated	75,037	15.30	15.11 - 16.41
Cancelled	(375,837)	15.30	15.11 - 16.41
March 31, 2017	-	-	-
Allocated	-	-	-
MARCH 31, 2018	-	-	-

* Before reverse stock split of February 2017.

3.14.3 Share-based payments

Free shares: The table below shows to what extent the authorization adopted by the Shareholders' General Meeting of March 23, 2018 to allocate free shares was implemented during the current financial year:

Date of Shareholders' General Meeting	03/23/2018	03/23/2018
Date of Board of Directors' meeting	03/28/2018	03/28/2018
Number of shares	125,188	62,561
<i>Of which number of shares for corporate officers</i>	-	-
<i>Of which number of shares for the top ten employee recipients</i>	1,380	910
Beneficiaries number	970	704
Vesting period	From 03/28/2018 to 03/28/2020	From 03/28/2018 to 03/28/2020
Holding period	n/a	n/a
Number of shares vested	-	-
Number of shares remaining	125,188	62,561

Preferred shares: The table below shows to what extent the authorizations adopted by the Shareholders' General Meetings of April 11 and April 29, 2016 relative to the allocation of free preferred shares were implemented:

Date of Shareholders' General Meeting	04/11/2016 & 04/29/2016	04/11/2016 & 04/29/2016	04/11/2016 & 04/29/2016	04/11/2016 & 04/29/2016	04/11/2016 & 04/29/2016	04/11/2016 & 04/29/2016
Date of Board of Directors' meeting	07/26/2016	12/06/2016	03/30/2017	07/26/2016	12/06/2016	03/30/2017
Number of preferred shares (PS) allocated	236,157	3,798	29,410	20,639	2,832	2,867
<i>Of which number of preferred shares for corporate officers</i>	44,947					
Number of beneficiaries	18	2	9	3	1	1
Date of contingent allocation of PS	07/26/2016	12/06/2016	03/30/2017	07/26/2016	12/06/2016	03/30/2017
Date of definitive allocation of PS	07/26/2017	12/06/2017	03/30/2018	07/26/2019	12/06/2019	03/30/2020
Date of conversion into ordinary shares (OS)	07/26/2019	12/06/2019	03/30/2020	07/26/2019	12/06/2019	03/30/2020
Maximum ordinary share conversion ratio	5 OS for 1 PS	5 OS for 1 PS	5 OS for 1 PS	5 OS for 1 PS	5 OS for 1 PS	5 OS for 1 PS

Definitive allocation of 269,365 preferred shares took place in fiscal 2017-2018.

3.15 Loans and financial debt

Borrowings and financial debt break down as follows:

<i>(in € thousand)</i>	Effective interest rate <i>(in %)</i>	Currency	Maturity	March 31, 2018	March 31, 2017
Current					
Financial leases					
Equipment (<i>EUR</i> currency)	0.68% - 11.40%	EUR	2018-2019	2,155	6,194
Equipment (<i>JPY</i> currency)	1.35%	JPY	2018	-	3
Loans					
Bond: OCÉANE 2018 (accrued interest)	6.75%	EUR	2017	-	94
Bank loans	3.2% - 5.5%	EUR	2018-2019	46	-
Other					
Redeemable advances	-	EUR	2,018	1,070	875
Derivative financial instruments	-	EUR	2,018	124	2,048
Financial services payables	-	EUR	2,018	1	369
Authorized credit lines drawn down <i>(principal, EUR currency)</i>	0.331% - 0.80%	EUR	2,018	8,414	6,399
Authorized credit lines drawn down <i>(accrued interest, EUR currency)</i>	0.331% - 0.80%	EUR	2,018	70	222
Authorized credit lines drawn down <i>(USD currency)</i>	3.81%	USD	2,018	6,730	-
SHORT-TERM FINANCIAL DEBT	-	-	-	18,610	16,204
Non-current					
Financial leases					
Equipment	0.68%	EUR	2,025	6,573	978
Loans					
Bond: OCÉANE 2018	6.75%	EUR	2018	0	39,540
Bank loans	3.2% - 5.5%	EUR	2,022	128	-
Other					
Redeemable advances	-	EUR	2022-2028	7,135	12,485
Used committed credit lines	0.331% - 0.80%	EUR	2,022	45,778	49,967
Derivative financial instruments	-	EUR	2018-2019	34	1,687
LONG-TERM FINANCIAL DEBT	-	-	-	59,649	104,656

2018 OCÉANE bonds

The change in bonds reflects the early conversion of the OCEANES on August 8, 2017 (conversion of the OCEANES into shares with a conversion rate of 98.74%).

Leasing

In August 2015, the Group signed a three-year financial lease agreement for the amount of €11,000 thousand for production equipment. This agreement, which bore interest of 11.4%, expired in April 2018. In March 2018, the Group signed other financial lease agreements for the amount of €7,734 thousand bearing interest of 0.6838%.

Bank credit lines

The bank credit lines (of €29.8 million at March 31, 2018), the repayment of which was planned *in fine* in November 2019, were restructured to be amortized using the linear method until 2021 (4 annual payments of €7.44 million still due at March 31, 2018).

Borrowings and financial debt fall due as follows:

<i>(in € thousand)</i>	March 31, 2018				March 31, 2017
	Less than 1 year	1 to 5 years	More than 5 years	Total	
Financial leases					
Equipment	2,155	4,363	2,210	8,728	7,174
Loans					
Bond: OCÉANE 2018	-	-	-	-	39,634
Bank loans	46	128	-	175	-
Other loans and financial debt					
Redeemable advances	1,070	5,285	1,850	8,205	13,360
Financial services payables	1	-	-	1	369
Derivative financial instruments	124	34	-	158	3,735
Authorized credit lines drawn down	15,214	45,779	-	60,992	56,589
TOTAL BORROWINGS AND DEBT	18,610	55,589	4,060	78,259	120,860

3.16 Provisions and other non-current liabilities

Provisions and other non-current liabilities break down as follows:

<i>(in € thousand)</i>	March 31, 2018	March 31, 2017
Deferred income	2,005	6,731
Deposits and guarantees received	59	67
Non-current liabilities	2,064	6,798
Provisions	9,385	8,382
PROVISIONS AND OTHER NON-CURRENT LIABILITIES	11,449	15,180

At March 31, 2018, the main item of deferred income relates to a licensing agreement entered into in May 2014 concerning radio-frequency applications and power applications (totaling €2.4 million, of which €2 million non-current and €0.4 million current).

Deferred income relating to a licensing agreement concerning image sensors signed in March 2011, in the amount of €2.6 million as of March 31, 2017 (of which €1.9 million non-current and €0.6 million current) was recognized in the income statement at March 31, 2018 (the license is no longer used by the customer).

Provisions for non-current liabilities and charges mainly comprise provisions for retirement benefit obligations amounting to €9,385 thousand.

Statement of change in provisions

Provisions break down as follows:

<i>(in € thousand)</i>	March 31, 2017	Expense for the period	Reversals (utilized)	Reversals (not utilized)	Currency translation adjustment	Actuarial gains/(losses) recognized in Other items of comprehensive income	March 31, 2018
Current provisions							
Litigation	1,258	1,220	(180)	(216)	-	-	2,083
Restructuring	987	191	(53)	(637)	(46)	-	442
Total current	2,245	1,579	(401)	(853)	(46)	-	2,525
Non-current provisions							
Retirement benefit obligations	8,382	985	-	-	(13)	31	9,385
Total non-current	8,382	985	-	-	(13)	31	9,385

The provision for retirement benefit obligations is analyzed in note 5.1.

Provisions for restructuring for continuing operations are detailed in the table below:

<i>(in € thousand)</i>	March 31, 2017	Expense for the period	Reversals (utilized)	Reversals (not utilized)	Currency translation adjustment	March 31, 2018
• Production equipment shutdown costs	319	-	(3)	(173)	-	143
Bernin site	319	-	(3)	(173)	-	143
• Employee departures	108	-	-	-	-	108
• Dismantling and restoration of site	50	191	(50)	-	-	191
Villejust site	158	191	(50)	-	-	298
• Dismantling of equipment and production shutdown costs	510	-	-	(464)	(46)	-
Singapore site	510	-	-	(464)	(46)	-
TOTAL	987	191	(53)	(637)	(46)	442

3.17 Trade payables

Trade payables break down as follows:

<i>(in € thousand)</i>	March 31, 2018	March 31, 2017
TRADE PAYABLES	42,427	44,430

3.18 Provisions and other current liabilities

Provisions and other current liabilities break down as follows:

<i>(in € thousand)</i>	March 31, 2018	March 31, 2017
Prepayments received on customer orders	1,067	2,008
Payable to fixed asset suppliers	14,572	3,587
Tax and social security debts	37,717	30,266
Deferred income	404	2,031
Other	521	6,131
Other liabilities	54,282	44,027
Provisions	2,525	2,245
PROVISIONS AND OTHER CURRENT LIABILITIES	56,806	46,271

Provisions are detailed in note 3.16.

4. NOTES TO THE INCOME STATEMENT**4.1 Employee-related costs**

Employee-related costs break down as follows:

<i>(in € thousand)</i>	March 31, 2018 ⁽¹⁾	March 31, 2017 ⁽¹⁾
Personnel-related costs, including social charges ⁽²⁾	(81,764)	(72,892)
Competitiveness and employment tax credit (CICE)	1,198	1,034
Pension costs	(859)	(558)
Share-based payment expenses	(4,695)	(8,025)
TOTAL EMPLOYEE-RELATED COSTS	(86,120)	(80,441)

⁽¹⁾ The data presented do not include discontinued operations.

⁽²⁾ The personnel-related costs presented also include employee profit-sharing schemes.

The principal change in employee-related costs relates to the increase of headcount.

The Group's average number of employees measured on a full-time equivalent basis is as follows:

<i>(as full-time equivalents)</i>	March 31, 2018	March 31, 2017
Production	640	563
Research and development	171	166
Sales and marketing	29	25
Senior management and administrative staff	136	139
TOTAL HEADCOUNT IN FULL-TIME EQUIVALENTS	976	893

4.2 Research and development costs

Research and development costs break down as follows:

<i>(in € thousand)</i>	March 31, 2018	March 31, 2017
Gross research and development operating costs	(43,879)	(45,192)
Sales of prototypes	8,772	4,393
Research and development grants recognized in profit/(loss)	7,392	7,170
Redeemable advances recognized in profit/(loss)	7,473	289
Research tax credit	12,012	14,685
Total income deducted from gross operating costs	35,649	26,537
TOTAL RESEARCH AND DEVELOPMENT OPERATING COSTS, NET	(8,230)	(18,656)

The Group has defined an eight-stage life cycle for research and development projects. Upon the completion of each stage (milestone), a decision is made to either continue or discontinue the project. The first five stages cover exploratory research (evaluation of technologies), while the following two phases correspond to product development, generally in conjunction with a potential customer. The final stage involves high-volume industrialization of the product. Costs incurred during exploratory research phases and development costs are mainly recognized in the income statement, pursuant to IAS 38. Costs incurred in the industrialization phase are recognized in cost of sales. In fiscal year 2017-2018, €3,286 thousand in development projects were capitalized in intangible assets in progress.

Redeemable advances recognized in the income statement represent a non-recurring amount of €7.5 million for the 2017-2018 fiscal year.

4.3 Amortization and depreciation

Depreciation and amortization expenses in the income statement break down as follows:

<i>(in € thousand)</i>	March 31, 2018	March 31, 2017
Cost of sales	(14,722)	(14,863)
Research and development costs	(3,808)	(5,520)
Sales and marketing expenses	(6)	(9)
Administrative expenses	(111)	(430)
TOTAL AMORTIZATION AND DEPRECIATION EXPENSES	(18,648)	(20,822)

4.4 Other operating income and expenses

Other operating income and expenses in the income statement break down as follows:

<i>(in € thousand)</i>	March 31, 2018	March 31, 2017
Impairment reversal (Bernin site)	3,835	
Reversal of provision for dismantling of equipment and production shutdown costs (Singapore site)	464	
Total other operating income	4,299	0
Provision for restoration of site (Villejuste site)	(191)	
Expenses relating to restructuring measures and litigation	(31)	(8,195)
Total other operating expenses	(222)	(8,195)
TOTAL OTHER OPERATING INCOME AND EXPENSES, NET	4,077	(8,195)

Other operating income is essentially made of the reversal of impairment related to the 300 mm production site of Bernin: the Bernin 300 mm wafer production plant is expecting an average utilization rate of 70% over the 2018-2019 fiscal year, with a steady growth quarter after quarter. Under these conditions, the provision for impairment related to the Bernin site has become irrelevant and was reversed at March 31, 2018, for a total amount of €3.8 million.

4.5 Financial income

Financial income breaks down as follows:

<i>(in € thousand)</i>	March 31, 2018	March 31, 2017
Interest received on financial investments	35	7
Other interest income	158	81
Financial income	640	73
Reversal of provisions	5,589	1,226
TOTAL FINANCIAL INCOME	6,422	1,387

The reversal of provisions is related primarily to the recovery of a guarantee deposit (related to the bond for the Touwsrivier solar power plant), which was depreciated sharply over fiscal year 2015-2016 and presented as continuing operations because of the long-term nature of its recovery.

4.6 Financial expense

Financial expenses break down as follows:

<i>(in € thousand)</i>	March 31, 2018	March 31, 2017
Interest on loans and bank current accounts	(440)	(826)
Interest on financial leases	(507)	(1,121)
Interest on OCEANE bonds	(428)	(6,626)
Other interest expense and related charges	(819)	(1,219)
Provision for impairment of financial assets – Investments	(125)	(469)
Impairment of financial assets and other financial expense	(217)	(183)
Net foreign exchange gains/(losses)*	(767)	(2,548)
TOTAL FINANCIAL EXPENSES	(3,303)	(12,990)

* Foreign exchange gains and losses are presented net.

4.7 Income tax

Profit/(loss) before income tax breaks down as follows:

<i>(in € thousand)</i>	March 31, 2018	March 31, 2017
France	69,720	8,615
Germany	-	-
United States	1,499	(675)
Asia	3,375	(9)
TOTAL PROFIT BEFORE INCOME TAX	74,594	7,931

At March 31, 2018, the income tax for the year is a net tax income of €17,485 thousand resulting on one hand from the recognition of significant deferred tax assets (net amount of €22,835 thousand including €25,443 thousand of capitalized tax loss carry-forwards) offsetting on the other hand a current tax expense of €5,350 thousand mainly from Soitec S.A.

The difference between the theoretical income tax calculated at the applicable statutory tax rate in France (34.43%) and the effective tax expense in the income statement breaks down as follows:

<i>(in € thousand)</i>	March 31, 2018	March 31, 2017
Theoretical income tax at the applicable rate	(25,683)	(2,731)
Unrecognized deferred tax assets	-	(4,141)
Non-deductible provisions and expenses	(1,892)	181
Non-taxable income (research tax credit - CICE)	4,507	5,136
Use of tax loss carry-forwards	5,333	-
Recognition of tax loss carry-forwards	25,443	-
Adjustments for differences in income tax rates	244	873
Other differences	9,533	-
TOTAL INCOME TAX BENEFIT/(EXPENSE)	17,485	(682)

Deferred tax assets and liabilities chiefly break down as follows, by nature:

<i>(in € thousand)</i>	March 31, 2018	March 31, 2017
Deferred tax assets		
Tax loss carry-forwards, net	25,443	-
Temporary differences ⁽¹⁾	4,183	5,907
Other items ⁽²⁾	3,444	3,803
Total deferred tax assets	33,069	9,710
Deferred tax liabilities		
Net deferred tax on financial leases	(5,613)	(5,674)
Other items ⁽²⁾	(4,622)	(4,036)
Total deferred tax liabilities	(10,235)	(9,710)
DEFERRED TAXES, NET	22,835	-

(1) Temporary differences mainly comprise non tax deductible provisions, including €2.4 million from unrealized foreign exchange gains/losses.

(2) Other items mainly include retirement benefit obligations of €2.4 million on the asset side and redeemable advances of €4.4 million on the liability side.

The Group recognized in its deferred tax assets the amount of €25.4 million in relation to the tax loss carry-forwards in France which it intends to use in the coming years. Unrecognized tax loss carry-forwards in France (Soitec S.A. is the main contributor) totaled €656 million at March 31, 2018.

In the balance sheet, deferred tax assets amount to €18,998 thousand. They include deferred taxes recognized in the income statement (€22,835 thousand) but also deferred tax liabilities recognized in the other items of comprehensive income (tax expense related to financial instruments in the amount of €3,837 thousand).

4.8 Earnings per share

The earnings/(loss) and share data used to calculate basic and diluted earnings/(loss) per share are as follows:

<i>(in number of shares)</i>	March 31, 2018	March 31, 2017
Weighted average number of ordinary shares (excluding treasury shares) used to calculate basic earnings/(loss) per share	30,986,360	27,562,477
Effects of dilution:		
Preferred shares	600,223	-
OCEANE convertible bonds	-	-
Free shares	1,543	-
Dilutive effect	-	-
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES (EXCLUDING TREASURY SHARES) ADJUSTED FOR DILUTED EARNINGS/(LOSS) PER SHARE	31,588,126	27,562,477

4.9 Net profit/(loss) from discontinued operations

<i>(in € thousand)</i>	Notes	March 31, 2018	March 31, 2017
Sales	-	1,233	798
Expenses for the period	-	(1,823)	(569)
Current operating income/(loss)	-	(589)	229
Other operating expenses, net	-	(1,809)	(5,009)
Operating income/(loss)	-	(2,398)	(4,777)
Financial income/(expense)	-	(2,720)	6,825
Profit/(loss) before tax	-	(5,118)	2,048
Income tax	-	(448)	(920)
NET PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS	-	(5,566)	1,128

At March 31, 2018, operating income consists primarily of additional provisions for solar activities restructuring, and financial income mainly reflects adjustments in the value of South African assets held for sale.

At March 31, 2017, sales from discontinued operations primarily represent a sale of industrial property at Soitec GMBH. Net other operating expenses consist primarily of additional provisions for solar activities restructuring (expense of €5.8 million). Financial income/(expense) of discontinued operations is mainly comprised of unrealized foreign exchange gains following the strengthening of ZAR (€3.9 million), net financial income relating to an interest payment on a loan granted to one of the shareholders in the Touwsrivier power plant (€2.6 million) and the disposal of non-consolidated investments in Suncoutim having generated a €0.5 million gain.

5. OTHER INFORMATION

5.1 Retirement benefit obligations and other post-employment benefits

5.1.1 Benefit obligations

<i>(in € thousand)</i>	March 31, 2018	March 31, 2017
Retirement benefit obligations	9,786	8,773
Fair value of plan assets	(402)	(391)
Change in applicable legislation in the notes to the financial statements	-	-
BENEFIT OBLIGATIONS RECOGNIZED IN THE STATEMENT OF FINANCIAL POSITION	9,385	8,382

The Group recognizes retirement benefit obligations as liabilities in the statement of financial position at the amount of the obligation as estimated using the most probable assumptions at the reporting date. The impact of changes in actuarial assumptions is recognized in other items of comprehensive income under "Actuarial gains/(losses) on defined benefit plans".

5.1.2 Retirement benefit obligations

DESCRIPTION OF PLANS

Retirement and other employee benefits granted to long-term personnel relate solely to active employees. Benefits are granted under either defined contribution or defined benefit plans. Provisions are set aside only for defined benefit plans. These mainly consist of retirement indemnities plus other pension obligations and supplementary retirement gratuities.

In certain cases, obligations under defined benefit plans are covered by funds, which are regularly valued by independent actuaries. The value of any such funds is deducted from the corresponding liability. Plan assets include secure/dynamic investment vehicles, based on an analysis carried out with the entity of its obligations in light of the expected retirement dates of its employees.

	March 31, 2018	March 31, 2017
Retirement age	62-65 years of age depending on the category	62-65 years of age depending on the category
Turnover assumptions (average)	0.00% to 5.75% depending on age	0.00% to 5.75% depending on age
Annual inflation rate	2.00%	2.00%
Annual salary increase rate	1.00% to 2.50%	1.00% to 2.50%
Annual discount rate	1.40%	1.40%

The sensitivity of the retirement benefit obligation to these assumptions is detailed below: sensitivity of results to the discount rate (increase or decrease of 1 percentage point compared to the base rate).

	Annual discount rate		
	0.40% (- 1 point)	1.40% (base rate)	2.40% (+1 point)
PRESENT VALUE OF BENEFIT OBLIGATION	+20%	0.0%	- 16%

CHANGE IN RETIREMENT BENEFIT OBLIGATION

<i>(in € thousand)</i>	March 31, 2018	March 31, 2017
Benefit obligation at beginning of the period	8,773	5,445
Service cost	845	512
Interest credited	132	102
Benefits paid	(21)	-
Other benefits	14	43
Acquisition	11	-
Actuarial gains/(losses) (assumptions and experience adjustments)	31	2,672
BENEFIT OBLIGATION AT END OF THE PERIOD	9,786	8,773

CHANGE IN FAIR VALUE OF PLAN ASSETS

<i>(in € thousand)</i>	March 31, 2018	March 31, 2017
Fair value of plan assets at beginning of the period	391	385
Expected return on plan assets	11	6
Fair value of plan assets at end of the period	402	391

CHANGE IN BENEFIT OBLIGATION RECOGNIZED IN THE STATEMENT OF FINANCIAL POSITION

(in € thousand)	March 31, 2018	March 31, 2017
Benefit obligation at beginning of the period	8,382	5,060
Service cost	845	512
Interest credited	132	102
Expected return on plan assets	(11)	(7)
Actuarial gains/(losses)	31	2,672
Benefits paid – benefits paid out of insurance fund	(21)	-
Other benefits	14	43
Acquisition	11	-
BENEFIT OBLIGATION AT END OF THE PERIOD	9,385	8,382

EXPENSES RECOGNIZED IN THE INCOME STATEMENT

(in € thousand)	March 31, 2018	March 31, 2017
Service cost	(845)	(512)
Interest credited	(132)	(102)
Expected return on plan assets	5	7
TOTAL EXPENSE RECOGNIZED IN THE INCOME STATEMENT	(972)	(607)

5.2 Contractual obligations and commitments

Contractual obligations and commitments break down as follows:

(in € thousand)	March 31, 2018				March 31, 2017
	Less than 1 year	1 to 5 years	More than 5 years	Total	
Recognized in the statement of financial position					
Obligations under financial leases	2,155	4,363	2,210	8,728	7,174
Total	2,155	4,363	2,210	8,728	7,174
Recognized off-balance sheet:					
Operating leases	286	183	-	469	650
Pledges	-	-	18,000	18,000	18,000
Guarantees given	7,700	500	33,164	41,364	43,291
Other commitments	-	24,349	-	24,349	-
Total	7,986	25,032	51,164	84,182	61,941
TOTAL CONTRACTUAL OBLIGATIONS IN THE STATEMENT OF FINANCIAL POSITION AND OFF-BALANCE SHEET	10,141	29,395	53,374	92,910	69,115

As of March 31, 2018, the guarantees given total €92.9 million, and the main beneficiaries are:

- Shin-Etsu Handotai: a pledge on inventory of €18 million and a contractual compensation commitment of €24 million were given as guarantee for the long-term commitment to provide raw materials;
- the project company holding the Touvsrivier solar power plant: €30.0 million;
- buyers of the Desert Green and Rians solar power plants: €3.4 million;
- pledge of mortgage assets: €7.2 million.

5.3 Related party disclosures

Since November 29, 2017, the Board of Directors has been comprised of 12 members. Besides the Chief Executive Officer, the 11 other members were selected based on their experience of the semiconductor market or their professional experience in other areas beneficial to the Group's development. The semiconductor market is characterized by a small number of players, such that the Group maintains or is likely to have business relations with the companies Global Foundries, Shin-Etsu Handotai, Shanghai Simgui, Ltd. and the French Alternative Energies and Atomic Energy Commission (CEA), where Mr Douglas Dunn, Mr Satoshi Onishi, Mr Xi Wang and Mr Christophe Gégout respectively hold or held positions, as disclosed in the individual summary sheets in paragraph 14.1.1.1.8 of this Registration Document.

When the financing plan was set up in connection with the conciliation procedure approved by the Grenoble Commercial Court on May 5, 2015, Shin-Etsu Handotai Europe Ltd., Bpifrance Participations and CEA Investissement granted the Group a financing facility for a total amount of €54 million. The Group made a partial repayment in August 2015 and the balance of €44 million was repaid in May 2016. In respect of these loans, no impact is to be recorded in the 2017-2018 fiscal year with the exception of the €18 million inventory pledge granted to Shin-Etsu Handotai Co. Ltd., the execution whereof has continued.

During the year ended March 31, 2018, purchases of raw materials from Shin-Etsu Handotai represented €82,426 thousand (€65,999 thousand in the year ended March 31, 2017). A multi-year contract was also signed to guarantee a supply of raw materials over the next few years, against which an off-balance sheet commitment of €24 million was declared in the notes to the Group's consolidated financial statements.

The Company invoiced royalties to Shin-Etsu Handotai of €3,248 thousand for fiscal year 2017-2018 (€2,835 thousand for fiscal year 2016-2017).

Global Foundries is one of Soitec's main customers; sales of wafers amounted to \$74.3 million for the 2017-2018 fiscal year (\$63 million for the 2016-2017 fiscal year). Global Foundries and the Company also signed long-term agreements for the bulk delivery of SOI.

In fiscal year 2017-2018, the Company paid CEA €5,241 thousand under the research and development contract (€5,263 thousand in fiscal year 2016-2017) and €4,247 thousand in patent royalties (€4,591 thousand in fiscal year 2016-2017) and \$470 thousand for settlement of the dispute with Silicon Genesis ("SiGen") to end the proceedings known as "Inter Partes Review" (proceedings instituted by CEA that needed to be stopped effectively in order to allow the Company free access to the patents in question).

During the year, the Company paid Shanghai Technology Co., Ltd. \$9.1 million to purchase 200 mm SOI wafers (\$2.7 million for the 2016-2017 fiscal year).

The Company invoiced Shanghai Technology Co., Ltd. \$1 million under the service contract and \$7.7 million for Silicon substrates (versus \$1 million and \$2.8 million, respectively, for the 2016-2017 fiscal year).

The Company invoiced Exagan for clean room services in the amount of €398 thousand for the 2017-2018 fiscal year (compared to €255 thousand for the 2016-2017 fiscal year).

In fiscal year 2016-2017, the internal governance body, called the Executive Committee (ExCom), had nine members excluding corporate officers. Total gross remuneration of the salaried members of the ExCom, excluding corporate officers, including direct and indirect benefits of the salaried members is estimated, for the year ended March 31, 2018, at €10.4 million.

<i>(in € thousand)</i>	March 31, 2018	March 31, 2017
Short-term benefits	2,656	2,690
Post-employment benefits	-	-
Accounting valuation of preferred shares allocated during the current fiscal year*	7,731	-
TOTAL GROSS REMUNERATION PAID TO GROUP MANAGEMENT	10,387	2,690

The amount of the gross remuneration allocated to corporate officers and non-employee directors is as follows:

<i>(in € thousand)</i>	March 31, 2018	March 31, 2017
Short-term benefits	1,031	1,016
Post-employment benefits	-	-
Termination benefits	-	-
Accounting valuation of preferred shares allocated during the current fiscal year*	1,871	-
Total compensation awarded to corporate officers	2,902	1,016
Directors' fees	406	429
Reimbursement of travel expenses	72	73
Total compensation awarded to directors and corporate officers	3,380	1,518

* The valuations of the preferred shares correspond to a valuation realized in application of IFRS 2: following the decision to establish a free preferred shares allocation plan, contingent rights to preferred shares were allocated to managers during the previous fiscal year 2016-2017. These rights enabled the definitive allocation of preferred shares during the fiscal year 2017-2018, as detailed below.

Breakdown of preferred shares definitively allocated during the 2017-2018 fiscal year:

<i>(in number)</i>	Preferred shares	Total as at March 31, 2017
Management personnel	230,676	230,676
Of which corporate officers	44,947	44,947

5.4 Financial risk management

5.4.1 Financial risk management objectives and policies

The Group's objectives are to hedge foreign exchange risk on commercial transactions recognized in the statement of financial position and on highly probable future transactions. The Group's policy regarding the exposure to foreign exchange risk on its future commercial transactions is to hedge at the end of the fiscal year a significant part of the foreign exchange risk for the following year *via* derivative instruments based on operating budgets. The useful life of these instruments matches the Group's settlement flows. The Group introduced hedge accounting as defined in IAS 39 in the final quarter of fiscal year 2016-2017. The Group's policy also consists of managing its interest expense using a combination of fixed-rate and floating-rate borrowings. However, the Group's policy is not to use instruments for speculative purposes.

The table below summarizes the maturity profile of the Group's financial liabilities at March 31, 2018:

<i>(in € thousand)</i>	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Interest-bearing loans and borrowings	2,047	13,788	95,325	9,331	120,491
Other financial liabilities	369	-	-	-	369
Trade payables	40,655	3,775	--	-	44,430
Other liabilities	31,223	15,048	5,082	10,098	61,451
March 31, 2017	74,294	32,611	100,407	19,429	226,741
Interest-bearing loans and borrowings	8,135	10,475	55,588	4,060	78,259
Other financial liabilities	1	-	-	-	1
Trade payables	42,013	414	-	-	42,427
Other liabilities	42,470	14,336	5,195	6,253	68,255
MARCH 31, 2018	92,619	25,225	60,783	10,313	188,942

5.4.2 Fair value and classification of financial assets and liabilities

The Group considers that the carrying amount of the financial instruments carried in the statement of financial position, and in particular interest-bearing borrowings, is a reasonable approximation of their fair value.

	March 31, 2018					
	Notes	Carrying amount	At fair value through other items of comprehensive income	At fair value through profit or loss	Assets available for sale	Loans, receivables and payables at amortized cost
<i>(in € thousand)</i>						
Non-current financial assets						
Non-consolidated investments	3.5	7,598	-	-	7,598	-
Derivative financial instruments (positive fair value)	3.5	1,512	1,466	46	-	-
Deposits and guarantees	3.5	3	-	-	-	3
Non-current financial assets	3.5	9,114	1,466	46	7,598	3
Current financial assets						
Derivative financial instruments (positive fair value)	3.10	12,614	9,678	2,936	-	-
Other	3.10	173	-	-	-	173
Current financial assets	3.10	12,787	9,678	2,936	-	173
Trade receivables	3.8	56,823	-	-	-	56,823
Cash and cash equivalents	3.11	119,957	-	119,957	-	-
TOTAL FINANCIAL ASSETS	-	198,681	11,144	122,939	7,598	56,999
Financial liabilities						
Derivative financial instruments	3.15	158	-	158	-	-
Other borrowings and debt	3.15	17,108	-	-	-	17,108
Authorized credit lines used	3.15	60,992	-	-	-	60,992
Current and non-current financial liabilities	3.15	78,258	-	158	-	78,100
Other financial liabilities	3.15	1	-	-	-	1
Trade payables	3.17	42,427	-	-	-	42,427
TOTAL FINANCIAL LIABILITIES	-	120,686	-	158	-	120,528

The data at March 31, 2017 were as follows:

	March 31, 2017					
	Notes	Carrying amount	At fair value through other items of comprehensive income	At fair value through profit or loss	Assets available for sale	Loans, receivables and payables at amortized cost
<i>(in € thousand)</i>						
Non-current financial assets						
Non-consolidated investments	3.5	6,234	-	-	6,234	-
Derivative financial instruments (positive fair value)	3.5	1,833	231	1,602	-	-
Deposits and guarantees	3.5	3,966	-	-	-	3,966
Restricted cash	3.5	133	-	-	-	133
Non-current financial assets	3.5	12,167	231	1,602	6,234	4,099
Current financial assets						
Derivative financial instruments (positive fair value)	3.10	1,586	707	879	-	-
Other	3.10	212	-	-	-	212
Current financial assets	3.10	1,797	707	879	-	212
Trade receivables	3.8	39,975	-	-	-	39,975
Cash and cash equivalents	3.1	109,286	-	109,286	-	-
TOTAL FINANCIAL ASSETS	-	163,225	938	111,767	6,234	44,286
Financial liabilities						
Bond: Océane 2018	3.15	39,634	-	-	-	39,634
Derivative financial instruments	3.15	3,735	(92)	3,828	-	-
Other borrowings and debt	3.15	20,533	-	-	-	20,533
Authorized credit lines used	3.1	56,589	-	-	-	56,589
Current and non-current financial liabilities	3.15	120,491	(92)	3,828	-	116,756
Other financial liabilities	3.15	369	--	-	-	369
Trade payables	3.17	44,430	-	-	-	44,430
TOTAL FINANCIAL LIABILITIES	-	165,290	(92)	3,828	-	161,555

CLASSIFICATION OF FINANCIAL INSTRUMENTS PURSUANT TO IFRS 13

The breakdown of financial instruments by level in the fair value hierarchy is as follows:

<i>(in € thousand)</i>	Notes	Level 1	Level 2	Level 3	Carrying amount in the statement of financial position
Assets					
Cash and cash equivalents		119,957	-	-	119,957
Derivative financial instruments (positive fair value)		-	14,126	-	14,126
Liabilities					
Derivative financial instruments		-	(158)	-	(158)
NET VALUE AT MARCH 31, 2018		119,957	13,968	-	133,925
Assets					
Cash and cash equivalents		109,286	-	-	109,286
Derivative financial instruments (positive fair value)		-	3,419	-	3,419
Liabilities					
Derivative financial instruments		-	(3,735)	-	(3,735)
Net value at March 31, 2017		109,286	(316)	-	108,970

The fair value hierarchy is described in note 2.4.J.

5.4.3 Financial instruments used

CURRENCY RISK

The translation rates used to translate the subsidiaries' financial statements that use a functional currency other than the euro have the following exchange value in euros:

<i>Currencies</i>	Average rate		Closing rate	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
US dollar	0.851940	0.914414	0.811622	0.935366
Yen	0.007667	0.008429	0.007625	0.008365
Rand	0.068630	0.072536	0.068395	0.070223

The following table shows the financial instruments in place at March 31 to hedge foreign exchange risks:

<i>Type of contract</i> <i>(in € thousand)</i>	Currency	March 31, 2018		March 31, 2017	
		Market value (net)	Hedged position	Market value (net)	Hedged position
Hedge of statement of financial position items:		2,753		(870)	
of which eligible for hedge accounting (hedging of trade receivables):		2,755			
Forward sales	USD to EUR	1,418	10,145		
Options	USD to EUR	1,337	11,540		
of which not eligible for hedge accounting:		(2)			
Forward sales (hedging of trade receivables)	USD to EUR			(870)	22,449
Forward purchases (hedging of trade payables)	JPY to EUR	(2)	1,587		
Cash flow hedges:		11,215		707	
of which eligible for hedge accounting:		11,371		3,388	
Forward sales	USD to EUR	5,374	60,872	637	101,955
Options	USD to EUR	5,997	67,188	2,751	114,115
Of which not eligible for hedge accounting:		(156)		(2,681)	
Options	USD to EUR	(156)	78,727	(2,681)	114,115
TOTAL HEDGES		13,968		(162)	

The market value was estimated using one or more commonly used models.

SENSITIVITY ANALYSIS OF NET EXPOSURE AFTER CURRENCY HEDGING

The exchange rates of the Group's three main currencies at March 31, 2018 were as follows:

- EUR/USD: 1 euro for 1.2321 US dollars (1 euro for 1.0691 US dollars at March 31, 2017);
- EUR/JPY: 1 euro for 131.15 yen (1 euro for 119.55 yen at March 31, 2017);
- EUR/ZAR: 1 euro for 14.621 rand (1 euro for 14.2404 rand at March 31, 2017).

The scope used to analyze sensitivity to exchange rate risks includes receivables and other assets, debts and other liabilities and cash, the portion of commercial cash flows falling within the hedged period as well as derivatives used to hedge these foreign exchange exposures. A 10% increase in the value of the euro against these currencies at March 31 would negatively impact net income by the amounts indicated below. For this analysis, all other variables, specifically interest rates, are assumed to remain constant.

<i>(in € thousand)</i>	March 31, 2018	March 31, 2017
US dollar	(2,019)	(344)
Yen	549	115
Rand	(1,831)	(2,303)
Other currencies	(436)	(309)
Increase (decrease) in net income resulting from a 10% increase in the value of the euro	(3,737)	(2,842)

A 10% decrease in the value of the euro against these currencies at March 31 would positively impact net income by the amounts indicated below. For this analysis, all other variables, specifically interest rates, are assumed to remain constant.

(in € thousand)	March 31, 2018	March 31, 2017
US dollar	2,468	420
Yen	(670)	(141)
Rand	2,238	2,815
Other currencies	533	378
Increase (decrease) in net income resulting from a 10% decrease in the value of the euro	4,568	3,473

INTEREST RATE RISK

The Group's medium and long-term debt is partly variable-rate and partly fixed-rate.

A 1% increase in interest rates applied to floating-rate debt and investments would have led to a decrease of approximately €484 thousand in financial income/(expense).

A 1% decrease in interest rates applied to floating-rate debt and investments would have led to an increase of approximately €130 thousand in financial income/(expense).

CREDIT RISK

The financial instruments on which the Group potentially incurs a credit risk are mainly cash, liquid assets subject to restrictions and trade receivables. The Group has put in place a cash management policy to optimize its investments in liquid short-term and low-risk financial instruments. The Group's liquid assets are mainly invested with large international financial institutions.

The Group markets its products to actors in the semiconductor industry mainly located in the United States, Asia and Europe. At March 31, 2018, eight customers individually represented more than 5% of Electronics division sales, and together accounted for 71% of sales. As at March 31, 2017, there were eight customers individually representing more than 5% of the Group's revenue, and they jointly represented 80% of the revenue.

The Group frequently evaluates its clients' credit risk and financial position and funds provisions for potential losses on receivables that cannot be recovered. The amount of these losses remained within the limits forecast by the Management.

EQUITY RISK

The Group does not hold any non-consolidated investments or investments traded on a regulated market.

LIQUIDITY RISK

The Group's financing is based on long-term resources from capital markets (convertible bond issues and capital increases), financial leases for capital spending, and committed credit lines.

CASH FLOW MATURITY SCHEDULE FOR BORROWINGS AND FINANCIAL DEBT

This table shows the timing of repayment of financial liabilities recognized at March 31, 2018 at their nominal amount, including interest recognized and not discounted.

(in € thousand)	Maturity of borrowings:						Amount recognized in the statement of financial position at March 31, 2018
	Amount due						
	Less than 1 year	1-2 years	2-3 years	3-5 years	More than 5 years	Total	
Non-derivative financial instruments							
Financial leases	2,191	1,121	1,121	2,242	2,226	8,901	8,728
Other loans	16,486	18,845	20,100	12,607	1,850	69,888	69,372
Trade payables	42,427	-	-	-	-	42,427	42,427
Other payables (excluding tax and social security payables)	16,161	-	-	-	-	16,161	16,161
Total non-derivative financial instruments	77,265	19,966	21,221	14,849	4,076	137,377	136,688
Derivative financial instruments							
Interest-rate derivatives							
Currency derivatives	124	34				158	158
Other derivatives							
Total derivative financial instruments	124	34				158	158
TOTAL FINANCIAL LIABILITIES	77,389	20,000	21,221	14,849	4,076	137,535	136,846

CONFIRMED CREDIT LINES

The bank credit lines (€29.8 million at March 31, 2018) the repayment of which was planned *in fine* in November 2019 were restructured to be amortized using the linear method until 2021 (four annual residual schedules of €7.44 million). These credit lines carry a commitment fee of 0.15% to 0.20%, and a utilization fee ranging from EURIBOR +0.60% to +1.00%, depending on the credit lines.

Within the framework of the mobilization of receivables on the research tax credit and job competitiveness tax credits (CICE), the Group signed credit lines with BPI for a total amount of €24.4 million to mature between September 2018 and August 2022. These credit lines carry a commitment fee of 0.30%, plus a utilization fee of 1-month EURIBOR +0.70%.

Within the framework of the mobilization of trade receivables, the Group mobilized €6.7 million at a cost of 3.81%.

5.4.4 Management of capital

The Group's primary objective is to have the necessary and sufficient financial resources to fund the growth of its business. To this end, it has in the past called on its shareholders to finance its capital spending through capital increases and convertible bond issues. Pursuing a strategy of industrial growth focused on strong product innovation, the Group systematically reinvests its earnings and does not intend to pay out dividends in the next few years.

The Company is open to outside investors, with the key characteristics being the presence of three strategic investors each with 11.49% of the share capital (Bpifrance Participations, CEA Investissement and NSIG Sunrise), the presence of institutional investors and a high level of turnover.

5.5 Subsequent events

Not applicable.

20.3.1.3 Statutory auditors' report on the consolidated financial statements

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users. This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Soitec Year ended 31 March 2018

To the annual general meeting of Soitec,

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying consolidated financial statements of Soitec 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 as at 31 March 2018 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

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 those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

INDEPENDENCE

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

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 risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

RECOGNITION OF DEFERRED TAX ASSET ON TAX LOSS CARRY-FORWARDS IN FRANCE

Risk identified

As at 31 March 2018, the group recorded for the first time M€ 25.4 of deferred tax assets in the consolidated balance sheet for the tax loss carry-forwards in France. The remaining tax loss carry-forwards in France for which no deferred tax asset was recognized amounts to M€ 656 as at 31 March 2018, as described in the note 4.7 to the consolidated financial statements.

Deferred tax asset on tax loss carry-forwards is only recorded if the group considers probable that it will in the future have sufficient taxable profits to use these tax loss carry-forwards as described in the note 2.4.X to the consolidated financial statements.

We considered the recognition of deferred tax assets relating to French tax loss carry-forwards to be a key audit matter due to their materiality and the degree of judgment used by the management to assess the amount for recording the related deferred tax assets.

Our response

We familiarized ourselves with the method used by management to identify existing tax loss carry-forwards at the closing date. We looked at the tax result calculation, positions taken and deferred tax basis in France with our tax specialists.

Then we went over the documentation used by management to estimate the likelihood of being able to make future use of the tax loss carry-forwards, notably with regards to:

- existing deferred tax liabilities which could be offset against existing tax loss carry-forwards before their expiry;
 - the ability of the company to generate sufficient future taxable profits in France to allow utilisation of the tax loss carry-forwards within a reasonable timeframe.
- In order to assess future taxable profits, we familiarized ourselves with the forecasting process by:
- taking a critical look at the procedure for developing and approving the taxable income forecasts used for estimates;
 - assessing the consistency of the assumptions used by management to draw up the taxable income forecasts with those used in the strategic plan.

DISCONTINUED ACTIVITIES – SOLAR ENERGY*Risk identified*

Following the decision made to stop the Solar energy activities, the Group put an end to its production and research and development activities in San Diego (USA) and Fribourg (Germany) and continued to sell the remaining assets, as mentioned in Note 3.12 to the consolidated financial statements. As the criteria mentioned in the applicable accounting standard were fulfilled (refer to Notes 2.4.L and 2.4.Z to the consolidated financial statements):

- the assets related to this activity are accounted for at the lowest between their book value and their fair value less cost to sale. Once presented as held for sale, the tangible and intangible assets are no longer depreciated;
- the remaining assets and liabilities related to Solar activities amounting, respectively, to M€.24 and M€.12.2 at 31 March 2018, are presented in the consolidated statement of financial position as assets and liabilities held for sale and discontinued. The off-balance sheet commitments and guarantees related to Solar activities are presented in Note 5.2 to the consolidated financial statements.
- the Solar energy activities are presented in the income statement in the caption “result after tax of discontinued operations”

Considering the complexity of the exit process from Solar activities, the significant judgment needed in order to estimate the value of the assets, liabilities and off-balance sheet commitments, the potentially significant impact on the consolidated financial statement of the Group, if the estimates significantly change, the valuation of the assets, liabilities and off-balance-sheet commitments related to Solar activities, as well as the information disclosed in the notes to the consolidated financial statements were considered as a key audit matter.

VERIFICATION OF THE INFORMATION PERTAINING TO THE GROUP PRESENTED IN THE MANAGEMENT REPORT

As required by law we have also verified in accordance with professional standards applicable in France the information pertaining to the Group presented in the management report of the board of directors.

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

Our response

Our approach included analyzing the compliance with the criteria mentioned in the applicable accounting standard, allowing to qualify the assets and liabilities related to Solar activities as held for sale and to present them as discontinued operations in the consolidated profit and loss statement.

We also gained an understanding of the procedures implemented by the Group to evaluate and approve the estimates and assumptions used to evaluate the assets, liabilities and off-balance sheet commitments related to Solar activities and assess if they are reasonable. Our procedures included, specifically:

- obtain the risk analysis related to Solar activities performed by management and assess the assumptions made to estimate the exposure to these risks, and book a provision, if needed;
- regarding the risks for which your company booked a provision and the commitments, assess the assumptions relied upon by the finance department and by operations in order to estimate the amounts, and, if needed, compare the amounts provided in prior years with the amounts actually paid during the current year, in order to assess the reliability of these estimates;
- regarding the assets, assess the calculation methods, the assumptions used to support their valuations and analyze, if needed, the available external elements (purchase offer, expert valuation reports), in order to corroborate these valuations;
- assess the appropriateness of the information presented in Notes 2.4.L, 2.4.Z, 3.12, 4.9 and 5.2 to the consolidated financial statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS*Appointment of the Statutory Auditors*

We were appointed as statutory auditors of Soitec by the annual general meeting held on 25 July 2016.

As at 31 March 2018, our audit firms were in the second year of total uninterrupted engagement.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from 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, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS*Objectives 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 as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted 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 consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his 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;
- obtains 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 internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;
- assesses 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 Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions

may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;

- evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtains 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 auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

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 program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore 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) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (Code de commerce) and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense and Lyon, on the 14 June 2018

The Statutory Auditors
French original signed by

KPMG S.A.

Ernst & Young Audit

Jacques Pierre
Partner

Stéphane Devin
Partner

Nicolas Sabran
Partner

20.3.2 SOITEC S.A. STATUTORY FINANCIAL STATEMENTS AT MARCH 31, 2018

20.3.2.1 Annual financial statements at March 31, 2018

Income statement

(in € thousand)	Fiscal year ended March 31	
	2018	2017
Net sales	296,034	238,223
Production to inventory and stored production	5,294	3,638
Operating grants	7,186	8,242
Reversal of provisions and depreciation and amortization, transfer of charges	15,953	19,293
Other income	16,155	6,551
Total operating income	340,622	275,947
Purchase of raw materials, supplies	117,164	87,487
Change in inventories	(3,244)	2,675
Other purchases and outsourced services	64,575	68,358
Taxes	5,990	5,374
Employee-related costs	75,315	74,672
Allocations to depreciation, amortization and provisions	23,024	25,750
Other expenses	11,159	4,752
Total operating expenses	293,983	269,067
Operating profit/(loss)	46,640	6,880
Financial income	22,784	22,223
Financial expense	3,717	26,442
Financial income/(expense)	19,067	(4,219)
Extraordinary profit/(loss)	(25,617)	3,804
Income tax	(7,458)	(13,883)
NET PROFIT	47,548	20,348

Balance sheet: Assets

(in € thousand)	As at March 31, 2018			As at March 31, 2017
	Gross	Depreciation and amortization and provisions	Net	
Intangible assets				
Development costs	-	-	-	1,484
Concessions, patents and similar rights	46,483	44,913	1,570	1,818
Goodwill	-	-	-	-
Other intangible assets in progress	4,910	-	4,910	959
Property, plant and equipment				
Land	1,786	-	1,786	1,786
Buildings	6,920	3,657	3,263	3,444
Equipment and tooling	210,141	185,558	24,582	16,013
Other property, plant and equipment	63,702	41,359	22,344	21,496
Property, plant and equipment in progress	18,464	-	18,464	10,666
Investments				
Shares in consolidated and non-consolidated companies	80,211	68,097	12,113	9,320
Receivables linked to holdings	75,090	27,215	47,875	46,955
Other long-term investments	-	-	-	-
Loans	-	-	-	-
Other investments	590	111	479	4,507
Fixed assets	508,297	370,910	137,387	118,448
Inventories and work in progress				
Inventories of raw materials	25,236	5,257	19,979	15,466
Work in progress	11,699	475	11,224	7,144
Intermediate and finished goods	6,424	481	5,943	8,034
Inventories of merchandise	1,584	-	1,584	656
Operating receivables				
Advances, goods paid for on order	489	-	489	402
Trade receivables	46,049	476	45,573	49,914
Other receivables	49,908	-	49,908	44,306
Marketable securities	40,000	-	40,000	41,000
Liquid assets	66,353	-	66,353	57,150
Cash instruments	158	-	158	-
Prepaid expenses	1,014	-	1,014	1,771
Current assets	248,913	6,689	242,224	225,842
Costs to be spread over several fiscal years	-	-	-	487
Currency translation adjustment – Asset	8	-	8	33
GRAND TOTAL	757,219	377,599	379,620	344,809

Balance sheet: Liabilities

(in € thousand)	Fiscal year ended March 31	
	2018	2017
Share capital	62,762	60,623
Share premiums from issues, mergers and contributions	61,183	887,518
Reserves		
Statutory reserve	3,393	3,393
Other reserves	26,304	26,331
Retained earnings	-	(885,450)
Period earnings	47,548	20,348
Investment grants	-	-
Regulated provisions	650	779
Total equity	201,840	113,541
Redeemable advances	25,174	25,525
Other equity	25,174	25,525
Provisions for liabilities and charges	3,283	4,322
Financial debt		
Convertible bonds	-	41,923
Borrowings and debt with credit institutions	54,262	57,527
Various borrowings and financial debt	-	-
Prepayments on current orders	98	20
Operating debts		
Trade payables	43,837	45,051
Tax and social security debts	31,986	28,848
Debts on fixed assets	7,330	3,705
Other liabilities*	2,424	15,225
Deferred income	2,387	8,763
Debts	142,325	201,062
Currency translation adjustment - Liability	6,998	359
GRAND TOTAL	379,620	344,809

* Other liabilities: The change in the "other debt" line item results from the anticipated payment of the moratorium granted by URSSAF as well as from the repayment of the operating current account with the subsidiary Soitec Singapore

20.3.2.2 Notes to the annual financial statements at March 31, 2018

The simplified financial statements of the parent company Soitec S.A. have been prepared in accordance with generally accepted accounting practices in France for parent company accounts.

The other elements of the annual financial statements do not contain additional elements of a type provide an investor with a basis for clear judgment. The complete financial statements, including notes, are available upon request from the Company.

20.3.2.3 Statutory auditors' report on the annual financial statements

*This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.
This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

For the year ended 31 March 2018

To the annual general meeting of Soitec S.A.,

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying financial statements of Soitec S.A. 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 as at 31 March 2018 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 those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from the 1st of April 2017 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics (code de déontologie) for statutory auditors.

Emphasis of Matter

We draw your attention to the following matter described in Section "General principles and conventions" ("*Principes et conventions générales*") of the accounting rules and methods section note to the financial statements related to the change in accounting policy driven by the first application of Règlement ANC 2015-05 of 2 July 2015 related to hedging instruments and hedge accounting. Our opinion is not modified in respect of this matter.

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 risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

We determined that there were no key audit matters to be included in our report.

Verification of the Management Report and of the Other Documents Provided to Shareholders

We have also performed, in accordance with professional standards applicable in France, 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 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 Board of Directors 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 Board of Directors' 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 given in accordance with the requirements of Article L.225-37-3 of the French Commercial Code (code de commerce) relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from controlling and controlled companies. Based on these procedures, we attest the accuracy and fair presentation of 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 the shareholders and holders of the voting rights has been properly disclosed in the management report.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Soitec S.A. by the annual general meeting held on 25 July 2016.

As at 31 March 2018, we were both in the 2nd year of total uninterrupted engagement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from 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 is expected 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 risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives 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 as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted 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.

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his 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;
- obtains 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 internal control;

- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;
- assesses 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 Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the financial statements and assesses whether these 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 program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore 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) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*Code de déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense and Lyon, on the 14 June 2018

The Statutory Auditors
French original signed by

KPMG S.A.

Ernst & Young Audit

Jacques Pierre
Partner

Stéphane Devin
Partner

Nicolas Sabran
Partner

20.3.3 INVENTORY OF MARKETABLE SECURITIES

(in € thousand)

	Carrying value
A. Shares in consolidated and non-consolidated companies	
Soitec USA Holding Inc.*	17
Soitec Microelectronics Singapore Pte Ltd.	67,197
Soitec Japan Inc.	2,637
Soitec Korea LLC	328
Soitec Corporate Services	1
Soitec Trading (Shanghai) Co. Ltd.	102
Shanghai Simgui Co. Ltd.	4,441
Exagan	906
Ceotis Éclairage	281
Cissoïd	340
Technocom 2	2,025
Greenwaves	500
Frec n sys	1,335
Concentrix Holding	100
B. Related receivables	
Soitec Microelectronics Singapore Pte Ltd.	74,387
Ceotis Éclairage	214
Frec n sys	490
C. Short-term investments (treasury SICAV)	
Marketable securities	40,000
D. Treasury shares	
5,077 treasury shares	432
TOTAL	195,733

* Formerly known as Soitec Solar Inc.

20.3.4 TABLE OF THE FINANCIAL RESULTS FOR THE LAST FIVE FISCAL YEARS

Type of indications	Fiscal year 31/03/2014	Fiscal year 31/03/2015	Fiscal year 31/03/2016	Fiscal year 03/31/2017	Fiscal year 03/31/2018
I. Capital at the end of the fiscal year					
Share capital	17,258,080	23,118,843	23,132,418	60,623,020	62,762,071
Number of existing ordinary shares	8,629,040	11,559,421	11,566,209	30,311,510	31,367,567
Number of preferred shares	-	-	-	-	269,365
Maximum number of future shares to be created	-	-	-	-	-
• By conversion of bonds	-	-	-	-	-
• By exercise of subscription rights	-	-	-	-	-
II. Operations and results of the fiscal year					
Revenue before tax	149,763,853	161,132,017	220,309,732	238,222,800	296,034,122
Earnings before tax, employee profit-sharing and allowances for amortization and provisions	(30,879,143)	(26,299,367)	(32,496,849)	24,345,522	(477,674,184)
Income tax	(7,463,321)	(7,849,663)	(11,126,317)	(13,883,265)	(7,457,860)
Depreciation expenses and provisions	283,430,002	368,617,053	42,925,794	17,880,655	(517,764,150)
Earnings after tax, employee profit-sharing and allowances for amortization and provisions	(306,845,824)	(387,066,790)	(64,296,326)	20,348,132	47,547,826
Distributed profits	-	-	-	-	-
III. Earnings per share					
Earnings after tax, employee profit-sharing and before allowances for amortization and provisions	(2.71)	(1.60)	(1.85)	1.26	(14.99)
Earnings after tax, employee profit-sharing and allowances for amortization and provisions	(35.56)	(33.48)	(5.56)	0.67	1.52
Dividend allocated to each share	-	-	-	-	-
IV. Personnel					
Average workforce during the fiscal year	909	814	850	859	931
Payroll for the fiscal year	43,742,171	44,336,825	47,485,029	47,573,398	51,804,336
Amount paid as social benefits during the fiscal year (social security, social welfare work, etc.)	19,214,511	18,499,799	21,072,868	27,098,669	23,511,031

20.3.5 LIST OF SUBSIDIARIES AND EQUITY INTERESTS

The list of consolidated and non consolidated subsidiaries appears in Chapter 7.2 of this Registration Document.

20.4 AUDITING OF HISTORICAL FINANCIAL INFORMATION

20.4.1 DECLARATION BY THE STATUTORY AUDITORS

Reference should be made to the report of the statutory auditors on the consolidated financial statements on March 31, 2018 and to the report of the statutory auditors on the Company financial statements on March 31, 2018, which appear respectively in paragraphs 20.3.1.3 and 20.3.2.3 of this 2017-2018 Registration Document.

Furthermore, the financial statements for the period which ended March 31, 2017 were certified in a report by the statutory auditors that appears on page 152 of the Registration Document, registered under number D.17-0720. The financial statements for the period which ended March 31, 2016 were certified in a report by the statutory auditors that appears on page 109 of the Registration Document, registered under number D.16-665.

The annual accounts for the periods which ended March 31, 2017 and March 31, 2016 were certified in a report by the statutory auditors without qualification or remarks, which appear respectively on pages 154 and 111 of the 2016-2017 Registration Document and of the 2015-2016 Registration Document registered under number D.16-665.

20.4.2 OTHER INFORMATION AUDITED BY THE STATUTORY AUDITORS

Not applicable.

20.4.3 FINANCIAL INFORMATION NOT CONTAINED IN THE FINANCIAL STATEMENTS

Not applicable.

20.5 AGE OF THE LATEST FINANCIAL INFORMATION

March 31, 2018.

20.6 INTERIM AND OTHER FINANCIAL INFORMATION

Not applicable.

20.7 DIVIDEND DISTRIBUTION POLICY

The Company has not distributed dividends for the past three years. The Company intends to reinvest its profits to finance future growth and does not expect to pay dividends in the next three years.

20.8 LEGAL AND ARBITRATION PROCEEDINGS

In late March 2017, Soitec and Silicon Genesis Corporation (SiGen) agreed to end litigation between them regarding importing and selling certain Silicon-on-Insulator (SOI) wafers by Soitec (see the press releases dated October 21, 2016, and March 29, 2017). The two companies agreed to end all ongoing litigation and to drop the proceedings before the US International Trade Commission (USITC), and all the sums due under this dispute were settled in the 2017-2018 fiscal year. This agreement strengthens the Company's position in terms of intellectual property and enables the Company to better serve and protect its customers and partners.

The Company underwent audits by tax and customs authorities, and readjustment notifications were filed and provisioned during the 2017-2018 fiscal year.

There are no other governmental, judicial or arbitration proceedings, including any proceedings to the Company's knowledge which are pending or threatened, and likely to have or having had in the last 12 months significant effects on the Group's financial position or profitability.

20.9 SIGNIFICANT CHANGE IN FINANCIAL OR COMMERCIAL SITUATION SINCE MARCH 31, 2018

Not applicable.

ADDITIONAL INFORMATION



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Unless otherwise stated, the number of shares mentioned in this Chapter 21 are given after the Company's reverse stock split, which became effective on February 8, 2017.

21.1 SHARE CAPITAL

21.1.1 CHANGE IN SHAREHOLDING STRUCTURE DURING FISCAL YEAR 2017-2018 AND UP TO JUNE 13, 2018

As of June 13, 2018, the Company's share capital amounting to €62,762,070.50 is composed of two categories of shares and breaks down as follows:

- 31,367,567 ordinary shares with a par value of €2.00 each, fully subscribed and paid up; and
- 269,365 preferred shares with a par value of €0.10 each, fully subscribed and paid up.

At that date, the closing price of the ordinary shares listed on the Euronext Paris regulated market under ISIN code FR0013227113 and the mnemonic "SOI" was €80.65.

There is not any unpaid subscribed share.

The situation was the same as of March 31, 2018, closing date of 2017-2018 fiscal year.

As of April 1, 2017, the opening date of the fiscal year ended March 31, 2018, the Company's share capital amounting to €60,623,020 was composed of a single category of shares and was divided into 30,311,510 ordinary shares with a par value of €2.00 each, fully subscribed and paid up. There was not any unpaid subscribed share.

This evolution is notably the result of the following two series of major capitalistic events that occurred during the 2017-2018 fiscal year.

Early redemption of 2018 OCEANE bonds (bonds convertible into new or existing shares)

On July 3, 2017, the Chairman & CEO, under the authorization given by the Board of Directors on July 2, 2013, decided to exercise, under the terms described below, the Company's early redemption option in respect of its OCEANE bonds issued on September 18, 2013, and maturing on September 18, 2018, listed under ISIN code FR0011566793 and the mnemonic "YSOIA" (the "2018 OCEANE bonds"), and having been the subject of an issue note receiving French Financial Markets Authority (AMF) approval No. 13-482 dated September 10, 2013 (the "Issue Note").

Prior to July 3, 2017, the Company had received several notifications regarding the exercise of stock options by holders of 2018 OCEANE bonds, accounting for a total of 11,154 2018 OCEANE bonds. In addition, as a result of reverse bookbuilding on May 3 and 4, 2016, and the completion of a buyout procedure between May 5 and 11, 2016, the Chairman & CEO, had, under the terms of decisions taken on June 14, 2016, as a result of authorizations given by the Board of Directors meeting on May 4, 2016, resolved to redeem and then cancel 23,636,264 2018 OCEANE bonds. Lastly, following on from this transaction, by decisions dated September 21, 2016, the Chairman & CEO had, under the same authorizations, decided to redeem and then cancel 147,318 2018 OCEANE bonds.

On July 3, 2017, after having established that the condition permitting the Company to exercise its right of early redemption in respect of the 2018 OCEANE bonds, as referred to in section 4.1.8.1.3 of the Issue Note (*i.e.* the fact that the arithmetic mean of the opening quoted prices for the Company's shares on Euronext Paris calculated over 20 consecutive trading days, as selected by the Company from the 40 trading days preceding the date of notice of such early redemption and the conversion/exchange ratio at the date concerned - as defined in section 4.2.3 of the Issue Note - exceeds 130% of the nominal value of the OCEANE bonds) had been met, the Chairman & CEO decided, subject to the prior notice of at least 30 calendar days provided for in section 4.1.8.2 of the Issue Note, to proceed with the early redemption of all 16,205,264 2018 OCEANE bonds outstanding on that date, at par, or €2.58 per 2018 OCEANE bond, plus interest accrued since the last date on which interest was paid, or a total of €2.64823 per 2018 OCEANE bond. It had been specified in the notices required and in a press release dated July 7, 2017, that 2018 OCEANE bond holders would retain the option to exercise their right to convert their 2018 OCEANE bonds into shares (in accordance with the terms set by section 4.2.3 of the Issue Note) until up to and including the seventh working day prior to the date set for the early redemption, or until July 28, 2017, given that the early redemption date had been set for August 8, 2017.

On July 31, 2017, BNP Paribas Securities Services, as transfer agent, informed the Company that at the end of the 2018 OCEANE bond early redemption procedure:

- bondholders had exercised their option in respect of 16,001,014 2018 OCEANE bonds (or 98.74% of the 16,205,264 2018 OCEANE bonds outstanding as of July 7, 2017), involving the creation of 1,056,057 ordinary shares with a par value of €2.00 each;
- and that bondholders had not exercised their conversion option in respect of 204,250 2018 OCEANE bonds, involving redemption in cash at par, or €2.58 per 2018 OCEANE bond, plus interest accrued since the last date on which interest was paid, or a total of €2.64823 per 2018 OCEANE bond.

Consequently, on August 8, 2017, the Chief Executive Officer:

- decided to create 1,056,057 ordinary shares with a par value of €2.00 each, further to bondholders' decision to convert 16,001,014 2018 OCEANE bonds into shares;
- decided to redeem, in cash, 204,250 2018 OCEANE bonds whose holders had not exercised their conversion right, at €2.64823 per 2018 OCEANE bond, or a total of €540,900.97; and
- noted the corresponding cancellation of 16,205,264 2018 OCEANE bonds in accordance with section 4.1.8.3 of the Issue Note.

On that date, the share capital was increased from €60,646,635.70 (this amount resulting from the capital increase on July 26, 2017 referred to below) to €62,758,749.70, newly divided into 31,367,567 ordinary shares with a par value of €2.00 and 236,157 preferred shares with a par value of €0.10 each (the creation of preferred shares resulting from the capital increase dated July 26, 2017, referred to below). Finally, due to this early redemption, there have been no outstanding 2018 OCEANE bonds since August 8, 2017.

Issue of preferred shares

In accordance with the legal and regulatory provisions governing free allocation of shares (in particular Articles L. 225-197-1 to L. 225-197-6 of the French Commercial Code), the Combined Ordinary and Extraordinary Shareholders' General Meeting of the Company, held on first notice on April 11, 2016 and on second notice on April 29, 2016, under the terms of its resolutions 15 and 16, authorized the Board of Directors to allocate, free of charge, on one or more occasions, to employees of the Group and to the Company's corporate directors and officers, preferred shares of the Company with a par value of €0.10 each.

Pursuant to said resolution 15 (as subsequently amended by the Combined Ordinary and Extraordinary Shareholders' Meeting held on July 26, 2017 to rectify a material error), the authorization granted under the aforementioned Resolution 16, and in accordance with the own powers of the Board of Directors pursuant to Articles L. 225-197-1 *et seq.* of the French Commercial Code, the Board of Directors' meeting of July 26, 2016 set the terms of the rules of this free preferred share allocation plan, and set the maximum number of preferred shares of the Company that may be allocated under this plan at 295,703.

Firstly, in accordance with the various terms governing this plan during the previous fiscal year ended on March 31, 2017, conditional rights to the definitive allocation of all the 295,703 preferred shares have been granted by the Board of Directors to certain eligible persons, on the dates, and in the proportions, referred to in section 21.1.4.1.2 of this Registration Document.

Secondly, during the fiscal year ended on March 31, 2018, under conditions of presence, these conditional rights led to the definitive allocation of preferred shares to the beneficiaries of this plan and to the corresponding creation of these shares, on the dates, and in the proportions, stated below. Three minor increases in the Company's share capital then took place:

- on July 26, 2017, the Chief Executive Officer, under the authorization granted by the Board of Directors that same day, acknowledged the issue of 236,157 new preferred shares with a par value of €0.10 each and the corresponding creation of a new category of shares forming part of the Company's share capital, *i.e.* said preferred shares with a par value of €0.10 each, non-transferable for a period of two years (unless otherwise provided for by law and under the rules of the plan), with no voting rights and not admitted to trading. On that date, the share capital increased from €60,623,020 to €60,646,635.70, newly divided into 30,311,510 ordinary shares with a par value of €2.00 each and 236,157 preferred shares with a par value of €0.10 each;
- on December 6, 2017, the Chief Executive Officer, under the authorization granted by the Board of Directors on November 29, 2017, acknowledged the issue of 3,798 new preferred shares with a par value of €0.10 each. On that date, the share capital increased from €62,758,749.70 (this amount resulting from the capital increase on August 8, 2017 referred to above) to €62,759,129.50, newly divided into 31,367,567 ordinary shares with a par value of €2.00 each (this number of ordinary shares resulting from the capital increase dated August 8, 2017) and 239,955 preferred shares with a par value of €0.10 each;
- on March 30, 2018, the Chief Executive Officer, under the authorization granted by the Board of Directors on March 28, 2018, acknowledged the issue of 29,410 new preferred shares with a par value of €0.10 each. On that date, the share capital increased from €62,759,129.50 to €62,762,070.50, newly divided into 31,367,567 ordinary shares with a par value of €2.00 each and 269,365 preferred shares with a par value of €0.10 each.

Since this last issuance of shares, the share capital of the Company has not changed and is thus identical as of June 13, 2018.

21.1.2 SHARES NOT REPRESENTING THE SHARE CAPITAL

At the present date, there is not any share not representing Company's capital.

21.1.3 HOLDING OF OWN SHARES BY THE COMPANY

21.1.3.1 Number of treasury shares owned by the Company

As of June 13, 2018, the Company held 5,077 ordinary treasury shares, representing 0.016% of the share capital. Their par value is €2.00 each.

Reference is made to note 3.13.2 to the consolidated financial statements in Chapter 20 of this Registration Document for an analysis of the treatment and accounting value of treasury shares held by the Company as of March 31, 2018.

21.1.3.2 Number of shares held through sub-subsidiaries

At June 13, 2018, no sub-subsidiary of the Company held any Company shares.

21.1.3.3 Description of the Company's share repurchase program adopted at the Ordinary and Extraordinary Shareholders' General Meeting of July 26, 2017

The Ordinary and Extraordinary Shareholders' General Meeting of July 26, 2017, in its tenth resolution, has authorized the Board of Directors, with the option of sub-delegation, to purchase or make purchase Company shares, under conditions pursuant to Articles L. 225-209 *et seq.* of the French Commercial Code and European Regulation No. 2273/2003 of December 22, 2003 implementing European Directive No. 2003/6/EC of January 28, 2003, on one or more occasions, at the times it decides, subject to a limit of 2% of the shares constituting the Company's share capital at any time whatsoever.

This authorization ended, and replaced, the authorization conferred to the Board of Directors by the Ordinary and Extraordinary Shareholders' General Meeting of July 25, 2016.

It is hereby specified that this 2% limit applies to the adjusted share capital based on transactions affecting it after the said Ordinary and Extraordinary Shareholders' General Meeting held on July 26, 2017. As regards the particular case of shares repurchased under a liquidity contract, the number of shares taken into account for the calculation of the 2% limit corresponds to the number of shares purchased, less the shares resold during the period of the authorization.

In addition, the number of shares which the Company holds at any time shall not exceed 10% of shares making up the Company's share capital, where said percentage applies to capital adjusted according to operations affecting it after the aforementioned Shareholders' Meeting of July 26, 2017.

Acquisitions may be made with the purpose of:

- ensuring liquidity and making a market on the secondary share market of the Company through an investment service provider acting independently under a liquidity agreement which complies with the French AMAFI ethical charter acknowledged by the French Financial Markets Authority (AMF); or
- the allocation or sale of shares to employees or former employees and/or corporate officers or former corporate officers of the Company and/or companies that are or will be linked to it under the conditions and terms provided by applicable law, notably with respect to the framework of options plans, free allocation of existing shares or company savings plans; or
- the retention and deferred award of shares (in exchange, as payment or other) for external growth operations, on the understanding that the maximum amount of shares acquired with a view to their retention and subsequent award as payment or in exchange for merger, demerger or capital contribution operations may not exceed 3% of the capital; or
- hedging securities giving rights to shares of the Company upon exercise of rights attached to securities, giving rights to the allocation of Company shares through redemption, conversion, exchange, presentation of bonds, or any other means; or
- to subsequently cancel, in whole or in part, the shares thus repurchased under the conditions provided in Article L. 225-209 of the French Commercial Code and in accordance with the terms of the twenty-first resolution adopted by the aforementioned Meeting on July 26, 2017; or

- to implement any other permitted market practice or which is allowed by the market authorities; or
- to operate in any other authorized purpose or which may afterwards be authorized by law or regulations in force subject to the shareholders of the Company being informed through a press release.

The purchase of shares may be made by any means, on a regulated market, a multilateral trading facility, from a systematic internalizer or by mutual agreement, including by public offer or transactions for blocks of shares (which may represent the entire program). However, the Company does not intend to use derivatives.

These transactions may be performed at any time, pursuant to the legal provisions in force, excluding during public offerings of Company securities.

The maximum share price is set at €80.00 per share. In the event of capital transactions, notably division or splitting of shares or allocation of free shares, the aforementioned amount will be adjusted in the same proportions (adjustment coefficient equal to the ratio between the number of shares comprising the capital prior to the transaction and the number of shares after the transaction).

The maximum overall amount allocated to the share repurchase program had been set at €48,498,400 at the aforementioned Meeting on July 26, 2017, as calculated on the basis of the share capital at that date, composed of 30,311,510 shares at that time.

As of June 13, 2018, following the transactions affecting the share capital since July 26, 2017, as detailed in paragraph 21.1.1. above, the maximum overall amount allocated to the share repurchase program is set at €50,619,040, as calculated on the basis of the share capital on this date, composed of 31,636,932 shares.

Please note that, in accordance with Article 241-2 of the French Financial Markets Authority (AMF) General Regulation, the description of the repurchase program approved by the Shareholders' General Meeting of July 25, 2017, had been described in the 2016-2017 Registration Document filed with the AMF on July 4, 2017, under number D.17-0720.

21.1.3.4 Uses made in the course of the fiscal year ended on March 31, 2018 and until June 13, 2018

Between April 1, 2017 and June 13, 2018 (date on which the information contained in this Registration Document was prepared), the Company carried out the following treasury share transactions:

- on July 5, 2017, the Company delivered 112 treasury shares to a holder of 2018 OCEANE bonds who had requested the conversion of 1,700 of them on June 13, 2017; at that time, the number of treasury shares held by the Company was reduced from 5,572 to 5,460;
- on the same day, the Company delivered 383 treasury shares to a holder of 2018 OCEANE bonds who had requested the conversion of 5,799 of them on June 28, 2017; at that time, the number of treasury shares held by the Company was reduced from 5,460 to 5,077.

These two transactions were part of the previous repurchase program authorized under the terms of Resolution 14 adopted by the Combined Ordinary and Extraordinary Shareholders' General Meeting held on July 25, 2016.

To date, no use has been made of the current repurchase program.

21.1.3.5 Description of the Company's share repurchase program that will be submitted to the vote of the Shareholders' General Meeting to be held on July 26, 2018

21.1.3.5.1 Legal framework

The description of the Company's treasury share repurchase program is intended, pursuant to Article 241-2 of the General Regulation of the French Financial Markets Authority (AMF), to explain the objectives and

procedures for the Company's treasury share repurchase program, which will be submitted to the Combined Ordinary and Extraordinary Shareholders' General Meeting convened for July 26, 2018.

21.1.3.5.2 Number of securities and proportion of capital held directly or indirectly by the Company, and breakdown by objective

As of June 13, 2018, the Company holds 5,077 treasury shares with a par value of €2.00 each or 0.016% of the Company's share capital.

All of the Company's 5,077 treasury shares are allocated to the objectives set by the tenth resolution adopted by the Extraordinary and Ordinary Shareholders' General Meeting on July 26, 2017.

21.1.3.5.3 Objectives of the share buy-back program

Acquisitions might be made for the purpose of:

- ensuring liquidity and making a market on the secondary share market of the Company through an investment service provider acting independently under a liquidity agreement which complies with the French AMAFI ethical charter acknowledged by the French Financial Markets Authority (AMF); or
- the allocation or sale of shares to employees or former employees and/or corporate officers or former corporate officers of the Company and/or companies that are or will be linked to it under the conditions and terms provided by applicable law, notably with respect to the framework of options plans, free allocation of existing shares or company savings plans; or
- the retention and deferred award of shares (in exchange, as payment or other) for external growth operations, on the understanding that the maximum amount of shares acquired with a view to their retention and subsequent award as payment or in exchange for merger, demerger or capital contribution operations may not exceed 2% of the capital; or
- hedging securities giving rights to shares of the Company upon exercise of rights attached to securities, giving rights to the allocation of Company shares through redemption, conversion, exchange, presentation of bonds, or any other means; or
- subject to adoption of the twentieth resolution, to subsequently cancel, in whole or in part, the shares thus repurchased under the conditions provided in Article L. 225-209 of the French Commercial Code; or
- to implement any other permitted market practice or which is allowed by the market authorities; or
- to operate in any other authorized purpose or which may afterwards be authorized by law or regulations in force subject to the shareholders of the Company being informed through a press release.

21.1.3.5.3 Maximum percentage of capital, maximum amount allocated to the program and maximum number and characteristics of equity securities the Company proposes to acquire and the maximum purchase price

The number of shares acquired during the repurchase program shall not exceed, at any time, 2% of the Company's share capital, said percentage referring to capital adjusted according to transactions impacting it after the Shareholders' General Meeting convened for July 26, 2018.

This maximum number of shares would amount to 627,620 shares, calculated on the basis of the share capital as of June 13, 2018, with a total value of €62,762,070.50.

Please note that, as regards the particular case of shares repurchased under a liquidity contract, the number of shares taken into account for the calculation of the aforementioned 2% limit corresponds to the number of shares purchased, less the shares resold during the period of the authorization.

The number of shares which the Company holds at any time should not exceed 10% of the Company's share capital, said percentage applying to capital adjusted according to transactions affecting it after the Shareholders' General Meeting convened for July 26, 2018.

The maximum purchase price would be set at €100 per share. In the event of capital transactions, notably division or splitting of shares or award of free shares, the aforementioned amount would be adjusted in the same proportions (adjustment coefficient equal to the ratio between the number of shares comprising the capital prior to the operation and the number of shares after the operation).

As a consequence, pursuant to Article R. 225-151 of the French Commercial Code, the Shareholders' General Meeting convened for July 26, 2018 will be invited to set 627,620 shares as the maximum number of shares that may be acquired under the share repurchase program described within this paragraph 21.1.3.5, and €62,762,000 as the maximum overall amount allocated to this program as calculated on the basis of the share capital on June 13, 2018, which totaled €62,762,070.50.

The securities to which this program relates would be ordinary shares with a par value of €2.00 each, issued by the Company and listed on the Euronext Paris regulated market under ISIN code FR0013227113 and the mnemonic "SOI".

21.1.3.5.4 Duration of the share buy-back program

The repurchase program would be implemented pursuant to the ninth resolution of the Shareholders' General Meeting convened for July 26, 2018, during a period of twelve months beginning at the end of the said Shareholders' General Meeting and expiring on the day of the Shareholders' General Meeting called to approve the financial statements for the current fiscal year ending on March 31, 2019.

It is specified that this repurchase program would cancel and replace that approved by the Ordinary and Extraordinary Shareholders' General Meeting of July 26, 2017 in its tenth resolution.

21.1.3.5.5 Other share repurchase program procedures

Under the Company's share repurchase program, shares may be purchased on one or more occasions, by any means, on a regulated market, a multilateral trading facility, from a systematic internalizer or by mutual agreement, including by public offer or transactions for blocks of shares (which may represent the entire program). However, the Company would not intend to use derivatives.

These transactions may be performed at any time, pursuant to the legal provisions in force, excluding during public offerings of Company securities.

21.1.3.5.6 Summary of the previous program

The Ordinary and Extraordinary Shareholders' General Meeting of July 26, 2017, in its tenth resolution, authorized the Board of Directors to purchase Company shares, under conditions pursuant to Articles L. 225-209 *et seq.* of the French Commercial Code and European Regulation No. 2273/2003 of December 22, 2003 implementing European Directive No. 2003/6/EC of January 28, 2003, on one or more occasions, at the times it will decide, subject to a limit of 2% of the shares constituting the Company's share capital.

In accordance with Article 241-2 of the French Financial Markets Authority (AMF) General Regulation, the description of the repurchase program approved by the Shareholders' General Meeting of July 25, 2017, had been described in the 2016-2017 Registration Document filed with the AMF on July 4, 2017, under Number D.17-0720. It also appears in paragraph 21.1.3.3 of this Registration Document.

DECLARATION BY THE ISSUER OF THE TRANSACTIONS PERFORMED ON TREASURY SHARES FROM JULY 26, 2017 TO JUNE 13, 2018

Percentage of directly or indirectly owned share capital ⁽¹⁾	0,016%
Number of shares purchased	0
Number of shares sold	0
Number of shares transferred ⁽²⁾	0
Number of shares canceled	0
NUMBER OF SHARES HELD IN THE PORTFOLIO ⁽¹⁾	5,077
Gross book value of portfolio ⁽³⁾	€432,242.72
Net book value of portfolio ⁽³⁾	€321,567.03
Market value of portfolio ⁽³⁾	€299,035.30

(1) As at June 13, 2018.

(2) Further to the exercise of securities giving access to the capital.

(3) As at March 31, 2018.

From July 26, 2017 to June 13, 2018	Cumulative gross flows ⁽¹⁾		Positions open on the date of publication of the program description ⁽²⁾			
	Purchases	Sales/transfers	Open buy positions		Open sell positions	
			Call options purchased	Forward purchases	Call options sold	Forward sales
Number of shares	-	-	-	-	-	-
Average maximum maturity	-	-	-	-	-	-
Average price of transaction	-	-	-	-	-	-
Average exercise price	-	-	-	-	-	-
Amounts	-	-	-	-	-	-

(1) Cumulative gross flows include cash buy or sell transactions and futures exercised or matured.

(2) The open positions include call or put options not matured, as well as call options not exercised.

21.1.4 SECURITIES GIVING ACCESS TO THE CAPITAL

21.1.4.1 Nature and characteristics of financial Instruments issued, giving access to share capital

21.1.4.1.1 Early redemption of the 2018 OCEANE bonds on August 8, 2017

In the fiscal year ended on March 31, 2018, the Company exercised its early redemption option in respect of its OCEANE bonds (bonds convertible into new or existing shares) issued on September 18, 2013, and maturing on September 18, 2018, listed under ISIN code FR0011566793 and the mnemonic "YSOIA" (the "2018 OCEANE bonds"), and having been the subject of an issue note receiving French Financial Markets Authority (AMF) approval No. 13-482 dated September 10, 2013.

Since August 8, 2017, there have been no outstanding 2018 OCEANE bonds.

Since that date, there have been no bonds giving access to the Company's share capital.

The reader is invited to consult paragraph 21.1.1 of this Registration Document for further information on the process of early conversion of the 2018 OCEANE bonds.

21.1.4.1.2 Free preferred shares allocation plan

In accordance with the legal and regulatory provisions governing free allocation of shares (in particular Articles L. 225-197-1 to L. 225-197-6 of the French Commercial Code), the Combined Ordinary and Extraordinary Shareholders' General Meeting of the Company, held on first notice on April 11, 2016 and on second notice on April 29, 2016, under the terms of its resolutions 15 and 16, authorized the Board of Directors to allocate, free of charge, on one or more occasions, to employees of the Group and to the Company's corporate directors and officers, preferred shares of the Company with a par value of €0.10 each.

Pursuant to said resolution 15 (as subsequently amended by the Combined Ordinary and Extraordinary Shareholders' Meeting held on July 26, 2017 to rectify a material error), the authorization granted under the aforementioned resolution 16, and in accordance with the own powers of the Board of Directors pursuant to Articles L. 225-197-1 *et seq.* of the French Commercial Code, the Board of Directors' meeting of July 26, 2016 set the terms of the rules of this free preferred share allocation plan, and set the maximum number of preferred shares of the Company that may be allocated under this plan at 295,703.

The objective of this plan is to collectively encourage the beneficiaries to persevere in their efforts and to allow them share in the fruits of the Group's growth by converging their interests with those of the Company's shareholders. The allocation of preferred shares is a tool for motivation and talent retention.

In accordance with the various terms governing this plan during the previous fiscal year ended on March 31, 2017, conditional rights to the definitive allocation of all the 295,703 preferred shares have been granted by the Board of Directors to certain persons, on the dates, and in the proportions, referred to in the table appearing below.

Then, during the fiscal year ended on March 31, 2018, under conditions of presence, these conditional rights led to the definitive allocation of preferred shares to the beneficiaries of this plan on the dates, and in the proportions, referred to in the table appearing below.

Date of Shareholders' General Meeting	04/11 and 04/29/2016					
	07/26/2016	12/06/2016	03/30/2017	07/26/2016	12/06/2016	03/30/2017
NUMBER OF PREFERRED SHARES (PS) ALLOCATED	236,157⁽¹⁾	3,798⁽¹⁾	29,410⁽¹⁾	20,639⁽²⁾	2,832⁽²⁾	2,867⁽²⁾
<i>including the number of preferred shares for corporate officer</i>	44,947	0	0	0	0	0
<i>including the number of preferred shares for the 10 employees of the Company, non corporate officers, to whom the number of allocated free shares is the highest</i>	169,229	0	16,500	0	0	0
Beneficiaries number	18	2	9	3	1	1
Date of contingent allocation of PS	07/26/2016	12/06/2016	03/30/2017	07/26/2016	12/06/2016	03/30/2017
Date of definitive allocation of PS	07/26/2017	12/06/2017	03/30/2018	07/26/2019	12/06/2019	03/30/2020
Date of conversion into ordinary shares (OS)	07/26/2019	12/06/2019	03/30/2020	07/26/2019	12/06/2019	03/30/2020
Maximum ordinary share conversion ratio	5 OS for 1 PS ⁽³⁾					

(1) PS definitively allocated during the fiscal year ended March 31, 2018.

(2) Conditional rights to PS.

(3) Reference is made to the tables below with respect to the conversion ratios of the PS into OS.

Subsequently, the balance of the conditional rights existing to date (i.e. 26,338) will result, subject to conditions of presence, in the definitive allocation of preferred shares to the remaining beneficiaries of this plan, on the dates and in the proportions shown in the table above.

Finally, under certain presence and performance conditions, all 295,703 preferred shares will be converted into ordinary Company shares, on a date depending on the vesting date applicable to each beneficiary, and according to a conversion ratio which shall be determined by the Board of Directors on the basis of the following factors:

- (i) 50% based on the achievement of objectives on the basis of the average of the Group's consolidated EBITDA levels (as derived from the Group's consolidated financial statements in accordance with IFRS) for the fiscal years 2017-2018 and 2018-2019; and
- (ii) 50% based on the achievement of the objectives on the basis of the weighted average of the volumes of the stock market prices of the Company's ordinary shares during the 30 trading days following the date of publication of the Group's consolidated financial statements for the 2018-2019 fiscal year.

These objectives were determined by the Combined Ordinary and Extraordinary Shareholders' General Meeting held on first notice on April 11, 2016 and on second notice on April 29, 2016.

Pursuant to the terms of the authorization granted by the Shareholders' Combined Ordinary and Extraordinary General Meeting, the Board of Directors of July 26, 2016 set the conversion ratios of the preference shares into ordinary shares as follows:

Target EBITDA levels (average of the Group's consolidated EBITDA levels (as derived from the Group's consolidated financial statements in accordance with IFRS) for the fiscal years 2017-2018 and 2018-2019)	Applicable conversion ratios* (multiplication factors for preferred shares becoming ordinary shares)
Average EBITDA ≤ 52,000,000	0
Average EBITDA ≥ 104,000,000	2.05
Additional tranche to be added if: Average EBITDA ≥ 125,000,000	0.45
Maximum conversion ratio resulting from average EBITDA criteria	2.50

Target stock market prices (weighted average of the 30 days following the date of publication of the Group's annual consolidated financial statements for fiscal year 2018-2019)	Applicable conversion ratios* (multiplication factors for preferred shares becoming ordinary shares)
Average market price ≤ €15.40	0
Average market price ≥ €30.00	2.05
Additional tranche to be added if: average market price ≥ €35.80	0.45
Maximum conversion ratio resulting from target stock market price	2.50

* It is specified that in connection with the reverse split of the Company's shares that became effective February 8, 2017, the purpose of which was to exchange 20 old ordinary shares of the Company, with a par value of €0.10 per share, for one new ordinary share with a par value of €2.00 (exchange ratio of 20:1), the rules of the free preferred shares allocation plan was amended by the Board of Directors to take into account (i) the decrease in the number of outstanding ordinary shares (divided by 20) and (ii) the increase in the market price of the new ordinary shares (the par value of which had been multiplied by 20). Accordingly, pursuant to the powers granted to it by the Combined Ordinary and Extraordinary Shareholders' General Meeting held on first notice on April 11, 2016 and on second notice on April 29, 2016, the Board of Directors proceeded (i) to divide by 20 the conversion ratios it had originally set out in the plan's rules adopted at its meeting of July 26, 2016 and (ii) to multiply by 20 each of the target stock market prices as originally set out by the aforementioned Combined Ordinary and Extraordinary Shareholders' General Meeting. For all intents and purposes, it is specified that the par value of the preferred shares remains fixed at €0.10 despite the reverse split of the Company's ordinary shares.

21.1.4.1.3 Free ordinary share allocation plans

In accordance with the legal and regulatory provisions governing free allocations of shares (in particular Articles L. 225-197-1 to L. 225-197-6 of the French Commercial Code), the Combined Ordinary and Extraordinary Shareholders' General Meeting of the Company, held on March 23, 2018, under the terms of its resolution 5, authorized the Board of Directors to carry out, in one or more increments, free allocations of existing or future Company shares to beneficiaries or categories of beneficiaries that it shall determine from among the Group's employees and the Company's corporate directors and officers, up to a limit of 5% of the share capital, as acknowledged on the date of its allocation decision.

Under said resolution 5, and pursuant to the own powers arising from Articles L. 225-197-1 *et seq.* of the French Commercial Code, the Board of Directors decided to launch two free ordinary share allocation plans for Company employees, in a bid to involve them in achieving the Group's growth objectives and to recognize and emphasize their participation in value creation.

These plans, which are contingent upon the beneficiaries' continued employment within the Company and are subject to seniority conditions, went into effect on March 28, 2018 with a view to recognizing past efforts contributing to the Company's recovery as well as the employees' seniority.

Subject to the beneficiaries' continued employment with the firm between March 29, 2017, and March 28, 2018, employees received a certain number of ordinary shares, as follows:

- as part of the first plan to recognize past efforts and benefiting all Company employees, the number of free ordinary shares allocated represents roughly 0.4% (*i.e.* 138 shares maximum per employee) of the Company's share capital at March 28, 2018, when the Board of Directors decided to launch the plan; and
- regarding the second plan launched to reward employees' seniority and benefiting employees with a minimum of three years' service, eligible employees were awarded a maximum number of 91 shares, equivalent to around 0.2% of the Company's share capital at end-March 2018.

Ordinary shares thus attributed will be vested to the beneficiaries, subject to their being on the Company payroll at the end of a two-year vesting period expiring on the first business day after March 28, 2020. Please note that these two free ordinary share allocation plans do not have any performance conditions attached.

The table below sums up the information relating to these two free ordinary share allocations:

Date of Shareholders' General Meeting	03/23/2018	03/23/2018
Date of Board of Directors' meeting	03/28/2018	03/28/2018
NUMBER OF SHARES ALLOCATED*	125,188	62,561
<i>Of which number of shares for corporate officers</i>	-	-
<i>Of which number of shares for the top ten employee recipients</i>	1,380	910
Beneficiaries number	970	704
Vesting period	From 03/28/2018 to 03/28/2020	From 03/28/2018 to 03/28/2020
Holding period	N/A	N/A
Number of shares vested*	-	-
Number of shares remaining*	125,188	62,561

* as at March 31, 2018.

21.1.4.2 Information on the potential dilution of the Company's capital

As of June 13, 2018, the Company's share capital is composed a total of 31,636,932 shares as follows:

- 31,367,567 ordinary shares with a par value of €2.00 each, fully subscribed and paid up; and
- 269,365 preferred shares with a par value of €0.10 each, fully subscribed and paid up.

Nature of the potentially dilutive instruments	Maximum number	Exercise price	Conversion ratio into ordinary shares	Number of ordinary shares to which such instruments give right	Maximum potential dilution that may arise from the existence of these instruments
2018 OCEANes bonds	0	-	-	-	-
Free preferred shares (plan dated July 26, 2016)	295,703	-	5*	1,478,515	4.71 %
Free ordinary shares (plan 1 dated March 28, 2018)	125,188	-	-	125,188	0.40%
Free ordinary shares (plan 2 dated March 28, 2018)	62,561	-	-	62,561	0.20%
TOTAL MAXIMUM POTENTIAL DILUTION				1,666,264	5.31%

* Reference is made to the tables in paragraph 21.1.4.1.2. above with respect to the conversion ratios of preferred shares to ordinary shares.

21.1.5 RIGHTS TO BUY AND BONDS ATTACHED TO THE CAPITAL SUBSCRIBED BUT NOT PAID-UP

21.1.5.1 Review of existing authorizations and their use

21.1.5.1.1 Summary table of current authorizations

Transactions/Shares concerned (date of Shareholders' General Meeting)	Maximum nominal issue amount	Use (date)	Duration of authorization (expiration)	Transactions/Shares concerned (date of Shareholders' General Meeting)	Maximum nominal issue amount	Use (date)	Duration of authorization (expiration)
Free preferred share allocation plan for employees and corporate officers without PSR OEGM of 04/11/2016 – 16 th resolution	0.055% of capital for preferred shares and 5.5% of capital for the ordinary shares issued in case of conversion of the preferred shares, within the limit of €130 million	Allocation of 295,703 preferred shares BoD of 07/26/2016 BoD of 12/06/2016 BoD of 03/30/2017	38 months (06/10/2019)	Capital increase by incorporating premiums, reserves, profits or other shares allowed to be capitalized OEGM of 07/26/2017 – 18 th resolution	Up to the total reserves, premiums or earnings, capped at €7 million ⁽¹⁾	None	26 months (09/25/2019)
Company share buy-back program OEGM of 07/26/2017 – 10 th resolution	2% of the share capital Maximum €80 per share	None	12 months (Shareholders' General Meeting called to approve the financial statements for the fiscal year ending on March 31, 2018)	Capital increase in payment for contributions of shares made for a public exchange offer initiated by the Company OEGM of 07/26/2017 – 19 th resolution	In capital* = €7 million ⁽¹⁾ and ⁽³⁾ In borrowing** = €150 million ⁽²⁾	None	26 months (09/25/2019)
Capital increase, all securities included, with PSR OEGM of 07/26/2017 – 11 th resolution	In capital* = €15 million In borrowing** = €150 million	None	26 months (09/25/2019)	Capital increase by issue of shares or securities giving access to the capital reserved for members of company savings plans with elimination of PSR OEGM of 07/26/2017 – 20 th resolution	In capital* = €500,000 set off against the cap of €15 million ⁽¹⁾ In borrowing** = €150 million ⁽²⁾	None	26 months (09/25/2019)
Capital increase, all securities included, without PSR OEGM of 07/26/2017 – 12 th resolution	In capital* = €7 million ⁽¹⁾ In borrowing** = €150 million ⁽²⁾	None	26 months (09/25/2019)	Cancellation of shares acquired pursuant to the authorizations to buy back the Company's treasury shares OEGM of 07/26/2017 – 21 st resolution	10% of the share capital	None	12 months (Shareholders' General Meeting called to approve the financial statements for the fiscal year ending on March 31, 2018)
Capital increase, all securities included, without PSR – reserved for categories of persons meeting specific criteria OEGM of 07/26/2017 – 13 th resolution	In capital* = €7 million ⁽¹⁾ and ⁽³⁾ In borrowing** = €150 million ⁽²⁾	None	18 months (01/25/2019)	Bringing the bylaws into line with the new laws and regulations in accordance with Article L. 225-36 of the French Commercial Code OEGM of 07/26/2017 – 24 th resolution	N/A	None	12 months (Shareholders' General Meeting called to approve the financial statements for the fiscal year ending on March 31, 2018)
Capital increase, all securities included, without PSR – offerings referred to in Article L. 411-2 of the French Monetary and Financial Code (Private placement) OEGM of 07/26/2017 – 14 th resolution	In capital* = 20% of the share capital up to €7 million ⁽¹⁾ and ⁽³⁾ In borrowing** = €150 million ⁽²⁾	None	26 months (09/25/2019)	Free allocation of shares without PSR OEGM of 3/23/2018 – 5 th resolution	5% of capital (on date of allocation decision taken by the BoD) The allocation to corporate directors and officers must not exceed 20% of the total grant	Allocation of 187,749 ordinary shares BoD of 3/28/2018	24 months (03/22/2020)
Increase in the number of shares to be issued with or without PSR in the case of excess demand (Greenshoe) OEGM of 07/26/2017 – 15 th resolution	Within the limit (i) of 15% of the initial issue and (ii) of the cap provided in the authorization	None	26 months (09/25/2019)	Capital increase, all securities included, without PSR – derogation rules for setting the issue price OEGM of 07/26/2017 – 16 th resolution	In capital* = 10% of the share capital per year up to €7 million ⁽¹⁾ and ⁽³⁾ In borrowing** = €150 million ⁽²⁾	None	26 months (09/25/2019)
Capital increase, all securities included, without PSR – derogation rules for setting the issue price OEGM of 07/26/2017 – 16 th resolution	In capital* = 10% of the share capital up to €7 million ⁽¹⁾ and ⁽³⁾ In borrowing** = €150 million ⁽²⁾	None	26 months (09/25/2019)	Capital increase in payment for contributions in kind composed of shares or securities giving access to the capital OEGM of 07/26/2017 – 17 th resolution	In capital* = 10% of the share capital up to €7 million ⁽¹⁾ and ⁽³⁾ In borrowing** = €150 million ⁽²⁾	None	26 months (09/25/2019)

(1) Common ceiling set off against the global cap of €15 million referred to in "3.a." of the 11th resolution adopted by the OEGM of 07/26/2017.

(2) Common ceiling set off against the global cap of €150 million referred to in "3.b." of the 11th resolution adopted by the OEGM of 07/26/2017.

(3) Global nominal ceiling of €7 million referred to in "3.a." of the 12th resolution adopted by the OEGM of 07/26/2017.

* Shares.

** Securities representative of debt claims or similar securities giving access to the Company's capital.

21.1.5.1.2 Description of existing authorizations

Authorization to the Board of Directors to freely allocate preference shares of the Company to employees of the Company and/or of companies or groups directly or indirectly related to it pursuant to Articles L. 225-197-1 et seq. of the French Commercial Code and/or to the corporate officers and directors of the Company, with waiver by shareholders of their preferential subscription rights

The Combined Ordinary and Extraordinary Shareholders' General Meeting, held on first notice on April 11, 2016, in its 16th resolution, granted the Board of Directors, for a period of 38 months until June 10, 2019 inclusive, a delegation of authority to proceed, on one or more occasions and subject to the conditions it determines and subject to the limits fixed in this authorization, for the free allocation of preference shares for the benefit of executives and/or corporate officers and directors (pursuant to Article L. 225-197-1 of the French Commercial Code) performing strategic functions within the scope of consolidation of the Company and/or of companies or groups related to it pursuant to Article L. 225-197-2 of the French Commercial Code. The total number of preference shares freely allocated shall not represent more than 0.055% of the Company's share capital and the number of ordinary shares that may be created in the event of conversion of the preference shares shall not exceed 5.5% of the Company's share capital as recorded on April 11, 2016.

In case of free allocation of preference shares to be issued, the Board of Directors would be authorized to implement one or more capital increases by capitalization of reserves, profits, issue premiums or other amounts of which capitalization is permitted for the benefit of the beneficiaries of said shares, this authorization incorporating, by right, a correlating waiver by shareholders, for the benefit of the beneficiaries, of their preferential subscription right to said preference shares and to the proportion of the reserves, profits and premiums or other amounts of which capitalization is permitted thus incorporated, a transaction for which the Board of Directors benefits from a delegation of authority pursuant to Articles L. 225-129-2 and L. 225-197-1 of the French Commercial Code.

Authorization of the Board of Directors to buy back Company's shares

Paragraph 21.1.3.3 of this Registration Document provides further details on the authorization granted to the Board of Directors to buy back Company shares.

Delegation of authority granted to the Board of Directors for the purpose of proceeding with an increase of the Company's capital by way of issuance, with maintenance of the preferential subscription right, of shares and/or securities giving access, immediately or in the future, to the Company's share capital

The Combined Ordinary and Extraordinary Shareholders' General Meeting, held on July 26, 2017, in its 11th resolution, granted the Board of Directors, for a period of 26 months until September 25, 2019 inclusive, a delegation of authority to proceed, on one or more occasions, in the proportion and at the times it decides, in euros, foreign currencies or any other accounting unit established with reference to a basket of currencies, to issue in France and/or abroad, with maintenance of the preferential subscription right, ordinary shares and/or any securities (including warrants and debt securities) issued for consideration or free of charge, giving access by any means, immediately and/or in the future, at any time or on a fixed date, by subscription, conversion, exchange, reimbursement, presentation of a warrant or any other means, to the Company's ordinary shares, it being specified that subscription of said shares and/or other securities may be made either in cash or by offsetting liquid and due receivables.

The maximum nominal amount of capital increases that may be implemented under this delegation shall not exceed the ceiling of €15 million in nominal value, and the maximum nominal amount of securities representing debts or similar securities giving access to the Company's capital that may be issued shall not exceed the ceiling of €150 million.

In the event that the present delegation of authority is used by the Board of Directors, the issuance(s) will be reserved in favor of Company's shareholders who would have the right to subscribe in direct proportion to the number of shares they hold. Nevertheless, the Board of Directors will have the power to grant shareholders the right to subscribe to shares or securities in excess of the minimum number to which they have preferential

subscription rights proportionally to their subscription rights, and in any event, within the limit of their request. If the subscriptions as of right (*à titre irréductible*) and, where applicable, excess subscriptions (*à titre réductible*) do not cover the entire amount of the issuance of shares or securities, the Board of Directors may undertake, as provided by law, and in the order of its choosing, one and/or any of the following: limit the capital increase to the amount of subscriptions on the condition that this amount reaches at least three-quarters of the decided issuance, freely distribute all or part of the non-subscribed securities between the individuals of its choice, or offer to the public all or part of the non-subscribed securities, on the French market and/or internationally.

The issuance of the warrants giving access to Company's shares may be made through a subscription offer, but also through free allocation of shares to Company's shareholders, on the understanding that in the event of an allocation of autonomous warrants, the Board of Directors may decide that the resulting fractional shares shall not be negotiable and that the corresponding shares shall be sold.

The Board of Directors has the powers, with the possibility to sub-delegate, in accordance with applicable law, to proceed with the aforementioned issuances in such a form as it deems appropriate and in compliance with applicable law, notably:

- determining the dates and the terms of issuance as well as the form and characteristics of the shares and/or securities to be issued;
- determining the number of shares and/or other securities to be issued, the issue price and conditions attached thereto, specifically the issuance thereof, if applicable the issuance premium, the terms of their release and their maturity date (if applicable, retroactively) and, if necessary, repurchase conditions;
- suspending, if need be, the exercise of rights attached to these securities for a maximum time period of three months under the conditions and limits provided by laws and regulations;
- at its sole discretion, charging issuance fees to the premium amounts associated therewith and withholding from these sums the amount necessary to bring the legal reserve to a tenth of the capital as set after each increase;
- generally taking all appropriate measures, executing all agreements, obtaining all authorizations, carrying out all formalities necessary to ensure successful completion of the issuance or stay the implementation thereof, notably acknowledging completion of any capital increases resulting from any issuance conducted by this present delegation, amending the bylaws, requesting the listing of any shares and/or securities issued as a result of this present delegation.

The Board of Directors may not, except by prior authorization of the Shareholders' General Meeting, make use of this delegation from the time of deposit by a third party of a public offer for the Company's securities, until the end of the offer period.

Delegation of authority granted to the Board of Directors for the purpose of proceeding with an increase of the Company's capital by way of issuance, with elimination of the preferential subscription right, of shares and/or securities giving access, immediately or in the future, to the Company's share capital

The Combined Ordinary and Extraordinary Shareholders' General Meeting, held on July 26, 2017, in its 12th resolution, granted the Board of Directors, for a period of 26 months until September 25, 2019 inclusive, a delegation of authority to proceed, on one or more occasions, in the proportion and at the times it decides, in euros, foreign currencies or any other accounting unit established with reference to a basket of currencies, to issue, without preferential subscription rights, in France and/or abroad, ordinary shares and/or any securities (including warrants and debt securities) issued for consideration or free of charge, giving access by any means, immediately and/or in the future, at any time or on a fixed date, by subscription, conversion, exchange, reimbursement, presentation of a warrant or any other means, to the Company's ordinary shares, it being specified that subscription of said shares and/or other securities may be made either in cash or by offsetting liquid and due receivables.

The total nominal amount of capital increases that may be carried out under this delegation is capped at €7 million (limit set by this resolution and the 13th, 14th, 15th, 16th, 17th and 19th resolutions of the OEGM of July 26, 2017 and deducted from the overall ceiling of €15 million set by the 11th resolution of the OEGM of July 26, 2017), and the nominal amount of debt securities that may be issued is capped at €150 million (limit deducted from the overall ceiling set by the 11th resolution of the OEGM of July 26, 2017).

Any issuance under this delegation shall be performed through public offers, on the understanding that such may be performed in conjunction with an offer or offers covered by Article L. 411-2 (II) of the French Monetary and Financial Code and carried out under the 14th resolution of the OEGM of July 26, 2017.

Shareholders have no preferential subscription rights to any shares and/or securities issued under this delegation, but the Board may, to the benefit of shareholders, bestow a priority right to shareholders in direct and exact proportion to the number of shares they hold (*à titre irréductible*) and potentially grant excess subscription rights (*à titre réductible*), over a period of time set in accordance with applicable laws and regulations, for all or part of an issuance performed under this 12th resolution, which shall be exercised in proportion to the number of shares held by each shareholder pursuant to applicable laws and regulations. If subscriptions as of right (*à titre irréductible*) and, where applicable, excess subscriptions (*à titre réductible*) do not cover the entire amount of issued shares or securities, as defined above, the Board may undertake, as provided for by law, and in the order of its choosing, one and/or any of the following:

- limit the capital increase to the subscriptions' amount upon the condition that this amount reaches at least three-quarters of the decided issuance;
- freely distribute all or part of the non-subscribed securities between the individuals of its choice;
- offer to the public all or part of the non-subscribed securities, on the French market and/or internationally.

This delegation shall, to the benefit of holders of any securities giving access to Company shares that may be issued pursuant to this delegation, automatically result in the waiver of shareholders' preferential subscription right to the new shares to which these securities would give rise.

The methods for calculating the issue price are those provided by Article R. 225-119 of the French Commercial Code. It shall be at least equal to the weighted average of the price of three (3) stock market trading sessions preceding its fixing, possibly reduced by a maximum discount of 5%.

The Board enjoys the same powers as those set out in the previous paragraph describing the delegation of authority granted under the 11th resolution of the OEGM of July 26, 2017.

The Board of Directors may not, except by prior authorization of the Shareholders' General Meeting make use of this delegation from the time a third party submits a public offer for the Company's securities, until the end of the offer period.

Delegation of authority granted to the Board of Directors for the purpose of issuing shares and/or any securities giving access to the Company's share capital to persons meeting defined requirements, without the shareholders' preferential subscription rights, immediately or in the future

The Combined Ordinary and Extraordinary Shareholders' General Meeting, held on July 26, 2017, in its 13th resolution, granted the Board of Directors, for a period of 18 months until January 25, 2019 inclusive, a delegation of authority to proceed, on one or more occasions, in the proportion and at the times it decides, in euros, foreign currencies or any other accounting unit established with reference to a basket of currencies, to issue, without preferential subscription rights, in France and/or abroad, ordinary shares and/or any securities (including warrants and debt securities) issued for consideration or free of charge, giving access by any means, immediately and/or in the future, at any time or on a fixed date, by subscription, conversion, exchange, reimbursement, presentation of a warrant or any other means, to the Company's ordinary shares, it being specified that subscription of said shares and/or other securities may be made either in cash or by offsetting liquid and due receivables.

Shareholders have no preferential subscription rights to shares and/or securities giving access to Company equity to be issued, and the right to subscribe for these shares and/or securities is reserved for the following legal persons: financial institutions or investment funds coming under French or foreign law whose business model is providing medium-term funding to technology startups.

The Board of Directors shall define the precise list of beneficiaries of the elimination of preferential subscription rights and the number of shares and/or securities that may be issued to each such entity.

The total nominal amount of capital increases that may be carried out under this delegation is capped at €7 million (limit set by this resolution and the 12th, 14th, 15th, 16th, 17th and 19th resolutions of the OEGM of July 26, 2017 and deducted from the overall ceiling of €15 million set by the 11th resolution of the OEGM of July 26, 2017), and the nominal amount of debt securities that may be issued is capped at €150 million (limit deducted from the overall ceiling set by the 11th resolution of the OEGM of July 26, 2017).

The issuance price for ordinary shares under this resolution or those which may give rights to securities to be issued under this resolution shall be at least equal to the share price of the last trading day before the date on which the subscription price is set, minus a 10% discount; and the issuance price for securities giving access to the share capital shall be such that the amount the Company receives immediately, plus, where applicable, the amount the Company is likely to receive subsequently, is at least equal to the minimum price defined above for each share issued as a consequence of the issuance of the securities.

The Board of Directors has all powers necessary, with the possibility to sub-delegate, in accordance with applicable law, to proceed with the aforementioned delegation, such as determining the dates and the terms of issuance as well as the form and characteristics of the shares and/or securities to be issued which would grant access to Company equity, how the shares or securities shall be allocated, at its sole discretion, charging any costs or expenses related to the capital increase to the premium amounts associated therewith and withholding from these sums the amount necessary to carry the legal reserve to a tenth of the legal capital after each increase, making any adjustments intended to take any transactions that affect Company capital into account, executing all agreements in order to issue the shares or securities set out herein, acknowledging the completion of the capital increases, amending the bylaws as a result hereof, and carrying out all formalities and generally doing all that is useful and necessary.

The Board of Directors may not, except by prior authorization of the Shareholders' General Meeting make use of this delegation from the time a third party submits a public offer for the Company's securities, until the end of the offer period.

Delegation of authority granted to the Board of Directors in order to issue, by an offer set out at Article L. 411-2 II of the French Monetary and Financial Code, shares and/or securities giving access, immediately or in the future, to the Company's share capital, without the shareholders' preferential subscription rights

The Combined Ordinary and Extraordinary Shareholders' General Meeting, held on July 26, 2017, in its 14th resolution, granted the Board of Directors, for a period of 26 months until September 25, 2019 inclusive, a delegation of authority to issue, on one or more occasions, in the proportion and at the times it decides, in France and/or abroad, as part of public offers covered by Article L. 411-2 (II) of the French Monetary and Financial Code dealing with private investments, in euros, foreign currencies or any other monetary unit established with reference to a basket of currencies, ordinary shares and any securities issued for consideration or free of charge, giving access by any means, immediately and/or in the future, at any time or on a fixed date, by subscription, conversion, exchange, reimbursement, presentation of a warrant or any other means, to the Company's ordinary shares, subscription for said shares and securities being payable either in cash or by offsetting liquid and due receivables.

Shareholders have no preferential subscription rights to shares issued under this resolution.

The maximum amount of capital increases that may be carried out under this resolution is capped, within the limits provided for by applicable regulations at the date of issuance, at 20% of the share capital per year, without ever exceeding the €7 million nominal limit that shall be deducted from the common limit of €7 million set by the 12th resolution of the OEGM of July 26, 2017 for transactions entailing the withdrawal of preferential subscription rights and from the overall ceiling of €15 million set by the 11th resolution of the OEGM of July 26, 2017 for all capital increases that may result from the implementation of the resolutions adopted by the OEGM of July 26, 2017. Likewise, the nominal amount of debt securities and similar giving access to the Company's share capital that may be issued under this delegation shall not exceed €150 million and shall be deducted from the overall ceiling of €150 million set by the 11th resolution of the OEGM of July 26, 2017.

If the subscriptions do not absorb the total issuance, the Board of Directors may limit the transaction's amount to the amount of subscriptions received, provided that they reach at least three-quarters of the subscriptions issued.

The methods for calculating the issue price are those provided by Article R. 225-119 of the French Commercial Code. It shall be at least equal to the weighted average of the price of three (3) stock market trading sessions preceding its fixing, possibly reduced by a maximum discount of 5%.

The Board enjoys the same powers as those set out in the previous paragraph describing the delegation of authority granted under the 11th resolution of the OEGM of July 26, 2017.

The Board of Directors may not, except by prior authorization of the Shareholders' General Meeting make use of this delegation from the time a third party submits a public offer for the Company's securities, until the end of the offer period.

Delegation of authority granted to the Board of Directors for the purpose of increasing the issuance amount with or without preferential subscription rights within the limit of 15% of the initial issuance

The Combined Ordinary and Extraordinary Shareholders' General Meeting, held on July 26, 2017, in its 15th resolution, granted the Board of Directors, for a period of 26 months until September 25, 2019 included, a delegation of authority, pursuant to Article L. 225-135-1 of the French Commercial Code, should an issue be requested in excess of the amount offered, to increase the number of ordinary shares and securities to be issued within thirty days of the end of subscription, subject to the relevant ceilings and capped at 15% of the initial issue, and at the same price as for the initial issue.

The Board of Directors has all powers, with the possibility to sub-delegate, in accordance with applicable law and the bylaws, required to implement this delegation of authority.

Delegation of authority granted to the Board of Directors in the event of issuance without preferential subscription rights, of shares and/or securities giving access, immediately or in the future, to the Company's share capital, for the purpose of fixing the issuance price within the limit of 10% of the Company's share capital under the conditions adopted by the Shareholders' General Meeting

The Combined Ordinary and Extraordinary Shareholders' General Meeting, held on July 26, 2017, in its 16th resolution, granted the Board of Directors, for a period of 26 months until September 25, 2019 included, a delegation of authority, pursuant to Article L. 225-136 1° of the French Commercial Code, for each issuance decided under the 11th, 12th, 13th and 14th resolutions of the OEGM of July 26, 2017, to waive the price conditions set out in said resolutions and to set the issuance price according to the below-mentioned terms, capped at 10% of the Company's share capital per year (this percentage applies to share capital adjusted for transactions occurring after this Meeting):

- the issuance price for ordinary shares to be issued pursuant to this issuance or those which may give rights to securities to be issued hereunder, shall be, at the discretion of the Board of Directors, equal to (i) the average listed price over a maximum period of six months preceding the issuance or (ii) the average weighted market price on the day preceding the issuance (WVAP 1 day) with a maximum discount of 15%;

- the issuance price for the securities other than ordinary shares shall be that of the sums received immediately by the Company plus, where appropriate, the sum likely to be collected subsequently by the Company for each ordinary share issued as a consequence of the issuance of the securities, at least equal to the amount determined by the Board of Directors in the above bullet point.

The maximum nominal amount for the Company's capital increases carried out based on the 19th resolution of the OEGM of July 25, 2016, either directly or upon presentation of securities, shall not exceed 10% of the Company's share capital for each 12-month period, or the counter-value of this amount. This amount shall be deducted from the common ceiling of €7 million referred to in the 11th resolution and from the global ceiling of €15 million of nominal value stipulated in the 12th resolution of the OEGM of July 26, 2017 for all capital increase transactions that may arise from implementation of the resolutions adopted at the OEGM of July 26, 2017. Likewise, the nominal amount of debt securities and similar giving access to the Company's share capital that may be issued under this delegation shall not exceed €150 million and shall be deducted from the overall ceiling of €150 million set by the 11th resolution of the OEGM of July 26, 2017.

If it uses this delegation, the Board of Directors shall draft an additional report, certified by the statutory auditors, describing the final terms of the transaction and providing criteria for assessing the actual impact on the position of shareholders.

The Board of Directors has all powers, with the possibility to sub-delegate, in accordance with applicable law and the bylaws, required to implement this delegation of authority.

The Board of Directors may not, except by prior authorization of the Shareholders' General Meeting make use of this delegation from the time a third party submits a public offer for the Company's securities, until the end of the offer period.

Delegation of powers granted to the Board of Directors for the purpose of proceeding with an increase of the Company's share capital in compensation for capital contributions in kind consisting of shares or securities giving access to the Company's share capital

The Combined Ordinary and Extraordinary Shareholders' General Meeting, held on July 26, 2017, in its 17th resolution, granted the Board of Directors, for a period of 26 months until September 25, 2019 inclusive, a delegation of authority, pursuant to Article L. 225-147 par. 6 of the French Commercial Code, to increase the share capital by up to 10% so as to pay for capital contributions of shares or securities giving access to the share capital.

According to this provision, the Board of Directors has authority to issue ordinary shares in the Company and any other securities giving access by any means, immediately and/or in the future, to existing or future shares of the Company up to 10% of share capital (as adjusted depending on transactions influencing it after the OEGM of July 25, 2016) to which will be added the nominal amount of supplementary shares to be issued to preserve the rights of bearers of securities giving entitlement to shares as remuneration for securities contributed in the framework of a contribution in kind pursuant to the provisions of Article L. 225-147, paragraph 6 of the French Commercial Code.

The maximum nominal amount for the Company's capital increases carried out based on the present resolution, either directly or upon presentation of securities, shall not exceed €7 million, or the counter-value of this amount. This amount shall be deducted from the common ceiling of €7 million referred to in the 12th resolution of the OEGM of July 26, 2017 and from the global ceiling of €15 million in nominal value stipulated in the 11th resolution of the OEGM of July 26, 2017 for all capital increase transactions that may arise from implementation of the resolutions adopted at the OEGM of July 25, 2016. Likewise, the nominal amount of debt securities and similar giving access to the Company's share capital that may be issued under this delegation shall not exceed €150 million and shall be deducted from the overall ceiling of €150 million set by the 11th resolution of the OEGM of July 26, 2017.

The Board enjoys the same powers as those set out in the previous paragraph describing the delegation of authority granted under the 11th resolution of the OEGM of July 26, 2017.

The Board of Directors may not, except by prior authorization of the Shareholders' General Meeting make use of this delegation from the time a third party submits a public offer for the Company's securities, until the end of the offer period.

Delegation of authority granted to the Board of Directors for the purpose of increasing the share capital by capitalizing premiums, reserves, profits, or any other funds that may be capitalized

The Combined Ordinary and Extraordinary Shareholders' General Meeting, held on July 26, 2017, in 18th resolution, granted the Board of Directors, for a period of 26 months until September 25, 2019 inclusive, a delegation of authority, pursuant to Article L. 225-129-2 of the French Commercial Code, to proceed with one or more capital increases by capitalization of premiums, reserves, profits or other amounts of which capitalization is permitted according to law and the bylaws in the form of free shares or by increasing the nominal value of existing shares.

The total amount of capital increases which may be made, increased by the amount necessary to preserve, according to law, the rights of bearers of securities giving access to shares:

- shall not exceed the amount of the reserve, premium or profit accounts existing at the time of the capital increase; and
- shall be capped at €7 million and deducted from the overall ceiling of €15 million set by the 11th resolution of the OEGM of July 26, 2017.

In the event of a capital increase in the form of distribution of free shares and in accordance with Article L. 225-130 of the French Commercial Code, the rights to fractional shares shall not be negotiable and the corresponding securities shall be sold, with the stipulation that the proceeds of the sale shall be allocated to the holders of these rights under statutory conditions.

The Board of Directors has all powers, with the possibility to sub-delegate, to proceed with the aforementioned issuances in such a form as it deems appropriate and in compliance with applicable law, notably to:

- determine the dates, methods, and other characteristics of the issuance; and
- take all appropriate measures, execute all agreements, obtain all authorizations, carry out all formalities necessary to ensure successful completion of the issuance or stay the implementation thereof, notably acknowledging completion of any capital increases resulting from any issuance conducted under this delegation, amend the bylaws, and request the listing of any securities issued under this delegation.

Delegation of authority granted to the Board of Directors for the purpose of proceeding with an increase of the share capital by the issuance of shares or securities giving access, immediately or in the future, to Company's share capital, to compensate shares brought within the framework of a public exchange offer initiated by the Company

The Combined Ordinary and Extraordinary Shareholders' General Meeting, held on July 26, 2017, in its 19th resolution, granted the Board of Directors, for a period of 26 months until September 25, 2019 inclusive, a delegation of authority to issue, on one or more occasions, ordinary shares and/or securities giving access to ordinary shares, immediately and/or in the future, at any time or on a fixed date, by subscription, conversion, exchange, reimbursement, presentation of a warrant or any other means, as consideration for securities contributed under an exchange offer initiated in France or abroad, according to local regulations (including any other transaction with the same effect as an exchange offer initiated by the Company for its own securities or the securities of another company whose securities are listed on a regulated market under foreign law or

similar), by the Company for the securities of another company listed on one of the regulated markets referred to in Article L. 225-148 of the French Commercial Code.

The nominal amount of capital increases resulting from this resolution, either directly or on presentation of securities, is capped at €7 million. This amount shall be deducted from the common ceiling of €7 million referred to in the 12th resolution of the OEGM of July 26, 2017 and from the global ceiling of €15 million of nominal value stipulated in the 11th resolution of the OEGM of July 26, 2017 for all capital increase transactions that may arise from implementation of the resolutions adopted at the OEGM of July 26, 2017. Likewise, the nominal amount of debt securities and similar giving access to the Company's share capital that may be issued under this delegation shall not exceed €150 million and shall be deducted from the overall ceiling of €150 million set by the 11th resolution of the OEGM of July 26, 2017.

Shareholders have no preferential subscription rights to shares and/or securities issued under this delegation, the latter being exclusively intended to remunerate securities contributed to an exchange offer initiated by the Company.

The price of the shares and/or securities that would be issued pursuant to this resolution shall be set in accordance with the laws and regulations concerning public exchange offers.

The Board of Directors has all powers, with the possibility to sub-delegate, to proceed with the aforementioned issuances in such a form as it deems appropriate and in compliance with applicable law, notably to:

- determine the dates, methods, and other characteristics of the issuance;
- at its sole discretion, charging issuance fees to the premium amounts associated therewith and withholding from these sums the amount necessary to bring the legal reserve to a tenth of the capital as set after each increase;
- take all appropriate measures, execute all agreements, obtain all authorizations, carry out all formalities necessary to ensure successful completion of the issuance or stay the implementation thereof, notably acknowledging completion of any capital increases resulting from any issuance conducted under this delegation, amend the bylaws, and request the listing of any securities issued under this delegation.

Delegation of authority granted to the Board of Directors for the purpose of proceeding with an increase of the share capital through shares or securities issuance restricted to employees subscribing to a company savings plan with elimination of the preferential subscription rights in favor of them

The Combined Ordinary and Extraordinary Shareholders' General Meeting, held on July 26, 2017, in its 20th resolution, granted the Board of Directors, for a period of 26 months until September 25, 2019 inclusive, a delegation of authority to proceed on one or more occasions with a capital increase reserved to employees, without shareholders' preferential subscription rights in favor of the latter, up to a nominal amount of €500,000, by issuing ordinary shares or securities giving access to the share capital.

This amount shall be deducted from the global ceiling of €15 million of nominal value stipulated in the 11th resolution of the OEGM of July 26, 2017 for all capital increase transactions that may arise from implementation of the resolutions adopted at the OEGM of July 26, 2017. The maximum nominal amount of debt securities or related securities giving access to capital that could be issued pursuant to this delegation would be set off against the global ceiling of €150 million stipulated in the 11th resolution of the OEGM of July 26, 2017.

The issue price for the new shares or securities giving access to capital issued in the framework of this delegation will be fixed at a value equal to at least 80% of the average market price of the share on the Paris Euronext market during the twenty stock market sessions preceding the day of the decision of the Board of

Directors fixing the opening date for the subscription period to the capital increase reserved to employees subscribing to a company savings plan, *i.e.* is a discount of 20% compared with the average market prices of the Company's share on Paris Euronext during the aforementioned period. However, the Board of Directors has the power to reduce the aforementioned discount, subject to the legal and regulatory limits, or not to grant it, notably to comply with regulations applicable in countries where the offer will be implemented. In accordance with the third paragraph of Article L. 3332-21 of the French Labor Code, the Board of Directors may allocate free securities giving access to capital to the abovementioned beneficiaries, to replace the discount.

Shareholders have no preferential subscription rights to shares and securities giving access to capital issued under this delegation of authority in favor of the above-mentioned beneficiaries. In the event the aforementioned beneficiaries are granted free shares and securities giving access to capital, shareholders waive all rights to said shares and securities giving access to capital, including to the portion of the reserves, profits or share premiums incorporated in the share capital, in proportion to the number of free shares granted on the basis of this resolution.

The Board can sell shares to members of a company savings plan as provided for in Article L. 3332-24 of the French Labor Code, it being stated that the sale of shares at a discount to members of one or more company savings plans provided for in this resolution will be deducted from the amount of the caps mentioned above up to the nominal value of the shares thereby sold.

The Board of Directors has all powers required, with the possibility to sub-delegate, in accordance with applicable law and the bylaws, to implement this delegation of authority.

Authorization for the Board of Directors to cancel, if necessary, the Company's own treasury shares up to a maximum of 10%

The Combined Ordinary and Extraordinary Shareholders' General Meeting, held on July 26, 2017, in its 21st resolution, authorized the Board of Directors to cancel the Company's treasury shares acquired under the authorizations given by the Shareholders' General Meeting, in accordance with Article L. 225-209 of the French Commercial Code, on its sole decision, on one or several occasions, up to 10% of the share capital, over a period of 24 months, and to decrease the Company's capital accordingly.

The difference between the shares purchase price and their nominal value shall be offset against issuance premiums and, if need be, the legal reserve up to 10% of the canceled capital.

This authorization is valid until the day of the Shareholders' General Meeting called to approve the financial statements for the year ended March 31, 2018.

The Board of Directors has all powers, with the possibility to sub-delegate, to undertake any act, formality or declaration with a view to cancelling the shares acquired and decreasing the share capital, and to amend the bylaws as a result.

Delegation of authority granted to the Board of Directors for the purpose of bringing the bylaws into line with the new laws and regulations in accordance with Article L. 225-36 of the French Commercial Code

The Combined Ordinary and Extraordinary Shareholders' General Meeting, held on July 26, 2017, in its 24th resolution, granted the Board of Directors, for a period of 12 months until the Shareholders' General Meeting called to approve the financial statements for the year ending March 31, 2018, a delegation of authority to make the necessary amendments to the bylaws to bring them into line with the laws and regulations, subject to ratification by the next Extraordinary Shareholders' General Meeting.

The Board of Directors has all powers required, with the possibility to sub-delegate, in accordance with applicable law and the bylaws, to implement this delegation of authority.

Authorization given to the Board of Directors to proceed with the free allocation of shares

The Combined Ordinary and Extraordinary Shareholders' General Meeting, held on March 23, 2018, in its 5th resolution, authorized the Board of Directors, for a period of 24 months until March 22, 2020, pursuant to Articles L. 225-197-1 to L. 225-197-6 of the French Commercial Code, to grant, on one or more occasions, new or existing free shares of the Company in favor of the beneficiaries or categories of beneficiaries it shall designate among (i) the Company's employees as well as among the employees of associated companies within the meaning of Article L. 225-197-2 of the French Commercial Code, and (ii) the officers of the Company or the officers of associated companies or groupings meeting the conditions of Article L. 225-197-1 (II) of said Code.

Decides that the total number of free shares granted pursuant to this resolution shall not exceed 5% of the share capital as recorded on the date of the allocation decision by the Board of Directors, on the understanding that the free shares granted to corporate officers shall not exceed 20% of the total amount granted.

The allocation of shares to beneficiaries shall be definitive at the end of a vesting period, to be determined by the Board of Directors, with the clarification that the minimum period shall be set by Article L. 225-197-1 of the French Commercial Code.

The Board of Directors may impose a tenure requirement for beneficiaries in the Group, and may also require that Company shares be retained by the beneficiaries.

The definitive allocation of free shares granted to the Company's officers shall be subject to performance conditions to be determined by the Board of Directors.

In the event that a beneficiary is classified as having a disability in the second or third category referred to in Article L. 341-4 of the French Social Security Code, the free shares shall be definitively allocated immediately, and if the beneficiary dies, his/her heirs will be allowed to require immediate definitive allocation within six months after such death.

Existing shares that may be granted under this resolution shall be acquired by the Company, either within the framework of the provisions of Article L. 225-208 of the French Commercial Code, or, as the case may be, within the framework of a share buy-back program in line with the provisions of Article L. 225-209 of the French Commercial Code.

In the event that new shares are freely allocated, this authorization will mean that, each time the free shares are definitively allocated, shareholders waive their preferential subscription rights in favor of the beneficiaries of said shares, and that the corresponding share capital increase(s) are carried out by incorporation of reserves, profits or share issue premiums, in favor of the beneficiaries of said shares.

The Board of Directors has all powers, with the possibility to sub-delegate under the conditions provided for by law, to implement this authorization, notably in order to:

- determine whether the free shares to be issued are existing shares or are shares to be issued;
- determine the number of shares granted to each beneficiary that it will have chosen;
- set the conditions and, as the case may be, the criteria to grant the shares, notably the minimum vesting period and, as the case may be, the duration of the holding period;
- increase, as the case may be, capital through incorporation of reserves, profits, or share issue premiums, to proceed with the issuance of freely-granted shares;
- grant shares to people referred to in the first paragraph of item II of Article L. 225-197-1 of the French Commercial Code subject to the conditions set out in Article L. 225-197-6 of the French Commercial Code. For such shares, the Board of Directors (i) shall decide that the free shares granted cannot be sold by the beneficiaries before the end of their involvement with the Company, or (ii) shall determine the minimum number of free shares that the beneficiaries must hold as registered shares until the end of their involvement with the Company;

- schedule, as the case may be, the possibility to delay the definitive allocation dates of shares and, for the same period, the end of the holding period of such shares (such that the minimum holding period remains unchanged);
- adjust, as the case may be, the number of free shares that shall be allocated in order to maintain the beneficiaries' rights, depending on potential transactions involving the capital of the Company in the conditions set out by the applicable regulations, notably tax regulations. It is specified that shares granted within the framework of these adjustments shall be considered as having been granted on the same day as those initially granted;
- determine dates and modalities to allocate the free shares, and generally do what is appropriate and execute all agreements to successfully proceed with the contemplated allocations.

The Board of Directors may also implement any other new legal provisions coming into force while this authorization is valid whose implementation would not require an express vote from the Shareholders' General Meeting.

21.1.5.2 Special report on stock options transactions for the 2017-2018 fiscal year

Pursuant to Article L. 225-184 of the French Commercial Code, we disclose below the transactions of granting, exercising and cancelling of stock options of your Company (the "Company") undertaken during the 2017-2018 fiscal year.

I. Granting of stock options during the 2017-2018 fiscal year

During 2017-2018 fiscal year, no stock option has been granted to employees or to the corporate officer, neither by the Company or by the companies under its control as per the meaning of Article L. 233-16 of the French Commercial Code, or by the companies or consortiums bound to the Company under the conditions set forth by Article L. 225-180 of the French Commercial Code.

II. Exercising of stock options during the 2017-2018 fiscal year

1. Exercising of stock options under plans granted in 2017-2018:

Not applicable.

2. Exercising of stock options under plans previously granted:

Not applicable.

III. Cancelling of stock options during the 2017-2018 fiscal year

Not applicable.

21.1.5.3 Special report on the transactions of free allocation of shares for the 2017-2018 fiscal year

Pursuant to Article L. 225-197-4 of the French Commercial Code, we disclose below the transactions of free shares allocation, acquisition or cancellation of the Company (the "Company") undertaken during the 2017-2018 fiscal year.

I. Free allocation of shares during the 2017-2018 fiscal year

In accordance with the authorization granted by the Combined Ordinary and Extraordinary Shareholders' General Meeting of the Company held on March 23, 2018, the Board of Directors made use of the delegation granted to it for the free ordinary share allocation plan, and thus, on March 28, 2018, voted to implement two plans for all employees of the Company, with both subject to a condition of presence, and one subject to a condition of seniority.

The table below sums up the information relating to these two free allocation plans of ordinary shares:

Date of Shareholders' General Meeting	03/23/2018	03/23/2018
Date of Board of Directors' meeting	03/28/2018	03/28/2018
NUMBER OF SHARES ALLOCATED*	125,188	62,561
<i>Of which number of shares for corporate officers</i>	-	-
<i>Of which number of shares for the top ten employee recipients</i>	1,380	910
Beneficiaries number	970	704
Vesting period	From 03/28/2018 to 03/28/2020	From 03/28/2018 to 03/28/2020
Holding period	N/A	N/A
Number of shares vested*	-	-
Number of shares remaining*	125,188	62,561

* as at March 31, 2018.

During the 2017-2018 fiscal year, no free share has been granted to the corporate officer, Mr Paul Boudre, for duties performed or offices held, either by the Company, by companies bound to it, or by companies controlled by the Company, within the meaning of Article L. 233-16 of the French Commercial Code.

Furthermore, during the 2017-2018 fiscal year, no free share has been granted to employees by the companies or consortia bound to the Company under the conditions of Article L. 225-197-2 of the French Commercial Code.

II. Vesting during the 2017-2018 fiscal year of shares freely allocated during previous fiscal years

In accordance with the authorization granted by the Combined Ordinary and Extraordinary Shareholders' General Meeting of the Company held on April 11, 2016 on first notice and on April 29, 2016 on second notice, the Board of Directors made use of the delegation granted to it for the purpose of implementing a free preferred share allocation plan, with performance and presence conditions, in favor of certain employees and of the corporate officer, Paul Boudre.

Firstly, in accordance with the various terms governing this plan during the previous fiscal year ended on March 31, 2017, conditional rights to the definitive allocation of all 295,703 preferred shares have been granted by the Board of Directors.

Secondly, during the fiscal year ended on March 31, 2018, under conditions of presence, these conditional rights led to the definitive allocation of preferred shares to some of the beneficiaries of this plan.

The table below sums up the information relating to this free preferred share allocation plan:

Date of Shareholders' General Meeting	04/11 and 04/29/2016					
	07/26/2016	12/06/2016	03/30/2017	07/26/2016	12/06/2016	03/30/2017
NUMBER OF PREFERRED SHARES (PS) ALLOCATED	236,157 ⁽¹⁾	3,798 ⁽¹⁾	29,410 ⁽¹⁾	20,639 ⁽²⁾	2,832 ⁽²⁾	2,867 ⁽²⁾
<i>including the number of preferred shares for corporate officer</i>	44,947	0	0	0	0	0
<i>including the number of preferred shares for the ten employees of the Company, non corporate officers, to whom the number of allocated free shares is the highest</i>	169,229	0	16,500	0	0	0
Beneficiaries number	18	2	9	3	1	1
Date of contingent allocation of PS	07/26/2016	12/06/2016	03/30/2017	07/26/2016	12/06/2016	03/30/2017
Date of definitive allocation of PS	07/26/2017	12/06/2017	03/30/2018	07/26/2019	12/06/2019	03/30/2020
Date of conversion into ordinary shares (OS)	07/26/2019	12/06/2019	03/30/2020	07/26/2019	12/06/2019	03/30/2020
Maximum ordinary share conversion ratio	5 OS for 1 PS ⁽³⁾					

(1) PS definitively allocated during the fiscal year ended March 31, 2018.

(2) Conditional rights for PS

(3) Please refer to the tables in paragraph 21.1.4.1.2. above, with respect to the conversion ratios of the PS into OS.

III. Cancellations during 2017-2018 fiscal year of shares freely allocated during previous fiscal years

For the 2017-2018 fiscal year, there were no cancellations of shares freely allocated during previous fiscal years.

21.1.6 INFORMATION ON THE CAPITAL OF GROUP COMPANIES SUBJECT OF AN OPTION OR CONDITIONAL OR UNCONDITIONAL AGREEMENT PROVIDING FOR PLACING IT UNDER OPTION

On the submission date of this Registration Document, there was not, to the Company's knowledge, any option on the capital of a company of the Group or a conditional or unconditional agreement providing for placing the capital of these companies under option.

21.1.7 CHANGES IN CAPITAL OVER THE LAST FIVE FISCAL YEARS

The table below summarizes each of the changes in the Company's share capital during the last five years.

DATA BEFORE REVERSE-STOCK SPLIT OPERATIONS THAT BECAME EFFECTIVE ON FEBRUARY 8, 2017

Date	Type of transaction	Change in capital (in €)	Issue premium and capital contributions (in €)	Change in number of outstanding shares	Nominal value (in €)	Cumulative structure of the share capital	
						(in €)	(in shares)
07/23/2013	CAPITAL INCREASE WITH MAINTENANCE OF THE PREFERENTIAL SUBSCRIPTION RIGHT	4,928,351	66,532,741	49,283,512	0.10	17,249,923	172,492,295
12/13/2013	Capital increase by vesting of free shares	8,850	-	88,500	0.10	17,258,079	172,580,795
06/06/2014	Capital increase by vesting of free shares	56,170	-	561,695	0.10	17,314,249	173,142,490
06/12/2014	Capital increase by conversion of OCEANE bonds	15	1,268	150	0.10	17,314,264	173,142,640
07/22/2014	CAPITAL INCREASE WITH MAINTENANCE OF THE PREFERENTIAL SUBSCRIPTION RIGHT	5,194,279	77,914,188	51,942,792	0.10	22,508,543	225,085,432
02/03/2015	CAPITAL INCREASE BY ISSUANCE OF SHARE WARRANTS	600,000	4,620,000	6,000,000	0.10	23,108,543	231,085,432
03/10/2015	Capital increase by purchase of free shares and conversion of convertible bonds into new or existing shares (OCEANE)	10,299	29,546	102,994	0.10	23,118,843	231,188,426
04/28/2015	Capital increase by vesting of free shares	11,489	-	114,894	0.10	23,130,332	231,303,320
12/18/2015	Capital increase by vesting of free shares	2,086	-	20,864	0.10	23,132,418	231,324,184
05/02/2016	CASH CAPITAL INCREASES RESERVED TO BPIFRANCE PARTICIPATIONS, CEA INVESTISSEMENT AND NSIG	13,903,405	62,565,323	139,034,051	0.10	37,035,824	370,358,235
06/08/2016	CAPITAL INCREASE WITH MAINTENANCE OF THE PREFERENTIAL SUBSCRIPTION RIGHT	23,568,251	51,850,152	235,682,510	0.10	60,604,074	606,040,745
06/14/2016	Capital increase by vesting of free shares	18,947	-	189,472	0.10	60,623,022	606,230,217
12/02/2016	Capital increase by conversion of OCEANE bonds	0.10	-	1	0.10	60,623,022	606,230,218
12/06/2016	Capital reduction not motivated by losses via cancellation of treasury shares	(1.80)	-	(18)	0.10	60,623,020	606,230,200

DATA AFTER REVERSE-STOCK SPLIT OPERATIONS THAT BECAME EFFECTIVE ON FEBRUARY 8, 2017

Date	Type of transaction	Change in capital (in €)	Issue premium and capital contributions (in €)	Change in number of outstanding shares	Nominal value (in €)	Cumulative structure of the share capital	
						(in €)	(in shares)
07/26/2017	Capital increase by vesting of free preferred shares	23,615.70	-	236,157	0.10	60,646,635.70	30,547,667
08/08/2017	CAPITAL INCREASE BY CONVERSION OF OCEANE BONDS	2,112,114	-	1,056,057	2.00	62,758,749.70	31,603,724
12/06/2017	Capital increase by vesting of free preferred shares	379.80	-	3,798	0.10	62,759,129.50	31,607,522
03/30/2018	Capital increase by vesting of free preferred shares	2,941	-	29,410	0.10	62,762,070.50	31,636,932

21.2 ARTICLES OF ASSOCIATION AND BY-LAWS

21.2.1 DESCRIPTION OF CORPORATE PURPOSE

As indicated in Article 2 of the by-laws, the Company's purpose, in France and in all countries is:

- to develop, research, manufacture and market materials for the microelectronics sector and for the industry as a whole;
- to provide diverse technological assistance, developing specific machines and applications;
- to perform any industrial and commercial transactions relating to:
 - the creation, acquisition, leasing, taking under lease management of all goodwill, the leasing, installation, operation of all establishments, goodwill, factories, workshops, relating to one of these specified activities,
 - the seizing, acquisition, operation or sale of any processes and patents concerning said activities,
 - the direct or indirect involvement of the Company in any financial, movable or immovable transactions or commercial or industrial companies which might be linked to the corporate purpose or to any similar or related purpose;
- any transactions contributing towards the achievement of said purpose.

21.2.2 PROVISION OF THE BY-LAWS, A CHARTER OR A REGULATION OF THE COMPANY ON MEMBERS OF ADMINISTRATIVE AND MANAGEMENT BODIES

The reader should refer to Chapters 14 and 16 of this Registration Document for detailed information on the administrative and management bodies of the Company.

21.2.2.1 Provisions of the by-laws

The provisions related to the Board of Directors are given in Articles 12 to 16 of the by-laws. The main information is presented below.

Composition – Term of Office

The provisions of general law shall apply.

Thus, the Company is administered by a Board of Directors of three members at least and eighteen members at most, if the Company shares are listed officially on a stock market.

The directors are appointed or renewed in their functions by the Ordinary General Meeting of Shareholders which may revoke them at any time.

The directors may be natural persons or legal entities. Directors who are natural persons are required to designate a permanent representative upon their appointment that is subject to the same conditions and obligations and who incurs the same civil and criminal liabilities as if he or she were a director acting on his or her own behalf, without prejudice to the joint and several liability of the person that he or she represents.

An employee of the Company may only be appointed director if his or her employment contract precedes his or her appointment and corresponds to actual employment. The number of directors bound to the Company by an employment contract may not exceed one-third of the directors in office.

The term of office of directors is three years. The terms of office of the directors sitting on the Board on the date of the Shareholders' General Meeting of July 25, 2016 were reduced to three years. The director's duties expire at the end of the Shareholders' General Meeting that is called to vote on the financial statements of the past fiscal year and held in the civil year during which their term of office expires. The directors may always be re-elected.

Board of Directors' powers

The Board of Directors shall determine the guidelines for the Company's activities and ensure their implementation. Subject to the powers expressly attributed to the Shareholders' General Meetings and within the limit of the Company's corporate purpose, it shall consider any issue affecting the smooth functioning of the Company and shall resolve the matters relating to it. To this end, the Chairman represents the Board of Directors; in addition, he or she may grant delegations of powers to any officers of its choice.

In its relations with third-parties, the Company is bound even by the actions of the Board of Directors that fall outside the scope of the corporate purpose, unless it proves that the third-party knew that the action was beyond said scope or that it could not have been unaware of it given the circumstances, and the mere disclosure of the by-laws shall not constitute proof thereof.

The Board of Directors shall perform the checks and verifications that it deems appropriate.

Chairman of the Board of Directors and Executive Management

The Board of Directors shall elect a Chairman from among its individual members, and shall set the duration of his or her term of office, which may not exceed the duration of his or her term of office as a director.

The reader may also refer to paragraph 14.1.2 of this Registration Document for information on the Executive Management of the Company.

21.2.2.2 Internal Regulations of the Board of Directors

Internal Regulations have been adopted by the Board of Directors and is regularly updated. The last update was on June 13, 2018.

These regulations explain in particular the relationships between directors and the Company and constitute an operational framework designed to be regularly updated to take into account of the change in the legal and regulatory provisions, and also best practices in terms of corporate governance.

Without replacing either the law or the by-laws of the Company, these Internal Regulations are an internal document which specifies the rules concerning the composition, the role and respective powers of the Board of Directors, the general management and of the different committees of the Board of Directors, by explaining or completing some of the existing legal and statutory provisions. The Internal Regulations further provide for the principle of compensation of directors and officers of the Company.

By defining the respective powers of the corporate bodies, the Internal Regulations further provide for a right of review of the Board of Directors, by providing that the CEO has to obtain the prior authorization of the Board for certain important transactions, such as in particular the significant decisions to set-up abroad, the significant transactions which may affect the Group's strategy or change its financial position or its area of activity and for certain transactions exceeding a certain amount.

The objective of the Internal Regulations is thus to optimize the efficiency of the meetings and discussions of the Board of Directors, and to incorporate in the operating of the corporate bodies the best practices in terms of corporate governance.

21.2.3 RIGHTS, LIENS AND RESTRICTIONS ATTACHED TO EACH CATEGORY OF EXISTING SHARES

Since July 26, 2017, two categories of shares represent the Company's share capital:

- ordinary shares with a par value of €2.00 each, listed on the Euronext Paris regulated market under ISIN code FR0013227113 and the mnemonic "SOI"; and
- preferred shares with a par value of €0.10 each, not admitted to trading.

The rights and obligations attached to these two categories of shares are described in Article 10 of the by-laws fully reproduced below.

ARTICLE 10 – RIGHTS AND OBLIGATIONS ATTACHED TO THE SHARES

10.1 – Stipulations common to ordinary and preferred shares

All shareholders have the right to be informed of the Company's situation and obtain certain corporate documents at the times and under the conditions set out in the law and the by-laws.

Shareholders are only liable for losses to the extent of their contributions.

Subject to legal and statutory provisions, no majority may impose an increase of their commitments. The rights and obligations attached to shares shall be transferred to any holder thereof.

The ownership of a share implies full compliance with the decisions of the General Meeting and these by-laws.

The heirs, creditors, assignees or other representatives of a shareholder may not, on any pretext whatsoever, demand the sealing of assets and corporate documents, request the division or the sale by auction of said property, or interfere with the management of the Company.

They must refer to the Company's assets and liabilities and to the decisions of the General Meeting in order to exercise their rights.

Every time that it is necessary to hold a certain number of shares to exercise a right, in the event of an exchange, grouping or allocation of securities, or in the event of a capital increase or decrease, a merger or any other transaction, the shareholders holding a number of shares that is lower than that required, may not exercise said rights unless they are personally responsible for obtaining the required number of shares.

10.2 – Rights attached to ordinary shares

Each ordinary share confers the right to a portion of the profits or capital that is proportional to the amount of the capital which it represents and confers the right to vote in and to be represented at the General Meetings, under the conditions set out in the law and the by-laws.

The sale includes all of the due and/or paid dividends or dividends becoming due, as well as the possible share in the reserve funds, unless otherwise notified to the Company.

10.3 – Rights attached to preferred shares

Preferred shares and the rights of their holders are governed by the applicable provisions of the French Commercial Code, and particularly its Articles L. 228-11 *et seq.*

Preferred shares do not give the holder the right to distribution when there is any distribution or, where applicable, sharing of assets, decided in favor of each ordinary share. As far as the ownership of corporate assets is concerned, preferred shares give the holder the right to a portion of the liquidation bonus that is proportional to the share of the capital that they represent.

Preferred shares are doing not have preferential subscription rights for any capital increase or transaction with right to ordinary shares.

Preferred shares do not confer any voting rights in General Meetings of holders of ordinary shares; however, holders of preferred shares will have the right to participate in a special meeting under the conditions set out in the law and the by-laws.

Preferred shares shall be fully paid-up during their issue through the proportional incorporation of reserves, premiums or Company profits.

Preferred shares may not represent more than 0.055% of the Company's share capital at the date of the Shareholders' General Meeting of the Company held on April 11, 2016 plus the nominal amount corresponding to the amount of capital increases decided pursuant to the eighth, ninth, tenth and eleventh resolutions of the Shareholders' General Meeting held on April 11, 2016 within the limit of a total amount (including issue premium) of €130 million.

10.4 – Conversion of the free preferred shares (provided that the conversion conditions are fulfilled)

Subject to the realization of the following conditions, existing preferred shares shall be automatically converted into a variable number of ordinary shares in accordance with the rules described in this Article and after the expiry of a three-year period starting from the allocation of the preferred shares by the Board of Directors, without prior request from the holder (the “Conversion Date”), being specified that the Conversion Date will be set by the Board of Directors, and that the period between the allocation date and the Conversion Date cannot, in any case, be more than four years, and that the Conversion decision shall occur within 30 calendar days after the Annual General Meeting called to approve the accounts of the fiscal year ending on March 31, 2019.

For beneficiaries who are French tax residents (within the meaning of Article 4 B of the French General Tax Code), existing preferred shares at the Conversion Date will be automatically converted, subject to the realization of the conditions set out in Article 10.4 of these by-laws, at the end of a holding period of two years following a vesting period of one year, *i.e.* at the end of a three-year period following the free allocation of preferred shares.

However, by way of derogation from the above, for beneficiaries who are French tax residents, the transfer of their preferred shares may take place, where applicable, before the end of the holding period of the preferred shares (i) in the event that a beneficiary is classified as having a disability in the second or third category referred to in Article L. 341-4 of the French Social Security Code, at the request of the beneficiary and (ii) in the event the beneficiary dies, at the request of his/her assigns within a period of 6 months following the death, provided that they have clearly made such a request to the Company by attaching a notarized attestation of the distribution rules between them.

For beneficiaries who are non-French tax residents, existing preferred shares as at the Conversion Date will be converted, subject to the realization of the conditions set out in Article 10.4 of these by-laws, at the end of a vesting period of three years following the free allocation of preferred shares and they shall not be subject to any holding period.

The number of ordinary shares resulting from the conversion of existing preferred shares as at the Conversion Date will be calculated as per a conversion ratio fixed by the Board of Directors (the “Conversion Ratio”) (i) for 50% depending on the achievement of the targets based on the EBITDA criterion and (ii) for 50% depending on the achievement of the targets based on the stock market price, the details of which are as follows:

- **EBITDA targets:**

- the tranche 1 EBITDA (“Tranche 1 EBITDA”) targets are fixed with reference to the average of the Group’s consolidated EBITDA levels for the fiscal years ended March 31, 2018 and March 31, 2019 (“Average EBITDA”), it being specified that:
 - (i) the Conversion Ratio resulting from the Tranche 1 EBITDA criterion will be zero if the Average EBITDA is less than or equal to fifty-two million (52,000,000) euros (“Minimum Average EBITDA”),
 - (ii) the Conversion Ratio resulting from the Tranche 1 EBITDA criterion will represent 2.25% of the Company’s share capital at the date of the Shareholders’ General Meeting held on April 11, 2016 plus the nominal amount corresponding to the amount of capital increases decided pursuant to the eighth, ninth, tenth and eleventh resolutions of the Shareholders’ General Meeting held on April 11, 2016 within the limit of a total amount (including issue premium) of €130 million if the Average EBITDA is equal to or greater than one hundred and four million (104,000,000) euros (“Median Average EBITDA”), and
 - (iii) the Conversion Ratio resulting from the Tranche 1 EBITDA criterion will be determined by linear interpolation if the Average EBITDA ranges between the Minimum Average EBITDA and the Median Average EBITDA;

- the targets for the additional tranche of EBITDA (“Additional tranche EBITDA”) are also fixed with reference to the Average EBITDA, it being specified that:
 - (i) the Conversion Ratio resulting from the Additional Tranche EBITDA criterion will be zero if the Average EBITDA is less than or equal to the Median Average EBITDA,
 - (ii) the Conversion Ratio resulting from the Additional Tranche EBITDA criterion will represent 0.5% of the Company’s share capital at the date of the Shareholders’ General Meeting held on April 11, 2016 plus the nominal amount corresponding to the amount of capital increases decided pursuant to the eighth, ninth, tenth and eleventh resolutions of the Shareholders’ General Meeting held on April 11, 2016 within the limit of a total amount (including issue premium) of €130 million if the Average EBITDA is equal to or greater than one hundred twenty-five million (125,000,000) euros (“Maximum Average EBITDA”); and the Conversion Ratio resulting from the Additional Tranche EBITDA criterion will be determined by linear interpolation if the Average EBITDA ranges between the Median Average EBITDA and the Maximum Average EBITDA.
- **Stock market price targets:**
 - the tranche 1 Stock Market Price (“Tranche 1 Stock Market Price”) targets are fixed with reference to the weighted average of the volumes of the stock market price of ordinary shares of the Company during thirty (30) trading days following the publication of the Group’s consolidated financial statements for the fiscal year ended March 31, 2019 (“Average Stock Market Price”), it being specified that:
 - (i) the Conversion Ratio resulting from the Tranche 1 Stock Market Price criterion will be zero if the Average Stock Market Price is less than or equal to the Minimum Average Stock Market Price (as this term is defined below),
 - (ii) the Conversion Ratio resulting from the Tranche 1 Stock Market Price criterion will represent 2.25% of the Company’s share capital at the date of the Shareholders’ General Meeting held on April 11, 2016 plus the nominal amount corresponding to the amount of capital increases decided pursuant to the eighth, ninth, tenth and eleventh resolutions of the Shareholders’ General Meeting held on April 11, 2016 within the limit of a total amount (including issue premium) of €130 million if the Average Stock Market Price is equal to or greater than the Median Average Stock Market Price (as this term is defined below), and
 - (iii) the Conversion Ratio resulting from the Tranche 1 Stock Market Price criterion will be determined by linear interpolation if the Average Stock Market Price ranges between the Minimum Average Stock Market Price and the Median Average Stock Market Price;
 - the targets for the additional tranche of stock market price (“Additional Tranche Stock Market Price”) are also fixed with reference to the Average Stock Market Price, it being specified that:
 - (i) the Conversion Ratio resulting from the Additional Tranche Stock Market Price criterion will be zero if the Average Stock Market Price is less than or equal to the Median Average Stock Market Price,
 - (ii) the Conversion Ratio resulting from the Additional Tranche Stock Market Price criterion will represent 0.5% of the Company’s share capital at the date of the Shareholders’ General Meeting held on April 11, 2016 plus the nominal amount corresponding to the amount of capital increases decided pursuant to the eighth, ninth, tenth and eleventh resolutions of the Shareholders’ General Meeting held on April 11, 2016 within the limit of a total amount (including issue premium) of €130 million if the Average Stock Market Price is equal to or greater than the Maximum Average Stock Market Price (as this term is defined below), and
 - (iii) the Conversion Ratio resulting from the Additional Tranche Stock Market Price criterion will be determined by linear interpolation if the Average Stock Market Price ranges between the Median Average Stock Market Price and the Maximum Average Stock Market Price.

It being specified that:

- the Minimum Average Stock Market Price is equal to €15.40;
 - the Median Average Stock Market Price is equal to €30.00; and
 - the Maximum Average Stock Market Price is equal to €35.80.
- The effective number of ordinary shares resulting from the conversion of all the preferred shares will be determined by the Board of Directors.
 - The number of ordinary shares resulting from the conversion must be determined for each preferred shareholder by applying the Conversion Ratio to the number of preferred shares held by each holder on the Conversion Date.

Existing preferred shares at the Conversion Date will be automatically converted to ordinary shares by the Company, subject to fulfilment of the conditions set out in Article 10.4.

The Company shall use all means to inform the preferred shareholders of the implementation of the conversion before the effective date of conversion.

In any case, the conversion of preferred shares into ordinary shares may not take place between the date of publication of a prior notice to any General Meeting in the Official Bulletin of Mandatory Legal Announcements and the actual date of said General Meeting; in such a case, the Conversion Date will be deferred to the end of the General Meeting.

As a result of the issue of preferred shares, the shareholders will waive any right over the preferred shares granted free of charge by decision or authorization of the General Meeting.

The conversion of preferred shares into ordinary shares will de facto result in the shareholders waiving their preferential subscription rights resulting from the new ordinary shares that would be issued, if any, at the time of this conversion.

The ordinary shares resulting from the conversion of preferred shares will be definitively assimilated to the existing ordinary shares of the Company on their Conversion Date.

Where the total number of ordinary shares to be received by a preferred shareholder by applying the Conversion Ratio to the number of preferred shares he holds is not a whole number, the holder will receive the immediately lower number of ordinary shares.

The Board of Directors shall note, if applicable, the number of ordinary shares resulting from the conversion of preferred shares on the Conversion Date and make the necessary amendments to the by-laws, particularly with respect to the distribution of the shares by category and will record the capital increase in accordance with the legal provisions.

10.5 – Purchase of free preferred shares (if the conversion conditions are not fulfilled)

In the event that the number of ordinary shares to which the preferred shares would be entitled by conversion would be equal to zero pursuant to the conditions of conversion, the Company will purchase said preferred shares with a view to their cancellation.

Each preferred share will be purchased at its per share par value.

The Company shall inform the preferred shareholders of the implementation of the purchase using all means before the effective date of purchase.

All the preferred shares thus purchased will be definitively canceled on their redemption date and the Company's capital will be correspondingly reduced, the creditors having a right to object.

The Board of Directors shall note, if applicable, the number of preferred shares purchased and canceled by the Company on the Date of Conversion and make the necessary amendments to the Articles of the by-laws relating to the amount of the share capital and the number of securities making it up.

Furthermore, the voting right attached to ordinary shares is proportional to the capital they represent.

When meetings are held, each ordinary share carries one vote.

However, as indicated in paragraph 18.2 of this Registration Document, following the decision of the Combined Ordinary and Extraordinary Shareholders' General Meeting of November 30, 1998, the by-laws of the Company (reproduced in full below) provide that a double voting right is conferred to ordinary shares held in registered form for at least two years by the same shareholder, as of August 31, 2000.

The double voting right ceases for any ordinary share converted to bearer or subject to a transfer.

ARTICLE 22 – QUORUM – VOTE

A double voting right like that conferred on other shares, considering the percentage of the share capital that they represent, is attributed from August 21, 2000 to all shares paid up in full for which there is proof of a registered entry for at least two years in the name of the same shareholder.

In addition, in the event of a capital increase through incorporation of reserves, profits or share premium, the double voting right is conferred as soon as they are issued to registered shares allotted free of charge to a shareholder on the basis of the old shares for which he enjoys this right.

21.2.4 AMENDMENT OF SHAREHOLDERS' RIGHTS

Decisions amending in general the by-laws of the Company are adopted by the Extraordinary Shareholders' General Meeting under the conditions of legal majority.

21.2.5 CONDITIONS OF MEETING, CONVENING AND ADMISSION TO SHAREHOLDERS' GENERAL MEETINGS

Articles 21 to 25 governing the by-laws of the Company govern its Shareholders' General Meetings of the Company.

Shareholders' General Meetings are convened by the Board of Directors, in accordance with the methods provided by the law.

The meetings shall be held either at the registered office or at any other place specified in the notice.

Shareholders' General Meetings are presided over by the Chairman of the Board of Directors or, in his absence, by a director specially delegated for this purpose by the Board. Failing this, the Shareholders' General Meeting elects its chairperson.

The role of scrutineers is performed by the two members of the Shareholders' General Meeting who have the highest number of votes and who are present and agree to act in this capacity. The Board designates a secretary who may be chosen from outside the body of shareholders.

An attendance sheet is held under the conditions provided by the law. Copies or excerpts of the minutes of the Shareholders' General Meeting are validly certified by the Chairman of the Board, by a director performing the functions of CEO or by the secretary of the meeting.

21.2.5.1 Preliminary formalities to be carried out to participate in and vote at the Shareholders' General Meetings

Any shareholder, regardless the number of shares he owns, is invited to attend the Shareholders' General Meetings under the applicable legal and regulatory conditions, either by physically attending, being represented, voting by post, or giving a proxy to the Chairman of the General Meeting.

In accordance with the provisions of Article R. 225-85 of the French Commercial Code, evidence of the right to participate in Shareholders' General Meetings is given by the registration on an account of shares in the name of the shareholder or the intermediary registered on his behalf (as per paragraph 7 of Article L. 228-1 of the French Commercial Code), on the second working day preceding that General Meeting at 00.00 a.m., Paris time, (i) either in the registered shares accounts held by the Company's proxy, (ii) or in the bearer shares accounts held by an intermediary mentioned in Article L. 211-3 of the French Monetary and Financial Code.

- for the registered shareholder: this registration on the second working day preceding that General Meeting at 00:00 a.m., Paris time, on a registered account, is sufficient to allow him to participate in General Meetings.
- for the bearer shareholder: in accordance with the provisions of Article R. 225-85 of the French Commercial Code, the registration of the shares in the bearer shares accounts held by the authorized intermediaries is evidenced by a shareholding certificate (attestation de participation) issued by them, that must be annexed to the: (i) postal voting form, or (ii) proxy vote form, or (iii) request for an admission card; drafted in the name of the shareholder or on his behalf when represented by an authorized intermediary. A shareholding certificate will also be delivered to the bearer shareholder willing to physically participate in Shareholders' General Meetings without having received his admission card on the second working day preceding the General Meeting at 00.00 a.m., Paris time.

21.2.5.2 Ways to participate in Shareholders' General Meetings

The shareholders willing to physically attend Shareholders' General Meetings can request an admission card as follows:

- for the registered shareholder: each registered shareholder shall automatically receive the voting form, together with the notice to attend. He shall fill it in, specifying that he wants to participate in the Shareholders' General Meeting and obtain an admission card. Then, he shall sign it and send it back in the prepaid envelope received with the notice to attend. Any registered shareholder also has the option of coming directly to the General Meeting and providing the registration desk with an identity document;
- for the bearer shareholder: any bearer shareholder shall ask the authorized intermediary in charge of the management of his securities account to send him an admission card.

Shareholders who do not personally attend Shareholders' General Meetings may choose one of the following three options:

- vote by post;
- give a proxy to the Chairman of the General Meeting;
- give a proxy to another shareholder, to their spouses/husbands or to the persons with who they have signed a *pacte civil de solidarité* (as defined in the French Civil Code), or to any natural person or legal entity, in accordance with Article L. 225-106 of the French Commercial Code.

For the purpose of exercising one of the three options mentioned above, the shareholders must carry out the following formalities:

- for the registered shareholder: each registered shareholder must send back the single postal voting or proxy voting form, in the prepaid envelope received with the notice to attend;
- for the bearer shareholder: each bearer shareholder shall ask the authorized intermediary in charge of the management of his securities account, or the Company, for the single postal voting or proxy voting

form (by mail, sent to the headquarters' address to the attention of the Legal Department, or by email, sent to the dedicated Shareholders' General Meeting address). In accordance with Article R. 225-75 of the French Commercial Code, this request must be received six days before the Shareholders' General Meeting. The single postal voting or proxy vote form shall be sent with a shareholding certificate (attestation de participation) issued by the financial intermediary. It shall be duly filled in and signed by the shareholder, and sent back by the financial intermediary to the Company's proxy.

The shareholder cannot send back both the proxy vote form and the postal voting form to the Company. If such a case was to occur, the proxy vote form would be taken into consideration, subject to the votes casted in the postal voting form, in accordance with the provisions of paragraph 8 of Article R. 225-81 of the French Commercial Code.

In order to be taken into account, the postal voting form must be received by the Company's proxy at least three working days before the Shareholders' General Meeting is held.

Appointments or removals of proxy sent by regular mail must be received by the Company's proxy at least three calendar days before the Shareholders' General Meeting is held.

The proxy given for a General Meeting is valid for any potential future General Meeting that may be convened with the same agenda, and is revocable in the same conditions as those required for the proxy designation.

In accordance with the provisions of Article R. 225-79 of the French Commercial Code, the notification of the appointment and of the removal of a proxy may also be completed by electronic way, according to the following modalities:

- for the registered shareholder (custody only): the shareholder must send an email with electronic signature, obtained by him from an empowered third party certifier in accordance with applicable laws and regulations, to the email address dedicated to the Shareholders' General Meeting. Such email must contain the following information: Combined Ordinary and Extraordinary Shareholders' General Meeting of Soitec, meeting date, last name, first name, address and BNP Paribas Securities Services references, as well as the last name, first name and address of the appointed or revoked proxy. The shareholder must confirm his request in writing to the Company's proxy;
- for the registered or bearer shareholder: the shareholder must send an email with electronic signature, obtained by him from an empowered third party certifier in accordance with applicable laws and regulations, to the email address dedicated to the Shareholders' General Meeting. Such email must contain the following information: Combined Ordinary and Extraordinary Shareholders' General Meeting of Soitec, meeting date, last name, first name, address and full banking references, as well as the last name, first name and address of the appointed or revoked proxy. The shareholder must ask his financial intermediary in charge of the management of his securities account to send a written confirmation to the Company's proxy.

In order for the notifications of appointment or removal of proxies sent by email to be validly taken into account, the confirmations must be received by the above-mentioned Company proxy no later than the day before the General Meeting, at 3.00 p.m., Paris time.

21.2.5.3 Additional information

In accordance with Article R. 225-85 of the French Commercial Code, any shareholder who has already voted by post, sent a proxy or asked to obtain his admission card or a shareholding certificate (*attestation de participation*) will no longer have the option of choosing another way to participate in the Shareholders' General Meeting.

In addition, any shareholder may at any time transfer all or part of his shares. However, if the sale takes place before the second business day following the Shareholders' General Meeting at midnight, Paris time, the Company shall invalidate or amend accordingly, depending on the case, the vote sent by correspondence, the power of attorney, the admission card or the certificate of participation. For this purpose, the financial intermediary shall notify any share transfer to the Company or its proxy and shall give any useful information. In accordance with Article R. 225-85 of the French Commercial Code, no transfer of ownership carried out

after the second working day preceding the General Meeting at 00.00 a.m., Paris time, will be notified by the authorized intermediary or taken into consideration by the Company, regardless of any agreement to the contrary.

It is reminded that for any and all proxy vote forms not designating any identified proxy, the Chairman of the General Meeting will cast a positive vote for the resolutions presented or agreed by the Board of Directors, and a negative vote for any other resolutions. In order to cast any other vote, the mandating shareholder must choose another proxy who accepts voting as indicated by him.

21.2.6 PROVISION OF THE ARTICLES OF ASSOCIATION, THE BY-LAWS, A CHARTER OR A REGULATION OF THE COMPANY WHICH MIGHT ENTAIL DELAYING, DEFERRING OR PREVENTING A CHANGE OF ITS CONTROL

Apart from the double voting rights described above, there is no provision of the Articles of Association, the bylaws, any charter or regulation of the Company which might entail delaying, deferring or preventing a change of its control.

21.2.7 PROVISION OF THE ARTICLES OF ASSOCIATION, BYLAWS, CHARTER OR REGULATION SETTING THE THRESHOLD ABOVE WHICH ALL HOLDINGS MUST BE DISCLOSED

Article 11 of the Company's by-laws (the content of which is fully reproduced below) provides a statutory threshold of 3% of the share capital or voting rights above which all holdings must be disclosed.

ARTICLE 11 – CROSSING OF THRESHOLDS

Any shareholder, acting alone or in concert, without prejudice to the thresholds referred to in Article L. 233-7, paragraph 1 of the French Commercial Code, holding directly or indirectly at least 3% of the capital or voting rights of the Company, is required to inform the Company, by registered letter with acknowledgment of receipt addressed to the registered office, within a period of 15 days from the crossing of the ownership threshold.

Said declaration must also be made when the stake in the share capital falls below the abovementioned threshold.

Furthermore, it must also state the number of shares already issued or the voting rights that it may acquire or dispose of by virtue of an agreement or financial instrument as provided at point b) of the third paragraph of Article L. 233-7 of the French Commercial Code.

Non-compliance with the declarations of the crossing of thresholds, both legal and statutory, gives rise to the removal of voting rights under the conditions laid down by Article L. 233-14 of the French Commercial Code at the request of one or several shareholders holding together at least 3% of the capital or voting rights of the Company.

21.2.8 CHANGE IN SHARE CAPITAL AND VOTING RIGHTS ATTACHED TO SHARES

Any change in the capital or voting rights attached to the shares composing it is subject to the legal requirements, as the bylaws do not include any specific provisions.

21.3 STATUTORY AUDITORS' FEES

Auditors' fees and fees of the members of their networks paid by the Company and its subsidiaries.

For the fiscal years ended on March 31, 2017 and on March 31, 2018, the fees are broken down as follows:

	2017-2018				2016-2017			
	KPMG Audit		Ernst & Young Audit		KPMG Audit		Ernst & Young Audit	
	Amount (excluding taxes) (in € thousand)	%	Amount (excluding taxes) (in € thousand)	%	Amount (excluding taxes) (in € thousand)	%	Amount (excluding taxes) (in € thousand)	%
Auditing, statutory auditor's opinion, examination of individual and consolidated financial statements								
• Issuer	142	74.74%	148	72.91%	114	61.22%	120	71.64%
• Fully consolidated subsidiaries	38	20%	42	20.69%	62.2	33.40%	42	25.07%
Other work and services directly related to statutory auditor's assignment								
• Issuer	10	5.26%	13	6.40%	10	5.37%	5.5	3.28%
• Fully consolidated subsidiaries	0	0%	0	0%	0	0%	0	0%
Sub-total	190	100%	203	100%	186.2	100%	167.5	100%
Other services provided by the networks to the fully consolidated subsidiaries								
Legal, tax, social	0	0%	0	0%	0	0%	0	0%
Others (to be specified if > 10% of audit fees)	0	0%	0	0%	0	0%	0	0%
Sub-total	0	0%	0	0%	0	0%	0	0%
TOTAL	190	100%	203	100%	186.2	100%	167.5	100%



IMPORTANT CONTRACTS

During fiscal 2016-2017 and 2017-2018, the Company did not enter into any agreement outside the normal course of its business that would confer an obligation or a significant commitment for the entire Group. Loan agreements granted during the 2015-2016 fiscal year by Shin-Etsu Handotai Europe Ltd., Bpifrance Participations and CEA Investissement were repaid in full during the 2016-2017 fiscal year (note 5.3 to the consolidated financial statements – Chapter 20).

INFORMATION

FROM THIRD PARTIES, STATEMENTS BY EXPERTS AND DECLARATIONS OF INTERESTS



No report or statements by experts other than the Company's statutory auditors' report are included in this Registration Document.



DOCUMENTS AVAILABLE TO THE PUBLIC

24.1 LIST OF DOCUMENTS AVAILABLE TO THE PUBLIC

All regulated information within the meaning of Article 221-1 of the AMF's General Regulation is available in electronic format on the Company's website (www.soitec.com) under Corporate - Investors.

As such, the following main documents may be viewed, covering the three fiscal years that preceded publication of this Registration Document:

- the Registration Document filed with the AMF on June 10, 2015 under number D.15-0587;
- the First Update of the aforementioned Registration Document filed with the AMF on March 7, 2016 under number D.15-0587-A01;
- the Second Update of the aforementioned Registration Document filed with the AMF on May 2, 2016 under number D.15-0587-A02;
- the Registration Document filed with the AMF on July 4, 2016 under number D.16-0665;
- the Registration Document filed with the AMF on July 4, 2017 under number D.17-0720;
- monthly reporting on the total number of voting rights and shares comprising the Company's share capital, prepared in accordance with Article 223-16 of the AMF General Regulation; and
- financial press releases;

Other documents and information made available to shareholders under statutory and regulatory conditions can also be viewed in electronic format and downloaded on the Company's website (www.soitec.com), under "Company - Investors," including the Company's updated bylaws and documentation relating to Shareholders' General Meetings.

Moreover, a hard copy of the Company Articles of Association is available to any Interested party at the registered office at Parc Technologique des Fontaines – Chemin des Franques, 38190 Bernin, France (telephone: 00 33 4 76 92 75 00).

24.2 LIST OF PRESS RELEASES AND OTHER PUBLICATIONS DISTRIBUTED BY THE COMPANY

During the three fiscal years preceding the publication of this Registration Document, and until its filing date, the following press releases were distributed by the Company and published on its website (www.soitec.com):

- June 13, 2018: Soitec reports full year '18 results;
- June 8, 2018: Information relating to the total number of voting rights and shares comprising the share capital at May 31, 2018;
- May 29, 2018: Soitec welcomes the creation of a Strategic Sector Committee under the aegis of the *Conseil national de l'industrie* (CNI) as well as the launch of the Nano2022 plan;
- May 23, 2018: Information relating to the total number of voting rights and shares forming the share capital at April 30, 2018;
- April 25, 2018: Disclosure of the total number of voting rights and shares representing the share capital at March 31, 2018;
- April 18, 2018: Soitec reports FY'18 fourth quarter revenue;
- April 3, 2018: Soitec accelerates its recruitment plan to support its growth momentum;
- March 26, 2018: Disclosure of the total number of voting rights and shares representing the share capital at February 28, 2018;
- March 23, 2018: Ordinary and Extraordinary General Meeting of Shareholders of March 23, 2018;
- March 2, 2018: Ordinary and Extraordinary General Meeting of March 23, 2018 – Preparatory documents made available;
- February 16, 2018: Disclosure of the total number of voting rights and shares representing the share capital at January 31, 2018;
- January 19, 2018: Disclosure of the total number of voting rights and shares representing the share capital at December 31, 2017;

- January 17, 2018: Soitec reports FY'18 third quarter revenue;
- December 14, 2017: Disclosure of the total number of voting rights and shares representing the share capital at November 30, 2017;
- December 4, 2017: Soitec holds its first Capital Market Day;
- November 30, 2017: Soitec announces a major step forward with a substrate specifically for 3D image detection devices;
- November 29, 2017: After a new separate governance structure is agreed, Victoire de Margerie steps down as Chairman of Soitec's Board of Directors;
- November 29, 2017: Half-year results 2017-2018;
- November 14, 2017: Disclosure of the total number of voting rights and shares representing the share capital at October 31, 2017;
- October 20, 2017: Disclosure of the total number of voting rights and shares representing the share capital at September 30, 2017;
- October 18, 2017: Soitec reports FY'18 second quarter revenue;
- September 29, 2017: Disclosure of the total number of voting rights and shares representing the share capital at August 31, 2017;
- September 19, 2017: GlobalFoundries and Soitec sign a long-term agreement to supply FD-SOI wafers;
- September 12, 2017: Soitec launches a pilot production line for FD-SOI substrates in Singapore;
- August 28, 2017: Disclosure of the total number of voting rights and shares representing the share capital at July 31, 2017;
- August 9, 2017: Soitec announces the successful early conversion of its OCEANE 2018 into shares with a 98.74% conversion rate;
- July 27, 2017: Ordinary and Extraordinary General Meeting of Shareholders of July 26, 2017;
- July 27, 2017: Change in Soitec's governance structure, with: separation of the offices of Chairman of the Board of Directors and Chief Executive Officer;
- July 19, 2017: Soitec reports FY'18 first quarter revenue;
- July 13, 2017: Disclosure of the total number of voting rights and shares representing the share capital at June 30, 2017;
- July 10, 2017: Ordinary and Extraordinary General Meeting of July 26, 2017: Preparatory documents made available;
- July 7, 2017: Soitec proceeds with the early conversion of its 2018 OCEANE for €41.8 million and thus continues its deleveraging;
- July 5, 2017: Publication of the Registration Document 2016-2017;
- June 26, 2017: Disclosure of the total number of voting rights and shares representing the share capital at May 31, 2017;
- June 14, 2017: Soitec reports full year '17 results;
- May 24, 2017: Disclosure of the total number of voting rights and shares representing the share capital at April 30, 2017;
- May 11, 2017: Soitec names global industry veteran Stephen Lin to new position of Vice President of strategic business development in China;
- April 24, 2017: Disclosure of the total number of voting rights and shares representing the share capital at March 31, 2017;
- April 19, 2017: Soitec reports FY'17 fourth quarter and annual revenue;
- March 29, 2017: Soitec announces end of patent lawsuit with SiGen;
- March 24, 2017: Disclosure of the total number of voting rights and shares representing the share capital;
- March 9, 2017: Soitec begins ramping up production of 200-mm SOI wafers in China at SOI manufacturing partner's fab fully qualified by key Soitec customers;
- February 28, 2017: Disclosure of the total number of voting rights and shares representing the share capital at January 31, 2017;
- February 8, 2017: Soitec reverse stock split has taken effect;
- January 31, 2017: Disclosure of the total number of voting rights and shares representing the share capital at December 31, 2016;
- January 30, 2017: Soitec appoints Pascal Lobry as Head of Human Resources;
- January 25, 2017: Soitec reports FY'17 third quarter revenue;
- January 9, 2017: Launch of the reverse stock split of Soitec shares;
- December 21, 2016: Disclosure of the total number of voting rights and shares representing the share capital;
- December 8, 2016: Publication of the half-year financial report for 2016-2017;
- December 8, 2016: Half-year results for FY 2016-2017;
- November 30, 2016: Disclosure of the total number of voting rights and shares representing the share capital;
- October 28, 2016: Disclosure of the total number of voting rights and shares representing the share capital;
- October 21, 2016: Soitec acknowledges second USITC investigation and intends to vigorously defend against SiGen allegations;
- October 19, 2016: Soitec reports second quarter FY'17 revenue of €56.7 million, up 4% on the second quarter of FY'16 at constant exchange rates;
- September 28, 2016: Disclosure of the total number of voting rights and shares representing the share capital;
- August 29, 2016: Disclosure of the total number of voting rights and shares representing the share capital;
- July 20, 2016: Soitec reports first quarter FY'17 revenue of €55.4 million, up 2% on the first quarter of FY'16, or +4% at constant exchange rates;
- July 18, 2016: Disclosure of the total number of voting rights and shares representing the share capital;
- July 7, 2016: Soitec leading European research project focused on meeting future wireless-communication requirements;
- July 5, 2016: Publication of the Registration Document 2015-2016;
- June 24, 2016: Disclosure of the total number of voting rights and shares representing the share capital;
- June 16, 2016: Annual results 2015-2016;
- June 2, 2016: Soitec received the "Best Quality Award" from NXP Semiconductors;
- May 31, 2016: Disclosure of the total number of voting rights and shares representing the share capital;
- May 23, 2016: Soitec announced the discontinuance of patent infringement proceedings brought by Silicon Genesis;

DOCUMENTS AVAILABLE TO THE PUBLIC

List of press releases and other publications distributed by the Company

- May 3, 2016: Publication of the Second Update of the Registration Document 2014-2015;
- May 2, 2016: Minutes of the Extraordinary General Meeting of April 29, 2016;
- May 2, 2016: Soitec announced the appointment of Rémy Pierre as Finance Director of the Group;
- April 29, 2016: Results of the Extraordinary General Meeting of April 29, 2016;
- April 14, 2016: Minutes of the Ordinary and Extraordinary General Meeting of Shareholders;
- April 13, 2016: Soitec announces annual revenue of €232.3 million for its Electronics division, up 36% (+20% at constant exchange rates);
- April 12, 2016: Results of the Ordinary and Extraordinary General Meeting of April 11, 2016;
- March 31, 2016: Disclosure of the total number of voting rights and shares representing the share capital;
- March 8, 2016: Publication of the Update of the Registration Document;
- February 26, 2016: Information on the total number of voting rights and shares composing the capital;
- February 18, 2016: Soitec announces the volume production of RF-SOI 300 mm substrates to meet the growth in the 4G/LTE-Advanced mobile communications markets;
- February 10, 2016: Plan for two successive capital increases of Soitec for a total amount of between €130 million and €180 million, with the support of CEA Investissement, NSIG and Bpifrance;
- January 20, 2016: Soitec announced the Electronics division's revenue up sequentially by 6% at constant exchange rates, in line with its forecasts for the 3rd quarter of the financial year 2015-2016;
- January 13, 2016: Amendment of the reporting calendar;
- December 22, 2015: Disclosure of the total number of voting rights and shares representing the share capital;
- December 9, 2015: Soitec, leader in the supply of SOI wafers, rejected patent infringement allegations;
- November 25, 2015: Disclosure of the total number of voting rights and shares representing the share capital;
- November 20, 2015: Publication of the half-year financial statement for 2015-2016;
- November 18, 2015: Half-Year Financial Statement 2015-2016;
- October 22, 2015: Disclosure of the total number of voting rights and shares representing the share capital;
- October 19, 2015: Soitec announced the Electronics division's revenue in line with its forecasts and consolidated revenue up by 23% on last year for the second quarter of the financial year 2015-2016;
- September 24, 2015: Disclosure of the total number of voting rights and shares representing the share capital;
- September 15, 2015: Soitec and Simgui announced the manufacturing of the first 200 mm SOI wafers in China;
- September 15, 2015: Appointment of the founder of Soitec as Honorable Chairman of the Soitec Group;
- August 24, 2015: Disclosure of the total number of voting rights and shares representing the share capital;
- August 5, 2015: Soitec announced the breaking off of negotiations with ConcenSolar on the sale of certain solar assets and the continuation of the refocusing on Electronics;
- July 30, 2015: Ordinary and Extraordinary General Meeting of July 30, 2015;
- July 30, 2015: Minutes of the Ordinary and Extraordinary General Meeting of Shareholders of July 30, 2015;
- July 24, 2015: Disclosure of the total number of voting rights and shares representing the share capital;
- July 20, 2015: Revenue in line with the objective for the Electronics division at €54.1 million for Q1 2016. The management confirmed the strategic refocusing on electronics;
- July 14, 2015: One of the largest semiconductor foundries is speeding up the FD-SOI ecosystem;
- July 13, 2015: Soitec and SCREEN have joined up to produce 300 mm FD-SOI substrates with uniformity controlled at atomic scale;
- July 10, 2015: Minutes of the Ordinary and Extraordinary General Meeting of Shareholders of July 10, 2015;
- July 10, 2015: Ordinary and Extraordinary General Meeting of July 10, 2015;
- July 10, 2015: As part of its strategic refocusing, Soitec appoints Grégoire Duban as Chief Financial Officer and Thierry Tron as Deputy Financial Officer;
- July 7, 2015: Soitec successfully completed its eXact program supported by future investments in digital;
- June 24, 2015: A CPV wafer fitted with four-junction solar cells developed with Soitec's expertise in semiconductor materials achieved record efficiency of 38.9%;
- June 18, 2015: Ordinary and Extraordinary General Meeting of July 10, 2015 – Preparatory documents made available;
- June 12, 2015: Disclosure of the total number of voting rights and shares representing the share capital;
- June 11, 2015: Publication of the Registration Document 2014-2015;
- June 9, 2015: Soitec and Shanghai Industrial Technology Research Institute (SITRI) announced their collaboration on high-performance RF-SOI technology;
- May 29, 2015: Disclosure of the total number of voting rights and shares representing the share capital;
- May 28, 2015: Annual results 2014-2015. Consolidated revenue 2014-2015: €222.9 million. Current operating losses 2014-2015: €125.9 million. Strategic refocusing on core business with the signature of an agreement to sell the solar systems business to ConcenSolar. New financing implemented in May 2015;
- May 21, 2015: Soitec divested its solar systems business to refocus on its core business: semiconductor materials;
- April 28, 2015: Information on the total number of voting rights and shares composing the capital (pdf);
- April 20, 2015: Consolidated revenue 2014-2015 of €222.9 million. Refocusing on the core electronic business in progress. New financing in April 2015 (closing expected in May 2015);
- April 1, 2015: Soitec confirmed as being eligible for the new PEA-PME (share savings scheme for financing SME);

INFORMATION ON SUBSIDIARIES



Regarding this chapter on the Company's subsidiaries, reference is made to paragraph 7.2 of the present Registration Document.



FINANCIAL INSTRUMENTS MARKET

Since February 9, 1999, ordinary shares issued by the Company have been listed on the Euronext regulated market in Paris, under the ticker symbol "SOI".

Since the Company's reverse-stock split that became effective on February 8, 2017, the ISIN code is as follows: FR0013227113.

Following the quarterly review of Euronext Paris indices which took place on March 9, 2017, the Index Committee (Conseil Scientifique des Indices) decided to admit the Company to panels comprising CAC Mid60 and SBF120 indices. This decision took effect on March 17, 2017 after market close.

As of June 13, 2018, the closing price of the Soitec share was €80.65.

26.1 VOLUMES OF TRANSACTIONS AND CHANGE IN THE SOITEC SHARE PRICE

Year Month	High (in €)	Low (in €)	Average price (in €)	Number of shares traded	Value traded (in € million)	Market capitalization on the basis of the average price (in € million)
2013						
May	3.200	2.680	2.882	11,564,509	36.35	355.09
June	2.834	2.000	2.739	17,329,372	41.20	337.47
July	2.090	1.590	1.752	50,795,344	48.50	302.21
August	2.100	1.660	1.855	64,496,579	121.35	319.97
September	2.110	1.750	1.937	46,966,352	91.65	334.12
October	2.040	1.650	1.828	34,610,894	63.01	315.32
November	1.730	1.330	1.556	46,423,730	69.89	268.40
December	1.570	1.370	1.437	20,732,194	30.17	247.87

Year Month	High (in €)	Low (in €)	Average price (in €)	Number of shares traded	Value traded (in € million)	Market capitalization on the basis of the average price (in € million)
2014						
January	1.710	1.400	1.541	42,428,115	67.85	265.95
February	2.280	1.430	1.610	55,976,191	105.29	277.86
March	2.660	2.100	2.283	119,642,043	281.58	394.00
April	2.530	1.780	2.198	79,674,969	170.82	379.33
May	3.300	2.060	2.592	109,021,028	301.02	447.33
June	3.042	2.130	2.937	63,419,871	167.91	508.52
July	2.450	2.130	2.279	42,884,679	98.10	512.97
August	2.260	1.890	2.011	26,762,623	54.32	452.65
September	2.380	1.930	2.125	37,565,228	80.02	478.31
October	2.220	1.680	2.003	42,301,855	84.01	450.85
November	2.210	1.910	2.043	31,312,631	64.62	459.85
December	2.390	0.860	1.825	119,261,050	145.79	410.78
2015						
January	1.080	0.890	0.983	67,054,510	66.58	221.26
February	0.900	0.870	0.888	26,980,111	23.94	205.20
March	0.920	0.820	0.881	36,076,330	31.91	203.68
April	0.950	0.850	0.883	26,675,918	23.82	204.24
May	0.910	0.760	0.821	42,093,650	31.91	203.67
June	0.910	0.680	0.740	77,223,436	48.14	171.16
July	0.800	0.680	0.725	26,552,333	19.71	167.70
August	0.740	0.530	0.642	19,855,366	12.56	148.50
September	0.620	0.500	0.557	16,278,040	9.24	128.84
October	0.890	0.480	0.702	79,143,524	58.84	162.38
November	0.810	0.730	0.761	20,232,321	15.53	176.02
December	0.770	0.630	0.680	13,631,292	8.98	157.30

26.2 VOLUME OF TRANSACTIONS AND CHANGE IN VALUE OF 2018 OCEANE BONDS

Year Month	High (in €)	Low (in €)	Average price (in €)	Number of shares traded	Value traded (in € million)	Market capitalization on the basis of the average price (in € million)
2016						
January	0.710	0.520	0.594	18,573,195	11.18	137.41
February	0.600	0.480	0.529	14,804,694	7.94	122.38
March	0.680	0.560	0.614	13,953,425	8.75	142.09
April	0.610	0.560	0.587	5,682,140	3.36	135.93
May	0.620	0.471	0.529	38,537,867	23.37	197.57
June	0.590	0.490	0.519	43,465,889	22.59	314.59
July	0.770	0.530	0.667	50,238,160	33.45	404.02
August	0.830	0.690	0.752	23,875,464	18.22	455.58
September	0.850	0.780	0.813	21,023,285	17.15	492.54
October	0.970	0.800	0.886	45,015,737	39.93	536.78
November	1.000	0.840	0.929	41,045,514	38.45	563.34
December	1.510	0.990	1.353	102,860,543	134.74	819.89
2017						
January	1.930	1.270	1.590	143,624,657	229.04	963.88
After reverse stock split						
<i>The decision approved by the General Shareholders' Meeting of July 25, 2016 relating to the reverse stock split, involving the exchange of 20 old ordinary shares with a par value of €0.10 each for one new share with a par value of €2.00 became effective on February 8, 2017. The historical data until January 2017 have not been restated.</i>						
February	41.370	33.400	37.829	16,187,635	116.37	1,146.64
March	44.960	38.670	41.326	3,502,390	145.69	1,252.66
April	41.200	35.250	38.839	1,969,045	75.98	1,177.28
May	50.000	38.600	44.513	3,300,170	146.54	1,349.26
June	59.900	49.000	55.830	6,330,279	349.78	1,692.28
July	54.710	45.310	50.220	4,032,343	202.41	1,522.26
August	54.110	45.100	49.310	2,106,614	103.86	1,546.73
September	57.420	44.990	50.554	3,587,246	184.75	1,585.76
October	68.900	54.000	58.756	3,258,259	198.72	1,843.03
November	71.490	61.500	67.060	2,820,327	188.59	2,103.52
December	65.290	56.100	59.356	2,462,024	146.68	1,861.85
2018						
January	71.200	58.750	65.543	3,269,081	216.00	2,055.93
February	66.500	54.550	61.298	3,056,193	183.68	1,922.75
March	66.550	58.650	63.133	1,975,266	123.41	1,980.34
April	77.200	54.850	63.823	3,790,311	255.36	2,001.95
May	81.700	67.200	76.150	3,066,485	232.58	2,388.64

Bonds Convertible or Redeemable for New or Existing Shares were issued by the Company on September 18, 2013 and are scheduled to mature on September 18, 2018 ("2018 OCEANE bonds").

They were listed under ISIN code FR0011566793 and ticker "YSOIA", and were the subject of a issue note approved by the French Financial Markets Authority under No. 13-482 on September 10, 2013 (the "Issue note").

They produce interests at 6.75% rate.

As explained in section 21.1.1 of this Registration Document, by decision of the Chairman and CEO on July 3, 2017, taken pursuant to the delegation granted by the Board of Directors on July 2, 2013, the Company decided to exercise its right to implement the early redemption of its 2018 OCEANE bonds, under the terms and conditions set out in section 21.1.1.

Following this early redemption procedure, by way of a decision dated August 8, 2017, the Chief Executive Officer:

- decided to create 1,056,057 ordinary shares with a par value of €2.00 each, further to bondholders' decision to convert 16,001,014 2018 OCEANE bonds into shares;
- decided to redeem, in cash, 204,250 2018 OCEANE bonds whose holders had not exercised their conversion right, at €2.64823 per 2018 OCEANE bond, or a total of €540,900.97; and
- noted the corresponding cancellation of 16,205,264 2018 OCEANE bonds in accordance with section 4.1.8.3 of the Issue Note.

Due to this early redemption, since August 8, 2017, there are no longer any 2018 OCEANE bonds outstanding.

The table below presents the monthly averages of 2018 OCEANE bond values, from their issue date to the date of their early redemption, as well as the 2018 OCEANE bond volumes traded each month during this period.

Year Month	Monthly average (in €)	Transaction volume
2013		
September	2.64	127,630
October	2.55	259,822
November	2.21	155,616
December	1.98	268,282

FINANCIAL INSTRUMENTS MARKET

Volume of transactions and change in value of 2018 OCEANE bonds

Year Month	Monthly average (in €)	Transaction volume
2014		
January	2.09	163,301
February	2.13	268,326
March	2.63	200,571
April	2.66	133,810
May	2.95	350,662
June	3.15	118,271
July	2.90	35,810
August	2.89	6,260
September	2.95	113,386
October	2.82	115,553
November	2.90	48,046
December	2.51	220,576
2015		
January	1.57	946,125
February	1.42	517,858
March	1.62	239,716
April	1.73	143,530
May	1.78	103,612
June	1.71	76,789
July	1.77	70,656
August	1.72	56,289
September	1.58	174,094
October	1.61	249,360
November	1.74	150,951
December	1.71	120,635

Year Month	Monthly average (in €)	Transaction volume
2016		
January	1.63	142,080
February	1.93	478,110
March	2.21	311,396
April	2.26	212,567
May	2.47	1,385,082
June	2.55	185,121
July	2.66	178,586
August	2.66	10,075
September	2.65	88,983
October	2.59	63,317
November	2.61	217,781
December	2.74	120,901
2017		
January	2.79	127,720
February	2.91	568,279
March	3.04	239,138
April	2.96	14,300
May	3.16	363,700
June	3.79	313,338
July	3.18	165,316
August	2.80	2,262

GLOSSARY



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Key words in electronics

Wafer

Semiconductor plate, layer used as a support for manufacturing micro-structures. These micro-structures are a major component in the manufacturing of integrated circuits, power semiconductors or electromechanical microsystems.

Moore's law

Moore's law was published in 1965 in "Electronics Magazine" by Gordon Moore, a Fairchild Semiconductor engineer, one of three founders of Intel. Ascertaining that the complexity of the semiconductors proposed at range entry-level doubled every year at a constant cost since 1959, the date of their invention, he forecast the continuation of this growth (in 1965, the best-performing circuit contained 64 transistors). This exponential increase was quickly named Moore's law, or, given the subsequent adjustment, Moore's First law.

Transistor

A transistor is a semiconductor device with three active electrodes, which can control a current. They are found in high numbers in processors (smartphones, computers, etc.).

More Moore

A challenge to continue the trend to manufacture ever-smaller devices for technological nodes beyond 28 nm.

Nanometer (nm)

One billionth of a meter.

More than Moore

The challenge of integrating more circuit functions and managing their growing complexity.

"Compound" products

Semiconductor material composed of two or more elements is called a compound semiconductor. Typical examples of compound semiconductors include gallium arsenide (GaAs), gallium nitride (GaN), indium phosphide (InP), zinc selenide (ZnSe), and silicon carbide (SiC).

Components

Substrate

Physical base, support or stand which can receive any scriptural or other element, organic, to ensure its sustainability or development.

Silicon-on-Insulator (SOI)

Structure constituted of a stacking of a layer of silicon (from a few dozen nm to a few μm thick) on an insulator layer. This technology is an alternative to raw silicon in the manufacturing of transistors operating at high frequencies.

Bulk silicon

Bulk silicon in "basic" form (unlike advanced substrates such as the SOI), whose semiconductor properties have allowed for the creation of transistors and then integrated circuits ("chips").

Industrial applications

Smart Cut™

Process allowing for transferring very fine layers of crystalline materials to a mechanical support. The application of this technological process is used mainly in Silicon-on-Insulator (SOI). The role of SOI is to electronically insulate a thin layer of mono-crystalline silicon from the rest of the silicon plate, an ultra-thin silicon film is transferred to a mechanical support, which introduces an intermediary, insulator layer. Semiconductor manufacturers can then manufacture integrated circuits on the upper layer of the SOI wafers by using the same processes they would use on raw silicon wafers.

Smart Stacking™

The Soitec Smart Stacking™ technology enables the transfer of thin layers of substrates or circuits to other substrates, in an efficient industrial environment. It is used for backlit image sensors, whose sensitivity it increases, which means that the size of the pixels can be reduced. It opens up new prospects for RF and 3D applications.

Bonded SOI

Process of bonding silicon wafers without additional intermediary layers.

FD-SOI (Fully-Depleted Silicon-on-Insulator)

FD-SOI technology is considered a low-consumption and high-performance new-generation alternative to traditional silicon technologies. The wafers used for the fully depleted flat structure transistor technology are composed of an extremely thin silicon layer on an insulating oxide layer. These wafers, adapted for mass-market mobile and multi-media applications, are able to reduce energy consumption by up to 40% compared to traditional technologies, with equivalent performances.

Epitaxy

Epitaxy refers to a technique for depositing thin layers a few nanometers thick. These layers of materials add diverse features, in the present case of the Soitec Group, which improve the RF performance of future devices.

Financial**AMF**

French Financial Markets Authority (*Autorité des marchés financiers*).

Bond

Contract by which a legal entity (a company, a bank, a government or a governmental organization) receives a certain amount of money from subscribers of the bonds it has issued.

The bonds bear interest that compensates the lender investors. These securities also give their holders the right to be repaid on the maturity of the bond itself. Should the Company go bankrupt, the bond holders are repaid before the shareholders.

Goodwill

Can be estimated from profitability outlooks of the investments made by the Company, taking account of the positions it has taken on its market.

The concept of goodwill corresponds to a financial valuation of the reputation, know-how and performances of the Company, as well as its positioning and the commitment of its suppliers and all its partners.

Goodwill is an element monitored closely by investors since in the event of a sale or buyout of the Company, the estimate of the value of the goodwill may provide a good foundation for discussion for determining the sale price.

IFRS

Accounting standards (international Financial Reporting Standards) which are applied internationally and which are defined by the International Accounting Standard Board. The IFRS standards concern the summary documents (balance sheet, profit & loss account and notes) published by the companies but also, more generally, all published financial information.

OCEANE convertible bonds

Bonds that can be converted into new shares. An OCEANE gives its holder the option of converting the bond at any time, on given dates or even at maturity. An OCEANE may also sometimes be converted when the issuer wishes depending on the terms of the issue contract.

OS (operating segment)

According to the IFRS standards, a company must define the highest possible number of operating segments (OS) comprising it; these OS need to be largely independent in their operations and the Company must allocate its assets to each of these OS. The impairment tests are performed on these OS from time to time if there are reasons to believe that their value dropped, or every year if they include goodwill.

RECONCILIATION TABLE



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28.1 CONCORDANCE TABLE OF THE ANNUAL FINANCIAL REPORT

(in accordance with Article L. 451-1-2 of the French Monetary and Financial Code)

1. Management report	
Analysis of the change in business	Chapter 9.1, Chapter 6 and Chapter 12
Analysis of results	Chapter 9.1.3
Analysis of financial position	Chapter 9.1.2 and 9.1.3 and Chapter 10
Main risks and uncertainties	Chapter 4
Key indicators on environmental and personnel matters	Chapter 17
Capital structure and elements likely to have an impact in the event of a public offering	Chapter 18 and Chapter 21
Buyback of own shares by the Company	Chapter 21.1.3
2. Consolidated financial statements	Chapter 20.3.1
3. Annual financial statements	Chapter 20. 3.2 and Chapter 30
4. Statutory Auditors' reports	
• on the consolidated financial statements	Chapter 20.3.1.3
• on the financial statements	Chapter 20.3.2.3
5. Fees of the Statutory Auditors	Chapter 21.3
6. Statement of the natural persons responsible for the annual financial report	Chapter 1

28.2 CONCORDANCE TABLE OF THE MANAGEMENT REPORT

In this Registration Document, the concordance table below allows to identify information that makes up the Board of Directors' management report to the Shareholders, as required pursuant to Article L. 225-100 of the French Commercial Code.

It was approved by the Board of Directors of the Company on June 13, 2018 and reports the items mentioned below, in accordance with the applicable legal and regulatory provisions.

Information (reference texts)	Paragraph	Pages
I. Company's and Group's situation and business		
• Company's and Group's situation during the past year (L. 232-1 II and L. 233-26 of the French Commercial Code)	20.3.1 and 20.3.2	146-182
• Objective and exhaustive analysis of the change in business, results and financial situation of the Company and the Group (L. 225-100-1 of the French Commercial Code)	6, 9, 10 and 12	30-34, 40-46, 47-48 and 51-52
• Key financial and non-financial indicators of the Company and the Group (L. 225-100-1 of the French Commercial Code)	3, 9 and 17.4	9-10, 40-46 and 103-135
• Foreseeable change in the Company and the Group (L. 232-1 II and L. 233-26 of the French Commercial Code)	9.1.8	44
• Key events that have occurred since the closing date of the fiscal year (L. 232-1 II and L. 233-26 of the French Commercial Code)	9.1.7	44
• Research and development operations of the Company and the Group (L. 232-1 II and L. 233-26 of the French Commercial Code)	11	49-50
• Equity investments or takeovers in companies headquartered in France (L. 233-6 and L. 247-1 of the French Commercial Code)	20.3.1.2 (notes 3.2 and 3.5) and 30	160, 162 and 245-262
• Business and results of the entire Company, its subsidiaries, and companies that it controls, by business sector (L. 233-6 of the French Commercial Code)	7.2 and 20.3.1.2 (note 3.1)	37 and 158-159
• Existing branches of the Company (L. 232-1 II of the French Commercial Code)	N/A	N/A
• Information on locations and operations of the Company (L. 511-45 and R. 511-16-4 of the Monetary and Financial Code)	Soitec an overview and 6	4-5 and 30-34
II. Risk factors and features of the internal control procedures		
• Description of the main risks and uncertainties facing the Company and the Group (L. 225-100-1 of the French Commercial Code)	4	12-23
• Information of the financial risks linked to climate change, and actions taken by the Company and the Group to reduce them (L. 225-100-1 of the French Commercial Code)	4.1.1.5	15
• Objectives and policy in terms of hedging of each principal category of transactions of the Company and the Group (L. 225-100-1 of the French Commercial Code)	4.1.3	16-18
• Company's and Group's exposure to price, credit, liquidity and cash risks (L. 225-100-1 of the French Commercial Code)	4.1.3	16-18
• Main features of the internal control and risk management procedure set up by the Company and the Group relating to the preparation and processing of accounting and financial information (L. 225-100-1 of the French Commercial Code)	4.2	18-23

Information (reference texts)	Paragraph	Pages
III. Information concerning the share capital		
• Name of individuals or legal entities directly or indirectly holding more than 5% of the capital and voting rights, and changes made in the fiscal year (L. 233-13 of the French Commercial Code)	18.1.2	139
• Name of the companies controlled, and share in the Company's capital (L. 233-13 of the French Commercial Code)	7 and 21.1.3.2	36-37 and 187
• Status of employee share ownership (L. 225-102 of the French Commercial Code)	17.3 and 18.1	103 and 138-139
• Securities acquired by employees in connection with a company takeover (L. 225-102 of the French Commercial Code)	N/A	N/A
• Disposal of shares to regularize cross-shareholdings (L. 233-29, R. 233-19 of the French Commercial Code)	N/A	N/A
• Information relating to Company's transactions for the repurchase of its treasury shares (L. 225-211 of the French Commercial Code)	21.1.3	187-189
• Possible adjustments for shares giving access to the capital (L. 225-181, L. 228-99, R. 225-137, R. 228-91 of the French Commercial Code)	N/A	N/A
• Summary statement of the transactions carried out by the corporate officers, managers, certain executives of the Company and persons with whom they have close personal ties (223-26 of the General Regulation of the AMF, L. 621-18-2 and R. 621-43-1 of the Financial and Monetary Code)	17.2.1.2	102-103
IV. Other accounting, financial and legal information		
• Information on payment terms (L. 441-6-1 and D. 441-4 of the French Commercial Code)	9.2.7	46
• Amount of dividends paid over the past three fiscal years (243a of the French General Tax Code)	20.7	184
• Injunctions or financial sanctions for anti-competitive practices (L. 464-2 of the French Commercial Code)	N/A	N/A
• Information on the financial instruments whose underlying assets are made up of an agricultural raw material and the means used by the Company to avoid having a significant impact on the price of agricultural raw materials (L. 511-4-2 of the Financial and Monetary Code)	N/A	N/A
• Amount and features of loans financed or distributed by the Company or distributed as defined in Article 80 (III) of law No. 2005-32 of January 18, 2005 on programming for social cohesion and as a result benefiting from public guarantees. (L. 511-4-1 of the French Monetary and Financial Code)	N/A	N/A
• Return on the Company's assets (R. 511-16-1 of the French Monetary and Financial Code)	N/A	N/A
V. Social and environmental information		
• Information on the social and environmental consequences relating to the Company, subsidiaries and controlled companies (L. 225-102-1 of the French Commercial Code)	N/A	N/A
• Information on the Company and its subsidiaries and controlled companies, relating to societal commitments in favor of sustainable development, the circular economy, and the fight against food waste, and in favor of the fight against discrimination and the promotion of diversity (L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code)	17.4	103-131
• Collective agreements concluded in the Company and its subsidiaries and controlled companies, and their impact on the economic performance of the Company, its subsidiaries and controlled companies and on employees' working conditions (L. 225-102-1 of the French Commercial Code)	17.4.2.2	108-110
• Information for companies operating at least one installation listed in Article L. 515-36 of the French Environmental Code (L. 225-102-2 of the French Commercial Code)	N/A	N/A
• Vigilance plan (L. 225-102-4 of the French Commercial Code)	N/A	N/A

Information (reference texts)	Paragraph	Pages
VI. Appendices to the management report		
• Table showing the Company's results over the past five years (R. 225-102 of the French Commercial Code)	20.3.4 and 30	183 and 258
• Opinion of the independent third party verifying the social and environmental information provided in the management report (L. 225-102-1 para. 3 and R. 225-105-2 of the French Commercial Code)	17.4.5.3	134-135
VII. Financial statements		
• Annual financial statements	20.3.2 and 30	179-182 and 245-262
• Statutory Auditors' report on the annual financial statements	20.3.2.3	181
• Consolidated financial statements	20.3.1	146-179
• Statutory Auditors' report on the consolidated financial statements	20.3.1.3	177

RECONCILIATION TABLE

Concordance table of the corporate governance report

28.3 CONCORDANCE TABLE OF THE CORPORATE GOVERNANCE REPORT

In this Registration Document, the concordance table below identifies the information contained in the Board of Directors' report on corporate governance as required pursuant to Article L. 225-37 of the French Commercial Code.

It was approved by the Board of Directors of the Company on June 13, 2018 and reports the items mentioned below, in accordance with the applicable legal and regulatory provisions.

The Statutory Auditors' report on the Board of Directors' corporate governance report is included in their report on the annual financial statements.

Information (reference texts)	Paragraph	Pages
• Information on the executive compensation policy for the 2018-2019 fiscal year (L. 225-37-2 of the French Commercial Code)	15.1.4	88-89
• Total compensation and benefits of any kind paid during the 2017-2018 fiscal year to each corporate officer of the Company by the Company, the companies it controls, or the Company that controls it (L. 225-37-3 of the French Commercial Code)	15.1.3	83-88
• Commitments of all kinds undertaken by the Company for its corporate officers (L. 225-37-3 of the French Commercial Code)	15.1.3.4	88
• Conditions concerning the holding period on free shares allocated to executive corporate officers (L. 225-197-1 of the French Commercial Code)	14.2.3.2	80
• Conditions for exercising and holding the options allocated to corporate officers (L. 225-185 of the French Commercial Code)	N/A	N/A
• List of all offices and positions held by each corporate officer during the fiscal year in any company (L. 225-37-4 1° of the French Commercial Code)	14.1.1.1.8	58-73
• Agreements concluded between one of the Company's corporate officers or a shareholder holding more than 10% of the voting rights and a subsidiary of the Company (L. 225-37-4 2° of the French Commercial Code)	14.2.1	79
• Summary table of authorizations for capital increases (L. 225-37-4 3° of the French Commercial Code)	21.1.5.1.1	192
• Exercise methods of Executive Management (L. 225-37-4 4° of the French Commercial Code)	14.1.2.2	78-79
• Composition and conditions for the preparation and organization of the work of the Board (L. 225-37-4 5° of the French Commercial Code)	14.1.1	56-77
• Application of the principle of balanced representation of men and women within the Board of Directors (L. 225-37-4 6° of the French Commercial Code)	14.1.1.1.6	57
• Possible limitations by the Board of Directors on the powers of the Chief Executive Officer (L. 225-37-4 7° of the French Commercial Code)	14.1.2.2	78-79
• Corporate Governance Code drawn up by the representative organizations of companies, to which the Company refers (L. 225-37-4 8° of the French Commercial Code)	16.4	97-99
• Terms and conditions relating to the participation of shareholders in the Shareholders' General Meeting (L. 225-37-4 9° of the French Commercial Code)	21.2.5	203-205
• Factors likely to have an impact in the event of a public offering (L. 225-37-5° of the French Commercial Code)	14.1.1.1.1, 14.1.2.2, 14.2.3, 18.1, 21.1.3, 21.2.2 and 21.2.4	56-57, 78-79, 80, 138-140, 187-189, 200-201 and 203
• The Statutory Auditors' report on the Board of Directors' corporate governance report (L. 225-235 of the French Commercial Code)	Included in the report on the annual financial statements found in paragraph 20.3.2.3 (page 181)	

28.4 CONCORDANCE TABLE OF THE CSR REPORT

Readers are encouraged to refer to paragraph 17.4.5.1 Concordance table with the Grenelle II law.

28.5 DOCUMENTS OF THE SHAREHOLDERS' GENERAL MEETING

The documents and information required by Article R. 225-88 of the French Commercial Code (other than those listed above in paragraphs 28.2 and 28.3), as well as the additional information required for the Annual Shareholders' General Meeting, included in this Registration Document, are listed below.

The other documents required by Article R. 225-88 of the French Commercial Code will be included in the notice sent by post or by email to registered shareholders. All of these documents, together with this Registration Document, will be available on the Company's website (www.soitec.com), under Company – Investor Relations – Shareholders' General Meetings – 2018 – O&EGM July 26, 2018.

Information	Paragraph	Pages
• Group management report	Included in the management report (see concordance table in paragraph 28.2)	
• Special report on the transactions carried out on stock options for the 2017-2018 fiscal year	21.1.5.2	198
• Special report on the transactions carried out on free shares for the 2017-2018 fiscal year	21.1.5.3	198
• Volume of transactions and change in share price	26.1	212-213
• Volume of transactions and change in value of OCEANE bonds	26.2	213-214
• Proposal for allocating profit for the 2017-2018 fiscal year	9.2.5.	46
• Description of the Company's share buy-back program that will be submitted to the vote of the Combined Ordinary and Extraordinary Shareholders' General Meeting to be held on July 26, 2018	21.1.3.5	188-189
• Text of resolutions submitted to the Combined Ordinary and Extraordinary Shareholders' General Meeting of July 26, 2018	29.1	222-233
• Board of Directors' report to the Combined Ordinary and Extraordinary Shareholders' General Meeting of July 26, 2018	29.2	233-244
• Statutory Auditors' special report on related-party agreements and commitments	19.2	142-143

TEXT OF RESOLUTIONS AND BOARD OF DIRECTORS' REPORT



29.1 TEXT OF RESOLUTIONS SUBMITTED TO THE COMBINED
ORDINARY AND EXTRAORDINARY SHAREHOLDERS' GENERAL
MEETING OF JULY 26, 2018 222

29.2 BOARD OF DIRECTORS' REPORT TO THE ORDINARY AND
EXTRAORDINARY SHAREHOLDERS' GENERAL MEETING
OF JULY 26, 2018 233

29.1 TEXT OF RESOLUTIONS SUBMITTED TO THE COMBINED ORDINARY AND EXTRAORDINARY SHAREHOLDERS' GENERAL MEETING OF JULY 26, 2018

RESOLUTIONS WITHIN THE COMPETENCE OF THE ORDINARY SHAREHOLDERS' GENERAL MEETING

First resolution – Approval of the statutory financial statements for the fiscal year ended on March 31, 2018

The Shareholders' General Meeting, under the conditions of quorum and majority required for Ordinary General Meetings, having considered the report of the Board of Directors and the report of the statutory auditors on the statutory financial statements for the fiscal year ended on March 31, 2018, approves the statutory financial statements as they were presented, which show a turnover of €296,034,122.30 and a profit of €47,547,826.89, as well as the operations represented in these accounts and summarized in these reports.

The Shareholders' General Meeting also approves the global amount of non-deductible expenditures and charges subject to corporate tax amounting to €112,471.80 for the fiscal year.

Second resolution – Approval of the consolidated financial statements for the fiscal year ended on March 31, 2018

The Shareholders' General Meeting, under the conditions of quorum and majority required for Ordinary General Meetings, having considered the report of the Board of Directors and the report of the statutory auditors on the consolidated financial statements for the fiscal year ended on March 31, 2018, approves the consolidated financial statements for the fiscal year ended on March 31, 2018, as they were presented which show a turnover of €310,631,000 and a net profit Group share of €86,514,000, as well as the operations represented in these accounts and summarized in these reports.

Third resolution – Appropriation of income for the fiscal year ended on March 31, 2018

The Shareholders' General Meeting, under the conditions of quorum and majority required for Ordinary General Meetings, having considered the report of the Board of Directors and the report of the statutory auditors on the annual financial statements for the fiscal year ended on March 31, 2018, decides to allocate the profit for the fiscal year ended on March 31, 2018, amounting to €47,547,826.89, as follows:

- €2,377,391.34, *i.e.* 5% of the earnings to the "Legal reserve", thus increasing the existing amount of €3,393,046.69 to €5,770,438.03; and
- the remaining amount of €45,170,435.55, to "Retained earnings" which, therefore, becomes positive up to the same amount.

The Shareholders' General Meeting acknowledges that there has not been any payment of dividends over the past three fiscal years.

Fourth resolution – Approval of the related-party agreements and commitments

The Shareholders' General Meeting, under the conditions of quorum and majority required for Ordinary General Meetings, having considered the report of the statutory auditors on related-party agreements referred to in

Articles L. 225-38 *et seq.* of the French Commercial Code, declares that it approves the report presenting the related-party agreements concluded or approved previously, which continued in the fiscal year ended March 31, 2018, as well as the related-party agreements that had been concluded in the fiscal year ended March 31, 2018.

The Shareholders' General Meeting also acknowledges that the implementation of the compensation package of the CEO for the 2017-2018 fiscal year as well as the variable compensation package for the 2018-2019 fiscal year, has been reviewed by the Board of Directors in accordance with the process of Articles L. 225-38 *et seq.* of the French Commercial Code, as per the provisions of Article L. 225-42-1 of the said Code.

Fifth resolution - Appointment of Mr Eric Meurice as a new director

The Shareholders' General Meeting, under the conditions of quorum and majority required for Ordinary Shareholders' General Meetings, having considered the report of the Board of Directors, resolves to appoint Mr Eric Meurice, of French nationality, born on July 30, 1956 in Saint-Pierre-lès-Nemours (Seine-et-Marne), residing at Hangmoor - Callow Hill - Virginia Water - GU25 4LD - United Kingdom, as a director of the Company, effective as of today for a duration of three (3) years, *i.e.* until the close of the Ordinary Shareholders' General Meeting which will be held in 2021 to decide on the financial statements of the fiscal year ending on March 31, 2021.

Sixth resolution – Renewal of Mr Satoshi Onishi's directorship

The Shareholders' General Meeting, under the conditions of quorum and majority required for Shareholders' Ordinary Shareholders' General Meetings, having considered the report of the Board of Directors, decides that the directorship of Mr Satoshi Onishi has reached its term and decides to renew his directorship with the Company, effective as of today for a duration of three (3) years, *i.e.* until the close of the Ordinary General Shareholders' Meeting which will be held in 2021 to decide on the financial statements of the fiscal year ending on March 31, 2021.

Seventh resolution – Approval of the fixed, variable and exceptional components of the total compensation and benefits of any kind paid or granted to Mr Paul Boudre, CEO, for the fiscal year ending March 31, 2018

The Shareholders' General Meeting, under the conditions of quorum and majority required for Ordinary Shareholders' General Meetings, having considered the report of the Board of Directors prepared pursuant to Article L. 225-100 of the French Commercial Code and shown in the Company's 2017-2018 Registration Document, approves the fixed, variable and exceptional parts making up the total compensation and benefits of any kind paid to Mr Paul Boudre for the current fiscal year ending March 31, 2018, as presented in the aforementioned report and attributed due to his term of office as Chief Executive Officer.

Eighth resolution – Approval of the compensation policy for executive corporate officers for the current fiscal year ending March 31, 2019

The Shareholders' General Meeting, under the conditions of quorum and majority required for Ordinary General Meetings, having considered the report of the Board of Directors prepared pursuant to Article L. 225-37-2 of the French Commercial Code and appearing in the Company's 2017-2018 Registration Document, approves the criteria for the calculation, distribution, and allocation of the fixed, variable and exceptional parts making up the total compensation and benefits of any kind presented in the aforementioned report, and attributable to the Company's corporate officers, by virtue of their offices under the current fiscal year ending on March 31, 2019.

Ninth resolution – Authorization for the Board of Directors to carry out transactions on the Company's shares

The Shareholders' General Meeting, under the conditions of quorum and majority required for Ordinary General Meetings, having reviewed the report of the Board of Directors, and in accordance with the conditions provided for under Article L. 225-209 *et seq.* of the French Commercial Code and under European Regulation No. 2273/2003 of December 22, 2003, and as recognized by the market practices of the French

Autorité des marchés financiers, authorizes the Board of Directors, with the possibility of sub-delegating, under the conditions set out by law and in the bylaws, to acquire or to have someone acquire the Company's shares, with the purpose of:

- ensuring liquidity and making a market on the secondary share market of the Company through an investment service provider acting independently in the framework of a liquidity agreement which complies with the French AMAFI ethical charter acknowledged by the French *Autorité des marchés financiers*; or
- the allocation or sale of shares to employees or former employees and/or corporate officers or former corporate officers of the Company and/or companies that are or will be linked to it under the conditions and terms provided by applicable law, notably with respect to the framework of options plans, free allocation of existing shares or company savings plans; or
- the retention and deferred award of shares (in exchange, as payment or other) for external growth operations, on the understanding that the maximum amount of shares acquired with a view to their retention and subsequent award as payment or in exchange for merger, demerger or capital contribution operations may not exceed 2% of the capital; or
- hedging securities giving rights to shares of the Company upon exercise of rights attached to securities, giving rights to the attribution of Company shares through redemption, conversion, exchange, presentation of bonds, or any other means; or
- subject to adoption of the twentieth resolution, to subsequently cancel, in whole or in part, the shares thus bought in under the conditions provided in Article L. 225-209 of the French Commercial Code; or
- to implement any other permitted market practice or which is allowed by the market authorities; or
- to operate in any other authorized purpose or which may afterwards be authorized by law or regulations in force subject to the shareholders of the Company being informed through a press release.

The share purchase may involve a number of shares, such as:

- the number of shares acquired during the term or the repurchase program may not exceed, at any time, 2% of the share capital of the Company. This percentage applies to the capital adjusted according to these operations occurring after the present meeting, provided that in the event the shares are purchased with a liquidity contract, the number of shares taken into account for calculating the 2% limit is the number of shares purchased less the number of shares sold during the authorization period;
- the number of shares which the Company holds at any time shall not exceed 10% of the Company's share capital, where said percentage applies to capital adjusted according to operations affecting it after this Shareholders' Meeting.

The purchase of shares may be made on one or more occasions, by any means, on a regulated market, a multilateral trading facility, from a systematic internalizer or by mutual agreement, including by public offer or transactions for blocks of shares (which may represent the entire program). However, the Company does not intend to use derivatives. These transactions may be performed at any time, pursuant to the legal provisions in force, excluding during public offerings of Company securities.

The Shareholders' General Meeting decides that the maximum purchase price is to be set at one hundred (100) euros per share. In the event of capital transactions, notably division or splitting of shares or award of free shares, the aforementioned amount will be adjusted in the same proportions (adjustment coefficient equal to the ratio between the number of shares comprising the capital prior to the operation and the number of shares after the operation).

Consequently, and pursuant to Article R. 225-151 of the French Commercial Code, the Shareholders' General Meeting sets at 627,620 shares the maximum number of shares that can be acquired under the share repurchase program authorized above, and at €62,762,000 the maximum overall amount allocated to said program, as calculated on the basis of the share capital as of today's date, composed of €62,762,070.50.

The Shareholders' General Meeting grants all powers to the Board of Directors, with possibility to sub-delegate, for the purpose of implementing this authorization, entering into any agreement, carrying out any formality and filing any declaration with any agency, and more generally, doing all that is necessary.

This authorization is valid from the date of this Shareholders' Meeting and shall expire on the day of the Shareholders' General Meeting which shall be convened in 2019 to approve the accounts of the fiscal year ending on March 31, 2019, on the understanding that this authorization cancels and supersedes all other authorizations previously granted by a resolution of the same nature.

RESOLUTIONS WITHIN THE COMPETENCE OF THE EXTRAORDINARY SHAREHOLDERS' GENERAL MEETING

Tenth resolution – Delegation of authority to be granted to the Board of Directors for the purpose of proceeding with a capital increase by way of the issuance of shares and/or securities giving access to the Company's share capital, with preferential subscription rights, immediately or in the future

The Shareholders' General Meeting, under the conditions of quorum and majority required for Extraordinary General Meetings, having considered the Board of Directors' report and the statutory auditors' special report, and in accordance with the provisions of Articles L. 225-129 *et seq.*, L. 228-91 *et seq.* and specifically Articles L. 225-129-2 and L. 228-92 of the French Commercial Code:

1. **delegates** to the Board of Directors, with the possibility to sub-delegate, within the terms and conditions provided by law, the authority and the powers necessary for the purpose of deciding to issue, in one or more installments, in France and/or abroad, in such amount and at such time as it deems appropriate, in euros, in foreign currencies, or any other accounting unit established by reference to a basket of currencies, with preferential subscription rights, for consideration or for free, of ordinary shares and/or any securities governed by Articles L. 228-92 paragraph 1, L. 228-93 paragraphs 1 and 3 or L. 228-94 paragraph 2 of the French Commercial Code, giving access by any means, immediately and/or in the future, at any time or on a fixed date, by subscription, conversion, exchange, reimbursement, presentation of a warrant or any other means, to the Company's capital (including securities giving entitlement to the allocation of debt securities), it being specified that subscription of said shares and/or other securities may be made either in cash or by offsetting liquid and due receivables, or by incorporation of reserves, profits or premiums;
2. **sets** at twenty-six (26) months as from the day of this Shareholders' Meeting the validity of this delegation, on the understanding that all other delegations of authority previously granted by a resolution of the same nature are obsolete;
3. **decides** to enforce the following limits on the issuance amounts permitted in the event that the Board of Directors decides to use this delegation of authority:
 - a. the maximum nominal amount of capital increases that may be carried out, immediately or in the long term, based on this delegation of authority may not go above the ceiling of €30 million for the nominal value, or the counter-value of this amount, on the understanding that:
 - (i) the aggregate nominal amount of the capital increases in respect of shares issued directly or indirectly, on the basis of this resolution and the eleventh, twelfth, thirteenth, fourteenth, fifteenth, sixteenth, seventeenth, eighteenth and nineteenth resolutions, subject to their adoption by the present Shareholders' Meeting, and on the basis of the issuance authorized by the resolutions of the same nature that could succeed these resolutions during the term of this delegation, shall not surpass the global ceiling of €30 million for the nominal value, and

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- (ii) to these ceilings will be added the nominal amount of capital increases related to ordinary shares which may be issued to preserve, in accordance with the law, and, where applicable, contractual provisions providing for other adjustments, the rights of holders of securities and other rights giving access to the Company's capital,
- b. the maximum nominal amount of securities representing bond or related securities, giving access, immediately or in the future, to the Company's capital, which may be issued under the present delegation of competence, may not exceed the ceiling of €300 million or the counter-value of this amount, provided that any redemption premium above par will be added, and this amount will be deducted from the nominal amount of securities representing bond instruments or equivalent, giving access to the Company's capital, to be issued under this resolution and the eleventh, twelfth, thirteenth, fourteenth, fifteenth, sixteenth, seventeenth, eighteenth and nineteenth resolutions, subject to their adoption by the present Shareholders' Meeting, and on the basis of issuance authorized by the resolutions of the same nature that may succeed these resolutions during the validity of the present delegation;
4. in the event that the present delegation of authority is used by the Board of Directors:
- **decides** that the issuance will be reserved in favor of Company shareholders who have the right to subscribe in direct proportion to the number of shares they hold,
 - **nevertheless decides** that the Board of Directors will have the power to grant shareholders the right to subscribe to shares or securities in excess of the minimum number to which they have preferential subscription rights proportionally to their subscription rights, and in any event, within the limit of their request,
 - **decides** that if the subscriptions as of right (*à titre irréductible*) and, where applicable, excess subscriptions (*à titre réductible*) do not cover the entire amount of the issuance of shares or securities, as defined above, the Board of Directors may undertake, as provided by law, and in the order of its choosing, one and/or any of the following:
 - to limit the capital increase to the subscriptions' amount upon the condition that this amount reaches at least three-quarters of the decided issuance,
 - to freely distribute all or part of the non-subscribed securities between the individuals of its choice,
 - to offer to the public all or part of the non-subscribed securities, on the French market and/or internationally;
5. **decides** that the issuance of the warrants giving access to Company shares may be made through a subscription offer, but also through free allocation of shares to Company shareholders, on the understanding that the Board of Directors may decide that, in the event of an allocation of bonus warrants, the resulting fractional shares shall not be negotiable and that the corresponding shares shall be sold;
6. **decides** that the Board of Directors will have the powers, with the possibility to sub-delegate, in accordance with applicable law, to decide on the aforementioned issuances and proceed with them in such a form as it deems appropriate and in compliance with applicable law, notably:
- determining the dates and the terms of issuance as well as the form and characteristics of the shares and/or securities to be issued,
 - determining the number of shares and/or other securities to be issued, the issue price and conditions attached thereto, specifically the issuance thereof, if applicable the issuance premium, the terms of their release and their maturity date (if applicable, retroactively) and, if necessary, repurchase conditions,
 - in the case of issuance of debt securities, deciding whether they are subordinate or not (and, where appropriate, their rank of subordination, in accordance with the provisions of Article L. 228-97 of the French Commercial Code), setting their interest rate, providing for their duration (fixed or otherwise), the possibility of reducing or increasing the nominal value of the securities and the other conditions of

issuance and amortization, amending, during the life of the securities concerned, the terms referred to above, in compliance with the applicable formalities,

- setting, where appropriate, the terms for exercising the rights (as the case may be, the conversion, exchange, and reimbursement rights, including by providing Company assets such as treasury shares or securities already issued by the Company) attached to the shares or securities giving access to the capital and, in particular, fixing the date, even retroactively, from which the new shares shall be entitled to dividend rights, as well as any other conditions and terms for the realization of the capital increase,
- suspending, where appropriate, the exercise of rights attached to these shares and/or securities to be issued under the conditions and limits provided by applicable laws and regulations,
- at its sole discretion, charging issuance fees to the premium amounts associated therewith and withholding from these sums the amount necessary to bring the legal reserve to a tenth of the capital as set after each increase,
- determining and making any adjustments intended to take into account the impact of transactions on the company's capital or equity, in particular in the event of a change in the nominal amount of the share, of capital increase by incorporation of reserves, profits or premiums, free allocation of shares, stock split or reverse stock split, distribution of dividends, reserves or premiums or any other assets, amortization of capital, or any other transaction relating to capital or equity (including in the case of public offer and/or change of control), and setting out any other conditions to ensure, where appropriate, the preservation of the rights of holders of securities giving access to the capital or other rights giving access to the capital (including by way of cash adjustments),
- generally taking all appropriate measures, executing all agreements, obtaining all authorizations, carrying out all formalities necessary to ensure successful completion of the issuance or stay the implementation thereof, notably acknowledging completion of any capital increases resulting from any issuance conducted by this present delegation, amending the bylaws, requesting the listing of any shares and/or securities issued as a result of this present delegation.

The Board of Directors may not, except by prior authorization of the Shareholders' General Meeting, make use of this delegation from the time of deposit by a third party of a public offer for the Company's securities, until the end of the offer period.

Eleventh resolution - Delegation of authority to be granted to the Board of Directors for the purpose of proceeding with a capital increase by way of the issuance of shares and/or any securities giving access to the Company's share capital, without preferential subscription rights, immediately or in the future

The Shareholders' General Meeting, under the conditions of quorum and majority required for Extraordinary Shareholders' Meetings, having considered the Board of Directors' report and the statutory auditors' special report, and pursuant to the provisions of Articles L. 225-129 et seq. of the French Commercial Code, specifically Articles L. 225-129-2, L. 225-135, L. 225-136, L. 225-148 and L. 228-91 et seq. of the French Commercial Code:

1. **delegates** to the Board of Directors with a possibility to sub-delegate, in accordance with applicable law, its authority and powers for the purpose of deciding to issue, on one or several occasions, in France as well as abroad, in such amount and at such times as it deems appropriate, in euros, in foreign currencies, or any other accounting unit established by reference to a basket of currencies, without preferential subscription rights, for consideration or for free, within the framework of a public offering, ordinary shares and/or any securities governed by Articles L.228-92 subparagraph 1, L.228-93 subparagraph 1 and 3, or L.228-94 subparagraph 4 of the French Commercial Code, giving access by any means, immediately or in the future, at any time or on a determined date, by way of subscription, conversion, exchange, reimbursement, presentation of a warrant or in any other manner, to the Company's share capital (including capital securities giving right to the allocation of debt securities), provided that the subscription of shares and/or securities may be made either in cash or by setting off against due and payable receivables, or by incorporation of reserves, profits, or premiums;

2. **sets** at twenty-six (26) months as from the day of this Shareholders' Meeting the validity of this delegation, with the clarification that it renders obsolete any delegation of authority conferred by a similar resolution adopted previously;
3. **sets** the following limits on the issuance amounts in the event the Board of Directors decides to use its delegation of authority:
- the maximum nominal amount of capital increases that may be carried out, immediately or in the long term, based on this delegation of authority may not go above the ceiling of €6 million for the nominal value, or the counter-value of this amount, on the understanding that:
 - this ceiling applies to the present resolution and the twelfth, thirteenth, fourteenth, fifteenth, sixteenth and eighteenth resolutions,
 - this amount will be deducted from the global nominal ceiling amount of €30 million referred to in paragraph "3.a. (i)" of the tenth resolution or, if need be, to the possible amount, if any, provided by a resolution of the same nature succeeding this resolution during the term of this delegation,
 - to these ceilings will be added the nominal amount of capital increases related to ordinary shares which may be issued to preserve, in accordance with the law, and, where applicable, contractual provisions providing for other adjustments, the rights of holders of securities and other rights giving access to the Company's capital,
 - the maximum nominal amount of securities representing bond or related securities, giving access, immediately or in the future, to the Company's capital, likely to be issued on the basis of the present resolution, may not exceed the ceiling of €300 million or the counter value of this amount, plus, as appropriate, any redemption premium above par,, provided that this amount is deducted from the global ceiling amount of €300 million pursuant to "3.b." of the eleventh resolution of the present meeting or, as the case may be, from the possible ceiling amount pursuant to a resolution of the same nature that may succeed this resolution during the term of validity of the present delegation;
4. **decides** that any issuance performed pursuant thereto shall be performed through public offers, on the understanding that such may be performed in conjunction with an offer or offers covered by Article L. 411-2 (II) of the French Monetary and Financial Code, which may be completed under the thirteenth resolution of the present Shareholders' Meeting;
5. **decides** to remove the shareholders' preferential subscription rights to the shares and/or securities that are likely to be issued based on the present delegation;
6. **decides** that the Board of Directors may bestow a preferential period to shareholders not resulting in the creation of tradeable rights, over an amount of time that shall be set in accordance with applicable laws and regulations, for all or part of an issuance performed based on this resolution and which shall be exercised in proportion to the number of shares held by each shareholder pursuant to applicable laws and regulations and in addition excess subscription rights may be granted, with the clarification that shares not subscribed in this manner will be submitted for public placement in France or abroad;
7. **decides** that if the subscriptions as of right (*à titre irréductible*) and, where applicable, excess subscriptions (*à titre réductible*) do not cover the entire amount of the issuance of shares or securities, as defined above, the Board of Directors may undertake, as provided by law, and in the order of its choosing, one and/or any of the following:
- to limit the capital increase to the subscriptions' amount upon the condition that this amount reaches at least three-quarters of the decided issuance,
 - to freely distribute all or part of the non-subscribed securities between the individuals of its choice,
 - to offer the public all or part of the non-subscribed securities, on the French market and/or internationally;
8. **acknowledges and decides**, as relevant, that this delegation shall, to the benefit of holders of any securities giving access to Company shares that may be issued pursuant to this delegation, automatically result in the waiver of shareholder preferential subscription rights to the new shares to which these securities would give rise;
9. **decides** that (i) the share price for ordinary shares to be issued pursuant to this resolution or those to which the securities to be issued under this resolution may give right, shall be at least equal to the minimum price permitted by laws and regulations applicable on the date of issue (to date, the weighted average of the last three trading days preceding the fixation of the subscription price minus 5%), after, if necessary, adjusting this average to take into account any difference between the maturity dates, and (ii) the issuance price for the securities giving access to capital shall be that of the sum immediately received by the Company, increased, where appropriate, by the sum likely to be collected subsequently by the Company, *i.e.* for each share issued as a consequence of the issuance of these securities, at least equal to the price defined in part (i) of this paragraph;
10. **decides** that the Board of Directors shall have the powers, with the possibility to sub-delegate, in accordance with applicable law, to decide on the aforementioned issuances and proceed with them in such a form as it deems appropriate and in compliance with applicable law, notably:
- determining the dates and the terms of issuance as well as the form and characteristics of the shares and/or securities to be issued,
 - determining the number of shares and/or other securities to be issued, the issue price and conditions attached thereto, specifically the issuance thereof, if applicable the issuance premium, the terms of their release and their maturity date (if applicable, retroactively) and, if necessary, repurchase conditions,
 - in the case of issuance of debt securities, deciding whether they are subordinate or not (and, where appropriate, their rank of subordination, in accordance with the provisions of Article L. 228-97 of the French Commercial Code), setting their interest rate, providing for their duration (fixed or otherwise), the possibility of reducing or increasing the nominal value of the securities and the other conditions of issuance and amortization, amending, during the life of the securities concerned, the terms referred to above, in compliance with the applicable formalities,
 - setting, where appropriate, the terms for exercising the rights (as the case may be, the conversion, exchange, and reimbursement rights, including by providing Company assets such as treasury shares or securities already issued by the Company) attached to the shares or securities giving access to the capital and, in particular, setting the date, even retroactively, from which the new shares shall be entitled to dividend rights, as well as any other conditions and terms for the realization of the capital increase,
 - suspending, if need be, the exercise of rights attached to these shares and/or securities to be issued under the conditions and limits provided by applicable laws and regulations,
 - at its sole discretion, charging issuance fees to the premium amounts associated therewith and withholding from these sums the amount necessary to bring the legal reserve to a tenth of the capital as set after each increase,
 - determining and making any adjustments intended to take into account the impact of transactions on the Company's capital or equity, in particular in the event of a change in the nominal amount of the share, of capital increase by incorporation of reserves, profits or premiums, free allocation of shares, stock split or reverse stock split, distribution of dividends, reserves or premiums or any other assets, amortization of capital, or any other transaction relating to capital or equity (including in the case of public offer and/or change of control), and setting out any other conditions to ensure, where appropriate, the preservation of the rights of holders of securities giving access to the capital or other rights giving access to the capital (including by way of cash adjustments),

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- generally taking all appropriate measures, executing all agreements, obtaining all authorizations, carrying out all formalities necessary to ensure successful completion of the issuance or stay the implementation thereof, notably acknowledging completion of any capital increases resulting from any issuance conducted by this present delegation, amending the bylaws, requesting the listing of any shares and/or securities issued as a result of this present delegation.

The Board of Directors may not, except by prior authorization of the Shareholders' General Meeting, make use of this delegation from the time of deposit by a third party of a public offer for the Company's securities, until the end of the offer period.

Twelfth resolution – Delegation of authority to be granted to the Board of Directors for the purpose of issuing shares and/or any securities giving access to the Company's share capital to categories of persons meeting defined requirements, without the Shareholders' preferential subscription rights, immediately or in the future

The Shareholders' General Meeting, under the conditions of quorum and majority required for Extraordinary General Meetings, having considered the Board of Directors' report and the statutory auditors' special report, and pursuant to the provisions of Articles L. 225-129 et seq., L. 228-91 to L. 228-93, and L. 225-135 to L. 225-138 of the French Commercial Code:

- delegates** to the Board of Directors, with the possibility to sub-delegate within the terms and conditions provided by law, its authority to proceed, in one or more installments, in such amount and at such time as it deems appropriate, in euros, in foreign currencies, or any other accounting unit established by reference to a basket of currencies, with the issue, without preferential subscription rights, for consideration or for free, in France and/or abroad, of ordinary shares and/or any securities governed by Articles L. 228-92 paragraph 1, L. 228-93 paragraphs 1 and 3 or L. 228-94 paragraph 2 of the French Commercial Code, giving access by any means, immediately and/or in the future, at any time or on a fixed date, by subscription, conversion, exchange, reimbursement, presentation of a warrant or any other means, to the Company's capital (including securities giving entitlement to the allocation of debt securities), it being specified that subscription of said shares and/or other securities may be made either in cash or by offsetting liquid and due receivables, or by incorporation of reserves, profits or premiums;
- decides** to eliminate the preferential subscription rights of the shareholders in connection to shares and/or securities giving access to Company equity to be issued and to reserve, as it pertains to this delegation, the right to subscribe these shares and/or securities to those persons meeting the following requirements: financial institutions or investment funds of French or foreign law aiming at supporting growth technology companies in the medium term;
- delegates** the authority to define the precise list of beneficiaries of the elimination of preferential subscription rights to the Board of Directors as well as the authority to set the number of shares and/or securities that may be issued to each such entity;
- acknowledges and decides**, as the case may be, that this delegation shall automatically apply to the beneficiaries appearing in the list provided by the Board of Directors mentioned above, the waiver of shareholder preferential subscription rights to the new shares to which these securities would give rise;
- sets** the following limits on the issuance amounts in the event the Board of Directors decides to use its delegation of authority:
 - the maximum nominal amount of capital increases that may be carried out, immediately or in the long term, based on this delegation of authority may not go above the ceiling of €6 million for the nominal value, or the counter-value of this amount, on the understanding that this amount will be deducted:
 - from the common ceiling amount of €6 million of nominal value referred to in "3. a. (i)" of the eleventh resolution of this Shareholders' Meeting or, when appropriate, to the ceiling, if any, provided by a

resolution of the same nature succeeding this resolution during the term of this delegation, on the understanding in any event that issuances of securities made within this framework are limited according to the legal provisions in force on the day of the issuance,

- from the global nominal ceiling amount of €30 million referred to in paragraph "3. a. (i)" of the tenth resolution or, if need be, to the possible amount, if any, provided by a resolution of the same nature succeeding this resolution during the term of this delegation. To these ceilings will be added the nominal amount of capital increases related to ordinary shares which may be issued to preserve, in accordance with the law, and, where applicable, contractual provisions providing for other adjustments, the rights of holders of securities and other rights giving access to the Company's capital,
- the maximum nominal amount of securities representing bond or related securities, giving access, immediately or in the future, to the Company's capital, likely to be issued on the basis of the present resolution, may not exceed the ceiling of €300 million or the counter value of this amount, provided that this amount, plus, as appropriate, any redemption premium above par, is deducted from the global ceiling amount of €300 million pursuant to "3. b." of the eleventh resolution of the present meeting or, as the case may be, from the possible ceiling amount pursuant to a resolution of the same nature that may succeed this resolution during the term of validity of the present delegation;
- decides** that (i) the shares' issuance price for ordinary shares pursuant to this resolution or those which may give rights to securities to be issued under this resolution, shall be at least equal to the share market price of the last trading day preceding the fixation of the subscription price minus a 10% discount), after, if necessary, adjusting this average in the event of a difference between the maturity dates, and (ii) the issuance price for the securities giving access to capital shall be that of the sum immediately received by the Company, increased, where appropriate, by that likely to be collected subsequently by the Company, or for each share issued as a consequence of the issuance of the securities, at least equal to the minimum price defined in part (i) of this paragraph;
 - grants** that the Board of Directors shall have the powers, with the possibility to sub-delegate in accordance with applicable law, to proceed with the aforementioned issuance in such a form as it deems appropriate and in compliance with applicable law, and notably:
 - determining the list of beneficiaries of the above-mentioned categories and the number of shares to be attributed to each of them,
 - determining the terms of issuance as well as the form and characteristics of the shares and/or securities that would grant access to Company equity, the terms under which the shares or securities would be allocated as well as the dates on which the allocation rights may be exercised,
 - in the case of issuance of debt securities, deciding whether they are subordinate or not (and, where appropriate, their rank of subordination, in accordance with the provisions of Article L. 228-97 of the French Commercial Code), setting their interest rate, providing for their duration (fixed or otherwise), the possibility of reducing or increasing the nominal value of the securities and the other conditions of issuance and amortization, amending, during the life of the securities concerned, the terms referred to above, in compliance with the applicable formalities,
 - setting, where appropriate, the terms for exercising the rights (as the case may be, the conversion, exchange, and reimbursement rights, including by providing Company assets such as treasury shares or securities already issued by the Company) attached to the shares or securities giving access to the capital and, in particular, setting the date, even retroactively, from which the new shares shall be entitled to dividend rights, as well as any other conditions and terms for the realization of the capital increase,

- suspending, where appropriate, the exercise of rights attached to these shares and/or securities to be issued under the conditions and limits provided by applicable laws and regulations,
 - at its sole discretion, charging the costs of the capital increases to the amount of the related issue premiums and deduct from this amount the sums required to constitute the legal reserve,
 - making any adjustments intended to take any transactions that affect Company capital into account, executing all agreements in order to issue the shares or securities set out herein, acknowledging the completion of the capital increases, amending the bylaws as a result hereof, and carrying out all formalities and generally doing all that is useful and necessary;
8. **sets** at eighteen (18) months as of the date of this Shareholders' Meeting the duration of the present delegation with the clarification that it renders obsolete any delegation of authority conferred by a similar resolution adopted previously.

The Board of Directors may not, except by prior authorization of the Shareholders' General Meeting, make use of this delegation from the time of deposit by a third party of a public offer for the Company's securities, until the end of the offer period.

Thirteenth resolution – Delegation of authority to be granted to the Board of Directors in order to issue, by an offer set out at Article L. 411-2 II of the French Monetary and Financial Code, shares and/or securities giving access, immediately or in the future, to the Company's share capital, without the shareholders' preferential subscription rights

The shareholders, under the conditions of quorum and majority required for Extraordinary Shareholders' Meetings, having considered the Board of Directors' report and the statutory auditors' special report, and pursuant to the provisions of Articles L. 225-129 *et seq.* and L. 228-91 *et seq.* of the French Commercial Code, notably Articles L. 225-129-2, L. 225-135, and L. 225-136, and Articles L. 228-91 *et seq.* of the French Commercial Code:

1. **delegates** to the Board of Directors, with the possibility to sub-delegate within the terms and conditions provided by law, its authority to proceed, in one or more installments, in such amount and at such time as it deems appropriate, with the issue in France and/or abroad, as part of an offer referred to in II of Article L. 411-2 of the French Monetary and Financial Code, in euros, in foreign currencies, or any other accounting unit established by reference to a basket of currencies, for consideration or for free, of ordinary shares and/or any securities governed by Articles L. 228-92 paragraph 1, L. 228-93 paragraphs 1 and 3 or L. 228-94 paragraph 2 of the French Commercial Code, giving access by any means, immediately and/or in the future, at any time or on a fixed date, by subscription, conversion, exchange, reimbursement, presentation of a warrant or any other means, to the Company's capital (including securities giving entitlement to the allocation of debt securities), it being specified that subscription of said shares and/or other securities may be made either in cash or by offsetting liquid and due receivables, or by incorporation of reserves, profits or premiums;
2. **decides** to remove the shareholders' preferential subscription rights to the securities that can be issued on the grounds of this resolution;
3. **decides** that the maximum nominal amount of capital increases that may be performed immediately or in the future by virtue of this resolution may not, within the limits set out by law applicable on the day of the issuance (as an indication, on the day of the present Shareholders' General Meeting, the issuance of share capital carried out by an offer pursuant to Article L. 411-2 (II) of the French Financial and Monetary Code is limited to 20% of the Company's capital per year), exceed the €6 million ceiling, or the counter-value of this amount, it being understood that such amount shall be deducted from:
 - (i) the common nominal ceiling amount of €6 million referred to in paragraph "3.a. (i)" of the twelfth resolution of this Shareholders' Meeting or, when appropriate, to the global ceiling, if any, provided by

a resolution of the same nature succeeding this resolution during the term of this delegation, on the understanding in any event that issuances of securities made in this framework are limited according to the legal provisions in force on the day of the issuance,

- (ii) the nominal ceiling amount of €30 million referred to in paragraph "3.a. (i)" of the tenth resolution or, if need be, to the possible amount, if any, provided by a resolution of the same nature succeeding this resolution during the term of this delegation.

To these ceilings will be added the nominal amount of capital increases related to ordinary shares which may be issued to preserve, in accordance with the law, and, where applicable, contractual provisions providing for other adjustments, the rights of holders of securities and other rights giving access to the Company's capital,

4. **decides** that the nominal amount of debt securities or related securities, giving access, immediately or in the future, to the Company's capital, likely to be issued on the basis of the present delegation, may not exceed €300 million or the counter value of this amount, it being understood that this amount, supplemented where appropriate by any redemption premium above the nominal value, shall be deducted from the global ceiling of €300 million pursuant to "3. b" of the tenth resolution, or, where appropriate, the amount of any ceiling provided for by a resolution of the same nature succeeding this resolution during the term of this delegation;
5. **acknowledges** that if the subscriptions do not absorb the total issuance, the Board of Directors may limit the operation's amount to the amount of subscriptions received, provided that they reach at least three-quarters of the subscriptions issued;
6. **decides** that (i) the shares' issuance price for ordinary shares pursuant to this resolution or those which may give rights to securities to be issued under this resolution, shall be at least equal to the minimum price permitted by laws and regulations applicable on the date of issue (to date, the weighted average of the last three trading days preceding the fixation of the subscription price minus 5%), after, if necessary, adjusting this average in the event of a difference between the maturity dates; and (ii) the issuance price for the securities giving access to capital and the number of shares to which entitlement arises by the conversion, redemption, or generally, the transformation of each security giving access to the capital, of the sums received immediately by the Company, increased, where appropriate, by that likely to be collected subsequently by the Company, or for each share issued as a consequence of the issuance of the securities, at least equal to the minimum price defined in part (i) of this paragraph;
7. **decides** that the Board of Directors shall have the powers, with the possibility to sub-delegate in accordance with applicable law, to proceed with the aforementioned issuance in such a form as it deems appropriate and in compliance with applicable law, and notably:
 - determining the dates and the terms of issuance as well as the form and characteristics of the shares and/or securities to be issued,
 - determining the number of shares and/or other securities to be issued, the issue price and conditions attached thereto, specifically the issuance thereof, if applicable the issuance premium, the terms of their release and their maturity date (if applicable, retroactively) and, if necessary, repurchase conditions,
 - in the case of issuance of debt securities, deciding whether they are subordinate or not (and, where appropriate, their rank of subordination, in accordance with the provisions of Article L. 228-97 of the French Commercial Code), setting their interest rate, providing for their duration (fixed or otherwise), the possibility of reducing or increasing the nominal value of the securities and the other conditions of issuance and amortization, amending, during the life of the securities concerned, the terms referred to above, in compliance with the applicable formalities,
 - setting, where appropriate, the terms for exercising the rights (as the case may be, the conversion, exchange, and reimbursement rights, including by providing Company assets such as treasury shares or securities already issued by the Company) attached to the shares or securities giving access to the capital and, in particular, setting the date, even retroactively, from which the new shares shall be entitled to dividend rights, as well as any other conditions and terms for the realization of the capital increase,

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- suspending, where appropriate, the exercise of rights attached to these shares and/or securities to be issued under the conditions and limits provided by applicable laws and regulations,
 - at its sole discretion, charging issuance fees to the premium amounts associated therewith and withholding from these sums the amount necessary to bring the legal reserve to a tenth of the capital as set after each increase,
 - determining and making any adjustments intended to take into account the impact of transactions on the Company's capital or equity, in particular in the event of a change in the nominal amount of the share, of capital increase by incorporation of reserves, profits or premiums, free allocation of shares, stock split or reverse stock split, distribution of dividends, reserves or premiums or any other assets, amortization of capital, or any other transaction relating to capital or equity (including in the case of public offer and/or change of control), and setting out any other conditions to ensure, where appropriate, the preservation of the rights of holders of securities giving access to the capital or other rights giving access to the capital (including by way of cash adjustments),
 - generally taking all appropriate measures, executing all agreements, obtaining all authorizations, carrying out all formalities necessary to ensure successful completion of the issuance or stay the implementation thereof, notably acknowledging completion of any capital increases resulting from any issuance conducted by this present delegation, amending the bylaws, requesting the listing of any shares and/or securities issued as a result of this present delegation;
8. **sets** at twenty-six (26) months as from the day of this Shareholders' Meeting the validity of this delegation, on the understanding that, as a result, all other delegations of authority previously granted by a resolution of the same nature are obsolete;

The Board of Directors may not, except by prior authorization of the Shareholders' General Meeting, make use of this delegation from the time of deposit by a third party of a public offer for the Company's securities, until the end of the offer period.

Fourteenth resolution – Delegation of authority to be granted to the Board of Directors for the purpose of increasing the issuance amount with or without preferential subscription rights, within the limit of 15% of the initial issuance

The Shareholders' General Meeting, under the conditions of quorum and majority required for Extraordinary General Meetings, having considered the Board of Directors' report and the statutory auditors' special report, and pursuant to the provisions of Articles L. 225-135-1 of the French Commercial Code:

1. **grants** to the Board of Directors, with faculty of sub-delegation under the conditions set out by law, the power to decide to increase the number of shares issued, in the event of issuance of shares or securities giving access to the Company's capital, with or without preferential subscription rights decided on the basis of the tenth, eleventh, twelfth and thirteenth resolutions of the present Shareholders' Meeting, at the same price as the initial issuance and in the same time limits provided by the applicable legal and regulatory provisions on the day of the issuance (to date, within thirty days of the subscription and limited to 15% of the initial issuance), subject to the ceiling(s) under which the issuance is decided;
2. **sets** at twenty-six (26) months as from the day of this Shareholders' Meeting the validity of this authorization, on the understanding that, as a result, all other delegations of authority previously granted by a resolution of the same nature are obsolete;
3. **delegates** to the Board of Directors, with the possibility to sub-delegate, in accordance with applicable law and the bylaws, all the powers required to implement the present delegation of authority.

Fifteenth resolution - Authorization to be granted to the Board of Directors in the event of issuance, without preferential subscription rights, of shares and/or securities giving access, immediately or in the future, to the Company's share capital, for the purpose of fixing the issuance price within the limit of 10% of the Company's share capital under the conditions adopted by the Shareholders' General Meeting

The shareholders, under the conditions of quorum and majority required for Extraordinary General Meetings, having considered the Board of Directors' report and the statutory auditors' special report, and pursuant to the provisions of Article L. 225-136-1 of the French Commercial Code:

1. **authorizes** the Board of Directors, with the possibility to sub-delegate within the terms and conditions provided by law, in the case of issuance, without preferential subscription rights, of ordinary shares and/or of any securities governed by articles L. 228-92 paragraph 1, L. 228-93 paragraphs 1 and 3 or L. 228-94 paragraph 2 of the French Commercial Code, pursuant to the eleventh and thirteenth resolutions submitted to this Shareholders' Meeting, to waive the price conditions set out in these resolutions and to set the issuance price according to the following terms:
 - a. the issuance price for ordinary shares to be issued pursuant to this issuance shall be, at the discretion of the Board of Directors, equal to (i) the last closing price preceding the setting of the price with a maximum discount of 5% or (ii) the average price of the share on the market, weighted by the trading volume of the share, during the trading day on which the issue price was set with a maximum discount of 5%;
 - b. the issuance price for the securities other than ordinary shares shall be that of the sums received immediately by the Company plus, where appropriate, the sum likely to be collected subsequently by the Company for each ordinary share issued as a consequence of the issuance of the securities, at least equal to the amount determined by the Board of Directors in paragraph "1.a." above;
2. **decides** that the maximum nominal amount for the Company's capital increases carried out under the conditions indicated in this present resolution, immediately or in the future by virtue of this delegation, shall not exceed 10% of the share capital per 12-month period (where this percentage applies to capital adjusted according to the transactions affecting it subsequent to this Shareholders' Meeting),
 - (i) the common ceiling amount of €6 million referred to in paragraph "3.a. (i)" of the eleventh resolution of this Shareholders' Meeting or, when appropriate, to the global ceiling, if any, provided by a resolution of the same nature succeeding this resolution during the term of this authorization, on the understanding in any event that issuances of securities made in this framework are limited according to the legal provisions in force on the day of the issuance,
 - (ii) the global nominal ceiling amount of €30 million referred to in paragraph "3.a. (i)" of the tenth resolution of this Shareholders' General Meeting or, if need be, the possible ceiling amount provided for by a resolution of the same nature succeeding this resolution during the term of this authorization;

To the ceilings mentioned in paragraphs (i) and (ii) above will be added the nominal amount of capital increases related to ordinary shares which may be issued to preserve, in accordance with the law, and, where applicable, contractual provisions providing for other adjustments, the rights of holders of securities and other rights giving access to the Company's capital,
3. **decides** that the maximum nominal amount of bond securities giving right immediately or in the future to receive shares of the Company or deemed equivalent financial instruments, likely to be issued under the conditions provided for in this resolution, shall be deducted from the global ceiling of €250 million referred to in "3.b." of the eleventh resolution of this Shareholders' Meeting, or as the case may be, from the possible ceiling amount pursuant to a resolution of the same nature that may subsequently be made during the validity of the authorization; on the understanding that this amount shall be included in the nominal amount of bond securities;

4. **acknowledges** that the Board of Directors shall draft an additional report, certified by the statutory auditors, describing the final terms of the transaction and providing criteria for assessing the actual impact on the shareholder's situation;
5. **sets** at twenty-six (26) months as from the day of this Shareholders' Meeting the validity of this authorization, on the understanding that, as a result, all other authorizations of authority previously granted by a resolution of the same nature are obsolete;
6. **delegates** to the Board of Directors, with the possibility to sub-delegate, in accordance with applicable law and the bylaws, all the powers required to implement the present authorization.

The Board of Directors may not, except by prior authorization of the Shareholders' General Meeting, make use of this authorization from the time of deposit by a third party of a public offer for the Company's securities, until the end of the offer period.

Sixteenth resolution - Delegation of powers to be granted to the Board of Directors for the purpose of proceeding with an increase of the Company's share capital in compensation for capital contributions in kind consisting of capital securities or securities giving access to the Company's share capital

The Shareholders' General Meeting, under the conditions of quorum and majority required for Extraordinary General Meetings, having considered the Board of Directors' report and the statutory auditors' special report, and pursuant to the provisions of Article L. 225-147 of the French Commercial Code:

1. **delegates** to the Board of Directors, with faculty of sub-delegation under the conditions set out by law and the Company's bylaws, the powers necessary for the purposes of carrying out, based on a report by the statutory auditors, a capital increase, within the limit of 10% of the share capital (this percentage being applied to capital as adjusted to take into account transactions occurring after this Shareholders' Meeting), by issuing ordinary shares and/or any securities governed by Articles L. 228-92 paragraph 1, L. 228-93 paragraphs 1 and 3 or L. 228-94 paragraph 2 of the French Commercial Code, giving access by any means, immediately or in the future, at any time or on a determined date, by way of subscription, conversion, exchange, reimbursement, presentation of a warrant or in any other manner, to Company shares (including securities giving entitlement to the allocation of debt securities), as consideration for contributions in kind made to the Company in the form of shares or securities giving access to capital, when provisions of Article L. 225-148 of the French Commercial Code do not apply,
2. **decides** that the maximum nominal amount of the capital increase that may be carried out immediately or in the future by virtue of this delegation of powers shall not exceed a ceiling of €6 million or the counter-value of that amount, shall be deducted from:
 - (i) the common ceiling amount of €6 million referred to in paragraph "3.a. (i)" of the eleventh resolution of this Shareholders' Meeting or, when appropriate, to the global ceiling, if any, provided by a resolution of the same nature succeeding this resolution during the term of this delegation, on the understanding in any event that issuances of securities made in this framework are limited according to the legal provisions in force on the day of the issuance, and
 - (ii) the ceiling amount of €30 million referred to in paragraph "3.a. (i)" of the tenth resolution or, if need be, to the possible amount, if any, provided by a resolution of the same nature succeeding this resolution during the term of this delegation;

To these ceilings will be added the nominal amount of capital increases related to ordinary shares which may be issued to preserve, in accordance with the law, and, where applicable, contractual provisions providing for other adjustments, the rights of holders of securities and other rights giving access to the Company's capital,

3. **decides** that the maximum nominal amount of bond securities giving right immediately or in the future to receive shares of the Company or deemed equivalent financial instruments, likely to be issued on the basis of this resolution, plus, as appropriate, any redemption premium above par, shall be deducted from the global ceiling of €300 million referred to in "3.b." of the eleventh resolution of this Shareholders' Meeting, or as the case may be, from the possible ceiling amount pursuant to a resolution of the same nature that may subsequently be made during the validity of the authorization;
4. **sets** at twenty-six (26) months as from the day of this Shareholders' Meeting the validity of this authorization, on the understanding that, as a result, all other delegations of powers previously granted by a resolution of the same nature are obsolete;
5. **grants** to the Board of Directors, with faculty to sub-delegate, all powers necessary to decide on the above-mentioned issuances and carry them out in accordance with the terms it will determine in compliance with the law, and notably:
 - deciding on the issuance of shares and/or securities giving access, immediately or in the future, to the Company's capital, as compensation for contributions,
 - determining the list of equity shares and securities giving access to the capital contributed, approving the valuation of the contributions, setting the conditions for the issuance of the shares and/or securities as compensation for contributions, as well as, where applicable, the amount of the balance to be paid, approving the granting of specific advantages, and reducing, with the agreement of the contributors, the valuation of the contributions or the compensation of specific advantages
 - to determine the number, the terms, the form and the characteristics of the shares and/or securities to be issued,
 - in compensation for the contributions, as well as their terms and conditions, and the amount of the premium, if any, to make a decision on the valuation of contributions and special benefit grants, to determine the number of shares and/or other securities to be issued, the terms and conditions and, if applicable, the premium amount,
 - to suspend if need be the exercise of rights attached to these securities for a maximum time period of three months under the conditions and the limits provided by laws and regulations,
 - at its sole discretion, charging issuance fees to the premium amounts associated therewith and withholding from these sums the amount necessary to bring the legal reserve to a tenth of the capital as set after each increase,
 - determining and making any adjustments intended to take into account the impact of transactions on the Company's capital or equity, in particular in the event of a change in the nominal amount of the share, of capital increase by incorporation of reserves, profits or premiums, free allocation of shares, stock split or reverse stock split, distribution of dividends, reserves or premiums or any other assets, amortization of capital, or any other transaction relating to capital or equity (including in the case of public offer and/or change of control), and setting out any other conditions to ensure, where appropriate, the preservation of the rights of holders of securities giving access to the capital or other rights giving access to the capital (including by way of cash adjustments),
 - to take all appropriate measures, execute all agreements, obtain all authorizations, and carry out all formalities necessary to ensure successful completion of issuance or to postpone such, including any capital increases resulting from any issuance performed pursuant to this present delegation, amend the bylaws, and request the listing of any securities issued as a result of the present delegation.

The Board of Directors may not, except by prior authorization of the Shareholders' General Meeting, make use of this delegation from the time of deposit by a third party of a public offer for the Company's securities, until the end of the offer period.

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Seventeenth resolution – Delegation of authority to be granted to the Board of Directors for the purpose of increasing the share capital by capitalizing premiums, reserves, profits, or any other funds that may be capitalized

The Shareholders' General Meeting, under the conditions of quorum and majority required for Ordinary General Meetings, having considered the Board of Directors' report and the statutory auditors' special report, and pursuant to the provisions of Articles L. 225-129, L. 225-129-2, and L. 225-130 of the French Commercial Code:

1. **authorizes** the Board of Directors, with faculty of sub-delegation in the conditions set out by law and the Company's bylaws, its powers for the purposes of carrying out a capital increase, in one or several installments, in proportions and at times it deems appropriate through successive or simultaneous incorporation of premiums, reserves, profits, or other amounts which may be capitalized, in the form of distribution of free shares or the increase of the nominal value of the existing shares or the combination of these two methods;
2. **sets** at twenty-six (26) months as from the day of this Shareholders' Meeting the validity of this delegation, on the understanding that, as a result, all other delegations of authority previously granted by a resolution of the same nature are obsolete;
3. **decides** that the maximum amount of capital increases that may be carried out immediately or in the future by virtue of this delegation shall not exceed the total amount of funds that may be incorporated nor a €6 million ceiling, or the equivalent of this amount in another currency, on the understanding that this amount shall be deducted from the global €30 million ceiling mentioned in paragraph "3.a. (i)" of the tenth resolution or, as the case may be, from the ceiling that may be established by a subsequent resolution of the same nature that may be voted during the validity of this authorization. To these ceilings will be added, where applicable, the nominal amount of shares which may be issued to preserve, in accordance with legal or regulatory provisions, and, where applicable, with contractual provisions providing for other adjustments, the rights of holders of securities giving access to the capital or other rights giving access to the capital;
4. **decides** that, in case of an increase in capital in the form of distribution of free shares and in accordance with Article L. 225-130 of the French Commercial Code, the rights to fractional shares shall not be negotiable and the corresponding securities shall be sold;
5. **grants** to the Board of Directors, with faculty to sub-delegate, all powers necessary to decide on the above-mentioned issuances, and carry them out in accordance with the terms it will determine in compliance with the law, and notably:
 - to determine the dates, methods, and other characteristics of the issuances,
 - deciding, with regard to free share allocation plans, that the rights forming fractional shares will not be negotiable or assignable and that the corresponding shares will be sold in accordance with the terms and conditions determined by the Board of Directors,
 - setting any terms and conditions to ensure, where appropriate, the preservation of the rights of the holders of securities giving access to the capital or other rights giving access to the capital (including by way of cash adjustment),
 - to take all appropriate measures, execute all agreements, obtain all authorizations, and carry out all formalities necessary to ensure successful completion of issuance or to postpone such, including any capital increases resulting from any issuance performed pursuant to this present delegation, amend the bylaws, and request the listing of any securities issued as a result of the present delegation.

Eighteenth resolution - Delegation of authority to be granted to the Board of Directors for the purpose of proceeding with an increase of the share capital by the issuance of shares or securities giving access, immediately or in the future, to the Company's share capital, to compensate shares brought within the framework of a public exchange offer initiated by the Company

The Shareholders' General Meeting, under the conditions of quorum and majority required for Extraordinary General Meetings, having considered the Board of Directors' report and the statutory auditors' special report, in accordance with Articles L. 225-129, L. 225-148, and L. 228-91 of the French Commercial Code:

1. **delegates** to the Board of Directors, with faculty of sub-delegation in the conditions set out by law, its authority and powers to decide, in one or several installments in such amount and at such times as it deems appropriate, in euros, in foreign currencies, or any other accounting unit established by reference to a basket of currencies, the issuance of ordinary shares and/or other securities governed by Articles L. 228-92 subparagraph 1, L. 228-93 subparagraphs 1 and 3, or L. 228-94 subparagraph 2 of the French Commercial Code, giving access, immediately or in the future, at any time or on a determined date, by way of subscription, conversion, exchange, reimbursement, presentation of a warrant or any other manner, to the Company's share capital, for consideration or for free, as consideration for shares that would be contributed within the framework of a public exchange offer initiated in France or abroad, in compliance with local rules, by the Company on its shares or the shares of another entity listed on a regulated market pursuant to Article L. 225-148 of the French Commercial Code (including of any other transactions with the same effect as a public exchange offer, initiated by the Company on its own shares or the shares of another entity whose shares are listed on a regulated market governed by foreign law, or deemed equivalent);
2. **sets** at twenty-six (26) months as from the day of this Shareholders' Meeting the validity of this delegation, on the understanding that, as a result, all other delegations of authority previously granted by a resolution of the same nature are obsolete;
3. **decides** that the maximum nominal amount of the capital increases that may potentially be performed immediately or in the future by virtue of this delegation shall not exceed the €6 million value ceiling, or the counter-value of this amount, on the understanding that such amount shall be deducted from:
 - (i) the shares ceiling amount of €6 million referred to in paragraph "3.a. (i)" of the eleventh resolution of the present Shareholders' Meeting or, when appropriate, to the global ceiling, if any, provided by a resolution of the same nature succeeding this resolution during the term of this delegation, on the understanding that these capital increases shall not be subject to issuance price rules set out in the fifteenth resolution, as well as
 - (ii) the global ceiling amount of €30 million referred to in paragraph "3.a. (i)" of the tenth resolution of the present Shareholders' Meeting or, when appropriate, to the global ceiling, if any, provided by a resolution of the same nature succeeding this resolution during the term of this delegation;

To these ceilings will be added the nominal amount of capital increases related to ordinary shares which may be issued to preserve, in accordance with the law, and, where applicable, contractual provisions providing for other adjustments, the rights of holders of securities and other rights giving access to the Company's capital,
4. **decides** that the maximum nominal amount of bond securities giving right, immediately or in the future, to receive shares of the Company or deemed equivalent financial instruments, likely to be issued on the basis of this resolution plus, as appropriate, any redemption premium above par, shall be deducted from the global ceiling of €300 million referred to in "3.b." of the tenth resolution of this Shareholders' Meeting, or as the case may be, from the possible ceiling amount pursuant to a resolution of the same nature that may subsequently be made during the validity of the authorization;

5. **acknowledges that** the shareholders of the Company will not be entitled to preferential subscription rights to subscribe to shares and/or securities that would be issued under this delegation, the latter being solely issued as consideration for shares contributed within the framework of a public exchange offer initiated by the Company;
6. **acknowledges** that the price of the shares and/or securities that would be issued pursuant to this resolution shall be set in accordance with the laws and regulations concerning public exchange offers;
7. **grants** to the Board of Directors, with faculty to sub-delegate, all powers necessary to carry out the above-mentioned issuance in accordance with the terms it will determine in compliance with the law, and notably:
 - to set the exchange ratio as well as, where appropriate, the amount of the balancing cash payment to be made,
 - to draw up the list of securities that may be contributed in exchange,
 - to determine the dates, methods, and other characteristics of the issuance,
 - determining and making any adjustments intended to take into account the impact of transactions on the Company's capital or equity, in particular in the event of a change in the nominal amount of the share, of capital increase by incorporation of reserves, profits or premiums, free allocation of shares, stock split or reverse stock split, distribution of dividends, reserves or premiums or any other assets, amortization of capital, or any other transaction relating to capital or equity (including in the case of public offer and/or change of control), and setting out any other conditions to ensure, where appropriate, the preservation of the rights of holders of securities giving access to the capital or other rights giving access to the capital (including by way of cash adjustments),
 - at its sole discretion, charging issuance fees to the premium amounts associated therewith and withholding from these sums the amount necessary to bring the legal reserve to a tenth of the capital as set after each increase,
 - to take all appropriate measures, execute all agreements, obtain all authorizations, and carry out all formalities necessary to ensure successful completion of issuance or to postpone such, including any capital increases resulting from any issuance performed pursuant to this present delegation, amend the bylaws, and request the listing of any securities issued as a result of the present delegation.

Nineteenth resolution – Delegation of authority to be granted to the Board of Directors for the purpose of proceeding with an increase of the share capital through shares or securities issuance giving access to the capital, restricted to employees subscribing to a company savings plan, without preferential subscription rights in their favor

The Shareholders' General Meeting, under the conditions of quorum and majority required for Extraordinary General Meetings, having considered the Board of Directors' report and the statutory auditors' special report, in accordance with the provisions of Articles L. 225-129, L. 225-129-2 to L. 225-129-6, L. 225-138, L. 225-138-1, L. 228-91, and L. 228-92 of the French Commercial Code, and Articles L. 3332-18 *et seq.* of the French Labor Code:

1. delegates to the Board of Directors, with the possibility to sub-delegate within the terms and conditions provided by law, its authority to carry out, in one or more installments, in such amount and at such time as it deems appropriate, in euros, in foreign currencies, or any other accounting unit established by reference to a basket of currencies, a capital increase, without preferential subscription rights, for consideration or for free, in France and/or abroad, for a maximum nominal amount of €500,000, by the issue of ordinary shares and/or securities governed by Articles L. 228-92 paragraph 1, L. 228-93 paragraphs 1 and 3 or L. 228-94 paragraph 2 of the French Commercial Code, giving access by any means, immediately and/or in the future, at any time or on a fixed date, by subscription, conversion, exchange, reimbursement, presentation of a warrant or any other means, to the Company's capital (including equity securities giving entitlement to the allocation of debt securities), reserved for the beneficiaries of one or more company savings plans (or other plans that would, under Articles L. 3332-18 *et seq.* of the French Labor Code, be entitled to reserve a capital increase for their members under equivalent conditions), that may be set up within the Group comprising the Company and other companies, whether French or foreign, within the scope of consolidation of the Company's financial statements pursuant to Article L. 3344-1 of the French Labor Code, it being specified that (i) the maximum nominal amount of capital increases that may be carried out immediately or in the future under this delegation, will be increased, where applicable, by any redemption premium above par and deducted from the overall nominal ceiling of €30 million referred to in "3. a. (i)" of the tenth resolution of this Shareholders' General Meeting or, as the case may be, the amount of any ceiling set by a resolution of the same nature that may subsequently be adopted during the term of this delegation (to which will be added the nominal amount of the capital increases in respect of ordinary shares that may be issued in order to preserve, in accordance with the law and, where applicable, contractual provisions providing for other adjustments, the rights of holders of securities and other rights giving access to the Company's capital), and (ii) the maximum nominal amount of debt securities or other related securities, giving immediate or future access to the Company's capital, which may be issued pursuant to this delegation, shall be deducted from the overall ceiling of €300 million referred to in "3. b." of the tenth resolution of this Shareholders' General Meeting or, as the case may be, the amount of the any ceiling pursuant to a resolution of the same nature that may subsequently be adopted during the term of this delegation;
2. **sets** at twenty-six (26) months as from the day of this Shareholders' Meeting the validity of this authorization, on the understanding that, as a result, all other delegations of authority previously granted by a resolution of the same nature are obsolete;
3. **decides** that the issue price of new shares or securities conferring entitlement to shares will be determined under the terms and conditions provided by Articles L. 3332-18 *et seq.* of the French Labor Code and will at least be equal to 80% (or, if the lock-in period stipulated in the plan pursuant to Articles L. 3332-25 and L. 3332-26 of the French Labor Code is greater than or equal to ten years, 70%, in accordance with Article L. 3332-21 of the French Labor Code) of the average listed price of the shares on the Paris Euronext market over the previous 20 trading sessions leading up to the date on which the decision was made to set the date for the opening of the subscription period for the capital increase reserved for members of a company savings plan (hereinafter the "Reference Price"); however, the Shareholders' General Meeting expressly authorizes the Board of Directors, if it should deem it to be appropriate, to reduce or withdraw the aforementioned discount, within the legal and regulatory limits, in order to take into account, in particular, the legal, accounting, tax and social regimes that apply on a local level;
4. **authorizes** the Board of Directors to allocate, free of charge, to the beneficiaries listed herein above, in addition to the cash subscription for shares or securities conferring entitlement to shares, shares or securities conferring entitlement to shares to be issued or already issued, as full or partial substitution for the discount as compared to the Reference Price and/or employer's contribution, it being acknowledged that the advantages arising out of this allotment may not exceed the legal or regulatory limits in application of Articles L. 3332-18 *et seq.* and L. 3332-11 *et seq.* of the French Labor Code;
5. **decides** to remove, for the benefit of the aforementioned beneficiaries, the preferential subscription rights of shareholders to shares and securities conferring entitlement to shares, the issue of which is the subject of this delegation of powers, said shareholders waiving, in case of a free-of-charge allotment to the aforementioned beneficiaries of shares and securities conferring entitlement to shares, all rights to said shares and securities conferring entitlement to shares, including that part of the reserves, profits or share premiums incorporated into the share capital, to the extent of the free-of-charge allotment of said shares made on the basis of the present resolution;
6. **authorizes** the Board of Directors, according to the terms and conditions of this delegation, to sell shares to members of a company savings plan as provided for in Article L. 3332-24 of the French Labor Code, it being stated that the sale of shares at a discount to members of one or more company savings plans provided for in the present resolution will be offset against the amount of the caps mentioned at paragraph 1 above, up to the nominal value of the shares thereby sold.

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7. **grants** full powers to the Board of Directors to implement this delegation, with the power to sub-delegate, as provided by law, in order to proceed with the aforementioned issues according to the terms that it shall approve pursuant to law, and
- to establish, in accordance with the law, the list of companies for which the members of one or more company savings plans may subscribe to the shares and securities conferring entitlement to shares thereby issued and benefit, where applicable, from the shares and securities conferring entitlement to shares allotted free-of-charge,
 - to decide that the subscriptions could be made directly by the beneficiaries, members of an employee savings plan, or through a company mutual fund or other structures or entities permitted under applicable legal or regulatory provisions,
 - to determine the conditions, in particular seniority, that the beneficiaries of capital increases provided for in the present delegation must meet,
 - to set subscription opening and closing dates,
 - to set the amount of the capital increases that will be completed by virtue of the present delegation of powers and in particular, to set the issue price, dates, periods, procedures and conditions of subscription, payment, delivery and enjoyment of shares (even retroactive), downsizing rules to be applied in case of over subscription, and all other terms and conditions for the issue, within the applicable legal and regulatory limits,
 - determining and making any adjustments intended to take into account the impact of transactions on the Company's capital or equity, in particular in the event of a change in the nominal amount of the share, of capital increase by incorporation of reserves, profits or premiums, free allocation of shares, stock split or reverse stock split, distribution of dividends, reserves or premiums or any other assets, amortization of capital, or any other transaction relating to capital or equity (including in the case of public offer and/or change of control), and setting out any other conditions to ensure, where appropriate, the preservation of the rights of holders of securities giving access to the capital or other rights giving access to the capital (including by way of cash adjustments),
 - in case of free-of-charge allotment of shares or securities conferring entitlement to shares, to determine the nature, the characteristics and the number of shares or securities conferring entitlement to shares to be issued, the number to be allotted to each beneficiary, and to determine the dates, periods, terms and conditions for the allotment of these shares or securities conferring entitlement to shares, within the applicable legal and regulatory limits and in particular to choose either to fully or partially substitute the allotment of these shares or securities conferring entitlement to shares for a discount to the Reference Price provided for herein, or to charge the equivalent value of these shares against the total amount of the employer's contribution, or to combine these two possibilities,
 - in the event of issue of new shares being allotted free-of-charge, where applicable, to charge the sums necessary to pay up said shares against reserves, profits or share premiums,
 - to acknowledge completion of capital increases with the number of subscribed shares (after reductions in the event of over subscription),
 - where applicable, to charge the costs of the capital increase against the amount of related premiums, and take from this amount the sums necessary to bring the legal reserves to one-tenth of the new share capital resulting from these share capital increases,
 - to enter into any agreements, to carry out all operations directly or indirectly through an agent, including completing all necessary formalities further to the capital increases and the corresponding amendments to the bylaws, and, generally, to enter into any agreement, in particular to ensure the successful conclusion of the planned issues, to take all measures and decisions, and to carry out all formalities appropriate for the issue, admission to trading and financial servicing of the shares issued by virtue of the present delegation, as well as the exercise of the rights attaching thereto or resulting from the completed capital increases.

Twentieth resolution – Authorization to be granted to the Board of Directors to cancel, if necessary, the Company's own treasury shares up to a maximum of 10%

The Shareholders' General Meeting, under the conditions of quorum and majority required for Extraordinary General Meetings, having considered the Board of Directors' report and the statutory auditors' special report, **authorizes** the Board of Directors, in accordance with the provisions of Article L. 225-209 of the French Commercial Code, to cancel the Company's treasury shares acquired by it within the framework of the authorization granted by the shareholders and in accordance with Article L. 225-209 of the French Commercial Code as follows:

- the Board of Directors is authorized to cancel, upon its sole decision, in one or several occasions, all or part of the Company's treasury shares acquired by it by virtue of share buy-back plans within the limit of 10% of the Company's capital over a period of 24 months as of this Shareholders' Meeting, and to decrease the Company's capital accordingly;
- the difference between the purchase price of the shares and their nominal value shall be offset against issuance premiums and, if need be, the legal reserve up to 10% of the canceled capital.

On the date of each cancellation, the total number of shares canceled by the Company during the 24-month period preceding said cancellation (including those that are the subject of said cancellation) may not exceed 10% of the Company's share capital on that date, said percentage applying to capital adjusted to include transactions affecting it after this Shareholders' General Meeting.

This authorization is valid from the date of this Shareholders' Meeting and shall expire on the date on which the Shareholders' General Meeting shall be convened in 2019 to approve the accounts of the current fiscal year, to end on March 31, 2019, with the clarification that this authorization voids any authorization conferred by a similar resolution adopted previously.

This authorization is granted to the Board of Directors, with the power to sub-delegate, in order to carry out any act, formality, or declaration with a view to cancel the shares acquired and decrease the Company's capital, as well as amend the bylaws as necessary.

Twenty-first resolution – Delegation of authority to be granted to the Board of Directors for the purpose of bringing the bylaws into line with new statutory and regulatory provisions pursuant to Article L. 225-36 of the French Commercial Code

The Shareholders' General Meeting, under the conditions of quorum and majority required for Extraordinary General Meetings, having considered the Board of Directors' report, and pursuant to the provisions of Article L. 225-36 of the French Commercial Code:

1. **delegates** to the Board of Directors, with the power to sub-delegate pursuant to the legal conditions, its authority to make the necessary amendments to the Company's bylaws to bring them into line with the laws and regulations, subject to ratification by the next shareholders' Extraordinary General Meeting;
2. **grants** all powers to the Board of Directors to implement this delegation, with the power to sub-delegate pursuant to the legal conditions, within the limits and under the conditions specified above, and in particular to undertake all formalities required by the law and regulations;
3. **sets** at twelve (12) months as from the day of this Shareholders' Meeting, the validity of this authorization, which will expire on the day of the Shareholders' General Meeting that will be called in 2019 to vote on the accounts of the current fiscal year, to end on March 31, 2019, on the understanding that this delegation cancels and supersedes all other delegations of authority previously granted by a resolution of the same nature.

RESOLUTIONS WITHIN THE COMPETENCE OF THE ORDINARY SHAREHOLDERS' GENERAL MEETING

Twenty-second resolution – Powers for formalities – Determination of directors' fees

The Shareholders' General Meeting, under the conditions of quorum and majority required for Ordinary Shareholders' General Meetings, having considered the report of the Board of Directors, brings the overall amount of director's fees allocated to the Board of Directors to a maximum of seven hundred and twenty thousand euros (€720,000) in respect of the fiscal year opened April 1, 2018.

The Shareholders' General Meeting specifies that the sums owed by the Company for the corporate contribution and the part of any potential social contributions linked to the payment by the Company of fees to its directors are not included in the above-mentioned seven hundred and twenty thousand euros (€720,000), and will then be borne by the Company on top of this envelope.

This decision will be upheld and the amount allocated to the Board of Directors for subsequent fiscal years until the Shareholders' General Meeting renders a new decision.

Twenty-third resolution – Powers for formalities

The Shareholders' General Meeting decides, under the conditions of quorum and majority required for Ordinary General Meetings, to grant all powers to the bearer of an original, a copy, or an excerpt of the minutes of this Shareholders' Meeting for the purpose of carrying out all formalities required by law and/or by regulations.

29.2 BOARD OF DIRECTORS' REPORT TO THE ORDINARY AND EXTRAORDINARY SHAREHOLDERS' GENERAL MEETING OF JULY 26, 2018

During its meeting held on June 13, 2018, the Company's Board of Directors has decided to convene an Ordinary and Extraordinary Shareholders' General Meeting on:

Thursday, July 26, 2018, at 2:00 p.m. Paris time
at the Company's headquarters' offices located:

Parc Technologique des Fontaines – Chemin des Franques – 38190 Bernin – France

in order to submit to your vote the 23 draft resolutions making up the agenda below.

It is specified that in case of lack of the required quorum, the Combined Ordinary and Extraordinary Shareholders' General Meeting will be convened on Wednesday, September 12, 2018 at 2:00 p.m., Paris time, at the Company's headquarters' offices located Parc Technologique des Fontaines – Chemin des Franques – 38190 Bernin – France.

Agenda

RESOLUTIONS OF THE COMPETENCE OF THE ORDINARY SHAREHOLDERS' GENERAL MEETING

First resolution:	Approval of the statutory financial statements for the fiscal year ended on March 31, 2018
Second resolution:	Approval of the consolidated financial statements for the fiscal year ended on March 31, 2018
Third resolution:	Appropriation of income for the fiscal year ended on March 31, 2018
Fourth resolution:	Approval of related-party agreements and commitments
Fifth resolution:	Appointment of Mr Eric Meurice as a new director
Sixth resolution:	Renewal of Mr Satoshi Onishi's directorship
Seventh resolution:	Approval of the fixed, variable and exceptional components of the total compensation and benefits of any kind paid or granted to Mr Paul Boudre, CEO, for the fiscal year ending March 31, 2018
Eighth resolution:	Approval of the compensation policy for executive corporate officers for the current fiscal year ending on March 31, 2019
Ninth resolution:	Authorization for the Board of Directors to carry out transactions on the Company's shares

RESOLUTIONS OF THE COMPETENCE OF THE EXTRAORDINARY SHAREHOLDERS' GENERAL MEETING

Tenth resolution:	Delegation of authority to be granted to the Board of Directors for the purpose of proceeding with a capital increase by way of the issuance of shares and/or securities giving access to the Company's share capital, with preferential subscription rights, immediately or in the future
Eleventh resolution:	Delegation of authority to be granted to the Board of Directors for the purpose of proceeding with a capital increase by way of the issuance of shares and/or securities giving access to the Company's share capital, without preferential subscription rights, immediately or in the future
Twelfth resolution:	Delegation of authority to be granted to the Board of Directors for the purpose of issuing shares and/or any securities giving access to the Company's share capital to categories of persons meeting defined requirements, without the Shareholders' preferential subscription rights, immediately or in the future
Thirteenth resolution:	Delegation of authority to be granted to the Board of Directors in order to issue, by an offer set out at Article L. 411-2 II of the French Monetary and Financial Code, shares and/or securities giving access, immediately or in the future, to the Company's share capital, without the shareholders' preferential subscription rights
Fourteenth resolution:	Delegation of authority to be granted to the Board of Directors for the purpose of increasing the issuance amount with or without preferential subscription rights, within the limit of 15% of the initial issuance
Fifteenth resolution:	Authorization to be granted to the Board of Directors in the event of issuance, without preferential subscription rights, of shares and/or securities giving access, immediately or in the future, to the Company's share capital, for the purpose of fixing the issuance price within the limit of 10% of the Company's share capital under the conditions adopted by the Shareholders' General Meeting
Sixteenth resolution:	Delegation of powers to be granted to the Board of Directors for the purpose of proceeding with an increase of the Company's share capital in compensation for capital contributions in kind consisting of capital securities or securities giving access to the Company's share capital
Seventeenth resolution:	Delegation of authority to be granted to the Board of Directors for the purpose of increasing the share capital by capitalizing premiums, reserves, profits, or any other funds that may be capitalized

TEXT OF RESOLUTIONS AND BOARD OF DIRECTORS' REPORT

Board of Directors' report to the Ordinary and Extraordinary Shareholders' General Meeting of July 26, 2018

Eighteenth resolution:	Delegation of authority to be granted to the Board of Directors for the purpose of proceeding with an increase of the share capital by the issuance of shares or securities giving access, immediately or in the future, to the Company's share capital, to compensate shares brought within the framework of a public exchange offer initiated by the Company
Nineteenth resolution:	Delegation of authority to be granted to the Board of Directors for the purpose of proceeding with an increase of the share capital through shares or securities issuance restricted to employees subscribing to a company savings plan, with elimination of the preferential subscription rights in favor of them
Twentieth resolution:	Authorization to be granted to the Board of Directors to cancel, if necessary, the Company's own treasury shares up to a maximum of 10%
Twenty-first resolution:	Delegation of authority to be granted to the Board of Directors for the purpose of bringing the bylaws into line with the new laws and regulations in accordance with Article L. 225-36 of the French Commercial Code

RESOLUTIONS WITHIN THE REMIT OF THE ORDINARY SHAREHOLDERS' GENERAL MEETING

Twenty-second resolution:	Determination of directors' fees
Twenty-third resolution:	Powers for formalities

The purpose of the present report is to present the draft resolutions, which you are called to approve. It is intended to present the important points of the draft resolutions to you, in accordance with the regulations in force as well as with the best governance practices of companies listed in Paris. It does not claim, therefore, to be exhaustive; it is also important that you read the text of the draft resolutions carefully and exhaustively before exercising your right to vote.

We also invite you to read the comments and observations made by our Statutory Auditors and mentioned in their report.

We inform you that the Board of Directors unanimously recommends the adoption of all the draft resolutions presented to you, and we hope that the various proposals set out in this report will receive your approval and that you will be willing to vote for the corresponding resolutions.

I. STATE OF COMPANY AFFAIRS SINCE THE BEGINNING OF THE CURRENT FISCAL YEAR

In accordance with regulatory provisions, the description of the state of the affairs of Soitec (the "Company") since the beginning of the current fiscal year can be found in the Registration Document for the fiscal year 2017-2018, filed with the French Financial Market Authority (AMF) on June 18, 2018 (the "Registration Document").

II. RESOLUTIONS FOR THE ORDINARY SHAREHOLDERS' GENERAL MEETING

The resolutions submitted to your vote this year in the ordinary session of the General Meeting cover the approval of the statutory and consolidated financial statements for the fiscal year ended on March 31, 2018 (Resolutions 1 and 2); the appropriation of net income (Resolution 3); the approval of related-party agreements and commitments (Resolution 4); the appointment of Mr Eric Meurice, set to take over from Mr Douglas Dunn, whose directorship will expire at the end of your Shareholders' General Meeting, because he has reached

an age limit set by the Internal Regulations of the Board of Directors (Resolution 5); the renewal of Mr Satoshi Onishi's directorship (Resolution 6); the approval of all compensation items for Mr Paul Boudre, Chief Executive Officer, for the fiscal year ended on March 31, 2018 (say on pay *ex-post*) (Resolution 7); the approval of the compensation policy for executive corporate officers for the current fiscal year ending on March 31, 2019 (Resolution 8), and the renewal of our share buy-back program (Resolution 9).

First resolution : Approval of the statutory financial statements for the fiscal year ended on March 31, 2018

The Ordinary Shareholders' General Meeting will be asked to approve the statutory financial statements of the Company for the fiscal year ended March 31, 2018, which show a turnover of €296,034,122.30 and a profit of €47,547,826.89, and also to approve an overall global amount of non-deductible expenditures and charges subject to corporate tax amounting to €112,471.80 for the year in question.

Second resolution : Approval of the consolidated financial statements for the fiscal year ended on March 31, 2018

The Ordinary Shareholders' General Meeting will be asked to approve the annual consolidated financial statements for the fiscal year ended March 31, 2018, which show a turnover of €310,631,000, and a net profit, Group share of €86,514,000.

Third resolution : Appropriation of net income for the fiscal year ended on March 31, 2018

The Ordinary Shareholders' General Meeting will be asked to allocate the profit for the fiscal year ended March 31, 2018, which amounts to €47,547,826.89, as follows:

- €2,377,391.34, *i.e.* 5% of the earnings to the "Legal reserve", which would increase the existing amount of €3,393,046.69 to €5,770,438.03; and
- the remaining amount of €45,170,435.55 to "Retained earnings" which would therefore become positive.

The Ordinary Shareholders' General Meeting is also asked to acknowledge that there has not been any payment of dividends over the past three fiscal years.

Fourth resolution : Approval of related-party agreements and commitments

The agreements covered in Article L. 225-38 of the French Commercial Code are the subject of a special report on related-party agreements by your statutory auditors. This report is provided in paragraph 19.2 of the Registration Document and contains information on related-party agreements previously entered into or approved and which remained in force throughout the fiscal year ended March 31, 2018, as well as related-party agreements reached during the fiscal year ended March 31, 2018.

In accordance with applicable laws, the Board of Directors asks you to review the information provided in this report and to approve its findings, pursuant to the provisions of Article L. 225-40 of the French Commercial Code.

First of all, we inform you that the following five related-party agreements were entered into during the fiscal year ended March 31, 2018:

1. With the French Atomic Energy and Alternative Energies Commission (CEA):

On June 21, 2017, with authorization from the Board of Directors dated June 14, 2017, the Company signed an agreement ("the Agreement") with the CEA under which the latter ended the cancellation proceedings of three patents of Silicon Genesis (SiGen) before the US Patent and Trademark Office (USPTO). SiGen had opposed the Company in respect of these patents in a proceeding before the US International Trade

TEXT OF RESOLUTIONS AND BOARD OF DIRECTORS' REPORT

Board of Directors' report to the Ordinary and Extraordinary Shareholders' General Meeting of July 26, 2018

Commission. This dispute was the subject of a settlement agreement, and the Company obtained the right to use the patents in question. Consequently, the CEA's proceeding needed to end.

In this context, during the 2017-2018 fiscal year, the Company reimbursed the CEA for the costs of the proceedings that it had initiated before the USPTO, which represented a total amount of \$470,491.59.

Identity	Reason	Relevant Article of the French Commercial Code
CEA	<ul style="list-style-type: none"> Company controlling one of the Company's shareholders having a percentage of the voting rights higher than 10% (in this case, CEA Investissement) 	L. 225-38, paragraph 1
CEA Investissement	<ul style="list-style-type: none"> Director of the Company appointed at the proposal of the CEA 	L. 225-38, paragraph 2
Christophe Gégout	<ul style="list-style-type: none"> Director of the Company appointed at the proposal of the CEA Deputy General Manager of the CEA 	L. 225-38, paragraph 2

2. With the French Atomic Energy and Alternative Energies Commission (CEA):

The multi-year research and development framework collaboration agreement ("the Agreement") between the Company and the CEA expired on April 30, 2017. It had been concluded for an initial period of five years and four months, i.e. from January 1, 2012 to April 30, 2017.

Pending the signing of a new agreement, on July 19, 2017, upon authorization from the Board of Directors dated June 14, 2017, the Company and CEA signed a rider to the Agreement covering the period from May 1, 2017 to December 31, 2017.

From this date, the collaboration between the CEA and the Company has continued and will lead to the conclusion of a new agreement, which is currently in the process of being negotiated.

Under the Agreement, the CEA invoiced the Company the amount of €5,241,000 during the 2017-2018 fiscal year.

The individuals concerned by this Agreement are:

Identity	Reason	Relevant Article of the French Commercial Code
CEA	<ul style="list-style-type: none"> Company controlling one of the Company's shareholders having a percentage of the voting rights higher than 10% (in this case, CEA Investissement) 	L. 225-38, paragraph 1
CEA Investissement	<ul style="list-style-type: none"> Director of the Company appointed at the proposal of the CEA 	L. 225-38, paragraph 2
Christophe Gégout	<ul style="list-style-type: none"> Director of the Company appointed at the proposal of the CEA Deputy General Manager of the CEA 	L. 225-38, paragraph 2

3. With GLOBALFOUNDRIES U.S., Inc. (GF):

In April 2017, upon the approval of the Board of Directors dated March 30, 2017, the Company and GF signed an agreement known as the Materials Supply Agreement (the "MSA") effective from April 25, 2017.

The MSA defines the general conditions for the purchase of the Company's products by GF and some of its subsidiaries. In return, the latter undertakes to supply these products, which are identified in the purchase orders or the Addenda attached to the MSA.

This agreement was entered into for a period of five years (until March 31, 2022) and is renewed automatically each year, if it is not explicitly terminated.

This agreement also provides for the conditions for product delivery and storage, product warranty duration, and limits to the parties' liability.

The individuals concerned by the MSA are:

Identity	Reason	Relevant Article of the French Commercial Code
Douglas Dunn	<ul style="list-style-type: none"> Director of the Company Director of GF 	L. 225-38, paragraph 3

4. With GLOBALFOUNDRIES U.S., Inc. (GF):

In September 2017, with authorization from the Board of Directors dated March 30, 2017, the Company and GF signed an agreement known as the Long Term Addendum to Materials Supply Agreement (the "LTA"), with retrospective effect from July 1, 2017.

This agreement was entered into for a period of five years (until March 31, 2022) and is renewed automatically each year, if it is not explicitly terminated.

The LTA is governed by the rules of the Materials Supply Agreement (referred to in point 3 above).

The LTA specifies the terms under which the Company may meet a major portion of GF and its subsidiaries' FD-SOI requirements.

The price depends on the volumes purchased and the product yield. They may also change favorably, if GF reduces the cost of acquisition of some of the equipment that is necessary for manufacturing the products.

The price of the raw material does not have any impact on the prices granted to GF.

This agreement also defines the rules relating to delivery conditions and goods on consignment.

The individuals concerned by the LTA are:

Identity	Reason	Relevant Article of the French Commercial Code
Douglas Dunn	<ul style="list-style-type: none"> Director of the Company Director of GF 	L. 225-38, paragraph 3

With GLOBALFOUNDRIES Dresden Module One LLC & Co. KG (GF Dresden):

In April and May 2017, with authorization from the Board of Directors dated March 30, 2017, the Company and GF Dresden respectively signed an agreement known as the Product Purchase Addendum ("PPA"), appended to the Materials Supply Agreement ("MSA", referred to in point 3 above).

The PPA is valid for the same duration as the MSA, i.e. five years (until March 31, 2022), it being understood that the MSA is then renewed automatically each year, if it is not explicitly terminated.

This is an addendum to the MSA that defines the terms and conditions for the consignment of certain products purchased only by GF Dresden. The MSA is thus applicable to the PPA.

This agreement lists the products that will be purchased from the Company by GF Dresden as a consignment sale. The Dresden consignment-specific rules are also defined therein.

The individuals concerned by the PPA are:

Identity	Reason	Relevant Article of the French Commercial Code
Douglas Dunn	<ul style="list-style-type: none"> Director of the Company Director of GF 	L. 225-38, paragraph 3

TEXT OF RESOLUTIONS AND BOARD OF DIRECTORS' REPORT

Board of Directors' report to the Ordinary and Extraordinary Shareholders' General Meeting of July 26, 2018

With regards to the agreements referred to in points nos. 3-5 above, we inform you that the sales of wafers by the Company to GLOBALFOUNDRIES totaled \$74,300,000 during the 2017-2018 fiscal year.

Furthermore, we inform you that the execution of the shareholders' agreement signed between our Company and its three majority shareholders, i.e. Bpifrance Participations, CEA Investissement and National Silicon Industry Group/NSIG Sunrise S.à.r.l., previously authorized by your Board of Directors on March 3, 2016, continued throughout the fiscal year ended March 31, 2018.

Finally, you will also be asked to acknowledge that the implementation of the complete compensation package of the CEO, Paul Boudre, for the 2017-2018 fiscal year, as well as the variable compensation package for the 2018-2019 fiscal year, have been reviewed by the Board of Directors in accordance with the process set out in Articles L. 225-38 et seq. of the French Commercial Code, as per the provisions of Article L. 225-42-1 of said Code. Indeed, Paul Boudre, a member of the Board of Directors, was not involved in the discussions of Directors concerning his compensation, and abstained from voting on these questions.

Fifth resolution : Appointment of Mr Eric Meurice as a new director

Pursuant to the recommendation of the Nomination Committee which met on June 1, 2018, the Board of Directors proposes to appoint Mr Eric Meurice, a French national, born on July 30, 1956 in Saint-Pierre-lès-Nemours (Seine-et-Marne), residing at Hangmoor - Callow Hill - Virginia Water - GU25 4LD - United Kingdom, as a director of the Company for a period of three years, i.e. until the close of the Ordinary Shareholders' General Meeting to be held in 2021 to decide on the financial statements of the fiscal year ending on March 31, 2021.

Mr Eric Meurice's appointment as a new director of the Company would be effective as of the date of your General Meeting.

His experience as a senior executive and executive director of many internationally-renowned technology companies, acquired primarily in the semiconductor industry, the multicultural dimension of his career, and his current experience as a director of international companies, have convinced the Board of Directors to select Mr Eric Meurice as the successor to Mr Douglas Dunn, whose term of office will expire at the end of your Shareholders' General Meeting because of reaching the age limit set by the Rules of Procedure of the Board of Directors.

In this respect, the Board of Directors wishes to warmly thank Mr Douglas Dunn for his active involvement, his regular attendance and his efficient contribution to the works of the Board and its Committees over the last fourteen years.

Thus, if your Shareholders' General Meeting votes in favor of Mr Eric Meurice's appointment as a new director of the Company, he would take over for Mr Douglas Dunn as the senior independent director of the Company. He would also be selected by his peers as a member of the Nomination Committee and the Strategic Committee. In addition, he would take over the chairmanship of the latter.

Please note that if you approve of the appointment of Mr Eric Meurice as a new director of the Company, and considering the fact that Mr Douglas Dunn's term of office would end on the same day, the Board of Directors would still have five female and seven male directors, with women accounting for 41.6%, compliant with the provisions of Article L. 225-18-1 of the French Commercial Code created by law No. 2011-103 dated January 27, 2011 relating to gender balance on Boards of Directors and Supervisory Boards and to professional equality, known as the Copé-Zimmermann Act.

Furthermore, during its meeting held on June 13, 2018, the Board of Directors concluded that because Eric Meurice has served since April 2014 as a director of NXP Semiconductors N.V., one of the Company's major clients, he must be considered as a non-independent director. In this regard, as a result of Mr Dunn's departure from, and the arrival of Eric Meurice on, the Board of Directors, the proportion of independent directors would be maintained at the same level as at present, i.e. 25%.

Finally, the Board of Directors invites you to read paragraph 14.1.1.1.8. of the Registration Document, which includes a summary sheet containing Mr Eric Meurice's biography.

Sixth resolution: Renewal of Mr Satoshi Onishi's directorship

Mr Satoshi Onishi's directorship, which took effect on July 10, 2015, will come to an end at the close of your Shareholders' General Meeting.

Pursuant to the recommendation of the Nomination Committee which met on March 11, 2018, the Board of Directors proposes that you renew Mr Satoshi Onishi's directorship for a period of three years, i.e. until the close of the Ordinary Shareholders' General Meeting to be held in 2021 to decide on the financial statements of the fiscal year ending on March 31, 2021.

Seventh resolution : Approval of the fixed, variable and exceptional components of the total compensation and benefits of any kind paid or granted to Mr Paul Boudre, Chief Executive Officer, for the fiscal year ending March 31, 2018

In accordance with the provisions of Article L. 225-100 of the French Commercial Code resulting from law No. 2016-1691 of December 9, 2016, also known as the Sapin II law, once the a General Meeting of a company whose shares are listed on a regulated market has decided on principles and criteria under the conditions set out in Article L. 225-37-2 of the French Commercial Code, it then decides on the fixed, variable and exceptional components of the total compensation and benefits of any kind paid or granted to executive corporate officers (ex post say on pay).

In accordance with Article R. 225-29-1 of the French Commercial Code, shareholders are asked to approve the following compensation items:

- directors' fees;
- annual fixed compensation;
- annual variable compensation;
- multi-annual variable compensation;
- stock options;
- free shares;
- exceptional compensations;
- compensation, allowances or benefits due or likely to be due on taking up the office;
- obligations mentioned in the first and sixth paragraphs of Article L. 225-42-1 of the French Commercial Code;
- compensation items and benefits of any kind due or likely to be due to one of the persons mentioned in the first subparagraph of Article L. 225-37-2 of the French Commercial Code, under agreements concluded directly or *via* an intermediary, by virtue of their office, with (i) the Company in which said office is held; (ii) any entity the Company controls, within the meaning of Article L. 233-16; any entity controlling the Company, within the meaning of said Article; or any entity controlled by the same entity controlling the Company, within the meaning of said Article;
- any other compensation item due by virtue of the office;
- benefits of any kind.

In voting on the 7th resolution, shareholders are asked to approve the fixed, variable and exceptional components of the total compensation and benefits of any kind paid or granted to Mr Paul Boudre, Chief Executive Officer, for the fiscal year ending March 31, 2018.

Pursuant to Article L. 225-37-2 of the French Commercial Code, the principles and criteria for the determination, distribution and allocation of the fixed, variable and exceptional components of the total compensation and benefits of any kind attributable to Mr Paul Boudre for his term of office as Chief Executive Officer during the

2017-2018 fiscal year were the subject of the eighth resolution, submitted for approval to the Shareholders' General Meeting of July 26, 2017 (ex ante say-on-pay).

These principles and criteria were approved beforehand by the Board at its meeting of June 14, 2017 on the recommendation of the Compensation and Appointments Committee at its meetings of June 10 and 14, 2017.

This eighth resolution, and thus Mr Paul Boudre's compensation for the 2017-2018 fiscal year, were approved by 93.9% of shareholders.

Described in paragraph 15.1.3.3 of the Company's previous 2016-2017 Registration Document as well as paragraph 15.1.3.2.2 of the Registration Document, it was made up of the following items:

- a fixed annual compensation amounting to €450,000 payable in twelve monthly installments throughout the fiscal year, bearing in mind that this amount was set in 2010 by the Board of Directors, that it has not been revised since, and that it has been applied to Mr. Paul Boudre since September 2015, when he took office as Chairman & CEO of the Company, and
- a variable annual compensation based on various objectives, to be awarded after fiscal year-end and not to be paid until it is approved by the Shareholders' General Meeting;

It is specified that Paul Boudre did not receive any new allocation of performance shares or preferred shares in the 2017-2018 fiscal year. For all intents and purposes, it should be noted that, for the previous fiscal year ended March 31, 2017, a proportion of a free preferred share allocation plan giving access to the share capital of the Company, with conditions of presence and performance, had been awarded to him by the Board of Directors at its meeting of July 26, 2016, in the form of conditional rights to preferred shares. In this context, during the fiscal year ended March 31, 2018, Paul Boudre was definitively awarded the preferred shares deriving from his conditional rights, due to the fact that he satisfied the condition of presence and tenure as Chief Executive Officer, applicable to him pursuant to the plan's rules, on the definitive allocation date, in this case July 26, 2017.

As in the two previous fiscal years (2015-2016 and 2016-2017), the variable part of Mr Paul Boudre's compensation for the 2017-2018 fiscal year could range from 0% to 150% of the fixed part.

The achievement of the target values of the objectives set by the Board on the recommendation of the Compensation and Nomination Committee, could account for a variable part amounting to 100% of the fixed part, with the achievement of budgetary commitments corresponding to 90% of the target financial criteria (as in the previous fiscal year). Exceeding target values of the objectives could be taken into account for up to 150%.

At its meeting of June 13, 2018, in accordance with the recommendation of the Compensation Committee meeting the previous day, the Board set the variable part of Mr Paul Boudre's compensation at 124.29% of the fixed part for the 2017-2018 fiscal year.

This part of 124.29% was calculated on the basis of hitting quantifiable targets, namely:

- financial objectives, representing 75% of all the objectives applicable to the variable part: sales level, EBITDA level in absolute terms, cash level and selling, general and administrative (SG&A) expenses level were measured at March 31, 2018; and
- strategic objectives, representing 25% of all the objectives applicable to the variable part: the achievement during 2017-2018 fiscal year of some contributions identified as primary growth levers for the Company were measured.

The amount of compensation paid or granted to Mr Paul Boudre for the year ended March 31, 2018 was calculated on a gross basis.

Moreover, Mr Paul Boudre received benefits in kind consisting of a car and a voluntary insurance policy against employment loss for a total of amount of €21,208 during the 2017-2018 fiscal year, as well as complementary

retirement schemes of the same type as those in place in the past fiscal year as described in paragraph 15.2 of the Registration Document.

It is specified that Mr Paul Boudre received no additional compensation for serving as a director or taking on the office of Chairman of the Board of Directors from April 1 to July 26, 2017 alongside his position and compensation as Chief Executive Officer.

Finally, Paul Boudre received no additional compensation or director's fee from the companies controlled by the Company.

The Board invites you to read paragraphs 15.1.3.2.2 and 15.2 of the Registration Document laying out the fixed, variable and exceptional components of the total compensation and benefits of any kind paid or granted to Mr Paul Boudre, Chief Executive Officer, for the fiscal year ended March 31, 2018.

Eighth resolution : Approval of the compensation policy for executive corporate officers for the current fiscal year ending March 31, 2019

Pursuant to Article L. 225-37-2 of the French Commercial Code, the Board of Directors submits for your approval the principles and criteria for the determination, distribution and allocation of the fixed, variable and exceptional parts making up the total compensation and benefits of any kind attributable to the Company's executive corporate officers in return for the performance of their duties during the current fiscal year ending on March 31, 2019 and constituting their compensation policy (ex ante say-on-pay).

The principles and criteria adopted by the Board at its meetings of March 28 and June 13, 2018, on the recommendation of the Compensation Committee at its meetings of March 27 and June 12, 2018 are set out in paragraph 15.1.4. of the Registration Document and are as follows:

— With respect to Mr Paul Boudre:

In his capacity as Chief Executive Officer, his compensation would be made up of the following items:

- (i) a fixed annual compensation payable in 12 equal monthly installments during the course of the fiscal year, and
- (ii) a variable annual compensation based on various objectives, to be awarded after fiscal year-end, and to pay it only after approval by the Shareholders' General Meeting.

At its last meeting on June 13, 2018, on recommendation of the Compensation Committee, which met the day before, the Board of Directors expressed its intention to adjust the Chief Executive Officer's compensation, in light of the fact that it had not been reviewed since 2010, and that since then, the Group had experienced significant changes in both business and results.

In this regard, the Board of Directors instructed the Compensation Committee to make a recommendation to this end, to take into account the gap seen against market practices for similar companies.

The Board of Directors has already noted that in the event that the fixed part of his compensation were reassessed, this would be consistent with the principles laid down in the AFEP-MEDEF Code, since it would be carried out a relatively long time after the Chief Executive Officer's fixed compensation had last been increased. Where appropriate, the amount of Paul Boudre's new compensation, as well as the reasons for it, will be made public.

Finally, pursuant to Article L. 225-100 of the French Commercial Code, the shareholders would be invited to approve this new compensation at the Shareholders' General Meeting (ex post say-on-pay).

Furthermore, the Board of Directors has decided that the variable part of Mr Paul Boudre's compensation for the 2018-2019 fiscal year, could range from 0% to 165% of the fixed part.

TEXT OF RESOLUTIONS AND BOARD OF DIRECTORS' REPORT

Board of Directors' report to the Ordinary and Extraordinary Shareholders' General Meeting of July 26, 2018

Achievement of the target values of the objectives set by the Board of Directors on the recommendation of the Compensation Committee, should account for a variable part amounting to 100% of the fixed part, with targets for budgetary commitments accounting for 90% of the target financial criteria (as in the previous two fiscal years). Exceeding target values of the objectives may be taken into account for up to 150%. Finally, it should be noted Paul Boudre's compensation will be increased by 10% if an additional strategic objective is reached, which would bring the variable part of his compensation to 165% of the fixed part.

The variable part of Mr Paul Boudre's compensation would be calculated in accordance with reaching objectives, all measurable:

- financial objectives, representing 75% of all the objectives applicable to the variable part: revenue sales, EBITDA level in absolute terms, and cash level would be measured at 2018-2019 year-end,
- strategic objectives, representing 25% of all the objectives applicable to the variable part: the achievement during 2018-2019 fiscal year of some contributions identified as primary growth levers for the Company would be measured, and
- an additional strategic objective, which, if achieved in fiscal year 2018-2019, would generate a 10% increase in the variable compensation that Paul Boudre could obtain on the basis of the two sets of objectives mentioned in the two points above, thus increasing the maximum proportion of his annual variable compensation to 165% of the fixed portion.

The amount of compensation paid would be calculated on a gross basis.

Moreover, Mr Paul Boudre would have benefits in kind including in particular a car and a voluntary insurance policy against employment loss, as well as complementary retirement schemes of same nature as those already existing during the past fiscal year.

Finally, for his term of office as director, Mr Paul Boudre would not receive any compensation in addition to what he is paid as Chief Executive Officer, and Mr Paul Boudre would not receive any additional compensation or directors' fees from any company under the Company's control.

— With respect to the Chairperson of the Board of Directors:

In his capacity as Chairman of the Board of Directors, Mr Thierry Sommelet would receive gross fixed annual compensation amounting to €50,000, payable in one or more increments during the fiscal year.

Mr Thierry Sommelet would also be entitled to directors' fees for attending meetings of the Board and the committees he sits on, namely the Audit and Risks Committee, the Strategic Committee, and the Restricted Strategic Matters Committee, under the same conditions as the directors of the Company other than Mr Paul Boudre.

Pursuant to Article L. 225-100 II. of the French Commercial Code, the amounts resulting from the implementation of the principles and criteria set out above, which make up the executive corporate officer compensation policy for the current fiscal year which will end on March 31, 2019, will be submitted to the shareholders for approval at their Shareholders' General Meeting, which will be called in 2019 to approve the financial statements for said fiscal year.

Furthermore, in accordance with Article L. 225-37-2 of the French Commercial Code, payment of variable and exceptional compensation to executive corporate officers will be subject to approval of the compensation of the person concerned by an Ordinary Shareholders' General Meeting under the conditions provided for in Article L. 225-100 of said Code.

The Board of Directors proposes that you approve the principles and criteria for the compensation of the executive corporate officers as set out above.

Ninth resolution: Authorization to be granted to the Board of Directors to trade in the Company's shares

The Combined Ordinary and Extraordinary Shareholders' General Meeting held on July 26, 2017, in its tenth resolution, has authorized the Board of Directors to acquire shares in the Company under the conditions provided for under Article L. 225-209 of the French Commercial Code and under European Regulation No. 2273/2003 of December 22, 2003, implementing European directive 2003/6/EC of January 28, 2003. The acquisition of shares may be carried out in one or several times, at any time determined by the Board, within the limit of 2% of the number of shares making up the Company's share capital.

The main terms and conditions of the share buyback program approved by the Shareholders' General Meeting of July 26, 2017 can be found in paragraph 21.1.3.3 of the Registration Document.

Between April 1, 2017 and June 13, 2018 (date on which the information in said this Registration Document was prepared), the Company carried out the following treasury share transactions:

- on July 5, 2017, the Company delivered 112 treasury shares to a holder of 2018 OCEANE bonds who had requested the conversion of 1,700 of them on June 13, 2017; at that time, the number of treasury shares held by the Company was reduced from 5,572 to 5,460;
- on the same day, the Company delivered 383 treasury shares to a holder of 2018 OCEANE bonds who had requested the conversion of 5,799 of them on June 28, 2017; at that time, the number of treasury shares held by the Company was reduced from 5,460 to 5,077.

These two transactions were part of the previous repurchase program authorized under the terms of Resolution 14 adopted by the Combined Ordinary and Extraordinary Shareholders' General Meeting held on July 25, 2016.

To date, no use has been made of the current repurchase program arising from Resolution 10 adopted by the Shareholders' General Meeting of July 26, 2017.

In the framework of this Shareholders' General Meeting, you are asked to grant a new authorization to the Board of Directors, in accordance with Article L. 225-209 of the French Commercial Code, for a period expiring on the date of the Shareholders' General Meeting that will be convened to approve the financial statements for the current fiscal year ending March 31, 2019, which would cancel and supersede the same type of authorization granted in 2017.

This new share repurchase program shall be for the purposes of:

- ensuring liquidity and making a market on the secondary share market of the Company through an investment service provider acting independently in the framework of a liquidity agreement which complies with the French AMAFI ethical charter acknowledged by the French *Autorité des marchés financiers*; or
- the allocation or sale of shares to employees or former employees and/or corporate officers or former corporate officers of the Company and/or companies that are or will be linked to it under the conditions and terms provided by applicable law, notably with respect to the framework of options plans, free allocation of existing shares or company savings plans; or
- the retention and deferred award of shares (in exchange, as payment or other) for external growth operations, on the understanding that the maximum amount of shares acquired with a view to their retention and subsequent award as payment or in exchange for merger, demerger or capital contribution operations may not exceed 2% of the capital; or
- hedging securities giving rights to shares of the Company upon exercise of rights attached to securities, giving rights to the attribution of Company shares through redemption, conversion, exchange, presentation of bonds, or any other means; or

- subject to adoption of the twentieth resolution, to subsequently cancel, in whole or in part, the shares thus bought in under the conditions provided in Article L. 225-209 of the French Commercial Code; or
- to implement any other permitted market practice or which is allowed by the market authorities; or
- to operate in any other authorized purpose or which may afterwards be authorized by law or regulations in force subject to the shareholders of the Company being informed through a press release.

The share purchase may involve a number of shares, such as:

- the number of shares acquired during the term or the repurchase program may not exceed, at any time, 2% of the share capital of the Company. This percentage applies to the capital adjusted according to these operations occurring after your Shareholders' General Meeting, provided that in the event the shares are purchased with a liquidity contract, the number of shares taken into account for calculating the 2% limit is the number of shares purchased less the number of shares sold during the authorization period;
- the number of shares which the Company holds at any time shall not exceed 10% of shares making up the Company's share capital, where said percentage applies to capital adjusted according to operations affecting it after your Shareholders' General Meeting.

The purchase of shares may be made on one or more occasions, by any means, on a regulated market, a multilateral trading facility, from a systematic internalizer or by mutual agreement, including by public offer or transactions for blocks of shares (which may represent the entire program). The Company does not intend to use derivatives. These transactions may be performed at any time, pursuant to the legal provisions in force, excluding during public offerings of Company securities.

The maximum purchase price would be set at one hundred (100) euros per share. In the event of capital transactions, notably division or splitting of shares or award of free shares, the aforementioned amount would be adjusted in the same proportions (adjustment coefficient equal to the ratio between the number of shares comprising the capital prior to the operation and the number of shares after the operation).

Pursuant to Article R. 225-151 of the French Commercial Code, you will be asked to set at 627,620 shares the maximum number of shares that may be acquired under the share repurchase program submitted for your approval, and at €62,762,000 the maximum overall amount that would be allocated to said program. These numbers and the maximum amount were calculated on the basis of the share capital as at June 13, 2018, amounting to €62,762,070.50.

Lastly, you will be asked to grant all powers to the Board of Directors, with a possibility to sub-delegate, for the purpose of implementing this authorization, entering into any agreement, carrying out any formality, and filing any declaration with any agency, and more generally, doing all that is necessary.

III. RESOLUTIONS WITHIN THE COMPETENCE OF THE EXTRAORDINARY SHAREHOLDERS' GENERAL MEETING

In order to adapt its means to the Group's evolution, the Board of Directors proposes, pursuant to Articles L. 225-129-2 and L. 228-92 of the French Commercial Code, resolutions which aim to grant it delegations of authority which would give it the means to implement various types of share or securities issue, as allowed by the regulations in force (Resolutions 10-18).

This involves, in particular, renewing the authorizations and delegations of authority and powers you granted us in 2017 in order to carry out share capital increase by issuing shares and/or any securities governed by Articles L. 228-92 paragraph 1, L. 228-93 paragraphs 1 and 3 or L. 228-94 paragraph 2 of the French Commercial Code, giving access by whatever means, immediately and/or in the future, at any time or on a fixed date, through subscription, conversion, exchange, redemption, presentation of a warrant or in any other way, to the Company's capital and to grant the Company the broadest flexibility to be able to seize any funding opportunities that may arise.

Under the tenth resolution, the maximum nominal amount of capital increases that may be carried out immediately or in the future pursuant to Resolutions 10-19, shall not exceed the nominal ceiling of €30 million, or the equivalent of this amount in another currency, on the understanding:

- that the maximum cumulative nominal amount of the share capital increases that may be carried out, immediately or in the future, in respect of the shares that may be issued pursuant to Resolutions 10-19, shall not exceed the overall nominal ceiling of €30 million, and
- that to these ceilings will be added the nominal amount of capital increases of ordinary shares that may be issued in respect of adjustments to take into account the impact of transactions on the share capital of the Company, and carried out to preserve the rights of holders of securities and other rights giving access to the Company's capital.

Within this above-mentioned overall nominal ceiling of €30 million for capital increases, we propose that you establish a sub-ceiling set at €6 million for the nominal value of operations implying the waiver of shareholders' preferential subscription rights. (Resolution 11). Such sub-ceiling would apply to Resolutions 11 to 18, with the exception of Resolution 17, which would not be concerned by this. This nominal amount of €6 million would be deducted from the amount of the overall nominal ceiling of €30 million. To these ceilings would be added the nominal amount of capital increases related to ordinary shares which may be issued in respect of adjustments to account for the impact of transactions on the share capital of the Company and made to preserve the rights of holders of securities and other rights giving access to the Company's capital.

In addition, the maximum nominal amount of debt securities or related securities giving immediate or future access to the Company's capital that may be issued pursuant to Resolutions 10 to 19 may not exceed the €300 million ceiling or the equivalent of this amount, it being specified that this amount would be increased, if applicable, by any redemption premium above par and that the nominal amount of the debt securities or related securities giving access to the Company's capital which would be issued pursuant to Resolutions 10 to 19 would be deducted from such ceiling.

These authorizations and delegations would be given with a right to sub-delegate as provided by law.

If the Board of Directors were to use the authorizations and/or delegations that are conferred to it by these resolutions, it would report on the use of the delegations granted under resolutions 10-19 at the next Ordinary Shareholders' General Meeting, in accordance with the law and the applicable regulation, of the use made thereby.

We will also submit to your approval a resolution enabling the Company to allow its employees and officers to benefit from its success by allowing it to carry out an increase of the share capital reserved for employees who are members of a company savings plan (19th resolution).

In addition, we propose to renew the resolution that would allow the Company to cancel its own treasury shares up to a maximum of 10% of the capital (20th resolution).

Lastly, in Resolution 21, pursuant to Article L. 225-36 of the French Commercial Code, your Board of Directors proposes that you authorize it to bring the bylaws into line with the new laws and regulations.

By proposing these resolutions, and in order to abide by legal and regulatory requirements, the Board wishes to specify the scope of these resolutions submitted to your vote.

Tenth resolution: Delegation of authority to be granted to the Board of Directors for the purpose of proceeding with a capital increase by way of the issuance of shares and/or securities giving access to the Company's share capital, with preferential subscription rights, immediately or in the future

In the framework of the present resolution, it will be proposed to you that you grant a new authorization, for a period of 26 months as from the date of your Shareholders' General Meeting, that would give the Board of Directors the authority to issue, in one or more occasions, in France and abroad, in such amount and at such time as it deems appropriate, in euros, in foreign currencies, or any other accounting unit established by reference to a basket of currencies, with preferential subscription rights, for consideration or for free, ordinary shares and/or any securities issued governed by Articles L. 228-92 subparagraph 1, L. 228-93 subparagraphs 1 and 3 or L. 228-94 subparagraph 2 of the French Commercial Code, giving access by any means, immediately or in the future, at any time or on a determined date, by way of subscription, conversion, exchange, reimbursement, presentation of a warrant or any other way, to the Company's share capital (including capital shares granting entitlement to the allocation of debt securities), provided that the subscription of shares and/or other securities may be made either in cash or by offsetting against receivables due and payable, either by incorporation of reserves, profits, or premiums.

The shareholders would have preferential subscription rights to be exercised in proportion to their rights and within the limit of their requests.

The maximum nominal amount of capital increases that may be carried out immediately or in the future based on this resolution may not exceed the nominal ceiling of €30 million, or the equivalent of this amount in another currency, on the understanding:

- that the maximum cumulative nominal amount of the share capital increases that may be carried out, immediately or in the future, in respect of the shares that may be issued pursuant to Resolutions 10-19, shall not exceed the overall nominal ceiling of €30 million, and
- that to these ceilings will be added the nominal amount of capital increases of ordinary shares that may be issued in respect of adjustments to take into account the impact of transactions on the share capital of the Company, and carried out to preserve the rights of holders of securities and other rights giving access to the Company's capital.

In addition, the maximum nominal amount of debt securities or related securities giving immediate or future access to the Company's capital that may be issued pursuant to Resolution 10 may not exceed the €300 million ceiling or the equivalent of this amount, it being specified that this amount would be increased, if applicable, by any redemption premium above par and that the nominal amount of the debt securities or related securities giving access to the Company's capital which would be issued pursuant to Resolutions 10 to 19 would be deducted from such ceiling.

We also propose that you decide that the issuance(s) will be reserved by preference to Company's shareholders who will have the right to subscribe in direct proportion to the number of shares they hold. Nevertheless, you would grant the Board of Directors the power to grant shareholders the right to subscribe to shares or securities in excess of the number of shares to which they are entitled due to their preferential subscription rights, proportionally to their subscription rights, and in any event, within the limit of their request.

We propose that you decide that if the subscriptions as of right (*à titre irréductible*) and, where applicable, excess subscriptions (*à titre réductible*) do not cover the entire amount of the issuance of shares or securities, as defined above, the Board of Directors may undertake, as provided by law, and in the order of its choosing, one and/or any of the following:

- limit the capital increase to the subscriptions' amount upon the condition that this amount reaches at least three-quarters of the decided issuance;

- freely distribute all or part of the non-subscribed securities between the individuals of its choice;
- offer to the public all or part of the non-subscribed securities, on the French market and/or internationally.

The final terms of the transaction(s) carried out under this delegation will be subject to an additional report compliant with the provisions of Article L. 225-129-5 of the French Commercial Code, and drawn up by the Board of Directors when it decides to use the present delegation.

In the event that the Board of Directors exercises its right to sub-delegate in accordance with the provisions of Article L. 225-129-4 of the French Commercial Code, the Chief Executive Officer will report to the Board of Directors on the use made of the power to decide the capital increase(s) and will draw up, upon using this sub-delegation, the additional report required by Article L. 225-129-5 of the French Commercial Code.

The Board of Directors may not, except by prior authorization of the Shareholders' General Meeting, make use of this delegation from the time of deposit by a third party of a public offer for the Company's securities, until the end of the offer period.

Lastly, this delegation would void any delegation of powers conferred by a resolution of the same type adopted previously.

Eleventh resolution: Delegation of authority to be granted to the Board of Directors for the purpose of proceeding with a capital increase by way of the issuance of shares and/or securities giving access to the Company's share capital, without preferential subscription rights, immediately or in the future

In order to complete the delegation mechanism set by the previous resolution, and to provide the Board with the means to carry out issuance with the speed that is essential for success, we propose to grant to the Board of Directors, for a period of 26 months, the authority to issue both in France and abroad, without preferential subscription rights, the same shares and securities as those mentioned in Resolution 10.

The maximum nominal amount of capital increases that may be carried out immediately or in the future based on this delegation may not exceed the ceiling of €6 million, or the equivalent of this amount in another currency, on the understanding that:

- such €6 million sub-ceiling would apply to Resolutions 11 to 18, with the exception of Resolution 17, which would not be concerned by this.
- this amount would be deducted from the overall ceiling of €30 million referred to in "3.a. (i)" of Resolution 10.

To these ceilings will be added the nominal amount of capital increases related to ordinary shares which may be issued to preserve, in accordance with the law, and, where applicable, contractual provisions providing for other adjustments, the rights of holders of securities and other rights giving access to the Company's capital,

The nominal amount of debt securities or related securities giving immediate or future access to the Company's capital, which may be issued pursuant to this delegation, may not exceed €300 million, or the equivalent of this amount, it being specified that this amount, increased, where applicable, by any redemption premium above par, would be deducted from the amount of the overall ceiling of €300 million referred to in "3. b." of Resolution 10.

The issuances resulting from this delegation would be made by way of a public offer, on the understanding that this could be performed in conjunction with an offer or offers arising under Article L. 411-2 II of the French Monetary and Financial Code, which may be performed on the basis of Resolution 13 submitted to your vote.

Shareholders' preferential subscription rights to the shares and/or securities that would be issued based on the present delegation shall be removed, but the Board may, to the benefit of the shareholders, bestow a priority right to shareholders in direct and exact proportion to the number of shares they hold (*à titre irréductible*) and potentially grant excess subscription rights (*à titre réductible*), over an amount of time that would be set

in accordance with applicable laws and regulations, for all or part of an issuance performed based on this resolution, and which should be exercised in proportion to the number of shares held by each shareholder pursuant to applicable laws and regulations.

We propose that you decide that if the subscriptions as of right (*à titre irréductible*) and, where applicable, excess subscriptions (*à titre réductible*) do not cover the entire amount of the issuance of shares or securities, as defined above, the Board of Directors could undertake, as provided by law, and in the order of its choosing, one and/or any of the following:

- limit the capital increase to the subscriptions' amount upon the condition that this amount reaches at least three-quarters of the decided issuance;
- freely distribute all or part of the non-subscribed securities between the individuals of its choice;
- offer to the public all or part of the non-subscribed securities, on the French market and/or internationally.

The terms to set the issuance price would be those provided for by Article R. 225-119 of the French Commercial Code. It should be at least equal to the weighted average price of the three (3) trading days preceding the setting thereof, possibly reduced by a maximum discount of 5%, after any required adjustment of this weighted average to take into account the difference between maturity dates.

The final terms of the transaction(s) carried out under this delegation will be subject to an additional report compliant with the provisions of Article L. 225-129-5 of the French Commercial Code, and drawn up by the Board of Directors when it decides to use the present delegation.

In the event that the Board of Directors exercises its right to sub-delegate in accordance with the provisions of Article L. 225-129-4 of the French Commercial Code, the Chief Executive Officer will report to the Board of Directors on the use made of the power to decide the capital increase(s) and will draw up, upon using this sub-delegation, the additional report required by Article L. 225-129-5 of the French Commercial Code.

The Board of Directors may not, except by prior authorization of the Shareholders' General Meeting, make use of this delegation from the time of deposit by a third party of a public offer for the Company's securities, until the end of the offer period.

Lastly, this delegation would void any delegation of powers conferred by a resolution of the same type adopted previously.

Twelfth resolution: Delegation of authority to be granted to the Board of Directors for the purpose of issuing shares and/or any securities giving access to the Company's share capital to categories of persons meeting defined requirements, without the Shareholders' preferential subscription rights, immediately or in the future

In addition to the previous resolution, we propose to grant to the Board of Directors, for a duration of 18 months, the competence to issue in France and abroad, without preferential subscription rights, the same shares and securities as those mentioned in Resolution 11, and in application of the same ceilings and deductions.

Shareholders' preferential subscription rights to the shares and/or securities that may be issued based on the present delegation would be suppressed for the benefit of those categories of beneficiaries that meet the following requirements: financial institutions or investment funds of French or foreign law aiming at supporting growth technology companies, in mid-term.

You would also delegate to the Board of Directors the authority to define the precise list of beneficiaries of the elimination of preferential subscription rights as well as the authority to set the number of shares and/or securities that may be issued to each such entity, which would automatically apply to the beneficiaries appearing in the list provided by the Board of Directors, waiving the shareholder preferential subscription rights to the new shares to which these securities would give rise, pursuant to this resolution.

The issuance price should be at least equal to the share market price of the day preceding the day on which the issuance price will be set, possibly reduced by a maximum discount of 10%.

The Board of Directors could not, except by prior authorization of the Shareholders' General Meeting, make use of this delegation from the time of deposit by a third party of a public offer for the Company's securities, until the end of the offer period.

Lastly, this delegation would have the effect of voiding any delegation of powers conferred by a resolution of the same type adopted previously.

Thirteenth resolution: Delegation of authority to be granted to the Board of Directors in order to issue, by an offer set out at Article L. 411-2 II of the French Monetary and Financial Code, shares and/or securities giving access, immediately or in the future, to the Company's share capital, without the shareholders' preferential subscription rights

To complete the system proposed in the preceding resolutions, we will ask you to delegate your authority for the issuance both in France and abroad, without preferential subscription rights the same shares and securities as those covered in the 11th resolution, within the framework of an offer referred to in Article L. 411-2 II of the French Financial and Monetary Code ("private placement").

The terms of the implementation of this delegation of authority would be identical to those provided for in Resolution 11, but in accordance with the provisions of paragraph 3 of Article L. 225-136 of the French Commercial Code, the issuance of securities carried out through an offer referred to in point II of Article L. 411-2 II of the French Monetary and Financial Code would be limited to 20% of the share capital per year (or any other limit that would be authorized during the term of the resolution) without ever exceeding a €6 million ceiling or the counter-value of this amount. This €6 million ceiling would be deducted from the shared ceiling of €6 million set in Resolution 11 for transactions resulting in the removal of preferential subscription rights, and from the general ceiling of €30 million set in Resolution 10 for all capital increase transactions that may result from the implementation of the resolutions submitted to you. Similarly, the nominal amount of the debt securities or related securities, giving access to the Company's capital, likely to be issued pursuant to this delegation, may not exceed €300 million, or the counter-value of this amount, and would be deducted from the global €300 million ceiling referred to in "3.b." of Resolution 10.

The terms to set the issuance price would be those provided by Article R. 225-119 of the French Commercial Code. It should be at least equal to the weighted average of the price of three (3) stock market trading sessions preceding its fixing, possibly reduced by a maximum discount of 5%.

This delegation would be granted for a period of 26 months with effect as from your General Meeting, and would have the effect of voiding any delegation of powers conferred by a resolution of the same type adopted previously..

Lastly, the Board of Directors may not, except by prior authorization of the Shareholders' General Meeting, make use of this delegation from the time of deposit by a third party of a public offer for the Company's securities, until the end of the offer period.

Fourteenth resolution: Delegation of authority to be granted to the Board of Directors for the purpose of increasing the issuance amount with or without preferential subscription rights, within the limit of 15% of the initial issuance

Pursuant to Article L. 225-135-1 of the French Commercial Code, should an issue approved on the basis of the 10th, 11th, 12th and/or 13th resolutions be requested in excess of the amount offered, the Board of Directors asks you authorize it to increase the number of ordinary shares and securities to be issued, within thirty days of the end of subscription, (i) up to the ceiling(s) set by the applicable resolutions and (ii) capped at 15% of the initial issue, at the same price as for the initial issue.

This delegation would be granted for a period of 26 months with effect as from your General Meeting.

This delegation would have the effect of voiding any powers delegated by a resolution of the same type adopted previously.

Fifteenth resolution: Authorization to be granted to the Board of Directors in the event of issuance, without preferential subscription rights, of shares and/or securities giving access, immediately or in the future, to the Company's share capital, for the purpose of fixing the issuance price within the limit of 10% of the Company's share capital under the conditions adopted by the Shareholders' General Meeting

Pursuant to the provisions of 1 of Article L. 225-136 of the French Commercial Code, you are asked to authorize the Board of Directors, in the case of issuance, without preferential subscription rights, of ordinary shares and/or securities governed by Articles L. 228-92 paragraph 1, L. 228-93 paragraphs 1 and 3 or L. 228-94 paragraph 2 of the French Commercial Code, pursuant to Resolutions 11 and 13, in order to waive the price terms and conditions set out in these resolutions and to set the issuance price according to the following terms:

In order to give the Board of Directors the flexibility necessary for the proper implementation of this authorization, while at the same time limiting its prerogatives, we ask you to decide that the Board of Directors shall choose one of the following terms to set the issuance price:

- the issuance price for ordinary shares to be issued pursuant to this issuance shall be, at the discretion of the Board of Directors, equal to (i) the last closing price preceding the setting of the price with a maximum discount of 5% or (ii) the average price of the share on the market, weighted by the trading volume of the share, during the trading day on which the issue price was set with a maximum discount of 5%,
- the issuance price for securities other than ordinary shares shall be such that the sums received immediately by the Company plus, where appropriate, the sum likely to be collected subsequently by the Company for each ordinary share issued as a consequence of the issuance of the securities, shall be at least equal to the amount determined by the Board of Directors in paragraph "a." above;

The maximum nominal amount of the capital increases carried out under the conditions set out in this resolution, is capped at 10% of the share capital for each 12-month period (this percentage applicable to share capital adjusted according to the transactions affecting it subsequent to your Shareholders' Meeting), or the equivalent of this amount in another currency. It is understood that this amount shall be deducted from the common limit of €6 million set in Resolution 11 for transactions entailing the waiving of preferential subscription rights, and from the general ceiling of €30 million set in Resolution 10 for all capital increases that may result from implementing the resolutions submitted to you. Similarly, the nominal amount of the debt securities or related securities, giving access, immediately or in the future, to the Company's capital, likely to be issued pursuant to this authorization, would be capped at €300 million, and would be deducted from the global €300 million ceiling referred to in "3.b." of Resolution 10.

This authorization would be granted for a period of 26 months with effect as from your General Meeting, and would have the effect of voiding any authorization conferred by a resolution of the same type adopted previously..

The Board of Directors may not, except by prior authorization of the Shareholders' General Meeting, make use of this delegation from the time of deposit by a third party of a public offer for the Company's securities, until the end of the offer period.

Sixteenth resolution: Delegation of powers to be granted to the Board of Directors for the purpose of proceeding with an increase of the Company's share capital in compensation for capital contributions in kind consisting of capital securities or securities giving access to the Company's share capital

Article L. 225-147, paragraph 6, of the French Commercial Code provides that a Shareholders' Meeting of a company whose securities are listed on a regulated market may authorize the Board of Directors to increase the share capital within the limits of 10% of the share capital in order to compensate contributions in the form of shares or securities giving access to capital.

Pursuant to this mechanism, we will ask you to delegate your powers to the Board of Directors for the purpose of issuing ordinary shares of the Company or any securities giving access by any means, immediately and/or in the future, to ordinary shares of the Company, existing or to be issued, within the limit of 10% of the share capital (as adjusted to take into account transactions occurring after your Shareholders' General Meeting), increased by the nominal amount of the additional shares to be issued to protect the rights of the holders of securities giving right to shares, in compensation for the securities contributed within the framework of a contribution in kind in accordance with the provisions of Article L. 225-147, paragraph 6, of the French Commercial Code.

The maximum nominal amount of capital increases that may be carried out immediately or in the future pursuant to this delegation of authority would be capped at €6 million, or the equivalent of this amount in another currency, and would be deducted from the common ceiling of €6 million set in Resolution 11 for transactions entailing the waiving of preferential subscription rights, and the overall ceiling of €30 million set in Resolution 10 for all capital increases that could result from the implementation of the resolutions submitted to you.

The maximum nominal amount of debt securities or related securities, giving the right to access the Company's share capital that may be issued on the basis of this resolution, shall be deducted from the overall ceiling of €300 million referred to in "3.b." of Resolution 10 of your Shareholders' General Meeting, or, as the case may be, from the amount of any ceiling set by a resolution of the same nature that could subsequently be made during the validity of this authorization.

This delegation of powers would be granted for a period of 26 months with effect as from your Shareholders' General Meeting, and would have the effect of voiding any delegation conferred by a resolution of the same type adopted previously.

The Board of Directors could not, except by prior authorization of the Shareholders' General Meeting, make use of this delegation from the time of deposit by a third party of a public offer for the Company's securities, until the end of the offer period.

Seventeenth resolution: Delegation of authority to be granted to the Board of Directors for the purpose of increasing the share capital by capitalizing premiums, reserves, profits, or any other funds that may be capitalized

Under this resolution, we ask you to authorize the Board of Directors, under the conditions set by Article L. 225-129-2 of the French Commercial Code, to carry out, one or more capital increases of the Company's capital through accumulation of premiums, reserves, profits, or any other funds that may be capitalized by law or the bylaws, in the form of a free-share allocation or an increase in the nominal value of the existing shares, or a combination of these two methods.

The maximum amount of capital increases that may be carried out immediately or in the future by virtue of this delegation of authority may not exceed the total amount of funds that may be incorporated nor

a nominal €6 million ceiling, or the equivalent of this amount in another currency. It is understood that this amount would be deducted from the global €30 million ceiling mentioned in paragraph "3.a. (i)" of Resolution 10 or, as the case may be, from the ceiling that may be established by a subsequent resolution of the same nature that may be voted during the validity of this authorization. In the event of a capital increase in the form of a free share allocation, the rights to fractional shares shall not be negotiable and the corresponding securities shall be sold, with the stipulation that the proceeds from the sale shall be allocated to the holders of these rights under statutory conditions (in accordance with Article L. 225-130 of the French Commercial Code).

This delegation would be granted for a period of 26 months with effect as from your General Meeting, and would have the effect of voiding any delegation conferred by a resolution of the same type adopted previously.

Eighteenth resolution: Delegation of authority to be granted to the Board of Directors for the purpose of proceeding with an increase of the share capital by the issuance of shares or securities giving access, immediately or in the future, to the Company's share capital, to compensate shares brought within the framework of a public exchange offer initiated by the Company

Pursuant to Articles L. 225-129, L. 225-148, and L. 228-91 of the French Commercial Code, we ask you to delegate your authority to the Board, with faculty of sub-delegation under the conditions set out by law, to issue, on one or more occasions, in the proportion and on the dates it decides, either in euro or in foreign currencies, or in any other unit of account established in reference to a set of currencies, ordinary shares and/or securities governed by Articles L. 228-92 subparagraph 1, L. 228-93 subparagraphs 1 and 3 or L. 228-94 subparagraph 2 of the French Commercial Code, giving access, immediately or in the future, at any time or at a given time, by way of subscription, conversion, exchange, reimbursement, presentation of a warrant or any other manner, to the Company's share capital, for consideration or for free, as consideration for securities contributed under an exchange offer initiated in France or abroad, in compliance with local rules, by the Company for the securities of another entity listed on a regulated market pursuant to Article L. 225-148 of the French Commercial Code (including any other transactions with the same effect as an exchange offer initiated by the Company for its own securities or the securities of another entity whose securities are listed on a regulated market under foreign law or similar).

The maximum nominal amount of capital increases that may be carried out, immediately or in the future, based on this delegation of authority, could not exceed a ceiling of €6 million, or the equivalent of this amount in another currency. This amount would be deducted from the common ceiling of €6 million set in Resolution 11 for transactions entailing the waiving of preferential subscription rights (on the understanding that these capital increases would not be subject to the issue price rules stipulated in Resolution 15), and the overall ceiling of €30 million set in Resolution 10 for all capital increases that may result from implementing the resolutions submitted to you.

The maximum nominal amount of debt securities or related securities, giving right to receive shares of the Company, that may be issued on the basis of this resolution, shall be deducted from the global ceiling of €300 million referred to in "3.b." of Resolution 10.

Shareholders would have no preferential subscription rights to shares and/or securities issued under this delegation, the latter being exclusively intended to remunerate securities contributed to an exchange offer initiated by the Company.

The price of the shares and/or securities issued under this delegation would be set in accordance with the laws governing exchange offers.

This delegation would be granted for a period of 26 months with effect as from your General Meeting, and would have the effect of voiding any delegation conferred by a resolution of the same type adopted previously.

Nineteenth resolution: Delegation of authority to be granted to the Board of Directors for the purpose of proceeding with an increase of the share capital through shares or securities issuance restricted to employees subscribing to a company savings plan, with elimination of the preferential subscription rights in favor of them

Article L. 225-129 of the French Commercial Code provides that, when deciding to effect a capital increase or the issue of securities giving right, in the longer term, to a share in the share capital, the Extraordinary General Meeting must vote on a proposed resolution to effect said capital increase which is to be carried out under the conditions provided for in Article L. 3332-18 of the French Labor Code.

In accordance with these provisions, you will be asked to grant the Board of Directors a delegation of power to carry out, if it deems it appropriate, on one or more occasions, a capital increase reserved to employees, up to a maximum nominal amount of €500,000, through the issue of ordinary shares or securities giving right to the share capital.

The maximum nominal amount of the capital increase(s) to be potentially completed through the issue of new shares pursuant to this delegation would be offset against the global cap of €30 million provided for in Resolution 10.

The maximum nominal amount of debt securities or related securities giving right to shares in the Company, that could be issued pursuant to this delegation would be applied against the cap of €300 million set by paragraph "3.b." of Resolution 10 or the equivalent value.

The Board would also be granted the powers to determine the identity of the beneficiaries of these allotments, as well as the conditions and, where applicable, the criteria for allotment of shares and/or securities issued under this delegation.

You are asked to set the issue price of these new shares or securities giving access to the share capital issued under this delegation, at a price equal to at least 80% (or, if the lock-in period stipulated by the plan pursuant to Articles L. 3332-25 and L. 3332-26 of the French Labor Code is greater than or equal to ten years, 70%, per Article L. 3332-21 of the French Labor Code) of the average listed share price on the Paris Euronext market over the twenty trading sessions leading up to the date on which the Board of Directors took the decision setting the date of opening of the subscription period for the capital increase reserved to members of company savings plans, in other words a discount of 20% (or 30% if the lock-in period stipulated by the plan pursuant to Articles L. 3332-25 and L. 3332-26 of the French Labor Code is greater than or equal to ten years, per Article L. 3332-21 of the French Labor Code) on the average listed price of the Company's shares on the Paris Euronext market during the aforementioned period. However, you may specifically authorize the Board of Directors to reduce the aforementioned discount, within the statutory and regulatory limits, or not to grant one, particularly taking into account the regulations that apply in the countries in which the offer is to be implemented. Pursuant to paragraph three of Article L. 3332-21 of the French Labor Code, the Board of Directors may proceed in favor of the beneficiaries referred to above, to replace the reduction, the award of free financial securities giving access to capital.

The adoption of this resolution would imply the removal of shareholders' preferential subscription rights for the new shares to be issued, in favor of the employee members of the Company's savings plan.

This delegation would be granted for a period of 26 months with effect as from your Shareholders' General Meeting, and would have the effect of voiding any delegation conferred by a resolution of the same type adopted previously.

Twentieth resolution: Authorization to be granted to the Board of Directors to cancel, if necessary, the Company's own treasury shares up to a maximum of 10%

In order to allow the Company to reach the objectives of the share buyback program, we propose to authorize the Board of Directors to cancel, upon its sole decision, on one or more occasions, all or part of the Company's treasury shares acquired by virtue of share buyback programs, within the limit of 10% of the capital over a period of 24 months as from your Shareholders' General Meeting, and to decrease the Company's capital accordingly.

On the date of each cancellation, the total number of shares canceled by the Company during the 24-month period preceding said cancellation (including those that are the subject of said cancellation) may not exceed 10% of the Company's share capital on that date, said percentage applying to capital adjusted to include transactions affecting it after your Shareholders' General Meeting.

This authorization would be given for a period expiring on the day of the Shareholders' General Meeting called to approve the financial statements for the fiscal year to end on March 31, 2019, with the understanding that this authorization would have the effect of voiding any authorization conferred by a resolution of the same type adopted previously.

Twenty-first resolution: Delegation of authority to be granted to the Board of Directors for the purpose of bringing the bylaws into line with the new laws and regulations in accordance with Article L. 225-36 of the French Commercial Code

The provisions of Article L. 225-36 of the French Commercial Code, as amended by French law No. 2016-1691 of December 9, 2016 on transparency, the fight against corruption and on the modernization of economic life (also known as the "Sapin 2 Act") offer the option for the Shareholders' General Meeting to delegate its authority to the Board of Directors so that it may, if necessary, make any necessary amendments to the bylaws to bring them into line with current laws and regulations, subject to the ratification of such amendments by the next Extraordinary Shareholders' General Meeting.

Consequently, we propose that you grant such delegation to your Board of Directors, as it will thus be empowered to amend the Company's bylaws when legislative and regulatory changes occur, whereby amendments to the Company's bylaws must be ratified by the next General Meeting.

This delegation would be granted for a period of 12 months expiring at the close of the Ordinary Shareholders' General Meeting that will be called to approve the financial statements for the fiscal year ending on March 31, 2019.

IV. RESOLUTIONS WITHIN THE REMIT OF THE SHAREHOLDERS' GENERAL MEETING

Twenty-second resolution: Determination of directors' fees

We remind you that the Shareholders' General Meeting held on January 20, 2012 set the directors' fees ceiling at €450,000, starting from April 1, 2011 and applicable until a new decision of the Shareholders' General Meeting.

At its meeting of July 26, 2017, in consideration of the Board of Directors' plan to dissociate the duties of Chairman of the Board of Directors and CEO of the Company, and to compensate the function of Chairman of the Board of Directors in the amount of €50,000 in the form of directors' fees, the Shareholders' General Meeting set the total annual amount of Directors' fees allocated to the Board of Directors for the 2017-2018 fiscal year at €500,000, effective until a new decision from the Shareholders' General Meeting is adopted in this regard.

We would like to point out that, despite the increase in the number of directors in the months of April and May 2016 (the Board of Directors was increased from 7 to 13 members at the time, and comprises 12 at present), no increase in Directors' fees other than that of the Chairman of the Board of Directors has been submitted to the vote to the Shareholders' General Meeting since 2012.

We thus propose that the total annual amount of Directors' fees allocated to the Board of Directors in respect of the current fiscal year beginning on April 1, 2018 be reassessed and set at €720,000. This decision shall apply until a new resolution is adopted at the Shareholders' General Meeting.

We also propose that you note that the sums owed by the Company in respect of (i) any corporate contribution and (ii) the share of social contributions payable by the Company due to the payment of fees to its directors are not included in said envelope of €720,000, and will thus be borne by the Company on top of this envelope.

Twenty-third resolution: Powers for formalities

Lastly, we will ask you to grant all powers to the bearer of an original, copy or excerpt of the minutes of the Shareholders' General Meeting to carry out all formalities required by law and/or regulations.

Board of Directors

SOITEC S.A.'S FINANCIAL STATEMENTS

AT MARCH 31, 2018



BALANCE SHEET: ASSETS

(in €)	Gross amount	Depreciation and amortization	Net at 03/31/2018	03/31/2017
Capital (subscribed but not called)	-	-	-	-
Intangible assets				
Start-up costs	-	-	-	-
Development costs	-	-	-	1,484,000
Concessions, patents and similar rights	46,482,816	44,912,738	1,570,078	1,818,588
Goodwill	-	-	-	-
Other intangible assets	4,910,237	-	4,910,237	959,409
Prepayments on intangible assets	-	-	-	-
Property, plant and equipment				
Land	1,785,801	-	1,785,801	1,785,801
Buildings	6,920,051	3,657,283	3,262,768	3,443,904
Equipment and tooling	210,140,782	185,558,395	24,582,387	16,012,678
Other property, plant and equipment	63,702,253	41,358,521	22,343,732	21,496,052
Property, plant and equipment in progress	18,463,779	-	18,463,779	10,666,158
Advances and installments	-	-	-	-
Investments				
Holdings using the equity method	-	-	-	-
Shares in consolidated and non-consolidated companies	80,210,687	68,097,299	12,113,387	9,319,760
Receivables linked to holdings	75,090,345	27,214,981	47,875,364	46,954,585
Other long-term investments	-	-	-	-
Loans	-	-	-	-
Other investments	590,361	110,676	479,685	4,506,904
Fixed assets	508,297,112	370,909,893	137,387,219	118,447,844

(in €)	Gross amount	Depreciation and amortization	Net at 03/31/2018	03/31/2017
Inventory and work-in-progress				
Raw materials, supplies	25,235,612	5,256,656	19,978,956	15,466,255
Work-in-progress of production of goods	11,699,045	475,355	11,223,690	7,143,565
Work-in-progress of production of services	-	-	-	-
Semi-finished and finished products	6,424,200	480,819	5,943,381	8,033,766
Goods	1,583,706	-	1,583,706	656,388
Advances, goods paid for on order	488,756	-	488,756	402,099
Receivables				
Accounts receivable and related accounts ^(c)	46,049,006	476,488	45,572,518	49,913,608
Other receivables ^(c)	49,908,215	-	49,908,215	44,305,523
Capital subscribed and called, unpaid	-	-	-	-
Miscellaneous				
Marketable securities (of which treasury shares)	40,000,000	-	40,000,000	41,000,000
Liquid assets (including cash instruments)	66,511,046	-	66,511,046	57,150,132
Adjustment accounts				
Pre-paid expenses ^(c)	1,013,911	-	1,013,911	1,770,602
Current assets	248,913,496	6,689,319	242,224,178	225,841,942
Debt issue expenses to be written off	-	-	-	486,994
Bond redemption premium	-	-	-	-
Currency translation adjustments – Asset	7,993	-	7,993	32,513
GRAND TOTAL	757,218,602	377,599,212	379,619,390	344,809,294

(c) Portion at > 1 year

42,557,575 30,820,186

BALANCE SHEET: LIABILITIES

(in €)	03/31/2018	03/31/2017
Share capital or individual capital (62,735,134 of which paid up)	62,762,071	60,623,020
Share premiums from issues, mergers and contributions	61,182,998	887,517,587
Revaluation adjustment of which equity method valuation difference	-	-
Statutory reserve	3,393,047	3,393,047
Regulated or contractual reserves	-	-
Regulatory reserves (of which provisions for price fluctuations) ^(d)	-	-
Other reserves (including purchase of original works of art)	26,303,795	26,330,731
Retained earnings	-	(885,450,402)
Net profit/(loss)	47,547,827	20,348,131
Investment grants	-	-
Regulated provisions	649,948	778,974
Total equity	201,839,684	113,541,088
Earnings from issues of securities in capital	-	-
Redeemable advances	25,173,740	25,524,611
Other equity	25,173,740	25,524,611
Provisions for contingencies	2,249,350	2,123,140
Provisions for expenses	1,033,180	2,199,197
Provisions for contingencies and expenses	3,282,530	4,322,337
Convertible bonds	-	41,828,928
Other bonds	-	94,035
Borrowings and debt with credit institutions ^(d) ^(e)	54,262,287	57,526,932
Various other loans (of which equity loans)	-	-
Prepayments received on outstanding orders ^(d)	97,796	20,295
Trade payables ^(d)	43,837,297	45,050,571
Tax and social security payables ^(d)	31,985,659	28,847,601
Amount due on fixed assets and related accounts ^(d)	7,330,450	3,705,419
Other liabilities ^(d)	2,424,458	15,224,529
Deferred income ^(d)	2,387,263	8,763,445
Liabilities ^(d)	142,325,209	201,061,759
Currency translation adjustments – Liability	6,998,225	359,496
GRAND TOTAL	379,619,390	344,809,294
(d) Prepayments and deferred income < 1 year	94,541,803	101,911,967
(e) Of which bank outstandings, bank credit balances	54,262,287	57,526,933

INCOME STATEMENT (LIST FORM)

Items	France	Exports	03/31/2018	03/31/2017
Sales of goods	-	10,511,260	10,511,260	3,062,018
Sales of goods produced	40,071,751	226,695,028	266,766,779	228,230,099
Sales of services provided	492,079	18,264,005	18,756,083	6,930,683
Net revenue	40,563,830	255,470,293	296,034,122	238,222,800
Production in inventory	-	-	1,390,260	3,638,453
Stored production	-	-	3,904,128	-
Operating grants	-	-	7,186,439	8,241,763
Reversal of depreciation and provisions, transfer of expenses ⁽ⁱ⁾	-	-	15,952,680	19,292,818
Other income ^(a) ^(k)	-	-	16,154,843	6,551,013
Operating income ^(b)	-	-	340,622,472	275,946,848
Purchases of goods (including customs duties)	-	-	10,075,890	3,566,290
Changes in inventory (goods)	-	-	(927,318)	(656,388)
Purchases of raw materials and supplies (and customs duties)	-	-	108,015,667	84,577,121
Changes in inventory (raw materials and supplies)	-	-	(3,244,420)	2,674,803
Other purchases and external costs ^(c) ^(f bis)	-	-	64,574,684	68,357,677
Taxes and similar payments	-	-	5,990,095	5,373,747
Wages and salaries	-	-	51,804,337	47,573,398
Social charges ⁽ⁱ⁾	-	-	23,511,032	27,098,668
Operating expenses	-	-	-	-
On fixed assets: depreciation expenses	-	-	14,899,527	16,195,561
On fixed assets: provisions	-	-	349,479	149,221
On current assets: provisions	-	-	6,224,006	8,257,598
For contingencies and charges: provisions	-	-	1,550,492	1,147,829
Other costs ^(l)	-	-	11,159,306	4,751,546
Operating costs ^(d)	-	-	293,982,778	269,067,077
Operating profit/(loss)	-	-	46,639,695	6,879,770

Items	France	Exports	03/31/2018	03/31/2017
Joint ventures			-	-
Allocated gain or transferred loss	-	-	-	-
Allocated loss or transferred gain	-	-	-	-
Financial income				
Financial income from holdings ^(e)	-	-	463,148	51,475
Income from other capitalized securities and receivables ^(e)	-	-	-	-
Other interest and similar income ^(e)	-	-	14,906,787	12,946,501
Reversals on provisions and transfer expenses	-	-	6,736,975	3,942,578
Positive translation adjustments	-	-	660,638	5,271,900
Net income from sales of investment securities	-	-	16,796	10,587
Financial income			22,784,343	22,223,044
Financial expenses for depreciation and provisions	-	-	401,852	13,436,628
Interest and similar costs ^(f)	-	-	871,130	5,005,555
Negative translation adjustments	-	-	2,444,341	7,999,678
Net costs on sales of investment securities	-	-	-	-
Financial expense			3,717,323	26,441,862
Financial income/(expense)			19,067,020	(4,218,818)
CURRENT PRE-TAX PROFIT/(LOSS)			65,706,715	2,660,951

Items	France	Exports	03/31/2018	03/31/2017
Extraordinary income on management transactions			106,250	340,411
Extraordinary income on capital transactions			12,681,190	3,788,163
Reversals on provisions and transfer expenses			519,826,193	129,027
Extraordinary income			532,613,633	4,257,601
Extraordinary costs on management transactions ^(f bis)			665,776	446,102
Extraordinary costs on capital transactions			557,373,056	7,584
Extraordinary expenses for depreciation and provisions			191,550	-
Extraordinary expenses			558,230,382	453,686
Extraordinary profit/(loss)			(25,616,749)	3,803,915
Employee profit-sharing plan			-	-
Income tax			(7,457,861)	(13,883,264)
TOTAL INCOME			896,020,449	302,427,493
TOTAL EXPENSES			848,472,622	282,079,361
PROFIT OR LOSS			47,547,827	20,348,131
(a) Of which partial net earnings on long-term transactions			-	-
(b) Of which:				
• income from property rentals			-	-
• operating income from previous fiscal years			-	1,566
(c) Of which:				
• property leasing			5,881,445	7,925,364
• equipment leasing			9,672	-
(d) Of which operating costs from previous fiscal years ^(h)			14,725,873	12,864,060
(e) Of which earnings concerning related parties			337,793	565,839
(f) Of which interest concerning affiliated companies			-	-
(f bis) Of which charitable donations (Article 238 bis of the French General Tax Code)			-	-
(g) Details of extraordinary income and expenses			-	-
(h) Details of earnings and costs from previous fiscal years			-	-
(i) Of which cost transfers			1,134,795	2,058,239
(j) Of which proprietor's personal contributions			-	-
(k) Of which royalties for concessions, patents, licenses (income)			11,584,961	6,551,013
(l) Of which royalties for concessions, patents, licenses (costs)			6,103,182	4,311,582

APPENDIX

To the balance sheet before distribution of the fiscal year ending March 31, 2018, whose total amounts to €379,619,390, and to the fiscal year's profit and loss account, presented in list form, whose total expenditure is €848,472,622.20, income is €896,020,449.08 and generating a profit of €47,547,826.89.

The fiscal year ran for 12 months from April 1, 2017, to March 31, 2018.

The notes and tables below are an integral part of the annual financial statements.

Taking into account the profit for the year ended March 31, 2018, the Board of Directors will submit to the vote of the Shareholders' General Meeting of July 26, 2018, that 5% of the profit for the fiscal year be allocated to the legal reserve (*i.e.* €2,377,391.34), thereby raising it from the current level of €3,393,046.69 to €5,770,438.03, and that the remaining €45,170,435.55 be allocated to retained earnings. This line would thus be positive to the tune of €45,170,435.55.

These annual financial statements were closed by the Board of Directors on June 13, 2018.

ACCOUNTING RULES AND METHODS AND NOTES TO THE BALANCE SHEET

The general accounting agreements have been applied in accordance with the principle of prudence, pursuant to the basic assumptions: business continuity, consistency of accounting methods from one year to the next, independence of fiscal years, and compliance with the general rules for preparing and presenting annual financial statements.

The basic method used to value recorded items is the historical cost method.

General principles and conventions

These financial statements were prepared in accordance with ANC Regulation 2014-03 of June 5, 2014, updated by ANC Regulation 2016-07 of November 4, 2016 relating to the general chart of accounts and generally-accepted accounting principles in France, as well as ANC Regulation 2015-05 on financial futures and hedging operations.

The accounting rules and methods applied are the same as those of the previous fiscal year, apart from the change described below relating to the new ANC Regulation 2015-05 on financial futures and hedging operations, effective as of January 1, 2017. In a context of increased financial market volatility, the current general accounting plan was no longer suitable for the types of transactions and new instruments now in place in companies. This regulation clarifies and secures the accounting treatment of certain transactions. The main consequences of the application of this new regulation on the annual financial statements of Soitec S.A. at March 31, 2018 are as follows: The recognition of foreign exchange gains and losses under debt and trade receivables making for an increase of €4,570 thousand in other income and €4,511 thousand in other expenses. At March 31, 2017, foreign exchange gains and losses related to trade receivables and payables were booked under financial income for €4,062 thousand and €6,460 thousand, respectively.

Highlights

Early conversion of the OCEANE bonds

The Company continued actions to reduce its debt. On August 8, 2017, it successfully completed an early conversion of its OCEANE bonds with a 98.74% rate of conversion into shares. As a result, the holders of

OCEANE bonds who opted for the allocation of shares were granted 1,056,057 new ordinary shares in exchange for 16,001,014 OCEANE bonds. Other bond holders received a cash redemption for their OCEANE bonds (204,250 OCEANE bonds not presented for conversion), totaling approximately €541 thousand.

At the end of the early conversion process, the Company's share capital was increased by 2,112 thousand euros, *i.e.* around 3.48%, and the share issue premium was increased by the amount of €38,791 thousand net of charges.

Solar energy asset restructuring operations

On March 27, 2018, Soitec S.A. sold its 100% holding in Soitec Solar GmbH to Concentrix Holding SAS.

Concentrix Holding SAS is a recently-created French company that is wholly owned by Soitec S.A.

On March 30, 2018, Soitec S.A. assigned its receivable relating to Soitec Solar GmbH to Soitec USA Holding Inc. (formerly Soitec Solar Inc.).

The companies, Soitec S.A., Soitec USA Holding Inc., and Soitec Solar GmbH agreed to maintain the credit agreement signed between Soitec S.A. and Soitec GmbH so that the latter could retain its right to borrow from Soitec S.A. under the terms of the credit agreement. The subordination agreement has remained in place and will apply to receivables.

The first objective of this structural operation is to split the Solar Energy business from the Electronics business. This incurred an exceptional loss of more than €25 million at March 31, 2018.

The second objective is to prepare the next stages of the Soitec Group's total withdrawal from the Solar Energy business.

Announcement of a long-term agreement on the FD-SOI with a major strategic customer

A long-term agreement to supply FD-SOI wafers was signed with GlobalFoundries in September 2017. This strategic step will help to guarantee the volume supply of products resulting from the FD-SOI technology.

The September 19, 2017 press release is available on the Soitec website (www.soitec.com).

Announcement of the reopening of the Paris Ris plant (Singapore)

In September 2017, Soitec announced the launch of a pilot line to produce Fully-Depleted Silicon-On-Insulator (FD-SOI) wafers in its Singapore subsidiary's plant. This launch is the first step toward manufacturing FD-SOI wafers in Singapore and supplying the global semiconductor market with FD-SOI substrates from different production sites.

Soitec also decided to reduce the risk of dependency for its raw material supply by implementing a 300-mm material recycling production capacity and developing its in-house epitaxy capacity in the Singapore plant.

Acquisition of Frec|n|sys

On October 5, 2017, the Company acquired 100% of the shares and voting rights of Frec|n|sys, a start-up specializing in the design and manufacture of acoustic wave components for filters and sensors designed for hostile environments. In addition to developing the business of Frec|n|sys, the acquisition will enable the Group to step up the development and testing of machined substrates suitable for acoustic wave devices for front-end filters and to play a more important role in the development of sensor materials.

Free-share allocation plan for the employees of Soitec

On March 23, 2018, the Board of Directors decided to launch a free ordinary share allocation plan for the Company's employees in a bid to involve them in achieving the Group's growth objectives and to recognize and emphasize their participation in value creation.

Subject to conditions of presence and seniority, this plan, effective from March 28, 2018, allocates a certain number of shares to employees for their loyalty to the Company and their contribution to Group efforts made in recent years. The 187,749 free shares allocated represented approximately 0.6% of the Company's share capital at March 28, 2018.

Ordinary shares thus allocated will be effectively vested to the beneficiaries, provided they are on the Company payroll on the first business day after March 28, 2020.

Reversal of provisions for accelerated impairment related to the Bernin site

The filling rate at the 300 mm wafer production site of Bernin has improved significantly and plans to provide an average filling rate of 70% over the 2018-2019 fiscal year, with steady growth quarter after quarter. Under these conditions, the provision for impairment related to the Bernin site, which had become superfluous, was reversed at March 31, 2018, for a total amount of €1.7 million.

Subsequent events

None.

Intangible and tangible fixed assets

Intangible assets mainly include software that is recognized at purchase price and amortized using the straight-line method over their estimated useful life of one to five years, and including development projects in the amount of €3,286 thousand, capitalized in accordance with Article 311-3.2 of the General Accounting Plan.

Property, plant and equipment are valued at their purchase cost. Depreciation of "property, plant and equipment" is calculated following the straight-line method over their useful life estimated as follows:

Buildings, fixtures and fittings	15 to 30 years
Equipment and tooling	3 to 8 years
Other fittings and fixtures	5 to 10 years
Transport equipment	5 years
IT and office equipment	3 to 7 years
Office furniture	5 to 10 years

Investments

Financial fixed assets include equity investments, receivables attached to holdings, deposits and bonds, and treasury shares.

The holdings are valued at their historic purchase price. At the end of the fiscal year, an examination of the value of the securities was carried out consisting of analyzing the book value of the securities, mainly based on the remeasured net asset value or on the realizable value of the companies concerned. The lowest of these values is used on the balance sheet.

Thus, the value of the securities of the Soitec S.A. subsidiaries was adjusted in accordance with the results of the re-valuation tests on the economic situation of each of the subsidiaries.

In the 2017-2018 financial year, the Company increased its holding in Technocom 2 by €250 thousand and acquired a new capital stake in the company Greenwaves in the amount of €0.5 million (equivalent to 5.72% of the company's capital).

Soitec also invested €1.3 million to acquire a new company, Frec|n|sys.

The Company recovered €8.8 million in guarantee deposits relating to a financing operation for the South African solar power plant.

SUMMARY OF THE HOLDINGS OF THE COMPANY

Company	Gross value at 03/31/2018	Impairment			Net value at 03/31/2018
		04/01/2017	Change	03/31/2018	
Shares					
Soitec USA Holding Inc.*	16,796	-	-	-	16,796
Soitec Japan Inc.	2,636,988	-	-	-	2,636,988
Soitec Microelectronics Singapore	67,197,054	67,197,054	-	67,197,054	-
Soitec Solar GmbH	-	101,244,230	(101,244,230)	-	-
Soitec Korea	328,483	-	-	-	328,483
Soitec Corporate Services	1,000	-	-	-	1,000
Soitec Shanghai Trading	102,138	-	-	-	102,138
Frec n sys	1,335,287	-	-	-	1,335,287
Concentrix Holding	100,000	-	-	-	100,000
Ceotis Éclairage	281,181	281,181	-	281,181	-
Cissoïd	339,903	339,903	-	339,903	-
Technocom 2	2,025,000	887,500	(608,339)	279,161	1,745,839
Exagan	905,895	-	-	-	905,895
Simgui	4,440,962	-	-	-	4,440,962
Greenwaves	500,000	-	-	-	500,000
TOTAL	80,210,686	169,949,868	(101,852,569)	68,097,299	12,113,387

* Formerly Soitec Solar Inc.

Soitec S.A. sold its assets in Soitec Solar GmbH, which explains the full reversal of the provision. This restructuring operation is explained in detail in the paragraph on the highlights of the fiscal year.

The investment in Technocom 2 was subject of a depreciation provision reversal in the amount of €608.3 thousand.

Foreign currency receivable related to the Company's stake in Soitec Singapore was revalued for the portion considered to be redeemable (*i.e.* €6.9 million).

During the fiscal year, Soitec granted its Frec|n|sys subsidiary an interest-bearing current account advance of €0.5 million.

Summary of provisions for impairment of receivables on holdings:

Company	Gross value at 03/31/2018	Change			Net value at 03/31/2018
		04/01/2017	Change	03/31/2018	
Receivables					
Soitec Microelectronics Singapore	74,386,592	27,034,981	-	27,034,981	47,351,611
Soitec Solar GmbH	-	418,452,936	(418,452,936)	-	-
Ceotis	214,000	180,000	-	180,000	34,000
Frec n sys	489,753	-	-	-	489,753
TOTAL	75,090,345	445,667,917	(418,452,936)	27,214,981	47,875,364

In fiscal 2017-2018, Soitec redeemed the €8.8 million security deposit linked to a financing operation of the South African solar farm. By doing so, the Company reversed the €4.9 million provision booked as an asset on the balance sheet.

At March 31, 2018, the Company had 5,077 treasury shares.

	March 31, 2018
Number of treasury shares	5,077
Gross value (in € thousand)	432
Unrealized capital loss (in € thousand)	(111)

Inventories

Inventories of raw materials, consumables and goods are valued at their purchase cost. A provision for impairment is set aside for obsolete or surplus items.

Inventories of finished goods are valued at production cost except for those whose cost exceeds their selling price during the start-up phase of production and that of obsolete or surplus items.

A provision for impairment writes down the carrying amount of finished goods to their realizable value less proportionate selling expenses.

Semi-finished products are evaluated using the same principles depending on their state of progress in the manufacturing process.

They are broken down as follows:

Inventory category	Gross values	Amount of impairment	Net values
Raw materials	12,197,289	2,259,539	9,937,750
Consumables	13,038,323	2,997,117	10,041,206
Semi-finished products	11,699,045	475,355	11,223,690
Finished products	6,424,200	480,819	5,943,381
Goods	1,583,706	-	1,583,706

Receivables

Trade receivables, which generally fall due between 30 and 90 days, are recognized at face value.

These receivables are then carried at amortized cost, less any impairment losses on non-recoverable amounts. An impairment loss is recognized whenever there is an objective indication that the Company may not be able to recover its receivables. Identified non-recoverable receivables are written off in full.

There was no significant increase in the level of impairment for doubtful debt over the period.

At the end of the fiscal year, Soitec signed a factoring agreement in the amount of approximately €5 million. As a result, the Company assigned its trade receivables to the factor in exchange for cash. The amount of receivables financed by way of the factor at March 31, 2018 amounted to €6.7 million.

Other receivables

Other receivables relate to tax and social security receivables as well as subsidies receivable totaling €4,972 thousand. These later mainly concern the Harmonie, Waytogofast and Reference programs for €667 thousand, €2,976 thousand and €475 thousand, respectively.

The "State and local authorities" item includes a Research Tax Credit of €39,401 thousand.

The competitiveness-employment tax credit (CICE) receivable at March 31, 2018, was €4,485 thousand, composed of CICE receivables from 2014, 2015, 2016, 2017 and the first quarter of 2018. Reimbursement of the 2014 receivable, for €1,025 thousand, will be requested when the current year's tax filings are made.

All CICE receivables were pre-financed by Bpifrance Participations, for a total amount of €4,993.5 thousand.

The purpose of the CICE is to finance the competitiveness of companies, particularly through efforts relating to investments, research, innovation, training, recruitment, prospecting new markets and rebuilding working capital.

It can neither finance an increase in distributed profits nor increase the compensation of directors.

CICE income was recognized as a reduction in personnel-related costs.

Liquid assets and marketable securities

The bulk of cash and cash equivalents concern remunerated accounts and time deposits which do not require notice to make withdrawals, do not present any significant interest rate risk and are available at any time.

Cash at bank is principally denominated in euros (80% of the total) and in US dollars (17% of the total).

At end-March 2018, cash at bank comprised €40 million in marketable securities and €66.5 million in cash (of which €158 thousand related to active cash instruments), compared with €41 million and €57.2 million respectively at the end of the last fiscal year.

Currency translation adjustments

Expenses and earnings in foreign currencies are recorded at their average exchange value at the date of the transaction of the previous month.

Debts, receivables and cash in foreign currencies are recorded on the balance sheet at the exchange rate posted at the end of the fiscal year.

The difference resulting from this updating of the value of debts and receivables in foreign currencies is recorded on the balance sheet as a "currency translation adjustment." Unrealized foreign exchange losses which are not offset or covered by a currency hedge are subject to a provision for liabilities and charges. It amounted to €8 thousand at fiscal year end.

Changes in the value of isolated open positions are recorded on the balance sheet and unrealized exchange losses are provisioned. A provision in the amount of €158 thousand was booked at March 31, 2018.

Foreign currency receivables related to investments are revalued for the portion considered to be redeemable in the short term.

Debt issue expenses

These are costs related to the 2014 bond, costs initially amounting to €3,841 thousand, staggered over a five-year period. The remaining €487 thousand to be amortized at the beginning of the fiscal year was entirely amortized during the period upon conversion of OCEANE bonds into ordinary shares.

Total equity

General information

The change in share capital is detailed in the highlights.

At March 31, 2018, the number of Company shares outstanding was 31,636,932, of which 31,367,567 ordinary shares with a par value of €2 per share, and 269,365 preferred shares with a par value of 10 cts per share.

Information on changes in the stock option plans

No stock-option plans were launched or in force in the year ending March 31, 2018.

The table below summarizes information relating to changes in stock option plans and the weighted average exercise price per share:

<i>(in number)</i>	Shares (in number)	Weighted average exercise price per share <i>(in €)</i>	Price range <i>(in €)</i>
March 31, 2016*	300,800	15.30	15.11 - 16.41
Allocated	75,037	15.30	15.11 - 16.41
Cancelled	(375,837)	15.30	15.11 - 16.41
March 31, 2017	-	-	-
Allocated	-	-	-
MARCH 31, 2018	-	-	-

* Before reverse stock split of February 2017.

Other equity

During the year, Soitec partially reimbursed the €920 thousand advance received for the "Nanosmart" program and recorded a payment of €569 thousand related to the financing of its "Cheetah" project.

Loans and financial debts

The Company continued actions to reduce its debt. On August 8, 2017, it successfully completed an early conversion of its OCEANE bonds with a 98.74% rate of conversion into shares.

Financial Instruments

Hedging derivative instruments

The Company hedges its currency risk on some of its transactions denominated in US dollars and Japanese Yen through derivatives (forward sales, options contracts). These derivative instruments are solely designed to hedge currency risks on fixed commitments or highly probable future transactions.

Attributable transaction costs are recognized in the income statement when incurred.

In the absence of a hedging relationship, after initial recognition:

- realized gains and losses resulting from foreign exchange derivatives are recognized immediately in the income statement;
- net unrealized losses, calculated on an instrument-by-instrument basis, are fully provisioned; unrealized gains are not recognized in accordance with the principle of prudence.

If the instrument is used for hedging purposes, the income and expenses resulting from the use of these instruments are recorded symmetrically to the recording of the expenses and income from the hedged transactions:

- gains and losses resulting from derivatives used to hedge firm commitments or identifiable future transactions are deferred and taken into account in the valuation of the transaction concerned which occurs when it is unwound.

At the close of the fiscal year, the Company recorded a provision for risk on the forward market of €158 thousand.

The following table shows the existing financial instruments in the portfolio at March 31, 2018, and March 31, 2017, to hedge currency risks:

Type of contract (in € thousand)	Currency	March 31, 2018		March 31, 2017	
		Market value (net)	Hedged position	Market value (net)	Hedged position
Hedging of balance sheet items:	-	2,753	-	(870)	-
of which eligible for hedge accounting (hedging of trade receivables):		2,755	-	-	-
Forward sales	USD to EUR	1,418	10,145	-	-
Options	USD to EUR	1,337	11,540	-	-
of which not eligible for hedge accounting:		(2)	-	-	-
Forward sale (hedging of trade receivables)	USD to EUR	-	-	(870)	22,449
Forward purchase (hedging of trade payables)	JPY to EUR	(2)	1,587	-	-
Cash flow hedges:	-	11,215	-	707	-
of which eligible for hedge accounting:		11,371	-	3,388	-
Forward sales	USD to EUR	5,374	60,872	637	101,955
Options	USD to EUR	5,997	67,188	2,751	114,115
of which not eligible for hedge accounting:		(156)	-	(2,681)	-
Options	USD to EUR	(156)	78,727	(2,681)	114,115
TOTAL HEDGES		13,968	-	(162)	-

The maturities of financial hedging instruments fall between April 1, 2018, and September 2019.

The market value was estimated using one or more commonly used models.

The financial instruments recognized in the financial statements of Soitec S.A. as at March 31, 2018 have a market value of €158 thousand (as cash instruments), relating to the hedging of balance sheet items and future cash flows. These options are not eligible for hedge accounting. The amount of the hedged positions totals €80,314 thousand.

Currency risk

Soitec's policy on exposure to currency risk on its future trading transactions is to hedge a very significant portion of the currency risk of the following two years at the end of the fiscal year by using derivative instruments on the basis of operating budgets.

All future cash flows of the Group are the subject of detailed forecasts over the forthcoming budget year plus four years under the Business Plan. The currency risks identified are hedged by forward sales or options contracts, in order to minimize each currency position.

The Group Treasury can hedge the exchange rate on cash flow forecasts for up to 30 months (taking into account available credit lines), on the basis of the cash flow forecasts, using forward contracts or options.

The useful life of these instruments is in line with the settlement flows.

However, the policy is not to use instruments for speculative purposes.

Currency risk on EUR/ZAR remains unhedged.

The exchange rates of the Group's three main currencies at March 31, 2018 were as follows:

- EUR/USD: 1 euro for 1.2321 US dollars (1 euro for 1.0691 US dollars at March 31, 2017);
- EUR/JPY: 1 euro for 131.15 yen (1 euro for 119.55 yen at March 31, 2017);
- EUR/ZAR: 1 euro for 14.621 rand (1 euro for 14.2404 rand at March 31, 2017).

Credit risk

The financial instruments on which the Company potentially incurs a credit risk are mainly cash, liquid assets subject to restrictions and accounts receivables. The Company has implemented a cash flow management policy with the objective of optimizing its investments in short-term and low-risk financial liquid instruments. The Company's liquid assets are mainly invested with large international financial institutions.

The Company markets its products to actors in the semiconductor industry mainly located in the United States, Asia and Europe. At March 31, 2018, eight customers individually represented more than 5% of Electronics division sales, and together accounted for 71% of sales. As at March 31, 2017, there were nine customers individually representing more than 5% of the Group's revenue, and they jointly represented 80% of the revenue.

The Company frequently evaluates its customers' credit risk and financial position and provisions the potential losses on receivables that cannot be recovered. The amount of these losses remained within the limits forecast by the Management.

Equity risk

The Company may be exposed to equity risk due to the shares which it owns; however, this risk is limited because the Company owned only 5,077 treasury shares as of March 31, 2018, or less than 1% of the Company's capital.

Liquidity risk

The Company's financing is based on long-term borrowing from capital markets (convertible bond issues and capital increases), finance leases for capital spending and confirmed credit lines.

Confirmed credit lines

The bank credit lines (€29.8 million at March 31, 2018), originally set up with a bullet repayment in November 2019, were restructured to be amortized on a straight-line basis until 2021 (with four annual installments of €7.44 million still due at March 31, 2018).

These credit lines carry a commitment fee of 0.15% to 0.20% and a utilization fee ranging from EURIBOR +0.60% to +1.00% depending on the credit lines.

As part of the mobilization of receivables for the research tax credit and tax credit for competitiveness and employment, the Company arranged credit lines with BPI for a total amount of €24.4 million, maturing between September 2018 and August 2022. These credit lines carry a commitment fee of 0.30%, plus a utilization fee of 1-month EURIBOR +0.70%.

Revenue recognition

Revenue recognition comes mainly from the sales of products. It is supplemented by license income. Revenue is recognized when it is probable that future economic benefits will flow to the Company and the revenue can be measured reliably.

The revenue recognition criteria vary depending on the nature of the services provided by the Company:

- sales of silicon wafers are recorded as earnings when the transfer of risks and benefits takes place pursuant to the terms and conditions of sale specified in customer contracts;
- licensing revenue is recognized on a straight-line basis over the period during which the rights are granted or may be recognized on the basis of a percentage of sales as defined in the contract. When the license agreements provide, in addition to royalties, for payments of advances or interim invoices allowing for the financing of the developments implemented to respond to the specific needs of a customer, these are recorded as earnings over the foreseeable duration of the use by the customer of the transferred technology.

At March 31, 2018, the main source of prepaid income relates to a licensing agreement signed in May 2014 for radio frequency and power applications totaling €2.4 million.

Prepaid income relating to a licensing agreement signed in March 2011 for image sensors totaling €2.6 million at March 31, 2017 was recognized in the income statement at March 31, 2018 (this license is no longer used by the customer).

Research and development expenditure

Research and development costs are essentially made up of the following:

- salaries and social charges;
- operating costs of clean room equipment and equipment required for research and development;
- material used for finalizing and manufacturing prototypes;
- subcontracting to public research centers or private laboratories, cooperation agreements;
- costs related to maintaining and strengthening the Company's intellectual property rights.

This year, the Company recognized research and development costs of almost €15 million.

Provided that such agreements are signed and the administrative authorizations are obtained, the amounts received under the aid contracts are recognized as operating grants.

Support for research and development activities may also take the form of repayable advances.

Soitec S.A. receives a research tax credit (CIR).

The amount of the research tax credit granted is reduced by the grants collected during a calendar year for the projects concerned. The amount of the research tax credit received may thus vary from one period to the next depending on the level of grants received.

The research tax credit recorded in the financial statements for the 2017 calendar year totaled €12.2 million.

Pension costs

Retirement indemnities and related benefits

French law provides for the lump-sum payment of retirement indemnities. This indemnity is determined depending on the years of service and the level of remuneration at the time of retirement. Entitlements are only enjoyed by employees working in the Company at retirement age. The Group has entered into an agreement to supplement statutory retirement benefits.

Other pension plans

In addition to statutory benefits, the Company operates a supplementary pension plan for certain employees. This defined benefit plan is managed by an outside agency.

Defined benefit plans (Article 83 of the French General Tax Code) are measured on an actuarial basis using the projected unit credit method, which factors in demographic assumptions (salary trends, age upon retirement, staff turnover, mortality rate) and financial assumptions (discount rate and inflation rate).

For defined contribution plans (Article 39 of the French General Tax Code), payments are recognized as costs of the fiscal year to which they relate. There are no actuarial liabilities to this end.

The various calculations required for the assessment of retirement benefit obligations were made with a discount rate of 1.4% and loading rates of 51% for managers and technicians and 46% for operators.

The retirement age is assumed to be between 62 and 65 years, depending on the occupational category.

The table below is the mortality table used to calculate the retirement age:

Age at the calculation date	Executive	Office workers and technicians	Laborer
20 years old	92.5%	93.5%	94.0%
25 years old	92.6%	93.6%	94.1%
30 years old	92.7%	93.7%	94.2%
35 years old	92.9%	93.9%	94.4%
40 years old	93.2%	94.2%	94.7%
45 years old	93.6%	94.7%	95.2%
50 years old	94.5%	95.5%	96.0%
55 years old	95.7%	96.8%	97.3%
60 years old	97.5%	98.6%	99.1%

The Company's retirement benefit obligation at March 31, 2018 totals €9,212 thousand, compared with €8,234 thousand at March 31, 2017.

Provisions

A provision is recognized when the Company has a present (legal or constructive) obligation arising from a past event, the amount of which can be estimated reliably, and the settlement of which is expected to result in an outflow of resources embodying economic benefits for the Company. The provisions are updated when the impact of the update is significant.

A provision for restructuring is only recognized when there is an implicit obligation to a third party, originating from a decision of Management materialized before fiscal year-end by the existence of a detailed and formalized plan and the announcement of this plan to the persons concerned.

The other provisions correspond to risks and charges identified specifically:

Provisions for litigation: Labor Courts, Social Security, fines and penalties	€2,083,174
Provisions for foreign exchange losses	€7,993
Provision for risk on futures market	€158,183
Provisions for restructuring	€584,834
Other provisions for liabilities: rent still due on obsolete equipment, restoration of the Paris site	€448,347

Related party disclosures

Since November 29, 2017, the Board of Directors has been composed of 12 members. Besides the Chief Executive Officer, the other 11 members were selected for their experience in the semiconductor market, or for their professional experience in other areas relevant to the Group's development. The semiconductor market is characterized by a small number of players, such that the Group maintains or is likely to have business relations with Global Foundries, Shin-Etsu Handotai, Shanghai Simgui, Ltd., and the French Alternative Energies and Atomic Energy Commission (CEA), where Douglas Dunn, Satoshi Onishi, Xi Wang and Christophe Gégout respectively hold or held positions, as disclosed in the individual summary sheets shown in paragraph 14.1.1.1.8 of this Registration Document.

When the financing plan was set up in connection with the conciliation procedure approved by the Grenoble Commercial Court on May 5, 2015, Shin-Etsu Handotai Europe Ltd., Bpifrance Participations, and CEA Investissement granted the Group a financing facility for a total amount of €54 million. The Group made a partial repayment in August 2015 and the balance of €44 million was repaid in May 2016. In respect of these loans, no impact is to be recorded in the 2017-2018 fiscal year, with the exception of the €18 million inventory pledge granted to Shin-Etsu Handotai Co. Ltd., the execution of which has continued.

During the year ended March 31, 2018, purchases of raw materials from Shin-Etsu Handotai represented €82,426 thousand (€65,999 thousand in the year ended March 31, 2017). A multi-year contract was also signed to guarantee the supply of raw materials over the next few years, against which an off-balance-sheet commitment of €24 million was disclosed in the notes to the Group's consolidated financial statements.

The Company invoiced royalties to Shin-Etsu Handotai of €3,248 thousand for fiscal year 2017-2018 (€2,835 thousand for fiscal year 2016-2017).

Global Foundries is one of Soitec's main customers; sales of wafers amounted to \$74.3 million for the 2017-2018 fiscal year (\$63 million for the 2016-2017 fiscal year). Global Foundries and the Company also signed long-term agreements for the bulk delivery of SOI.

In fiscal 2017-2018, the Company paid the CEA €5,241 thousand under the research and development contract (€5,263 thousand in fiscal 2016-2017), €4,247 thousand in patent royalties (€4,591 thousand in fiscal year 2016-2017), and \$470 thousand for settlement of the dispute with Silicon Genesis ("SiGen") to end the "Inter Partes Review" proceedings (proceedings instituted by the CEA that must in fact be stopped to allow the Company free access to the patents in question).

During the year, the Company paid Shanghai Technology Co., Ltd. \$9.1 million to buy 200 mm SOI wafers (\$2.7 million for the 2016-2017 fiscal year).

The Company invoiced Shanghai Technology Co., Ltd. \$1 million for the service contract and \$7.7 million for silicon substrates (versus \$1 million and \$2.8 million, respectively, for the 2016-2017 fiscal year).

The Company invoiced Exagan for clean room services in the amount of €398 thousand for the 2017-2018 fiscal year (compared to €255 thousand for the 2016-2017 fiscal year).

In fiscal year 2017-2018, the internal governance body called the Executive Committee (ExCom) had nine members excluding corporate officers. Total gross remuneration of the salaried members of the ExCom, excluding corporate officers, including direct and indirect benefits of the salaried members was estimated, for the year ended March 31, 2018, at €10.4 million.

<i>(in € thousand)</i>	March 31, 2018	March 31, 2017
Short-term benefits	2,656	2,690
Post-employment benefits	-	-
Share-based payment*	7,731	-
TOTAL GROSS REMUNERATION PAID TO GROUP MANAGEMENT	10,387	2,690

The amount of the gross remuneration allocated to corporate officers and non-employee directors is as follows:

<i>(in € thousand)</i>	March 31, 2018	March 31, 2017
Short-term benefits	1,031	1,016
Post-employment benefits	-	-
Termination benefits	-	-
Share-based payment*	1,871	-
TOTAL COMPENSATION AWARDED TO CORPORATE OFFICERS	2,792	1,016
Directors' fees paid	406	429
Reimbursement of travel expenses	72	73
TOTAL COMPENSATION AWARDED TO NON-EXECUTIVE DIRECTORS	478	502

* The valuations of performance shares correspond to a valuation carried out under IFRS 2: following the decision to establish a free preferred share plan, contingent rights to preferred shares had been allocated to managers during the previous year (2016-2017). These rights allowed the definitive allocation of preferred shares for fiscal year 2017-2018, as detailed below.

Breakdown of preferred shares definitively allocated during fiscal year 2017-2018:

<i>(in number)</i>	Preferred shares	Total at March 31, 2018
Management personnel	230,676	230,676
<i>Of which corporate officers</i>	<i>44,947</i>	<i>44,947</i>

Information required by Article R. 123-198-9 of the French Commercial Code

The total amount of statutory auditors' fees recorded in the income statement for the fiscal year was €312.1 thousand. These fees include the audit assignment, certification and examination of the separate and consolidated financial statements for €290 thousand, and the assignment for the other duties and services directly pertaining to the audit for €22.1 thousand.

BALANCE SHEET AND INCOME STATEMENT INFORMATION

Fixed assets

Items	Gross value beginning of year	Revaluation	Acquisitions	Items	Reclassifications	Assignment, decommissioning	Gross value end of year
Start-up and development costs	3,710,000	-	-	Start-up and development costs	-	3,710,000	-
Other intangible fixed asset items	46,128,767	-	5,264,284	Other intangible fixed asset items	-	-	51,393,052
Land	1,785,801	-	-	Land	-	-	1,785,801
Land constructions	6,813,315	-	106,735	Land constructions	-	-	6,920,051
Buildings on non-freehold land	-	-	-	Buildings on non-freehold land	-	-	-
General installations constructions, fixtures, fittings	-	-	-	General installations constructions, fixtures	-	-	-
Technical installations, equipment and industrial tools	199,470,088	-	13,420,341	Technical installations, equipment and industrial tools	-	2,749,648	210,140,782
General installations, fixtures, fittings	50,414,287	-	2,457,927	General installations, fixtures, fittings	-	29,738	52,842,476
Transport equipment	73,231	-	-	Transport equipment	-	-	73,231
Office, IT equipment and furniture	10,300,103	-	499,132	Office, IT equipment and furniture	-	12,690	10,786,545
Recyclable and various packaging	-	-	-	Recyclable and various packaging	-	-	-
Property, plant and equipment in progress	10,666,158	-	32,015,558	Property, plant and equipment in progress	16,484,136	7,733,802	18,463,779
Advances and installments	-	-	-	Advances and installments	-	-	-
Property, plant and equipment	279,522,987	-	48,499,695	Property, plant and equipment	16,484,136	10,525,879	301,012,666
Holdings valued against equivalents	-	-	-	Holdings valued against equivalents	-	-	-
Shares in consolidated and non-consolidated companies	671,892,130	-	9,624,260	Shares in consolidated and non-consolidated companies	-	526,215,359	155,301,031
Other long-term investments	-	-	-	Other long-term investments	-	-	-
Loans and other financial investments	9,607,716	-	1,111	Loans and other financial investments	-	9,018,466	590,361
Investments	681,499,847	-	9,625,371	Investments	-	535,233,826	155,891,392
GRAND TOTAL	1,010,861,602	-	63,389,351	GRAND TOTAL	16,484,136	549,469,705	508,297,112

Depreciation

Items	Beginning of the fiscal year	Expenses	Reversals	End of the fiscal year
Start-up and development costs	2,225,999	1,484,000	3,710,000	-
Other intangible assets	43,276,286	1,399,213	-	44,675,500
Land	-	-	-	-
Land constructions	3,369,411	287,872	-	3,657,283
Buildings on non-freehold land	-	-	-	-
General installations constructions, fixtures	-	-	-	-
Technical installations, equipment, tooling	171,351,935	7,416,667	2,486,837	176,281,766
General installations and fixtures	29,224,576	1,897,532	72,196	31,049,912
Transport equipment	70,626	2,605	-	73,231
Office, IT equipment and furniture	9,996,367	250,024	11,013	10,235,377
Recyclable and various packaging	-	-	-	-
Property, plant and equipment*	214,012,917	9,854,700*	2,570,047	221,297,570
GRAND TOTAL	259,515,204	12,737,914	6,280,047	265,973,071

* The filling rate at the 300 mm wafer production site of Bernin has improved significantly and plans to provide an average filling rate of 70% over the 2018-2019 fiscal year, with steady growth quarter after quarter. Under these conditions, the provision for impairment related to the Bernin site, which had become superfluous, was reversed at March 31, 2018, for a total amount of €1.7 million.

Breakdown of expenses	Reversals of accelerated tax depreciation
Start-up and development costs	-
Other intangible assets	129,027
Property, plant and equipment	-
GRAND TOTAL	129,027

Costs spread over several fiscal years	Beginning of the fiscal year	Increases	Expense for the period	Net amount at end of fiscal year
Costs to be spread over several fiscal years	486,994	-	486,994	-
Bond redemption premium	-	-	-	-

Provisions in the balance sheet

Items	Beginning of the fiscal year	Expenses	Reversals	End of the fiscal year
Special depreciation allowances	778,974	-	129,027	649,947
Regulated provisions	778,974	-	129,027	649,947
Provisions for litigation	1,220,315	927,424	352,566	1,795,173
Provisions for losses on forward markets	870,310	158,182	870,310	158,182
Provisions for fines and penalties	-	288,000	-	288,000
Provisions for foreign exchange losses	32,513	7,993	32,513	7,993
Provisions for restructuring	480,727	335,068	230,961	584,833
Other provisions for contingencies and charges	1,718,470	191,550	1,461,673	448,346
Provisions for contingencies and expenses	4,322,337	1,908,218	2,948,025	3,282,530
Provisions for intangible fixed assets	74,483	207,137	44,383	237,237
Provisions for property, plant and equipment	12,105,474	142,341	2,971,186	9,276,629
Provisions for equity loans	169,949,867	125,000	101,977,568	68,097,299
Provisions for other investments	450,768,728	110,675	423,553,747	27,325,656
Provisions for inventory and work-in-progress	8,080,589	6,212,830	8,080,589	6,212,830
Provisions for customer accounts	467,220	11,175	1,907	476,488
Provisions for depreciation	641,446,363	6,809,159	536,629,382	111,626,140
GRAND TOTAL	646,547,675	8,717,378	539,706,435	115,558,618
Operating expenses and reversals	-	8,123,976	13,143,267	-
Financial expenses and reversals	-	401,851	6,736,974	-
Exceptional contributions and recoveries	-	191,550	519,826,193	-

Receivables and payables

Receivables statement	Gross amount	Less than 1 year	More than 1 year	Debt statement	Gross amount	Less than 1 year	More than 1	Longer than
							year but less	five years
Receivables linked to holdings	75,090,345	47,875,364	27,214,981	Convertible bonds ^(a)	-	-	-	-
Loans ^{(a) (b)}	-	-	-	Other bonds ^(a)	-	-	-	-
Other investments ^(a)	590,361	479,685	110,676	Loans and debts of 1 year maximum initially	54,262,286	8,483,925	45,778,361	-
Doubtful and disputed trade receivables	503,443	503,443	-	Loans and debts of more than 1 year initially ^{(a) (b)}	-	-	-	-
Other trade receivables	45,545,562	45,545,562	-	Miscellaneous loans and financial debt ^{(a) (b)}	-	-	-	-
Receivables relating to loaned securities	-	-	-	Prepayments received on orders	97,796	97,796	-	-
Staff and related accounts	86,369	86,369	-	Trade payables and related accounts	43,837,297	43,837,297	-	-
Social security and other social agencies:	-	-	-	Staff and related accounts	15,824,644	15,824,644	-	-
• State and other local authorities: income tax	43,885,765	1,328,190	42,557,575	Social security and other social agencies	10,415,783	10,415,783	-	-
• State, other local authorities: VAT	539,652	539,652	-	State and other local authorities: income tax	-	-	-	-
• State and other local authorities: other taxes, duties and similar payments	-	-	-	State and other local authorities: VAT	2,301,811	2,301,811	-	-
• State, other local authorities: miscellaneous receivables	4,971,948	4,971,948	-	State and other local authorities: secured bonds	-	-	-	-
Group and related parties ^(b)	-	-	-	State and other local authorities: other duties, taxes and related payments	3,443,419	3,443,419	-	-
Other debtors	4,863,217	4,863,217	-	State and other local authorities: corporate income tax	4,438,738	4,438,738	-	-
Prepaid expenses	1,013,910	1,013,910	-	Amount due on fixed assets and related accounts	7,330,449	7,330,449	-	-
GRAND TOTAL	177,090,572	107,207,340	69,883,232	Group and related parties ^(b)	-	-	-	-
(a) Amount:				Other liabilities	2,424,458	2,424,458	-	-
• of loans granted during the year	-	-	-	Liabilities representing borrowed securities	-	-	-	-
• (*) of repayments obtained during the year	€8,821,703	-	-	Pre-paid income	2,387,262	382,218	1,555,081	449,963
(b) Loans and advances given to related parties	-	-	-	GRAND TOTAL	146,763,943	98,980,538	47,333,442	449,963
* This is the reimbursement of the guarantee deposit for the South African solar farm project.				(a) Loans				
				• taken out during the year	-	-	-	-
				• repaid during the year	526,965	-	-	-
				(b) Loans and debts entered into with related parties				

Items relating to several balance sheet items

Items	Affiliates	Holdings
Total fixed assets		
Holdings	4,520,691	7,592,696
Receivables linked to holdings	47,841,364	34,000
Current assets		
Advances, goods paid for on order	-	-
Customer receivables and related accounts	32,131,939	897,751
Other receivables	7,420	-
Debts		
Trade payables	2,799,446	953,018
Amount due on fixed assets and related accounts	257,743	-

Results of the last five fiscal years

Type of indications	Fiscal year 31/03/2014	Fiscal year 31/03/2015	Fiscal year 31/03/2016	Fiscal year 03/31/2017	Fiscal year 3/31/2018
I. Capital at the end of the fiscal year					
Share capital	17,258,080	23,118,843	23,132,418	60,623,020	62,762,071
Number of existing ordinary shares	8,629,040	11,559,421	11,566,209	30,311,510	31,367,567
Number of preferred shares	-	-	-	-	269,365
Maximum number of future shares to be created	-	-	-	-	-
• By conversion of bonds	-	-	-	-	-
• By exercise of subscription rights	-	-	-	-	-
II. Operations and results of the fiscal year					
Revenue before tax	149,763,853	161,132,017	220,309,732	238,222,800	296,034,122
Earnings before tax, employee profit-sharing and allowances for amortization and provisions	(30,879,143)	(26,299,367)	(32,496,849)	24,345,522	(477,674,184)
Income tax	(7,463,321)	(7,849,663)	(11,126,317)	(13,883,265)	(7,457,860)
Depreciation expenses and provisions	283,430,002	368,617,053	42,925,794	17,880,655	(517,764,150)
Earnings after tax, employee profit-sharing and allowances for amortization and provisions	(306,845,824)	(387,066,790)	(64,296,326)	20,348,132	47,547,826
Distributed profits	-	-	-	-	-
III. Earnings per share					
Earnings after tax, employee profit-sharing and before allowances for amortization and provisions	(2.71)	(1.60)	(1.85)	1.26	(14.99)
Earnings after tax, employee profit-sharing and allowances for amortization and provisions	(35.56)	(33.48)	(5.56)	0.67	1.52
Dividend allocated to each share	-	-	-	-	-
IV. Personnel					
Average workforce during the fiscal year	909	814	850	859	931
Payroll for the fiscal year	43,742,171	44,336,825	47,485,029	47,573,398	51,804,336
Amount paid as social benefits during the fiscal year (social security, social welfare work, etc.)	19,214,511	18,499,799	21,072,868	27,098,669	23,511,031

Currency translation adjustments on receivables and payables in foreign currencies

Type of adjustments	Asset – Unrealized losses	Adjustments offset by currency hedging	Provisions for foreign exchange losses	Liabilities – Unrealized gains
Non-financial fixed assets	-	-	-	-
Investments	-	-	-	6,949,245
Receivables	6,297	-	6,297	2,874
Financial debt	-	-	-	-
Operating debts	1,697	-	1,697	43,257
Debts on fixed assets	-	-	-	-
TOTAL	7,993	-	7,993	6,995,376

Composition of the share capital

Categories of securities	Number of shares			Par value
	At the end of the fiscal year	Created during the fiscal year	Redeemed during the fiscal year	
Ordinary shares	31,367,567	1,056,057	-	€2
Redeemed shares	-	-	-	-
Priority dividend shares without voting rights	-	-	-	-
Preferred shares	269,365	269,365	-	€0.10
Membership shares	-	-	-	-

Changes in equity

Position at the beginning of the fiscal year		Balance
Equity before distribution on previous earnings	-	113,541,088
Distribution on previous earnings	-	-
Equity after distribution on previous earnings	-	113,541,088
Changes during the fiscal year	Minus	Plus
Changes in the share capital	-	2,139,050
Changes in bonuses linked to capital*	865,126,317	38,791,728
Changes in reserves*	26,937	865,102,271
Changes in investment grants	-	-
Changes in regulatory provisions	129,027	-
Other changes: Period earnings	-	47,547,827
BALANCE	-	88,298,596
Position at the end of the fiscal year	-	Balance
EQUITY BEFORE DISTRIBUTION	-	201,839,684

* The Shareholders' General Meeting of March 23, 2018, voting under the quorum and majority conditions required for Ordinary Shareholders' General Meetings, having read the Board of Directors' report, noted that after appropriation of earnings for the fiscal year ended March 31, 2017, as decided by the Combined Ordinary and Extraordinary Shareholders' General Meeting on July 26, 2017, "Retained earnings" posted a debit balance of €865,102,270.86 and decided to settle it in full, i.e. €865,102,270.86, by offsetting it against "Share premiums from issues, mergers and contributions", which amounted to €926,285,268.95 before the offset. It noted that, as a result of this offsetting transaction, the "Retained earnings" item is now entirely cleared, and the "Share premiums from issues, mergers, and contributions" item shows a positive balance of €61,182,998.09.

Allocation of earnings submitted for approval of the Shareholders' General Meeting

1 - Origin	Amount
Prior retained earnings	-
Period earnings	47,547,827
<i>including current earnings after tax</i>	<i>73,164,575</i>
Withdrawals from reserves	-
TOTAL	47,547,827

2 - Allocations	Amount
Statutory reserve	2,377,391
Long-term capital gains special reserve	-
Other reserves	-
Dividends	-
Other distributions	-
Retained earnings	45,170,435
TOTAL	47,547,827

Provisions for contingencies and expenses

Items	Position and changes				
	Provisions at the start of the fiscal year	Increases in expenses for the fiscal year	Decreases	Amounts not reversed in the fiscal year	Provisions at the end of the fiscal year
Labor disputes	451,395	535,383	136,174	216,392	634,212
Other litigation	768,921	680,041	-	-	1,448,962
Risk on futures market	870,311	158,183	335,667	534,644	158,183
Foreign exchange loss	32,513	7,993	32,513	-	7,993
Restructuring	480,727	335,068	58,141	172,821	584,833
Other expenses (obsolete equipment rent)	1,718,471	-	1,461,674	-	256,797
Other expenses (restoration)	-	191,550	-	-	191,550
TOTAL	4,322,338	1,908,219	562,496	2,385,530	3,282,530

Average headcount

Headcount	Salaried personnel	Personnel loaned to the Company
Operators	295	-
Technicians and office workers	319	-
Engineers and executives	318	-
TOTAL	931	-

Breakdown of revenue (in euros)

Items	Revenue France	Revenue Export	Total March 31, 2018	Total March 31, 2017	% 2018/2017
By geographic market	40,563,830	255,470,292	296,034,122	238,222,800	24%

Extraordinary income and expenses

Breakdown of extraordinary income and expenses		Expenses	Income
771700	Extraordinary income tax relief	-	106,250
Extraordinary income on management operations		-	106,250
775000	Income from disposal of assets	-	8,645,190
775600	Extraordinary income on asset disposal (reversal of provision)	-	4,036,001
Extraordinary income on capital transactions		-	12,681,190
787250	Reversal of special provisions for depreciation	-	129,027
787500	Reversals of extraordinary provisions*	-	519,697,166
Reversals on provisions and transfer expenses		-	519,826,193
671000	Extraordinary management operating costs	100,219	-
671200	Penalties and fines	555,885	-
672000	Extraordinary expenses from previous fiscal years	9,672	-
Extraordinary costs on management operations		665,776	-
675000	Disposal of operating assets	8,086,792	-
675600	Extraordinary expenses on asset disposals	549,286,264	-
Extraordinary costs on capital transactions		557,373,056	-
687500	Provisions for decontamination expenses	191,550	-
Extraordinary expenses for amortization, depreciation, impairment and provisions		191,550	-
GRAND TOTAL		558,230,382	532,613,633

* Impairment losses on equity investments and related claims held by Soitec S.A. on Soitec Solar GmbH have been recorded in extraordinary profit/(loss), so as not to confuse this with profit or loss on ordinary activities.

Deferred and unrealized tax position

Items (in € thousand)	Amount
Tax due on:	
Other:	
<i>Currency translation adjustment: Assets</i>	3
TOTAL INCREASES	3
Prepaid tax on:	
Temporarily non-deductible costs (to be deducted the following year):	
<i>Organic</i>	31
<i>Currency translation adjustment</i>	3
<i>Other (Provision for R&C)</i>	682
To be deducted subsequently:	
<i>Other: pensions</i>	3,071
TOTAL TAX RELIEF	3,898
Net deferred tax position	(3,896)
Tax due on:	
Deferred capital gains	-
Credit to be charged to:	
Deficits carried forward (in € thousand)	(250,587)
Long-term capital losses	-
Net underlying tax position	250,587

FINANCIAL COMMITMENTS, OTHER INFORMATION

Leasing commitments

Items	Land	Buildings	Equipment and tooling	Other fixed assets	Total
INITIAL VALUE	-	-	46,350,321	-	46,350,321
Depreciation					
Running total for previous fiscal years	-	-	31,333,711	-	31,333,711
Current fiscal year	-	-	1,845,134	-	1,845,134
Total	-	-	33,178,845	-	33,178,845
NET VALUE	-	-	13,171,476	-	13,171,476
Royalties paid					
Running total for previous fiscal years	-	-	17,700,898	-	17,700,898
Current fiscal year	-	-	4,969,560	-	4,969,560
Total	-	-	22,670,458	-	22,670,458
Royalties to be paid					
Less than 1 year	-	-	2,220,237	-	2,220,237
More than 1 year and less than 5 years	-	-	5,605,001	-	5,605,001
More than 5 years	-	-	1,104,921	-	1,104,921
Total	-	-	8,930,159	-	8,930,159
RESIDUAL VALUE	-	-	-	-	-
Amount accounted for in the fiscal year	-	-	5,881,445	-	5,881,445

Off-balance sheet commitments

Items	Off-balance sheet amount (in € thousand)
Guarantees and surety bonds (customs)	133
Pension obligations	9,212
Other commitments given	203,994
<i>Long-term lease commitments</i>	161
<i>Guarantees given</i>	161,484
<i>Other commitments*</i>	24,349
<i>Pledge on inventory*</i>	18,000
TOTAL	213,339

* A pledge on inventory of €18 million and a contractual indemnity commitment for €24 million have been given as a guarantee of the long-term commitment for the supply of raw materials from Shin-Etsu Handotai.

The off-balance sheet commitments relating to the Company's foreign exchange hedging derivatives total €230 million. They are presented in the table in the section on "Hedging derivatives".

Contingent liabilities consist of a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the control of

the entity, or a present obligation for which an outflow of resources is unlikely. Contingent liabilities are not recognized but are disclosed in the notes.

As of March 31, 2018, guarantees given by Soitec S.A. total €161.5 million, and the main beneficiaries are:

- a comfort letter of €120 million granted by Soitec S.A. to Soitec Singapore under which Soitec S.A. is committed to supporting its subsidiary so that it can continue its business and address its debts;
- the project company holding the Touwsrivier solar power plant: €30.0 million;
- the buyers of the Desert Green and Rians solar power plants: €3.4 million;
- pledge of mortgage assets: €7.2 million.

Principal commitments given to subsidiaries (guarantees and sureties)	Amount (in €)
Soitec Solar US	2,881,000
Soitec Singapore	120,000,000
Soitec Solar RSA	30,000,000

Principal commitments given on behalf of Soitec S.A. (guarantees and sureties)	Amount (in €)
Pledge of the SEH loan	18,000,000
Contractual commitment to SEH	24,349,000
Notice of mortgage intent	7,200,000

LIST OF SUBSIDIARIES AND EQUITY INTERESTS

Name Registered office	Share capital Total equity (in local currency)	Held by the Group Dividends received	Gross value of shares Net value of securities (in €)	Loans, advances Sureties (in €)	Revenue Profit (loss) (in €)
Subsidiaries (more than 50%)					
Soitec USA Holding Inc. 11182 El Camino Real, Suite 260 San Diego, CA 92130 United States	1,000 274,825,448	100%	16,796 16,796		- 439,385
<i>*Soitec USA LLC. Owned by Soitec USA Holding Inc. San Diego, CA 92130, USA</i>	<i>10,000 10,062,073</i>	<i>-</i>	<i>16,796</i>		<i>76,160,646 1,677,260</i>
Soitec Japan Inc. West Tower 20F, Otemachi First Square 1-5-1 Otemachi, Chiyoda-Ku Tokyo Japan 100-0004	300,500,000 498,111,463	100%	2,636,988 2,636,988		19,427,889 808,268
Soitec Microelectronics Singapore Pte Ltd. 81 Pasir Ris Industrial Drive 1 Singapore 518220 Singapore	93,395,220 (51,253,916)	100%	67,197,054 0	74,386,592	80,911,409 1,971,672
Soitec Korea LLC Kyunggi-do hwasung-si Bansong Dong 93-10 Shinyoung Gwell South Korea	500,000,000 641,891,480	100%	328,483 328,483		0 12,523
Soitec Corporate Services Parc Technologique des Fontaines Chemin des Franques 38190 Bernin France	1,000 (9,887)	100%	1,000 1,000		0 (2,513)
Soitec Trading (Shanghai) Co. Ltd. 3261 Dong Fang Road Shanghai China	860,594 905,750	100%	102,138 102,138		0 1,026
FrecIn sys 18 rue Alain Savary 25000 Besançon France	32,500 164,296	100%	1,335,287 1,335,287	489,753	407,784 231,137
Concentrix Holding Parc Technologique des Fontaines Chemin des Franques 38190 Bernin - France	100,000 100,000	100%	100,000 100,000		- -
Holdings (10% to 50%)					
Ceotis Éclairage 37 rue des Mathurins 75008 Paris - France	937,270 (756,469)	30%	281,181 -	214,000	5,276,312 (70,817)
Exagan 7 parvis Louis Néel 38040 Grenoble Cedex 9 - France	108,256 3,853,817	15.24%	905,895 905,895		226,400 (1,892,148)

Name Registered office	Share capital Total equity (in local currency)	Held by the Group Dividends received	Gross value of shares Net value of securities (in €)	Loans, advances Sureties (in €)	Revenue Profit (loss) (in €)
Other securities – equity interests below 10%					
Technocom 2 23, Rue Royale 75008 Paris - France	18,556,039	8%	2,025,000		0
Shanghai Simgui Co. Ltd. 200, Puhui Road Jiading District Shanghai China	21,820,751	-	1,745,839		(529,593)
Greenwaves Technologies Pépinière des entreprises Bergès Avenue des Papeteries 38190 Villard Bonnot	315,000,000	2.7%	4,440,962		70,955,503
Cissoïd Chemin du Cyclotron 6 B-1348 Louvain La Neuve Belgium	828,320,206	-	4,440,962		1,022,191
	1,139,349	5.72%	500,000		-
	2,816,365	-	500,000		(319,268)
	1,706,054	0.19%	339,903		1,000,076
	1,552,861	-	0		(153,193)

* *Soitec USA LLC, formerly known as Soitec USA Inc., is now wholly owned by Soitec USA Holding Inc. (formerly known as Soitec Solar Inc.) and thus indirectly by Soitec S.A.*

The capital and shareholders' equity are shown in local currency:

- euros for Concentrix Holding, Frec|n|sys, Soitec Corporate Services, Ceotis Éclairage, Exagan, Greenwaves, Technocom 2 and Cissoïd;
- US dollars for Soitec Solar Inc. and Soitec Microelectronics Singapore Pte Ltd.;
- Korean won for Soitec Korea LLC;
- Chinese yuan for Soitec Trading (Shanghai) Co. Ltd. and Shanghai Simgui Co. Ltd.;
- Japanese yen for Soitec Japan Inc.

All other amounts are shown in euros.

Technocom 2, a shareholding of Soitec S.A., distributed €463,147.50 during the year.

For holdings below 10%, no loan, advance or deposit was granted during the fiscal year.

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