

TRONIC'S MICROSYSTEMS

Société Anonyme à Directoire et Conseil de Surveillance au capital de 3 685 608 euros
Siège social : 98 rue du Pré de l'Horme – Z.I. – 38920 CROLLES
412 152 019 RCS GRENOBLE

REPORT OF THE SUPERVISORY BOARD TO THE SHAREHOLDERS MEETING **OF MAY 24, 2017**

Ladies and gentlemen,

Pursuant to the supervisory function for which we are responsible under law and the provisions of Article L.225-68 paragraph 6 of the French Commercial Code, we shall be honored to present to you our annual report on the management of your Company and Subsidiaries during the financial year ended 31 December 2016.

The individual company financial statements and the consolidated financial statements for the year ended December 31, 2016, on which you are asked to vote, were sent to us by your Management Board, which also sent us its management report on the Company's activities In the course of the financial year, including the management report of the Group (constituted by the Company and its subsidiaries) and the special report drawn up by the Management Board in accordance with Article L. 225-184 of the French Commercial Code Of the Extraordinary General Meeting.

After verification and control, we have no particular observations to make:

- the management report of your Management Board, including the management report of the Group and the annual and consolidated financial statements for the year ended December 31, 2016 and the special report prepared by the Management Board in accordance with article L. 225 -184 of the French Commercial Code;
- on the appropriation of the result for the financial year, ie a loss of -4,867,620 euros, entirely in the "Carry-over" item, which would thus be increased by a debit balance of -2,126,345 euros to a debit balance Of -6,993,965;
- on the proposal to allocate - in accordance with the provisions of Article L.225-83 of the French Commercial Code - to the members of the Supervisory Board, in the form of directors' fees, a total amount of € 40,000 Of the current financial year, it being specified that the said amount would be allocated by the Supervisory Board among those of its members who could be qualified as independent members with regard to the independence criteria defined by the Middlednext Code and retained by the Company;
- on the proposed amendments to the Articles of Association which were presented to us.

The information contained in this report does not call for any particular observations on our part.

We therefore recommend the adoption of the resolutions presented to you

Pour le Conseil de Surveillance,
Le Président,
Monsieur Peter BALZER.