

4.5. Statutory Auditor's Special Report on regulated agreements

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ODICEO

ERNST & YOUNG et Autres

### **MEDICREA INTERNATIONAL**

Shareholders' Meeting to approve the financial statements for the year ended  
December 31, 2016

#### **Statutory Auditors' special report on regulated agreements**

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##### **ODICEO**

115, boulevard Stalingrad  
C.S. 52038  
69616 Villeurbanne Cedex  
French corporation (*société anonyme*)  
with share capital of €275,000

Statutory Auditor  
Member of Compagnie  
régionale de Lyon

##### **ERNST & YOUNG et Autres**

Tour Oxygène  
10-12, boulevard Marius Vivier Merle  
69393 Lyon Cedex 03  
Corporation with variable capital (*S.A.S. à capital variable*)

Statutory Auditor  
Member of Compagnie  
régionale de Versailles

## Medicrea International

Shareholders' Meeting to approve the financial statements for the year ended December 31, 2016

### **Statutory Auditor's Special Report on regulated agreements**

To the Shareholders,

As Statutory Auditors of your Company, we hereby present our report on regulated agreements.

Our role is to provide you, on the basis of the information given to us, with the characteristics and essential terms and conditions of the agreements and commitments brought to our attention or which we may have discovered during the course of our audit, without having to issue an opinion on whether or not these agreements or commitments are useful or warranted or having to determine whether any other such agreements exist. Pursuant to the provisions of Article R. 225-31 of the French Commercial Code, it is your role to assess the interest in concluding these agreements, with a view to approving them.

It is also our role, if applicable, to inform you of disclosures required by Article R. 225-31 of the French Commercial Code relative to the implementation during the year just ended of agreements approved by the Shareholders' Meeting in prior years.

We have performed the due diligence we deemed necessary in the light of the professional standards of Compagnie Nationale des Commissaires aux Comptes relative to this assignment. Such due diligence consisted in verifying that the information we were given was consistent with the information disclosed in their source documents.

### **Agreements submitted for approval at the Shareholders' Meeting**

In application of Article L. 225-40 of the French Commercial Code, we were advised that the following agreements received the prior authorization of your Board of Directors.

#### 4.5. Statutory Auditor's Special Report on regulated agreements

##### 1. With Orchard International

###### *Person concerned*

Mr. Denys Sournac, Chairman and CEO of your Company and Manager of Orchard International via its holding company DS Company.

Mr. Jean-Philippe Caffiero, Deputy CEO of your Company and Manager of Orchard International via its holding company PLG Invest.

###### *Nature, purpose, and terms and conditions*

Your Board of Directors' meeting of September 19, 2016 authorized the sub-letting by your Company, as of October 7, 2016, of part of its premises to Orchard International on the basis of a Euro-for-Euro invoicing of the rent.

The rental amount recorded as income for 2016 totaled €18,312.

###### *Grounds for relevance of the agreement for the Company*

Your Board has justified this agreement in the following manner:

The terms and conditions of the sub-letting of part of the premises are identical to those of the main lease.

##### 2. With DS Company

###### *Person concerned*

Mr. Denys Sournac, Chairman and CEO of your Company and Manager of DS Company.

###### *Nature, purpose, and terms and conditions*

Your Board of Directors' meeting of September 19, 2016 authorized the sub-letting by your Company, as of October 7, 2016, of part of its premises to DS Company on the basis of a Euro-for-Euro invoicing of the rent.

The rental amount recorded as income for 2016 totaled €8,452.

###### *Grounds for relevance of the agreement for the Company*

Your Board has justified this agreement in the following manner:

The terms and conditions of the sub-letting of part of the premises are identical to those of the main lease.

##### 3. With Orchard International and DS Company

###### *Persons concerned*

Mr. Denys Sournac, Chairman and CEO of your Company and Manager of Orchard International via its holding company DS Company.

Mr. Jean-Philippe Caffiero, Deputy CEO of your Company and Manager of Orchard International via its holding company PLG Invest.

#### 4.5. Statutory Auditor's Special Report on regulated agreements

##### *Nature, purpose, and terms and conditions*

It should be noted that on September 30, 2010 your Board of Directors had – to replace the original agreement and its amendments, following in particular the transfer of managerial staff and executives to Orchard International – authorized the signing, between Orchard International (the service provider) and your company, of an agreement for the provision of market-making services and effective October 1, 2010, and its amendment (n° 1), for an annual consideration excluding VAT of €606,000 from December 1, 2010, in addition to variable fees of 10% of operating income within the limit of €140,000 excluding VAT.

On June 14, 2012, your Board of Directors had authorized your company to sign with Orchard International an amendment (n° 2) to the aforementioned agreement for the provision of management and market-making services, with the annual fixed compensation being increased to €646,000 from July 1, 2012.

On September 13, 2012, your Board of Directors authorized your company to sign with Orchard International an amendment (n° 3) to the agreement for the provision of management and market-making services (see above), related to the rebilling to your company by Orchard International, on a Euro-for-Euro basis, of rent incurred by the latter under the sub-letting agreement concluded with your company.

On September 3, 2015, your Board of Directors authorized your company to sign with Orchard International a new amendment (n° 4) to the aforementioned agreement for the provision of management and market-making services. The fixed annual remuneration was changed to €528,000 as of January 1 2015, in addition to the variable “upfront” fees of 5% in the event of a significant distribution/licensing transaction, of 20% of the Group’s net profit (where applicable) generated before both this variable remuneration and €1,000 per day of support in relation to specific assignments are taken into account. In 2015, the variable portion was not applied.

On September 19, 2016, your Board of Directors authorized your company to sign with Orchard International an amendment (n° 5) to the agreement for the provision of management and market-making services, pertaining to the change in the amount of rent invoiced to Orchard International and DS Company. As of October 7, 2016, the annual amount of this rent will be €46,160 excluding tax but including all charges.

Services invoiced for the year are expensed and totaled €530,895.

The rebilling of Orchard International and DS Company’s rental charges under the sub-lease agreement counted in respect of the fiscal year are recorded under rental charges for the respective amounts of €18,312 and €8,452.

##### *Grounds for relevance of the change to the agreement for the Company*

Your Board has justified this agreement in the following manner:

With effect from October 7, 2016, these rental charges have been changed to take into account the transfer of these two companies to new premises located at 5,389 Route de Strasbourg, Vancia, 69480 Rillieux-la-Pape.

#### 4. With ID Sournac

##### *Person concerned*

Mr. Denys Sournac, Chairman and CEO of your Company and Manager of ID Sournac.

##### *Nature, purpose, and terms and conditions*

Your Board of Directors' meeting of September 19, 2016 authorized the sub-letting by your Company, as of October 7, 2016, of part of its premises to ID Sournac on the basis of a Euro-for-Euro re-invoicing of the rent.

The rental amount recorded as income for 2016 totaled €4,315.

#### 4.5. Statutory Auditor's Special Report on regulated agreements

##### *Grounds for relevance of the agreement for the Company*

Your Board has justified this agreement in the following manner:

The terms and conditions of the sub-letting of part of the premises are identical to those of the main lease.

##### **Agreements already approved at the Shareholders' Meeting**

In application of Article R. 225-30 of the French Commercial Code, we were advised that the following agreement, which had already been approved by the Shareholders' Meeting during previous fiscal years, continued to apply during the fiscal year just ended.

##### **With Sum Lab (which continued until October 7, 2016)**

##### *Person concerned*

Mr. Denys Sournac, Chairman and CEO of your Company and Manager of Sum Lab.

##### *Nature, purpose, and terms and conditions*

Your Board of Directors' meeting of December 17, 2013 authorized the sub-letting by your Company, as of January 1, 2014, of part of the premises leased from Vétuquinol on a Euro-for-Euro basis.

The rental amount recorded as income for 2016 totaled €4,300.

Villeurbanne and Lyon, April 28, 2017

The Statutory Auditors

ODICEO

ERNST & YOUNG et Autres

Alain Fayen

Nicolas Sabran