

## MEDICREA INTERNATIONAL

French Corporation (SA) with share capital of €2,039,451.20  
Registered head Office: 5389, Route de Strasbourg, Vancia -, 69140 RILLEUX LA PAPE

Company registration number 393 175 807 RCS LYON

-----

### **BOARD OF DIRECTORS' REPORT** **TO THE COMBINED GENERAL MEETING** **OF 8 NOVEMBER 2017**

Dear Shareholders,

We have convened this Combined General Meeting in order to discuss the following points on the agenda:

- Proposed authorization to be granted to the Board of Directors to proceed with the allocation of stock options and/or subscription options for the benefit of the employees and / or executive officers of the Company and French and foreign companies linked to it;
- Proposed authorization to be granted to the Board of Directors to award free existing shares or shares to be issued; with waiver of the preferential subscription right of Shareholders ;
- Proposed delegation of authority to be granted to the Board of Directors to proceed with a share capital increase reserved with cancellation of the preferential subscription right for the benefit of employees of the Company and companies within its Group;
- Proposed cancellation of the preferential subscription right of Shareholders for the benefit of members of a company savings plan through an FCPE of the Company and of companies of its Group, within the meaning of Article L. 225-180 of the Commercial Code;

**I. Authorization to be granted to the Board of Directors to proceed with the allocation of stock options and/or subscription options for the benefit of the employees and / or executive officers of the Company and French and foreign companies linked to it**

I.1 - Grounds:

We should point out that the Combined General Meeting of 15 June 2017 had authorized, for a period of twenty-six months, the Board of Directors to proceed with the allocation of stock options and/or subscription options in the Company.

We consider that it would be appropriate to continue to have this means of involving the employees, and in particular those of the US subsidiary, and the managers of the company and the Group, in the effective development of the Group by increasing the upper limit for the number of shares resulting both from exercising stock options and from bonus issues.

We propose, in accordance with the provisions of Article L. 225-177 et seq of the Commercial Code, that you authorize the Board of Directors to grant bonus shares issued by the company within a certain deadline and under certain conditions in one or more installments at the sole decision of the members of staff and/or corporate officers of the company and the Group.

I.2 - Aim and terms:

### Implementation

The options would concern subscriptions for new shares or purchases of existing shares. The beneficiaries of the stock options could subscribe for shares issued during the exercising of the options, which would lead to capital increases.

In the context of this and previous authorizations:

- the total number of stock options granted and not yet exercised cannot grant the right to subscribe for a number of shares in excess of one third of the share capital;
- the total number of stock options cannot exceed 10% of the total number of shares issued by the Company, as the Company is not authorized to hold more than 10% of its own shares.

In all events, the accumulated total number of shares resulting both (i) from the exercise of purchase and/or subscription options thus granted in respect of this authorization, and (ii) the allocation of free shares under the 2<sup>nd</sup> resolution of this shareholders' meeting may not exceed an overall number equal to 7,5% of the total number of shares comprising Company stock at the date of allocation.

### Beneficiaries

The beneficiaries of these options may be all the employees or executive corporate officers of the company and companies within the Group (according to Article L 225-180 of the Commercial Code) or only some of the latter subject to the legal and statutory provisions applying at the time of implementation.

In accordance with the law, options may not be granted to beneficiaries who hold more than 10% of the share capital.

We propose that you grant all powers to the Board of Directors to determine the beneficiaries of these options.

### Price

In accordance with Article L. 225-177 of the French Commercial Code, the purchase and/or subscription price of the shares will be determined on the day that the option is allocated by the Board of Directors, in accordance with the objective applicable to the valuation of shares which takes account, applying a specific weighting, of the Company's net asset position, profitability and business prospects, on a consolidated basis, according to the methods determined by the Combined General Meeting based on the Statutory Auditor's report.

Consequently, we propose that you establish the methods for determining the price as follows: equal to the weighted average of the last twenty trading days prior to the day the option is allocated.

#### Validity period

The authorization to grant options shall be granted to the Board of Directors for 26 months from the date of the General Meeting.

The options allocated may be exercised within a maximum time limit of 7 years, unless there are specific restrictions in the plan rules.

The authorization granted by the General Meeting of the Shareholders constitutes, for the benefit of the beneficiaries of the stock options and/or the subscription option, an express waiver by the shareholders of their preemptive right to acquire the shares that are issued when the stock options are exercised.

#### Capital increase resulting from the exercise of stock options:

The capital increase resulting from the exercise of stock options will be definitively carried out simply by means of the option exercise declaration, accompanied by the subscription form and payment in cash or by offsetting the corresponding amount against claims.

The capital increase amount stemming from the exercise of options will not count towards the **Overall Ceiling I** provided for under the 12th resolution of the General Meeting of 11 May 2017.

At its first meeting following the end of each fiscal year, the Board of Directors will note, if necessary, the number and total amount of the shares issued during the fiscal year, make the necessary changes to the articles of association and carry out the disclosure formalities.

In accordance with the provisions of Article L. 225-184 of the French Commercial Code, in a special report the Board of Directors will inform the shareholders each year at the Ordinary General Meeting, of the operations carried out under this authorization.

#### Other conditions

The shares acquired in connection with the previous provisions should be in registered form with immediate dividend entitlement. They will be entitled, for the same par value, to the same dividend as that distributed to the other shares with the same dividend entitlement.

The General Meeting will grant all powers to the Board of Directors, with the right to subdelegate these powers to the Chief Executive Officer, to set the additional conditions under which the options would be granted, such as the beneficiaries, the maximum number of options that can be exercised by each beneficiary, the exact price of the options, the start date and the conditions for exercising the options and more generally to establish the rules of the stock option plan with any restrictions, in particular concerning the option exercise period and/or the stock lock-in period, and the special conditions relating to the options

that it considers necessary, and do everything required in order to implement this authorization and its consequences.

**II. Authorization to be granted to the Board of Directors to award free existing shares or shares to be issued ; with waiver of the preferential subscription right of Shareholders**

We should point out that the Combined General Meeting of June 15, 2017 had authorized, for a period of twenty-six months, the Board of Directors to allocate bonus shares in the Company.

We consider that it would be appropriate to continue to have this means of involving the employees, and in particular those of the US subsidiary, and the managers of the company and the Group, in the effective development of the Group by increasing the upper limit for the number of shares resulting both from exercising stock options and from bonus issues.

We propose, in accordance with the provisions of Article L. 225-197 et seq of the Commercial Code, that you:

- authorize the Board of Directors, for a period of 26 months from this General Meeting, to decide alone to award, on one or more occasions, at its discretion, either free existing shares in the Company resulting from purchases made by it, or shares to be issued by means of a capital increase, to employees or executive corporate officers that it will select from among the employees and executive corporate officers of the Company or of French or foreign companies that are affiliated to it under the conditions specified in Article L. 225-197-2 I paragraph 1 of the French Commercial Code, subject to the laws and regulations applicable at the time of implementation;
- decide that the accumulated total number of shares resulting both (i) from the allocation of free shares resulting from this authorization, whether it involves existing shares or new shares, and (ii) from the exercise of the purchase and/or subscription options specified above, cannot exceed a total number equal to 7.5% of the total number of shares comprising the company's share capital at the allotment date;
- decide that the allocation of shares to the beneficiaries will become definitive at the end of a minimum vesting period of one year;
- decide that the vesting period will be terminated in advance in the event of second or third category disability of the beneficiary as defined in Article L. 341-4 of the French Social Security Code;
- decide that at the end of the aforementioned vesting period, the beneficiaries who have become the definitive owners of the shares allotted to them free of charge by the Board of Directors, can only sell the aforementioned shares at the end of a lock-in period, the duration of which will be determined by the Board of Directors, but which cannot on any account be less than one year;
- decide that, for beneficiaries who are not resident in France for tax purposes, the Board of Directors may withdraw the aforementioned lock-in period provided that the vesting period is at least equal to 2 years;

- decide that the shares acquired in connection with this authorization must be in registered form;
- record formally that, regarding the shares to be issued, (i) this authorization constitutes, at the end of the vesting period, a capital increase by capitalization of reserves, profits or share premiums for the benefit of the beneficiaries of the aforesaid shares, and a correlative waiver by the shareholders, for the benefit of the beneficiaries of the allotments, of the part of the reserves, profits and premiums capitalized in this way, (ii) this authorization represents, by rights, for the benefit of the beneficiaries of the aforesaid shares, a waiver by the shareholders of their preemptive right;
- The capital increase amount will not be allocated to the **Overall Ceiling I** provided for under the 12th resolution of the General Meeting of 11 May 2017.

The General Meeting will grant all powers to the Board of Directors, for a period of 26 months, with the right to subdelegate these powers to the Chief Executive Officer, acting under the conditions specified above, to:

- implement this authorization;
- set the conditions and if necessary the criteria for allotting shares;
- decide on the number of bonus shares to be allotted;
- determine the identity of the beneficiaries, the number of bonus shares to be allotted to each of them, and the methods of allotting the shares;
- decide on any clauses prohibiting the immediate resale of some or all of the shares in the event of allotment to corporate officers;
- in the event of the allotment of new shares, set the amount and nature of the reserves, profits and premiums to be capitalized;
- record the capital increase or increases carried out in accordance with this authorization and modify the articles of association accordingly;
- and in general, to do everything that is required.

**III. Delegation delegation of authority to be granted to the Board of Directors to proceed with a share capital increase reserved with cancellation of the preferential subscription right for the benefit of employees of the Company and companies within its Group**

We should inform you that, in accordance with the provisions of Article L. 225-129-6 of the Commercial Code, the General Meeting must give its verdict on a draft resolution aimed at performing a capital increase under the conditions specified in Article L. 3332-18 et seq of the French Labor Code:

- in the case of a decision to increase capital by means of cash contributions unless legal exceptions exist;
- during the third calendar year following the previous General Meeting ruling on a planned capital increase reserved for employees when the employees' share in the company's capital is less than 3%.

This capital increase should fulfil the special characteristics outlined in Articles L. 225-138-1 of the Commercial Code and Articles L. 3332-18 et seq of the Labor Code.

We therefore propose that you grant the Board of Directors the full power to proceed at its sole discretion with one or more share capital increases i at the time of its choice for a total maximum nominal amount of €40,000 with the proviso that this amount will be deducted from the **Overall Ceiling I I** provided for under the 12th resolution of the General Meeting of 11 May 2017.

The beneficiaries of this increase would be all of the employees of the Company and of the Group companies within the meaning of Article L. 225-180 of the French Commercial Code, via an employee mutual fund (FCPE), in the framework of the Company Savings Plan (PEE).

The Shareholders must waive their preemptive right in favor of the members of a company savings plan via employee mutual fund (or another plan under which it would be possible to reserve a capital increase for members under equivalent conditions, according to Articles L. 3332-18 et seq. of the French Labor Code) of the Company and of the companies within its Group as defined in Article L. 225-180 of the French Commercial Code.

The price will be determined in accordance with the law and in particular with the objective methods used to assess shares. The subscription price cannot be either higher than the subscription price determined in this way or more than 20% lower than it (30% if the lock in period specified in the plan in accordance with Articles L. 3332-25 and L. 3332-26 of the French Labor Code is at least equal to 10 years).

The final amount of the capital increase, within the limit of the prices specified above, will only be for the amount of the shares actually subscribed for by the employees on the expiry of the time limit for subscription set by the Board of Directors.

The shares must be fully paid-up at the time of subscription and will be locked in for five (5) years from the date of final implementation of the capital increase, except in the cases restrictively listed by the law.

The authorization granted to the Board of Directors to decide to carry out a capital increase reserved for employees in connection with the aforementioned provisions of Articles L. 3332-18 et seq. of the French Labor Code will be valid for a period of 26 months from the date of this General Meeting.

We propose that you grant all powers to the Board of Directors, with the right to subdelegate these powers to the Chief Executive Officer, in order to implement the delegation outlined above, notably to determine the characteristics of the transferable securities issued and, more generally, to take all the necessary steps and carry out all the

formalities required for the successful implementation of each capital increase, confirm its completion and amend the Articles of Association accordingly.

#### **IV. Auditors' Reports**

The Auditors have drawn up the following reports, which have been made available to and read by the shareholders:

- special report concerning the allocation of stock options and/or subscription option;
- special report concerning the award of free existing shares or shares to be issued to the employees and corporate officers of the company and the Group;
- special report on the cancellation of the preemptive right of shareholders in favor of employees of the Company and of the companies within its Group, as defined in Article L. L-225-180 of the French Commercial Code.

We hope that all the resolutions presented will meet with your approval.

The Board of Directors