

MEDICREA INTERNATIONAL

A French Corporation (SA) with share capital of €1,605,306.72
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 11 MAY 2017**

Dear Shareholders,

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

- Proposed ratification of the transfer of headquarters ;
- Proposed appointment of a new Director;
- Proposed appointment of an observer;
- Proposed delegation of authority to the Board of Directors to decide to increase the company's share capital by issuing all transferable securities with preemptive right;
- Proposed delegation of authority to the Board of Directors to decide to increase the company's share capital by issuing ordinary shares and/or marketable securities giving access to the Company's capital or entitlement to the allocation of debt securities, with removal of pre-emptive rights;
- Proposed delegation of authority to the Board of Directors to decide to increase the company's share capital by issuing ordinary shares and/or marketable securities giving access to the Company's capital or entitlement to the allocation of debt securities, with removal of pre-emptive rights as part of an offering provided for in paragraph II of article L. 411-2 of the French Monetary and Financial Code;
- Proposed delegation of authority to the Board of Directors to decide to increase the number of shares to be issued as part of a capital increase in the event of excess demand for subscription under the terms and conditions of Article L.225-135-1 of the French Commercial Code;
- Proposed delegation of authority to the Board of Directors to decide to increase the company's share capital by issuing ordinary shares and/or marketable securities giving access to the Company's capital or entitlement to the allocation of debt securities, with removal of pre-emptive rights under article 225-138 of the French Commercial Code (reserved for a category of entities);
- Proposed authorization to the Company to increase the share capital and remove the preemptive right for the benefit of members of a company savings plan through an investment fund (CIPF) (or other plan to the members which Article L. 332-18 of the Labor Code would allow to reserve for a capital increase under equivalent terms and conditions) of the Company and companies of its Group within the meaning of Article L.225-180 of the French Commercial Code, with authorization granted to the Board of Directors to complete this issue and determine the associated terms and conditions;

- Proposed setting of overall ceilings as part of the authorization to increase the share capital.

I. Proposed ratification of the transfer of the headquarters

The Board of Directors meeting of 19 September 2016 decided to transfer the Company's head office from NEYRON (01700) 14 Porte du Grand Lyon to RILLIEUX LA PAPE (69140) Vancia – 5389 Route de Strasbourg, as of 10 October 2016. Said Board of Directors decided to update Article 4 of the Articles of Association accordingly.

This decision by the Board of Directors to transfer the head office requires ratification by the next General Shareholders' Meeting.

We therefore submit for your approval the ratification of the head office transfer and the corresponding updating of Article 4 of the Articles of Association.

II. Proposed appointment of a new Director

We propose, after the Combined General Meeting of 11 May 2017, that you appoint Mr Richard KIENZLE, born on 31 October 1962 in Burlington Vermont, residing at 1241Dr Malvern PA 19355 - USA, as a new Board Member for a period of 6 years or until the end of the Ordinary Annual General Meeting convened in 2023 to rule on the financial statements for the financial year ending on 31 December 2022.

III. Proposed appointment of an observer

We propose, after the Combined General Meeting of 11 May 2017, that you appoint **the Company Athyrium Opportunities II Acquisition, LP** represented by Mr Richard T. PINES - a company governed by American law registered in Delaware, whose head office is located at 530 Fifth Avenue, Floor 25 - New York - NY 10036, USA, as a Non-Voting Member for a period of 3 years or until the end of the Ordinary Annual General Meeting convened in 2020 to rule on the financial statements for the financial year ending on 31 December 2019.

IV. Proposed delegation of authority granted to the Board of Directors to decide to increase the share capital

We propose that you decide upon the principle of a capital increase with a delegation of power to the Board of Directors in order to enable the Company to appeal to the financial markets in future if required and seize any potential development opportunities.

We therefore propose that you:

1. grant the Board of Directors (5th and 6th resolutions), for a period of twenty-six months, a delegation of authority with a view to increasing the share capital either by the issuance of ordinary shares or any transferable securities granting access, with or without maintaining the shareholders' preemptive right, to the capital and/or grant a right to the allocation of debt instruments:

- existing or to be issued by the Company and/or a company which holds more than half of its capital either directly or indirectly or in which it holds more than half of the capital either directly or indirectly;
- existing within the Company and/or a company in which it holds less than half of the capital either directly or indirectly or in which less than half of the capital is indirectly held by this company;

The total amount of capital increases which may be completed immediately and/or in the long term may not exceed eight hundred thousand (800,000) Euros as a nominal amount. The total amount of capital increases shall be attributed to the Overall Ceiling I referred to below.

The total amount of transferable securities whose primary security is a debt instrument, notably bonds, which may be issued in this context may not exceed twenty-five million (25,000,000) Euros as a nominal amount or the corresponding exchange value of this amount in foreign currency. The total amount of transferable security issues granting access to capital shall be attributed to the Overall Ceiling II referred to below.

The issue price of shares issued with the withdrawal of the PSR would be at least equal to the average weighted price over the last twenty trading sessions prior to its establishment, possibly reduced by a maximum discount of 10%.

2. grant the Board of Directors (7th resolution), for a period of twenty-six months, a delegation of authority to decide to increasing the company's share capital by issuing ordinary shares and/or marketable securities giving access to the Company's capital or entitlement to the allocation of debt securities with the removal of the shareholders' preemptive right as part of an offering provided for in paragraph II of article L. 411-2 of the French Monetary and Financial Code.

The total nominal amount of share capital increases which may be carried out immediately and/or in the long term may not exceed 20% of the share capital per year on the date of the Board of Directors' decision and the total amount of capital increases provided for in the context of said delegation shall be attributed to the Overall Ceiling I referred to below.

The total nominal amount of transferable securities representing debt granting access to capital which may be issued in this context may not exceed twenty-five million (25,000,000) Euros or the corresponding exchange value of this amount in foreign currency on the date of the issue decision; this amount shall be attributed to the Overall Ceiling II referred to below.

The share issue price would be at least equal to the average weighted price over the last twenty trading sessions prior to its establishment, possibly reduced by a maximum discount of 10%.

3. grant the Board of Directors (8th resolution), for a period of twenty-six months, the authority to decide to increase the number of securities to be issued as part of one of the capital increases outlined above in the event of excess of demand for subscription under the terms and conditions of Article L.225-135-1 of the French Commercial Code within the limits of the Overall Ceiling I and the Overall Ceiling II referred to below.
4. In order notably to:
- Enhance the position of MEDICREA as specialist and leader in planned spinal surgery and the overall 3D analysis of the balance of each individual patient
 - Accelerate the digital transformation of all the companies within the Group through the development, integration and distribution of a new UNID proprietary platform
 - strengthen the teams and analysis methods used for the clinical data collected by UNID Lab in order to enhance the capacities of the predictive model and the relevance of the proprietary algorithms of Médicréa defining the most appropriate implants for each patient
 - strengthen the position of the Group in the USA and step up the presence of MEDICREA in the main specialist centers in the USA for spinal surgery by developing marketing teams and the local manufacturing of certain made-to-measure implants
 - finalize the industrial development of the business by grouping activities together within a single site with the head office, research and development activities and manufacturing being based in Vancia
 - pursue the integration of new manufacturing technologies (3D printing)
 - intensify the internal organization of key production and sterile packaging operations
 - explore all acquisition or tactical and strategic partnership opportunities concerning products, technologies or patents
 - step up the development of the Group's distribution subsidiaries.

grant the Board of Directors (9th resolution), for a period of eighteen (18) months the authority to decide on one or more capital increases by the issuance of ordinary Company shares and/or any marketable securities giving access by any means, immediately or in the future, to existing or new shares in the Company with the removal of the preemptive right for the benefit of a category of individuals who fulfil the characteristics determined in accordance with Article L. 225-138 of the Commercial Code

The total amount of capital increases which may be completed immediately and/or in the long term under the terms of this delegation may not exceed eight hundred thousand (800,000) Euros as a nominal amount. The total amount of capital increases shall not be attributed to the Overall Ceiling I referred to below.

The total amount of composite transferable security issues whose primary security is a debt instrument, notably bonds, may not exceed twenty-five million (25,000,000) Euros as a nominal amount. The total amount of transferable security issues granting access to capital shall not be attributed to the Overall Ceiling II referred to below.

In order to allow for the entry of new financial partners, the shareholders' preemptive right to shares or transferable securities concerned by this transaction shall be withdrawn and the subscription right shall be reserved for a category of individuals defined as follows: international investment funds and/ or companies (i.e. which carry out financial transactions in several countries) in the health and/or medical sector which would each participate in the transaction for an amount equal to at least one hundred thousand (100,000) Euros (in accordance with the provisions of Article 211-2 3 of the general regulation of the AMF (French securities regulator).

The share issue price would be at least equal to the average weighted price over the last twenty trading sessions prior to its establishment, possibly reduced by a maximum discount of 10%.

5. grant the Board of Directors (10th and 11th resolutions), for a period of twenty-six months, the power to carry out a capital increase reserved for all the employees of the Company and the companies within the Group and withdraw the shareholders' preemptive right for the benefit of the latter.

The nominal total amount of capital increases which may be completed under the terms of this delegation may not exceed eight hundred thousand (800,000) Euros. The total amount of capital increases shall be attributed to the Overall Ceiling I referred to below

6. decide (12th resolution):
 - that the nominal amount of capital increases which may be completed immediately and/or in the long term according to the delegations granted to the Board of Directors by the forthcoming General Meeting shall not exceed eight hundred thousand (800,000) Euros (“**Overall Ceiling I**”);
 - that the total nominal amount of (i) transferable securities representing debt instruments granting access by any means, immediately or in the long term, to capital which may be issued according to the delegations granted to the Board of Directors (resolutions 5, 6, 7, 8 and 10) by the forthcoming General Meeting shall not exceed twenty five million (25,000,000) Euros or the corresponding exchange value of this amount in foreign currency on the date of the issue decision and (ii) shares to be issued as a result of the issuance of composite transferable securities shall not exceed eight hundred thousand (800,000) Euros as a nominal amount (“**Overall Ceiling II**”)

These ceilings may be supplemented, where applicable, with the nominal value of shares to be issued in order to protect the rights of holders of transferable securities or other securities granting access to the Company's capital and/or issued by a Subsidiary and/or parent company within the framework of the delegations of power granted to the Management Board in accordance with the law and, if applicable, contractual stipulations provided for alternative cases of adjustment.

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

The Board of Directors