

**MEDICREA INTERNATIONAL**

A French corporation (*société anonyme*) with share capital of €2,595,175.52  
Registered office: 5389 Route de Strasbourg – Vancia (69140) RILLIEUX LA PAPE

393 175 807 RCS LYON

**BOARD OF DIRECTORS REPORT**  
**TO THE ORDINARY SHAREHOLDERS' MEETING**  
**NOVEMBER 30, 2018**

Dear Shareholders,

We have convened you at an Ordinary Shareholders' Meeting in accordance with the law and with the provisions of our articles of association, in order to propose the deduction of losses carried forward from the "Issue, merger, and contribution premiums" item."

We therefore ask you to make a decision on the following draft resolution:

**Deduction of losses carried forward from the "Issue, merger, and contribution premiums" item.»**

We propose to decide to clear the "Retained Earning" items by deducting that amount from the "Issue, merger, and contribution premiums" item.

We remind you that following the allocation of income for the fiscal year ended December 31, 2017, as decided by the Combined Shareholders' Meeting of May 17, 2018, the "Retained earnings" item shows losses of €36,628,412.40 and that the "Issue, merger, and contribution premiums" item, amounts to €60,567,352.23 (prior to the deduction).

Accordingly, we propose to clear in full the "Retained earnings" item which shows a loss, by deducting that amount from the "Issue, merger, and contribution premiums" which amount would then be reduced from 60.567.352,23 euros to 23.938.939,83 euros and the "Retained earnings" from - 36.628.412,40 euros to zero.

This decision would allow, with a fully-cleared "Retained Earnings" item, a more beneficial presentation of the Shareholders' equity and thus facilitate access to some bank financing sources.

We hope that the resolution presented will receive your approval.

The Board of Directors